

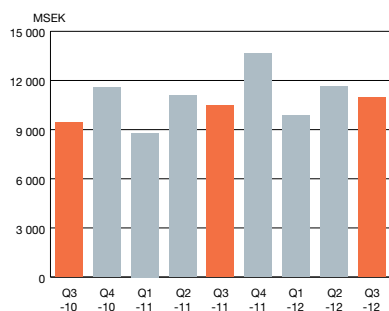


Peab Interim Report January – September 2012

- Operative net sales amounted to SEK 32,434 million (30,360)
- Operative operating profit amounted to SEK 705 million (962).
Project write-downs of SEK 425 million charged the second quarter of 2012
- Earnings per share before dilution amounted to SEK 1.46 (1.97)
- Orders received during the period amounted to SEK 30,270 million (31,084)
- Order backlog in Construction and Civil Engineering amounted to SEK 31,379 million (32,888)

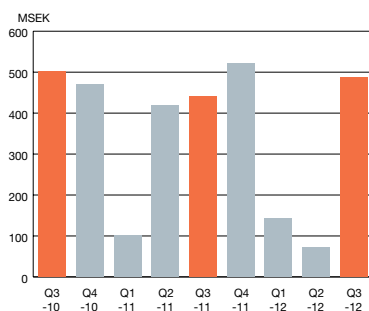
INTERIM REPORT JANUARY - SEPTEMBER 2012

Operative net sales



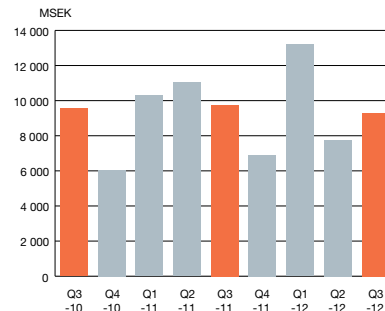
Group operative net sales for January-September 2012 amounted to SEK 32,434 million (30,360), which was an increase of 7 percent. Even after adjustments for acquired and divested units operative net sales increased by 7 percent compared to the same period last year.

Operative operating profit



Operative operating profit for January-September 2012 amounted to SEK 705 million compared to SEK 962 million for the same period last year. Project write-downs totaling SEK 425 million for three different projects charged profits in the second quarter.

Construction and Civil Engineering Orders received



Orders received for January-September 2012 amounted to SEK 30,270 million compared to SEK 31,084 million for the same period last year. Order backlog amounted to SEK 31,379 million compared to SEK 28,378 million per 31 December 2011.

Group

MSEK	Jan-Sep 2012	Jan-Sep 2011	Oct-Sep 2011/2012	Jan-Dec 2011	Financial objectives
Operative net sales ¹⁾	32,434	30,360	46,089	44,015	
Net sales	32,947	30,295	46,191	43,539	
Operative operating profit ¹⁾	705	962	1,226	1,483	
Operative operating margin, % ¹⁾	2.2	3.2	2.7	3.4	
Operating profit	732	1,001	1,236	1,505	
Operating margin, %	2.2	3.3	2.7	3.5	
Pre-tax profit	577	765	1,007	1,195	
Profit for the period	427	564	806	943	
Earnings per share before dilution, SEK	1.46	1.97	2.74	3.26	
Return on equity, %	10.5 ²⁾	13.0 ²⁾	10.5	12.1	> 20%
Equity/assets ratio, %	23.3	24.6	23.3	25.4	> 25%

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

²⁾ Calculated on rolling 12 months

NEW CONTRACTS DURING THE THIRD QUARTER

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

- Peab has been commissioned to build a test facility for active safety in Hällered outside Borås. The client is AstaZero and the contract amounts to SEK 263 million.
- Peab has sold the project Eventes Business Garden in Espoo near Helsinki. The buyer is Union Investment Real Estate GmbH and the sale is in the form of Real Estate Ownership Company, with an attendant construction contract. The total contract amounts to EUR 62.3 million.
- Peab has been commissioned to build 138 apartments on Lørenskog outside Oslo. The client is Selvaag Bolig and the contract amounts to NOK 257 million.
- Peab has been contracted to build a new postal terminal in Rosersberg, Sigtuna. The client is Posten Meddelande AB and the contract amounts to SEK 480 million.
- Peab has been contracted to build a multi-purpose hall in Vardø, Norwegian Finnmark. The client is Vardø Municipality and the contract amounts to NOK 133 million.
- Peab has been commissioned to build a hotel in Hyllie in southern Malmö which Nordic Choice Hotels will rent and operate. The customer is Annehem, a unit in Peab's business area Property Development where we run our ownership and development. The contract is worth around SEK 400 million. The contract will be reported under business area Construction and the order will be presented in the fourth quarter 2012.
- Peab has been commissioned to build a new school and sports in Ulriksdal, Solna. The client is the City of Solna and the contract amounts to SEK 243 million.
- Peab has been contracted to build the new mall in Kristianstad. The client is Steen & Strøm and the contract amounts to SEK 625 million.

COMMENTS BY THE CEO

During the period we have been very busy in ongoing production but as the economy slows down in the Nordic countries we see that demand on the construction market is now weakening. This is most obvious in housing.

Operative net sales during the period were SEK 32,434 million (30 360) which was an increase of 7 percent compared to the same period in 2011. Operative operating profit amounted to SEK 705 million compared to SEK 962 million for the same period last year. The reduction in profit is due to a lower result in Construction which has been charged with three project write-downs totaling SEK 425 million in the second quarter. Underlying earnings in Construction are stable but too low. At the same time we note that in Civil Engineering and Industry both net sales and profits have increased. Property Development operations are now up and running and have begun to generate results and synergies with other operations. The most recent example of this is the investment in a new hotel in Hyllie which Nordic Choice Hotels will rent.

Orders received during the nine month period amounted to SEK 30,270 million compared to SEK 31,084 million for the same period last year. The number of orders received has continued to level out during the third quarter, partially due to weaker demand and partially as a result of our greater focus on profitability. The number of housing projects in orders received continues to shrink. The level of order backlog was SEK 31.4 billion, which is the same level as the first half year.

The housing market continues to contract and the level of production start-ups in new housing projects is low. Only in Stockholm, Gothenburg and Helsinki are operations running more or less on a normal level. There were 1,072 (1,427) production start-ups of our own developed homes and the number of sold homes in the period amounted to 1,248 (1,222). The level of sold homes in production was 76 percent compared to 73 percent at the end of the year. The increase is due to the fact that we are selling existing projects that are attractive to our customers and in part because we maintain our high demands on presales before we begin construction of new projects.

Construction and civil engineering investments in Sweden, Norway and Finland have developed positively in 2012 but signs of a slowdown are growing stronger according to external sources. Several large projects have had a positive effect on building construction investment figures in Sweden for 2012 but there are major regional differences in demand. Some growth is anticipated in civil engineering in 2012 as well. In Norway both building construction and civil engineering investments are expected to increase. It looks like investment volumes in Finland for 2012 will be on par with the previous year regarding both building construction and civil engineering but the market is definitely shrinking as the global economy slides. Volumes in building construction are expected to decline in 2013 but conditions for civil engineering are stable in all three countries.

We have intensified our work with the action plan launched in the second quarter as a result of problems with profitability in Construction and the forecasted market downturn. Our expansion in the past few years, together with a wave of retirements, has also entailed a greater number of new employees and new operations, which makes demands on organization and leadership. The aim



of the action plan is to improve profits in Construction by methodically developing our leadership, project organization and internal processes. In addition to this we are adjusting Group costs and reviewing operations with a perspective on long-term profitability demands.

The lower level of production start-ups of our own developed housing projects has begun to affect profitability negatively. Deteriorating market prospects, a turbulent world around us and drawn out decision-making processes all raise the risk for lower activity in the other segments in construction. Our order backlog has developed well and given us a stable platform for 2013. The work with our action plan, our strong market position, broad range of products and services and profound customer focus makes us competitive, even on a weaker market.

*Jan Johansson
CEO and President*

NET SALES AND PROFIT ¹⁾

Group operative net sales for January-September 2012 amounted to SEK 32,434 million (30,360), which was an increase of 7 percent. Even after adjustments for acquired and divested units operative net sales increased by 7 percent compared to the same period last year. Adjustments in housing reporting affected net sales by SEK 513 million (-65). Group net sales for January-September 2012 increased by 9 percent to SEK 32,947 million (30,295). Of the period's net sales, SEK 6,779 million (5,192) were attributable to sales and production outside Sweden.

Operative operating profit for January-September 2012 amounted to SEK 705 million compared to SEK 962 million for the same period last year. Adjustments in housing reporting affected operating profit by SEK 27 million (39). Operating profit for January-September 2012 amounted to SEK 732 million compared to SEK 1,001 million for the same period last year. The reduction in profit is largely due to project write-downs totaling SEK 425 million in three projects that were presented in the second quarter. Underlying earnings in Construction are stable but too low. Civil Engineering, Industry and Property Development have continued to develop positively.

Depreciation for the period was SEK 634 million (582).

Net financial items amounted to SEK -155 million (-236), of which net interest expense amounted to SEK -218 million (-181). Received dividends amounted to SEK 40 million (20) during the period. The effect of valuing financial instruments at fair value affected net financial items by SEK 30 million (-82), of which the income effect of valuing the Brinova holding at fair value amounted to SEK 26 million (-81). The Brinova holding was disposed during the third quarter 2012 which affected results by SEK 1 million.

Pre-tax profit amounted to SEK 577 million compared to SEK 765 million for the same period last year.

Tax for the period was SEK -150 million (-201).

Profit for the period amounted to SEK 427 million (564).

FINANCIAL POSITION

The equity/assets ratio on 30 September 2012 was 23.3 percent compared to 25.4 percent at the previous year-end. Interest-bearing net debt amounted to SEK 8,094 million compared to SEK 6,626 million at the end of 2011. The increase is due to increased working capital, completed investment and dividends paid in the second quarter. The average interest rate in the loan portfolio including derivatives on 30 September 2012 was 3.2 percent (3.3).

Group liquid funds, including non-utilized credit facilities, were SEK 3,239 million at the end of the period compared to SEK 4,944 million on 31 December 2011.

At the end of the period, Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 3,195 million compared to SEK 2,136 million on 31 December 2011. Of contingent liabilities, obligations to tenant-owners' associations under construction were SEK 2,165 million compared to SEK 1,554 million at the previous year-end.

INVESTMENTS

Net investment of tangible and intangible assets amounted to SEK 713 million (677) during the period. Investments in project and development properties totaled SEK 1,233 million (679) during the period.

CASH FLOW

Cash flow from current operations was SEK -438 million (-590). The acquisition of project and development property for SEK -896 million (-616) is also included in the cash flow from current operations. In addition, the working capital was negatively affected by higher net sales.

Cash flow from investment activities was SEK -279 million compared to SEK -1,200 million the same period the previous year. During the period we continued to invest in housing and property development projects as well as machines. The redemption of futures for the shares in Lemminkäinen Oyj has affected cash flow by the cash paid for shares. The period has been affected positively by the settlement of interest-bearing receivables and the disposal of the Brinova holding.

Cash flow before financing amounted to SEK -717 million compared to SEK -1,790 million for the same period the last year.

ORDERS RECEIVED AND ORDER BACKLOG CONSTRUCTION AND CIVIL ENGINEERING

Orders received for January-September 2012 amounted to SEK 30,270 million compared to SEK 31,084 million for the same period last year. Included in orders received is Peab's single largest project ever, the Mall of Scandinavia in Solna, worth around SEK 3,500 million. The number of orders received has continued to level out during the third quarter, partially due to weaker demand and partially as a result of our greater focus on profitability. The number of housing projects in orders received continues to shrink.

Order backlog yet to be produced at the end of the period amounted to SEK 31,379 million compared to SEK 32,888 million at the end of the same period last year.

Of the total order backlog, 75 percent (75) is expected to be produced after 2012. Construction projects accounted for 69 percent (68) of the order backlog. Swedish operations accounted for 87 percent (86) of the order backlog.

No orders received or order backlog is given for the business areas Industry or Property Development.

Order backlog and orders received

Construction and Civil Engineering

MSEK	30 Sep 2012	30 Sep 2011	31 Dec 2011
Current financial year	7,941	8,246	21,578
Next financial year	16,039	18,991	5,164
Thereafter	7,399	5,651	1,636
Total order backlog	31,379	32,888	28,378
Orders received	30,270	31,084	37,986

¹⁾ Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in the reporting. As a result of the new principle IAS 18, Revenue, will be applied to Peab's housing projects in Finland and Norway as well as Peab's own single homes in Sweden. Revenue from these projects will be recognised first when the home is handed over to the buyer. Segment reporting is based on the percentage of completion method for all our projects since this mirrors how executive management and the Board monitor the business. There is a bridge in segment reporting between operative reporting according to the percentage of completion method and legal reporting. Operative net sales and operative operating profit are reported according to the percentage of completion method. Net sales and operating profit are reporting according to legal accounting.

PERSONNEL

At the end of the period, the company had 14,650 employees compared to 15,326 at the same time the previous year.

COMMENTS ON THE BUSINESS AREAS

As of 1 January 2012 the Peab Group is presented in four different business areas: Construction, Civil Engineering, Industry and Property Development. Comparable figures for the year 2011 have been translated into the new business areas. The business areas are also operating segments.

Construction of our own development projects is presented in segment reporting according to the percentage of completion method. Unrealized internal profits and net sales are eliminated within the Group. When our own housing development projects are divested these effects are returned to the Group and the capital gains from the sales are reported in business area Property Development.

Construction

Business area Construction comprises the Group's construction related services and own housing projects. Operations are run in five divisions in Sweden, one division in Norway, one division in Finland.

Operative net sales for January-September 2012 amounted to SEK 19,652 million (18,809), which is an increase of 4 percent. After adjustments for acquired and divested units the increase was 5 percent.

Operative operating profit for the period amounted to SEK -5 million (380). Operative operating margin sank to 0.0 percent compared to 2.0 percent for the same period last year. Operative margin for the latest rolling 12 month period was 0.8 percent compared to 2.2 percent for full year 2011.

Swedish Construction reports a lower level of margins compared to same period previous year. Project write-down for Stockholm-sarenan (Tele2 Arena) has charged profits by SEK 300 million. Construction operations in Norway and Finland have charged profits through higher costs and lower earnings in ongoing production. Two project write-downs have also charged profits in Norwegian operations by SEK 125 million. Adjusted for project write-downs of SEK 425 million the operating margin for the period was 2.1 percent and for the last 12 month period 2.2 percent. Underlying earnings in Construction are stable but too low. We are working according to an action plan aimed at improving profitability by methodically developing our leadership, project organization and internal processes. This will, among other things, lead to a greater focus on profitability when choosing projects, that we are sure we have the right resources for the projects we take on and that follow-up and control over ongoing projects functions well.

All types of housing such as apartment buildings with tenant-owner rights and rentals as well as condominiums are produced

in business area Construction. We also produce a certain amount of single homes. Project development and ownership of apartments for rent are handled in business area Property Development.

New production of Peab's own housing developments made up 9 percent of net sales for January-September 2012 compared to 11 percent for the same period the last year.

Developments have been weak in the housing market. Only in Stockholm, Gothenburg and Helsinki are operations running more or less on a normal level. The level of own housing development start-ups amounted to 1,072 (1,427). The number of sold homes during the period was 1,248 compared to 1,222 during the same period 2011. The number of homes in production at the end of the period was 3,126 compared to 3,470 the previous year-end. The number of sold homes in production was 76 percent compared to 73 percent at the end of 2011. The increase is in part due to the fact that we are selling existing projects that are attractive to our customers and in part because we maintain our high demands on presales before we begin construction of new projects.

The current financial turbulence as well as the ceiling on mortgages in Sweden has entailed longer sales processes. This has a negative effect on our ability to start up new projects, given the requirements for presales at the start of production. Continued concern on the market results in lower interest rates and this is favorable for housing construction.

The housing demand is affected by several factors such as demography, the economy, interest rates and access to housing loans. All in all these factors indicate a good demand for housing with different kinds of ownership forms in the long-term and we have noticed the demand for apartment buildings with rentals continues to be strong.

The number of repurchased homes on 30 September 2012 was 203 compared to 183 per 31 December 2011 and is evenly divided in Sweden, Norway and Finland.

Civil Engineering

The business area Civil Engineering works in the Local civil engineering market, Infrastructure and heavy industry as well as Operation & maintenance. The operations are run in geographical regions in Sweden, Norway and Finland.

Net sales for January-September 2012 amounted to SEK 8,765 million compared to SEK 8,141 million for the same period last year, which is an increase of 8 percent. Even after adjustments for acquired units the increase was 8 percent.

Operating profit for the period amounted to SEK 278 million (262). Operating margin amounted to 3.2 percent (3.2). Operative margin for the latest rolling 12 month period was 3.3 percent, compared to 3.4 percent for full year 2011.

The Local civil engineering market has had a positive develop-

Peab's own housing development construction

	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Number of housing starts during the period	1,072	1,427	1,711
Number of homes sold during the period	1,248	1,222	1,531
Total number of homes under construction, at the end of the period	3,126	3,705	3,470
Share of sold homes under construction, at the end of the period	76%	73%	73%
Number of repurchased homes in the balance sheet, at the end of the period	203	178	183

ment during the period as a result of higher activity on the construction market. Volumes have been slightly lower in Operation & maintenance but profitability has remained the same. Infrastructure and heavy industry has had a high production rate but profit is lower than in the same period last year.

Industry

Business area Industry is run in seven product segments; Asphalt, Concrete, Gravel and Rock, Transportation and Machines, Foundations, Rentals and Industrial Construction. All of them work on the Nordic construction and civil engineering markets.

Net sales for January-September 2012 amounted to SEK 7,972 million compared to SEK 7,387 million for the same period last year, which is an increase of 8 percent. After adjustments for acquired and divested units the increase was 7 percent. A large part of the increase in net sales refers to transportation operations that have lower margins and tie up less capital compared to Peab's other industrial operations.

Operating profit for the period amounted to SEK 563 million compared to SEK 464 million for the same period last year. Operating margin has increased and was 7.1 percent compared to 6.3 percent for the same period last year. Operative margin for the latest rolling 12 month period was 7.2 percent, compared to 6.7 percent for the full year 2011.

As a result of the high level of activity in the construction and civil engineering markets net sales and profits have grown in Foundations, Industrial Construction and Rentals compared to the same period last year. Net sales in Gravel and Rock are unchanged but profits have grown. Net sales have increased in Transportation and Machines with an improved level of profitability. Net sales have increased in Concrete but profits are down. Asphalt has developed well in the third quarter and net sales and profits have improved compared to last year.

Property Development

Group operations revolving around acquisitions, development and divestiture of commercial property and rental property in the Nordic region are run in the new business area Property Development.

This business is followed up in three areas; listed holdings, associated companies and joint ventures and wholly owned subsidiaries and projects. Listed holdings consists of shares in Catena. Associated companies and joint ventures consists of, for instance, Peab's ownership in Tornet (ownership of apartments for rent), in Centur (ownership and development of commercial property), in companies connected to the development of Arenastaden in Solna as well as other holdings. 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 is derived from running our wholly owned property, shares in the profit from associated companies and joint ventures as well as capital gains from the divestiture of completed property and shares in associated companies and joint ventures.

During the period January-September 2012 net sales were SEK 240 million (124) and operating profit amounted to SEK 26 million (22). This includes capital gains of SEK 73 million (-) from proper-

ty sales. A decision to invest in a hotel in Hyllie, Malmö that will be rented and run by Nordic Choice Hotels was made during the period.

We believe the demand for property projects in the Nordic region will continue to be good with a great deal of interest from both local and international players. However, a prerequisite for this business is that potential buyers can find financing. We have continued to invest in existing and new property development projects during 2012.

THE CONSTRUCTION MARKET

Signs of a diminishing Swedish building construction market are coming now even though start-ups in commercial premises, industrial and public locations were still on a high level during the first half of 2012. Large, individual projects and considerable regional differences have characterized the market in premise construction the past few years and this augments the effects of the turn-down according to the analysis company Industrifakta. Among other things, there is a great deal of uncertainty about how lower material prices will affect developments in Northern Sweden.

The downward trend in the housing market is growing stronger and is expected to continue in 2013, although it may level out to some degree. During 2012-2014 the already significant housing shortage in Sweden will increase by another 50,000 apartments according to Industrifakta. This will lead to less mobility in the labor force and can therefore delay economic recovery. Refurbishment of apartment buildings has however continued to grow and the forecast is positive for 2013 as well. At the same time many property owners are having problems financing renovation of big blocks of apartment buildings built in the late 60s. Construction has contracted sharply in the industrial sector due to a tangible decline in export markets. Demand for office and retail space has decreased now that fewer jobs are on the market and households cut down consumption. Even construction of public premises is beginning to slow due to a lack of resources for new investments in both federal and local government. Growth has been strong on the Swedish civil engineering market in 2012 but a leveling off is expected in 2013.

Norwegian building construction continued to develop strongly during the first half year and even though there is a risk it will level off to some extent in the autumn, figures for the entire year should be positive compared to 2011. Housing construction, however, is now showing a clear downward trend and the forecasts for 2013 are negative for both apartment buildings and single homes despite an intense underlying demand. The reasons for the drop are a shortage of land, sluggish decision-making processes and high cost levels. Construction of commercial, industrial and public premises has risen dramatically since 2010 but a negative turn is expected in all these sectors in 2013. The decline in commercial premises is in part due to lack of financing and the fact that many municipalities are deep in debt and finances are stretched. The signs in civil engineering, however, continue to be positive, especially regarding investments related to energy including offshore operations. Investments to reduce energy consumption in buildings are also expected to rise.

The housing market in Finland has continued to weaken during the second quarter of 2012, particularly in single home construction, and this will continue for the rest of the year and in 2013.

Household debt has rapidly increased in Finland in the past few years, which together with the euro crisis is now contributing to less demand for new homes. At the same time there has been a temporary sharp rise in apartment building refurbishing in 2012. Production start-ups in both commercial and public premises increased during the first half of 2012 but this is expected to level off during the rest of the year and in 2013. Construction investments dropped dramatically during the first half year and this can entail a fifty percent reduction for the year as a whole compared to 2011. One explanation is the growing uncertainty about export markets. Prospects for civil engineering investments continue to be very unsure and with the current developments in EU countries the only feasible forecast is tighter budgets on both federal and municipal levels for the next few years.

All in all both Norway and Sweden show some growth in building construction start-ups for the entire year 2012, while the prospects in all three countries for 2013 are negative. However, the civil engineering markets are expected to be stable during 2013.

RISKS AND UNCERTAINTY FACTORS

Peab's business is largely project related. Operational risks in day-to-day business are primarily connected to bids, percentage of completion and volume and price risks.

Structured risk assessment is crucial in the business to ensure that risks are identified, that tenders submitted are correctly priced and that the proper resources are available.

Peab applies the percentage of completion method in project reporting. The application of the percentage of completion method depends on reliable forecasting. Well developed monitoring and system support for monitoring and forecasting in each project are crucial to limiting risks of incorrect revenue recognition.

For Peab, price risks mainly refer to unforeseen price hikes for materials, subcontractors and wages. Risks vary according to the type of contract. Fixed price contracts also involve the risk of incorrect tender calculations and the risk that price hikes deteriorate profits because the company cannot demand compensation from customers for them.

The Group is exposed to financial risks such as changes in debt and interest rate levels.

For further information on risks and uncertainty factors, see the 2011 Annual Report.

IMPORTANT EVENTS DURING THE PERIOD

Peab was divided into four business areas on 1 January 2012; Construction, Civil Engineering, Industry and Property Development. In keeping with this, executive management has been expanded to include the managers of each business area.

Tina Hermansson Berg has been appointed Head of Human Resources. She took up her new position on 1 June 2012 and

became a member of executive management. Tina Hermansson Berg was previously Executive Vice President of Human Resources & Corporate Communication at Mölnlycke Health Care AB.

Peab has redeemed its futures for the purchase of 940,000 shares in Lemminkäinen Oyj, which is equivalent to 4.78 percent of the company's shares and votes. This means Peab directly owns 2,080,225 shares in Lemminkäinen Oyj, corresponding to 10.59 percent of both shares and votes.

Peab has issued bonds amounting to SEK 400 million in the MTN program, which was established in February 2012. The maturity of the bonds is 3 years and the issue was divided into a part with a fixed interest rate and a part with a variable interest rate.

Niclas Winkvist has been appointed Head of Strategy and Business Support and a member of executive management. He will keep his responsibilities for M&A, and he will also take on the overall responsibility for the Group's strategy work. Niclas is 45 years old and was previously CFO for Peab Industri.

Mats Johansson, Executive Vice President responsible for Business Ethics and Safety and Security, has left his position in accordance with his pension agreement. Responsibility for these issues has been handed over to Head of HR Tina Hermansson Berg.

Peab has received payment for the shares in Brinova Fastigheter AB (publ) that Backahill AB acquired through its mandatory offer. Peab received a total of SEK 518 million in cash.

IMPORTANT EVENTS AFTER THE PERIOD

Roger Linnér was appointed the new Business Area Manager Civil Engineering and he will be a member of Peab's executive management from 1 January 2013. Roger will succeed Tore Nilsson as head of Peab's business area Civil Engineering. Roger is 42 years old and has been working in Peab since 1996 primarily in Civil Engineering.

Peab has issued bonds amounting to SEK 600 million in the MTN program, which was established in February 2012. The issue is divided into a part of SEK 300 million with a maturity of 1.5 years and a portion of SEK 300 million with a term of 4 years.

ACCOUNTING PRINCIPLES

This interim report is presented according to the IFRS standards and interpretations of valid standards, IFRICs, that have been adopted by EU. This report is presented in accordance with IAS 34, Interim financial reporting.

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

This interim report has otherwise been presented according to the same accounting principles and prerequisites as described in the Annual Report of 2011.

Share capital and number of shares

	Share capital MSEK	Number of registered A shares	Number of registered B shares	Total number of registered shares	Holdings of own shares	Shares owned by other shareholders
Share capital and number of shares 1 January 2012	1,583.9	34,319,957	261,729,773	296,049,730	1,086,984	294,962,746
Share capital and number of shares 30 September 2012	1,583.9	34,319,957	261,729,773	296,049,730	1,086,984	294,962,746

HOLDINGS OF OWN SHARES

At the beginning of 2012 Peab's own B share holding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. No changes have taken place during the period January-September 2012.

THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 13 November 2012, the price of the Peab share was SEK 30.50, a decrease of 11 percent during 2012. During the same period, the Swedish stock market increased by 6 percent according to general index in the business magazine "Affärsvärlden". During 2012, the Peab share has been quoted at a maximum of SEK 39.70 and a minimum of SEK 28.91.

PARENT COMPANY

The parent company Peab AB's net sales for January-September 2012 amounted to SEK 72 million (83) and mainly consisted of internal Group services. Profit after tax amounted to SEK -16 million (1,080).

The parent company's assets mainly consists of participations in Group companies amounting to SEK 11,477 million (11,728), shares in Catena AB worth SEK 133 million (263), shares in Lemminkäinen Oyj worth SEK 284 million (213) and convertible bonds in Peab Industri AB worth SEK 586 million (581). The Brinova holding was included in the comparable period by SEK 491 million. The assets have been financed from equity of SEK 7,458 million (7,975) and long-term liabilities amounting to SEK 5,047 million (5,500).

The parent company's liquid assets amounted to SEK 5 million (8) at the end of the period.

The parent company is indirectly affected by the risks described in the section Risks and Uncertainty Factors.

ANNUAL GENERAL MEETING

The Annual General Meeting of Peab will be held on 14 May 2013 at Grevieparken in Grevie.

NOMINATING COMMITTEE

At the Annual General Meeting held on 15 May 2012, Malte Åkerström, Göran Grosskopf, Bengt Johansson (chairman) and Magnus Swärd were appointed to the Peab nominating committee.

Shareholders wishing to propose candidates to Peab's nominating committee can do so at email address valberedning@peab.se or by writing to Peab AB, Att. Nominating Committee, SE-260 92 Förslöv, Sweden. In order to be considered by the 2013 AGM, nominations must be received by the company no later than 21 January 2013.

FUTURE FINANCIAL INFORMATION

- Year-end report 2012 14 February 2013
- Annual report 2012 April 2013
- Interim report January-March 2013
and Annual General Meeting 14 May 2013
- Interim report January-June 2013 20 August 2013
- Interim report January-September 2013 14 November 2013

Förslöv, 14 November 2012

*Jan Johansson
CEO and President*

REVIEW REPORT

We have reviewed the interim report for Peab AB (publ) as of 30 September 2012 and the nine-month period which ended on this date. The Board of Directors and the Managing Director is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and the generally accepted auditing practice. Consequently a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act in the case of the Group and in accordance with the Annual Accounts Act in the case of the parent company.

Förslöv, 14 November 2012

*Alf Svensson
Authorised Public
Accountant*

*Thomas Thiel
Authorised Public
Accountant*

Condensed income statement for the Group

MSEK	Jan-Sep 2012	Jan-Sep 2011	Jul-Sep 2012	Jul-Sep 2011	Oct-Sep 2011/2012	Jan-Dec 2011
Net sales	32,947	30,295	11,379	10,557	46,191	43,539
Production costs	-30,590	-27,774	-10,357	-9,609	-42,658	-39,842
Gross profit	2,357	2,521	1,022	948	3,533	3,697
Sales and administrative expenses	-1,646	-1,600	-485	-517	-2,311	-2,265
Profit from participation in joint ventures/associated companies	1	38	-8	18	-13	24
Other operating income	39	44	-5	12	53	58
Other operating costs	-19	-2	-18	-1	-26	-9
Operating profit	732	1,001	506	460	1,236	1,505
Net financial items	-155	-236	-65	-107	-229	-310
Pre-tax profit	577	765	441	353	1,007	1,195
Tax	-150	-201	-116	-93	-201	-252
Profit for the period	427	564	325	260	806	943

Profit for the period, attributable to:

Shareholders in parent company	430	564	325	259	809	943
Non-controlling interests	-3	0	0	1	-3	0
Profit for the period	427	564	325	260	806	943

Key ratios

Earnings per share, SEK	1.46	1.97	1.10	0.90	2.74	3.26
- after dilution	1.46	1.97	1.10	0.90	2.74	3.26
Average number of outstanding shares, million	295.0	286.9	295.0	287.2	295.0	288.9
- after dilution	303.8	295.7	303.8	296.0	303.8	297.7
Return on capital employed, %	8.2 ¹⁾	9.9 ¹⁾			8.2	10.5
Return on equity, %	10.5 ¹⁾	13.0 ¹⁾			10.5	12.1

¹⁾ Calculated on rolling 12 months

Condensed comprehensive income statement for the Group

MSEK	Jan-Sep 2012	Jan-Sep 2011	Jul-Sep 2012	Jul-Sep 2011	Oct-Sep 2011/2012	Jan-Dec 2011
Profit for the period	427	564	325	260	806	943
Other comprehensive income						
Translation differences for the period from translation of foreign operations	-46	45	-47	5	-91	0
Profit/loss from currency risk hedging in foreign operations	13	-18	16	-2	32	1
Translation differences transferred to profit for the period	-	-	-	-	-1	-1
Changes for the period in fair value of available-for-sale financial assets	-55	-2	10	-2	-70	-17
Changes in fair value of cash flow hedges for the period	51	-168	-28	-163	15	-204
Share in associated companies' other comprehensive income	-2	-1	-1	-1	-3	-2
Tax attributable to components in other comprehensive income	5	16	7	11	5	16
Other comprehensive income for the period	-34	-128	-43	-152	-113	-207
Total comprehensive income for the period	393	436	282	108	693	736
Total comprehensive income for the period, attributable to:						
Shareholders in parent company	396	436	282	107	696	736
Non-controlling interests	-3	0	0	1	-3	0
Total comprehensive income for the period	393	436	282	108	693	736

Condensed balance sheet for the Group

MSEK	30 Sep 2012	30 Sep 2011	31 Dec 2011
Assets			
Intangible assets	2,189	2,240	2,231
Tangible assets	4,442	4,499	4,580
Interest-bearing long-term receivables	1,160	842	1,314
Other financial fixed assets	1,809	2,376	2,567
Deferred tax recoverables	228	107	158
Total fixed assets	9,828	10,064	10,850
Project and development properties	6,672	5,977	5,180
Inventories	456	418	416
Work in progress	1,197	1,453	1,689
Interest-bearing current receivables	516	97	237
Other current receivables	14,090	12,246	12,007
Short-term holdings	11	9	9
Liquid funds	303	814	961
Total current assets	23,245	21,014	20,499
Total assets	33,073	31,078	31,349
Equity and liabilities			
Equity	7,720	7,648	7,947
Liabilities			
Interest-bearing long-term liabilities	7,656	7,630	7,412
Deferred tax liabilities	311	208	376
Other long-term liabilities	457	352	420
Total long-term liabilities	8,424	8,190	8,208
Interest-bearing current liabilities	2,428	1,993	1,735
Other current liabilities	14,501	13,247	13,459
Total current liabilities	16,929	15,240	15,194
Total liabilities	25,353	23,430	23,402
Total equity and liabilities	33,073	31,078	31,349
Key ratios			
Capital employed	17,804	17,271	17,094
Equity/assets ratio, %	23.3	24.6	25.4
Net debt	8,094	7,861	6,626
Equity per share, SEK	26.18	25.93	26.94
- after dilution	27.39	27.11	28.10
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0
- after dilution	303.8	303.8	303.8

Condensed statement of changes in Group's equity

MSEK	30 Sep 2012	30 Sep 2011	31 Dec 2011
Equity attributable to shareholders in parent company			
Opening equity on 1 January	7,947	7,673	7,673
Profit for the period	430	564	943
Other comprehensive income for the period	-34	-128	-207
Comprehensive income for the period	396	436	736
Cash dividend	-620	-745	-746
Acquisition of own shares	-	-16	-16
Disposal of own shares	-	300	300
Closing equity	7,723	7,648	7,947
Non-controlling interests			
Opening equity on 1 January	0	0	0
Profit for the period	-3	0	0
Acquisition of non-controlling interests, controlling interests already	0	0	-
Closing equity	-3	0	0
Total closing equity	7,720	7,648	7,947

Condensed cash flow statement for the Group

MSEK	Jan-Sep 2012	Jan-Sep 2011	Jul-Sep 2012	Jul-Sep 2011	Oct-Sep 2011/2012	Jan-Dec 2011
Cash flow from current operations before changes in working capital	1,024	1,386	703	577	1,830	2,192
Cash flow from changes in working capital	-1,462	-1,976	-678	-537	-1,618	-2,132
Cash flow from current operations	-438	-590	25	40	212	60
Acquisition of subsidiaries	-318	-297	-205	-45	-350	-329
Disposal of subsidiaries	94	-2	2	-	173	77
Acquisition of fixed assets	-1,158	-1,111	-193	-518	-1,395	-1,348
Sales of fixed assets	1,103	210	523	35	1,362	469
Cash flow from investment operations	-279	-1,200	127	-528	-210	-1,131
Cash flow before financing	-717	-1,790	152	-488	2	-1,071
Cash flow from financing operations	35	1,802	-72	656	-540	1,227
Cash flow for the period	-682	12	80	168	-538	156
Cash at the beginning of the period	970	810	219	654	823	810
Exchange rate differences in cash	26	1	15	1	29	4
Cash at the end of the period	314	823	314	823	314	970

Net sales and operating profit per business area

MSEK	Net sales				Operating profit				Operating margin			
	Jan-Sep 2012	Jan-Sep 2011	Oct-Sep 2011/2012	Jan-Dec 2011	Jan-Sep 2012	Jan-Sep 2011	Oct-Sep 2011/2012	Jan-Dec 2011	Jan-Sep 2012	Jan-Sep 2011	Oct-Sep 2011/2012	Jan-Dec 2011
Construction	19,652	18,809	28,665	27,822	-5	380	215	600	0.0%	2.0%	0.8%	2.2%
Civil Engineering	8,765	8,141	12,178	11,554	278	262	406	390	3.2%	3.2%	3.3%	3.4%
Industry	7,972	7,387	10,989	10,404	563	464	792	693	7.1%	6.3%	7.2%	6.7%
Property Development	240	124	305	189	26	22	35	31	10.8%	17.7%	11.5%	16.4%
Group functions	83	100	115	132	-142	-152	-200	-210				
Eliminations	-4,278	-4,201	-6,163	-6,086	-15	-14	-22	-21				
Operative ¹⁾	32,434	30,360	46,089	44,015	705	962	1,226	1,483	2.2%	3.2%	2.7%	3.4%
Adjustment for housing reporting ²⁾	513	-65	102	-476	27	39	10	22				
Legal	32,947	30,295	46,191	43,539	732	1,001	1,236	1,505	2.2%	3.3%	2.7%	3.5%

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)

Quarterly data

Group

	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010	Jul-Sep 2010
MSEK									
Net sales	11,379	11,670	9,898	13,244	10,557	11,030	8,708	11,538	9,124
Production costs	-10,357	-11,042	-9,191	-12,068	-9,609	-10,151	-8,014	-10,491	-8,289
Gross profit	1,022	628	707	1,176	948	879	694	1,047	835
Sales and administrative expenses	-485	-594	-567	-665	-517	-479	-604	-656	-401
Profit from participation in joint ventures/associated companies	-8	19	-10	-14	18	17	3	29	26
Other operating income	-5	25	19	14	12	10	22	19	6
Other operating costs	-18	0	-1	-7	-1	-	-1	-3	0
Operating profit	506	78	148	504	460	427	114	436	466
Net financial items	-65	-45	-45	-74	-107	-89	-40	28	55
Pre-tax profit	441	33	103	430	353	338	74	464	521
Tax	-116	-8	-26	-51	-93	-89	-19	-60	-131
Profit for the period	325	25	77	379	260	249	55	404	390
Profit for the period, attributable to:									
Shareholders in parent company	325	26	79	379	259	250	55	403	390
Non-controlling interests	0	-1	-2	0	1	-1	0	1	0
Profit for the period	325	25	77	379	260	249	55	404	390
Key ratios									
Earnings per share, SEK	1.10	0.09	0.27	1.31	0.90	0.87	0.19	1.39	1.36
- after dilution	1.10	0.09	0.27	1.30	0.90	0.87	0.19	1.39	1.35
Average number of outstanding shares, million	295.0	295.0	295.0	288.9	287.2	286.7	286.7	286.7	286.8
- after dilution	303.8	303.8	303.8	297.7	296.0	295.5	295.5	295.5	295.6

Business areas

	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2011	Oct-Dec 2010 ¹⁾	Jul-Sep 2010 ¹⁾
MSEK									
Net sales									
Construction	6,175	6,964	6,513	9,013	5,998	6,722	6,089	7,552	5,619
Civil Engineering	3,195	3,116	2,454	3,413	2,835	2,930	2,376	3,319	2,657
Industry	3,048	2,930	1,994	3,017	3,023	2,675	1,689	2,265	2,556
Property Development	91	86	63	65	47	37	40		
Group functions	25	30	28	32	28	44	28	46	33
Eliminations	-1,595	-1,499	-1,184	-1,885	-1,461	-1,315	-1,425	-1,613	-1,453
Operative ²⁾	10,939	11,627	9,868	13,655	10,470	11,093	8,797	11,569	9,412
Adjustment for housing reporting ³⁾	440	43	30	-411	87	-63	-89	-31	-288
Legal	11,379	11,670	9,898	13,244	10,557	11,030	8,708	11,538	9,124
Operating profit									
Construction	107	-251	139	220	99	142	139	241	198
Civil Engineering	124	116	38	128	109	115	38	113	99
Industry	303	234	26	229	269	196	-1	160	232
Property Development	-26	27	25	9	13	4	5		
Group functions	-25	-40	-77	-58	-44	-31	-77	-45	-26
Eliminations	5	-13	-7	-7	-4	-8	-2		
Operative ²⁾	488	73	144	521	442	418	102	469	503
Adjustment for housing reporting ³⁾	18	5	4	-17	18	9	12	-33	-37
Legal	506	78	148	504	460	427	114	436	466
Order situation									
Orders received	9,302	7,768	13,200	6,902	9,751	11,027	10,306	6,056	9,547
Order backlog at the end of the period	31,379	31,145	32,989	28,378	32,888	31,515	29,689	27,063	30,753

¹⁾ Not translated according to the new business area structure

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

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

Condensed income statement for the parent company

MSEK	Jan-Sep 2012	Jan-Sep 2011	Jul-Sep 2012	Jul-Sep 2011	Oct-Sep 2011/2012	Jan-Dec 2011
Net sales	72	83	24	23	88	99
Administrative expenses	-120	-119	-39	-33	-146	-145
Operating profit	-48	-36	-15	-10	-58	-46
Result from financial investments						
Profit from participation in Group companies	53	1,146	33	–	769	1,862
Profit from participation in associated companies	5	136	–	–	-125	6
Other financial items	-66	-208	-34	-78	-107	-249
Profit after financial investments	-56	1,038	-16	-88	479	1,573
Appropriations	–	–	–	–	-156	-156
Pre-tax profit	-56	1,038	-16	-88	323	1,417
Tax	40	42	12	14	-127	-125
Profit for the period	-16	1,080	-4	-74	196	1,292

Condensed comprehensive income statement for the parent company

MSEK	Jan-Sep 2012	Jan-Sep 2011	Jul-Sep 2012	Jul-Sep 2011	Oct-Sep 2011/2012	Jan-Dec 2011
Profit for the period	-16	1,080	-4	-74	196	1,292
Other comprehensive income						
Changes for the period in fair value of available-for-sale financial assets	-70	1	1	1	-92	-21
Total comprehensive income for the period	-86	1,081	-3	-73	104	1,271

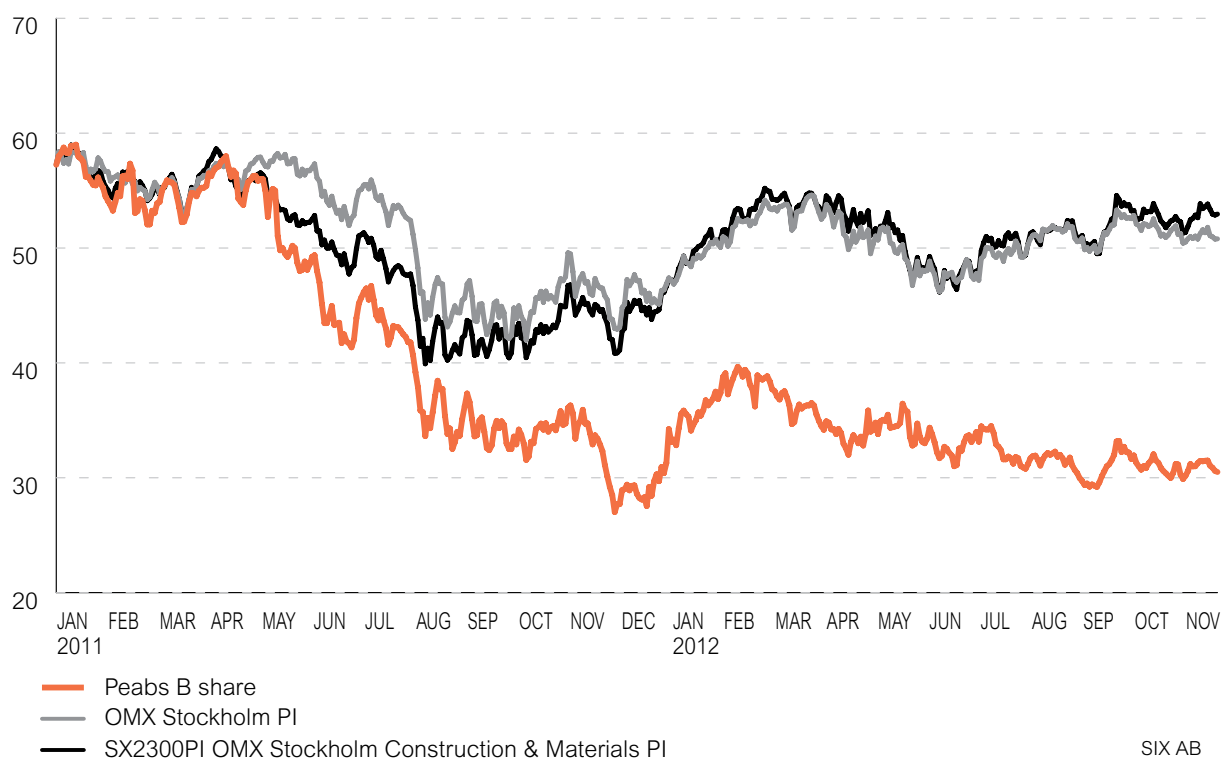
Condensed balance sheet for the parent company

MSEK	30 Sep 2012	30 Sep 2011	31 Dec 2011
Assets			
Machinery and equipment	2	2	2
Participation in Group companies	11,477	11,728	11,525
Participation in associated companies	133	263	133
Receivables from Group companies	796	687	1,447
Interest-bearing long-term receivables	56	–	–
Other securities held as fixed assets	304	732	709
Deferred tax recoverables	38	39	–
Other long-term receivables	1	1	1
Total fixed assets	12,807	13,452	13,817
Receivables from Group companies	30	53	37
Prepaid expenses and accrued income	11	31	7
Liquid funds	5	8	2
Total current assets	46	92	46
Total assets	12,853	13,544	13,863
Equity and liabilities			
Equity	7,458	7,975	8,164
Untaxed reserves	156	0	156
Liabilities to Group companies	4,450	4,912	4,794
Convertible promissory note	597	588	590
Deferred tax liabilities	–	–	2
Total long-term liabilities	5,047	5,500	5,386
Accounts payable	12	8	11
Liabilities to Group companies	2	1	2
Income tax liabilities	118	–	120
Other liabilities	11	9	6
Accrued expenses and deferred income	49	51	18
Total current liabilities	192	69	157
Total liabilities	5,239	5,569	5,543
Total equity and liabilities	12,853	13,544	13,863
Pledged assets and contingent liabilities for the parent company			
Pledged assets	–	–	–
Contingent liabilities	19,484	18,784	18,195

List of shareholders 31 October 2012

Shareholder	A shares	B shares	Total no of shares	Proportion of capital, %	Proportion of votes, %
Mats Paulsson with companies	9,754,910	37,255,750	47,010,660	15.9	22.3
Karl-Axel Granlund with family and companies		18,402,000	18,402,000	6.2	3.0
Folksam		11,400,000	11,400,000	3.9	1.9
Anita Paulsson with family and companies	4,261,431	6,013,905	10,275,336	3.5	8.0
Fredrik Paulsson with family and companies	4,261,430	6,002,154	10,263,584	3.5	8.0
Svante Paulsson with family and companies	7,824,715	1,350,705	9,175,420	3.1	13.2
Sara Karlsson with family and companies	7,881,948	863,299	8,745,247	3.0	13.2
Kamprad family foundation		8,581,236	8,581,236	2.9	1.4
Peab's profit sharing foundation		7,803,432	7,803,432	2.6	1.3
Lannebo Fonder		5,332,919	5,332,919	1.8	0.9
Länsförsäkringar Funds		4,935,784	4,935,784	1.7	0.8
Danica Pension		4,278,142	4,278,142	1.4	0.7
Swedbank Robur Funds		3,533,099	3,533,099	1.2	0.6
SEB Investment Management		3,337,446	3,337,446	1.1	0.6
Handelsbanken Funds		2,986,615	2,986,615	1.0	0.5
Foreign owners		26,352,632	26,352,632	8.8	4.3
Others	335,523	112,213,671	112,549,194	38.0	19.1
Number of outstanding shares	34,319,957	260,642,789	294,962,746		
Peab AB		1,086,984	1,086,984	0.4	0.2
Number of registered shares	34,319,957	261,729,773	296,049,730	100.0	100.0

Source: Euroclear Sweden AB





Peab is the Nordic Community Builder with 15,000 employees and a net sales exceeding SEK 40 billion. The Group's subsidiaries have strategically located offices in Sweden, Norway and Finland. The registered office of the Group is in Förslöv, Skåne in south of Sweden. The share is listed on NASDAQ OMX Stockholm.

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