

# Year-end Report

## January - December 2014



NORRA LÄNKEN 41  
Frescati, Stockholm

- Operative net sales amounted to SEK 43,820 million (42,765)
- Operative operating profit was SEK 1,783 million (593). The operating margin improved to 4.1 percent (1.4). Last year's operating profit was charged with one-off costs of SEK 920 million
- Write-downs of interest-bearing receivables regarding Northland has charged financial items by SEK 261 million and operating profit by SEK 33 million in shutting down costs
- Earnings per share amounted to SEK 3.48 (1.01)
- Orders received during the year amounted to SEK 31,690 million (34,292)
- Order backlog amounted to SEK 24,922 million (28,164)
- Positive cash flow before financing of SEK 2,803 million (624)
- Net debt fell to SEK 3,886 million (5,948)
- Equity/assets ratio 28.2 percent (24.0)
- The Board proposes a dividend of SEK 2.25 (1.80) per share

# Comments by the CEO

Peab's development during 2014 has met our expectations and this is most clearly manifested in our stabilized and more efficient operations, our improved profitability and reinforced financial position.

## Market conditions

The Swedish building construction market developed well in 2014 with good growth in new project start-ups. New housing production has been the strongest segment driven by a greater need for housing and many years of insufficient production. A high level of activity and the same degree of building construction start-ups is also expected in 2015. Housing construction in Norway has been more extensive than expected with strong growth in private and public premise construction. Falling oil prices can be expected to weaken the Norwegian economy and consequently the building construction market in 2015. Housing construction development in Finland has been weak in 2014 as a result of the country's tight economy and this low level of activity is expected to continue in 2015. The civil engineering market is expected to be stable in Sweden and Norway but development in Finland is expected to continue to be weak.

## Order situation

Orders received in 2014 amounted to SEK 31.7 billion compared to SEK 34.3 billion for 2013. Orders received in business areas Construction and Civil Engineering have declined during the period. This has been part of Peab's selective order strategy for Construction and led to a greater number of mid-sized and smaller projects. The order backlog amounted to SEK 24.9 billion compared to SEK 28.2 billion at the end of the previous year.

## Business area development

Net sales were higher and the operating margin was better in business area Construction in 2014. The action plan carried out in 2013 is producing the profit improvements we planned on. The operating margin was 2.3 percent compared to -2.3 percent (underlying, i.e. exclusive one-off



costs of SEK 920 million, 1.6 percent) in 2013. Net sales in business area Civil Engineering contracted as a result of lower orders received, which has also affected profits. Net sales in business area Industry have grown and the result was on par with 2013 despite writing-down the value of Peab's share in S:t Eriks and the cost of shutting down logistic services for Northland, which brought down the result by SEK 40 million and SEK 33 million respectively. Net sales in business area Project Development have grown considerably and profit improved due to a growing housing market, particularly in Stockholm. Start-ups of our own developed housing in 2014 were 2,502 (2,077) and sold homes numbered 2,871 (2,034). A higher result from property sales also improved profits. The divestiture of Varvsstaden in Malmö to Centur, a development company jointly owned with Balder, along with an overhaul of the project portfolio led to a positive effect on profit of SEK 100 million.

## Group development

Operative net sales in 2014 were SEK 43,820 million (42,765) which was an increase by 2 percent compared to 2013. Operative operating profit in 2014 amounted to SEK 1,783 million compared to SEK 593 million (underlying 1,513) last year, which is an operative operating margin of 4.1 percent compared to 1.4 percent (underlying 3.5 percent). Our intense

efforts to streamline capital binding has had a tangible effect. Cash flow before financing was SEK 2,803 million (624) and net debt was reduced to SEK 3,886 million (5,948).

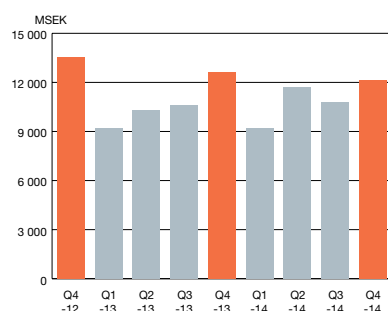
## Next step

We expect continued stable market conditions in Sweden. Through our action plan we have taken important steps for better competitiveness, a healthier level of profits and a reinforced financial position. We see effects on results according to plan in production such as lower overhead and higher earnings. Improvements in our day-to-day business and the effect of better used capital have resulted in a very strong cash flow and lower net debt. There are still many ways we at Peab can improve our business but this will take place in a changing industry with more players and therefore a more complex business model. With our competent staff we will take on the task of creating an even better company.

*Jesper Göransson*  
CEO and President

# Year-end report January – December 2014

## Operative net sales



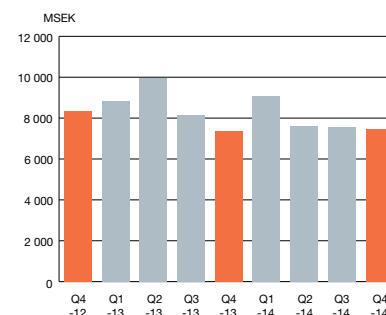
Group operative net sales for 2014 amounted to SEK 43,820 million (42,765), which was an increase of 2 percent.

## Operative operating profit



Operative operating profit for 2014 amounted to SEK 1,783 million compared to SEK 593 million for last year.

## Orders received



Orders received for 2014 amounted to SEK 31,690 million compared to SEK 34,292 million for last year. Order backlog amounted to SEK 24,922 million compared to SEK 28,164 million per 31 December 2013.

Group				
MSEK	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012 <sup>1)</sup>	Financial goals
Operative net sales <sup>2)</sup>	43,820	42,765	45,997	
Net sales	43,630	43,127	46,840	
Operative operating profit <sup>2)</sup>	1,783	593	1,004	
Operative operating margin, % <sup>2)</sup>	4.1	1.4	2.2	
Operating profit	1,752	614	1,057	
Operating margin, %	4.0	1.4	2.3	
Pre-tax profit	1,230	383	815	
Profit for the year	1,027	298	726	
Earnings per share, SEK	3.48	1.01	2.47	
Return on equity, %	13.1	3.8	9.2	> 20%
Equity/assets ratio, %	28.2	24.0	24.9	> 25%

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

<sup>2)</sup> Operative net sales and operative operating profit are reported according to percentage of completion method. Net sales and operating profit are reported according to legal accounting.

## NEW CONTRACTS DURING THE FOURTH QUARTER

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

- Renovation and extension of Bodaskolan in Borås. The customer is Borås City and the contract is worth SEK 109 million.
- Planning, designing and building of a new school in Skara, Sweden. The client is Skara Municipality and the contract is worth around SEK 220 million.
- Refurbishment of four nine floor apartment buildings with a total of 264 apartments in Närlunda, Helsingborg. The customer is Helsingborgshem and the contract is worth around SEK 140 million.
- A contract has been signed regarding the soccer arena Olympia in Helsingborg according to the tender decision in June 2013. The client is Kärnfastigheter in Helsingborg and the contract is worth around SEK 324 million.
- Construction of 110 apartments in Tomtebo, Umeå. The client is Sjöraät Hyresrätter AB and the contract is worth around SEK 116 million.
- Construction of 81 tenant owned apartments, commercial space and a garage in central Växjö. The client is HSB Sydost and the contract is worth around SEK 123 million.
- Construction of new IKEA store in Umeå. The customer is IKEA Fastigheter AB and the contract amounts to SEK 215 million.
- General contract for the extension of the stretch of railroad Hemfosa-Tungelsta in Haninge with a double track. The client is the Swedish Transport Administration and the contract is worth around SEK 229 million.
- Construction of the Knowledge and Culture Center, KKC, in Askersund. The client is Askersund Municipality and the project is being carried out as a partnering contract. The amount of the contract is calculated at some SEK 260 million.

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

Group operative net sales for 2014 amounted to SEK 43,820 million (42,765). Adjustments in housing reporting affected net sales by SEK -190 million (362). Group net sales for 2014 increased by 1 percent to SEK 43,630 million (43,127). Increased housing production has affected Construction and Project Development positively. Greater activity in Industry has contributed to higher net sales while production volumes in Civil Engineering are lower. Of the year's net sales SEK 7,689 million (8,029) were attributable to sales and production outside Sweden.

Operative operating profit for 2014 was SEK 1,783 million compared to SEK 593 million for last year. One-off costs for the action plan of SEK 920 million were included in operating profit for 2013.

A strong housing market has contributed to favorable development in the business areas. However, operating profit is down in Civil Engineering due to lower net sales. The sales of Varvsstaden and an overhaul of the values in our project portfolio in Project Development during the third quarter had a positive effect on operating profit of SEK 100 million. Higher net sales have led to an underlying higher result in Industry but the business area has been charged with write-downs in the value of Peab's share in S:t Eriks and the cost of shutting down logistic services for Northland which brought down the result by SEK 40 million and SEK 33 million respectively. The action plan carried out in 2013 is generating the expected improvements in profit, primarily in business areas Construction and Project Development as well as in Group functions. Eliminating internal profit in our own projects has affected the result by SEK -42 million (-14). Elimination is reversed in connection with the external divestment of a project.

Operating profit for 2014 was SEK 1,752 million (614). The operating margin amounted to 4.0 percent (1.4). Adjustments in housing reporting affected operating profit by SEK -31 million (21) due to greater housing production in relation to projects that have been turned over.

Depreciation and write-downs for the year were SEK 821 million (884).

Net financial items amounted to SEK -522

million (-231), of which net interest expense amounted to SEK -216 million (-276). Net financial items were charged with write-downs of interest-bearing receivables of SEK 261 million referring to Northland.

Pre-tax profit was SEK 1,230 million (383).

Tax for the year was SEK -203 million (-85).

Profit for the year was SEK 1,027 million (298).

## FINANCIAL POSITION

The equity/assets ratio on 31 December 2014 was 28.2 percent compared to 24.0 percent at the previous year-end. Interest-bearing net debt amounted to SEK 3,886 million compared to SEK 5,948 million at the end of 2013. Net debt was lower due to a positive cash flow. The average interest rate in the loan portfolio, including derivatives, was 3.0 percent (3.4) on 31 December 2014.

Group liquid funds, including unutilized credit facilities, were SEK 6,752 million at the end of the year compared to SEK 4,806 million on 31 December 2013.

At the end of the year Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 7,378 million compared to SEK 5,057 million on 31 December 2013. Of contingent liabilities, obligations to tenant-owners associations under construction were SEK 4,247 million compared to SEK 3,083 million at the previous year-end.

## INVESTMENTS

Investments in tangible and intangible fixed assets during the year were SEK 666 million (255). Net divestments in project and development properties totaled SEK -238 million (net investments 220) during the year.

## CASH FLOW

Cash flow from current operations was SEK 3,750 million (-174). The improvement is a result of higher operating profit and a reduction in working capital, primarily the divestiture of project and development property.

Cash flow from investment activities was SEK -947 million compared to SEK 798 million last year. The increase is largely due to a higher level of loans to jointly owned project companies, primarily Fastighets AB Centur as well as investments in machines.

Cash flow before financing amounted to SEK 2,803 million compared to SEK 624 million last year.

Cash flow from financing operations amounted to SEK -2,471 million (-672), of which the dividends paid totaled SEK -531 million (-472).

## ORDERS RECEIVED AND ORDER BACKLOG

Orders received for 2014 amounted to SEK 31,690 million compared to SEK 34,292 million last year. Orders received in Construction have contracted while the share of housing projects has grown compared to last year.

### Orders received and order backlog

Orders received			
MSEK	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012
Construction	22,735	23,744	26,203
Civil Engineering	9,048	11,092	12,729
Project Development	5,708	5,115	3,274
Eliminations	-5,801	-5,659	-3,463
<b>Group</b>	<b>31,690</b>	<b>34,292</b>	<b>38,743</b>

Order backlog			
MSEK	31 Dec 2014	31 Dec 2013	31 Dec 2012
Construction	17,966	19,647	19,045
Civil Engineering	7,525	8,483	8,610
Project Development	3,536	3,975	3,624
Eliminations	-4,105	-3,941	-3,223
<b>Group</b>	<b>24,922</b>	<b>28,164</b>	<b>28,056</b>

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



Orders received in Civil Engineering have shrunk during the year. There is a greater number mid-sized and small projects, which entails shorter average production times. Orders received in Project Development have grown as a result of more production starts in our own developed homes.

Order backlog yet to be produced at the end of the year amounted to SEK 24,922 million compared to SEK 28,164 million last year.

Of the total order backlog, 23 percent (30) is expected to be produced after 2015 (2014). Swedish operations accounted for 86 percent (85) of the order backlog.

During the third quarter Peab won a contract for the construction of a new care center in Helsingborg which we plan to register as an order in the first quarter of 2015. A dialogue is being held between the interested parties to establish the total contract amount. Nonetheless preparatory subcontracts have been initiated. The project is expected to be registered in its entirety during the third/fourth quarter of 2015.

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

## PERSONNEL

At the end of the year, the company had 13,213 employees compared to 13,290 at the same time the previous year.

## COMMENTS ON THE BUSINESS AREAS

The Peab Group is presented in four different business areas: Construction, Civil Engineering, Industry and Project Development.

## Construction

Business area Construction comprises Group resources in construction related services. Construction builds for external as well as internal customers, primarily for business area Project Development. Operations are run through 12 regions in Sweden, two in Norway and two in Finland. Three of the Swedish regions are focused on housing production. These are in Stockholm/Mälardalen, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region primarily focused on the big city areas. The other regions do all kinds of construction in their geographic areas.

Net sales for 2014 were SEK 24,474 million (23,109) which was an increase of 6 percent largely due to an increase in housing production.

Operating profit for 2014 amounted to SEK 552 million (-539). Operating profit for 2013 included one-off costs of SEK 920 million for the action plan. The operating margin was 2.3 percent (-2.3). Corrected for one-off costs of SEK 920 million during 2013 the operating margin in Construction was 1.6 percent. Our business has gradually improved during the year and we see that the action plan carried out in 2013 is generating the expected improvements in results.

## Civil Engineering

The business area Civil Engineering works in the market segments Local market, Infrastructure as well as Operations and maintenance. The operations are run in geographical regions in Sweden, Norway and Finland.

Net sales for 2014 amounted to SEK 9,958 million compared to SEK 11,172 million for last year, which is a drop of 11 percent. A lower level of orders received has led to lower net sales during the year.

Operating profit for 2014 amounted to SEK 331 million (371). The operating margin was 3.3 percent (3.3). Net sales were lower in Local market but the result was higher compared to last year. Net sales were lower in Operations and maintenance but the weak profitability continued as a result of the ongoing price press on the market. In Infrastructure both net sales and the result was lower compared to last year.

## Industry

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

Net sales for 2014 amounted to SEK 10,830 million compared to SEK 10,347 million for last year, which was an increase of 5 percent.

Operating profit for 2014 amounted to SEK 671 million (681). The operating margin was 6.2 percent (6.6).

Higher net sales and a higher underlying result are in part due to an early start in the season as the result of a mild winter in the fourth quarter as well. Activity on the market has been high primarily due to rising rate of housing production. During the fourth quarter a contract was signed for the sales of shares

Net sales and operating profit per business area									
MSEK	Net sales			Operating profit			Operating margin		
	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012 <sup>1)</sup>	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012 <sup>1)</sup>	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012 <sup>1)</sup>
Construction	24,474	23,109	25,777	552	-539	-266	2.3%	-2.3%	-1.0%
Civil Engineering	9,958	11,172	12,643	331	371	440	3.3%	3.3%	3.5%
Industry	10,830	10,347	10,723	671	681	788	6.2%	6.6%	7.3%
Project Development	7,830	5,753	5,682	342	247	306	4.4%	4.3%	5.4%
- of which Property Development	1,407	608	330	12	2	42	0.9%	0.3%	12.7%
- of which Housing Development	6,423	5,145	5,352	330	245	264	5.1%	4.8%	4.9%
Group functions	823	419	109	-71	-153	-232			
Eliminations	-10,095	-8,035	-8,937	-42	-14	-32			
<b>Operative <sup>2)</sup></b>	<b>43,820</b>	<b>42,765</b>	<b>45,997</b>	<b>1,783</b>	<b>593</b>	<b>1,004</b>	<b>4.1%</b>	<b>1.4%</b>	<b>2.2%</b>
Adjustment for housing reporting <sup>3)</sup>	-190	362	843	-31	21	53			
<b>Legal</b>	<b>43,630</b>	<b>43,127</b>	<b>46,840</b>	<b>1,752</b>	<b>614</b>	<b>1,057</b>	<b>4.0%</b>	<b>1.4%</b>	<b>2.3%</b>

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

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

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

in S:t Eriks during 2015, which has led to write-downs in the value of Peab's share by SEK 40 million. During the fourth quarter the business area has also been affected by shutting down costs of SEK 33 million for Northland.

Capital employed in Industry at the end of the year amounted to SEK 5,257 million compared to SEK 5,301 million at previous year-end.

### Project Development

Business area Project Development comprises Peab's developments in housing and property. Project development projects are either wholly owned by Peab or in partnerships via joint ventures. The business is run in two segments, Housing Development and Property Development.

Operative net sales for 2014 in business area Project Development amounted to SEK 7,830 million (5,753) and operative operating profit was SEK 342 million (247).

Project Development's business was reviewed during the year in order to develop its business model which resulted in, among other things, clarification of its strategy and an overhaul of the project development portfolio. As part of this strategy a collaboration with Balder regarding the further development of Varvsstaden in Malmö was created. In this collaboration Varvsstaden was sold in the third quarter to the by Peab and Balder jointly owned development company Centur. This divestiture, together with an overhaul of the values in the project portfolio, had a positive effect on operating profit of SEK 100 million.

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

The growing interest home buyers have been showing in our homes has led to a higher rate of production start-ups in housing projects.

There were 2,502 (2,077) start-ups of our own developed homes, of which most were in the Stockholm region. The number of sold homes during the year was 2,871 (2,034). The num-

ber of own developed homes in production at the end of the year increased and was 4,034 compared to 3,654 at the previous year-end. The share of sold homes in production was 84 percent compared to 73 percent at the previous year-end. The number of repurchased homes per 31 December 2014 amounted to 97 compared to 141 at the previous year-end.

The increase in activity in Housing Development has led to higher net sales and improved profit. During 2014 operative net sales in Housing Development were SEK 6,423 million (5,145) and operative operating profit was SEK 330 million (245). The operative operating margin was 5.1 percent (4.8).

Operations in Property Development revolve around the acquisition, development and divestiture of commercial property. The business includes projects in wholly owned and partly owned companies. Partly owned companies consist of, among other things, Peab's ownership in Tornet (ownership of apartments for rent), in Centur (ownership and development of commercial property) and in companies connected to the development of Arenastaden in Solna. Wholly owned subsidiaries and projects consists of a number of holdings that include everything from land for development where zoning is being worked out to completed projects ready for sale. Net sales and operating profit from operations are derived from running our wholly owned property, shares in the profit from partly owned companies as well as capital gains from the divestiture of completed property and shares in partly owned companies.

During 2014 net sales in Property Development were SEK 1,407 million (608) and operating profit was SEK 12 million (2). Profit from property sales has had an effect on the result of SEK 157 million compared to SEK 63 million the same period last year. Peab has continued to build up the unit during the year which has resulted in higher overhead.

Operating profit is charged by negative shares in the results of property projects in partly owned companies in the development phase.

Included in this result is Peab's share of the operations result of Friends Arena. Friends Arena is an essential part of the realization of Arenastaden, a completely new city district in Solna. For Peab the development of Arenastaden means significant construction and civil engineering contracts, the creation of interesting development rights for, among other things, housing and opportunities for commercial property development. The projects in its entirety follows the plans established when Peab made the decision to participate in this development.

Capital employed in Project Development at the end of the year amounted to SEK 10,646 million compared to SEK 11,376 million at previous year-end.

### Capital employed Project Development

MSEK	31 Dec 2014
Project and development properties	6,523
Participation in joint ventures	752
Financial statements and others	3,371
<b>Total</b>	<b>10,646</b>

On 31 December 2014 booked values for project and development properties of SEK 6,523 million were allocated as shown in the table below.

### Project and development properties

MSEK	31 Dec 2014
<b>Housing Development</b>	<b>3,263</b>
- Of which development rights	2,974
- Of which shares in tenant owner associations or the like	289
<b>Property Development</b>	<b>3,260</b>
- Of which investment properties	1,406
- Of which projects under construction	1,144
- Of which commercial development rights	710
<b>Total Project and development properties</b>	<b>6,523</b>

### Peab's own housing development construction

	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012
Number of housing starts during the year	2,502	2,077	1,679
Number of homes sold during the year	2,871	2,034	1,738
Total number of homes under construction, at the end of the year	4,034	3,654	3,134
Share of sold homes under construction, at the end of the year	84%	73%	72%
Number of repurchased homes in the balance sheet, at the end of the year	97	141	191

### Development rights for housing

Number, approx.	31 Dec 2014
Development rights on our own balance sheet	15,200
Development rights via joint ventures	6,900
Development rights via options etc.	7,000
<b>Total</b>	<b>29,100</b>

## THE CONSTRUCTION MARKET

The outcome of 2014 is expected to show good growth for the entire building construction market in Sweden. The analysis company Industrifakta expects whole year volumes for the entire building construction market in 2015 to be on par with 2014. The regional and sectorial differences will remain. Positive factors in 2015 are growing employment, continued low interest rates and the weakened Swedish crown which boosts exports. A rising need for housing and the insufficient production in recent years will propel single home and apartment building construction in 2015. The continued urbanization trend and the intense migration to the big cities are factors driving housing production. Demand for rentals continues to grow. Strong growth in private premise construction keep volumes up in that sector despite the fact that construction in the public sector declined in 2014 as well. However, private premise construction is expected to drop in 2015 and the forecast for the entire sector is lower volumes than in 2014. Development in civil engineering construction is stable and this is expected to continue in 2015. Underlying forces are political agreement on investment needs, a lack of maintenance and the need to invest in water treatment works.

Radically reduced oil prices are weakening the Norwegian economy. Household consumption slowed in the autumn caused by in part by fewer jobs as well as growing cautiousness. Housing prices, however, continued to rise during the autumn. This shows that households, despite less positive growth conditions, still have faith in the economy. One contributing factor is the willingness of banks to loan money for mortgages. There have been signs of a slowdown in single home and apartment building construction after the third quarter. The forecast for 2015 are volumes on par with 2014. Industrial construction, closely connected to investments made by the oil industry, has declined considerably during the year and development is expected to be weak in 2015. There has been strong growth in private and public premise investments in 2014 where ongoing construction volumes in the first three quarters of 2014 were higher than the entire volume of 2013. Premise construction is expected to decline in 2015 after the dramatic increase in 2014. Growth is expected to continue in the Norwegian civil engineering market with few differences compared to the previous forecast period.

Finland is struggling with several problems.

Because of its exports to Russia the country has been hit hard by the crisis in the Ukraine and its base industry suffers from overcapacity and less competitiveness. Signs that unemployment will continue to rise in 2015 together with stringent financial policies add to household pessimism. The total volume of building construction in Finland in 2014 is expected to be on par with 2013 and in 2015 levels will likely remain the same or fall slightly. Construction of private and industrial premises are the prime volume sources. New construction of single homes continues to drop as does the construction of apartment buildings where development is expected to be weak in 2014 and 2015. Even the forecast for civil engineering is lower volumes in 2014 with a further decline in 2015.

## RISKS AND UNCERTAINTY FACTORS

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

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

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

For Peab, price risks mainly refer to unforeseen price hikes for materials, subcontractors and wages. Risks vary according to the type of contract. The largest risk in fixed price contracts is a miscalculation in the tender. In addition, there is a risk that price hikes cut into profitability without being able to claim compensation from the customer.

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

For further information on risks and uncertainty factors, see the 2013 Annual Report.

## IMPORTANT EVENTS DURING THE YEAR

In a structural deal 15,706,663 Peab A shares have changed hands. The sellers are Sara Karlsson with companies and Svante Paulsson with companies. The buyers are Fredrik Paulsson with family and companies, and Mats Paulsson with companies, who together

acquired 12,006,000 A shares and disposed 4,000,000 B shares.

In addition, Karl-Axel Granlund with family and companies acquired 1,500,000 A shares, Malte Åkerström with family and companies acquired 1,377,163 A shares and Göran Grosskopf with family and companies acquired 823,500 A shares.

After the change in ownership Mats and Fredrik Paulsson with families and companies own a total of 25.6 percent of the capital and 57.6 percent of the votes in Peab.

After the announcement that the ongoing reconstruction of Northland failed Northland Resources SE together with its subsidiaries was declared bankrupt in December. The effects of the bankruptcy entail write-downs of interest-bearing receivables for SEK 261 million, which charged net financial items. In addition, provisions have been made for shutting down costs of SEK 33 million, which charged operating profit. No further significant costs are expected as a result of the bankruptcy.

## HOLDINGS OF OWN SHARES

At the beginning of 2014 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. No changes have taken place during the year.

## THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 31 December 2014, the price of the Peab share was SEK 54.95, an increase of 40 percent during 2014. During the same year, the Swedish stock market increased by 12 percent according to the general index in the business magazine "Affärsvärlden". During 2014 the Peab share has been quoted at a maximum of SEK 55.65 and a minimum of SEK 38.89.

### List of shareholders 31 December 2014

Shareholder	A shares	B shares	Total no of shares	Proportion of capital, %	Proportion of votes, %
Mats Paulsson with companies	13,754,910	35,255,750	49,010,660	16.6	28.6
Karl-Axel Granlund with family and companies	1,500,000	18,402,000	19,902,000	6.7	5.5
Anita Paulsson with family and companies	8,280,811	5,013,905	13,294,716	4.5	14.5
Fredrik Paulsson with family and companies	8,280,810	5,002,154	13,282,964	4.5	14.5
Carnegie Funds		10,092,300	10,092,300	3.4	1.7
Kamprad family foundation		8,581,236	8,581,236	2.9	1.4
Peab's profit sharing foundation		8,253,432	8,253,432	2.8	1.4
Handelsbanken Funds		6,503,146	6,503,146	2.2	1.1
Danica Pension		3,722,032	3,722,032	1.3	0.6
Avanza Pension		2,875,703	2,875,703	1.0	0.5
Foreign owners		47,668,213	47,668,213	16.0	7.8
Others	2,503,426	109,272,918	111,776,344	37.7	22.2
<b>Number of outstanding shares</b>	<b>34,319,957</b>	<b>260,642,789</b>	<b>294,962,746</b>		
Peab AB		1,086,984	1,086,984	0.4	0.2
<b>Number of registered shares</b>	<b>34,319,957</b>	<b>261,729,773</b>	<b>296,049,730</b>	<b>100.0</b>	<b>100.0</b>

Source: Euroclear Sweden AB

### Share capital and number of shares

	Share capital MSEK	Number of registered A shares	Number of registered B shares	Total number of registered shares	Holdings of own shares	Shares owned by other shareholders
Share capital and number of shares 1 January 2014	1 583.9	34,319,957	261,729,773	296,049,730	1,086 984	294,962,746
<b>Share capital and number of shares 31 December 2014</b>	<b>1 583.9</b>	<b>34,319,957</b>	<b>261,729,773</b>	<b>296,049,730</b>	<b>1,086 984</b>	<b>294,962,746</b>



## Report on the Group income statement in summary

MSEK	Jan-Dec 2014	Jan-Dec 2013	Oct-Dec 2014	Oct-Dec 2013
Net sales	43,630	43,127	12,213	12,926
Production costs	-39,687	-40,328	-11,046	-11,765
<b>Gross profit</b>	<b>3,943</b>	<b>2,799</b>	<b>1,167</b>	<b>1,161</b>
Sales and administrative expenses	-2,243	-2,305	-637	-663
Profit from participation in joint ventures/associated companies	-42	12	-54	3
Other operating income	113	128	29	69
Other operating costs	-19	-20	-6	-7
<b>Operating profit</b>	<b>1,752</b>	<b>614</b>	<b>499</b>	<b>563</b>
Net financial items	-522	-231	-348	-88
<b>Pre-tax profit</b>	<b>1,230</b>	<b>383</b>	<b>151</b>	<b>475</b>
Tax	-203	-85	15	-105
<b>Profit for the period</b>	<b>1,027</b>	<b>298</b>	<b>166</b>	<b>370</b>
<b>Profit for the period, attributable to:</b>				
Shareholders in parent company	1,027	298	166	370
Non-controlling interests	-	0	-	0
<b>Profit for the period</b>	<b>1,027</b>	<b>298</b>	<b>166</b>	<b>370</b>
<b>Key ratios</b>				
Earnings per share, SEK	3.48	1.01	0.56	1.25
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Return on capital employed, %	12.1	5.2		
Return on equity, %	13.1	3.8		

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

MSEK	Jan-Dec 2014	Jan-Dec 2013	Oct-Dec 2014	Oct-Dec 2013
<b>Profit for the period</b>	<b>1,027</b>	<b>298</b>	<b>166</b>	<b>370</b>
<b>Other comprehensive income</b>				
<b>Items that can be reclassified or have been reclassified to income for the period</b>				
Translation differences for the period from translation of foreign operations	16	-139	-68	-1
Changes for the period in fair value of available-for-sale financial assets	-97	17	-53	2
Changes in fair value of cash flow hedges for the period	-133	69	-28	-17
Change in fair value of cashflow hedges carried over to profit for the period	-	-46	-	-
Tax referring to items that can be reclassified or have been reclassified to income for the period	47	-32	0	3
	<b>-167</b>	<b>-131</b>	<b>-149</b>	<b>-13</b>
<b>Items that cannot be reclassified to income for the period</b>				
Revaluation of defined benefit pension plans	8	-	-	-
Tax referring to items that cannot be reclassified to income for the period	-2	-	-	-
	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period</b>	<b>-161</b>	<b>-131</b>	<b>-149</b>	<b>-13</b>
<b>Total comprehensive income for the period</b>	<b>866</b>	<b>167</b>	<b>17</b>	<b>357</b>
<b>Total comprehensive income for the period, attributable to:</b>				
Shareholders in parent company	866	167	17	357
Non-controlling interests	-	0	-	0
<b>Total comprehensive income for the period</b>	<b>866</b>	<b>167</b>	<b>17</b>	<b>357</b>

## Report on balance sheet for the Group in summary

MSEK	31 Dec 2014	31 Dec 2013
<b>Assets</b>		
Intangible assets	2,039	2,053
Tangible assets	3,830	3,973
Interest-bearing long-term receivables	1,663	1,717
Other financial fixed assets	1,607	1,871
Deferred tax recoverables	145	156
<b>Total fixed assets</b>	<b>9,284</b>	<b>9,770</b>
Project and development properties	6,523	6,801
Inventories	379	412
Work-in-progress	1,186	1,100
Interest-bearing current receivables	404	410
Other current receivables	9,797	12,953
Short-term holdings	20	21
Liquid funds	792	438
<b>Total current assets</b>	<b>19,101</b>	<b>22,135</b>
<b>Total assets</b>	<b>28,385</b>	<b>31,905</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>7,997</b>	<b>7,668</b>
<b>Liabilities</b>		
Interest-bearing long-term liabilities	3,397	5,064
Deferred tax liabilities	562	492
Other long-term liabilities	760	531
<b>Total long-term liabilities</b>	<b>4,719</b>	<b>6,087</b>
Interest-bearing current liabilities	3,368	3,470
Other current liabilities	12,301	14,680
<b>Total current liabilities</b>	<b>15,669</b>	<b>18,150</b>
<b>Total liabilities</b>	<b>20,388</b>	<b>24,237</b>
<b>Total equity and liabilities</b>	<b>28,385</b>	<b>31,905</b>
<b>Key ratios</b>		
Capital employed	14,762	16,202
Equity/assets ratio, %	28.2	24.0
Net debt	3,886	5,948
Equity per share, SEK	27.11	26.00
Number of outstanding shares at the end of the year, million	295.0	295.0

## Report on changes in Group's equity in summary

MSEK	31 Dec 2014	31 Dec 2013
<b>Equity attributable to shareholders in parent company</b>		
Opening equity on 1 January	7,668	7,978
Profit for the year	1,027	298
Other comprehensive income for the year	-161	-131
<b>Comprehensive income for the year</b>	<b>866</b>	<b>167</b>
Cash dividend	-531	-472
Acquisition of non-controlling interests, controlling interests held already	-6	-5
<b>Closing equity</b>	<b>7,997</b>	<b>7,668</b>
<b>Non-controlling interests</b>		
Opening equity on 1 January	0	1
Comprehensive income for the year	-	0
Acquisition of non-controlling interests, controlling interests held already	0	-1
<b>Closing equity</b>	<b>0</b>	<b>0</b>
<b>Total closing equity</b>	<b>7,997</b>	<b>7,668</b>

## Report on Group cash flow in summary

MSEK	Jan-Dec 2014	Jan-Dec 2013	Oct-Dec 2014	Oct-Dec 2013
Cash flow from current operations before changes in working capital	2,598	1,186	943	639
Cash flow from changes in working capital	1,152	-1,360	700	-71
<b>Cash flow from current operations</b>	<b>3,750</b>	<b>-174</b>	<b>1,643</b>	<b>568</b>
Acquisition of subsidiaries	-106	-123	-84	-102
Disposal of subsidiaries	-20	318	-20	155
Acquisition of fixed assets	-1,678	-1,206	-330	-167
Sales of fixed assets	857	1,809	476	664
<b>Cash flow from investment operations</b>	<b>-947</b>	<b>798</b>	<b>42</b>	<b>550</b>
<b>Cash flow before financing</b>	<b>2,803</b>	<b>624</b>	<b>1,685</b>	<b>1,118</b>
Cash flow from financing operations	-2,471	-672	-1,289	-1,589
<b>Cash flow for the period</b>	<b>332</b>	<b>-48</b>	<b>396</b>	<b>-471</b>
Cash at the beginning of the period	459	460	425	881
Exchange rate differences in cash	21	47	-9	49
<b>Cash at the end of the period</b>	<b>812</b>	<b>459</b>	<b>812</b>	<b>459</b>

## PARENT COMPANY

The parent company Peab AB's net sales for 2014 amounted to SEK 237 million (105) and mainly consisted of internal Group services. Profit after tax amounted to SEK 31 million (229).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,894 million (13,173) and shares in Lemminkäinen Oyj worth SEK 223 million (283). The assets have been financed from equity of SEK 6,414 million (7,002) and long-term liabilities amounting to SEK 6,061 million (6,396).

The parent company's liquid funds amounted to SEK 0 million (8) at the end of the year. The parent company is indirectly affected by the risks described in the section Risks and Uncertainty Factors.

## Report on the parent company income statement in summary

MSEK	Jan-Dec 2014	Jan-Dec 2013	Oct-Dec 2014	Oct-Dec 2013
Net sales	237	105	75	41
Administrative expenses	-320	-172	-100	-50
<b>Operating profit</b>	<b>-83</b>	<b>-67</b>	<b>-25</b>	<b>-9</b>
<b>Result from financial investments</b>				
Profit from participation in Group companies	-29	220	-249	-104
Other financial items	-336	-191	-209	-52
<b>Result after financial investments</b>	<b>-448</b>	<b>-38</b>	<b>-483</b>	<b>-165</b>
Appropriations	399	267	399	267
<b>Pre-tax profit</b>	<b>-49</b>	<b>229</b>	<b>-84</b>	<b>102</b>
Tax	80	0	43	-55
<b>Profit for the period</b>	<b>31</b>	<b>229</b>	<b>-41</b>	<b>47</b>

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

MSEK	Jan-Dec 2014	Jan-Dec 2013	Oct-Dec 2014	Oct-Dec 2013
<b>Profit for the period</b>	<b>31</b>	<b>229</b>	<b>-41</b>	<b>47</b>
<b>Other comprehensive income</b>				
<b>Items that can be reclassified or have been reclassified to income for the period</b>				
Changes for the period in fair value of available-for-sale financial assets	-88	26	-45	10
<b>Total comprehensive income for the period</b>	<b>-57</b>	<b>255</b>	<b>-86</b>	<b>57</b>

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

MSEK	31 Dec 2014	31 Dec 2013
<b>Assets</b>		
Machinery and equipment	1	1
Participation in Group companies	11,894	13,173
Interest-bearing long-term receivables	28	194
Other securities held as fixed assets	223	289
Deferred tax recoverables	82	–
Other long-term receivables	–	1
<b>Total fixed assets</b>	<b>12,228</b>	<b>13,658</b>
Accounts receivable	1	0
Receivables from Group companies	1,019	1,544
Other current receivables	5	2
Prepaid expenses and accrued income	5	5
Liquid funds	0	8
<b>Total current assets</b>	<b>1,030</b>	<b>1,559</b>
<b>Total assets</b>	<b>13,258</b>	<b>15,217</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>6,414</b>	<b>7,002</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>156</b>
Liabilities to Group companies	6,061	6,396
Other provisions	20	–
<b>Total long-term liabilities</b>	<b>6,081</b>	<b>6,396</b>
Accounts payable	20	7
Liabilities to Group companies	690	1,595
Income tax liabilities	1	3
Other liabilities	7	3
Accrued expenses and deferred income	45	55
<b>Total current liabilities</b>	<b>763</b>	<b>1,663</b>
<b>Total liabilities</b>	<b>6,844</b>	<b>8,059</b>
<b>Total equity and liabilities</b>	<b>13,258</b>	<b>15,217</b>
<b>Pledged assets and contingent liabilities for the parent company</b>		
Pledged assets	–	–
Contingent liabilities	23,424	21,464

### NOTE 1 ACCOUNTING PRINCIPLES

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

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

As of 1 January 2014 Peab applies IFRS 11 Joint Arrangements. This is a new standard that regulates the accounting of joint ventures and joint operations. For Peab the change entails reclassifying a few joint ventures to joint operations. Joint operations are accounted for according to the proportionate consolidation method which means that each party in a joint operation presents their share of assets, liabilities, income and costs. Joint ventures will continue to be accounted for according to the equity method. The effects of the amended standard on individual balance and income items are marginal. For the entire year of 2013 net sales increase by SEK 32 million and the balance sheet total by SEK 54 million. The comparison periods' income and balance sheets have been recalculated. Other new standards are only expected to affect presentation demands.

This quarterly report has otherwise been presented according to the same accounting principles and prerequisites as described in the Annual Report 2013.

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

MSEK	Con- struction	Civil Engine- ering	Industry	Project Develop- ment	Group functions	Elimina- tions	Total operative for the Group <sup>1)</sup>	Adjustment for housing reporting <sup>2)</sup>	Group
External sales	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
<b>Total income</b>	<b>24,474</b>	<b>9,958</b>	<b>10,830</b>	<b>7,830</b>	<b>823</b>	<b>-10,095</b>	<b>43,820</b>	<b>-190</b>	<b>43,630</b>
<b>Operating profit</b>	<b>552</b>	<b>331</b>	<b>671</b>	<b>342</b>	<b>-71</b>	<b>-42</b>	<b>1,783</b>	<b>-31</b>	<b>1,752</b>
<b>Operating margin, %</b>	<b>2.3</b>	<b>3.3</b>	<b>6.2</b>	<b>4.4</b>			<b>4.1</b>		<b>4.0</b>
Net financial items									-522
<b>Pre-tax profit</b>									<b>1,230</b>
Tax									-203
<b>Profit for the year</b>									<b>1,027</b>
Other comprehensive income for the year									-161
<b>Total comprehensive income for the year</b>									<b>866</b>
<b>Capital employed (closing balance)</b>			<b>5,257</b>	<b>10,646</b>					

**Group Jan-Dec 2013**

MSEK	Con- struction	Civil Engine- ering	Industry	Project Develop- ment	Group functions	Elimina- tions	Total operative for the Group <sup>1)</sup>	Adjustment for housing reporting <sup>2)</sup>	Group
External sales	20,346	9,770	6,534	5,516	31	568	42,765	362	43,127
Internal sales	2,763	1,402	3,813	237	388	-8,603	0		0
<b>Total income</b>	<b>23,109</b>	<b>11,172</b>	<b>10,347</b>	<b>5,753</b>	<b>419</b>	<b>-8,035</b>	<b>42,765</b>	<b>362</b>	<b>43,127</b>
<b>Operating profit</b>	<b>-539</b>	<b>371</b>	<b>681</b>	<b>247</b>	<b>-153</b>	<b>-14</b>	<b>593</b>	<b>21</b>	<b>614</b>
<b>Operating margin, %</b>	<b>-2.3</b>	<b>3.3</b>	<b>6.6</b>	<b>4.3</b>			<b>1.4</b>		<b>1.4</b>
Net financial items									-231
<b>Pre-tax profit</b>									<b>383</b>
Tax									-85
<b>Profit for the year</b>									<b>298</b>
Other comprehensive income for the year									-131
<b>Total comprehensive income for the year</b>									<b>167</b>
<b>Capital employed (closing balance)</b>			<b>5,301</b>	<b>11,376</b>					

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

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



### NOTE 3 FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

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

Group		Level 1	Level 2	Level 3	Total
<b>31 Dec 2014</b>					
<b>MSEK</b>					
<b>Assets</b>					
Other securities held as fixed assets		223		66	289 <sup>1)</sup>
<i>Whereof shareholding in listed company</i>		223			223
<i>Whereof investment in a unlisted fund</i>				66	66
Other current receivables			10		10 <sup>2)</sup>
<i>Whereof currency swaps</i>			10		10
<b>Total assets</b>		<b>223</b>	<b>10</b>	<b>66</b>	<b>299</b>
<b>Liabilities</b>					
Other long-term liabilities			171		171 <sup>3)</sup>
<i>Whereof commodity hedge</i>			2		2
<i>Whereof interest rate swaps</i>			169		169
Other current liabilities			2		2
<i>Whereof currency swaps</i>			2		2 <sup>4)</sup>
<b>Total liabilities</b>		<b>-</b>	<b>171</b>	<b>-</b>	<b>171</b>
<b>Parent company</b>					
<b>31 Dec 2014</b>					
<b>MSEK</b>					
<b>Assets</b>					
Other securities held as fixed assets		223			223
<i>Whereof shareholding in listed company</i>		223			223
<b>Total assets</b>		<b>223</b>	<b>-</b>	<b>-</b>	<b>223</b>

Measurement of fair value is based on a three level hierarchy;

**Level 1:** prices that reflect quoted prices on an active market for identical assets.

**Level 2:** based on direct or indirect inputs observable to the market not included in level 1.

**Level 3:** based on inputs unobservable to the market.

<sup>1)</sup> Are included in the balance sheet item Other financial fixed assets totaling SEK 1,607 million.

<sup>2)</sup> Are included in the balance sheet item Other current receivables totaling SEK 9,797 million.

<sup>3)</sup> Are included in the balance sheet item Other long-term liabilities totaling SEK 760 million.

<sup>4)</sup> Are included in the balance sheet item Other current liabilities totaling SEK 12,301 million.

For a description of how fair value has been calculated see the Annual Report 2013, note 36 page 72. The fair value of financial assets and liabilities is estimated to be, in principle, the same as their booked values.

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

Group	Other securities held as fixed assets	
	31 Dec 2014	31 Dec 2013
<b>MSEK</b>		
<b>Opening balance</b>	<b>53</b>	<b>39</b>
Investments during the year	5	12
Reported in other comprehensive income	8	2
<b>Closing balance</b>	<b>66</b>	<b>53</b>

#### PROPOSED DIVIDEND

A dividend of SEK 2.25 per share (1.80) is proposed for 2014. Excluding the 1,086,984 shares owned by Peab AB per 12 February 2015, which are not entitled to dividend, the proposed dividend is equivalent to a total dividend distribution of SEK 664 million (531). Calculated as a share of the Group's reported profit for the year, the proposed dividend amounts to 65 percent (178). The proposed dividend is equivalent to a direct return of 3.6 percent based on the closing price on 11 February 2015.

#### ANNUAL GENERAL MEETING

The Annual General Meeting of Peab will be held on 13 May 2015 at Grevieparken in Grevie.

#### NOMINATING COMMITTEE

At the Annual General Meeting held on 13 May 2014, Göran Grosskopf, Magnus Swärdh, Malte Åkerström and Mats Rasmussen were appointed to the Peab nominating committee.

#### FUTURE FINANCIAL INFORMATION

- Annual report 2014 April 2015
- Quarterly report January-March 2015 and Annual General Meeting 13 May 2015
- Quarterly report January-June 2015 21 Augusti 2015
- Quarterly report January-September 2015 12 November 2015
- Year-end Report 2015 16 February 2016

*Förslov, 12 February 2015*

*Jesper Göransson*  
CEO and President

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

## Quarterly data Group

MSEK	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012 <sup>1)</sup>
Net sales	12,213	10,811	11,604	9,002	12,926	10,522	10,370	9,309	13,893
Production costs	-11,046	-9,756	-10,544	-8,341	-11,765	-9,635	-10,290	-8,638	-12,949
<b>Gross profit</b>	<b>1,167</b>	<b>1,055</b>	<b>1,060</b>	<b>661</b>	<b>1,161</b>	<b>887</b>	<b>80</b>	<b>671</b>	<b>944</b>
Sales and administrative expenses	-637	-453	-616	-537	-663	-424	-643	-575	-732
Profit from participation in joint ventures/associated companies	-54	7	11	-6	3	9	9	-9	17
Other operating income	29	15	57	12	69	21	14	24	89
Other operating costs	-6	-1	-7	-5	-7	-6	-5	-2	7
<b>Operating profit</b>	<b>499</b>	<b>623</b>	<b>505</b>	<b>125</b>	<b>563</b>	<b>487</b>	<b>-545</b>	<b>109</b>	<b>325</b>
Net financial items	-348	-37	-83	-54	-88	-58	-59	-26	-87
<b>Pre-tax profit</b>	<b>151</b>	<b>586</b>	<b>422</b>	<b>71</b>	<b>475</b>	<b>429</b>	<b>-604</b>	<b>83</b>	<b>238</b>
Tax	15	-114	-88	-16	-105	-90	127	-17	61
<b>Profit for the period</b>	<b>166</b>	<b>472</b>	<b>334</b>	<b>55</b>	<b>370</b>	<b>339</b>	<b>-477</b>	<b>66</b>	<b>299</b>
<b>Profit for the period, attributable to:</b>									
Shareholders in parent company	166	472	334	55	370	339	-477	66	300
Non-controlling interests	-	-	-	-	0	0	0	0	-1
<b>Profit for the period</b>	<b>166</b>	<b>472</b>	<b>334</b>	<b>55</b>	<b>370</b>	<b>339</b>	<b>-477</b>	<b>66</b>	<b>299</b>
<b>Key ratios</b>									
Earnings per share, SEK	0.56	1.60	1.13	0.19	1.25	1.15	-1.62	0.22	1.01
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0	295.0

## Business areas

MSEK	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012 <sup>1)</sup>
<b>Net sales</b>									
Construction	6,832	5,262	6,865	5,515	6,165	5,311	5,957	5,676	7,052
Civil Engineering	2,905	2,555	2,525	1,973	3,142	2,939	2,709	2,382	3,878
Industry	2,865	3,205	2,888	1,872	2,871	3,086	2,694	1,696	2,751
Project Development	2,024	2,027	1,981	1,798	2,162	1,368	1,196	1,027	1,986
- of which Property Development	172	895	233	107	313	87	103	105	101
- of which Housing Development	1,852	1,132	1,748	1,691	1,849	1,281	1,093	922	1,885
Group functions	265	188	190	180	138	94	94	93	26
Eliminations	-2,733	-2,460	-2,758	-2,144	-1,877	-2,171	-2,325	-1,662	-2,130
<b>Operative <sup>2)</sup></b>	<b>12,158</b>	<b>10,777</b>	<b>11,691</b>	<b>9,194</b>	<b>12,601</b>	<b>10,627</b>	<b>10,325</b>	<b>9,212</b>	<b>13,563</b>
Adjustment for housing reporting <sup>3)</sup>	55	34	-87	-192	325	-105	45	97	330
<b>Legal</b>	<b>12,213</b>	<b>10,811</b>	<b>11,604</b>	<b>9,002</b>	<b>12,926</b>	<b>10,522</b>	<b>10,370</b>	<b>9,309</b>	<b>13,893</b>
<b>Operating profit</b>									
Construction	147	128	162	115	100	66	-807	102	-104
Civil Engineering	104	90	115	22	113	102	125	31	162
Industry	161	313	196	1	226	305	177	-27	225
Project Development	112	121	50	59	153	61	26	7	123
- of which Property Development	11	67	-46	-20	51	-14	-21	-14	23
- of which Housing Development	101	54	96	79	102	75	47	21	100
Group functions	-12	-13	-23	-23	-26	-19	-58	-50	-90
Eliminations	-21	-4	2	-19	-9	-1	-11	7	-17
<b>Operative <sup>2)</sup></b>	<b>491</b>	<b>635</b>	<b>502</b>	<b>155</b>	<b>557</b>	<b>514</b>	<b>-548</b>	<b>70</b>	<b>299</b>
Adjustment for housing reporting <sup>3)</sup>	8	-12	3	-30	6	-27	3	39	26
<b>Legal</b>	<b>499</b>	<b>623</b>	<b>505</b>	<b>125</b>	<b>563</b>	<b>487</b>	<b>-545</b>	<b>109</b>	<b>325</b>
<b>Order situation</b>									
Orders received	7,458	7,564	7,591	9,077	7,345	8,158	9,941	8,848	8,473
Order backlog at the end of the period	24,922	27,547	27,499	29,475	28,164	30,515	30,591	28,815	28,056

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

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

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

## The Nordic Community Builder

Peab is the Nordic Community Builder with approximately 13,000 employees and a net sales exceeding SEK 43 billion. The Group's subsidiaries have strategically located offices in Sweden, Norway and Finland. Group headquarters are located in Förslöv, Skåne in south of Sweden. The share is listed on NASDAQ Stockholm.