



Peab Industri

Press Release

24 November 2008 – 08.50 am

Statement from the Board of Peab Industri AB regarding Peab AB's offer

Peab AB (publ) ("Peab") has in a press release dated November 10, 2008, announced an offer to acquire all shares and convertibles in Peab Industri AB (publ) (the "Offer"). Further to OMX Nordic Exchange Stockholm AB's rules concerning public takeover offers in the stock market ("the Takeover Rules") the board through its independent members (the "Board") of Peab Industri AB (publ) ("Peab Industri") issues below statement.¹

The Board has, in accordance with the Takeover Rules, obtained a valuation report, a so called fairness opinion. The report indicates that when the initiators proposal was made public, the Offer concerning shares and consideration for them would per October 15, 2008, probably have been deemed fair from a financial perspective, but the prerequisites in the stock market have thereafter changed and the conclusion in the report is that as per November 21, 2008, the Offer concerning shares and consideration for them was not fair from a financial perspective.

In light of the above, the Board recommends the shareholders in Peab Industri not to accept the Offer concerning the shares. The Board, however, recommends holders of convertibles in Peab Industri to accept the Offer concerning convertibles.

Background

Peab offers three new class A shares in Peab for two class A shares in Peab Industri, and three new class B shares in Peab for two class B shares in Peab Industri. The Offer entailed a bid premium of approximately 25 percent based on the latest price paid for each company's class B share on October 14, 2008, which was the day before the day that the initiators of the Offer made their plans public. The Offer entailed a bid premium of approximately 22 percent based on the average latest price paid for each company's class B share during the last 10 trading days before October 15, 2008. The Offer entails a bid premium of approximately 6 percent based on the latest price paid for each company's class B share on November 21, 2008, and entailed a bid premium of approximately 3 percent based on the average latest price paid for each company's class B share during the last 10 trading days before November 10, 2008.

¹ *Note: This is a translation into the English language of the original statement and its attachments in the Swedish language. In case of any discrepancy them between, the Swedish versions shall prevail.*

Peab also offers SEK 66.15 in cash for each convertible issued by Peab Industri, which corresponds to the nominal amount including accrued interest for the convertible.

Shareholders corresponding to approximately 71 percent of the votes and approximately 42 percent of the share capital in Peab Industri have committed themselves to accept the Offer. The acceptance period started on November 13 and runs to December 3, 2008. The Offer is among other things conditional upon that it is accepted to such extent that Peab becomes the owner of more than 90 percent of the total number of shares in Peab Industri.

The Board has taken notice of the information in Peab's offer document which was drawn up in view of the Offer that was issued on November 10, 2008.

Statement

On October 15, 2008, the Board made the assessment that the Offer at the time of the announcement of the initiators' intention appeared to be of interest to the shareholders and the holders of convertibles in Peab Industri, particularly when considering the market situation that each company may face in the current general economy. The Board however observes that the stock market thereafter has been characterized by very high volatility, and that no investor on October 15, 2008, could reasonably have predicted such development. Since the announcement of the planned Offer, the market price for Peab's share has had a negative development of approximately 55 percent. This means that the value of the Offer concerning the shares has correspondingly decreased in value and today falls below the latest price paid for Peab Industri's class B share on October 14, 2008, with approximately 43 percent. During the same period, Affärsvärlden's General Index has dropped by approximately 19 percent and during the same period, Affärsvärlden's Building and Construction related Index has dropped by approximately 28 percent.

According to clause III.3 of the Takeover Rules, the Board's recommendation shall be preceded by an evaluation of the Offer and the consideration. Prior to its statement, the Board has therefore obtained a so called fairness opinion from an independent financial advisor. A fairness opinion is typically based on the company being evaluated in a stand-alone observation that presupposes that the company is continued to be operated in its current form.

Evli Bank Plc ("Evli Bank") has been engaged to issue a fairness opinion concerning the Offer and the consideration ("Evli's Opinion"). In its assignment, Evli Bank has considered public information and has had discussions with the management of Peab and Peab Industri concerning historical and current business operations, financial position, investment needs and future prospects for each company.

As regards the Offer concerning the shares and consideration for them, Evli Bank has in the light of among other things recent stock market conditions, stated that the Offer and the consideration at the

time of the assessment according to the Takeover Rules, i.e. per November 21 2008, is not fair from a financial perspective. As further set forth in Evli's Opinion, Evli Bank made the assessment that it could have been probable that the Offer concerning the shares and consideration for them per October 15, 2008 had been deemed to be fair from a financial perspective, but that the stock market conditions has changed thereafter and that the assessment per November 21, 2008 according to the Takeover Rules is different, i.e. that the Offer concerning the shares and consideration for them is not fair from a financial perspective.

As regards the Offer concerning the convertibles, Evli Bank, has however stated that the Offer concerning the convertibles at the time of the assessment, i.e. per November 21, 2008, is fair from a financial perspective.

The Opinion from Evli Bank in its entirety is enclosed to this statement ([Appendix A](#)).

In order to further substantiate the assessment of the Offer and the consideration, the Board has concluded that it serves the interest of shareholders to also instruct SET Revisionsbyrå AB ("SET") to review and objectively assess Evli's Opinion. In its review, SET has come to the conclusion that the methods, the assumptions, prognoses and calculations that Evli Bank has used, do not depart from what SET would have applied when drawing up a fairness opinion or from market practice in general with customary methods for assessment of public offers that substantially consist of share-exchange offers. SET has confirmed the assessment that the Offer concerning shares and the consideration for them had been deemed to be fair per October 15, 2008, but also deemed that Evli's Opinion per November 21, 2008 presents a true picture to the effect that the Offer and the consideration for the shares in Peab Industri is now insufficient from a financial perspective. In light of this, SET has made the assessment that Evli Bank's conclusion is reasonable.

The opinion from SET in its entirety is enclosed to this statement ([Appendix B](#)).

The Board does not consider that the Board in its statement according to clause II.14 of the Takeover Rules can or should depart from the obtained valuation report, a so called fairness opinion. According to above, a report indicates that the Offer concerning shares and consideration for them per October 15, 2008 would probably have been deemed to be fair from a financial perspective, but the prerequisites in the stock market have thereafter changed and the conclusion in Evli's Opinion is that as per November 21, 2008, the Offer concerning shares and consideration for them was not fair from a financial perspective.

In light of the above, the Board of Peab Industri recommends the shareholders in Peab Industri not to accept the Offer concerning shares. The Board, however, recommends holders of convertibles in Peab Industri to accept the Offer concerning convertibles.

Notwithstanding the Board's recommendation above, the Board wishes to draw the shareholders' attention to the following conditions and risks, which are not considered in Evli's Opinion, but which should also be observed by a shareholder who contemplates not to accept the Offer concerning shares.

- The Offer mainly consists of a share exchange offer, in which the value of the consideration offered is important. The recent strong turbulence on the stock market has complicated the assessment of the value of the consideration. The share price in Peab has been subject to high volatility and will ultimately be affected by a number of factors which are particularly difficult for Peab Industri to assess in the current stock market situation. The Board does not in this context have access to any more information regarding Peab than information made public by Peab in the market.
- It cannot be ruled out that in a deteriorated general economy a merger could make it possible to improve the group's financial position through co-ordinating both companies financial resources (see further below under *The effect of the Offer on Peab Industri*)
- The ownership situation in Peab Industri has the risk of becoming more concentrated after a realization of the Offer. By way of information, the Board notes that this could be presumed to entail deteriorated liquidity in the Peab Industri-share, which could negatively affect the share price in the future. By way of information, the Board also notes that such ownership concentration could mean that the shareholders distribution requirement for a listing on the Nordic Exchange Stockholm AB could not be maintained, which could lead to a delisting if the shareholders distribution requirement is not maintained. The Board intends to, as long as the requirements are met, seek to maintain the listing of Peab Industri's class B shares on the OMX Nordic Exchange Stockholm AB.
- Peab has in its offer document stated: "*As soon as possible after Peab's acquisition of shares representing more than 90 percent of the shares in Peab Industri, Peab intends to request compulsory redemption of the remaining shares in Peab Industri in accordance with the Swedish Companies Act. In connection therewith, Peab intends to seek a delisting of Peab Industri shares from OMX, provided that such delisting may take place in accordance with applicable Swedish laws and rules. Shareholders who choose not to accept the offer but to remain as shareholders in Peab Industri should, in light of the above, note that after a possible delisting no effective market for trading of Peab Industri's shares will exist.*"² By way of information, the Board notes that if a compulsory redemption procedure has been preceded by a public offer, the cash consideration shall according to the Swedish Companies Act as a general rule correspond to the consideration that was offered in the take-over offer. The Board correspondingly notes that in case of consideration in the form of listed shares as in the case in question,

² Office translation of Peab's offer document. For further details of the Offer see the translated Summary made available by Peab.

the prevailing arbitration practice is that the consideration share normally is valued to its average value (volume weighted average price) during the entire offer period.

The effect of the Offer on Peab Industri

In accordance with the Takeover Rules, the Board shall also, based on what Peab has stated in the offer document, account for its opinion on the effect that the realization of the Offer would have on Peab Industri, particularly as regards employment, and for Peab's strategic plans for Peab Industri and the effects that they may have on Peab Industri. In the offer document it is i.a. stated that:

*"Peab does not, as a result of the acquisition, intend to carry out any restructurings that could entail a reduction of the number of employees or material changes of the employment conditions or employment on the locations where Peab Industri conducts its business. It is Peab's assessment that the competitiveness of both companies in the current market situation will be strengthened and provide improved possibilities to increase the market shares on the markets on which the companies operate.... A central administration for the New group means further cost savings. The Board's assessment is that the yearly co-ordination benefits will amount to approximately 10 million SEK as from 2009."*³

The Board notes that Peab has expressed that cost savings shall be possible to carry out in Peab Industri without staff cuts resulting from the acquisition, and that there are no fixed plans for material changes of employment conditions or employment on the locations where Peab Industri operates.

The Board shares the assessment made by Peab concerning the effects that a realization of the Offer may have in that it can be possible to through a merger improve the financial position of the group by co-ordinating the financial resources of the two companies, which in a deteriorated general economy cannot be ruled out as giving an improved competitiveness and improved possibilities to increase the market shares nationally and internationally. A merger may also entail a possibility to increase the degree of industrialization in the building process. In addition to that, the Board has nothing to add regarding the effect that a realization of the Offer would have on Peab Industri or regarding Peab's strategic plans for Peab Industri and the expected effects that these may have on employment and the locations where Peab Industri operates.

Unanimity, the members' acceptance etc

The Board's decisions in the matter have been unanimous, and the chairman of the board, Mats Paulsson, and board members Sara Karlsson, Fredrik Paulsson and Mats O Paulsson have, due to a conflict of interest through holdings in Peab, not participated in the handling process or in decisions. All other Board members who themselves own shares or convertibles in Peab Industri have noticed

³ Office translation of Peab's offer document. For further details of the Offer see the translated Summary made available by Peab.

the conditions in the Offer as well as the above mentioned conditions and risks, whereafter they, notwithstanding the recommendation from the Board accounted for above, on their own part as private individuals will accept to change Peab Industri shares for Peab shares and to accept the Offer concerning convertibles.

Ängelholm, 24 November, 2008

Peab Industri AB (publ)
The Board of Directors

For further information, please contact:
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Peab Industri AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.50 am on 24 November 2008.

Previous press releases from Peab Industri are available at
www.peabindustri.com.

Peab Industri is a leading producer of products and provider of services for the Nordic construction and civil engineering market. The net sales exceed SEK 7 billion and the number of employees is approximately 2 400. Business is conducted in Sweden, Norway and Finland. The share is listed on Nasdaq OMX Stockholm. The main office is located in Ängelholm in Skåne, Sweden.

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To The Board of Directors of Peab Industri AB (publ)

OPINION REGARDING THE PUBLIC TENDER OFFER FROM PEAB AB TO THE SHAREHOLDERS AND CONVERTIBLE HOLDERS OF PEAB INDUSTRI AB

The Board of Peab Industri AB (publ) ("Peab Industri" or the "Company") has, through its independent Directors, requested Evli Bank Plc ("Evli Bank") to provide an opinion as to the fairness, from a financial point of view, of the tender offer (including also a valuation of the consideration offered) from Peab AB (publ) ("Peab") on November 10, 2008 to acquire all outstanding shares and convertibles in the Company (the "Offer").

On October 15, 2008 Peab released their intention to summon an Extraordinary General Meeting to decide on a public tender offer to the shareholders and convertible holders of Peab Industri. On November 10, 2008 the Extraordinary General Meeting decided, according to the proposal by owners representing approximately 71 percent of the voting power in Peab, to make the Offer. The offer document was made public the same day.

The Offer conditions, which were made public in the press release and in the offer document on November 10, 2008 state that Peab offers three (3) newly issued Class B shares in Peab for two (2) Class B shares in Peab Industri and three (3) newly issued Class A shares in Peab for two (2) Class A shares in Peab Industri. In addition, Peab offers SEK 66.15 in cash for each convertible issued by Peab Industri.

For purposes of the opinion set forth herein, Evli Bank has, among other things, reviewed and considered;

- terms of conditions in the Offer,
- official available information such as annual reports, interim reports, prospectus, press releases etc regarding Peab and Peab Industri,
- discussions with members of Peab's and Peab Industri's senior management concerning past and current activities, financial position, investment requirements and future prospects for Peab and Peab Industri,
- analyst reports for Peab and Peab Industri,
- valuation regarding listed comparable companies
- reported prices and trading activity for Peab and Peab Industri Class B shares as well as the development on the OMX Nordic Exchange Stockholm ("OMX"),
- public tender offer premiums on the OMX, and
- other public information which Evli Bank has deemed necessary or appropriate to take into account as basis for this opinion.

Evli Bank has assumed and relied upon, without independent verifications, the accuracy and completeness of the material and information which was furnished to us by Peab and Peab Industri. Evli Bank has not made any independent valuation of Peab's and Peab Industri's assets and liabilities. We have assumed that all information from the two companies made available to us is reliable and complete, and that no essential information

has been withheld, and take no responsibility for the completeness and reliability of the provided information.

Our opinion is based on the information made available to us on November 21, 2008 and can not be referred to or used for any other purpose than our assignment herein. Events that occur hereinafter can affect our opinion and the assumptions which it is based upon and we do not undertake to update, revise or reaffirm this opinion. This opinion may only be published in its entirety and in the Board's recommendation in connection to the Offer and do not express any recommendation whether or not holders of shares or convertibles in Peab Industri should accept or reject the Offer.

In the respect of this assignment, Evli Bank has confirmed its independence and independent position according to OMX regulations regarding public tender offers on the stock market. Evli Bank's compensation for its services is not dependent on if the Offer is fulfilled or not, nor in which level an offer is fulfilled.

The Offer entails an offer premium of approximately 25 percent based on the final price paid for each company's Class B share on October 14, 2008. The Offer entails an offer premium of approximately 22 percent based on the average final price paid for each company's share during the last 10 trading days before the announcement of the intended Offer.

It is Evli Bank's opinion that the Offer and the consideration offered, at the time of the announcement of the planned Offer, on October 15, 2008, under reigning circumstances could have been considered fair from a financial point of view. However, since that point the stock market has been characterized by high volatility and the circumstances have significantly changed.

Since the announcement of the Offer the share price of Peab has decreased with approximately 55 percent. The results is that the value of the Offer regarding the shares has decreased in the same degree and today falls below final price paid for Peab Industri Class B share as per October 14, 2008 with approximately 43 percent. Affärsvärlden's general index has during the same period decreased with approximately 19 percent, and Affärsvärlden's building and construction related index has during the same period decreased with approximately 28 percent.

Based upon and subject to the foregoing and other circumstances that Evli Bank deems relevant, it is Evli Bank's opinion, as of the date hereof, that the Offer is *unfair* from a financial point of view for the shareholders in Peab Industri. However, it is Evli Bank's opinion, as of the date hereof, that the Offer is fair from a financial point of view for the convertible holders in Peab Industri.

Stockholm, November 21, 2008

Evli Bank Plc



To the Board of Directors of Peab Industri AB (publ)

Opinion regarding the fairness opinion issued by Evli Bank Plc in conjunction with Peab AB's (publ) public offer for Peab Industri AB (publ)

Background

SET Revisionsbyrå AB (SET) has been engaged by the Board of Directors of Peab Industri AB (publ) (the "Company") through its independent members to provide an opinion regarding the fairness opinion ("Evli's opinion") issued by Evli Bank Plc ("Evli") on November 21, 2008 regarding Peab AB's (publ) ("Peab") public offer to the shareholders and the convertible holders of the Company that was published on November 10, 2008 (the "Offer").

SET's engagement

Evli's opinion is an opinion on the Offer from a financial perspective.

SET has been engaged to analyze and scrutinize the methodology, assumptions, forecasts, calculations and conclusions that form the basis of Evli's opinion and against the background of this analysis provide an opinion as to whether or not Evli's opinion provides a true and fair picture of the Offer and the payment from a financial perspective.

In this process, SET has focused its analysis on matters regarding valuation dates, valuation of payment and valuation model.

Opinion

Subject to the restrictions that, according to the below text, are applicable on this opinion, SET is of the opinion that Evli's opinion has been prepared in accordance with standard market practise for fairness opinions in general and by applying customary methodology for the evaluation of public offers mainly consisting of conversion offers to shareholders. SET is of the opinion that the methodology, the assumptions, forecasts and calculations used do not differentiate in a marked way from those which SET would have applied in preparing a fairness opinion. SET is of the opinion that Evli's opinion gives a true and fair view of the Offer and the payment from a financial perspective according to tender offer regulations. Based on this and applying the method, SET assesses that the conclusion made by Evli that the Offer to the shareholders and the payment are insufficient from a financial point of view is reasonable. SET, however, assesses that the conclusion made by Evli that the Offer to the convertible holders is fair from a financial point of view, is reasonable.

SET is of the opinion that the Offer and the payment, as of the time when the initiators of the Offer made their plans public, i.e. October 15, 2008, would have been fair from a financial perspective under the then prevailing circumstances. SET has, however, been engaged to assess the Offer and the payment as per November 21, 2008. The share market prerequisites have changed since October 15, 2008 why SET's assessment when issuing this opinion is that, from a financial perspective, the Offer regarding shares and their payment is unfair.

Information that forms the basis of the opinion

SET has exclusively analyzed the following information (the "Information") to form the basis for the Opinion:

- Evli's Material from Discussions – dated November 21, 2008
- Evli's opinion dated November 21 2008
- Discussions with the Company's and Peab's respective managements with regard to historical outcomes and future outlook
- Official information relating to the Company and Peab such as annual and interim reports
- Other information considered necessary or suitable by SET as basis for this opinion.

SET has assumed that the Information is correct and in all material aspects is complete and has not verified or assumed any responsibility for verifying the Information. However, SET should express an opinion on whether the Information in itself is sufficient, from an objective point of view and from what can be regarded as standard practice in the market, to be able to express an opinion on the Offer and the payment from a financial perspective.

Restrictions applicable to the opinion

The Opinion relates only to Evli's opinion and should not be regarded as an independent evaluation of the Offer and the payment. SET's opinion is necessarily based on economic conditions, market conditions and other conditions as well as the information provided to us as of the day of this statement. Changes in the stated circumstances could lead to a reappraisal of this opinion. Our opinion is based on Swedish laws and regulations and the economic and market terms that apply today. Circumstances that form the basis of the opinion may be influenced by subsequent events that, naturally, cannot be considered in this opinion.

This opinion is intended for the Board of Directors of the Company to serve as a basis for the evaluation of its position in relation to the Offer and no other party shall have any right to rely on this opinion. The opinion is not a recommendation as to whether or not the Company's shareholders or convertible holders should accept the Offer. The opinion letter must not be published, reported, cited or referred to without the prior written approval of SET and, if such approval is provided, the opinion letter shall only be reproduced in its entirety.

SET has been engaged by the Board of Directors of the Company, through its independent members, in conjunction with the Offer to provide this opinion. The fee SET receives is not dependant on the Offer being completed or the level of completion.

This opinion shall be interpreted and applied in accordance with Swedish Law. Disputes with regard to this opinion shall be settled exclusively by Swedish courts.

Stockholm, November 21, 2008

SET Revisionsbyrå AB

Bo Axberg
Auktoriserad revisor/Authorized Public Accountant