Quarterly report
January - September 2015

KTH SCHOOL OF ARCHITECTURE
Stockholm

- Operative net sales SEK 32,124 million (31,662)
- Operative operating profit SEK 1,272 million (1,292)
- Operative operating margin 4.0 percent (4.1)
- Pre-tax profit SEK 1,130 million (1,079)
- Earnings per share SEK 3.17 (2.92)
- Orders received SEK 28,108 million (24,232)
- Order backlog SEK 28,050 million (27,547)
- Cash flow before financing SEK 1,078 million (1,118)
- Net debt SEK 3,488 million (4,831)
- Equity/assets ratio 29.5 percent (25.7)

PEAB
THE NORDIC COMMUNITY BUILDER

Comments by the CEO

Group operating profit has risen in the third quarter, excluding one-off effects in business area Project Development the previous year. A lower level of debt due to our strong cash flow has led to further improvements in Peab's result through reduced interest costs. A higher level of orders received, a positive market and a stronger financial position provide us with the right platform to build on.

Market conditions

Swedish building construction investments are broadly increasing in 2015 with housing construction expected to grow the most. Falling oil prices are significantly dampening growth in Norway's economy this year, which means a possible reduction in building construction investments on the whole. The building construction market in Finland may experience a slight improvement after several years of shrinking investments. The forecast for the civil engineering market in Sweden and Norway is still pointing upward while developments in Finland are expected to be weak.

Orders received

Orders received during the period amounted to SEK 28.1 billion compared to SEK 24.2 billion for the same period in 2014. Orders received in business areas Construction and Civil Engineering have risen. Orders received in Project Development were lower compared to the same period last year due to fewer housing production starts. The order backlog amounted to SEK 28.1 billion compared to SEK 24.9 billion at the beginning of the year.

Business area development

Net sales in business area Construction were unchanged but the margin improved. Net sales in business area Civil Engineering rose by 6 percent during the first nine months and the margin improved. Volumes in business area Industry were on par with last year but the result was lower due in part to a reduction in operations in Transportation and Machines in Northern Sweden. Net sales in business area Project Development were lower due to fewer production starts in Housing Development. However, the margin is better in Housing Development. There were no significant effects on profits from property sales in Property Development during January to September 2015 while the period last year was affected by one-off items. Contributions from partly owned companies have improved.

Group development

Operative net sales during the period January to September were SEK 32,124 million (31,662). Operative operating profit was SEK 1,272 million compared to SEK 1,292 million during the same period last year, which entails an operative operating margin of 4.0 percent (4.1). Cash flow before financing was SEK 1,078 million (1,118) and net debt amounted to SEK 3,488 million (4,831). The reduced net debt together with low interest rates has led to radically improved net interest. Profit before tax rose to SEK 1,130 million (1,079).

Mall of Scandinavia

The Mall of Scandinavia in Solna, our largest project ever, has been a challenge from the start, in part because of the size of the project and in part because of all the changes during the course of its development. The mall will open today, the 12th of November. Due to extensive changes the project has turned out to be significantly more expensive than when the contract was signed in the autumn of 2011. The ongoing discussions with our customer concerning the extent of the work created by changes and additions as well as other dividing line issues make it difficult to assess the final result of the project. Any further effects on Peab's result can only be presented when a reasonable assessment can be made, at the latest when the final negotiations are concluded.

The road ahead

A strong Swedish economy, the population growth and low interest rates are all circumstances that signal good opportunities for Peab in the coming years. There are, however, a number of challenges to deal with in a strong business cycle. A shortage of resources primarily in the big city regions, higher costs in, for example, subcontractors as well as hiked up land prices affect our profitability.

In July the Group was refinanced through long-term credit notes with better terms which provides Peab with a stable financial platform for the coming years.

We continue to work on our ambition to be the best company in the industry. In order to achieve this we have three target areas:

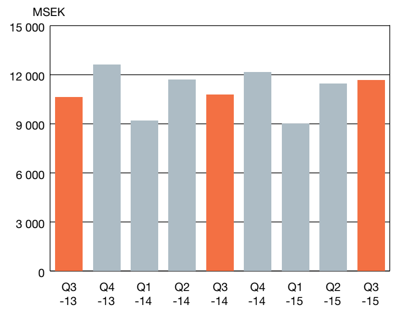
- Most satisfied customers in the industry
- Best workplace in the industry
- Most profitable company in the industry

Jesper Göransson

CEO and President

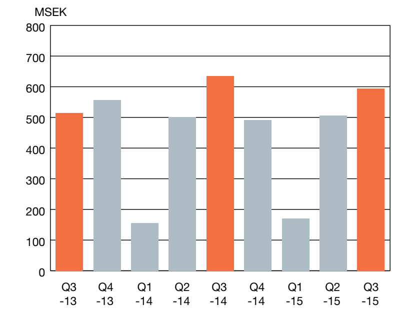
Quarterly report January – September 2015

Operative net sales



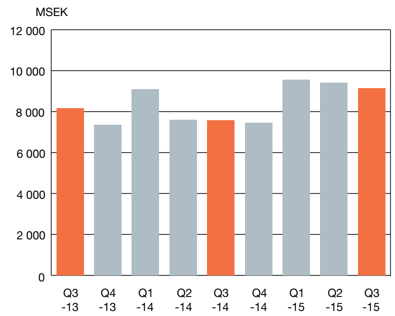
Group operative net sales for January-September 2015 amounted to SEK 32,124 million (31,662), which was an inrease of 1 percent. Even after adjustments for aquired and divested units net sales inreased by 1 percent compared to the same period last year.

Operative operating profit



Operative operating profit for January-September 2015 amounted to SEK 1,272 million compared to SEK 1,292 million for the same period last year.

Orders received



Orders received for January-September 2015 amounted to SEK 28,108 million compared to SEK 24,232 million for the same period last year. Order backlog amounted to SEK 28,050 million compared to SEK 27,547 million at the end of the same period last year.

Group

MSEK	Jan-Sep 2015	Jan-Sep 2014	Oct-Sep 2014/2015	Jan-Dec 2014	Financial goals
Operative net sales 1)	32,124	31,662	44,282	43,820	
Net sales	32,152	31,417	44,365	43,630	
Operative operating profit 1)	1,272	1,292	1,763	1,783	
Operative operating margin, % 1)	4.0	4.1	4.0	4.1	
Operating profit	1,226	1,253	1,725	1,752	
Operating margin, %	3.8	4.0	3.9	4.0	
Pre-tax profit	1,130	1,079	1,281	1,230	
Profit for the period	934	861	1,100	1,027	
Earnings per share, SEK	3.17	2.92	3.73	3.48	
Return on equity, %	13.7 2)	16.1 2)	13.7	13.1	> 20%
Net debt	3,488	4,831	3,488	3,886	
Equity/assets ratio, %	29.5	25.7	29.5	28.2	> 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 and agreements during the third quarter, including:

- Construction of 100 apartments for mountain tourist accommodations in Hemsedal in Norway. The client is Skiab Invest AS and the contract is worth around NOK 240 million.
- Renovation and extension of existing office premises in the government buildings at Södra Klara in central Stockholm. The client is the Swedish National Property Board and the contract is worth around SEK 1 billion.
- Construction of a new bridge over Fyrisån at Flottsund in Uppsala. The client is the Uppsala Municipality and the contract is worth around SEK 112 million.
- Construction of the new Hägerstenshamnen school in Hägersten. The client is Skolfastigheter i Stockholm AB and the contract is worth SEK 135 million.
- Construction of 60 apartments in the nursing care home at Diakonen in Kumla. The client is Kumla Municipality and the contract is worth around SEK 140 million.
- Renovation and expansion of Hajen block in Mölndal Centre. The client is Mölndalsbostäder and the contract is worth SEK 430 million.
- Construction of Kiruna's new City Hall. The customer is LKAB and the contract is worth SEK 470 million.
- Operation and maintenance work in Täby Municipality. The contract runs for five years with a possible extension of three years. The client is Täby Municipality and the contract is worth a total of approximately SEK 150 million.
- Construction of a home for seniors in Hallstahammar in Västmanland. The client is Hallstahammar Municipality and the contract is worth SEK 195 million.
- Groundwork and concrete work on the Follo Line south of Oslo. The client is the Norwegian National Rail Administration and the contract is worth NOK 128 million.
- Construction of 75 new apartments in Oslo. The client is Seilduksgata 25-31 AS and the contract is worth NOK 176 million.

NET SALES AND PROFIT [1)]

Group operative net sales for January-September 2015 amounted to SEK 32,124 million (31,662). Adjustments in housing reporting affected net sales by SEK 28 million (-245). Group net sales for January-September 2015 increased by 2 percent to SEK 32,152 million (31,417). Business area Civil Engineering has grown by 6 percent while volumes in Construction and Industry remain unchanged compared to the same period last year. Net sales in Project Development have contracted due to fewer production starts in housing. Of the period's net sales SEK 5,393 million (5,372) were attributable to sales and production outside Sweden.

Operative operating profit for January-September 2015 was SEK 1,272 million compared to SEK 1,292 million in the corresponding period last year. The operative operating margin was 4.0 percent (4.1). The operating profit for the comparable period included a positive net result in the third quarter of SEK 100 million from the sales of Varvsstaden in Malmö and a revision of the values in the project portfolio in Project Development. The profit from the sales of Varvsstaden amounted to SEK 580 million and costs regarding reservation in the project portfolio were SEK 480 million.

Business areas Construction and Civil Engineering showed improved operating margins while business areas Industry and Project Development reported slightly lower operating margins.

Eliminations and reversal of internal profits in our own development projects has affected the result by net SEK -34 million (-21). Elimination is reversed in connection with the external divestment of a project. The increase in elimination during the period is explained by the development of our property development operations.

Operating profit for January-September 2015 was SEK 1,226 million (1,253). The operating margin amounted to 3.8 percent (4.0). Adjustments in housing reporting affected operating profit by SEK -46 million (-39).

Depreciation and write-downs for the period were SEK 621 million (583).

Net financial items amounted to SEK -96 million (-174). Net interest improved to SEK -84 million (-182), primarily as a result of lower net debt.

Pre-tax profit was SEK 1,130 million (1,079).

Profit for the period was SEK 934 million (861).

FINANCIAL POSITION

The equity/assets ratio on 30 September 2015 was 29.5 percent compared to 28.2 percent at the year-end. Interest-bearing net debt amounted to SEK 3,488 million compared to SEK 3,886 million at the end of 2014. Net debt has been affected by dividends of SEK 664 million (531) distributed during the second quarter. The average interest rate in the loan portfolio, including derivatives, was 2.8 percent (3.1) on 30 September 2015.

Group liquid funds, including unutilized credit facilities, were SEK 5,013 million at the end of the period compared to SEK 6,752 million on 31 December 2014.

At the end of the period Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 9,209 million compared to SEK 7,378 million on 31 December 2014. Of contingent liabilities, obligations to tenant-owners associations under construction including advances and operation warranties, were SEK 6,575 million compared to SEK 4,799 million at the year-end.

INVESTMENTS

Tangible and intangible fixed assets have been net invested during the period by SEK 347 million (509). Net divestments in project and development properties totaled SEK -331 million (-244) during the period. During the third quarter property consisting of a cold storage space rented by Findus was divested for a book value of SEK 590 million. In the same period last year Varvsstaden was divested for a book value of SEK 220 million.

CASH FLOW

Cash flow from current operations was SEK 1,495 million (2,107). The reduction in cash flow is a result of a higher level of capital tied up in working capital.

Cash flow from investment activities was SEK -417 million compared to SEK -989 million for the same period last year. Included in cash flow from investment operations during the period are higher investments in machines, divestitures of business and tangible fixed assets as well as the sales of shares in the partly owned company S:t Eriks.

Cash flow before financing amounted to SEK 1,078 million compared to SEK 1,118 million for the corresponding period last year.

Cash flow from financing operations was SEK -1,608 million (-1,182) due to paid dividends of SEK 664 million (531) along with loan debt amortization.

Orders received and order backlog

Orders received

MSEK	Jan-Sep 2015	Jan-Sep 2014	Oct-Sep 2014/2015	Jan-Dec 2014
Construction	19,511	17,282	24,964	22,735
Civil Engineering	7,767	7,032	9,783	9,048
Project Development	3,999	4,302	5,405	5,708
Eliminations	-3,169	-4,384	-4,586	-5,801
Group	**28,108**	**24,232**	**35,566**	**31,690**

Order backlog

MSEK	30 Sep 2015	30 Sep 2014	31 Dec 2014
Construction	20,005	19,418	17,966
Civil Engineering	7,873	8,516	7,525
Project Development	3,693	3,868	3,536
Eliminations	-3,521	-4,255	-4,105
Group	**28,050**	**27,547**	**24,922**

[1)] 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 reported according to legal accounting.

ORDERS RECEIVED AND ORDER BACKLOG

Orders received for January-September 2015 amounted to SEK 28,108 million compared to SEK 24,232 million for the same period last year. The level of orders received in Construction and Civil Engineering is higher compared to the same period last year. Orders received in Project Development have contracted as a result of fewer production starts in housing. There is a wider geographical spread of orders received for housing during the period January-September 2015 compared to last year when most of them were concentrated to the Stockholm region.

Order backlog yet to be produced at the end of the period amounted to SEK 28,050 million compared to SEK 27,547 million the same period last year. Order backlog has increased since the beginning of the year by SEK 3,128 million.

Of the total order backlog, 74 percent (70) is expected to be produced after 2015 (2014). Swedish operations accounted for 87 percent (83) of the order backlog.

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

PERSONNEL

At the end of the period, the company had 13,354 employees compared to 13,474 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 11 regions in Sweden, two in Norway and two in Finland. Three of the Swedish regions are focused on housing production. These are in Stockholm/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 January-September 2015 were SEK 17,667 million (17,642). Adjusted for acquisitions the decrease was 1 percent compared with the same period last year.

Operating profit for January-September 2015 amounted to SEK 430 million (405). The operating margin was 2.4 percent (2.3). The operating margin for the latest 12 month rolling period was 2.4 percent compared to 2.3 percent for the entire year 2014. The business has stabilized in all the regions.

Our largest project ever – the Mall of Scandinavia in Solna – was registered as an order for around SEK 3,500 million and work on it began in the first quarter of 2012. The project has been a challenge from the start, in part due to the size of the project and the changes made as it has progressed. Due to extensive changes the project has turned out to be significantly more expensive than when the contract was signed in the autumn of 2011. The ongoing discussions with our customer concerning the extent of the work created by changes and additions as well as other dividing line issues make it difficult to assess the final result of the project. Any further effects on Peab's result can only be presented when a reasonable assessment can be made, at the latest when the final negotiations are concluded.

Civil Engineering

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

Net sales for January-September 2015 amounted to SEK 7,456 million compared to SEK 7,053 million for the same period last year, which is an increase of 6 percent.

Operating profit for January-September 2015 amounted to SEK 255 million (227) and the operating margin increased to 3.4 percent (3.2). The operating margin for the latest 12 month rolling period was 3.5 percent compared to 3.3 percent for the entire year 2014.

Net sales and result have improved in Local market and Infrastructure. In Operations and maintenance net sales were lower but the result was better.

Industry

Business area Industry is run in seven product areas; 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 and operating profit per business area

	Net sales				Operating profit				Operating margin			
MSEK	**Jan-Sep 2015**	**Jan-Sep 2014**	**Oct-Sep 2014/2015**	**Jan-Dec 2014**	**Jan-Sep 2015**	**Jan-Sep 2014**	**Oct-Sep 2014/2015**	**Jan-Dec 2014**	**Jan-Sep 2015**	**Jan-Sep 2014**	**Oct-Sep 2014/2015**	**Jan-Dec 2014**
Construction	17,667	17,642	24,499	24,474	430	405	577	552	2.4%	2.3%	2.4%	2.3%
Civil Engineering	7,456	7,053	10,361	9,958	255	227	359	331	3.4%	3.2%	3.5%	3.3%
Industry	7,852	7,965	10,717	10,830	470	510	631	671	6.0%	6.4%	5.9%	6.2%
Project Development	5,330	5,806	7,354	7,830	205	230	317	342	3.8%	4.0%	4.3%	4.4%
- of which Property Development	*1,326*	*1,235*	*1,498*	*1,407*	*-15*	*1*	*-4*	*12*	*-1.1%*	*0.1%*	*-0.3%*	*0.9%*
- of which Housing Development	*4,004*	*4,571*	*5,856*	*6,423*	*220*	*229*	*321*	*330*	*5.5%*	*5.0%*	*5.5%*	*5.1%*
Group functions	627	558	892	823	-54	-59	-66	-71				
Eliminations	-6,808	-7,362	-9,541	-10,095	-34	-21	-55	-42				
Operative [1)]	**32,124**	**31,662**	**44,282**	**43,820**	**1,272**	**1,292**	**1,763**	**1,783**	**4.0%**	**4.1%**	**4.0%**	**4.1%**
Adjustment for housing reporting [2)]	28	-245	83	-190	-46	-39	-38	-31				
Legal	**32,152**	**31,417**	**44,365**	**43,630**	**1,226**	**1,253**	**1,725**	**1,752**	**3.8%**	**4.0%**	**3.9%**	**4.0%**

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)

Net sales for January-September 2015 amounted to SEK 7,852 million compared to SEK 7,965 million for the same period last year.

Operating profit for January-September 2015 amounted to SEK 470 million (510). The operating margin was 6.0 percent (6.4). The operating margin for the latest 12 month rolling period was 5.9 percent compared to 6.2 percent for the entire year 2014.

Net sales and the result in Asphalt were unchanged compared to the same period last year. Net sales and the result increased in Gravel and Rock. Net sales and the result contracted in Concrete during the period but there was an upswing of volumes in the third quarter. Activity was lower in Transportation and Machines during the first nine months compared to the same period last year when iron ore transportation for Northland contributed positively to net sales and the result. Net sales in Rentals rose but the result was lower.

Capital employed in Industry at the end of the period amounted to SEK 5,282 million compared to SEK 5,257 million at the year-end.

Peab's own housing development construction

	Jan-Sep 2015	Jan-Sep 2014	Jan-Dec 2014
Number of housing starts during the period	1,487	1,797	2,502
Number of homes sold during the period	1,405	1,929	2,871
Total number of homes under construction, at the end of the period	3,672	4,224	4,034
Share of sold homes under construction, at the end of the period	79%	80%	84%
Number of repurchased homes in the balance sheet, at the end of the period	51	134	97

Capital employed Project Development

MSEK	30 Sep 2015	30 Sep 2014	31 Dec 2014
Project and development properties	6,147	6,521	6,523
Participation in joint ventures	857	818	752
Financial statements and others	3,425	3,622	3,371
Total	**10,429**	**10,961**	**10,646**

On 30 September 2015 booked values for project and development properties of SEK 6,147 million were allocated as shown in the table below:

Project and development properties

MSEK	30 Sep 2015	30 Sep 2014	31 Dec 2014
Housing Development	**3,263**	**3,595**	**3,263**
- Of which development rights	*3,072*	*3,280*	*2,974*
- Of which shares in tenant owner associations or the like	*191*	*315*	*289*
Property Development	**2,884**	**2,926**	**3,260**
- Of which investment properties	*1,123*	*1,154*	*1,406*
- Of which projects under construction	*1,059*	*1,237*	*1,144*
- Of which commercial development rights	*702*	*535*	*710*
Total Project and development properties	**6,147**	**6,521**	**6,523**

Development rights for housing

Number, approx.	30 Sep 2015	30 Sep 2014	31 Dec 2014
Development rights on our own balance sheet	15,000	15,400	15,200
Development rights via joint ventures	7,400	7,700	6,900
Development rights via options etc.	6,900	5,800	7,000
Total	**29,300**	**28,900**	**29,100**

Project Development

Business area Project Development comprises Peab's developments in housing and commercial properties. 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 January-September 2015 in business area Project Development amounted to SEK 5,330 million (5,806) and operative operating profit was SEK 205 million (230). Operating profit for the comparable period included a positive net result in the third quarter of SEK 100 million regarding the sales of Varvsstaden in Malmö to Centur, the development company jointly owned by Peab and Balder and a revision of values in the project portfolio in Project Development. The profit from the sales of Varvsstaden amounted to SEK 580 million and costs regarding reservation in the project portfolio were SEK 480 million.

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

There were 1,487 (1,797) start-ups of our own developed homes that are spread out geographically. During the same period last year many of the start-ups were in the Stockholm region. The number of sold homes during the period was 1,405 (1,929). The number of own developed homes in production at the end of the period was 3,672 compared to 4,034 at the year-end. The level of sold homes in production was 79 percent compared to 84 percent at year-end. The number of repurchased homes per 30 September 2015 was 51 compared to 97 at year-end.

As a result of fewer production starts of homes net sales in Housing Development has shrunk. However, the margin has been strengthened compared to the same period last year. During January-September 2015 operative net sales were SEK 4,004 million (4,571) and operative operating profit was SEK 220 million (229). The operative operating margin was 5.5 percent (5.0). The operating margin for the latest 12 month rolling period was 5.5 percent compared to 5.1 percent for the entire year 2014.

Operations in Property Development revolve around the acquisition, development and divestiture of commercial property. During January-September 2015 net sales in Property Development were SEK 1,326 million (1,235) and operating profit was SEK -15 million (1). The result from property sales affected profits by SEK -9 million during January-September 2015. In the same period last year profits were affected positively by SEK 132 million from property sales and provisions. Included in comparable period was a net SEK 100 million from the divestiture of Varvsstaden and provisions in the project portfolio as described above.

Operating profit from partly owned companies has improved compared to the same period last year. However, operating profit is still charged with negative results from properties in the developmental phase.

Capital employed in Project Development at the end of the period amounted to SEK 10,429 million compared to SEK 10,646 million at year-end.

THE CONSTRUCTION MARKET

Sweden's economy continues to grow at a good rate and is expected to increase by around 3 percent per year the next two years. This growth in the economy is driven by household consumption and investments where housing construction plays an essential part. At the same time industry is investing cautiously because of continued unutilized capacity and weak developments in exports as a result of slow international recovery. Building construction in total is expected to increase by 6 percent this year and 5 percent next year according to Industrifakta. The largest growth percentagewise is expected in housing construction. Public premise construction will probably develop better during the period than other premises. Civil engineering has developed positively during the year. Growth will likely level out in 2016 largely due to lower profitability in the energy sector which stunts investments.

Norway's economic growth is expected to slow dramatically in the next two years. This is primarily due to lower gross investments resulting from the falling price of oil. Building construction in total will contract slightly this year and increase by a couple of percent next year. Housing construction will soften the fall this year while premise construction is expected to be the driving force next year. It seems like the positive trend in civil engineering will continue this year and the next. Most of the investment volumes will come from large road, railroad and energy projects.

Finland's economy is expected to contract even further in 2015. Development in household consumption is very weak because unemployment is high and rising. Due to insufficient international demand and an industry that cannot compete exports have also been a disappointment. However, building construction in total will increase this year as well as the next after several years of shrinking investments. Office and retail space are the strongest sectors this year followed by industry. Next year every sector is expected to grow with the exception of office and retail space, which will contract compared to this year. Developments in civil engineering continue to be weak as a result of the general low level of activity in business and tighter public finances.

RISKS AND UNCERTAINTY FACTORS

Peab's business is exposed to operational and financial risks. The impact of these risks on Peab's result and position depends on how well we handle the day-to-day business. In addition, Peab faces circumstantial risks such as developments in the economy and altered conditions like changes in laws and regulations and other political decisions.

Handling operational risks is a constant ongoing process since there are always a large number of projects that are beginning, up and running and ending. Operational risks are taken care of in the line organization in each business area. The financial risks are connected to tying up capital and the need for capital, primarily in the form of interest rate risk and refinancing risk. Financial risks are dealt with on Group level.

There are risks and uncertainty factors in the Mall of Scandinavia project in Solna which are described in the segment Construction on page 5.

For further information on risks and uncertainty factors, see the 2014 Annual Report.

IMPORTANT EVENTS DURING THE PERIOD

Peab has refinanced a credit facility for a total of SEK 5.0 billion which will mature in September 2016 to be followed by a new credit facility of SEK 4.0 billion with better terms. The new contract runs until 30 September 2018 with the possibility to extend it one year plus another.

HOLDINGS OF OWN SHARES

At the beginning of 2015 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. No changes have taken place during the period January-September 2015.

THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 11 November 2015 the price of the Peab share was SEK 66.35, an increase of 21 percent during 2015. During the same period, the Swedish stock market increased by 9 percent according to the general index in the business magazine "Affärsvärlden". During 2015 the Peab share has been quoted at a maximum of SEK 74.70 and a minimum of SEK 55.00.

Report on the Group income statement in summary

MSEK	Jan-Sep 2015	Jan-Sep 2014	Jul-Sep 2015	Jul-Sep 2014	Oct-Sep 2014/2015	Jan-Dec 2014
Net sales	32,152	31,417	11,708	10,811	44,365	43,630
Production costs	-29,358	-28,641	-10,697	-9,756	-40,404	-39,687
Gross profit	**2,794**	**2,776**	**1,011**	**1,055**	**3,961**	**3,943**
Sales and administrative expenses	-1,622	-1,606	-450	-453	-2,259	-2,243
Profit from participation in joint ventures	4	12	2	7	-50	-42
Other operating income	69	84	19	15	98	113
Other operating costs	-19	-13	-2	-1	-25	-19
Operating profit	**1,226**	**1,253**	**580**	**623**	**1,725**	**1,752**
Net financial items	-96	-174	-36	-37	-444	-522
Pre-tax profit	**1,130**	**1,079**	**544**	**586**	**1,281**	**1,230**
Tax	-196	-218	-95	-114	-181	-203
Profit for the period	**934**	**861**	**449**	**472**	**1,100**	**1,027**
Profit for the period, attributable to:						
Shareholders in parent company	934	861	449	472	1,100	1,027
Non-controlling interests	0	–	0	–	0	–
Profit for the period	**934**	**861**	**449**	**472**	**1,100**	**1,027**
Key ratios						
Earnings per share before and after dilution, SEK	3.17	2.92	1.53	1.60	3.73	3.48
Average number of outstanding shares, million	295.0	295.0	295.0	295.0	295.0	295.0
Return on capital employed, %	12.9 [1)]	11.7 [1)]			12.9	12.1
Return on equity, %	13.7 [1)]	16.1 [1)]			13.7	13.1

[1)] Calculated on rolling 12 months

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

MSEK	Jan-Sep 2015	Jan-Sep 2014	Jul-Sep 2015	Jul-Sep 2014	Oct-Sep 2014/2015	Jan-Dec 2014
Profit for the period	**934**	**861**	**449**	**472**	**1,100**	**1,027**
Other comprehensive income						
Items that can be reclassified or have been reclassified to income for the period						
Translation differences for the period from translation of foreign operations	-85	84	-60	35	-153	16
Changes for the period in fair value of available-for-sale financial assets	38	-44	-16	-20	-15	-97
Changes in fair value of cash flow hedges for the period	6	-105	0	-23	-22	-133
Shares in joint ventures' other comprenhensive income	-1	–	0	–	-1	–
Tax referring to items that can be reclassified or have been reclassified to income for the period	-8	47	-4	9	-8	47
	-50	**-18**	**-80**	**1**	**-199**	**-167**
Items that cannot be reclassified to income for the period						
Revaluation of defined benefit pension plans	–	8	–	–	–	8
Tax referring to items that cannot be reclassified to income for the period	–	-2	–	–	–	-2
	–	**6**	**–**	**–**	**–**	6
Other comprehensive income for the period	**-50**	**-12**	**-80**	**1**	**-199**	**-161**
Total comprehensive income for the period	**884**	**849**	**369**	**473**	**901**	**866**
Total comprehensive income for the period, attributable to:						
Shareholders in parent company	884	849	369	473	901	866
Non-controlling interests	0	0	0	0	0	–
Total comprehensive income for the period	**884**	**849**	**369**	**473**	**901**	**866**

Report on balance sheet for the Group in summary

MSEK	30 Sep 2015	30 Sep 2014	31 Dec 2014
Assets			
Intangible assets	2,005	2,010	2,039
Tangible assets	3,663	3,895	3,830
Interest-bearing long-term receivables	1,919	2,033	1,663
Other financial fixed assets	1,516	1,890	1,607
Deferred tax recoverables	135	171	145
Total fixed assets	**9,238**	**9,999**	**9,284**
Project and development properties	6,147	6,521	6,523
Inventories	391	376	379
Work-in-progress	1,080	1,234	1,186
Interest-bearing current receivables	263	719	404
Other current receivables	10,425	11,757	9,797
Short-term holdings	20	20	20
Liquid funds	262	405	792
Total current assets	**18,588**	**21,032**	**19,101**
Total assets	**27,826**	**31,031**	**28,385**
Equity and liabilities			
Equity	**8,217**	**7,980**	**7,997**
Liabilities			
Interest-bearing long-term liabilities	2,828	4,323	3,397
Deferred tax liabilities	482	463	562
Other long-term liabilities	698	707	760
Total long-term liabilties	**4,008**	**5,493**	**4,719**
Interest-bearing current liabilities	3,124	3,685	3,368
Other current liabilities	12,477	13,873	12,301
Total current liabilities	**15,601**	**17,558**	**15,669**
Total liabilities	**19,609**	**23,051**	**20,388**
Total equity and liabilities	**27,826**	**31,031**	**28,385**
Key ratios			
Capital employed	14,169	15,988	14,762
Equity/assets ratio, %	29.5	25.7	28.2
Net debt	3,488	4,831	3,886
Equity per share, SEK	27.86	27.05	27.11
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0

Report on changes in Group’s equity in summary

MSEK	30 Sep 2015	30 Sep 2014	31 Dec 2014
Equity attributable to shareholders in parent company			
Opening equity on 1 January	7,997	7,668	7,668
Profit for the period	934	861	1,027
Other comprehensive income for the period	-50	-12	-161
Comprehensive income for the period	**884**	**849**	**866**
Cash dividend	-664	-531	-531
Acquisition of non-controlling interests, controlling interests held already	–	-6	-6
Closing equity	**8,217**	**7,980**	**7,997**
Non-controlling interests			
Opening equity on 1 January	0	0	0
Comprehensive income for the period	0	–	–
Acquisition of non-controlling interests, controlling interests held already	–	–	0
Closing equity	**0**	**0**	**0**
Total closing equity	**8,217**	**7,980**	**7,997**

Report on Group cash flow in summary

MSEK	Jan-Sep 2015	Jan-Sep 2014	Jul-Sep 2015	Jul-Sep 2014	Oct-Sep 2014/2015	Jan-Dec 2014
Cash flow from current operations before changes in working capital	1,734	1,655	769	747	2,677	2,598
Cash flow from changes in working capital	-239	452	352	357	461	1,152
Cash flow from current operations	**1,495**	**2,107**	**1,121**	**1,104**	**3,138**	**3,750**
Acquisition of subsidaries/ businesses	-20	-22	-1	-6	-124	-126
Disposal of subsidaries/ businesses	75	–	–	–	75	–
Acquisition of fixed assets	-910	-1,348	-299	-812	-1,240	-1,678
Sales of fixed assets	438	381	20	30	914	857
Cash flow from investment operations	**-417**	**-989**	**-280**	**-788**	**-375**	**-947**
Cash flow before financing	**1,078**	**1,118**	**841**	**316**	**2,763**	**2,803**
Cash flow from financing operations	-1,608	-1,182	-952	-1,023	-2,897	-2,471
Cash flow for the period	**-530**	**-64**	**-111**	**-707**	**-134**	**332**
Cash at the beginning of the period	812	459	389	1,154	425	459
Exchange rate differences in cash	0	30	4	-22	-9	21
Cash at the end of the period	**282**	**425**	**282**	**425**	**282**	**812**

PARENT COMPANY

The parent company Peab AB's net sales for January-September 2015 amounted to SEK 188 million (162) and mainly consisted of internal Group services. Profit after tax amounted to SEK 118 million (72).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,894 million (12,114) and shares in Lemminkäinen Oyj worth SEK 268 million (269). The assets have been financed from equity of SEK 5,914 million (6,501) and long-term liabilities amounting to SEK 6,422 million (5,996).

The parent company's liquid funds amounted to SEK 8 million (1) at the end of the period. 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-Sep 2015	Jan-Sep 2014	Jul-Sep 2015	Jul-Sep 2014	Oct-Sep 2014/2015	Jan-Dec 2014
Net sales	188	162	62	55	263	237
Administrative expenses	-183	-220	-64	-63	-283	-320
Operating profit	**5**	**-58**	**-2**	**-8**	**-20**	**-83**
Result from financial investments						
Profit from participation in Group companies	200	220	–	-1,005	-49	-29
Other financial items	-115	-127	-38	-35	-324	-336
Result after financial investments	**90**	**35**	**-40**	**-1,048**	**-393**	**-448**
Appropriations	–	–	–	–	399	399
Pre-tax profit	**90**	**35**	**-40**	**-1,048**	**6**	**-49**
Tax	28	37	9	8	71	80
Profit for the period	**118**	**72**	**-31**	**-1,040**	**77**	**31**

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

MSEK	Jan-Sep 2015	Jan-Sep 2014	Jul-Sep 2015	Jul-Sep 2014	Oct-Sep 2014/2015	Jan-Dec 2014
Profit for the period	**118**	**72**	**-31**	**-1,040**	**77**	**31**
Other comprehensive income						
Items that can be reclassified or have been reclassified to income for the period						
Changes for the period in fair value of available-for-sale financial assets	46	-43	4	-18	1	-88
Total comprehensive income for the period	**164**	**29**	**-27**	**-1,058**	**78**	**-57**

Report on balance sheet for the parent company in summary

MSEK	30 Sep 2015	30 Sep 2014	31 Dec 2014
Assets			
Machinery and equipment	1	1	1
Participation in Group companies	11,894	12,114	11,894
Participation in joint ventures	70	–	–
Interest-bearing long-term receivables	–	226	28
Other securities held as fixed assets	269	274	223
Deferred tax recoverables	72	–	82
Other long-term receivables	–	1	–
Total fixed assets	**12,306**	**12,616**	**12,228**
Accounts receivable	1	–	1
Receivables from Group companies	55	38	1,019
Tax assets	43	41	–
Other current receivables	0	2	5
Prepaid expenses and accrued income	8	27	5
Liquid funds	8	1	0
Total current assets	**115**	**109**	**1,030**
Total assets	**12,421**	**12,725**	**13,258**
Equity and liabilities			
Equity	**5,914**	**6,501**	**6,414**
Untaxed reserves	**0**	**156**	**0**
Liabilities to Group companies	6,401	5,996	6,061
Other provisions	21	–	20
Total long-term liabilities	**6,422**	**5,996**	**6,081**
Accounts payable	16	10	20
Liabilities to Group companies	4	3	690
Income tax liabilities	–	–	1
Other liabilities	19	7	7
Accrued expenses and deferred income	46	52	45
Total current liabilities	**85**	**72**	**763**
Total liabilities	**6,507**	**6,068**	**6,844**
Total equity and liabilities	**12,421**	**12,725**	**13,258**
Pledged assets and contingent liabilities for the parent company			
Pledged assets	–	–	–
Contingent liabilities	22,074	22,525	21,615

NOTE 1 ACCOUNTING PRINCIPLES

The quarterly report has been prepared according to the IFRS standards that have been adopted by EU as well as the interpretations that have been adopted by EU of the valid standards, IFRICs. This report has been prepared according to IAS 34, Interim financial reporting.

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

New standards and interpretations have not had any material effect on Group accounting.

The quarterly report has otherwise been prepared according to the same accounting principles and conditions described in the Annual Report 2014.

NOTE 2 OPERATING SEGMENT

Group Jan-Sep 2015

MSEK	Con-struction	Civil Engine-ering	Industry	Project Develop-ment	Group functions	Elimina-tions	Total operative for the Group [1)]	Adjustment for housing reporting [2)]	Group
External sales	14,507	6,699	5,559	5,298	61	0	32,124	28	32,152
Internal sales	3,160	757	2,293	32	566	-6,808	0		0
Total income	**17,667**	**7,456**	**7,852**	**5,330**	**627**	**-6,808**	**32,124**	**28**	**32,152**
Operating profit	**430**	**255**	**470**	**205**	**-54**	**-34**	**1,272**	**-46**	**1,226**
Operating margin, %	**2.4**	**3.4**	**6.0**	**3.8**			**4.0**		**3.8**
Net financial items									-96
Pre-tax profit									**1,130**
Tax									-196
Profit for the period									**934**
Capital employed (closing balance)			**5,282**	**10,429**					

Group Jan-Sep 2014

MSEK	Con-struction	Civil Engine-ering	Industry	Project Develop-ment	Group functions	Elimina-tions	Total operative for the Group [1)]	Adjustment for housing reporting [2)]	Group
External sales	14,030	6,096	5,445	5,727	29	335	31,662	-245	31,417
Internal sales	3,612	957	2,520	79	529	-7,697	0		0
Total income	**17,642**	**7,053**	**7,965**	**5,806**	**558**	**-7,362**	**31,662**	**-245**	**31,417**
Operating profit	**405**	**227**	**510**	**230**	**-59**	**-21**	**1,292**	**-39**	**1,253**
Operating margin, %	**2.3**	**3.2**	**6.4**	**4.0**			**4.1**		**4.0**
Net financial items									-174
Pre-tax profit									**1,079**
Tax									-218
Profit for the period									**861**
Capital employed (closing balance)			**5,685**	**10,961**					

Group Jan-Dec 2014

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

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)

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. 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.

For a description of how fair value has been calculated see the Annual Report 2014, note 35. The fair value of financial assets and liabilities is estimated to be, in principle, the same as their booked values.

Group

	30 Sep 2015				30 Sep 2014				31 Dec 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
MSEK												
Assets												
Other securities held as fixed assets	268		60	328	269		61	330	223		66	289
Whereof shareholding in listed company	*268*			*268*	*269*			*269*	*223*			*223*
Whereof investment in an unlisted fund			*60*	*60*			*61*	*61*			*66*	*66*
Other long-term receivables												
Whereof commodity hedge												
Other current receivables		1		1		5		5		10		10
Whereof currency swaps		*1*		*1*		*5*		*5*		*10*		*10*
Total assets	**268**	**1**	**60**	**329**	**269**	**5**	**61**	**335**	**223**	**10**	**66**	**299**
Liabilities												
Other long-term liabilities		165		165		144		144		171		171
Whereof commodity hedge		*8*		*8*						*2*		*2*
Whereof interest rate swaps		*157*		*157*		*144*		*144*		*169*		*169*
Other current liabilities		3		3						2		2
Whereof currency swaps		*3*		3						*2*		*2*
Total liabilities	**–**	**168**	**–**	**168**	**–**	**144**	**–**	**144**	**–**	**173**	**–**	**173**

Parent company

	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
MSEK												
Assets												
Other securities held as fixed assets	268			268	269			269	223			223
Whereof shareholding in listed company	*268*			*268*	*269*			*269*	*223*			*223*
Total assets	**268**	**–**	**–**	**268**	**269**	**–**	**–**	**269**	**223**	**–**	**–**	**223**

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		
	30 Sep 2015	30 Sep 2014	31 Dec 2014
MSEK			
Opening balance	**66**	**53**	**53**
Investments during the period	11	2	5
Reported in other comprehensive income	-17	6	8
Closing balance	**60**	**61**	**66**

FUTURE FINANCIAL INFORMATION

• Year-end Report 2015	16 February 2016
• Annual Report 2015	April 2016
• Quarterly report January-March 2016 and Annual General Meeting	10 May 2016
• Quarterly report January-June 2016	17 August 2016
• Quarterly report January-September 2016	10 November 2016

Förslöv, 12 November 2015

Jesper Göransson
CEO and President

REVIEW REPORT

We have reviewed the interim report for Peab AB (publ) as of 30 September 2015 and the nine-month period which ended on this date. The Board of Directors and the CEO are 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 International Standard on Review Engagements ISRE 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, 12 November 2015
KPMG AB

Thomas Thiel
Authorised Public Accountant

Quarterly data

Group

MSEK	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013
Net sales	11,708	11,568	8,876	12,213	10,811	11,604	9,002	12,926	10,522
Production costs	-10,697	-10,458	-8,203	-11,046	-9,756	-10,544	-8,341	-11,765	-9,635
Gross profit	**1,011**	**1,110**	**673**	**1,167**	**1,055**	**1,060**	**661**	**1,161**	**887**
Sales and administrative expenses	-450	-625	-547	-637	-453	-616	-537	-663	-424
Profit from participation in joint ventures	2	3	-1	-54	7	11	-6	3	9
Other operating income	19	20	30	29	15	57	12	69	21
Other operating costs	-2	-2	-15	-6	-1	-7	-5	-7	-6
Operating profit	**580**	**506**	**140**	**499**	**623**	**505**	**125**	**563**	**487**
Net financial items	-36	-26	-34	-348	-37	-83	-54	-88	-58
Pre-tax profit	**544**	**480**	**106**	**151**	**586**	**422**	**71**	**475**	**429**
Tax	-95	-83	-18	15	-114	-88	-16	-105	-90
Profit for the period	**449**	**397**	**88**	**166**	**472**	**334**	**55**	**370**	**339**
Profit for the period, attributable to:									
Shareholders in parent company	449	397	88	166	472	334	55	370	339
Non-controlling interests	0	0	0	–	–	–	–	0	0
Profit for the period	**449**	**397**	**88**	**166**	**472**	**334**	**55**	**370**	**339**
Key ratios									
Earnings per share, SEK	1.53	1.35	0.30	0.56	1.60	1.13	0.19	1.25	1.15
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	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013	Jul-Sep 2013
Net sales									
Construction	5,436	6,548	5,683	6,832	5,262	6,865	5,515	6,165	5,311
Civil Engineering	2,676	2,670	2,110	2,905	2,555	2,525	1,973	3,142	2,939
Industry	3,111	2,896	1,845	2,865	3,205	2,888	1,872	2,871	3,086
Project Development	2,359	1,555	1,416	2,024	2,027	1,981	1,798	2,162	1,368
- of which Property Development	*1,047*	*202*	*77*	*172*	*895*	*233*	*107*	*313*	*87*
- of which Housing Development	*1,312*	*1,353*	*1,339*	*1,852*	*1,132*	*1,748*	*1,691*	*1,849*	*1,281*
Group functions	211	214	202	265	188	190	180	138	94
Eliminations	-2,121	-2,432	-2,255	-2,733	-2,460	-2,758	-2,144	-1,877	-2,171
Operative [1)]	**11,672**	**11,451**	**9,001**	**12,158**	**10,777**	**11,691**	**9,194**	**12,601**	**10,627**
Adjustment for housing reporting [2)]	36	117	-125	55	34	-87	-192	325	-105
Legal	**11,708**	**11,568**	**8,876**	**12,213**	**10,811**	**11,604**	**9,002**	**12,926**	**10,522**
Operating profit									
Construction	135	175	120	147	128	162	115	100	66
Civil Engineering	96	127	32	104	90	115	22	113	102
Industry	296	172	2	161	313	196	1	226	305
Project Development	84	74	47	112	121	50	59	153	61
- of which Property Development	*5*	*-9*	*-11*	*11*	*67*	*-46*	*-20*	*51*	*-14*
- of which Housing Development	*79*	*83*	*58*	*101*	*54*	*96*	*79*	*102*	*75*
Group functions	-26	-14	-14	-12	-13	-23	-23	-26	-19
Eliminations	9	-27	-16	-21	-4	2	-19	-9	-1
Operative [1)]	**594**	**507**	**171**	**491**	**635**	**502**	**155**	**557**	**514**
Adjustment for housing reporting [2)]	-14	-1	-31	8	-12	3	-30	6	-27
Legal	**580**	**506**	**140**	**499**	**623**	**505**	**125**	**563**	**487**
Order situation									
Orders received	9,135	9,414	9,559	7,458	7,564	7,591	9,077	7,345	8,158
Order backlog at the end of the period	28,050	27,162	26,750	24,922	27,547	27,499	29,475	28,164	30,515

[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)

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 has 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.

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PEAB
THE NORDIC COMMUNITY BUILDER