

Year-end Report

January - December 2015

SIGNALBRON
Solna

- Operative net sales excluding the write-down of the project Mall of Scandinavia SEK 45,052 million (43,820). Operative net sales SEK 44,252 million (43,820)
- Operative operating profit excluding the write-down of the project Mall of Scandinavia SEK 1,852 million (1,783). Operative operating profit SEK 1,052 million (1,783)
- Operative operating margin excluding the write-down of the project Mall of Scandinavia 4.1 percent (4.1). Operative operating margin 2.4 percent (4.1)
- Earnings per share excluding the write-down of the project Mall of Scandinavia SEK 4.82 (3.48). Earnings per share SEK 2.71 (3.48)
- The write-down of the project Mall of Scandinavia has reduced net sales and operating profit by SEK -800 million in the fourth quarter
- Orders received SEK 37,812 million (31,690). Order backlog SEK 26,991 million (24,922)
- Cash flow before financing SEK 1,787 million (2,803)
- Net debt SEK 3,118 million (3,886)
- Equity/assets ratio 28.8 percent (28.2)
- The Board proposes a dividend of SEK 2.60 (2.25) per share

Comments by the CEO

The year ended strongly with improvements in several of our operations, particularly housing development. During the year orders received have increased in every business area. Despite the effects of the project Mall of Scandinavia, our financial position continues to strengthen providing us with good opportunities in the future.

Market conditions

Construction business increased in Sweden, Norway and Finland in 2015. In Sweden, which is experiencing strong economic growth, there is a good chance that building construction investments will continue to rise. Building construction investments in Norway are expected 2016 to be equal to 2015 levels but public investments will make up a higher share. The building construction market in Finland is expected to improve slightly in 2016 compared to 2015 where a budding recovery is noticeable in both housing and public premises. The civil engineering market in 2016 is forecasted to rise in Sweden and Norway driven by road, railroad and energy investments.

Orders received

Orders received in 2015 amounted to SEK 37.8 billion compared to SEK 31.7 billion in 2014. Orders received in business areas Construction and Civil Engineering have steadily increased throughout the year. Orders received in Project Development were also higher in 2015 than in 2014 after a strong fourth quarter regarding housing production starts. The order backlog amounted to SEK 27.0 billion compared to SEK 24.9 billion at the end of the previous year.

Business area development

The underlying net sales and the margin in business area Construction were unchanged. Net sales in business area Civil Engineering rose by 5 percent in 2015 and the margin improved. The net sales in business area Industry were on par with 2014 but the result was lower, in part due to a drop 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 but the margin in Housing Development was better. There were no significant result effects from property sales in Property Development in 2015 while the previous year was affected by one-off items. Contributions from partly owned companies have improved.

Group development

Operative net sales in 2015, excluding the write-down of the project Mall of Scandinavia, were SEK 45,052 million (43,820). Operative operating profit in 2015, excluding the write-down, was SEK 1,852 million compared to SEK 1,783 million the previous year, which means an unchanged operative operating margin of 4.1 percent. Cash flow before financing was SEK 1,787 million (2,803) and net debt amounted to SEK 3,118 million (3,886). The reduced net debt together with low interest rates has led to radically improved net interest.

Mall of Scandinavia

The project has been reviewed after the mall was opened on 12 November 2015 and thereafter written-down by SEK -800 million. The write-down charged business area Construction in the fourth quarter of 2015. The project has been extremely challenging from the moment the contract was signed at the end of 2011. The structure of the construction contract, all the major changes in the project and an inadequate dialogue with our customer

has made the project much more expensive. The write-down is based on accounting rules and has nothing to do with the discussions we are holding with our customer.

Outlook for the future and dividend proposal

The underlying business in Peab generates stable results. An influx of orders received, a well dimensioned developing rights portfolio, positive market conditions and strengthen financial position all provide Peab with a good platform 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.

The Board proposes that the AGM distributes a dividend for the financial year 2015 of SEK 2.60 (2.25) per share.

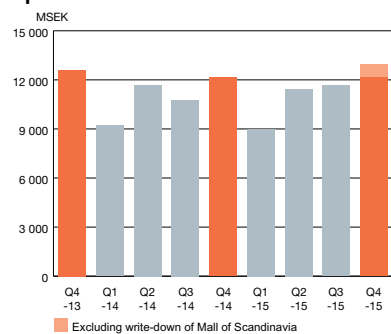
We continue to work on our ambition to be the best company in the industry. In order to achieve this we have three target areas:

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

Jesper Göransson
CEO and President

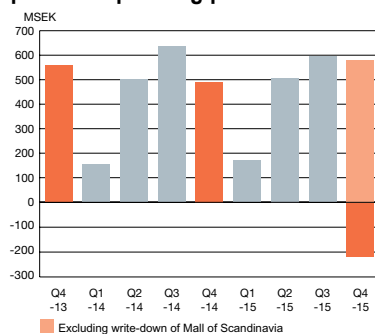
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Operative net sales



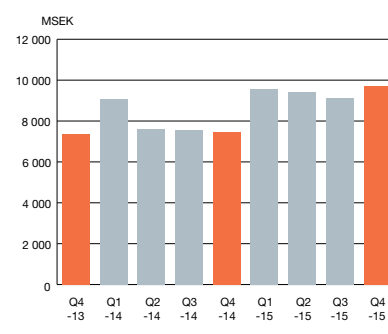
Group operative net sales in 2015, excluding the write-down of the project Mall of Scandinavia, were SEK 45,052 million (43,820), which was an increase by 3 percent. Including the write-down of SEK -800 million operative net sales amounted to SEK 44,252 million.

Operative operating profit



Operative operating profit in 2015, excluding the write-down of the project Mall of Scandinavia, was SEK 1,852 million compared to SEK 1,783 million the previous year. Including the write-down of SEK -800 million operative operating profit amounted to SEK 1,052 million.

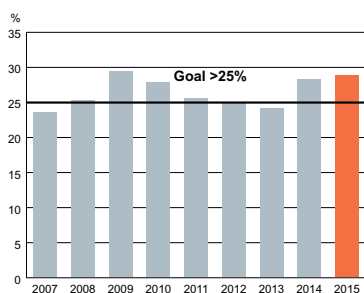
Orders received



Orders received in 2015 amounted to SEK 37,812 million compared to SEK 31,690 million last year. Order backlog was SEK 26,991 million compared to SEK 24,922 million at the end of 2014.

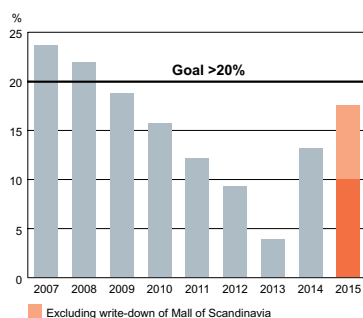
FINANCIAL GOALS

Equity/assets ratio



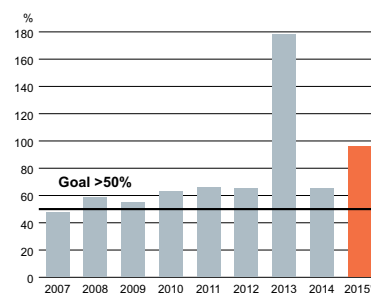
Target for the equity/assets ratio is that it must be at least 25 percent. Per 31 December 2015 the equity/assets ratio was 28.8 percent compared to 28.2 percent at the end of last year. Excluding the write-down of the project Mall of Scandinavia, the equity/assets ratio was 30.2 percent.

Return of equity



Target for return on equity is a yield of at least 20 percent. The return on equity, excluding the write-down of the project Mall of Scandinavia, was 17.5 percent (13.1). The return on equity including write-down was 9.9 percent (13.1).

Dividends



Target for dividends is that it should be at least 50 percent of profit after tax. The Board's proposal for a dividend in 2015 of SEK 2.60 (2.25) per share corresponds to 96 percent (65) of profit for the year. Not including the write-down of project Mall of Scandinavia the dividend proposal corresponds to 54 percent of profit for the year.

NEW CONTRACTS DURING THE FOURTH QUARTER

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

- Construction of the office building Skeppet in Karlstad. The client is Klöver and the contract amounts to approximately SEK 255 million.
- Construction of 68 new apartments in Sandvika outside Oslo. The client is Naturbetong Eiendomsutvikler and the contract amounts to NOK 124 million.
- Construction of 60 apartments and 70 condominiums in Örebro. The client is the BJC Group and Arbonova. The contract amounts to SEK 193 million.
- Construction of the first phase of an extensive renovation and extension of the Helsingborg Hospital. The client is Region Skåne and the contract amounts to SEK 233 million.
- Construction of new facilities for medical education at the University of Tromsø in Norway. The client is Statsbygg and the contract amounts to NOK 577 million.
- Construction of a new stretch of the E22 past Linderöd in the middle of Skåne. The customer is the Swedish Transport Administration and the contract amounts to SEK 152 million.
- Carrying out the expansion of Highway 50 in Närke to a dual road. The customer is the Swedish Transport Administration and the contract amounts to SEK 229 million.
- Construction of 224 new rental apartments in Uppsala. The client is Uppsalahem and the contract amounts to SEK 340 million.

NET SALES AND PROFIT ¹⁾

Group operative net sales in 2015, excluding the write-down of the project Mall of Scandinavia (MoS) of SEK -800 million, were SEK 45,052 million (43,820). Including the write-down in the fourth quarter for MoS operative net sales amounted to SEK 44,252 million. Adjustments in housing reporting affected net sales by SEK 124 million (-190). Group net sales for 2015 increased by 2 percent to SEK 44,376 million (43,630). Business area Civil Engineering grew by 5 percent while volumes in Industry were unchanged compared to last year. Net sales in Construction, excluding the write-down of MoS, were on par with last year. Net sales in Project Development contracted due to fewer production starts in housing. Of the year's net sales SEK 7,596 million (7,689) were attributable to sales and production outside Sweden.

MoS was reviewed after the mall was opened on 12 November 2015 and thereafter written-down by SEK -800 million in the fourth quarter.

Operative operating profit in 2015, excluding the write-down of the project MoS, was SEK 1,852 million (1,783) million and the operative operating margin of 4.1 percent was the same as last year. Including the project write-down in the fourth quarter of SEK -800 million operative operating profit was SEK 1,052 million and the operative operating margin was 2.4 percent. Business area Construction, excluding the write-down of the project MoS, had an underlying margin on par with last year, 2.3 percent. Business area Civil Engineering and Project Development showed improved operating margins. In Project Development the comparable year contained a positive net profit of SEK 100 million stemming from the divestiture of Varvsstaden in Malmö and a review of values in the project portfolio. The profit from the divestiture of Varvsstaden was SEK 580 million and costs for reservations in the project portfolio amounted to SEK 480 million. Business area Industry reported a slightly lower operating margin compared to the previous year. Costs for a long-term incentive program are included in operating profit for Group functions by SEK 35 million (-).

Eliminations and reversal of internal profits in our own development projects has affected the result by net SEK -50 million (-42). Elimination is reversed in connection with the

external divestment of a project. The increase in elimination during the year is explained by the development of our property development operations.

Operating profit for 2015 was SEK 1,009 million (1,752). The operating margin amounted to 2.3 percent (4.0). Adjustments in housing reporting affected operating profit by SEK -43 million (-31).

Depreciation and write-downs for the year were SEK 842 million (821).

Net financial items amounted to SEK -103 million (-522). Last year included SEK -261 million in write-downs of interest-bearing receivables from Northland Resources. Net interest improved to SEK -99 million (-216), primarily as a result of lower net debt.

Pre-tax profit was SEK 906 million (1,230).

Tax for the year amounted to SEK -108 million (-203) equal to 12 percent (17) tax. The positive tax effect of the write-down for MoS is SEK 176 million.

Profit for the year was SEK 798 million (1,027).

FINANCIAL POSITION

The equity/assets ratio on 31 December 2015 was 28.8 percent compared to 28.2 percent at the previous year-end. Interest-bearing net debt amounted to SEK 3,118 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 2.4 percent (3.0) on 31 December 2015.

Group liquid funds, including unutilized credit facilities, were SEK 4,953 million at the end of the year compared to SEK 6,752 million on 31 December 2014.

At the end of the year Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 9,569 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 7,243 million compared to SEK 4,799 million at the previous year-end.

INVESTMENTS

Tangible and intangible fixed assets have been net invested during the year by SEK 515 million (666). Net investments in project and development properties totaled SEK 291 million (net divestments -238) during the year. During the fourth quarter housing development rights corresponding to around 700 apartments were acquired at the previous Råsunda plot in Solna. Last year Varvsstaden in Malmö was divested for a booked value of SEK 220 million.

Orders received and order backlog

Orders received			
MSEK	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013
Construction	25,999	22,735	23,744
Civil Engineering	10,433	9,048	11,092
Project Development	6,498	5,708	5,115
Eliminations	-5,118	-5,801	-5,659
Group	37,812	31,690	34,292

Order backlog			
MSEK	31 Dec 2015	31 Dec 2014	31 Dec 2013
Construction	19,529	17,966	19,647
Civil Engineering	7,292	7,525	8,483
Project Development	4,357	3,536	3,975
Eliminations	-4,187	-4,105	-3,941
Group	26,991	24,922	28,164

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.

CASH FLOW

Cash flow from current operations was SEK 2,825 million (3,750). The reduction in cash flow compared to last year is primarily due to less free working capital.

Cash flow from investment operations was SEK -1,038 million compared to SEK -947 million for the last year. The cash flow from investment operations is mainly made up of machine investments, loans to partly owned companies and the sales of Peab's share in the partly owned company S:t Eriks.

Cash flow before financing amounted to SEK 1,787 million compared to SEK 2,803 million for last year.

Cash flow from financing operations was SEK -1,663 million (-2,471) due to loan debt amortization along with paid dividends of SEK 664 million (531).

ORDERS RECEIVED AND ORDER BACKLOG

Orders received for 2015 amounted to SEK 37,812 million compared to SEK 31,690 million for last year. There has been an influx of orders in every business area largely due to a strong housing market. There is a wider geographical spread of orders received for housing during 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 year amounted to SEK 26,991 million compared to SEK 24,922 million the last year.

Of the total order backlog, 30 percent (23) is

expected to be produced after 2016 (2015). Swedish operations accounted for 84 percent (86) of the order backlog.

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

PERSONNEL

At the end of the year, the company had 13,300 employees compared to 13,213 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, 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.

The Mall of Scandinavia in Solna, Peab's largest project ever, has been a challenge from the beginning, in part because of the size of the project and in part because of changes

made during the course of the project. The project has turned out to be considerably more expensive than the original contract signed in the autumn of 2011 due to these major changes. This has made it difficult to determine the final result of the project. The structure of the construction contract, all the major changes in the project and an inadequate dialogue with our customer are behind the rise in the cost of the project. The project has been reviewed after the mall was opened on 12 November 2015 and thereafter written-down by SEK -800 million during the fourth quarter.

Net sales, excluding the write-down of MoS, for 2015 were SEK 24,645 million (24,474). Net sales, including the write-down in the fourth quarter of SEK -800 million were SEK 23,845 million. Adjusted for acquisitions net sales contracted by 3 percent compared to last year.

Operating profit for 2015, excluding the write-down of MoS, was SEK 575 million (552) and the operating margin was 2.3 percent (2.3). Operating profit was SEK -225 million including the write-down in the fourth quarter of SEK -800 million. Operations are stable in all of the regions.

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 2015 amounted to SEK 10,448 million compared to SEK 9,958 million for last

Net sales and operating profit per business area									
MSEK	Net sales			Operating profit			Operating margin		
	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2013
Construction	24,645	24,474	23,109	575	552	-539	2.3%	2.3%	-2.3%
Civil Engineering	10,448	9,958	11,172	381	331	371	3.6%	3.3%	3.3%
Industry	10,800	10,830	10,347	648	671	681	6.0%	6.2%	6.6%
Project Development	7,605	7,830	5,753	398	342	247	5.2%	4.4%	4.3%
- of which Property Development	1,634	1,407	608	10	12	2	0.6%	0.9%	0.3%
- of which Housing Development	5,971	6,423	5,145	388	330	245	6.5%	5.1%	4.8%
Group functions	836	823	419	-100	-71	-153			
Eliminations	-9,282	-10,095	-8,035	-50	-42	-14			
Operative excluding write-down ¹⁾	45,052	43,820	42,765	1,852	1,783	593	4.1%	4.1%	1.4%
Construction - write-down of project MoS	-800	-	-	-800	-	-			
Operative ¹⁾	44,252	43,820	42,765	1,052	1,783	593	2.4%	4.1%	1.4%
Adjustment for housing reporting ²⁾	124	-190	362	-43	-31	21			
Legal	44,376	43,630	43,127	1,009	1,752	614	2.3%	4.0%	1.4%

¹⁾ According to the percentage of completion method (IAS 11)

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

year, which is an increase of 5 percent.

Operating profit for 2015 amounted to SEK 381 million (331) and the operating margin increased to 3.6 percent (3.3).

Net sales and profit has improved in both Local market and Infrastructure. Net sales in Operations and maintenance were lower but the result was better than last year.

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 for 2015 amounted to SEK 10,800 million compared to SEK 10,830 million for the last year.

Operating profit for 2015 amounted to SEK 648 million (671). Last year the result was charged during the fourth quarter by shutting down costs of SEK -33 million regarding

Northland Resources and by SEK -40 million referring to the write-down of the value of Peab's share in S:t Eriks. The operating margin was 6.0 percent (6.2).

Net sales were somewhat higher in Asphalt and Gravel and Rock compared to last year while the results were slightly lower. Net sales in Concrete were the same but the result has improved. Activity has been lower in Transportation and Machines in 2015 compared to last year when iron ore transportation for Northland made a positive contribution. However, the result has improved compared to last year. Net sales and profit remained the same in Foundations. Net sales have risen slightly in Rentals but the result is the same. Both net sales and the result are lower in Construction System.

Capital employed in Industry at the end of the year amounted to SEK 4,885 million compared to SEK 5,257 million at the previous year-end.

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 contracted in 2015 in the business area by 3 percent to SEK 7,605 million (7,830). Adjusted for acquisitions net sales fell by 4 percent. Operative operating profit amounted to SEK 398 million (342). Operating profit for the comparable year included a positive net result 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 2,363 (2,502) start-ups of our own developed homes that are spread out geographically. During the last year many of the start-ups were in the Stockholm region. The number of sold homes during the year was 2,295 (2,871). The number of own developed homes in production at the end of the year was 4,043 compared to 4,034 at the previous

Peab's own housing development construction		
	Jan-Dec 2015	Jan-Dec 2014
Number of housing starts during the year	2,363	2,502
Number of homes sold during the year	2,295	2,871
Total number of homes under construction, at the end of the year	4,043	4,034
Share of sold homes under construction, at the end of the year	82%	84%
Number of repurchased homes in the balance sheet, at the end of the year	61	97

Capital employed Project Development		
MSEK	31 Dec 2015	31 Dec 2014
Project and development properties	6,742	6,523
Participation in joint ventures	693	752
Financial statements and others	3,403	3,371
Total	10,838	10,646

On 31 December 2015 booked values for project and development properties of SEK 6,742 million were allocated as shown in the table below:

Project and development properties		
MSEK	31 Dec 2015	31 Dec 2014
Housing Development	4,011	3,263
- Of which development rights	3,831	2,974
- Of which shares in tenant owner associations or the like	180	289
Property Development	2,731	3,260
- Of which investment properties	1,244	1,406
- Of which projects under construction	944	1,144
- Of which commercial development rights	543	710
Total Project and development properties	6,742	6,523

Development rights for housing		
Number, approx.	31 Dec 2015	31 Dec 2014
Development rights on our own balance sheet	17,400	15,200
Development rights via joint ventures	4,400	6,900
Development rights via options etc.	6,800	7,000
Total	28,600	29,100

year-end. The level of sold homes in production was 82 percent compared to 84 percent at previous year-end. The number of repurchased homes per 31 December 2015 was 61 compared to 97 at previous year-end.

As a result of fewer production starts of homes net sales in Housing Development has shrunk. The margin has been strengthened compared to the last year. During 2015 operative net sales were SEK 5,971 million (6,423) and operative operating profit was SEK 388 million (330). The operative operating margin increased to 6.5 percent (5.1).

Operations in Property Development revolve around the acquisition, development and divestiture of commercial property. During 2015 net sales in Property Development were SEK 1,634 million (1,407) and operating profit was SEK 10 million (12). The result from property sales affected profits by SEK 32 million during 2015. The last year profits were affected positively by SEK 157 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 in partly owned companies has improved compared to last year, primarily in Fastighets AB Centur.

Capital employed in Project Development at the end of the year amounted to SEK 10,838 million compared to SEK 10,646 million at previous year-end. During the fourth quarter housing development rights were acquired corresponding to around 700 apartments at the previous Råsunda plot in Solna.

THE CONSTRUCTION MARKET

Sweden's economy grew rapidly in 2015. The GDP forecast has been positively adjusted and the good growth rate in 2015 is expected to continue in 2016. The escalation in the housing sector in 2015 will probably slow somewhat in 2016, despite the severe housing shortage. Construction of private premises is expected to recover in 2016 after a weak 2015 while building construction volumes in the public sector appear to remain on par with 2015. Industrial building construction will most likely turn up in 2016 after declining growth in 2015. The forecast for civil engineering investments has been notched up for 2016. Greater investments in railroads and energy are the primary factors behind this.

As a result of drastically reduced oilprices, Norway's economy has been hit by fewer industrial investments and a rise in unemployment. The total volume of building construc-

tion is expected to have grown in 2015. This development has largely been driven by investments in industry and housing. Public premises contribute as well, while private premises have contracted somewhat. The total volume of building construction in 2016 appear to remain on par with 2015. Civil engineering construction is rapidly developing driven by major road, railroad and energy projects.

After several years of negative development Finland's economy appears to have hit bottom in 2015. Recovery will probably be a rather slow process, starting with marginal growth in 2016. Recovery for the total volume of building construction began in 2015, primarily due to investments in apartments and private premises. After several weak years industrial building construction is also contributing to the upturn. The total volume of building construction is expected to see some growth in 2016 compared to 2015, buoyed up solely by investments in housing and public premises. It appears civil engineering construction volumes will remain more or less unchanged in 2016 due to weak 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.

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

REFINANCING OF CREDIT FACILITIES

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 year.

THE PEAB SHARE

Peab's B share is listed on the NASDAQ OMX Stockholm, Large Cap list. As of 31 December 2015 the price of the Peab share was SEK 64.85, an increase of 18 percent during 2015. During the same year, the Swedish stock market increased by 7 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-Dec 2015	Jan-Dec 2014	Oct-Dec 2015	Oct-Dec 2014
Net sales	44,376	43,630	12,224	12,213
Production costs	-41,151	-39,687	-11,793	-11,046
Gross profit	3,225	3,943	431	1,167
Sales and administrative expenses	-2,296	-2,243	-674	-637
Profit from participation in joint ventures	-3	-42	-7	-54
Other operating income	106	113	37	29
Other operating costs	-23	-19	-4	-6
Operating profit	1,009	1,752	-217	499
Net financial items	-103	-522	-7	-348
Pre-tax profit	906	1,230	-224	151
Tax	-108	-203	88	15
Profit for the period	798	1,027	-136	166
Profit for the period, attributable to:				
Shareholders in parent company	798	1,027	-136	166
Non-controlling interests	0	-	0	-
Profit for the period	798	1,027	-136	166
Key ratios				
Earnings per share before and after dilution, SEK	2.71	3.48	-0.46	0.56
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Return on capital employed, %	8.2	12.1		
Return on equity, %	9.9	13.1		

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

MSEK	Jan-Dec 2015	Jan-Dec 2014	Oct-Dec 2015	Oct-Dec 2014
Profit for the period	798	1,027	-136	166
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	-155	16	-70	-68
Translation differences transferred to profit for the period	1	-	1	-
Changes for the period in fair value of available-for-sale financial assets	90	-97	52	-53
Changes in fair value of cash flow hedges for the period	28	-133	22	-28
Shares in joint ventures' other comprehensive income	-1	-	0	-
Tax referring to items that can be reclassified or have been reclassified to income for the period	-18	47	-10	0
	-55	-167	-5	-149
Items that cannot be reclassified to income for the period				
Revaluation of defined benefit pension plans	0	8	0	-
Tax referring to items that cannot be reclassified to income for the period	0	-2	0	-
	0	6	0	-
Other comprehensive income for the period	-55	-161	-5	-149
Total comprehensive income for the period	743	866	-141	17
Total comprehensive income for the period, attributable to:				
Shareholders in parent company	743	866	-141	17
Non-controlling interests	0	0	0	0
Total comprehensive income for the period	743	866	-141	17

Report on balance sheet for the Group in summary

MSEK	31 Dec 2015	31 Dec 2014
Assets		
Intangible assets	1,994	2,039
Tangible assets	3,654	3,830
Interest-bearing long-term receivables	2,199	1,663
Other financial fixed assets	1,374	1,607
Deferred tax recoverables	102	145
Total fixed assets	9,323	9,284
Project and development properties	6,742	6,523
Inventories	363	379
Work-in-progress	1,010	1,186
Interest-bearing current receivables	210	404
Other current receivables	9,520	9,797
Short-term holdings	8	20
Liquid funds	865	792
Total current assets	18,718	19,101
Total assets	28,041	28,385
Equity and liabilities		
Equity	8,076	7,997
Liabilities		
Interest-bearing long-term liabilities	3,301	3,397
Deferred tax liabilities	455	562
Other long-term liabilities	749	760
Total long-term liabilities	4,505	4,719
Interest-bearing current liabilities	3,099	3,368
Other current liabilities	12,361	12,301
Total current liabilities	15,460	15,669
Total liabilities	19,965	20,388
Total equity and liabilities	28,041	28,385
Key ratios		
Capital employed	14,476	14,762
Equity/assets ratio, %	28.8	28.2
Net debt	3,118	3,886
Equity per share, SEK	27.38	27.11
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 2015	31 Dec 2014
Equity attributable to shareholders in parent company		
Opening equity on 1 January	7,997	7,668
Profit for the year	798	1,027
Other comprehensive income for the year	-55	-161
Comprehensive income for the year	743	866
Cash dividend	-664	-531
Acquisition of non-controlling interests, controlling interests held already	-	-6
Closing equity	8,076	7,997
Non-controlling interests		
Opening equity on 1 January	0	0
Comprehensive income for the year	0	-
Acquisition of non-controlling interests, controlling interests held already	-	0
Closing equity	0	0
Total closing equity	8,076	7,997

Report on Group cash flow in summary

MSEK	Jan-Dec 2015	Jan-Dec 2014	Oct-Dec 2015	Oct-Dec 2014
Cash flow from current operations before changes in working capital	2,354	2,598	620	943
Cash flow from changes in working capital	471	1,152	710	700
Cash flow from current operations	2,825	3,750	1,330	1,643
Acquisition of subsidiaries/ businesses	-30	-126	-10	-84
Disposal of subsidiaries/ businesses	75	-	-	-20
Acquisition of fixed assets	-1,591	-1,678	-681	-330
Sales of fixed assets	508	857	70	476
Cash flow from investment operations	-1,038	-947	-621	42
Cash flow before financing	1,787	2,803	709	1,685
Cash flow from financing operations	-1,663	-2,471	-55	-1,289
Cash flow for the period	124	332	654	396
Cash at the beginning of the period	812	459	282	425
Exchange rate differences in cash	-63	21	-63	-9
Cash at the end of the period	873	812	873	812

PARENT COMPANY

The parent company Peab AB's net sales for 2015 amounted to SEK 267 million (237) and mainly consisted of internal Group services. Profit after tax amounted to SEK 63 million (31).

The parent company's assets mainly consist of participations in Group companies amounting to SEK 11,776 million (11,894) and shares in Lemminkäinen Oyj worth SEK 310 million (223). The assets have been financed from equity of SEK 5,900 million (6,414) and long-term liabilities amounting to SEK 6,490 million (6,081).

The parent company's liquid funds amounted to SEK 8 million (0) 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 2015	Jan-Dec 2014	Oct-Dec 2015	Oct-Dec 2014
Net sales	267	237	79	75
Administrative expenses	-284	-320	-101	-100
Operating profit	-17	-83	-22	-25
Result from financial investments				
Profit from participation in Group companies	0	-29	-200	-249
Other financial items	-149	-336	-34	-209
Result after financial investments	-166	-448	-256	-483
Appropriations	220	399	220	399
Pre-tax profit	54	-49	-36	-84
Tax	9	80	-19	43
Profit for the period	63	31	-55	-41

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

MSEK	Jan-Dec 2015	Jan-Dec 2014	Oct-Dec 2015	Oct-Dec 2014
Profit for the period	63	31	-55	-41
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	87	-88	41	-45
Total comprehensive income for the period	150	-57	-14	-86

Report on balance sheet for the parent company in summary

MSEK	31 Dec 2015	31 Dec 2014
Assets		
Machinery and equipment	1	1
Participation in Group companies	11,776	11,894
Interest-bearing long-term receivables	–	28
Other securities held as fixed assets	310	223
Deferred tax recoverables	88	82
Total fixed assets	12,175	12,228
Accounts receivable	1	1
Receivables from Group companies	1,263	1,019
Tax assets	4	–
Other current receivables	3	5
Prepaid expenses and accrued income	7	5
Liquid funds	8	0
Total current assets	1,286	1,030
Total assets	13,461	13,258
Equity and liabilities		
Equity	5,900	6,414
Untaxed reserves	0	0
Liabilities to Group companies	6,465	6,061
Other provisions	25	20
Total long-term liabilities	6,490	6,081
Accounts payable	24	20
Liabilities to Group companies	992	690
Income tax liabilities	–	1
Other liabilities	7	7
Accrued expenses and deferred income	48	45
Total current liabilities	1,071	763
Total liabilities	7,561	6,844
Total equity and liabilities	13,461	13,258
Pledged assets and contingent liabilities for the parent company		
Pledged assets	–	–
Contingent liabilities	23,012	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-Dec 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	19,668	9,394	7,565	7,565	60	0	44,252	124	44,376
Internal sales	4,177	1,054	3,235	40	776	-9,282	–		–
Total income	23,845	10,448	10,800	7,605	836	-9,282	44,252	124	44,376
Operating profit	-225	381	648	398	-100	-50	1,052	-43	1,009
Operating margin, %	-0.9	3.6	6.0	5.2			2.4		2.3
Net financial items									-103
Pre-tax profit									906
Tax									-108
Profit for the year									798
Capital employed (closing balance)			4,885	10,838					

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	–		–
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 to the completed contract method (IAS 18) for own single homes in Sweden as well as housing in Finland and Norway

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	31 Dec 2015				31 Dec 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
MSEK								
Assets								
Other securities held as fixed assets	310		49	359	223		66	289
<i>Whereof shareholding in listed company</i>	310			310	223			223
<i>Whereof investment in an unlisted fund</i>			49	49			66	66
Other current receivables		5		5		10		10
<i>Whereof currency swaps</i>		5		5		10		10
Total assets	310	5	49	364	223	10	66	299
Liabilities								
Other long-term liabilities		144		144		171		171
<i>Whereof commodity hedge</i>		7		7		2		2
<i>Whereof interest rate swaps</i>		137		137		169		169
Other current liabilities		1		1		2		2
<i>Whereof currency swaps</i>		1		1		2		2
Total liabilities	-	145	-	145	-	173	-	173
Parent company								
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
MSEK								
Assets								
Other securities held as fixed assets	310			310	223			223
<i>Whereof shareholding in listed company</i>	310			310	223			223
Total assets	310	-	-	310	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	
	31 Dec 2015	31 Dec 2014
MSEK		
Opening balance	66	53
Investments during the year	13	5
Dividends received	-50	-1
Reported in profit for the year*	28	1
Reported in other comprehensive income	-8	8
Closing balance	49	66

* Reported in net financial items

PROPOSED DIVIDEND

A dividend of SEK 2.60 (2.25) per share is proposed for 2015. Excluding the 1,086,984 shares owned by Peab AB per 16 February 2016, which are not entitled to dividend, the proposed dividend is equivalent to a total dividend distribution of SEK 767 million (664). Calculated as a share of the Group's reported profit for the year, the proposed dividend amounts to 96 percent (65). The proposed dividend is equivalent to a direct return of 4.4 percent based on the closing price on 15 February 2016.

ANNUAL GENERAL MEETING

The Annual General Meeting of Peab will be held on 10 May 2016 at Grevieparken in Grevie.

NOMINATING COMMITTEE

At the Annual General Meeting held on 13 May 2015, Göran Grosskopf, Malte Åkerström, Mats Rasmussen and Ulf Liljedahl were appointed to the Peab nominating committee.

FUTURE FINANCIAL INFORMATION

- 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
- Year-end Report 2016 10 February 2017

Förslöv, 16 February 2016

*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 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013
Net sales	12,224	11,708	11,568	8,876	12,213	10,811	11,604	9,002	12,926
Production costs	-11,793	-10,697	-10,458	-8,203	-11,046	-9,756	-10,544	-8,341	-11,765
Gross profit	431	1,011	1,110	673	1,167	1,055	1,060	661	1,161
Sales and administrative expenses	-674	-450	-625	-547	-637	-453	-616	-537	-663
Profit from participation in joint ventures	-7	2	3	-1	-54	7	11	-6	3
Other operating income	37	19	20	30	29	15	57	12	69
Other operating costs	-4	-2	-2	-15	-6	-1	-7	-5	-7
Operating profit	-217	580	506	140	499	623	505	125	563
Net financial items	-7	-36	-26	-34	-348	-37	-83	-54	-88
Pre-tax profit	-224	544	480	106	151	586	422	71	475
Tax	88	-95	-83	-18	15	-114	-88	-16	-105
Profit for the period	-136	449	397	88	166	472	334	55	370
Profit for the period, attributable to:									
Shareholders in parent company	-136	449	397	88	166	472	334	55	370
Non-controlling interests	0	0	0	0	-	-	-	-	0
Profit for the period	-136	449	397	88	166	472	334	55	370
Key ratios									
Earnings per share, SEK	-0.46	1.53	1.35	0.30	0.56	1.60	1.13	0.19	1.25
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 2015	Jul-Sep 2015	Apr-Jun 2015	Jan-Mar 2015	Oct-Dec 2014	Jul-Sep 2014	Apr-Jun 2014	Jan-Mar 2014	Oct-Dec 2013
Net sales									
Construction	6,978	5,436	6,548	5,683	6,832	5,262	6,865	5,515	6,165
Civil Engineering	2,992	2,676	2,670	2,110	2,905	2,555	2,525	1,973	3,142
Industry	2,948	3,111	2,896	1,845	2,865	3,205	2,888	1,872	2,871
Project Development	2,275	2,359	1,555	1,416	2,024	2,027	1,981	1,798	2,162
- of which Property Development	308	1,047	202	77	172	895	233	107	313
- of which Housing Development	1,967	1,312	1,353	1,339	1,852	1,132	1,748	1,691	1,849
Group functions	209	211	214	202	265	188	190	180	138
Eliminations	-2,474	-2,121	-2,432	-2,255	-2,733	-2,460	-2,758	-2,144	-1,877
Operative excluding write-down ¹⁾	12,928	11,672	11,451	9,001	12,158	10,777	11,691	9,194	12,601
Construction - write-down of project MoS	-800	-	-	-	-	-	-	-	-
Operative ¹⁾	12,128	11,672	11,451	9,001	12,158	10,777	11,691	9,194	12,601
Adjustment for housing reporting ²⁾	96	36	117	-125	55	34	-87	-192	325
Legal	12,224	11,708	11,568	8,876	12,213	10,811	11,604	9,002	12,926
Operating profit									
Construction	145	135	175	120	147	128	162	115	100
Civil Engineering	126	96	127	32	104	90	115	22	113
Industry	178	296	172	2	161	313	196	1	226
Project Development	193	84	74	47	112	121	50	59	153
- of which Property Development	25	5	-9	-11	11	67	-46	-20	51
- of which Housing Development	168	79	83	58	101	54	96	79	102
Group functions	-46	-26	-14	-14	-12	-13	-23	-23	-26
Eliminations	-16	9	-27	-16	-21	-4	2	-19	-9
Operative excluding write-down ¹⁾	580	594	507	171	491	635	502	155	557
Construction - write-down of project MoS	-800	-	-	-	-	-	-	-	-
Operative ¹⁾	-220	594	507	171	491	635	502	155	557
Adjustment for housing reporting ²⁾	3	-14	-1	-31	8	-12	3	-30	6
Legal	-217	580	506	140	499	623	505	125	563
Order situation									
Orders received	9,704	9,135	9,414	9,559	7,458	7,564	7,591	9,077	7,345
Order backlog at the end of the period	26,991	28,050	27,162	26,750	24,922	27,547	27,499	29,475	28,164

¹⁾ According to the percentage of completion method (IAS 11)

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

The Nordic Community Builder

Peab is the Nordic Community Builder with approximately 13,000 employees and a net sales exceeding SEK 44 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.