Annual Report 2013

THE NORDIC COMMUNITY BUILDER

Highlights from 2013

- Continued investments in business area Project Development. Our participation in developing Arenastaden in Solna is our largest ongoing development project. For Peab Arenastaden entails, in addition to commercial property development opportunities, substantial construction and civil engineering work as well as the creation of interesting development rights for, among other things, housing.
- Production start-ups of our own housing have accelerated as a result of greater interest from home buyers during the second half of the year.
- The extension of the railroad section Barkarby-Kallhäll in the project Mälarbanan is the largest order Peab received in 2013. The order is worth SEK 1.2 billion and Peab will collaborate with the Swedish Transport Administration and the planner Vectura.
- An extensive action plan was launched in the autumn to streamline the organization, primarily in the business area Construction. The plan is aimed at making our production more competitive, bringing the business closer to our customers and reducing costs. Through greater specialization where all project development is concentrated to one business area capital will be more efficiently used as well. The annual savings is expected to amount to around SEK 350 million starting in 2014.
- A new leadership program formed for the new organization and work method was launched in the autumn of 2013.
- Jesper Göransson was appointed President and CEO on 20 August 2013.

Quality Hotel Friends

In May 2011 Peab was commissioned to build a hotel in Solna north of Stockholm. The 94 meter high building has 400 rooms and a variety of conference facilities. It's located in Arenastaden next to Friends Arena. Quality Hotel Friends is part of Choice Hotels and it opened in September 2013.

Quality Hotel Friends has collaborated with the anti-mobbing organization Friends since 2012.

CONTENTS

Formal annual and Group financial reports which have been audited by company accountants, pages 13-83.

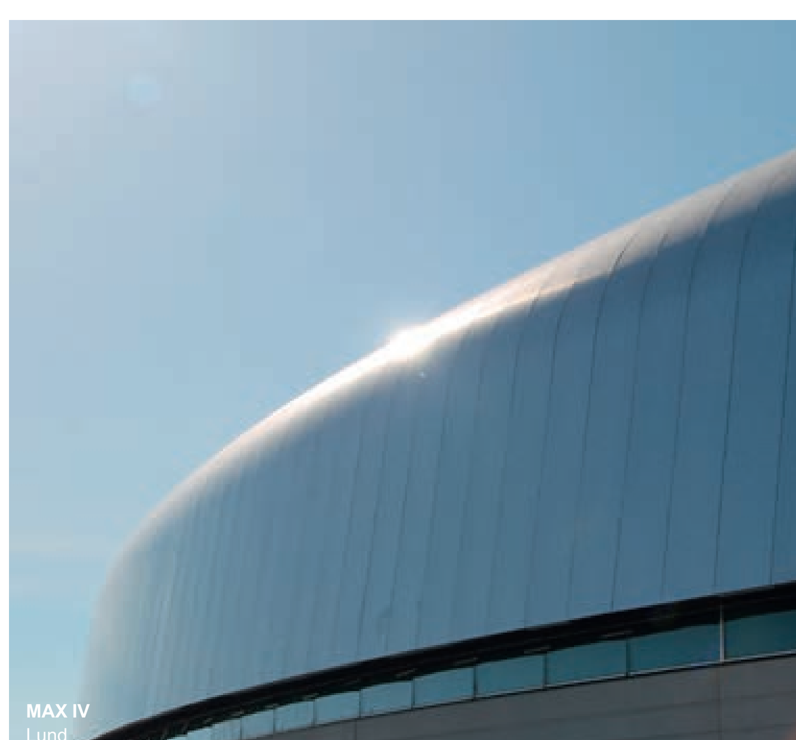
Peab AB is a public company. Company ID 556061-4330. Domicile Båstad, Sweden.

All values are expressed in Swedish crowns, abbreviated to SEK. Numbers presented in parentheses refer to 2012 unless otherwise specified.

Data regarding markets and the competition are Peab's own assessments, unless another source is specified. These assessments are based on the best and latest available facts from, among others, previously published material.

Cover picture: Quality Hotel Friends
Photo: Natasja Jovic

Photographers other pictures: Natasja Jovic, Peter Steen, Anna Malm, Magnus Torle, Bert Leandersson, Alen Cordic, Magnus Nilsen, Hans Holm



MAX IV
Lund

Contents

A locally engaged community builder

Peab is a Nordic construction and civil engineering company with net sales of more than SEK 40 billion. We have 13,000 engaged employees in Sweden, Norway and Finland who run their projects close to our customers. At the same time we have the expertise and resources only a large group can offer.

FOUR BUSINESS AREAS CREATE A COMPLETE CUSTOMER OFFER
With our local knowledge and four cooperating business areas we carry out both small and large, more complex projects.

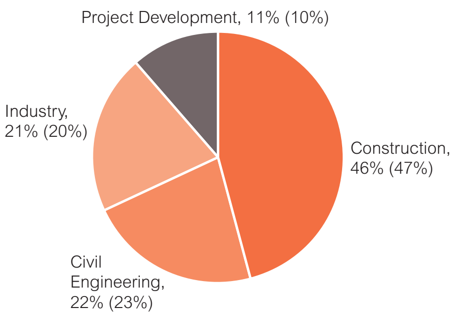
Business area Construction performs contract work for external customers and the other units in Peab. Operations comprise everything from new construction of homes and premises to renovation and construction maintenance.

Business area Civil Engineering is active on the local civil engineering market as well as in infrastructure projects such as bridges, roads and railways and the management and maintenance of streets and roads.

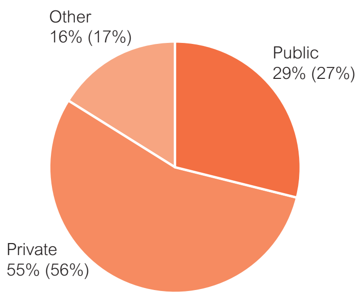
Business area Industry delivers among other things asphalt, cement, foundations, electricity, transportation, machine and crane services as well as prefab to both external customers and the other units in Peab.

Business area Project Development develops housing and commercial property. The business area supplements the Group's offer to our customers and generates added value in the form of work for the other business areas.

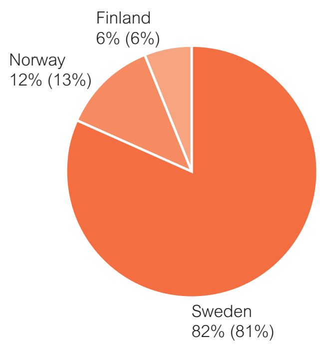
Operative net sales per business area, 2013



Operative net sales per customer segment, 2013



Operative net sales per geographic area, 2013



Max IV

Peab was commissioned in June 2011 to build the Max IV laboratory in Lund. The unique facility is a research center for nuclear physics, accelerator physics and research through synchrotron radiation. The founders of the laboratory are Lund University, the Swedish Research Council, Skåne Regional Council and Vinnova. The Max IV laboratory is a collaboration project that all Peab's four business areas have contributed to with their special expertise and at times there have been nearly 500 people working on the site. Inauguration is planned for autumn 2015.

A year characterized by restructuring

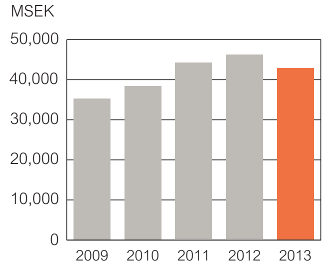
- Market conditions turned up slightly during the second half of 2013. Orders received contracted to SEK 34,292 million (38,743), which is primarily due to the fact that Peab received its largest order ever, Mall of Scandinavia, for SEK 3.5 billion in 2012. Order backlog was nearly the same as at the end of 2012.
- Group operative net sales decreased by 7 percent to SEK 42,733 million due to a slightly weaker market at the beginning of the year, and our greater focus on profitability.
- The operative operating profit was SEK 593 million compared to SEK 1,004 million in 2012. One-off costs of SEK -920 million charged operating profit during 2013. Project write-downs and adjustments totaled SEK -675 million in 2012.
- Cash flow before financing amounted to SEK 602 million compared to SEK 974 million last year. The reduction is a result of less cash flow from current operations primarily due to greater working capital. The investment rate in fixed assets has also been lower than previous years.
- Earnings per share were SEK 1.01 compared to SEK 2.47 in 2012.
- The Board proposes a dividend of SEK 1.80 per share compared to SEK 1.60 in 2012, which is equivalent to178 percent of profits for the year (65). Not including one-off costs of SEK 700 million after tax the proposed dividend is 52 percent.
- Credit agreements for a total of SEK 5.4 billion were replaced by a new credit facility of SEK 5.0 billion that matures on 2 September 2016.

Financial summary

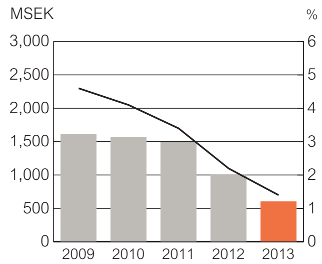
	Jan-Dec 2013	Jan-Dec 2012	Jan-Dec 2011
Operative net sales, MSEK	42,733	45,997	44,015
Net sales, MSEK	43,095	46,840	43,539
Operative operating profit, MSEK	593	1,004	1,483
Operative operating margin, %	1.4	2.2	3.4
Operating profit, MSEK	614	1,057	1,505
Operating margin, %	1.4	2.3	3.5
Pre-tax profit, MSEK	383	815	1,195
Earnings per share before dilution, SEK	1.01	2.47	3.26
Dividend per share, SEK [1]	1.80	1.60	2.10
Return on equity, %	3.8	9.2	12.1
Equity/assets ratio, %	24.1	24.9	25.4
Cash flow before financing, MSEK	602	974	–1,071
Net debt, MSEK	5,944	6,478	6,626

[1] *Board of Directors´ proposal for 2013 to the AGM.*

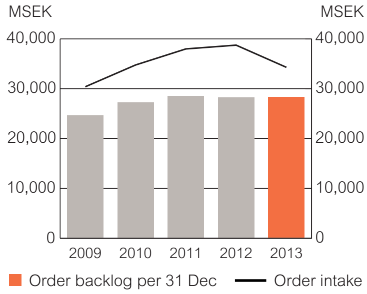
Operative net sales



Operative operating profit and margin



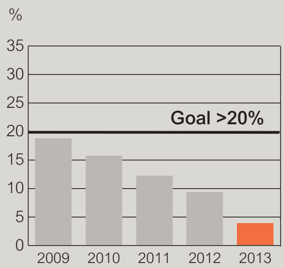
Orders received and order backlog



PEAB GROUP'S FINANCIAL GOALS

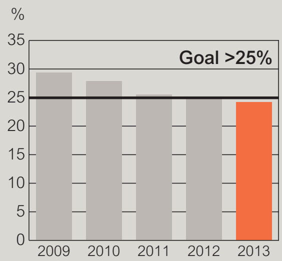
Read more about Peab Group's financial goals on page 12.

Return on equity [1]



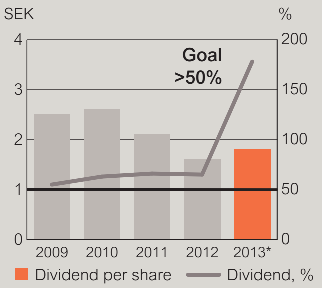
[1] According to legal accounting

Equity/assets ratio [1]



[1] According to legal accounting

Dividend



* For 2013, Board of Directors' proposal

Clearer focus on production and customers

Jesper Göransson, President and CEO

In many ways 2013 was a challenging year for Peab. Once again we were forced to make substantial write-downs in projects. After a thorough analysis an extensive action plan was implemented in the autumn aimed at improving profitability. 2013 closed on a positive note with stable operations and an improved housing market.

In the spring of 2013 it became increasingly clear that we needed to streamline our organization. After changing CEOs in March, I and my colleagues in executive management were given a very specific task. We had to speed up the process of cutting costs and improve Group profitability. At the same time we were to review the balance sheet and discover ways to lower the level of tied up capital.

ACTION PLAN

A thorough analysis of the situation was made together with the Board that resulted in an action plan comprising the entire Group. The main thrust of the action plan was to streamline construction operations by creating a cost-efficient organization, largely based on local entrepreneurship. We would also move in closer to our customers in our daily work, which has historically always been the way Peab works. The measures we decided on were well thought out and sustainable in the long term and were implemented rapidly.

The most comprehensive measure consisted of phasing out an organization level in Construction, our largest business area. In practice this meant that the previous eight divisions and 30 regions were replaced by 16 new regions. These are now integrated in a business model aimed at the local market close to our customers. Eight of the regions are responsible for general construction work in well-defined geographic regions in Sweden. Three of the regions are focused on housing production in the metropolises of Stockholm, Gothenburg and the Öresund region. Construction maintenance forms a nationwide region of its own that is particularly focused on the big cities. In addition, there are two construction regions in Norway and two in Finland.

After completing the analysis and restructuring we identified and handled the redundancy of more than 100 white collar employees.

NEW BUSINESS STRUCTURE

The action plan also led to Peab incorporating all housing development into the existing business area Property Development, which changed name to Project Development. In other words, the new business area handles all development in Peab concerning housing and commercial property, including the capital tied up in it. The new business area consists of two units, one for housing development and one for property development. The change entails that, from this point on, business areas Construction and Civil Engineering will work solely with contracting.

In connection with the launch of the new business model Peab's two systems for housing production, Peab PGS and Skandinaviska Byggelement, now work under joint management as one unit. This gives us the opportunity to become even more competitive in housing production.

FINANCIAL EFFECTS

In total we reserved SEK 920 million in the second quarter of 2013 for the action plan. This covered the termination costs of employees, value corrections of project property, an updated assessment of the result of the project Tele2 Arena and a review of the calculated final cost of three other projects.

It's our belief that the rationalizations we initiated in 2013 will save around SEK 350 million annually starting in 2014.

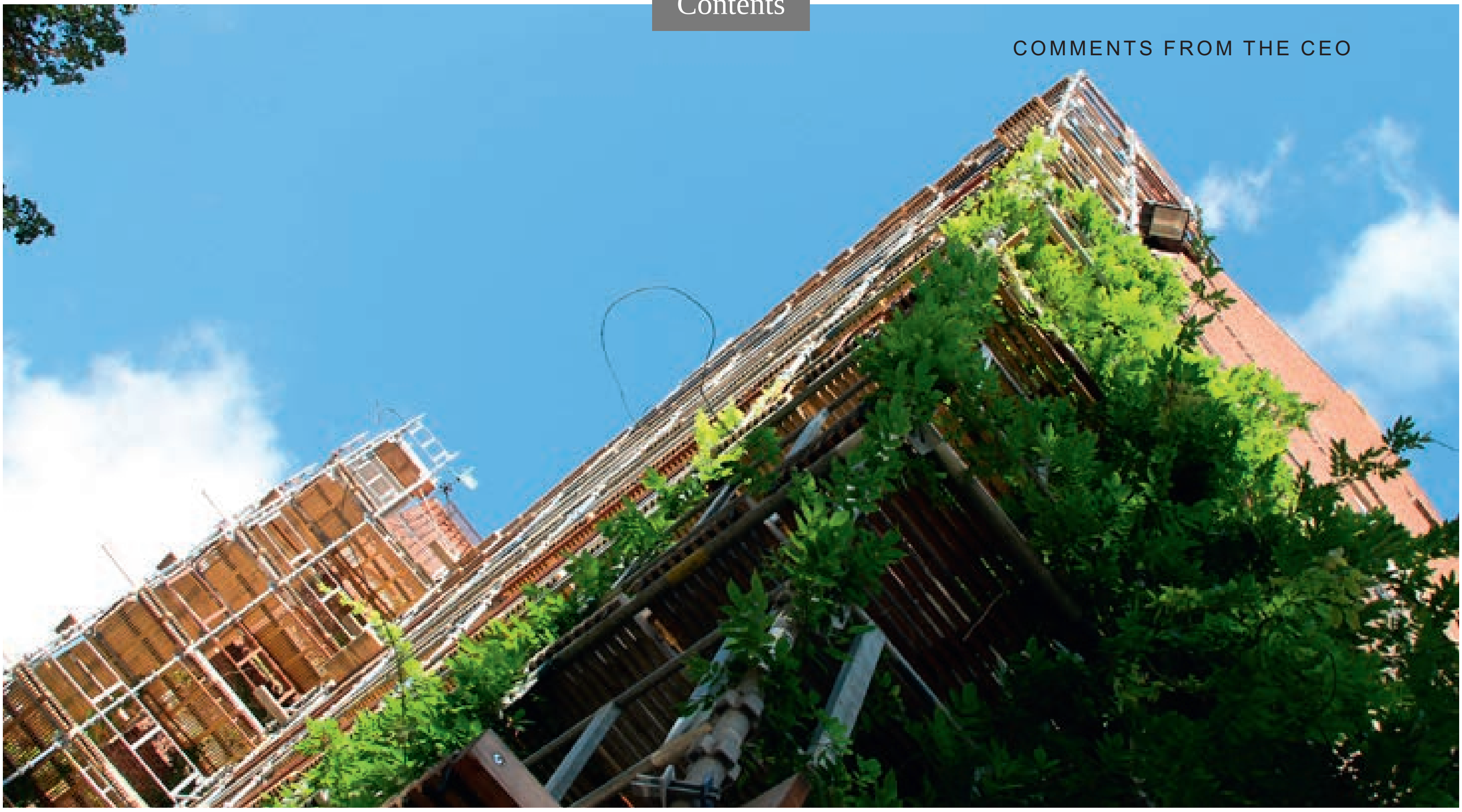
OUR FOUNDATION REMAINS IN PLACE

Peab's core values Down-to-earth, Developing, Personal and Reliable remain firmly in place. Together with our business concept and the vision we introduced in 2010 they are the foundation of our entire business. It's important that we make sure everyone in the Group is very familiar and at home with these concepts that are built on common sense, orderliness and experience. It's really all about customer focus, entrepreneurship and a good company culture that attracts good, capable people. Taking into account the generational transition that has occurred in our organization the past few years it's exceedingly important that everyone understands what it means to work at Peab.

> *"It's really all about customer focus, entrepreneurship and a good company culture that attracts good, capable people"*

COMMUNITY BUILDER TAKES RESPONSIBILITY

As a community builder we affect the environment and world the current and coming generations will live in. We want to take a comprehensive responsibility and contribute to society by creating environmental, social and economical value in everything we do. Peab will have to handle challenges and fulfill ambitions as we continue to integrate sustainability into every section of our business.



During the course of the transformation process last year to increase profitability Peab changed the way it handles sustainability. We created a central support function, CSR - Corporate Social Responsibility. We deepened the dialogue with Peab's stakeholders to better understand the expectations on the company. We have used the results from the dialogues in our strategic sustainability work and in making decisions about priorities and targets in Peab. One such decision is to develop sustainable business goals instead of having separate sustainability goals. The goals will be more relevant and measurable when the business areas are given greater responsibility for forming them based on their specific operations. This also makes it apparent that sustainability in Peab is directly related to our business and thereby profitability.

OUR ORDER BACKLOG

Orders received in 2013 amounted to SEK 34.3 billion compared to 38.7 in 2012. Excluding the Mall of Scandinavia in Solna, an order for SEK 3.5 billion that was registered in 2012, the level of orders received is more or less the same as last year. We believe our order backlog is stable with fewer large projects but more mid-sized and smaller projects compared to previous years, which is right in line with our adapted strategy.

However, it's important to point out that we have the resources, experience and expertise to take on very large and complicated projects. Our foremost priority is to use all of these in projects with the best prerequisites to generate targeted profitability and where the risks are in balance with our resources.

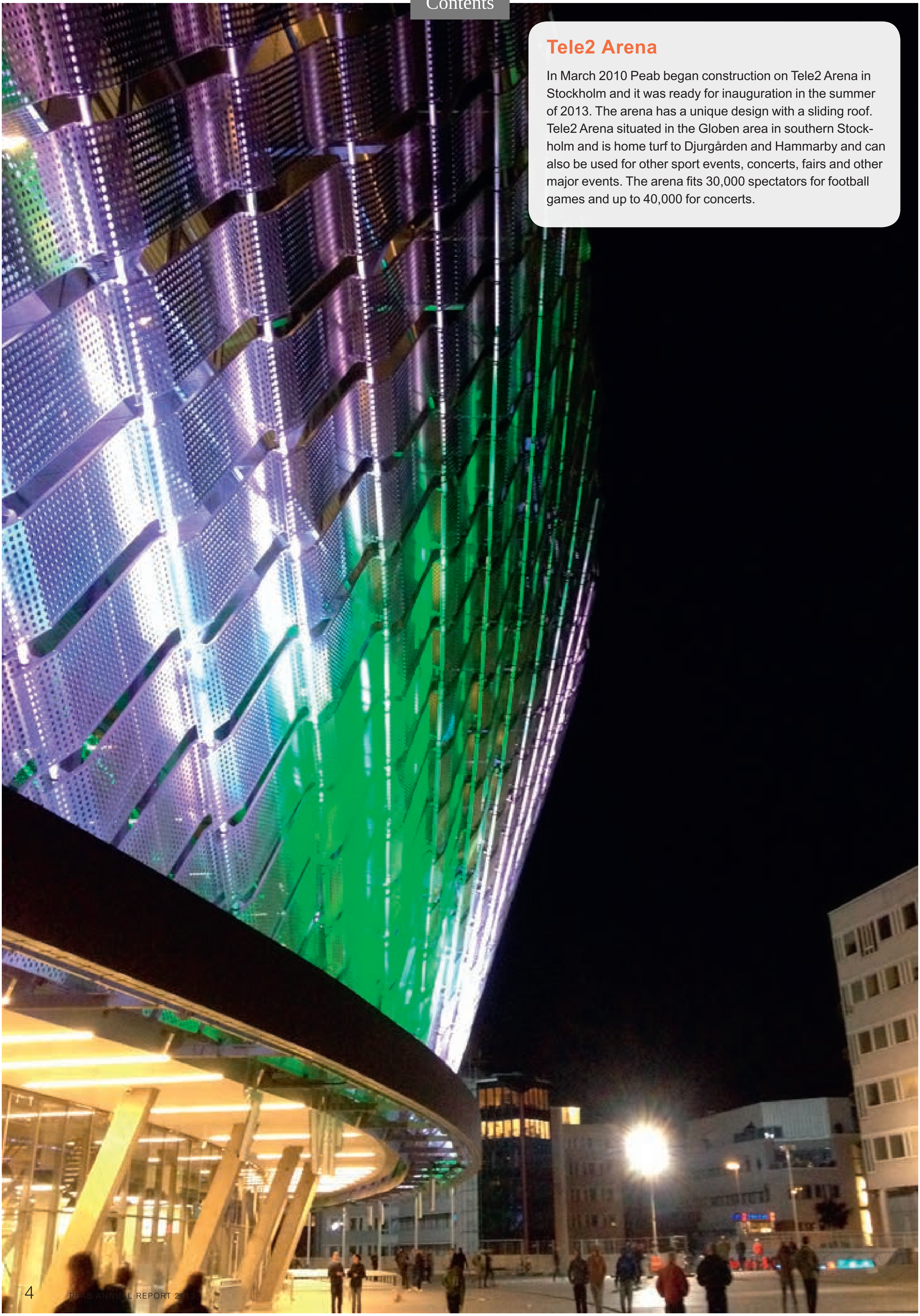
In the future we will be very careful about the projects we choose. We will not make any bids on any projects unless we are certain we have the necessary resources and competence to complete them and deliver a final product that meets or surpasses our customers' expectations.

ENTREPRENEURSHIP AND CRAFTSMANSHIP

Our competitiveness is based on having competent personnel on every level of the Group. We therefore work hard to create a working environment that attracts skillful professions to us. We can offer orderly workplaces where people enjoy their work, feel safe, have career opportunities and where craftsmanship means a great deal. We also intend to maintain an environment where entrepreneurship is a driving force in advancing development.

Förslöv in April 2014

Jesper Göransson
President and CEO



Tele2 Arena

In March 2010 Peab began construction on Tele2 Arena in Stockholm and it was ready for inauguration in the summer of 2013. The arena has a unique design with a sliding roof. Tele2 Arena situated in the Globen area in southern Stockholm and is home turf to Djurgården and Hammarby and can also be used for other sport events, concerts, fairs and other major events. The arena fits 30,000 spectators for football games and up to 40,000 for concerts.

Nordic construction and civil engineering market

FRAGMENTED BUT STABLE NORDIC CONSTRUCTION MARKET

The rate of building construction leveled out in the three Nordic countries during 2013, even though Finland showed some growth after some lean years. At the same time there are major differences between the countries when it comes to the development in individual sectors. For instance construction in the public sector developed strongly in Finland while it declined in both Sweden and Norway. On the other hand Norway stands out with its stronger development in the construction of offices and retail stores.

CONTINUED HOUSING SHORTAGE

In spite of strong growth in housing construction in Sweden the housing shortage continues to rise. Housing construction in Norway and Finland fell in 2013 which means that the housing shortage continues to grow there as well.

HOUSING REFURBISHMENT CONTINUES

There are indications showing that the refurbishment of older apartment buildings with tenant owners has started up in Sweden and Finland, but the trend is weaker in Norway in the aftermath of the strong increase in 2011. However, the present construction pace is not nearly fast enough to meet even the most acute needs before 2020. There is also a strong need for investments in facilities for a number of public services.

LOWER ENERGY CONSUMPTION

Reducing climate impact is of major interest in today's society. An important element is reducing energy consumption in new construction and existing buildings, as well as continually working to increase energy efficiency in production processes. Climate related investments are highly prioritized in all three countries but in most cases resources lack in the short perspective for both apartment buildings and facilities. This is particularly true of apartment buildings where the demands for energy efficiency are so high that the total cost for refurbishment is unrealistically high. The situation is probably somewhat better for commercial facilities since different kinds of certifications are becoming increasingly important for both property owners and those using the facilities. Investments in more sustainable energy supplies and climate customization in general are also needed. One example of this is measures to reduce the effects of flooding and storms etc.

INSUFFICIENT INVESTMENTS IN INFRASTRUCTURE

In 2013 civil engineering construction diminished in Sweden and Finland, but still showed some growth in Norway. At the same time the large investment needs remain for mass transit systems that, together with the housing supply, are a critical factor for finding the right competence in the labor market. Substantial investments are also needed in order to comply with the demands for constructing the EU trans-European transportation networks.

NORDIC ECONOMIES FAVORED BY THE INTERNATIONAL FINANCIAL RECOVERY

Production and employment in the Nordic region are favored by the growing export demand generated by higher growth in the USA and parts of Europe. This creates hope for the future for both the industry and households and this in turn should be beneficial to the demand for housing and facilities.

WEAK INCENTIVE FOR INTEREST RATE INCREASES

It looks like the age of low policy interest rates will remain with us for a few more years. With expectations of low inflation, weak recovery in southern Europe and uncertainty when it comes to the growth of China and other emerging countries there does not seem to be any incentive for higher interest rates.

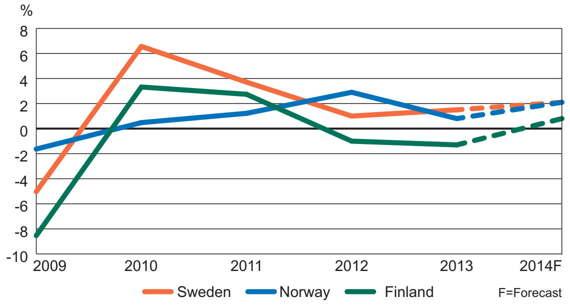
MACROECONOMY

Sweden

The Swedish GDP in 2013 was preliminarily 1.5 percent, half a percentage point better than forecasted. Due to rising employment levels household consumption increased despite continued high unemployment, thus compensating for a weak export development. As expected inflation inched even closer to zero and motivated the continued low policy interest rate. The forecast for 2014 indicates major growth but continued low interest rates.

Gross domestic product in the Nordic region

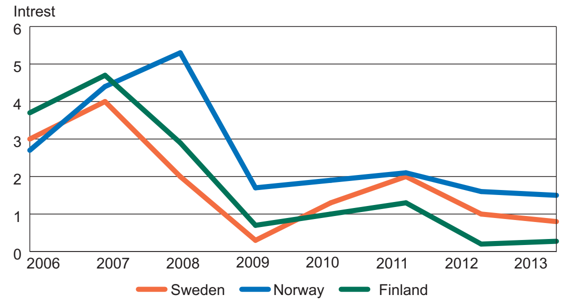
Fixed prices, change in percent



Source: Konjunkturinstitutet, Sweden.

Interest rates

10 year government bonds



Source: Sveriges Riksbank.

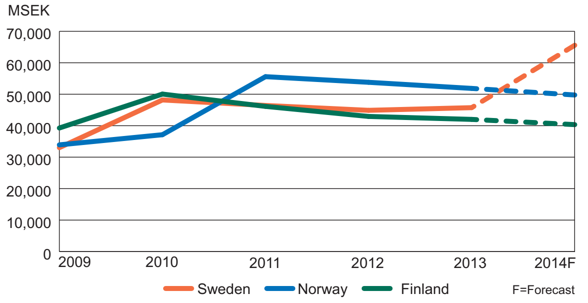
Source to the text: Industrifakta.

Norway
Growth in Norway fell both on total level and on the mainland, and reached levels below 2 percent. In spite of continued growing real incomes household consumption decreased while unemployment increased somewhat but stayed on a low level. As anticipated, inflation rose during the year but is now expected to level out or decrease somewhat. Household consumption and increased exports are expected to contribute to growth recovery in 2014, albeit not to the previous high levels.

Finland
The Finnish GDP growth was preliminary under zero even in 2013, and the same was true for the household consumption. There are however positive signals such as falling inflation, an extremely low policy interest

Housing investments

Housing investments, 2009 – 2014



After several years in which housing investments were the highest in Norway the situation changed in 2013 when the level in Sweden rose significantly. Both the construction of apartment buildings and single homes contributed to this. However, apartment buildings dominated heavily financially while the construction of single homes was at an all time low. The contrary is the case in Norway where small houses dominated investments and their position was further strengthened in 2013 by the decrease in new apartment building construction. In Finland the distribution between the housing types was more even, but the construction of single homes decreased in 2013. Refurbishment of apartment buildings increased preliminarily in all countries in 2013 but represented a much smaller investment value, particularly in Norway and Finland.

COMMON DENOMINATORS ON THE HOUSING MARKET

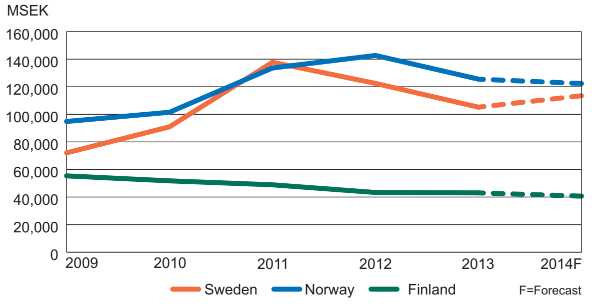
The need for new housing continued to be great in all three countries due to both demographic changes and continued urbanization. Another common need was for smaller apartments for younger and older households, particularly in the larger cities. There was also a large interest in single homes but this is difficult to finance in all three countries. Another common tendency was falling housing prices, particularly in Norway and Finland. The same tendencies exist in Sweden but the geographical variation is great. High unemployment creates uncertainty for the households in both Sweden and Finland and in the past few years it has become more difficult to finance housing purchases in all three countries.

MIXED FORECASTS

In Sweden the construction of single homes and apartment buildings is expected to increase in 2014, somewhat more for single homes. However, for this to happen there must be land lots and financing available on the single house market. Another way of further stimulating housing construction would be more flexible regulations and fewer special municipal demands on new houses. The construction of single houses is expected to decrease and the construction of apartment buildings will level out in Norway during 2014. One way of increasing the production of apartment buildings would be to have less stringent regulations for apartment sizes in Oslo. The forecast for Finland in 2014 is negative for new housing construction and it is uncertain if households are willing to invest despite low interest rates.

Other building construction investments

Other building construction investments, 2009 – 2014



Construction of private and public properties developed differently in the Nordic countries in 2013 with an apparent decline in Sweden, a leveling off in Norway and an increase in Finland. An important explanation is differences in public construction which dominates other building construction in all countries. A relatively strong decline is expected for 2014 in other building construction in Norway and Finland while a slight increase is expected in Sweden.

OFFICE AND RETAIL SPACE

Construction in office and commercial space has diminished radically since 2011 in Sweden because of the weakened economy but the downturn is expected to stop in 2014. The situation improved in Norway already in 2013 due to a strong demand for premises in Oslo. A negative reaction is expected there in 2014. As in Sweden the negative trend since 2011 was strong in Finland and this continued in 2013. This is expected to level out in 2014 but increasing vacancies and feeble commerce create considerable uncertainty.

INDUSTRIAL CONSTRUCTION

Industrial construction only represents a small part of construction in all countries and the development has been varied in the last few years. In Sweden there was a strong decline in 2013 but a recuperation is possible in 2014. The increase in industrial construction has been stable in Norway since 2010 but a strong negative reaction is expected in 2014, whereas Finland showed a dramatic decline in 2012 with some recuperation in 2013 and an expected leveling out in 2014.

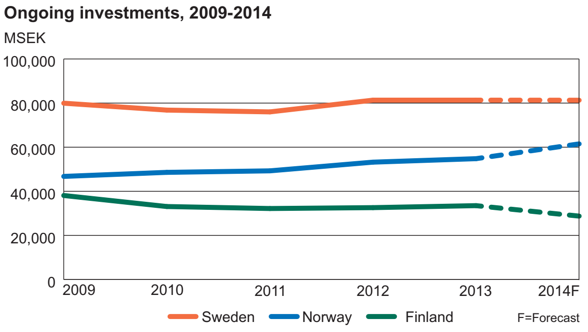
PUBLIC PREMISES

Public premises are the backbone of all other construction in the Nordic region. There was a strong decline in this sector in Sweden in 2012 and this continued, albeit somewhat slower, in 2013 with an expected zero growth in 2014. There was a strong increase in Norway in 2011 and 2012 with a decline in 2013 and an expected zero growth in 2014. In all three countries there is uncertainty as to the resources available for the construction of public facilities in the years to come, particularly when it comes to the municipalities.

Source text and charts: Industrifakta.

rate and an expected small increase of consumption in 2014. At the same time there is a risk of higher unemployment, even if both exports and investments are expected recover somewhat this year.

Civil engineering investments



The Nordic countries are facing major infrastructure challenges in the years to come. Some examples of challenges are major energy and climate related investments, the extension and refurbishment of mass transit systems and transportation networks for a more flexible labor force and continued integration with the rest of Europe. The refurbishment of water and sewage networks and district heating also necessitates major investments, particularly in Sweden.

SWEDEN

In spite of a growing investment need Swedish civil engineering declined in 2009-2011, only to reach high levels again in 2012. After unchanged volumes in the first three quarters in 2013 the forecast for the full year is a smaller decline. In 2014 an increase in energy related investments is expected to have a positive effect but reduced public funding will counteract this. The final result will probably be zero growth.

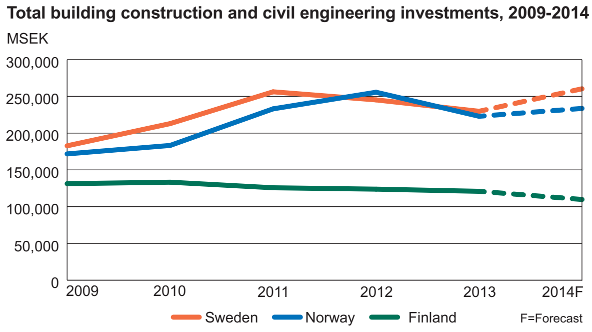
NORWAY

During 2009-2011 civil engineering was on a stable level in Norway and there was a significant increase in 2012 which was further strengthened in 2013 (preliminary result). Communications and energy related construction continue to be driving forces but a slowdown in offshore investments may influence construction in 2014. In spite of this investments in total are expected to continue to increase slightly.

FINLAND

Civil engineering in Finland has weakened since 2009 and the decline was preliminarily slight in 2013. There is major uncertainty about the effects of a more stringent financial policy in 2014 and this may impact the civil engineering sector. A cautious forecast indicates zero growth despite the substantial investment needs in communications etc.

Total construction and civil engineering investments



MAJOR FLUCTUATIONS IN NORDIC CONSTRUCTION

The total investment in buildings and civil engineering in the three countries amounted preliminarily to SEK 612 billion in 2013, an increase of 1 percent compared to 2012. As in the period 2009-2013 several sectors fluctuated radically compared to the previous year. For instance, in new construction of apartment buildings and industrial property in Sweden, new construction/refurbishment in industry and offices, commercial space etc. in Norway and new construction/refurbishment of industries, public premises and offices, commercial space etc. in Finland. Also in 2013 the single largest sector in Nordic construction was the construction of public facilities with a total of SEK 170 billion. In Norway the construction of public facilities declined from 47 percent in 2012 to 38 percent of all housing construction in 2013. The sector represented 40 percent of all housing construction 2013 in Sweden and 39 percent in Finland.

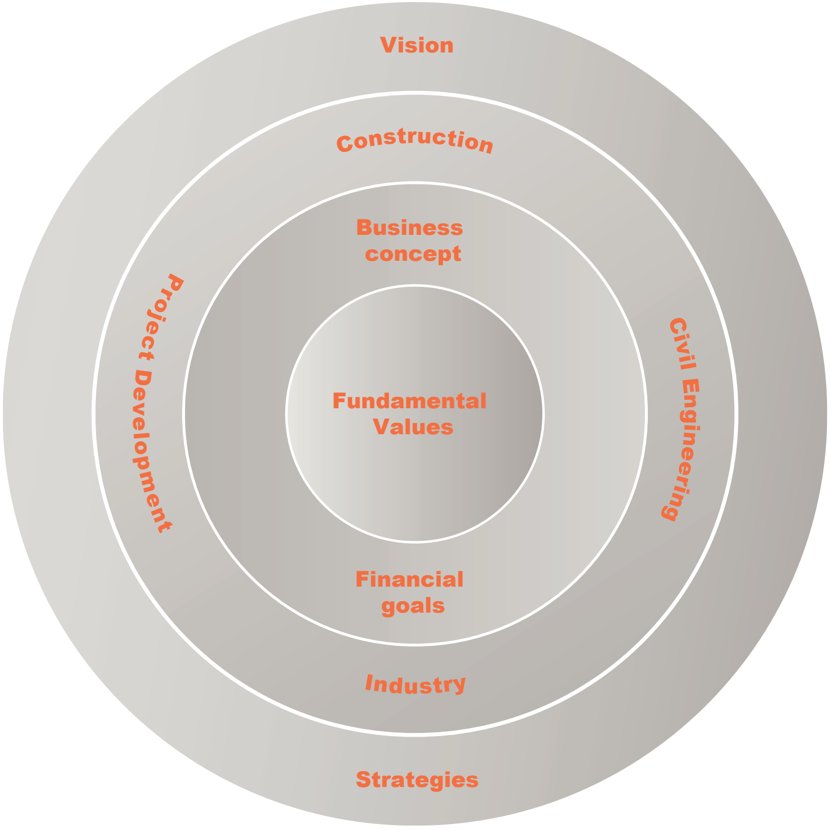
CONSTRUCTION DEVELOPMENT 2009-2014

During the period the total building construction in Sweden was impacted by strong changes brought on by fluctuations in the economy, reaching at the highest, about SEK 190 billion in 2011 while civil engineering remained stable with a level of SEK 75-80 billion. This started to level out in 2011 and in 2014 volumes in both sectors are expected to change marginally. However, in Norway there was a dramatic progressive increase in building construction from over SEK 122 billion in 2009 to about SEK 170 billion in 2013. The forecast for 2014 indicates a decline. Civil engineering was more stable and has increased slowly to an anticipated level of about SEK 55 billion in 2014. During the period Finland has had relatively stable building construction and this is expected to amount to just under SEK 86 billion in 2014. During the same period civil engineering declined from SEK 38 to 32 billion. The development in construction indicates that Sweden took the brunt of the world crises while Norway remained relatively unaffected by them.

Source text and charts: Industrifakta.

Contents

Our business model



Peab's business model is built on our shared fundamental values that are in turn based on our four core values; Down-to-Earth, Developing, Personal and Reliable. These are the corner-stones of Peab's company culture and they guide the way we work. Together our four business areas form a comprehensive offer to the market.

OUR *CORE VALUES* ARE OUR GUIDING STAR

Peab's organization is built on our shared values and the four core values that permeate every aspect of our business. We continually develop our business and personnel based on this foundation.

Down-to-earth
We work close to our customers. Before we take on a project we will make sure we have the resources necessary for the work to go well. We are down-to-earth in the way we work, decision-making is close at hand and we are sensitive to the interests of our customers.

Developing
We will be innovative, flexible and strive for continuous improvement in cooperation with our customers. We will utilize and nurture our employees' competence and offer good opportunities for development, training, promotion and healthcare. We want our employees to be committed to and participate in our daily operations and we want them to feel a responsibility for the Group's development .

Personal
We will be the personal company. Through an honest and trustful dialogue with our customers and partners we will create and maintain long-term, good relationships. All experiences show that a happy customer returns. Good communication, good atmos-phere and respect for the individual are paramount at Peab.

Reliable
Our customers should feel safe when they employ Peab. This means that we will always do our job with good business ethics, competence and professional skill. We will have good planning, do things right from the start, eliminate risks and keep dead-lines. We will comply with laws and regula-tions, use the best possible technology, prioritize renewable resources and avoid materials hazardous to the environment.

OUR *BUSINESS CONCEPT* IS THE BASIS OF OUR BUSINESS

Our business concept is the basis of our business. Our business concept clearly communicates two very important elements for us: our customers and the construction process.

BUSINESS CONCEPT

Peab is a construction and civil engineering company that puts total quality in every step of the construction process first. Through innovation combined with solid professional skills we make the customer's interest our own and thereby build for the future.

FOUR COORDINATED *BUSINESS AREAS* CREATE A COMPETITIVE OFFER

With our four business areas Construction, Civil Engineering, Industry and Project Development we have access to the strategic resources required to carry out anything from smaller construction service to major, resource-demanding construction and civil engineering projects. This allows us to offer customers everywhere in the Nordic region effective comprehensive solutions. *Read more about our business areas on pages 17-28.*

OUR *VISION* ADDS NEW DIMENSIONS TO OUR BUSINESS

Our vision adds more dimensions to our business concept. Our vision reinforces how essential our employees are for us since we consider ourselves to be a service and knowledge company. It also focuses on advanced sustainability work.

Peab builds sustainable communities for the future
We are the obvious partner for community building in the Nordic region. We come up with ideas, take initiative and break new

ground. We conserve resources and our climate smart solutions have spearheaded developments. Our work is sustainable throughout its entire life cycle.

Peab is the Nordic company
We work across borders with the goal to exceed our customers' expectations. Peab is always close to our customers no matter whether they operate locally, nationally or in the Nordic region. Satisfied customers contribute to our success in the entire Nordic region.

Peab attracts talented people
We are the number one employer in the Nordic region. Our values are simple and clear. Our personnel are deeply engaged and our leaders committed to helping people develop. When our employees grow, Peab grows.

WELL DEFINED *GROUP STRATEGIES* IN ORDER TO ACHIEVE OUR VISION

Our strategies and vision show us the best way to run our business and these can be adjusted to suit the changing world around us.

Cost efficient business
Cost efficiency and good earning power are essential to developing a competitive business in the long-term. Cost efficiency means productivity and the right cost level. In 2013 we implemented a significant program to reduce costs which is expected save around SEK 350 million every year.

Strengthen and develop Peab's customer relations
Strong customer relations are not only the foundation of Peab's business, they are also the key to more efficient production with lower costs and higher quality.

Our new work structure with a flatter organization which was implemented at the end of 2013 brings production closer to our customer. This gives every employee a better understanding of the customer's needs and prerequisites, which is crucial to developing relationships.

Best work place
Peab is our employees and their commitment and professional skill are the basis of Peab's success. In the coming years many of Peab's employees will retire leading to that we need to attract new qualified employees. Therefore we strive to:

- Be an attractive employer who attracts, interacts, develops and keeps competent and motivated employees.
- Have a leadership and company culture based on our core values: Down-to-Earth, Developing, Personal and Reliable.
- Lastingly and systematically improve the physical and psychosocial working environment as well as our employees' health.
- To make our employees proud, invol-ved and engaged so that they contribute to their own development as well as that of the company, customers and society.

Those who lead our business have a special responsibility to make this happen by:

- Being role models with integrity who can engage and inspire employees to do their best.
- Being responsible entrepreneurs who lead operations creatively, professionally and in a businesslike manner.
- Letting people grow by giving them responsibility.
- Understanding the world at large and adapting to changes and seeing the social, financial and environmentally related aspects of sustainable construction.

Long-term profitable operation
Long-term profitability is the foundation of Peab's value creation. Profitability is important since it allows Peab to continue to grow and develop. Our strategies take both margin and return goals into account.

Sustainability integrated in Peab's operations
During 2013 we broadened and deepened Peab's sustainability focused stakeholder dialogues to better understand the expectations of the world around us. We also created a central function for CSR-Corporate Social Responsibility and we continue to permeate our operations with sustainability.

To be seen and heard
Peab's ambition is to be the Nordic Community Builder. Being seen and heard increases our ability to attract customers, employees and investors. This also means being seen on a local level, close to the customers we work with.

A new, sharp organization closer to our customers

We implemented an extensive action plan in 2013 aimed at creating a cost-effective organization based on local entrepreneurship. The change means a more local organization with a focus on customers, employees and production.

Business area Construction	Business area Civil Engineering	Business area Industry	Business area Project Development
Contract construction	Local market	Asphalt	Housing development
Housing production	Infrastructure and heavy construction	Concrete	Property development
Construction maintenance	Operation and maintenance	Gravel and rock	
		Transportation and machines	
		Foundation work	
		Rentals	
		Industrial construction	

BUSINESS AREA CONSTRUCTION – A PURE CONTRACTOR BUSINESS

The change in business area Construction means that it has become a pure contractor business. Project development for housing has been transferred to business area Project Development. Specialization provides a working method closer to customers on the local market with a focus on employees and production. This in turn creates conditions to improve profitability in the business area.

The previous eight divisions and 30 regions were replaced by 12 regions in Sweden, two in Norway and two in Finland. Housing producing regions have been formed in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region primarily focused on the big city areas. *Read more about business area Construction on pages 17-19.*

BUSINESS AREA CIVIL ENGINEERING – PRODUCTION AND INFRASTRUCTURE MAINTENANCE

The business area Civil Engineering works on the local civil engineering market with infrastructure projects such as bridges, roads and railroads as well as operation and maintenance of roads in a regional organization close to customers. *Read more about business area Civil Engineering on pages 20-22.*

BUSINESS AREA INDUSTRY – SUPPLIER OF STRATEGIC RESOURCES

Business area Industry delivers material, equipment and services to external customers and internally to Peab's construction and civil engineering projects. Until the reorganization Peab's construction system was run in Peab PGS AB and in Skandinaviska Byggelement AB. In the new business model these units have been united under one management in the business area Industry. The aim of this coordination is to be able to further development and reduce production costs for our construction system thereby giving us the prerequisites to meet the market's demand for cost-efficient products. *Read more about business area Industry on pages 23-25.*

BUSINESS AREA PROJECT DEVELOPMENT – A COMPREHENSIVE APPROACH TO OUR PROJECT PORTFOLIO

All project development is now run in the business area Project Development. As a result all developments of housing and commercial facilities have been united under a common management. This clarifies responsibility for the development rights portfolio, makes the capital binding more efficient and improves the management and coordination of our processes. By putting all project development into one business area we can better steer Peab's concept and construction systems and thereby the use of Group production resources. *Read more about business area Project Development on pages 26-28.*

FOCUS ON MANAGEMENT

In order to ensure that the intentions of the new business structure are realized and in order to have a long-term sustainable business model we work to create more attractive work places. At present we have three prioritized areas:

Advanced leadership profile

Our employees express a strong desire for a clear leadership in the surveys we regularly carry out. All our leaders, regardless of whether they lead people, projects or processes, are expected to use our established leader profile based on our core values Down-to-earth, Developing, Personal and Reliable.

More effective competence development

We have altered our competence development offer to our employees. Peab's new program, which will be launched in 2014, is based on the established model 70-20-10. Our ambition is that 70 percent of competence development will occur in daily work, 20 percent through networks, exchanges and collaboration and 10 percent through formal education. Our new attitude to learning is based on modern research, on the expectations of our employees and the need for competence development based on Group strategies and our vision.

Improved recruitment processes

During 2013 we developed and implemented a competence-based recruitment process enabling us to man our organization correctly. By increasing equality and diversity we open our door to new groups and are better able to mirror today's society. This, in turn, raises our competence and capacity, thereby increasing our capacity to make better deals.

Read more about our activities and responsibility for our employees on pages 85-89.

ÄLVSJÖ TRAVEL CENTER
Älvsjö

Financial and operative goals

The surplus from operations will be used in investments, to develop our business and deliver a return to our owners.

FINANCIAL GOALS

Peab's management steers the business based on the Board's guidelines that are founded on three financial goals – Return on equity, the Equity/assets ratio and Dividends.

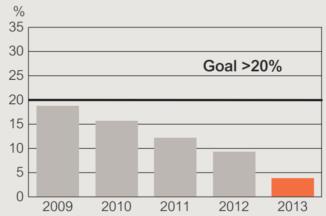
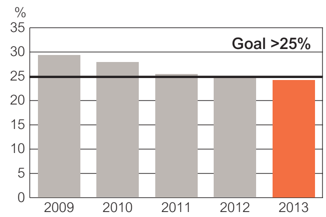
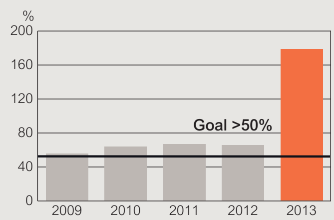
The goals are clear and simplify communication with financial markets. Over time goal achievement can vary with changes in the economy but also depending on the different stages of our development where some are characterized by expansion and others by consolidation. In 2012 Peab moved out of the expansive phase of the past few years that was coupled with acquisitions and investments in existing operations. In 2013 we focused on consolidating our business and implementing an extensive action plan in order to increase profitability.

OPERATIVE GOALS

Peab consists of a number of different operations with different conditions and therefore they have internal goals that fit each individual entity. These goals are regularly followed up through reports on projects and profit units. Operative goals are primarily focused on three areas:

- **Profitability:** This is measured through the operating margin where we focus on price-setting and cost efficiency. The return on capital employed ensures optimal use of the capital tied up in facilities and project developments.
- **Cash flow and liquidity:** Cash flow before financing must always be positive in the long-term. Even if this may deviate for a particular year, the tied up working capital and investment levels must, over time, match the cash flow generated by operative units.
- **Tied up capital:** Tied up capital is an important steering instrument for business area Industry and Project Development to ensure that the business areas are capital effective and that the Group prioritizes the right project. A Group level investment team continuously decides on the business areas' investments ensuring that they are within investment limits and on par with return goals.

PEAB GROUP'S FINANCIAL GOALS

Goal	Comments	
Return on equity will be a minimum of 20 percent The goal is set to create an effective business and a rational capital structure that mirrors Peab's operation.	Return on equity has contracted in the past few years due to lower earnings in operations and two years charged with project write-downs. Operating profit was lower in 2013 in all the business areas. Profit in Construction was charged with one-time costs and value adjustments related to the extensive action plan for a total of SEK 920 million. Return on equity in 2013 was 3.8 percent.	**Return on equity** 
Equity/assets ratio will be a minimum of 25 percent The equity/assets ratio regulates the relationship between equity and debt. The goal, which is set to balance the owners' demands on returns and the need to safeguard the business during times with a more difficult market situation, entails that a minimum of 25 percent of Group assets are financed through equity.	In recent years the equity/assets ratio has been close to the goal. The high investment rate in the last years led to a larger balance sheet total, even though Peab began consolidating operations in 2012. The balance sheet total decreased somewhat in 2013. Write-downs in construction operations had a negative effect on profitability and indirectly on the equity/assets ratio which amounted to 24.1 percent on 31 December 2013.	**Equity/assets ratio** 
Dividends will be a minimum of 50 percent of profit after tax The goal is set to ensure the owners' return on their contributed capital as well as meet the company's need for funds to develop operations.	A dividend of SEK 1.80 per share is proposed for 2013. Calculated as a share of consolidated reported profit after tax the proposed dividend is 178 percent. Excluding one-off item of SEK 700 million after tax the proposed dividend is 52 percent. The proposed dividend corresponds to a direct return of 4.3 percent calculated on the final share price on 31 December 2013.	**Dividends** 1) 

1) For 2013, Board of Directors' proposal to the AGM.

Board of Directors' Report

Our first environmental building was tenant-owned apartments

The first Environmental Building certified housing project that Peab developed itself was Brf Compagniet at Eriksberg in Gothenburg in the autumn of 2013. Customers are increasingly demanding ecolabels in order to get an objective assessment of a building's sustainability. Energy consumption of Compagniet's 120 tenant-owned apartments is calculated to be 40 percent lower than the requirement for this type of apartment, which is max 110 kilowatt hours per year.

Board of Directors' Report

The Board of Directors and the Chief Executive Officer of Peab AB (publ), Corporate ID Number: 556061-4330, hereby submit the following annual report and consolidated accounts for the 2013 financial year.

EXTENSIVE ACTION PLAN FOR GREATER PROFITABILITY

Peab has carried out an extensive and vital rationalization of its Nordic construction operations. The change means that the previously eight divisions and 30 regions have been replaced by 12 regions in Sweden, two in Norway and two in Finland. The change was implemented in the fourth quarter and business area Construction is now concentrated on building operations.

All housing developments have been transferred from business area Construction and placed under business area Project Development. The business area comprises all of Peab's development concerning housing and property, including the capital binding connected to project development.

Peab's construction system for housing production has up to now been run in Peab PGS and Skandinaviska Byggelement. These units are now coordinated under a joint management in business area Industry.

The action plan was implemented in order to create a cost-efficient organization. Annual savings are expected to amount to SEK 350 million starting in 2014. The savings will be achieved through a more cost-effective form of organization with lower personnel costs and through the effects of greater specialization and coordination of our concept for industrial construction. During the second quarter of 2013 a total of SEK 920 million was reserved for the action plan. This includes the estimated cost of redundancies, value adjustments of project property, an updated assessment of the result of the Tele2 Arena project and a review of the final cost forecasts in another three projects soon to be completed.

Based on the fact that the adopted action plan is aimed at increasing profitability in the future the Board has decided not to include a total of SEK -700 million in one-off costs after tax in the dividend proposal to the AGM in 2014.

Peab reports the business areas according to the new company structure. Comparable figures for 2012 have been translated.

NET SALES [1]

Group operative net sales for 2013 amounted to SEK 42,733 million (45,997), which was a decrease of 7 percent. Even after adjustments for acquired and divested units operative net sales decreased by 7 percent compared to last year. The decrease is a result of the consolidation made in 2013. Adjustments in housing reporting affected net sales by SEK 362 million (843). Fewer houses were completed and handed over to customers in 2013 compared with 2012. Group net sales for 2013 decreased by 8 percent to SEK 43,095 million (46,840). Of the year's net sales, SEK 8,029 million (9,551) were attributable to sales and production outside Sweden.

PROFIT [1]

Operative operating profit for 2013 amounted to SEK 593 million compared to SEK 1,004 million for last year. One-off costs including value adjustments related to the action plan have charged the operating profit with SEK -920 million for the year. Project adjustments of SEK -675 million were included in the same period last year.

Adjustments in housing reporting affected operating profit by SEK 21 million (53). Operating profit in 2013 amounted to SEK 614 million (1,057). Operating margin amounted to 1.4 percent compared with 2.3 percent in 2012. Cleared of one-off costs the operating margin was 3.6 percent (3.7).

Depreciation for the year was SEK 798 million (848).

Net financial items amounted to SEK -231 million (-242), of which net interest expense was SEK -276 million (-294).

Pre-tax profit was SEK 383 million (815).

Tax for the year was SEK -85 million (-89) which corresponds to a tax rate of 22 percent. Last year tax was affected by the sale of shares where gains are not taxable and by the revaluation of deferred tax as a result of lowered tax in Sweden.

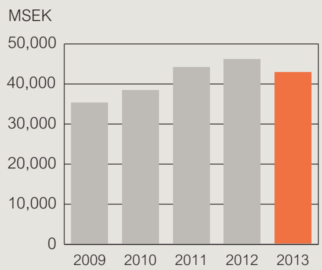
Profit for the year was SEK 298 million (726).

FINANCIAL POSITION

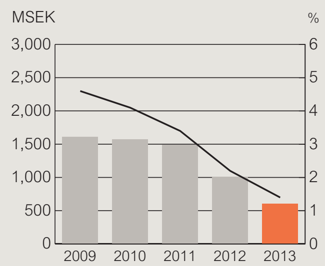
The equity/assets ratio on 31 December 2013 was 24.1 percent compared to 24.9 percent at the previous year-end. Interest-bearing net debt amounted to SEK 5,944 million compared to SEK 6,478 million at the end of 2012. Net debt is lower due to a positive cash flow. The average interest rate in the loan portfolio, including derivatives, was 3.4 percent (2.9) on 31 December 2013.

Group liquid funds, including unutilized credit facilities, were SEK 4,783 million at

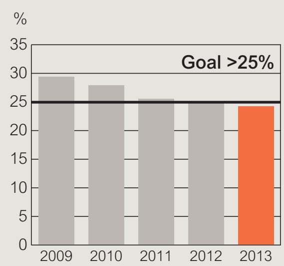
Operative net sales



Operative operating profit and margin



Equity/assets ratio [1]



[1] According to legal accounting

1) Peab applies IFRIC 15, Agreements for the Construction of Real Estate, in the legal 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 recognized 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 refer to the legal reporting.

Contents

the end of the year compared to SEK 5,661 million on 31 December 2012.

In connection with the refinancing of the Group's long-term credit facilities which came into force during the third quarter, existing credit facilities were decreased by SEK 1,450 million on Peab's initiative in order to better suit our future needs.

At the end of the year Group contingent liabilities, excluding joint and several liabilities in trading and limited partnerships, amounted to SEK 5,069 million compared to SEK 4,459 million on 31 December 2012. Of contingent liabilities, obligations to tenant-owners associations under construction were SEK 3,083 million compared to SEK 2,623 million at the previous year-end.

INVESTMENTS

Netinvestments in tangible and intangible fixed assets during the year were SEK 265 million (925). Acquisitions of project and development properties totaled SEK 265 million (822) during the year.

CASH FLOW

Cash flow from current operations was SEK -187 million (503). Acquisition of project and development property for SEK -1,336 million (-989) are included in cash flow from current operations.

Cash flow from investment activities was SEK 789 million compared to SEK 471 million last year. The rate of investments is lower than in previous years which, together with divestitures, contributed to a positive cash flow from investment operations.

Cash flow before financing amounted to SEK 602 million compared to SEK 974 million last year.

A collaboration project between business area Civil Engineering, the contractor, and business area Industry, which erected the lighting, has given the citizens of Linköping a unique lighting experience in the pedestrian and bicycle tunnel at the traffic roundabout Steninge. Using Fibonacci's sequences stage designer and light artist, Ulla Ridderberg, has contributed to the aesthetic experience. In daylight the combination of grey concrete and the lighting fixtures' glass rods creates a rather raw feeling but when night falls the glass rods light up in different color combinations and tempos depending on the time and season.

ORDERS RECEIVED AND ORDER BACKLOG

Orders received in 2013 amounted to SEK 34,292 million compared to SEK 38,743 million last year. The Mall of Scandinavia was included in the comparable period for SEK 3,500 million. Orders received during the year consist of several medium-sized and smaller projects and fewer large projects compared to previous years.

Order backlog yet to be produced at the end of the year amounted to SEK 28,164 million compared to SEK 28,056 million last year. Of the total order backlog, 30 percent (30) is expected to be produced after 2014. Swedish operations accounted for 85 percent (87) of the order backlog.

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

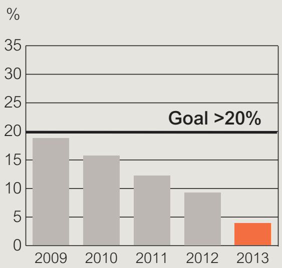
COMMENTS ON THE BUSINESS AREAS

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

Net sales and result for business area Construction are presented based on contract construction in our own housing projects, in rental projects and other projects for business area Project Development. We use the percentage of completion method in our reporting.

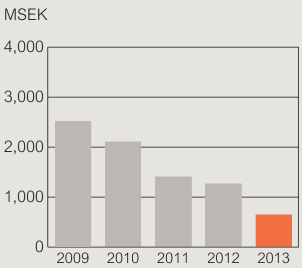
Net sales for both contract construction and the developer part of our own housing projects are reported in business area

Return on equity [1]

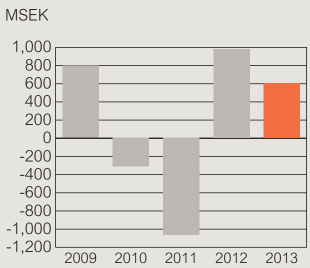


[1] According to legal accounting

Net investments incl. project and development property



Cash flow before financing

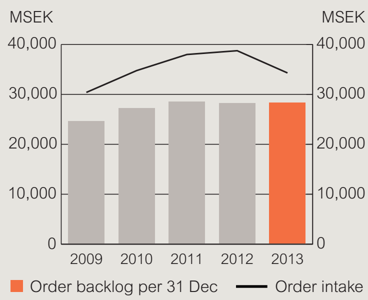


Contents

Orders received and order backlog

	Orders received		Order backlog	
	2013	2012	31 Dec	31 Dec
MSEK			**2013**	**2012**
Construction	23,744	26,203	19,647	19,045
Civil Engineering	11,092	12,729	8,483	8,610
Project Development	5,115	3,274	3,975	3,624
Eliminations	–5,659	–3,463	–3,941	–3,223
Group	**34,292**	**38,743**	**28,164**	**28,056**

Orders received and order backlog



Net sales and operating profit per business area

	Net sales		Operating profit		Operating margin	
MSEK	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Construction	23,109	25,777	–539	–266	–2.3%	–1.0%
Civil Engineering	11,172	12,643	371	440	3.3%	3.5%
Industry	10,347	10,723	681	788	6.6%	7.3%
Project Development	5,721	5,682	247	306	4.3%	5.4%
of which Property Development	*608*	*330*	*2*	*42*	*0.3%*	*12.7%*
of which Housing Development	*5,113*	*5,352*	*245*	*264*	*4.8%*	*4.9%*
Group functions	419	109	–153	–232		
Eliminations	–8,035	–8,937	–14	–32		
Operative [1]	**42,733**	**45,997**	**593**	**1,004**	**1.4%**	**2.2%**
Adjustment for housing reporting [2]	362	843	21	53		
Legal	**43,095**	**46,840**	**614**	**1,057**	**1.4%**	**2.3%**

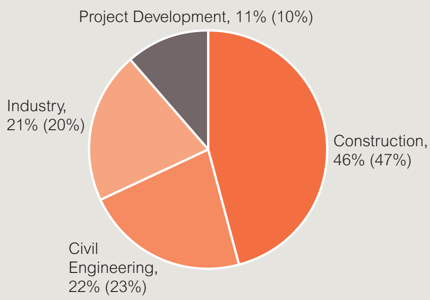
1) According to percentage of completion method (IAS 11).

2) Adjustment of the accounting principle for own homes in Sweden and housing in Finland and Norway to the completion method (IAS 18).

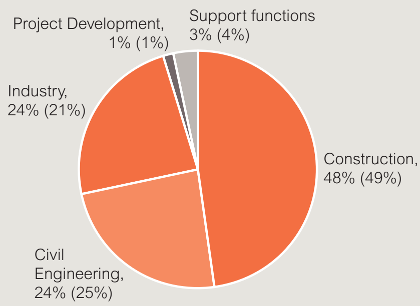
Capital employed 31 December

MSEK	**2013**	**2012**
Industry	5,301	6,046
Project Development	11,376	10,800
Others/eliminations	–475	–226
Group	**16,202**	**16,620**

Share of Group operative net sales, 2013



Share of Group employees, 2013

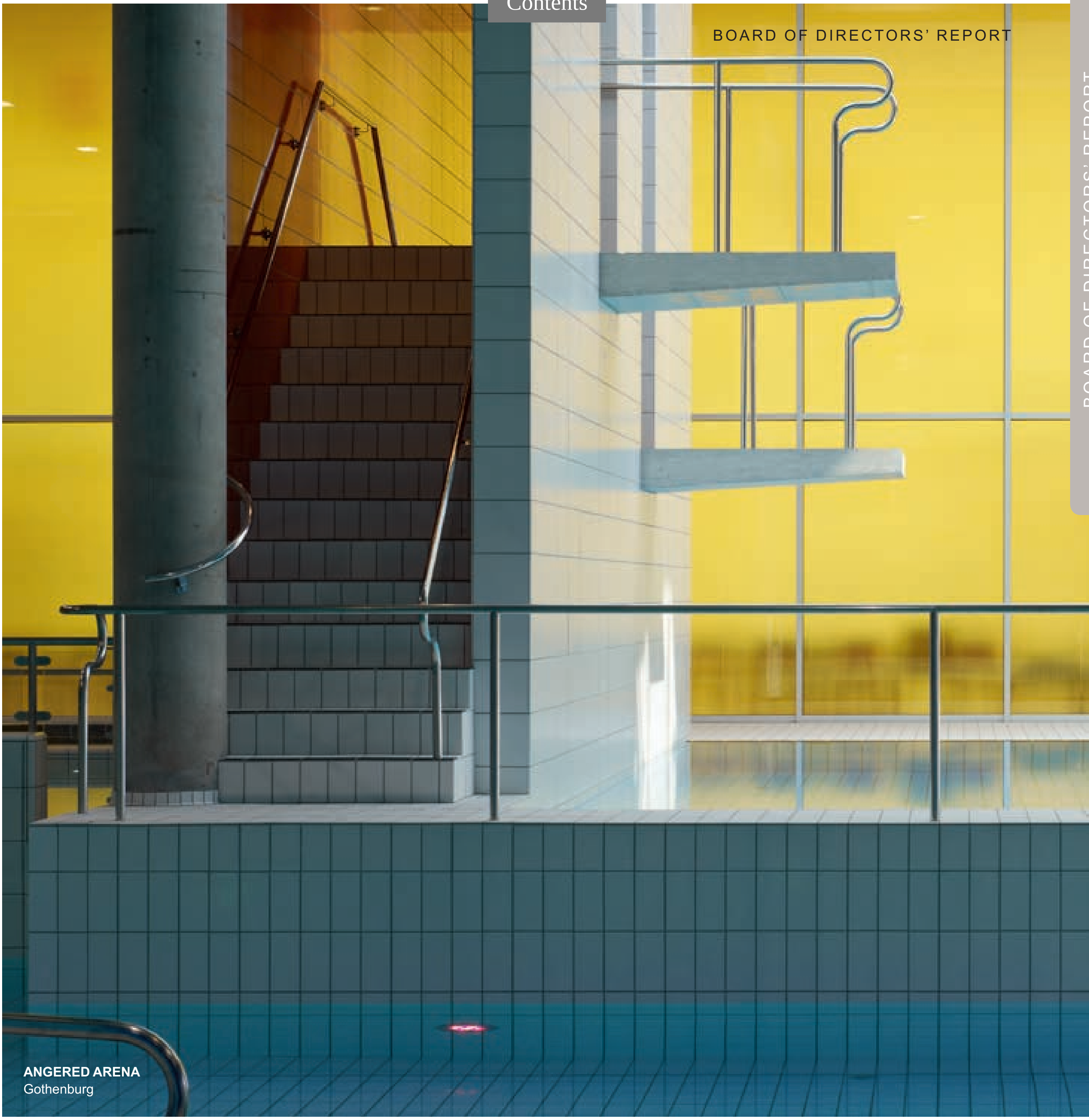


Project Development. The booked result consists of the result in the developer part using the percentage of completion method. Capital gains for rental property projects and other projects on our own balance sheet are only reported when they are divested. Internal net sales for contracting costs for our own housing projects and projects in our own balance sheet between business area Construction and Project development are eliminated on Group level and returned when they are divested.

Read more about our business areas on pages 17-28.

In addition to the business areas, central companies, certain subsidiaries and other holdings are presented as Group Functions. The central companies primarily consist of the parent company Peab AB and Peab Finans AB. Peab AB's operations consist of executive management and shared group functions. The internal bank Peab Finans AB handles the Group's liquidity and debt management as well as financial risk exposure. The company is also a service function for the subsidiaries and works out solutions for loans and investments, project related financing and hedging.

Operating profit for the year for Group Functions was SEK -153 million (-232).



ANGERED ARENA
Gothenburg

Business area Construction – pure contractor business close to customers

With a local connection close to customers business area Construction performs contract work for both external and internal customers in the Nordic region. Every year we complete projects which include everything from new production of housing, public and commercial premises to renovations, refurbishments and extensions as well as construction maintenance.

BUSINESS AREA CONSTRUCTION IN SUMMARY

Operations are run via some 150 local offices around the Nordic area, organized in 16 regions, of which 12 in Sweden, two in Norway and two in Finland. Specialized housing production areas can be found in Stockholm, Gothenburg and the Öresund region. Construction maintenance operations are run in a nationwide region primarily focused on the big city areas.

PRODUCT AREAS

- **Contract construction:** Builds commercial and public premises such as offices, shopping malls, arenas, schools and hospitals for private, municipal and federal customers as well as industrial facilities.
- **Housing production:** Produces all kinds of housing which includes apartment buildings with tenant-owners, condominiums and rentals. We also have a certain amount of single home construction.
- **Construction maintenance:** Works with maintenance, repairs, insurance claims, service to real estate companies and industries and smaller contracts.

CUSTOMERS

The business area's customers are municipalities, private and public real estate companies, insurance companies as well as industrial and trading companies and individuals. Some are customers with operations throughout the Nordic region such as IKEA, Nordic Choice and Scania Real Estate. Construction also performs contracts for the other business areas in the Group, particularly Project Development.

OTHER IMPORTANT PLAYERS

Some of the important players on the market are Skanska, NCC, JM, Lemminkäinen, YIT and Veidekke.

MARKET CONDITIONS

After a weak start in 2013 the second part of the year showed signs of more positive market conditions resulting from a rise in housing construction. Our order situation for 2014 is good with a large portion of small and mid-sized projects, which is right in line with our strategy.

ORDERS RECEIVED AND ORDER BACKLOG

Orders received in 2013 were lower than in 2012 and amounted to SEK 23,744 million (26,203). Orders received in 2012 included Peab's largest order ever, the Mall of Scandinavia in Solna, worth SEK 3.5 billion. Orders received in 2013 consisted of several smaller and mid-sized projects spread well geographically and fewer large projects. Order backlog on 31 December 2013 increased to SEK 19,647 million (19,045).

NET SALES AND RESULT

Net sales in 2013 were SEK 23,109 million (25,777) which is a drop by 10 percent. The reduction is in part due to the consolidation of Peab's business during the year.

Operating profit for the year amounted to SEK -539 million (-266). One-off costs including value adjustments of SEK -920 million have charged the operating profit for the year. Project write-downs and value adjustments were included last year for an amount of SEK -675 million. Cleared of one-off costs the operating margin was 1.6 percent, which was the same underlying margin as in 2012. Construction's margin is stable, but still on a too low level.

NEW ORGANIZATION

The autumn was dominated by the extensive action plan to streamline the Nordic construction operations. The change means that the previously eight divisions and 30 regions have been replaced by 16 regions. The change took place during the fourth quarter. The regions are responsible for the construction operations in their geographic area. Three of the regions are focused on housing production in the metropolitan regions in Sweden. Construction maintenance forms one national region in Sweden with focus on the developed operations in the metropolitan regions. In order to focus on the contractor business all housing development has been transferred to business area Project Development. Business area Construction works in a local organization and exclusively in construction work close to customers, employees and production.

THE BUSINESS IN 2013

The production rate was relatively high in 2013. Housing construction in Solna

BOARD OF DIRECTORS' REPORT

Roger Linnér
Business Area Manager

Strategic priorities

- We are focused on working close to our customers on the local market.
- We will continue to prioritize developing leadership and employee participation in the new organization. Investing in leadership is so that we can more quickly regain profitability and meet the expectations of our customers.
- We will be sharper and more careful when selecting and prioritizing new projects. We will continue to prioritize production management, which also includes tenders and contracts.
- Internal control and following up projects are other important processes that we are reinforcing.
- Construction maintenance operations, which only represent a small part of our business, will be given the opportunity to develop and grow.

continued at a high rate both in Arenastaden and Ulriksdal. We finished our first housing project in Örnsköldsvik. The spectacularly designed house was inaugurated by the Minister for Public Administration and Housing Stefan Attefall in November 2013. The project was also the first newly produced housing in Örnsköldsvik for many years. Another noteworthy housing project is Kvarteret Fridhem built for Trollhättan's housing company Eidar. This is the largest passive house project in Sweden with 174 climate smart apartements for rent.

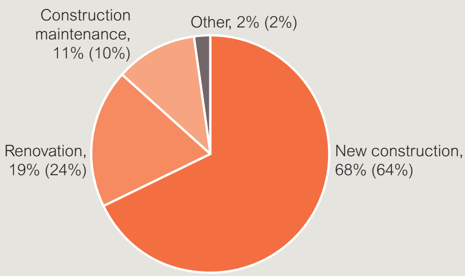
The demand for housing has increased also outside the metropolitan regions. In 2013 we initiated housing projects in Skövde, Ängelholm, Helsingborg, Smögen, Linköping, Uddevalla and Alingsås, just to mention a few.

Regarding commercial and public facilities we concluded the construction of the Tele2 Arena in Stockholm, a large and complicated project. Other major projects that were under construction in 2013 were the synchrotron light laboratory MAX IV in Lund, Hotel Gothia Towers in Gothenburg and we finished the Quality Hotel Friends in Arenastaden in Solna. We began production of Hotel Hyllie in Malmö with Nordic Choice Hotels as operator and business area Project Development as customer. We have also begun construction for Project Development on a new factory with cold storage in Bjuv rented by Findus.

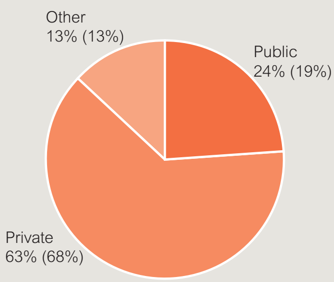
Other initiated projects are Galjaden in Halmstad, the renovation of KTH in Stockholm, a new mall in Strömstad, a heat and power station in Linköping and offices in Jönköping and Linköping. Among our new projects two are for IKEA; a new department store just north of Oslo and a meeting place consisting of an office building and parking spaces in the Svågertorp area in Malmö.

Key ratios	2013	2012
Net sales, MSEK	23,109	25,777
Operating profit, MSEK	–539	–266
Operating margin, %	–2.3	–1.0
Orders received, MSEK	23,744	26,203
Order backlog on 31 December, MSEK	19,647	19,045
Number of employees	6,356	6,925

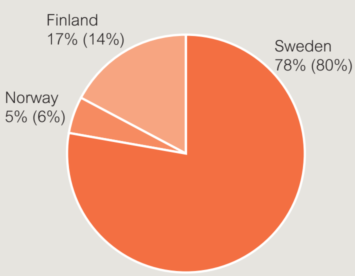
Net sales per type of operation, 2013



Operative net sales per customer type, 2013



Operative net sales per geographic market, 2013



DOUBLE TRACK
Södertälje

Business area Civil Engineering – infrastructure production and maintenance

Business area Civil Engineering is a leading civil engineering player in Sweden with operations in Norway and Finland as well. We build and maintain roads, railroads and other infrastructure.

BUSINESS AREA CIVIL ENGINEERING IN SUMMARY

Peab's civil engineering is primarily directed towards the local market and is organized in geographic regions and specialized product areas. We work with a structured exchange of experiences, support functions tailor-made to our operations, strong project management and a high level of added value. Our collaborations over regional and national borders are important along with joint development in product areas and scale advantages in major complex projects.

We work with operation and maintenance projects in many municipalities in Sweden and we are responsible for road maintenance in many areas for the Swedish Transport Administration.

PRODUCT AREAS

- **Local market:** Does landscaping and pipelines, foundation work and builds different kinds of facilities.
- **Infrastructure and heavy construction:** Builds roads, railroads, bridges, tunnels and ports. We also build heavier facilities for industry and the public sector.
- **Operation and maintenance:** Operation and maintenance of national and municipal highway and street networks, parks, outdoors property care as well as operating sewage and water supply networks.

MAJOR CUSTOMERS

- **Local market:** Customers are usually municipalities, local businesses and energy companies and private clients.
- **Infrastructure and heavy construction:** Customers are usually national traffic administrations, municipalities and industrials. The mining industry, with companies like Boliden, LKAB and Northland Resources, is another large customer group.
- **Operation and maintenance:** Customers are usually the Swedish Transport Administration, municipalities and property owners.

OTHER IMPORTANT PLAYERS

- **Local market:** Local companies and big companies with local presence such as Skanska, Svevia and NCC.
- **Infrastructure and heavy construction:** Major national and international construction and civil engineering companies such as Skanska, NCC, Veidekke, Lemminkäinen, Svevia, Strabag and Hochtief.
- **Operation and maintenance:** Major national and international construction and civil engineering companies such as Skanska, NCC, Svevia, Mesta and others.

MARKET CONDITIONS

The long and cold winter 2013 which lingered far into the spring was compensated by the mild start of the winter at the end of the year. This gave us a fairly normal production season for civil engineering work.

Due to postponed public investments the infrastructure market did not develop as expected. International competition increased, which in turn pressed prices for the projects that were realized.

Civil engineering continued to develop positively in Norway in 2013 while the civil engineering market in Finland suffers from reductions in state finances. All in all our market was cautious in 2013. The same seems to be true for the start of 2014. The market does not expect an increase until 2015 when major infrastructure projects are planned to start.

ORDERS RECEIVED AND ORDER BACKLOG

Orders received in 2013 amounted to SEK 11,092 million (12,729). The lower level of orders received are a result of less demand in Local market and Infrastructure. Processing during the year was lower than in 2012 which is why the order backlog of SEK 8,483 (8,610) on par with the order backlog at the same time last year.

NET SALES AND RESULT

Net sales for 2013 amounted to SEK 11,172 million compared to SEK 12,643 million for last year, which is a drop of 12 percent. Even after adjustments for acquisitions the reduction was 12 percent.

Operating profit for the year amounted to SEK 371 million (440). The operating margin dropped to 3.3 percent (3.5). In comparison with last year Local market contracted in both net sales and profit. Net sales in Operations and maintenance have grown but profitability is not sufficient. Competition on the operations and maintenance market has increased resulting in a price press. Net sales in Infrastructure have contracted but profit has improved.

THE BUSINESS AREA IN 2013

Every year we take on contracts that span from smaller projects to those in the billions. One of our substantial projects in 2013 was the national road E45 outside Trollhättan where Peab built five stages. Among the ongoing road work in 2014 is the bypass Sundsvall Syd on the E4 and our first major road project in Norway, E6 outside Trondheim. Another major qualified project we

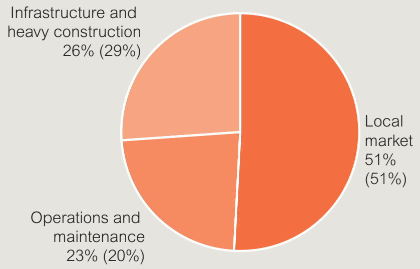
Business Area Manager
Karl-Gunnar Karlsson

Strategic priorities

- Continued focus on specialization and other rationalizations to sharpen our competitive edge and improve margins.
- Focus on project management so that we have the right resources in order to carry out projects properly.
- Mobility of expertise and resources to suit the varying demand.
- Greater collaboration between our product areas.
- Strengthen and broaden our competence to meet an increasing demand for complex general contracts.

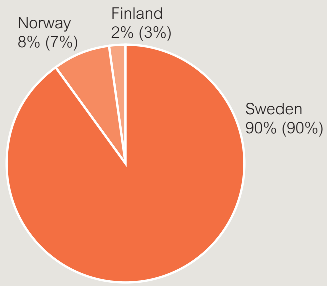
Key ratios	2013	2012
Net sales, MSEK	11,172	12,643
Operating profit, MSEK	371	440
Operating margin, %	3.3	3.5
Orders received, MSEK	11,092	12,729
Order backlog on 31 December, MSEK	8,483	8,610
Number of employees	3,188	3,553

Net sales per product area, 2013

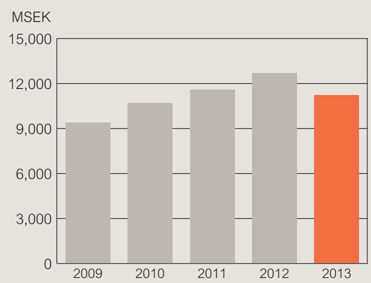


Development 2013 vs 2012	Net sales	Operating profit
Local market	↘	↘
Operations and maintenence	↗	↘
Infrastructure	↘	↗

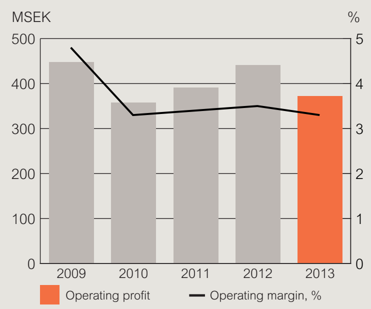
Net sales per geographic market, 2013



Net sales



Operating profit and margin



are working on together with business area Construction is the construction of the synchrotron light laboratory MAX IV in Lund scheduled for completion in 2015.

Other projects initiated in 2013 and continuing into 2014 are Mälarbanan, traffic junctions in Marieholm in Gothenburg and Spillepengen in Malmö as well as Fagernäs terminal in Narvik harbor. We also have several contracts for operation and maintenance of public roads in some 20 areas together with the Swedish Transport Administration.

FOCUS ON COSTS AND COMPETENCE

Rationalizations and further strengthening our market position dominated the business in 2013. We have also continued work on improving our project management. We are more careful in ensuring that we have the right competence and sufficient other resources to be able to efficiently and profitably carry out the projects that we accept.

We made some changes in our organization, above all coordinating product areas Operation and maintenance and Infrastructure over larger geographic areas. This allows us to streamline our operations while creating expertise centers that the entire business area can profit from. Competence development is crucial for our business. Our smaller local units can enhance their competitiveness by taking advantage of central resources. That allows us to be able to accept large construction and civil engineering projects.

Our ambition is to continuously develop our employees' competence while using past experience and active recruitment in order to further strengthen our competitive edge. We work on offering our customers smarter solutions to meet a growing demand even in larger and more demanding general contracts.

BJØRVIKA
Oslo

Business area Industry – strategic resources for the construction and civil engineering markets

Industry delivers material, equipment and services to external customers and internally to Peab's construction and civil engineering projects. Thanks to our well known brands, industrialized operations, strategically placed gravel and rock quarries and production units we are leaders on the Nordic market.

Business Area Manager Karl-Gunnar Karlsson

Strategic priorities

- Increase cost efficiency by continuously adapting our business and production structure to current demand.
- Continue to establish strategically placed gravel and rock quarries that are to great extent the heart of our operations.
- Continued investments that are a capital efficient way of maintaining the standard of our equipment and allow for growth.
- Reinforce our technical competence and advance innovations with better products and smarter solutions.
- Increase the pace of our sustainability work on all levels so that it continues to generate business opportunities in the future as well.

BUSINESS AREA INDUSTRY IN SUMMARY

Business area Industry consists of several companies with well known and established brands. The business area offers foundation work, gravel and rock products, concrete, asphalting, temporary electricity and prefabricated concrete elements. We also offer crane operations, transportation and machine services, recycling production waste and strategic product trading. In Sweden we also perform contract work in the energy sector. The business area has access to a large number of gravel and rock quarries all around Sweden, which in many cases gives us a significant competitive edge.

PRODUCT AREAS

- **Asphalt:** Manufacture and laying of asphalt.
- **Concrete:** Production and delivery of ready-mixed concrete.
- **Gravel and rock:** Production and delivery of materials for asphalt and concrete production.
- **Transportation and machines:** Flexible solutions in transportation and construction machinery services. We also offer customized machine and transportation solutions for the mining industry, among others.
- **Foundation work:** Qualified competence in foundation work, pile-driving, tonguing, drill plinths, stabilization, etc. as well as production of concrete piles.
- **Rentals:** A broad range of construction machines, work wagons, scaffolding, construction cranes, mobile cranes, crane trucks, construction elevators, temporary installations, electrical material and generators as well as services in energy technology.
- **Industrial construction:** Produces prefabricated concrete elements. As of 2014 Peab PGS, which produces standardized construction systems for different kinds of constructions, will be part of this area.

MAJOR CUSTOMERS

Some of our major customers are from the public sector such as the Swedish Transport Administration, Norwegian Public Roads Administration, municipalities along with heavy industry and other construction companies. A number of international companies that want to start up in the Nordic region have also shown growing interest in our products and services. Big mining companies like Boliden, LKAB and Northland Resources as well as smaller mining companies in the middle of Sweden are also customers. We are also a major supplier to Peab's construction and civil engineering operations.

OTHER IMPORTANT PLAYERS

- **Asphalt, Gravel and rock:** Larger Nordic construction companies such as NCC, Skanska, Svevia, Lemminkäinen, Veidekke.
- **Concrete:** Specialized companies such as Betongindustri, Färdigbetong, Sydsten, Finja, Rudus, Ruskon betoni and Strängbetong as well as big construction companies like Skanska.
- **Foundation work:** Per Aarsleff, Hercules, Skanska and Kynningsrud.
- **Transportation and machines:** Major national companies such as BDX, DSV and GDL along with a number of local contractors and trucking companies.
- **Rentals:** Major Nordic companies such as Cramo, Ramirent, Skanska Maskin, Stavdal and a number of smaller local players. In cranes we have Havator, Kynningsrud, Ramirent, Nordic Crane Group and ED Knutsen Maskin.
- **Industrial construction:** UBAB, Abetong, Finja, Strängbetong, Con-Form, Färdig Betong.

MARKET CONDITIONS

The development in the business area Industry follows the construction and civil engineering markets. Civil engineering investments decreased somewhat during the year. This was primarily due to postponed road projects. The mining sector was also hesitant, partly due to lower raw material prices. The business area was, however, positively affected by more housing construction, a trend that became stronger at the end of the year, particularly in Sweden.

All in all the market was cautious in 2013, waiting for the project start-ups coming in 2014 and 2015.

NET SALES AND RESULT

Net sales for 2013 amounted to SEK 10,347 million compared to SEK 10,723 million for last year, which was a decrease of 4 percent. After adjustments for divested units the decrease was 3 percent.

Operating profit for the year amounted to SEK 681 million (788). The operating margin was 6.6 percent (7.3). Lower construction and civil engineering volumes have affected the business area negatively. Segments Gravel and rock and Transportation and machines have also been affected by lower volumes in major infrastructure projects. Net sales in Asphalt were unchanged but profit improved.

Capital employed in Industry at year-

end amounted to SEK 5,301 million compared to SEK 6,046 million last year. The decrease is mainly due to lower investments in machinery.

THE BUSINESS AREA IN 2013

Thanks to our greater focus on customer and market penetration we were able to broaden our customer base in 2013. We have continued to improve on the integration of our different units making it possible to offer international companies that have established themselves on the Nordic market comprehensive solutions.

We have also continued our innovative tradition and further developed our concepts in logistics and low-tempered asphalt. Our product development in asphalt and concrete is mainly due to our investments in education in carefully chosen technology fields. Our product development allows us to meet customers' demands in such areas as solidification, additives and binders. In 2013 we developed the concept "Swerecycling" which handles and, if possible, recycles the waste generated in a construction project. This is a concept where we can make use of our experience in logistics.

Gravel and rock quarries in proximity to growth areas are crucial for the continued expansion of the business area. This is why the work to plan and develop new quarries is long-term, strategic and prioritized. Several new quarries were opened in 2013, among them Västerås, Korpilombolo, Ockelbo, Vilhelmina and Köping. We also invested in a new asphalting unit in Östergötland, Sweden.

The integration of Peab PGS into product area Industrial construction was initiated in the latter part of 2013. The aim is to create the prerequisites to further develop and lower production costs for our construction systems.

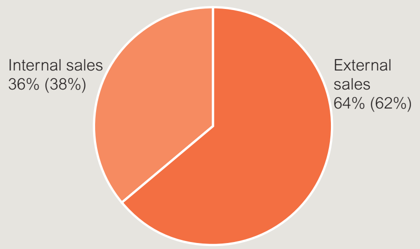
IMPORTANT BRANDS

To a certain extent Peab has built its industrial operations on the acquisition of competent companies with strong, local brands that complement the Peab brand, for example:

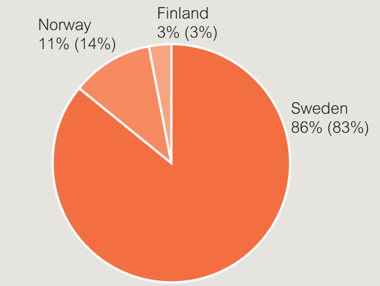
Key ratios	2013	2012
Net sales, MSEK	10,347	10,723
Operating profit, MSEK	681	788
Operating margin, %	6.6	7.3
Capital employed 31 December, MSEK	5,301	6,046
Number of employees	3,135	2,944

Development 2013 vs 2012	Net sales	Operating profit
Asphalt	→	↗
Concrete	→	↗
Gravel and rock	↘	↘
Transportation and Machines	→	↘
Foundation work	↘	↘
Rental	↘	↘
Industrial construction	↗	→

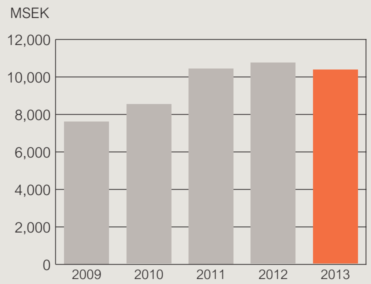
Share of net sales, 2013



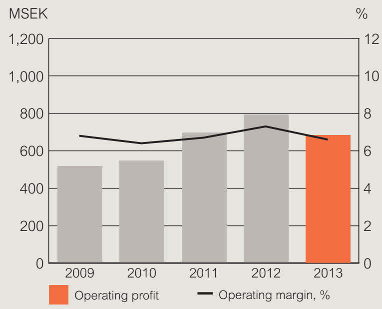
Net sales per geographic market, 2013



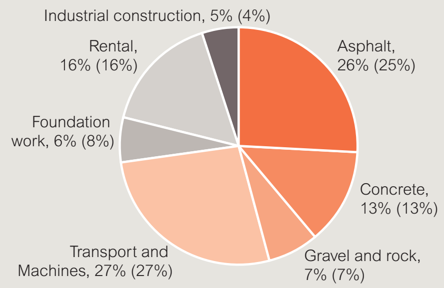
Net sales



Operating profit and margin



Net sales per product area, 2013



QUALITY HOTEL VIEW, POINT HYLLIE
Malmö

Business area Project Development – develops housing and commercial property

Project Development is responsible for the Group's acquisitions and the development and sales of housing and commercial property. The area is divided into two parts: Housing development and Property development.

BUSINESS AREA PROJECT DEVELOPMENT IN SUMMARY

The business area combines its resources for the Group's development of housing and commercial property. The difference between them mainly consists of the kind of relationship they have to customers. Housing development is geared primarily towards consumers while Property development is geared towards companies. The combination makes us an attractive player when developing new areas. One key to our success is that we understand our customers' needs and demands when it comes to location and design and we can translate this into attractive housing and properties.

PRODUCT AREAS

- **Housing development:** develops all kinds of housing such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes.
- **Property development:** revolves around the acquisition, development and divestiture of wholly owned and partly owned companies. Examples of partly owned companies is Peab's holding in Tornet, owning and developing rentals, Centur, owning and developing trading facilities and companies connected to the development of Arenastaden in Solna, Sweden. Projects in wholly owned companies consist of a large number of holdings that include everything from land for development where zoning is underway to finished projects ready to be sold.

CUSTOMERS

Housing customers are individuals, tenant-owned associations or the equivalent in Norway and Finland, private and municipal real estate companies. Commercial customers are real estate companies, investors and other companies that need facilities for industry, logistics and offices, etc.

OTHER MAJOR PLAYERS

Other market players are large construction companies, real estate companies and specialized development companies.

MARKET CONDITIONS

The conditions for housing developments are relatively unchanged with a substantial housing shortage in 2014 as well. Loan ceilings, drawn out planning processes and municipal special demands create long lead times. The growing interest home buyers have been showing in our homes led to a higher rate of production start-ups in housing projects during 2013. The demand for housing is affected by several factors such as demography, the economy, interest rates and access to home financing. All in all this points to long-term good demand for housing with different kinds of tenure.

The banks' more restrictive project financing has dampened commercial project development. Nonetheless we can see that the economy has had an impact on employment, at least in metropolises and university cities. This, together with limited speculative building, has stabilized and increased demand for different kinds of commercial properties. There are indications that this development will continue in 2014.

NET SALES AND RESULT

Operative net sales in 2013 in business area Project Development amounted to SEK 5,721 million (5,682) and operative operating profit was SEK 247 million (306).

Housing development

In 2013 operative net sales in Housing development were SEK 5,113 million (5,352) and operative operating profit was SEK 245 million (264). The operating margin was 4.8 percent (4.9).

There were 2,077 (1,679) start-ups of our own developed homes. The housing market grew stronger in the second half of 2013, leading to an increased number of start-ups compared to the previous year, particularly in the Stockholm area. The number of sold homes during the year was 2,034 (1,738). The number of own developed homes in production at year-end was 3,654 compared to 3,134 at the previous year-end. The share of sold homes in production was 73 percent compared to 72 percent at the previous year-end. The number of repurchased homes per 31 December 2013 amounted to 141 compared to 191 at the previous year-end.

Property development

Net sales and operating profit from operations is derived from running our wholly owned property, shares in the profit/loss from partly owned companies as well as capital gains/losses from the divestiture of completed projects and shares in partly owned companies. During 2013 net sales in Property development were SEK 608 million (330) and operating profit was SEK 2 million (42).

Gains from property sales have had a positive effect of SEK 63 million on profit compared to SEK 76 million last year. Operating profit has been charged by negative shares in the results of property projects in partly owned companies in the development phase. Included in this result is Peab's share of the management result of Friends Arena. Friends Arena is an essential part of the realization of Arenastaden, a completely new city district in Solna. For Peab the development of Arenastaden means significant construction and civil engineering contracts, the creation of interesting development rights for, among other things, housing and opportunities for commercial property development. The projects in its entirety follows the plans established when Peab made the decision to participate in this development.

THE BUSINESS AREA IN 2013

2013 was dominated by the implementation of the new business structure and coordinating all project development. At the same time we have fine-tuned our processes and renewed our organization. Despite increased specialization we still reap great benefits from local presence which gives us a good platform to follow local market developments everywhere Peab operates. Our new business structure gathers all project development in the Group under one roof, which allows us to tie up capital

Business Area Manager
Tomas Anderson

Strategic priorities

- Ensure customer satisfaction through proactive action and active follow-up, for instance through SCI (Satisfied Customer Index).
- Continued implementation of the new organization, better processes and strengthening project follow-up and control.
- Advancement of the development rights portfolio through a continuous divestiture of finished objects and objects with, for us, limited strategic value. This enables us to create room for new project acquisitions which will provide us with our future earnings. This way we can optimize our capital binding and increase returns.
- More clearly defined processes to identify tomorrow's attractive locations.

more effectively, improve management and enter acquisition and divestiture processes earlier. Another advantage is clearer ownership of our development rights portfolio which means clearer responsibility for its development. We are also able to have a comprehensive approach to the development and sale processes in our own developed housing.

CONTINUED DEVELOPMENT OF STANDARDIZED HOUSING CONCEPTS

In order to strengthen and develop Peab's customer relations we have continued to develop our customer concepts Peab Småhus, Annehem and Housing for Youths.

Peab Småhus is a concept for terrace houses, link houses and single homes. Based on a common technological platform the house models are developed with customers in mind. Prefabricated houses with low energy consumption are built efficiently and safeguarded from dampness. Thousands of single homes are in the planning stage with a 5-7 year horizon. During the year the single home concept was initiated among others in Linköping and Alingsås.

Annehem is a concept for Senior, Sheltered and Nursing Home housing where Peab, together with our partners who are municipalities and real estate companies, develop senior housing of the future, including associated facilities for services and activities in the buildings. During the year we have started construction on nursing and sheltered homes together with care company Aleris in both Halmstad and Simrishamn.

Housing for Youths is a concept where we make it possible for large numbers of young people to move away from home by building apartments with cost-efficient production. The methods are many and include rationalizing living space and smart interior solutions. A precursor to the concept is being built in Arenastaden in Solna. Almost 60 percent of those who have booked an apartment are born in the 1980s or 90s. Many of them are first-time buyers.

ACTIVE PROJECT DEVELOPMENT IN 2013

Even if the project portfolio remained roughly the same size during 2013 we made substantial changes in order to improve quality. In order to create a better product mix and geographic balance in projects we divested housing and commercial projects while acquiring several properties and companies.

The office project "Hyllie Stage Two" situated in one of Malmö's most expansive areas close to Malmö Arena is one such project that was divested in 2013. We are also building a hotel here that will be run by First Choice. We will continue to develop both housing and office space in this area.

In Visby we sold offices and rental properties situated in the old regiment area. We have several military areas no longer in use in our portfolio where we develop housing and commercial properties, among them Ängelholm, Östersund, Växjö and Ljungbyhed.

In 2013 we started constructing a new factory with cold storage in Bjuv rented by Findus. The factory is expected to be finished and divested in May 2015. In addition to constructing a large number of our own development projects in the form of tenant-owned housing we have been commissioned to develop and build 65 new homes for the municipal real estate company AB Stångåstaden in Linköping. We have also started planning a retirement home in Upplands-Väsby.

Peab has a large number of development rights for housing within the project Arenastaden which we have been involved in for some years now.

We are developing a closely knit urban center with city terrace houses, apartments, hotels and offices in the new city district Ulriksdahl, also in Solna.

In Kvarnholmens utvecklings AB we are developing, together with JM and Folksam, about 1,500 new apartments on Kvarnholmen, a peninsula with an attractive location opposite Djurgården in the inlet to Stockholm.

Fastighets AB Centur, which we own together with Fastighets AB Balder, has acquired the property Lyckholms situated next to Liseberg in central Gothenburg. We are currently constructing the first stage that consists of two new office buildings totaling 20,000 square meters.

We will erect "INSPI" close to the hospital area in Malmö. This is a center for preventive health care which also includes shops and a hotel with a unique architecture in new environmentally friendly buildings.

Through Acturum Development AB, jointly owned with the Wallenberg Foundation, Peab acquired 130,000 square meters modern research facilities in Snäckviken in Södertälje from Astra Zeneca. Peab will participate there in the process of creating Biovation Park Telge, a lively development park with a first rate location and competitive rents.

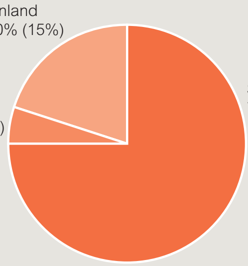
Key ratios	2013	2012
Operative net sales [1], MSEK	5,721	5,682
of which Property Development	*608*	*330*
of which Housing Development [1]	*5,113*	*5,352*
Operative operating profit [1], MSEK	247	306
of which Property Development	*2*	*42*
of which Housing Development [1]	*245*	*264*
Operative operating margin [1], %	4.3	5.4
of which Property Development	*0.3*	*12.7*
of which Housing Development [1]	*4.8*	*4.9*
Capital employed on 31 December, MSEK	11,376	10,800
Number of employees	168	182

1) According to the percentage of completion method (IAS11).

Project Development	2013	2012
Orders received, MSEK	5,115	3,274
Order backlog on 31 December, MSEK	3,975	3,624

Own developed housing production	2013	2012
Number of housing starts during the year	2,077	1,679
Number of sold homes during the year	2,034	1,738
Total number of homes under construction, at the end of the year	3,654	3,134
Share of sold homes under construction, at the end of the year	73%	72%
Number of repurchased homes in the balance sheet, at the end of the year	141	191

Net sales per geographic market, 2013



ANGERED ARENA
Gothenburg

Risks and risk management

MATERIAL RISKS AND UNCERTAINTY FACTORS

Peab's business is exposed both to operational and financial risks. The affects of risks on Peab's results and position depend on how well we handle daily operations in the company. In addition, as a construction and civil engineering company Peab is vulnerable to external risks such as developments in the economy and changes in circumstances due to amendments in laws and regulations, and other political decisions.

The parent company is indirectly affected by the risks described in this section.

RISK MANAGEMENT

The management of operative risks is a continuous process considering the large number of projects the company has in different phases of started up, carried out and completed. Operative risks are managed in the line organization in the business areas. Financial risks are associated with capital tied up in the company and its capital requirements primarily in the form of interest risks and refinancing risks. Financial risks are handled on Group level. The table below describes the most important risks and how they are handled.

OPERATIVE RISKS

Peab's business is largely project related. Operative risks in day-to-day business are connected to tenders where erroneous calculations can lead to incorrect tenders, which can then lead to losses in projects. With margins so low in the industry it can take several profitable projects to compensate for the losses in one project. Peab minimizes this risk through a well developed process and system support for following up projects.

Price risks primarily refer to prices for input goods moving in a direction that was not foreseen. Other operative risks are wrong product and method choices and access to competent personnel.

FINANCIAL RISKS

The Group is exposed to financial risks, such as interest rate risks linked to changes in debt and interest rate levels. For further information on financial risks, see note 37.

RISKS CONNECTED TO FINANCIAL REPORTING

Since Peab uses the percentage of completion method in most of our ongoing projects erroneous project forecasts mean that reporting and follow-ups will be misleading.

A number of balance items are valued based on estimations and assessments and this value can be affected by, for example, the current market and customers` preferences.

SENSITIVITY ANALYSIS

Peab's operations are sensitive to changes in, among other things, volumes and margins. The sensitivity analysis below describes how pre-tax profit is affected by changes in some of the important Group variables.

Sensitivity analysis

MSEK	Calculation basis	Change	Pre-tax profit effect
Operative			
Volume (operating margin constant)	43,000	+/– 10%	+/– 60
Operating margin (volume constant)	1.4%	+/– 1 percentage	+/– 430
Material and subcontractors	21,000	+/– 1%	+/–210
Financial			
Net debt (interest rate constant)	5,944	+/– 10%	+/– 20
Average effective int.rate [1] (net debt constant)	3.4%	+/– 1 percentage	+/– 37

1) The calculation is based on the assumption that SEK 3,723million of the total net debt of SEK 5,944 million, has a fixed interest period shorter than one year and is thereby affected almost at once by a change in market interest rates.

Risk	Risk management
Tenders Erroneous tenders and cost estimates can lead to significant losses in projects as well as the loss of an order.	Structured risk assessment is crucial in the construction business to ensure that risks are identified, correctly priced in tenders submitted and that the right resources are available.
Percentage of completion Peab applies percentage of completion in most of its projects. Miscalculation of percentage of completion can result in external accounting being seriously misleading or that strategic decisions are based on incorrect information.	A prerequisite for percentage of completion is reliable forecasting. Well developed procedures and system support for the monitoring and forecasting of each project is crucial to limiting risks of erroneous percentage of completion.
Price risks For Peab, price risks refer to aspects like unforeseen price hikes for materials, subcontractors and wages. Risks vary according to the type of contract. Fixed price contracts also involve the risk of incorrect tender calculations and the risk that price hikes deteriorate profits because the company cannot demand compensation from the customer for them.	Methods of limiting price risks include rationalising construction processes and purchasing procedures and always endeavouring to procure materials and subcontractors back in the tender stage or as early as possible in the process.
Circumstantial risk The uncertainty in the world around us and the financial markets can cause financing difficulties for customers, suppliers and subcontractors. This can in turn lead to postponement of planned investments as well as difficulties in meeting existing obligations.	Customers' and suppliers' credit worthiness is assessed and handled in the businesses. A prerequisite for contract project initiation is that the client has found financing for the project.

Other information and appropriation of profit

PEAB'S SUSTAINABILITY WORK

Peab strives to permeate our business with sustainability. Peab signed the Global Compact in 2012. This has contributed to greater awareness and competence in Peab, partly through the methodic follow up work we have pledged to do. More detailed information concerning Peab's work on sustainable development is given in Peab's sustainability report which follows the international guidelines laid down by the GRI (Global Reporting Initiative). *The report is available on Peab's website www.peab.com.*

Peab's environmental work is a part of our work with sustainability. We carry out stakeholder dialogues focused on sustainability that help us better understand what is expected from our work. In addition, environmental reviews are made on business area and company levels to identify our operations' significant environmental impact.

Environmentally and health hazardous substances

Historically our industry has used a number of substances that have recently proven to be dangerous for people and the environment. Today we know more and the trade has a proactive relationship concerning environmentally and health hazardous substances. Peab strives to eliminate substances and substance groups that are still allowed but entail a potential risk to health or the environment. Peab mainly uses systems established for our industry that have properties criteria to phase out environmentally and health hazardous substances.

Energy efficiency

Peab focuses on finding energy efficient solutions in production but also in the houses and buildings we turn over to customers after construction is completed. Peab strives to build housing with lower energy consumption than the norms. We control the energy balance in construction projects through energy calculations at an early stage and continual follow-ups.

We use large amounts of fuel for vehicles for transportation and construction equipment in our operations. Through a number of different initiatives we seek energy efficient solutions, for example, alternative fuel as well as electrical vehicles and machines. During the last ten year period Peab Asphalt has developed asphalt that is energy efficient to manufacture and has a lower environmental impact. The calculated reduction in energy consumption from lowering the laying temperature by some 30 degrees is around 20 percent and the reduction in CO_2 emissions is some 30 percent.

Effective waste management

The construction industry is currently the source of a large part of the waste generated in society. For Peab it's a matter of using resources as efficiently as possible by minimizing both the extraction of finite natural resources and the amount of waste generated. We have collaborated for years with two waste management companies and we continually further develop this collaboration. We have long had routines and work methods to identify and handle dangerous waste properly.

Operations required to have permits or submit reports

Operations required to have permits and submit reports according to the environmental code are found in the Swedish sub-groups Swerock, Skandinaviska Byggelement and Peab Asphalt. In Finland permit operations are run according to the Environmental Protection Act.

Operations required to have permits in Sweden are gravel and rock quarries, transportation of waste and hazardous waste and asphalting units. These operations primarily affect the environment through the extraction of finite resources and future land use. Operations required to have permits in Finland are mainly concrete manufacturing and ballast operations. Permit operations represented about 2 (2) percent of Group net sales in 2013. Renewal and supplementation of permits is continuous.

Swerock's concrete factories and Skandinaviska Byggelement's concrete product factories as well as Peab Asphalt's permanent and mobile asphalt works are operations that must submit reports. Operations that must submit reports represented about 7 (6) percent of Group net sales in 2013.

PEAB'S EMPLOYEES

The average number of employees in the Peab Group during 2013 was 13,792 compared to 14,828 during 2012.

Peab prioritizes having our own personnel on our sites and we work actively and determinedly for their well-being and safety at work. Health and the working environment have been prioritized a long time at Peab. Our working environment policy, which is integrated into our company policy, is the basis of our strategic work with the working environment. In Sweden we follow the requirements set out in AFS 2001:1 and Norway we work according to the Working Environment Act and valid regulations for the construction and civil engineering industries. During the year our working environment has been certified in Finland according to OHSAS 18001.

Peab works to prevent accidents and illness at work by providing safe equipment and quality ensured working methods along with communication and training in this area. All incidents and accidents are followed up. Peab's crisis organization is called in when serious accidents occur. New for 2013 is that we spread safety warnings throughout our organization when serious incidents or accidents occur. The safety warnings consist of brief information about has happened and tips on how to avoid a similar situation. Peab also works systematically to promote good health,

prevent illness and injuries, and with rehabilitation. Absence due to illness has gone down slightly in 2013 compared to 2012.

Competence and career development

Developmental discussions are an important part of Peab's business development. They offer an opportunity to discuss an employee's possible need for competence development in order to achieve the goals in our business plan.

After extensive analysis work in 2013 Peab's new program for development, launched in 2014, is based on real challenges, collaboration and dialogue. Our ambition is that 70 percent of competence development will occur in daily work, 20 percent through networks, exchanges and collaboration and 10 percent through formal education.

During the autumn of 2013 we launched employee and leader profiles built on Peab's core values. They form the basis of our competence development, developmental discussions, the goals we set and recruitment.

Equality and diversity

Construction is a typically male dominated industry. Women make up 11 percent of Peab's employees while 89 percent are men. Greater diversity and equality hold a substantial development potential for Peab. For this reason in 2013 Peab mapped the need for measures to increase equality and diversity and in 2014 we will launch a Group project to develop a strategy to achieve this.

Salary mapping is carried out every other year in Peab to ensure that salaries are on par with the market and that they are equal for similar jobs, experience and responsibility.

RESEARCH AND DEVELOPMENT

Peab does not have a special department for R&D which instead develops in ongoing production.

Peab works cross-functionally with development steered by needs that utilizes research results, scientific findings and new ideas. We want to contribute to sustainable development by creating new materials, products, services, processes, systems and methods. Peab cooperates with universities and colleges and is an active participant in many of the trade organizations that run or fund R&D such as Sveby, Beast, SGBC, SBUF, Bygginnovationen, IQS, The Swedish Construction Federation, Safe Water, SBMI and CBI.

Examples of projects in 2013 in business area Construction are the joint industry projects E-invoicing, Beast and "Safe Water – Build a Bathroom Right".

In the business area Industry we have worked with the project "Resistant noise dampening pavement" funded by SBUF and the Swedish Transport Administration.

The project "Quality improvement of laboratory research through image analysis" was run in the business area Civil Engineering and funded by SBUF.

Another development project that has been in progress for a number of years in business area Industry is PGS (Peab General System). PGS develops and supplies a flexible system of pre-fab building components that are assembled to make up a complete apartment building. PGS entails industrial building all the way from design to final assembly. The first PGS concept buildings were constructed in 2009 and today PGS houses are constructed from Skåne in southern Sweden up to the Mälardalen region in the middle of Sweden.

IMPORTANT EVENTS IN 2013

Jesper Göransson was appointed CEO and acting President of Peab on 25 March. He succeeded Jan Johansson. Jan Johansson came to Peab in 1986 and had various positions in the company.

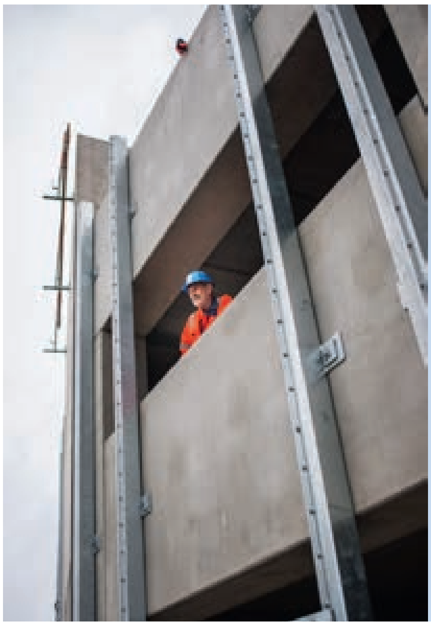
On 20 August 2013 Jesper was appointed President and CEO of Peab. Jesper has worked at Peab since 1996 and has long and solid experience in leading positions in the company, among them Deputy CEO, and he has been a member of Peab's executive management since 2006.

Tore Hallersbo, deputy CEO, decided to leave his post in Peab. Tore had been a member of executive management since 2009 and held various senior positions in business area Construction since 2011.

During the second quarter new areas of responsibility were created in executive management. Roger Linnér was appointed COO and Business area Construction Manager. Roger has worked at Peab since 1996, most recently as Business area Civil Engineering Manager.

Karl-Gunnar Karlsson, Business area Industry Manager was made Business area Civil Engineering Manager as well. Karl-Gunnar has worked at Peab since 2003.

Niclas Winkvist was made CFO of the Peab Group. This post comprises responsibility for Business Support and Investments



as well and he is also responsible for Peab's construction operations in Norway and Finland. Niclas has worked at Peab since 1995.

Peab has refinanced existing credit agreements totaling SEK 5,450 million maturing in May and September 2014, with a new credit facility of SEK 5,000 million maturing on 2 September 2016.

Peab has secured new funding through three issues of bonds totaling SEK 450 million during the MTN program, which was established in February 2012. The loan limit for the MTN program is SEK 3,000 million and bonds totaling SEK 1,450 million are outstanding after the above issues.

NORTHLAND RESOURCES

Peab has carried out several major projects for Northland Resources that are connected to the iron ore mine outside Pajala. On 8 February 2013 Northland Resources applied for a company reorganization. As a part of a long-term financial solution for Northland, the company raised USD 335 million through the issue of bonds. A consortium consisting of Folksam, Metso, Norrskenet and Peab has invested USD 22 million each in Northland bonds. Outstanding debts to Peab have been converted into an interest-bearing supplier loan with semi-annual amortization from January 2016 until maturity, at the latest in July 2020.

On 14 November 2013 Northland announced a plan to strengthen its financial buffers by USD 150 million. As part of this funding super senior notes for USD 60 million have been issued and approved by bondholders at the bondholding meeting on 4 April 2014. The financing proposal for this plan will be presented at the latest in May 2014.

Peab's total risk exposure in the balance sheet currently amounts to SEK 260 million and consists of outstanding unprioritized receivables that are included in the refinancing plan (reclassified as long-term interest-bearing receivables) and bonds guaranteed by liens.

THE PEAB SHARE

At the end of the year Peab's share capital amounted to SEK 1,583,866,056 divided among a total of 296,049,730 shares, resulting in a nominal value of SEK 5.35 per share. Of the shares, 34,319,957 are A shares with ten votes per share, and 261,729,773 are B shares with one vote per share. All shares carry equal rights to participation in the company's assets, profits and dividends. There are no restrictions in the articles of association concerning transferring shares or votes at the AGM. On 31 December 2013 there were approximately 32,000 shareholders in Peab.

Mats Paulsson with companies represents the largest single shareholder with 15.9 percent of the capital and 22.3 percent of the votes. The collected holding connected to the company founders Mats and Erik Paulsson with families and companies mounted to 29 percent of the capital and 64.9 percent of votes at year-end.

The company has no knowledge of any agreements between shareholders that can result in restriction of the right to transfer shares.

In 2007 Peab established a profit-sharing foundation. According to the foundation's placement policy its capital should be placed primarily in Peab shares. On 31 December 2013 the foundation owned 7,803,432 B shares in Peab.

The articles of association specify that the Board members are elected at the AGM. The articles of association do not include any stipulation regarding the dismissal of Board members or changes to the articles of association.

HOLDINGS OF OWN SHARES

At the beginning of 2013 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. Peab's Annual General Meeting on 14 May 2013 resolved to authorize the Board to, during the period until the next Annual General Meeting, acquire shares so that the company would have at most 10 percent of the total shares in Peab. No own shares were purchased nor divested during 2013 which means that Peab's own shareholding was 1,086,984 B shares at the end of 2013.

CORPORATE GOVERNANCE

For a detailed description of the work of the Board of Directors, corporate governance and systems for internal control, see page 90, Corporate governance report.

REMUNERATION FOR SENIOR OFFICERS

The Board will propose to the Annual General Meeting on 13 May 2014 that the remuneration policy remain unchanged. For more information about adopted guidelines regarding the salaries and other remunerations to the Chief Executive Officer and other members of executive management, see note 9, page 56-58.

ANTICIPATED FUTURE DEVELOPMENT

The result for 2013 is slightly reduced volumes in terms of the total building construction market in Sweden. The analysis company Industrifakta predicts a

positive turn in 2014, albeit weak. New construction of apartment buildings was the sector with the strongest increase in volume in 2013. Despite more production, the general assessment is that there is still room for more housing production in view of the current housing shortage, particularly in the growth and university areas. Single home production also developed well in 2013, albeit from a low level. Renovation volumes for apartment buildings continue to develop well. The growing interest in investing in housing projects from the 60s and 70s is one of the reasons behind the good development in the sector 2013. This development is expected to continue in coming years. Construction of public premises continued to decline in 2013 compared to 2012 and 2011. The general assessment is that volumes will remain on the same level in 2014. Private construction is hesitant although greater stability and international demand is anticipated, something which may warrant cautious optimism for 2014.

Civil engineering in Sweden showed a somewhat lower level in 2013 compared to 2012 but investment volumes in 2014 are expected to grow somewhat. The energy sector will be the primary driving force in the sector in 2014 with major investments in the mainline networks (gas and district heating), wind power and nuclear power.

The Norwegian housing market shows signs of wavering regarding market conditions in 2014. Private premise construction was strong in 2013 and is expected to continue on a high level in 2014, but the growth rate will diminish. New schools, healthcare housing and hospitals provide a good platform for public construction in 2014. The forecast for the civil engineering sector in 2014 continues to be positive with substantial needs in communication and energy.

Finland's economy has been under a great deal of pressure and the coming years will be characterized by a tight public financial policy but also some positive tendencies and recovery. Housing production was somewhat lower in 2013 compared to the previous year and will remain unchanged in 2014. A weak domestic economy is slowing down private construction and several projects in public construction will not be carried for a few years. The major infrastructure program aimed at stimulating civil engineering construction that was expected to be launched in 2013 has been postponed and the forecast for the sector is therefore unchanged. All in all development in Finnish building construction is expected to develop weakly in 2014 despite positive signals of recovery for both exports and domestic consumption.

PARENT COMPANY

The activities of the parent company consist of executive management and joint Group functions. Net sales in 2013 amounted to SEK 105 million (96) and primarily consisted of internal Group services. Operating profit for 2013 amounted to SEK -67 million (-54). Shares in Group companies were SEK 220 million (-294), of which dividends from subsidiaries amounted to SEK 82 million (38), gains from Group internal sales of shares in subsidiaries were SEK 477 million (14) and write-downs in shares in subsidiaries were SEK -339 million (-346), of which SEK -277 million (-294) refer to shares in Peab AS. The result after net financial items amounted to SEK -38 million (-443).

Proposed appropriation of profit

The following amounts in SEK are at the disposal of the Annual General Meeting:	
Share premium reserve	2,308,208,948
Special reserve	55,000,000
Fair value reserve	–93,813,854
Profit brought forward	2,620,218,566
Profit for the year	229,000,552
Total	**5,118,614,212**

The Board of Directors propose the following appropriation of disposable profits and non-restricted reserves:

Dividend, 296,049,730 shares at SEK 1.80 per share	532,889,514
Carried forward [1]	4,585,724,698
Total	**5,118,614,212,**
[1] Of which to share premium reserve	2,308,208,948
Of which to special reserve	55,000,000
Of which to fair value reserve	–93,813,854

Peab links people and communities together with the new E6

The traffic through Bohus County is intensive and rising as the region grows and develops. Peab was commissioned by The Swedish Transport Administration to build the stages Knäm-Lugnet and Skee-Ejgst. Big trucks have rubbed shoulders with tourists in cars on this stretch and the poor road standard has previously caused major traffic problems and lots of accidents. Now the whole section is being converted into a highway, which will make it safer and more accessible. E6 can continue to be a vital link between the strong economic regions Öresund, Gothenburg and Oslo. Peab worked round the clock to quickly and safely complete 1,100 meters of highway.

Income statement for the Group

MSEK	Note	2013	2012
Net sales	3,4	43,095	46,840
Production costs		–40,295	–43,539
Gross profit		**2,800**	**3,301**
Sales and administrative expenses		–2,305	–2,378
Profit from participation in associated companies and joint ventures	18,19	13	18
Other operating income	6	126	128
Other operating costs	7	–20	–12
Operating profit	4,8,9,10,11,38	**614**	**1,057**
Financial income		239	239
Financial expenses		–472	–443
Profit from participation in joint ventures	19	–2	–38
Net finance	12	**–231**	**–242**
Pre-tax profit		**383**	**815**
Tax	14	–85	–89
Profit for the year		**298**	**726**
Profit for the year attributable to:			
Shareholders in parent company		298	730
Non-controlling interests		0	–4
Profit for the year		**298**	**726**
Profit per share	15		
before and after dilution, SEK		1.01	2.47

Statements of comprehensive income for the group

MSEK	Note	2013	2012
Profit for the year		**298**	**726**
Other comprehensive income			
Items that can be reclassified or have been reclassified to income for the year			
Translation difference for the year when translating foreign operations		–139	–12
Profit/loss from exchange risk hedging in foreign operations		–	–2
Change for the year in fair value of financial assets available-for-sale		17	–87
Change for the year in fair value of cash flow hedges		69	34
Change in fair value of cashflow hedges carried over to profit for the year		–46	–17
Share in associated companies' and joint ventures' other comprehensive income		0	–1
Tax referring to items that can be reclassified or have been reclassified to income for the year	14	–32	15
		–131	**–70**
Items that cannot be reclassified to income for the year			
Revaluation of defined benefit pension plans		0	10
Tax referring to items that cannot be reclassified to income for the year	14	0	–3
		0	**7**
Other comprehensive income for the year		**–131**	**–63**
Total comprehensive income for the year		**167**	**663**
Total comprehensive income for the year attributable to:			
Shareholders in parent company		167	667
Non-controlling interests		0	–4
Total comprehensive income for the year		**167**	**663**

BALANCE SHEET FOR THE GROUP

MSEK	Note	2013	2012
Assets			
Intangible assets	16	2,053	2,126
Tangible assets	17	3,973	4,443
Participation in joint ventures	19	1,310	1,279
Other securities held as fixed assets	22,36,37	516	442
Interest-bearing long-term receivables	21,36,37	1,744	1,157
Deferred tax recoverables	14	155	233
Other long-term receivables	23	122	108
Total fixed assets		**9,873**	**9,788**
Project and development properties	24	6,685	6,239
Inventories	25	412	465
Work in progress	26	1,100	1,106
Accounts receivable	27,37	6,104	7,095
Interest-bearing current receivables	21,36,37	410	567
Tax assets		73	105
Recognized but not invoiced income	28	6,043	5,240
Prepaid expenses and accrued income		461	823
Other current receivables	23	254	208
Current holdings	36,37	21	10
Liquid funds	36,37	415	429
Total current assets		**21,978**	**22,287**
Total assets		**31,851**	**32,075**
Equity	30		
Share capital		1,584	1,584
Other contributed capital		2,576	2,576
Reserves		–283	–152
Profit brought forward included profit for the year		3,791	3,970
Equity attributable to shareholders in parent company		**7,668**	**7,978**
Non-controlling interests		**0**	**1**
Total equity		**7,668**	**7,979**
Liabilities			
Interest-bearing long-term liabilities	31,36,37	5,053	6,772
Other long-term liabilities	34,36	58	142
Deferred tax liabilities	14	491	444
Provisions for pensions	32,36	11	15
Other provisions	33	473	394
Total long-term liabilities		**6,086**	**7,767**
Interest-bearing current liabilities	31,36,37	3,470	1,854
Accounts payable	36,37	3,805	4,534
Income tax liabilities		114	114
Invoiced income not yet recognized	28	6,063	5,246
Accrued expenses and deferred income		3,346	3,176
Other current liabilities	34,36	1,163	1,232
Provisions	33	136	173
Total current liabilities		**18,097**	**16,329**
Total liabilities		**24,183**	**24,096**
Total equity and liabilities		**31,851**	**32,075**

See note 40 for information about The Groups pledged assets and contingent liabilities.

	Equity attributable to shareholders in parent company								
MSEK	**Share capital**	**Other contributed capital**	**Translation reserve**	**Fair value reserve**	**Hedging reserve**	**Profit brought forward including profit for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening balance equity 2012-01-01	**1,584**	**2,576**	**38**	**–17**	**–103**	**3,869**	**7,947**	**0**	**7,947**
Effect of retrospecitve application according to new accounting principle						–14	–14		–14
Adjusted opening equity 2012-01-01	**1,584**	**2,576**	**38**	**–17**	**–103**	**3,855**	**7,933**	**0**	**7,933**
Comprehensive income for the year									
Profit for the year						730	730	–4	726
Other comprehensive income for the year			–10	–87	27	7	–63		–63
Comprehensive income for the year	**–**	**–**	**–10**	**–87**	**27**	**737**	**667**	**–4**	**663**
Transactions with Group owners									
Contribution from and value transferred to owners									
Dividends						–620	–620		–620
Acquisition of non-controlling interests, previous controlling interests						–2	–2		–2
Total contribution from and value transfers to owners	–	–	–	–	–	–622	–622	–	–622
Changes in participation in subsidiaries									
Changes in participation in subsidiaries, new issues								5	5
Total transactions with Group owners	–	–	–	–	–	–622	–622	5	–617
Closing balance equity 2012-12-31	**1,584**	**2,576**	**28**	**–104**	**–76**	**3,970**	**7,978**	**1**	**7,979**
Opening balance equity 2013-01-01	**1,584**	**2,576**	**28**	**–104**	**–76**	**3,970**	**7,978**	**1**	**7,979**
Comprehensive income for the year									
Profit for the year						298	298		298
Other comprehensive income for the year			–152	17	4		–131		–131
Comprehensive income for the year	**–**	**–**	**–152**	**17**	**4**	**298**	**167**	**0**	**167**
Transactions with Group owners									
Contribution from and value transferred to owners									
Dividends						–472	–472		–472
Acquisition of non-controlling interests, previous controlling interests						–5	–5		–5
Total contribution from and value transfers to owners	–	–	–	–	–	–477	–477	0	–477
Changes in participation in subsidiaries									
Acquisition of non-controlling interests, previous controlling interests								–1	–1
Total transactions with Group owners	–	–	–	–	–	–477	–477	–1	–478
Closing balance equity 2013-12-31	**1,584**	**2,576**	**–124**	**–87**	**–72**	**3,791**	**7,668**	**0**	**7,668**

CASH FLOW STATEMENT FOR THE GROUP

MSEK	Note	2013	2012
Current operations	44		
Pre-tax profit		383	815
Adjustments for non-cash items		821	737
Income tax paid		–23	–286
Cash flow from current operations before working capital changes		**1,181**	**1,266**
Cash flow from changes in working capital			
Increase (-) /Decrease (+) project and development properties		–1,336	–989
Increase (-) /Decrease (+) inventories		–200	526
Increase (-) /Decrease (+) current receivables		32	–1,344
Increase (+) /Decrease (-) current liabilities		136	1,044
Cash flow from changes in working capital		**–1,368**	**–763**
Cash flow from current operations		**–187**	**503**
Investment operations			
Acquisition of subsidiaries, net effect on liquid funds		–123	–406
Sale of subsidiaries, net effect on liquid funds		318	135
Acquisition of intangible fixed assets		–2	–
Acquisition of tangible fixed assets		–398	–758
Sale of tangible fixed assets		174	106
Acquisition of financial assets		–815	–615
Sale of financial assets		1,635	2,009
Cash flow from investment operations		**789**	**471**
Cash flow before financing		**602**	**974**
Financing operations			
Acquisition of non-controlling interests		–5	–
Repayment of convertible promissory notes		–	–598
Raised bonds		453	997
Change of loans		–628	–1,272
Dividend distributed		–472	–620
Cash flow from financing operations		**–652**	**–1,493**
Cash flow for the year		**–50**	**–519**
Cash at the beginning of the year		439	970
Exchange rate differences in cash		47	–12
Cash at year-end		**436**	**439**

MSEK	Note	2013	2012
Net sales	3	105	96
Administrative expenses	9,10	–172	–150
Operating profit		**–67**	**–54**
Result from financial investments	12		
Result from participations in Group companies		220	–294
Result from participations in associated companies		–	27
Result from securities and receivables recognized as fixed assets		23	97
Interest expenses and similar loss items		–214	–209
Profit after financial items		**–38**	**–433**
Appropriations	13	267	206
Pre-tax profit		**229**	**–227**
Tax	14	0	0
Profit for the year		**229**	**–227**

Report on comprehensive income for the parent company

MSEK	2013	2012
Profit for the year	**229**	**–227**
Other comprehensive income		
Items that can be reclassified or have been reclassified to income for the year		
Change for the year in fair value of financial assets available-for-sale	26	–99
Other comprehensive income for the year	**26**	**–99**
Total comprehensive income for the year	**255**	**–326**

BALANCE SHEET FOR THE PARENT COMPANY

MSEK	Note	2013	2012
Assets			
Fixed assets			
Tangible assets			
Machinery and equipment	17	1	2
Total tangible assets		**1**	**2**
Financial assets			
Participations in Group companies	42	13,173	12,547
Receivables from Group companies	20,36	–	1,586
Interest-bearing long-term receivables	21,36,37	194	105
Other securities held as fixed assets	22,36	289	277
Other long-term receivables	23	1	1
Total financial assets		**13,657**	**14,516**
Total fixed assets		**13,658**	**14,518**
Current assets			
Current receivables			
Receivables from Group companies	36	1,544	46
Other current receivables	23	2	2
Prepaid expenses and accrued income	29	5	5
Total current receivables		**1,551**	**53**
Liquid funds	36	8	3
Total current assets		**1,559**	**56**
Total assets		**15,217**	**14,574**
Equity and liabilities			
Equity	30		
Restricted equity			
Share capital		1,584	1,584
Statutory reserve		300	300
Non-restricted equity			
Share premium reserve		2,308	2,308
Special reserve		55	55
Fair value reserve		–94	–120
Profit brought forward		2,620	3,319
Profit for the year		229	–227
Total equity		**7,002**	**7,219**
Untaxed reserves	43	**156**	**156**
Long-term liabilities			
Liabilities to Group companies	36	6,396	7,122
Total long-term liabilities		**6,396**	**7,122**
Current liabilities			
Accounts payable	36	7	55
Liabilities to Group companies	36	1,595	2
Tax liabilities		3	1
Other current liabilities	34	3	3
Accrued expenses and deferred income	35	55	16
Total current liabilities		**1,663**	**77**
Total equity and liabilities		**15,217**	**14,574**
Pledged assets and contingent liabilities for parent company			
Pledged assets		–	–
Contingent liabilities	40	21,464	20,760

	Restricted capital		Non-restricted capital					
MSEK	Share capital	Statutory reserve	Share premium reserve	Special reserve	Fair value reserve	Profit/loss brought forward	Profit for the year	Total equity
Opening balance equity 2012-01-01	**1,584**	**300**	**2,308**	**55**	**–21**	**2,646**	**1,292**	**8,164**
Profit for the year							–227	–227
Other comprehensive income for the year					–99			–99
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–99**	**–**	**–227**	**–326**
Allocation of profits						1,292	–1,292	0
Cash dividend						–619		–619
Closing balance equity 2012-12-31	**1,584**	**300**	**2,308**	**55**	**–120**	**3,319**	**–227**	**7,219**
Opening balance equity 2013-01-01	**1,584**	**300**	**2,308**	**55**	**–120**	**3,319**	**–227**	**7,219**
Profit for the year							229	229
Other comprehensive income for the year					26			26
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**26**	**–**	**229**	**255**
Allocation of profits						–227	227	0
Cash dividend						–472		–472
Closing balance equity 2013-12-31	**1,584**	**300**	**2,308**	**55**	**–94**	**2,620**	**229**	**7,002**

CASH FLOW STATEMENT FOR THE PARENT COMPANY

MSEK	Note	2013	2012
Current operations	44		
Pre-tax profit		–38	–433
Adjustments for non-cash items		–145	279
Income tax paid		2	–122
Cash flow from current operations before working capital changes		**–181**	**–276**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) current receivables		12	–8
Increase (+)/Decrease (-) current liabilities		720	40
Cash flow from changes in working capital		**732**	**32**
Cash flow from current operations		**551**	**–244**
Investment operations			
Acquisition of financial assets		–950	–679
Sale of financial assets		1,602	1,583
Cash flow from investment operations		**652**	**904**
Cash flow before financing		**1,203**	**660**
Financing operations			
Repayment of convertible promissory notes		–	–598
Change of loans		–726	558
Dividend distributed		–472	–619
Cash flow from financing operations		**–1,198**	**–659**
Cash flow for the year		**5**	**1**
Cash at the beginning of the year		3	2
Cash at year-end		**8**	**3**

NOTES
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

Note 1 Accounting principles

Compliance with standards and legislation

The consolidated accounts have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) which have been adopted by EU. In addition, the Swedish Financial Reporting Board recommendation RFR 1 Supplementary accounting rules for groups has also been applied.

The accounting principles given below for the Group have been applied consequently for all the periods presented in the consolidated financial reports, if not otherwise stated. The Group's accounting principles have been applied consequently for reports and the consolidation of the parent company, subsidiaries, associated companies and joint ventures in the consolidated financial reports.

The parent company applies the same accounting principles as the Group except in the cases stated below in the section on the parent company accounting principles.

The annual report and the consolidated accounts have been approved of by the Board and CEO for publication on 4 April 2014. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption by the AGM on 13 May 2014.

Valuation basis applied for preparation of the parent company and group financial reports

Assets and liabilities are reported at historical acquisition values except for certain financial assets and liabilities which are assessed at fair value. Financial assets and liabilities valued at fair value consist of derivatives and shares and holdings that are not reported as subsidiaries/associated companies or joint ventures.

Functional currency and reporting currency

The parent company's functional currency is the Swedish crown, which is also the currency in which the accounts of the parent company and the Group are reported. Unless otherwise indicated all amounts are rounded off to the nearest million.

Estimates and assessments in the financial reports

Preparing the financial reports requires on the one hand making assessments concerning the application of the accounting policies and on the other hand estimating the value of assets, liabilities, revenues and costs. Estimates and assumptions are based on historical experience and other factors considered relevant and reasonable. Estimates and assumptions are regularly reviewed and compared to the actual outcome. Important assessments are described in more detail in note 2.

Changed accounting principles

In essence the accounting principles, computations and presentation are the same as in the Annual Report 2012, with the exception of the change in reporting actuarial gains/losses from defined benefit pension plans, the presentation and disclosures regarding other comprehensive income as well as further disclosures concerning the fair value of financial instruments and offsets. These changes are explained below.

Amended IAS 19 Employee benefits, eliminated the possibility to even out actuary gains and losses over time. Instead actuary gains and losses are recognized in the comprehensive income statements as they occur. The yield on plan assets in profit/loss is recognized for an amount calculated on the discount rate used when calculating employee benefit obligations. The difference between the real and calculated yield of plan assets is recognized in other comprehensive income. The amendments have been applied for the financial year 2013 with retroactive translation of the comparable year. Amendments in IAS 19 affected Group equity per 1 January 2012 by SEK –14 million after taking deferred tax into consideration. The translation effect on Group profit in 2012 was SEK 1 million and SEK 7 million on other comprehensive income. Equity at the end of 2012 was affected by SEK –6 million taking deferred tax into consideration.

The amended IAS 1 Presentation of financial statements, means that items in other comprehensive income must be separated into two categories and presented in other comprehensive income based on whether the items will at a later date be recognized as income or not. Items that can be reclassified to profit/loss are translation differences with connected currency hedges, profit/loss on cash flow hedges or changes in the fair value of certain financial instruments previously presented in other comprehensive income. Items that cannot be reclassified are actuary gains and losses.

IFRS 13 Fair value measurement, has been applied onward from the financial year 2013 and has only affected Group disclosures.

Amended IFRS 7 Financial instruments: Disclosures, has required the presentation of the offset of financial assets and liabilities as of the financial year 2013 with corresponding disclosures for the comparable year.

New IFRSs and interpretations that have not yet been applied

The Group has chosen not to prematurely apply new standards or interpretations when preparing these financial reports and plans no premature application in the coming years.

IFRS 10 Consolidated financial statements, deals with when entities must be consolidated and replaces corresponding parts of the current IAS 27 which is now called Separate financial reports.

IFRS 11 Joint arrangements, is a new standard that replaces IAS 31 Interests in joint ventures. IFRS 11 comprises arrangements where the parties share control over jointly run operations. The investment can either be classified as a joint operation or a joint venture depending on the contractual parties' rights and obligations. It is a joint operation if the financial significance of the arrangement is that each party has the rights to the assets and obligations for liabilities connected to the arrangement. Joint operations are reported according to the proportional method, i.e. each party recognizes their contractual interest in assets and liabilities respectively income and expenses. In a joint venture the parties have the right to the net assets of the arrangement, which are reported according to the equity method. For Peab IFRS 11 is expected to entail that certain current joint ventures will be reclassified to joint operations and recognized through the proportional method instead of the equity method.

IFRS 12 Disclosure of interests in other entities, is a new standard that places higher demands on disclosures concerning investments in subsidiaries, joint arrangements, associates and other structured entities.

IAS 28 Investments in associates, has been revised and is now called Investments in associates and joint ventures. The amended standard is essentially the same as the previous IAS 28.

IFRS 10-12 and the amended IAS 27 and IAS 28 have been approved of by EU for application at the latest the financial year that begins on 1 January 2014.

IFRS 9 Financial instruments, will replace IAS 39 Financial instruments: Recognition and measurement, as of 2018. IFRS 9 deals with classification and valuation of financial assets and financial liabilities and hedging reporting. IFRS 9 will be supplemented with new rules regarding write-downs of financial assets. IFRS 9 has not yet been approved for application by the EU and approval is not expected until EU can take a position on a complete IFRS 9. Peab has therefore chosen to wait before making a consequence analysis.

Other new or amended IFRSs together with interpretations are not expected to have any effect on Group accounting.

Operating segments

An operating segment is an entity in the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. An operating segment's results are reviewed by the company's highest decision maker in order to assess its performance and to be able to allocate resources to the segment. Segment information is provided for the Group only.

Classification

Fixed assets, long-term liabilities consist of amounts which may be expected to be recovered or defrayed later than 12 months after the balance sheet date. Current assets and current liabilities consist of amounts which may be expected to be recovered or defrayed within 12 months of the balance sheet date.

Consolidation principles

Subsidiaries

Subsidiaries are entities over which Peab AB exercises a controlling influence. The term controlling influence refers to a direct or indirect right to mould the company's financial and operating strategies in order to obtain financial benefits. When assessing whether a controlling interest is involved, potential share voting rights which can be exercised immediately or can be converted are taken into account.

Business combinations are recognized using the purchase accounting method, under which acquisitions of subsidiaries are regarded as transactions through which the Group indirectly acquires the assets of the subsidiary and takes over its liabilities. The consolidated acquisition value is calculated in an acquisition analysis in conjunction with the acquisition. The analysis establishes the acquisition value of the participations or the business, the fair value on acquisition date of the acquired identifiable assets and the liabilities taken over.

From 1 January goodwill in business combinations is calculated as the sum of transferred reimbursement, any non-controlling interest and the fair value of previously acquired shares (in step acquisitions) less the fair value of the subsidiary's identifiable assets and overtaken liabilities. Where the difference is negative this is recognized directly in profit/loss for the year. Goodwill from acquisitions before 2010 is calculated as the sum of transferred reimbursement and acquisition expenses less the fair value of acquired identifiable net assets from each acquired share after which the acquisition value of goodwill from all the separately acquired shares is aggregated. Acquisition costs for business combinations from 2010 on are expensed but are included in goodwill in acquisitions made before that date.

Conditional consideration from 2010 on is measured at fair value at the time of acquisition and subsequent changes in fair value are recognized in profit and loss as they occur. For acquisitions before 2010 conditional consideration is only reported when it is possible to calculate a probable and reliable amount and any adjustments thereafter are recognized in goodwill.

In subsidiaries acquired from 2010 on where there are owners with a non-controlling interest the Group reports net assets attributable to owners of non-controlling interests either as the fair value of all net assets excluding goodwill or the fair value of all assets including goodwill. The choice is made individually for each acquisition.

Increased ownership in companies in stages is reported as step acquisitions. In step acquisitions from 2010 on that lead to control the previously acquired shares are remeasured based on the fair value of the latest acquired share and the resulting profit or loss is recognized in the income statement. Step acquisitions before 2010 are reported as an aggregation of the acquisition-date values and any remeasurement when control is achieved is recognized in the remeasurement reserve in equity.

When control has been achieved the change in ownership is reported as a transfer in equity between the parent company and the non-controlling interests, without remeasuring the subsidiary's net assets. In changes in ownership while maintaining control prior to 2010 the difference between payment and the acquisition's share of booked identifiable assets were recognized in goodwill.

From 1 January 2010 partial disposal of an investment in a subsidiary that results in loss of control triggers remeasurement of the residual holding to fair value. Any difference between fair value and carrying amount is recognized in profit or loss for changes in ownership. No such remeasurement was performed on residual holdings that formed a joint venture or associated company prior to 2010.

When acquisitions of subsidiaries involve the acquisition of net assets which do not comprise operations, the acquisition cost of each identifiable asset and liability is divided based on its relative fair value at the time of acquisition.

The financial reports of subsidiaries are recognized in the consolidated accounts from the date the controlling influence arises and remain in the consolidated report until the date it ceases.

Joint ventures

For accounting purposes, joint ventures are entities where the Group through co-operation agreements with one or more partners exercises a joint controlling influence over operational and financial management. From the date on which the joint controlling influence is assumed, participations in joint ventures are recognized in consolidated accounts in accordance with the equity method, whereby the value of participations in joint ventures recognized in the consolidated accounts corresponds to the Group's participation in the equity of joint ventures and Group goodwill and other possible residual Group deficit and surplus values. The Group's participations in joint ventures after tax and minorities adjusted for depreciation, write-downs or dispersal of acquired deficit and surplus values are recognized in consolidated profit for the year as Participations in profit of joint ventures. Only equity earned after the acquisition is recognized in the consolidated equity. Dividends received form joint ventures reduce the accounting value of the investment.

Upon acquisition, any differences between the acquisition value of the holding and the owner company's participation in the net fair value of the joint venture's identifiable assets, liabilities and contingent liabilities is recognized primarily according to the same principles as for subsidiaries with the difference that acquisitions costs are activated in the acquisition value of the shares and that changes in ownership while maintaining joint control are reported as separate partial acquisitions respectively partial disposals of shares proportional to the groupwise value.

The equity method is applied until the time the joint controlling influence ceases.

Associated companies

Associated companies are those companies in which the Group has a significant but not controlling influence over operating and financial control usually through shareholdings of between 20 and 50 percent. From the date on which the significant influence is assumed, participations in affiliated companies are recognized in consolidated accounts in accordance with the equity method. For a description of the equity method, see Joint Ventures above.

Transactions which must be eliminated upon consolidation

Intra-group receivables and liabilities, revenues or costs or unrealized gains or losses stemming from intra-group transactions between Group companies are eliminated completely when preparing the consolidated accounts.

Unrealized gains arising from transactions with joint ventures are eliminated to the extent these refer to the Group's ownership participation in the company. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent there is no write-down requirement.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are converted to the functional currency at the exchange rate on the transaction date. The functional currency is the currency of the primary financial surroundings where the company operates. Monetary assets and liabilities in foreign currency are converted to the functional currency at the exchange rate applying on the balance sheet day. Exchange rate differences arising during translation are recognized in profit/loss for the year. Non-monetary assets and liabilities which are recognized at historical acquisition value are converted at the exchange rate applying at the time of the transaction. Non-monetary assets reported at fair value are recalculated to the functional currency at the exchange rate current at the time of valuation at fair value.

The financial reports of foreign business

Assets and liabilities in foreign entities including goodwill and other Group deficit and surplus values are converted from the foreign company's functional currency to the Group's reporting currency, Swedish crowns, at the exchange rate applying on balance sheet day. Earnings and costs in a foreign entity are converted to Swedish crowns at an average rate approximating to the rates applying on the respective transaction dates. Translation differences arising when converting the currency of foreign companies are recognized in other comprehensive income and are accumulated in a separate component in equity as a translation reserve.

Net investment in a foreign company

Translation differences arising from the translation of a foreign net investment are recognized via other comprehensive income in the translation reserve in equity. Translation differences also comprise exchange rate differences from loans which form a part of the parent company's investment in foreign subsidiaries (so-called extended investment). When a foreign subsidiary is divested, the accumulated translation differences attributable to the company are reclassified from equity to profit/loss for the year.

Income

Construction contracts

Current construction contracts are reported in accordance with IAS 11, Construction contracts. Income and expenses must be recognized as the contract is completed. This principle is known as the percentage of completion method. Income and expenses are recognized in profit and loss in proportion to the percentage completion of the contract. The percentage completion of the contract is determined based on the defrayed project costs compared to the project costs corresponding to the project income for the whole contract. The application of the percentage of completion method is prerequisite on it being possible to calculate the outcome in a reliable manner. In case of contracts where the outcome cannot be reliably calculated, income is calculated in proportion to the costs defrayed. Feared losses are charged to income as soon as they become known.

In the balance sheet, construction contracts are entered project by project either as Recognized but non-invoiced income under current assets or as Invoiced income not yet recognized under current liabilities. Those projects with higher accumulated income than invoiced are recognized as assets whilst those projects which have been invoiced in excess of the accumulated income are recognized as liabilities.

Swedish tenant-owned housing projects are reported according to IAS 11 Construction contracts, which entails applying the percentage of completion method based on the degree to which the project is completed through expenses that have occurred in relationship to the project's calculated total cost. A contract is drawn up which regulates the sales of land and construction of the property with the tenant-owned association, which is an independent legal entity.

Own developed housing projects for sales

In Peab's housing projects in Finland and Norway as well as our own home developments in Sweden Peab does not have an external independent other party at the start of a project, which means that the projects are reported according to IAS 18 Revenue and income from these projects is recognized first when the projects are handed over to the buyer. Expenses are recognized as work-in-progress in the balance sheet. On account invoices to customers are reported as non-interest-bearing liabilities, and loans to finance housing projects are reported as interest-bearing liabilities.

Other income

Other income excluding construction contracts is recognized in accordance with IAS 18 Revenue. Income from the sale of goods is recognized in profit/loss for the year when the material risks and benefits associated with ownership of the goods has been transferred to the buyer. Crane and machinery hire income is recognized linearly over the hiring period.

Government grants

Government grants are recognized in the balance sheet as government receivables when it is reasonably certain that the contribution will be received and that the Group will meet the requirements for the grant. Grants are amortized systematically in profit/loss for the year as cost reductions in the same way and over the same periods as the costs that the grants are intended to offset. Government grants related to assets are recognized as a reduction in the recognized value of the asset.

Leasing

Operational leasing agreements

Expenses for operational leasing agreements where the Group is the lessee are recognized linearly in profit/loss for the year over the leasing period. Benefits obtained from the signing of an agreement are recognized linearly in profit/loss for the year over the term of the leasing agreement. Variable costs are expensed in the periods they occur.

Revenues relating to operational leasing agreements where the Group is the lessor are recognized in a straight line over the life of the lease agreement. Costs arising from leasing agreements are recognized as they arise.

Financial leasing agreements

Minimum leasing charges are divided between interest costs and amortization of the outstanding debt. Interest costs are distributed over the leasing term such that an amount corresponding to a fixed interest rate for the debt accounted in the respective period is recognized in each accounting period. Contingent rents are carried as expenses in the periods it occurs.

Financial income and expenses

Financial income and expenses consist of interest income on cash at bank, receivables and interest-bearing securities, interest expenses on loans, dividend revenues, realised and unrealised gains and losses on financial investments and derivatives used within the financial business.

Interest income on receivables and interest expenses on liabilities are calculated in accordance with the effective interest rate method. The effective interest rate is the discount rate for estimated future payments and disbursements during the expected life of a financial instrument to the financial asset's or liability's net book value. Interest income and interest expenses include accrued transaction costs and possible discounts, premiums and other differences between the original value of the receivable or liability and the amount received when it falls due.

Dividend income is recognized when the right to payment is established.

The results of sales of financial investments are recognized when the risks and benefits associated with ownership of the instrument are materially transferred to the buyer and the Group no longer has control of the instrument.

Interest costs are charged to income during the period to which they refer except to the extent that they are included in that asset's acquisition value. An asset for which interest can be included in the acquisition price is an asset which must necessarily require considerable time to prepare for the intended use or sale. Interest costs are capitalized according to IAS 23, Borrowing costs. Interest rate swaps are used to hedge against interest risks connected to Group loans. Interest rate swaps are valued at fair value in the balance sheet. The coupon rate part is recognized on a current basis in profit/loss for the year as a correction of the interest expense. Unrealized changes in the fair value of rate swaps are recognized in other comprehensive income and are part of the hedging provision until the hedged item affects profit/loss for the year and as long as the criteria for hedge reporting is met.

Taxes

Income tax consists of current tax and deferred tax. Income tax is recognized in profit/loss for the year except when the underlying transaction is recognized in equity, in which case the relevant tax is recognized in other comprehensive income respectively in equity.

Current tax is tax that must be paid or will be received during the current year. This also includes current tax attributable to earlier periods. Current and deferred tax is calculated applying the tax rates and tax rules resolved upon or in practice resolved upon on the balance sheet day.

Deferred tax is calculated according to the balance sheet method based on temporary differences between the accounted and tax values of assets and liabilities. Temporary differences are not taken into account for the difference generated by the recognition of groupwise goodwill nor for difference that occurred at first recognition of assets and liabilities which are not business combinations and which at the time of the transaction did not affect either recognized or taxable profits. Valuation of deferred tax is based on how the underlying value of assets or liabilities is expected to be realized or regulated.

When shares in subsidiaries are acquired such acquisition either refers to business combinations or an asset purchase. An asset purchase refers to, for example, acquiring a company that only owns one or more properties with tenancy agreements but the acquisition does not comprise the processes required to operate a business. In business combinations deferred tax is recognized as a nominally valid tax rate with no discount according to the principles presented above. When recognizing an asset purchase deferred tax is not recognized separately at the time of acquisition. Instead the asset is recognized at a purchase price equivalent to the asset's fair value after deducting a discount for deferred tax.

Deferred tax receivables relating to deductible temporary differences and loss carry-forwards are only recognized to the extent it is likely they can be exercised. The value of deferred tax receivables is reduced when it is no longer assessed they can be utilized.

Financial instruments

On the assets side, financial instruments entered to the balance sheet include liquid funds, short-term investments, accounts receivable, securities holdings, loan receivables and derivatives. On the liabilities side, they include accounts payable, borrowing and derivatives.

Recognition in and removal from the balance sheet

Financial assets and financial liabilities are entered to the balance sheet when the company becomes involved in accordance with the instrument's contractual terms. Accounts receivable are reported when the company has performed and the other party has a contractual responsibility to pay, even if the invoice has not yet been sent. Accounts receivable are entered into the balance sheet when the invoice has been sent. Liabilities are recognized when the counterparty has performed the service and there is a contractual payment obligation even if the invoice has not been received. Accounts payable are recognized when the invoice is received.

Financial assets are removed from the balance sheet when the rights of the agreement have been realized, fall due or the company loses control of them. The same applies to parts of financial assets. Financial liabilities are removed from the balance sheet when contractual obligations are discharged or have been otherwise extinguished. The same applies to parts of financial liability.

Financial assets and financial liabilities are offset and recognized at a net amount in the balance sheet only where there is a legal right to offset the amounts and it is intended to adjust the items with a net amount or to at the same time capitalize the asset and adjust the liability.

On-demand acquisitions and on-demand sales of financial assets are reported on the transaction date, which is the date the company undertakes to acquire or sell the asset.

Classification and valuation

Financial instruments which are not derivatives are initially recorded at acquisition value corresponding to the instrument's fair value with the addition of transaction costs for all financial instruments except for those classified as financial assets, which are recognized at fair value in profit for the year which are recorded minus transaction costs. Financial instruments are classified upon first recognition based on the purpose for which the instrument was acquired. Classification determines how financial instruments are valued after first recognition as described below.

Liquid funds consist of cash and immediately available balances at banks and equivalent institutes and current liquid investments with maturities from the acquisition date of less than three months and which are exposed to only insignificant value fluctuation risks.

Financial assets valued at fair value via profit/loss

Financial assets in this category are constantly valued at fair value with value changes recognized in profit/loss for the year. This category consists of two sub-groups: financial assets held for trading and other financial assets which the company initially chooses to place in this category with the support of the so called fair value option. The first sub-group includes derivatives with positive fair value except for derivatives which are identified and effective hedge instruments. In the second sub-group the Group has decided to include the listed shares which the executive management's risk management and investment strategy manages and values based on fair value. The other sub-group, "fair value option", is not currently being used.

Financial assets available for sale

Included in the category financial assets available for sale are financial assets not classified in any other category or financial assets that the company has chosen to initially classify in this category. Shareholdings and participation not recognized at fair value via profit and loss, and which are not subsidiaries, associated companies or joint ventures, are reported in this category. Assets in this category are valued at fair value with the changes in value for the period reported in other comprehensive income. Accumulated changes in value are reported in a separate component of equity. Received dividends and write-downs are reported in profit/loss for the year. When the asset is divested the accumulated profit/loss, which was previously reported in other comprehensive income, is reported in profit/loss for the year.

Loans and receivables

Loans and receivables are financial assets which are not derivatives with fixed payments or with payments which can be determined and which are not listed in an active market. These assets are valued at amortized cost. Accounts receivable are recognized at the estimated impact amount, i.e. after deduction of distressed debts.

Financial liabilities valued at fair value via profit/loss

Financial liabilities in this category are valued at fair value with the changes in value reported in profit/loss for the year. The Group uses this valuation category solely for valuing derivatives with negative fair value except for derivatives which are included in effective hedge instruments.

Other financial liabilities

Loans and other financial liabilities, e.g. accounts payable, are included in this category. Liabilities are recognized at accrued acquisition value.

Derivates

The Group's derivatives consist of interest rate, exchange rate and share derivatives utilised to hedge risks of changes in exchange rates, interest rate changes and changes in the fair value of shares. Derivatives not used for hedge accounting are classified as financial assets or financial liabilities held for trading and are valued at fair value. Value changes are recognized in profit/loss. The valuation method involves the discounting of future cash flows.

Derivatives are initially recognized at fair value, and consequently transaction costs are charged to profit/loss for the period. After first recognition derivatives are recognized as described below. If the derivative is used for hedge accounting and to the extent this is effective, the value change to the derivative is recognized on the same line in profit/loss for the year as the hedged item. Even if hedge accounting is not applied, the value gain or reduction to the derivative is recognized as income or expenses in operating profit or in net financials items depending on the purpose for which the derivative is used and whether its use relates to an operating item or a financial item. In hedge accounting, the non-effective part is recognized in the same way as value changes to derivatives that are not used in hedge accounting. If hedge accounting is not applied to the use of interest rate swaps, the coupon rate is recognized as interest and the remaining value change of the interest rate swap is recognized as other financial income or other financial costs.

The derivatives used to hedge future cash flow, so-called cash flow hedges, are recognized at fair value in the balance sheet. The value changes for the period are recognized in other comprehensive income and the accumulated value changes in a separate component of equity (the hedging reserve) until the hedged flow matches profit/loss for the year whereupon the accumulated value changes of the hedge instrument are reclassified to profit/loss for the year when the hedged transaction matches profit/loss for the year.

Loans to foreign subsidiaries (extended investment) through investments in foreign subsidiaries have been to some extent financially hedged through forward contracts. Hedge accounting has not been applied. These loans are recognized at the price on balance sheet day with exchange rate differences reported in other comprehensive income and derivatives are recognized at fair value according to the above.

Holdings of shares noted in foreign stock exchanges that are classified as financial assets available for sale have been hedged through forward exchange contracts. Hedging accounting has been used for these hedges by recognizing the translation effect from the translation of shares to the functional currency in profit/loss for the year instead of other comprehensive income. The translation effect is offset to the extent the hedge is effective by the changes in the fair value of the hedging instrument, which is also recognized in profit/loss for the year.

Hedge accounting of net investments

To a certain extent measures have been taken to reduce exchange risks connected to investments in operations abroad. This has been done by taking out loans in the same currency as the net investments. These loans are recognized at the translated rate on balance sheet day. The effective part of the period's exchange rate changes in relation to hedge instruments is recognized in and the accumulated changes in a separate component of equity (the translation reserve), in order to meet and partly match the translation differences that affect other comprehensive income concerning net assets in the hedged operations abroad. In the cases where the hedge is not effective, the ineffective part is recognized directly in profit for the year as a financial item.

Tangible fixed assets

Owned assets

Tangible fixed assets are recognized in consolidated accounts at acquisition value minus accumulated depreciation and amortization and any write-downs. The acquisition value consists of the purchase price and costs directly attributable to putting the asset in place in the condition required for utilisation in accordance with the purpose of the acquisition. Borrowing costs are included in the acquisition value of internally produced fixed assets according to IAS 23. The accounting principles applying to impairment loss are listed below.

The value of a tangible fixed asset is derecognized from the balance sheet upon scrapping or divestment or when no future financial benefits are expected from the use or scrapping/divestment of the asset. Gains and losses arising from divestment or scrapping of an asset consist of the difference between the sale price and the asset's booked value minus direct costs of sale.

Leased assets

Leasing is classified in the consolidated accounts either as financial or operating leasing. Financial leasing applies in circumstances where the financial risks and benefits associated with ownership are substantially transferred to the lessee. Where such is not the case, the leasing contract is operational.

Assets which are rented under financial leasing agreements are recognized as assets in the consolidated balance sheet. Payment obligations associated with future leasing charges have been recognized as long-term current liabilities. The leased assets are depreciated according to plan while leasing payments are entered under interest and amortization of liabilities.

Assets which are rented under operational leasing agreements have not been recognized as assets in the consolidated balance sheet. Leasing charges for operational leasing agreements are charged to income in a straight line over the life of the lease.

Assets which are rented out under financial leasing agreements are not recognized as tangible fixed assets since the risks and opportunities connected to ownership of the assets are transferred to the lessee. A financial receivable referring to future minimum leasing fees is reported instead.

Future expenses

Future expenses are only added to the acquisition value if it is likely that the future financial benefits associated with the asset will benefit the company and the acquisition value can be reliably estimated. All other future expenses are recognized as costs as they arise.

Borrowing costs

Borrowing costs which are directly attributable to the purchase, construction or production of an asset and which require considerable time to complete for the intended use or sale are included in the acquisition value of the asset. Borrowing costs are activated provided that it is probable that they will result in future financial benefits and the costs can be reliably measured.

Depreciation principles

Depreciation is based on the original acquisition value minus the calculated residual value. Depreciation is made linearly over the assessed useful life of the asset.

Buildings (operating buildings)	25-100 years
Land improvements	25-50 years
Asphalt and concrete factories	10-15 years
Vehicles and construction machinery	5-6 years
PCs	3 years
Other equipment and inventories	5-10 years

The useful life and residual value of assets are assessed annually.

Gravel and rock quarries are written down based on substance depletion, i.e. the amount of gravel and rock removed in relation to the calculated total amount of substance deemed recoverable in the gravel and rock quarry.

Real estate

Group real estate holdings are divided as follows:

– Buildings and land entered under tangible fixed assets
– Project and development properties as inventories among current assets

Properties used in the Group's own operations consisting of office buildings and warehouses (operational buildings) are entered as buildings and land under tangible fixed assets. Valuation is made in accordance with IAS 16, Tangible fixed assets, at acquisition value deducted for accumulated depreciation and possible write-downs.

Direct and indirect holdings of undeveloped land and redeveloped tracts for future development, developed investment properties for project development, improvement and subsequent sale and which are expected to be realized during our normal operational cycle are entered as project and development property under current assets. Valuation is made in accordance with IAS 2, Inventories, at the lowest of either acquisition value or net sales value.

Intangible assets

Goodwill

Goodwill refers to the difference between the acquisition value of a business and the fair value of acquired identifiable assets and assumed liabilities.

Goodwill is value at acquisition value minus any accumulated write-downs. Goodwill is divided between cash-generating units and is tested at least once a year for write-down needs. Goodwill stemming from the acquisition of joint ventures and affiliated companies is included in the recognized value of participations in joint ventures and affiliated companies.

In the case of business acquisitions which are less than the net value of the acquired assets and the assumed liabilities, the difference is recognized directly in profit for the year.

Research and development

Research costs intended to acquire new scientific or technological knowledge are reported as costs as they arise. Development costs where the results of research or other knowledge is applied to the production of new or improved products or processes are reported as an asset in the balance sheet if the product or process is technically or commercially useful and the company has adequate resources for completing development and then applying or selling the intangible asset. The recognized value includes all directly attributable expenses, including for materials and services, payroll costs, the registration of legal rights, depreciation of patents and licences, borrowing costs. Other development costs are reported in profit for the year as costs as they arise. Development costs are recognized in the balance sheet at acquisition value minus accumulated depreciation and possible write-downs.

Other intangible assets

Other intangible assets acquired by the Group are recognized at acquisition value minus accumulated depreciation, amortization and write-downs. Costs defrayed for internally generated goodwill and internally generated brands are reported in profit for the year as the costs arise.

Depreciation policies

Depreciation is linearly recognized in profit for the year over the estimated useful life of the intangible asset provided the useful life can be determined. Goodwill and other intangible assets with an indeterminate useful life is tested for the need for write-down annually or as soon as there are indications that the asset in question has declined in value. Depreciable intangible assets are depreciated from the date when the asset became available for use.

The estimated useful lives are:

Brands	10 years
Customer relations	3-5 years
Agency agreements	2-7 years
Site leasehold agreements	During the term of the agreement

The useful life and residual value of assets are assessed annually.

Inventories

Inventories are valued at the lowest of acquisition value and net sale value. The acquisition value of stocks are calculated using the first-in, first-out method and include expenses arising with the acquisition of the stock assets and their transport to their current location and condition. For manufactured goods the acquisition value includes a reasonable share of the indirect costs based on a normal capacity.

The net sale value is the estimated sale price in the current business minus estimated costs of completion and bringing about the sale.

Impairment loss

The recognized value of Group assets is checked each balance sheet day to assess whether there is a write-down requirement. IAS 36 is applied to the testing of write-down requirements for other assets besides;

- Financial assets which are tested in accordance with IAS 39
- Assets for sale and divestment groups recognized which are tested in accordance with IFRS 5
- Inventories
- Plan assets used for financing of remuneration to employees
- Deferred tax receivables.

The recognized value of the above-mentioned excepted assets is tested applying the respective standards.

Impairment test of tangible and intangible assets and participation in subsidiaries, joint ventures, associated companies etc.

If write-down requirements are indicated, the recovery value of the asset is estimated in accordance with IAS 36. Moreover, the recovery value of goodwill, other intangible assets of indeterminate useful life and intangible assets which are not yet ready for use is estimated each year. If it is not possible to establish materially independent cash flows for a certain asset, when testing for write-down needs the assets are grouped at the lowest level where it is possible to identify materially independent cash flow – a so-called cash-generating unit.

Write-downs are recognized when the book value of an asset or a cash generating unit exceeds the recovery value. Write-downs are expensed in profit for the year. Write-downs of assets attributable to a cash-generating unit (group of units) are firstly allocated to goodwill, followed by the proportional write-down of the other assets in the unit (group of units).

The recovery value is the highest of utility value and fair value minus cost of sale. When calculating utility value, future cash flows are discounted with a discount factor that takes into consideration the risk-free interest rate and the risks which are associated with the specific asset.

Impairment test for financial assets

Each time reports are drawn up the company assesses whether there are objective indications that a financial asset or a group of financial assets need to be written down. Objective indications partly consist of occurred observable circumstances which have a negative impact on possibilities of recovering the acquisition value and partly on significant or lengthy decreases in the fair value of an investment in a financial placing classified as a financial asset available for sale.

Accounts receivable that need to be written down are reported as the present value of the anticipated future cash flows. Current receivables are, however, not discounted. Write-downs charge profit for the year.

Equity instruments classified as financial instruments available for sale are written down if the fair value is significantly lower than the acquisition value, or when the decline in value has been a long, drawn out process.

When an equity instrument classified as a financial instrument available for sale is written down, previously reported accumulated profit or loss in equity via other comprehensive income is reclassified to profit/loss for the year. The amount of accumulated loss that is reclassified from equity via other comprehensive income to profit/loss for the year consists of the difference between the acquisition cost and the current fair value after reductions for any write-downs on a financial asset which has already been reported in profit/loss for the year.

Reversed write-downs

A write-down is reversed if there are both indications that write-down requirements no longer exist and assumptions upon which the calculation of the recovery value were based have changed. However, write-downs of goodwill are never reversed. Reversing is only performed to the extent that the recognized value after reversing of the asset does not exceed the recognized value which would have been recognized deducted for depreciation where necessary if write-down had not been made.

Write-downs of investments held to maturity or loans and receivables recognized at amortized cost are reversed if a subsequent rise in the recovery value may objectively be attributed to a circumstance occurring after write-down was made.

Write-downs of equity instruments classified as financial instruments available for sale are reversed via other comprehensive income and not via profit/loss for the year. All revaluations that follow are based on the written down value and are reported in other comprehensive income.

Equity

Repurchase of own shares

Holdings of own shares and other equity instruments are recognized as a reduction in equity. Liquid funds from the divestment of such equity instruments are recognized as an increase in equity. Any transaction costs are charged directly to equity.

Dividends

Dividends are entered as liabilities after they have been approved by the AGM.

Earnings per share

The calculation of earnings per share is based on consolidated profit for the year attributable to the shareholders of the parent company and on the weighted average number of outstanding shares during the year. When calculating earnings per share after dilution, profit and the average number of shares are adjusted to allow for the effects of the diluting potential of shares which in the reported periods stem from convertible certificates of claim and options issued to the employees. Earnings per share after dilution are calculated by increasing the number of shares with the total number shares the convertibles represent and increasing profit with the reported interest cost after tax.

Employee benefits

Defined contribution pension plans

Pension plans are only classified as defined contribution pension plans where the company's obligations are limited to the contributions the company has undertaken to pay. In such cases the size of an employee's pension depends on the contributions the company pays to the plan or to the insurance company and the return on capital produced by the contributions. Consequently, the employees bear the actuarial risk (that payments will be lower than expected) and the investment risk (that the invested assets will not be adequate to produce the expected return). The company's obligations concerning contributions to defined contribution plans are expensed in profit for the year as they are earned by the employee performing work for the company during the period.

Defined benefit pension plans

The Group's defined benefit plans consist of the Swedish ITP Plan for Salaried Staff which is managed through insurance with Alecta, pension plans for a small number of executive personnel in Norway and the AFP pension in Norway.

The Group's recognized net obligations relating to defined benefit plans refer to Norwegian pension plans and are calculated separately for each plan through an assessment of the future payments which employees have earned through their employment both during the present and previous periods. Such payment is discounted to a net present value deducted for the fair value of any plan assets.

The discount rate is the market rate of Norwegian company bonds extrapolated to a period equivalent to that of the pension obligations. Calculations of pension liabilities are performed by a qualified actuary. Net interest costs/income on defined benefit plan obligations after deductions for attributable plan assets are recognized in profit/loss for the year under net financial items. Net interest is based on the interest generated by discounting net obligations, i.e. interest on pension obligations minus plan assets. Remeasurement effects consist of actuarial gains and losses, the difference between actual yields on plan assets and the amount included in net interest and any changes in the effects of asset limitations (excluding interest included in net interest). Remeasurement effects are recognized in other comprehensive income.

Remuneration upon resignation or dismissal

A reserve for remuneration relating to the dismissal of staff is only established if the company is demonstrably subject to, without any realistic opportunity for avoidance, the termination of employment prior to the normal time and the affected groups of employees have been informed about the dismissal plan. Reserves are made for severance compensation which will be paid without requiring any service from the employee.

Short-term remuneration

Short-term remuneration to employees is calculated without discount and are reported as a cost when the related services are received.

A provision is recognized for the expected costs of participations in profits and bonus payments when the Group has an applicable legal or informal obligation to make such payments for services received from employees and the obligations can be reliably estimated.

Provisions

Provisions are entered in the balance sheet when the Group is subject to an actual or informal legal obligation as a consequence of a circumstance occurring and it is likely that financial resources will be required to meet the obligation and a reliable estimate of the amount can be made.

Guarantees

Provisions for guarantees are recognized when the underlying products or services are sold. The provisions are based on historical data about the guarantees and a weighing up of the conceivable outcomes relative to the probabilities that the outcomes are associated with.

Restoration costs

Provisions are made for estimated restoration costs for rock and gravel quarries after operations are terminated. The provision increases with the quarried amount and is reversed after restoration is completed. The reserved amount is expected to be utilized successively following completion of quarrying.

Contingent liabilities

A contingent liability is recognized in accounts when there is a possible obligation attributable to events occurred, the occurrence of which can only be confirmed by one or more uncertain future events, or when there is an undertaking not recognized as a liability or provision because it is not likely that the use of resources will be required or the amount cannot be calculated with sufficient reliability.

The parent company's accounting principles

The parent company has prepared its annual report in accordance with the Swedish Company Accounts Act (1995:1554) and Swedish Financial Reporting Board recommendation RFR 2 Accounting rules for legal entities. RFR 2 requires that the parent company, in the annual report for the legal entity, use all EU adopted IFRSs and interpretations as far as possible within the framework of the Swedish Company Accounts Act, the Job Security Law and with due regard for the relationship between accounting and taxes. The recommendation states which exceptions and additions must be made to the IFRSs.

Changed accounting principles

The parent company accounting principles are unchanged in 2013 compared to 2012 except regarding recognizing group contributions which as of 2013 are reported as appropriations even though the group contribution has been given or received. The changed accounting principle has also been applied for the comparable year 2012. Received and given group contributions are recognized according to previously applied accounting principles for net financial items as "Profit from shares in Group companies".

The parent company accounting principles for presentation of reports on comprehensive income have been changed in the same way as described for the Group above.

Differences between the Group's and parent company's accounting principles

Differences between the Group's and parent company's accounting principles are given below. The below stated accounting principles for the parent company have been applied consistently to all periods presented in the parent company's financial reports.

Classification and design types

The parent company's income statement and balance sheet are presented in accordance with the design in the Swedish Company Accounts Act. The difference to IAS 1 Design of financial reports which is applied to the design of the consolidated financial reports is primarily the reporting of financial income and expenses, fixed assets, equity and the presentation of provisions under a separate heading in the balance sheet.

Subsidiaries, joint ventures and associated companies

Participation in subsidiaries, joint ventures and associated companies is recognized in the parent company applying the acquisition value method. This means that acquisition costs are included in the reported value of the holding in the subsidiary. In Group accounting acquisition costs related to shares in subsidiaries are recognized directly in profit and loss as they occur.

Financial guarantees

The parent company's financial guarantee agreements mainly consist of personal guarantees to the benefit of subsidiaries and joint ventures. The parent company recognises financial guarantee agreements as provisions in the balance sheet when the company has an obligation for which payment is likely to be required to adjust the obligation.

Forestalled dividends

Forestalled dividends from subsidiaries are recognized when the parent company alone is entitled to decide on the size of the dividend and the company has taken a decision on the size of the dividend before the parent company publishes its financial reports.

Tangible fixed assets

Tangible fixed assets in the parent company are recognized at acquisition value minus accumulated depreciation and any write-downs in the same way as for the Group but with the addition of possible write-ups.

Leased assets

All leasing agreements in the parent company are recognized according to the rules for operating leasing.

Taxes

Untaxed reserves including deferred tax liabilities are recognized in the parent company. On the other hand, in the Group accounts, untaxed reserves are divided between deferred tax liabilities and equity.

Shareholder's contributions

Shareholder's contributions are recognized directly in equity in the receiver and are activated in shares and participation in the provider wherever write-downs are not required.

Group contributions

Received and given group contributions are recognized as appropriations even though the group contribution has been given or received.

Note 2 Important estimates and assessments

Group Management has together with the Board of Directors discussed developments, selections and information regarding the Group's important accounting principles and assessments, as well as the application of these principles and assessments.

Certain important accounting estimates made when applying the Group's accounting principles are described below.

The sources of uncertainty in the assessments given below refer to uncertainties that entail a risk that the value of assets or liabilities may be significantly adjusted in the coming fiscal year.

Peab's operative business is sensitive to changes in, among other things, volume and margins. The financial risks are connected to the business' tied-up capital, capital needs, interest risk and currency risk. For more information about how the changes in important variables affect Group profit after tax, see the sensitivity analysis on page 30.

Percentage of completion
Profit reported for contract projects in progress is calculated through percentage of their completion based on the degree of completion of the project. This requires that project revenue and costs can be calculated in a reliable manner. A prerequisite is a well functioning system for calculation, forecasting and project monitoring. Forecasts of the final outcome of the project are critical estimates crucial to accounting for the results of operations during the project. There is a risk that the final results of a project deviate from those that have been successively reported.

Impairment tests of goodwill
Group's total goodwill amounts to SEK 1,715 million (1,733). When calculating cash generating units' recoverable amount in order to assess the need to write-down goodwill, several estimations and assessments about the future have been made. These are presented in note 16. As is apparent in the description in note 16 changes beyond what can reasonably be expected during 2014 of the conditions for these estimations and assessments could have a significant effect on goodwill. This risk is however very low since the recoverable values are for the most part higher than the reported values in those cases where goodwill values are substantial.

Project and development properties
Project and development property amounts to SEK 6,685 million (6,239). The book value has been estimated based on prevailing price levels per property at the respective location. Changes in supply and demand may alter reported values and write-downs may be required. For more information on Project and development property, see note 24.

Disputes
The actual outcome in disputed amounts may deviate from those, according to the best estimate, recorded. For more information on disputes, see note 33.

Taxes
Changes in tax legislation and changed praxis with regard to the interpretation of tax laws can have a considerable impact on the size of recorded deferred taxes. For more information on taxes, see note 14.

Accounting principles
Tenant-owner projects in Sweden
Tenant-owner associations that Peab signs construction contracts with are autonomous and from Peab independent legal entities. Tenant-owner associations are tools members of the association can use to order, construct and manage a property and this is beneficial for the tenant-owners. Peab signs contracts regarding the sale of land and construction contracts with newly established tenant-owner associations as clients. The contracts are signed by the board in the tenant-owner association at the start-up of construction. No member of the board in the tenant-owner association represents Peab. Tenant-owner associations can influence the design of the buildings about to be constructed. A new obligatory financial plan is drawn up if changes are made that significantly affect the financial prerequisites. The contract gives the tenant-owner association normal client rights in relation to Peab. Our overall assessment is that the contracts meet the definition of a construction contract according to IAS 11.

Real estate agents handle the sales of the tenant rights through direct contracts with the tenant-owner associations. The individual home purchasers sign sub-contracts with the tenant-owner associations.

During construction the association finances the land and construction with two building loans, one where the association takes out a mortgage for the final financing and one that Peab stands surety for regarding the home purchasers' deposits.

The tenant-owner associations carry the entire value risk on the property.

In addition, Peab guarantees that it will acquire any apartments from the tenant-owner associations that remain unsold six months after the building is complete, which is a requirement from the certifiers, i.e. insurance companies and banks. This repurchase obligation is limited since tenant-owner associations do not sign construction contracts until most of the apartments are under contract with a home purchaser and, in our experience, generally do not represent high amounts. The few apartments bought by Peab are usually sold within a short period of time without any other costs than a few months of fees to the tenant-owner association. Reserves are made for possible estimated costs. No other guarantees or obligations are given to the tenant-owner association than the normal guarantees in conventional construction contracts.

Other accounting standards and interpretations
New accounting standards and interpretations of existing standards can lead to changes that wherein certain transactions in the future are handled differently than according to current praxis.

Note 3 Income distributed by type

Income distributed by main income type

	Group		Parent company	
MSEK	2013	2012	2013	2012
Income from contracting	37,187	41,910	–	–
Sales of goods	1,742	1,653	–	–
Sales of property developments	1,742	1,045	–	–
Crane, machine and vehicle rental	594	517	–	–
Transport services	1,515	1,429	–	–
Administrative services	–	–	105	96
Other	315	286	0	0
Total	**43,095**	**46,840**	**105**	**96**

NOTES
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

Note 4 Operating segment

Group business is divided into operating segments based on how the company's highest decision makers, i.e. executive management, follow the business.

In 2013 Peab has carried out an extensive and important rationalization of its Nordic construction operations through steamlining the construction business and gathering project development together under one roof. Business area Construction will comprise the contracting work that the business area does for both external and internal customers, primarily business area Project Development. All housing developments are incorporating into the former business area Property Development, now called Project Development. From 1 January 2013 the Group is reported into four business areas; Construction, Civil Engineering, Industry and Project Development. The business areas are also operating segments. Comparable figures for 2012 have been translated according to the new company structure.

Segments are reported according to the percentage of completion in projects since that reflects the way executive management and the Board monitors operations. Peab applies IFRIC 15, Agreements for the construction of real estate, in legal accounting. IAS 18, Revenue, are applied for housing projects in Finland and Norway as well as our own home developments in Sweden. Revenue from these projects are recognized first when the home is handed over to the buyer. A bridge has therefore been created in segment reporting between operative reporting according to percentage of completion method and legal reporting. For more information regarding principles for housing production, see note 1.

Net sales and profit referring to the subcontractor part of our own housing, tenancy project developments and other development projects, mainly to business area Project Development, are reported in business area Construction. Net sales and profit are reported according to the percentage of completion method. Both the general contractor part and the subcontractor part of our own housing developments are reported in business area Project Development. Reported profit is the result in the general contractor part reported according to the percentage of completion method. Regarding our own rental projects and other projects on our balance sheets only capital gains from divestitures are reported. Internal net sales between business area Construction and business area Project Development regarding the construction cost of own housing developments are eliminated in consolidated reporting. Net sales and profit referring to the rental projetcs and other development projects in own balance sheets are eliminated in consolidated reporting and returned when a project is divested.

The Group's internal reporting is constructed so that executive management follows every business area up to and including operating profit and operating margin. For business area Industry and Project Development executive managment also follow the development of capital employed. The capital employed for the business areas consists of the business area's total capital reduced by deferred tax receivables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities and deferred tax liabilities.

Internal pricing between Group segments is based on the"arm's length" principle, in other words, between well informed parties who are independent of each other and interested in the realisation of the transactions.

Segment's operating profit include attributable items which can be reasonably and reliably allocated to the segments. Non-allocated items consist of financial income and expenses, and taxes. Total assets and liabilities are not divided into segments since they are only followed up on Group level.

Segments

The Group consisted during 2013 of following business areas;

- **Construction:** Business area Construction comprises Group resources in construction related services. Construction builds for external customers and internally, primarily for business area Project Development.Operations are run through 12 regions in Sweden, two in Norway and two in Finland. Three of the Swedish regions are focused on housing production. These are in Stockholm, 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.
- **Civil Engineering:** Business area Civil Engineering works with the construction of larger infrastructure and civil engineering projects and smaller projects on local markets. Civil Engineering also operates and maintains roads and municipal facilities. The operations are run in geographical regions in Sweden, Norway and Finland. Customers are the Swedish Transport Administration, municipalities and local businesses.
- **Industry:** Business area Industry is run in seven product segments; Asphalt, Concrete, Gravel and Rock, Transportation and Machines, Rentals, Foundations and Industrial Construction. All of them work on the Nordic construction and civil engineering markets. Customers are mainly the Nordic Construction and Civil engineering companies. Most of the business is generated on the Swedish market.
- **Project Dvelopment:** Business area Project Development comprises Peab's developments in housing and property. The business is run in two segments, Housing Development and Property Development. Housing development develops all kinds of housing such as apartment buildings in tenancy ownership, ownership and rental form as well as single homes. Operations in Property development revolve around the acquisition, development and divestiture of commercial property. The business includes projects in wholly owned and partly owned companies. Partly owned companies consist of, among other things, Peab's ownership in Tornet (ownership of apartments for rent), in Centur (ownership and development of commercial property) and in companies connected to the development of Arenastaden in Solna. Wholly owned subsidiaries and projects consists of a number of holdings that include everything from land for development where zoning is being worked out to completed projects ready for sale. Net sales and operating profit from operations is derived from running our wholly owned property, shares in the profit from partly owned companies and joint ventures as well as capital gains from the divestiture of completed property and shares in partly owned companies and joint ventures.

Other operations are reported under "Group functions" and consist of central companies and group functions.

Group 2013 MSEK	Con- struction	Civil Engi- neering	Industry	Project Develop- ment	Group funcions	Elimination	Total operative for the Group 1)	Adjustment for different accounting principles for housing production 2)	Group
External sales	20,346	9,770	6,534	5,484	31	568	42,733	362	43,095
Internal sales	2,763	1,402	3,813	237	388	–8,603	0		0
Total income	**23,109**	**11,172**	**10,347**	**5,721**	**419**	**–8,035**	**42,733**	**362**	**43,095**
Operating costs	–23,663	–10,800	–9,776	–5,468	–573	8,021	–42,259	–341	–42,600
Profit from participation in associated companies and joint ventures		–1	14				13		13
Other operating income	16	4	110	–5	1		126		126
Other operating costs	–1	–4	–14	–1			–20		–20
Operating profit	**–539**	**371**	**681**	**247**	**–153**	**–14**	**593**	**21**	**614**
Operating margin, %	**–2.3**	**3.3**	**6.6**	**4.3**			**1.4**		**1.4**
Financial income									239
Financial expenses									–472
Profit from participation in joint ventures									2
Pre-tax profit									**383**
Tax									–85
Profit for the year									**298**
Other comprehensive income for the year									–131
Total comprehensive income for the year									**167**
Depreciation	–36	–39	–704	–16	–3				–798
Write-downs	–19	6	–10	–61					–84
Significant non-cash items in addition to depreciation and write-downs that are not related to payments	–420	30		–35	–75				–500
Capital employed on 31 December	–475	–151	5,301	11,376		151 3)			16,202

NOTES
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

Group 2012 MSEK	Con- struction	Civil Engi- neering	Industry	Project Develop- ment	Group funcions	Elimination	Total operative for the Group[1]	Adjustment for different accounting principles for housing production[2]	Group
External sales	22,475	11,448	6,623	5,447	4		45,997	843	46,840
Internal sales	3,302	1,195	4,100	235	105	–8,937	0		0
Total income	**25,777**	**12,643**	**10,723**	**5,682**	**109**	**–8,937**	**45,997**	**843**	**46,840**
Operating costs	–26,065	–12,203	–9,990	–5,435	–338	8,904	–45,127	–790	–45,917
Profit from participation in associated companies and joint ventures	0		16	1		1	18		18
Other operating income	31		42	58	–3		128		128
Other operating costs	–9		–3				–12		–12
Operating profit	**–266**	**440**	**788**	**306**	**–232**	**–32**	**1,004**	**53**	**1,057**
Operating margin, %	**–1.0**	**3.5**	**7.3**	**5.4**			**2.2**		**2.3**
Financial income									239
Financial expenses									–443
Profit from participation in joint ventures									–38
Pre-tax profit									**815**
Tax									–89
Profit for the year									**726**
Other comprehensive income for the year									–63
Total comprehensive income for the year									**663**
Depreciation	–55	–51	–718	–21	–3				–848
Write-downs	–58	–6	–36	–22					–122
Significant non-cash items in addition to depreciation and write-downs that are not related to payments	53	–27		118					144
Capital employed on 31 December	–672	–7	6,046	10,800		453 [3]			16,620

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)

3) Non allocated Capital employed

Comments on the tables

In connection with the extensive actionplan for increaed profitability that took place in 2013, a reservation of SEK –920 million was made in business area Construction. The reservation comprises assessed redundancy costs for personnel, value corrections of project properties, an updated assessment of the project result for Tele2 Arena as well as a review of the final cost forecasts in another three projects. In 2012 project adjustments and write-downs were made in business area Construction for a total of SEK –675 million, of which SEK –300 million referred to Tele2 Arena and SEK –375 million to the Norweigan construction business. Excluding the one off costs, the underlying operating margin in business area Construction amounted to 1.6 percent (1.6).

Geografic areas

Income from external customers are grouped to geografic areas according to where customers are located. Information concerning intangible and tangible assets is based on geografic areas grouped according to where assets are located.

Group	Sweden		Norway		Finland		Other markets		Total	
MSEK	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External sales	**35,066**	37,289	**4,960**	6,532	**3,054**	2,988	**15**	31	**43,095**	46,840
Intangible and tangible fixed assets	**5,080**	5,421	**653**	857	**293**	291	**–**	–	**6,026**	6,569

Parent company	Group functions		Sweden	
MSEK	2013	2012	2013	2012
Net sales	**105**	96	**105**	96

Note 5 Business combinations

2013

In 2013 Peab aquired 100 percent of Vägab Hyrservice AB. This acquisition has no significant impact from a Group perspective.

Total transferred compensation amounted to SEK 2 million.

In the period after acquisition the above subsidiary contributed SEK 1 million to Group income and SEK 0 million to profit after tax in 2013. If the acquisition had taken place on 1 January 2013, the effect of this acquisition on Group income would have been SEK 5 million and on profit for the year after tax by SEK 1 million.

During the year, the acquisition of assets occurred through the acquisition of shares (asset acquisitions which are not operational) which resulted in a cash flow of SEK –121 million.

Acquisition after the balance sheet date

There have been no acquistions of importance in 2014.

2012

In 2012 Peab aquired a further 50 percent of Fastighets AB Bryggeriet and 100 percent of P. Arvidssons Entreprenad AB. These acquisitions individually do not have any material acquisition effect from a Group perspective.

Total transferred compensation amounted to SEK 31 million.

In the period after acquisition the above subsidiaries contributed SEK 3 million to Group income and SEK 1 million to profit after tax in 2012. If the acquisitions had taken place on 1 January 2012, the combined effect of these acquisitions on Group income would have been SEK 7 million and on profit for the year after tax by SEK 5 million.

During the year, the acquisition of assets occurred through the acquisition of shares (asset acquisitions which are not operational) which resulted in a cash flow of SEK –380 million.

Note 6 Other operating income

Group MSEK	2013	2012
Capital gains from shares sold in Group companies/ joint ventures/associated companies	11	54
Insurance compensation	20	21
Profit from sale of fixed assets	90	45
Exchange gains on receivables/liabilities relating to operations	2	3
Other	3	5
Total	**126**	**128**

Note 7 Other operating costs

Group MSEK	2013	2012
Loss from sale of fixed assets	–14	–2
Exchange loss on receivables/liabilities relating to operations	–2	–3
Other	–4	–7
Total	**–20**	**–12**

Note 8 Government grants

Group

Goverment grants received as compensation for operating costs amounted in 2013 to SEK 14 million (25), and have reduced costs in the income statement.

Note 9 Employees, personnel costs and remuneration to senior officers

Payroll costs for employees

Group MSEK	2013	2012
Wages and remuneration	6,053	6,243
Pension expenses, defined benefit plans	0	3
Pension expenses, defined contribution plans	511	504
Social insurance costs	1,671	1,815
Total	**8,235**	**8,565**

Average number of employees

	No. of employees 2013	Of were men 2013 percent	No. of employees 2012	Of were men 2012 percent
Parent company				
Sweden	46	50	33	58
Subsidaries				
Sweden	11,613	90	12,611	91
Norway	1,373	91	1,335	90
Finland	758	88	846	88
Poland	2	50	3	67
Total in subsidaries	**13,746**	**90**	**14,795**	**91**
Total in Group	**13,792**	**90**	**14,828**	**91**

Gender distribution in the Board of Directors and executive management

	2013 Percentage of women	2012 Percentage of women
Parent company		
The Board of Directors	18%	18%
Other senior officers	27%	20%
Group total		
The Board of Directors	18%	18%
Other senior officers	17%	13%

Salaries and other payments divided between senior officers and other staff, and social security costs

Parent company 2013 MSEK	Board of Directors and senior officers (11 persons) [1]	Other employees	Total
Salary and remuneration	21	42	63
(of which variable remuneration etc.)	(–)	(0)	(0)
Social security costs	13	24	37
– of which pension costs	5	11	16

Group 2013 MSEK	Board of Directors and senior officers (14 persons) [1]
Salary and remuneration	28
(of which variable remuneration etc.)	(–)
Social security costs	18
– of which pension costs	8

Parent company 2012 MSEK	Board of Directors and senior officers (13 persons) [2]	Other employees	Total
Salary and remuneration	20	21	41
(of which variable remuneration etc.)	(–)	(0)	(0)
Social security costs	13	15	28
– of which pension costs	5	7	12

Group 2012 MSEK	Board of Directors and senior officers (16 persons) [2]
Salary and remuneration	27
(of which variable remuneration etc.)	(–)
Social security costs	18
– of which pension costs	8

In the parent company variable remuneration has in certain cases been paid as a one-off pension premium to executive management for SEK 4 million (–). No other employees in the parent company have received variable remuneration in 2013 or 2012. This part of variable remuneration is recognized in social security costs – of which pension costs.

Benefits for senior officers
Remuneration and other benefits in 2013

Thousands, SEK	Basic salary/ Board remuneration	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board, Göran Grosskopf	555				555
Vice Chairman of the Board, Mats Paulsson	3,020				3,020
Other members of the Board					
Annette Brodin Rampe	195				195
Karl-Axel Granlund	255				255
Svante Paulsson	195				195
Lars Sköld	195				195
Fredrik Paulsson	195				195
Anne-Marie Pålsson	195				195
Total related to Board of Directors from the parent company	**4,805**				**4,805**
CEO up to and including March, Jan Johansson 3)	4,907	–	73	1,306	6,286
CEO as of April, Jesper Göransson 4)	3,844	1,327	101	1,652	6,924
Other senior officers, remuneration from the parent company 5)	7,248	2,510	210	2,187	12,155
Other senior officers, remuneration from subsidiaries 5)	6,880	2,296	172	2,611	11,959
Total	**27,684**	**6,133**	**556**	**7,756**	**42,129**
Remuneration from the parent company	20,804	3,837	384	5,145	30,170
Remuneration from subsidiaries	6,880	2,296	172	2,611	11,959

Benefits for senior officers
Remuneration and other benefits in 2012

Thousands, SEK	Basic salary/ Board remuneration	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board, Göran Grosskopf	510				510
Vice Chairman of the Board, Mats Paulsson	3,000				3,000
Other members of the Board					
Annette Brodin Rampe	175				175
Karl-Axel Granlund	235				235
Svante Paulsson	175				175
Lars Sköld	175				175
Fredrik Paulsson	175				175
Anne-Marie Pålsson	175				175
Total related to Board of Directors from the parent company	**4,620**				**4,620**
CEO, Jan Johansson	4,893	–	91	2,304	7,288
Other senior officers, remuneration from the parent company 5)	10,897	–	326	3,167	14,390
Other senior officers, remuneration from subsidiaries 5)	6,239	960	82	2,578	9,859
Total	**26,649**	**960**	**499**	**8,049**	**36,157**
Remuneration from the parent company	20,410	–	417	5,471	26,298
Remuneration from subsidiaries	6,239	960	82	2,578	9,859

1) First half-year 2013 the group senior officers was comprised of seven senior officers, of which four officers in the parent company. Thereafter the group senior officers was comprised of six senior officers, of which three officers in the parent company.

2) First half-year 2012 the group senior officers was comprised of seven senior officers, of which four officers in the parent company. Thereafter the group senior officers was comprised of eight senior officers, of which five officers in the parent company.

3) Jan Johansson was the President and CEO from Jan-Mar 2013. Wages and pension premiums refer to this period and include his termination pay and earned but not yet paid out vacation pay as well as shortened working hours until September 2013.

4) Jesper Göransson became CEO and acting President as of April 2013. His wages for the period Jan-March 2013 amount to SEK 720 thousand, his wages for the period April-Dec 2013 amount to SEK 3,124 thousand. Pension premiums for the period Jan-March 2013 amount to SEK 412 thousand and pension premiums for the period April-Dec 2013 amount to 1,239 thousand.

5) Comprises the number of employees that during the year have received remuneration for the amount that has been paid som during the time they were senior officers.

Comments on the tables

From time to time the CEO and other senior officers may be offered variable remuneration. Other benefits refer to company cars.

Pension costs refer to costs charged to the year. See note 32 for additional information about pensions. During the first half year of 2013, the group senior officers consisted of seven persons, of which four persons in the parent company. Thereafter the group of senior officers consisted of six persons, of which three persons in the parent company.

Jesper Göransson was appointed CEO and acting President of Peab on 25 March 2013 and on 20 August 2013 Jesper was appointed President and CEO of Peab. He succeeded Jan Johansson.

The Board of Directors

The 2013 AGM decided on a remuneration to external members of the Board of a maximum of SEK 4,805 thousand (4,620), of which SEK 495 thousand (450) consisted of remuneration to the Chairman of the Board. A remuneration of SEK 2,765 thousand, like last year, was decided as a special compensation to the Vice Chairman of the Board for his availability to the Group in matters concerning customers and the market. Remuneration to all other members of the Board was a maximum of SEK 4,625 thousand (4,440), and SEK 180 thousand (180) for work in the remuneration and finance committees. During the year total remuneration amounted to SEK 4,805 thousand (4,620).

Remuneration is not paid to members of the Board who are permanent employees of the Group. There are no agreements on future pension/retirement remuneration or other benefits either for the Chairman of the Board of Directors or for other members of the Board.

Principles for the remuneration of senior officers

The group other senior officers is comprised of six senior officers who are members of executive management. During the first half of 2013 this group consisted of seven persons. The principles for remuneration of senior officers were adopted by the AGM 2013.

Remuneration to the CEO and other senior officers consists of a fixed salary, any variable remuneration, extra health insurance and those benefits otherwise enjoyed by other Peab employees as well as pension. All pension obligations are defined contribution pensions. The total remuneration paid to each senior officer is based on market terms and the responsibilities and qualifications of the senior officer.

From time to time, senior officers may be offered variable remuneration. Such variable remuneration may not exceed 60 percent of the regular salary and must above all be based on the pre-tax profit of the Peab Group. Variable remuneration is decided upon each financial year.

Variable remuneration is settled the year after being earned and may either be paid out as salary or as a one-off pension premium. If variable remuneration is paid out on a one-off basis, certain adjustments are made so as to neutralize the total cost for Peab.

Notice on the part of Peab is a maximum of 24 months and senior officers are required to give a maximum of six months notice. If a severance pay is paid the total remuneration for salary during the period of notice and severance pay may not exceed 24 monthly wages.

Variable remuneration

Variable remuneration for the CEO and other senior officers is related to meeting profit targets for the Group. Variable remuneration for the financial year 2013 was maximized at SEK 2,304 thousand (2,880) for the CEO and a total of SEK 8,244 thousand (7,326) for the other senior officers.

The CEO

Jesper Göransson was appointed CEO and acting President of Peab on 25 March 2013. He succeeded Jan Johansson.

Jesper Göransson has in 2013 received wages and other remuneration, including benefits, for a total of SEK 3,945 thousand. In addition he has received variable remuneration for 2013 of SEK 1,327 thousand. Pension premiums for the year amounted to SEK 1,652 thousand. In 2012 Jesper Göransson belonged to the group other senior officers.

Jan Johansson has, for the period up to and including 25 March 2013 and the termination period up to 25 September 2013, received wages and other benefits for a total of SEK 4,980 thousand (4,984). The former CEO did not receive any variable remuneration for 2013 or 2012. Pensions premiums during the year were SEK 1,306 thousand (2,304).

Pension commitments for the CEO give him the right to pension from the age of 65. There is a supplementary commitment whereby the company or the CEO can trigger early retirement from the age of 62. Annual pension premiums of 47 percent of basic salary are paid for these commitments. These pensions are part of defined contribution plans.

Notice on the part of Peab is a maximum of 24 months and the CEO is required to give a maximum of six months notice. If a severance pay is paid the total remuneration for salary during the period of notice and severance pay may not exceed 24 monthly wages.

Other senior officers

The term other senior officers refers to the five other persons in addition to the CEO make up Peab's executive management. During the first half year of 2013, the group senior officers consisted of six persons. Thereafter the group of senior officers consisted of five persons. Salary and other remuneration including benefits for other senior officers amounted to SEK 14,510 thousand (17,544). Variable remuneration for 2013 for five persons in addition to the CEO that during the year were members of executive management amounted to SEK 4,806 thousand. For 2012 variable remuneration amounted to SEK 960 thousand for two persons that were members of executive management.

Pension premiums paid out for other senior officers amounted to SEK 4,798 thousand (5,745) during the year.

There are early retirement pension commitments for other senior officers. All pension benefits are unassailable.

Pension commitments for other senior officers give them the right to pension from the age of 65. There is a supplementary commitment whereby the company or the senior official can trigger early retirement from the age of 62. Annual pension premiums of 47 percent of basic salary are paid for these commitments. These pensions are part of defined contribution plans.

If given notice by the company other senior officers are entitled to a maximum of two years' salaries deducted by salaries from new employers. The period of notice from senior officers is six months.

Long-term incentive program (LTI program)

From time to time, senior officers may be offered to the opportunity to participate in a LTI program. In order to participate in a LTI program the senior officer must reserve at least 50 percent of their annual variable remuneration as a lump sum pension premium. Annual income from the LTI program may not exceed 40 percent of the fixed annual salary. Income from the LTI program and the annual variable remuneration are placed in a pension savings connected to the Peab share. During 2011 468 persons, including senior officers, were offered to participate in a LTI program. The LTI program runs until 2014 with annual reviews of targets for the Group. The targets were not met in 2012 or in 2013 and therefore no provisions were made for the LTI program.

Profit sharing foundation

In 2007, Peab founded a profit sharing foundation. The object of the profit sharing foundation is to create increased participation through employee co-ownership and to better our employees' financial situation after retirement. Individual shares in profits will be proportional to the employee's working hours. Upon retirement employees can withdraw their share in the foundation. Under the foundation's investment policy, its assets must be mainly invested in shares in Peab.

In 2013 Peab allocated SEK 33 million. This amount less payroll tax will be paid into the foundation in 2014. Peab did not allocate any funds in 2012 for profit sharing. Senior officers have not been entitled to benefits from the profit sharing foundation.

Note 10 Fees and cost remunerations to auditors

	Group		Parent company	
MSEK	2013	2012	2013	2012
KPMG AB				
Auditing assignments	18	17	5	5
Other audit-related assignments	1	2	1	1
Other assignments	1	3	–	1
Other				
Tax advisory services	0	1	–	–
Total	**20**	**23**	**6**	**7**

Auditing assignments refer to examination of the annual report, accounting and administration by the Board of Directors and the CEO, other work which it is the business of the company auditor to perform and advice and other assistance stemming from observations made in connection with such examination of the performance of other similar work.

Note 11 Operating costs divided by type

Group MSEK	2013	2012
Material	9,123	9,975
Subcontractors	11,776	13,954
Personnel expenses	9,674	10,133
Other production costs	10,469	10,133
Depreciation	798	848
Write-downs	84	122
Other operating costs	676	752
Total	**42,600**	**45,917**

Note 12 Net financial income/expense

Group MSEK	2013	2012
Interest income [1]	136	132
Dividend received related to financial assets valued at fair value	10	34
Net profit related to financial assets valued at fair value [2]	3	31
Change in value of cash flow hedges transferred from equity	46	17
Change in value currency swaps (trading)	4	8
Net exchange rate fluctuation	40	–
Other items	0	17
Financial income	**239**	**239**
Interest expenses [3]	–412	–418
Net exchange rate fluctuation	–	–2
Write-downs	–54	–
Other items	–6	–23
Financial expenses	**–472**	**–443**
Profit from participation in joint ventures [4]	**2**	**–38**
Net financial income/expense	**–231**	**–242**

1) Refers to interest from items valued at accrued acquisition value

2) In 2012, SEK 27 million refers to shareholding in Brinova Fastigheter AB. The shares were sold in 2012.

3) Refers to interest from items valued at accrued acquisition value except current interest net from the interest coupon portion of interest swaps totaling SEK 40 million (–11).

4) Interest expenses on loans from joint venture companies have been offset against profit from participation in joint venture companies. There is, according to the contracts, a legal right for offsets in the balance sheet accounts between the debt to joint venture companies and holdings of preference shares in joint venture companies.

Profit from participation in Group companies

Parent company MSEK	2013	2012
Dividends	82	38
Write-downs [1]	–339	–346
Capital gains from sales	477	14
Total	**220**	**–294**

1) For more information about write-downs, see note 42.

Profit from participation in associated companies

Parent company MSEK	2013	2012
Dividends	–	4
Capital gains from sales	–	23
Total	**–**	**27**

Profits from securities and receivables recorded as fixed assets

Parent company MSEK	2013	2012
Dividends	10	28
Interest income, external [1]	10	2
Interest income, Group companies [1]	1	36
Net profit related to financial assets valued at fair value [2]	3	31
Net profit related to financial assets availables for sale	–	4
Exchange rate loss	–1	–4
Total	**23**	**97**

1) Interest income refers to interest from items valued at accrued acquisition value.

2) In 2012, SEK 27 million refers to shareholding in Brinova Fastigheter AB. The shares were sold in 2012.

Interest expenses and similar profit/loss items

Parent company MSEK	2013	2012
Interest expenses, external [1]	0	–30
Interest expenses, Group companies [1]	–214	–171
Other items	–	–8
Total	**–214**	**–209**

1) Interest expenses refer to interest from items valued at accrued acquisition value.

Note 13 Appropriations

Parent company MSEK	2013	2012
Change in additional depreciations, machinery and equipment	0	0
Received Group contribution	1,129	1,484
Paid Group contribution	–862	–1,278
Total	**267**	**206**

Note 14 Taxes

Recognized in the income statement

Group MSEK	2013	2012
Current tax income/expenses		
Tax incomes/expenses for the year	27	–76
Adjustment of tax attributable to previous years	2	–17
	29	**–93**
Deferred tax expenses/income		
Temporary differences	–102	–82
Capitalised tax value of loss carry-forwards during the year	7	37
Utilisation of capitalised tax value of loss carried-forwards	–29	–63
Changed tax rates	–8	80
Revaluation of reported deferred tax values	18	32
	–114	**4**
Total reported tax expenses in the Group	**–85**	**–89**

Parent company MSEK	2013	2012
Current tax expenses/income		
Tax expenses for the year	–2	–3
Adjustment of tax attributable to previous years	2	0
	0	**–3**
Deferred tax income		
Temporary differences	0	3
	0	**3**
Total reported tax expenses/income in the parent company	**0**	**0**

Reconciliation of effective tax

Group MSEK	2013	2013 (%)	2012	2012 (%)
Pre-tax profit	**383**		**815**	
Tax in accordance with tax rate for the parent company	–84	22.0	–215	26.3
Effect of other tax rates for foreign subsidiaries	13	–3.4	4	–0.5
Non-deductible expenses	–35	9.0	–116	14.3
Tax exempt income	86	–22.5	137	–16.9
Deductible non profit-influencing items	21	–5.5	28	–3.4
Revaluation of previous years reported values of deferred taxes	18	–4.7	32	–3.9
Utilized non-capitalised loss carry-forwards	21	–5.5	4	–0.5
Tax attributable to previous years	2	–0.5	–17	2.1
Changed tax rates	–8	2.1	80	–9.8
Increase in loss carry-forwards without corresponding activation of deferred tax	–106	27.7	–42	5.2
Standard interest on tax allocation reserve	–1	0.3	–1	0.1
Adjustment of net profit for joint ventures included in pre-tax profit	–12	3.1	17	–2.1
Reported effective tax	**–85**	**22.2**	**–89**	**10.9**

Parent company MSEK	2013	2013 (%)	2012	2012 (%)
Pre-tax profit	**229**		**–227**	
Tax in accordance with tax rate for the parent company	–50	22.0	60	–26.3
Non-deductible expenses	–78	34.0	–100	44.0
Tax exempt income	126	–55.1	41	–18.1
Standard interest on tax allocation reserve	0	0.0	–1	0.4
Tax attributable to previous years	2	–0.9	0	0.0
Reported effective tax	**0**	**0.0**	**0**	**0.0**

Tax attributable to other comprehensive income

Group	Pre-tax	Tax	After tax	Pre-tax	Tax	After tax
MSEK		2013			2012	
Translation difference for the year when translating foreign operations	–139	–13	–152	–12	4	–8
Loss from exchange risk hedging in foreign operations	–		0	–2	1	–1
Financial assets available for sale	17		17	–87		–87
Cash flow hedges	23	–19	4	17	10	27
Revaluation of defined benefit pension plans	0		0	10	–3	7
Shares in associated companies/JVs other comprehensive income	0		0	–1		–1
Other comprehensive income	**–99**	**–32**	**–131**	**–75**	**12**	**–63**

Reported in the balance sheet
Deferred tax recoverables and tax liabilities

Group	Deferred tax recoverables		Deferred tax liabilities		Net		Changes recognized in income for the year
MSEK	2013	2012	2013	2012	2013	2012	
Tangible assets			–325	–376	–325	–376	47
Intangible assets			–69	–79	–69	–79	8
Financial assets	6				6	0	6
Project and development property			–43	–39	–43	–39	–8
Work-in-progress	1	12			1	12	–11
Inventories	2			–8	2	–8	9
Accounts receivable	25	47			25	47	–19
Recognized but not invoiced income			–40	–12	–40	–12	–31
Other receivables	3	3			3	3	
Interest-bearing liabilities	85	116			85	116	–31
Provisions for pensions	3	4			3	4	–1
Provisions	58	61			58	61	–1
Invoiced income not yet recognized	35	57			35	57	–23
Other liabilities	161	139			161	139	25
Loss carry-forwards	165	197			165	197	–14
Tax allocation reserve			–81	–84	–81	–84	3
Safety reserve			–322	–249	–322	–249	–73
Tax recoverables/liabilities	**544**	**636**	**–880**	**–847**	**–336**	**–211**	
Offset	–389	–403	389	403	0	0	
Net	**155**	**233**	**–491**	**–444**	**–336**	**–211**	**–114**

Ongoing correspondence between the SwedishTax Authorities as well as assessments made together with external experts on the deductability of individual deductions have been taken into consideration among others when evaluating deferred tax receivables. Deferred tax attributable to deductions where the right to deduct is uncertain has not been reported as an asset. The value of the deferred tax from these deductions per 2013-12-31 is approximately SEK 325 million (355).

Temporary differences between reported and fiscal value of participations directly owned by the parent company
Normally there are no temporary differences between reported and fiscal values of shares directly owned by the parent company for business purposes, i. e. neither upon divestment or distribution of dividends, as such transactions are not taxable. Therefore no deferred tax has been reported for these holdings.

Unreported deferred tax receivables
The fiscal value of loss carry-forwards for which deferred tax receivables have not been reported in the balance sheet was SEK 1 million (1) on 2013-12-31 and refers to the Latvian operations. These deferred tax receivables have no maturity date. Considering the losses in recent years in this operation and the very limited business planned for the future it is not likely that the deferred tax receivables can be offset against future taxable profits.

Because the Norwegian operations have in recent years reported losses, the loss carry-forwards of 2012 and 2013, amounting to SEK 496 million (147) have not been activated since it is uncertain if they can be used depending on taxable future surplusses. The fiscal value of the unactivated loss carry-forward is SEK 134 million (41).

Changed tax rates
As from 1 january 2013 the tax rate in Sweden has changed to 22 percent from 26.3 percent. As from 2014 is the tax rate in Norway changed to 27 percent from 28 percent and in Finland to 20 percent from 24.5 percent.

Note 15 Earnings per share

Earnings per share

	Before dilution		After dilution	
SEK	2013	2012	2013	2012
Earnings per share	1.01	2.47	1.01	2.47

Earnings per share before dilution
The calculation of earnings per share for 2013 was based on profit for the year attributable to the parent company's ordinary shareholders amounting to SEK 298 million (730) and on a weighted average number of outstanding shares in 2013 of 294,962,746 (294,962,746).

Earnings per share after dilution
Outstanding convertible promissory notes of 8,800,000 shares matured on 30 November 2012 and there was no conversion to shares. The calculation of earnings per share for 2012 was based on profit for the year attributable to the parent company's ordinary shareholders amounting to SEK 760 million and on a weighted average number of outstanding shares in 2012 of 302,993,347.

The two components were calculated as follows:

Weighted average numbers of outstanding ordinary shares before dilution [1)]

Thousands of shares	2013	2012
Total number of outstanding ordinary shares per 1 January	294,963	294,963
Total number of outstanding shares per 31 December	**294,963**	**294,963**
Weighted average numbers of outstanding ordinary shares before dilution	**294,963**	**294,963**

Profit attributable to the parent company's ordinary shareholders after dilution

MSEK	2013	2012
Profit attributable to the parent company's ordinary shareholders	298	730
Interest rate effect on convertible promissory notes (after tax)	–	30
Profit attributable to the parent company's ordinary shareholders after dilution	**298**	**760**

Weighted average number of outstanding ordinary shares after dilution [1)]

Thousands of shares	2013	2012
Weighted average number of outstanding ordinary shares before dilution	294,963	294,963
Effect of converting convertible promissory notes	–	8,030
Weighted average numbers of outstanding ordinary shares after dilution	**294,963**	**302,993**

1) Repurchased shares are not included in the calculation.

NOTES 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

NOTES 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

Note 16 Intangible fixed assets

Group 2013	Intangible fixed assets, external purchase					Intangible fixed assets, internally developed	
MSEK	Goodwill	Brands	Customer relations	Tenancies gravel and rock quarries	Other intangible assets	Industrial construction	Total
Opening acquisition value	1,851	241	82	202	55	94	2,525
Purchases						1	1
Reclassifications						1	1
Translation differences for the year	–20	–8	–5		–1		–34
Closing accumulated acquisition value	**1,831**	**233**	**77**	**202**	**54**	**96**	**2,493**
Opening depreciation	–	–110	–64	–32	–37	–38	–281
Depreciation for the year 1)		–20	–8	–8	–5	–10	–51
Translation differences for the year		3	4		1		8
Closing accumulated depreciation	**–**	**–127**	**–68**	**–40**	**–41**	**–48**	**–324**
Opening write-downs	–118	–	–	–	–	–	–118
Write-downs for the year 2)	–4						–4
Translation differences for the year	6						6
Closing accumulated write-downs	**–116**	**–**	**–**	**–**	**–**	**–**	**–116**
Closing book value	**1,715**	**106**	**9**	**162**	**13**	**48**	**2,053**

Group 2012	Intangible fixed assets, external purchase					Intangible fixed assets, internally developed	
MSEK	Goodwill	Brands	Customer relations	Tenancies gravel and rock quarries	Other intangible assets	Industrial construction	Total
Opening acquisition value	1,840	240	81	202	55	94	2,512
Purchases/acquisition of companies	16						16
Revaluation	–6						–6
Translation differences for the year	1	1	1				3
Closing accumulated acquisition value	**1,851**	**241**	**82**	**202**	**55**	**94**	**2,525**
Opening depreciation	–	–84	–52	–27	–28	–28	–219
Depreciation for the year 1)		–23	–12	–8	–9	–10	–62
Reclassifications		–3		3			0
Closing accumulated depreciation	**–**	**–110**	**–64**	**–32**	**–37**	**–38**	**–281**
Opening write-downs	–62	–	–	–	–	–	–62
Revaluation	4						4
Write-downs for the year 2)	–59						–59
Reclassifications	–1						–1
Closing accumulated write-downs	**–118**	**–**	**–**	**–**	**–**	**–**	**–118**
Closing book value	**1,733**	**131**	**18**	**170**	**18**	**56**	**2,126**

1) Annual depreciation is reported in the following lines of the income statement:

MSEK	2013	2012
Production costs	–50	–60
Sales and administrative expenses	–1	–2
Total	**–51**	**–62**

2) Annual write-downs are reported in the following lines of the income statement:

MSEK	2013	2012
Production costs	–4	–59
Sales and administrative expenses	–	–
Total	**–4**	**–59**

Goodwill impairment testing in cash generating units
The balance sheet of the Peab Group 2013-12-31 included total goodwill of SEK 1,715 million (1,733). Cash generating units with significant reported goodwill value compared with the total reported value of the Group per segment are specified below.

MSEK	2013	2012
Construction		
Nybyggarna i Nerike AB	22	22
Other units in Sweden	48	48
Peab Oy Group	58	56
Björn Bygg AS Group	53	58
K Nordang AS	35	39
Telemark Vestfold Entreprenör AS	22	24
Other units in Norway	27	31
Civil Engineering		
Berg & Falk AB	17	17
Olof Mobjer Entreprenad AB	15	15
Markarbete i Värmland AB	13	13
Other units in Civil Engineering	95	95
Industry		
Peab Industri Group	1,275	1,280
Project Development		
Ängelholms Flygplats AB	21	21
Other units in Project Development	14	14
Total	**1,715**	**1,733**

Goodwill write-downs
Group goodwill write-downs in 2013 amounted to SEK 4 million. The write-downs are related to business area Industry and refer to low profitability in existing operations. During last year write-downs of SEK 59 million were made, of which SEK 43 million were related to business area Construction and the Norwegian and Finnish construction operations as a result of low profitability in existing operations, SEK 13 million were attributable to business area Industry and SEK 3 million to Civil Engineering. For the cash generating units where calculation of the recovery value was made and no write-down need was identified, company management has assessed that no feasible possible changes in important assumptions would result in a recovery value lower than the recorded value.

Method for calculating recovery value
For all goodwill values the recovery value for the cash generating units has been based on calculation of useful value. The calculation model is based on a discount of forecasted future cash flows compared to the unit's reported values. These future cash flows are based on 5 year forecasts produced by the management of the respective cash generating units. Goodwill impairment tests have an infinite time horizon and extrapolation of cash flow for the years after the forecast was calculated based on a growth rate from year 6 onwards of approximately 2 percent.

Important variables when calculating useful value
The following variables are important and common to all cash generating units in the calculation of the useful value.

Sales: The competitiveness of the business, expected changes in the construction business cycle, general financial conditions, investment plans of public and municipal customers, interest rate levels and local market conditions.

Operating margin: Historic profitability levels and operative efficiency, access to key personnel and qualified manpower, the ability to cooperate with customers/customer relations, access of internal resources, raises in salary, materials and subcontractor costs.

Working capital requirements: Individual case assessment of whether the working capital reflects the company's needs or whether it should be adjusted for the forecast period. A reasonable or cautious assumption for future development is that it parallels net sales growth. A high level of internally developed projects may entail a greater need for working capital.

Investment needs: The company's investment needs are assessed on the investments required to achieve the initially forecast cash flow, i.e. not including expansion investments. Normally investment levels are equivalent to the depreciation rate of tangible fixed assets.

Tax burden: The tax rate in forecasts is based on Peab's expected tax situation in Sweden, Norway and Finland with regards to tax rates, loss carry-forwards etc.

Discount rate: Forecasted cash flows and residual values are discounted to current value applying a weighted average cost of capital (WACC). Interest rates on borrowed capital has been market adjusted to each country. The required return on equity is based on the Capital Asset Pricing Model. A pre-tax weighted discount rate has been used in calculating useful value. The pre-tax discount rate used on cash generating units in average in Sweden is 8.7 percent (7.3), in Norway 10.8 percent (9.0) and in Finland 8.6 percent (7.9). The corresponding discount rate after tax in average amounted to in Sweden 7.3 percent (6.1), in Norway 8.9 percent (7.3) and in Finland 7.4 percent (6.4).

Note 17 Tangible fixed assets

Group 2013

MSEK	Buildings and land	Machinery and equipment	Construction in progress	Total
Opening acquisition value	2,106	6,997	52	9,155
Purchases	49	441	60	550
Purchases through acquired companies		2		2
Sales/disposals	–44	–472		–516
Sales through companies sold	–7	–174		–181
Reclassifications	–2	–17	–38	–57
Translation differences for the year	–16	–68		–84
Closing accumulated acquisition value	**2,086**	**6,709**	**74**	**8,869**
Opening depreciation	–601	–4,096	–	–4,697
Accumulated depreciation in acquired companies		–2		–2
Sales/disposals	13	403		416
Sales through companies sold		91		91
Reclassifications	4	17		21
Depreciation for the year	–78	–669		–747
Translation differences for the year	2	38		40
Closing accumulated depreciation	**–660**	**–4,218**	**–**	**–4,878**
Opening write-downs	–4	–11	–	–15
Reclassifications	1	2		3
Write-downs for the year [1)]	–2	–4		–6
Closing accumulated write-downs	**–5**	**–13**	**–**	**–18**
Closing book value	**1,421**	**2,478**	**74**	**3,973**

Group 2012

MSEK	Buildings and land	Machinery and equipment	Construction in progress	Total
Opening acquisition value	2,331	6,540	47	8,918
Purchases	19	843	75	937
Purchases through acquired companies	6	35		41
Sales/disposals	–22	–448		–470
Sales through companies sold	–13			–13
Reclassifications	–215	25	–70	–260
Translation differences for the year		2		2
Closing accumulated acquisition value	**2,106**	**6,997**	**52**	**9,155**
Opening depreciation	–544	–3,778	–	–4,322
Accumulated depreciation in acquired companies		–20		–20
Sales/disposals	8	396		404
Sales through companies sold	5			5
Reclassifications	8	14		22
Depreciation for the year	–78	–708		–786
Closing accumulated depreciation	**–601**	**–4,096**	**–**	**–4,697**
Opening write-downs	–5	–11	–	–16
Sales/disposals	2			2
Write-downs for the year [1)]	–1			–1
Closing accumulated write-downs	**–4**	**–11**	**–**	**–15**
Closing book value	**1,501**	**2,890**	**52**	**4,443**

1) Annual write-downs are reported in the following lines of the income statement:

MSEK	2013	2012
Production costs	–6	0
Sales and administrative expenses	–	–1
Total	**–6**	**–1**

Parent company

MSEK	Machinery and equipment 2013	2012
Opening acquisition value	8	8
Closing accumulated acquisition value	**8**	**8**
Opening depreciation	–6	–6
Depreciation for the year	–1	0
Closing accumulated depreciation	**–7**	**–6**
Closing book value	**1**	**2**

Group financial leasing
Companies in the Group lease vehicles, construction machinery and other production equipment through many different leasing agreements. The recorded value related to Group financial leasing amounted to SEK 497 million (601). When the leasing agreements terminate Peab normally has a liability to buy equipment at its residual value. The leased assets are owned by the lessors.

Note 18 Participation in associated companies

Group

MSEK	2013	2012
Acquisition value carried forward	–	88
Sales of associated companies	–	–83
Dividend for the year	–	–5
Profit from participation in associated companies	–	1
Translation differences for the year	–	–1
Book value carried forward	**–**	**–**

The items below are included in the consolidated financial statements. They make up Group participation in the income and costs of associated companies.

MSEK	2013	2012
Income	–	6
Expenses	–	–5
Profit	**–**	**1**

Associated company participation related to Catena AB and was sold in 2012.

Parent company

MSEK	2013	2012
Acquisition value carried forward	–	133
Sales of associated companies	–	–133
Book value carried forward	**–**	**–**

Note 19 Participation in joint ventures

Specification of Group holdings of participations in joint ventures

Company, Registered office, Corp.ID.no	Share percent 2013	Book value, MSEK 2013	Share percent 2012	Book value, MSEK 2012
TCL S.à.r.l. Luxemburg, 19982401227	45	281	45	280
S:t Eriks AB Staffanstorp, 556203-4750	44.3	259	44.3	250
Nyckel 0328 AB Stockholm, 556871-6541	33.3	167	33.3	169
Visio Property Ltd Buckingham, 3871355	50	139	50	145
Fastighets AB Centur Stockholm, 556813-6369	50	49	50	30
Dockan Exploatering AB Malmö, 556594-2645	33	44	33	41
Fotbollsstadion i Malmö Fastighets AB Malmö, 556727-4641	25	39	25	39
Fastighets AB Partille 11 Gothenburg, 556518-4354	50	32	50	29
Telemark Vestfold Utvikling AS Skien, 987 208 279	33.4	31	33.4	32
Mountain Resort Trysil AS Trysil, 996 284 115	50	29	50	54
Täljöhalvöns Fastigheter HB Stockholm, 969723-2107	30	28	30	28
Sicklaön Bygg Invest AB Solna, 556911-5479	50	27	50	40
Log. Tostarp AB Ängelholm, 556667-8784	50	23	50	23
Ale Exploatering AB Gothenburg, 556426-2730	50	16	50	16
Bondistranda Utvikling AS Oslo, 992 512 741	50	15	50	9
I Tolv AB Eksjö, 556513-2478	35	14	35	12
Svenska Fräs & Asfaltsåtervinning SFA AB Markaryd, 556214-7354	30	13	30	11
Stora Hammar Exploatering AB Vellinge, 556763-4216	50	12	50	12
Fjällvärme i Lindvallen AB Malung-Sälen, 556536-1895	50	11	50	12
Vardenbakken 99 AS Oslo, 998 347 211	50	11	50	0
Brekkeveien 5 Bolig AS Oslo, 991 935 177	50	9	50	0
Skiab Invest AB Malung-Sälen, 556848-5220	50	8	50	8
Kungsörs Grus AB Kungsör, 556044-4134	50	8	50	7
Sjökrona Exploatering AB Helsingborg, 556790-5624	25	6	25	6
KB Älvhögsborg Trollhättan, 916899-2734	50	5	50	5
Hälsostaden i Ängelholm AB Ängelholm, 556790-5723	33.3	5	33.3	5
Nya Bara Utvecklings AB Malmö, 556858-4311	50	5	50	5
Kirkebakken Vest AS Horten, 988 796 174	50	4	50	4
Skanör Invest AB Båstad, 556713-5743	50	3	50	6
Tomasjord Park AS Tromsö, 983 723 853	50	3	50	3
Log. Sunnanå AB Ängelholm, 556699-7788	50	3	50	3
KB Blåsut Åstorp Stockholm, 969691-9043	50	3	50	3
Mälarstrandens Utvecklings AB Västerås, 556695-5414	44	2	44	2
Expressbetong AB Halmstad, 556317-1452	50	2	50	2
Byggutveckling Svenska AB Linköping, 556627-2117	50	1	50	1
Trysil Suiter AS Trysil, 991 276 068	50	1	50	1
Tors Torn Utveckling AB Stockholm, 556811-0836	50	1	50	7
Täljö Utveckling nr 4 AB Stockholm, 556750-5069	30	1	30	1
Acturum Development AB Stockholm, 556910-5488	50	0	–	–
Östersund Sport & Eventarena AB Östersund, 556707-0239	–	–	33.3	1
Ljusta Projektutveckling KB Sundsvall, 969700-6188	50	–6	50	–8
Fastighets AB ML4 Malmö, 556786-2155	50	–29	50	1
Trysil Hotellutvikling AS Trysil, 987 054 409	50	–30	50	–17
Others no specified items		0		1
Total		**1,245**		**1,279**
Negative shares reported as other provisions or as accrued expenses depending on elimination of internal profits		65		–
Total		**1,310**		**1,279**

The items below show Group value of participation in the income and costs, assets and liabilities of joint ventures.

MSEK	2013	2012
Income	1,012	1,017
Expenses	–1,064	–936
Plus/Less: Result from property projects reported in gross profit	67	–102
Result	**15**	**–21**
Fixed assets	5,279	4,976
Current assets	2,725	2,335
Total assets	**8,004**	**7,311**
Long-term liabilities	5,809	5,136
Current liabilities	950	896
Total liabilities	**6,759**	**6,032**
Net assets/liabilities	**1,245**	**1,279**

Note 20 Receivables from Group companies

Parent company MSEK	2013	2012
Acquisition values carried forward	1,586	1,447
Added receivables	102	1,523
Reclassifications	–398	–
Settled receivables	–1,290	–1,384
Book value carried forward	**–**	**1,586**

Note 21 Interest-bearing receivables

Interest-bearing long-term receivables

	Group		Parent company	
MSEK	2013	2012	2013	2012
Receivables from joint ventures	972	969	51	80
Other interest-bearing receivables	772	188	143	25
Total	**1,744**	**1,157**	**194**	**105**

Interest-bearing current receivables

MSEK	2013	2012	2013	2012
Receivables from joint ventures	199	293	–	–
Other interest-bearing receivables	211	274	–	–
Total	**410**	**567**	**–**	**–**

Note 22 Other long-term securities holdings

Group MSEK	2013	2012
Financial assets recognized at fair value through the income statement		
Fair value option		
Shares and participation	–	15
Available-for-sale financial assets		
Shares and participation	336	295
Loan receivables	180	132
Total	**516**	**442**

Parent company
Other long-term securities holdings valued at fair value

MSEK	2013	2012
Acquisition values		
Opening balance 1 January	19	290
Acquired assets	–	1
Divested assets	–19	–272
Closing balance per 31 December	**–**	**19**
Accumulated change in value through the income statement		
Opening balance 1 January	–4	211
Unrealized change in value through the income statement for the year	3	31
Divested assets	1	–246
Closing balance per 31 December	**–**	**–4**
Book value 31 December	**–**	**15**

For additional information about fair value per category and class, see Note 36.

Note 23 Other receivables

Other long-term receivables

	Group		Parent company	
MSEK	2013	2012	2013	2012
Receivables from joint ventures	30	24	–	–
Other long-term receivables	92	84	1	1
Total	**122**	**108**	**1**	**1**

Other current receivables

	Group		Parent company	
MSEK	2013	2012	2013	2012
Receivables from joint ventures	3	2	–	–
Other current receivables	251	206	2	2
Total	**254**	**208**	**2**	**2**

Note 24 Project and development property

Group MSEK	2013	2012
Directly owned project and development property	6,202	5,479
Participation in Finnish housing companies	150	333
Repurchased participation in tenant-owner's associations and similar	331	425
Other	2	2
Total	**6,685**	**6,239**

Project and development properties were written down for a total of SEK 45 million (22).

Recovery
Of book value of project and development property of SEK 6,685 million (6,239) approximately SEK 4,400 million (approximately 4,800) is expected to be recovered through the start of production or sales more than 12 months after the balance sheet day. The remaining part is expected to be recovered within 12 months of the balance sheet day.

Note 25 Inventories

Group MSEK	2013	2012
Raw materials and consumables	80	88
Products in progress	52	76
Finished products and goods for resale	280	301
Total	**412**	**465**

Note 26 Work-in-progress

At the end of the year there was work-in-progress for a total of SEK 1,100 million (1,106) in the Group refering to costs in housing projects reported according to IAS 18, Revenue.

Note 27 Accounts receivable

Accounts receivables were written down for factual and feared bad debts for a total of SEK 31 million (35). Factual bad debts amounted to SEK 34 million (37) in the Group, of which SEK 28 million were written down in 2012. The loss was a result of some of the company's customers going bankrupt. The parent company had no bad debts.

Note 28 Construction contracts

Recognized income not yet invoiced

Group MSEK	2013	2012
Recognized income on incomplete contracts	34,243	37,455
Invoiced sales on incomplete contracts	–28,200	–32,215
Total	**6,043**	**5,240**

Invoiced income not yet recognized

Group MSEK	2013	2012
Invoiced sales on incomplete contracts	46,694	45,433
Recognized income on incomplete contracts	–40,631	–40,187
Total	**6,063**	**5,246**

Recognized income from contracts in progress is reported with the application of percentage of completion method. The degree of recognition is calculated on the basis of the project costs incurred at the end of the period in relation to the project costs corresponding to the project income for the whole project.

Contract assignments are reported in the balance sheet on the basis of gross project for project, either as Recognized but not invoiced income in current assets or as Invoiced income not yet recognized in current liabilities. Projects that have higher recognized incomes than invoiced amount are reported as assets, while projects that have been invoiced for more than recognized income are reported as liabilities.

Note 29 Prepaid expenses and accrued income

Parent company MSEK	2013	2012
Accrued interest income	0	1
Prepaid overhead expenses	5	4
Total	**5**	**5**

Note 30 Equity

Shares and share capital

Group	A shares	B shares	Number of issued fully paid shares	Share capital, SEK
Number of issued shares 1 January 2013	34,319,957	261,729,773	296,049,730	1,583,866,056
Total number of issued shares 31 December 2013	**34,319,957**	**261,729,773**	**296,049,730**	**1,583,866,056**

An A share entitles the holder to 10 votes and a B share to 1 vote. The par value of all shares is SEK 5.35.

For those shares in the company's own holding (see below) all rights have been revoked until these shares are reissued.

Repurchased own shares that have reduced the equity item Profit brought forward including profit for the year

	Number of shares [1]		Amount that affected equity, MSEK [2]	
	2013	2012	2013	2012
Opening repurchased own shares	1,086,984	1,086,984	929	929
Closing repurchased own shares	**1,086,984**	**1,086,984**	**929**	**929**

1) A withdrawal of 5,500,000 shares was made in 2007.

2) Amount affecting equity refers to the accumulated net sum of acquired and divested own shares.

Other contributed capital
Refers to equity contributed by the owners. Includes premiums paid in conjunction with new issues.

Reserves
Translation reserve
The translation reserve comprises all exchange rate differences generated by translating the financial reports from foreign companies prepared in another currency than the one used in Group financial statements. The parent company and the Group present their reports in Swedish crowns (SEK). The translation reserve also consists of exchange rate differences from extended investment in foreign business and re-borrowing from foreign operations.

Fair value reserve
The fair value reserve incudes the accumulated net change of the fair value of financial assets available for sale until the asset has been eliminated from the balance sheet.

Hedging reserve
The hedging reserve comprises the effective part of the accumulated net changes in fair value in a hedge instrument attributable to a hedged risk in a cash flow which has as yet not affected the income statement.

Profit brought forward including profit for the year
Profit brought forward including profit for the year consists of profit in the parent company and its subsidiaries, associated companies and joint ventures. Previous provisions for reserve funds, excluding transferred premium funds are included in this equity item.

Dividend
After the balance sheet day the Board of Directors proposed the following dividend; A cash dividend of SEK 1.80 per share (1.60), totalling SEK 532,889,514 (473,679,568), was calculated on the number of registered shares. Total dividends are calculated on outstanding shares at the time of distribution.

The dividend will be proposed for adoption by the AGM on 13 May 2014.

The parent company

Restricted reserves

Restricted reserves may not be impaired by the distribution of dividends.

Reserve fund

The purpose of the reserve fund is to retain a part of the net profit which is not allocated to cover balanced losses. The reserve also includes amounts transferred to the share premium reserve before 1 January 2006.

Unrestricted equity

Together with profit for the year the following funds make up unrestricted equity, i.e. the amount available for dividends to the shareholders.

Premium reserve

When shares are issued at a premium, i.e. when more must be paid for the shares than their nominal price, an amount equivalent to the amount received in excess of the share's nominal value is transferred to the share premium reserve. The amount transferred to the share premium reserve starting 1 January 2006 is included in unrestricted capital.

Special reserves

Refers to allocations to reserves upon the reduction of share capital for use as resolved by the AGM.

Reserve for fair value

The company uses the Annual Accounts Act rules for the valuation of financial instruments at fair value according to chapter 4 paragraph 14a-e §§. A change in value is recognized in the reserve for fair value when it refers to a hedging instrument and the principles applied for hedge accounting allow for a portion or the entire change in value to be recognized in equity. A change in value caused by an exchange rate change on a monetary item which is part of the company's net investment in a foreign unit is recognized in equity.

Profit brought forward

Consist of the previous year's profit brought forward after paid dividends.

Note 31 Interest-bearing liabilities

Long-term liabilities

Group

MSEK	2013	2012
Bank loans	2,743	4,239
Bonds	1,946	1,993
Financial leasing liabilities	273	403
Liabilities to joint ventures	3	9
Other long-term liabilities	88	128
Total	**5,053**	**6,772**

Current liabilities

Group

MSEK	2013	2012
Bank loans including overdraft facilities	1,767	1,143
Commercial paper	853	343
Bonds	500	–
Current part of financial leasing liabilities	226	226
Liabilities to joint ventures	84	100
Other current liabilities	40	42
Total	**3,470**	**1,854**

Financial leasing liabilities

Financial leasing liabilities fall due for payment as follows;

Group	Minimum leasing charge	Interest	Capital amount	Minimum leasing charge	Interest	Capital amount
MSEK	2013	2013	2013	2012	2012	2012
Within one year	235	9	226	234	8	226
Between one and five years	267	13	254	374	13	361
Later than five years	20	1	19	44	2	42
Total	**522**	**23**	**499**	**652**	**23**	**629**

Variable lease fees was SEK 2 millions (9).

For further information concerning Group financial leasing, see note 17.

Note 32 Pensions

Defined benefit pension plans

Group

MSEK	2013	2012
Present value of unfunded obligations	11	7
Present value of fully or partially funded obligations	–	16
Total present value of obligations	**11**	**23**
Fair value of plan assets	–	–8
Net reporting of defined benefit plans recognised as provisions for pensions	**11**	**15**

Review of defined benefit plans

Defined benefit plans consist of the Swedish ITP Plan for Salaried Staff which is managed through insurance with Alecta, pension plans for a small number of executive personnel in Norway and the AFP pension in Norway. As Alecta cannot submit the information required to account for the ITP plan as a defined benefit plan, this is entered as a defined contribution plan (see below).

NOTES 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

Changes in present value of obligations for defined benefit plans

MSEK	2013	2012
Net obligations for defined benefit plans as of 1 January	23	63
Paid out remunerations	–3	–8
Expenses for work during current period and interest expenses	0	3
Actuarial gains and losses	0	3
Settlements and curtailments	–8	–39
Translation differences	–1	1
Obligations for defined benefit plans as of 31 December	**11**	**23**

Changes in recognized fair value in the balance sheet for plan assets

MSEK	2013	2012
Fair value of plan assets as at 1 January	8	30
Contributions from employer	–	1
Return	–	0
Settlements and curtailments	–8	–23
Fair value of plan assets on 31 December	**0**	**8**

Expenses charged to income statement

MSEK	2013	2012
Expenses for work during current period	0	3
Return on plan assets	0	0
Gains and losses on settlements and curtailments	–	–2
Total net expense in the income statement	**0**	**1**

Expenses are recognized in the following lines in the income statement

MSEK	2013	2012
Production costs	0	1
Total	**0**	**1**
Actual return on plan assets	**0**	**0**

Expenses charged to other comprehensive income

MSEK	2013	2012
Revaluation of defined benefit pension plans	0	–10
Total net expense in the other comprehensive income	**0**	**–10**

Assumptions for defined benefit plan obligations

The most important actuarial assumptions on balance sheet date	2013	2012
Discount rate	4.10%	2.20%
Future salary increases	3.75%	3.25%
Future increase in pensions	2.75%	2.25%

Historical information

MSEK	2013	2012	2011	2010	2009
Present value of defined benefit plan obligations	11	23	63	39	47
Fair value of plan assets	–	–8	–30	–21	–20
Plan deficit	**11**	**15**	**33**	**18**	**27**

ITP 2 defined benefit plan obligations for old age pension and family pension obligations for salaried staff in Sweden are managed through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3 Classifying ITP plans that financed through insurance in Alecta, this is a defined benefit plan that comprises several employers. For the financial year of 2013 the company did not have the necessary information required to report its proportional share of the plans obligations, plan assets and expenses which has made it impossible to recognise this plan as a defined benefit plan. Therefore the ITP 2 pension plan which is secured through insurance with Alecta is reported as a defined contribution plan. Premiums for the defined benefit old age and family plans are calculated individually taking into account salary, previously earned pension and anticipated remaining employment period. Anticipated premiums for the next report period for ITP 2 insurance if they are covered by Alecta amount to SEK 115 million. The Group's share of total premiums for the plan and the Group's share of the total number of active members of the plan are 0,73 percent respective 0,58 percent.

The collective consolidation level is made up of the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's insurance methods and adjustment assumptions, which are not in accordance with IAS 19. Normally the collective consolidation level is permitted to vary between 125 and 155 percent. If Alecta's collective consolidation level is less than 125 percent or exceeds 155 percent measures must be taken aimed at returning the consolidation level to the normal interval. If the consolidation level is low one measure may be raising the agreed price for new subscriptions and expanding existing benefits. If the consolidation level is high one measure may be implementing premium reductions. At the end of 2013, Alecta's surplus in the form of the collective consolidation level amounted to 148 percent (129).

Defined contribution plans

The Group has defined contribution plans which are entirely paid for by the companies. Payments to these plans are made on a current basis according to the rules of each plan.

	Group		Parent company	
MSEK	2013	2012	2013	2012
Expenses of defined contribution plans [1]	510	504	16	12

1) This includes SEK 123 million (149) attributable to an ITP plan financed in Alecta.

Note 33 Provisions

Provisions which are long-term liabilities

Group

MSEK	2013	2012
Guarantee risk reserve	278	282
Re-establishment costs	115	72
Disputes	6	2
Negative shares in joint ventures	36	–
Other	38	38
Total	**473**	**394**

Provisions which are current liabilities

Group

MSEK	2013	2012
Guarantee risk reserve	76	85
Close-down costs	24	18
Disputes	34	65
Other	2	5
Total	**136**	**173**

NOTES
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

Provisions which are long-term liabilities

Group
2013

MSEK	Guarantee risk reserve	Re-establishment costs	Disputes	Negative shares in joint ventures	Other
Opening book value	282	72	2	–	38
Provisions for the year	61	51	6	36	2
Amounts requisitioned during the year	–46	–8	–2	–	–2
Reversed unutilized provisions during the year	–17	–	0	–	–
Translation difference for the year	–2	0	0	–	0
Closing book value	**278**	**115**	**6**	**36**	**38**

Provisions which are current liabilities

Group
2013

MSEK	Guarantee risk reserve	Close-down costs	Disputes	Other
Opening book value	85	18	65	5
Provisions for the year	57	27	14	2
Amounts requisitioned during the year	–59	–20	–43	–5
Reversed unutilized provisions during the year	–7	–	–	0
Translation difference for the year	0	–1	–2	0
Closing book value	**76**	**24**	**34**	**2**

Guarantee risk reserve
Refers to the estimated cost of remedying faults and deficiencies in terminated projects that arise while the project is under warranty. Resources are consumed during the guarantee period of the project which is generally two to five years. As the effect of the time point for payment is not significant expected future disbursements are not valued at their current value.

Close-down costs
Refers to costs in business area Construction in Norway and Finland.

Re-establishment costs
Refers to restoration costs for gravel pits and rock quarries after termination of operations. The provision grows in relation to the amount quarried and is reversed after restoration is complete. The reserved sum is expected to be used successively after operations are terminated. The estimated restoration time is 1 to 15 years.

Disputes
Refers to disputes in business area Civil Engineering, Construction and Industry operations.

Negative shares in joint ventures
Refers to shares in joint ventures with a negative consolidated value in the business area Project Development.

Others
Refers to other minor provisions.

Note 34 Other liabilities

Group

MSEK	2013	2012
Other long-term liabilities		
Additional purchase price	5	3
Derivate instruments held for hedging purposes	38	108
Other long-term liabilities	15	31
Total	**58**	**142**
Other current liabilities		
Liabilities to joint ventures	11	–
Additional purchase price	46	50
Tax at source, social security costs	162	178
Value added tax	482	412
On account work in progress	372	379
Derivate instruments held for hedging purposes	–	2
Other current liabilities	90	211
Total	**1,163**	**1,232**

Parent company

MSEK	2013	2012
Other current liabilities		
Tax at source	3	1
Other current liabilities	–	2
Total	**3**	**3**

Note 35 Accrued expenses and deferred income

Parent company

MSEK	2013	2012
Accrued payroll expenses	34	9
Accrued social security expenses	18	6
Accrued overhead expenses	3	1
Total	55	16

NOTES 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

Note 36 Valuation of financial assets and liabilities at fair value

Under IAS 39, Financial instruments, financial instruments are valued either at accrued acquisition value or fair value depending on which category they belong to. Classification largely depends on the purpose of the holding. Items which have been the object of valuation at fair value are listed shareholdings, different types of derivatives and unlisted funds.

The fair value of listed shareholdings and share derivatives are calculated according to the closing price at the end of the accounting period. Market values from the managing financial institution were used to calculate the fair value of unlisted shareholdings.

When calculating the fair value of interest-bearing receivables and liabilities and interest rate swaps, future cash flow were discounted to the listed market interest for the remaining terms of maturity. Spot rates on the balance sheet date were used to calculate the value of currency swaps. The booked value of non-interest-bearing asset and liability items such as accounts receivable and accounts payable with a remaining maturity of less than six months is believed to reflect the fair value. The adjacent tables show the reported values compared with the estimated fair value per type of financial asset and liability.

Group	Financial assets valued at fair value through income statement		Derivatives used in hedge accounting		Financial assets available-for-sale		Accounts and loan receivables		Other financial liabilities		Total recognized value		Total fair value	
MSEK	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Financial assets														
Other securities held as fixed assets		15 [1]			336	295	180	132			516	442	516	442
Interest-bearing long-term receivables							1,744	1,157			1,744	1,157	1,755	1,165
Other long-term receivables							122	107			122	107	122	107
Accounts receivable							6,104	7,095			6,104	7,095	6,104	7,095
Interest-bearing current receivables							410	567			410	567	411	569
Prepaid expenses and accrued income	4 [2]	1 [2]					26	7			30	8	30	8
Other current receivables							64	82			64	82	64	82
Current holdings							21	10			21	10	21	10
Liquid funds							415	429			415	429	415	429
Total financial assets	**4**	**16**	**–**	**–**	**336**	**295**	**9,086**	**9,586**	**–**	**–**	**9,426**	**9,897**	**9,438**	**9,907**
Financial liabilities														
Interest-bearing long-term liabilities									5,053	6,772	5,053	6,772	5,053	6,764
Other long-term liabilities			38	108					20	34	58	142	58	142
Provisions for pensions									11	15	11	15	11	15
Interest-bearing current liabilities									3,470	1,854	3,470	1,854	3,470	1,854
Accounts payable									3,805	4,534	3,805	4,534	3,805	4,534
Accrued expenses and deferred income									31	20	31	20	31	20
Other current liabilities				2					146	244	146	246	146	246
Total financial liabilities	**–**	**–**	**38**	**110**	**–**	**–**	**–**	**–**	**12,536**	**13,473**	**12,574**	**13,583**	**12,574**	**13,575**
Unrealised profit/loss [2]							12	10		8				

1) Refers to shares and participations where "fair value option" was applied

2) Refers to derivatives classified as "holdings for trading purposes"

3) In those cases where there is a difference between booked value and fair value the disclosure concerning fair value belongs to level 3 in the fair value hierarchy.

The effect of valuing financial instruments at fair value was included in the Group's profit for a total of SEK 7 million (39). 2012 includes market valuation of shareholdings in Brinova, SEK 27 million. Currency swaps was included for at total of SEK 4 milion (8).

Parent company	Financial assets valued at fair value through income statement		Financial assets available-for-sale		Accounts and loan receivables		Other financial liabilities		Total recognized value		Total fair value	
MSEK	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Financial assets												
Long-term receivables Group companies						1,586				1,586		1,586
Other securities held as fixed assets		15 [1]	283	256	6	6			289	277	289	277
Interest-bearing long-term receivables					194	105			194	105	195	106
Other long-term receivables					1	1			1	1	1	1
Current receivables Group companies					1,544	46			1,544	46	1,544	46
Prepaid expenses and accrued income						1				1		1
Liquid funds					8	3			8	3	8	3
Total financial assets	**–**	**15**	**283**	**256**	**1,753**	**1,748**	**–**	**–**	**2,036**	**2,019**	**2,037**	**2,020**
Financial liabilities												
Long-term liabilities Group companies							6,396	7,122	6,396	7,122	6,396	7,122
Accounts payable							7	55	7	55	7	55
Current liabilities Group companies							1,595	2	1,595	2	1,595	2
Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**7,998**	**7,179**	**7,998**	**7,179**	**7,998**	**7,179**
Unrealised profit/loss [2]					1	1						

1) Refers to shareholding in listed company where "fair value option" was applied

2) In those cases where there is a difference between booked value and fair value the disclosure concerning fair value belongs to level 3 in the fair value hierarchy.

The effect of valuing financial instruments at fair value was included in the parent company´s profit for a total of SEK 3 million (31). 2012 includes market valuation of shareholdings in Brinova, SEK 27 million.

Fair value

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 observable inputs not included in level 1
Level 3: based on inputs unobservable to the market

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

Group	Level 1		Level 2		Level 3		Total	
MSEK	2013	2012	2013	2012	2013	2012	2013	2012
Financial assets								
Other securities held as fixed assets	283	271			53	39	336	310
Whereof shareholding in listed company	*283*	*271*					*283*	*271*
Whereof investment in a unlisted fund					*53*	*39*	*53*	*39*
Prepaid expenses and accrued income			4	1			4	1
Whereof currency swaps			*4*	*1*			*4*	*1*
Total financial assets	**283**	**271**	**4**	**1**	**53**	**39**	**340**	**311**
Financial liabilities								
Other long-term liabilities			38	108			38	108
Whereof interest rate swaps			*37*	*106*			*37*	*106*
Whereof commodity hedge			*1*	*2*			*1*	*2*
Other current liabilities				2			–	2
Whereof share hedge				*2*				*2*
Total financial liabilities	**–**	**–**	**38**	**110**	**–**	**–**	**38**	**110**

Parent company	Level 1		Level 2		Level 3		Total	
MSEK	2013	2012	2013	2012	2013	2012	2013	2012
Financial assets								
Other securities held as fixed assets	283	271					283	271
Whereof shareholding in listed company	*283*	*271*					*283*	*271*
Total financial assets	**283**	**271**	**–**	**–**	**–**	**–**	**283**	**271**

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 [1]	
MSEK	2013	2012
Opening balance	**39**	**29**
Investments during the year	12	8
Repayment of investments	–	0
Reported in other comprehensive income	2	2
Closing balance	**53**	**39**

1) Refers in its entirety to an investment in a unlisted fund. The holding is valued at fair value through other comprehensive income.

NOTES 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

Note 37 Financial risks and financial policy

Finance and treasury

The Group is exposed to various types of financial risk through its operations. The term financial risk refers to fluctuations in the company's profits and cash flow resulting from changes in exchange rates, interest rates, refinancing and credit risks. Group finance and treasury is governed by the financial policy established by Peab's Board of Directors. The policy is a framework of guidelines and regulations in the form of a risk mandate and limitations in finance and treasury. The Board has appointed a finance and treasury committee which is chaired by the Chairman of the Board. It is authorised to take decisions that follow the financial policy in between meetings of the Board. The finance and treasury committee must report any such decisions at the next meeting of the Board. The Group function Finance and Treasury and the Group's internal bank Peab Finans AB manage coordination of Group finance and treasury. The overall responsibility of the Finance and Treasury function is to provide cost-effective funding and to minimise the negative effects on Group profit due to the price of financial risks.

The liquidity risk refers to the risk of Peab having difficulties in meeting its payment obligations as a result of a lack of liquidity or problems in converting or recieving new loans. The Group has a rolling one-month liquidity plan for all the units in the Group. Plans are updated each week. Group forecasts also comprise liquidity planning in the medium term. Liquidity planning is used to handle the liquidity risk and the cost of Group financing. The objective is for the Group to be able to meet its financial obligations in favourable and unfavourable market conditions without running into significant unforeseen costs. Liquidity risks are managed centrally for the entire Group by the central Finance and Treasury function and the liquidity available at the year-end is presented below.

Available liquid funds

Group MSEK	2013-12-31	2012-12-31
Liquid funds and bank holdings	436	439
Unutilized overdraft facilities	897	1,369
Other unused credit lines	3,450	3,853
Total	**4,783**	**5,661**

The financial policy dictates that Group net debt should mainly be covered by loan commitments that mature between 1 and 7 years. At the end of the year, the average loan period for utilised credits was 41 months (31), for unutilised credits 28 months (21), and for all granted credits 36 months (25). Peab's base financing from 2007 was refinanced in 2013. The bilateral loan agreements from 2007 for a total of SEK 5,450 million have been replaced by a syndicated loan facility of SEK 5,000 million. The group of banks consist of Nordea, Swedbank, Danske Bank, Handelsbanken and DNB, all of which also held loans in the credit facilities that have been refinanced. The loan agreements, which are not subject to amortization, run until September 2016. The loan agreements make up Peab's long-term base financing which is supplemented by capital market financing, other kinds of short-term operations financing and project related credits. The loan agreements contain financial covenants in the form of interest coverage ratios and equity/assets ratios that the Group must meet, which is standard for this kind of loan. Peab exceeded the key ratios by a broad margin at the end of the year.

Peab set up a lending program for commercial papers in 2004. Under the program, Peab can issue commercial papers for a maximum of SEK 3.5 billion. The borrower is Peab Finans AB and the guarantor is Peab AB. At the end of the year, Peab had outstanding commercial papers worth SEK 853 million (343).

In 2011 Peab issued unsecured bonds for a nominal value of SEK 1,000 million that run for three, four and five years. In February 2012 Peab received FSA approval and registration for the issuance of Medium Term Notes (MTN) with a loan limit of SEK 3 billion. During 2013 new bonds for SEK 450 million have been issued under the MTN program. At the end of the year Peab had outstanding bonds totalling SEK 2,450 million (2,000).

Total credit commitments, excluding unutilised leasing lines, that part of the certificate program which has not been utilised and the unutilised part of MTN-program, amounted to SEK 12,881 million (13,855) per 31 December 2013. SEK 8,534 million (8,633) was utilised of the total credit commitments.

Age analysis of financial liabilities, undiscounted cash flow including interest

Group 2013 MSEK	Currency	Average interest rate on balance sheet date, %	Nominal value, original currency	Amount SEK	Maturing in 2014	Maturing in 2015	Maturing in 2016	Maturing in 2017	Maturing in 2018	Maturing 2019-
Bank loans	SEK	2.8	4,130	4,130	1,450	137	1,828	113	251	351
Bank loans	NOK	3.8	299	316	205	86	1	1	18	5
Bank loans	EUR	2.1	67	601	189	84	7	5	5	311
Commercial paper	SEK	1.9	869	869	869	–	–	–	–	–
Bonds	SEK	3.2	2,323	2,623	573	654	1,038	358	–	–
Financial leasing liabilities	SEK	3.4	409	409	36	11	30	39	59	234
Financial leasing liabilities	NOK	3.8	142	150	36	32	31	30	12	9
Total interest-bearing financial liabilities				**9,098**	**3,358**	**1,004**	**2,935**	**546**	**345**	**910**
Accounts payable	SEK	–	3,218	3,218	3,218	–	–	–	–	–
Accounts payable	NOK	–	445	471	471	–	–	–	–	–
Accounts payable	EUR	–	13	116	116	–	–	–	–	–
Other liabilities	SEK	–	197	197	177	15	0	3	–	2
Interest rate swaps		–	–	66	44	19	9	–1	–1	–4
Total non-interest bearing financial liabilities				**4,068**	**4,026**	**34**	**9**	**2**	**–1**	**–2**
Total financial liabilities				**13,166**	**7,384**	**1,038**	**2,944**	**548**	**344**	**908**

Group 2012 MSEK	Currency	Average interest rate as per balance sheet day, %	Nominal value, original currency	Amount SEK	Maturing in 2013	Maturing in 2014	Maturing in 2015	Maturing in 2016	Maturing in 2017	Maturing 2018–
Bank loans	SEK	2.3	5,065	5,065	1,077	3,081	170	94	124	519
Bank loans	NOK	4.0	359	419	231	23	142	1	1	21
Bank loans	EUR	1.4	55	476	44	34	8	4	4	382
Commercial paper	SEK	2.8	346	346	346	–	–	–	–	–
Bonds	SEK	3.5	2,229	2,229	70	570	555	1,032	2	–
Financial leasing liabilities	SEK	2.8	492	492	184	157	71	20	43	17
Financial leasing liabilities	NOK	4.0	144	168	39	32	25	21	19	32
Total interest-bearing financial liabilities				**9,195**	**1,991**	**3,897**	**971**	**1,172**	**193**	**971**
Accounts payable	SEK	–	3,985	3,985	3,985	–	–	–	–	–
Accounts payable	NOK	–	357	416	416	–	–	–	–	–
Accounts payable	EUR	–	15	133	133	–	–	–	–	–
Other liabilities	SEK	–	298	298	264	17	4	0	4	9
Interest rate swaps		–	–	116	31	25	20	17	10	13
Total non-interest-bearing financial liabilities				**4,948**	**4,829**	**42**	**24**	**17**	**14**	**22**
Total financial liabilities				**14,143**	**6,820**	**3,939**	**995**	**1,189**	**207**	**993**

Interest rate risk

The interest rate risk is the risk that Peab's cash flow or the value of financial instruments may vary with changes in market interest rates. The interest rate risk can result in changes in fair values and cash flows. A crucial factor affecting interest rate risk is the fixed interest period. On 31 December 2013, interest-bearing net debt amounted to SEK 5,944 million (6,478). Total interest-bearing liabilities amounted to SEK 8,534 million (8,641), of which SEK 3,470 million (1,854) were short-term. The financial policy dictates that the average fixed interest period on total borrowing may not exceed 24 months. Peab has chosen relatively short fixed interest periods for outstanding credits. Per 31 December 2013 there were interest rate swaps of SEK 3,350 million (3,300) with maturity between 1 and 9 years at an effective interest rate of 2.3 percent (2.5) according to the table below. Peab pays a fixed annual interest rate and receives floating rates (Stibor 3 months) for the interest rate swap. The swap agreement is recognised at fair value on the balance sheet date. Per 2013-12-31 this fair value was SEK –37 million (–108).

Interest rate derivates

MSEK	Currency	Effective rate %	Nominal value, original currency	Amount SEK	Maturing in 2013	Maturing in 2014	Maturing in 2015	Maturing in 2016	Maturing in 2017	Maturing in 2018	Maturing 2019-
Interest rate swaps 2013–12–31	SEK	2.3	3,350	3,350	–	–	500	600	850	1,150	250
Interest rate swaps 2012–12–31	SEK	2.5	3,300	3,300	450	–	500	600	650	850	250

As the table below shows, the fixed interest period for SEK 5,059 million (5,206) of the Group's total interest-bearing liabilities, including derivatives, is less than 1 year. Interest-bearing asset items totalling SEK 1,336 million (1,322) have short fixed interest periods, with the result that the fixed interest period for SEK 3,723 million (3,884) of Group net debt, including derivatives, is less than 1 year, making these liabilities directly susceptible to changes in market interest rates. Since the majority of the financial liabilities have a short maturity most of the interest rate risk is considered a cash flow risk. For further information see the sensitivity analysis on page 30 in the Board of Directors' report.

Loan period for utilized credit per 31 December 2013

Fixed interest period	Amount, MSEK	Average effective interest rate, percent	Share, percent
2014	8,409	2.8	99
2015-	125	4.2	1
Total	**8,534**		**100**

Fixed interest rate period on utilized credits, including derivates per 31 December 2013

Fixed interest rate period	Amount, MSEK	Average effective interest rate, percent	Share, percent
2014	5,059	2.9	59
2015-	3,475	4.1	41
Total	**8,534**		**100**

Currency risks

The risk that fair values and cash flows from financial instruments may fluctuate with changes in the value of foreign currencies is referred to as a currency risk.

Financial exposure

Group borrowing is done in local currencies to reduce currency risks in operations. Assets and liabilities in foreign currency are translated at the rate on the balance sheet date. Borrowing in the interest-bearing liabilities per 31 December 2013, including leasing but excluding interest and currency derivatives, was allocated as follows:

	Local currency in millions	MSEK
SEK	7,541	7,541
EUR	63	560
NOK	409	433
Total		**8,534**

Internal loans from Peab Finans AB are used to handle temporary liquidity needs in Peab's foreign operations. Currency swaps are used to eliminate exchanges risks. Currency swaps usually run three months. Currency swaps are reported at fair value in book closing and value changes are reported as unrealised exchange rate differences in the income statement and as current receivables and liabilities in the balance sheet. At the end of the year, there were EUR 44 million (35), USD 20 million (0) and NOK 0 million (129) in outstanding currency swaps relating to financial exposure. Of the currency swaps referring to financial exposure EUR 33 million (31) are a hedge for the shareholding in Lemminkäinen Oyj. Exchange rate differences in net financials items from financial exposure were SEK 40 million (–2). Exchange rate differences in operating profit were SEK 0 million (0).

Exposure of net assets in foreign currency

The translation exposure arising from investments in foreign net assets are primarily hedged through loans in foreign currency or forward exchange contracts. At the end of 2013 there were no hedges through forward exchange contract of foreign net assets in Norway.

Hedges of foreign net assets in Finland hedging through forward exchange contracts and loans amounted to EUR 16 million (21).

Foreign net assets

Local currency in millions	2013-12-31	Of which hedged	2012-12-31	Of which hedged
NOK	905	–	1,119	200
EUR	56	16	90	21
PLN	7	–	6	–
LVL	1	–	1	–

A 10 percent stronger euro rate on 31 December 2013 would entail a positive translation effect on equity of SEK 36 million (59). A corresponding strengthening of the Norwegian crown would generate a positive translation effect on equity of SEK 96 million (107). The translation effects are calculated on that part of foreign net assets which are not hedged. The effects of corresponding exchange rate changes on profit for the year are limited.

Annual exchange rate differences in equity (net assets in foreign subsidiaries) amounted to SEK –139 million (–14).

Commercial exposure

Although international purchases and sales of goods and services in foreign currency are currently small, they are expected to increase as the competition grows in terms of purchasing goods and services. Contracted or forecast currency flows can be hedged for 12 months from the date of the contract. At the end of the year, there were exchange rate hedges related to forecasted currency flows of EUR 5 million (5).

Since anticipated currency flows are hedged there are no transaction or translation effects on equity (other than in the hedged reserve) or in profit for the year if currency rates change.

Share price risk

Peab is exposed to share price risk through shareholding in the listed company Lemminkäinen Oyj. On closing date the total reported value of this holding was SEK 283 million (256). The holding in Victoria Park has been divested during 2013.

Credit risk

Credit risk refers to the risk of a counterparty failing to meet their obligations.

Credit risks in financial instrument

Credit risks in financial instruments are very limited, since Peab only deals with counterparties with high credit ratings. Counterparty risks are primarily associated with receivables to banks and other counterparties involved in the purchase of derivatives. The financial policy contains special counterparty regulations which specify the maximum credit exposure for various counterparties. The framework agreement of the International Swaps and Derivatives Association (ISDA) is used with all counterparties in derivative transactions. Peab did not suffer any financial instrument losses in 2013.

Total counterparty exposure related to derivative trading calculated as a net receivable per counterparty amounted to SEK 0 million (0) at the end of 2013. The estimated gross exposure to counterparty risks related to liquid funds and current investments amounted to SEK 436 million (439).

Credit risk in accounts receivable

The risk that Group customers cannot meet their obligations, i.e. payment is not received from customers, is a customer credit risk. Bad debts are very rare in construction since invoicing is continuous during production in most projects. The Group's customers undergo a credit rating control providing information on customers' financial positions from various credit rating companies before a project is undertaken. The Group has established a credit policy for handling customer credit. For instance, it specifies where decisions regarding credit limits of various magnitudes are taken and how uncertain receivables should be handled. Bank guarantees or other collateral are required for customers with low credit ratings or insufficient credit history. The maximum exposure to credit risk is the reported value presented in the Group balance sheet. Total bad debts amounted to SEK 34 million (37).

Peab´s total risk exposure towards Northland Resources in the balance sheet amounted at year-end to SEK 260 million and consists of outstanding unprioritized receivables that are included in the refinancing plan (reclassified as long-term interest-bearing receivables) and bonds guaranteed by liens. For more information regarding Northland see the Board of Directors´ Report on page 34.

The credit quality in other accounts receivable that are not yet due and not written down is otherwise considered good.

Age analysis, not written down accounts receivable due

	Book value of recivables not written-down	
MSEK	2013	2012
Accounts receivable, not fallen due	4,529	5,426
Accounts receivable, fallen due 0 – 30 days	628	527
Accounts receivable, fallen due 31 – 90 days	184	313
Accounts receivable, fallen due 91 – 180 days	129	299
Accounts receivable, fallen due 181 – 360 days	288	260
Accounts receivable, fallen due 360 days	380	324
Total	**6,138**	**7,149**

Accounts receivable written down

MSEK	2013	2012
Opening balance	54	79
Reversed write-downs	–52	–61
Write-downs for the year	31	35
Translation difference	1	1
Balance carried forward	**34**	**54**

There are no mature receivables of significant amounts for other financial receivables.

Offsetting financial instruments

The Group is included in a derivate agreement under International Swaps and Derivatives Association (ISDA) master netting agreement. The agreement entails that when a counterparty cannot settle its obligations in all transactions the agreement is discontinued and all outstanding dealings are then settled for a net amount. ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because offsetting according to ISDA agreements is only permitted if the counterparty or the Group cannot settle their obligations. In addition, it is not the intention of the counterparty or Group to settle dealings on a net basis or at the same time.

The information in the table below shows the financial instruments covered by a legally binding netting framework agreement or a similar contract.

Group	2013		2012	
MSEK	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Booked gross amount	4	38	1	108
Amount covered by netting agreement	–4	–4	–1	–1
Net sum after netting agreement	**0**	**34**	**0**	**107**

The financial instruments below are covered by a binding agreement concerning offsetting. The agreement on offsetting means that repayment of loans and the redemption of preference shares must take place at the same time. Offsets have therefore been recognized in the balance sheet.

Group		
MSEK	2013	2012
Holding of preference shares in a joint venture	2,667	2,667
Interest-bearing long-term liabilities in a joint venture	–2,667	–2,667
Net amount recognized in the balance sheet	**0**	**0**

Capital management
Peab aims to have a good capital structure and financial stability in order to provide a stable basis for continuing business activities, thereby enabling the company to keep existing owners and attract new ones. A good capital structure is also intended to promote the development of good relations with the Group's creditors in a manner which benefits all parties.

Capital is defined as Equity and refers to the equity attributable to the owners of shares in the parent company.

Equity

MSEK	2013	2012
Share capital	1,584	1,584
Other contributed capital	2,576	2,576
Reserves	–283	–152
Retained earnings including profit for the year	3,791	3,970
Equity related to shareholders in parent company	**7,668**	**7,978**

One of Peab's financial targets is an equity/assets ratio (equity divided by the balance sheet total) in excess of 25 percent. The Board of Directors believes that this level is well suited to Peab's construction and civil engineering activities in Sweden, Norway and Finland. The target is a part of the Group's strategic planning. If the equity/assets ratio is expected to exceed this level on a permanent basis, the capital should be transferred to the shareholders in the appropriate form. The equity/assets ratio at the end of 2013 was 24.1 percent (24.9).

It is the ambition of the Board of Directors to preserve a balance between a high rate of return on equity, which can be done through increased lending, and the security and benefits associated with a higher equity ratio. Therefore, one of Peab's financial targets is return on equity (profit for the period attributable to holders of participations in the parent company divided by the average equity attributable to owners of the shares in the parent company) in excess of 20 percent. The return on equity was 3.8 percent (9.2) at the end of 2013, which is a return far from Peab's goal. The Board believes the target figure is relevant in the long-term perspective for Peab. By way of comparison, the Group's average interest expenses on interest-bearing borrowing was 3.4 percent (2.9).

Peab´s goal concerning dividends is an annual distribution of 50 percent of profits after tax to shareholders. The level of dividends should be reasonable in relationships to developments in Peab´s profit and consolidation requirements. An ordinary dividend of SEK 1.80 (1.60) per share is proposed for 2013. Calculated as a share of the Group's reported profit after tax, the proposed dividend amounts to 178 percent (65). Taking into consideration future prospects and our financial position the Board has excluded the SEK 700 million after tax in costs for the action plan that has charged profit in 2013. Excluding the 1,086,984 B shares owned by Peab AB on 28 February 2014, which do not entitle to dividend, the proposed dividend is equivalent to a total dividend distribution of SEK 531 million (472). Besides the ordinary dividend, extra cash dividends may be proposed if the Board of Directors finds there are sufficient funds which are not considered necessary to Group development. Extra dividends may also be made in other forms besides cash.

At the start of 2013, Peab's holding of own shares amounted to 1,086,984 B shares, corresponding to 0.4 percent of the total number of shares. On 14 May 2013, the Peab Annual General Meeting authorise the Board of Directors to acquire at the most the number of shares in Peab AB such that after acquisition Peab would hold a maximum of 10 percent of the registered shares in the company. During 2013 no repurchases or divestitures have taken place, which means that Peab's holding of own shares at the end of 2013 amounted to 1,086,984 B shares, corresponding to 0.4 percent of the total number of shares. The purpose of the purchase of own shares is to improve the capital structure of the company, to be used in the financing of acquisitions.

Some of Peab's loan agreements contain financial covenants in the form of interest coverage rate and equity/assets ratio that the Group must comply with, which is normal for this type of loan agreement. At the end of the year, Peab fulfilled these covenants with a broad margin.

Note 38 Operational lease contracts

Expensed leasing payments for the period:

Group MSEK	2013	2012
Minimum lease payments	464	393
Total leasing costs	**464**	**393**

Interminable leasing payments amount to:

MSEK	2013	2012
Within a year	385	353
Between one and five years	597	560
Later than five years	9	14
Total	**991**	**927**

Rental of premises, office inventories and some vehicle classified as operating leasing contracts. Main part of the leasing cost refers to rental of permises according to the contracts. The leasing contracts run without special restrictions with an option to renew. Other operational leasing agreements are divided among a number of lesser agreements.

Leasing income generated by objects that are rented to a third party is marginal.

Note 39 Investment obligations

In 2013, the Group signed agreements to aquire tangible fixed assets amounting to SEK 65 milion (84).

At the end of 2013, the Group had no committments to invest in joint ventures. At the end of 2012, the Group had no committments either to invest in joint ventures.

Joint venture companies have committed investments of SEK 563 million (740). Most of the investment obligations should be regulated in the coming financial year.

The parent company has not signed any agreements to acquire tangible fixed assets.

Note 40 Pledged assets, contingent liabilities and contingent assets

Pledged assets

	Group		Parent company	
MSEK	2013	2012	2013	2012
For own liabilities and provisions				
Related to long–term liabilities to credit institutions:				
Real estate mortgages	987	854		
Assets with attached liens	604	662		
Other	311	2		
Related to current liabilities to credit institutions:				
Real estate mortgages	475	604		
Floating charges	0	3		
Assets with attached liens	374	353		
Total related to own liabilities and provisions	**2,751**	**2,478**	**–**	**–**
For own contingent liabilities and guarantees				
Real estate mortgages	3	6		
Floating charges	11	9		
Assets with attached lines	95	106		
Other	–	42		
Total for own contingent liabilities and guarantees	**109**	**163**	**–**	**–**
Total pledged assets	**2,860**	**2,641**	**–**	**–**

Contents

Contingent liabilities	Group		Parent company	
MSEK	2013	2012	2013	2012
Shared obligations as part-owner in limited partnerships	12	2	–	–
Guarantees and contracting guarantees for Group companies	–	–	16,407	16,303
Guarantee liabilities for the benifit of joint ventures	1,836	1,743	1,836	1,743
Other guarantees and contingent liabilities	3,221	2,714	3,221	2,714
Total	**5,069**	**4,459**	**21,464**	**20,760**

Other guarantee and contingent liabilities primarily refer to obligations to tenant-owner cooperatives.

Note 41 Related parties

Related parties
The Group is subject to considerable influence by Mats Paulsson, Fredrik Paulsson, Anita Paulsson, Svante Paulsson and Sara Karlsson together with families, children and companies. Their combined votes accounted for some 65 percent of the votes in Peab AB per 31 December 2013. As a result of this significant influence on Peab, transactions with the companies below are classified as transactions with related parties.

Wihlborgs Fastigheter
Sara Karlsson is a member of the Board of Directors of Wihlborgs Fastigheter. Sara Karlsson is the daughter of Erik Paulsson who is Chairman of the Board of Directors of Wihlborgs Fastigheter and has a significant influence.

Skistar
The Skistar Group is subject to considerable influence by brothers Mats and Erik Paulsson with families, children and companies through their ownership of the company. Mats Paulsson is a member of the Board of Directors of Skistar and Erik Paulsson is Chairman of the Board of Directors.

Fabege
Svante Paulsson is a member of the Board of Directors of Fabege. Svante Paulsson is the son of Erik Paulsson who is Chairman of the Board of Directors and has a significant influence.

Backahill
Svante Paulsson and Sara Karlsson are members of the Board of Directors of Backahill. Backahill is under considerable influence by them, together with their father Erik Paulsson. In 2012 Backahill acquired Peab's shareholding in Brinova Fastigheter AB.

Kranpunkten
Kranpunkten is subject to considerable influence by Fredrik Paulsson with family, children and companies through their ownership of the company. Fredrik Paulsson is also CEO of Kranpunkten.

Gullbergs
Fredrik Paulsson was one of the major owners of Gullbergs up to August 2012 until he sold most of his share of the company. Fredrik Paulsson is a member of the Board of Directors of Scandinavian Office Group, which is the parent company of Gullbergs.

Joint venture companies/associated companies
In addition to the related parties presented above the Group has a related party relation with its joint venture companies/associated companies, see note 19.

Subsidiaries
In addition to the related parties above stated for the Group, the parent company has a close relationship with its subsidiaries, see note 42.

Summary of transactions with related parties

Group MSEK	2013	2012
Transactions with joint ventures		
Sales to joint ventures	1,159	759
Purchases from joint ventures	172	169
Interest income from joint ventures	56	50
Interest costs to joint ventures	3	0
Receivables from joint ventures	1,311	1,375
Liabilities to joint ventures	117	111
Dividends from joint ventures	110	127
Transactions with associated companies		
Dividends from associated companies	–	5
Transactions with Skistar		
Sales to Skistar	14	21
Purchases from Skistar	0	1
Receivables from Skistar	1	2
Transactions with Wihlborgs		
Sales to Wihlborgs	150	500
Purchases from Wihlborgs	10	10
Receivables from Wihlborgs	5	56
Liabilities to Wihlborgs	2	2
Transactions with Fabege		
Sales to Fabege	219	794
Purchases from Fabege	39	40
Receivables from Fabege	199	156
Liabilities to Fabege	4	4
Transactions with Backahill		
Sales to Backahill	88	181
Purchases from Backahill	1	3
Receivables from Backahill	11	19
Liabilities to Backahill	0	1
Dividends from Brinova	–	20
Sales of shares in Brinova	–	518
Transactions with Kranpunkten		
Sales to Kranpunkten	30	31
Purchases from Kranpunken	61	78
Receivables from Kranpunkten	6	5
Liabilities to Kranpunkten	7	14
Transactions with Gullbergs		
Sales to Gullbergs	7	6
Purchases from Gullbergs	53	74
Receivables from Gullbergs	1	1
Liabilities to Gullbergs	7	6

NOTES 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

Summary of transactions with related parties

Parent company MSEK	2013	2012
Transactions with subsidiaries		
Sales to subsidiaries	105	96
Purchases from subsidiaries	13	21
Receivables from subsidiaries	1,544	1,632
Liabilities to subsidiaries	7,991	7,124
Dividends from subsidiaries	82	38
Transactions with joint ventures		
Receivables from joint ventures	51	80
Interest income from joint ventures	2	1
Transactions with associated companies		
Dividends from associated companies	–	5
Transactions with Backahill		
Purchases from Backahill	1	2
Dividends from Brinova	–	20
Sales of shares in Brinova	–	518
Transactions with Gullbergs		
Purchases from Gullbergs	0	1

Executive management
For information on salaries and other remuneration to the Board of Directors and the CEO and senior officers along with information on costs and obligations relating to pensions and similar benefits and agreements on retirement remuneration, see note 9.

Transaction terms
Transactions with related parties were priced on general market terms.

Note 42 Group companies

Company	Corp.ID.nr	Registered office	Share of equity [1) 2)]	Book value in parent company, MSEK 2013	2012
Peab Finans AB	556552-1324	Båstad	100.0%	1,616	1,616
Peab Sverige AB	556099-9202	Båstad	100.0%	3,622	3,622
Peab Sp.z.o.o	40624	Warszawa	100.0%		
Kompetenskraft i Solna AB	556737-7683	Solna	100.0%		
Kompetansekraft AS	991687971	Oslo	100.0%		
KB Muraren 135	916837-9841	Båstad	100.0%		
KB Möllevarvet	969639-7877	Båstad	100.0%		
KB Snickaren 204	969684-0975	Båstad	100.0%		
Torghuset i Värnamo AB	556607-6807	Båstad	100.0%		
Undertak- och Fasad-entreprenader Sverige AB	556058-5837	Stockholm	100.0%		
Rörman Installation & Service Sverige AB	556026-0316	Sundbyberg	100.0%		
Fastighetsförvaltningsbolaget Gasellen 2 HB	916563-4271	Stockholm	100.0%		
Olsson & Zarins Baltinvest AB	556439-3592	Uppsala	100.0%		
Kungsfiskaren Bygg & Fastighet AB	556471-2296	Stockholm	100.0%		
Kipsala Business Center	40003729343	Riga	100.0%		
Peab Construction Syd AB	556292-2368	Båstad	100.0%		
Peab Construction i Göteborg AB	556626-9089	Båstad	100.0%		
Peab Byggservice AB	556066-3675	Båstad	100.0%		
Peab Byggservice Nordost AB	556715-4843	Stockholm	100.0%		
Nybyggarna i Nerike AB	556582-1146	Örebro	100.0%		
Geodells Byggnads AB	556396-4187	Järfälla	100.0%		
Peab Fastigheter i Växjö AB	556716-6664	Båstad	100.0%		
Peab Ugglarp AB	556094-5072	Båstad	100.0%		
HälsingeBygg i Hudiksvall AB	556624-4025	Hudiksvall	100.0%		
Värby Fastighets AB	556703-4771	Båstad	100.0%		
Peab Exploatering AB	556129-8562	Stockholm	100.0%		
Berg och Falk AB	556602-3064	Ödeshög	100.0%		
BEFAB Schakt AB	556555-2287	Mjölby	100.0%		
Henrik Persson Holding AB	556767-1838	Alingsås	100.0%		
Peab Sverige AB, dansk filial	1595622	Fredrikshavn	100.0%		
Peab Sverige AB, norsk filial	976 580 176	Oslo	100.0%		
Mora-Orsa Byggtjänst AB	556624-6160	Solna	100.0%		
Byggtjänst i Offerdal AB	556835-9755	Solna	100.0%		
Peab Boarp AB	556715-0247	Båstad	100.0%		
Malmöoket AB	556709-6713	Båstad	100.0%		
Malmöoket Ekonomisk Förening	769614-7821	Båstad	100.0%		
Malmöoket nr 2 Ekonomisk Förening	769619-1829	Båstad	100.0%		
KB Brämaregården 18:4	969638-3364	Kristianstad	100.0%		
Peab Infra Oy	2303725-2	Helsingfors	100.0%		
Peab Bostadsproduktion AB	556554-6487	Båstad	100.0%		
AB Alingsås Trähus AB	556576-5194	Alingsås	100.0%		
Peab Anläggning AB	556568-6721	Båstad	100.0%	371	–
Berg & Väg Maskin AB	556130-4972	Salem	100.0%		
Skillingenäs AB	556587-0192	Båstad	100.0%		
Peab Drift & Underhåll i Stockholm AB	556569-4386	Stockholm	100.0%		
Stockholm Hamnentreprenad AB	556036-9133	Stockholm	100.0%		
Linje & Kabelplöjning i Borlänge AB	556487-3098	Borlänge	100.0%		
Olof Mobjer Entreprenad AB	556445-1275	Båstad	100.0%		
West Wind AB	556615-7797	Solna	100.0%		
G Nilsson Last & Planering i Ranseröd AB	556236-0908	Båstad	100.0%		
AB Jämshögs Grus & Entreprenad AB	556048-3918	Båstad	100.0%		
BEFAB Entreprenad Mjölby AB	556595-7452	Linköping	100.0%		
Peab Drift & Underhåll i Mellansverige AB	556581-4612	Linköping	100.0%		
Peab Energi AB	556104-1533	Båstad	100.0%		
Åstorps Bioenergi AB	556644-8246	Båstad	100.0%		
Peab Industribyggnad i Norr AB	556851-7121	Båstad	100.0%		
Peab Oy	1509374-8	Helsingfors	100.0%	488	488

Company	Corp.ID.nr	Registered office	Share of equity 1) 2)	Book value in parent company, MSEK 2013	2012
Kehitysyhtiö Pyynikki Oy	2214064-5	Helsingfors	100.0%		
Eastendin Palvelu Oy	2013178-8	Helsingfors	100.0%		
Peab AS	990 040 729	Oslo	100.0%	724	271
Gydas Vei DA	982 796 083	Oslo	100.0%		
Björn Bygg AS	943 672 520	Tromsö	100.0%		
Peab Eiendomsutvikling AS	987 099 011	Oslo	100.0%		
Heimdalsgata 4 Utv. DA	987 572 809	Oslo	100.0%		
ANS Solligården	957 524 346	Oslo	100.0%		
Peab Bolig Prosjekt AS	990 892 385	Oslo	100.0%		
Peab Næring Stømmen AS	995 518 562	Oslo	100.0%		
Polarkanten AS	994 417 657	Oslo	100.0%		
Telemark Vestfold Entreprenør AS	959 414 572	Skien	91.0%		
Hus & Hyttebygg AS	990 347 093	Skien	100.0%		
K.Nordang AS	936 574 696	Stranda	90.1%		
Byggservice & Vedlikehold AS	986 346 384	Oslo	100.0%	81	88
Peab Invest AS	981 704 665	Oslo	100.0%	1,332	1,332
Peab Industri AB	556594-9558	Båstad	100.0%	2,588	2,588
Peab Industri Våxtorp AB	556232-8368	Båstad	100.0%		
Peab Industri Sverige AB	556594-9624	Ängelholm	100.0%		
Lambertsson Sverige AB	556190-1637	Båstad	100.0%		
Lambertsson Kran AB	556543-5293	Båstad	100.0%		
KB Muraren 105	916837-9544	Mölndal	100.0%		
Krantorp KB	969623-0540	Mölndal	100.0%		
ATS Kraftservice AB	556467-5998	Båstad	100.0%		
Hagström i Nås AB	556377-1376	Vansbro	100.0%		
Vägab Hyrservice AB	556744-0770	Båstad	100.0%		
Swerock AB	556081-3031	Helsingborg	100.0%		
Swerock Uppsala AB	556031-3289	Uppsala	100.0%		
AB Uppsala Grus	556206-6281	Uppsala	100.0%		
Rådasand AB	556042-8699	Lidköping	100.0%		
Peab Transport & Maskin AB	556097-9493	Örkelljunga	100.0%		
AB Roler	556100-0729	Örebro	100.0%		
Ferdigbetong AS	987 013 117	Tromsö	100.0%		
A-frakt AB	556449-8045	Arvidsjaur	100.0%		
Bjurholms Lastbilcentral Ekonomisk Förening	794000-0123	Bjurholm	100.0%		
Gryttby Grus och Sand AB	556846-9323	Uppsala	100.0%		
Skandinaviska Byggelement AB	556034-2148	Helsingborg	100.0%		
Lättklinkerbetong AB	556239-1721	Alingsås	100.0%		
P Andersson Fastighet 1 i Mälardalen AB	556824-5624	Helsingborg	100.0%		
Peab PGS AB	556428-5905	Båstad	100.0%		
Peab Asfalt AB	556098-8122	Båstad	100.0%		
Asfaltbeläggningar i Boden AB	556279-8768	Boden	100.0%		
Pionjären Fastighets AB	556114-9773	Boden	100.0%		
Asfalt & Väg i Strängnäs AB	556545-6034	Strängnäs	100.0%		
Kvalitetsasfalt i Mellansverige AB	556537-5432	Västerås	100.0%		
Peab Asfalt Norge AS	994 628 577	Oslo	100.0%		
Peab Grundläggning Norden AB	556554-1587	Båstad	100.0%		
Peab Grundläggning AB	556154-7364	Båstad	100.0%		
Nordisk Fundamentering AS	996 217 981	Oslo	100.0%		
Peab Bildrift Norden AB	556707-8380	Helsingborg	100.0%		
Peab Bildrift Sverige AB	556313-9608	Helsingborg	100.0%		
Peab Bildrift Norge AS	892 890 692	Skedsmo	100.0%		
Peab Vagnpark AB	556234-0371	Båstad	100.0%		
Swecem AB	556919-5760	Helsingborg	100.0%		
Peab Industri Norge AS	990 609 527	Oslo	100.0%		
Lambertsson Norge AS	985 129 738	Skedsmo	100.0%		
Kranor AS	976 313 062	Slemmestad	100.0%		
Rolf Olsens vei 30/32 AS	990 285 624	Oslo	100.0%		
Peab Industri Finland AB	556687-9226	Helsingborg	100.0%		
Peab Industri Oy	1509160-3	Helsingfors	100.0%		
Lambertsson Oy	0937993-4	Helsingfors	100.0%		
Annehem Fastigheter AB	556683-4452	Båstad	100.0%	222	272
Annehem Fastigheter & Projekt AB	556715-5220	Båstad	100.0%		

Company	Corp.ID.nr	Registered office	Share of equity 1) 2)	Book value in parent company, MSEK 2013	2012
Fastighets AB Skeppsdockan i Malmö	556563-0711	Ängelholm	100.0%	0	0
Valhall Flyg AB	556718-8593	Ängelholm	100.0%		
Valhall Flyg KB	969724-7865	Ängelholm	100.0%	0	0
Br Paulsson Peab AB	556113-4114	Båstad	99.9%	157	157
Stadiongatans Lokaluthyrning AB	556141-1736	Båstad	100.0%		
Norrviken Exploaterings AB	556245-3356	Båstad	100.0%		
Vejby Transport & Miljö AB	556240-2742	Ängelholm	100.0%	1	1
Peab Support AB	556061-1500	Stockholm	100.0%	42	42
Peab Support AS	998 622 670	Oslo	100.0%		
Peab Support Oy	2586326-7	Helsingfors	100.0%		
Peab Försäkrings AB	556511-5408	Båstad	100.0%	1,370	1,370
Fastighets AB Skånehus	556371-3816	Båstad	100.0%	0	140
Birsta Fastigheter AB	556190-3765	Helsingborg	100.0%	60	60
Peabskolan AB	556442-7432	Båstad	100.0%	0	–
Peab Norden AB	556134-4333	Båstad	100.0%	7	7
Peab Skandinavien AB	556568-8784	Båstad	100.0%	0	0
Flygstaden Intressenter i Söderhamn AB	556438-9665	Båstad	100.0%	272	272
HDWG Finans AB	556470-0184	Båstad	100.0%		
Skånska Stenhus AB	556233-8680	Stockholm	100.0%		
Flygstaden Intressenter i Grevie AB	556541-5360	Båstad	100.0%		
Peab Projektutveckling AB	556715-0254	Båstad	100.0%	0	–
Peab Bostad AB	556237-5161	Stockholm	100.0%		
Stockholms Kommersiella Fastighets AB	556105-6499	Stockholm	100.0%		
Hatteskär AB	556874-6936	Båstad	100.0%		
Peab Projektutveckling Väst AB	556092-9852	Göteborg	100.0%		
Peab Trading Väst AB	556594-9590	Göteborg	100.0%		
Lambel AB	556577-8890	Göteborg	100.0%		
Smögen Exploatering AB	556090-5472	Båstad	100.0%		
Peab Borås Exploatering AB	556651-7727	Båstad	100.0%		
Kreaton AB	556644-5010	Göteborg	100.0%		
Peab Holding Väst AB	556900-2586	Göteborg	100.0%		
Kompligens Fastigheter AB	556691-2555	Båstad	100.0%		
KB Klagshamn Exploatering	916563-4412	Båstad	100.0%		
Peab Trading Nord AB	556715-4827	Solna	100.0%		
Fastighetsbolaget Pollaren AB	556715-5337	Solna	100.0%		
H2 Helsingborg AB	556544-1986	Båstad	100.0%		
Fastighets AB Ekudden	556628-0326	Alingsås	100.0%		
Västgöta Mark och Entpreprenad AB	556644-1308	Alingsås	100.0%		
Husgruppen i Alingsås KB	969728-7887	Göteborg	100.0%		
Kista Gård 3 Parkering AB	556938-3648	Solna	100.0%		
Haninge Park KB	916637-2590	Sollentuna	100.0%		
Fastighetsbolaget Måsbodarna Tre AB	556691-9907	Solna	100.0%		
Telge Peab AB	556790-5889	Södertälje	100.0%		
Peab Trading Öst AB	556778-8749	Stockholm	100.0%		
Fastighets AB Isolatorn	556913-9644	Solna	100.0%		
Perioden Fastighets AB	556832-7919	Solna	100.0%		
Enavallens Fastighets AB	556734-0871	Enköping	100.0%		
Peab Trading Solna AB	556793-1554	Solna	100.0%		
KB Messingen	916837-9817	Stockholm	100.0%		
Fastighets AB Spelhagen	556795-0992	Solna	100.0%		
DGV i Enskede AB	556750-3791	Stockholm	100.0%		
ATS Service AB	556707-9719	Sigtuma	100.0%		
Huvusta Strand Holding AB	556769-7080	Solna	100.0%		
Huvusta Strand AB	556109-5323	Solna	100.0%		
Hanbjelken AB	556699-4306	Solna	100.0%		
Forsen 2 i Eskilstuna AB	556749-4801	Eskilstuna	100.0%		
Furuspecialen i Nyköping Fastighets AB	556695-9986	Solna	100.0%		
Eldslundfastigheter Sverige AB	556750-2165	Linköping	100.0%		
Råsta Arenabostäder AB	556789-3002	Solna	100.0%		
Råsta Köpcenterbostäder AB	556789-2921	Solna	100.0%		
Peab Hermelinen AB	556872-5633	Stockholm	100.0%		
Peab Racketen AB	556721-1635	Stockholm	100.0%		
Loak AB	556764-6491	Solna	100.0%		

Company	Corp.ID.nr	Registered office	Share of equity 1) 2)	Book value in parent company, MSEK 2013	2012
Fabege S-malm 3:405 AB	556722-0735	Stockholm	100.0%		
Ångström & Mellgren AB	556592-6895	Västerås	100.0%		
Norrvikens Fastigheter AB	556703-1470	Stockholm	100.0%		
Peab Markutveckling AB	556949-4437	Solna	100.0%		
Peab Fastighetsutveckling AB	556824-8453	Båstad	100.0%	–	1
Peab Invest Oy	1773022-9	Helsingfors	100.0%		
Property Gardener Oy	2558819-7	Helsingfors	100.0%		
Tampereen OP-Talo Oy	0721569-6	Tammerfors	100.0%		
Peab Fastighetsutveckling Sverige AB	556825-9856	Båstad	100.0%		
Peab Utveckling Nord AB	556341-7228	Båstad	100.0%		
Peab Ägaarena 1 AB	556741-8552	Solna	100.0%		
Peab Ägaarena 2 AB	556741-8560	Solna	100.0%		
Peab Exploatera-arenastaden AB	556741-8586	Solna	100.0%		
Peab Drivaarena AB	556741-8578	Solna	100.0%		
Peab Högsbo AB	556594-4583	Göteborg	100.0%		
Peab Brunnshög AB	556649-9116	Båstad	100.0%		
Båramo i Värnamo AB	556713-7871	Båstad	100.0%		
Peab Hem AB	556077-8499	Båstad	100.0%		
Peab Rydebäck AB	556397-3071	Båstad	100.0%		
Peab Brämaregården AB	556781-6698	Båstad	100.0%		
Peab Kastanjeparken AB	556059-0910	Båstad	100.0%		
Isstadion i Lambohov AB	556869-5836	Båstad	100.0%		
Peab FU Kv Ishalkan AB	556855-7390	Solna	100.0%		
Peab FU Valsta Backe AB	556858-3263	Solna	100.0%		
Peab Sommarbyn AB	556943-0282	Solna	100.0%		
Annehem Hylliecentrum AB	556683-4478	Båstad	100.0%		
Annehem Hyllie point 3 AB	556762-0587	Båstad	100.0%		
Annehem Hyllie point 4 AB	556901-4565	Båstad	100.0%		
Annehem Bygg & Projekt AB	556699-8430	Båstad	100.0%		
Peab Bad AB	556870-3564	Solna	100.0%		
Pebri Glumslöv AB	556758-6853	Helsingborg	100.0%		
Pebri Glumslöv HB	969717-3335	Helsingborg	100.0%		
Åke & Clas Skoogh Holding AB	556722-9066	Kristianstad	100.0%		
Peab FU Holding 1 AB	556855-6954	Solna	100.0%		
Peab FU Måby AB	556874-6837	Solna	100.0%		
INSPI Sweden AB	556796-7970	Stockholm	100.0%		
Peab FU Sporthall AB	556901-4557	Solna	100.0%		
Peab FU Holding 3 AB	556866-8635	Solna	100.0%		
Peab FU Almnäs AB	556594-9160	Solna	100.0%		
Peab FU Visby AB	556679-4862	Solna	100.0%		
Peab FU Byggnad 183 AB	556901-4540	Solna	100.0%		
Peab FU Visby Exploatering AB	556800-9335	Solna	100.0%		
Peab FU Fartygsmekano AB	556345-8586	Solna	100.0%		
Peab FU Jupiter 11 AB	556892-3428	Solna	100.0%		
Peab FU Jupiter 4 AB	556126-0745	Solna	100.0%		
Peab FU ÖFU AB	556916-2596	Solna	100.0%		
Annehem MAH AB	556919-5752	Solna	100.0%		
Växjö Skatan 12 AB	556914-7514	Solna	100.0%		
Peab FU Bommen AB	556928-0752	Solna	100.0%		
Peab FU Staget AB	556928-0760	Solna	100.0%		
Peab FU Rorkulten AB	556928-0794	Solna	100.0%		
Peab FU Holding 2 AB	556864-4156	Solna	100.0%		
Peab Projektfastigheter AB	556202-6962	Stockholm	100.0%		
Peab Förvaltning Nyköping AB	556632-7747	Nyköping	100.0%		
Peab Park AB	556107-0003	Båstad	100.0%		
Kokpunkten Fastighets AB	556759-5094	Stockholm	100.0%		
Ängelholms Flygplats AB	556814-2896	Båstad	100.0%		
Ljungbyhed Park AB	556545-4294	Båstad	100.0%		
Activus Ljungbyhed AB	556558-9644	Båstad	100.0%		
Ljungbyheds Golfcenter AB	556571-3012	Båstad	100.0%		
Projektfastigheter Götaland AB	556259-3540	Båstad	100.0%		
Haga Expolatering AB	556715-4850	Solna	100.0%		
Skånehus AB	556547-6958	Båstad	100.0%		
PEAB FU Silhouette 1 AB	556895-0116	Solna	100.0%		
Ulriksdal Utveckling AB	556509-6392	Solna	100.0%		
Riksten Friluftsstad AB	556547-8764	Stockholm	100.0%		
Peab FU Rifa AB	556909-4690	Solna	100.0%		
Peab FU Rönnåsen AB	556909-4708	Solna	100.0%		
Peab Holding AB	556594-9533	Båstad	100.0%	–	0
Varvstaden AB	556683-1722	Båstad	100.0%		
Fältjägaren 1 AB	556851-7287	Östersund	100.0%		
Fältjägaren 3 AB	556851-7261	Östersund	100.0%		
Fältjägaren 4 AB	556851-7279	Östersund	100.0%		
Fältjägaren 5 AB	556851-7246	Östersund	100.0%		
Fältjägaren 7 AB	556855-7176	Östersund	100.0%		
Fältjägaren 8 AB	556094-4810	Östersund	100.0%		
Peab FU Rebbelberga 147 AB	556470-0176	Solna	100.0%		
Peab FU Holding 4 AB	556946-9058	Solna	100.0%		
Peab FU Distansen AB	556946-9033	Solna	100.0%		
Peab FU Husbacka AB	556946-9108	Solna	100.0%		
Peab FU Spinnakern AB	556949-4338	Solna	100.0%		
Peab FU Trossen AB	556949-4304	Solna	100.0%		
Peab Fu Gennakern AB	556949-4312	Solna	100.0%		
Incasec AB	556591-2267	Båstad	100.0%	0	0
Peab Grevie AB	556715-0213	Båstad	100.0%	0	0
Peab Invest Yek AB	556753-4226	Borås	100.0%		
Peab Vejby AB	556663-2682	Båstad	100.0%	50	50
Sieglo AB	556556-0595	Båstad	100.0%	169	169
Skåne Projektfastigheter AB	556471-9143	Båstad	100.0%	1	1
Lappmarken i Malmö AB	556796-2849	Båstad	100.0%		
Mauritz Larsson Byggnads AB	556036-8242	Båstad	100.0%		
Projektfastigheter Väst AB	556044-1866	Båstad	100.0%		
Total				**13,173**	**12,547**

1) The capital participation accords with the vote participation.

2) In addition to the Group companies acquired in 2013 (see note 5), the proportion of capital for 2013 corresponds with the proportion of capital 2012.

Parent company

MSEK	2013	2012
Acquisition value brought forward	15,073	13,705
Purchases	359	303
New issue	731	206
Paid shareholder contribution	17	1,301
Reduction of share capital	–140	–
Sales	–1	–442
Accumulated acquisition values brought forward	**16,038**	**15,073**
Revaluations brought forward	100	100
Accumulated revaluations carried forward	**100**	**100**
Write-downs brought forward	–2,626	–2,280
Write-downs for the year	–339	–346
Accumulated write-downs carried forward	**–2,965**	**–2,626**
Book value carried forward	**13,173**	**12,547**

During the year, participations in Group companies were written down by SEK 339 million (346), of which SEK 277 million (294) refers to write-downs of shares in Peab AS based on impairment tests. In the calculation of the useful value of Peab AS a pre-tax weighted discount rate of 10.8 percent (9.0) has been used. Other write-downs refer to dormant companies or companies with little activity where the value of the write-downs is equivalent to equity. Annual write-downs are reported in the income statement on the "Profit from shares in Group companies" line.

Note 43 Untaxed reserves

Parent company MSEK	2013	2012
Tax allocation reserve	156	156
Accumulated additional depreciation, machinery and equipment	0	0
Total	**156**	**156**

Note 44 Cash flow statement

Paid interest and dividends received

	Group		Parent company	
MSEK	2013	2012	2013	2012
Dividends received	120	178	92	70
Interest received	117	141	5	40
Interest paid	–401	–418	–214	–203

Adjustments for items not included in cash flow

	Group		Parent company	
MSEK	2013	2012	2013	2012
Profit from participation in joint ventures/associated companies	53	–120	–	–
Dividends received from joint ventures/associated companies	110	132	–	–
Depreciation and write-downs	969	964	340	346
Unrealised exchange rate difference	–80	7	1	–
Losses on sale of fixed assets	–76	–200	–	–
Losses on sale of business/ subsidiary	–184	–92	–478	–42
Provisions	90	76	–	–
Change in fair value of financial instruments	–61	–30	–3	–25
Accrued income	–	–	–5	–
Total	**821**	**737**	**–145**	**279**

Transactions without payments

	Group	
MSEK	2013	2012
Aquisition of assets by financial leasing	125	196
Aquisition of subsidiaries financed by loan from the seller	–	52

Acquisition of subsidiaries and businesses

Group MSEK	2013	2012
Acquired assets and liabilities		
Intangible assets	–	16
Tangible assets	0	23
Financial assets	–	21
Deferred tax recoverables	2	15
Project and development properties and inventories	198	718
Operating receivables	3	22
Liquid funds	1	163
Interest-bearing long-term liabilities	–74	–272
Deferred tax liabilities	0	–16
Current liabilities	–6	–69
	124	**621**
Purchase prices	124	621
Loan from seller	–	–52
Paid purchase price	124	569
Less: Liquid funds in acquired companies	–1	–163
Effect on liquid funds	**123**	**406**

Disposal of subsidiaries

Group MSEK	2013	2012
Disposed assets and liabilities		
Tangible assets	87	–
Financial assets	0	3
Project and development properties and inventories	1,255	863
Operating receivables	16	22
Liquid funds	2	2
Long-term provisions	–8	–
Interest-bearing long-term liabilities	–1,150	–813
Deferred tax liabilities	–	2
Current liabilities	–66	–34
	136	**45**
Sales price	320	137
Received purchase sum	320	137
Less: Liquid funds in disposed companies	–2	–2
Effect on liquid funds	**318**	**135**

Liquid funds

The following components are included in liquid funds;

Group MSEK	2013	2012
Liquid funds	415	429
Current holdings (equivalent to liquid funds)	21	10
Total	**436**	**439**

Note 45 Information on parent company

Peab AB is a Swedish registered limited company domiciled in Båstad. Peab AB's shares are listed on NASDAQ OMX Stockholm. The address of the head office is Margretetorpsvägen 84, SE-260 92 Förslöv. The consolidated accounts for 2013 consist of the parent company and its subsidiaries, together referred to as the Group. The Group also includes shares of holdings in joint ventures and associated companies.

The Annual Report has been prepared in accordance with good accounting practices in Sweden and the consolidated accounts have been prepared in accordance with International Accounting Standards, stated in the regulation of the European Parliament and the Council of Ministers (EG) no 1606/2002 of July 19, 2002, concerning the application of international accounting standards. The Annual Report and the consolidated accounts give a true and fair view of the parent company as well as of the Group's position and result. The Board of Directors' report for the parent company and the Group gives a true and fair view of the parent company's and Group's business development, position and result. It also decribes the major risks and uncertainty factors facing the parent company and Group companies.

Förslöv, April 4, 2014

Göran Grosskopf Chairman of the Board	Mats Paulsson Vice Chairman of the Board
Annette Brodin Rampe Member of the Board	Karl-Axel Granlund Member of the Board
Svante Paulsson Member of the Board	Fredrik Paulsson Member of the Board
Lars Sköld Member of the Board	Anne-Marie Pålsson Member of the Board
Patrik Svensson Member of the Board	Kim Thomsen Member of the Board
Lars Modin Member of the Board	Jesper Göransson Chief Executive Officer

The Annual Report and the consolidated accounts have been approved for publication by the Board of Directors and the Chief Executive Officer on April 4, 2014. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption by the AGM on May 13, 2014.

Auditors' report

To the annual meeting of the shareholders of Peab AB, corp. id. 556061-4330

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Peab AB (publ) for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 13-83.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Peab AB (publ) for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Förslöv, 8 April 2014

Alf Svensson
Authorized Public Accountant

Thomas Thiel
Authorized Public Accountant

Sustainability

Customer relations are like a marriage

Peab Operation & Maintenance in Stockholm works on a highly competitive market. Contracts stretch over several years and the same customer often has a number of different contracts. References from previous contracts are extremely important and asking, listening to and involving customers has proven to be a recipe for success.

Our ambition is to keep the dialogue open and meet once a year to ensure developments are in line with our customers' desires and expectations.

Sustainability

Peab strives to permeate our business with sustainability. We take a comprehensive responsibility and contribute to society by creating financial, environmental and social value in our role as a community builder and major employer.

UN'S GLOBAL COMPACT AND GRI

Peab signed the Global Compact in 2012. This has contributed to greater awareness and competence in Peab, partly through the methodic follow up work we have pledged to do. More detailed information concerning Peab's work on sustainable development is given in Peab's sustainability report which follows the international guidelines laid down by the GRI (Global Reporting Initiative). The report is available on Peab's website www.peab.com.

STRATEGIC SUSTAINABILITY WORK

Sustainability is an integrated part of Peab's vision and Group strategies and we are now endeavoring to integrate sustainability into every aspect of our business. During the course of the transformation process this year Peab changed the way it handles sustainability. We appointed a Sustainability Manager and created a central support function, CSR - Corporate Social Responsibility, that reports directly to executive management. In order to permeate our business with sustainability Peab has decided to develop sustainable business goals instead of separate sustainability goals. The goals will be more relevant and measurable when the business areas are given greater responsibility for forming the goals based on their specific operations. The new support function CSR, the internal sustainability council, special expertise on different levels in the organization as well as a number of governing and supportive documents help to implement sustainability.

CODE OF CONDUCT

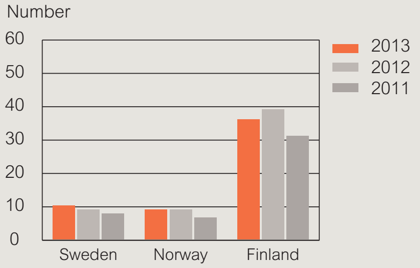
Peab's Code of Conduct is the overriding steering document for our sustainability work and it's based on the principles in the UN's Global Compact. The Code of Conduct clarifies how Peab's employees should behave towards each other and other stakeholders. It's also included in contracts Peab draws up to ensure that suppliers and contractors will behave in the same manner. In addition to the Code of Conduct there are a number of underlying policies, such as Peab's ethical guidelines, which are fundamental to Peab's sustainability work.

SUSTAINABILITY DIALOGUES AND OVERRIDING PRIORITIES

Peab has a long tradition of cooperating with stakeholders in different forums in order to strengthen relationships and be susceptive to demands and expectations. In 2013 we broadened and deepened the work with stakeholder dialogues focused on sustainability that Peab initiated in 2012. Interviews and a questionnaire survey were carried out comprising a total of 180 representatives from nine of our most important stakeholder groups. In combination with an internal prioritization from Peab's sustainability council the stakeholder dialogues resulted in eight prioritized areas. These will be integrated into Peab's business planning in 2014. Peab's work with each area is described in the following text.

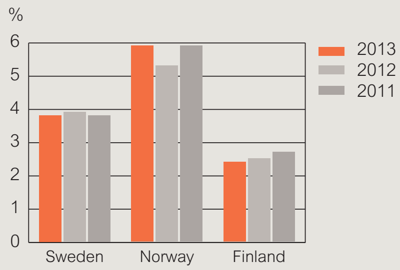
- Health and the working environment
- Competence and career development
- Equality and diversity
- Ethics and anticorruption

Workplace accidents per 1 million hours worked

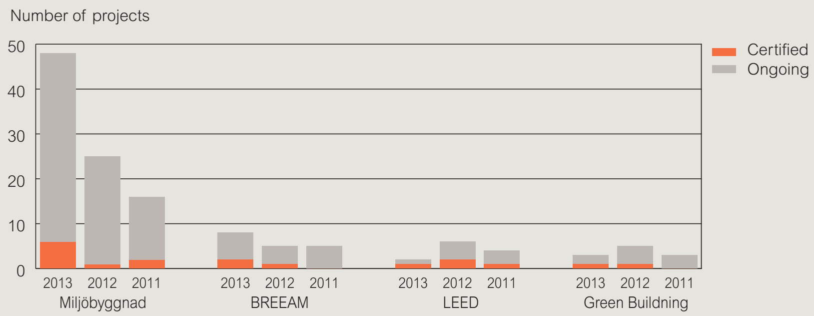


As from 2012, the statistics from Finland for workplace accidents include all business areas. For 2011, the statistics from Finland only covered construction.

Sick leave



Environmental and sustainable certification of products



This chart shows the number of ongoing and certified certification projects within Peab over the last three years. A project in progress is one that has been registered with the organisation responsible for the certification system. A project that is certified is one that has received certification, although not necessarily the final certification that is provided after a certain verification period. The chart includes both projects carried out in-house in which Peab is responsible for certification and projects in which Peab is building for a client.

- Environmentally and health hazardous substances
- Energy efficiency
- Responsibility in the supplier chain
- Responsible customer relations

OUR EMPLOYEES

Peab continues to develop thanks to the cooperation and synergy effects that occur when thousands of engaged employees work together with responsible leadership. We intend to offer a safe and inspiring environment where everyone can grow and develop.

Health and the working environment

Health and the working environment have been prioritized a long time at Peab. Our working environment policy, which is integrated into our company policy, is the basis of our strategic work with the working environment. In Sweden we follow the requirements set out in AFS 2001:1 and Norway we work according to the Working Environment Act and valid regulations for the construction and civil engineering industries. During the year our working environment has been certified in Finland accor-ding to OHSAS 18001.

Peab has a vision of zero workplace accidents. In order to prevent accidents Peab provides safe equipment and quality assured work methods as well as training this area. When employees and subcontractors come to a new workplace they are given an introduction with a review of the risks on the site. The statistics for workplace accidents are based on accidents that lead to at least 8 hours absence. No mortal accidents occurred in our workplaces in 2013. All incidents and accidents are followed up. Peab's crisis organization is called in when serious accidents occur. New for 2013 is that we spread safety warnings throughout our organization when serious incidents or accidents occur. The safety warnings consist of brief information about what has happened and tips on how to avoid a similar situation.

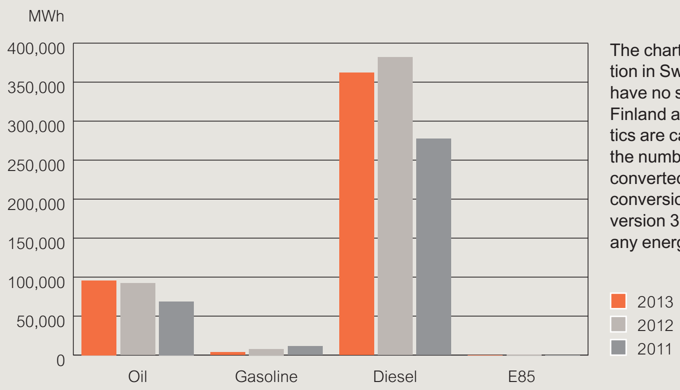
In 2013 we continued to improve the working environment through, among other things, communication in the form of newsletters and safety warnings, education, revisions of our order and safety regulations along with participation in a research project on the safety climate. During the focus week some 450 visits were made to workplaces by representatives from management on different levels.

Peab works systematically to promote good health, prevent illness and injuries, and with rehabilitation. According to the Swedish Work Environment Authority strain factors are the primary cause of work related illness in our industry. Peab has for years trained a number of site managers and safety officers in ergonomics.

Competence and career development

The competence of Peab's employees is essential to Peab's success just as their career opportunities are essential factors in job satisfaction and their desire to stay on at Peab. Peab decided to change the way we work with competence development at the end of 2012. When over 1,000 employees had participated in our analysis work it became clear that development takes place through participation, real challenges, collaboration and dialogue. For this reason Peab's new program, which will be launched in 2014, is based on the established model 70-20-10. Our ambition is that 70 percent of competence development will occur in daily work, 20 percent through networks, exchanges and collaboration and 10 percent through formal education.

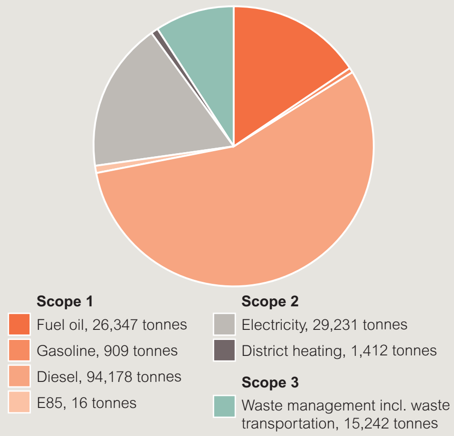
Fuel consumption, total 461,628 (482,978) MWh



The chart shows fuel consumption in Sweden for 2011-2013; we have no systems for follow-up in Finland and Norway. The statistics are calculated on the basis of the number of litres bought, converted into MWh using the conversion factors listed in GRI version 3.1. Peab does not sell any energy.

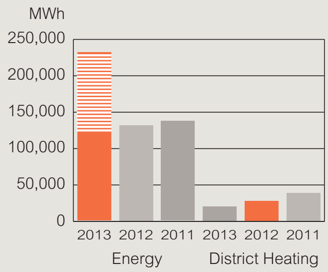
Carbon dioxide emissions

Carbon dioxide emissions, total 167,335 (148,416) tonnes



The diagram above shows Peab's CO_2 emissions in our Swedish operations. The emissions are calculated through the Greenhouse Gas Protocol. We have reported our CO_2 emissions ever since our first sustainability report in 2011 but this is the first year we have included Scope 3 emissions.

Electricity and district heating consumption, total 250,814 (158,584) MWh



The figures for 2013 include the business in Sweden and Finland. There is no system for follow-up in Norway. Regarding electricity consumption, in previous years in Sweden we only referred to electricity bought via a central contract supplier, but this year we also include other electricity that is registered in the finance system by using an average price of SEK 395/MWh (this element is shaded with lines in the bar chart). Electrical consumption in Finland is also calculated on the basis of the finance system, as is all district heating consumption. Swedish district heating consumption is based on an average price of SEK 792.7/MWh and Finnish consumption on EUR 74/MWh.

Developmental discussions are an important part of Peab's business development and a principle leadership tool. All Peab's employees are offered a developmental discussion every year. It's an opportunity to discuss an employee's possible need for competence development in order to achieve the goals in our business plan. Peab carries out a comprehensive personnel survey every other year that comprises all our employees. Our last survey was in 2011 but since 2013 was a year of reorganization the personnel survey was postponed to 2014. During the autumn of 2013 we launched employee and leader profiles built on Peab's core values. The employee profile is valid for all employees while the leader profile is for those who lead people, projects or processes. The profiles will steer our continued work with competence development. They will form the basis of our developmental discussions, the goals we set and recruitment. At the end of 2013 we also decided to include threshold values based on the leader profiles in our bonus system. We want the some 450 employees that can receive a bonus to work actively with their leader profile based on the goals and action plans they set together with their boss.

Equality and diversity

There are substantial opportunities and development potential in diversity for the entire industry. Peab mapped the need for action in 2013 and in 2014 we will launch a Group program to develop a strategy for equality and diversity. The strategy will, among other things, contain a definition of what the concepts equality and diversity mean for Peab, goals and expected results as well as practical measures and follow up methods. Salary mapping is carried out every other year in Peab to ensure that salaries are on par with the market and that they are equal for similar jobs, experience and responsibility.

ETHICS AND ANTICORRUPTION

At Peab ethics are all about how we act towards each other and our stakeholders. Through good ethics and transparency we create trust and strengthen our relationships. Peab's ethical guidelines summarize how employees should behave in the company, society and in business. The steering document with our ethical guidelines is regularly updated and adopted by executive management.

As part of our work against corruption and transgressions against Peab's ethical guidelines we started the educational program The Ethics Round in 2009. Since then over 3,700 white-collar workers in Sweden, Norway and Finland have gone through the program which teaches Peab's stance on ethics, the law and what is right. The course is tailored to Peab's needs and contains situations that illustrate different ethical dilemmas that can occur in operations. This work has made the culture at Peab more transparent and there is an open attitude toward discussing ethics at workplaces.

Peab's ethical council answers questions of an ethical nature pertaining to our business, it communicates Peab's stance in ethical issues internally and externally as well as prepares and decides on matters where laws or ethical guidelines have been transgressed. If an employee does not want to, or cannot, bring up a matter with their closet supervisor they may turn to their supervisor's boss. They can also contact the ethical council through a form where they can submit their views anonymously or openly.

THE ENVIRONMENT AND ENERGY

Our strategic environmental work is an integral part of Peab's operations. The reorganization resulted in running and developing environmental work closer to production in all the business areas.

Environmentally and health hazardous substances

Historically our industry has used a number of substances that have recently proven to be dangerous for people and the environment. Today we know more and the trade has a proactive relationship concerning environmentally and health hazardous substances. Peab is striving to eliminate substances and substance groups that are still allowed but entail a potential risk to health or the environment.

In Sweden Peab mainly uses two systems to assess the environmental impact of products; BASTA and Byggvarubedömningen. Both systems have properties criteria to phase out environmentally and health hazardous substances. In Finland we use TUKES safety data sheet (Finnish Safety and Chemicals Agency) to ensure we use approved products and in Norway we use the electronic system CoBuilder/BASS.

During the year Peab's purchasing and environmental departments in Sweden cooperated with a number of suppliers to

Training that touches

In July 2011 69 people were killed, most of them youths, in an attack at AUF's summer camp at Utøya in Norway. Now work is underway to make it possible to hold activities on the island again. Buildings will be torn down or renovated and new ones will be built. The Peab School has taken responsibility to lead the construction work together with AUF(Norwegian Labor Party Youth League).

A total of 20 students in their third year in the construction program lived and worked for a week at Utøya.

develop a new function in Peab's purchasing system. The function makes it possible to for the buyer to see directly if the product meets Peab's environmental requirements concerning hazardous substances. The focus in this first stage has been chemical products.

Energy efficiency

Peab focuses on finding energy efficient solutions in production but also in the houses and buildings we turn over to customers after construction is completed. Peab strives to build housing with lower energy consumption than the norms. We control the energy balance in construction projects through energy calculations at an early stage and continual follow-ups.

We use large amounts of fuel for vehicles for transportation and construction equipment in our operations. Through a number of different initiatives we seek energy efficient solutions. We are testing our way forward when it comes to alternative fuel and electrical vehicles and machines.

During the last ten year period Peab Asphalt has developed asphalt that is energy efficient to manufacture and has a lower environmental impact. The calculated reduction in energy consumption from lowering the laying temperature by some 30 degrees is around 20 percent and the reduction in CO_2 emissions is some 30 percent.

We believe that employees who understand what the different initiatives entail care more about them. We therefore continually instruct our employees in a number of energy related matters. Education in the different environmental certification systems and energy saving driving are examples of this.

CUSTOMERS AND SUPPLIERS

Peab's suppliers, from suppliers of raw material to contractors, are an extension of our business. Delivering high quality and meeting customers' expectations is absolutely necessary if we want to be competitive.

Responsibility in the supplier chain

Peab's ambition is to ensure that our suppliers meet our sustainability requirements.

Peab's total purchasing volume in 2013 was around SEK 38 billion, of which around 1.2 percent represented purchases outside the Nordic region. All in all Peab received invoices from some 43,000 suppliers. We are working on centralizing purchasing functions to create a more uniform work method and reduce the number of suppliers. This also gives us a better handle on sustainability aspects together with our suppliers.

Peab's purchasing process contains routines with supportive forms for both assessment (before buying) and evaluation (after buying) of suppliers. We are in the process of starting up a new purchasing portal that will make it possible to compile assessments and evaluations of suppliers digitally and make them available to all our buyers. Currently this documentation is kept together with all other project documentation, which limits our ability to compile supplier assessments and evaluations for the Group as a whole. There is also room for improvement regarding both follow-up and documentation. Developing this is highly prioritized in order to advance our sustainability work.

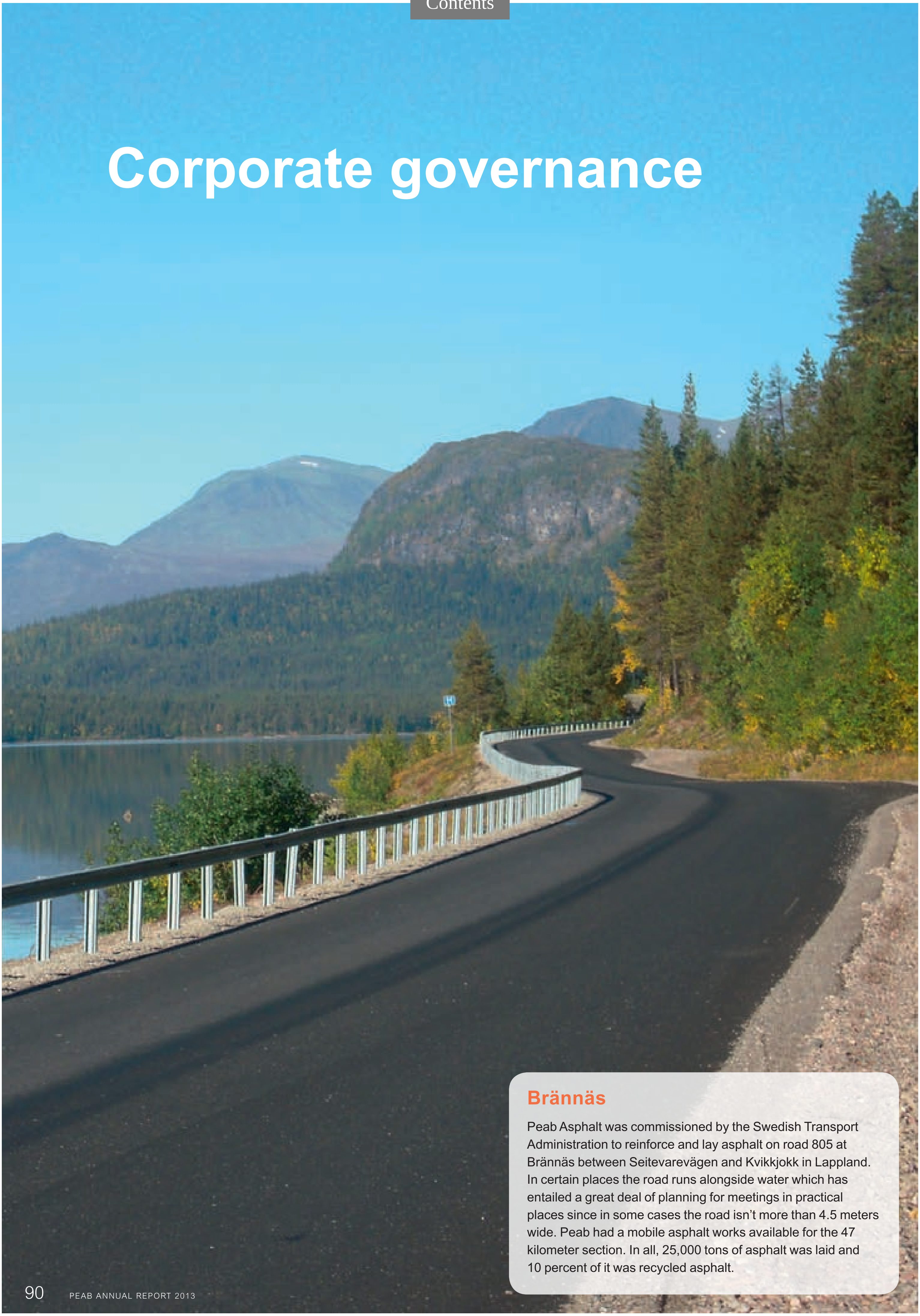
Responsible customer relations

Good customer relations are built on credibility and sensitivity. Peab strives for lasting customer relations and we see a clear connection between satisfied customers and profitability – for both Peab and our customers.

In order to ensure good relationships with customers Peab rates customer satisfaction in both housing and business customers through our SCI (Satisfied Customer Index) survey. Business customers' SCI has been rated since 2012. The questionnaire sent out to business customers checks their satisfaction in eight overriding areas; work methods, documentation, business ethics, personnel, price worthiness, products/services, reliability and time schedules. The survey in 2013 revealed a higher level of customer satisfaction in every area compared to 2012. The average grade for the Group rose from 74 to 77 on a 100 point scale.

Peab began rating SCI in housing customers in 2010. All private housing customers receive a questionnaire after moving in. SCI surveys for housing customers cover the areas of; personnel, the home, reliability, information, environmental awareness, outside the home and interior design choice. We have improved satisfaction in our home buyers since we began rating SCI and this is a continuous process. In 2013 the average grade rose from 69 to 73 on a 100 point scale.

Corporate governance



Brännäs

Peab Asphalt was commissioned by the Swedish Transport Administration to reinforce and lay asphalt on road 805 at Brännäs between Seitevarevägen and Kvikkjokk in Lappland. In certain places the road runs alongside water which has entailed a great deal of planning for meetings in practical places since in some cases the road isn't more than 4.5 meters wide. Peab had a mobile asphalt works available for the 47 kilometer section. In all, 25,000 tons of asphalt was laid and 10 percent of it was recycled asphalt.

Corporate governance report 2013

CORPORATE GOVERNANCE AND THE CODE

Governance of the Peab Group is based on the Company Act and other relevant laws, Peab's Articles of Association, the regulations for Nasdaq OMX Stockholm issuers and the Swedish Code of Corporate Governance.

The corporate governance report is not a part of the financial reports. The company's auditors read the corporate governance report and acknowledge that a corporate governance report has been drawn up and that its legally stipulated information is consistent with the annual accounts and Group accounts.

THE ANNUAL GENERAL MEETING AND THE NOMINATION PROCEDURE

The Annual General Meeting (AGM) was held on 14 May 2013 at Grevieparken, Grevie. It was attended by 386 shareholders, representing over 74 percent of the votes, either personally or through representatives.

The procedure of preparing the nomination of members of the Board of Directors (and where appropriate the auditors) for the AGM follows the nomination procedure established at the previous AGM.

At the 2013 AGM the major shareholders recommended a nomination committee consisting of the Chairman of the Board of Directors and an additional three to four members, of which two to three members should represent the major shareholders and one to two members should represent smaller shareholders. The AGM elected Malte Åkerström (reelection), Göran Grosskopf (reelection), Magnus Swärdh (new election) and Mats Rasmussen (new election) to act as Peab's nomination committee with Magnus Svärdh as Chairman. The nomination committee's proposals will be presented to shareholders in the notice to attend the 2014 AGM. An account of the work of the nomination committee will be available on Peab's website.

THE BOARD OF DIRECTORS AND ITS WORK

According to Peab's Articles of Association the Board of Directors must be made up of no fewer than five and no more than nine members in addition to the statutory employee representatives. The members of the Board of Directors are elected annually by the AGM. At the 2013 AGM the following persons were reelected as members of the Board of Directors;

- Göran Grosskopf
- Karl Axel Granlund
- Fredrik Paulsson
- Mats Paulsson
- Svante Paulsson

Göran Grosskopf, Chairman of the Board

- Anne-Marie Pålsson
- Annette Brodin Rampe
- Lars Sköld

Göran Grosskopf was appointed Chairman of the Board by the AGM.

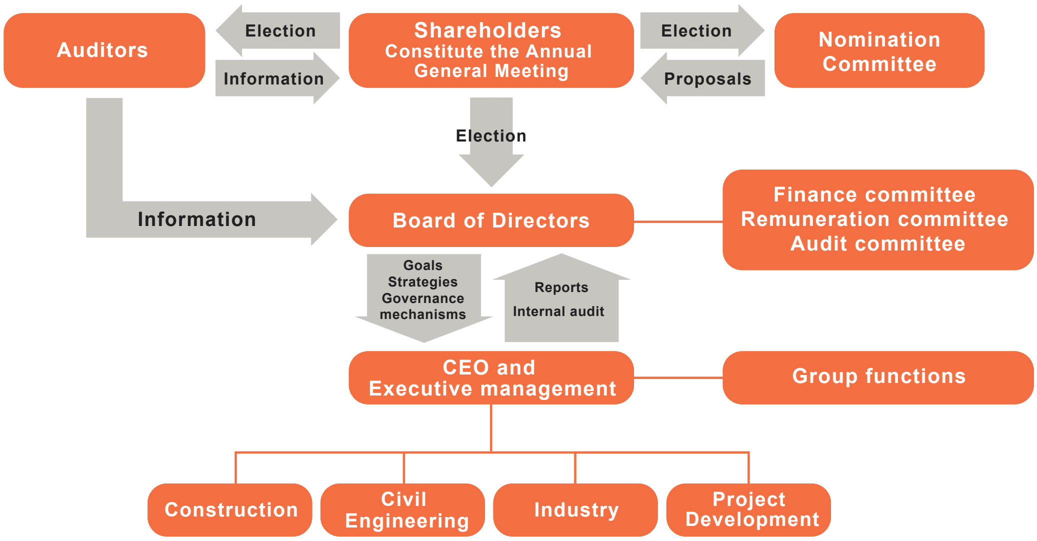
The following employee representatives were appointed by the employee unions at the 2013 AGM; Patrik Svensson, Kim Thomsen and Lars Modin (members), Lars Bergman and Monica Mattson (deputies). From the regular Board meeting August 19, 2013 Lars Bergman has been succeeded by Torsten Centerdahl as deputy.

The Board of Directors held ten meetings in 2013, of which five were ordinary Board meetings (including the constitutional meeting). There were five additional Board meetings, four were held per tele-

Board meetings, attendance 2013

AMG elected members	20/1	13/2	22/3	3/4	14/5	14/5 [1]	27/5	14/6	19/8	14/11
Göran Grosskopf	•	•	•	•	•	•	•	•	•	•
Mats Paulsson	•	•	•	•	•	•	•	•	•	•
Karl-Axel Granlund		•	•	•	•	•	•	•	•	•
Fredrik Paulsson	•	•	•	•			•	•	•	•
Svante Paulsson		•	•	•	•	•	•	•	•	•
Anne-Marie Pålsson	•	•	•	•	•	•	•	•	•	•
Anette Brodin Rampe	•	•	•	•	•	•	•	•	•	
Lars Sköld	•	•	•	•	•	•	•	•	•	•
Employee representatives										
Patrik Svensson, member	•	•	•	•	•	•	•	•	•	•
Kim Thomsen, member	•	•	•	•						•
Lars Modin, member	•	•	•	•	•	•	•	•	•	•
Lars Bergman, deputy [2]	•	•		•			•			
Monica Mattson, deputy	•	•	•	•	•	•	•	•	•	•
Torsten Centerdal, deputy [3]									•	

1) *Constitutional Board meeting*
2) *Left 16/8*
3) *Began 19/8*
• Attendance



phone and one was held per capsulam.

Members of executive management have given reports at the Board meetings. The company´s auditors were present at one of the ordinary Board meetings each. The Board's work follows the work program adopted by the Board of Directors. The Board evaluates its work on an annual basis.

The members of the Board of Directors elected by the shareholders are compensated in accordance with decisions taken by the AGM.

The majority of the AGM elected members of the Board of Directors (Göran Grosskopf, Karl-Axel Granlund, Anne-Marie Pålsson, Annette Brodin Rampe and Lars Sköld) are independent in relation to the company and executive management. They are also independent in relation to the company's major owners. Mats Paulsson, Fredrik Paulsson and Svante Paulsson are regarded as dependent in relation to the company and executive management.

THE AUDIT COMMITTEE

Members in 2013

- Göran Grosskopf, Chairman
- Karl-Axel Granlund
- Fredrik Paulsson
- Mats Paulsson
- Svante Paulsson
- Anne-Marie Pålsson
- Lars Sköld
- Annette Brodin Rampe

The audit committee prepares the work of the Board of Directors by ensuring the quality of company financial reports, establishing guidelines for which other services besides auditing the company may procure from the company accountants, maintaining regular contact with the company accountant regarding the scope and focus as well as their view of company risks, evaluating the auditing work and informing the nomination committee of the evaluation and assisting the nomination committee in producing proposals for auditors and remuneration for auditing work. The auditing committee met twice in 2013. All members of the committee attended the first meeting and all members except Annette Brodin Rampe attended the second meeting. At each of these meetings one of the company accountants has attended. The audit committee regularly reports to the Board of Directors.

THE FINANCE COMMITTEE

Members in 2013

- Göran Grosskopf, Chairman,
- Karl-Axel Granlund
- Mats Paulsson

The finance committee handles and makes decisions on financial matters in accordance with the Finance Policy established by the Board of Directors. Executive management representatives give reports to the finance committee meetings. The finance committee met seven times during 2013. All members attended all meetings. The finance committee regularly reports to the Board of Directors.

THE REMUNERATION COMMITTEE

Members in 2013

- Göran Grosskopf, Chairman,
- Karl-Axel Granlund,
- Mats Paulsson

The remuneration committee prepares guidelines and the framework for Group executives regarding salaries and other terms of employment. The remuneration committee met three times in 2013. All members of the committee participated. The remuneration committee regularly reports to the Board of Directors.

REMUNERATION TO EXECUTIVE MANAGEMENT

The 2013 Annual General Meeting approved the Remuneration Policy for executive management. The remuneration policy is available on Peab's website, www.peab.se. Information about salaries and other remuneration to the CEO and members of executive management can be found in note 9 in the Annual Report and on our website www.peab.com.

INCENTIVE PROGRAM

Peab has no outstanding share or share-related incentive programs for the Board of Directors or the executive management.

AUDITORS

Under Peab's articles of association one or two auditors with an equal number of deputies are elected by the AGM. At the AGM in 2013 the following certified public accountants were elected until the AGM 2014;

Accountants

- Alf Svensson, KPMG (reelection)
- Thomas Thiel, KPMG (new election)

Deputy accountants

- Dan Kjellqvist, KPMG (reelection)
- David Olow, KPMG (new election)

In addition to auditing, the accountants, deputy accountants and KPMG have only provided services for Peab in the form of accounting and tax advisement and certain analyses in connection with acquisitions and divestments over the last three years.

GROUP MANAGEMENT

The President and CEO leads the company according to the framework established by the Board of Directors and is responsible for the administration and control of the Group. Executive management has during 2013 consisted of the CEO, the CFO, the Bus iness Area Manager of Construction and COO, Business Area Manager of Civil Engineering and Industry, Business Area Manager of Project Development, the HR Director.

Executive management meetings are held once a month and address issues of strategy and tactics to improve operations. Heads of Group staff teams and other officers are called to attend meetings when needed.

BUSINESS AREAS

Group operations are run in four business areas: Construction, Civil Engineering, Industry and Project Development. Each business area has a management team led by the BA Manager and consisting otherwise of operational managers in the business area and staff members.

GROUP STAFF

Group staff, which supports both executive management and operations in the business areas, strategically and in day-to-day operations, are been divided into the following teams;

- Finance and treasury
- HR
- Purchasing
- Information
- CSR/Corporate Social Responsibility

The staff teams work independently with defined goals and coordinate their work in dialogue with each other.

BUSINESS GOVERNANCE

Executive management sets overriding goals and strategies for the business in the Group's business plan. This then is broken down and worked with in the different business areas, regions and companies that make their own business plans.

Peab's organization is characterized by its clearly decentralized production focus and delegation of authority and responsibility in order to achieve efficient management and control in each business area.

Control is ensured through a clear line of decision authority for every type of major decision which includes;

- the requirement for special approval by executive management, or an organ delegated by it, for the acquisition of development property, businesses and other major investments,
- predetermined levels for bidding for individual positions,
- centrally determined principles for board appointments and signing for the company.

ETHICAL GUIDELINES

Peab founded its ethical work on Peab's core values; Down-to-earth, Developing, Personal and Reliable many years ago. These core values form the basis of "Peab's Ethical Guidelines" established by executive management. We work continuously to spread and root Peab's Ethical Guidelines throughout the organization.

THE BOARD OF DIRECTORS' DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT CONCERNING FINANCIAL REPORTING

Peab's Board of Directors is responsible for ensuring that there are efficient procedures for the management and control of the Group regarding financial reporting. The CEO is responsible for ensuring that internal control is organized and follows the guidelines laid down by the Board of Directors. There is a clear set of rules in the Group for the delegation of responsibility and authority which follows the Group's operative structure. Financial steering and control is performed by Group Finance and treasury.

The Board of Directors' guidelines for internal control concerning financial reporting were laid down in the Internal Control Policy. This policy establishes the way in which the internal control of financial reporting is organized, reviewed and assessed based on the following factors;

- Control environment
- Risk assessment
- Information and communication
- Control structure
- Evaluation/follow-up

Executive management with the support of Group staff Finance and treasury are responsible for ensuring that all business units in the Group follow the policy. The CEO is responsible for ensuring that financial reporting is reported to the Board of Directors at the first ordinary meeting of the Board of Directors after the end of every financial year.

The Board of Directors has assessed the need for an internal auditing department and determined that the existing control structure together with the scope of the Group's operations do not motivate establishment of an internal auditing department.

DEVIATIONS FROM THE CODE

Peab has elected to make the following deviations from the code:

Code rule 9:2

The Chairman of the Board may chair the remuneration committee.

Other members elected by the AGM must be independent in relation to the company and Group management.

Deviation

Mats Paulsson, who is a member of the remuneration committee, is not independent in relation to the company and Group management.

Explanation of the deviation

The Board wishes to take advantage of the long and unique experience in matters of compensation for senior officers that founder and former CEO of Peab, Mats Paulsson, has. The majority of the members of the remuneration committee are independent in relation to the company and Group management and this is believed to guarantee the objectivity and independence of the remuneration committee.

AUDITORS' STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Peab AB (publ) Company ID nr. 556061-4330

The Board of Directors are responsible for the corporate governance report 2013 on pages 91-93 and that it has been prepared according to the Annual Accounts Act.

We have read the corporate governance report and based on this reading and our knowledge of the company and the Group we believe we have sufficient grounds for our statement. This means that our statutory review of the corporate governance report has a different focus and a much more narrow scope than compared to the focus and scope of an audit according to the International Standards on Auditing and the professional code for auditors in Sweden.

In our opinion a corporate governance report has been prepared, and its legal contents agree with the annual accounts and Group accounts.

Förslöv, 8 April 2014

Alf Svensson
Authorized Public Accountant, KPMG

Thomas Thiel
Authorized Public Accountant, KPMG

Board of Directors

Göran Grosskopf
Born 1945. Appointed 2004.
Professor, LLD and Dr Econ
Chairman of the Board of Peab AB, Ingka Holding BV, ColoPlus AB, Mats Paulsson's Foundation and Medicon Village AB.
Member of the boards of Birgma International SA and Odilia AB.
Formerly professor of tax law and working chairman of the board of Tetra Laval Group.
Holding: 460,000 B shares

Mats Paulsson
Born 1944. Appointed 1992.
Vice chairman of the Board of Peab AB.
Member of the boards of Skistar AB, Mentor Sverige AB, Mats Paulsson's Foundation and Medicon Village AB.
Formerly various positions in Peab since 1959.
Holding: 9,754,910 A shares
37,255,750 B shares

Karl-Axel Granlund
Born 1955. Appointed 2000.
MSc (economics), MSc (engineering)
Principle owner and Chairman of the Board of Volito AB.
Holding: 18,402,000 B shares

Svante Paulsson
Born 1972. Appointed 2003.
Project and Strategy Manager of Backahill AB.
Member of the Boards of Fabege AB, Bilia AB, Backahill AB, AB Cernelle and Rögle BK.
Holding: 7,824,715 A shares
1,068,900 B shares

Annette Brodin Rampe
Born 1962. Appointed 2000.
MSc (engineering)
Senior Partner of Brunswick Group.
Member of the Boards of IVA´s Näringslivsråd and British Swedish Camber of Commerce.
Formerly various positions in E.ON Sverige AB, Exxon Chemical Inc and CEO of Senea AB.
Holding: 50,000 B shares

Lars Sköld
Born 1950. Appointed 2007.
Chairman of the Boards of Kulturgastronomen AB, Södertuna slotts drift AB and Södertuna Konferensslott AB.
Formerly positions as CEO and President of STC Interfinans AB, CEO of Sveaskog AB and CEO of Klövern Fastigheter AB.
Holding: 15,000 B shares

Fredrik Paulsson
Born 1972. Appointed 2009.
Member of the Board and CEO of Kranpunkten i Skandinavien AB. Member of the Board of Scandinavian Resort AB, Scandinavian Office Group AB, Stichting INGKA Foundation, Stichting IKEA Foundation and Stichting IMAS Foundation.
Holding: 4,277,810 A shares,
6,002,154 B shares

Anne-Marie Pålsson
Born 1951. Appointed 2011.
MA University of California, Ph.D.Economics from Lund University
Member of the Board of GLB AB.
Holding: 3,000 B shares

Patrik Svensson
Born 1969. Appointed 2007.
Foreman Construction Sweden
Employee representative
Holding: None

Kim Thomsen
Born 1965. Appointed 2008.
Carpenter Construction maintenance Sweden
Employee representative
Holding: None

Lars Modin
Born 1957. Appointed 2011.
Project Manager Construction Sweden
Employee representative
Holding: None

Torsten Centerdal
Born 1958. Appointed 2013.
Asphalt layer Industry Sweden
Employee representative (deputy)
Holding: 5,500 B shares

Kristina Bengtsson
Born 1977. Appointed 2013.
KMA leader Construction Sweden
Employee representative (deputy)
Holding: None

The holdings reported were those on 28 February 2014. Holdings include those of spouses, children who are minors and private company holdings.

Executive management

Jesper Göransson
CEO and President
Born 1971
Employed since 1996
Holding: 427,000 B shares

Niclas Winkvist
CFO
Born 1966
Employed since 1995
Holding: 95,000 B shares

Tina Hermansson Berg
Human Resources and safety
Born 1969
Employed since 2012
Holding: 3,200 B shares

Roger Linnér
BA Manager Construction and COOl
Born 1970
Employed since 1996
Holding: None

Karl-Gunnar Karlsson
BA Manager Civil Engineering and BA Manager Industry
Born 1956
Employed since 2003
Holding: 16,450 B shares

Tomas Anderson
BA Manager Project Development
Born 1956
Employed since 1996
Holding: 35,100 B shares

Auditors

Alf Svensson
Born 1949
Authorized public accountant, KPMG.
Auditor in Peab AB since 2007.

Thomas Thiel
Born 1947
Authorized public accountant, KPMG.
Auditor in Peab AB since 2009.

Deputy auditors
Dan Kjellqvist, Authorized public accountant, KPMG and David Olow, Authorized public accountant, KPMG.

The holdings reported were those on 28 February 2014. Holdings include those of spouses, children who are minors and private company holdings.

Contents

A year of recovery

Peab's B share is listed on the NASDAQ OMX Stockholm, LargeCap. As of 31 December 2013 the total market capital of Peab was SEK 11.7 billion (9.2).

TRADING IN THE PEAB SHARE

As of 31 December 2013 the closing price of the Peab share was SEK 39.35 (SEK 31.04 on 31 December 2012), which was a 26.8 percent decrease during the year. The Swedish Stock Exchange, measured by the OMX Nordic Stockholm, increased in 2013 by 23.2 percent. In 2013, the Peab share was quoted at a maximum of SEK 39.89 and a minimum of SEK 30.81 and 98 million shares (69) were traded, which is equivalent to 391,000 shares per trading day (274,000).

SHARES AND SHARE CAPITAL

The total number of shares at the beginning of 2013 was 296,049,730 divided into 34,319,957 A shares with 10 voting rights per share and 261,729,773 B shares with 1 voting right per share. The share capital amounted to SEK 1,583.9 million (1583,9). At the end of 2013 the number of A shares was 34,319,957 representing 11.6 percent (11.6) of capital and 56.7 percent (56.7) of the votes and the number of B shares was 261,729,773 representing 88.4 percent (88.4) of capital and 43.3 percent (43.3) of the votes.

Information on share capital development over time is available at www.peab.com.

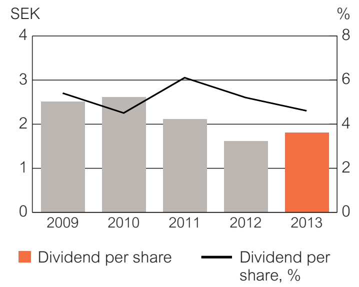
HOLDINGS OF OWN SHARES

At the beginning of 2013 Peab's own B shareholding was 1,086,984 which corresponds to 0.4 percent of the total number of shares. Peab's Annual General Meeting on 14 May 2013 resolved to authorise the Board to, during the period until the next Annual General Meeting, acquire shares so that the company would have at most 10 percent of the total shares in Peab AB. No own shares were repurchased or divested in 2013, which means that Peab's holding of own shares at the end of 2013 amounted to 1,086,984 B shares.

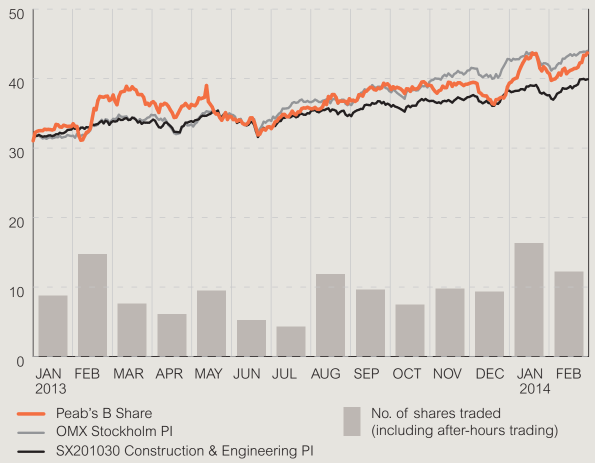
DIVIDEND

A dividend of SEK 1.80 (1.60) per share is proposed for 2013. Calculated as a percentage of the Group's reported profit after tax the proposed dividend amounts to 178 percent (65). Taking into consideration future prospects and our financial position the Board has excluded the SEK 700 million after tax in costs for the action plan that has charged profit in 2013. The direct return calculated on the proposed dividend and at the closing price on 31 December 2013 is 4.6 percent (5.2).

Dividend and direct return



Price trend of the Peab share.
2 Januari 2013 – 29 February 2014



Source: SIX Telekurs

Peab share, total return.
31 December 2008 – 31 December 2013

Source: SIX Telekurs

List of shareholders on 28 February 2014

	A shares	B shares	Total number of shares	Proportion of capital, %	Proportion of votes, %
Mats Paulsson with companies	9,754,910	37,255,750	47,010,660	15.9	22.3
Karl-Axel Granlund with family and companies		18,402,000	18,402,000	6.2	3.0
Anita Paulsson with family and companies	4,277,811	6,013,905	10,291,716	3.5	8.1
Fredrik Paulsson with family and companies	4,277,810	6,002,154	10,279,964	3.5	8.1
Sara Karlsson with family and companies	7,881,948	863,299	8,745,247	3.0	13.2
Svante Paulsson with family and companies	7,824,715	1,068,900	8,893,615	3.0	13.1
Kamprad family foundation		8,581,236	8,581,236	2.9	1.4
Peab's profit-share foundation		7,803,432	7,803,432	2.6	1.3
Swedbank Robur Funds		6,394,643	6,394,643	2.2	1.1
Handelsbanken Funds		6,255,410	6,255,410	2.1	1.0
Folksam		6,050,000	6,050,000	2.0	1.0
Danica Pension		3,757,110	3,757,110	1.3	0.6
Skandia Liv		2,861,997	2,861,997	1.0	0.5
Foreign shareholders		40,859,069	40,859,069	13.8	6.8
Others	302,763	108,473,884	108,776,647	36.6	18.3
Number of outstanding shares	**34,319,957**	**260,642,789**	**294,962,746**		
Peab AB		1,086,984	1,086,984	0.4	0.2
Number of registered shares	**34,319,957**	**261,729,773**	**296,049,730**	**100.0**	**100.0**

Data per share

	2013	2012
Earnings, SEK	1.01	2.47
Equity, SEK	26.00	27.05
Cash flow before financing, SEK	2.04	3.30
Share price at year-end, SEK	39.35	31.04
Share price/equity, %	151.3	114.8
Dividend, SEK [1]	1.80	1.60
Direct return, % [2]	4.6	5.2
P/E-ratio [2]	39	13

1) For 2013, Board of Directors' proposal to the AGM

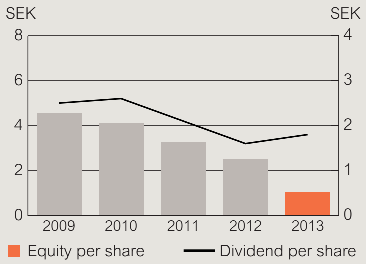
2) Based on closing price at year-end

Allocation of shareholdings[3]

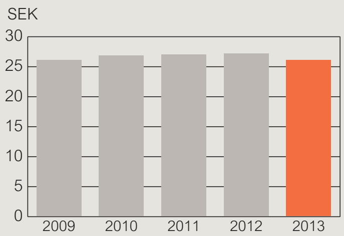
Number of shares	Number of shareholders	Proportion of capital, %	Proportion of votes, %
1– 500	14,710	1.0	0.5
501– 1 000	5,737	1.6	0.8
1 001– 5 000	8,522	7.1	3.5
5 001– 10 000	1,649	4.1	2.0
10 001– 15 000	656	2.7	1.3
15 001– 20 000	297	1.8	0.9
20 001–	767	81.7	91.0
	32,338	**100.0**	**100.0**

3) Per 2014-02-28

Earnings and dividend per share [1]



Equity per share

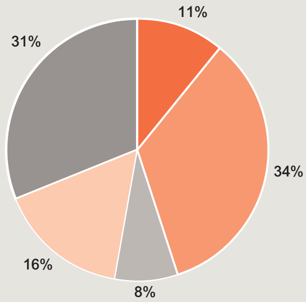


1) For 2013, Board of Directors' proposal to the AGM

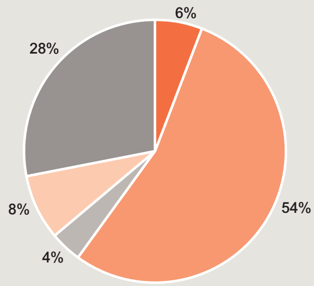
Shares and votes per share class[3]

Share class	Number	Number of votes	Proportion of capital, %	Proportion of votes, %
A	34,319,957	10	11.6	56.7
B	261,729,773	1	88.4	43.3
Total	**296,049,730**		**100.0**	**100.0**

Shareholder categories, proportion of capital [3]



Shareholder categories, proportion of votes [3]



Financial companies and trust funds
Other Swedish legal entities
Interest organizations
Foregin shareholders
Swedish private persons

3) Per 2014-02-28

Group

MSEK	2013	2012 1)	2011	2010	2009
Income statement items					
Net sales	43,095	46,840	43,539	38,045	34,868
Operating profit	614	1,057	1,505	1,503	1,573
Pre-tax profit	383	815	1,195	1,513	1,619
Profit for the year	298	726	943	1,190	1,301
Balance sheet items					
Fixed assets	9,873	9,788	10,850	9,657	8,982
Current assets	21,978	22,287	20,499	17,923	17,632
Total assets	**31,851**	**32,075**	**31,349**	**27,580**	**26,614**
Equity	7,668	7,978	7,947	7,673	7,563
Non-controlling interests	0	1	0	0	43
Long-term liabilities	6,086	7,767	8,208	6,061	6,060
Current liabilities	18,097	16,329	15,194	13,846	12,948
Total equity and liabilities	**31,851**	**32,075**	**31,349**	**27,580**	**26,614**
Key ratios					
Operating margin, percent	1.4	2.3	3.5	4.0	4.5
Profit margin, percent	2.0	2.8	3.8	4.6	5.4
Return on equity, percent	3.8	9.2	12.1	15.6	18.7
Capital employed	16,202	16,620	17,094	14,712	15,440
Return on capital employed, percent	5.2	7.7	10.5	11.7	13.1
Equity/assets ratio, percent	24.1	24.9	25.4	27.8	28.6
Net debt	5,944	6,478	6,626	5,719	4,571
Debt/equity ratio, multiple	0.8	0.8	0.8	0.7	0.6
Interest coverage ratio, multiple	1.9	2.9	4.3	7.6	7.5
Capital expenditures					
Goodwill	–14	14	79	–6	–23
Other intangible assets	–4	2	47	–1	266
Buildings and land	0	57	–234	46	896
Machinery and equipment	261	847	1,014	496	278
Shares and participations	105	–487	231	773	576
Project and development properties	265	822	273	797	518
Orders					
Orders received	34,292	38,743	37,986	34,764	30,393
Order backlog	28,164	28,056	28,378	27,063	24,487
Personnel					
Average number of employees	13,792	14,828	14,560	13,541	13,633
Data per share					
Earnings, SEK	1.01	2.47	3.26	4.11	4.52
after completed subscription and conversion	1.01	2.47	3.26	4.10	4.52
Cash flow, SEK	2.04	3.30	–3.71	–1.09	2.76
after completed subscription and conversion	2.04	3.21	–3.60	–1.06	2.68
Equity, SEK	26.00	27.05	26.94	26.76	25.98
after completed subscription and conversion	26.00	27.05	28.10	27.93	27.13
Share price at year-end, SEK	39.35	31.04	34.30	57.25	46.00
Ordinary dividend, SEK 2)	1.80	1.60	2.10	2.60	2.50
Number of shares at year-end, millions	295.0	295.0	295.0	286.7	291.1
after completed subscription and conversion	295.0	295.0	303.8	295.5	299.9
Average number of outstanding shares, millions	295.0	295.0	288.9	288.6	286.7
after completed subscription and conversion	295.0	303.0	297.7	297.4	295.4

1) Changes have occurred in the reporting of employee benefits, for which the revised IAS 19 has been applied since January 1, 2013. Comparative figures for 2012 have been recalculated. In brief, the amendment of IAS 19 entailed that the opportunity to utilize the corridor method has been discontinued whereby actuarial gains and losses arising must be recognized directly in Other comprehensive income in the period they arise. The return on plan assets must also be calculated using the same rate as the discount rate for the pension commitment.

2) For 2013, the Board of Directors' proposal to the AGM.

Financial definitions

Capital employed
Total assets at year-end less non-interest-bearing operating liabilities and provisions.

Capital employed for the business areas
Total assets reduced by deferred tax receivables and internal receivables from the internal bank Peab Finans with deductions for non-interest-bearing liabilities and deferred tax liabilities.

Cash flow per share
Cash flow per share calculated as the total of the cash flow from current operations and cash flow from investment activities divided by the average number of outstanding shares during the year.

Direct return
Dividend as a percentage of the share price at year-end.

Earnings per share
Profit for the period attributable to shareholders in parent company divided by the average number of outstanding shares during the period.

Equity/assets ratio
Equity as a percentage of total assets at year-end.

Equity per share
Equity attributable to shareholders in parent company divided by the number of outstanding shares at the end of the period.

Interest coverage ratio
Pre-tax profit items plus interest expenses in relation to interest expenses.

Net assets (+) / Net debt (-)
Interest-bearing liabilities including provisions for pensions less liquid and interest-bearing assets.

Net debt/equity ratio
Interest-bearing net debt in relation to equity.

Operating margin
Operating profit as a percentage of net sales.

Order backlog
The value of the remaining income in ongoing production plus orders recieved yet to be produced.

Orders received
The sum of orders received during the year.

P/E ratio
Share price at year-end divided by earnings per share.

Profit margin
Pre-tax profit items plus financial expenses as a percentage of net sales.

Return on capital employed
Pre-tax profit items plus financial expenses as a percentage of average capital employed.

Return on equity
Profit for the period attributable to shareholders in parent company divided by average equity attributable to shareholders in parent company.

Construction related definitions

Contract amount
The amount stated in the contract for contract work excluding VAT.

Fixed price
Contract to be carried out for a fixed price without the contractor being able to alter it, unless the client makes changes to the contract or makes supplementary orders.

General contract
Contract work where the contractor carries out construction and appoints and is responsible for subcontractors on the basis of documentation provided by the client.

Peab Partnering
A type of collaboration which is similar to Peab's Trust-based contracts. The difference is that partnering requires whole-hearted collaboration by two or more equal partners during all phases of the construction process. Partnering is suitable for customers who want to be, can and are actively involved from start to finish.

Peab's Trust-based contracts
A type of collaboration between Peab and the customer involving collaboration at an early stage, shared goals and decisions and complete openness in processes and systems such as finance and purchasing. To start with, the customer presents his/her requirements and then Peab comes up with a proposal. Customers are not as closely involved in the construction process in Peab's Trust-based contracts as they are in Peab Partnering.

PGS
PGS stands for Peab Gemensamt System (Peab's General System) and refers to standardized construction elements manufactured in Peab's own factories or by partners. PGS means industrial construction from fabrication to final mounting.

Project and development property
Holdings of unimproved land and decontamination property for future development, real estate with buildings for project development or improvement and thereafter sales within Peab's normal operation cycle.

Project development
Finding project and development properties in the market and developing these into complete projects.

Total contract
Contract work where the contractor, in addition to building, is also responsible for planning the project.

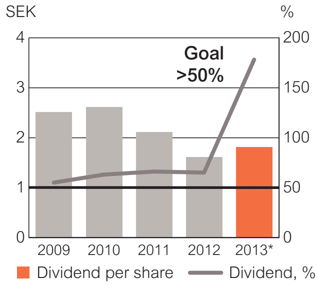
Welcome to Peab's Annual General Meeting

TIME AND LOCATION
The Annual General Meeting of Peab AB will be held at 3 p.m. on Tuesday 13 May 2014, Grevieparken in Grevie, Sweden.

NOTIFICATION
Notification of participation in the Annual General Meeting must be submitted at the latest by 2 p.m. on Wednesday 7 May 2014. Notification may be submitted by telephone to +46 431 893 50, by mail to Peab Annual General Meeting, c/o Euroclear Sweden AB, Box 7841, SE-103 98 Stockholm, or via the company's website at www.peab.com. To participate in the Annual General Meeting shareholders must be registered in the share register kept by Euroclear Sweden AB by Wednesday 7 May 2014 at the latest. Shareholders who have registered their shares in trust must have registered such shares in their own names at the latest by this date. Shareholders should request trustees to undertake such registering a few days in advance.

DIVIDEND
The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 1.80 per share for 2013. The proposed record day is Friday 16 May 2014. If the Annual General Meeting approves the proposal submitted, dividends will be distributed from Euroclear Sweden AB on Wednesday 21 May 2014.

Dividend



* For 2013, Board of Directors' proposal

Financial information

At peab.com we continually provide current information on the company, financial results and how our share is developing. Financial reports and publications can be downloaded there as well. They can also be ordered by contacting: Peab AB, SE-260 92 Förslöv, Sweden or tel +46 431- 890 00.

Follow Peab quarter by quarter

When Peab publishes our quarterly reports we also present the financial results for the previous quarter and a description of the current situation. The link to the presentations can be found at www.peab.com/reports.

Analysts who follow Peab

Company	Name	Email
ABG Sundal Collier	Fredric Cyon	fredric.cyon@abgsc.se
Carnegie	Tobias Kaj	tobias.kaj@carnegie.se
DNB	Simen Mortensen	simen.mortensen@dnb.no
Handelsbanken	Albin Sandberg	alsa06@handelsbanken.se
SEB Enskilda	Stefan Andersson	stefan.andersson@enskilda.se
Swedbank	Niclas Höglund	niclas.hoglund@swedbank.se

Shareholder information

ANNUAL CALENDAR 2014

First Quarter Report	13 May
Annual General Meeting	13 May
Second Quarter Report	22 August
Third Quarter Report	13 November
Year-end Report	12 February 2015
Annual Report	April 2015

SHAREHOLDER CONTACT

Niclas Winkvist, CFO
Tfn +46 431-891 09
niclas.winkvist@peab.se

Gösta Sjöström, CIO
Tfn +46 733-37 10 10
gosta.sjostrom@peab.se

Head office

Peab AB

SE-260 92 Förslöv, (Margretetorpsvägen 84), Tel +46 431-890 00, Fax +46 431-45 17 00

Peab Sverige AB
Business area Construction
Box 808
169 28 Solna
(Gårdsvägen 6)
Sweden
Tel +46 8-623 68 00
Fax +46 8-623 20 60

Peab Industri AB
Business area Industry
Box 2004
422 02 Hisings Backa
(Salsmästaregatan 32B)
Tel +46 31-99 81 00

Peab AS
Postboks 93 Røa
NO-0701 Oslo
Norway
(Sørkedalsveien 150A, 0754 Oslo)
Tel +47 09 099
Fax +47 23 30 30 01

Peab Anläggning AB
Business area Civil Engineering
260 92 Förslöv
(Margretetorpsvägen 84)
Sweden
Tel +46 431-890 00
Fax +46 431-45 15 08

Peab Projektutveckling AB
Business area
Project Development
Box 808
169 28 Solna
(Gårdsvägen 6)
Sweden
Tel +46 8-623 68 00
Fax +46 8-623 20 60

Peab Oy
Sentnerikuja 5
FIN-00440 Helsingfors
Finland
Tel +358 207 606 200
Fax +358 207 606 206

QUALITY HOTEL FRIENDS
Stockholm

Peab is the Nordic Community Builder with some 13,000 employees and net sales of more than SEK 40 billion. The Group's subsidiaries have strategically located offices in Sweden, Norway and Finland. Group headquarters are in Förslöv on the Bjäre Peninsula in Skåne. The share is listed on NASDAQ OMX Stockholm.

Peab AB (publ) SE-260 92 Förslöv Tel +46 431-890 00 Fax +46 431-45 17 00 www.peab.com