

Press release

2020-04-27 2:00 p.m.

Translated comparative figures due to the changed accounting principles for projects with Swedish tenant-owned housing associations

As of fiscal year 2020 Peab consolidates projects with Swedish tenant-owned housing associations at the time the final homebuyers take possession of their apartments.

As previously communicated Peab has received notices and reconciliation letters from Finansinspektionen on the issue of whether or not Swedish tenant-owned housing associations should be consolidated into Peab's consolidated financial statements. On January 28, 2020 Peab received a reconciliation letter maintaining that it is Finansinspektionen's opinion that consolidation must be implemented. Peab came to the conclusion that the prospects of changing the opinion of Finansinspektionen were null and therefore decided to change accounting principles as of January 1, 2020, without waiting for the decision from Finansinspektionen. Peab's decision was made public in February 2020. On March 25, 2020 Finansinspektionen informed the company that the matter was put to rest since Peab, as of January 1, 2020, changed accounting principles.

Peab's changed accounting principles mean that projects with Swedish tenant-owner associations are consolidated into Peab's financial statements as of 2020. Peab's risk situation and financial position are not altered by the change in accounting, nor does it affect Peab's financing agreements.

Changed accounting principles and segment reporting

As of fiscal year 2020 Peab consolidates projects with Swedish tenant-owned housing associations at the time the final homebuyers take possession of their apartments. This means that Peab recognizes the projects on the balance sheet as work-in-progress under the asset item project development properties, and as interest-bearing liabilities. Revenue and costs for the projects will be recognized as homebuyers take possession of their apartments. In conjuncture with this change Peab now recognizes all our own developed housing projects in Sweden, Norway and Finland according to the completion method.

According to previous principles Peab did not consolidate projects with Swedish tenant-owned housing associations from the time land transfer and turnkey contracts were signed, and revenue and expenses were recognized over time as the projects were successively completed.

To create clarity and enable the market to follow Peab's development regarding our own housing developments, revenue and expenses will continue to be recognized over time as the projects are successively completed. This applies to the business area Project Development and the unit Housing Development and refers to Swedish tenant-owned housing associations/own single homes, Norwegian condominiums/share housing and Finnish residential limited companies. Revenue and expenses for our own housing developments in Norway and Finland along with our own single homes in Sweden were previously recognized at one point in time in segment reporting as well. Financial key ratios such as capital employed, equity/assets ratio, net debt and debt/equity ratio as well as earnings per share are presented in segment reporting with consideration taken to the above prerequisites. Net debt in segment reporting includes the unsold portion of housing projects.

Segment reporting is also the model Peab currently uses, and will continue to use in the future, for its internal steering.

IFRS 16, additional leases

In conjunction with changing segment reporting for housing projects Peab has also changed the segment reporting of additional leases according to IFRS 16 (previously operational leases). The change means that leasing fees are recognized as a cost linearly over the leasing period in segment reporting for all business areas and IFRS 16, additional leases is only applied for as a total for the Group.

Translated tables

The changed accounting principles for segment reporting and legal consolidation according to IFRS have been applied retroactively as of January 1, 2019. The tables attached present the translation of the new accounting principles for segment reporting and legal consolidation per quarter in 2019 and per opening balance on 2019-01-01.

For further information, please contact:

Niclas Winkvist, CFO Peab, is reached through Juha Hartomaa, Head of Investor Relations Peab, cell: +46 725-33 31 45

This information is information that Peab AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted, through the agency of the contact person set out above, for publication on April 27, 2020 at 2:00 p.m. CET.

Peab is a leading Nordic construction and civil engineering company with about 16,000 employees and SEK 54 billion in net sales. The Group has strategically placed offices in Sweden, Norway and Finland. Company headquarters are in Förslöv on Bjäre Peninsula in southern Sweden. The Peab share is listed on NASDAQ Stockholm.

Quarterly data, Business areas

	Jan-Mar 2019			Apr-Jun 2019			Jul-Sep 2019			Oct-Dec 2019			Jan-Jun 2019			Jan-Sep 2019			Jan-Dec 2019		
	Reported income statement	Adjusted segment reporting	Adjusted reporting	Reported income statement	Adjusted segment reporting	Adjusted reporting	Reported income statement	Adjusted segment reporting	Adjusted reporting	Reported income statement	Adjusted segment reporting	Adjusted reporting	Reported income statement	Adjusted segment reporting	Adjusted reporting	Reported income statement	Adjusted segment reporting	Adjusted reporting	Reported income statement	Adjusted segment reporting	Adjusted reporting
MSEK																					
Net sales																					
Construction	6,743		6,743	7,782		7,782	6,520		6,520	8,371		8,371	14,525		14,525	21,045		21,045	29,416		29,416
Civil Engineering	2,916		2,916	3,374		3,374	3,257		3,257	3,792		3,792	6,290		6,290	9,547		9,547	13,339		13,339
Industry	2,230		2,230	3,697		3,697	3,820		3,820	3,592		3,592	5,927		5,927	9,747		9,747	13,339		13,339
Project Development	1,863	304	2,167	2,068	191	2,259	1,715	300	2,015	2,138	546	2,684	3,931	495	4,426	5,646	795	6,441	7,784	1,341	9,125
- of which Property Development	173		173	254		254	180		180	179		179	427		427	607		607	786		786
- of which Housing Development	1,690	304	1,994	1,814	191	2,005	1,535	300	1,835	1,959	546	2,505	3,504	495	3,999	5,039	795	5,834	6,998	1,341	8,339
Group functions	275		275	287		287	289		289	325		325	562		562	851		851	1,176		1,176
Eliminations	-2,668		-2,668	-2,872		-2,872	-2,600		-2,600	-2,906		-2,906	-5,540		-5,540	-8,140		-8,140	-11,046		-11,046
Group, segment reporting	11,359	304	11,663	14,336	191	14,527	13,001	300	13,301	15,312	546	15,858	25,695	495	26,190	38,696	795	39,491	54,008	1,341	55,349
Adjustment housing to IFRS			1,176			613			-432			-403			1,789			1,357			954
IFRS 16 Additional leasing																					
Group, IFRS			12,839			15,140			12,869			15,455			27,979			40,848			56,303
Operating profit																					
Construction	156	-1	155	199		199	150		150	208	-1	207	355	-1	354	505	-1	504	713	-2	711
Civil Engineering	36		36	124	-1	123	76		76	132		132	160	-1	159	236	-1	235	368	-1	367
Industry	-44		-44	258		258	361	-1	360	363		363	214		214	575	-1	574	938	-1	937
Project Development	178	2	180	371	-35	336	183	38	221	234	44	278	549	-33	516	732	5	737	966	49	1,015
- of which Property Development	46		46	195	-3	192	35	-1	34	29	-1	28	241	-3	238	276	-4	272	305	-5	300
- of which Housing Development	132	2	134	176	-32	144	148	39	187	205	45	250	308	-30	278	456	9	465	661	54	715
Group functions	-48		-48	-89	-1	-90	-9	-1	-10	-129	-1	-130	-137	-1	-138	-146	-2	-148	-275	-3	-278
Eliminations	-13		-13	-42		-42	-34		-34	-53		-53	-55		-55	-89		-89	-142		-142
Group, segment reporting	265	1	266	821	-37	784	727	36	763	755	42	797	1,086	-36	1,050	1,813	0	1,813	2,568	42	2,610
Adjustment housing to IFRS			520			207			-105			30			727			622			652
IFRS 16 Additional leasing			5			6			6			6			11			17			23
Group, IFRS			791			997			664			833			1,788			2,452			3,285
Operating margin, %																					
Construction	2.3		2.3	2.6		2.6	2.3		2.3	2.5		2.5	2.4		2.4	2.4		2.4	2.4		2.4
Civil Engineering	1.2		1.2	3.7		3.6	2.3		2.3	3.5		3.5	2.5		2.5	2.5		2.5	2.8		2.8
Industry	-2.0		-2.0	7.0		7.0	9.5		9.4	10.1		10.1	3.6		3.6	5.9		5.9	7.0		7.0
Project Development	9.6		8.3	17.9		14.9	10.7		11.0	10.9		10.4	14.0		11.7	13.0		11.4	12.4		11.1
- of which Property Development	26.6		26.6	76.8		75.6	19.4		18.9	16.2		15.6	56.4		55.7	45.5		44.8	38.8		38.2
- of which Housing Development	7.8		6.7	9.7		7.2	9.6		10.2	10.5		10.0	8.8		7.0	9.0		8.0	9.4		8.6
Group functions																					
Eliminations																					
Group, segment reporting	2.3		2.3	5.7		5.4	5.6		5.7	4.9		5.0	4.2		4.0	4.7		4.6	4.8		4.7
Adjustment housing to IFRS																					
IFRS 16 Additional leasing																					
Group, IFRS			6.2			6.6			5.2			5.4			6.4			6.0			5.8

Balance sheet	2019-01-01		
	Reported balance sheet	Difference accounting principles	Group IFRS
MSEK			
Assets			
Intangible assets	2,250		2,250
Tangible assets	5,741		5,741
Investment property	589		589
Interest-bearing long-term receivables	1,445		1,445
Other financial fixed assets	1,292	5	1,297
Deferred tax recoverables	0	346	346
Total fixed assets	11,317	351	11,668
Project and development properties	9,685	7,534	17,219
Inventories	441		441
Interest-bearing current receivables	640	-184	456
Other current receivables	13,857	-827	13,030
Liquid funds	1,376		1,376
Total current assets	25,999	6,523	32,522
Total assets	37,316	6,874	44,190
Equity and liabilities			
Equity	11,348	-1,271	10,077
Liabilities			
Interest-bearing long-term liabilities	5,194	-1,224	3,970
Interest-bearing long-term liabilities, project financing housing	–	213	213
Deferred tax liabilities	123		123
Other long-term liabilities	977	-109	868
Total long-term liabilities	6,294	-1,120	5,174
Interest-bearing current liabilities	1,818	-508	1,310
Interest-bearing current liabilities, project financing housing	–	10,963	10,963
Other current liabilities	17,856	-1,190	16,666
Total current liabilities	19,674	9,265	28,939
Total liabilities	25,968	8,145	34,113
Total equity and liabilities	37,316	6,874	44,190
Key ratios, segment reporting			
Capital employed	18,360		21,050
Equity/assets ratio, %	30.4		29.3
Net debt	3,551		5,998
Debt/equity ratio	0.3		0.5
Key ratios, IFRS			
Capital employed	18,360		26,533
Equity/assets ratio, %	30.4		22.8
Net debt	3,551		13,179
Debt/equity ratio	0.3		1.3
Equity per share, SEK	38.47		34.16
Number of outstanding shares at the end of the period, million	295.0		295.0

Income statement	Jan-Mar 2019					Jan-Jun 2019				
	Reported income statement	Adjusted segment reporting	Group segment	Difference accounting principles	Group IFRS	Reported income statement	Adjusted segment reporting	Group segment	Difference accounting principles	Group IFRS
MSEK										
Net sales	11,359	304	11,663	1,176	12,839	25,695	495	26,190	1,789	27,979
Production costs	-10,367	-302	-10,669	-652	-11,321	-23,144	-529	-23,673	-1,053	-24,726
Gross profit	992	2	994	524	1,518	2,551	-34	2,517	736	3,253
Sales and administrative expenses	-751	-1	-752	1	-751	-1,524	-2	-1,526	2	-1,524
Other operating income	27		27		27	65		65		65
Other operating costs	-3		-3		-3	-6		-6		-6
Operating profit	265	1	266	525	791	1,086	-36	1,050	738	1,788
Financial income	54		54		54	85		85		85
Financial expenses	-50	6	-44	-6	-50	-91	14	-77	-14	-91
Net finance	4	6	10	-6	4	-6	14	8	-14	-6
Pre-tax profit	269	7	276	519	795	1,080	-22	1,058	724	1,782
Tax	-45	-3	-48	-109	-157	-168	-1	-169	-149	-318
Profit for the period	224	4	228	410	638	912	-23	889	575	1,464
Profit for the period, attributable to:										
Shareholders in parent company	224	4	228	410	638	912	-23	889	575	1,464
Non-controlling interests	0		0		0	0		0		0
Profit for the period	224	4	228	410	638	912	-23	889	575	1,464
Key ratios										
Earnings per share before and after dilution, SEK	0.76		0.77		2.16	3.09		3.01		4.96
Average number of outstanding shares, million	295.0		295.0		295.0	295.0		295.0		295.0
Return on equity, % ¹⁾	15.0		-		-	14.9		-		-
Return on capital employed, % ¹⁾	19.2		-		-	19.8		-		-

1) Since the reporting for 2018 has not been converted according to the adjusted accounting principles no data for quarters 1-3 will be presented.

Balance sheet	2019-03-31			2019-06-30		
	Reported balance sheet	Changed accounting principles	Adjusted balance sheet	Reported balance sheet	Changed accounting principles	Adjusted balance sheet
MSEK						
Assets						
Intangible assets	2,282		2,282	2,312		2,312
Tangible assets	6,496		6,496	6,731		6,731
Investment property	675		675	701		701
Interest-bearing long-term receivables	1,253		1,253	1,067		1,067
Other financial fixed assets	1,439	5	1,444	1,712	5	1,717
Deferred tax recoverables	-	234	234	-	196	196
Total fixed assets	12,145	239	12,384	12,523	201	12,724
Project and development properties	10,541	6,334	16,875	10,941	5,579	16,520
Inventories	481		481	505		505
Interest-bearing current receivables	454	-184	270	487	-155	332
Other current receivables	12,237	-880	11,357	14,852	-1,130	13,722
Liquid funds	1,156		1,156	1,128		1,128
Total current assets	24,869	5,270	30,139	27,913	4,294	32,207
Total assets	37,014	5,509	42,523	40,436	4,495	44,931
Equity and liabilities						
Equity	11,665	-857	10,808	11,144	-719	10,425
Liabilities						
Interest-bearing long-term liabilities	5,758	-1,299	4,459	6,851	-1,428	5,423
Interest-bearing long-term liabilities, project financing	-	284	284	-	368	368
Deferred tax liabilities	134		134	147		147
Other long-term liabilities	1,055	-214	841	992	-149	843
Total long-term liabilities	6,947	-1,229	5,718	7,990	-1,209	6,781
Interest-bearing current liabilities	1,454	-335	1,119	3,072	-373	2,699
Interest-bearing current liabilities, project financing	-	8,218	8,218	-	7,110	7,110
Other current liabilities	16,948	-288	16,660	18,230	-314	17,916
Total current liabilities	18,402	7,595	25,997	21,302	6,423	27,725
Total liabilities	25,349	6,366	31,715	29,292	5,214	34,506
Total equity and liabilities	37,014	5,509	42,523	40,436	4,495	44,931

Key ratios, segment reporting	2019-03-31		2019-06-30	
	Reported key ratios	Adjusted key ratios	Reported key ratios	Adjusted key ratios
Capital employed	18,877	20,106	21,067	21,961
Equity/assets ratio, %	31.5	31.6	27.6	28.1
Net debt	4,349	5,323	7,241	7,893
Debt/equity ratio	0.4	0.4	0.6	0.7
Key ratios, IFRS				
Capital employed	18,877	24,888	21,067	26,025
Equity/assets ratio, %	31.5	25.4	27.6	23.2
Net debt	4,349	11,401	7,241	13,073
Debt/equity ratio	0.4	1.1	0.6	1.3
Equity per share, SEK	39.54	36.64	37.77	35.34
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0	295.0

Cash flow statement	2019-03-31			2019-06-30		
	Reported cash flow	Difference accounting principles	Group IFRS	Reported cash flow	Difference accounting principles	Group IFRS
MSEK						
Cash flow from current operations before changes in working capital	461	526	987	1,248	702	1,950
Increase (-) / Decrease (+) of project and development properties	-534	1,205	671	-905	1,960	1,055
Increase (-) / Decrease (+) of inventories	-69	-	-69	-53	-	-53
Increase (-) / Decrease (+) of current receivables / current assets	784	845	1,629	-624	1,134	510
Cash flow from changes in working capital	181	2,050	2,231	-1,582	3,094	1,512
Cash flow from current operations	642	2,576	3,218	-334	3,796	3,462
Acquisition of subsidiaries / businesses, net effect on liquid funds	-	-	-	-20	-	-20
Sale of subsidiaries / businesses, net effect on liquid funds	-	-	-	-	-	-
Acquisition of fixed assets	-415	-	-415	-1,004	-	-1,004
Sale of fixed assets	332	-	332	596	-29	567
Cash flow from investment operations	-83	-	-83	-428	-29	-457
Cash flow before financing	559	2,576	3,135	-762	3,767	3,005
Cash flow from financing operations	-788	-2,576	-3,364	502	-3,767	-3,265
Cash flow for the period	-229	-	-229	-260	-	-260
Liquid funds at the beginning of the period	1,376	-	1,376	1,376	-	1,376
Exchange rate differences in liquid funds	9	-	9	12	-	12
Liquid funds at the end of the period	1,156	-	1,156	1,128	-	1,128

Income statement	Jan-Sep 2019					Jan-Dec 2019				
	Reported income statement	Adjusted segment reporting	Group segment	Difference accounting principles	Group IFRS	Reported income statement	Adjusted segment reporting	Group segment	Difference accounting principles	Group IFRS
MSEK										
Net sales	38,696	795	39,491	1,357	40,848	54,008	1,341	55,349	954	56,303
Production costs	-34,930	-792	-35,722	-721	-36,443	-48,734	-1,295	-50,029	-283	-50,312
Gross profit	3,766	3	3,769	636	4,405	5,274	46	5,320	671	5,991
Sales and administrative expenses	-2,128	-3	-2,131	3	-2,128	-2,879	-4	-2,883	4	-2,879
Other operating income	187		187		187	280		280		280
Other operating costs	-12		-12		-12	-107		-107		-107
Operating profit	1,813	0	1,813	639	2,452	2,568	42	2,610	675	3,285
Financial income	99		99		99	130		130		130
Financial expenses	-126	21	-105	-21	-126	-188	27	-161	-27	-188
Net finance	-27	21	-6	-21	-27	-58	27	-31	-27	-58
Pre-tax profit	1,786	21	1,807	618	2,425	2,510	69	2,579	648	3,227
Tax	-285	-4	-289	-133	-422	-418	-23	-441	-130	-571
Profit for the period	1,501	17	1,518	485	2,003	2,092	46	2,138	518	2,656
Profit for the period, attributable to:										
Shareholders in parent company	1,501	17	1,518	485	2,003	2,092	46	2,138	518	2,656
Non-controlling interests	0		0		0	0		0		0
Profit for the period	1,501	17	1,518	485	2,003	2,092	46	2,138	518	2,656
Key ratios										
Earnings per share before and after dilution, SEK	5.09		5.15		6.79	7.09		7.25		9.00
Average number of outstanding shares, million	295.0		295.0		295.0	295.0		295.0		295.0
Return on equity, % ¹⁾	14.1		-		-	13.1		12.8		13.2
Return on capital employed, % ¹⁾	19.2		-		-	17.9		17.9		24.3

1) Since the reporting for 2018 has not been converted according to the adjusted accounting principles no data for quarters 1-3 will be presented.

Balance sheet	2019-09-30			2019-12-31		
	Reported balance sheet	Changed accounting principles	Adjusted balance sheet	Reported balance sheet	Changed accounting principles	Adjusted balance sheet
MSEK						
Assets						
Intangible assets	2,324		2,324	2,334		2,334
Tangible assets	6,644		6,644	6,811		6,811
Investment property	704		704	558		558
Interest-bearing long-term receivables	1,077		1,077	1,086		1,086
Other financial fixed assets	1,994	5	1,999	2,092	5	2,097
Deferred tax recoverables	-	209	209	8	193	201
Total fixed assets	12,743	214	12,957	12,889	198	13,087
Project and development properties	11,094	5,728	16,822	11,407	5,541	16,948
Inventories	500		500	533		533
Interest-bearing current receivables	195	-77	118	144		144
Other current receivables	14,910	-1,280	13,630	13,383	-780	12,603
Liquid funds	261		261	373		373
Total current assets	26,960	4,371	31,331	25,840	4,761	30,601
Total assets	39,703	4,585	44,288	38,729	4,959	43,688
Equity and liabilities						
Equity	11,735	-769	10,966	12,266	-707	11,559
Liabilities						
Interest-bearing long-term liabilities	5,942	-1,670	4,272	5,617	-1,814	3,803
Interest-bearing long-term liabilities, project financing	-	448	448	-	326	326
Deferred tax liabilities	138		138	148		148
Other long-term liabilities	959	-109	850	1,014	-76	938
Total long-term liabilities	7,039	-1,331	5,708	6,779	-1,564	5,215
Interest-bearing current liabilities	3,533	-233	3,300	3,493	-482	3,011
Interest-bearing current liabilities, project financing	-	7,385	7,385	-	7,637	7,637
Other current liabilities	17,396	-467	16,929	16,191	75	16,266
Total current liabilities	20,929	6,685	27,614	19,684	7,230	26,914
Total liabilities	27,968	5,354	33,322	26,463	5,666	32,129
Total equity and liabilities	39,703	4,585	44,288	38,729	4,959	43,688

Key ratios, segment reporting	2019-09-30		2019-12-31	
	Reported key ratios	Adjusted key ratios	Reported key ratios	Adjusted key ratios
Capital employed	21,210	21,999	21,376	21,617
Equity/assets ratio, %	29.6	30.2	31.7	32.5
Net debt	7,942	8,474	7,507	7,535
Debt/equity ratio	0.7	0.7	0.6	0.6
Key ratios, IFRS				
Capital employed	21,210	26,371	21,376	26,336
Equity/assets ratio, %	29.6	24.8	31.7	26.5
Net debt	7,942	13,949	7,507	13,174
Debt/equity ratio	0.7	1.3	0.6	1.1
Equity per share, SEK	39.78	37.17	41.58	39.18
Number of outstanding shares at the end of the period, million	295.0	295.0	295.0	295.0

Cash flow statement	2019-09-30			2019-12-31		
	Reported cash flow	Difference accounting principles	Group IFRS	Reported cash flow	Difference accounting principles	Group IFRS
MSEK						
Cash flow from current operations before changes in working capital	1,951	639	2,590	3,152	717	3,869
Increase (-) / Decrease (+) of project and development properties	-1,081	1,809	728	-1,661	1,998	337
Increase (-) / Decrease (+) of inventories	-48	-	-48	-89	-	-89
Increase (-) / Decrease (+) of current receivables / current assets	-1,491	1,173	-318	-1,350	1,246	-104
Cash flow from changes in working capital	-2,620	2,982	362	-3,100	3,244	144
Cash flow from current operations	-669	3,621	2,952	52	3,961	4,013
Acquisition of subsidiaries / businesses, net effect on liquid funds	-22	-	-22	-22	-	-22
Sale of subsidiaries / businesses, net effect on liquid funds	88	-	88	163	-	163
Acquisition of fixed assets	-1,351	-	-1,351	-1,925	-	-1,925
Sale of fixed assets	851	-107	744	1,181	-184	997
Cash flow from investment operations	-434	-107	-541	-603	-184	-787
Cash flow before financing	-1,103	3,514	2,411	-551	3,777	3,226
Cash flow from financing operations	-21	-3,514	-3,535	-462	-3,777	-4,239
Cash flow for the period	-1,124	-	-1,124	-1,013	-	-1,013
Liquid funds at the beginning of the period	1,376	-	1,376	1,376	-	1,376
Exchange rate differences in liquid funds	9	-	9	10	-	10
Liquid funds at the end of the period	261	-	261	373	-	373

Quarterly data, Group IFRS

MSEK	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019
Net sales	15,455	12,869	15,140	12,839
Production costs	-13,869	-11,717	-13,405	-11,321
Gross profit	1,586	1,152	1,735	1,518
Sales and administrative expenses	-751	-604	-773	-751
Other operating income	93	122	38	27
Other operating costs	-95	-6	-3	-3
Operating profit	833	664	997	791
Financial income	31	14	31	54
Financial expenses	-62	-35	-41	-50
Net finance	-31	-21	-10	4
Pre-tax profit	802	643	987	795
Tax	-149	-104	-161	-157
Profit for the period	653	539	826	638
Profit for the period, attributable to:				
Shareholders in parent company	653	539	826	638
Non-controlling interests	0	0	0	0
Profit for the period	653	539	826	638
Key ratios				
Earnings per share before and after dilution, SEK	2.21	1.83	2.80	2.16
Average number of outstanding shares, million	295.0	295.0	295.0	295.0
Capital employed (CB)	26,336	26,371	26,025	24,888
Equity (CB)	11,559	10,966	10,425	10,808