

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 conjuncture 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:

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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.