



## Interim report January–June 2016



# Strong second quarter with continued positive development

## 1 April-30 June 2016

- Net sales increased during the period by 45 per cent to SEK 2,703 million (1,864).
- Operating profit improved by SEK 57 million to SEK 165 million (108). The operating margin was 6 per cent (6).
- Profit after financial items amounted to SEK 92 million (12).
- Profit for the period after tax amounted to SEK 74 million (9).
- Cash flow before financing amounted to SEK -285 million (-392).
- Earnings per share amounted to SEK 0.66 (0.07)<sup>1)</sup>.
- Return on capital employed amounted to 14 per cent (8).
- The number of housing units sold during the period amounted to 1,763 (1,472). The number of production starts of housing units during the period amounted to 1,506 (1,403).

## 1 January-30 June 2016

- Net sales increased during the period by 26 per cent to SEK 4,581 million (3,628).
- Operating profit improved by SEK 167 million to SEK 349 million (182). The operating margin was 8 per cent (5).
- Profit after financial items amounted to SEK 206 million (0).
- Profit for the period after tax amounted to SEK 162 million (0).
- Cash flow before financing amounted to SEK -861 million (-846).
- Earnings per share amounted to SEK 1.50 (0.00)<sup>1)</sup>.
- Return on capital employed amounted to 14 per cent (8).
- The number of housing units sold during the period amounted to 2,551 (2,614). The number of production starts of housing units during the period amounted to 2,253 (2,118).

SEK million	Q2		H1		R12	Full year
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	Jul 2015- Jun 2016	2015 Jan-Dec
Net sales	2,703	1,864	4,581	3,628	14,023	13,070
Operating profit	165	108	349	182	1,545	1,377
Profit after financial items	92	12	206	0	1,238	1,033
Profit for the period after tax	74	9	162	0	960	798
Earnings per share, SEK <sup>1)</sup>	0.66	0.07	1.50	0.00	8.57	7.08
Cash flow before financing	-285	-392	-861	-846	1,422	1,437
Net debt	5,080	10,620	5,080	10,620	5,080	4,216
Capital employed at period end	10,984	11,405	10,984	11,405	10,984	9,811
Return on capital employed, %	14	8	14	8	14	12
Equity/assets ratio, %	27	1	27	1	2,713	31
Number of housing units starts	1,506	1,403	2,253	2,118	6,491	6,356
Number of housing units sold	1,763	1,472	2,551	2,614	6,252	6,315

<sup>1)</sup> No dilution effects.

For definitions see page 29.

## Comments from the CEO



**"The uncertainty in Europe has increased during the year; however, the demand for affordable housing is strong in all of our markets."**

### The market

The market continued to develop positively during the second quarter and in line with the trend we noted at the start of the year. The demand in our markets generally remained favourable, not least in the consumer segments in Sweden and Germany. During the quarter, there were indications that housing prices in Sweden were levelling off. What long-term consequences this will have is too early to say. I would not be surprised if prices levelled off somewhat. As in the last quarter, we sold land at loss in the Baltics. The divestments are part of our work with refining our portfolio, so that resources can be allocated to our growth regions in accordance with our strategy. As a result of the divestments, the phase of tidying up the portfolio is now behind us.

### Earnings outcome

Net sales increased during the quarter and operating profit amounted to SEK 165 million (108). Number of housing starts for consumers and investors totalled 1,506. Housing starts for consumers amounted to 974, which was 103 fewer than in the corresponding quarter of 2015. Number of housing starts for investors amounted to 532 (326). Accordingly, the number of housing units in production amounted to 9,016, compared with 8,439 on 30 June 2015.

We delivered more housing units during the quarter compared with the corresponding quarter of 2015 and overall we deliver a good result. Particularly when considering that the result includes the sale of land at a loss in the Baltics of SEK 51 million, non-recurring costs of SEK 23 million connected to the establishment of Bonava as an independent company, and that less units were recognised for profit in Finland.

### Group performance

An important milestone during the quarter was the sale of about 350 environmental classified rental apartments to the pension fund Första AP Fonden's housing company, Willhem, for approximately SEK 600 million. The transaction included about 130 apartments that are under construction in Linköping, and

221 housing units in Karlstad, for which production started during the quarter. The transactions will be recognised for profit during the first quarter of 2017 and the fourth quarter of 2018, respectively, when completion is expected.

This represented our first major transaction to the investor market for rental apartments in Sweden, a market segment in which we have great belief in and in which we expect long-term growth.

Another milestone was the listing of Bonava. My view is that we have been well received by the market, which is gratifying. During the quarter, our operations in Germany was in the spotlight after achieving first place for the fourth consecutive year in the ranking of the largest German housing developers, for which we are all very proud.

During the quarter we launched our new brand and in connection with that we launched our customer websites for Bonava in all eight countries.

### Future

At the end of the quarter, 73 per cent of all housing units in production had been sold.

Looking ahead, we expect that Germany and Sweden will continue to be strong markets. This does not necessarily mean that prices in the Swedish market will continue to rise. In Germany, we foresee continued price increases, although the rate of increase will generally be slow. In Finland, we have yet to see any distinct reversal of the weak economic situation, while the market trend in St. Petersburg remains relatively slow.

The uncertainty in Europe has increased during the year; however, the demand for affordable housing is strong in all of our markets. With our geographical spread, our consumer and investor businesses and our focus on affordable and sustainable housing units, I am convinced that we have an interesting market position and potential.

**Joachim Hallengren,  
President and CEO**

## Bonava in brief

Bonava is a leading residential development company in Northern Europe. Born out of NCC, Bonava has been creating homes and neighbourhoods since the 1930's. Today Bonava has 1,400 employees and operates in Sweden, Finland, Denmark, Norway, Germany, St. Petersburg, Estonia and Latvia with sales of SEK 13 billion. Bonava's shares are listed on Nasdaq Stockholm.

### Vision

*To create happy neighbourhoods where people have the highest quality of life.*

Our vision is to create vibrant locations where people can feel at home and be happy. Obviously, this means different things to different people and can change over time. Accordingly, we always endeavour to learn and understand what makes people happy where they live. Dreams and wishes aside, we are convinced that vibrant locations are not created simply at the stroke of a pen. In fact, this is only the starting point.

### Business concept

Bonava develops and sells affordable and sustainable housing units to consumers and investors in selected markets in Sweden, Germany, Finland, Denmark, Norway, St. Petersburg and Estonia/Latvia. Bonava is active through the whole process, from land acquisition until transfer of the housing unit to the customer, in order to ensure customer focus throughout the whole value chain.

### Strategy

- Enhance differentiation through an increased customer focus
- Focus on affordable and sustainable housing units in Sweden, Germany, Finland, Denmark, Norway, St. Petersburg and Estonia/Latvia
- Focusing capital allocation to high-growth regions
- Grow and capitalise on Bonava's strong position in the German market
- Retain cost leadership in Germany and Estonia/Latvia while improving the cost position in the nordic markets
- An enhanced degree of industrialisation and standardisation

### Financial objectives

Return on capital employed

**10–15%**

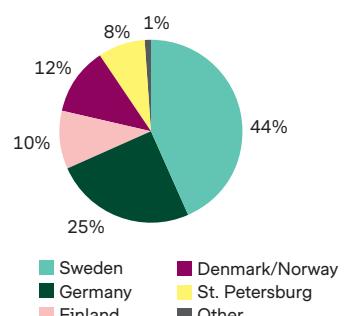
Equity/assets ratio

**30%**

The equity/assets ratio is to amount to at least 30 per cent.



Net sales per segment, %  
(R12 Jul 2015–Jun 2016)



### Dividend

**40%**

At least 40 per cent of consolidated profit for the year after tax is to be distributed to shareholders.

# Group performance

*All comparative figures in this report pertain to the corresponding period in the preceding year. Rounding-off differences may occur.*

## Market performance

Demand remained favourable in Sweden and Germany. Increases in housing prices in Sweden are showing signs of levelling off. In Finland the economy is weak but prices increased and continued to recover slightly. In Finland, demand in the investor market and among consumers is stronger for small, affordable housing units than the housing market in general. Demand for housing units remained favourable in Copenhagen and prices in Denmark rose. In Norway, demand improved and prices increased during the quarter. In St. Petersburg, the market remains cautious.

## April–June 2016

### Operational performance

#### Net sales

Net sales amounted to SEK 2,703 million (1,864). The increase was primarily attributable to housing units delivered to consumers in Sweden. During the quarter, a total of 895 (721) housing units for consumers, and 206 (131) housing units for investors, were recognised for profit. The average price per housing unit for consumers was SEK 2.5 million (2.2). Changes in exchange rates had a negative impact of SEK 96 million on the Group's net sales year-on-year.

In Sweden, the number of housing units delivered to consumers rose as did the average price. During the quarter, one project for investors was recognised for profit and revenues from sales of land were lower year-on-year. In Germany, the number of housing units delivered to consumers rose at a higher average price.

Net sales in Finland declined since fewer housing units for consumers and no housing units for investors were recognised for profit. Net sales in Denmark-Norway declined since fewer units were delivered to consumers. However, the average price increased during the quarter. Sales of land were higher than last year.

In St. Petersburg, net sales increased during the quarter, as a result of more profit-recognised housing units for both consumers and investors.

#### Operating profit

Operating profit for the period totalled SEK 165 million (108). The increase derived mainly from higher net sales with improved margins in projects for consumers in Sweden, as well as increased volumes in St. Petersburg. The result from sales of land during the quarter amounted to a loss of SEK 28 million (profit: 49), of which sales of non-priority land in Latvia, in order to allocate resources to our growth regions, accounted for a loss of SEK 51 million. Changes in exchange rates had a negative year-on-year impact on earnings of SEK 19 million.

Sweden accounted for a large portion of the Group's earnings during the quarter as a result of improved profit from housing units for consumers. Profit from sales of land in Sweden amounted to SEK 15 million (31). In Germany, earnings improved since more housing units were delivered to consumers during the quarter.

Profit in Denmark-Norway improved as a result of increased margins on housing units for consumers. Profit for the year-earlier period was charged with impairment losses of SEK 48 million on a project in Stavanger. Profit in Finland declined, due to a decreased number of profit-recognised housing units for both consumers and investors. In St. Petersburg, profit improved as a result of a higher number of housing units being delivered to consumers and investors.

The organisational realignment due to being listed on Nasdaq Stockholm resulted in one-off costs of SEK 23 million during the quarter.

#### Net financial items, tax and profit for the period

Net financial items amounted to SEK -73 million (-96). This improvement was attributable to lower net debt. Profit before tax for the second quarter of 2016 totalled SEK 92 million (12).

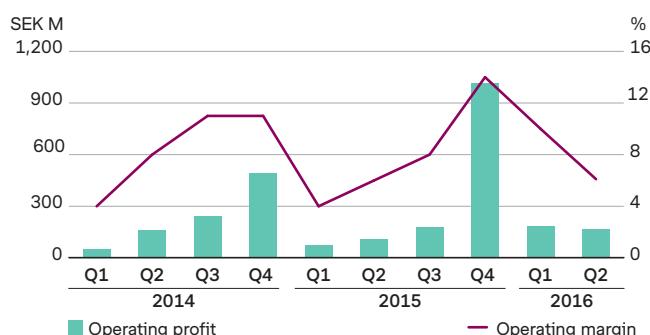
Tax on profit for the period amounted to SEK -18 million (-3), corresponding to a tax rate of 20 per cent (21).

Profit for the period after tax amounted to SEK 74 million (9).

## Net sales and operating margin



## Operating profit and operating margin



## continued. Group performance

### January–June 2016

#### Group development

##### Net sales

Net sales amounted to SEK 4,581 million (3,628). Higher net sales in Sweden and St. Petersburg were offset by lower net sales in Denmark-Norway and Finland. During the first six months, a total of 1,524 (1,192) housing units for consumers, and 206 (328) housing units for investors, were recognised for profit. The average price per housing unit for consumers was SEK 2.6 million (2.5). Changes in exchange rates had a negative year-on-year impact of SEK 136 million on the Group's net sales.

In Sweden, the number of housing units delivered to consumers rose as did the average price. Net sales from investors in Sweden rose. Net sales in Germany declined year-on-year since no housing units for investors were recognised for profit. In the preceding year, one investor deal in Germany was recognised for profit in the first quarter.

Net sales in Finland declined since fewer housing units for consumers, and no housing units for investors, were recognised for profit.

Net sales in Denmark-Norway declined since fewer units were delivered to consumers. In St. Petersburg, net sales for the quarter increased as a result of a larger number of housing units for consumers, and one project for investors, being recognised for profit.

##### Operating profit

Operating profit for the period totalled SEK 349 million (182). Profit from projects for consumers improved, primarily in Sweden where a number of projects were recognised for profit at strong margins, while profit from projects for investors declined. The result from sales of land amounted to SEK -19 million (62), of which sales of land in Latvia accounted for a loss of SEK 89 million. Changes in exchange rates had a negative year-on-year impact on earnings of SEK 25 million.

In Sweden, improvements were noted in both net sales and margins in projects for consumers. One project for investors was completed without any impact on earnings, since it pertained to a loss-making project for which a provision was posted earlier. Profit from sales of land amounted to SEK 61 million (43).

In Germany, earnings declined since fewer housing units were delivered to consumers and no projects for investors were recognised for profit. In the preceding year, one project for an investor in Germany was recognised for profit.

A loss was reported in Finland since few housing units for consumers and no housing units for investors were recognised for profit. Profit in Denmark-Norway improved as a result of increased margins on housing units for consumers. Profit for the year-earlier period was charged with impairment losses of SEK 48 million on projects in Stavanger during the second quarter. In St. Petersburg, profit improved as a result of a higher number of housing units being delivered to consumers and a project for investors being recognised for profit.

The organisational realignment due to being listed on Nasdaq Stockholm resulted in one-off costs of SEK 34 million during the first six months.

##### Net financial items, tax and profit for the period

Net financial items amounted to SEK -143 million (-181). This improvement was attributable to lower net debt. Profit before tax for the first half of 2016 totalled SEK 206 million (0).

Tax on profit for the period amounted to SEK -44 million (0), corresponding to a tax rate of 21 per cent (-).

Profit for the period after tax amounted to SEK 162 million (0).

SEK million	Q2		H1		R12	Full year
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	Jul 2015– Jun 2016	2015 Jan-Dec
<b>Net sales per segment</b>						
Sweden	1,307	574	2,558	1,314	5,883	4,639
Germany	688	515	846	942	3,375	3,471
Finland	97	387	185	591	1,385	1,791
Denmark/Norway	208	267	464	595	1,629	1,760
St. Petersburg	365	70	471	116	1,128	773
Other and eliminations	38	51	57	70	622	636
<b>Total</b>	<b>2,703</b>	<b>1,864</b>	<b>4,581</b>	<b>3,628</b>	<b>14,023</b>	<b>13,070</b>

SEK million	Q2		H1		R12	Full year
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	Jul 2015– Jun 2016	2015 Jan-Dec
<b>Operating profit/loss per segment</b>						
Sweden	167	77	428	142	992	706
Germany	70	44	43	65	399	422
Finland	-36	60	-49	68	70	187
Denmark/Norway	-1	-55	6	-65	67	-3
St. Petersburg	85	12	110	28	279	197
Other and eliminations	-121	-29	-189	-58	-263	-132
<b>Total</b>	<b>165</b>	<b>108</b>	<b>349</b>	<b>182</b>	<b>1,545</b>	<b>1,377</b>

# Financial position, investments and cash flow

## Total assets

Total assets amounted to SEK 17,881 million (16,749). The increase was primarily due to an increase in receivables and in cash.

## Net debt

Net debt totalled SEK 5,080 million (10,620), of which net debt in Swedish tenant-owner associations and Finnish housing companies accounted for SEK 3,709 million (3,179). Net debt declined compared to last year, mainly because of the shareholders' contribution of SEK 5.0 billion received from NCC AB in December 2015. As per 31 March 2016, net debt amounted to SEK 4,552 million.

## Capital employed and return on capital employed

The return on capital employed was 14 per cent (8). This improvement was attributable to higher operating profit and lower average capital employed. Capital employed amounted to SEK 10,984 million (11,405) as per 30 June 2016. The decline in capital employed was mainly a result of an increase in interest-free financing. As per 31 March 2016, capital employed amounted to SEK 10,236 million.

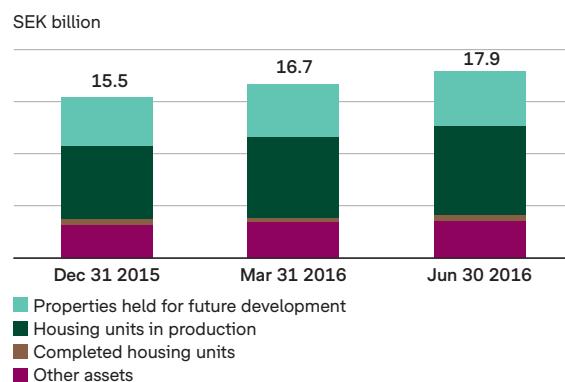
In Sweden, properties held for future development and ongoing production declined, at the same time as interest-free project financing increased and tied-up capital was lower than at 30 June 2015. Accordingly, when combined with the improved profit, this resulted in an increase in the return on capital employed.

In Germany, properties held for future development and ongoing housing projects increased, which was partially offset by an increase in advances from customers, since the sales rate was high. The return on capital employed was lower year-on-year, due to an increase in tied-up capital.

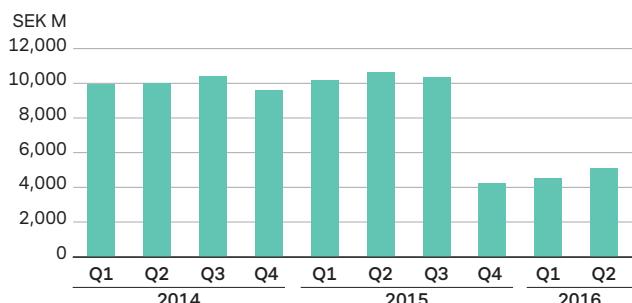
In Finland, capital tied up in land and completed housing units declined. The return on capital employed decreased, due to the lower earnings. In Denmark-Norway, capital tied-up in completed housing units declined, while interest-free financing of land and ongoing projects increased. The return on capital employed was higher, thanks to improved earnings and lower average tied-up capital.

In St. Petersburg, the value of land and ongoing projects declined, while capital employed increased due to a reduction in interest-free financing. The return on capital employed was higher, thanks to the improved earnings.

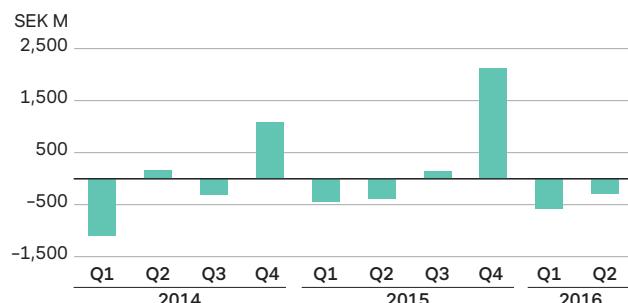
## Distribution of assets



## Net debt



## Cash flow before financing



## continued. Financial position, investments and cash flow

### Equity/assets and debt/equity ratio

The equity/assets ratio as per 30 June 2016 was 27 per cent (1). Bonava's equity/assets ratio is affected by seasonal effects since the company's assets increase in the first three quarters of the year and then decline in the fourth quarter, when a large number of housing units are delivered to customers and recognised for profit.

The debt/equity ratio was 1.0 (53.0).

The change in the equity/assets ratio and debt/equity ratio between 30 June 2016 and the same date in the preceding year was mainly due to the shareholder contribution of SEK 5.0 billion received from NCC AB in December 2015.

### Cash flow for the quarter April–June

Cash flow before financing was SEK -285 million (-392). The improved earnings generated higher cash flow from operating activities before changes in working capital. Good sales facilitated an increased number of housing starts and thus higher production, particularly in Germany and Sweden. Investments in properties held for future development also rose, mainly in Germany. Cash flow from sales rose, thanks to a larger number of housing units being delivered to consumers. Other changes in working capital were impacted positively by increased interest-free financing of both land investments and housing projects under construction.

### Cash flow for the first half of 2016, January–June

Cash flow before financing was SEK -861 million (-846). Improved earnings generated higher cash flow from operating activities before changes in working capital. Increased investments in land and ongoing housing projects, particularly in Sweden and Germany, exceeded cash flow from sales of housing projects, and cash flow from housing projects deteriorated year-on-year. Improvements were noted in other changes in working capital as a result of an increase in interest-free financing of housing projects. Investments, primarily in new IT systems, increased year-on-year.

### Seasonal effects

Bonava recognizes revenues and earnings from housing sales when the sold and completed units are delivered to customers. Bonava's operations are affected by seasonal variations due to cold weather and the company's cyclical production year. A large share of the annual production is completed and transferred to customers during the fourth quarter. Accordingly, earnings are normally stronger in the fourth quarter than in other quarters as illustrated on page seven in the graph Estimated completion per quarter.

# Housing sales, housing starts and building rights

## Comments, April–June 2016

### Housing sales and housing starts

During the second quarter, 1,100 housing units (1,277) were sold to consumers and 663 housing units (195) to investors. In the year earlier period, sales were exceptionally high in St. Petersburg, where market conditions have weakened. Stable demand for rental units in our markets is the reason for the improvement in sales of housing units to investors. During the same quarter, 974 (1,077) housing units were started for consumers and 532 (326) for investors.

### Housing units in ongoing production 30 June 2016

As per 30 June 2016, the number of housing units in ongoing production for consumers amounted to 6,710 (6,538) and ongoing housing units for investors was 2,306 (1,901). The increase resulted from the high sales rate in ongoing production, which enabled a large number of housing starts. The sales rate as per 30 June 2016 was 64 per cent (70) for housing units

for consumers and 100 per cent (93) for housing units for investors. The completion rate at the same date was 53 per cent (53) and 58 per cent (72), respectively.

## Comments January–June 2016

### Housing sales and housing starts

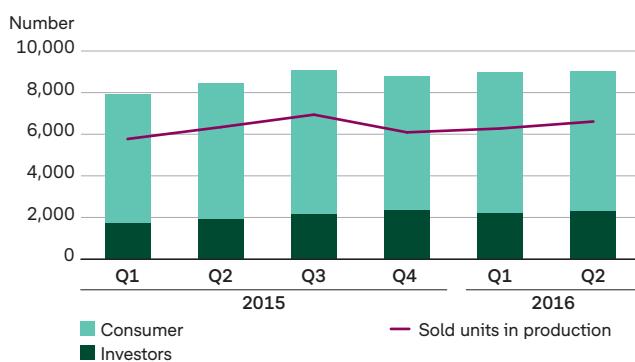
During the period, a total of 1,888 housing units (2,292) were sold to consumers and 663 (322) housing units to investors. The number of housing starts was 1,721 (1,665) for consumers and 532 (453) for investors. The high sales rate in production facilitated an increase in housing starts during the period.

### Estimated completions per quarter

As more housing units are started, enabled by good sales, the number of completions per quarter is estimated to increase. For Germany, the production lead times are relatively short and the sales rate was high.

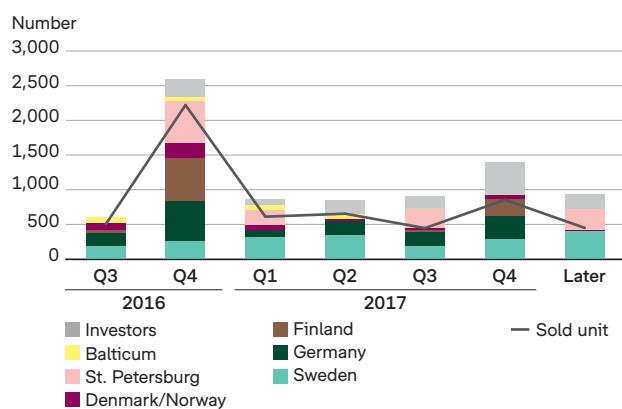
	Q2		H1		Full year
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Housing units in ongoing production for consumers, at period end	6,710	6,538	6,710	6,538	6,432
Housing units in ongoing production for investors, at period end	2,306	1,901	2,306	1,901	2,346
<b>Total number of housing units in ongoing production</b>	<b>9,016</b>	<b>8,439</b>	<b>9,016</b>	<b>8,439</b>	<b>8,778</b>
Sales rate for housing units in ongoing production, %	73	75	73	75	69
The rate of reserved housing units in ongoing production, %	4	6	4	6	5
<b>Sold and reserved housing units in ongoing production, %</b>	<b>77</b>	<b>81</b>	<b>77</b>	<b>81</b>	<b>74</b>
Housing units sold to consumers, during the period	1,100	1,277	1,888	2,292	4,542
Housing units sold to investors, during the period	663	195	663	322	1,773
<b>Total housing units sold, during the period</b>	<b>1,763</b>	<b>1,472</b>	<b>2,551</b>	<b>2,614</b>	<b>6,315</b>
Housing starts for consumers, during the period	974	1,077	1,721	1,665	4,452
Housing starts for investors, during the period	532	326	532	453	1,904
<b>Total housing starts, during the period</b>	<b>1,506</b>	<b>1,403</b>	<b>2,253</b>	<b>2,118</b>	<b>6,356</b>

### Number of housing units in ongoing production and percentage of sold housing units



The diagram shows the number of housing units in ongoing production at various points of time and the proportion of these that were sold.

### Estimated completion per quarter



The diagram shows the estimated completion for housing units for consumers and housing units to the investor market that are not yet profit recognised. The curve shows the sales rate. Sold housing units are profit recognised on the date of transfer.

## continued. Housing sales, housing starts and building rights

### **Building rights 30 June 2016**

Building rights totalled 28,600 (30,100), of which 19,100 (20,400) were reported in the balance sheet. This decline was due to active portfolio management, which resulted in land in non-prioritised markets being divested and an increase in the number of housing starts.

### **Unsold, completed housing units at period end**

The number of unsold, completed housing units at period end was 137 (206). All of these housing units are for consumers.

# Other

## Significant risks and uncertainties

Bonava's operations are exposed to several types of risks, both operational and financial. Operational risks impact the Group's daily operations. This type of risk may pertain to investments in land, project development, seasonal exposure or assessment of the earnings capacity of projects.

Operational risks are managed as part of the internal corporate governance established by Bonava. The segments assess and manage risk through operational systems as well as developed processes and procedures.

The Group's financial risks such as interest-rate, currency, refinancing, liquidity and credit risks are managed centrally in order to minimise and control the risk exposure.

Credit risks are managed by the individual segment. A centralised insurance function is responsible for Group-wide non-life and liability insurance, primarily property and contractor's insurance. This function also performs preventive risk-management work together with the segments, thus resulting in cost-efficiency and coordination of insurable risks. The risk that Bonava may fail to comply with the company's Code of Conduct is managed by the CSR Compliance function.

Also refer to the prospectus, Admission to trading on Nasdaq Stockholm for shares of series A and series B in Bonava AB (publ), in the section Risk factors, at [www.bonava.com](http://www.bonava.com).

## Organisation and employees

The average number of employees in the Group during the first half of 2016 was 1,408 (1,299).

## Shares and shareholders

Bonava has two series of shares, series A and series B shares. The closing price on 30 June 2016 was SEK 101.90 per series A share and SEK 102.00 per series B share, corresponding to market capitalisation of SEK 11.1 billion.

The share capital on the balance-sheet date was SEK 433,743,288, divided among 108,435,822 shares and 239,139,807 voting rights.

The number of shareholders at the end of the quarter was 45,725. The largest shareholder was Nordstjernan AB. As per 30 June 2016, the ten largest shareholders controlled 46.0 per cent of the share capital and 64.2 per cent of the voting rights.

## Ten largest shareholders as per 30 June 2016

Largest shareholders	Number of series A shares	Number of series B shares	Hold- ing, %	Voting rights, %
Nordstjernan AB	10,700,000	11,023,759	20.03	49.35
AMF – Insurance and Funds	0	6,855,499	6.32	2.87
SEB Investment Management	0	5,893,537	5.44	2.46
Swedbank Robur funds	0	4,903,853	4.52	2.05
Lannebo funds	0	3,959,749	3.65	1.66
Livsförsäkringsbolaget Skandia	330,953	619,269	0.88	1.64
Nordea Bank Finland Client	276,429	4,426	0.26	1.16
SEB	200,984	389,478	0.54	1.00
Fourth AP Fund	0	2,368,323	2.18	0.99
Handelsbanken funds	0	2,327,701	2.15	0.97
<b>Total, ten largest shareholders</b>	<b>11,508,366</b>	<b>38,345,594</b>	<b>46.0</b>	<b>64.2</b>

## Legal structure

Effective 12 April 2016, NCC distributed all of the shares in Bonava AB to the shareholders. NCC AB remains as a minority owner of Bonava Deutschland GmbH, but Bonava possesses an option to acquire NCC AB's participations in 2021. According to a profit sharing agreement, NCC AB will abstain from dividends and will instead receive annual compensation of EUR 1.3 million until the agreement is cancelled, which may happen in five years' time at the earliest. The agreed profit sharing, representing a debt of SEK 54 million to NCC AB, has been reported in an amount corresponding to the fair value of five years of payment.

## Significant events during the period

On 9 June 2016, Bonava shares were listed on Nasdaq Stockholm in the Large Cap segment.

On 12 April 2016, NCC AB's annual general meeting resolved to approve the NCC board's motion regarding the distribution of all shares in Bonava.

On 12 April, the company also disclosed its new brand and the company's name, Bonava.

On 4 April, the receivable from NCC AB regarding a shareholders' contribution of SEK 5.0 billion was settled.

On 28 April 2016, Bonava entered into a material loan agreement with Danske Bank, Skandinaviska Enskilda Banken (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) regarding a multicurrency revolving credit facility intended for Bonava's general requirements and for working capital in the Group. The loan has a term of five years and amounts to SEK 2.7 billion. Bonava also has a covered loan of EUR 30 million over a term of four years and a loan of EUR 30 million over a term of five years with AB Svensk Exportkredit.

**Financial calendar**

- Interim report Jan–Sep: 8 November 2016
- Year-end report Jan–Dec: 25 January 2017

**Contact**

Ann-Sofi Danielsson, CFO and Head of Investor Relations  
ann-sofi.danielsson@bonava.com

Tel: +46 8 409 544 00

Tel: +46 706 740 720

**Publication**

This information is information that Bonava AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 19 July 2016, at 08:00 CET.

**Invitation to analyst and media meeting**

CEO Joachim Hallengren and CFO Ann-Sofi Danielsson will present the Interim Report, and the presentation will end with an opportunity to ask questions.

**Venue:** Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm, Sweden.

**Time:** 19 July 2016, 10:00–11:00 a.m. Registration and coffee served from 9:30 a.m.

Please register by e-mail to [ir-reg@magneetto.com](mailto:ir-reg@magneetto.com) or by telephone to +46 8 28 01 00.

To participate in the teleconference and ask questions, please call one of the following numbers: +46 8 519 993 55 (SE), +44 203 194 05 50 (UK), +1 855 269 26 05 (US) or +49 800 627 07 14 (DE).

The presentation will be broadcast live on Bonava's website [www.bonava.com](http://www.bonava.com) under Investor relations, where a recorded version of the presentation will also be available after the event. The presentation material will be available on the same page, prior to the start of the presentation.

## Key figures per segment: Sweden

In Sweden, Bonava has operations focusing on consumers in five cities: Stockholm, Gothenburg, Linköping, Uppsala and Umeå. Bonava's investor-oriented business focuses on around 15 cities. In Sweden, Bonava's offering is targeted at both consumers and investors, through both multi-family houses and single-family houses.

**221 environment friendly apartments in Karlstad.**

**Project name:** Rud

**Project start:** Q2 2016

**Location:** Karlstad

**Housing category:** Multi-family housing

**Number of housing units:** 221

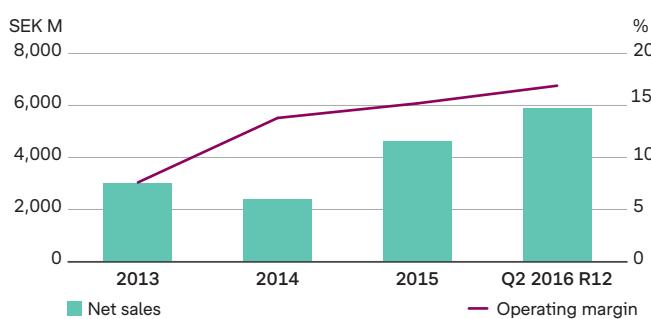
Environment friendly classified apartments 2 km north of Karlstad city centre. All apartments have a balcony and share a car-free 350 m<sup>2</sup> yard for play and social activities. Close to green areas and schools.



	Q2		H1		Full year	
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec	
<b>Key financial figures</b>						
Net sales, SEK M	1,307	574	2,558	1,314	4,639	
Operating profit, SEK M <sup>1)</sup>	167	77	428	142	706	
Operating margin, %	13	13	17	11	15	
Capital employed at period end, SEK M	4,631	5,242	4,631	5,242	4,978	
Return on capital employed, %	20	7	20	7	14	
<b>Building rights</b>						
Building rights at period end, number	7,200	8,900	7,200	8,900	7,600	
of which, off-balance-sheet building rights, number	2,700	2,400	2,700	2,400	2,500	
<b>Housing development for consumers</b>						
Number of sold housing units during the period	315	312	564	778	1,350	
Number of started housing units during the period	162	369	320	628	1,343	
Number of profit-recognised housing units during the period	289	151	583	335	956	
Number of housing units under construction at period end	1,947	2,095	1,947	2,095	2,206	
Sales rate for housing units under construction, %	82	79	82	79	73	
<b>Housing development for investors</b>						
Number of sold housing units during the period	352	0	352	0	27	
Number of started housing units during the period	221	131	221	131	158	
Number of profit-recognised housing units during the period	132	0	132	24	156	
Number of housing units under construction at period end	379	395	379	395	290	
Sales rate for housing units under construction, %	100	67	100	67	55	

<sup>1)</sup> Profit from sales of land amounted to MSEK 15 (31) in the quarter and MSEK 61 (43) for the half-year.

### Net sales and operating margin



## Key figures per segment: Germany

Bonava operates in the following regions: Berlin, Hamburg, Baltic Sea, Saxony, Rhine-Ruhr, Cologne/Bonn, Rhine-Main and Rhine-Neckar/Stuttgart. In Germany, Bonava's offering is targeted at consumers and investors through both single-family houses and multi-family housing. Bonava operates on the basis of construction systems in Germany, thus facilitating an efficient construction process.

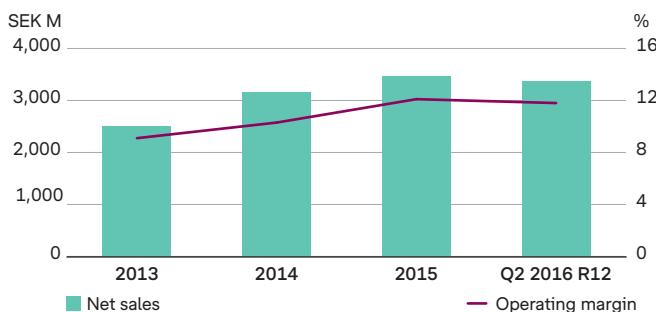
**Attractive location with good infrastructure**  
**Project name:** Langen  
**Project start:** Q2 2016  
**Location:** Frankfurt am Main  
**Housing category:** Multi-family housing and row houses  
**Number of housing units:** 30 multi-family housing units and six row houses  
The excellent transport links to Frankfurt, Darmstadt and the airport make Langen an attractive housing area for people working in both of these cities or at the airport. The area borders on a newly built housing area with a good traffic infrastructure.



	Q2		H1		Full year
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
<b>Key financial figures</b>					
Net sales, SEK M	688	515	846	942	3,471
Operating profit, SEK M	70	44	43	65	422
Operating margin, %	10	8	5	7	12
Capital employed at period end, SEK M	1,715	1,374	1,715	1,374	1,361
Return on capital employed, %	26	28	26	28	31
<b>Building rights</b>					
Building rights at period end, number of which, off-balance-sheet building rights, number	6,600 2,700	4,600 1,900	6,600 2,700	4,600 1,900	5,700 3,600
<b>Housing development for consumers</b>					
Number of sold housing units during the period	316	260	507	447	1,154
Number of started housing units during the period	278	177	506	329	1,284
Number of profit-recognised housing units during the period	216	182	262	284	896
Number of housing units under construction at period end	1,630	1,032	1,630	1,032	1,386
Sales rate for housing units under construction, %	65	70	65	70	60
<b>Housing development for investors</b>					
Number of sold housing units during the period <sup>1)</sup>	70	64	70	64	860
Number of started housing units during the period <sup>1)</sup>	70	64	70	64	860
Number of profit-recognised housing units during the period <sup>1)</sup>	0	0	0	46	726
Number of housing units under construction at period end	810	624	810	624	740
Sales rate for housing units under construction, %	100	100	100	100	100

<sup>1)</sup> Of which, 321 units refers to sales of part of the property portfolio in Sonnengarten, which is included in the profit under Other and eliminations.

### Net sales and operating margin



## Key figures per segment: Finland

In Finland, Bonava is active in Helsinki and surrounding areas, Espoo, Vantaa, Turku, Tampere and Oulu. In Finland, Bonava's offering is targeted at consumers and investors, primarily in the form of multi-family housing.

**76 homes with private yard for social activities**  
**Project name:** Frida  
**Project start:** Q2 2016  
**Location:** Oulu  
**Housing category:** Multi-family housing  
**Number of housing units:** 76

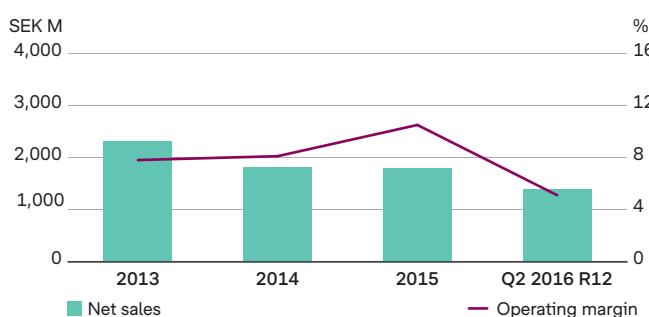
Frida is located in the city centre of Oulu, close to many shops, cafes, restaurants and other local services. Frida belongs to a property block built by Bonava that includes two other multi-family buildings, Sofia and Fredrika. Combined, these offer a private courtyard in which the residents can play, take part in sports or relax.



	Q2		H1		Full year
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
<b>Key financial figures</b>					
Net sales, SEK M	97	387	185	591	1,791
Operating profit, SEK M <sup>1)</sup>	-36	60	-49	68	187
Operating margin, %	-37	15	-26	12	10
Capital employed at period end, SEK M	1,352	1,578	1,352	1,578	1,114
Return on capital employed, %	5	13	5	13	12
<b>Building rights</b>					
Building rights at period end, number	8,100	8,400	8,100	8,400	8,400
of which, off-balance-sheet building rights, number	3,700	5,100	3,700	5,100	4,800
<b>Housing development for consumers</b>					
Number of sold housing units during the period	168	132	279	249	672
Number of started housing units during the period	272	132	272	208	784
Number of profit-recognised housing units during the period	50	184	82	228	639
Number of housing units under construction at period end	922	494	922	494	698
Sales rate for housing units under construction, %	54	59	54	59	42
<b>Housing development for investors</b>					
Number of sold housing units during the period	241	131	241	258	886
Number of started housing units during the period	241	131	241	258	886
Number of profit-recognised housing units during the period	0	131	0	258	886
Number of housing units under construction at period end	1,117	808	1,117	808	1,242
Sales rate for housing units under construction, %	100	100	100	100	100

<sup>1)</sup> Profit from sales of land amounted to MSEK -4 (1) in the quarter and MSEK -3 (2) MSEK for the half-year.

### Net sales and operating margin



## Key figures per segment: Denmark-Norway

Bonava operates in Copenhagen in Denmark and Bergen in Norway. In Denmark and Norway, Bonava's offering is primarily targeted at consumers, based on multi-family housing and single-family houses.

**Affordable homes with classic architecture in green areas**  
**Project name:** Lindealléen III  
**Project start:** Q2 2016  
**Location:** Hillerød, Denmark  
**Housing category:** Multi-family housing  
**Number of housing units:** 19

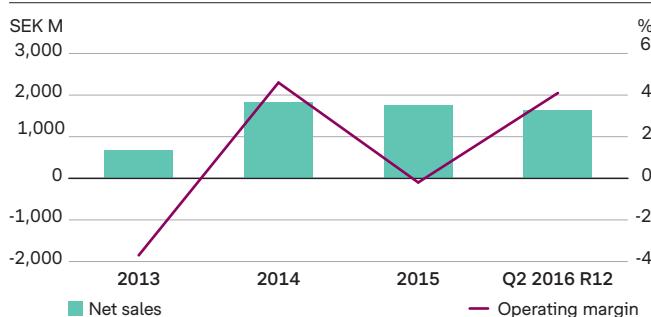
Lindealléen is located in Hillerød, which is often designated the capital of North Zealand. Lindealléen comprises a total of five identical housing blocks, each including 19 apartments. Affordable apartments in classical architecture and luscious green areas.



	Q2		H1		Full year	
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec	
<b>Key financial figures</b>						
Net sales, SEK M	208	267	464	595	1,760	
Operating profit, SEK M <sup>1</sup>	-1	-55	6	-65	-3	
Operating margin, %	0	-21	1	-11	0	
Capital employed at period end, SEK M	1,642	1,840	1,642	1,840	1,076	
Return on capital employed, %	4	-1	4	-1	0	
<b>Building rights</b>						
Building rights at period end, number	1,200	1,800	1,200	1,800	1,300	
of which, off-balance-sheet building rights, number	400	300	400	300	100	
<b>Housing development for consumers</b>						
Number of sold housing units during the period	103	150	167	214	300	
Number of started housing units during the period	106	112	142	117	241	
Number of profit-recognised housing units during the period	30	63	91	133	281	
Number of housing units under construction at period end	518	449	518	449	450	
Sales rate for housing units under construction, %	67	73	67	73	62	

<sup>1</sup> Profit from sales of land amounted to MSEK 11 (17) in the quarter and MSEK 12 (17) MSEK for the half-year.

### Net sales and operating margin



## Key figures per segment: St. Petersburg

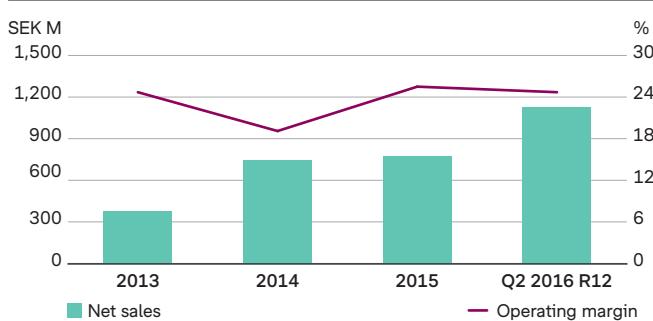
In Russia, Bonava is active solely in St. Petersburg. In St. Petersburg, Bonava's offering, which exclusively comprises multi-family housing, is targeted at consumers and investors.

**Popular green area by the town of Vsevolozhsk**  
**Project name:** Gröna Lund 4  
**Project start:** Q2 2016  
**Location:** St. Petersburg  
**Housing category:** Multi-family housing  
**Number of housing units:** 72  
 Gröna Lund 4 is located in a popular green area by the town of Vsevolozhsk. The housing units offer saunas and gardens. The infrastructure in the area is favourable, with access to public transport to the St. Petersburg city centre.



	Q2		H1		Full year
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
<b>Key financial figures</b>					
Net sales, SEK M	365	70	471	116	773
Operating profit, SEK M	85	12	110	28	197
Operating margin, %	23	16	23	24	26
Capital employed at period end, SEK M	1,125	859	1,125	859	802
Return on capital employed, %	32	10	32	10	24
<b>Building rights</b>					
Building rights at period end, number	4,200	4,400	4,200	4,400	4,700
of which, off-balance-sheet building rights, number	0	0	0	0	0
<b>Housing development for consumers</b>					
Number of sold housing units during the period	130	368	252	520	865
Number of started housing units during the period	72	221	363	317	533
Number of profit-recognised housing units during the period	265	83	437	139	1,039
Number of housing units under construction at period end	1,416	2,327	1,416	2,327	1,447
Sales rate for housing units under construction, %	48	66	48	66	55
<b>Housing development for investors</b>					
Number of sold housing units during the period	0	0	0	0	0
Number of started housing units during the period	0	0	0	0	0
Number of profit-recognised housing units during the period	74	0	74	0	0
Number of housing units under construction at period end	0	74	0	74	74
Sales rate for housing units under construction, %	0	100	0	100	100

### Net sales and operating margin



**Note:** Due to low activities and low net sales, Estonia/Latvia are included in Other & Eliminations, see Note 4, in which sales and operating profit are reported.

## Condensed consolidated income statement

SEK M	Note 1	Q2		H1		R12	Full year
		2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	Jul 2015– Jun 2016	2015 Jan-Dec
Net sales	4	2,703	1,864	4,581	3,628	14,023	13,070
Production costs		-2,349	-1,615	-3,899	-3,166	-11,749	-11,016
<b>Gross profit</b>		<b>354</b>	<b>249</b>	<b>682</b>	<b>462</b>	<b>2,274</b>	<b>2,054</b>
Selling and administrative expenses		-190	-141	-333	-279	-694	-640
Other operating expenses		0	0	0	-1	-35	-36
<b>Operating profit</b>	4	<b>165</b>	<b>108</b>	<b>349</b>	<b>182</b>	<b>1,545</b>	<b>1,377</b>
Financial income		3	4	6	6	11	11
Financial expenses		-76	-100	-149	-187	-318	-356
<b>Net financial items</b>		<b>-73</b>	<b>-96</b>	<b>-143</b>	<b>-181</b>	<b>-307</b>	<b>-345</b>
<b>Profit after financial items</b>	4	<b>92</b>	<b>12</b>	<b>206</b>	<b>0</b>	<b>1,238</b>	<b>1,033</b>
Tax on profit for the period		-18	-3	-44	0	-278	-235
<b>Net profit for the period</b>		<b>74</b>	<b>9</b>	<b>162</b>	<b>0</b>	<b>960</b>	<b>798</b>
Attributable to:							
Bonava AB's shareholders		71	8	162	0	930	768
Non-controlling interests		3	1	0	0	30	31
<b>Net profit for the period</b>		<b>74</b>	<b>9</b>	<b>162</b>	<b>0</b>	<b>960</b>	<b>798</b>
<b>Per share data before and after dilution</b>							
Earnings per share, SEK		0.66	0.07	1.50	0.00	8.57	7.08
Cash flow from operating activities, SEK		-2.30	-3.46	-7.16	-7.57	13.78	13.37
Shareholders' equity, SEK		44.68	1.56	44.68	1.56	44.68	43.08
Number of shares in millions, average		108.4	108.4	108.4	108.4	108.4	108.4

## Consolidated statement of comprehensive income

SEK M	Note 1	Q2		H1		R12 Jul 2015- Jun 2016	Full year 2015 Jan-Dec
		2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun		
<b>Profit for the period</b>		<b>74</b>	<b>9</b>	<b>162</b>	<b>0</b>	<b>960</b>	<b>798</b>
<i>Items that may be reclassified to profit or loss</i>							
Translation differences during the period in translation of foreign operations		43	-1	62	-34	38	-59
Hedging of exchange-rate risk in foreign operations		-33	6	-52	33	-44	41
Cash flow hedges		0	4	0	7	26	33
Tax related to items that may be reclassified to profit or loss		7	-2	12	-9	4	-16
		<b>17</b>	<b>7</b>	<b>21</b>	<b>-3</b>	<b>23</b>	<b>-2</b>
<i>Items that will not be reclassified to profit or loss</i>							
Revaluation of defined-benefit pension plans		0	0	0	-1	-7	-8
Tax related to items that will not be reclassified to profit or loss		0	0	0	0	2	2
		<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-5</b>	<b>-6</b>
<b>Other comprehensive income for the period</b>		<b>17</b>	<b>7</b>	<b>21</b>	<b>-4</b>	<b>18</b>	<b>-8</b>
<b>Comprehensive income for the period</b>		<b>91</b>	<b>17</b>	<b>183</b>	<b>-4</b>	<b>977</b>	<b>790</b>
<i>Attributable to:</i>							
Bonava AB's shareholders		89	15	184	-3	946	759
Non-controlling interests		3	1	0	-1	32	31
<b>Total comprehensive income for the period</b>		<b>91</b>	<b>17</b>	<b>183</b>	<b>-4</b>	<b>977</b>	<b>790</b>

## Condensed consolidated balance sheet

SEK M	Note 1	2016 30 Jun	2015 30 Jun	2015 31 Dec
<b>ASSETS</b>				
Fixed assets		852	758	773
<b>Current assets</b>				
Properties held for future development		5,304	5,762	4,737
Ongoing housing projects		8,507	7,974	7,043
Completed housing units		610	711	599
Current receivables		1,674	1,165	1,769
Cash and cash equivalents	2	934	379	585
<b>Total current assets</b>		<b>17,029</b>	<b>15,991</b>	<b>14,732</b>
<b>TOTAL ASSETS</b>		<b>17,881</b>	<b>16,749</b>	<b>15,506</b>
<b>EQUITY</b>				
Shareholders' equity attributable to the parent company's shareholders		4,845	169	4,672
Non-controlling interests		7	31	60
<b>Total shareholders' equity</b>		<b>4,852</b>	<b>200</b>	<b>4,732</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Long-term interest-bearing liabilities	2	2,264	1,503	2,033
Other long-term liabilities		219	185	487
Long-term provisions		734	359	357
<b>Total long-term liabilities</b>		<b>3,217</b>	<b>2,046</b>	<b>2,877</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities	2	3,869	9,645	3,046
Other current liabilities		5,944	4,857	4,850
<b>Total current liabilities</b>		<b>9,813</b>	<b>14,502</b>	<b>7,896</b>
<b>Total liabilities</b>		<b>13,030</b>	<b>16,548</b>	<b>10,773</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>17,881</b>	<b>16,749</b>	<b>15,506</b>

## Condensed consolidated statement of changes in shareholders' equity

SEK M	Shareholders' equity attributable to parent company shareholders	Non-controlling interests	Total shareholders' equity
Opening shareholders' equity, 1 January 2015	294	44	338
Comprehensive income for the period	759	31	790
Transactions with shareholders	-1,393	-3	-1,396
Transactions with shareholders regarding taxation	112		112
Shareholders' contribution received	5,003		5,003
Performance-based incentive program	1		1
Dividend	-104	-12	-116
<b>Closing shareholders' equity, 31 December 2015</b>	<b>4,672</b>	<b>60</b>	<b>4,732</b>
Opening shareholders' equity, 1 January 2016	4,672	60	4,732
Comprehensive income for the period	184	0	183
Transactions with non-controlling interests <sup>1)</sup>		-54	-54
Transactions with shareholders	-11		-11
Performance-based incentive program	1		1
<b>Closing shareholders' equity, 30 June 2016</b>	<b>4,845</b>	<b>7</b>	<b>4,852</b>
Opening shareholders' equity, 1 January 2015	294	44	338
Comprehensive income for the period	-3	-1	-4
Transactions with shareholders	-18	0	-18
Dividend	-104	-12	-116
<b>Closing shareholders' equity, 30 June 2015</b>	<b>169</b>	<b>31</b>	<b>200</b>

<sup>1)</sup> According to a profit sharing agreement between Bonava Deutschland GmbH and NCC AB, NCC AB will abstain from dividends and will instead receive fixed compensation of EUR 1.3 million per year. The reported amount pertains to the fair value of five years of payment.

## Condensed consolidated cash flow statement

SEK M	Q2		H1		R12		Full year
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	Jul 2015– Jun 2016	2015 Jan-Dec	
<b>OPERATING ACTIVITIES</b>							
Profit after financial items	92	12	206	0	1,238	1,033	
Adjustments for items not included in cash flow	-25	36	-14	49	-12	52	
Taxes paid	-29	-46	-76	-73	-128	-125	
<b>Cash flow from operating activities before changes in working capital</b>	<b>38</b>	<b>2</b>	<b>115</b>	<b>-23</b>	<b>1,098</b>	<b>959</b>	
<b>Cash flow from changes in working capital</b>							
Sales of housing projects	2,310	1,574	3,799	3,077	10,797	10,075	
Investments in housing projects	-3,012	-2,265	-5,406	-4,224	-11,024	-9,842	
Other changes in working capital	415	314	715	350	623	258	
<b>Cash flow from changes in working capital</b>	<b>-288</b>	<b>-377</b>	<b>-892</b>	<b>-797</b>	<b>396</b>	<b>491</b>	
<b>Cash flow from operating activities</b>	<b>-249</b>	<b>-375</b>	<b>-776</b>	<b>-820</b>	<b>1,494</b>	<b>1,450</b>	
<b>INVESTING ACTIVITIES</b>							
<b>Cash flow from investing activities</b>	<b>-36</b>	<b>-17</b>	<b>-85</b>	<b>-26</b>	<b>-72</b>	<b>-13</b>	
<b>CASH FLOW BEFORE FINANCING</b>	<b>-285</b>	<b>-392</b>	<b>-861</b>	<b>-846</b>	<b>1,422</b>	<b>1,437</b>	
<b>FINANCING ACTIVITIES</b>							
Capital contribution from NCC	5,051		5,051		5,051		
Repayment of loans to NCC	-6,012		-6,012		-6,012		
Borrowing	2,059		2,059		2,059		
Dividend paid	0	-104	0	-104	0	-104	
Change in interest-bearing financial liabilities	-656	399	-87	801	-2,084	-1,196	
Change in long-term interest-bearing receivables	35	-51	33	-47	50	-29	
Change in current interest-bearing receivables	92	-10	154	110	73	29	
<b>Cash flow from financing activities</b>	<b>569</b>	<b>234</b>	<b>1,197</b>	<b>760</b>	<b>-863</b>	<b>-1,301</b>	
<b>CASH FLOW FOR THE PERIOD</b>	<b>284</b>	<b>-158</b>	<b>336</b>	<b>-86</b>	<b>559</b>	<b>136</b>	
Cash and cash equivalents at the beginning of the period	640	534	585	463	379	463	
Exchange-rate difference in cash and cash equivalents	10	2	13	2	-3	-14	
<b>CASH AND CASH EQUIVALENTS AT PERIOD END</b>	<b>934</b>	<b>379</b>	<b>934</b>	<b>379</b>	<b>934</b>	<b>585</b>	

Until the listing date, Bonava had short-term financing with NCC Treasury AB, and the amortization of debt has been reported net in the consolidated cash flow statement. As per 9 June, all borrowing and amortization is reported in gross amounts.

# Notes

## NOTE 1 Basis for preparation and accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board.

The formation of the Bonava Group was completed on 31 March 2016, when the Finnish operations were acquired from NCC AB. Accordingly, consolidated financial statements have been prepared as of this date.

Up to 31 March 2016, Bonava constituted a segment within the NCC AB group. No consolidated financial statements have been prepared for earlier periods, since Bonava was not a group at this time. Because the Group has no financial history, combined financial statements have been prepared for the financial years 2013–2015 and for the comparative figures in this interim report. The basis for preparation of the combined financial statements is presented in Note 1 Significant accounting policies in the combined financial statements, which are available in the Prospectus "Admission to trading of shares of series A and shares of series B in Bonava AB (publ) on Nasdaq Stockholm" published on [www.bonava.com](http://www.bonava.com).

The formation of the Bonava Group comprised transactions that are under common control. These types of transactions are not regulated by IFRS and the group must instead establish a principle for this. The Group has chosen to apply the policies described under the basis for preparation of the combined financial statements when preparing the consolidated financial statements. In short, this entails that the assets and liabilities of the units have been aggregated and recognised based on the carrying amounts they represent in NCC AB's consolidated financial statements and that the transactions have been recognised as if they had occurred at the beginning of the earliest period presented (meaning that comparative figures have been included).

The accounting policies applied in the preparation of this interim report apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in the combined financial statements. These policies are also available at [www.bonava.com](http://www.bonava.com).

## NOTE 2 Specification of net debt

SEK M	2016 30 Jun	2015 30 Jun	2015 31 Dec
Long-term interest-bearing receivables	98	154	131
Current interest-bearing receivables	20	52	146
Cash and cash equivalents	934	379	585
<b>Total</b>	<b>1,052</b>	<b>585</b>	<b>863</b>
Long-term interest-bearing liabilities	2,264	1,503	2,033
Current interest-bearing liabilities	3,869	9,645	3,046
Pension liabilities	0	57	0
<b>Total</b>	<b>6,133</b>	<b>11,205</b>	<b>5,079</b>
Net debt	5,080	10,620	4,216
of which, attributable to Swedish tenant-owner associations and Finnish housing companies			
Interest-bearing liabilities	3,860	3,244	3,268
Cash and cash equivalents	151	65	90
<b>Net debt</b>	<b>3,709</b>	<b>3,179</b>	<b>3,177</b>

## NOTE 3 Pledged assets, contingent liabilities and guarantee obligations

SEK M	2016 30 Jun	2015 30 Jun	2015 31 Dec
<b>Assets pledged</b>			
<i>For own liabilities:</i>			
Property mortgages	1,239	1,026	859
Restricted bank funds	23	13	27
<b>Total assets pledged</b>	<b>1,262</b>	<b>1,039</b>	<b>886</b>
<b>Contingent liabilities and guarantee obligations</b>			
<i>Own contingent liabilities:</i>			
Deposits and concession fees <sup>1)</sup>	2,327	1,472	718
<i>Held jointly with other companies</i>			
Liabilities in partnerships and limited partnerships	24	24	24
<b>Total contingent liabilities and guarantee obligations</b>	<b>2,351</b>	<b>1,496</b>	<b>742</b>

<sup>1)</sup> Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by Bonava Sverige AB and were provided by NCC AB. The guarantees are to be restored when one year has passed after the final acquisition cost for the tenant-owner association's building has been established. According to agreements between Bonava AB and NCC AB, NCC AB shall be indemnified for any costs attributable to these guarantees.

## Notes, continued

### NOTE 4 Reporting by operating segments

Apr-Jun 2016, SEK M	Sweden	Germany	Finland	Denmark/ Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,307	688	97	208	365	38	2,703
Operating profit	167	70	-36	-1	85	-121	165
Net financial items							-73
<b>Profit after financial items</b>							<b>92</b>
<b>Capital employed at period end</b>	<b>4,631</b>	<b>1,715</b>	<b>1,352</b>	<b>1,642</b>	<b>1,125</b>	<b>520</b>	<b>10,984</b>
Apr-Jun 2015, SEK M	Sweden	Germany	Finland	Denmark/ Norway	St. Petersburg	Other and eliminations	Total
Net sales	574	515	387	267	70	51	1,864
Operating profit	77	44	60	-55	12	-29	108
Net financial items							-96
<b>Profit after financial items</b>							<b>12</b>
<b>Capital employed at period end</b>	<b>5,242</b>	<b>1,374</b>	<b>1,578</b>	<b>1,840</b>	<b>859</b>	<b>63</b>	<b>11,405</b>
Jan-Jun 2016, SEK M	Sweden	Germany	Finland	Denmark/ Norway	St. Petersburg	Other and eliminations	Total
Net sales	2,558	846	185	464	471	57	4,581
Operating profit	428	43	-49	6	110	-189	349
Net financial items							-143
<b>Profit after financial items</b>							<b>206</b>
<b>Capital employed at period end</b>	<b>4,631</b>	<b>1,715</b>	<b>1,352</b>	<b>1,642</b>	<b>1,125</b>	<b>520</b>	<b>10,984</b>
Jan-Jun 2015, SEK M	Sweden	Germany	Finland	Denmark/ Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,314	942	591	595	116	70	3,628
Operating profit	142	65	68	-65	28	-58	182
Net financial items							-181
<b>Profit after financial items</b>							<b>0</b>
<b>Capital employed at period end</b>	<b>5,242</b>	<b>1,374</b>	<b>1,578</b>	<b>1,840</b>	<b>859</b>	<b>511</b>	<b>11,405</b>
Jan-Dec 2015, SEK M	Sweden	Germany	Finland	Denmark/ Norway	St. Petersburg	Other and eliminations	Total
Net sales	4,639	3,471	1,791	1,760	773	636	13,070
Operating profit	706	422	187	-3	197	-132	1,377
Net financial items							-345
<b>Profit after financial items</b>							<b>1,033</b>
<b>Capital employed at period end</b>	<b>4,978</b>	<b>1,361</b>	<b>1,114</b>	<b>1,076</b>	<b>802</b>	<b>481</b>	<b>9,811</b>

## Notes, continued

### NOTE 4 continued, Reporting by operating segments

SEK M	Net sales						Operating profit					
	2016		2015		2016		2015		2016		2015	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun	Jan-Dec	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec	Jan-Dec	Jan-Dec
Other and eliminations												
Bonava's head office <sup>1)</sup>	14	6	27	14	14	-72	-36	-102	-61	-111		
Sale of German property portfolio						480						51
Sale of Latvian property	3		4				-51		-90			
Operations in Estonia and Latvia	33	44	49	57	129	3	6	3	4	-62		
Adjustments and eliminations	-12	0	-24	0	13							-10
<b>TOTAL</b>	<b>38</b>	<b>50</b>	<b>57</b>	<b>70</b>	<b>636</b>	<b>-121</b>	<b>-29</b>	<b>-189</b>	<b>-57</b>	<b>-132</b>		

<sup>1)</sup> Activities to create an independent Bonava generated costs of SEK 34 million (0) during the first half of the year (second quarter: 23), of which the head office accounted for SEK 29 million (0). The corresponding cost for full-year 2015 was SEK 57 million, of which SEK 12 million pertained to the head office.

### NOTE 5 Fair value of financial instruments

In the table below, disclosures are made concerning how fair value has been determined for the financial instruments that are continuously measured at fair value in Bonava's balance sheet. When determining fair value, assets have been divided into three levels. No transfers have been made between the levels during the period.

Bonava has no financial instruments in level 1 or 3.

Derivatives in level 2 comprise of currency forward contracts used for hedging purposes. The measurement of fair value for currency forward contracts is based on published forward rates in an active market. As per 30 June 2015, the company had one interest-rate swap used for hedging purposes. This was closed in 2015. The measurement of interest-rate swaps is based on forward interest rates prepared on the basis of observable yield curves.

SEK M	30 Jun 2016		30 Jun 2015		31 Dec 2015	
	Level 2	Total	Level 2	Total	Level 2	Total
Derivative instruments used for hedging purposes	0	0	16	16	15	15
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>15</b>
Derivative instruments used for hedging purposes	90	90	27	27	0	0
<b>Total liabilities</b>	<b>90</b>	<b>90</b>	<b>27</b>	<b>27</b>	<b>0</b>	<b>0</b>

It has been deemed that the fair value of long term and current interest bearing liabilities does not materially deviate from the carrying amount. For financial instruments recognised at amortised cost, accounts receivables, other receivables, cash and cash equivalents, accounts payable and other interest-free liabilities, the fair value is deemed to match the carrying amount.

### NOTE 6 Transactions with related parties

Up to 9 June 2016, Bonava constituted the NCC Housing operating segment of NCC AB.

During the first half of the year, Bonava had multiple transactions with NCC companies and pricing followed the transfer pricing policy in place in the NCC Group. Since 9 June 2016, all transactions with NCC have been priced on a commercial basis.

Joint ventures and joint arrangements are categorised as related parties. The Nordstjernan Group, companies in the Axel Johnson Group and the FastPartner Group are also categorised as related parties. The transactions with these parties were not material and are not specified below.

Transactions with NCC SEK M	H1		Full year
	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Sales	0	0	1
Purchases	1,977	1,796	3,690
Financial income	0	1	1
Financial expenses	87	145	269
Current receivables		105	187
Long-term interest-bearing liabilities	43	181	11
Current interest-bearing liabilities	12	7,599	1,676
Accounts payable	87	122	154
Other current liabilities	0	311	318
Cash and cash equivalents		174	349
Contingent liabilities	23		

# Parent company

## January–June 2016

The parent company comprises of the operations in Bonava AB. The company's net sales amounted to SEK 28 million (0). The profit/loss after financial items was SEK -31 million (0).

### Parent company condensed income statement

SEK M	Note 1	H1		Full year
		2016 Jan–Jun	2015 Jan–Jun	2015 Jan–Dec
Net sales		28		14
Selling and administrative expenses		-125		-39
<b>Operating profit</b>		<b>-97</b>	<b>0</b>	<b>-25</b>
Result from participations in group companies		123		-205
Financial income		25		13
Financial expenses		-83		0
<b>Profit/loss after financial items</b>		<b>-31</b>	<b>0</b>	<b>-217</b>
Appropriations				88
<b>Profit before tax</b>		<b>-31</b>	<b>0</b>	<b>-129</b>
Tax on profit/loss for the period		34		-17
<b>Profit/loss for the period</b>		<b>3</b>	<b>0</b>	<b>-145</b>

### Parent company's condensed balance sheet

SEK M	2016		2015
	30 Jun	30 Jun	31 Dec
<b>Assets</b>			
Fixed assets	1,567	0	1,173
Current assets	6,209		5,306
<b>Total assets</b>	<b>7,777</b>	<b>0</b>	<b>6,478</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	5,263	0	4,858
Provisions	3		5
Long-term liabilities	34		37
Current liabilities	2,476		1,579
<b>Total shareholders' equity and liabilities</b>	<b>7,777</b>	<b>0</b>	<b>6,478</b>

# Notes to the parent company's income statement and balance sheet

## NOTE 1 Accounting principles

The company has prepared its interim report pursuant to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities*.

As of 1 January 2016, the company applies RFR 2 Accounting for Legal Entities. The company previously applied the general advice on annual accounts and consolidated financial statements issued by the Swedish Accounting Standards Board (K3). The transition from K3 to RFR 2 took place at the beginning of 2015 and has not had any impact on the company's earnings and financial position in this report.

### Transactions with related parties

Apart from transactions with the NCC Group, no transactions with a significant impact on the company's financial position and earnings have taken place between Bonava and related parties.

### Acquisitions and divestments

During the second quarter of 2016, the parent company did not acquire or sell any subsidiaries.

### Significant events during the quarter

During the second quarter of 2016, the company's share capital was increased from SEK 500,000 to SEK 433,743,288. Accordingly, the quotient value per share amounts to SEK 4.

## NOTE 2 Guarantees and contingent liabilities

SEK M	2016 30 Jun	2015 30 Jun	2015 31 Dec
Guarantees and contingent liabilities	10,216		

## Quarterly overview

SEK M	2016			2015			2014			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Net sales	2,703	1,877	7,314	2,128	1,864	1,764	4,564	2,257	2,051	1,353
Operating profit	165	184	1,015	180	108	74	491	241	158	51
Profit/loss after financial items	92	113	939	93	12	-11	388	144	57	-37
<b>Profit/loss for the period</b>	<b>74</b>	<b>88</b>	<b>723</b>	<b>75</b>	<b>9</b>	<b>-9</b>	<b>345</b>	<b>112</b>	<b>44</b>	<b>-28</b>
Cash flow from operating activities before changes in working capital	38	77	976	7	2	-25	410	178	-19	-59
Cash flow from changes in working capital	-288	-604	1,124	164	-377	-420	681	-466	199	-1,017
Cash flow from investing activities	-36	-49	31	-19	-17	-9	-5	-16	-18	-15
Cash flow from financing activities	569	628	-2,106	45	234	526	-1,084	134	38	1,144
<b>Cash flow for the period</b>	<b>284</b>	<b>52</b>	<b>26</b>	<b>197</b>	<b>-158</b>	<b>72</b>	<b>2</b>	<b>-171</b>	<b>200</b>	<b>53</b>
Net debt	5,080	4,552	4,216	10,355	10,620	10,155	9,600	10,412	10,030	9,922
Average number of employees	1,408	1,365	1,332	1,280	1,299	1,263	1,266	1,258	1,254	1,181

# Housing development

Group	Q2		H1		Full year
	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Jan-Dec
Building rights, at period end	28,600	30,100	28,600	30,100	29,100
Of which, off-balance-sheet building rights	9,500	9,700	9,500	9,700	11,000
<b>Housing development for consumers</b>					
Housing units profit recognised during the period	895	721	1,524	1,192	3,968
Housing units started during the period	974	1,077	1,721	1,665	4,452
Housing units sold during the period	1,100	1,277	1,888	2,292	4,542
Housing units in ongoing production, at period end	6,710	6,538	6,710	6,538	6,432
Sales rate in ongoing production, %	64	70	64	70	60
Reservation rate in ongoing production, %	5	8	5	8	6
Completion rate in ongoing production, %	53	53	53	53	46
Completed housing units not profit recognised, at period end	348	312	348	312	429
Housing units for sale (ongoing and completed), at period end	2,543	2,174	2,543	2,174	2,713
<b>Housing development for investors</b>					
Housing units profit recognised during the period	206	131	206	328	1,768
Housing units started during the period	532	326	532	453	1,904
Housing units sold during the period	663	195	663	322	1,773
Housing units in ongoing production, at period end	2,306	1,901	2,306	1,901	2,346
Sales rate in ongoing production, %	100	93	100	93	94
Completion rate in ongoing production, %	58	72	58	72	69
Completed housing units not profit recognised, at period end	0	0	0	0	0
Housing units for sale (ongoing and completed), at period end	0	131	0	131	131

## Overview of selected key ratios

SEK million unless otherwise stated	2016 30 Jun	2015 30 Jun	2015 31 Dec
Return on capital employed, % <sup>1)</sup>	14	8	12
Interest coverage ratio, times <sup>1)</sup>	4.9	2.3	3.9
Equity/assets ratio, %	27	1	31
Interest bearing liabilities/total assets, %	34	67	33
Net debt	5,080	10,620	4,216
Debt/equity ratio, times	1.0	53.0	0.9
Capital employed, at period end	10,984	11,405	9,811
Capital employed, average	10,760	11,194	10,882
Capital turnover rate, times <sup>1)</sup>	1.3	0.9	1.2
Share of risk-bearing capital, %	27	1	31
Average interest rate, at period-end, % <sup>2)</sup>	3.01	3.44	3.06
Average period of fixed interest, year <sup>2)</sup>	0.2	0.2	0.2
Average interest rate, at period-end, % <sup>3)</sup>	1.32	1.46	1.26
Average period of fixed interest, years <sup>3)</sup>	0.1	0.1	0.1

<sup>1)</sup> The figures are calculated on a rolling 12-month basis.

<sup>2)</sup> Excluding loans in Swedish tenant owner associations and Finnish housing companies.

<sup>3)</sup> Pertains to loans in Swedish tenant owner associations and Finnish housing companies.

# Definitions

Bonava uses, among other, the alternative performance measurements return on capital employed, net debt and equity/assets ratio. The Group is of the opinion that these key figures are of use as a complement to readers of its financial reports, to help assess the Group's capacity to pay dividend, make strategic investments, its capacity to meet financial commitments and to be able to evaluate its profitability. Read more about the alternative key figures at [www.bonava.com](http://www.bonava.com). The Group defines the key figures as per below. The definitions are unchanged in relation to prior periods.

## Sector-related definitions

### Housing units in ongoing production

Refers to the period from production start to completion of a building. A housing unit is considered complete on receipt of the inspection documentation.

### Building right

Estimated possibility to develop a site. With respect to housing units, a building right corresponds to an apartment or a semi-detached or detached house. Either ownership of a site or an option on ownership of the site concerned is a prerequisite for being granted access to a building right.

### Production start

The time at which Bonava starts production of a building. At this time, capitalised expenditure for the site and development expenses are recognised as units in ongoing production.

### Properties held for future development

Refers to Bonava's holdings of land and building rights for future residential development and capitalised project development of properties.

### Completed housing units

Refers to housing units for which inspection documents have been received, but the unit has not yet been sold; alternatively has been sold but not handed over to the customer.

### Completion rate

Recognised expenses in relation to the calculated total expenses of ongoing housing projects.

### Sales rate

Number of housing units sold in production in relation to the total number of housing units in ongoing production.

### Profit-recognised housing units

Number of housing units sold that have been occupied by the purchaser. Once the purchaser has taken over occupancy, the purchase consideration is recognised as net sales and expenses incurred for the housing unit are recognised as production costs.

### Reservation rate

Number of reserved housing units in production in relation to the total number of housing units in production.

### Housing units sold

Number of housing units for which binding sales agreements have been signed with the customer and production of the housing unit has started.

### Key financial figures

#### Share of risk-bearing capital

Sum total of shareholders' equity and deferred tax liabilities as a percentage of total assets.

### Return on capital employed

Profit after financial items on a rolling 12-month basis following the reversal of interest expense as a percentage of average capital employed.

### Balance sheet total

Sum total of assets, or liabilities and shareholders' equity.

### Dividend yield

The dividend as a percentage of the share price at year-end.

### Average interest rate

Nominal interest rate weighted by interest-bearing liabilities outstanding on the balance-sheet date.

### Average period of fixed interest

The remaining period of fixed interest weighted by interest-bearing liabilities outstanding.

### Average shareholders' equity

Average of shareholders' equity balances at 1 January, 31 March, 30 June, 30 September and 31 December.

### Average capital employed

Average of capital employed at 1 January, 31 March, 30 June, 30 September and 31 December.

### Capital turnover rate

Net sales on a rolling 12-month basis divided by average capital employed.

**Production costs**

Costs incurred for land, such as development expenses for architects and other contractor-related costs, utility-connection fees and construction of a building.

**Net debt**

Interest-bearing liabilities and provisions less financial assets including cash and cash equivalents.

**Net sales**

Net sales are recognised when the housing unit is transferred to the end customer. Property sales are recognised on the date when significant risks and benefits are transferred to the buyer, which normally coincides with transfer of ownership.

**Operating margin**

Operating profit as a percentage of net sales.

**Share-related key figures**

**Earnings per share**

Net profit/loss for the year attributable to Bonava's shareholders divided by the weighted number of shares during the period in question.

**Interest-coverage ratio**

Profit/loss after financial items plus financial expense divided by financial expense, calculated on a rolling 12-month basis.

**Debt/equity ratio**

Net debt divided by shareholders' equity.

**Equity/assets ratio**

Shareholders' equity as a percentage of total assets.

**Capital employed**

Total assets less interest-free liabilities including deferred tax liabilities.

**Signatures**

Solna, 18 July 2016

The Board of Directors and the CEO provide their assurance that the interim report gives a true and fair view of the Parent Company's and the Group's operations, position and results and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

**Carl Engström**  
Chairman of the Board

**Viveca Ax:son Johnson**  
Director

**Åsa Hedenberg**  
Director

**Samir Kamal**  
Director

**Magnus Rosén**  
Director

**Anna Wallenberg**  
Director

**Joachim Hallengren**  
CEO

This report is unaudited.

For more information:  
Ann-Sofi Danielsson, CFO and Head of Investor Relations  
[ann-sofi.danielsson@bonava.com](mailto:ann-sofi.danielsson@bonava.com)  
Tel: +46 706 740 720