



## Interim Report January–September 2017



# Good result and increased number of sold homes

## 1 JULY–30 SEPTEMBER 2017

- Net sales amounted to SEK 2,135 M (2,327)
- Operating profit was SEK 218 M (228), of which profit from sale of land totalled SEK 65 M (7)
- Operating margin was 10.2 (9.8) per cent
- Profit after financial items was SEK 167 M (159)
- Profit for the period after tax amounted to SEK 130 M (125)
- Cash flow before financing was SEK 300 M (-32)
- Earnings per share was SEK 1.21 (1.15)<sup>1)</sup>
- Return on capital employed amounted to 18.5 (14.6) per cent
- The number of production starts of housing units in the period was 1,208 (897)
- The number of housing units sold in the period was 1,336 (965)
- The number of housing units recognized for profit was 896 (757)

## 1 JANUARY–30 SEPTEMBER 2017

- Net sales amounted to SEK 8,424 M (6 289)
- Operating profit was SEK 1,126 M (577), of which profit from sale of land totalled SEK 447 M (-9)
- Operating margin was 13.4 (8.4) per cent
- Profit after financial items was SEK 962 M (365)
- Profit for the period after tax amounted to SEK 752 M (287)
- Cash flow before financing was SEK -1,106 M (-893)
- Earnings per share was SEK 6.96 (2.65) <sup>1)</sup>
- Return on capital employed amounted to 18.5 (14.6) per cent
- The number of production starts of housing units in the period was 4,099 (3,150)
- The number of housing units sold in the period was 3,206 (3,516)
- The number of housing units recognized for profit was 3,052 (2,487)

SEK M	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	Oct 2016– Sep 2017	2016 Jan-Dec
Net sales	2,135	2,327	8,424	6,908	15,008	13,492
Operating profit	218	228	1,126	577	2,111	1,562
Operating margin, %	10.2	9.8	13.4	8.4	14.1	11.6
Profit after financial items	167	159	962	365	1,880	1,283
Profit for the period after tax	130	125	752	287	1,469	1,004
Earnings per share, SEK <sup>1)</sup>	1.21	1.15	6.96	2.65	13.59	9.26
Cash flow before financing	300	-32	-1,106	-893	323	536
Net debt <sup>2)</sup>	5,041	5,179	5,041	5,179	5,041	3,699
Net debt, excl. tenant-owners associations/housing companies <sup>2)</sup>	302	910	302	910	302	75
Capital employed at period end	11,561	10,894	11,561	10,894	11,561	10,134
Return on capital employed, %	18.5	14.6	18.5	14.6	18.5	14.6
Equity/assets ratio, %	29.7	27.1	29.7	27.1	29.7	33.7
Number of housing units started in the period	1,208	897	4,099	3,150	6,781	5,832
Number of housing units in production at period end	9,861	9,071	9,861	9,071	9,861	9,113
Number of housing units sold in the period	1,336	965	3,206	3,516	5,923	6,233
Number of housing units recognized for profit in the period	896	757	3,052	2,487	5,343	4,778

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

<sup>2)</sup> For specification, see Note 2.

For definitions of key performance indicators, see <https://www.bonava.com/en/investor-relations/financial-information>

# Comments from the CEO



JOACHIM HALLENGREN, PRESIDENT AND CEO

**"We have a diversified offering, a broad geographical footprint, a clear focus on affordable and a strong financial position."**

## **GOOD RESULT AND INCREASED NUMBER OF SOLD HOMES**

The third quarter was another strong quarter with good operating profit and increased number of sold units. Despite that we recognised more units for profit than last year, net sales slightly decreased. This is mainly due to the fact that a larger part of the units recognised for profit came from St. Petersburg at a lower average price, but also that we recognised more smaller units in Sweden during the quarter. Operating profit was SEK 218 M (228), resulting in an improved operating margin of 10.2 (9.8) per cent. Profit from land sales of SEK 65 M (7) was included in operating profit. Cash flow before financing improved year-on-year.

I am pleased that we sold more units compared to last year. On our largest markets in Sweden and Germany, we sold 190 (91) and 429 (347) housing units respectively. Sales to investors remained strong in the quarter, and we completed our first investor deal in Norway. It is also pleasing that we are continuing to see the results of our focus on the investor business, which is growing on existing and new markets. There is a high demand for housing units from consumers and investors. In Sweden, we perceive continued good demand for housing, even if the market slowed slightly in the quarter. In Germany, the market remained stable with healthy price development and strong demand from consumers and investors.

Sales in Denmark-Norway were continued stable, and prices increased in the Copenhagen region. In Finland, sales decreased as a result of few housing units up for sale, although the market remained good with slightly higher prices. In St. Petersburg, sales increased while the market remained awaiting.

## **CONTINUED EXPANSION IN GERMANY**

Growth on the German market, where we are well positioned, is a key part of our strategy. Housing starts increased to 333 (270) in Germany, and the number of housing units in production reached 3,130 (2,464) at the end of the quarter. The number of building rights also increased year-on-year. The investments we have made and continue to make in Germany are creating favourable prospects for the future. Calculations show that some 400,000 new residentials annually need to be constructed in Germany over the coming ten-year period.

## **AN EVENTFUL QUARTER**

In Gothenburg, we bought land in Södra Änggården, which the Municipality of Gothenburg has designated as a prioritised development area. The investor market in Finland is strong, and we sold two rental projects in Espoo comprising 78 and 119 rental apartments in the quarter. We increased our presence in Bergen and acquired land for the construction of some

300 housing units. In Germany, we sold a project of 61 rental apartments. In Sweden, we have started sales of 70 apartments in Kristinebergs Slottspark, a project that has attracted considerable interest and is set to become a unique quarter in the heart of the city.

## **WELL POSITIONED FOR THE FUTURE**

Bonava is present on multiple markets, and our broad geographical footprint enables us to focus on those markets generating the highest returns. But it is not just about developing homes in the right locations, but also about developing the right kind of housing that meet the market's needs. We are convinced that more affordable housing are needed on our markets. To achieve this, we need to work more efficiently and smarter, and I am confident that alongside Bonava's more than 1,700 staff across our various markets, I do my utmost to achieve this every day. We have a diversified offering, a broad geographical footprint, a clear focus on affordable and a strong financial position. With that, I am confident about the future, and our ability to continue to deliver affordable housing and vibrant neighbourhoods for the many.

**Joachim Hallengren,**  
President and CEO

# Building on a stable foundation

Bonava's origins are within the construction group NCC, and it has a long history of developing housing and vibrant neighbourhoods. We have been active in residential and community development ever since the 1930s, and over the years, we have gradually sharpened our focus on residential development.

Our experience and know-how have been gathered from our own projects and acquisitions. In 2009, these operations became an independent business area – NCC Housing. We took another step last year, when we were listed on Nasdaq Stockholm. Our focus is on developing affordable and sustainable

housing for consumers and investors on selected markets where we can utilise our competence effectively and optimise our resources through the whole value chain – from project managing land to finished homes.

## VISION

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

## MISSION

**We challenge ourselves everyday to change the housing game, creating better homes and lives for the many**

### NUMBER OF EMPLOYEES

**1,744**  
(1,550)

across 23 regions in eight countries

### HOUSING UNITS IN PRODUCTION

**9,861**  
(9,071)

at the end of the quarter

### NET SALES

**15.0**  
(14.2)

SEK billion, rolling 12 month

### OUTCOME FINANCIAL OBJECTIVES Q3 2017

#### RETURN ON CAPITAL EMPLOYED

**18.5%**

Return on capital employed should be 10–15 per cent

#### EQUITY/ASSETS RATIO

**29.7%**

The minimum equity/assets ratio should be 30 per cent

### DIVIDEND POLICY

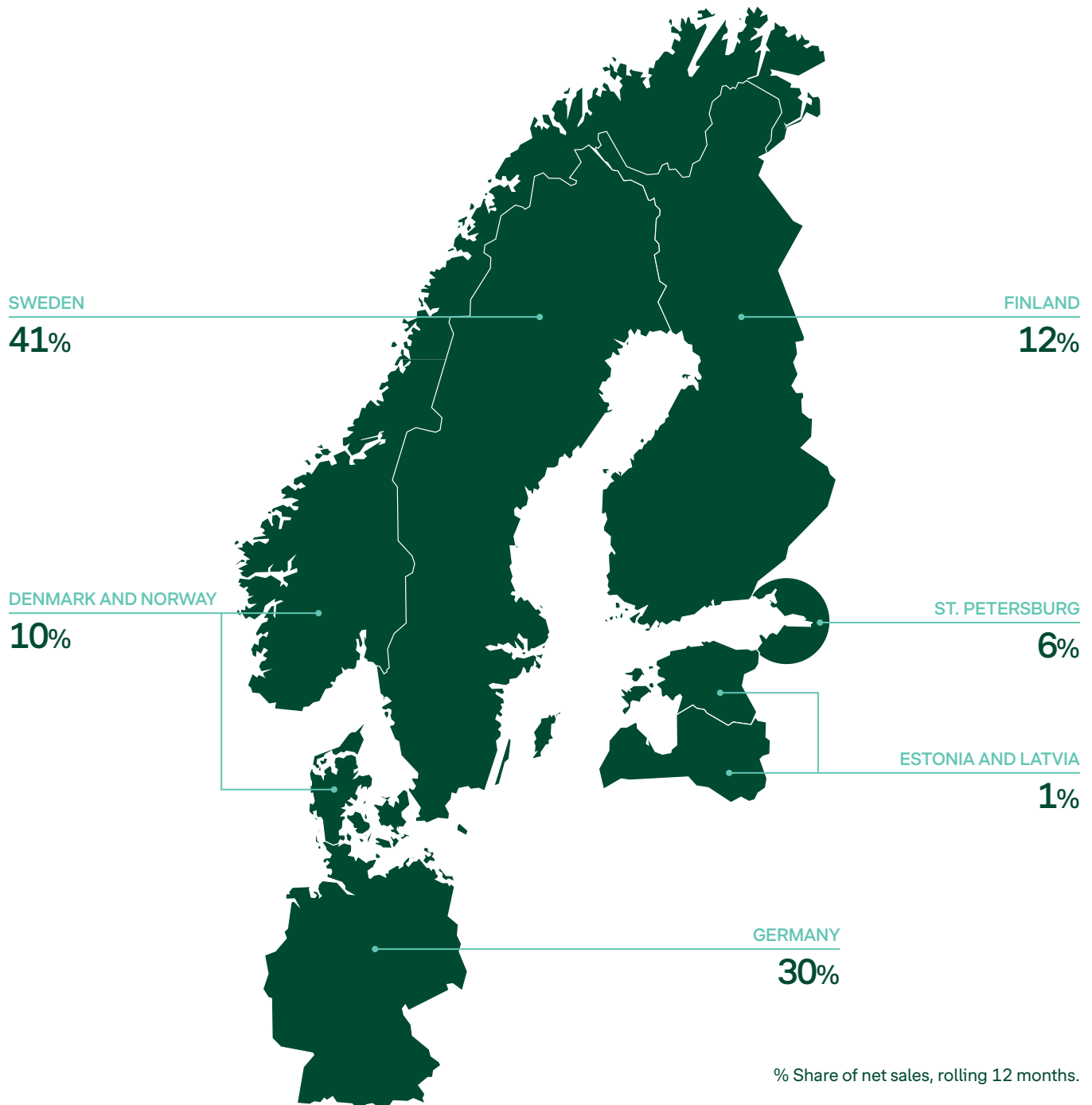
#### DIVIDEND

**40%**

(Earnings per share was SEK 13.59 rolling 12 month)

At least 40 per cent of consolidated profit after tax should be distributed to shareholders

# A leading residential developer in northern Europe



Bonava develops and sells homes across 23 regions in eight countries. Bonava's selected geographical markets are Sweden, Germany, Finland, Denmark, Norway, St. Petersburg, Estonia and Latvia. Bonava focuses on major city regions in pronounced growth and with stable local labour markets,

which generates demand for new housing over time.

We develop land into affordable and sustainable neighbourhoods, with housing projects that are adapted to our customers' wants and needs, as well as the unique conditions in each location. Bonava provides

multi-family housing and single-family housing, and develops homes for consumers and investors, such as pension funds, alongside municipalities and other stakeholders. That is how Bonava creates new and vibrant neighbourhoods.

# Group performance

All comparative figures in this report refer to the corresponding period of the previous year. Rounding errors may occur.

## MARKET PERFORMANCE

The housing market in Sweden was somewhat hesitant with unchanged house prices over the last quarter. In Stockholm, prices remained unchanged in both Greater and central Stockholm. In Gothenburg, prices remained unchanged in the metropolitan area, while they increased somewhat in the centre of town. Prices increased in Germany in the quarter, with strong demand from consumers and investors alike. In the Copenhagen region in Denmark, prices continued to increase slightly in the quarter and demand for housing remains positive. In Norway, where Bonava has a presence in Bergen, prices fell slightly. During the quarter we completed our first investor deal ever in Norway. In Finland, market progress was positive with slightly rising prices in the metropolitan area of Helsinki and the rest of the country. The housing market in St. Petersburg remained awaiting, but prices increased slightly in the quarter. Investor activities remained solid in Sweden, Germany, Finland and Denmark.

## JULY-SEPTEMBER 2017

### Operational performance

#### Net sales

Net sales amounted to SEK 2,135 M (2,327). The decrease was due to lower net sales from consumers in Germany and Denmark-Norway. In the quarter, 769 (757) housing units for consumers were recognised for profit. The average price per

housing unit for consumers decreased to SEK 2.3 M (2.9), mainly as a result of more housing units at a lower average price recognised for profit in St. Petersburg. Net sales from investors increased in Germany and Finland, and 127 (0) housing units to investors were recognised for profit. Exchange rate fluctuations had a positive impact of SEK 9 M on Group net sales in year-on-year terms.

#### Operating profit

Operating profit was SEK 218 M (228) in the period. Profit from sales to consumers was down year-on-year as a result of lower sales in Germany and Denmark-Norway. Profit from investors improved in Germany and Finland. Profit from land sales was SEK 65 M (7), mainly derived from Sweden.

Exchange rate fluctuations had a positive impact of SEK 2 M on year-on-year profit.

In the previous year, consolidated profit was charged with reorganization costs relating to creating an independent Bonava of SEK 28 M in the quarter.

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

Net financial items were SEK -51 M (-68). The improvement was mainly due to reduced borrowing denominated in roubles at lower interest. Profit after financial items for the third quarter 2017 was SEK 167 M (159).

Tax on profit for the period was SEK -36 M (-34), corresponding to a tax rate of 22 (21) per cent. Profit for the period after tax was SEK 130 M (125).

## JANUARY-SEPTEMBER 2017

### Operational performance

#### Net sales

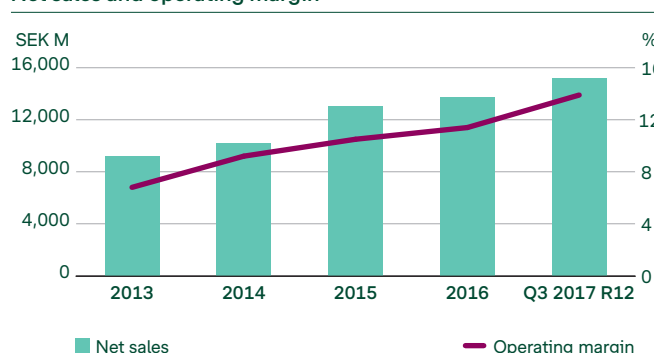
Net sales amounted to SEK 8,424 M (6,908). The increase was mainly due to land sales in Sweden and increased net sales from investors in Sweden, Germany and Finland. Net sales from consumers increased, mainly in Sweden. In the first nine months of the year, 2,437 (2,281) housing units for consumers were recognised for profit. The average price per housing unit for consumers decreased to SEK 2.6 M (2.7), mainly because of lower average prices in St. Petersburg and Denmark-Norway. The number of housing units for investors recognised for profit was 615 (206).

Exchange rate fluctuations had a positive impact of SEK 144 M on consolidated net sales year-on-year.

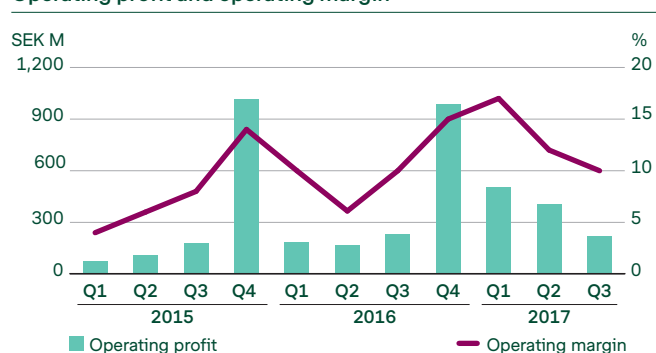
#### Operating profit

Operating profit for the period was SEK 1,126 M (577). Profit from sales to consumers increased, mainly as a result of increased net sales in Sweden and improved margins in Germany. Profit from projects for investors increased as more housing units were recognised for profit in Sweden, Germany and Finland. Profit from land sales were SEK 447 M (-9), with the increase mainly attributable to Sweden. Last year, profit was charged with SEK -89 M relating to land sales in Latvia.

Net sales and operating margin



Operating profit and operating margin



Exchange rate fluctuations had a positive profit impact of SEK 13 M compared to the corresponding period last year. In the previous year, consolidated profit was charged with reorganization costs relating to creating an independent Bonava of SEK 62 M.

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

Net financial items were SEK -165 M (-212). The improvement was attributable to lower net debt, for reasons including reduced debt denominated in roubles and lower interest rates. Profit before tax for January to

September 2017 was SEK 962 M (365). Tax on profit for the period was SEK -210 M (-78), corresponding to a tax rate of 22 (21) per cent.

Profit after tax for the period was SEK 752 M (287).

SEK M	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	Oct 2016– Sep 2017	2016 Jan-Dec
<b>Net sales per segment</b>						
Sweden	984	713	4,512	3,272	6,280	5,040
Germany	677	831	2,363	1,677	4,594	3,907
Finland	222	108	600	293	1,824	1,516
Denmark–Norway	95	448	468	912	1,487	1,931
St. Petersburg	135	146	385	617	683	915
Other and eliminations	20	81	96	138	140	182
<b>Total</b>	<b>2,135</b>	<b>2,327</b>	<b>8,424</b>	<b>6,908</b>	<b>15,008</b>	<b>13,492</b>

SEK M	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	Oct 2016– Sep 2017	2016 Jan-Dec
<b>Operating profit per segment</b>						
Sweden	169	109	1,004	537	1,387	920
Germany	75	92	244	134	586	477
Finland	-29	-22	-67	-70	95	92
Denmark–Norway	12	44	4	50	147	194
St. Petersburg	21	34	56	144	89	178
Other and eliminations	-31	-30	-114	-219	-193	-298
<b>Total</b>	<b>218</b>	<b>228</b>	<b>1,126</b>	<b>577</b>	<b>2,111</b>	<b>1,562</b>

# Financial position, investments and cash flow

## TOTAL ASSETS

Total assets were SEK 20,057 M (18,352). The increase was mainly due to more housing units in ongoing housing production and increased volume of land held for future development.

## NET DEBT

Net debt amounted to SEK 5,041 M (5,179), of which net debt in Swedish tenant-owner associations and Finnish housing companies amounted to SEK 4,739 M (4,269). Net debt was lower due to positive cash flow. As of 30 June 2017, net debt was SEK 5,311 M.

## CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Return on capital employed was 18.5 (14.6) per cent. The improvement is due to higher operating profit in Sweden and Germany. Capital employed was SEK 11,561 M (10,894) at the end of the period. Capital employed increased due to higher volumes

of ongoing housing production and properties held for future development in Germany and Denmark-Norway. As of 30 June 2017, capital employed was SEK 11,810 M.

## EQUITY/ASSETS AND DEBT/EQUITY RATIOS

As of 30 September 2017, the equity/assets ratio was 29.7 (27.1) per cent. Bonava's equity/assets ratio is affected by seasonal fluctuations as the company's assets normally increase in the first three quarters of the year and then decrease in the fourth quarter, when a large number of housing units are handed over to customers and recognised for profit. The debt/equity ratio was 0.8 (1.0). The debt/equity ratio excluding tenant-owner associations and housing companies was 0.1 (0.2).

## CASH FLOW FOR THE QUARTER JULY-SEPTEMBER

Cash flow before financing was SEK 300 M (-32) for the quarter.

Cash flow from operating activities before changes in working capital was down year-on-year. The improved profit was offset by reversal of provisions, decreased positive exchange rate effects and increased tax paid.

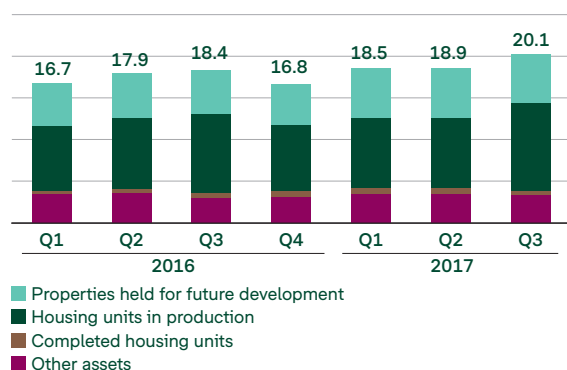
Cash flow from sales of housing projects decreased, mainly in Denmark-Norway. Investments in housing projects increased, mainly in Germany, but also in Denmark-Norway.

Cash flow from changes in other working capital was up on the previous year as interest-free receivables decreased in Sweden, and because of higher customer advances in Germany and Finland.

Investments in machinery and equipment in Germany generated decreased cash flow from investing activities year-on-year.

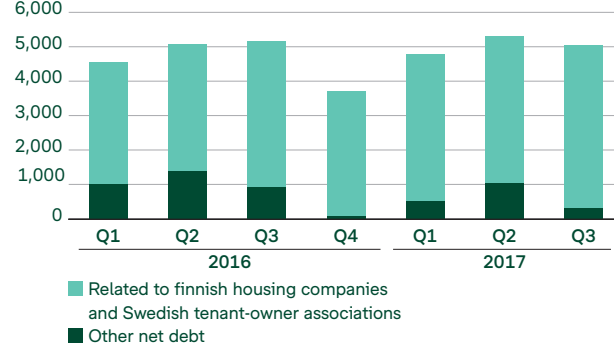
## Allocation of assets

SEK Bn



## Net debt

SEK M



### CASH FLOW FOR THE PERIOD JANUARY–SEPTEMBER

Cash flow before financing was SEK -1,106 M (-893) in the first nine months of the year.

Profit after financial items increased. This was partly offset by higher tax paid.

Land investments and housing units in production increased, mainly to satisfy growing demand in Germany and Denmark-Norway. The number of housing units recognised for profit increased, which increased cash flow from sales of housing develop-

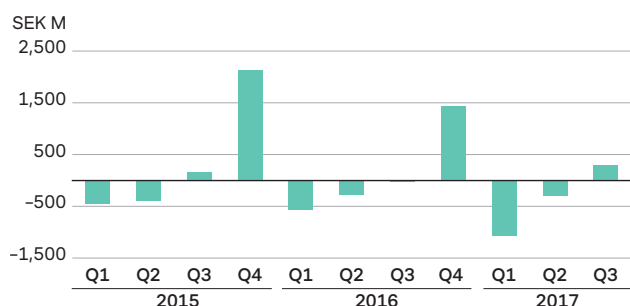
ment projects, mainly in Sweden, Germany and Finland. Cash flow from other working capital remained unchanged year-on-year. Customer advances increased in Germany, while accrued expenses were down in Sweden, Finland and Denmark-Norway. Cash flow from investing activities improved, as Bonava completed investments in new IT systems in the previous year.

### SEASONAL EFFECTS

Bonava recognises revenues and earnings from housing sales when sold and com-

pleted units are delivered to customers. Bonava's operations are affected by seasonal variations due to cold weather, which means that a majority of housing units is delivered to customers in the fourth quarter. Accordingly, earnings are usually stronger in the fourth quarter than in other quarters, as illustrated on page 10 in the graph 'Estimated completions per quarter'.

### Cash flow before financing



# Housing sales, housing starts and building rights

## COMMENTS JULY–SEPTEMBER 2017

### Housing sales and housing starts

In the quarter, 1,009 (659) housing units were sold to consumers and 327 (306) housing units were sold to investors. Sales to consumers increased in the quarter, mainly in Sweden, Germany and St. Petersburg. Only Finland had lower sales in year-on-year terms. The number of production starts increased across all markets with the exception of St. Petersburg. Germany in particular saw increased housing starts. In the quarter, 327 (306) housing units were sold to investors in Germany, Finland and Denmark-Norway. Bonava completed its first sale of a project to investors in Norway.

In the period, 881 (591) housing units were started for consumers, and 327 (306) for investors.

### Housing units in production as of 30 September 2017

At the end of the period, there were 7,430 (6,666) housing units for consumers and 2,431 (2,405) housing units for investors in production. As of 30 September 2017, the sales rate was 57 (65) per cent for housing units for consumers and 100 (100) per cent for housing units for investors. At the end of the period, the rate of completion was 49 (60) per cent for consumers and 41 (54) per cent for investors.

## COMMENTS JANUARY–SEPTEMBER 2017

### Housing sales and housing starts

In the period, 2,648 (2,547) housing units were sold to consumers, and 558 (969) housing units were sold to investors. The number of housing starts for consumers was 3,541 (2,312) and 558 (838) for investors.

### Estimated completions per quarter

Year-on-year, there are more housing units due to be completed from the fourth quarter of 2017 onwards. Of the total housing units that have not been completed, 26 (31) per cent are expected to be completed in the fourth quarter of 2017.

### Building rights as of 30 September 2017

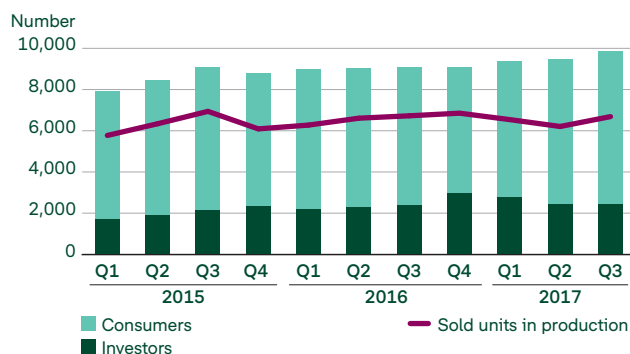
There were 31,500 (29,100) building rights, of which 18,800 (18,200) were recognized in the Balance Sheet. Bonava continues to pursue active portfolio management with multiple building rights acquired on growth markets, mainly in Germany.

### Unsold, completed housing units at year-end

The number of unsold completed housing units at period end was 161 (129). All these housing units were for consumers, mainly in St. Petersburg.

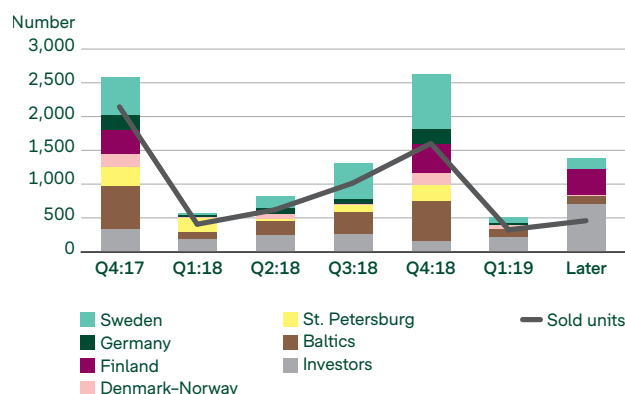
	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Housing units in ongoing production for consumers, at period end	7,430	6,666	7,430	6,666	6,158
Housing units in ongoing production for investors, at period end	2,431	2,405	2,431	2,405	2,955
Total number of housing units in ongoing production	9,861	9,071	9,861	9,071	9,113
Sales rate for housing units in ongoing production, %	68	74	68	74	75
Reservation rate for housing units in ongoing production, %	3	6	3	6	4
Sold and reserved housing units in ongoing production, %	71	80	71	80	79
Housing units sold to consumers in the period	1,009	659	2,648	2,547	4,311
Housing units sold to investors in the period	327	306	558	969	1,922
Total housing units sold	1,336	965	3,206	3,516	6,233
Housing starts for consumers in the period	881	591	3,541	2,312	4,041
Housing starts for investors in the period	327	306	558	838	1,791
Total housing starts	1,208	897	4,099	3,150	5,832

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



The figure illustrates the number of housing units in production per quarter and the share of housing units sold.

### Estimated completions per quarter



The figure illustrates estimated completions of housing units for consumers and housing units for the investor market that have not yet been recognised for profit. The curve illustrates the sold proportion. Sold housing units are recognised for profit at the time of delivery.

# Other

## SIGNIFICANT RISKS AND UNCERTAINTIES

Bonava's operations are exposed to several types of risk, both operational and financial. Operational risks impact the Group's daily operations. This type of risk may relate 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 process established by Bonava. The business units assess and manage risk through operational systems as well as specific 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 Bonava's risk exposure.

Customer credit risk is managed by the individual business unit. A centralised insurance function is responsible for Group-wide non-life and liability insurance, primarily property and contractor's insurance. This function also conducts preventative risk management alongside the business units, implying cost-efficient and coordinated insurable risks. The risk that Bonava may fail to comply with the company's Code of Conduct is managed by the CSR Compliance function.

For more information, see Risks and risk management on pages 49-52 of Bonava's Annual Report 2016 at [www.bonava.com](http://www.bonava.com).

## ORGANISATION AND EMPLOYEES

The Group's average number of employees was 1,698 (1,456) in the period.

## SHARES AND SHAREHOLDERS

Bonava has two classes of share, class A and class B. The closing price on 29 September 2017 was SEK 131.70 per class A shares and SEK 131.80 per class B share, corresponding to market capitalisation of SEK 14.3 Bn.

Bonava's share capital was SEK 434 M on the reporting date, divided between 108,435,822 and 227,160,285 votes. As of 29 September 2017, Bonava had 13,191,607 class A share and 95,244,215 class B shares. Each class A share carries 10 votes and each class B share one vote.

At the end of the quarter, there were 38,016 shareholders. Bonava's largest shareholder was Nordstjernan AB. As of 29 September, the ten largest shareholders controlled 59.0 per cent of the capital and 68.0 per cent of the votes.

## LEGAL STRUCTURE

Effective 9 June 2016, NCC distributed all the shares in Bonava AB to shareholders. NCC AB remains a minority owner of Bonava Deutschland GmbH, but Bonava holds the option to acquire NCC AB's participations in 2021. According to a profit sharing agreement, NCC AB will waive dividend and receive annual compensation of EUR 1.3 M until the agreement is cancelled, which may occur five years from entering the agreement at the earliest. The agreed profit sharing, representing a debt of SEK 45 M to NCC AB, has been reported at an amount corresponding to the fair value of four years' payments.

## SIGNIFICANT EVENTS IN THE PERIOD

In the third quarter, Bonava introduced a commercial paper program of SEK 2 Bn with the aim of diversifying the Group's financing. The program has been registered with Euroclear and can be utilized in SEK or EUR, with four banks acting as issuing institutions.

## TEN LARGEST SHAREHOLDERS AS OF 29 SEPTEMBER 2017

	No. of class A shares	No. of class B shares	Holding %	Votes %
Nordstjernan AB	10,000,000	10,323,759	18.7	48.6
AMF – Försäkring och Fonder	0	11,025,607	10.2	4.9
Swedbank Robur fonder	0	7,863,001	7.3	3.5
Lannebo fonder	11,706	5,324,851	4.9	2.4
SEB Investment Management	0	5,141,313	4.7	2.3
Fjärde AP-fonden	3,343	3,975,799	3.7	1.8
Carnegie fonder	0	3,048,667	2.8	1.3
Lämförsäkringar fondförvaltning AB	0	2,775,808	2.6	1.2
Norges Bank	4,239	2,241,425	2.1	1.0
Handelsbankens fonder	0	2,137,923	2.0	1.0
<b>Total, ten largest shareholders</b>	<b>10,019,288</b>	<b>53,858,153</b>	<b>59.0</b>	<b>68.0</b>
Other	3,172,319	41,386,062	41.0	32.0
<b>Total</b>	<b>13,191,607</b>	<b>95,244,215</b>	<b>100.0</b>	<b>100.0</b>

# Our markets

**In Sweden**, Bonava's offering focuses on consumers and investors through multi-family and single-family housing. The consumer markets comprise Stockholm, Gothenburg, Linköping, Uppsala and Umeå. Investor activities focus on some 15 cities in Sweden.



**KRISTINEBERGS SLOTTSPARK**  
Project start: Q3 2017  
Location: Kungsholmen, Stockholm  
Housing category: Multi-family housing  
Number of housing units: 182

Urban and modern living spaces for busy lifestyles close to parks and nature.

**In Germany**, Bonava is active in Berlin, Hamburg, the Baltic region, Saxony, Rhine-Ruhr, Cologne/Bonn, Rhine-Main and Rhine-Neckar/Stuttgart. The offering is aimed at consumers and investors and includes detached houses and multi-family housing.



**ACHTER DE FLEET**  
Project start: Q3 2017  
Location: Hamburg-Bergedorf, Germany  
Housing category: Multi-family housing  
Number of housing units: 61

Energy-efficient and affordable rental apartments in northern Hamburg, with access to a roof terrace overlooking the city. The project was sold to investors in the quarter.

**In Finland**, Bonava is active in Helsinki, Espoo, Vanda, Turku, Tampere and Oulo. The offering is aimed at consumers and investors alike, mainly within multi-family housing.



**BRAHENTULLI**  
Project start: Q3 2017  
Location: Turku, Finland  
Housing category: Multi-family housing  
Number of housing units: 37

Housing units close to all amenities in central Turku. The neighbourhood offers an urban and peaceful environment for residents in mid-life.

**Bonava is active in Copenhagen in Denmark and Bergen in Norway.** The offering encompasses multi-family housing and detached houses and is aimed at consumers and investors.



**SANDSLIHØYDEN**  
Project start: Q3 2017  
Location: Bergen, Norway  
Housing category: Multi-family housing  
Number of housing units: 31

Sandslihøyden is located in Sandsli, between the city centre and the airport. There's a train station adjacent to the project, with shopping and leisure facilities nearby.

**On the Russian market**, Bonava is only active in St. Petersburg. The offering focuses on multi-family housing for consumers and investors.

No projects have been started in St. Petersburg during the third quarter.

# Sweden

## MARKET PROGRESS

The housing market in Sweden was somewhat hesitant with unchanged house prices in the last month. Prices remained unchanged in both Greater and central Stockholm.

In Gothenburg, prices remained unchanged in the metropolitan area, while they increased somewhat in central Gothenburg.

## JULY-SEPTEMBER 2017

### Operational progress

#### Net sales

Net sales in Sweden increased as a result of more housing units handed over to consumers and increased land sales. The average price per housing unit to consumers was SEK 3.3 M (4.2). The decrease was attributable to the fact that more smaller homes were recognised for profit.

#### Operating profit

In Sweden, profit improved as a higher number of housing units to consumers were recognised for profit and profit from land sales improved to SEK 63 M (0) while administrative costs was higher year-on-year.

## JANUARY-SEPTEMBER 2017

### Operational progress

#### Net sales

Net sales in Sweden increased as a result of more housing units handed over to consumers and investors, and increased land sales. The average price per housing unit to consumers was SEK 3.7 M (3.8).

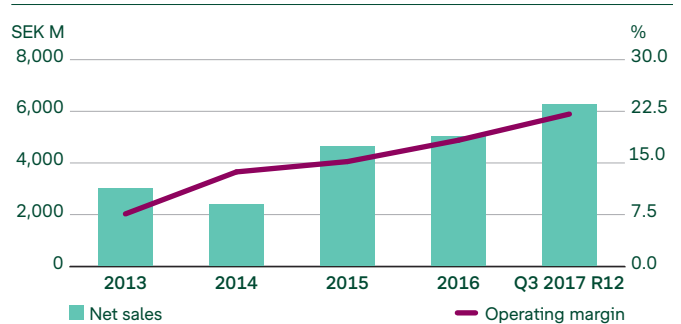
#### Operating profit

Operating profit improved as more housing units to consumers and investors were recognised for profit and profit from land sales increased to SEK 437 M (61).

#### Capital employed and return on capital employed

In Sweden, properties held for future development decreased as a result of increased production starts and land sales. Ongoing housing production was up slightly. Other current assets increased on the previous year, while the proportion of interest-free project financing remained unchanged and capital tied up was up on the previous year. The stronger profit implied an improvement in return on capital employed.

Net sales and operating margin



	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
<b>Key financial figures</b>					
Net sales, SEK M	984	713	4,512	3,272	5,040
Operating profit, SEK M	169	109	1,004	537	920
Operating margin, %	17.2	15.3	22.3	16.4	18.3
Capital employed at period end, SEK M	5,262	4,986	5,262	4,986	4,350
Return on capital employed, %	28.1	18.6	28.1	18.6	19.3
<b>Building rights</b>					
Building rights, at period end, number	7,400	7,600	7,400	7,600	7,200
of which, off-balance sheet building rights, number	4,600	3,400	4,600	3,400	3,300
<b>Housing development for consumers</b>					
Number of sold housing units during the period	190	91	534	655	1,123
Number of started housing units during the period	240	225	710	545	1,108
Number of profit-recognised housing units during the period	249	171	925	754	1,013
Number of housing units in production at period end	2,081	2,000	2,081	2,000	2,304
Sales rate for housing units in production, %	64	76	64	76	75
<b>Housing development for investors</b>					
Number of sold housing units during the period				352	579
Number of started housing units during the period				221	448
Number of profit-recognised housing units during the period			158	132	132
Number of housing units in production at period end	448	379	448	379	606
Sales rate for housing units in production, %	100	100	100	100	100

# Germany

## MARKET PROGRESS

Prices in Germany increased in the quarter, with solid demand from consumers and investors alike.

## JULY-SEPTEMBER 2017

### Operational progress

#### Net sales

In Germany, net sales decreased as fewer housing units to consumers were recognized for profit. The average price per housing unit to consumers increased to SEK 3.5 M (3.2), mainly due to higher market prices. A project to investors was recognised for profit in the period. Last year, no projects for investors in Germany were recognised for profit.

#### Operating profit

Profit from investors improved in Germany year-on-year. The operating margin for housing units for consumers improved, although profit decreased as a result of fewer housing units recognized for profit. At the same time, administration expenses increased as a result of organisational expansion aimed at supporting increased production. Operating profit was down on the previous year.

## JANUARY-SEPTEMBER 2017

### Operational progress

#### Net sales

In Germany, net sales increased as the average price of housing units for consumers increased to SEK 3.5 M (3.2), mainly because of higher market prices. Three projects for investors were recognised for profit. In the previous year, no projects for investors were recognised for profit in Germany in the first nine months of the year.

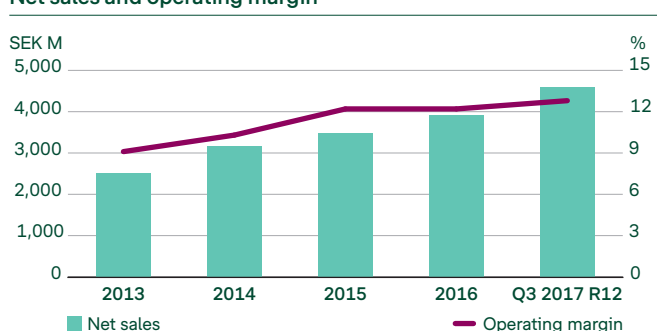
#### Operating profit

Operating profit in Germany improved due to higher margins, while net sales of housing units to consumers remained unchanged and net sales of housing units to investors increased.

#### Capital employed and return on capital employed

The ongoing expansion in Germany increased properties held for future development and housing units in production in year-on-year terms, while capital employed was also up. Despite the improved profit, this meant a decrease in return on capital employed year-on-year.

Net sales and operating margin



	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
<b>Key financial figures</b>					
Net sales, SEK M	677	831	2,363	1,677	3,907
Operating profit, SEK M	75	92	244	134	477
Operating margin, %	11.0	11.1	10.3	8.0	12.2
Capital employed at period end, SEK M	2,828	1,938	2,828	1,938	2,163
Return on capital employed, %	21.8	27.5	21.8	27.5	25.4
<b>Building rights</b>					
Building rights, at period end, number	8,800	7,100	8,800	7,100	6,400
of which, off-balance sheet building rights, number	3,400	2,900	3,400	2,900	2,700
<b>Housing development for consumers</b>					
Number of sold housing units during the period	368	251	917	758	1,288
Number of started housing units during the period	272	174	816	680	1,455
Number of profit-recognised housing units during the period	157	251	501	513	1,057
Number of housing units in production at period end	2,101	1,558	2,101	1,558	1,785
Sales rate for housing units in production, %	70	69	70	69	59
<b>Housing development for investors</b>					
Number of sold housing units during the period	61	96	137	166	645
Number of started housing units during the period	61	96	137	166	645
Number of profit-recognised housing units during the period	71		292		201
Number of housing units in production at period end	1,029	906	1,029	906	1,184
Sales rate for housing units in production, %	100	100	100	100	100

# Finland

## MARKET PROGRESS

The Finnish market was good with slightly rising prices in the capital region and in the rest of the country.

## JULY-SEPTEMBER 2017

### Operational progress

#### Net sales

In Finland, net sales increased as more housing units were handed over to consumers and investors. The average price for housing units to consumers increased to SEK 2.3 M (1.8) as a result of more housing units recognised for profit in the Helsinki region. In the previous year, no housing units for investors were recognised for profit in the third quarter.

#### Operating profit

Operating margin in Finland improved on the previous year. Profit from housing units for consumers improved slightly. One project for investors was recognised for profit at a low margin. Profit from land sales amounted to SEK 2 M (3). Finland is in the process of establishing dedicated production resources, which increased administration costs, meaning that operating profit was down on the previous year.

## JANUARY-SEPTEMBER 2017

### Operational progress

#### Net sales

In the first nine months of the year, net sales in Finland increased as a result of more housing units for consumers recognised for profit, with an average price of SEK 2.4 M (2.0). The increased average price was due to a changed geographical project mix. Three projects for investors were recognised for profit in the period, while no projects for investors were recognized for profit in the previous year.

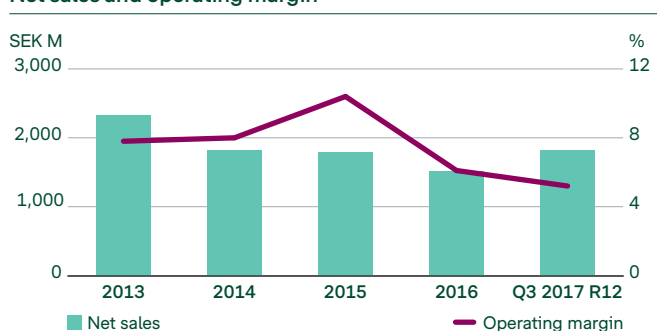
#### Operating profit

Operating profit in Finland increased year-on-year. Profit on housing units for consumers and investors improved due to more housing units recognized for profit, which was offset by increased administration costs. Profit from land sales was SEK 9 M (3) in the first nine months of the year.

#### Capital employed and return on capital employed

Current assets remained at the same level as the previous year. Capital employed was down due to increased interest-free financing. Return on capital employed improved as a result of increased profit and lower capital tied up.

### Net sales and operating margin



	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
<b>Key financial figures</b>					
Net sales, SEK M	222	108	600	293	1,516
Operating profit, SEK M	-29	-22	-67	-70	92
Operating margin, %	-13.1	-20.3	-11.2	-23.9	6.1
Capital employed at period end, SEK M	1,427	1,585	1,427	1,585	1,092
Return on capital employed, %	7.0	0.8	7.0	0.8	7.1
<b>Building rights</b>					
Building rights, at period end, number	6,900	7,500	6,900	7,500	7,300
of which, off-balance sheet building rights, number	3,500	4,500	3,500	4,500	4,200
<b>Housing development for consumers</b>					
Number of sold housing units during the period	105	138	344	417	637
Number of started housing units during the period	109	82	396	354	522
Number of profit-recognised housing units during the period	59	38	138	120	658
Number of housing units in production at period end	850	962	850	962	567
Sales rate for housing units in production, %	58	63	58	63	50
<b>Housing development for investors</b>					
Number of sold housing units during the period	197	136	351	377	624
Number of started housing units during the period	197	136	351	377	624
Number of profit-recognised housing units during the period	57		165		
Number of housing units in production at period end	810	1,046	810	1,046	1,091
Sales rate for housing units in production, %	100	100	100	100	100

# Denmark–Norway

## MARKET PROGRESS

In the Copenhagen region in Denmark, prices continued to increase slightly in the quarter, while demand for housing units remained good. In Norway, where Bonava has a presence in Bergen, prices decreased slightly. During the quarter Bonava completed its first investor transaction ever in Norway.

## JULY–SEPTEMBER 2017

### Operational progress

#### Net sales

Net sales in Denmark–Norway were down on the previous year as a result of a lower number of housing units handed over to consumers. The average price decreased to SEK 3.1 M (4.8), as more housing units in central Copenhagen were recognised for profit in the previous year.

#### Operating profit

Operating profit for Denmark–Norway decreased due to the lower net sales. The operating margin improved thanks to improved project margins. Profit from land sales totalled SEK 0 M (4).

## JANUARY–SEPTEMBER 2017

### Operational progress

#### Net sales

The number of housing units for consumers recognised for profit was down on the previous year, and net sales decreased. The average price for housing units for consumers recognised for profit decreased to SEK 3.4 M (4.7). In the previous year, more housing units in central Copenhagen were recognised for profit at a higher average price.

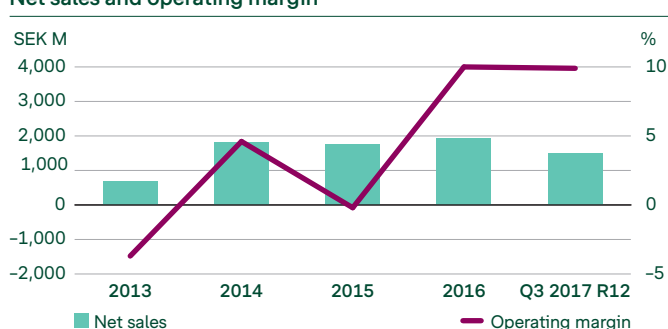
#### Operating profit

Operating profit for Denmark–Norway decreased compared to the corresponding period in the previous year as a result of fewer housing units for consumers recognised for profit. Profit from land sales for the first nine months of the year amounted to SEK 0 M (16).

#### Capital employed and return on capital employed

Denmark–Norway increased properties held for future development in year-on-year terms. Capital employed was down due to increased interest-free financing. Return on capital employed increased thanks to lower average capital tied up.

Net sales and operating margin



	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
<b>Key financial figures</b>					
Net sales, SEK M	95	448	468	912	1,931
Operating profit, SEK M	12	44	4	50	194
Operating margin, %	13.1	9.9	0.8	5.5	10.0
Capital employed at period end, SEK M	1,190	1,249	1,190	1,249	736
Return on capital employed, %	14.8	10.5	14.8	10.5	16.0
<b>Building rights</b>					
Building rights, at period end, number	2,000	900	2,000	900	900
of which, off-balance sheet building rights, number	600	100	600	100	300
<b>Housing development for consumers</b>					
Number of sold housing units during the period	70	55	274	222	299
Number of started housing units during the period	42		366	142	249
Number of profit-recognised housing units during the period	29	87	131	178	396
Number of housing units in production at period end	559	433	559	433	316
Sales rate for housing units in production, %	58	74	58	74	58
<b>Housing development for investors</b>					
Number of sold housing units during the period	70	74	70	74	74
Number of started housing units during the period	70	74	70	74	74
Number of profit-recognised housing units during the period					
Number of housing units in production at period end	144	74	144	74	74
Sales rate for housing units in production, %	100	100	100	100	100

# St. Petersburg

## MARKET PROGRESS

The housing market in St. Petersburg remained hesitant but prices increased slightly in the quarter.

## JULY-SEPTEMBER 2017

### Operational progress

#### Net sales

In St. Petersburg, net sales decreased year-on-year, as more housing units for consumers were recognised for profit at a significantly lower average price. In the year, more housing units were recognised for profit in the lower price segment, and the average price decreased to SEK 0.6 M (1.3). In the previous year, one project for investors was recognised for profit.

#### Operating profit

Operating profit was down on the previous year due to lower net sales from housing units for consumers. The operating margin decreased as a majority of housing units recognised for profit were in the lower price segment with lower project margins.

## JANUARY-SEPTEMBER 2017

### Operational progress

#### Net sales

Net sales decreased due to a lower number of housing units recognised for profit at a lower average price. The average price was SEK 0.6 M (0.9). In the previous year, one project for investors was recognised for profit.

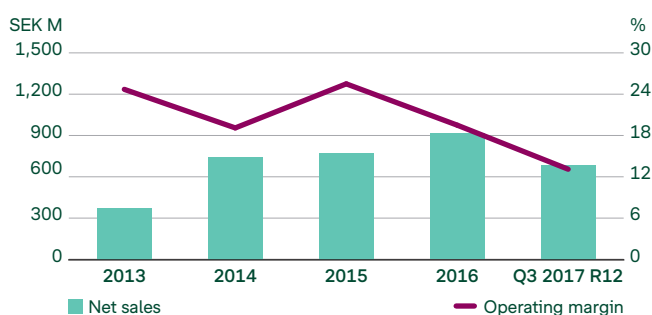
#### Operating profit

Operating profit decreased due to lower net sales from housing units for consumers. The operating margin decreased as a majority of the housing units recognised for profit were in the lower price segment.

#### Capital employed and return on capital employed

Properties held for future development decreased in St. Petersburg, as a number of projects were started while there have been no investments in new land since the previous year. The number of ongoing housing projects increased, although interest-free financing remained at the same level as last year, and capital employed was unchanged. Return on capital employed decreased as a result of the lower operating profit.

Net sales and operating margin



	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
<b>Key financial figures</b>					
Net sales, SEK M	135	146	385	617	915
Operating profit, SEK M	21	34	56	144	178
Operating margin, %	15.8	23.3	14.5	23	19.4
Capital employed at period end, SEK M	1,245	1,231	1,245	1,231	1,277
Return on capital employed, %	6.9	32.5	6.9	32.5	16.5
<b>Building rights</b>					
Building rights, at period end, number	3,500	4,300	3,500	4,300	4,400
of which, off-balance sheet building rights, number					
<b>Housing development for consumers</b>					
Number of sold housing units during the period	156	44	296	296	653
Number of started housing units during the period			813	363	363
Number of profit-recognised housing units during the period	234	110	585	547	1,026
Number of housing units in production at period end	1,176	1,416	1,176	1,416	800
Sales rate for housing units in production, %	29	50	29	50	61
<b>Housing development for investors</b>					
Number of sold housing units during the period					
Number of started housing units during the period					
Number of profit-recognised housing units during the period				74	74
Number of housing units in production at period end					
Sales rate for housing units in production, %					

# Condensed Consolidated Income Statement

SEK M	Note 1	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	Oct 2016– Sep 2017	2016 Jan-Dec
Net sales	4	2,135	2,327	8,424	6,908	15,008	13,492
Production costs		-1,705	-1,946	-6,712	-5,844	-12,103	-11,235
<b>Gross profit</b>		<b>430</b>	<b>381</b>	<b>1,712</b>	<b>1,063</b>	<b>2,906</b>	<b>2,257</b>
Selling and administrative expenses		-211	-125	-586	-425	-770	-610
Non-recurring costs <sup>1)</sup>			-28		-62	-23	-85
<b>Operating profit</b>	<b>4</b>	<b>218</b>	<b>228</b>	<b>1,126</b>	<b>577</b>	<b>2,111</b>	<b>1,562</b>
Financial income		4	2	9	7	15	13
Financial expenses		-55	-70	-173	-219	-246	-292
<b>Net financial items</b>		<b>-51</b>	<b>-68</b>	<b>-165</b>	<b>-212</b>	<b>-232</b>	<b>-279</b>
<b>Profit after financial items</b>	<b>4</b>	<b>167</b>	<b>159</b>	<b>962</b>	<b>365</b>	<b>1,880</b>	<b>1,283</b>
Tax on profit for the period		-36	-34	-210	-78	-410	-278
<b>Net profit for the period</b>		<b>130</b>	<b>125</b>	<b>752</b>	<b>287</b>	<b>1,469</b>	<b>1,004</b>
Attributable to:							
Bonava AB's shareholders		130	125	752	287	1,467	1,003
Non-controlling interests						2	2
<b>Net profit for the period</b>		<b>130</b>	<b>125</b>	<b>752</b>	<b>287</b>	<b>1,469</b>	<b>1,004</b>
<b>Per share data before and after dilution</b>							
Earnings per share, SEK		1.21	1.15	6.96	2.65	13.59	9.26
Cash flow from operating activities, SEK		3.20	-0.04	-9.33	-7.20	4.41	6.54
Shareholders' equity, SEK		55.12	45.92	55.12	45.92	55.12	52.25
No. of shares at the end of the period, millions <sup>2)</sup>		107.9	108.4	107.9	108.4	107.9	108.1

<sup>1)</sup> Activities relating to Bonava becoming an independent company.

<sup>2)</sup> In April 2017, Bonava repurchased 194,800 shares. The total number of treasury shares as of 30 September 2017 was 549,200.

# Consolidated statement of comprehensive income

SEK M	Note 1	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	Oct 2016– Sep 2017	2016 Jan-Dec
<b>Profit for the period</b>		<b>130</b>	<b>125</b>	<b>752</b>	<b>287</b>	<b>1,469</b>	<b>1,004</b>
<i>Items that have been or may be reclassified to profit or loss for the period</i>							
Translation differences in the period in translation of foreign operations		1	34	-18	96	-16	98
Hedging exchange-rate risk in foreign operations			-23		-75	2	-73
Tax related to items that have been or may be reclassified to profit or loss for the period			5		17	-1	16
<b>Other comprehensive income for the period</b>		<b>1</b>	<b>16</b>	<b>-18</b>	<b>38</b>	<b>-15</b>	<b>41</b>
<b>Comprehensive income for the period</b>		<b>131</b>	<b>142</b>	<b>734</b>	<b>325</b>	<b>1,454</b>	<b>1,045</b>
<i>Attributable to:</i>							
Bonava AB's shareholders		131	142	734	325	1,451	1,042
Non-controlling interests						4	4
<b>Total comprehensive income for the period</b>		<b>131</b>	<b>142</b>	<b>734</b>	<b>325</b>	<b>1,454</b>	<b>1,045</b>

# Condensed consolidated Balance Sheet

SEK M	Note 1	2017 30 Sep	2016 30 Sep	2016 31 Dec
<b>ASSETS</b>				
<b>Fixed assets</b>		881	882	933
<b>Current assets</b>				
Properties held for future development		5,854	5,439	5,035
Ongoing housing projects		10,475	9,477	7,898
Completed housing units		456	479	733
Current receivables		1,899	1,452	1,552
Cash and cash equivalents	2	494	624	619
<b>Total current assets</b>		<b>19,177</b>	<b>17,470</b>	<b>15,836</b>
<b>TOTAL ASSETS</b>		<b>20,057</b>	<b>18,352</b>	<b>16,770</b>
<b>SHAREHOLDERS' EQUITY</b>				
Shareholders' equity attributable to parent company shareholders		5,947	4,979	5,648
Non-controlling interests		5		5
<b>Total shareholders' equity</b>		<b>5,951</b>	<b>4,979</b>	<b>5,652</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities	2	3,054	2,729	2,245
Other non-current liabilities		491	264	271
Non-current provisions		761	760	803
<b>Total non-current liabilities</b>		<b>4,306</b>	<b>3,753</b>	<b>3,319</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities	2	2,555	3,186	2,236
Other current liabilities		7,245	6,434	5,562
<b>Total current liabilities</b>		<b>9,800</b>	<b>9,620</b>	<b>7,799</b>
<b>Total liabilities</b>		<b>14,106</b>	<b>13,373</b>	<b>11,117</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,057</b>	<b>18,352</b>	<b>16,770</b>

# Condensed changes in shareholders' equity, Group

SEK M	Shareholders' equity attributable to parent company shareholders	Non-controlling interests	Total shareholders' equity
Opening shareholders' equity, 1 January 2016	4,672	60	4,732
Comprehensive income for the period	1,042	4	1,045
Transactions with non-controlling interests <sup>1)</sup>	5	-59	-55
Dividend	-15		-15
Transactions with shareholders	-12		-12
Purchase of treasury shares	-45		-45
Performance-based incentive program	2		2
<b>Closing shareholders' equity, 31 December 2016</b>	<b>5,648</b>	<b>5</b>	<b>5,652</b>
Opening shareholders' equity, 1 January 2017	5,648	5	5,652
Comprehensive income for the period	734		734
Dividend <sup>2)</sup>	-410		-410
Purchase of treasury shares	-30		-30
Performance-based incentive program	5		5
<b>Closing shareholders' equity, 30 September 2017</b>	<b>5,947</b>	<b>5</b>	<b>5,951</b>

<sup>1)</sup> According to a profit-sharing agreement between Bonava Deutschland GmbH and NCC AB, NCC AB will waive dividends and receive fixed compensation of EUR 1.3 M annually instead. The reported amount 2016 pertains to the fair value of five years' payment.

<sup>2)</sup> Amount decided by the Annual General Meeting on 4 April 2017. The amount has been paid to the shareholders on 11 April and 11 October 2017.

# Condensed consolidated Cash Flow Statement

SEK M	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	Oct 2016– Sep 2017	2016 Jan-Dec
<b>OPERATING ACTIVITIES</b>						
Profit after financial items	167	159	962	365	1,880	1,283
Adjustments for items not included in cash flow	-192	-37	-83	-51	-30	2
Tax paid	-42	-43	-179	-119	-257	-197
<b>Cash flow from operating activities before changes in working capital</b>	<b>-67</b>	<b>80</b>	<b>700</b>	<b>195</b>	<b>1,592</b>	<b>1,087</b>
<b>Cash flow from changes in working capital</b>						
Divestments of housing projects	1,650	1,956	6,853	5,755	11,905	10,807
Investments in housing projects	-2,858	-2,686	-9,988	-8,092	-13,434	-11,538
Other changes in working capital	1,619	645	1,428	1,360	420	352
<b>Cash flow from changes in working capital</b>	<b>411</b>	<b>-85</b>	<b>-1,707</b>	<b>-976</b>	<b>-1,110</b>	<b>-379</b>
<b>Cash flow from operating activities</b>	<b>345</b>	<b>-5</b>	<b>-1,007</b>	<b>-781</b>	<b>482</b>	<b>708</b>
<b>INVESTING ACTIVITIES</b>						
<b>Cash flow from investing activities</b>	<b>-44</b>	<b>-27</b>	<b>-99</b>	<b>-112</b>	<b>-160</b>	<b>-173</b>
<b>CASH FLOW BEFORE FINANCING</b>	<b>300</b>	<b>-32</b>	<b>-1,106</b>	<b>-893</b>	<b>323</b>	<b>536</b>
<b>FINANCING ACTIVITIES</b>						
Capital contribution from NCC				5,051		5,051
Repayment of loans to NCC				-6,012		-6,012
Borrowing				2,059		2,059
Dividend paid		-15	-205	-15	-205	-15
Purchase of treasury shares			-30		-75	-45
Change in interest-bearing financial liabilities	-130	-311	1,131	-399	-195	-1,724
Change in current interest-bearing receivables	-6	34	89	221	28	160
<b>Cash flow from financing activities</b>	<b>-136</b>	<b>-293</b>	<b>985</b>	<b>904</b>	<b>-445</b>	<b>-525</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>164</b>	<b>-325</b>	<b>-122</b>	<b>11</b>	<b>-123</b>	<b>10</b>
Cash and cash equivalents at the beginning of the period	331	934	619	585	624	585
Exchange rate difference in cash and cash equivalents		14	-3	27	-7	23
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>494</b>	<b>624</b>	<b>494</b>	<b>624</b>	<b>494</b>	<b>619</b>

Until its IPO (June 2016), Bonava had short-term financing from NCC Treasury AB, so debt amortisation has been recognised gross in the Cash Flow Statement.

# Notes

## NOTE 1 Accounting principles

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 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 Bonava's Annual Report 2016, pages 92-96. These policies are also available at [www.bonava.com](http://www.bonava.com).

IFRS 15, Revenue Recognition from Contracts with Customers, will be implemented on 1 January 2018 and regulates at what time revenue should be reported. Bonava has carried through an analysis that shows that Bonava will have continued support to report revenues from housing projects to consumers and investors, as well as land sales, at the time when major risks and rewards are transferred to the buyer, normally at the time of handover.

IFRS 16, Leasing, will be implemented from 1 January 2019 and regulates how leasing should be reported. Bonava has initiated an analysis of this standard and how it will affect the group.

## NOTE 2 Specification of net debt

SEK M	2017 30 Sep	2016 30 Sep	2016 31 Dec
Non-current interest-bearing receivables	10	97	79
Current interest-bearing receivables	64	15	84
Cash and cash equivalents	494	624	619
<b>Total</b>	<b>569</b>	<b>736</b>	<b>782</b>
Non-current interest-bearing liabilities	3,054	2,729	2,245
Current interest-bearing liabilities	2,555	3,186	2,236
<b>Total</b>	<b>5,609</b>	<b>5,915</b>	<b>4,481</b>
<b>Net debt</b>	<b>5,041</b>	<b>5,179</b>	<b>3,699</b>
<i>of which, attributable to Swedish tenant-owner associations and Finnish housing companies</i>			
Interest-bearing liabilities	4,882	4,422	3,677
Cash and cash equivalents	143	152	53
<b>Net debt in tenant-owner associations and housing companies</b>	<b>4,739</b>	<b>4,269</b>	<b>3,624</b>
<b>Other net debt</b>	<b>302</b>	<b>910</b>	<b>75</b>

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

SEK M	2017 30 Sep	2016 30 Sep	2016 31 Dec
<b>Assets pledged</b>			
<i>For own liabilities:</i>			
Property mortgages	2,007	1,767	1,699
Restricted bank funds	51	71	22
<b>Total pledged assets</b>	<b>2,058</b>	<b>1,838</b>	<b>1,721</b>
<b>Contingent and guarantee liabilities</b>			
<i>Own contingent liabilities:</i>			
Deposits and concession fees <sup>1)</sup>	1,367	1,799	600
Other guarantees			118
<i>Held jointly with other companies</i>			
Liabilities in partnerships and limited partnerships		24	23
<b>Total contingent and guarantee liabilities</b>	<b>1,367</b>	<b>1,823</b>	<b>741</b>

<sup>1)</sup> Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by Bonava Sverige AB. The guarantee is to be restored one year after the final acquisition cost of the tenant-owner association's building has been established.

**NOTE 4** Reporting by operating segments

Jul-Sep 2017, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	984	677	222	95	135	20	2,135
Operating profit	169	75	-29	12	21	-31	218
Net financial items							-51
<b>Profit after financial items</b>							<b>167</b>
Capital employed at period end	5,262	2,828	1,427	1,190	1,245	-187	11,766

Jul-Sep 2016, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	713	831	108	448	146	81	2,327
Operating profit	109	92	-22	44	34	-30	228
Net financial items							-68
<b>Profit after financial items</b>							<b>159</b>
Capital employed at period end	4,986	1,938	1,585	1,249	1,231	-97	10,894

Jan-Sep 2017, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	4,512	2,363	600	468	385	96	8,424
Operating profit	1,004	244	-67	4	56	-114	1,126
Net financial items							-165
<b>Profit after financial items</b>							<b>962</b>
Capital employed at period end	5,262	2,828	1,427	1,190	1,245	-187	11,766

Jan-Sep 2016, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	3,272	1,677	293	912	617	138	6,908
Operating profit	537	134	-70	50	144	-219	577
Net financial items							-212
<b>Profit after financial items</b>							<b>365</b>
Capital employed at period end	4,986	1,938	1,585	1,249	1,231	-97	10,894

Jan-Dec 2016, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	5,040	3,907	1,516	1,931	915	182	13,492
Operating profit	920	477	92	194	178	-298	1,562
Net financial items							-279
<b>Profit after financial items</b>							<b>1,283</b>
Capital employed at period end	4,350	2,163	1,092	736	1,277	515	10,134

Other and eliminations, SEK M	Net sales					Operating profit				
	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Bonava's Head Office <sup>1)</sup>	65	20	166	46	69	-26	-43	-113	-145	-227
Sales, Latvian property portfolio				4	4				-89	-91
Operations in Estonia and Latvia	30	81	114	132	176	-5	13	-1	17	20
Adjustments and eliminations	-75	-20	-183	-44	-67					
<b>TOTAL</b>	<b>20</b>	<b>81</b>	<b>96</b>	<b>138</b>	<b>182</b>	<b>-31</b>	<b>-30</b>	<b>-114</b>	<b>-219</b>	<b>-298</b>

<sup>1)</sup> Activities relating to Bonava becoming an independent company generated costs of SEK 85 M in 2016, of which SEK 55 M relates to head office. No such costs were reported in 2017. For the period Jan-Sep 2016, costs were SEK 62 M for the Group of which SEK 41 M were reported for Head Office.

**NOTE 5 Fair value of financial instruments**

The following table presents disclosures about the measurement of fair value for financial instruments that are continuously measured at fair value in Bonava's Balance Sheet. The fair value measurement divides assets into three levels. No transfers between levels were made in the period.

Bonava has no financial instruments in levels 1 and 3.

Derivatives in level 2 comprise 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.

SEK M	2017 30 Sep	2016 30 Sep	2016 31 Dec
Derivative instruments used for hedging purposes			17
Derivative instruments not used for hedging purposes	6	1	38
<b>Total assets</b>	<b>6</b>	<b>1</b>	<b>55</b>
Derivative instruments used for hedging purposes		12	
Derivative instruments not used for hedging purposes	80	113	102
<b>Total liabilities</b>	<b>80</b>	<b>125</b>	<b>102</b>

The fair value of non-current and current interest-bearing liabilities has been judged not to differ materially from carrying amount. For financial instruments recognised at amortised cost, accounts receivables, other receivables, cash and cash equivalents, accounts payable and other interest-free liabilities, fair value is considered equal to carrying amount.

**NOTE 6 Transactions with related parties**

In the period until 9 June 2016, Bonava constituted the NCC Housing operating segment of NCC AB. After this date, all transactions with NCC have been priced on a commercial basis.

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

Transactions with NCC, SEK M	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Sales	2	1	19
Purchases	2,106	2,483	3,314
Financial expenses		87	87
Current receivables			1
Non-current interest-bearing liabilities	33	43	45
Current interest-bearing liabilities	12	12	12
Accounts payable	109	313	258
Contingent liabilities	206	84	76

# Parent Company

## JANUARY-SEPTEMBER 2017

The parent company comprises the operations of Bonava AB. The company's net sales amounted to SEK 166 M (45). Profit/loss after financial items was SEK 104 M (-88).

### PARENT COMPANY CONDENSED INCOME STATEMENT

SEK M	Note 1	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Net sales		166	45	69
Selling and administrative expenses		-265	-190	-295
<b>Operating profit</b>		<b>-99</b>	<b>-145</b>	<b>-226</b>
Profit from participations in Group companies		169	123	291
Financial income		136	88	148
Financial expenses		-102	-154	-188
<b>Profit/loss after financial items</b>		<b>104</b>	<b>-88</b>	<b>24</b>
Appropriations				-5
<b>Profit/loss before tax</b>		<b>104</b>	<b>-88</b>	<b>19</b>
Tax on profit/loss for the period		13	46	27
<b>Profit for the period</b>		<b>117</b>	<b>-42</b>	<b>45</b>

### PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	2017 30 Sep	2016 30 Sep	2016 31 Dec
<b>Assets</b>			
Fixed assets	2,324	1,625	1,955
Current assets	3,737	5,657	4,251
<b>Total assets</b>	<b>6,061</b>	<b>7,282</b>	<b>6,207</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	4,894	5,167	5,210
Provisions	1	3	1
Non-current liabilities	614	621	609
Current liabilities	552	1,491	387
<b>Total equity and liabilities</b>	<b>6,061</b>	<b>7,282</b>	<b>6,207</b>

# Notes to the Parent Company

## Income Statement and Balance Sheet

### NOTE 1 Accounting policies

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*.

The accounting policies applied when preparing this Interim Report are applicable for all periods and correspond to the accounting policies presented in Note 1 Significant accounting policies in Bonava's Annual Report 2016, pages 92–96 and page 117. These are also available at [www.bonava.com](http://www.bonava.com).

### TRANSACTIONS WITH RELATED PARTIES

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

### NOTE 2 Guarantees and contingent liabilities

SEK M	2017 30 Sep	2016 30 Sep	2016 31 Dec
Guarantees	18,845	16,164	15,485

# Quarterly summary

## sector-related key figures for the Group

Group	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Building rights, at period end	31,500	29,100	31,500	29,100	28,000
Of which, off-balance-sheet building rights	12,700	10,900	12,700	10,900	10,500
<b>Housing development for consumers</b>					
Profit-recognised housing units during the period	769	757	2,437	2,281	4,371
Housing starts during the period	881	591	3,541	2,312	4,041
Housing units sold during the period	1,009	659	2,648	2,547	4,311
Housing units under construction, at period end	7,430	6,666	7,430	6,666	6,158
Sales rate for housing units under construction, %	57	65	57	65	63
Reservation rate for housing units under construction, %	4	8	4	8	6
Completion rate for housing units under construction, %	49	60	49	60	49
Completed housing units, not recognised in profit, at period end	205	226	205	226	373
Housing units for sale (ongoing and completed), at period end	3,336	2,475	3,336	2,475	2,440
<b>Housing development for investors</b>					
Profit-recognised housing units during the period	127		615	206	407
Housing starts during the period	327	306	558	838	1,791
Housing units sold during the period	327	306	558	969	1,922
Housing units under construction, at period end	2,431	2,405	2,431	2,405	2,955
Sales rate for housing units under construction, %	100	100	100	100	100
Completion rate for housing units under construction, %	41	54	41	54	40

	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
<b>Housing development for consumers</b>					
Housing units under construction, at beginning of period	7,071	6,710	6,158	6,432	6,432
Housing starts during the period	881	591	3,541	2,312	4,041
Profit-recognised housing units during the period	-769	-757	-2,437	-2,281	-4,371
Decrease (+)/increase (-) in completed housing units, not profit recognised at period end	247	122	168	203	56
<b>Housing units under construction, at period end</b>	<b>7,430</b>	<b>6,666</b>	<b>7,430</b>	<b>6,666</b>	<b>6,158</b>
<b>Housing development for investors</b>					
Housing units under construction, at beginning of period	2,426	2,306	2,955	2,346	2,346
Housing starts during the period	327	306	558	838	1,791
Profit-recognised housing units during the period	-127		-615	-206	-407
Time offset between completion and profit recognition in Bonava Finland <sup>1)</sup>	-195	-207	-467	-573	-775
<b>Housing units under construction, at period end</b>	<b>2,431</b>	<b>2,405</b>	<b>2,431</b>	<b>2,405</b>	<b>2,955</b>

<sup>1)</sup> Up until 2015, Bonava Finland has profit-recognised housing units for investors at the time of production start. Thus, there has been a time offset between years regarding profit-recognition and completion of housing units for investors. From 2016, profit-recognition of housing units to investors in Bonava Finland is made at the time of completion.

# Key financial ratios at period-end

SEK M unless otherwise stated	2017 30 Sep	2016 30 Sep	2016 31 Dec
Return on capital employed, % <sup>1)</sup>	18.5	14.6	14.6
Interest coverage ratio, multiple <sup>1)</sup>	8.5	5.4	5.4
Equity/assets ratio, %	29.7	27.1	33.7
Interest bearing liabilities/total assets, %	28.0	32.2	26.7
Net debt	5,041	5,179	3,699
Net debt, excl. tenant-owner associations/housing companies	302	910	75
Debt/equity ratio, multiple	0.8	1.0	0.7
Debt/equity ratio excl. tenant-owner associations/housing companies, multiple	0.1	0.2	0.0
Capital employed at period-end	11,561	10,894	10,134
Average capital employed	11,197	10,658	10,412
Capital turnover rate, multiple <sup>1)</sup>	1.3	1.3	1.3
Share of risk-bearing capital, %	30.4	27.3	33.8
Dividend, SEK per share			3.80
Average interest rate at period-end, % <sup>2)</sup>	3.60	2.91	3.75
Average period of fixed interest, years <sup>2)</sup>	0.2	0.2	0.3
Average interest rate at period-end, % <sup>3)</sup>	1.36	1.32	1.35
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 interest on loans with Swedish tenant-owner associations and Finnish housing companies.

<sup>3)</sup> Interest on loans with Swedish tenant-owner associations and Finnish housing companies.

## **SIGNATURES**

Stockholm, Sweden, 24 October 2017

For the Board of Directors of Bonava AB (publ)

**Joachim Hallengren**  
President and CEO

For more information, please contact  
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#### FINANCIAL CALENDAR

- Q4 Year-end Report Oct–Dec: 2 February 2018
- Q1 Interim Report Jan–Mar: 25 April 2018
- Annual General Meeting 2018: 25 April 2018

#### CONTACTS

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#### PUBLICATION

This information is such that Bonava AB (publ) is obliged to disclose 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 above, on 24 October 2017 at 07.30 a.m. CET.

#### INVITATION TO ANALYST AND MEDIA MEETING

Joachim Hallengren, CEO and Ann-Sofi Danielsson, CFO, will present the Interim Report. The presentation will be concluded with a Q&A session.

**Place:** Lindhagensgatan 72, Stockholm, Sweden.

**Time:** 24 October 2017, 10.00–11.00 a.m. Registration and coffee from 09.30 a.m.

Please notify Bonava of your intention to attend at [ir@bonava.com](mailto:ir@bonava.com), or by phone on +46 (0) 737 739 845

To participate in the telephone conference and ask questions, please call one of the following telephone numbers:

SE: +46 8 519 993 55

DE: +49 211 971 90 086

UK: +44 203 194 05 50

US: +1 855 269 26 05

The presentation will also be streamed live at [bonava.com/investor-relations](http://bonava.com/investor-relations). The presentation will be available for download from the website, and it will be possible to view a video of the presentation after the event.

# Audit Review

To the Board of Directors of Bonava AB (publ),  
corp. ID no. 556928-0380

## INTRODUCTION

We have conducted a review of the financial Interim Report of Bonava AB (publ) as of 30 September 2017 and the nine-month period ending on this date. The Board of Directors and CEO are responsible for the preparation and presentation of this Interim Report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on the Interim Report based on our review.

## FOCUS AND SCOPE OF THE REVIEW

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and

applying analytical and other review procedures. A review has a different focus and is significantly limited in scope compared to the focus and scope of an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards generally.

The procedures performed in a review do not allow us to obtain a level of assurance that would make us aware of all significant matters that might have been identified in an audit. Therefore, the conclusion expressed based on a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report has not been prepared, in all material respects, for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Annual Accounts Act.

Stockholm, Sweden, 24 October 2017  
Ernst & Young AB

**Mikael Ikonen**  
Authorized Public Accountant