



Interim Report January–September 2016



Strong profit development for the third quarter

1 July–30 September 2016

- Net sales amounted to SEK 2,327 M (2,128)
- Operating profit was SEK 228 M (180).
Operating margin amounted to 10 per cent (8)
- Profit after financial items was SEK 159 M (93)
- Profit for the period after tax was SEK 125 M (75)
- Cash flow before financing was SEK -32 M (152)
- Earnings per share were SEK 1.15 (0.70)¹⁾
- Return on capital employed amounted to 15 per cent (7)
- The number of housing units sold in the period was 965 (1,402). The number of production starts of housing units in the period was 897 (1,389)

1 January–30 September 2016

- Net sales in the period amounted to SEK 6,908 M (5,756)
- Operating profit was SEK 577 M (362).
Operating margin amounted to 8 per cent (6)
- Profit after financial items was SEK 365 M (94)
- Profit for the period after tax was SEK 287 M (75)
- Cash flow before financing was SEK -893 M (-695)
- Earnings per share were SEK 2.65 (0.70)¹⁾
- Return on capital employed amounted to 15 per cent (7)
- The number of housing units sold for the period was 3,516 (4,016). The number of production starts of housing units for the period was 3,150 (3,507)

SEK M	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	Oct 2015– Sep 2016	2015 Jan-Dec
Net sales	2,327	2,128	6,908	5,756	14,222	13,070
Operating profit	228	180	577	362	1,592	1,377
Profit after financial items	159	93	365	94	1,304	1,033
Profit for the period after tax	125	75	287	75	1,011	798
Earnings per share, SEK ¹⁾	1.15	0.70	2.65	0.70	9.03	7.08
Cash flow before financing	-32	152	-893	-695	1,239	1,437
Net debt	5,179	10,355	5,179	10,355	5,179	4,216
Net debt, excl. tenant-owners associations/housing companies ²⁾	910	7,113	910	7,113	910	1,039
Capital employed at period end	10,894	11,363	10,894	11,363	10,894	9,811
Return on capital employed, %	15	7	15	7	15	12
Equity/assets ratio, %	27	2	27	2	27	31
Number of housing units starts	897	1,389	3,150	3,507	5,999	6,356
Number of housing units sold	965	1,402	3,516	4,016	5,815	6,315

¹⁾ No dilution effect.

²⁾ For specification see Note 2.

For definitions, see page 31.

Comments from the CEO



"Compared with the same time last year, we have about 15% more units in production to be recognised for profit in 2017 and onwards."

The market

The housing market continued to make positive progress in the quarter, in line with the market trend year to date. Demand remained positive in Sweden and Germany. The Finnish market is still held back by a weak economy, and St. Petersburg remains hesitant as purchasing decisions for new properties are taking longer. Demand for housing units remained positive in Copenhagen, which experienced rising house prices. The market for Bonava's investor business remains strong in Sweden, Germany, Finland and Denmark.

Sales

We sold fewer housing units in the quarter than in the corresponding period last year. It's not unusual for sales to fluctuate between quarters in the sector we're active in. Delays and building permit appeals affected sales by postponing project starts, and thereby house sales. We completed our first investor deal for rental apartments in Denmark, which I am happy for. The transaction involves 74 rental units in Copenhagen that were sold to property company Fastighets AB Balder for SEK 224 M.

Earnings outcome

Net sales increased in the quarter, with an operating profit of SEK 228 M (180). Overall, 757 (589) housing units for consumers were recognised for profit while 0 (453) housing units for investors were recognised for profit. In Sweden, 171 (175) housing units were recognised for profit to consumers. In Germany, the number of housing units recognised for profit increased to 251 (160).

Group performance

The work associated with increasing industrialisation is according to plan. Its focus is on improving control over

design and production in the Nordics, where we're establishing an organisational structure with proprietary production management and a design studio that will enable us to create a delivery model consistent with Germany. Control over design and production is critical to increase industrialisation and reducing production costs, as well as achieving better control over quality and sustainability issues.

Our participation in the property trade fair Expo-Real in Munich gave us confirmation of a strong and growing property market. At the expo, the Bonava brand was ranked first among German property developers in this year's Real Estate Brand Value Study presented by the European Real Estate Brand Institute (EUREB). I'm very proud of our staff, who have successfully positioned the Bonava brand as number one on the German market in a very short period of time.

Future

Looking ahead, I anticipate continued strong demand across our markets, not least Sweden and Germany. The Finnish economy remains weak, and we expect market recovery to take some time. In Denmark and Norway, we're seeing signs of a stronger market with increasing demand, while the St. Petersburg market remains hesitant.

Compared with the same time last year, we have about 15% more units in production to be recognised for profit in 2017 and onwards. With more units to be recognised for profit, good profit development for the quarter and a strong financial position, I feel that we are well prepared for the future.

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, Germany, Finland, Denmark, Norway, St. Petersburg, Estonia and Latvia with sales of SEK 13 Bn. 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.

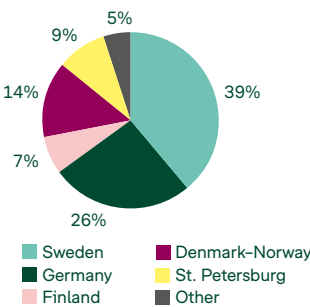
Business concept

Bonava develops and sells affordable and sustainable housing units to consumers and investors in selected markets in Sweden, Germany, Finland, Denmark, Norway, St. Petersburg, Estonia and 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
- Focusing capital allocation to highgrowth regions
- Grow and capitalise on Bonava's strong position in the German market
- Retain cost leadership in Germany, Estonia and Latvia while improving the cost position in the nordic markets
- An enhanced degree of industrialisation and standardisation

Net sales by segment, %
(Oct 2015–Sep 2016)



Financial targets

Return on capital employed

10–15%

Equity/assets ratio

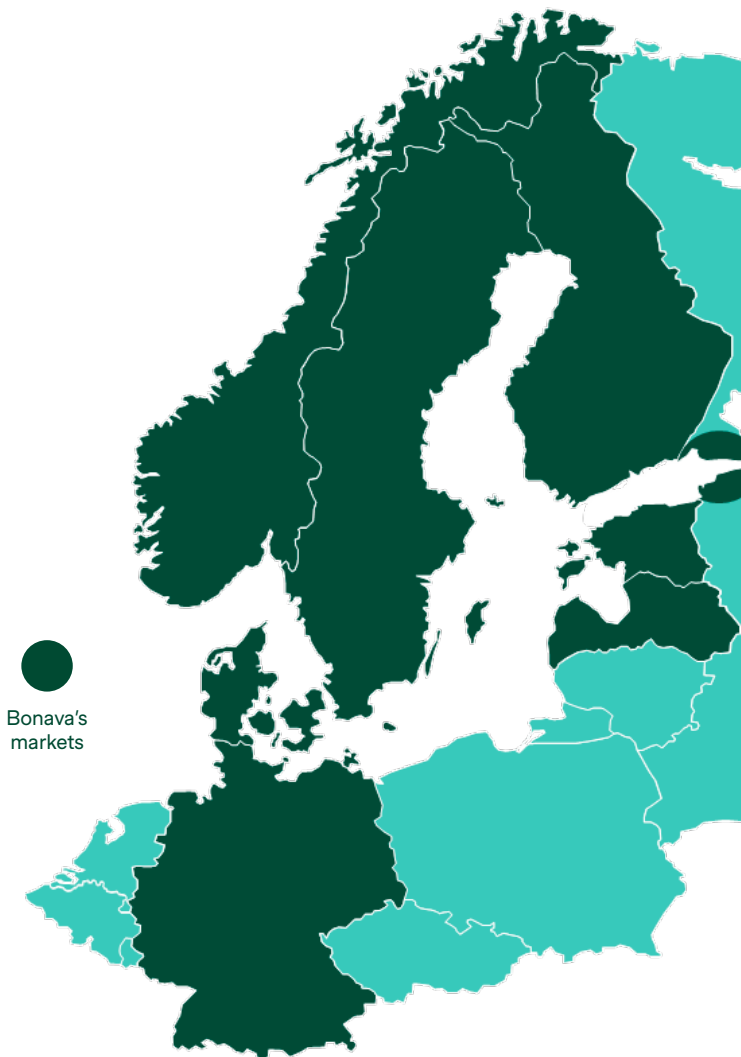
30%

The equity/assets ratio is subject to a minimum of 30 per cent.

Dividends

40%

A minimum of 40 per cent of consolidated profit for the year after tax is distributed to shareholders.



Group performance

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

Market performance

Demand remained positive in Sweden and Germany. The Finnish economy is weak, and demand from the investor market and consumers is largely for small, affordable housing units. Demand for housing units remained positive in Copenhagen, and house prices increased in Denmark. In Norway, demand and house prices increased in the quarter. The St. Petersburg market remained hesitant.

July–September 2016

Operational performance

Net sales

Net sales amounted to SEK 2,327 M (2,128). The increase was mainly due to Germany and Denmark-Norway as a result of a higher number of housing units handed over to consumers. In the quarter, 757 (589) housing units for consumers were recognised for profit, while 0 (453) housing units for investors were recognised for profit. The average price per housing unit for consumers was SEK 2.9 M (2.6). Exchange rate fluctuations had a SEK 23 M negative impact on consolidated net sales in year-on-year terms.

In Sweden, the number of housing units handed over to consumers was in line with last year, although average prices were higher. No projects for investors were recognised for profit, and revenues from sales of land were down year-on-year in Sweden. In Germany, the number of housing units delivered to consumers increased, at a higher average price.

In Finland, net sales decreased as fewer housing units for consumers, and no housing units for investors, were recognised for profit. Net sales in Denmark-Norway increased as more housing units were handed over to consumers at a higher average price. Land sales were down compared to the previous year in Denmark-Norway. In St. Petersburg, net sales increased in the quarter as a result of more housing units for consumers being recognised for profit.

Operating profit

Operating profit was SEK 228 M (180) in the period. The increase was mainly due to higher net sales and improved margins in projects for consumers. No housing units for investors were recognised for profit in the quarter. Profit from land

sales amounted to SEK 7 M (43). Exchange rate fluctuations had a negative profit impact of SEK 4 M year-on-year.

In Sweden, profit from housing units for consumers improved, while profit from land sales decreased. In Germany, profit improved as more housing units were delivered to consumers. In Denmark-Norway, profit improved as a result of more projects for consumers being recognised for profit at higher margins. In the previous year, land was sold at a loss in Denmark-Norway. Profit in Finland decreased, due to fewer housing units for consumers and investors being recognised for profit. In St. Petersburg, profit improved as a result of a higher number of housing units being handed over to consumers.

Organisational changes resulting from becoming an independent company generated non-recurring costs of SEK 28 M in the quarter.

Net financial items, tax and profit for the period

Net financial items was SEK -68 M (-87). The improvement was due to reduced net debt. Profit before tax for the third quarter 2016 was SEK 159 M (93).

Tax on profit for the period was SEK -34 M (-18), corresponding to a tax rate of 21 per cent (20).

Profit for the period after tax was SEK 125 M (75).

January–September 2016

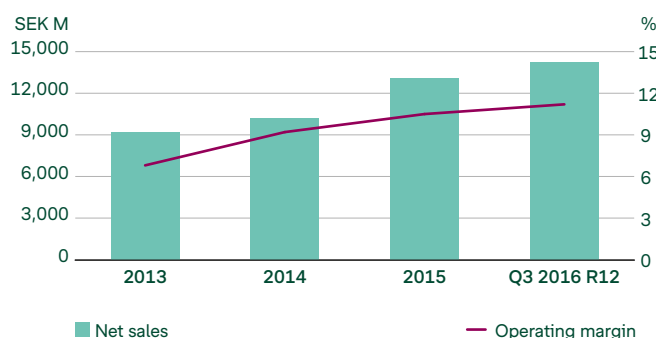
Operational performance

Net sales

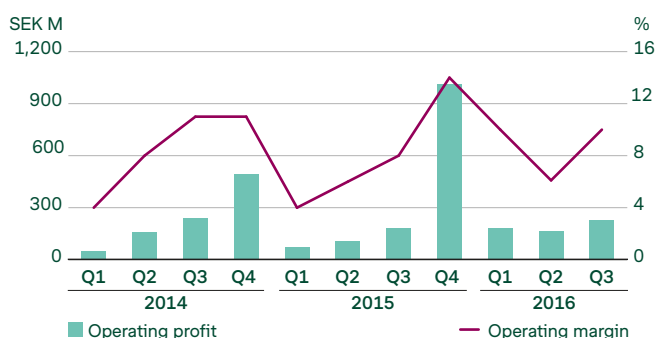
Net sales amounted to SEK 6,908 M (5,756). Increased net sales in Sweden, Germany, Denmark-Norway and St. Petersburg were only partly offset by lower net sales in Finland. In the first nine months of the year, 2,281 (1,781) housing units for consumers and 206 (781) housing units for investors were recognised for profit. The average price per housing unit for consumers was SEK 2.7 M (2.5). Exchange rate differences had a negative impact of SEK 115 M on consolidated net sales compared to the corresponding period in the previous year.

In Sweden, the number of housing units handed over to consumers increased, as did the average price. Net sales from investors and land sales decreased in Sweden. Net sales in Germany were up on the previous year as more housing units for consumers were recognised for profit. In the first nine months of the year, no investor deals were recognised for profit in Germany.

Net sales and operating margin



Operating profit and operating margin



cont. Group performance

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

Net sales in Denmark-Norway increased as a result of more housing units being handed over to consumers, at a higher average price. In St. Petersburg, net sales increased as a result of more housing units for consumers, and a project for investors, being recognised for profit.

Operating profit

Operating profit for the period was SEK 577 M (362). Profit from projects for consumers improved, mainly in Sweden and St. Petersburg, where more projects were recognised for profit. Profit in Denmark-Norway was reduced by impairment losses on projects in the previous year. Profit from projects for investors decreased as fewer projects were recognised for profit in 2016. Profit from sales of land was SEK -9 M (107), of which SEK -89 M relates to sales of land in Latvia. Exchange rate differences had a negative profit impact of SEK 22 M year-on-year.

In Sweden, net sales and margins from projects for consumers improved. A project for investors was completed with no profit impact in the period as it relates to a loss-making project which had already been provisioned. Profit from land sales amounted to SEK 61 M (111).

In Germany, profit improved as more housing units were delivered to consumers. No projects for investors were recognised for profit in 2016.

In Finland, we incurred a loss as few housing units for consumers and no housing units for investors were recognised for profit. In Denmark-Norway, profit improved as a result of more projects for consumers being recognised for profit at higher margins. In the previous year, profit was charged with impairment losses totalling SEK -60 M on projects in Stavanger, Norway. In St. Petersburg, profit improved as a result of more housing units being handed over to consumers and one project for investors being recognised for profit.

Organisational changes relating to becoming an independent company generated non-recurring costs of SEK 62 M in the period.

Net financial items, tax and profit for the period

Net financial items were SEK -212 M (-269). The improvement was due to lower net debt. Profit before tax for the period was SEK 365 M (94).

Tax on profit for the period was SEK -78 M (-19), corresponding to a tax rate of 21 per cent (20).

Profit for the period after tax was SEK 287 M (75).

SEK M	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	Oct 2015– Sep 2016	2015 Jan-Dec
Net sales per segment						
Sweden	713	1,029	3,272	2,343	5,568	4,639
Germany	831	456	1,677	1,398	3,751	3,471
Finland	108	469	293	1,060	1,024	1,791
Denmark-Norway	448	115	912	710	1,962	1,760
St. Petersburg	146	37	617	153	1,237	773
Other and eliminations	81	23	138	93	680	636
Total	2,327	2,128	6,908	5,756	14,222	13,070

SEK M	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	Oct 2015– Sep 2016	2015 Jan-Dec
Operating profit/loss per segment						
Sweden	109	171	537	313	931	706
Germany	92	34	134	99	457	422
Finland	-22	37	-70	105	12	187
Denmark-Norway	44	-41	50	-106	152	-3
St. Petersburg	34	3	144	31	310	197
Other and eliminations	-30	-23	-219	-81	-270	-132
Total	228	180	577	362	1,592	1,377

Financial position, investments and cash flow

Total assets

Total assets were SEK 18,352 M (17,478). The increase was mainly due to higher volumes of ongoing housing projects.

Net debt

Net debt amounted to SEK 5,179 M (10,355), of which net debt in Swedish tenant-owner associations and Finnish housing companies accounted for SEK 4,269 M (3,242). Net debt decreased, mainly as a result of the shareholder's contribution from NCC AB in December 2015 amounting to SEK 5.0 Bn. As of 30 June 2016, net debt was SEK 5,080 M.

Capital employed and return on capital employed

Return on capital employed was 15 per cent (7). The improvement was due to higher operating profit and lower average capital employed. Capital employed amounted to SEK 10,894 M (11,363) at the end of the period. The decline in capital employed was mainly a result of increased interest-free financing on ongoing housing projects and properties held for future development. As of 30 June 2016, capital employed amounted to SEK 10,984 M.

In Sweden, properties held for future development and ongoing production decreased slightly, while the share of interest-free project financing increased and capital tied-up decreased on the previous year. Combined with improved profit figures, this meant that the return on capital employed increased.

In Germany, properties held for future development and ongoing housing projects increased. Capital tied-up was reduced by increased customer advances and interest-free financing of land purchases. Return on capital employed increased as a result of improved operating profit.

In Finland, ongoing housing projects increased, while completed housing units declined. Return on capital employed declined, mainly as a result of reduced profit. In Denmark-Norway, capital tied up in land, ongoing housing projects and completed housing units decreased. Return on capital employed increased as a result of improved profit and lower average capital tied-up.

In St. Petersburg, ongoing housing projects decreased, while capital tied-up increased as a result of lower customer advances. Return on capital employed increased as a result of improved profit.

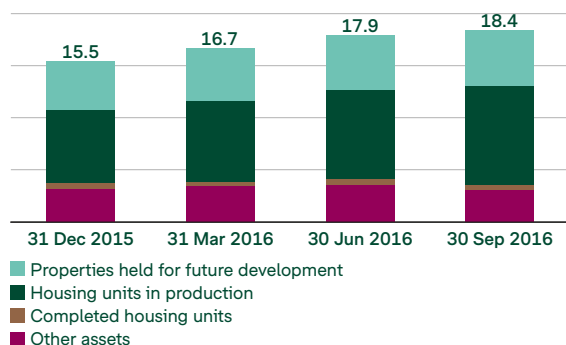
Equity/assets and debt/equity ratios

As of 30 September 2016, the equity/assets ratio was 27 per cent (2). Bonava's equity/assets ratio is affected by seasonal fluctuations as the company's assets 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 1.0 (36.5).

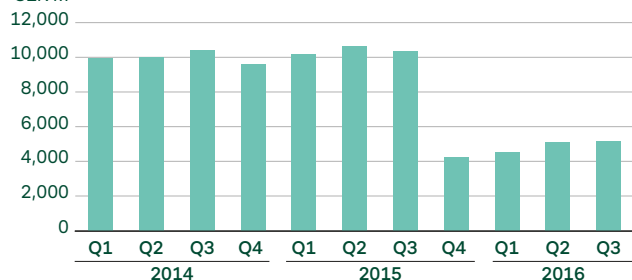
Distribution of assets

SEK Bn



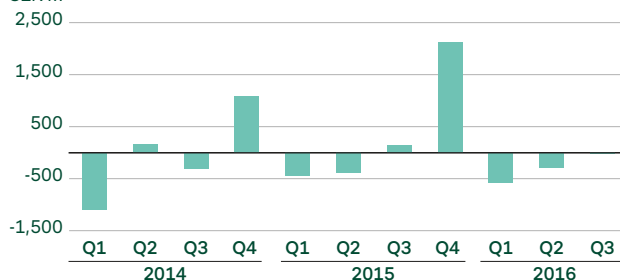
Net debt

SEK M



Cash flow before financing

SEK M



cont. Financial position, investments and cash flow

The year-on-year change in the equity/assets ratio and the debt/equity ratio as of 30 September 2016 was mainly due to a shareholder contribution of SEK 5.0 Bn from NCC AB in December 2015.

Cash flow for the quarter July–September

Cash flow before financing was SEK -32 M (152). The improved earnings implied increased cash flow from operating activities before changes in working capital.

Cash flow from sales increased, mainly in Germany and Denmark-Norway, as a result of more housing units being delivered to consumers, while cash flow from sales of development plots decreased in Sweden. The large number of housing units in production in the quarter implied increased investments in ongoing production, mainly in Germany and Finland. Investments in properties held for future development decreased. Other changes in working capital were in line with the previous year and benefitted from interest-free financing of land investments and housing projects in production.

Cash flow from investment activities decreased as a result of increased investments in new IT systems.

Cash flow for the period January–September

Cash flow before financing was SEK -893 M (-695). Improved earnings generated increased cash flow from operating activities before changes in working capital. Cash flow from housing projects decreased year-on-year as increased investments in land and ongoing housing projects, mainly in Sweden and Germany, exceeded higher sales of housing projects. Other changes in working capital improved as a result of increased interest-free financing of housing projects. Investments, mainly in new IT systems, increased compared to previous year.

Seasonal effects

Bonava recognises 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 annual production is completed and delivered to customers in the fourth quarter. Accordingly, earnings are usually stronger in the fourth quarter than in other quarters, as illustrated on page 9 in the graph 'Estimated completions per quarter'.

Housing sales, housing starts and building rights

Comments, July–September 2016

Housing sales and housing starts

In the third quarter, 659 (896) housing units were sold to consumers and 306 (506) housing units were sold to investors. Although sales in St. Petersburg were high in the corresponding period last year, this market has subsequently slowed. Despite stable demand for rental units on Bonava's markets, fewer housing units were sold to investors. However, Bonava sold its first project to investors in Denmark in the period. In the period there were 591 (883) housing units started for consumers and 306 (506) for investors.

Housing units in ongoing production as of 30 September 2016

At the end of the period there were 6,666 (6,920) housing units for consumers and 2,405 (2,151) housing units for investors in production. The total number of housing units in production remained unchanged on the previous year. As of

30 September 2016, the sales rate was 65 per cent (71) for housing units for consumers and 100 per cent (94) for housing units for investors. At the same date, the completion rates were 60 per cent (56) and 54 per cent (72) respectively.

Comments, January–September 2016

Housing sales and housing starts

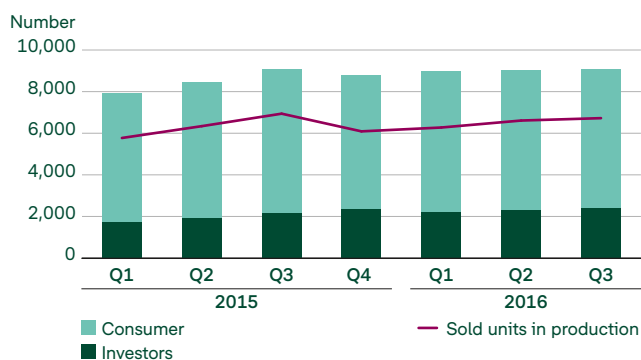
Bonava sold a total of 2,547 (3,188) housing units to consumers and 969 (828) housing units to investors in the period. The number of housing starts was 2,312 (2,548) for consumers and 838 (959) for investors.

Estimated completions per quarter

As more housing units are started due to increased sales, the number of completions per quarter is expected to increase. In Germany, production lead times are fairly short and the sales rate in ongoing production high.

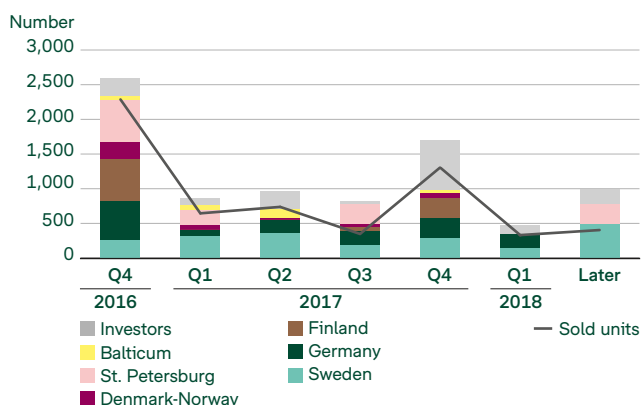
	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Housing units in ongoing production for consumers, at period end	6,666	6,920	6,666	6,920	6,432
Housing units in ongoing production for investors, at period end	2,405	2,151	2,405	2,151	2,346
Total number of housing units in ongoing production	9,071	9,071	9,071	9,071	8,778
Sales rate for housing units in ongoing production, %	74	77	74	77	69
Reservation rate for housing units in ongoing production, %	6	5	6	5	5
Sold and reserved housing units in ongoing production, %	80	81	80	81	74
Housing units sold to consumers	659	896	2,547	3,188	4,542
Housing units sold to investors	306	506	969	828	1,773
Total housing units sold	965	1,402	3,516	4,016	6,315
Housing starts for consumers	591	883	2,312	2,548	4,452
Housing starts for investors	306	506	838	959	1,904
Total housing starts	897	1,389	3,150	3,507	6,356

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



The figure shows the number of housing units in production per quarter, and the proportion of housing units sold.

Estimated completions per quarter



The figure shows 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.

cont. Housing sales, housing starts and building rights

Building rights as of 30 September 2016

The number of building rights was 29,100 (30,300), of which 18,200 (20,000) were reported in the Balance Sheet. The reduction is attributable to active portfolio management where land in non-prioritised markets has been divested.

Unsold, completed housing units at the end of the period

There were 129 (162) unsold, completed housing units at the end of the period. These housing units were for consumers.

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 segments 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 segment. A centralised insurance function is responsible for Group-wide non-life and liability insurance, primarily property and contractor's insurance. This function also conducts preventive risk management alongside the segments, 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.

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.

Organisation and employees

The Group's average number of employees was 1,456 (1,280) in the period.

Shares and shareholders

Bonava has two classes of share, class A and class B. The closing price on 30 September 2016 was SEK 107.70 per class A share and SEK 108.20 per class B share, corresponding to market capitalisation of SEK 11.7 Bn.

Bonava's share capital was SEK 433,743,288 on the reporting date, divided between 108,435,822 shares and 238,950,807 votes. As of 30 September 2016, Bonava had 14,501,665 class A shares and 93,934,157 class B shares. Each class A share carries 10 votes and each class B share one vote.

Bonava had 43,502 shareholders at the end of the quarter. Bonava's largest shareholder was Nordstjernan AB. As of 30 September, the ten largest shareholders controlled 54.0% of the capital and 64.8% of the votes.

Ten largest shareholders as of 30 September 2016

	Number of series A shares	Number of series B shares	Hold- ing, %	Voting rights, %
Nordstjernan AB	10,700,000	10,023,759	19.1	49.0
AMF – Insurance and Funds	0	7,018,035	6.5	2.9
SEB Investment Management	0	6,479,280	6.0	2.7
Lannebo funds	0	5,478,841	5.1	2.3
Swedbank Robur funds	0	5,250,453	4.8	2.2
Fourth AP Fund	3,343	4,569,124	4.2	1.9
Handelsbanken funds	0	2,586,908	2.4	1.1
CBNY-Norges Bank	4,239	2,297,273	2.1	1.0
Länsförsäkringar fondförvaltning AB	0	2,155,235	2.0	0.9
Carnegie funds	0	2,000,000	1.8	0.8
Total, ten largest shareholders	10,707,582	47,858,908	54.0	64.8
Other	3,794,083	46,075,249	46.0	35.2
Total	14,501,665	93,934,157	100.0	100.0

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 abstain from dividends and instead receive annual compensation of EUR 1.3 M until the agreement is cancelled, which may occur in five years' time at the earliest. The agreed profit sharing, representing a debt of SEK 53 M to NCC AB, has been reported at an amount corresponding to the fair value of five years' payment.

Significant events during the period

The Bonava brand was ranked first among German property developers in this year's Real Estate Brand Value Study presented by the European Real Estate Brand Institute (EUREB). EUREB's brand valuation model evaluates some 1,200 brands annually in the European retail and property sectors.

The Extraordinary General Meeting of Bonava AB (publ) on 26 September resolved to approve the Board of Directors' proposal to implement a long-term performance-based incentive program (LTIP 2016) in Bonava. The program encompasses some 25 employees in Group management and other key individuals in the Bonava Group.

Significant events after the period

Bonava's board of directors has resolved to repurchase shares of series B.

Financial calendar

- Year-end Report Jan–Dec: 25 January 2017
- Annual General Meeting: 4 April 2017
- Interim Report Jan–Mar: 27 April 2017
- Half-year Report Jan–Jun: 18 July 2017

Contact

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Publication

This Report constitutes information that Bonava AB (publ) is obliged to publish pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact stated above, on 8 November 2016 at 8:00 a.m. CET.

Invitation to analyst and media meeting

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

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

Time: 8 November 2016, 10.00–11.00 a.m. Registration and coffee served from 9.30 a.m.

Please register by email at ir@bonava.com or on tel. +46 (0) 761 090 580.

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)
+49 692 222 290 46 (DE).

The presentation will also be broadcast live at bonava.com/en/investor-relations, where presentation material will be available for downloading and the teleconference will be available for replay.

Sweden

Bonava focuses on cities and regions with favourable demographics and macroeconomic factors where the company can develop and retain a strong market position. In Sweden, Bonava focuses on consumers in five cities: Stockholm, Gothenburg, Linköping, Uppsala and Umeå. Bonava's investor-oriented business focuses on some 15 cities in Sweden. On this market, Bonava's offering focuses on consumers and investors through multi-family and single-family housing.

Sustainable living in a beautiful setting

Project name: Tollare Marina

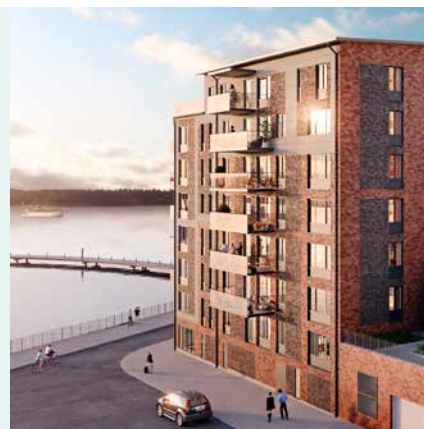
Project start: Q3 2016

Location: Stockholm, Sweden

Housing category: Multi-family housing

Number of housing units: 97

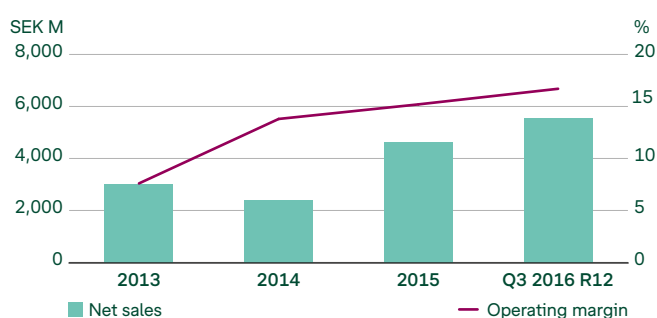
Energy-efficient apartments with smart floorplanning by the waterfront in Nacka. Tollare is a neighbourhood in a beautiful setting, close to the city. Here we start with the local environment and nature and utilize our stakeholders thoughts and ideas.



	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Key financial figures					
Net sales, SEK M	713	1,029	3,272	2,343	4,639
Operating profit, SEK M ¹⁾	109	171	537	313	706
Operating margin, %	15	17	16	13	15
Capital employed at period end, SEK M	4,986	5,639	4,986	5,639	4,978
Return on capital employed, %	19	9	19	9	14
Building rights					
Building rights, at period end, number	7,600	8,100	7,600	8,100	7,600
of which, off-balance-sheet building rights, number	3,400	2,300	3,400	2,300	2,500
Housing development for consumers					
Number of sold housing units	91	182	655	960	1,350
Number of started housing units	225	220	545	848	1,343
Number of profit-recognised housing units	171	175	754	510	956
Number of housing units in production, at period end	2,000	2,153	2,000	2,153	2,206
Sales rate for housing units in production, %	76	77	76	77	73
Housing development for investors					
Number of sold housing units	0	27	352	27	27
Number of started housing units	0	27	221	158	158
Number of profit-recognised housing units	0	132	132	156	156
Number of housing units in production at period end	379	290	379	290	290
Sales rate for housing units in production, %	100	55	100	55	55

¹⁾ Profit from sales of land was SEK 0 M (66) in the quarter, and SEK 61 M (111) in the first nine months of the year.

Net sales and operating margin



Germany

Bonava operates in the following regions: Berlin, Hamburg, the Baltic coast, Saxony, Rhine-Ruhr, Cologne/Bonn, Rhine-Main and Rhine-Neckar/Stuttgart. In Germany, Bonava's offering focuses on consumers and investors through single-family houses and multi-family housing. Bonava has developed a construction system in Germany that ensures an efficient construction process.

Affordable rental apartments close to Berlin

Project name: Schönefeld

Project start: Q3 2016

Location: Schönefeld, southeast of Berlin

Housing category: Multi-family housing

Number of housing units: 96 rental apartments

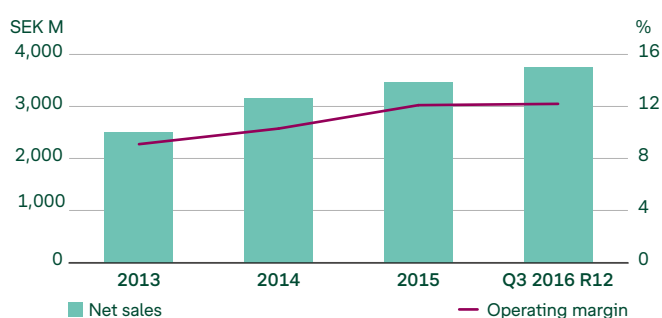
Affordable accommodation for those who like the proximity to both the urban life of Berlin and life in the countryside. Modern rental apartments close to shopping and restaurants.



	2016 Jul–Sep	2015 Jul–Sep	2016 Jan–Sep	2015 Jan–Sep	2015 Jan–Dec
Key financial figures					
Net sales, SEK M	831	456	1,677	1,398	3,471
Operating profit, SEK M	92	34	134	99	422
Operating margin, %	11	7	8	7	12
Capital employed at period end, SEK M	1,938	1,227	1,938	1,227	1,361
Return on capital employed, %	27	19	27	19	31
Building rights					
Building rights, at period end, number	7,100	5,200	7,100	5,200	5,700
of which, off-balance-sheet building rights, number	2,900	2,400	2,900	2,400	3,600
Housing development for consumers					
Number of sold housing units during the period	251	277	758	724	1,154
Number of started housing units during the period	174	346	680	675	1,284
Number of profit-recognised housing units during the period	251	160	513	444	896
Number of housing units in production, at period end	1,558	1,225	1,558	1,225	1,386
Sales rate for housing units in production, %	69	68	69	68	60
Housing development for investors					
Number of sold housing units during the period ¹⁾	96	158	166	222	860
Number of started housing units during the period ¹⁾	96	158	166	222	860
Number of profit-recognised housing units during the period ¹⁾	0	0	0	46	726
Number of housing units in production at period end	906	782	906	782	740
Sales rate for housing units in production, %	100	100	100	100	100

¹⁾ The period Jan–Dec 2015 includes 321 housing units relating to sales in Sonnengarten in Berlin. Net sales and profit are included under Other and eliminations.

Net sales and operating margin



Finland

In Finland, Bonava operates in Helsinki, Espoo, Vantaa, Turku, Tampere and Oulu. On this market, Bonava's offering focuses on consumers and investors, mainly in the form of multi-family housing.

Modern apartments close to everything

Project name: Reissumies

Project start: Q3 2016

Location: Helsinki

Housing-category: Multi-family housing

Number of housing units: 52

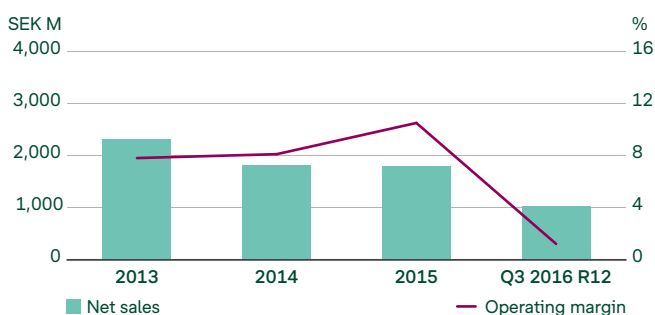
Housing for single-person households and large families. Shared lounge and sauna facilities. Attractive location close to schools, shopping and sporting facilities. Accessible transport links to Helsinki city centre.



	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Key financial figures					
Net sales, SEK M	108	469	293	1,060	1,791
Operating profit, SEK M ¹⁾	-22	37	-70	105	187
Operating margin, %	-20	8	-24	10	10
Capital employed at period end, SEK M	1,585	1,403	1,585	1,403	1,114
Return on capital employed, %	1	14	1	14	12
Building rights					
Building rights, at period end, number	7,500	8,200	7,500	8,200	8,400
of which, off-balance-sheet building rights, number	4,500	5,300	4,500	5,300	4,800
Housing development for consumers					
Number of sold housing units during the period	138	190	417	439	672
Number of started housing units during the period	82	166	354	374	784
Number of profit-recognised housing units during the period	38	175	120	403	639
Number of housing units in production, at period end	962	499	962	499	698
Sales rate for housing units in production, %	63	60	63	60	42
Housing development for investors					
Number of sold housing units during the period	136	321	377	579	886
Number of started housing units during the period	136	321	377	579	886
Number of profit-recognised housing units during the period	0	321	0	579	886
Number of housing units in production at period end	1,046	1,005	1,046	1,005	1,242
Sales rate for housing units in production, %	100	100	100	100	100

¹⁾ Profit from sales of land amounted to SEK 3 M (0) in the quarter and SEK 3 M (2) in the first nine months of the year.

Net sales and operating margin



Denmark-Norway

Bonava operates in Copenhagen, Denmark and Bergen, Norway. In Denmark and Norway, Bonava's offering mainly focuses on consumers and investors through multi-family housing and single-family houses.

Neighbourhood with urban pulse

Project name: Fælledudsigten II

Project start: Q3 2016

Location: Copenhagen, Denmark

Housing category: Multi-family housing

Number of housing units: 74

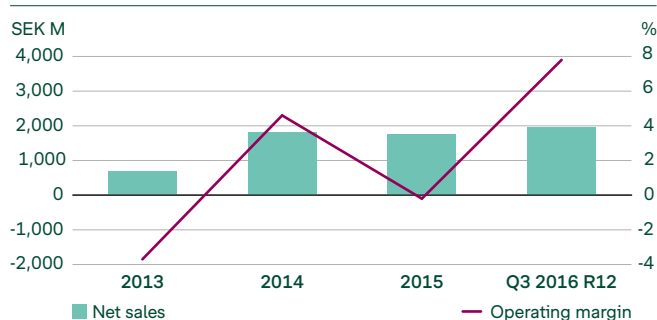
Fælledudsigten II is part of the new Ørestad region. It's close to schools, shopping and public transport. The project was sold to investors and is the first investor sale in Denmark.



	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Key financial figures					
Net sales, SEK M	448	115	912	710	1,760
Operating profit, SEK M ¹⁾	44	-41	50	-106	-3
Operating margin, %	10	-36	5	-15	0
Capital employed at period end, SEK M	1,249	1,930	1,249	1,930	1,076
Return on capital employed, %	11	-3	11	-3	0
Building rights					
Building rights, at period end, number	900	1,800	900	1,800	1,300
of which, off-balance-sheet building rights, number	100	300	100	300	100
Housing development for consumers					
Number of sold housing units during the period	55	56	222	270	300
Number of started housing units during the period	0	57	142	174	241
Number of profit-recognised housing units during the period	87	22	178	155	281
Number of housing units in production, at period end	433	496	433	496	450
Sales rate for housing units in production, %	74	75	74	75	62
Housing development for investors					
Number of sold housing units during the period	74	0	74	0	0
Number of started housing units during the period	74	0	74	0	0
Number of profit-recognised housing units during the period	0	0	0	0	0
Number of housing units in production at period end	74	0	74	0	0
Sales rate for housing units in production, %	100	0	100	0	0

¹⁾ Profit from sales of land amounted to SEK 4 M (-23) in the quarter and SEK 16 M (-6) in the first nine months of the year.

Net sales and operating margin



St Petersburg

In Russia, Bonava is only active in St. Petersburg. In St. Petersburg, Bonava's offering consists exclusively of multi-family housing and focuses on consumers and investors.

Downtown apartments in St. Petersburg

Project name: Skandi Klubb

Project start: Q3 2016

Location: St. Petersburg

Housing category: Multi-family housing

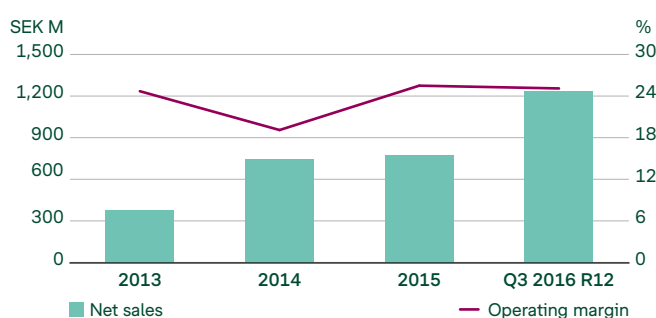
Number of housing units: 1,213

Neighbourhood under development in downtown St. Petersburg with opportunities for play and sport activities. First home owners have moved in during the summer and the neighbourhood is expected to be completed during the fourth quarter in 2020.



	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Key financial figures					
Net sales, SEK M	146	37	617	153	773
Operating profit, SEK M	34	3	144	31	197
Operating margin, %	23	8	23	20	26
Capital employed at period end, SEK M	1,231	736	1,231	736	802
Return on capital employed, %	33	8	33	8	24
Building rights					
Building rights, at period end, number	4,300	4,900	4,300	4,900	4,700
of which, off-balance-sheet building rights, number	0	0	0	0	0
Housing development for consumers					
Number of sold housing units during the period	44	125	296	645	865
Number of started housing units during the period	0	0	363	317	533
Number of profit-recognised housing units during the period	110	36	547	175	1,039
Number of housing units in production, at period end	1,416	2,327	1,416	2,327	1,447
Sales rate for housing units in production, %	50	71	50	71	55
Housing development for investors					
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	0	0	74	0	0
Number of housing units in production at period end	0	74	0	74	74
Sales rate for housing units in production, %	0	100	0	100	100

Net sales and operating margin



Note: Because of low net sales, Estonia and Latvia have been included in the Other and eliminations reporting segment, see Note 4 where sales and operating profit are reported.

Condensed consolidated income statement

SEK M	Note 1	2016 Jul–Sep	2015 Jul–Sep	2016 Jan–Sep	2015 Jan–Sep	Oct 2015– Sep 2016	2015 Jan–Dec
Net sales	4	2,327	2,128	6,908	5,756	14,222	13,070
Production costs		-1,946	-1,805	-5,844	-4,971	-11,890	-11,016
Gross profit		381	324	1,063	786	2,332	2,054
Selling and administrative expenses		-125	-144	-425	-423	-585	-583
Non-recurring costs ¹⁾		-28		-62		-119	-57
Other operating expenses					-1	-35	-36
Operating profit	4	228	180	577	362	1,592	1,377
Financial income		2	2	7	8	11	11
Financial expenses		-70	-89	-219	-277	-299	-356
Net financial items		-68	-87	-212	-269	-288	-345
Profit after financial items	4	159	93	365	94	1,304	1,033
Tax on profit for the period		-34	-18	-78	-19	-294	-235
Net profit for the period		125	75	287	75	1,011	798
Attributable to:							
Bonava AB's shareholders		125	76	287	76	979	768
Non-controlling interests			-1		-1	32	31
Net profit for the period		125	75	287	75	1,011	798
Per share data before and after dilution							
Earnings per share, SEK		1.15	0.70	2.65	0.70	9.03	7.08
Cash flow from operating activities, SEK		-0.04	1.57	-7.20	-5.99	12.17	13.37
Shareholders' equity, SEK		45.92	2.33	45.92	2.33	45.92	43.08
Average number of shares, millions		108.4	108.4	108.4	108.4	108.4	108.4

¹⁾ Activities relating to Bonava becoming an independent company.

Consolidated statement of comprehensive income

SEK M	Note 1	2016 Jul–Sep	2015 Jul–Sep	2016 Jan–Sep	2015 Jan–Sep	Oct 2015– Sep 2016	2015 Jan–Dec
Profit for the period		125	75	287	75	1,011	798
<i>Items that may be reclassified to profit or loss</i>							
Translation differences during the period in translation of foreign operations		34	14	96	-20	58	-59
Hedging of exchange-rate risk in foreign operations		-23	-23	-75	10	-44	41
Cash-flow hedges			2		9	24	33
Tax related to items that may be reclassified to profit or loss		5	5	17	-4	5	-16
		16	-2	38	-5	42	-2
<i>Items that will not be reclassified to profit or loss</i>							
Revaluation of defined-benefit pension plans			-7		-8		-8
Tax related to items that will not be reclassified to profit or loss			1		2		2
		0	-5	0	-6	0	-6
Other comprehensive income for the period		16	-7	38	-12	42	-8
Comprehensive income for the period		142	68	325	63	1,052	790
<i>Attributable to:</i>							
Bonava AB's shareholders		142	69	325	64	1,015	759
Non-controlling interests			-1		-1	37	31
Total comprehensive income for the period		142	68	325	63	1,052	790

Condensed consolidated balance sheet

SEK M	Note 1	2016 30 Sep	2015 30 Sep	2015 31 Dec
ASSETS				
Fixed assets		882	733	773
Current assets				
Properties held for future development		5,439	5,443	4,737
Ongoing housing projects		9,477	8,694	7,043
Completed housing units		479	580	599
Current receivables		1,452	1,458	1,769
Cash and cash equivalents	2	624	570	585
Total current assets		17,470	16,745	14,732
TOTAL ASSETS		18,352	17,478	15,506
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to parent company shareholders		4,979	253	4,672
Non-controlling interests			31	60
Total shareholders' equity		4,979	284	4,732
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	2	2,729	1,718	2,033
Other non-current liabilities		264	229	487
Long-term receivables		760	313	357
Total non-current liabilities		3,753	2,260	2,877
Current liabilities				
Current interest-bearing liabilities	2	3,186	9,296	3,046
Other current liabilities		6,434	5,638	4,850
Total current liabilities		9,620	14,934	7,896
Total liabilities		13,373	17,194	10,773
TOTAL EQUITY AND LIABILITIES		18,352	17,478	15,506

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 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 ²⁾	1		1
Dividend	-104	-12	-116
Closing shareholders' equity, 31 December 2015	4,672	60	4,732
Opening shareholders' equity, 1 January 2016	4,672	60	4,732
Comprehensive income for the period	325		325
Transactions with non-controlling interests ¹⁾	7	-60	-53
Dividend	-15		-15
Transactions with shareholders	-12		-12
Performance-based incentive program ²⁾	1		1
Closing shareholders' equity, 30 September 2016	4,979	0	4,979
Opening shareholders' equity, 1 January 2015	294	44	338
Comprehensive income for the period	64	-1	63
Transactions with shareholders	-2		-2
Dividend	-104	-12	-116
Closing shareholders' equity, 30 September 2015	253	31	284

¹⁾ 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 pertains to the fair value of five years' payment.

²⁾ NCC's incentive program.

Condensed consolidated cash flow statement

SEK M	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	Oct 2015– Sep 2016	2015 Jan-Dec
OPERATING ACTIVITIES						
Income after financial items	159	93	365	94	1,304	1,033
Adjustments for items not included in cash flow	-37	-74	-51	-24	25	52
Tax paid	-43	-13	-119	-86	-158	-125
Cash flow from operating activities before changes in working capital	80	7	195	-17	1,171	959
Cash flow from changes in working capital						
Divestment of housing projects	1,956	1,920	5,755	4,997	10,834	10,075
Investments in housing projects	-2,686	-2,423	-8,092	-6,647	-11,287	-9,842
Other changes in working capital	645	667	1,360	1,017	601	258
Cash flow from changes in working capital	-85	164	-976	-633	148	491
Cash flow from operating activities	-5	170	-781	-650	1,319	1,450
INVESTING ACTIVITIES						
Cash flow from investing activities	-27	-19	-112	-45	-80	-13
CASH FLOW BEFORE FINANCING	-32	152	-893	-695	1,239	1,437
FINANCING ACTIVITIES						
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		-15	-104	-15	-104
Change in interest-bearing financial liabilities	-311	12	-399	812	-2,408	-1,196
Change in long-term interest-bearing receivables	2	53	35	7	-2	-29
Change in current interest-bearing receivables	32	-20	186	90	125	29
Cash flow from financing activities	-293	45	904	805	-1,202	-1,301
CASH FLOW DURING THE PERIOD	-325	197	11	111	37	136
Cash and cash equivalents at the beginning of the period	934	379	585	463	570	463
Exchange-rate difference in cash and cash equivalents	14	-5	27	-3	16	-14
CASH AND CASH EQUIVALENTS AT END OF PERIOD	624	570	624	570	624	585

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

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.

Until 31 March 2016, Bonava was a segment of 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 of preparation of the combined financial statements is presented in Note 1 'Significant accounting policies' in the combined financial statements, which is available in the Prospectus "Admission to trading on Nasdaq Stockholm for shares of series A and shares of series B in Bonava AB (publ)" published on www.bonava.com.

The formation of the Bonava Group comprised transactions with joint controlling influence. Such transactions are not regulated by IFRS and the Group is required to establish principles governing 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 means that the assets and liabilities of the units have been aggregated and recognized 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.

NOTE 2 Specification of Net debt

SEK M	2016 30 Sep	2015 30 Sep	2015 31 Dec
Long-term interest-bearing receivables	97	104	131
Current interest-bearing receivables	15	51	146
Cash and cash equivalents	624	570	585
Total	736	725	863
Non-current interest-bearing liabilities	2,729	1,718	2,033
Current interest-bearing liabilities	3,186	9,296	3,046
Pension liabilities		66	
Total	5,915	11,079	5,079
Net debt	5,179	10,355	4,216
of which, attributable to Swedish tenant-owner associations and Finnish housing companies			
Interest-bearing liabilities	4,422	3,425	3,268
Cash and cash equivalents	152	183	90
Net debt	4,269	3,242	3,177

NOTE 3 Pledged assets, contingent liabilities and guarantee obligations

SEK M	2016 30 Sep	2015 30 Sep	2015 31 Dec
Assets pledged			
<i>For own liabilities:</i>			
Property mortgages	1,767	1,015	859
Restricted bank funds	71	25	27
Total pledged assets	1,838	1,040	886
Contingent and guarantee liabilities			
<i>Own contingent liabilities:</i>			
Deposits and concession fees ¹⁾	1,799	1,525	718
<i>Held jointly with other companies</i>			
Liabilities in partnerships and limited partnerships	24	24	24
Total contingent and guarantee liabilities	1,823	1,549	742

¹⁾ 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. The guarantees are mainly issued by credit insurers with counter-indemnity provided by Bonava AB. A limited number of guarantees were issued by NCC AB and will expire in the final quarter of 2016. Bonava AB will indemnify NCC AB for any costs attributable to these guarantees.

Notes, cont.

NOTE 4 Reporting by operating segments

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
Profit after financial items							159
Capital employed at period end	4,986	1,938	1,585	1,249	1,231	-97	10,894
Jul–Sep 2015, SEK M	Sweden	Germany	Finland	Denmark–Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,029	456	469	115	37	23	2,128
Operating profit	171	34	37	-41	3	-23	180
Net financial items							-87
Profit after financial items							93
Capital employed at period end	5,639	1,227	1,403	1,930	736	429	11,363
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
Profit after financial items							365
Capital employed at period end	4,986	1,938	1,585	1,249	1,231	-97	10,894
Jan–Sep 2015, SEK M	Sweden	Germany	Finland	Denmark–Norway	St. Petersburg	Other and eliminations	Total
Net sales	2,343	1,398	1,060	710	153	93	5,756
Operating profit	313	99	105	-106	31	-81	362
Net financial items							-269
Profit after financial items							94
Capital employed at period end	5,639	1,227	1,403	1,930	736	429	11,363
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
Profit after financial items							1,033
Capital employed at period end	4,978	1,361	1,114	1,076	802	481	9,811

Notes, cont.

NOTE 4 cont. Reporting by operating segments

Other and eliminations, SEK M	Net sales					Operating profit				
	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Bonava's Head Office ¹⁾	20	6	46	19	14	-43	-17	-145	-78	-111
Sales, German property portfolio					480					51
Sales, Latvian property portfolio			4					-89		
Operations in Estonia and Latvia	81	17	132	74	129	13	-6	17	-3	-62
Adjustments and eliminations	-20		-44		13					-10
TOTAL	81	23	138	93	636	-30	-23	-219	-81	-132

¹⁾ Activities relating to Bonava becoming an independent company generated costs of SEK 62 M (0) in the first nine months of the year (Jul-Sep SEK 28 M), of which SEK 41 M (0) relates to head office. For the full year 2015, the corresponding cost amounted to SEK 57 M, of which SEK 12 M related to 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 or 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. As of 30 September 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	2016 30 Sep	2015 30 Sep	2015 31 Dec
Derivative instruments used for hedging purposes		24	15
Derivative instruments not used for hedging purposes	1		
Total assets	1	24	15
Derivative instruments used for hedging purposes	12	27	
Derivative instruments not used for hedging purposes	113		
Total liabilities	125	27	0

Fair value of long term and current interest bearing liabilities has been judged not to 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, fair value is deemed to match the carrying amount. Bonava judges that there is no material difference between the book value and fair value of instruments recognised at amortised cost.

NOTE 6 Transactions with related parties

In the period up until 9 June 2016, Bonava constituted the NCC Housing Operating segment of NCC AB.

During the first half of the year, Bonava was party to multiple transactions with NCC companies where the pricing followed the NCC Group's transfer pricing policy. After 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 and companies in the Axel Johnson Group are also categorized as related parties. Transactions with these parties were not material and have not been specified below.

Transactions with NCC, SEK M	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Sales	1		1
Purchases	2,483	2,520	3,690
Financial income		1	1
Financial expenses	87	211	269
Current receivables		101	187
Non-current interest-bearing liabilities		191	11
Current interest-bearing liabilities	43	7,281	1,676
Accounts payable	12	113	154
Other current liabilities	313	289	318
Contingent liabilities	84		

Parent company

Januari–September 2016

The parent company comprises the operations of Bonava AB. The company's net sales amounted to SEK 45 M (0). Profit/loss after financial items was SEK -88 M (0).

Parent company condensed income statement

SEK M	Note 1	2016 Jan–Sep	2015 Jan–Sep	2015 Jan–Dec
Net sales		45		14
Selling and administrative expenses		-190		-39
Operating profit		-145	0	-25
Result from participations in Group companies		123		-205
Financial income		88		13
Financial expenses		-154		
Income after financial items		-88	0	-217
Appropriations				88
Profit/loss before tax		-88	0	-129
Tax on profit/loss for the period		46		-17
Profit/loss for the period		-42	0	-145

Parent company condensed balance sheet

SEK M	2016 30 Sep	2015 30 Sep	2015 31 Dec
Assets			
Fixed assets	1,625		1,173
Current assets	5,657		5,306
Total assets	7,282	0	6,478
Shareholders' equity and liabilities			
Shareholders' equity	5,167		4,858
Provisions	3		5
Long-term liabilities	621		37
Current liabilities	1,491		1,579
Total equity and liabilities	7,282	0	6,478

Notes to the Parent Company

Income Statement and Balance Sheet

NOTE 1 Significant 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*.

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.

The company was dormant as of 30 September 2015.

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	2016 30 Sep	2015 30 Sep	2015 31 Dec
Guarantees and contingent liabilities	16,164		

Quarterly review

SEK M	2016			2015				2014			
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Net sales	2,327	2,703	1,877	7,314	2,128	1,864	1,764	4,564	2,257	2,051	1,353
Operating profit	228	165	184	1,015	180	108	74	491	241	158	51
Income after financial items	159	92	113	939	93	12	-11	388	144	57	-37
Profit/loss for the period	125	74	88	723	75	9	-9	345	112	44	-28
Cash flow from operating activities before changes in working capital	80	38	77	976	7	2	-25	410	178	-19	-59
Cash flow from changes in working capital	-85	-288	-604	1,124	164	-377	-420	681	-466	199	-1,017
Cash flow from investing activities	-27	-36	-49	31	-19	-17	-9	-5	-16	-18	-15
Cash flow from financing activities	-293	569	628	-2,106	45	234	526	-1,084	134	38	1,144
Cash flow for the period	-325	284	52	26	197	-158	72	2	-171	200	53
Net debt	5,179	5,080	4,552	4,216	10,355	10,620	10,155	9,600	10,412	10,030	9,922
Average number of employees	1,456	1,408	1,365	1,332	1,280	1,299	1,263	1,266	1,258	1,254	1,181

Sector-related key figures for the Group

Group	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Building rights, at period end	29,100	30,300	29,100	30,300	29,100
Of which, off-balance-sheet building rights	10,900	10,300	10,900	10,300	11,000
Housing development for consumers					
Profit-recognised housing units during the period	757	589	2,281	1,781	3,968
Housing starts during the period	591	883	2,312	2,548	4,452
Housing units sold during the period	659	896	2,547	3,188	4,542
Housing units under construction, at period end	6,666	6,920	6,666	6,920	6,432
Sales rate for housing units under construction, %	65	71	65	71	60
Reservation rate for housing units under construction, %	8	6	8	6	6
Completion rate for housing units under construction, %	60	56	60	56	46
Completed housing units, not recognised in profit, at period end	226	224	226	224	429
Housing units for sale (ongoing and completed), at period end	2,475	2,162	2,475	2,162	2,713
Housing development for investors					
Profit-recognised housing units during the period	0	453	206	781	1,768
Housing starts during the period	306	506	838	959	1,904
Housing units sold during the period	306	506	969	828	1,773
Housing units under construction, at period end	2,405	2,151	2,405	2,151	2,346
Sales rate for housing units under construction, %	100	94	100	94	94
Completion rate for housing units under construction, %	54	72	54	72	69
Completed housing units, not recognised in profit, at period end	0	0	0	0	0
Housing units for sale (ongoing and completed), at period end	0	131	0	131	131

Key financial ratios at period-end

SEK M unless otherwise stated	2016 30 Sep	2015 30 Sep	2015 31 Dec
Return on capital employed, % ¹⁾	15	7	12
Interest coverage ratio, multiple ¹⁾	5.4	2.3	3.9
Equity/assets ratio, %	27	2	31
Interest bearing liabilities/total assets, %	32	63	33
Net debt	5,179	10,355	4,216
Debt/equity ratio, multiple	1.0	36.5	0.9
Capital employed at period-end	10,894	11,363	9,811
Average capital employed	10,658	11,212	10,882
Capital turnover rate, multiple ¹⁾	1.3	0.9	1.2
Share of risk-bearing capital, %	27	2	31
Average interest rate at period-end, % ²⁾	2.91	3.17	3.06
Average period of fixed interest, years ²⁾	0.2	0.2	0.2
Average interest rate at period-end, % ³⁾	1.32	1.23	1.26
Average period of fixed interest, years ³⁾	0.1	0.1	0.1

¹⁾ The figures are calculated on a rolling 12-month basis.

²⁾ Excluding borrowing in Swedish tenant-owner associations and Finnish housing companies.

³⁾ Relates to borrowing in Swedish tenant-owner associations and Finnish housing companies.

Definitions

Bonava uses measurements including alternative key performance indicators return on capital employed, net debt and equity/assets ratio. The Group considers that these key figures provide complementary information to readers of its financial reports that contribute to assessing the Group's capacity to pay dividends, make strategic investments, meet its financial commitments and to evaluate its profitability. Calculations and more information about the alternative key performance indicators can be found at www.bonava.com. The Group defines the key figures as indicated below. The definitions are unchanged on earlier periods.

Sector-related definitions

Housing units in production

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

Development right

Estimated possibility of developing a site. With respect to housing units, a development 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 is a prerequisite for being granted access to a development 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 properties held for future development.

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 production.

Housing units recognised for profit

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

The 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 performance indicators

Share of risk-bearing capital

Total 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

Total assets, or liabilities and shareholders' equity.

Dividend yield

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 fixed-interest term

Remaining fixed-interest term weighted by interest-bearing liabilities.

Average shareholders' equity

Average shareholders' equity as of the five last quarters.

Average capital employed

Average capital employed as of the five last quarters.

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.

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 handed over to the end customer. Property sales are recognised on the date when significant risks and rewards are transferred to the buyer, which normally coincides with transfer of ownership. Net income is subject to the same definition.

cont. Definitions

Operating margin

Operating profit as a percentage of net sales.

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

Total equity as a percentage of total assets.

Capital employed

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

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 for the year.

Signatures

Solna, Sweden, 8 November 2016

For the Board of Directors of Bonava AB (publ)

Joachim Hallengren, President and CEO

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Auditor's 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 2016 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 Swedish 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 Accounting (ISA) 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.

Solna, Sweden, 8 November 2016
Ernst & Young AB

Mikael Ikonen
Authorized Public Accountant