BONAVA

Year-end Report, January–December 2016

Homes & Neighbourhoods

Bonava's best ever full-year earnings

1 October–31 December 2016

- Net sales amounted to SEK 6,584 M (7,314)
- Operating profit was SEK 985 M (1,015). The operating margin was 15.0 per cent (13.9)
- Profit after financial items was SEK 918 M (939)
- Profit for the period after tax amounted to SEK 717 M (723)
- Cash flow before financing was SEK 1,428 M (2,131)
- Earnings per share were SEK 6.61 (6.67)[1)]
- Return on capital employed amounted to 14.6 per cent (12.5)
- The number of housing units sold for the period was 2,717 (2,299). The number of production starts of housing units in the period was 2,682 (2,849)

1 January–31 December 2016

- Net sales amounted to SEK 13,492 M (13,070)
- Operating profit was SEK 1,562 M (1,377). The operating margin was 11.6 per cent (10.5)
- Profit after financial items was SEK 1,283 M (1,033)
- Profit for the period after tax amounted to SEK 1,004 M (798)
- Cash flow before financing was SEK 536 M (1,437)
- Earnings per share were SEK 9.26 (7.36)[1)]
- Return on capital employed was 14.6 per cent (12.5)
- The number of housing units sold for the period was 6,233 (6,315). The number of production starts of housing units in the period was 5,832 (6,356)
- The Board of Directors proposes a dividend of SEK 3.80 per share

SEK M	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Net sales	6,584	7,314	13,492	13,070
Operating profit	985	1,015	1,562	1,377
Operating margin, %	15.0	13.9	11,6	10.5
Profit after financial items	918	939	1,283	1,033
Profit for the period after tax	717	723	1,004	798
Earnings per share, SEK[1)]	6,61	6,67	9,26	7,36
Cash flow before financing	1,428	2,131	536	1,437
Net debt	3,699	4,216	3,699	4,216
Net debt, excl. tenant-owners associations/housing companies[2)]	75	1,039	75	1,039
Capital employed at period end	10,134	9,811	10,134	9,811
Return on capital employed, %	14.6	12.5	14.6	12.5
Equity/assets ratio, %	33.7	30.5	33.7	30.5
Number of housing starts	2,682	2,849	5,832	6,356
Number of housing units in production at period end	9,113	8,778	9,113	8,778
Number of housing units sold in the period	2,717	2,299	6,233	6,315
Number of housing units recognized in profit during the period	2,291	3,174	4,778	5,736

1) No dilution effect.

2) For specification, see Note 2.

For definitions, see page 31.

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Comments from the CEO

"We finished our first year as a listed company with a strong quarter in sales and earnings terms, which contributed to our best ever full-year earnings."

A strong fourth quarter contributes to a record year

We finished our first year as a listed company with a strong quarter in sales and earnings terms, which contributed to our best ever full-year earnings. Net sales for the full year increased to SEK 13,492 M (13,070) and operating profit was up to SEK 1,562 M (1,377). Profit after tax was SEK 1,004 M (798), corresponding to earnings per share of SEK 9.26 (7.36). We are generating good earnings that meet our financial targets and are moving into 2017 in a strong financial position, which supports the Board's proposal for a dividend of SEK 3.80 per share.

Demand remains healthy on our main markets

The demand for housing remains high on our biggest markets, Sweden and Germany, from both consumers and investors. We expect positive growth from what has been a weak Finnish economy for some years, and we are seeing indications that the St. Petersburg housing market is stabilising.

Strong housing sales

We sold more housing units in the fourth quarter than in the corresponding period of the previous year, and recovered much of the sales lag due to delays and building permit appeals in the third quarter. In full-year terms, housing sales were consistent with the previous year.

Strong operating profit for the full year

We reported strong operating profit for the full year of SEK 1,562 M (1,577), and profit for the quarter was consistent with the previous year. The number of housing units for consumers recognised for profit increased to 4,371 (3,968) for the full year, but the number for investors was reduced to 407 (1,768). We have a total of 9,113 (8,778) housing units in production with a high sales rate, which lays a good foundation for future secured results.

Well prepared for the future

In the year, we reduced our debt, and are basically debt free, if we exclude the liabilities of our Swedish tenant-owner associations and Finnish housing companies. In the year, we rationalised our land portfolio further, and allocated more capital to growth regions in accordance with our strategy. With strong full-year earnings and a streamlined land portfolio, we're looking ahead. Our strategy work is continuing and we are proceeding according to our aim of growing our German business.

Overall, we are standing on a stable foundation with a broad geographical presence, have a well-differentiated offering to consumers and investors and a strong financial position. I would like to thank all my colleagues, who have helped put us in this strong position for the future. We are now continuing our work on challenging ourselves to work smarter and more efficient in our design and production to be able to deliver more affordable homes.

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 1930s. Today Bonava has 1,600 employees and operates in Sweden, Germany, Finland, Denmark, Norway, St. Petersburg, Estonia and Latvia, and had sales of SEK 13.5 Bn in 2016.

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.

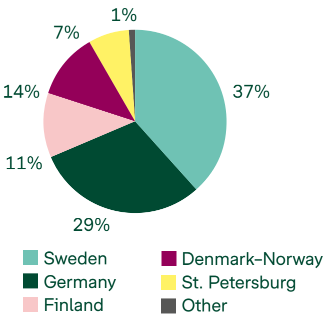
Business concept

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 high-growth 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, %
(Jan–Dec 2016)



Financial targets	Achieved in 2016
Return on capital employed **10–15%**	**14.6%**
Equity/assets ratio **30%** The equity/assets ratio is subject to a minimum of 30 per cent.	**33.7%**
Dividend **40%** A minimum of 40 per cent of consolidated profit for the year after tax is distributed to shareholders.	Proposal **41%** (SEK 3.80 per share)

Group performance

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

Market performance

The demand for housing in Sweden was high in the quarter, from both consumers and investors. Generally, the price level in Sweden increased slightly during the quarter and the full year. Demand on the German market remains positive from consumers, while the investor market is also robust. In Finland, demand was consistent with the corresponding period of the previous year, and after several years of weak economic conditions, we expect positive growth. Demand in Denmark and Norway was high in the quarter, with rising prices. The St. Petersburg housing market is showing signs of stabilising.

October–December 2016

Operational performance

Net sales

Net sales amounted to SEK 6,584 M (7,314). The decrease was mainly due to a lower number of housing units handed over to investors in Germany and Finland, while net sales to consumers increased.

In the quarter, 2,090 (2,187) housing units for consumers were recognised for profit, while 201 (987) housing units for investors were recognised for profit. The average price per housing unit for consumers was SEK 2.6 M (2.4). In the previous year, the sale of a German property portfolio comprising 321 housing units was recognised for profit, with sales of SEK 480 M in the fourth quarter. Exchange rate fluctuations had a SEK 98 M positive impact on consolidated net sales compared to the corresponding period of the previous year.

In Sweden, net sales reduced, because the number of housing units handed over to consumers was lower than the previous year. Revenue from sales of land was down on the previous year in Sweden. In Germany, the number of housing units delivered to consumers increased, at a higher average price, while revenues from investors decreased.

Net sales increased in Finland due to a higher number of housing units handed over to consumers, while no housing units for investors were recognised for profit. In Denmark–Norway, net sales were largely unchanged because more housing units were delivered to consumers, but with lower average prices. In St. Petersburg, net sales were down in year-on-year terms because fewer housing units for consumers were recognised for profit.

Operating profit

Operating profit was SEK 985 M (1,015) for the period. The decrease is attributable to lower net sales from investors, while profit/loss from consumers improved somewhat. Operating profit in the previous year had a SEK 51 M positive impact from the sale of the German property portfolio. Profit from land sales was SEK 197 M (115). Exchange rate fluctuations had a SEK 14 M positive impact on profit in year-on-year terms.

Sweden returned lower profit due to fewer housing units handed over to consumers, while the profit from land sales increased. In Germany, profit increased because more housing units were delivered to consumers with improved margins, while the profit from housing units for investors was lower. In Denmark–Norway, profit improved due to more projects for consumers being recognised for profit, with increased margins. In Finland, profit increased because more housing units for consumers were recognised for profit, with improved margins. In St. Petersburg, profit decreased due to fewer housing units being handed over to consumers, with lower margins. Profit in St. Petersburg was charged with impairment losses on properties held for future development of SEK 18 M.

Organisational changes resulting from becoming an independent company generated non-recurring costs of SEK 22 M (57) in the quarter.

Net financial items, tax and profit for the period

Net financial items was SEK -68 M (-76). The improvement was due to reduced average net debt. Profit after financial items for the fourth quarter 2016 was SEK 918 M (939).

Tax on profit for the period was SEK -201 M (-216), corresponding to a tax rate of 22 per cent (23).

Profit for the period after tax was SEK 717 M (723).

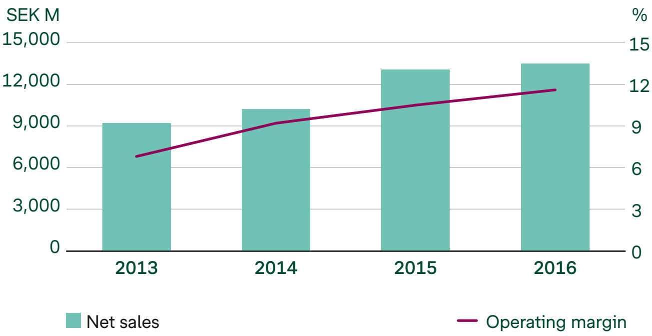
January–December 2016

Operational performance

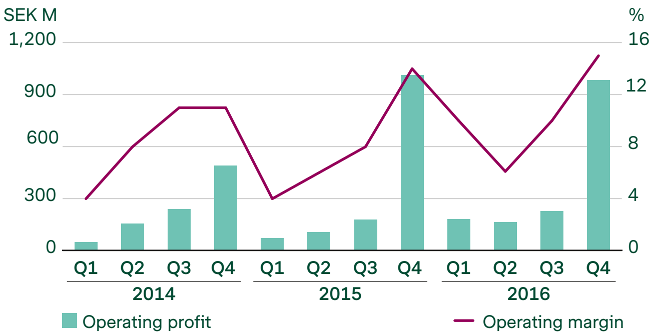
Net sales

Net sales amounted to SEK 13,492 M (13,070). The increase was sourced from more housing units for consumers with higher average prices, while revenues from investors and land sales were lower than the previous year. 4,371 (3,968) housing units for consumers, and 407 (1,768) housing units for investors, were recognised for profit in the year. The average price per housing unit for consumers was SEK 2.7 M (2.4). In the previous year, the sale of a German property portfolio of 321 housing units was recognised for profit, with revenues

Net sales and operating margin



Operating profit and operating margin



cont. Group performance

of SEK 480 M. Exchange rate fluctuations had a negative impact of SEK 16 M on consolidated net sales in year-on-year terms.

In Sweden, the number of housing units handed over to consumers increased, and with the average price increasing. Revenues 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, while revenues from investor deals decreased.

Net sales in Finland was reduced because no projects for investors were recognised for profit in 2016. Revenues from consumers increased.

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

Operating profit

Operating profit for the period was SEK 1,562 M (1,377). Profit from projects for consumers improved, mainly in Sweden, Germany and Finland, where more housing units were recognised for profit. Profit in Denmark–Norway was charged with impairment losses on projects in the previous year. Profit from projects for investors decreased as fewer projects were recognised for profit in 2016. In the previous year, there was a SEK 51 M positive impact on operating profit from the sale of a German property portfolio.

Profit from land sales amounted to SEK 188 M (220), including a SEK -91 M loss on land sales in Latvia. Exchange rate fluctuations exerted a SEK 7 M negative impact on profit compared to the corresponding period of the previous year. In Sweden, net sales and margins on projects for consumers increased. The profit from land sales amounted to SEK 257 M (253).

In Germany, profit improved as more projects for consumers were recognised for profit, with improved margins. The profit on projects for investors decreased. Profit in Finland reduced due to no housing units for investors being recognised for profit. The profit on housing units for consumers improved, and profit from land sales was SEK 4 M (2).

In Denmark–Norway, profit improved due to more projects for consumers being recognised for profit, with higher margins. In the previous year, profit was charged with impairment losses totalling SEK -60 M on a project in Stavanger, Norway. The profit from land sales amounted to SEK 18 M (-4).

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. Profit was charged with impairment losses of SEK 18 M on properties held for future development.

Organisational changes relating to becoming an independent company generated non-recurring costs of SEK 85 M (57) in the period.

Net financial items, tax and profit for the period

Net financial items were SEK -279 M (-345). The improvement was due to lower net debt. Profit after financial items for the period was SEK 1,283 M (1,033).

Tax on profit for the period was SEK -278 M (-235), corresponding to a tax rate of 22 per cent (23).

Profit for the period after tax was SEK 1,004 M (768).

SEK M	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Net sales per segment				
Sweden	1,768	2,296	5,040	4,639
Germany	2,231	2,074	3,907	3,471
Finland	1,223	731	1,516	1,791
Denmark–Norway	1,019	1,050	1,931	1,760
St. Petersburg	298	620	915	773
Other and eliminations	44	542	182	636
Total	**6,584**	**7,314**	**13,492**	**13,070**

SEK M	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Operating profit per segment				
Sweden	383	393	920	706
Germany	342	323	477	422
Finland	163	82	92	187
Denmark–Norway	144	103	194	–3
St. Petersburg	34	166	178	197
Other and eliminations	–80	–51	–298	–132
Total	**985**	**1,015**	**1,562**	**1,377**

Financial position, investments and cash flow

Total assets

Total assets were SEK 16,770 M (15,506), with the increase primarily due to a higher volume of ongoing housing projects.

Net debt

Net debt amounted to SEK 3,699 M (4,216), of which net debt in Swedish tenant-owner associations and Finnish housing companies amounted to SEK 3,624 M (3,177). Net debt was lower due to strong cash flow in the fourth quarter. As of 30 September 2016, net debt was SEK 5,179 M .

Capital employed and return on capital employed

Return on capital employed was 14.6 per cent (12.5). The improvement is due to higher operating profit and lower average capital employed. Capital employed amounted to SEK 10,134 M (9,811) at the end of the period. Capital employed increased due to higher volumes of ongoing housing projects and properties held for future development. As of 30 September 2016, capital employed was SEK 10,894 M.

In Sweden, properties held for future development and ongoing production were at the same level as in the previous year, while the share of interest-free financing increased and capital tied-up was lower than the previous year. The combination of lower capital tied-up and improved profit increased return on capital employed.

In Germany, properties held for future development and ongoing housing projects increased as part of the current expansion process. Capital tied-up was restricted by increased customer advances and interest-free financing of land purchases. The return on capital employed decreased because of higher capital tied-up.

In Finland, ongoing housing projects increased, which was countered by lower other current assets and capital tied-up was unchanged. The return on capital employed decreased due to lower profit. A high number of projects were completed in Denmark–Norway in the year, and capital tied-up decreased. The return on capital employed increased due to improved profit and lower capital tied-up.

In St. Petersburg, the balances of housing projects decreased in local currency, but total assets increased in Swedish krona terms. Capital tied-up increased due to reduced interest-free financing of housing projects. The return on capital employed decreased due to higher capital tied-up and lower profit.

Equity/assets and debt/equity ratios

As of 31 December 2016, the equity/assets ratio was 33.7 per cent (30.5). 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.

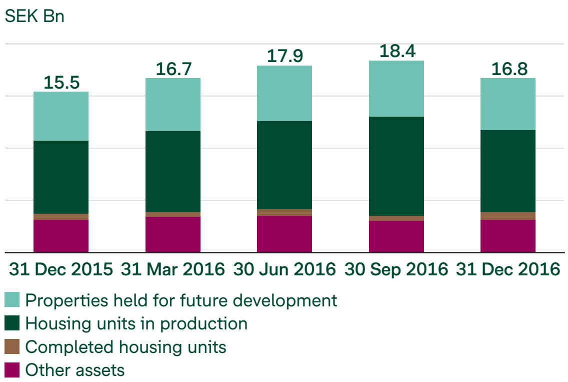
The debt/equity ratio was 0.7 (0.9).

Cash flow for the quarter October–December

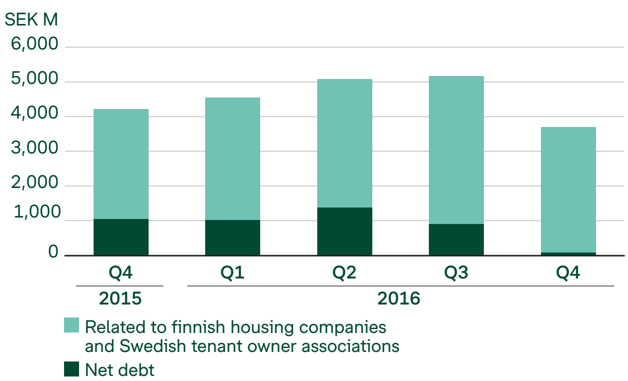
Cash flow before financing was SEK 1,428 M (2,131). Lower earnings and higher tax paid resulted in lower cash flow from operating activities. Cash flow from sales was unchanged, because more housing units for consumers were handed over, while the cash flow from sales of projects to investors reduced in Germany and Finland. The large number of housing units in production in the quarter also meant that investment in ongoing production increased, mainly in Germany and Finland. Other changes in working capital deteriorated somewhat due to lower changes of interest-free financing of housing projects.

Cash flow from investing activities reduced due to increased investments in new IT systems and equipment for new offices.

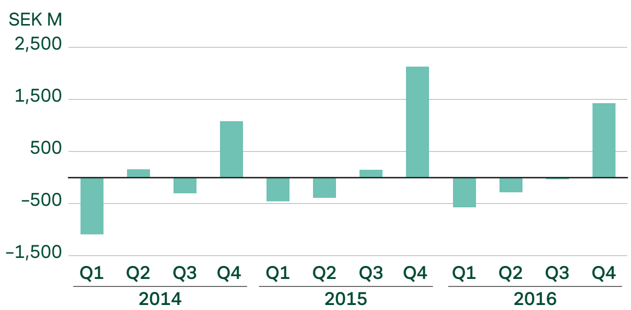
Allocation of assets



Net debt



Cash flow before financing



cont. Financial position, investments and cash flow

Cash flow for the period January–December
Cash flow before financing was SEK 536 M (1,437). Improved earnings generated higher cash flow from operating activities before changes in working capital. Investments in land and ongoing housing projects increased to a greater extent in the year than sales, generating a negative impact on cash flow from housing projects compared to the previous year, mainly in Germany and Finland. Other changes in working capital improved somewhat thanks to a higher inflow of accounts receivable. Investing activities generated lower cash flow than the previous year due to investments in new IT systems.

Seasonal effects
Bonava recognises revenues and earnings from housing sales when sold and completed units are delivered to customers. Bonava's operations are affected by seasonal variations due to the company's cyclical production year, the cold weather and a high share of annual production being 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, October–December 2016

Housing sales, housing starts and building rights

In the fourth quarter, 1,764 (1,354) housing units were sold to consumers and 953 (945) housing units were sold to investors. Sales were high in Sweden and Germany and the quarter, where the number of unit starts was also high. Quarterly sales increased in St. Petersburg.

In the period 1,729 (1,904) housing units were started for consumers, and 953 (945) for investors.

Housing units in ongoing production as of 31 December 2016

At the end of the period there were 6,158 (6,432) housing units for consumers and 2,955 (2,346) housing units for investors in production. The total number of housing units in production was higher than in the previous year. As of 31 December 2016, the sales rate was 63 per cent (60) for housing units for consumers and 100 per cent (94) for housing units for investors. At the same date, the completion rates were 49 per cent (46) and 40 per cent (69) respectively.

Comments, January–December 2016

Housing sales and housing starts

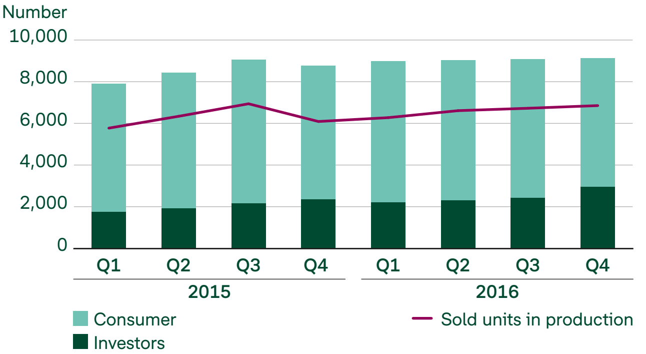
Bonava sold a total of 4,311 (4,542) housing units to consumers and 1,922 (1,773) housing units to investors in the period. The number of housing starts was 4,041 (4,452) for consumers and 1,791 (1,904) for investors.

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 2017. In Germany, production lead times are fairly short and the sales rate in ongoing production high. The sales rate in ongoing production is also high in Sweden.

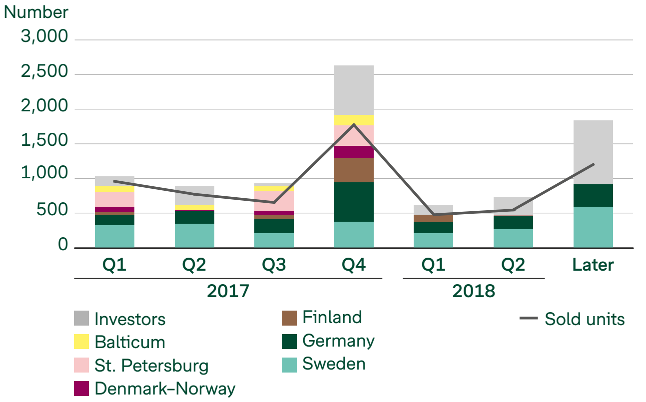
	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Housing units in ongoing production for consumers, at period end	6,158	6,432	6,158	6,432
Housing units in ongoing production for investors, at period end	2,955	2,346	2,955	2,346
Total number of housing units in ongoing production	**9,113**	**8,778**	**9,113**	**8,778**
Sales rate for housing units in ongoing production, %	75	69	75	69
Reservation rate for housing units in ongoing production, %	4	5	4	5
Sold and reserved housing units in ongoing production, %	**79**	**74**	**79**	**74**
Housing units sold to consumers	1,764	1,354	4,311	4,542
Housing units sold to investors	953	945	1,922	1,773
Total housing units sold	**2,717**	**2,299**	**6,233**	**6,315**
Housing starts for consumers	1,729	1,904	4,041	4,452
Housing starts for investors	953	945	1,791	1,904
Total housing starts	**2,682**	**2,849**	**5,832**	**6,356**

Number of housing units in ongoing 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 that were 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.

cont. Housing sales, housing starts and building rights

Building rights, 31 December 2016

There were 28,000 (29,100) building rights, of which 17,500 (18,100) are recognised in the Balance Sheet. The decrease relates to active portfolio management, where land on non-prioritised markets has been divested.

Unsold, completed housing units at year-end

The number of unsold completed housing units at period end was 180 (156). All 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 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 preventive 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.

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 1,482 (1,331) in the period.

Shares and shareholders

Bonava has two classes of share, class A and class B. The closing price on 30 December 2016 was SEK 139.60 per class A share and SEK 141.20 per class B share, corresponding to market capitalisation of SEK 15.2 Bn.

Bonava's share capital was SEK 433,743,288 on the reporting date, divided between 108,435,822 shares and 237,809,364 votes. As of 31 December 2016, Bonava had 14,374,838 class A shares and 94,060,984 class B shares. Each class A share carries 10 votes and each class B share one vote.

Bonava had 41,189 shareholders at the end of the quarter. Bonava's largest shareholder was Nordstjernan AB. As of 30 December, the ten largest shareholders controlled 53.9 per cent of the capital and 65.9 per cent of the votes.

Ten largest shareholders as of 30 December 2016

	Number of class A shares	Number of class B shares	Holding, %	Voting rights, %
Nordstjernan AB	10,700,000	10,023,759	19.1	49.2
AMF – Insurance and Funds	0	7,907,171	7.3	3.3
Swedbank Robur funds	0	5,678,475	5.2	2.4
Lannebo funds	200,000	5,331,397	5.1	3.1
SEB Investment Management	0	5,505,842	5.1	2.3
Fourth AP Fund	3,343	3,772,055	3.5	1.6
Carnegie funds	0	2,750,000	2.5	1.2
Handelsbanken funds	0	2,647,353	2.4	1.1
Norges Bank	3,239	2,243,769	2.1	1.0
Länsförsäkringar fondförvaltning AB	0	1,770,485	1.6	0.7
Total, ten largest shareholders	**10,906,582**	**47,630,306**	**53.9**	**65.9**
Other	3,468,256	46,430,678	46.1	34.1
Total	**14,374,838**	**94,060,984**	**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 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 57 M to NCC AB, has been reported at an amount corresponding to the fair value of five years' payments.

Significant events during the period

Bonava repurchased 354,400 class B shares for SEK 45.0 M in the period to fulfil the company's obligations relating to its long-term incentive program (LTIP 2016), which was introduced in the year.

Significant events after the period

No significant events over and above regular operating activities occurred after the end of the reporting period.

Proposed dividend and Annual General Meeting 2017

Proposed dividend
The Board of Directors proposes a dividend of SEK 3.80 per share, divided into two payments. The first payment of SEK 1.90 is proposed for disbursement on 11 April 2017 and the second payment of SEK 1.90 per share is proposed for disbursement on 11 October 2017.

Annual General Meeting 2017
Bonava's AGM will be held at Hotel Rival, Mariatorget 3, Stockholm, Sweden on 4 April 2017. The meeting will open at 3 p.m. and the notice convening the Meeting will be published on Bonava's website www.bonava.com on 1 March and published in the Swedish Official Gazette on 6 March. The notification will be announced in Swedish daily newspapers Dagens Nyheter and Svenska Dagbladet on the same date. The Board of Directors' and Nomination Committee's proposals for resolution of the Meeting will also be uploaded to the company's website, where it will also be possible to notify participation at the Meeting.

Financial calendar
- Annual General Meeting: 4 April 2017
- Interim Report Jan–Mar: 27 April 2017
- Half-year Report Jan–Jun: 18 July 2017
- Interim Report Jan–Sep: 24 October 2017

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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 25 January 2017 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: 25 January 2017, 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:
+49 211 971 90 086 (DE)
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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. In Sweden, Bonava's offering focuses on consumers and investors through multi-family and single-family housing.

Project name: Ekkällan Arena 2

Project start: Q4 2016

Location: Linköping, Sweden

Housing category: Multi-family housing

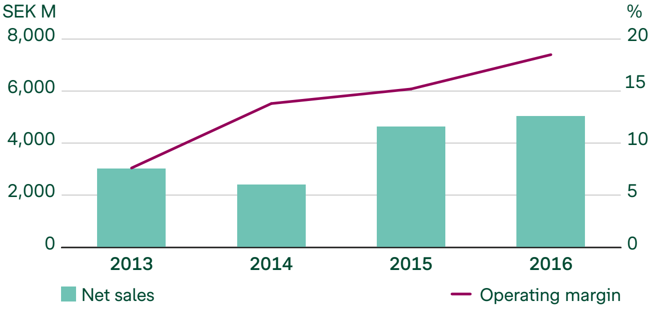
Number of housing units: 42

Ekkällan Arena is built around an attractive courtyard designed for exercise and relaxation. Ekhällan Arena has a shared roof terrace with glazed veranda, apartment for overnight stays, sundeck and cycle repair workshop.

	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Key financial figures				
Net sales, SEK M	1,768	2,296	5,040	4,639
Operating profit, SEK M[1)]	383	393	920	706
Operating margin, %	21.6	17.1	18.3	15.2
Capital employed at period end, SEK M	4,350	4,978	4,350	4,978
Return on capital employed, %	19.3	13.9	19.3	13.9
Building rights				
Building rights, at period end, number	7,200	7,600	7,200	7,600
of which, off-balance-sheet building rights, number	3,300	2,500	3,300	2,500
Housing development for consumers				
Number of sold housing units	468	390	1,123	1,350
Number of started housing units	563	495	1,108	1,343
Number of profit-recognised housing units	259	446	1,013	956
Number of housing units in production, at period end	2,304	2,206	2,304	2,206
Sales rate for housing units in production, %	75	73	75	73
Housing development for investors				
Number of sold housing units	227		579	27
Number of started housing units	227		448	158
Number of profit-recognised housing units			132	156
Number of housing units in production at period end	606	290	606	290
Sales rate for housing units in production, %	100	55	100	55

1) Profit from sales of land was SEK 196 M (142) in the quarter, and SEK 257 M (253) for the full year 2016.

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.

Project name: Auf der Sinstorfer Höhe

Project start: Q4 2016

Location: Hamburg, Germany

Housing category: Multi-family housing

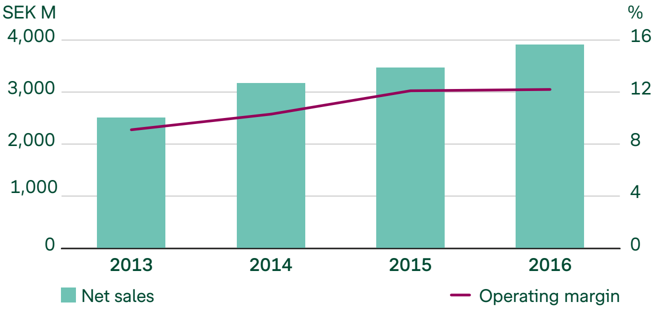
Number of housing units:
45 apartments

Cosy family homes and beautiful gardens in a quiet neighbourhood surrounded by green areas, thus adjacent to a business park – in Hamburg's south a city-like infrastructure meets a village's tranquility and lets forget being in Germany's second largest city. One is in the vicinity of deeper nature and in proximity of Hamburg's city center within only 20 minutes.

	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Key financial figures				
Net sales, SEK M	2,231	2,074	3,907	3,471
Operating profit, SEK M	342	323	477	422
Operating margin, %	15.3	15.6	12.2	12.1
Capital employed at period end, SEK M	2,163	1,361	2,163	1,361
Return on capital employed, %	25.4	30.7	25.4	30.7
Building rights				
Building rights, at period end, number	6,400	5,700	6,400	5,700
of which, off-balance-sheet building rights, number	2,700	3,600	2,700	3,600
Housing development for consumers				
Number of sold housing units during the period	530	430	1,288	1,154
Number of started housing units during the period	775	609	1,455	1,284
Number of profit-recognised housing units during the period	544	452	1,057	896
Number of housing units in production, at period end	1,785	1,386	1,785	1,386
Sales rate for housing units in production, %	59	60	59	60
Housing development for investors				
Number of sold housing units during the period[1)]	479	638	645	860
Number of started housing units during the period[1)]	479	638	645	860
Number of profit-recognised housing units during the period[1)]	201	680	201	726
Number of housing units in production at period end	1,184	740	1,184	740
Sales rate for housing units in production, %	100	100	100	100

1) The period Jan–Dec 2015 includes 321 housing units sold 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.

Project name: Ukonkivi

Project start: Q4 2016

Location: Oulu, Finland

Housing category: Multi-family housing

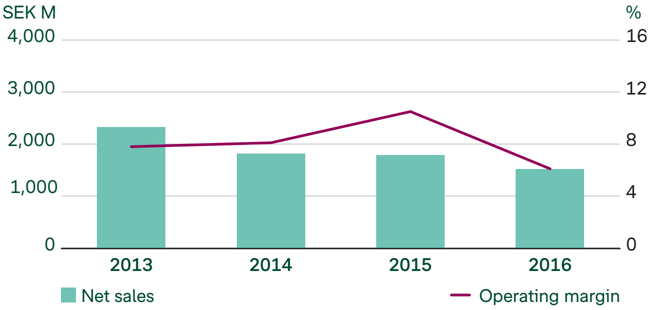
Number of housing units: 50

Affordable apartments for single occupants, couples and families. Walking distance to schools, supermarkets and green spaces.

	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Key financial figures				
Net sales, SEK M	1,223	731	1,516	1,791
Operating profit, SEK M[1)]	163	82	92	187
Operating margin, %	13.3	11.2	6.1	10.5
Capital employed at period end, SEK M	1,092	1,114	1,092	1,114
Return on capital employed, %	7.1	12.5	7.1	12.5
Building rights				
Building rights, at period end, number	7,300	8,400	7,300	8,400
of which, off-balance-sheet building rights, number	4,200	4,800	4,200	4,800
Housing development for consumers				
Number of sold housing units during the period	220	233	637	672
Number of started housing units during the period	168	410	522	784
Number of profit-recognised housing units during the period	538	236	658	639
Number of housing units in production, at period end	567	698	567	698
Sales rate for housing units in production, %	50	42	50	42
Housing development for investors				
Number of sold housing units during the period	247	307	624	886
Number of started housing units during the period	247	307	624	886
Number of profit-recognised housing units during the period		307		886
Number of housing units in production at period end	1,091	1,242	1,091	1,242
Sales rate for housing units in production, %	100	100	100	100

1) Profit from sales of land amounted to SEK 1 M (0) in the quarter and SEK 4 M (2) for the full year 2016.

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.

Project name: Drabæk Huse

Project start: Q4 2016

Location: Blovstrød, Denmark

Housing category: semi-detached houses

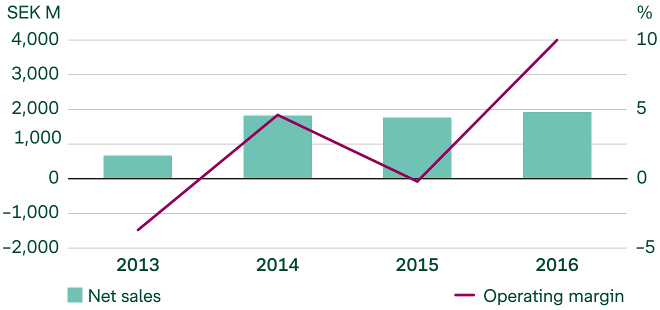
Number of housing units: 34

Close to excellent schools, sports facilities and large green spaces. Drabæk Huse is the first environmentally approved semi-detached housing project in North Zealand, with a focus on social sustainability.

	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Key financial figures				
Net sales, SEK M	1,019	1,050	1,931	1,760
Operating profit, SEK M[1)]	144	103	194	-3
Operating margin, %	14.1	9.8	10.0	-0.2
Capital employed at period end, SEK M	736	1,076	736	1,076
Return on capital employed, %	16.0	-0.2	16.0	-0.2
Building rights				
Building rights, at period end, number	900	1,300	900	1,300
of which, off-balance-sheet building rights, number	300	100	300	100
Housing development for consumers				
Number of sold housing units during the period	77	30	299	300
Number of started housing units during the period	107	67	249	241
Number of profit-recognised housing units during the period	218	126	396	281
Number of housing units in production, at period end	316	450	316	450
Sales rate for housing units in production, %	58	62	58	62
Housing development for investors				
Number of sold housing units during the period			74	
Number of started housing units during the period			74	
Number of profit-recognised housing units during the period				
Number of housing units in production at period end	74		74	
Sales rate for housing units in production, %	100		100	

1) Profit from sales of land amounted to SEK 2 M (2) in the quarter and SEK 18 M (-4) for the full year 2016.

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.

Project name: Öland

Development period: Q3 2011–Q2 2017

Location: St. Petersburg

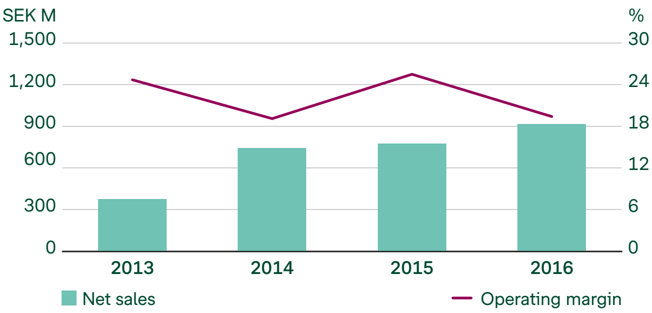
Housing category: Multi-family housing

Number of housing units: 2,753 housing units

Housing estate close to St. Petersburg with separate car park, playground, pre-schools and closeness to public transport. Spacious layouts in this popular estate for the younger generation and first-time buyers. A total of 2,316 apartments are complete, and 437 are in production. Only 24 apartments remain for sale.

	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Key financial figures				
Net sales, SEK M	298	620	915	773
Operating profit, SEK M	34	166	178	197
Operating margin, %	11.3	26.8	19.4	25.5
Capital employed at period end, SEK M	1,277	802	1,277	802
Return on capital employed, %	16.5	24.4	16.5	24.4
Building rights				
Building rights, at period end, number	4,400	4,700	4,400	4,700
of which, off-balance-sheet building rights, number				
Housing development for consumers				
Number of sold housing units during the period	357	220	653	865
Number of started housing units during the period		216	363	533
Number of profit-recognised housing units during the period	479	864	1,026	1,039
Number of housing units in production, at period end	800	1,447	800	1,447
Sales rate for housing units in production, %	61	55	61	55
Housing development for investors				
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	
Number of housing units in production at period end		74		74
Sales rate for housing units in production, %		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 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Net sales	4	6,584	7,314	13,492	13,070
Production costs		-5,391	-6,046	-11,235	-11,016
Gross profit		**1,193**	**1,268**	**2,257**	**2,054**
Selling and administrative expenses		-185	-161	-610	-583
Non-recurring costs[1)]		-22	-57	-85	-57
Other operating expenses			-35		-36
Operating profit	**4**	**985**	**1,015**	**1,562**	**1,377**
Financial income		6	3	13	11
Financial expenses		-73	-79	-292	-356
Net financial items		**-68**	**-76**	**-279**	**-345**
Profit after financial items	4	**918**	**939**	**1,283**	**1,033**
Tax on profit for the period		-201	-216	-278	-235
Net profit for the period		**717**	**723**	**1,004**	**798**
Attributable to:					
Bonava AB's shareholders		715	692	1,003	768
Non-controlling interests		2	32	2	31
Net profit for the period		**717**	**723**	**1,004**	**798**
Per share data before and after dilution					
Earnings per share, SEK		6.61	6.67	9.26	7.36
Cash flow from operating activities, SEK		13.75	19.37	6.54	13.37
Shareholders' equity, SEK		52.25	43.08	52.25	43.08
Average number of shares, millions		108.3	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 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Profit for the period		**717**	**723**	**1,004**	**798**
Items that may be reclassified to profit or loss					
Translation differences during the period in translation of foreign operations		2	-39	98	-59
Hedging of exchange-rate risk in foreign operations		2	31	-73	41
Cash-flow hedges			24		33
Tax related to items that may be reclassified to profit or loss		-1	-12	16	-16
		3	**4**	**41**	**-2**
Items that will not be reclassified to profit or loss					
Revaluation of defined-benefit pension plans					-8
Tax related to items that will not be reclassified to profit or loss					2
		0	**0**	**0**	**-6**
Other comprehensive income for the period		**3**	**4**	**41**	**-8**
Comprehensive income for the period		**720**	**727**	**1,045**	**790**
Attributable to:					
Bonava AB's shareholders		717	695	1,042	759
Non-controlling interests		4	32	4	31
Total comprehensive income for the period		**720**	**727**	**1,045**	**790**

Condensed consolidated balance sheet

SEK M	Note 1	2016 31 Dec	2015 31 Dec
ASSETS			
Fixed assets		933	773
Current assets			
Properties held for future development		5,035	4,737
Ongoing housing projects		7,898	7,043
Completed housing units		733	599
Current receivables		1,552	1,769
Cash and cash equivalents	2	619	585
Total current assets		**15,836**	**14,732**
TOTAL ASSETS		**16,770**	**15,506**
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to parent company shareholders		5,648	4,672
Non-controlling interests		5	60
Total shareholders' equity		**5,652**	**4,732**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	2	2,245	2,033
Other non-current liabilities		271	487
Non-current provisions		803	357
Total non-current liabilities		**3,319**	**2,877**
Current liabilities			
Current interest-bearing liabilities	2	2,236	3,046
Other current liabilities		5,562	4,850
Total current liabilities		**7,799**	**7,896**
Total liabilities		**11,117**	**10,773**
TOTAL EQUITY AND LIABILITIES		**16,770**	**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	1,042	4	1,045
Transactions with non-controlling interests[1)]	5	-59	-55
Dividend	-15		-15
Transactions with shareholders	-12		-12
Purchase of treasury shares	-45		-45
Performance-based incentive program[2)]	2		2
Closing shareholders' equity, 31 December 2016	**5,648**	**5**	**5,652**

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 2015 and NCC's and Bonava's incentive program 2016.

Condensed consolidated cash flow statement

SEK M	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
OPERATING ACTIVITIES				
Profit after financial items	918	939	1,283	1,033
Adjustments for items not included in cash flow	53	76	2	52
Tax paid	-78	-39	-197	-125
Cash flow from operating activities before changes in working capital	**892**	**976**	**1,087**	**959**
Cash flow from changes in working capital				
Divestment of housing projects	5,052	5,079	10,807	10,075
Investments in housing projects	-3,447	-3,195	-11,538	-9,842
Other changes in working capital	-1,008	-759	352	258
Cash flow from changes in working capital	**597**	**1,124**	**-379**	**491**
Cash flow from operating activities	**1,489**	**2,100**	**708**	**1,450**
INVESTING ACTIVITIES				
Cash flow from investing activities	**-61**	**31**	**-173**	**-13**
CASH FLOW BEFORE FINANCING	1,428	2,131	536	1,437
FINANCING ACTIVITIES				
Capital contribution from NCC			5,051	
Repayment of loans to NCC			-6,012	
Borrowing			2,059	
Dividend paid			-15	-104
Purchase of treasury shares	-45		-45	
Change in interest-bearing financial liabilities	-1,325	-2,009	-1,724	-1,196
Change in long-term interest-bearing receivables	18	-36	52	-29
Change in current interest-bearing receivables	-78	-61	108	29
Cash flow from financing activities	**-1,429**	**-2,106**	**-525**	**-1,301**
CASH FLOW DURING THE PERIOD	-1	26	10	136
Cash and cash equivalents at the beginning of the period	624	570	585	463
Exchange-rate difference in cash and cash equivalents	-3	-11	23	-14
CASH AND CASH EQUIVALENTS AT END OF PERIOD	619	585	619	585

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

Notes

NOTE 1 Basis for preparation and accounting policies

This Year-end 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 31 Dec	2015 31 Dec
Non-current interest-bearing receivables	79	131
Current interest-bearing receivables	84	146
Cash and cash equivalents	619	585
Total	**782**	**863**
Non-current interest-bearing liabilities	2,245	2,033
Current interest-bearing liabilities	2,236	3,046
Total	**4,481**	**5,079**
Net debt	**3,699**	**4,216**
of which, attributable to Swedish tenant-owner associations and Finnish housing companies		
Interest-bearing liabilities	3,677	3,268
Cash and cash equivalents	53	90
Net debt	**3,624**	**3,177**
Net debt, excl. tenant-owners associations and housing companies	**75**	**1,039**

NOTE 3 Pledged assets, contingent liabilities and guarantee obligations

SEK M	2016 31 Dec	2015 31 Dec
Assets pledged		
For own liabilities:		
Property mortgages	1,699	859
Restricted bank funds	22	27
Total pledged assets	**1,721**	**886**
Contingent and guarantee liabilities		
Own contingent liabilities:		
Deposits and concession fees[1)]	600	718
Other guarantees	118	
Held jointly with other companies		
Liabilities in partnerships and limited partnerships	23	24
Total contingent and guarantee liabilities	**741**	**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.

Notes, cont.

NOT 4 Reporting by operating segments

Oct–Dec 2016, MSEK	Sweden	Germany	Finland	Denmark–Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,768	2,231	1,223	1,019	298	44	6,584
Operating profit	383	342	163	144	34	-80	985
Net financial items							-68
Profit after financial items							**918**
Capital employed at period end	**4,350**	**2,163**	**1,092**	**736**	**1,277**	**515**	**10,134**

Oct–Dec 2015, MSEK	Sweden	Germany	Finland	Denmark–Norway	St. Petersburg	Other and eliminations	Total
Net sales	2,296	2,074	731	1,050	620	542	7,314
Operating profit	393	323	82	103	166	-51	1,015
Net financial items							-76
Profit after financial items							**939**
Capital employed at period end	**4,978**	**1,361**	**1,114**	**1,076**	**802**	**481**	**9,811**

Jan–Dec 2016, MSEK	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
Profit after financial items							**1,283**
Capital employed at period end	**4,350**	**2,163**	**1,092**	**736**	**1,277**	**515**	**10,134**

Jan–Dec 2015, MSEK	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 2016 Oct–Dec	Net sales 2015 Oct–Dec	Net sales 2016 Jan–Dec	Net sales 2015 Jan–Dec	Operating profit 2016 Oct–Dec	Operating profit 2015 Oct–Dec	Operating profit 2016 Oct–Dec	Operating profit 2015 Jan–Dec
Bonava's Head Office[1)]	24	-5	69	14	-82	-33	-227	-111
Sales, German property portfolio		480		480		51		51
Sales, Latvian property portfolio			4				-91	
Operations in Estonia and Latvia	44	55	176	129	3	-59	20	-62
Adjustments and eliminations	-23	13	-67	13		-10		-10
TOTAL	**44**	**542**	**182**	**636**	**-80**	**-51**	**-298**	**-132**

1) Activities relating to Bonava becoming an independent company generated costs of SEK 85 M (57) in 2016 of which SEK 55 M (12) relates to head office. For the quarter these costs amounted to SEK 22 M (57) of which SEK 14 M (12) relates 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 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	2016 31 Dec	2015 31 Dec
Derivative instruments used for hedging purposes	17	15
Derivative instruments not used for hedging purposes	38	
Total assets	**55**	**15**
Derivative instruments not used for hedging purposes	102	
Total liabilities	**102**	**0**

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.

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 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–Dec	2015 Jan–Dec
Sales	19	1
Purchases	3,314	3,690
Financial income		1
Financial expenses	87	269
Current receivables	1	187
Non-current interest-bearing liabilities	45	11
Current interest-bearing liabilities	12	1,676
Accounts payable	258	154
Other current liabilities		318
Contingent liabilities	76	

Parent company

January–December 2016
The parent company comprises the operations of Bonava AB. The company's net sales amounted to SEK 69 M (14). Profit/loss after financial items was SEK 24 M (-217).

Parent company condensed income statement

SEK M	Note	2016 Jan–Dec	2015 Jan–Dec
	1		
Net sales		69	14
Selling and administrative expenses		-295	-39
Operating profit		**-226**	**-25**
Profit/loss from participations in Group companies		291	-205
Financial income		148	13
Financial expenses		-188	
Profit/loss after financial items		**24**	**-217**
Appropriations		-5	88
Profit/loss before tax		**19**	**-129**
Tax on profit/loss for the period		27	-17
Profit/loss for the period		**45**	**-145**

Parent company condensed balance sheet

SEK M	2016 31 Dec	2015 31 Dec
Assets		
Fixed assets	1,955	1,173
Current assets	4,259	5,306
Total assets	**6,214**	**6,478**
Shareholders' equity and liabilities		
Shareholders' equity	5,210	4,858
Provisions	1	5
Long-term liabilities	609	37
Current liabilities	395	1,579
Total equity and liabilities	**6,214**	**6,478**

Notes to the Parent Company Income Statement and Balance Sheet

NOTE 1 Significant accounting policies

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

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

Transactions with related parties

Apart from transactions with the NCC Group, no transactions with a 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 31 Dec	2015 31 Dec
Guarantees and contingent liabilities	15,485	

Sector-related key figures for the Group

Group	2016 Oct–Dec	2015 Oct–Dec	2016 Jan–Dec	2015 Jan–Dec
Building rights, at period end	28,000	29,100	28,000	29,100
Of which, off-balance-sheet building rights	10,500	11,000	10,500	11,000
Housing development for consumers				
Profit-recognised housing units during the period	2,090	2,187	4,371	3,968
Housing starts during the period	1,729	1,904	4,041	4,452
Housing units sold during the period	1,764	1,354	4,311	4,542
Housing units under construction, at period end	6,158	6,432	6,158	6,432
Sales rate for housing units under construction, %	63	60	63	60
Reservation rate for housing units under construction, %	6	6	6	6
Completion rate for housing units under construction, %	49	46	49	46
Completed housing units, not recognised in profit, at period end	373	429	373	429
Housing units for sale (ongoing and completed), at period end	2,440	2,713	2,440	2,713
Housing development for investors				
Profit-recognised housing units during the period	201	987	407	1,768
Housing starts during the period	953	945	1,791	1,904
Housing units sold during the period	953	945	1,922	1,773
Housing units under construction, at period end	2,955	2,346	2,955	2,346
Sales rate for housing units under construction, %	100	94	100	94
Completion rate for housing units under construction, %	40	69	40	69
Completed housing units, not recognised in profit, at period end				
Housing units for sale (ongoing and completed), at period end		131		131

Key financial ratios at period-end

SEK M unless otherwise stated	2016 31 dec	2015 31 dec
Return on capital employed, %[1)]	14.6	12.5
Interest coverage ratio, multiple[1)]	5.4	3.9
Equity/assets ratio, %	33.7	30.5
Interest bearing liabilities/total assets, %	26.7	32.8
Net debt	3,699	4,216
Net debt, excl. tenant-owner associations/housing companies[2)]	75	1,039
Debt/equity ratio, multiple	0.7	0.9
Capital employed at period-end	10,134	9,811
Average capital employed	10,412	10,882
Capital turnover rate, multiple[1)]	1.3	1.2
Share of risk-bearing capital, %	33.8	30.5
Dividend, SEK per share	3.80	0.00
Average interest rate at period-end, %[2)]	3.75	3.06
Average period of fixed interest, years[2)]	0.3	0.2
Average interest rate at period-end, %[3)]	1.35	1.26
Average period of fixed interest, years[3)]	0.1	0.1

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

2) Excluding interest on loans with Swedish tenant-owner associations and Finnish housing companies.

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

Definitions

Bonava uses measurements including alternative the 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 is 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 when 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.

cont. Definitions

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.

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 period divided by the weighted number of shares for the period.

Signature

Stockholm, Sweden, 25 January 2017

On the half of the Board of Directors of Bonava AB (publ)

Joachim Hallengren, President and CEO

This report is unaudited.

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