



Interim Report January–March 2017



Strong start of the year

1 JANUARY-31 MARCH 2017

- Net sales amounted to SEK 2,903 M (1,877)
- Operating profit was SEK 503 M (184), of which profit from sale of land totalled SEK 283 M (9)
- Operating margin was 17.3 (9.8) per cent
- Profit after financial items was SEK 449 M (113)
- Profit for the period after tax amounted to SEK 350 M (88)
- Cash flow before financing was SEK -1,079 M (-576)
- Earnings per share were SEK 3.24 (0.84) ¹⁾
- Return on capital employed amounted to 17.0 (13.6) per cent
- The number of production starts of housing units in the period was 1,449 (747)
- The number of housing units sold in the period was 850 (788)
- The number of housing units recognised for profit was 875 (629)

SEK M	2017 Jan-Mar	2016 Jan-Mar	Apr 2016- Mar 2017	2016 Jan-Dec
Net sales	2,903	1,877	14,517	13,492
Operating profit	503	184	1,881	1,562
Operating margin, %	17.3	9.8	13.0	11.6
Profit after financial items	449	113	1,618	1,283
Profit for the period after tax	350	88	1,267	1,004
Earnings per share, SEK ¹⁾	3.24	0.84	11.66	9.26
Cash flow before financing	-1,079	-576	32	536
Net debt	4,778	4,552	4,778	3,699
Net debt, excl. tenant-owners associations/housing companies ²⁾	512	1,010	512	75
Capital employed at period end	11,657	10,236	11,657	10,134
Return on capital employed, %	17.0	13.6	17.0	14.6
Equity/assets ratio, %	32.5	28.8	32.5	33.7
Number of started housing units during the period	1,449	747	6,534	5,832
Number of housing units in production at period end	9,392	8,976	9,392	9,113
Number of sold housing units during the period	850	788	6,295	6,233
Number of housing units recognised in profit during the period	875	629	5,024	4,778

¹⁾ No dilution effect.

²⁾ For specification, see Note 2.

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

Comments from the CEO



JOACHIM HALLENGREN, PRESIDENT AND CEO

"With a strong full-year profit figure behind us and a solid start to the new year, I am pleased to conclude that the prospects are good for continuing our journey towards delivering more affordable and sustainable housing units to our customers."

Strong start of the year

We sold more housing units in the first quarter of 2017 compared to the corresponding period in 2016. Housing units sold to consumers decreased slightly, while the number sold to investors increased.

In Sweden, sales to consumers decreased, mainly due to delayed production starts which affected supply.

Our German operations came off to a good start to the year, with increased sales to consumers and investors alike. Sales in Finland were in line with last year, and the investor business remains stable. In Denmark and Norway, sales increased by more than 50 per cent year-on-year as a result of project sales starts in Norway. In St. Petersburg, sales came off to a slightly slower beginning to the year. This was mainly due to our previously cautious approach to production starts, which meant that we had insufficient housing units available for sale.

Strong profit and streamlined portfolio

Our strong profit for the period was the result of improved profit in the consumer

business, and land sales in Sweden at good profit margins in the quarter. In contrast with previous years, when land was sold toward the end of the year, we made extensive land divestments in the first quarter of 2016. Adjusted for land sales, operating profit remains strong.

The sale of Tobaksmonopolet for SEK 355 M to CA Fastigheter AB and Panorama AB is part of our strategy to streamline the portfolio and offer more affordable housing to more people. In the quarter, we expanded our project and building rights portfolio through a land acquisition aimed at creating a 200-housing unit neighbourhood in Uppsala. We also increased our presence in Norway, and acquired land in Bergen where we intend to develop 480 housing units. The acquisition expands our portfolio in Bergen significantly, in line with our strategy of developing vibrant homes and neighbourhoods.

Strong start to the year creates good prospects

Net sales were SEK 2.9 Bn and operating profit was SEK 503 M.

We consider that demand on our markets remains positive, and prices continued to increase on our main markets in Sweden and Germany at the beginning of the year. In order to satisfy demand, we have invested in new housing projects which increased the number of housing units in production. This is an investment in the future which explains the lower cash flow for the quarter. However, the underlying cash flow is strong. Compared to last year, we doubled the number of production starts. This means that we have more housing units in production compared to last year, with a retained high sales rate.

With a strong full-year profit figure behind us and a solid start to the new year, I am pleased to conclude that the prospects are good for continuing our journey towards delivering more affordable and sustainable housing units to our customers.

Joachim Hallengren,
President and CEO

Building on a stable foundation

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

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

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

VISION

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

MISSION

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

NUMBER OF EMPLOYEES

1,595
(1,365)

across 23 regions in eight countries

HOUSING UNITS IN PRODUCTION

9,392
(8,976)

at the end of the quarter

NET SALES

14.5
(13.2)

SEK billion, rolling 12 month

OUTCOME FINANCIAL OBJECTIVES Q1

RETURN ON CAPITAL EMPLOYED

17.0%

Return on capital employed should be 10–15 per cent

EQUITY ASSETS RATIO

32.5%

The minimum equity/assets ratio should be 30 per cent

DIVIDEND POLICY

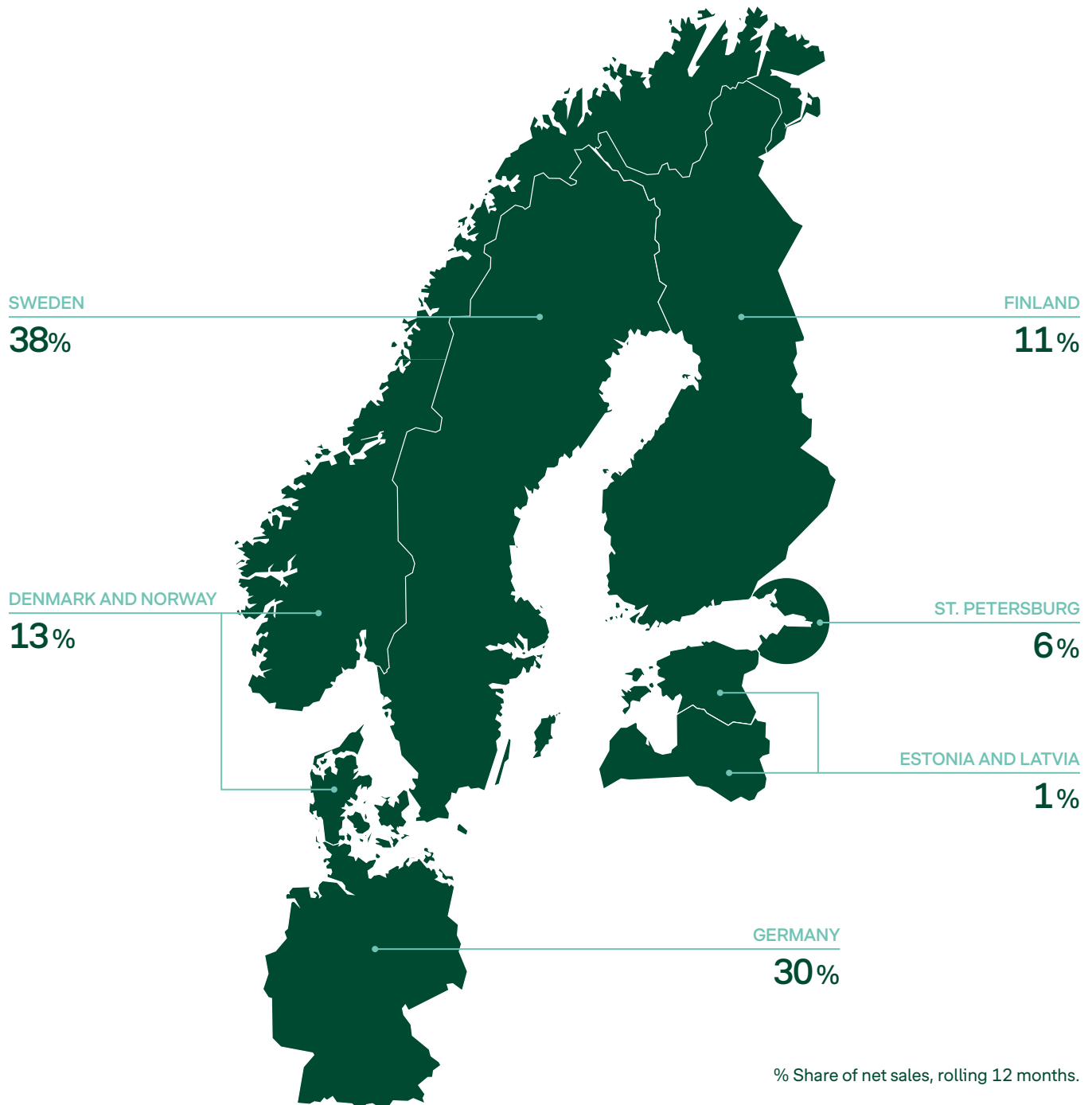
DIVIDEND

40%

(Earnings per share was SEK 11.66, Rolling 12 month)

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

A leading residential developer in northern Europe



Bonava develops and sells homes across 23 regions in eight countries. Its selected geographical markets are Sweden, Germany, Finland, Denmark, Norway, St. Petersburg, Estonia and Latvia. The main characteristics are that we focus on major city regions with clear growth and stable local labour mar-

kets, which creates demand for new housing over time.

We develop land into affordable and sustainable neighbourhoods, where housing is adapted to customers' wants and needs, as well as the unique circumstances of each place. Bonava provides multi-family housing

and single-family housing, and develops homes for consumers and investors, such as pension funds, jointly with municipalities and other stakeholders. That is how Bonava helps to create new and vibrant neighbourhoods.

Group performance

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

MARKET PERFORMANCE

The demand for housing in Sweden remained high in the quarter, from both consumers and investors. Generally, the price level in Sweden increased slightly during the quarter. Demand on the German market remains positive from consumers, while the investor market is also robust. In Finland, demand increased, with positive growth expected in 2017. Demand in Denmark and Norway was high in the quarter, with rising prices. The St. Petersburg housing market has stabilized.

JANUARY-MARCH 2017

Operational performance

Net sales

Net sales amounted to SEK 2,903 M (1,877). The increase was due to a higher number of housing units handed over to consumers across all business units with the exception of Denmark-Norway, and increased land sales. In the quarter, 803 (629) housing units for consumers were recognised for profit, while 72 (0) housing units for investors were recognised for profit. The average price per housing unit for consumers was SEK 2.7 M (2.7). Exchange rate fluctuations had a SEK 57 M positive impact on consolidated net sales compared to the corresponding period of the previous year.

In Sweden, net sales increased as a result of a higher number of housing units handed over to consumers and increased land sales. The average price per housing unit to consumers was SEK 4.0 M (3.8). In Germany, the number of housing units delivered to consumers increased, and one projects to investors were recognized for profit. The average price per housing unit was SEK 3.2 M (3.1). No projects were handed over to investors in the previous year.

Net sales increased in Finland due to a higher number of housing units handed over to consumers. The average price per housing unit to consumers was SEK 2.4 M (2.6). In Denmark-Norway, the number of housing units handed over to consumers was unchanged. However, the average price was lower at SEK 3.3 M (4.2), due to smaller housing units being delivered this year and lower net sales. In St. Petersburg, net sales were up on the previous year as the average price per housing unit increased to SEK 0.7 M (0.6), while the number of units recognized for profit remained largely unchanged.

Operating profit

Operating profit was SEK 503 M (184) for the period. The increase was mainly attributable to improved profit from land sales, but also to improved profit from sales to consumers and investors on the previous year. Land sales in Latvia had a SEK 39 M negative effect on the pre-vious year's operating profit. Profit from land sales was SEK 283 M (9). Exchange rate fluctuations had a positive profit impact of SEK 4 M year-on-year.

Sweden returned stronger profit as a result of gains on land sales, while profit from consumers remained unchanged. In Germany, profit improved as more housing units were handed over to consumers at increased margins, and because a project to investors was recognized for profit in 2017. In the previous year, no projects to investors were recognized for profit. In Denmark-Norway, profit was largely unchanged with lower net sales and increased margins. In Finland, profit was down slightly on the previous year as a result of higher sales to consumers at reduced margins. Margins on consumer projects were high in 2015. In St. Petersburg, profit decreased as a result of lower margins in projects for consumers due to a changed project mix.

In the previous year, consolidated profit was charged with reorganization costs relating to creating an independent Bonava of SEK 11 M for the quarter.

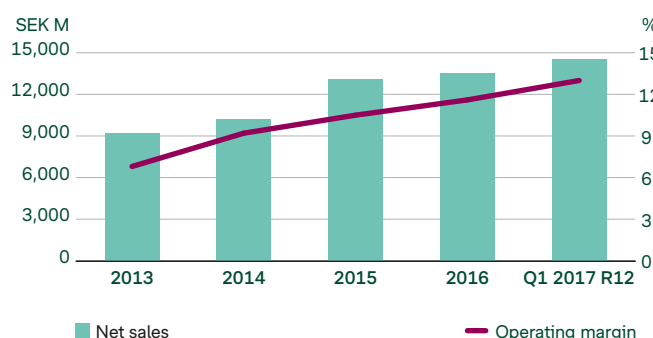
Net financial items, tax and profit for the period

Net financial items was SEK -54 M (-71). The improvement was due to reduced gross debt. Profit after financial items for the first quarter 2017 was SEK 449 M (113).

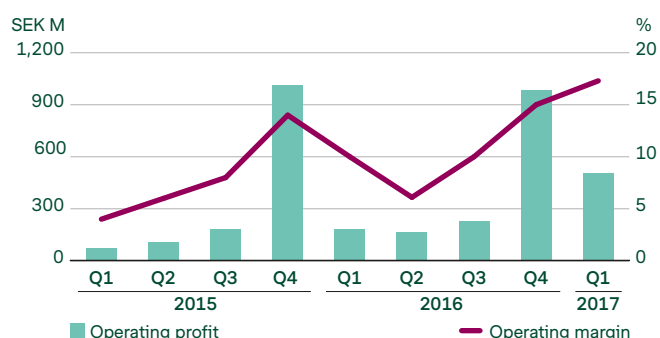
Tax on profit for the period was SEK -98 M (-26), corresponding to a tax rate of 22 per cent (23).

Profit for the period after tax was SEK 350 M (88).

Net sales and operating margin



Operating profit and operating margin



SEK M	2017 Jan-Mar	2016 Jan-Mar	Apr 2016- Mar 2017	2016 Jan-Dec
Net sales per segment				
Sweden	1,765	1,251	5,555	5,040
Germany	602	157	4,352	3,907
Finland	171	88	1,599	1,516
Denmark-Norway	203	256	1,879	1,931
St. Petersburg	127	106	936	915
Other and eliminations	34	19	197	182
Total	2,903	1,877	14,517	13,492

SEK M	2017 Jan-Mar	2016 Jan-Mar	Apr 2016- Mar 2017	2016 Jan-Dec
Operating profit per segment				
Sweden	493	261	1,152	920
Germany	41	-28	545	477
Finland	-16	-13	89	92
Denmark-Norway	7	6	194	194
St. Petersburg	13	25	166	178
Other and eliminations	-35	-68	-265	-298
Total	503	184	1,881	1,562

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 18,547 M (16,704), with the increase primarily due to a higher volume of ongoing housing projects.

NET DEBT

Net debt amounted to SEK 4,778 M (4,552), of which net debt in Swedish tenant-owner associations and Finnish housing companies amounted to SEK 4,265 M (3,542). Net debt was higher due to decreased cash flow in the first quarter. As of 31 December 2016, net debt was SEK 3,699 M.

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Return on capital employed was 17.0 per cent (13.6). The improvement is due to higher operating profit. Capital employed was SEK 11,657 M (10,236) 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 31 December 2016, capital employed was SEK 10,134 M.

In Sweden, properties held for future development and ongoing production were up on the previous year, while the share of

interest-free project financing decreased. Return on capital employed increased as a result of improved profit.

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

In Finland, ongoing housing projects increased, which was countered by lower land held for development and capital tied-up was down slightly. The return on capital employed decreased due to lower profit.

A high number of projects were completed in Denmark-Norway in the previous year, and capital tied-up decreased year-on-year. The return on capital employed increased due to lower capital tied-up.

In St. Petersburg, the value of housing projects increased in SEK terms due to exchange rate effects, but decreased in local currency. 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 March 2017, the equity/assets ratio was 32.5 per cent (28.8). 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 0.8 (0.9). The debt/equity ratio excluding tenant-owner associations and housing companies was 0.1 (0.2).

CASH FLOW FOR THE QUARTER JANUARY-MARCH

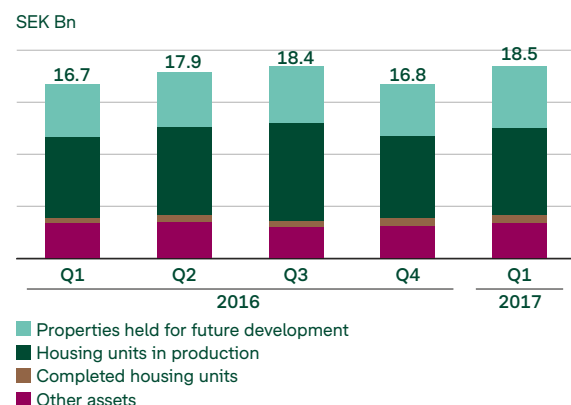
In order to satisfy increased demand, mainly on the Swedish and German markets, the number of housing units in production increased in the quarter. Higher investments in housing projects affected cash flow before financing which amounted to SEK -1,079 M (-576) in the period. The increased profit was slightly offset by reduced provisions, and yielded a higher cash flow from operating activities. Cash flow from sales increased as more housing units were delivered to consumers and investors alike. Other changes in working capital were down as accounts payable decreased, although this was offset slightly by increased other interest-free financing.

Cash flow from investing activities improved due to investments in new IT systems in the previous year.

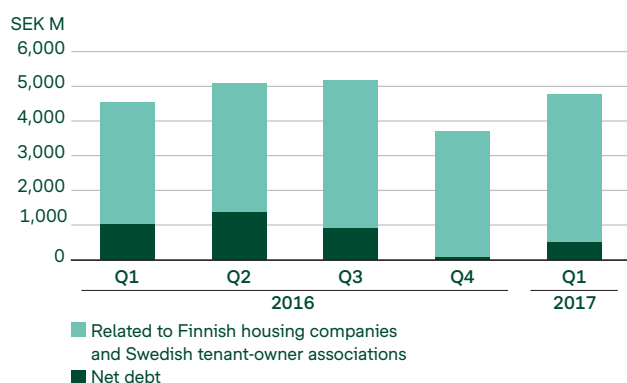
SEASONAL EFFECTS

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 cold weather, which means that a majority of housing units is delivered to customers in the fourth quarter. Accordingly, earnings are usually stronger in the fourth quarter than in other quarters, as illustrated on page 9 in the graph 'Estimated completions per quarter'.

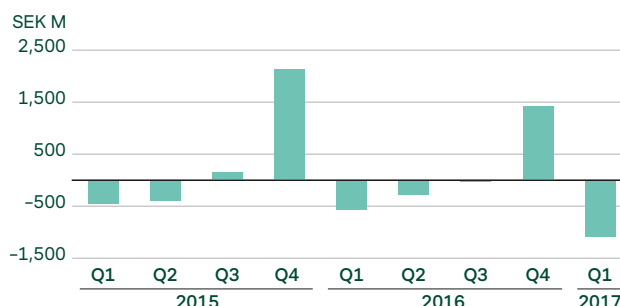
Allocation of assets



Net debt



Cash flow before financing



Housing sales, housing starts and building rights

COMMENTS JANUARY-MARCH 2017

Housing sales and housing starts

In the first quarter, 718 (788) housing units were sold to consumers and 132 (0) housing units were sold to investors. Sales increased in Germany, Finland and Denmark-Norway in the quarter. In Sweden, housing starts were lower, fewer housing units were up for sale and sales decreased. Sales decreased in St. Petersburg, while the number of housing units in production increased.

In the first quarter, 132 (0) housing units were sold to investors in Germany and Finland.

In the period, 1,317 (747) housing units were started for consumers, and 132 (0) for investors.

Housing units in production as of 31 March 2017

At the end of the period there were 6,619 (6,767) housing units for consumers and 2,773 (2,209) housing units for investors in production. The total number of housing units in production was higher than in the previous year. As of 31 March 2017, the sales rate was 57 per cent (62) for housing units for consumers and 100 per cent (94) for housing units for investors. At the same date, the completion rates were 46 per cent (53) and 42 per cent (64) respectively.

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.

Building rights as of 31 March 2017

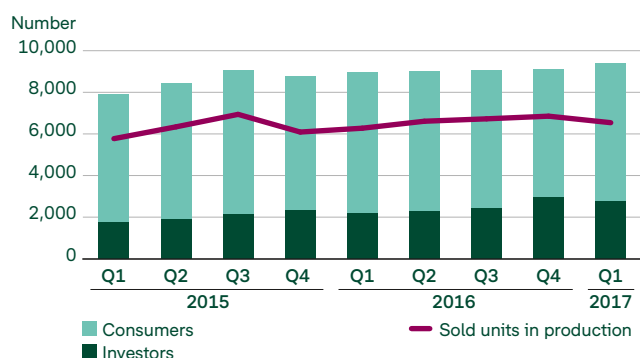
There were 28,300 (28,900) building rights, of which 17,700 (18,500) were recognized in the balance sheet. The decrease relates to an increased number of production starts and active portfolio management, where land on non-prioritized markets has been divested.

Unsold, completed housing units at year-end

The number of unsold completed housing units at period end was 190 (99). All these housing units were for consumers.

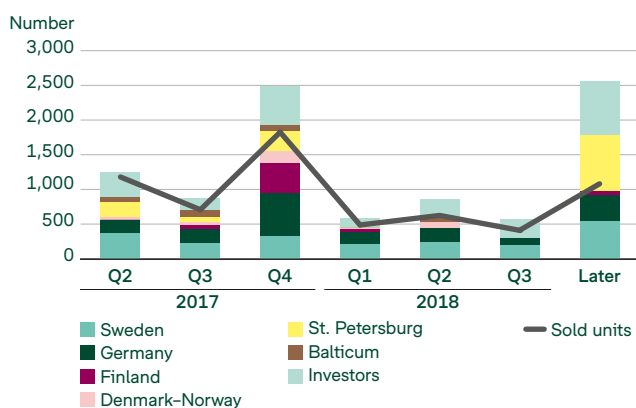
	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Housing units in ongoing production for consumers, at period end	6,619	6,767	6,158
Housing units in ongoing production for investors, at period end	2,773	2,209	2,955
Total number of housing units in ongoing production	9,392	8,976	9,113
Sales rate for housing units in ongoing production, %	70	70	75
Reservation rate for housing units in ongoing production, %	3	5	4
Sold and reserved housing units in ongoing production, %	73	75	79
Housing units sold to consumers in the period	718	788	4,311
Housing units sold to investors in the period	132		1,922
Total housing units sold	850	788	6,233
Housing starts for consumers in the period	1,317	747	4,041
Housing starts for investors in the period	132		1,791
Total housing starts	1,449	747	5,832

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



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

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.

For more information, see Risks and risk management on pages 49-52 of Bonava's Annual Report 2016 at www.bonava.com.

ORGANISATION AND EMPLOYEES

The Group's average number of employees was 1,595 (1 365) in the period.

SHARES AND SHAREHOLDERS

Bonava has two classes of share, class A and class B. The closing price on 31 March 2017 was SEK 131.00 per class A share and SEK 131.00 per class B share, corresponding to market capitalisation of SEK 14.2 Bn.

Bonava's share capital was SEK 433,743,288 on the reporting date, divided between 108,435,822 shares and 229,501,131 votes. As of 31 March 2017, Bonava had 13,451,701 class A shares and 94,984,121 class B shares. Each class A share carries ten votes and each class B share one vote.

Bonava had 39,564 shareholders at the end of the quarter. Bonava's largest shareholder was Nordstjernan AB. As of 31 March, the ten largest shareholders controlled 56.1 per cent of the capital and 67.9 per cent of the votes.

LEGAL STRUCTURE

Effective 9 June 2016, NCC distributed all the shares in Bonava AB to shareholders. NCC AB remains a minority owner of Bonava Deutschland GmbH, but Bonava holds the option to acquire NCC AB's participations in 2021. According to a profit sharing agreement, NCC AB will waive dividend and receive annual compensation of EUR 1.3 M

until the agreement is cancelled, which may occur five years from entering the agreement at the earliest. The agreed profit sharing, representing a debt of SEK 45 M to NCC AB, has been reported at an amount corresponding to the fair value of four years' payments.

SIGNIFICANT EVENTS AFTER THE PERIOD

The Annual General Meeting in Bonava AB was held on 4 April 2017. The AGM adopted the Board of Directors' proposed dividend of SEK 3.80 per share, to be paid on two occasions. The AGM elected Mikael Norman to the Board. The AGM also resolved on a new long-term performance-based incentive program, LTIP 2017, and authorized the Board of Directors to decide on a share buy-back of class B shares in order to secure the company's obligations under LTIP 2017.

TEN LARGEST SHAREHOLDERS AS OF 31 MARCH 2017

	No. of class A shares	No. of class B shares	Holding %	Votes %
Nordstjernan AB	10,000,000	10,723,759	19.1	48.2
AMF – Försäkring och Fonder	0	10,278,133	9.5	4.5
Swedbank Robur fonder	0	7,174,468	6.6	3.1
Lannebo fonder	200,000	4,936,258	4.7	3.0
SEB Investment Management	0	5,631,599	5.2	2.4
Livsförsäkringsbolaget Skandia	373,184	204,586	0.5	1.7
Fjärde AP-fonden	3,343	3,609,386	3.3	1.6
Carnegie fonder	0	2,750,000	2.5	1.2
Handelsbanken fonder	0	2,726,348	2.5	1.2
CBNY-Norges Bank	4,239	2,361,102	2.2	1.0
Total 10 largest shareholders	10,580,766	50,395,639	56.1	67.9
Other	2,870,935	44,588,482	43.9	32.1
Total	13,451,701	94,984,121	100.0	100.0

Sweden

In Sweden, Bonava's offering focuses on consumers and investors through multi-family and single-family housing. The consumer market is based in Stockholm, Gothenburg, Linköping, Uppsala and Umeå. The investor business focuses on some 15 Swedish cities.



LUGNET, HAMMARBY SJÖSTAD

Project start: Q1 2017

Location: Stockholm, Sverige

Housing category: Multi-family housing

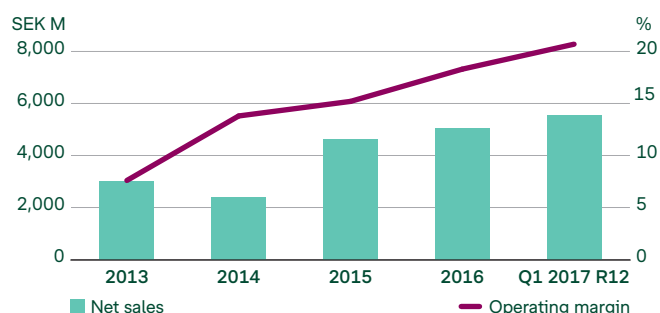
Number of housing units: 116

The housing units surround a pleasant courtyard that screens out the city's bustle. Lugnet incorporates well-planned storage solutions, area-efficient solutions and premium whitegoods. Hammarby Sjöstad now offers almost everything you need, such as well-stocked super-markets, a range of shops, around forty restaurants, wine bars, cafes, beauty salons, hairdressers and other service providers.

	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Key financial figures			
Net sales, SEK M	1,765	1,251	5,040
Operating profit, SEK M ¹⁾	493	261	920
Operating margin, %	27.9	20.9	18.3
Capital employed at period end, SEK M	4,944	4,807	4,350
Return on capital employed, %	24.1	17.6	19.3
Building rights			
Building rights, at period end, number	7,000	7,100	7,200
of which, off-balance sheet building rights, number	3,300	2,500	3,300
Housing development for consumers			
Number of sold housing units during the period	155	249	1,123
Number of started housing units during the period	116	158	1,108
Number of profit-recognised housing units during the period	313	294	1,013
Number of housing units in production at period end	2,096	2,075	2,304
Sales rate for housing units in production, %	75	76	75
Housing development for investors			
Number of sold housing units during the period			579
Number of started housing units during the period			448
Number of profit-recognised housing units during the period			132
Number of housing units in production at period end	606	290	606
Sales rate for housing units in production, %	100	55	100

¹⁾ Profit from land sales was SEK 283 (47) M in the quarter and SEK 257 M 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. Bonava's offering focuses on consumers and investors through single-family houses and multi-family housing.



WOHNEN AM STRIEWITZWEG

Project start: Q1 2017

Location: Teltow, Germany

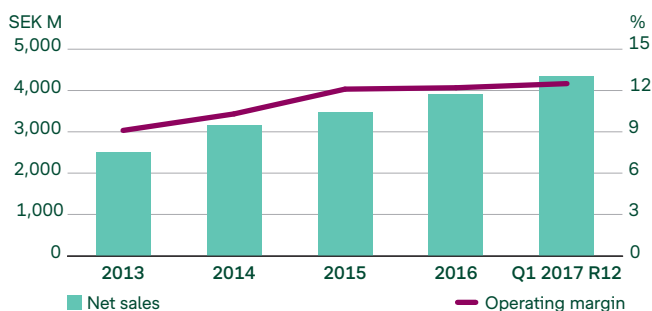
Housing category: Multi-family housing

Number of housing units: 136

The town of Teltow is located between Berlin and Potsdam, and offers a relaxed small-town lifestyle close to major cities. Teltow's 136 affordable housing units of varying sizes provides new, suitable homes for everyone.

	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Key financial figures			
Net sales, SEK M	602	157	3,907
Operating profit, SEK M	41	-28	477
Operating margin, %	6.8	-17.6	12.2
Capital employed at period end, SEK M	2,729	1,551	2,163
Return on capital employed, %	25.1	25.7	25.4
Building rights			
Building rights, at period end, number	6,900	6,400	6,400
of which, off-balance sheet building rights, number	2,500	3,100	2,700
Housing development for consumers			
Number of sold housing units during the period	220	191	1,288
Number of started housing units during the period	214	228	1,455
Number of profit-recognised housing units during the period	137	46	1,057
Number of housing units in production at period end	1,857	1,571	1,785
Sales rate for housing units in production, %	61	61	59
Housing development for investors			
Number of sold housing units during the period	76		645
Number of started housing units during the period	76		645
Number of profit-recognised housing units during the period	72		201
Number of housing units in production at period end	1,188	740	1,184
Sales rate for housing units in production, %	100	100	100

Net sales and operating margin



Finland

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



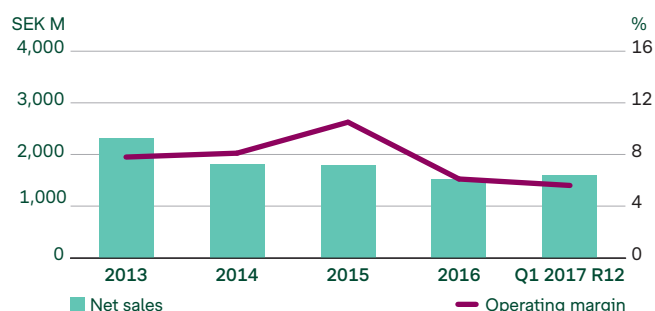
VANTAAN PUROKKI
Project start: Q1 2017
Location: Oulo, Finland
Housing category: Multi-family housing
Number of housing units: 47

Pleasant residential area for people at all stages of life. Purokki is at the heart of Vanda, in an area known as Kultarikonpuisto. Purokki offers a range of easily-furnished apartments with between one and three rooms.

	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Key financial figures			
Net sales, SEK M	171	88	1,516
Operating profit, SEK M ¹⁾	-16	-13	92
Operating margin, %	-9.5	-14.7	6.1
Capital employed at period end, SEK M	1,141	1,216	1,092
Return on capital employed, %	6.8	11.7	7.1
Building rights			
Building rights, at period end, number	7,300	8,400	7,300
of which, off-balance sheet building rights, number	4,100	4,700	4,200
Housing development for consumers			
Number of sold housing units during the period	115	111	637
Number of started housing units during the period	89		522
Number of profit-recognised housing units during the period	68	32	658
Number of housing units in production at period end	611	698	567
Sales rate for housing units in production, %	54	55	50
Housing development for investors			
Number of sold housing units during the period	56		624
Number of started housing units during the period	56		624
Number of profit-recognised housing units during the period			
Number of housing units in production at period end	905	1,105	1,091
Sales rate for housing units in production, %	100	100	100

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

Net sales and operating margin



Denmark–Norway

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



LANDSBYEN REKKEHUSE

Project start: Q1 2017

Location: Bergen, Norway

Housing category: Semi-detached houses

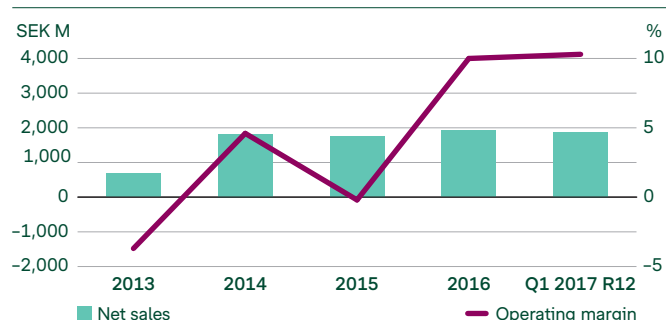
Number of housing units: 29

Bonava's first semi-detached housing unit under the extensive Lona Park project. Family-friendly residential area with attractive playgrounds and numerous leisure facilities.

	2017 Jan–Mar	2016 Jan–Mar	2016 Jan–Dec
Key financial figures			
Net sales, SEK M	203	256	1,931
Operating profit, SEK M ¹⁾	7	6	194
Operating margin, %	3.5	2.5	10.0
Capital employed at period end, SEK M	823	1,371	736
Return on capital employed, %	16.7	0.9	16.0
Building rights			
Building rights, at period end, number	1,500	1,300	900
of which, off-balance sheet building rights, number	700	100	300
Housing development for consumers			
Number of sold housing units during the period	109	64	299
Number of started housing units during the period	85	36	249
Number of profit-recognised housing units during the period	61	61	396
Number of housing units in production at period end	334	424	316
Sales rate for housing units in production, %	68	62	58
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 land sales was SEK 0 M (1) in the quarter and SEK 18 M for the full year 2016.

Net sales and operating margin



St. Petersburg

In Russia, Bonava is only active in St. Petersburg. The offering focuses on multi-family housing for consumers and investors.



MAGNIFIKA

Project start: Q1 2017

Location: St. Petersburg

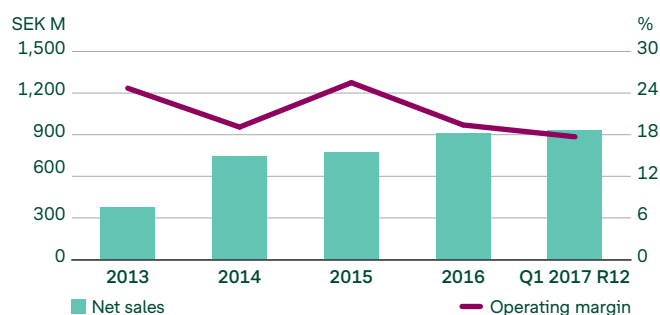
Housing category: Multi-family housing

Number of housing units: 376

The neighbourhood Magnifika is located close to schools, shopping centers and supermarkets. In the area there is a park with playgrounds and it is only 15 minutes walking distance to the subway. A place of harmony and balance.

	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Key financial figures			
Net sales, SEK M	127	106	915
Operating profit, SEK M	13	25	178
Operating margin, %	10.3	23.8	19.4
Capital employed at period end, SEK M	1,382	911	1,277
Return on capital employed, %	13.8	24.7	16.5
Building rights			
Building rights, at period end, number	3,600	4,300	4,400
of which, off-balance sheet building rights, number			
Housing development for consumers			
Number of sold housing units during the period	58	122	653
Number of started housing units during the period	813	291	363
Number of profit-recognised housing units during the period	173	172	1,026
Number of housing units for consumers in production at period end	1,392	1,736	800
Sales rate for housing units in production, %	24	53	61
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 for investors in production at period end		74	
Sales rate for housing units in production, %		100	

Net sales and operating margin



Consolidated Income Statement

SEK M	Note 1	2017 Jan-Mar	2016 Jan-Mar	Apr 2016- Mar 2017	2016 Jan-Dec
Net sales	4	2,903	1,877	14,517	13,492
Production costs		-2,228	-1,550	-11,913	-11,235
Gross profit		675	328	2,604	2,257
Selling and administrative expenses		-172	-132	-649	-610
Non-recurring costs ¹⁾			-11	-74	-85
Other operating expenses				-1	
Operating profit	4	503	184	1,881	1,562
Financial income		2	3	13	13
Financial expenses		-56	-73	-276	-292
Net financial items		-54	-71	-263	-279
Profit after financial items	4	449	113	1,618	1,283
Tax on profit for the period		-98	-26	-351	-278
Net profit for the period		350	88	1,267	1,004
Attributable to:					
Bonava AB's shareholders		350	91	1,262	1,003
Non-controlling interests			-3	5	2
Net profit for the period		350	88	1,267	1,004
Per share data before and after dilution					
Earnings per share, SEK		3.24	0.84	11.66	9.26
Cash flow from operating activities, SEK		-9.72	-4.86	1.68	6.54
Shareholders' equity, SEK		55.73	43.86	55.73	52.25
No. of shares at the end of the period, millions		108.1	108.4	108.1	108.1

¹⁾ Activities relating to Bonava becoming an independent company.

Consolidated statement of comprehensive income

SEK M	Note 1	2017 Jan-Mar	2016 Jan-Mar	Apr 2016- Mar 2017	2016 Jan-Dec
Profit for the period		350	88	1,267	1,004
<i>Items that have been or may be reclassified to profit or loss for the period</i>					
Translation differences during the period in translation of foreign operations		25	19	104	98
Hedging of exchange-rate risk in foreign operations			-20	-53	-73
Tax related to items that have been or may be reclassified to profit or loss for the period			4	12	16
Other comprehensive income for the period		25	4	62	41
Comprehensive income for the period		375	92	1,328	1,045
<i>Attributable to:</i>					
Bonava AB's shareholders		375	94	1,323	1,042
Non-controlling interests			-2	5	4
Total comprehensive income for the period		375	92	1,328	1,045

Condensed consolidated Balance Sheet

SEK M	Note 1	2017 31 Mar	2016 31 Mar	2016 31 Dec
ASSETS				
Fixed assets		849	869	933
Current assets				
Properties held for future development		5,956	5,100	5,035
Ongoing housing projects		8,530	7,770	7,898
Completed housing units		697	414	733
Current receivables		1,811	1,910	1,552
Cash and cash equivalents	2	704	640	619
Total current assets		17,698	15,835	15,836
TOTAL ASSETS		18,547	16,704	16,770
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to parent company shareholders		6,024	4,756	5,648
Non-controlling interests		5	58	5
Total shareholders' equity		6,029	4,814	5,652
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	2	2,988	2,089	2,245
Other non-current liabilities		182	135	271
Non-current provisions		731	740	803
Total non-current liabilities		3,902	2,963	3,319
Current liabilities				
Current interest-bearing liabilities	2	2,640	3,334	2,236
Other current liabilities		5,976	5,593	5,562
Total current liabilities		8,616	8,927	7,799
Total liabilities		12,518	11,891	11,117
TOTAL EQUITY AND LIABILITIES		18,547	16,704	16,770

Condensed changes in shareholders' equity

SEK M	Shareholders' equity attributable to parent company shareholders	Non-controlling interests	Total shareholders' equity
Opening shareholders' equity, 1 January 2016	4,672	60	4,732
Comprehensive income for the period	1,042	4	1,045
Transactions with non-controlling interests ¹⁾	5	-59	-54
Dividend	-15		-15
Transactions with shareholders	-12		-12
Purchase of treasury shares	-45		-45
Performance-based incentive program	2		2
Closing shareholders' equity, 31 December 2016	5,648	5	5,652
Opening shareholders' equity, 1 January 2017	5,648	5	5,652
Comprehensive income for the period	375		375
Performance-based incentive program	1		1
Closing shareholders' equity, 31 March 2017	6,024	5	6,029

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.

Condensed consolidated Cash Flow Statement

SEK M	2017 Jan–Mar	2016 Jan–Mar	Apr 2016– Mar 2017	2016 Jan–Dec
OPERATING ACTIVITIES				
Profit after financial items	449	113	1,618	1,283
Adjustments for items not included in cash flow	-83	11	-92	2
Tax paid	-64	-48	-214	-197
Cash flow from operating activities before changes in working capital	301	77	1,311	1,087
Cash flow from changes in working capital				
Divestment of housing projects	2,073	1,489	11,391	10,807
Investments in housing projects	-3,513	-2,393	-12,658	-11,538
Other changes in working capital	89	300	141	352
Cash flow from changes in working capital	-1,351	-604	-1,127	-379
Cash flow from operating activities	-1,051	-527	185	708
INVESTING ACTIVITIES				
Cash flow from investing activities	-28	-49	-152	-173
CASH FLOW BEFORE FINANCING	-1,079	-576	32	536
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
Purchase of treasury shares			-45	-45
Change in interest-bearing financial liabilities	1,148	569	-1,144	-1,724
Change in long-term interest-bearing receivables		-2	55	52
Change in current interest-bearing receivables	14	62	61	108
Cash flow from financing activities	1,162	628	9	-525
CASH FLOW DURING THE PERIOD	84	52	41	10
Cash and cash equivalents at the beginning of the period	619	585	640	585
Exchange-rate difference in cash and cash equivalents	2	3	22	23
CASH AND CASH EQUIVALENTS AT END OF PERIOD	704	640	704	619

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

Notes

NOTE 1 Basis for preparation and accounting principles

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

The 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.

The accounting policies applied in the preparation of this Interim Report apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in Bonava's Annual Report 2016, pages 92-96. These policies are also available at www.bonava.com.

NOTE 2 Specification of net debt

SEK M	2017 31 Mar	2016 31 Mar	2016 31 Dec
Non-current interest-bearing receivables	79	134	79
Current interest-bearing receivables	68	96	84
Cash and cash equivalents	704	640	619
Total	851	870	782
Non-current interest-bearing liabilities	2,988	2,089	2,245
Current interest-bearing liabilities	2,640	3,334	2,236
Total	5,629	5,422	4,481
Net debt	4,778	4,552	3,699
<i>of which, attributable to Swedish tenant-owner associations and Finnish housing companies</i>			
Interest-bearing liabilities	4,417	3,672	3,677
Cash and cash equivalents	152	130	53
Net debt in tenant-owner associations and housing companies	4,265	3,542	3,624
Other net debt	512	1,010	75

NOTE 3 Pledged assets, contingent liabilities and guarantee obligations

SEK M	2017 31 Mar	2016 31 Mar	2016 31 Dec
Assets pledged			
<i>For own liabilities:</i>			
Property mortgages	1,781	1,211	1,699
Restricted bank funds	50	15	22
Total pledged assets	1,831	1,226	1,721
Contingent and guarantee liabilities			
<i>Own contingent liabilities:</i>			
Deposits and concession fees ¹⁾	953	1,897	600
Other guarantees			118
<i>Held jointly with other companies</i>			
Liabilities in partnerships and limited partnerships		24	23
Total contingent and guarantee liabilities	953	1,921	741

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.

NOTE 4 Reporting by operating segments

Jan-Mar 2017, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,765	602	171	203	127	34	2,903
Operating profit	493	41	-16	7	13	-35	503
Net financial items							-54
Profit after financial items							449
Capital employed at period end	4,944	2,729	1,141	823	1,382	638	11,657

Jan-Mar 2016, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,251	157	88	256	106	19	1,877
Operating profit	261	-28	-13	6	25	-68	184
Net financial items							-71
Profit after financial items							113
Capital employed at period end	4,807	1,551	1,216	1,371	911	380	10,236

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

Other and eliminations, SEK M	Net sales			Operating profit		
	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Bonava's Head Office ¹⁾	47	12	69	-36	-30	-227
Sales of land in Latvia		1	4		-39	-91
Operations in Estonia and Latvia	34	18	176	1	1	20
Adjustments and eliminations	-47	-12	-67			
TOTAL	34	19	182	-35	-68	-298

¹⁾ Activities relating to Bonava becoming an independent company generated costs of SEK 85 M in 2016, of which SEK 55 M relates to head office. No such costs were reported in the first quarter 2017. For the period Jan-Mar 2016, costs of SEK 9 M were reported for Head Office.

NOTE 5 Fair value of financial instruments

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

Bonava has no financial instruments in levels 1 and 3.

Derivatives in level 2 comprise currency forward contracts used for hedging purposes. The measurement of fair value for currency forward contracts is based on published forward rates in an active market.

SEK M	2017 31 Mar	2016 31 Mar	2016 31 Dec
Derivative instruments used for hedging purposes		16	17
Derivative instruments not used for hedging purposes	6		38
Total assets	6	16	55
Derivative instruments used for hedging purposes		15	
Derivative instruments not used for hedging purposes	106		102
Total liabilities	106	15	102

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. After this date, all transactions with NCC have been priced on a commercial basis.

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

Transactions with NCC, SEK M	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Sales	1		19
Purchases	846	875	3,314
Financial expenses		50	87
Current receivables		136	1
Non-current interest-bearing liabilities	33	11	45
Current interest-bearing liabilities	12	1,613	12
Accounts payables	279	394	258
Other current liabilities		51	
Contingent liabilities	167		76

Parent Company

JANUARY-MARCH 2017

The parent company comprises the operations of Bonava AB. The company's net sales amounted to SEK 47 M (12). Profit/loss after financial items was SEK 11 M (-56).

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK M	Note 1	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Net sales		47	12	69
Selling and administrative expenses		-82	-42	-295
Operating profit/loss		-36	-30	-226
Profit/loss from participations in Group companies		37		291
Financial income		46	1	148
Financial expenses		-37	-27	-188
Profit/loss after financial items		11	-56	24
Appropriations				-5
Profit/loss before tax		11	-56	19
Tax on profit/loss for the period		5	12	27
Profit/loss for the period		16	44	45

PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	2017 31 Mar	2016 31 Mar	2016 31 Dec
Assets			
Fixed assets	1,967	1,491	1,955
Current assets	4,644	5,532	4,259
Total assets	6,612	7,024	6,214
Shareholders' equity and liabilities			
Shareholders' equity	5,226	5,116	5,210
Provisions	1	3	1
Long-term liabilities	607	39	609
Current liabilities	778	1,865	395
Total equity and liabilities	6,612	7,024	6,214

Notes to the Parent Company

Income Statement and Balance Sheet

NOTE 1 Accounting policies

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

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

TRANSACTIONS WITH RELATED PARTIES

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

NOTE 2 Guarantees and contingent liabilities

SEK M	2017 31 Mar	2016 31 Mar	2016 31 Dec
Guarantees	16,461		15,485

Sector-related key figures

Group	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Building rights, at period end	28,300	28,900	28,000
Of which, off-balance-sheet building rights	10,600	10,400	10,500
Housing development for consumers			
Number of profit-recognised housing units during the period	803	629	4,371
Number of started housing units during the period	1,317	747	4,041
Number of sold housing units during the period	718	788	4,311
Number of housing units in production at period end	6,619	6,767	6,158
Sales rate for housing units in production, %	57	62	63
Reservation rate for housing units in production, %	4	6	6
Completion rate for housing units in production, %	46	53	49
Completed housing units, not recognised in profit, at period end	426	212	373
Number of housing units for sale (ongoing and completed), at period end	3,042	2,669	2,440
Housing development for investors			
Number of profit-recognised housing units during the period	72		407
Number of started housing during the period	132		1,791
Number of sold housing units during the period	132		1,922
Number of housing units in production at period end	2,773	2,209	2,955
Sales rate for housing units in production, %	100	94	100
Completion rate for housing units in production, %	42	64	40
Completed housing units, not recognised in profit, at period end			
Number of housing units for sale (ongoing and completed), at period end		131	

	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Housing development for consumers			
Housing units in production, at beginning of period	6,158	6,432	6,432
Housing starts during the period	1,317	747	4,041
Profit-recognised housing units during the period	-803	-629	-4,371
Decrease (+)/increase (-) in completed housing units, not profit-recognised at period end	-53	217	56
Housing units under construction, at period end	6,619	6,767	6,158
Housing development for investors			
Housing units in production, at beginning of period	2,955	2,346	2,346
Housing starts during the period	132		1,791
Profit-recognised housing units during the period	-72		-407
Time offset between completion and profit-recognition in Bonava Finland ¹⁾	-242	-137	-775
Housing units under construction, at period end	2,773	2,209	2,955

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

Key financial ratios at period-end

SEK M unless otherwise stated	2017 31 Mar	2016 31 Mar	2016 31 Dec
Return on capital employed, % ¹⁾	17.0	13.6	14.6
Interest coverage ratio, multiple ¹⁾	6.9	4.4	5.4
Equity/assets ratio, %	32.5	28.8	33.7
Interest bearing liabilities/total assets, %	30.3	32.5	26.7
Net debt	4,778	4,552	3,699
Net debt, excl. tenant-owner associations/housing companies	512	1,010	75
Debt/equity ratio, multiple	0.8	0.9	0.7
Debt/equity ratio excl. tenant-owner associations/housing companies, multiple	0.1	0.2	0.0
Capital employed at period-end	11,657	10,236	10,134
Average capital employed	10,781	10,791	10,412
Capital turnover rate, multiple ¹⁾	1.3	1.2	1.3
Share of risk-bearing capital, %	32.5	28.8	33.8
Dividend, SEK per share			3.80
Average interest rate at period-end, % ²⁾	3.01	3.07	3.75
Average period of fixed interest, years ²⁾	0.2	0.1	0.3
Average interest rate at period-end, % ³⁾	1.32	1.16	1.35
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 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.

SIGNATURE

Stockholm, Sweden 27 April 2017

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

Joachim Hallengren, President and CEO

This report is unaudited.

FINANCIAL CALENDAR

- Capital Markets Day, Berlin: 16 May 2017
- Interim Report Jan–Jun: 18 July 2017
- Interim Report Jan–Sep: 24 October 2017

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PUBLICATION

This information is such that Bonava AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person above, on 27 April 2017 at 08.00 a.m. CET.

INVITATION TO ANALYST AND MEDIA MEETING

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

Place: Lindhagensgatan 72, Stockholm, Sweden.

Time: 27 April 2017, 10.00–11.00 a.m. Registration and coffee from 09.30 a.m.

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

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

DE: +49 211 971 90 086

UK: +44 203 194 05 50

SE: +46 8 519 993 55

US: +1 855 269 26 05

The presentation will also be streamed live at bonava.com/investor-relations. The presentation will be available for download from the web-site, and it will be possible to view a video of the presentation after the event.