



Year-end Report, January–December 2017



Strong profit and increased dividend

1 OCTOBER–31 DECEMBER 2017

- Net sales amounted to SEK 6,055 M (6,584)
- Operating profit was SEK 820 M (985), of which profit from sale of land totalled SEK 45 M (197)
- Operating margin was 13.5 (15.0) per cent
- Profit after financial items was SEK 759 M (918)
- Profit for the period after tax amounted to SEK 650 M (717)
- Cash flow before financing was SEK 1,080 M (1,428)
- Earnings per share was SEK 6.03 (6.61)¹⁾
- Return on capital employed amounted to 16.6 (14.6) per cent
- The number of production starts of housing units in the period was 2,603 (2,682)
- The number of housing units sold in the period was 2,496 (2,717)
- The number of housing units recognized for profit was 2,412 (2,291)

1 JANUARY–31 DECEMBER 2017

- Net sales amounted to SEK 14,479 M (13,492)
- Operating profit was SEK 1,946 M (1,562), of which profit from sale of land totalled SEK 492 M (188)
- Operating margin was 13.4 (11.6) per cent
- Profit after financial items was SEK 1,721 M (1,283)
- Profit for the period after tax amounted to SEK 1,402 M (1,004)
- Cash flow before financing was SEK -26 M (536)
- Earnings per share was SEK 12.99 (9.26)¹⁾
- Return on capital employed amounted to 16.6 (14.6) per cent
- The number of production starts of housing units in the period was 6,702 (5,832)
- The number of housing units sold in the period was 5,702 (6,233)
- The number of housing units recognized for profit was 5,464 (4,778)
- The Board of Directors proposes a dividend of SEK 5.20 (3.80) per share

SEK M	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales	6,055	6,584	14,479	13,492
Operating profit	820	985	1,946	1,562
Operating margin, %	13.5	15.0	13.4	11.6
Profit after financial items	759	918	1,721	1,283
Profit for the period after tax	650	717	1,402	1,004
Earnings per share, SEK ¹⁾	6.03	6.61	12.99	9.26
Cash flow before financing	1,080	1,428	-26	536
Net debt ²⁾	4,165	3,699	4,165	3,699
Net debt, excl. tenant-owners associations/housing companies ²⁾	-168	75	-168	75
Capital employed at period end	12,003	10,134	12,003	10,134
Return on capital employed, %	16.6	14.6	16.6	14.6
Equity/assets ratio, %	33.7	33.7	33.7	33.7
Number of housing units started in the period	2,603	2,682	6,702	5,832
Number of housing units in production at period end	9,880	9,113	9,880	9,113
Number of housing units sold in the period	2,496	2,717	5,702	6,233
Number of housing units recognized for profit in the period	2,412	2,291	5,464	4,778

¹⁾ No dilution effect.

²⁾ For specification, see Note 2.

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

Comments from the CEO



JOACHIM HALLENGREN, PRESIDENT AND CEO

"With our broad geographical spread, our diversified offering, our strong financial position and our sharp focus on affordable housing, we are well prepared for the future."

STRONG PROFIT AND INCREASED DIVIDEND

We finished the year with a good quarter in terms of profit. Operating profit was SEK 820 M (985) and included profit from land sales of SEK 45 M (197). Operating margin adjusted for profit from land sales was in line with last year at 13.1 (13.3) per cent. Net sales decreased despite more units being recognised for profit. This was due to less land sales and a changed product mix, including a larger proportion units at lower prices being recognised for profit in Sweden and in Denmark.

The strong profit contributed to Bonava's best year to date in terms of net sales and operating profit. Net sales for the full year increased to SEK 14,479 M (13,492) and operating profit increased to SEK 1,946 M (1,562). Operating profit included SEK 492 M (188) in profit from land sales. Profit after tax was SEK 1,402 M (1,004), resulting in earnings per share of SEK 12.99 (9.26). Cash flow for the quarter was strong, we met our financial targets and the Board of Directors proposes an increased dividend for the year of SEK 5.20 (3.80) per share.

CAUTIOUS MARKET IN SWEDEN BUT STRONG IN GERMANY

The number of sold units decreased by 8 per cent in the quarter, driven by a weak development in Sweden. The Swedish market became after a period of decreased housing prices, political decisions

and negative market psychology more cautious during the fall. It was not unexpected with a correction on the Swedish market after the strong upswing of recent years and what we saw in the fourth quarter was an increased uncertainty and a shift where buyers and sellers need to find each other at a new price level. It's too early to draw any conclusions about how long the uncertainty will hold on, but I note that there is a good underlying demand and macroeconomic conditions are still favorable to the housing market in Sweden. On our second largest market Germany sales increased both during the quarter and for the full year. The German economy is strong and there is a high demand for housing from consumers as well as investors. During the quarter, we sold 1,358 (1,009) units in Germany and in total for the year we increased the number of homes sold in Germany by 25 per cent.

FOCUS ON INCREASED EFFICIENCY

Productivity in our sector is relatively low compared to other industries. To increase our efficiency, we have invested in a number of projects such as digitalisation during the year, which has been reflected in increased administration expenses for the year. These are investments for the future that enable us to offer even better and more affordable housing for our customers.

WELL POSITIONED FOR THE FUTURE

Bonava is standing on a stable foundation and has a low risk profile. We have a broad offering for consumers and investors alike. During the year, we completed investor deals corresponding to some 30 per cent of total sales, in line with our targets. Furthermore, we have a presence in eight countries and on 23 markets. This enables us to satisfy local changes in demand and invest in the markets generating the best returns. In line with our strategy, we have therefore continued to expand in Germany and increased the number of building rights and housing starts. Our equity/assets ratio is good, and adjusted for loans in tenant-owner associations and Finnish housing companies we had a positive net cash position at the end of the year. With our broad geographical spread, our diversified offering, our strong financial position and our sharp focus on affordable, we are well prepared for the future.

Joachim Hallengren,
President and CEO

Building on a stable foundation

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

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

housing for consumers and investors on selected markets where we can utilise our competence effectively and optimise our resources throughout the 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

1,807
(1,662)

across 23 regions in eight countries
housing units in production

HOUSING UNITS IN PRODUCTION

9,880
(9,113)

at the end of the quarter

NET SALES

14.5
(13.5)

SEK billion

OUTCOME FINANCIAL OBJECTIVES Q4 2017

RETURN ON CAPITAL EMPLOYED

16.6%

Return on capital employed
should be 10–15 per cent

EQUITY/ASSETS RATIO

33.7%

The minimum equity/assets ratio
should be 30 per cent

DIVIDEND POLICY

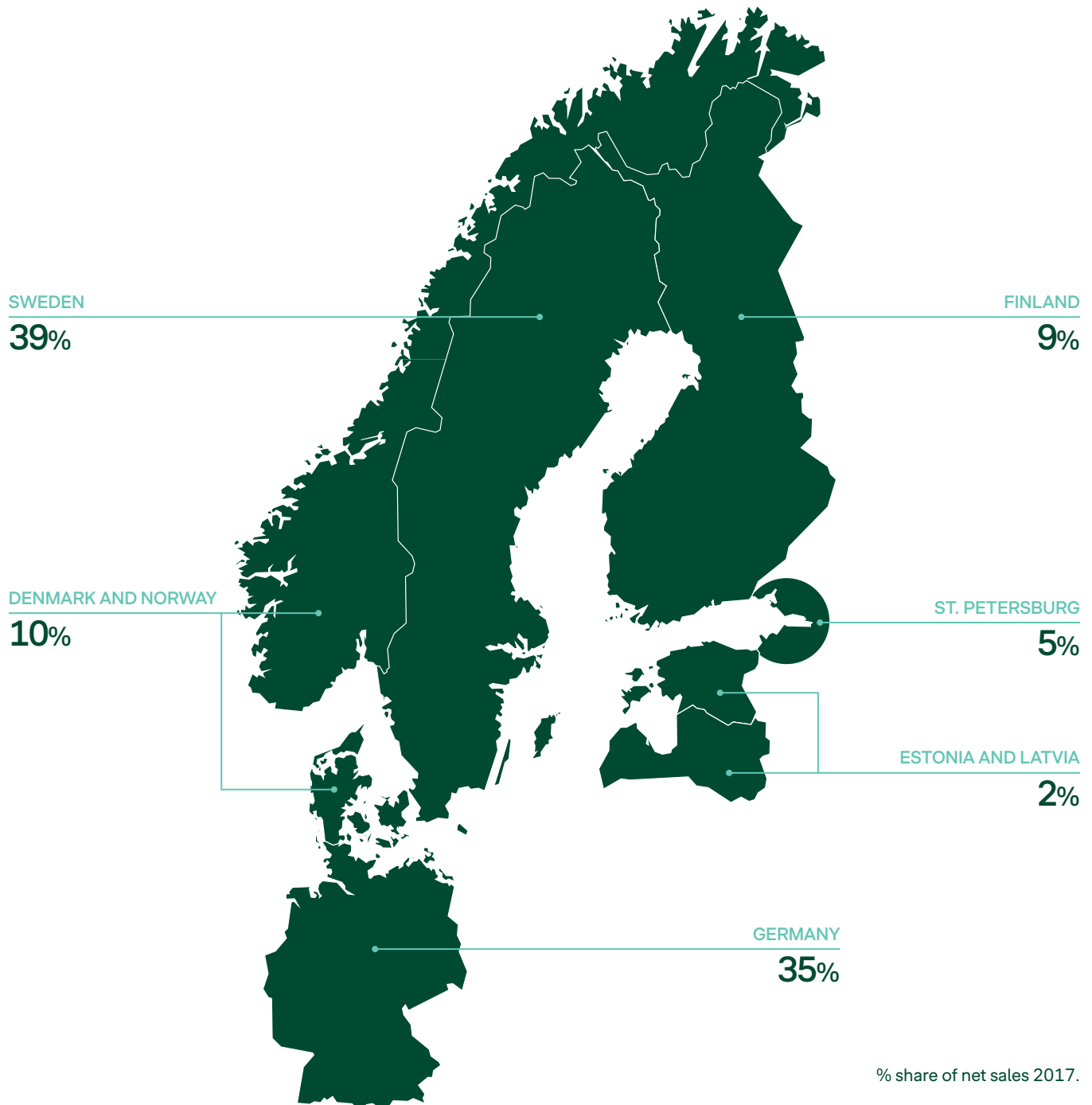
PROPOSED DIVIDEND

5.20

(SEK per share corresponding to 40
per cent of profit after tax)

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

A leading residential developer in northern Europe



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

which generates demand for new housing over time.

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

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

Group performance

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

MARKET PERFORMANCE

The housing market in Sweden was cautious in the quarter, and average house prices fell across the country. House prices in Germany continued to increase in the quarter, with strong consumer and investor demand. In Finland, demand was good from consumers and investors alike, and house prices continued to increase slightly. In Denmark, house prices continued to increase in the areas where Bonava is active and demand for housing was good. In Bergen, Norway, house prices decreased slightly following several years of sharply rising prices. The housing market in St. Petersburg remained awaiting with stable prices. The investor business remained strong in Sweden, Germany, Finland and Denmark-Norway.

OCTOBER–DECEMBER 2017

Operational performance

Net sales

Net sales amounted to SEK 6,055 M (6,584). The decrease was due to lower net sales from consumers in Sweden, Finland and Denmark-Norway, where average prices were down on the previous year. Land sales were also lower in Sweden. In the quarter, 1,857 (2,090) housing units for consumers were recognised for profit. The average price per housing unit for consumers was

unchanged at SEK 2.6 M (2.6). Net sales from investors increased in Germany, Finland and Denmark-Norway. A total of 555 (201) housing units for investors were recognised for profit. Changed exchange rates had a positive effect of SEK 88 M on consolidated net sales in year-on-year terms.

Operating profit

Operating profit was SEK 820 M (985) in the period. The decrease was mainly due to lower profit from land sales, which amounted to SEK 45 M (197). Operating profit was charged with impairment losses on properties held for future development of SEK 34 M (18), and increased selling and administration expenses, including expenses for new IT systems.

Exchange rate fluctuations had a positive impact of SEK 14 M on year-on-year operating profit.

In the previous year, consolidated profit was charged with reorganization costs relating to creating an independent Bonava of SEK 22 M in the quarter.

Net financial items, tax and profit for the period

Net financial items were SEK -61 M (-68). The improvement was mainly due to reduced borrowing denominated in roubles at lower interest. Profit after financial items for the fourth quarter 2017 was SEK 759 (918) M.

Tax on profit for the period was SEK -109 M (-201), corresponding to a tax rate of 14 (22) per cent. The lower tax rate is mainly due to tax free sales of land.

Profit for the period after tax was SEK 650 M (717).

JANUARY–DECEMBER 2017

Operational performance

Net sales

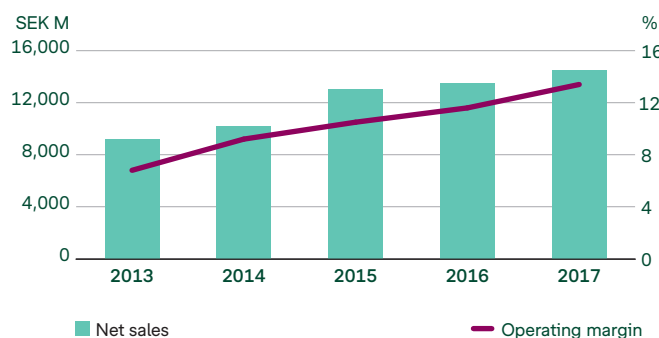
Net sales amounted to SEK 14,479 M (13,492). The increase was due to increased number of profit recognized housing units to investors in Sweden, Germany, Finland and Denmark-Norway. Net sales from consumers decreased as fewer housing units were recognised for profit in Finland and Denmark-Norway, while more housing units were recognised for profit in Sweden and Germany. A total of 4,294 (4,371) housing units for consumers were recognised for profit. The average price per housing unit for consumers was SEK 2.6 M (2.7). The number of housing units for investors recognised for profit was 1,170 (407).

Exchange rate fluctuations had a positive impact of SEK 232 M on consolidated net sales year-on-year.

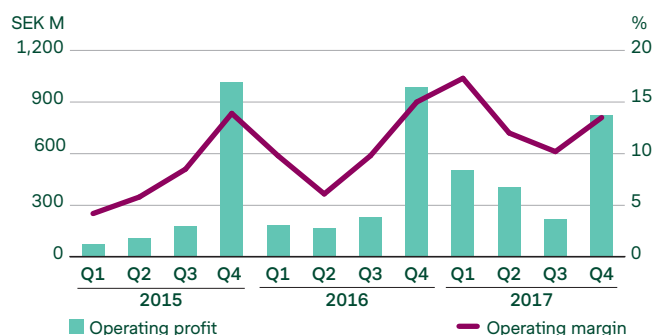
Operating profit

Operating profit for the period was SEK 1,946 M (1,562). The number of housing units recognised for profit increased and margins improved in both Sweden and

Net sales and operating margin



Operating profit and operating margin



Germany. Profit from land sales was SEK 492 M (188), with the increase mainly attributable to Sweden. Last year, profit was charged with SEK -91 M relating to land sales in Latvia. Operating profit was charged with impairment losses on properties held for future development of SEK 34 M (18), and increased selling and administration expenses to meet increased demand.

Exchange rate fluctuations had a positive profit impact of SEK 27 M compared to the corresponding period last year. In the pre-

vious year, consolidated profit was charged with reorganization costs relating to creating an independent Bonava of SEK 85 M.

Net financial items, tax and profit for the period

Net financial items were SEK -226 M (-279). The improvement was attributable to lower net borrowing, and a reduced debt denominated in roubles at lower interest rates. Profit before tax for January to December 2017 was SEK 1,721 M (1,283). Tax on profit for

the period was SEK -319 M (-278), corresponding to a tax rate of 19 (22) per cent.

Profit after tax for the period was SEK 1,402 M (1,004).

SEK M	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales per segment				
Sweden	1,188	1,768	5,699	5,040
Germany	2,686	2,231	5,049	3,907
Finland	690	1,223	1,290	1,516
Denmark-Norway	986	1,019	1,454	1,931
St. Petersburg	342	298	727	915
Other and eliminations	163	44	259	182
Total	6,055	6,584	14,479	13,492

SEK M	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Operating profit per segment				
Sweden	226	383	1,230	920
Germany	424	342	668	477
Finland	68	163	1	92
Denmark-Norway	138	144	141	194
St. Petersburg	48	34	104	178
Other and eliminations	-84	-80	-197	-298
Total	820	985	1,946	1,562

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 19,713 M (16,770). The increase was mainly due to more housing units in ongoing housing production and increased volume of land held for future development.

NET DEBT

Net debt amounted to SEK 4,165 M (3,699), of which net debt in Swedish tenant-owner associations and Finnish housing companies amounted to SEK 4,333 M (3,624). Net debt was up on year-end 2016 mainly due to net investments in housing projects during the year. As of 30 September 2017, net debt was SEK 5,041 M. Excluding tenant-owner associations and housing companies the Group had a net cash position of SEK 168 M at year end (net debt of SEK 75 M previous year).

CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Return on capital employed was 16.6 (14.6) per cent. The improvement was due to an

increased operating profit in Sweden and Germany. Capital employed was SEK 12,003 M (10,134) at the end of the period. Capital employed increased as a result of higher volumes of ongoing housing production and properties held for future development in Germany, Finland and Denmark-Norway. As of 30 September 2017, capital employed was SEK 11,561 M.

EQUITY/ASSETS AND DEBT/EQUITY RATIO

As of 31 December 2017, the equity/assets ratio was 33.7 (33.7) per cent. Bonava's equity/assets ratio is affected by seasonal fluctuations as the company's assets normally increase in the first three quarters of the year and then decrease in the fourth quarter, when a large number of housing units are handed over to customers and recognised for profit. The debt/equity ratio was 0.6 (0.7). The debt/equity ratio excluding tenant-owner associations and housing companies was 0,0 (0,0).

CASH FLOW FOR THE QUARTER OCTOBER–DECEMBER

Cash flow before financing was SEK 1,080 M (1,428) for the quarter.

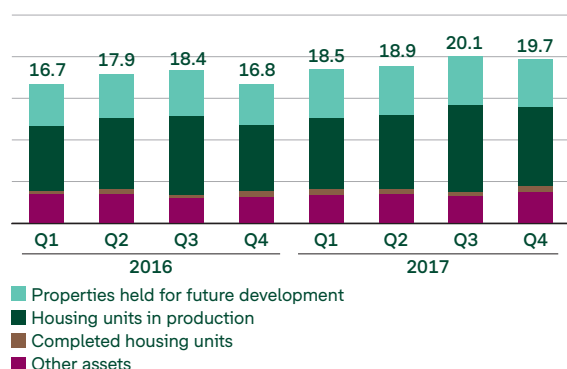
Cash flow from operating activities before changes in working capital was down year-on-year as profit after financial items was down in the quarter.

Cash flow from sales of housing projects was in line with the previous year. Increased sales of housing projects in Germany were offset by a decrease in Finland and Denmark-Norway. Investments in housing projects increased, mainly in Germany and Finland.

Cash flow from changes in other working capital was up on the previous year as a result of increased customer advances in Sweden and Finland in the quarter.

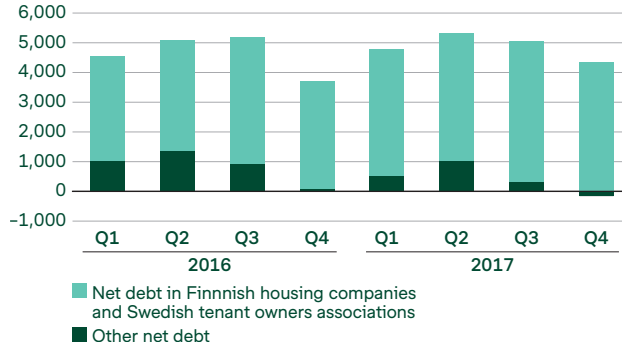
Allocation of assets

SEK Bn



Net debt

SEK M



CASH FLOW FOR THE PERIOD JANUARY–DECEMBER

Cash flow before financing amounted to SEK -26 M (536).

Cash flow from operating activities before change in working capital increased as profit after financial items was up. To some extent, this was offset by lower provisions.

Land investments and housing units in production increased across all business areas with the exception of St. Petersburg. The number of housing units recognised for profit rose, which increased cash flow from sales of housing development projects, mainly in Sweden, Germany and Finland.

Cash flow from other working capital was up on the previous year due to increased customer advances, mainly in Finland. Cash flow from investing activities improved, as Bonava invested in new IT systems in the previous year.

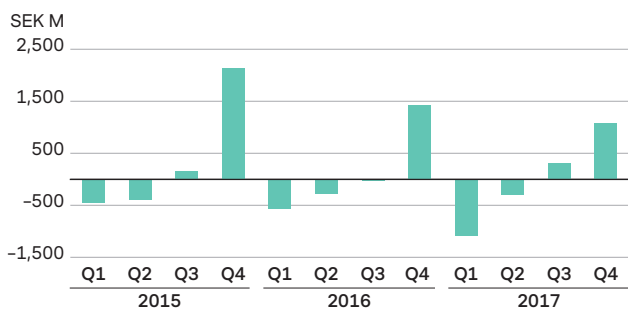
SEASONAL EFFECTS

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, which means that a majority of housing units is delivered to customers in the fourth quarter. Accordingly, earnings are

usually stronger in the fourth quarter than in other quarters, as illustrated on page 10 in the graph "Estimated completions per quarter".

Cash flow before financing



Housing sales, housing starts and building rights

OCTOBER–DECEMBER 2017

Housing sales and housing starts

In the quarter, 1,336 (1,764) housing units were sold to consumers and 1,160 (953) housing units were sold to investors. Sales to consumers increased, mainly in Germany. Sales decreased in Sweden and St. Petersburg year-on-year. The total number of production starts decreased primarily due to a lower number of housing starts in Sweden. The number of production starts increased in Germany, Finland and Denmark–Norway. In the quarter, housing units for investors were sold and started in Sweden, Germany, Finland and Denmark–Norway.

In the period, 1,443 (1,729) housing units were started for consumers, and 1,160 (953) for investors.

Housing units in production as of 31 December 2017

At the end of the period, there were 6,844 (6,158) housing units for consumers and 3,036 (2,955) housing units for investors in production. As of 31 December 2017, the sales rate was 54 (63) per cent for housing units for consumers and 100 (100) per cent for housing units for investors. At the end of the period, the rate of completion was 44 (49) per cent for consumers and 32 (40) per cent for investors.

JANUARY–DECEMBER 2017

Housing sales and housing starts

In the period, 3,984 (4,311) housing units were sold to consumers, and 1,718 (1,922) housing units were sold to investors. The number of housing starts for consumers was 4,984 (4,041) and 1,718 (1,791) for investors.

Estimated completions per quarter

In year-on-year terms, there are more housing units to complete from the first quarter 2018 onwards. Of the total number of housing units yet to be completed, and estimated 56 (60) per cent will be completed in 2018.

Building rights as of 31 December 2017

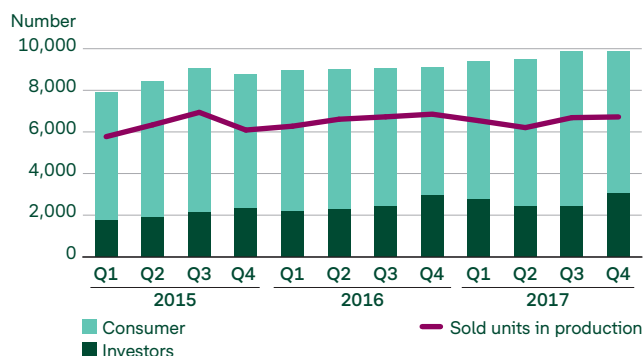
There were 31,400 (28,000) building rights, of which 16,800 (17,500) were recognized in the Balance Sheet. Bonava continues to expand on growth markets, mainly in Germany, where the number of building rights was 8,300 (6,400) at the end of the year.

Unsold, completed housing units at year-end

The number of unsold completed housing units at period end was 284 (180). All these housing units were for consumers, mainly in St. Petersburg and Finland.

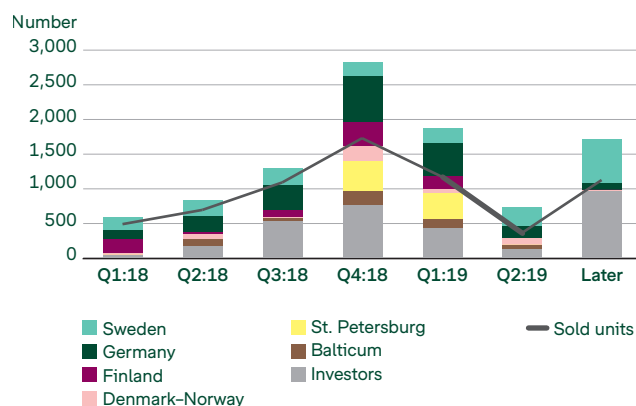
	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Housing units in ongoing production for consumers, at period end	6,844	6,158	6,844	6,158
Housing units in ongoing production for investors, at period end	3,036	2,955	3,036	2,955
Total number of housing units in ongoing production	9,880	9,113	9,880	9,113
Sales rate for housing units in ongoing production, %	68	75	68	75
Reservation rate for housing units in ongoing production, %	2	4	2	4
Sold and reserved housing units in ongoing production, %	70	79	70	79
Housing units sold to consumers in the period	1,336	1,764	3,984	4,311
Housing units sold to investors in the period	1,160	953	1,718	1,922
Total housing units sold	2,496	2,717	5,702	6,233
Housing starts for consumers in the period	1,443	1,729	4,984	4,041
Housing starts for investors in the period	1,160	953	1,718	1,791
Total housing starts	2,603	2,682	6,702	5,832

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



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

Estimated completions per quarter



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

Other

SIGNIFICANT RISKS AND UNCERTAINTIES

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

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

The Group's financial risks such as interest-rate, currency, refinancing, liquidity and credit risks are managed centrally by the Group's Treasury Department in order to minimise and control Bonava's risk exposure in accordance with the Finance Policy.

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

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

ORGANISATION AND EMPLOYEES

The Group's average number of employees was 1,696 (1,482) in the period. At the end of the year the number of employees was 1,807 (1,662).

SHARES AND SHAREHOLDERS

Bonava has two classes of share, class A and class B. The closing price on 29 December 2017 was SEK 113.50 per class A share and SEK 114.60 per class B share, corresponding to market capitalisation of SEK 12.3 Bn.

Bonava's share capital was SEK 434 M on the reporting date, divided between 108,435,822 shares and 226,961,367 votes. As of 29 December 2017, Bonava had 13,169,505 class A share and 95,266,317 class B shares. Each class A share carries ten votes and each class B share one vote.

At the end of the quarter, there were 35,299 shareholders. Bonava's largest shareholder was Nordstjernan AB. As of 29 December 2017, the ten largest shareholders controlled 62.7 per cent of the capital and 69.7 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 47 M to NCC AB, has been reported at an amount corresponding to the fair value of four years' payments.

SIGNIFICANT EVENTS IN THE PERIOD

There were no significant events, in addition to ordinary operations, in the period.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend of SEK 5.20 (3.80) per share.

TEN LARGEST SHAREHOLDERS AS OF 29 DECEMBER 2017

	No. of class A shares	No. of class B shares	Holding %	Votes %
Nordstjernan AB	10,000,000	10,323,759	18.7	48.6
AMF - Försäkring och Fonder	0	14,036,388	12.9	6.2
Swedbank Robur fonder	0	8,332,261	7.7	3.7
Lannebo fonder	11,772	5,326,355	4.9	2.4
SEB Investment Management	0	4,962,122	4.6	2.2
Fjärde ap-fonen	3,343	4,146,636	3.8	1.8
Carnegie fonder	0	3,250,000	3.0	1.4
Handelsbanken fonder	0	3,051,217	2.8	1.3
Länsförsäkringar fondförvaltning AB	0	2,946,335	2.7	1.3
Afa försäkring	0	1,620,638	1.5	0.7
Total, ten largest shareholders	10,015,115	57,995,711	62.7	69.7
Other	3,154,390	37,270,606	37.3	30.3
Total	13,169,505	95,266,317	100.0	100.0

Our markets – Projects started during the quarter

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



VITBOKEN
Project start: Q4 2017
Location: Stockholm, Sweden
Housing category: Detached houses for consumers
Number of housing units: 16

Detached houses with views of football fields, an amphi theatre and playgrounds. Family-friendly area close to schools, supermarket, shopping centre and transport links.

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



STUDENTENAPARTMENTS
Project start: Q4 2017
Location: Heidelberg, Germany
Housing category: Multi-family housing for investors
Number of housing units: 167

Modern student apartments in the trendy quarter of Rohrbach in the University town of Heidelberg. Furnished and high tech apartments. Only a few minutes by train to the city with more than 30,000 students.

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



AS OY VANTAAN KULTARIKONPOLKU
Project start: Q4 2017
Location: Tikkurila, Finland
Housing category: Multi-family housing for investors
Number of housing units: 75

Residential area close to many services, health care and sporting facilities. The neighbourhood is close to the centre of Tikkurila.

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



EGEHUSENE
Project start: Q4 2017
Location: Glostrup, Denmark
Housing category: Multi-family housing
Number of housing units: 24

Affordable apartments close to nature within walking distance of schools, nurseries and sporting facilities.

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

No projects were started in the quarter.

Sweden

MARKET PROGRESS

The housing market in Sweden was cautious in the quarter and average housing prices decreased across the country.

OCTOBER-DECEMBER 2017

Operational progress

Net sales

Net sales were down on the previous year as a result of lower average prices on housing units recognised for consumers and decreased land sales. The average price per housing unit to consumers was SEK 3.5 M (4.9). The decrease was mainly due to fewer housing units being recognised for profit.

Operating profit

Operating profit was SEK 226 M (383), with the decrease due to a reduction in land sales to SEK 45 M (196). The number of housing units recognised for profit increased and margins improved. The administration costs were higher year-on-year from the larger organisation.

JANUARY-DECEMBER 2017

Operational progress

Net sales

Net sales increased in Sweden due to more housing units being handed over to consumers and investors, and increased sales of land. The average price per housing unit to consumers was SEK 3.6 M (4.1). The decrease was mainly due to fewer housing units being recognized for profit.

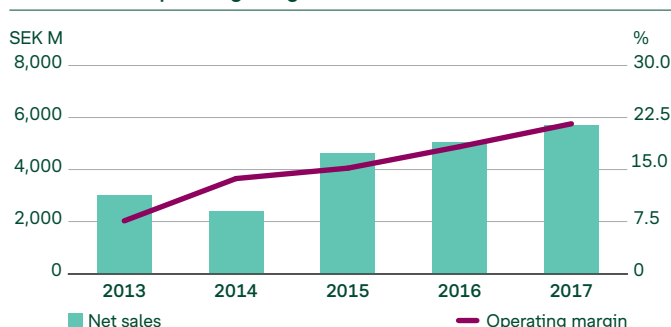
Operating profit

Operating profit improved as more housing units were recognised for profit and profit from land sales increased to SEK 482 M (257).

Capital employed and return on capital employed

In Sweden, ongoing housing production increased slightly. Other current assets were up on the previous year, while the proportion of interest-free project financing remained unchanged and capital tied up increased on the previous year. The improved profit generated an increase in return on capital employed.

Net sales and operating margin



	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Key financial figures				
Net sales, SEK M	1,188	1,768	5,699	5,040
Operating profit, SEK M	226	383	1,230	920
Operating margin, %	19.0	21.6	21.6	18.3
Capital employed at period end, SEK M	4,986	4,350	4,986	4,350
Return on capital employed, %	24.7	19.3	24.7	19.3
Building rights				
Building rights, at period end, number	7,500	7,200	7,500	7,200
of which building rights off-balance sheet building rights, number	4,900	3,300	4,900	3,300
Housing development for consumers				
Number of sold housing units during the period	87	468	621	1,123
Number of started housing units during the period	255	563	965	1,108
Number of profit-recognised housing units during the period	320	259	1,245	1,013
Number of housing units in production at period end	2,009	2,304	2,009	2,304
Sales rate for housing units in production, %	55	75	55	75
Housing development for investors				
Number of sold housing units during the period	90	227	90	579
Number of started housing units during the period	90	227	90	448
Number of profit-recognised housing units during the period			158	132
Number of housing units in production at period end	538	606	538	606
Sales rate for housing units in production, %	100	100	100	100

Germany

MARKET PROGRESS

Housing prices in Germany continued to increase in the quarter and demand was strong from consumers and investors alike.

OCTOBER–DECEMBER 2017

Operational progress

Net sales

In Germany, net sales increased as more housing units for consumers were recognised for profit. The average price per housing unit to consumers was SEK 3.2 M (3.3). 319 housing units for investors were recognised for profit in the period. Last year, 201 housing units for investors were recognised for profit in Germany.

Operating profit

Operating profit improved in Germany as more housing units were recognised for profit year-on-year. Operating margin improved slightly in the period.

JANUARY–DECEMBER 2017

Operational progress

Net sales

In Germany, net sales increased, mainly because more housing units were handed over to investors. 611 housing units for investors were recognised for profit in the year, compared to 201 housing units in the previous year. Net sales from consumers increased as more housing units were recognised for profit. The average price per housing units for consumers was SEK 3.3 M (3.3).

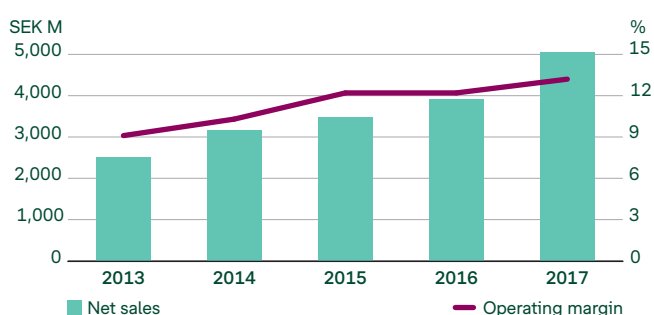
Operating profit

Operating profit in Germany improved due to increased net sales at slightly improved margins. Administration costs were up on the previous year as a result of a larger organisation.

Capital employed and return on capital employed

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

Net sales and operating margin



	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Key financial figures				
Net sales, SEK M	2,686	2,231	5,049	3,907
Operating profit, SEK M	424	342	668	477
Operating margin, %	15.8	15.3	13.2	12.2
Capital employed at period end, SEK M	3,037	2,163	3,037	2,163
Return on capital employed, %	23.0	25.4	23.0	25.4
Building rights				
Building rights, at period end, number	8,300	6,400	8,300	6,400
of which building rights off-balance sheet building rights, number	3,700	2,700	3,700	2,700
Housing development for consumers				
Number of sold housing units during the period	589	530	1,506	1,288
Number of started housing units during the period	639	775	1,455	1,455
Number of profit-recognised housing units during the period	634	544	1,135	1,057
Number of housing units in production at period end	2,105	1,785	2,105	1,785
Sales rate for housing units in production, %	68	59	68	59
Housing development for investors				
Number of sold housing units during the period	769	479	906	645
Number of started housing units during the period	769	479	906	645
Number of profit-recognised housing units during the period	319	201	611	201
Number of housing units in production at period end	1,479	1,184	1,479	1,184
Sales rate for housing units in production, %	100	100	100	100

Finland

MARKET PROGRESS

In Finland, demand was good from consumers and investors alike, and housing prices continued to increase slightly.

OCTOBER–DECEMBER 2017

Operational progress

Net sales

In Finland net sales decreased as fewer housing units were handed over to consumers. The average price for housing units to consumers decreased to SEK 1.8 M (2.1) as a result of fewer housing units recognised for profit in the Helsinki area. 162 housing units for investors were completed and recognised for profit in the quarter. In the previous year, no housing units for investors were recognised for profit in the fourth quarter.

Operating profit

Operating profit in Finland decreased in the fourth quarter year-on-year due to lower net sales at reduced margins. Profit from land sales was SEK 0 M (1). Administration expenses were down in year-on-year terms.

JANUARY–DECEMBER 2017

Operational progress

Net sales

Net sales in Finland were lower in year-on-year terms because of fewer housing units for consumers recognised for profit, while more housing units for investors were recognised for profit. The average price for housing units for consumers was SEK 2.0 M (2.1). 327 housing units for investors were recognised for profit in the period, no projects for investors were recognised for profit in the previous year.

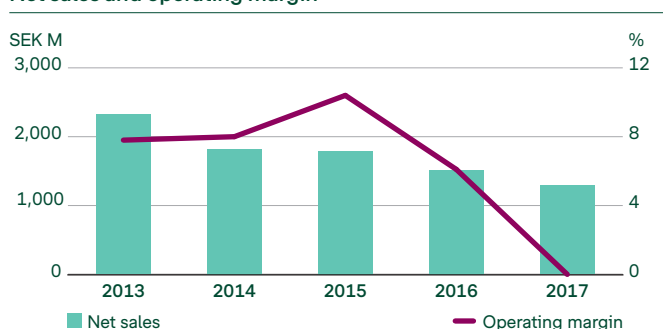
Operating profit

Operating profit in Finland decreased year-on-year due to lower net sales at reduced margins. Finland is establishing proprietary production resources which generated increased administration costs. Profit from land sales totalled SEK 9 M (4) in the period.

Capital employed and return on capital employed

Finland had more housing units in production compared to the previous year and current assets increased. This was only partly offset by increased interest-free project financing and capital employed was higher year-on-year. Return on capital employed decreased as a result of the lower profit.

Net sales and operating margin



	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Key financial figures				
Net sales, SEK M	690	1,223	1,290	1,516
Operating profit, SEK M	68	163	1	92
Operating margin, %	9.8	13.3	0.0	6.1
Capital employed at period end, SEK M	1,284	1,092	1,284	1,092
Return on capital employed, %	-0.2	7.1	-0.2	7.1
Building rights				
Building rights, at period end, number	7,100	7,300	7,100	7,300
of which building rights off-balance sheet building rights, number	4,300	4,200	4,300	4,200
Housing development for consumers				
Number of sold housing units during the period	235	220	579	637
Number of started housing units during the period	306	168	702	522
Number of profit-recognised housing units during the period	260	538	398	658
Number of housing units in production at period end	865	567	865	567
Sales rate for housing units in production, %	54	50	54	50
Housing development for investors				
Number of sold housing units during the period	277	247	628	624
Number of started housing units during the period	277	247	628	624
Number of profit-recognised housing units during the period	162		327	
Number of housing units in production at period end	925	1,091	925	1,091
Sales rate for housing units in production, %	100	100	100	100

Denmark–Norway

MARKET PROGRESS

In Denmark, prices continued to increase slightly in the regions where Bonava is active and demand for housing is good. In Norway, where Bonava is only active in Bergen, prices fell slightly following several years of strong price growth.

OCTOBER–DECEMBER 2017

Operational progress

Net sales

Net sales in Denmark–Norway were lower than in the previous year due to fewer housing units being handed over to consumers. The average price decreased to SEK 3.9 M (4.3) as more housing units in central Copenhagen were recognised for profit last year. One project for investors was recognised for profit in the period. In the previous year, no projects for investors were recognised for profit.

Operating profit

Operating profit for Denmark–Norway decreased because of lower net sales, while operating margin remained unchanged. Profit from land sales was SEK 0 M (2).

JANUARY–DECEMBER 2017

Operational progress

Net sales

The number of housing units for consumers recognised for profit was down on the previous year and net sales decreased. The average price of housing units for consumers recognised for profit decreased to SEK 3.7 M (4.4). Last year, more housing units in central Copenhagen were recognised for profit at a high average price. One project for investors was recognised for profit in the year. Last year, no projects for investors were recognised for profit.

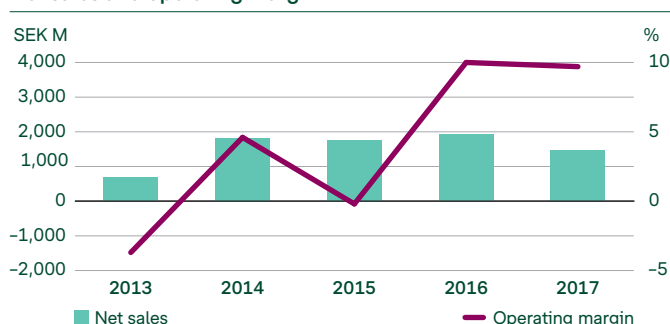
Operating profit

Operating profit for Denmark–Norway decreased year-on-year because of lower net sales. Profit from land sales was SEK 1 M (18) in the year.

Capital employed and return on capital employed

Denmark–Norway increased properties held for future development and had more housing units in production in year-on-year terms. This was only partly offset by increased interest-free financing and capital employed was up on the previous year. Return on capital employed was down due to the decreased operating profit.

Net sales and operating margin



	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Key financial figures				
Net sales, SEK M	986	1,019	1,454	1,931
Operating profit, SEK M	138	144	141	194
Operating margin, %	14.0	14.1	9.7	10.0
Capital employed at period end, SEK M	857	736	857	736
Return on capital employed, %	15.3	16.0	15.3	16.0
Building rights				
Building rights, at period end, number	2,000	900	2,000	900
of which building rights off-balance sheet building rights, number	800	300	800	300
Housing development for consumers				
Number of sold housing units during the period	88	77	362	299
Number of started housing units during the period	141	107	507	249
Number of profit-recognised housing units during the period	181	218	312	396
Number of housing units in production at period end	517	316	517	316
Sales rate for housing units in production, %	46	58	46	58
Housing development for investors				
Number of sold housing units during the period	24		94	74
Number of started housing units during the period	24		94	74
Number of profit-recognised housing units during the period	74		74	
Number of housing units in production at period end	94	74	94	74
Sales rate for housing units in production, %	100	100	100	100

St. Petersburg

MARKET PROGRESS

The housing market in St. Petersburg remained awaiting with stable prices.

OCTOBER–DECEMBER 2017

Operational progress

Net sales

In St. Petersburg, net sales increased year-on-year as the average price per housing unit for consumers rose to SEK 1.4 M (0.6). In the period, more housing units were recognised for profit in a higher price segment than in the previous year.

Operating profit

Operating profit was up on the previous year thanks to increased net sales at improved margins. Bonava aims to sign an agreement regarding the sale of land at a price below book value, and profit was charged with impairment losses on properties held for future development totalling SEK 34 M. The corresponding period in the previous year was charged with impairment losses on properties held for future development of SEK 18 M.

JANUARY–DECEMBER 2017

Operational progress

Net sales

Net sales decreased due to a lower number of housing units for consumers recognised for profit. The average price was SEK 0.8 M (0.8). In the previous year, one project for investors was recognised for profit.

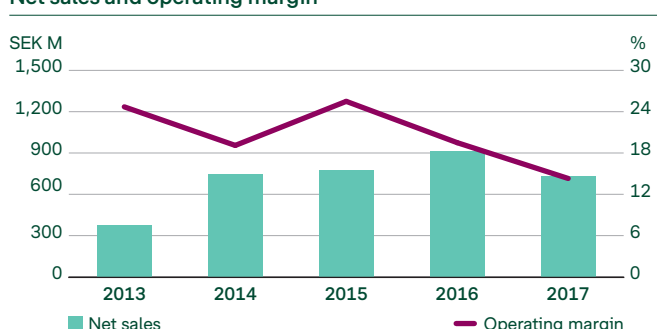
Operating profit

Operating profit was down on the previous year due to a lower number of housing units recognised for profit. Profit was charged with impairment losses on properties held for future development of SEK 34 M (18).

Capital employed and return on capital employed

St. Petersburg decreased properties held for future development as more projects were started and no investments in new land have been made since the previous year. Ongoing housing projects decreased and interest-free financing remained at the same level as in the previous year and capital employed decreased. Return on capital employed decreased as a result of the lower operating profit.

Net sales and operating margin



	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Key financial figures				
Net sales, SEK M	342	298	727	915
Operating profit, SEK M	48	34	104	178
Operating margin, %	14.0	11.3	14.3	19.4
Capital employed at period end, SEK M	1,108	1,277	1,108	1,277
Return on capital employed, %	8.4	16.5	8.4	16.5
Building rights				
Building rights, at period end, number	3,500	4,400	3,500	4,400
of which building rights off-balance sheet building rights, number				
Housing development for consumers				
Number of sold housing units during the period	220	357	516	653
Number of started housing units during the period			813	363
Number of profit-recognised housing units during the period	248	479	833	1,026
Number of housing units in production at period end	813	800	813	800
Sales rate for housing units in production, %	33	61	33	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 in production at period end				
Sales rate for housing units in production, %				

Condensed Consolidated Income Statement

SEK M	Note 1, 6	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Net sales	4	6,055	6,584	14,479	13,492
Production costs		-4,998	-5,391	-11,710	-11,235
Gross profit		1,057	1,193	2,768	2,257
Selling and administrative expenses		-236	-185	-822	-610
Non-recurring costs ¹⁾			-22		-85
Operating profit	4	820	985	1,946	1,562
Financial income		2	6	11	13
Financial expenses		-63	-73	-236	-292
Net financial items		-61	-68	-226	-279
Profit after financial items	4	759	918	1,721	1,283
Tax on profit for the period		-109	-201	-319	-278
Net profit for the period		650	717	1,402	1,004
Attributable to:					
Bonava AB's shareholders		650	715	1,402	1,003
Non-controlling interests			2		2
Net profit for the period		650	717	1,402	1,004
Per share data before and after dilution					
Earnings per share, SEK		6.03	6.61	12.99	9.26
Cash flow from operating activities, SEK		10.12	13.75	0.79	6.54
Shareholders' equity, SEK		61.48	52.25	61.48	52.25
No. of shares at the end of the period, million ²⁾		107.9	108.1	107.9	108.1

¹⁾ Activities relating to Bonava becoming an independent company in 2016.

²⁾ In April 2017, Bonava repurchased 194,800 shares. The total number of shares repurchased as of 31 December 2017 was 549,200 (354,400).

Consolidated Statement of Comprehensive Income

SEK M	Note 1	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Profit for the period		650	717	1,402	1,004
<i>Items that have been or may be reclassified to profit or loss for the period</i>					
Translation differences in the period in translation of foreign operations		31	2	13	98
Hedging exchange-rate risk in foreign operations			2		-73
Tax related to items that have been or may be reclassified to profit or loss for the period			-1		16
Other comprehensive income for the period		31	3	13	41
Comprehensive income for the period		681	720	1,415	1,045
<i>Attributable to:</i>					
Bonava AB's shareholders		681	717	1,415	1,042
Non-controlling interests			4		4
Total comprehensive income for the period		681	720	1,415	1,045

Condensed Consolidated Balance Sheet

SEK M	Note 1, 3, 5, 6	2017 31 Dec	2016 31 Dec
ASSETS			
Fixed assets		705	933
Current assets			
Properties held for future development		5,734	5,035
Ongoing housing projects		9,482	7,898
Completed housing units		815	733
Current receivables		1,855	1,552
Cash and cash equivalents	2	1,122	619
Total current assets		19,008	15,836
TOTAL ASSETS		19,713	16,770
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to parent company shareholders		6,633	5,648
Non-controlling interests		5	5
Total shareholders' equity		6,638	5,652
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	2	3,340	2,245
Other non-current liabilities		555	271
Non-current provisions		658	803
Total non-current liabilities		4,553	3,319
Current liabilities			
Current interest-bearing liabilities	2	2,024	2,236
Other current liabilities		6,497	5,562
Total current liabilities		8,521	7,799
Total liabilities		13,074	11,117
TOTAL EQUITY AND LIABILITIES		19,713	16,770

Condensed Changes in Shareholders' Equity, Group

SEK M	Shareholders' equity attributable to parent company shareholders	Non-controlling interests	Total shareholders' equity
Opening shareholders' equity, 1 January 2016	4,672	60	4,732
Comprehensive income for the period	1,042	4	1,045
Transactions with non-controlling interests ¹⁾	5	-59	-55
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
Comprehensive income for the period	1,415		1,415
Dividend	-410		-410
Purchase of treasury shares	-30		-30
Performance-based incentive program	11		11
Closing shareholders' equity, 31 December 2017	6,633	5	6,638

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 for 2016 pertains to the fair value of five years' payment.

Condensed Consolidated Cash Flow Statement

SEK M	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
OPERATING ACTIVITIES				
Profit after financial items	759	918	1,721	1,283
Adjustments for items not included in cash flow	31	53	-52	2
Tax paid	-27	-78	-206	-197
Cash flow from operating activities before changes in working capital	762	892	1,462	1,087
Cash flow from changes in working capital				
Divestments of housing projects	5,087	5,052	11,940	10,807
Investments in housing projects	-4,222	-3,447	-14,210	-11,538
Other changes in working capital	-535	-1,008	893	352
Cash flow from changes in working capital	330	597	-1,377	-379
Cash flow from operating activities	1,092	1,489	85	708
INVESTING ACTIVITIES				
Cash flow from investing activities	-12	-61	-111	-173
CASH FLOW BEFORE FINANCING	1,080	1,428	-26	536
FINANCING ACTIVITIES				
Capital contribution from NCC				5,051
Repayment of loans to NCC ¹⁾				-6,012
Borrowing ¹⁾				2,059
Dividend paid	-205		-410	-15
Purchase of treasury shares		-45	-30	-45
Increase in interest-bearing liabilities	804	881	3,247	3,077
Decrease in interest-bearing liabilities	-1,075	-2,206	-2,387	-4,801
Change in interest-bearing receivables	20	-60	109	160
Cash flow from financing activities	-457	-1,429	528	-525
CASH FLOW FOR THE PERIOD	624	-1	502	10
Cash and cash equivalents at the beginning of the period	494	624	619	585
Exchange rate difference in cash and cash equivalents	4	-3	1	23
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,122	619	1,122	619

¹⁾ 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. Borrowing relates to loans raised at the time of the IPO.

Notes

NOTE 1 Accounting principles

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

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

IFRS 9, Financial Instruments, was implemented in 1 January 2018 and regulates the reporting of financial instruments. The new standard replaces IAS 39 and contains regulations on how to classify and value financial assets and liabilities, impairment of financial instruments and hedge accounting. Bonava's assessment is that IFRS 9 may impact the value of certain receivables but the effect is assessed not to be essential.

IFRS 15, Revenue Recognition from Contracts with Customers, was implemented on 1 January 2018 and regulates at what time

revenues should be reported. Bonava has carried through an analysis that shows that Bonava will have continued support to report revenues from housing projects to consumers and investors, as well as land sales, at the time when major risks and rewards are transferred to the buyer, normally at the time of handover. Therefore, Bonava will not restate the comparative figures for 2017.

IFRS 16, Leasing, will be implemented on 1 January 2019 and regulates the reporting of leasing agreements. The present value of all leasing expenses should be calculated and reported as a Right of use asset in the Balance Sheet, with the corresponding interest bearing liability. In the Income Statement, the leasing expense are replaced by depreciation and interest expense. According to the present accounting standard only financial leasing has been reported in this manner. At the transition to IFRS 16 total assets, capital employed, net debt and operating profit will be higher which will impact some key figures. Profit after financial items will not be impacted. Bonava has started an analysis in order to quantify the effects of the new leasing standard.

NOTE 2 Specification of net debt

SEK M	2017 31 Dec	2016 31 Dec
Non-current interest-bearing receivables	10	79
Current interest-bearing receivables	68	84
Cash and cash equivalents	1,122	619
Interest-bearing assets	1,200	782
Non-current interest-bearing liabilities	3,340	2,245
Current interest-bearing liabilities	2,024	2,236
Interest-bearing liabilities	5,364	4,481
Net debt	4,165	3,699
<i>of which, attributable to Swedish tenant-owner associations and Finnish housing companies¹⁾</i>		
Cash and cash equivalents	78	53
Interest-bearing liabilities	4,411	3,677
Net debt in tenant-owner associations and housing companies	4,333	3,624
Other net debt	-168	75
Net debt	4,165	3,699

¹⁾ Tenant-owner associations and housing companies' bank borrowing amounted to SEK 4,411 M and debt to Bonava AB was SEK 669 M. Last-mentioned amount have been eliminated in net debt.

NOTE 3 Pledged assets, contingent liabilities and guarantee obligations

SEK M	2017 31 Dec	2016 31 Dec
Assets pledged		
<i>For own liabilities:</i>		
Property mortgages	2,603	1,699
Restricted bank funds	11	22
Total pledged assets	2,614	1,721
Contingent and guarantee liabilities		
<i>Own contingent liabilities:</i>		
Deposits and concession fees ¹⁾	1,204	600
Other guarantees	105	118
<i>Held jointly with other companies</i>		
Liabilities in partnerships and limited partnerships		23
Total contingent and guarantee liabilities	1,309	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

Oct-Dec 2017, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,188	2,685	690	986	342	163	6,055
Operating profit	226	424	68	138	48	-84	820
Net financial items							-61
Profit after financial items							759
Capital employed at period end	4,986	3,057	1,284	857	1,108	711	12,003

Oct-Dec 2016, SEK M	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

Jan-Dec 2017, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	5,699	5,049	1,290	1,454	727	259	14,479
Operating profit	1,230	668	1	141	104	-197	1,946
Net financial items							-226
Profit after financial items							1,721
Capital employed at period end	4,986	3,057	1,284	857	1,108	711	12,003

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 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Bonava's Head Office ¹⁾	47	24	212	69	-101	-82	-214	-227
Sales, Latvian property portfolio					4			-91
Operations in Estonia and Latvia	159	44	273	176	18	3	17	20
Adjustments and eliminations	-43	-23	-226	-67				
TOTAL	163	44	259	182	-84	-80	-197	-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 2017. For the period Oct-Dec 2016, costs were SEK 22 M for the Group, of which SEK 14 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 Dec	2016 31 Dec
Derivative instruments used for hedge accounting		17
Derivative instruments not used for hedge accounting	11	38
Total assets	11	55
Derivative instruments not used for hedge accounting	82	102
Total liabilities	82	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.

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 and balances with NCC, SEK M	2017 Jan-Dec	2016 Jan-Dec
Sales	4	19
Purchases	2,583	3,314
Financial expenses		87
Current receivables		1
Non-current interest-bearing liabilities	35	45
Current interest-bearing liabilities	12	12
Accounts payable	60	258
Contingent liabilities	221	76

Parent Company

JANUARY–DECEMBER 2017

The parent company comprises the operations of Bonava AB (publ). The company's net sales amounted to SEK 212 M (69). Profit/loss after financial items was SEK 284 M (24).

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK M	Note 1	2017 Jan–Dec	2016 Jan–Dec
Net sales		212	69
Selling and administrative expenses		-407	-295
Operating profit		-195	-226
Profit from participations in Group companies		432	291
Financial income		176	148
Financial expenses		-128	-188
Profit/loss after financial items		284	24
Appropriations		141	-5
Profit/loss before tax		425	19
Tax on profit/loss for the period		3	27
Profit for the period		428	45

PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	Note 2	2017 31 Dec	2016 31 Dec
Assets			
Fixed assets		2,509	1,955
Current assets		3,821	4,251
Total assets		6,330	6,207
Shareholders' equity and liabilities			
Shareholders' equity		5,208	5,210
Provisions		2	1
Non-current liabilities		592	609
Current liabilities		528	387
Total equity and liabilities		6,330	6,207

Notes to the Parent Company

Income Statement and Balance Sheet

NOTE 1 Accounting policies

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

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

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 Dec	2016 31 Dec
Guarantees	17,740	15,485

Sector-related key figures for the Group

Group	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Building rights, at period end	31,400	28,000	31,400	28,000
Of which, off-balance-sheet building rights	14,600	10,500	14,600	10,500
Housing development for consumers				
Profit-recognised housing units during the period	1,857	2,090	4,294	4,371
Housing units started during the period	1,443	1,729	4,984	4,041
Housing units sold during the period	1,336	1,764	3,984	4,311
Housing units under construction, at period end	6,844	6,158	6,844	6,158
Sales rate for housing units under construction, %	54	63	54	63
Reservation rate for housing units under construction, %	3	6	3	6
Completion rate for housing units under construction, %	44	49	44	49
Completed housing units, not recognised in profit, at period end	377	373	377	373
Housing units for sale (ongoing and completed), at period end	3,443	2,440	3,443	2,440
Housing development for investors				
Profit-recognised housing units during the period	555	201	1,170	407
Housing units started during the period	1,160	953	1,718	1,791
Housing units sold during the period	1,160	953	1,718	1,922
Housing units under construction, at period end	3,036	2,955	3,036	2,955
Sales rate for housing units under construction, %	100	100	100	100
Completion rate for housing units under construction, %	32	40	32	40

	2017 Oct-Dec	2016 Oct-Dec	2017 Jan-Dec	2016 Jan-Dec
Housing development for consumers				
Housing units under construction, at beginning of period	7,430	6,666	6,158	6,432
Housing units started during the period	1,443	1,729	4,984	4,041
Profit-recognised housing units during the period	-1,857	-2,090	-4,294	-4,371
Decrease (+)/increase (-) in completed housing units, not profit recognised at period end	-172	-147	-4	56
Housing units under construction, at period end	6,844	6,158	6,844	6,158
Housing development for investors				
Housing units under construction, at beginning of period	2,431	2,405	2,955	2,346
Housing units started during the period	1,160	953	1,718	1,791
Profit-recognised housing units during the period	-555	-201	-1,170	-407
Time offset between completion and profit recognition in Bonava Finland ¹⁾		-202	-467	-775
Housing units under construction, at period end	3,036	2,955	3,036	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 Dec	2016 31 Dec
Return on capital employed, % ¹⁾	16.6	14.6
Interest coverage ratio, multiple ¹⁾	8.3	5.4
Equity/assets ratio, %	33.7	33.7
Interest bearing liabilities/total assets, %	27.2	26.7
Net debt	4,165	3,699
Net debt, excl. tenant-owner associations/housing companies	-168	75
Debt/equity ratio, multiple	0.6	0.7
Debt/equity ratio excl. tenant-owner associations/housing companies, multiple	0.0	0.0
Capital employed at period-end	12,003	10,134
Average capital employed	11,419	10,412
Capital turnover rate, multiple ¹⁾	1.3	1.3
Share of risk-bearing capital, %	33.8	33.8
Dividend, SEK per share	5.20	3.80
Average interest rate at period-end, % ²⁾	2.86	3.75
Average period of fixed interest, years ²⁾	0.2	0.3
Average interest rate at period-end, % ³⁾	1.40	1.35
Average period of fixed interest, years ³⁾	0.1	0.1

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

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

³⁾ Loans in Swedish tenant-owner associations and Finnish housing companies.

SIGNATURES

Stockholm, Sweden, 2 February 2018

Joachim Hallengren
President and CEO

This report has not been reviewed by the company's auditors.

For more information, please contact
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FINANCIAL CALENDAR

- Q1 Interim Report Jan–Mar: 25 April 2018
- Q2 Interim Report Apr–Jun: 17 July 2018
- Q3 Interim Report Jul–Sep: 24 October 2018
- Annual General Meeting 2018: 25 April 2018

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PUBLICATIONS

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 2 February 2018 at 07.30 a.m. CET.

INVITATION TO ANALYST AND MEDIA MEETING

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

Place: Lindhagensgatan 72, Stockholm, Sweden.

Time: 2 February 2018, 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:

SE: +46 8 519 993 55
DE: +49 211 971 90 086
UK: +44 203 194 05 50
US: +1 855 269 26 05

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