



Interim Report January–September 2018



Increased housing starts and strong sales rate

1 JULY-30 SEPTEMBER 2018

- Net sales amounted to SEK 3,391 (2,135) M
- Operating profit was SEK 406 (218) M, of which profit from sales of land totalled SEK 30 (65) M
- Operating margin was 12.0 (10.2) per cent
- Profit after financial items was SEK 370 (167) M
- Profit for the period after tax amounted to SEK 289 (130) M
- Earnings per share was SEK 2.68 (1.21)¹⁾
- Cash flow before financing was SEK -588 (300) M
- Return on capital employed amounted to 12.4 (18.5) per cent
- The number of housing starts in the period was 1,451 (1,208)
- The number of housing units in production at the end of the period was 10,329 (9,861)
- The sales rate for ongoing production was 70 (68) per cent
- The number of housing units sold in the period was 1,275 (1,336)
- The number of housing units recognised for profit was 1,308 (896)

1 JANUARY-30 SEPTEMBER 2018

- Net sales amounted to SEK 7,802 (8,424) M
- Operating profit was SEK 755 (1,126) M, of which profit from sales of land totalled SEK 184 (447) M
- Operating margin was 9.7 (13.4) per cent
- Profit after financial items was SEK 643 (962) M
- Profit for the period after tax amounted to SEK 503 (752) M
- Earnings per share was SEK 4.67 (6.96)¹⁾
- Cash flow before financing was SEK -1,720 (-1,106) M
- Return on capital employed amounted to 12.4 (18.5) per cent
- The number of housing starts in the period was 3,110 (4,099)
- The number of housing units sold in the period was 3,240 (3,206)
- The number of housing units recognised for profit was 2,754 (3,052)

SEK M	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Oct 2017- Sep 2018	2017 Jan-Dec
Net sales	3,391	2,135	7,802	8,424	13,857	14,479
Operating profit before depreciation, amortization and impairment losses	440	236	853	1,176	1,711	2,034
Operating profit before depreciation, amortization and impairment losses	13.0	11.1	10.9	14.0	12.3	14.0
Operating profit	406	218	755	1,126	1,575	1,946
Operating margin, %	12.0	10.2	9.7	13.4	11.4	13.4
Profit after financial items	370	167	643	962	1,402	1,721
Profit for the period after tax	289	130	503	752	1,153	1,402
Earnings per share, SEK ¹⁾	2.68	1.21	4.67	6.96	10.70	12.99
Cash flow before financing	-588	300	-1,720	-1,106	-640	-26
Net debt ²⁾	6,195	5,041	6,195	5,041	6,195	4,165
Net debt, excl. tenant-owners associations/housing companies ²⁾	1,848	302	1,848	302	1,848	-168
Capital employed at period end	13,696	11,561	13,696	11,561	13,696	12,003
Return on capital employed, %	12.4	18.5	12.4	18.5	12.4	16.6
Equity/assets ratio, %	28.1	29.7	28.1	29.7	28.1	33.7
Number of housing starts in the period	1,451	1,208	3,110	4,099	5,713	6,702
Number of housing units in production at period end	10,329	9,861	10,329	9,861	10,329	9,880
Sales rate for ongoing production, %	70	68	70	68	70	68
Number of housing units sold in the period	1,275	1,336	3,240	3,206	5,736	5,702
Number of housing units recognised for profit in the period	1,308	896	2,754	3,052	5,166	5,464

¹⁾ Before and after dilution.

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

"We increased the number of housing starts by 20 per cent and we have a strong sales rate of 70 (68) per cent in ongoing production which creates good prospects for the future."

INCREASED HOUSING STARTS AND STRONG SALES RATE

I'm pleased with the profit development in the quarter. We increased the number of housing starts and we have a strong sales rate in ongoing production. The number of sold units decreased slightly year-on-year, mainly due to the continued cautious Swedish market. However, sales were strong in Finland and St. Petersburg, resulting in 1,275 (1,336) housing units sold. It's difficult to draw any conclusions about the Swedish housing market, although we can see that house prices continued to stabilise somewhat in the quarter. We started some 20 per cent more housing units compared to last year, due to strong demand in Germany and Finland and that we started 435 housing units in St. Petersburg in the quarter. At the end of the quarter, we had over 10,000 housing units in production with a strong sales rate of 70 (68) per cent which creates good prospects for the future.

INCREASED NET SALES AND STRONG OPERATING PROFIT

More housing units were completed and recognised for profit compared to the corresponding period last year, resulting in higher net sales of SEK 3,391 (2,135) M and improved operating profit of SEK 406 (218) M. We strengthened the operating margin to 12.0 (10.2) per cent. Profit from sales of land decreased year-on-year, with a profit impact of SEK 30 (65) M. Operating margin adjusted for profit from sales of land was 11.4 (7.9) per cent. We're continuing to

grow according to plan and we are investing in new housing projects, mainly in Germany. This resulted in an expected lower cash flow before financing in the quarter compared to last year. Looking ahead, we have some 5 per cent more housing units to hand over and recognise for profit compared to the corresponding period in the previous year.

GOOD DEMAND FROM INVESTORS

Sales of rental apartments are a significant part of our offering and our ambition is for some 30 per cent of sales to be to investors over time. We have a good demand from investors on our markets, and we sold 313 (327) rental apartments in the quarter. Among others, we sold a residential project comprising 110 apartments in Finland that is expected to be recognised for profit in the fourth quarter of 2019. We also sold a project of 137 apartments outside Copenhagen that is expected to be recognised for profit in the second and fourth quarters of 2020.

CONTINUED GROWTH IN GERMANY

In line with our strategy, we're continuing to expand on our largest market, Germany, which provided 41 per cent of net sales on a rolling 12-month basis at the end of the quarter. In the quarter, we agreed on a land acquisition in Berlin for a consideration of SEK 387 M. The neighbourhood will comprise some 500 housing units and is expected to be completed in the second quarter of 2022. Demand for affordable housing in Germany is good, and we increased the number of housing starts to

consumers in the quarter by close to 50 per cent year-on-year. We also have a high number of housing units in production in Germany, with a strong sales rate to consumers and investors of 77 (80) per cent.

BROAD GEOGRAPHICAL SPREAD CREATES STABILITY

Our broad geographical spread across eight countries and 23 markets ensures stability when demand decreases on individual markets. Accordingly, we're continuing to work strategically with our building rights portfolio in order to expand on markets that generate the best returns. That's why we since 2013, increased the number of building rights in Germany by over 150 per cent while simultaneously decreasing the number of building rights in Sweden by some 30 per cent.

We have a diversified offering to consumers and investors, creating a balanced portfolio that is less sensitive to fluctuations and adapted to market needs. There is considerable demand for affordable housing on our markets, and our strong Balance Sheet ensures that we can capitalise on future growth opportunities. Overall, we're well positioned for the future and we continue our work according to plan to deliver more affordable housing and to make our customers feel confident with their housing purchases.

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 in 2016, 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**

NO. OF EMPLOYEES

2,037
(1,744)

at the end of the quarter

HOUSING UNITS IN PRODUCTION

10,329
(9,861)

at the end of the quarter

NET SALES

13.9
(15.0)

SEK billion, rolling 12-month

OUTCOME FINANCIAL OBJECTIVES Q3 2018

RETURN ON CAPITAL EMPLOYED

12.4%

Return on capital employed
should be 10-15 per cent

EQUITY/ASSETS RATIO

28.1%

The minimum equity/assets
ratio should be 30 per cent

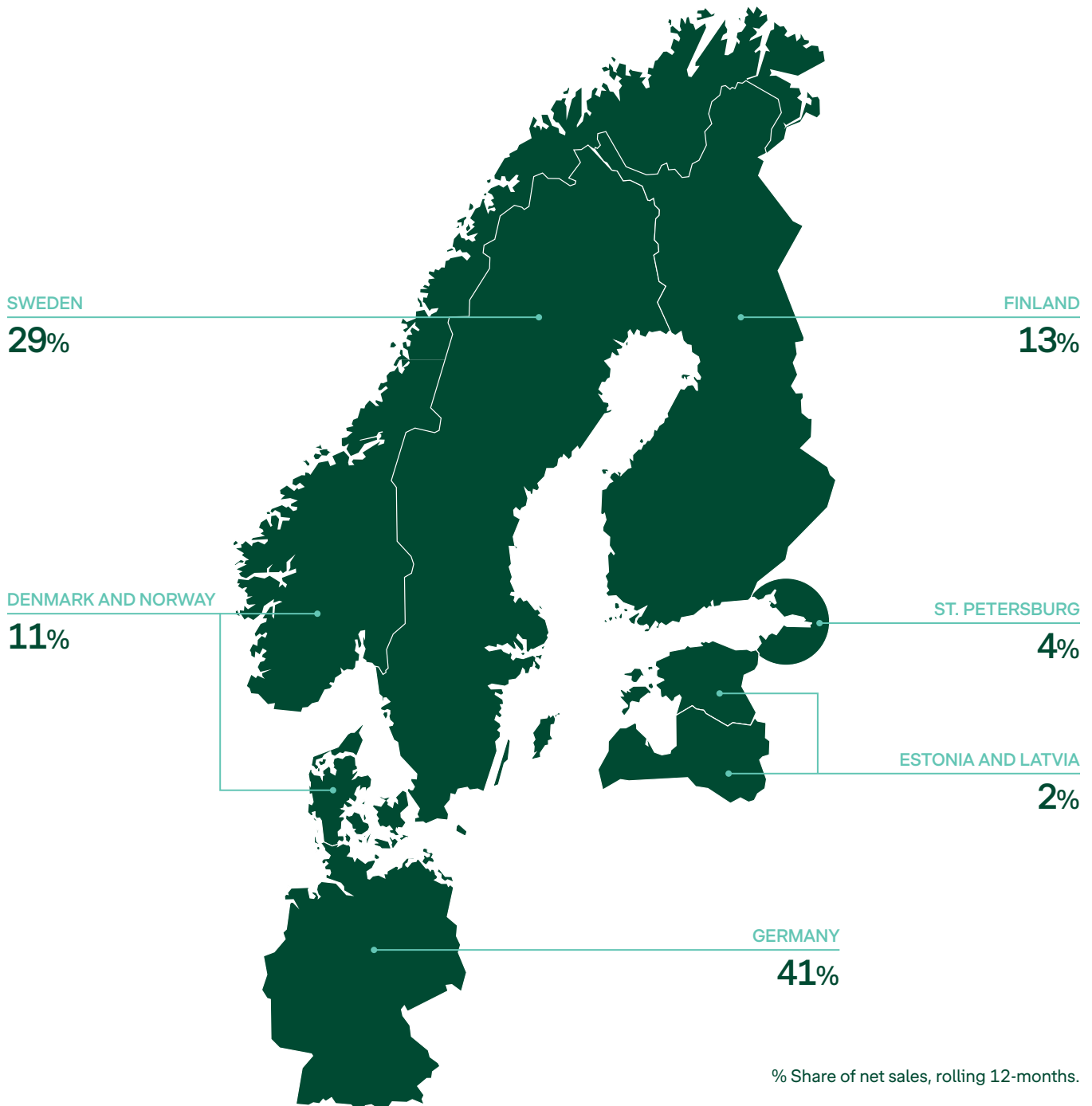
DIVIDEND POLICY

40%

(Earnings per share was
SEK 10.70, rolling 12-month)

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

A leading residential developer in northern Europe



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

stable local labour markets, which generates demand for new housing over time. We develop land into affordable and sustainable neighbourhoods, with housing projects that are adapted to our customers' wants and needs, as well as the unique conditions in each location. Bonava provides multi-

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

Group performance

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

MARKET PERFORMANCE

The housing market in Sweden remained cautious in the quarter, although house prices stabilised slightly nationwide. The housing market in Germany remained strong in the quarter with stable house prices and good demand from consumers and investors. The housing market in Finland was good in the quarter, with stable house prices and good demand from consumers and investors. The market in Denmark was stable with a slight increase in prices in the Copenhagen region. In Bergen, Norway, the housing market was good even if house prices continued to decline slightly in the quarter following several years of price growth. In St. Petersburg, the market was good in the quarter, with slightly higher prices and stable demand from consumers. Demand from investors remained strong in Sweden, Germany, Finland and Denmark-Norway.

JULY-SEPTEMBER 2018

Operational performance

Net sales

Net sales amounted to SEK 3,391 (2,135) M. The increase was due to higher net sales from both consumers and investors. Net sales from consumers amounted to SEK 2,342 (1,751) M. In the quarter, 750 (769) housing units for consumers were recognised for profit.

In Germany and Finland, more housing units were recognised for profit while the number of housing units recognised for profit in Sweden, Denmark-Norway and St. Petersburg decreased. The average price per unit recognised for profit increased to SEK 3.1 (2.3) M, due to more housing units recognised for profit in Germany, where prices are higher, and fewer housing units

recognised for profit in St. Petersburg where prices are lower. 558 (127) housing units for investors were recognised for profit in Sweden, Germany and Finland in the quarter, and net sales from investors were SEK 943 (177) M. Net sales from land were SEK 86 (187) M, the decrease was related to Sweden and Finland. Exchange rate fluctuations had a positive impact of SEK 168 M on Group net sales in year-on-year terms.

Operating profit

Operating profit was SEK 406 (218) M in the period. The improvement was due to higher net sales from consumers and investors and increased project margins. Profit from sales of land totalled SEK 30 (65) M. Amortisation of intangible assets increased due to shorter amortisation periods compared to the previous year, while sales and administration expenses decreased on the previous year.

Exchange rate fluctuations had a positive impact of SEK 18 M on year-on-year operating profit.

Net financial items, tax and profit for the period

Net financial items were SEK -35 (-51) M. The increase was due to reduced borrowing denominated in roubles at a lower interest rate and lower guarantee costs reported in Net financial items.

Profit after financial items for the third quarter 2018 were SEK 370 (167) M. Tax on profit for the period was SEK -82 (-36), corresponding to a tax rate of 22 (22) per cent.

Profit for the period after tax amounted to SEK 289 (130) M.

JANUARY-SEPTEMBER 2018

Operational performance

Net sales

Net sales amounted to SEK 7,802 (8,424) M. The decrease was due to lower net sales from consumers and reduced net sales from land. Net sales from consumers

amounted to SEK 6,089 (6,424) M. In the first nine months of the year, 1,984 (2,437) housing units for consumers were recognised for profit. The average price per housing unit for consumers was SEK 3.1 (2.6) M. The increase was due to fewer housing units recognised for profit in St. Petersburg, where prices are lower. 770 (615) housing units for investors were recognised for profit in Sweden, Germany and Finland in the period, and net sales from investors amounted to SEK 1,244 (1,036) M. Net sales from land were SEK 428 (878) M, with the decrease derived from Sweden and Finland. Exchange rate fluctuations had a positive impact of SEK 279 M on Group net sales in year-on-year terms.

Operating profit

Operating profit was SEK 755 (1,126) M in the period, of which profit from sales of land totalled SEK 184 (447) M. The decrease was also attributable to guarantee costs previously reported in Net financial items, increased amortization of intangible assets and increased sales and administration expenses.

Exchange rate fluctuations had a positive impact of SEK 17 M on operating profit in year-on-year terms.

Net financial items, tax and profit for the period

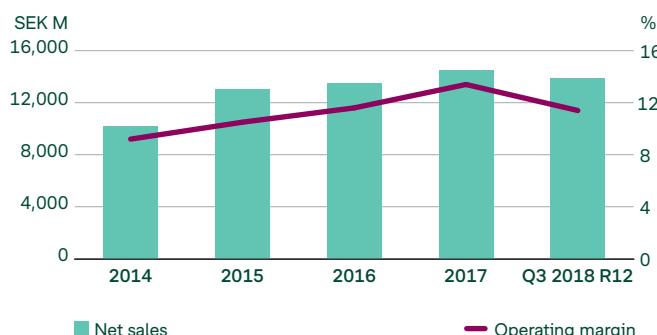
Net financial items were SEK -111 (-165) M. The increase was due to reduced borrowing denominated in roubles at a lower interest rate and decreased guarantee costs reported in Net financial items.

Profit after financial items was SEK 643 (962) M in the period.

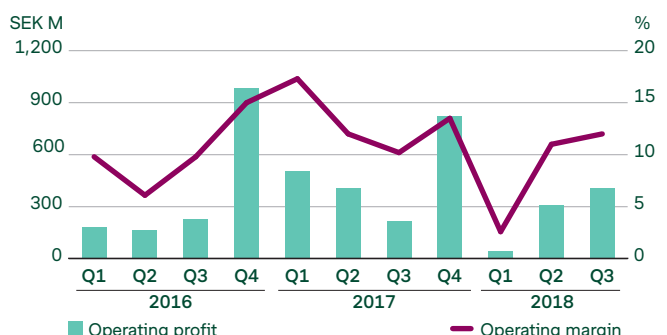
Tax on profit for the period was SEK -140 (-210)M, corresponding to a tax rate of 22 (22) per cent.

Profit for the period after tax amounted to SEK 503 (752) M.

Net sales and operating margin



Operating profit and operating margin



SEK M	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Okt 2017- Sep 2018	2017 Jan-Dec
Net sales per segment						
Sweden	1,103	984	2,818	4,512	4,005	5,699
Germany	1,551	677	2,971	2,363	5,657	5,049
Finland	491	222	1,136	600	1,825	1,290
Denmark-Norway	109	95	484	468	1,471	1,454
St. Petersburg	49	135	248	385	591	727
Other and eliminations	88	20	144	96	307	259
Total	3,391	2,135	7,802	8,424	13,857	14,479

SEK M	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Okt 2017- Sep 2018	2017 Jan-Dec
Operating profit per segment						
Sweden	201	169	568	1,004	794	1,230
Germany	220	75	306	244	730	668
Finland	28	-29	-15	-67	53	1
Denmark-Norway	-8	12	7	4	145	141
St. Petersburg	-3	21	28	56	76	104
Other and eliminations	-32	-31	-138	-114	-221	-197
Total	406	218	755	1,126	1,575	1,946

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 23,758 (20,057) M. The increase was mainly due to more housing units in ongoing production and an increased volume of properties held for future development.

NET DEBT

Net debt amounted to SEK 6,195 (5,041) M, of which net debt in Swedish tenant-owner associations and Finnish housing companies amounted to SEK 4,347 (4,739) M.

Excluding tenant-owner associations and housing companies, the Group had net debt of SEK 1,848 (302) M.

Net debt was up on the previous year, mainly due to increased net investments in housing projects. As of 30 June 2018, net debt amounted to SEK 5,607 M.

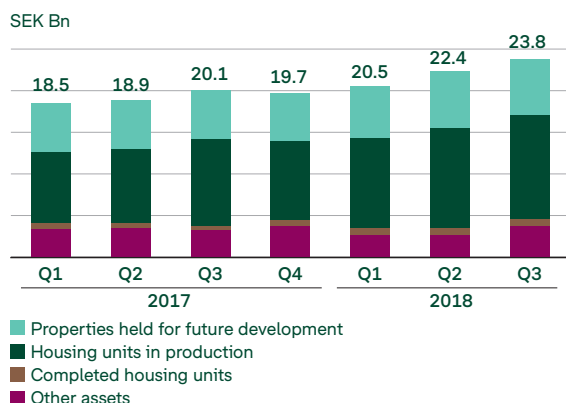
CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Return on capital employed amounted to 12.4 (18.5) per cent. The lower return was due to increased capital employed totalling SEK 13,696 (11,561) M and lower profit at the end of the period. Capital employed was up as a result of increased volumes of ongoing housing production in all business units, and more properties held for future development in all business units with the exception of St. Petersburg. This was partly offset by increased customer advances in Sweden, Germany, Finland and St. Petersburg. As of 30 June 2018, capital employed amounted to SEK 12,364 M.

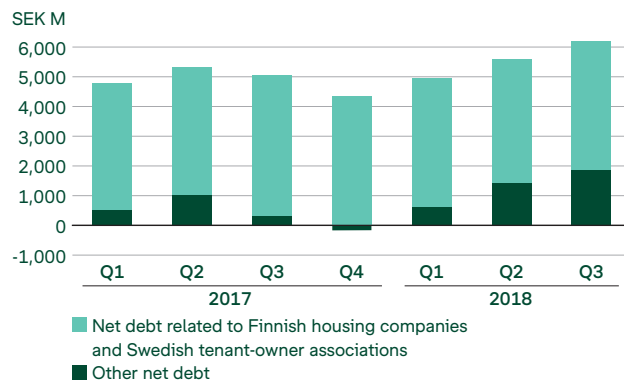
EQUITY/ASSETS RATIO AND DEBT/EQUITY RATIO

As of 30 September 2018, the equity/assets ratio was 28.1 (29.7) per cent. The equity/assets ratio is affected by seasonal fluctuations as the company's assets and liabilities 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 0.9 (0.8). The debt/equity ratio excluding tenant-owner associations and housing companies was 0.3 (0.1).

Allocation of assets



Net debt



CASH FLOW JULY–SEPTEMBER 2018

Cash flow before financing was SEK -588 (300) M for the quarter. Cash flow from operating activities before changes in working capital increased in the period, due to increased profit before tax and positive exchange rate effects.

Cash flow from sales of housing projects increased year-on-year, mainly in Germany. Investments in housing projects were also up in year-on-year terms, mainly in Germany.

Cash flow from changes in other working capital was down on the previous year, mainly as a result of decreased cash flow from interest-free receivables in Sweden, and lower cash flow from customer advances in all business areas with the exception of St. Petersburg.

JANUARY–SEPTEMBER 2018

Cash flow before financing was SEK -1,720 (-1,106) M for the first nine months of the year.

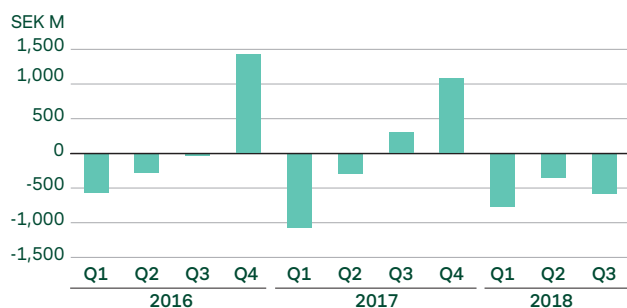
Cash flow from operating activities before changes in working capital was down in the period as profit before tax decreased and negative exchange rate effects were more extensive in the current year.

Cash flow from sales of housing projects was down in year-on-year terms due to decreased sales in Sweden, which was partly offset by increased sales in Germany and Finland. Investments in housing projects increased in Germany and Finland, but were down in Sweden. Cash flow from changes in other working capital was up on the previous year. Lower interest-free receivables in Sweden, increased accounts payable in Sweden and Finland and increased customer advances in Germany, Finland and St. Petersburg contributed.

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 are delivered to customers in the fourth quarter. Accordingly, earnings and cash flow before financing 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

JULY– SEPTEMBER 2018

Housing sales and housing starts

In the quarter, 962 (1,009) housing units were sold to consumers and 313 (327) housing units were sold to investors. Sales to consumers increased in St. Petersburg and Finland, while sales on other markets were down on the previous year. The average price per sold unit to consumers increased in all markets except in Denmark-Norway. The proportion of sold units increased in St. Petersburg, where average prices were lower than in other markets, which resulted in an unchanged average price to consumers of SEK 2.6 (2.6) M. The average price of sold units to investors amounted to SEK 1.9 (1.9) M. During the period, 1,204 (881) units were started for consumers and 247 (327) to investors.

Housing units in production as of 30 September 2018

At the end of the period, there were 7,343 (7,430) housing units for consumers and 2,986 (2,431) housing units for investors in production. As of 30 September 2018, the sales rate was 58 (57) per cent for housing units for consumers and 100 (100) per cent for investors. The completion rate at the end of the period was 53 (49) per cent for consumers and 44 (41) per cent for investors.

JANUARY– SEPTEMBER 2018

Housing sales and housing starts

In the quarter, 2,520 (2,648) housing units were sold to consumers and 720 (558) housing units were sold to investors. A total of 2,390 (3,541) housing units were sold to consumers and 720 (558) housing units to investors.

Estimated completions per quarter

In year-on-year terms, there are more housing units to complete from the fourth quarter 2018 and onwards. Of the total number of housing units yet to be completed, an estimated 29 (26) per cent are expected to be completed in the remainder of 2018.

Building rights as of 30 September 2018

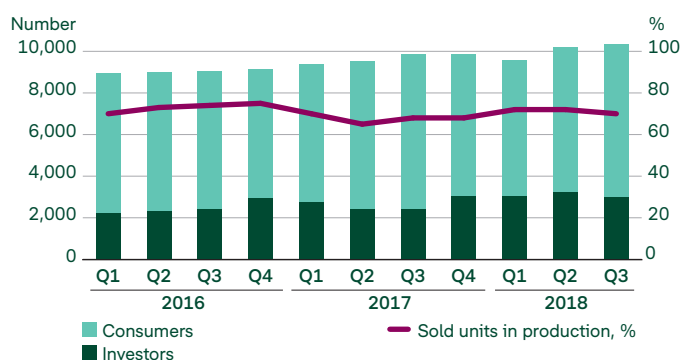
There were 32,600 (31,500) building rights, of which 17,000 (18,800) were recognised in the Balance Sheet. The largest increase in year-on-year building rights was in Denmark-Norway.

Unsold, completed housing units at the end of the period

The number of unsold completed housing units at period end was 237 (161). All housing units were for consumers, mainly in Finland, Sweden and St. Petersburg.

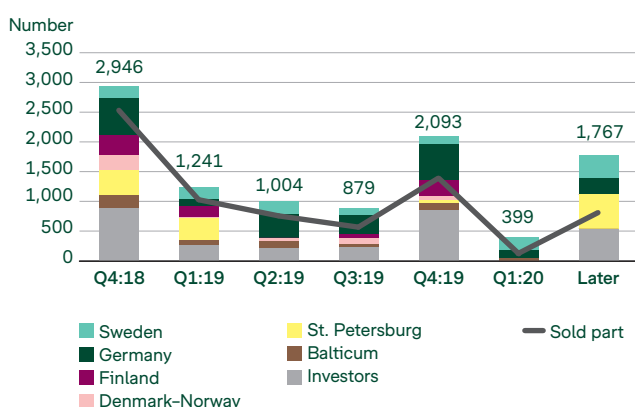
	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Housing units in ongoing production for consumers, at period end	7,343	7,430	7,343	7,430	6,844
Housing units in ongoing production for investors, at period end	2,986	2,431	2,986	2,431	3,036
Total number of housing units in ongoing production	10,329	9,861	10,329	9,861	9,880
Sales rate for ongoing production, %	70	68	70	68	68
Reservation rate for ongoing production, %	3	3	3	3	2
Sold and reserved housing units in ongoing production, %	74	71	74	71	70
Housing units for consumers sold in the period	962	1,009	2,520	2,648	3,984
Housing units for investors sold in the period	313	327	720	558	1,718
Number of housing units sold in the period	1,275	1,336	3,240	3,206	5,702
Sales value of housing units sold for consumers in the period, SEK M	2,539	2,651	6,238	7,321	10,490
Sales value of housing units sold for investors in the period, SEK M	587	627	1,314	956	2,918
Total	3,126	3,278	7,552	8,278	13,408
Housing starts for consumers in the period	1,204	881	2,390	3,541	4,984
Housing starts for investors in the period	247	327	720	558	1,718
Total housing starts in the period	1,451	1,208	3,110	4,099	6,702

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 72–74 of Bonava's Annual Report 2017 at www.bonava.com.

ORGANISATION AND EMPLOYEES

The Group's average number of employees was 1,923 (1,698) in the period.

SHARES AND SHAREHOLDERS

Bonava has two classes of share, class A and class B. The closing price on 29 September 2018 was SEK 127.00 per class A share and SEK 127.70 per class B share, corresponding to market capitalisation of SEK 13.7 Bn.

Bonava's share capital was SEK 434 M on the reporting date, divided between 108,435,822 shares and 226,513,257 votes. Bonava had 13,119,715 class A shares and 95,316,107 class B shares as of 29 September 2018. Each class A share carries ten votes and each class B share one vote.

At the end of the quarter, there were 31,797 shareholders. Bonava's largest shareholder was Nordstjernan AB. As of 29 September 2018, the ten largest shareholders controlled 65.7 per cent of the capital and 71.7 per cent of the votes.

LEGAL STRUCTURE

Effective 9 June 2016, NCC AB 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 40 M to NCC AB, has been reported at an amount corresponding to the fair value of three years' payments.

SIGNIFICANT EVENTS IN THE PERIOD

Torben Modvig, BU President for Bonava Denmark–Norway and a member of Bonava's Group management resigned from Bonava. The work of appointing a new BU president has begun.

TEN LARGEST SHAREHOLDERS AS OF 29 SEPTEMBER 2018

	No. of class A shares	No. of class B shares	Holding, %	Votes, %
Nordstjernan AB	10,000,000	10,323,759	18.7	48.7
AMF - Försäkring och Fonder	0	14,001,691	12.9	6.2
Swedbank Robur fonder	128,119	8,083,637	7.6	4.1
SEB Investment Management	0	6,625,401	6.1	2.9
Lannebo fonder	3,000	6,388,112	5.9	2.8
Fjärde AP-fonden	3,343	4,464,819	4.1	2.0
Länsförsäkringar fondförvaltning	0	3,667,715	3.4	1.6
Carnegie fonder	0	2,750,000	2.5	1.2
State Street Bank and Trust CO, W9	5,435	2,516,484	2.3	1.1
Handelsbanken fonder	0	2,403,526	2.2	1.1
Total, ten largest shareholders	10,139,897	61,225,144	65.7	71.7
Other	2,979,818	34,090,963	34.3	28.3
Total	13,119,715	95,316,107	100.0	100.0

Our markets

– projects started in 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.



MÄRTAS BERSÅ

Project start: Q3 2018

Location: Stockholm, Sweden

Housing category: Multi-family housing

Number of housing units: 104 homes for consumers

Nordic Swan eco-labelled residential units close to nature and central Sollentuna. At home you have your own oasis with a lush courtyard and a shared private harbour.

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



AM ENTENFANG

Project start: Q3 2018

Location: Wesseling, Germany

Housing category: semi-detached and row houses

Number of housing units: 142 homes for consumers

Affordable semi-detached and row houses in a vibrant and family friendly neighbourhood close to green areas. All housing units have underfloor heating, gardens with a terrace and private parking.

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



VANTAAN KILPUKKA

Project start: Q3 2018

Location: Vanda, Finland

Housing category: Multi-family housing

Number of housing units: 59 homes for consumers

Affordable homes for young first-time buyers, new families and older people. The project is close to nature and offers opportunities for a range of outdoor pursuits.

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

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



SKANDI KLUBB, PHASE 4

Project start: Q3 2018

Location: St. Petersburg, Russia

Housing category: Multi-family housing

Number of housing units: 283 homes for consumers

The final phase of Skandi Klubb will comprise 283 housing units. The project is adjacent to a children's nursery and a parking garage. In the neighbourhood there are playgrounds and sports facilities.



MAGNIFIKA LIFESTYLE, PHASE 2

Project start: Q3 2018

Location: St. Petersburg, Russia

Housing category: Multi-family housing

Number of housing units: 104 homes to consumers

The second phase of the Magnifika project was started during the quarter and comprises 104 units. In the neighbourhood there will be schools, playgrounds and a parking garage for the residents.

Sweden

MARKET PERFORMANCE

The housing market in Sweden remained cautious in the quarter, although house prices stabilised slightly nationwide.

JULY-SEPTEMBER 2018

Operational performance

Net sales

Net sales were up on the previous year, mainly as a result of a project for investors being recognised for profit in the period. No projects for investors were recognised for profit in the corresponding period of the previous year. The average price per housing unit to consumers recognised for profit was SEK 4.1 (3.3) M. The increased average price was mainly due to more single-family units recognised for profit in the period.

Operating profit

Operating profit was SEK 201 (169) M as a result of increased project margins from consumers and investors. Profit from sales of land totalled SEK 30 (63) M.

JANUARY-SEPTEMBER 2018

Operational performance

Net sales

Net sales were down on the previous year as a result of fewer housing units for consumers and investors recognised for profit and decreased sales of land. Profit from sales of land totalled SEK 390 (797) M. The average price per housing unit to consumers recognised for profit was SEK 3.8 (3.7) M.

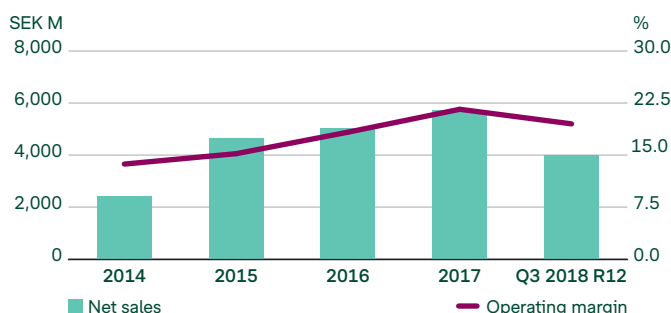
Operating profit

Operating profit was SEK 568 (1,004) M, mainly due to fewer housing units for consumers recognised for profit and lower profit from sales of land. Profit from sales of land totalled SEK 174 (437) M.

Capital employed and return on capital employed

In Sweden, properties held for future development and ongoing housing projects increased year-on-year, while customer advances were up, which reduced capital employed. Return on capital employed decreased year-on-year as a result of the lower operating profit.

Net sales and operating margin



	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Key financial figures					
Net sales, SEK M	1,103	984	2,818	4,512	5,699
Operating profit, SEK M	201	169	568	1,004	1,230
Operating margin, %	18.2	17.2	20.2	22.3	21.6
Capital employed at period end, SEK M	5,166	5,262	5,166	5,262	4,986
Return on capital employed, %	14.9	28.1	14.9	28.1	24.7
Building rights					
Number of building rights at period end	7,600	7,400	7,600	7,400	7,500
of which off-balance sheet building rights	5,300	4,600	5,300	4,600	4,900
Housing development for consumers					
Number of housing units sold in the period	80	190	159	534	621
Number of housing starts in the period	104	240	127	710	965
Number of profit-recognised housing units in the period	211	249	590	925	1,245
Number of housing units in production at period end	1,493	2,081	1,493	2,081	2,009
Sales rate for ongoing production, %	43	64	43	64	55
Housing development for investors					
Number of housing units sold in the period	66		230		90
Number of housing starts in the period			230		90
Number of profit-recognised housing units in the period	101		101	158	158
Number of housing units in production at period end	667	448	667	448	538
Sales rate for ongoing production, %	100	100	100	100	100

Germany

MARKET PERFORMANCE

The housing market in Germany remained strong with stable house prices and good demand from consumers and investors.

JULY-SEPTEMBER 2018

Operational performance

Net sales

In Germany, net sales increased as more housing units for consumers and investors were recognised for profit. The average price per housing unit to consumers was SEK 3.4 (3.5) M. In the quarter, three projects for investors were recognised for profit. In the corresponding period last year, one project for investors was recognised for profit.

Operating profit

Operating profit increased in Germany as more housing units for consumers and investors were recognised for profit, at the same time as project margins increased year-on-year.

JANUARY-SEPTEMBER 2018

Operational performance

Net sales

In Germany, net sales increased as more housing units for consumers and investors were recognised for profit. The average price per housing unit to consumers was unchanged at SEK 3.5 (3.5) M.

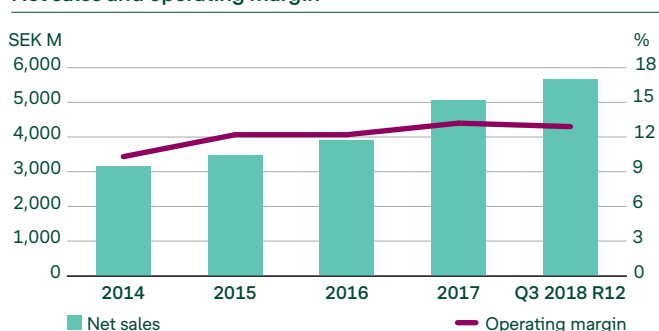
Operating profit

Operating profit increased in Germany as more housing units for consumers and investors were recognised for profit year-on-year. Profit from sales of land totalled SEK 10 (0) M.

Capital employed and return on capital employed

Properties held for future development and housing units in production increased year-on-year, generating an increase in capital employed. Return on capital employed decreased year-on-year as a result of the increased capital employed.

Net sales and operating margin



	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Key financial figures					
Net sales, SEK M	1,551	677	2,971	2,363	5,049
Operating profit, SEK M	220	75	306	244	668
Operating margin, %	14.2	11.0	10.3	10.3	13.2
Capital employed at period end, SEK M	4,048	2,828	4,048	2,828	3,037
Return on capital employed, %	21.1	21.8	21.1	21.8	23.0
Building rights					
Number of building rights at period end	8,900	8,800	8,900	8,800	8,300
of which off-balance sheet building rights	2,800	3,400	2,800	3,400	3,700
Housing development for consumers					
Number of housing units sold in the period	331	368	853	917	1,506
Number of housing starts in the period	402	272	1,000	816	1,455
Number of profit-recognised housing units in the period	312	157	660	501	1,135
Number of housing units in production at period end	2,452	2,101	2,452	2,101	2,105
Sales rate for ongoing production, %	66	70	66	70	68
Housing development for investors					
Number of housing units sold in the period		61		137	906
Number of housing starts in the period		61		137	906
Number of profit-recognised housing units in the period	233	71	309	292	611
Number of housing units in production at period end	1,170	1,029	1,170	1,029	1,479
Sales rate for ongoing production, %	100	100	100	100	100

Finland

MARKET PERFORMANCE

The housing market in Finland was good in the quarter, with stable house prices and good demand from consumers and investors.

JULY-SEPTEMBER 2018

Operational performance

Net sales

In Finland, net sales increased as more housing units were handed over to consumers and investors. The average price for housing units for consumers decreased to SEK 2.0 (2.3) M as a result of fewer housing units recognised for profit in the Helsinki area.

Operating profit

Operating profit in Finland increased in the third quarter year-on-year due to more housing units for consumers and investors recognised for profit at improved margins. Profit from sales of land totalled SEK 0 (2) M.

JANUARY-SEPTEMBER 2018

Operational performance

Net sales

In Finland, net sales increased as more housing units for consumers and investors were recognised for profit. The average price for housing units for consumers decreased to SEK 2.1 (2.4) M as a result of fewer housing units recognised for profit in the Helsinki area.

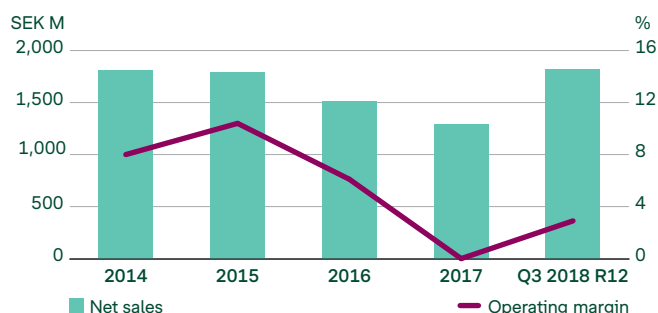
Operating profit

Operating profit in Finland increased in the second and third quarters, but was burdened by low margins in three projects recognised for profit. Profit from sales of land totalled SEK 1 (9) M.

Capital employed and return on capital employed

In Finland, investments in properties held for future development increased, which was partly offset by a lower share of ongoing housing projects. This meant that capital employed was up on the previous year. Return on capital employed decreased year-on-year as a result of increased average capital employed.

Net sales and operating margin



	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Key financial figures					
Net sales, SEK M	491	222	1,136	600	1,290
Operating profit, SEK M	28	-29	-15	-67	1
Operating margin, %	5.7	-13.1	-1.3	-11.2	0.0
Capital employed at period end, SEK M	1,563	1,427	1,563	1,427	1,284
Return on capital employed, %	3.4	7.0	3.4	7.0	-0.2
Building rights					
Number of building rights at period end	8,000	6,900	8,000	6,900	7,100
of which off-balance sheet building rights	5,100	3,500	5,100	3,500	4,300
Housing development for consumers					
Number of housing units sold in the period	163	105	386	344	579
Number of housing starts in the period	167	109	341	396	702
Number of profit-recognised housing units in the period	94	59	310	138	398
Number of housing units in production at period end	869	850	869	850	865
Sales rate for ongoing production, %	62	58	62	58	54
Housing development for investors					
Number of housing units sold in the period	110	197	328	351	628
Number of housing starts in the period	110	197	328	351	628
Number of profit-recognised housing units in the period	224	57	360	165	327
Number of housing units in production at period end	893	810	893	810	925
Sales rate for ongoing production, %	100	100	100	100	100

Denmark–Norway

MARKET PERFORMANCE

The housing market in Denmark was stable in the quarter, with slightly rising prices in the Copenhagen region, where Bonava is active. In Bergen, Norway, the housing market was good but house prices continued to decline slightly in the quarter following several years of price increases.

JULY–SEPTEMBER 2018

Operational performance

Net sales

Net sales in Denmark–Norway were higher than in the previous year due to an increased average price on housing units recognised for profit. The average price increased to SEK 4.3 (3.1) M due to more housing units recognised for profit at higher prices in Bergen.

Operating profit

Operating profit for Denmark–Norway decreased due to lower project margins year-on-year.

JANUARY–SEPTEMBER 2018

Operational performance

Net sales

Net sales in Denmark–Norway increased year-on-year. The average price increased to SEK 4.2 (3.4) M year-on-year due to more housing units recognised for profit at higher prices in Bergen.

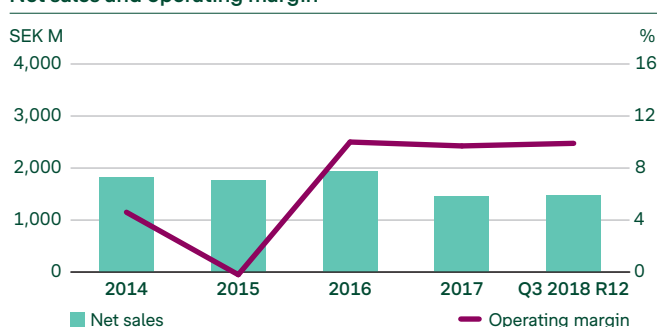
Operating profit

Operating profit for Denmark–Norway increased year-on-year due to improved project margins.

Capital employed and return on capital employed

In Denmark–Norway, properties held for future development and housing units in production increased year-on-year. This meant that capital employed was up on the previous year. Return on capital employed decreased year-on-year as a result of the increased capital employed.

Net sales and operating margin



	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Key financial figures					
Net sales, SEK M	109	95	484	468	1,454
Operating profit, SEK M	-8	12	7	4	141
Operating margin, %	-7.6	13.1	1.5	0.8	9.7
Capital employed at period end, SEK M	1,554	1,190	1,554	1,190	857
Return on capital employed, %	12.1	14.8	12.1	14.8	15.3
Building rights					
Number of building rights at period end	2,700	2,000	2,700	2,000	2,000
of which off-balance sheet building rights	1,700	600	1,700	600	800
Housing development for consumers					
Number of housing units sold in the period	46	70	162	274	362
Number of housing starts in the period	31	42	84	366	507
Number of profit-recognised housing units in the period	25	29	116	131	312
Number of housing units in production at period end	488	559	488	559	517
Sales rate for ongoing production, %	58	58	58	58	46
Housing development for investors					
Number of housing units sold in the period	137	70	162	70	94
Number of housing starts in the period	137	70	162	70	94
Number of profit-recognised housing units in the period					74
Number of housing units in production at period end	256	144	256	144	94
Sales rate for ongoing production, %	100	100	100	100	100

St. Petersburg

MARKET PERFORMANCE

In St. Petersburg, the market was good in the quarter, with slightly higher house prices and stable demand from consumers.

JULY-SEPTEMBER 2018

Operational performance

Net sales

In St. Petersburg, net sales decreased year-on-year as fewer housing units for consumers were recognised for profit. The average price per housing unit to consumers increased to SEK 1.6 (0.6) M. In the period, more housing units were recognised for profit in a higher price segment compared to the previous year.

Operating profit

Operating profit was down on the previous year due to fewer housing units for consumers recognised for profit.

JANUARY-SEPTEMBER 2018

Operational performance

Net sales

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

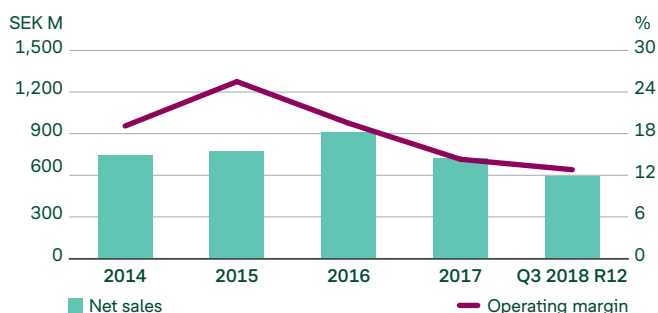
Operating profit

Operating profit was down on the previous year due to fewer housing units handed over to consumers, albeit at increased margins.

Capital employed and return on capital employed

In St. Petersburg, properties held for future development decreased as no investments in new land were made in the period. Ongoing housing projects also decreased year-on-year, reducing capital employed compared to the corresponding period in the previous year. Return on capital employed increased due to the lower capital employed.

Net sales and operating margin



	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Key financial figures					
Net sales, SEK M	49	135	248	385	727
Operating profit, SEK M	-3	21	28	56	104
Operating margin, %	-5.9	15.8	11.1	14.5	14.3
Capital employed at period end, SEK M	791	1,245	791	1,245	1,108
Return on capital employed, %	7.5	6.9	7.5	6.9	8.4
Building rights					
Number of building rights at period end	2,600	3,500	2,600	3,500	3,500
of which off-balance sheet building rights					
Housing development for consumers					
Number of housing units sold in the period	248	156	617	296	516
Number of housing starts in the period	435		634	813	813
Number of profit-recognised housing units in the period	28	234	169	585	833
Number of housing units in production at period end	1,447	1,176	1,447	1,176	813
Sales rate for ongoing production, %	55	29	55	29	33
Housing development for investors					
Number of housing units sold in the period					
Number of housing starts in the period					
Number of profit-recognised housing units in the period					
Number of housing units in production at period end					
Sales rate for ongoing production, %					

Condensed Consolidated Income Statement

SEK M	Note 1, 7	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Okt 2017- Sep 2018	2017 Jan-Dec
Net sales	4, 5	3,391	2,135	7,802	8,424	13,857	14,479
Production costs		-2,776	-1,705	-6,377	-6,712	-11,375	-11,710
Gross profit		614	430	1,425	1,712	2,481	2,768
Selling and administrative expenses		-208	-211	-670	-586	-906	-822
Operating profit	4	406	218	755	1,126	1,575	1,946
Financial income		2	4	6	9	8	11
Financial expenses		-37	-55	-117	-173	-180	-236
Net financial items		-35	-51	-111	-165	-173	-226
Profit after financial items	4	370	167	643	962	1,402	1,721
Tax on profit for the period		-82	-36	-140	-210	-250	-319
Net profit for the period		289	130	503	752	1,153	1,402
Attributable to:							
Bonava AB's shareholders		289	130	503	752	1,153	1,402
Non-controlling interests							
Net profit for the period		289	130	503	752	1,153	1,402
Per share data before and after dilution							
Earnings per share, SEK		2.68	1.21	4.67	6.96	10.70	12.99
Cash flow from operating activities, SEK		-5.16	3.20	-15.09	-9.33	-4.97	0.79
Shareholders' equity, SEK		61.93	55.12	61.93	55.12	61.93	61.48
No. of shares at the end of the period, million ¹⁾		107.6	107.9	107.6	107.9	107.6	107.9

¹⁾ The total number of shares repurchased as of 30 September 2018 was 815,061 (549,200). In 2018, 265,861 shares were repurchased.

Consolidated Statement of Comprehensive Income

SEK M	Note 1	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Okt 2017- Sep 2018	2017 Jan-Dec
Profit for the period		289	130	503	752	1,153	1,402
<i>Items that have been or may be reclassified to profit or loss for the period</i>							
Translation differences for the period in translation of foreign operations		-45	1	108	-18	139	13
Other comprehensive income for the period		-45	1	108	-18	139	13
Comprehensive income for the period		244	131	611	734	1,292	1,415
<i>Attributable to:</i>							
Bonava AB's shareholders		244	131	611	734	1,292	1,415
Non-controlling interests							
Comprehensive income for the period		244	131	611	734	1,292	1,415

Condensed Consolidated Balance Sheet

SEK M	Note 1, 3, 6, 7	2018 30 Sep	2017 30 Sep	2017 31 Dec
ASSETS				
Fixed assets		776	881	705
Current assets				
Properties held for future development		6,663	5,854	5,734
Ongoing housing projects		12,523	10,475	9,482
Completed housing units		921	456	815
Current receivables		2,121	1,899	1,855
Cash and cash equivalents	2	754	494	1,122
Total current assets		22,982	19,177	19,008
TOTAL ASSETS		23,758	20,057	19,713
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to parent company shareholders		6,665	5,947	6,633
Non-controlling interests		4	5	5
Total shareholders' equity		6,670	5,951	6,638
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	2	2,493	3,054	3,340
Other non-current liabilities		97	491	555
Non-current provisions		674	761	658
Total non-current liabilities		3,265	4,306	4,553
Current liabilities				
Current interest-bearing liabilities	2	4,533	2,555	2,024
Other current liabilities		9,291	7,245	6,497
Total current liabilities		13,824	9,800	8,521
Total liabilities		17,089	14,106	13,074
TOTAL EQUITY AND LIABILITIES		23,758	20,057	19,713

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 2017	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
Comprehensive income for the period	611		611
Dividend	-560	-1	-561
Purchase of treasury shares	-29		-29
Performance-based incentive program	10		10
Closing shareholders' equity, 30 September 2018	6,665	4	6,670

Condensed Consolidated Cash Flow Statement

SEK M	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	Okt 2017- Sep 2018	2017 Jan-Dec
OPERATING ACTIVITIES						
Profit after financial items	370	167	643	962	1,402	1,721
Adjustments for items not included in cash flow	94	-192	-158	-83	-127	-52
Tax paid	-41	-42	-83	-179	-110	-206
Cash flow from operating activities before changes in working capital	423	-67	402	700	1,164	1,462
Cash flow from changes in working capital						
Divestments of housing projects	2,849	1,650	6,423	6,853	11,510	11,940
Investments in housing projects	-3,511	-2,858	-10,110	-9,988	-14,332	-14,210
Other changes in working capital	-318	1,619	1,659	1,428	1,124	893
Cash flow from changes in working capital	-980	411	-2,028	-1,707	-1,698	-1,377
Cash flow from operating activities	-556	345	-1,626	-1,007	-534	85
INVESTING ACTIVITIES						
Cash flow from investing activities	-32	-44	-94	-99	-106	-111
CASH FLOW BEFORE FINANCING	-588	300	-1,720	-1,106	-640	-26
FINANCING ACTIVITIES						
Dividend paid			-281	-205	-486	-410
Purchase of treasury shares			-29	-30	-29	-30
Increase in interest-bearing financial liabilities	1,403	466	3,555	2,876	3,926	3,247
Decrease in interest-bearing financial liabilities	-313	-596	-1,910	-1,745	-2,552	-2,387
Change in interest-bearing receivables	-13	-6	1	89	21	109
Cash flow from financing activities	1,077	-136	1,336	985	880	528
CASH FLOW FOR THE PERIOD	489	164	-384	-122	240	502
Cash and cash equivalents at the beginning of the period	268	331	1,122	619	494	619
Exchange rate difference in cash and cash equivalents	-3		16	-3	20	1
Cash and cash equivalents at end of period	754	494	754	494	754	1,122

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 2017, pages 102–106. These policies are also available at www.bonava.com.

IFRS 9, Financial Instruments, was implemented on 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 has carried through an analysis that shows that IFRS 9 has not had a material effect. Therefore, Bonava has not restated the opening balances.

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 sales of land, at the time when the control over the housing unit or the land is transferred to the buyer, normally at the time of handover. Therefore, Bonava have not restated 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 is 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 increase, which will impact other key figures. Bonava is continuing the analysis in order to quantify the effects of the new leasing standard.

NOTE 2 Specification of net debt

SEK M	2018 30 Sep	2017 30 Sep	2017 31 Dec
Non-current interest-bearing liabilities	8	10	10
Current interest-bearing liabilities	70	64	68
Cash and cash equivalents	754	494	1,122
Interest-bearing receivables	831	569	1,200
Non-current interest-bearing liabilities	2,493	3,054	3,340
Current interest-bearing liabilities	4,533	2,555	2,024
Interest-bearing liabilities	7,026	5,609	5,364
Net debt	6,195	5,041	4,165
<i>of which, attributable to Swedish tenant-owner associations and Finnish housing companies</i>			
Cash and cash equivalents	137	143	78
Interest-bearing liabilities	4,484	4,882	4,411
Net debt in tenant-owner associations and housing companies	4,347	4,739	4,333
Other net debt	1,848	302	-168
Net debt	6,195	5,041	4,165

NOTE 3 Pledged assets, contingent liabilities and guarantee obligations

SEK M	2018 30 Sep	2017 30 Sep	2017 31 Dec
Assets pledged			
<i>For own liabilities:</i>			
Property mortgages	3,109	2,007	2,603
Restricted bank funds	11	51	11
Total pledged assets	3,120	2,058	2,614
Contingent and guarantee liabilities			
<i>Own contingent liabilities:</i>			
Deposits and concession fees ¹⁾	2,376	1,367	1,204
Other guarantees			105
Total contingent and guarantee liabilities	2,376	1,367	1,309

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

Jul-Sep 2018, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,103	1,551	491	109	49	88	3,391
Operating profit	201	220	28	-8	-3	-32	406
Net financial items							-35
Profit after financial items							370
Capital employed at period end	5,166	4,048	1,563	1,554	791	575	13,696
Jul-Sep 2017, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	984	677	222	95	135	20	2,135
Operating profit	169	75	-29	12	21	-31	218
Net financial items							-51
Profit after financial items							167
Capital employed at period end	5,262	2,828	1,427	1,190	1,245	-391	11,561
Jan-Sep 2018, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	2,818	2,971	1,136	484	248	144	7,802
Operating profit	568	306	-15	7	28	-138	755
Net financial items							-111
Profit after financial items							643
Capital employed at period end	5,166	4,048	1,563	1,554	791	575	13,696
Jan-Sep 2017, SEK M	Sweden	Germany	Finland	Denmark-Norway	St. Petersburg	Other and eliminations	Total
Net sales	4,512	2,363	600	468	385	96	8,424
Operating profit	1,004	244	-67	4	56	-114	1,126
Net financial items							-165
Profit after financial items							962
Capital employed at period end	5,262	2,828	1,427	1,190	1,245	-391	11,561
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	3,037	1,284	857	1,108	731	12,003

Other and eliminations, SEK M	Net sales					Operating profit				
	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Bonava's Head Office	68	65	201	166	212	-42	-26	-147	-113	-214
Operations in Estonia and Latvia	88	30	144	114	273	11	-5	8	-1	17
Adjustments and eliminations	-68	-75	-201	-183	-226					
TOTAL	88	20	144	96	259	-32	-31	-138	-114	-197

NOTE 5 Revenue reported by revenue stream

SEK M	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Net sales, housing units sold to consumers	6,089	6,424	11,221
Net sales, housing units sold to investors	1,244	1,036	2,119
Net sales, sales of land	428	878	1,036
Net sales, other	41	86	103
Total net sales	7,802	8,424	14,479

The revenue is recognised at one point in time, when the control over the housing unit or land is transferred to the buyer.

NOTE 6 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 financial instruments 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	2018 30 Sep	2017 30 Sep	2017 31 Dec
Derivative instruments not used for hedge accounting	70	6	11
TOTAL ASSETS	70	6	11
Derivative instruments not used for hedge accounting	4	80	82
Total liabilities	4	80	82

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

NOTE 7 Transactions with related parties

In the period until the listing on 9 June 2016, Bonava constituted the NCC Housing operating segment of the NCC AB Group. After this date, all transactions with the NCC AB Group, which is an associated company in the Nordstjernan Group, have been priced on a commercial basis.

Joint ventures and joint arrangements are categorised as related parties. Other companies within 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 the NCC AB Group, SEK M	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Sales	3	2	4
Purchases	1,511	2,106	2,583
Account receivable	1		
Non-current interest-bearing liabilities	27	33	35
Current interest-bearing liabilities	13	12	12
Accounts payable	174	109	60
Contingent liabilities	233	206	221

Parent Company

JANUARY-SEPTEMBER 2018

The parent company comprises the operations of Bonava AB (publ). The company's net sales amounted to SEK 197 (166) M. Profit after financial items was SEK 1,124 (104) M.

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK M	Note 1	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Net sales		197	166	212
Selling and administrative expenses		-330	-265	-407
Operating profit		-133	-99	-195
Profit from participations in Group companies		1,194	169	432
Financial income		112	136	176
Financial expenses		-50	-102	-128
Profit after financial items		1,124	104	284
Appropriations				141
Profit before tax		1,124	104	425
Tax on profit for the period		12	13	3
Profit for the period		1,136	117	428

PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	Note 2	2018 30 Sep	2017 30 Sep	2017 31 Dec
Assets				
Fixed assets		2,487	2,324	2,509
Current assets		6,177	3,737	3,821
Total assets		8,664	6,061	6,330
Equity and liabilities				
Shareholders' equity		5,751	4,894	5,208
Provisions		1	1	2
Non-current liabilities		621	614	592
Current liabilities		2,292	552	528
Total equity and liabilities		8,664	6,061	6,330

Notes to the Parent Company

Income Statement and Balance Sheet

NOTE 1 Accounting principles

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 in the preparation of this Interim Report apply to all periods and comply with the accounting policies pre-sented in Note 1 Significant accounting policies in Bonava's Annual Report 2017, pages 102–106, and page 127. These policies 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	2018 30 Sep	2017 30 Sep	2017 31 Dec
Guarantees	19,146	18,845	17,740

Sector-related key figures for the Group

Group	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Building rights at period end	32,600	31,500	32,600	31,500	31,400
Of which off-balance-sheet building rights	15,600	12,700	15,600	12,700	14,600
Housing development for consumers					
Housing units recognised for profit in the period	750	769	1,984	2,437	4,294
Housing starts in the period	1,204	881	2,390	3,541	4,984
Sales value of housing units sold for consumers in the period, SEK M	2,539	2,651	6,238	7,321	10,490
Housing units sold in the period	962	1,009	2,520	2,648	3,984
Housing units in production at period end	7,343	7,430	7,343	7,430	6,844
Sales rate for ongoing production, %	58	57	58	57	54
Reservation rate for ongoing production, %	5	4	5	4	3
Completion rate for ongoing production, %	53	49	53	49	44
Completed housing units, not recognised for profit, at period end	282	205	282	205	377
Housing units for sale (ongoing and completed), at period end	3,309	3,336	3,309	3,336	3,443
Housing development for investors					
Housing units recognised for profit in the period	558	127	770	615	1,170
Housing starts in the period	247	327	720	558	1,718
Sales value of housing units sold for investors in the period, SEK M	587	627	1,314	956	2,918
Housing units sold in the period	313	327	720	558	1,718
Housing units in production at period end	2,986	2,431	2,986	2,431	3,036
Sales rate for ongoing production, %	100	100	100	100	100
Completion rate for ongoing production, %	44	41	44	41	32

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Housing development for consumers					
Housing units in production, at beginning of period	6,881	7,071	6,844	6,158	6,158
Housing starts in the period	1,204	881	2,390	3,541	4,984
Housing units recognised for profit in the period	-750	-769	-1,984	-2,437	-4,294
Decrease (+)/increase (-) in completed housing units, not recognised for profit, at period end	8	247	93	168	-4
Housing units in production at period end	7,343	7,430	7,343	7,430	6,844
Housing development for investors					
Housing units in production, at beginning of period	3,297	2,426	3,036	2,955	2,955
Housing starts in the period	247	327	720	558	1,718
Housing units recognised for profit in the period	-558	-127	-770	-615	-1,170
Time offset between completion and profit recognition in Bonava Finland ¹⁾		195		467	-467
Housing units in production at period end	2,986	2,431	2,986	2,431	3,036

¹⁾ In the past, Bonava Finland 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	2018 30 Sep	2017 30 Sep	2017 31 Dec
Return on capital employed, % ¹⁾	12.4	18.5	16.6
Interest coverage ratio, multiple ¹⁾	8.8	8.5	8.3
Equity/assets ratio, %	28.1	29.7	33.7
Interest bearing liabilities/total assets, %	29.6	28.0	27.2
Net debt	6,195	5,041	4,165
Net debt, excl. tenant-owners associations/housing companies	1,848	302	-168
Debt/equity ratio, multiple	0.9	0.8	0.6
Debt/equity ratio excl. tenant-owner associations/housing companies, multiple	0.3	0.1	0.0
Capital employed at period end	13,696	11,561	12,003
Capital employed, average	12,329	11,197	11,419
Capital turnover rate, multiple ¹⁾	1.1	1.3	1.3
Share of risk-bearing capital, %	28.6	30.4	33.8
Dividend, SEK per share			5.20
Average interest rate at period-end, % ²⁾	1.05	3.60	2.86
Average period of fixed interest, years ²⁾	0.2	0.2	0.2
Average interest rate at period-end, % ³⁾	1.31	1.36	1.40
Average period of fixed interest, years ³⁾	0.1	0.1	0.1

¹⁾ Calculated on 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, 24 October 2018

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

Joachim Hallengren
President and CEO

For more information, please contact
Ann-Sofi Danielsson, CFO and Head of Investor Relations
ann-sofi.danielsson@bonava.com
Tel: +46 706 740 720

Audit Review

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

INTRODUCTION

We have conducted a review of the financial Interim Report of Bonava AB (publ) as of 30 September 2018 and the nine-month period ending on this date. The Board of Directors and CEO are responsible for the preparation and presentation of this Interim Report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on the Interim Report based on our review.

FOCUS AND SCOPE OF THE REVIEW

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

analytical and other review procedures. A review has a different focus and is significantly limited in scope compared to the focus and scope of an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards. The procedures performed in a review do not allow us to obtain a level of assurance that would make us aware of all significant matters that might have been identified in an audit. Therefore, the conclusion expressed based on a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

CONCLUSION

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

Stockholm, Sweden, 24 October 2018
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in Charge

Ulrika Ramsvik
Authorized Public Accountant

FINANCIAL CALENDAR

- Q4 Year-end Report Oct–Dec: 24 January 2019
- Annual General Meeting 2019: 10 April 2019
- Q1 Interim Report Jan–Mar: 25 April 2019

CONTACT

Ann-Sofi Danielsson, CFO and Head of Investor Relations
ann-sofi.danielsson@bonava.com
Tel: +46 8 409 544 00
Tel: +46,706 740 720

Rasmus Blomqvist, Investor Relations
rasmus.blomqvist@bonava.com
Tel: +46 737 739 845

PUBLICATION

This information is such that Bonava AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person above on 24 October 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: 24 October 2018, 10:00-11:00 a.m. CET. 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 web-site, and it will be possible to view a video of the presentation after the event.