



Half-year Report January–June 2019



Good demand in a mixed market

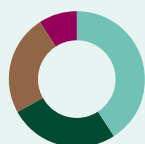
1 APRIL–30 JUNE 2019

- Net sales amounted to SEK 2,758 M (2,773)
- Operating profit was SEK 182 M (306), of which profit from sale of land totalled SEK 62 M (93)
- Operating margin was SEK 6.6 per cent (11.0)
- Profit after financial items was SEK 160 M (270)
- Profit for the period after tax amounted to SEK 120 M (212)
- Cash flow before financing was SEK 21 M (–358)
- Earnings per share was SEK 1.11 (1.96)¹⁾
- Return on capital employed was 11.8 per cent (11.3)

1 JANUARY–30 JUNE 2019

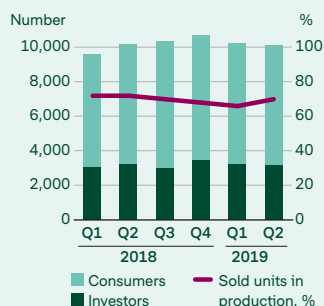
- Net sales amounted to SEK 5,595 M (4,411)
- Operating profit was SEK 347 M (349), of which profit from land sales totalled SEK 62 M (154)
- Operating margin was SEK 6.2 per cent (7.9)
- Profit after financial items was SEK 294 M (273)
- Profit for the period after tax amounted to SEK 220 M (214)
- Cash flow before financing was SEK –1,074 M (–1,132)
- Earnings per share was SEK 2.04 (1.98)¹⁾
- Return on capital employed was 11.8 per cent (11.3)

Net sales per segment rolling 12 month

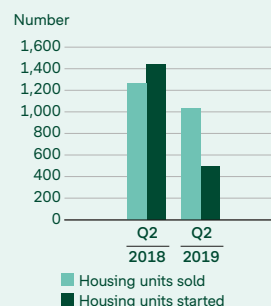


Germany, 41%
Sweden, 26%
Nordic, 24%
St. Petersburg-Baltics, 9%

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



Number of housing units sold and housing units started



	2019 Apr–Jun	2018 Apr–Jun	2019 Jan–Jun	2018 Jan–Jun	Jul 2018– Jun 2019	2018 Jan–Dec
Net sales	2,758	2,773	5,595	4,411	15,192	14,008
Operating profit	182	306	347	349	1,652	1,654
Operating margin, %	6.6	11.0	6.2	7.9	10.9	11.8
Profit after financial items	160	270	294	273	1,534	1,513
Profit for the period after tax	120	212	220	214	1,271	1,265
Earnings per share, SEK ¹⁾	1.11	1.96	2.04	1.98	11.81	11.74
Cash flow before financing	21	–358	–1,074	–1,132	–706	–764
Net debt ²⁾	7,272	5,607	7,272	5,607	7,272	5,542
Capital employed at period end ³⁾	14,833	12,364	14,833	12,364	14,833	13,332
Return on capital employed, % ⁴⁾	11.8	11.3	11.8	11.3	11.8	12.8
Equity/assets ratio, %	29.9	28.7	29.9	28.7	29.9	34.9
Number of housing units sold in the period	1,038	1,263	1,769	1,965	5,813	6,009
Sales value of housing units sold in the period	2,997	2,824	4,836	4,426	15,329	14,919
Number of housing starts in the period	499	1,440	1,222	1,659	6,041	6,478
Number of housing units in production at period end	10,121	10,178	10,121	10,178	10,121	10,712
Sales rate for ongoing production, %	70	72	70	72	70	68
Value of sold housing units, not yet recognised for profit, SEK Bn	20.6	19.9	20.6	19.9	20.6	21.1
Number of housing units recognised for profit in the period	869	875	2,137	1,446	5,916	5,225

¹⁾ Before and after dilution.

²⁾ Net debt as of 30 June 2019 excluding effects of IFRS 16 Leases, was SEK 6,896 M.

³⁾ Capital employed at period end 30 June 2019, excluding effects of IFRS 16 Leases, was SEK 14,460 M.

⁴⁾ Calculated on rolling 12-month basis.

Comments from the CEO

Sales to consumers continued to increase in all segments except for St. Petersburg-Baltics. We have seen a gradual improvement in Sweden during the year and sales to consumers tripled compared to the previous year. The demand from investors is also still on a high level although the transactions occur unevenly throughout the year. Units in ongoing production is stable and even though we started relatively few units during the second quarter, more starts are planned for the remaining year.

Housing units sold totalled 1,038 (1,263), and we started construction of 499 (1,440) new housing units. We have 10,121 (10,178) housing units in production with a sales rate of 70 (72) per cent. Net sales totalled SEK 2,758 M (2,773). Operating profit was SEK 182 M (306). Cashflow before financing was SEK 21 M (-358).

GOOD DEMAND FOR BONAVA'S HOUSING

There are c. 35 million inhabitants in the regions in Germany where Bonava is active, and the trend indicates that more people want to own their homes rather than renting. Bonava is continuing to grow in Germany, and the number of housing units in production increased by 13 per cent. Demand for our housing units is high, as evidenced by the 80 per cent sales rate. In the quarter, Bonava was recognised as Germany's most active developer 2018 for the seventh year running. The number of housing starts is expected to decrease slightly this year, as it takes time for the authorities to process planning applications and building permits. Net sales increased in Germany with improved profitability.

In Sweden, the housing market remained cautious even if we're now seeing signs of the market stabilising. While construction is expected to decrease in Sweden, we're also seeing increased house price optimism. In June, we launched new market-adapted prices for the Kristineberg development in Stockholm, which contributed to increased sales. We can conclude that there is considerable interest in our housing. Profitability decreased in the second quarter due to the hand-over of housing units in price-adjusted projects in Stockholm, while housing units were handed over at margins above average in the second quarter of last year.

The housing markets in Nordic vary. In Norway, demand is good, while the supply of new apartments in Bonava's regions in Finland and Denmark is high at the same time as demand has slowed. Net sales and profit decreased year-on-year.

In St. Petersburg and the Baltics, demand is good and prices are stable. A large number of housing units were handed over in the quarter, which contributed to strong profit and cashflow.

SOLID PLATFORM FOR VALUE CREATION

Conclusively we have seen a good demand for Bonava's housing with a positive sales development in the quarter. An increased focus on sales and marketing activities have shown results. Our strategy of being active on multiple markets and focusing on both consumers and investors contributes to increased flexibility and the ability to allocate capital and resources to locations where they generate the most value. At present, we're facing some challenges in Nordic and Sweden, while Germany continues to indicate strong potential for future growth.

Joachim Hallengren,
President and CEO



JOACHIM HALLENGREN, PRESIDENT AND CEO

About Bonava

Bonava develops and sells homes across 23 regions in eight countries. Bonava's selected geographical markets are Germany, Sweden, Finland, Denmark, Norway, St. Petersburg, Estonia and Latvia. Bonava focuses on major city regions with pronounced growth and with stable local labour markets, which generates demand for new housing over time. Bonava develops land into affordable and sustainable neighbourhoods, where housing is adapted to customers'

wants and needs, as well as the unique circumstances of each place. Bonava provides multi-family housing and single-family housing, and develops homes for consumers and investors, such as pension funds, alongside municipalities and other stakeholders. That is how Bonava helps to create new and vibrant neighbourhoods.

Bonava has created homes and neighbourhoods since the 1930s and has been listed on Nasdaq Stockholm Large Cap since 2016.

Vision

Our vision is to create happy neighbourhoods where people have the highest quality of life. We understand that this means different things to different people and that it might vary over time. This is why we're on a constant quest to find out what makes people happy where they live.

Mission

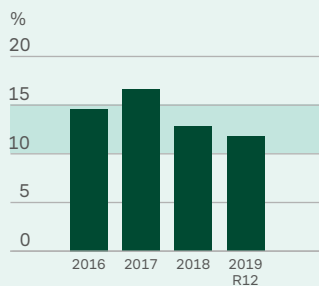
We challenge ourselves every day to change the housing game, creating better homes and lives for the many.

Strategic initiatives

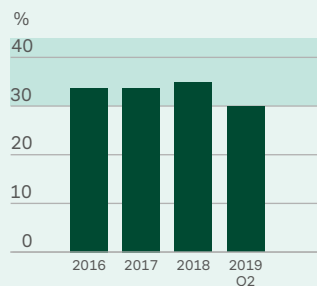
- Develop a differentiated brand and offering based on survey-driven customer insights
- Increase returns by market consolidation and growth in Germany
- Increase efficiency by taking control of and digitalising the design and production process
- Reduce costs by increased economies of scale through group-wide procurement

Financial targets

Return on capital employed (%), target 10–15%

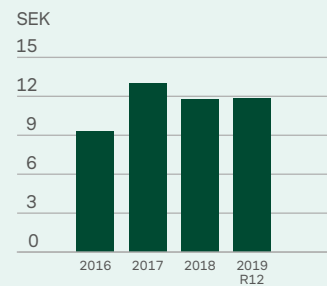


Equity/assets ratio (%), target >30%



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

Earnings per share, SEK



Sustainability targets



Happy neighbourhoods for the many

By 2020, 50 per cent of Bonava's production starts of housing units shall be in the affordable segment.



Protecting our planet

By 2020 Bonava shall fight climate change through science-based targets. By 2020, 50 per cent of Bonava's production starts of housing units on markets with Nordic Swan eco-labelling or Green Zoom certification, shall be subject to environmental certification or labelling.



Passionate Workplace

The long term goal of Zero-Harm means that no person, whether an employee, subcontractor, member of the public or customer should be harmed or become ill because of Bonava's workplaces.

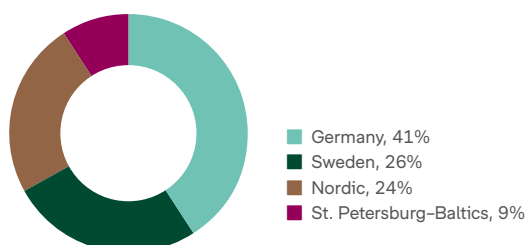


Reliable business

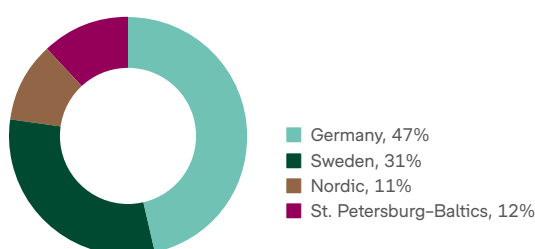
Bonava shall publish annual Sustainability Reports in accordance with GRI's guidelines and report progress to UN Global Compact.

A leading residential developer in northern Europe

Net sales per segment rolling 12 month



Operating profit per segment rolling 12 month*



* Excluding parent company and eliminations



Market progress

The market for new production of housing units has grown on the markets where Bonava is active in recent years, and favourable macro-economic and demographic factors have resulted in increased demand for new production. In the last five years, investments in new productions increased by over 25 per cent in the EU and total investments amounted to EUR 316 Bn (312) in 2018¹⁾. More than 90 per cent of Bonava's net sales in 2018 were derived from Germany, Sweden, Finland, Denmark and Norway. Investments on these markets have increased in recent years, and in 2018 investments in new production on these markets totalled EUR 98 Bn (95). In the last five years, investments increased most in Germany, Sweden and Denmark.

PROGRESS IN THE QUARTER

The housing market in Germany is strong with good demand and stable prices. The high construction rate in Germany has created delays to the processing of planning applications and building permits by the authorities. In Sweden, the housing market has somewhat stabilised. A high proportion of price-reduced new build housing units in Stockholm was recorded in April. Supply is expected to decrease in Sweden, and house price indices suggest price optimism. In Finland, the housing market is somewhat cautious with increased volumes of new production apartments for sale at the same time as economic growth is expected to slow down. In Denmark, volumes sold have been affected by new amortisation regulations and uncertainty regarding future property taxation. The housing market in Norway is stable. The markets in St. Petersburg and the Baltics were stable with good demand and positive price growth in the period. In the long term, a stable price development is expected. The demand from investors is still on a high level across all our segments.

¹⁾ Estimated value of investments in all housing projects in EUR Bn. Euroconstruct, report 86, 2018.

Group performance

As of 1 January 2019, Bonava has adjusted the segment reporting (comparative numbers have been restated), refer to note 1 and 2. Bonava also applies IFRS 16 Leases as of 1 January 2019, refer to note 1 and 5 for more information.

APRIL–JUNE 2019

Operational performance

Net sales

Net sales were in-line with the corresponding quarter previous year and amounted to SEK 2,758 M (2,773).

In the quarter, 706 (663) housing units for consumers were recognised for profit, with net sales of SEK 2,212 M (2,262). The average price per housing unit was SEK 3.1 M (3.4). The decrease is due to more housing units recognised for profit in St. Petersburg–Baltics compared to the corresponding quarter in the previous year when more housing units were recognised for profit in Sweden.

During the quarter, the number of housing units for investors recognised for profit in Germany, Sweden and Nordic was 163 (212), net sales amounted to SEK 371 M (300). The average price per housing unit was SEK 2.3 M (1.4). The increase is attributable to a higher average price per housing unit in Germany and Nordic, in combination with no housing units delivered to investors in Sweden in the previous year.

Exchange rate fluctuations had a positive impact of SEK 56 M on consolidated net sales in year-on-year terms.

Operating profit

Operating profit for the period was SEK 182 M (306). The decrease was mainly attributable to a lower profit from consumers in Sweden and Nordic. Profit from land sales amounted to SEK 62 M (93).

Exchange rate fluctuations had a positive impact of SEK 7 M on operating profit in year-on-year terms.

Net financial items, tax and profit for the period

Net financial items were SEK –22 M (–36). The improvement was due to decreased borrowing in roubles.

Profit after financial items in the quarter was SEK 160 M (270).

Tax on profit for the quarter was SEK –41 M (–58), corresponding to a tax rate of 25 (22) per cent.

Profit for the period after tax amounted to SEK 120 M (212).

JANUARY–JUNE 2019

Operational performance

Net sales

Net sales amounted to SEK 5,595 M (4,411). The increase was due to higher net sales from both consumers and investors.

In the period, 1,743 (1,234) housing units for consumers were recognised for profit, with net sales of SEK 4,570 M (3,747). The average price per housing unit for consumers was SEK 2.6 M (3.0). The decrease is due to more housing units recognised for profit in St. Petersburg–Baltics where the average price per housing unit is lower.

The number of housing units for investors recognised for profit in Germany, Sweden and Nordic was 394 (212), net sales amounted to SEK 839 M (301). The average price per housing unit was SEK 2.1 M (1.4). The increase was due to higher average price per housing unit in Germany and Nordic in combination with no housing units in Sweden delivered to investors in the previous year.

Exchange rate fluctuations had a positive impact of SEK 114 M on consolidated net sales in year-on-year terms.

Operating profit

Operating profit for the period was SEK 347 M (349). Higher profit from both consumers and investors was offset by lower profit from land sales, which amounted to SEK 62 M (154).

Exchange rate fluctuations had a positive impact of SEK 6 M on operating profit in year-on-year terms.

Net financial items, tax and profit for the period

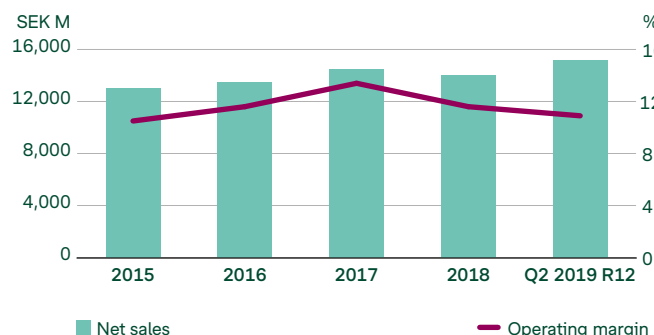
Net financial items were SEK –53 M (–76). The improvement was due to decreased borrowing in roubles.

Profit after financial items in the period was SEK 294 M (273).

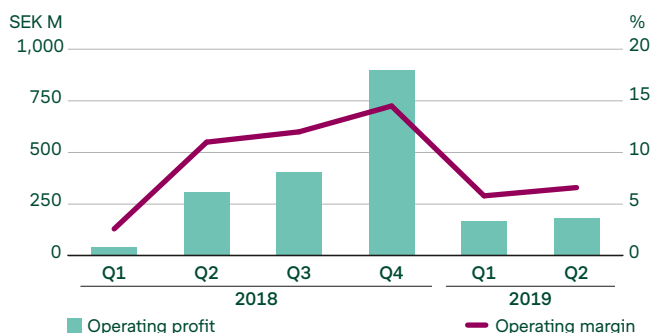
Tax on profit for the period was SEK –74 M (–59), corresponding to a tax rate of 25 (22) per cent.

Profit for the period after tax amounted to SEK 220 M (214).

Net sales and operating margin



Operating profit and operating margin



Group performance

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	Jul 2018- Jun 2019	2018 Jan-Dec
Net sales per segment						
Germany	1,185	1,028	1,888	1,421	6,202	5,736
Sweden	957	976	1,745	1,715	4,006	3,976
Nordic	409	670	1,208	1,020	3,677	3,488
St. Petersburg-Baltics	207	96	754	256	1,306	808
Parent company and eliminations		2				
Total	2,758	2,773	5,595	4,411	15,192	14,008

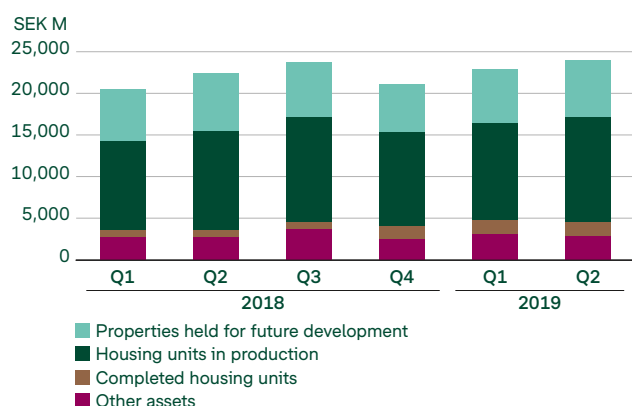
	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	Jul 2018- Jun 2019	2018 Jan-Dec
Operating profit per segment						
Germany	145	101	172	86	882	796
Sweden	93	231	184	367	577	761
Nordic	-29	19	-27	-28	197	196
St. Petersburg-Baltics	33	8	138	28	217	108
Parent company and eliminations	-59	-53	-119	-104	-221	-206
Total	182	306	347	349	1,652	1,654

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 23,936 M (22,381). The increase was primarily due to a higher volume of ongoing housing projects and more completed housing units.

Distribution of assets

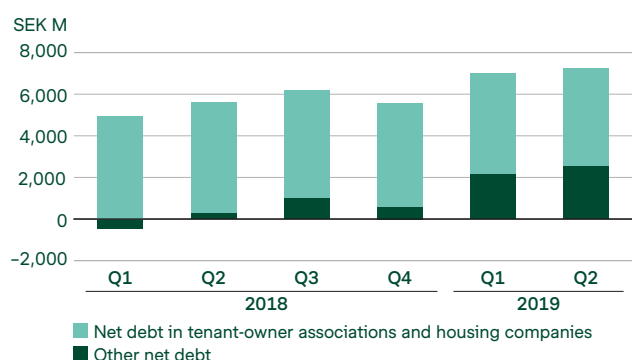


NET DEBT

Net debt amounted to SEK 7,272 M (5,607). Swedish tenant-owner associations and Finnish housing companies had a net debt of SEK 4,712 M (5,356) in total, whereby SEK 1,204 M (1,162) related to financing via parent company credit facilities directly attributable to Swedish tenant-owner associations.

Consolidated net debt for other operations was SEK 2,559 M (251). Net debt was up on the previous year, mainly due to net investments in housing projects. As of 31 March 2019, net debt amounted to SEK 7,031 M. Net debt excluding effects from IFRS 16 Leases amounted to SEK 6,896 M. See Note 1 and Note 5 for more information.

Net debt



CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Return on capital employed was 11.8 per cent (11.3). The increased return was due to higher average operating profit, excluding interest expense which partly was offset by a higher average capital employed, which amounted to SEK 14,833 M (12,364) at the end of the period. Capital employed increased due to higher volumes of ongoing housing projects and an increase in completed housing units. As of 31 March 2019, capital employed amounted

to SEK 14,998 M. Excluding the effects of IFRS 16 Leases, capital employed was SEK 14,460 M at the end of the period, and return on capital employed was 11.9 per cent.

EQUITY/ASSETS AND DEBT/EQUITY RATIO

As of 30 June 2019, the equity/assets ratio was 29.9 per cent (28.7). Bonava's equity/assets ratio is affected by seasonal fluctuations as the company's assets and liabilities increase in the first three quarters of the year and then decrease in the fourth quarter, when a large number of housing units are handed over to customers and recognised for profit. The debt/equity ratio was 1.0 (0.9).

CASH FLOW

APRIL-JUNE 2019

Cash flow before financing was SEK 21 M (-358) in the quarter. Cash flow from operating activities before changes in working capital was down in the quarter year-on-year. This was due to decreased profit after financial items.

Cash flow from sales of housing projects was in line with the corresponding period in the previous year. Investments in housing projects decreased in Sweden and Nordic.

Cash flow from changes in other working capital was higher because prior accrued expenses were not settled to the same extent as the previous year, however, this was partly offset by a lower cash flow from customer advances.

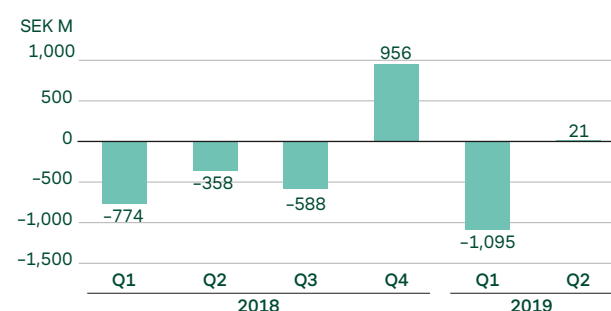
JANUARY-JUNE 2019

Cash flow before financing was SEK -1,074 M (-1,132). Cash flow from operating activities before changes in working capital was down, mainly due to higher taxes paid compared to the corresponding period in the previous year.

Sales of housing projects increased, mainly in Germany, Sweden and Nordic, whilst investments were in-line with the previous year.

Cash flow from changes in other working capital was lower due to decreased cash flow from customer advances in Germany, Sweden and Nordic.

Cash flow before financing



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. This is illustrated on page 10 in the graphs showing estimated completions per quarter.

Housing sales, housing starts and building rights

APRIL-JUNE 2019

Housing sales and housing starts

In the quarter, 912 (856) housing units were sold to consumers and 126 (407) housing units were sold to investors. Sales to consumers increased in all segments with the exception of St. Petersburg-Baltics. The average price for housing units sold to consumers increased to SEK 3.1 M (2.5), due to higher proportion of total Group sales taking place in Sweden. In addition, average housing prices in Germany increased. In the quarter, 373 (1,033) housing units were started for consumers and 126 (407) housing units were started for investors. The total number of production starts decreased mainly in Germany and St. Petersburg-Baltics in the comparable quarter year-on-year.

JANUARY-JUNE 2019

Housing sales and housing starts

In the period, 1,643 (1,558) housing units were sold to consumers and 126 (407) housing units were sold to investors. Sales to consumers mainly increased in Sweden compared to the corresponding period in the previous year. The average price for housing units sold to consumers increased to SEK 2.8 M (2.4), due to more housing units sold in Sweden and an increase in average housing prices in Germany. In the period, 1,096 (1,252) housing units were started for consumers and 126 (407) housing units were started for investors. The total number of production starts decreased mainly in Germany and Sweden compared to the corresponding period in the previous year.

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Housing units for consumers sold in the period	912	856	1,643	1,558	3,906
Housing units for investors sold in the period	126	407	126	407	2,103
Total housing units sold in the period	1,038	1,263	1,769	1,965	6,009
Sales value of housing units for consumers sold in the period	2,783	2,098	4,622	3,699	10,223
Sales value of housing units for investors sold in the period	214	727	214	727	4,696
Total housing units sales value sold in the period	2,997	2,824	4,836	4,426	14,919
Housing starts for consumers in the period	373	1,033	1,096	1,252	4,375
Housing starts for investors in the period	126	407	126	407	2,103
Total number of housing starts in the period	499	1,440	1,222	1,659	6,478
Housing units in ongoing production for consumers at period end	6,936	6,947	6,936	6,947	7,259
Housing units in ongoing production for investors at period end	3,185	3,231	3,185	3,231	3,453
Total number of housing units in production at period end	10,121	10,178	10,121	10,178	10,712
Sales rate for ongoing production, %	70	72	70	72	68
Reservation rate for ongoing production, %	3	3	3	3	3
Sold and reserved housing units in ongoing production, %	73	75	73	75	71

Housing units in production as of 30 June 2019

At the end of the period, there were 6,936 (6,947) housing units for consumers and 3,185 (3,231) housing units for investors in production. As of 30 June 2019, the sales rate was 57 per cent (58) for housing units for consumers and 100 per cent (100) for housing units for investors. At the end of the period, the completion rates were 55 per cent (51) for consumers and 38 per cent (47) for investors.

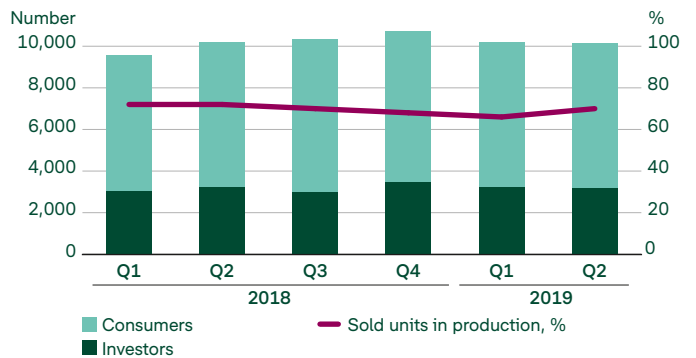
Building rights 30 June 2019

There were 31,600 (33,000) building rights, of which 17,400 (18,200) were recognised in the Balance Sheet.

Unsold, completed housing units at the end of the period

The number of unsold completed housing units at period end was 374 (240). All the housing units were for consumers, with Sweden and Nordic providing the increase on the previous year.

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

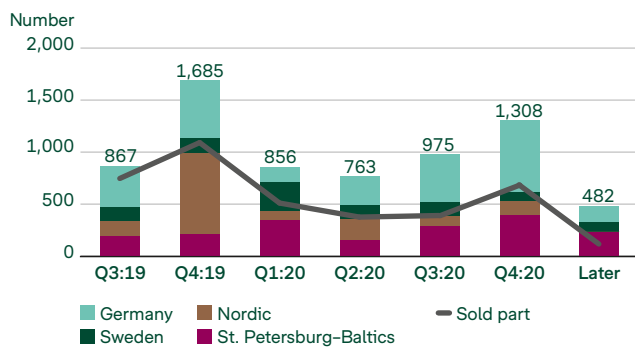
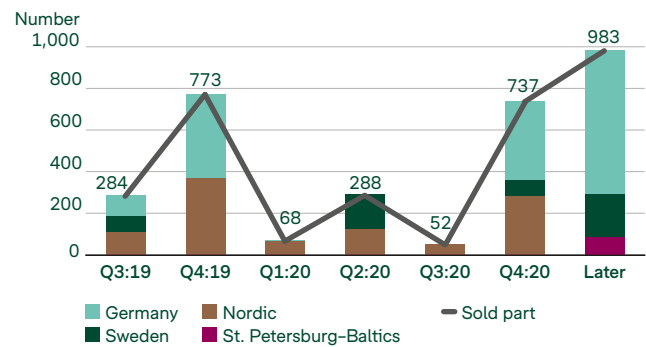


The figure illustrates the number of housing units in production per quarter and the share of housing units sold.

Estimated completions per quarter

The figure illustrates estimated time for completion of housing units for consumers and housing units for investors that have not yet been recognised for profit. The curve illustrates the sold proportion. In year-on-year terms, there are fewer housing units to complete from the third quarter 2019 onwards. Of the total number of housing units not yet completed, 36 per cent (42) is expected to be completed in 2019.

The value as of 30 June 2019 of sold housing units in production and sold completed housing units not yet recognised for profit was SEK 14.0 Bn (14.2) for consumers and SEK 6.7 Bn (5.8) for investors.

Consumers**Investors**

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 67–69 of Bonava's Annual Report 2018 at www.bonava.com.

ORGANISATION AND EMPLOYEES

The Group's average number of employees was 1,996 (1,877) in the period.

SHARES AND SHAREHOLDERS

Bonava has two share classes, Class A and Class B. The closing price on 28 June 2019 was SEK 116.50 per class A share and SEK 116.60 per class B share, corresponding to market capitalisation of SEK 12.6 Bn.

Bonava's share capital was SEK 434 M on the reporting date, divided between 108,435,822 shares and 224,836,872 votes. As of 28 June 2019, Bonava had 12,933,450 class A shares and 95,502,372 class B shares. Each class A share carries ten votes and each class B share one vote.

Bonava had 30,126 (32,907) shareholders at the end of the quarter. Bonava's largest shareholder was Nordstjernan AB. As of 28 June 2019, the ten largest shareholders controlled 68.1 per cent of the capital and 73.4 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 an 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 27 M to NCC AB, has been reported at an amount corresponding to the fair value of two years' payments.

SIGNIFICANT EVENTS IN THE PERIOD

No significant events occurred in the period.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred after the end of the period.

AMOUNTS AND DATES

Unless otherwise stated, amounts are indicated in millions of Swedish kronor (SEK M). All comparative figures in this report refer to the corresponding period of the previous year. Rounding differences may occur.

TEN LARGEST SHAREHOLDERS AS OF 28 JUNE 2019

	No. of class A shares	No. of class B shares	Holding, %	Votes, %
Nordstjernan AB	10,000,000	10,323,759	18.7	49.1
AMF – Försäkring och Fonder		14,394,300	13.3	6.4
SEB Investment Management		8,809,595	8.1	3.9
Swedbank Robur fonder	128,119	7,812,794	7.3	4.0
Lannebo Fonder		7,050,796	6.5	3.1
Länsförsäkringar fondförvaltning AB		5,946,024	5.5	2.6
The Fourth Swedish National Pension Fund (Fjärde AP-fonden)	3,343	2,811,876	2.6	1.3
State Street Bank and Trust Co	933	2,305,166	2.1	1.0
Afa försäkring		2,137,519	2.0	1.0
Handelsbanken fonder		2,125,617	2.0	1.0
Total, ten largest shareholders	10,132,395	63,717,446	68.1	73.4
Other	2,801,055	31,784,926	31.9	26.6
Total	12,933,450	95,502,372	100.0	100.0

Current projects

Germany

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.

Im Kiefernain

Project start: Q2 2019

Location: Zirchow, Usedom, Germany

Housing type: Multi-family housing

Number of housing units: 140 homes for consumers

Bonava is building 140 apartments distributed over 10 villas in one of Germany's most popular tourist destinations, the island of Usedom on the German Baltic coast. The apartments are located in a car-free area and are surrounded by pine trees and are close to the Baltic Sea



Nordic

Bonava is active in Copenhagen in Denmark, Bergen in Norway, and Helsinki, Espoo, Vanda, Turku, Tampere, and Oulu in Finland. The offering is aimed at consumers and investors and includes multi-family housing and single family houses.

Trikotageparken 1

Project start: Q2 2019

Location: Copenhagen, Denmark

Housing type: Multi-family housing

Number of housing units: 32 homes for consumers

Trikotageparken 1 is phase one of a larger project comprising 153 units in total. The area is located close to public transport, schools, shopping and recreation grounds.



Gartnerlien 2

Project start: Q2 2019

Location: Bergen, Norway

Housing type: Multi-family housing

Number of housing units: 29 homes for consumers

In Bergen, Bonava is building affordable housing close to public transport, shopping and several work places. The project has a communal orangery and a small green house on each private balcony.



St. Petersburg-Baltics

Comprises the operations in St. Petersburg in Russia, and Estonia and Latvia. The offering focuses on multi-family housing for consumers and investors.

Turaidas 4

Project start: Q2 2019

Location: Riga, Latvia

Housing type: Multi-family housing

Number of housing units: 63 homes for consumers

In Turaida, Bonava is building smaller housing units focusing on functionality. The area offers an attractive neighbourhood that is close to vibrant urban life.



Germany

MARKET PERFORMANCE

The housing market in Germany was strong in the quarter, with stable house prices and positive demand from consumers and investors.

APRIL–JUNE 2019

Operational performance

Net sales

Net sales amounted to SEK 1,185 M (1,028). The increase was due to higher net sales from consumers. In the quarter, 273 (249) housing units for consumers were recognised for profit, with net sales of SEK 996 M (890). The average price per housing unit for consumers was SEK 3.6 M (3.6). In the quarter, 41 (76) housing units for investors were recognised for profit, with net sales of SEK 123 M (138). Average price per housing unit was SEK 3.0 M (1.8). The increase is partly explained by an earnout from two projects with successful rentals.

Operating profit

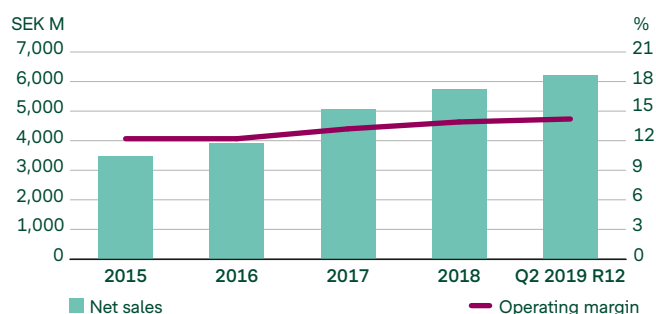
Operating profit for the period was SEK 145 M (101). The increase was primarily due to a higher volume of housing units for consumers recognised for profit. Profit from land sales amounted to SEK 7 M (0).

JANUARY–JUNE 2019

Net sales

Net sales amounted to SEK 1,888 M (1,421). The increase was due to higher net sales from both consumers and investors. In the period, 410 (348) housing units for consumers were recognised for profit, with net sales of SEK 1,540 M (1,264). Average price per housing unit was SEK 3.8 M (3.6). In the period, 121 (76) housing units for investors were recognised for profit, with net sales of SEK 281 M (138). Average price per housing unit was SEK 2.3 M (1.8).

Net sales and operating margin



Operating profit

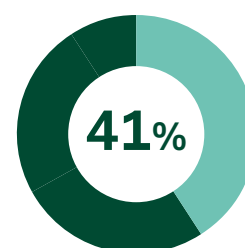
Operating profit for the period was SEK 172 M (86). The increase was due to a higher volume of housing units for both consumers and investors recognised for profit. Profit from land sales amounted to SEK 7 M (10).

Capital employed and return on capital employed

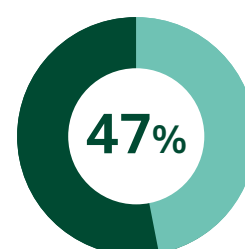
Capital employed was SEK 4,696 M (3,542). The increase was due to a higher number of ongoing housing projects and land held for future development, which partly was offset by a higher share of interest free financing. Return on capital employed increased year-on-year due to the increased profit.

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Key performance indicators					
Net sales	1,185	1,028	1,888	1,421	5,736
Operating profit	145	101	172	86	796
Operating margin, %	12.2	9.8	9.1	6.0	13.9
Capital employed at period end	4,696	3,542	4,696	3,542	3,985
Return on capital employed, %	20.7	17.9	20.7	17.9	21.8
Average no. of employees			869	839	847
Building rights					
Number of building rights at period end	8,200	8,200	8,200	8,200	7,400
of which off-balance sheet building rights	2,300	2,800	2,300	2,800	2,700
Housing development for consumers					
Number of housing units sold in the period	345	312	506	522	1,563
Sales value of housing units sold in the period	1,388	1,066	2,047	1,763	5,521
Number of housing starts in the period	82	485	148	598	2,061
Number of housing units in production at period end	2,673	2,354	2,673	2,354	2,932
Sales rate for ongoing production, %	69	68	69	68	59
Number of housing units recognised for profit in the period	273	249	410	348	1,246
Housing development for investors					
Number of housing units sold in the period					873
Sales value of housing units sold in the period					2,357
Number of housing starts in the period					873
Number of housing units in production at period end	1,583	1,403	1,583	1,403	1,704
Sales rate for ongoing production, %	100	100	100	100	100
Number of housing units recognised for profit in the period	41	76	121	76	648

Share of net sales, rolling 12-months



Share of operating profit, rolling 12-months



Sweden

MARKET PERFORMANCE

The housing market in Sweden remained cautious in the quarter. An increased number of properties changed owners, and a growing number of households expect house prices to rise in the year.

APRIL-JUNE 2019

Operational performance

Net sales

Net sales amounted to SEK 957 M (976). The decrease was due to lower net sales from consumers and sales of land.

In the quarter, 165 (195) housing units for consumers were recognised for profit, with net sales of SEK 732 M (793). The average price per housing unit for consumers was SEK 4.4 M (4.1). The increase was due to a changed product mix. Furthermore, an increased number of large housing units with a higher average price were recognised for profit in the period.

In the quarter, 66 (0) housing units for investors were recognised for profit, with net sales of SEK 161 M (0). Average price per housing unit was SEK 2.4 M (0).

Operating profit

Operating profit for the quarter was SEK 93 M (231). The number of housing units for consumers recognised for profit was lower than in the previous year. In combination with lower prices in projects delivered to consumers, this generated a lower margin year-on-year. Profit from land sales amounted to SEK 55 M (92).

JANUARY-JUNE 2019

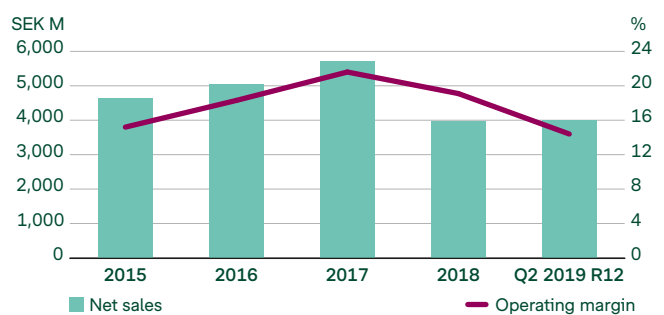
Operational performance

Net sales

Net sales amounted to SEK 1,745 M (1,715). The increase was due to higher net sales from both consumers and investors.

In the period, 317 (379) housing units for consumers were recognised for profit, with net sales of SEK 1,421 M (1,406). Average

Net sales and operating margin



price per housing unit was SEK 4.5 M (3.7). The increase is due to changes in product mix.

In the period, 115 (0) housing units for investors were recognised for profit, with net sales of SEK 261 M (0). Average price per housing unit was SEK 2.3 M (0).

Operating profit

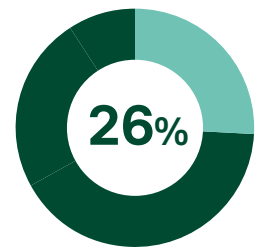
Operating profit for the period was SEK 184 M (367). The decrease is due to lower number of housing units for consumers recognised for profit, and lower prices at project deliveries. Profit from land sales amounted to SEK 55 M (144).

Capital employed and return on capital employed

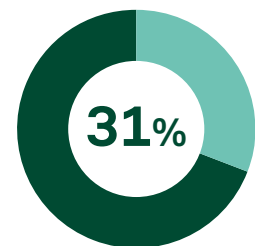
Capital employed was SEK 4,787 M (4,911). The decrease was mainly attributable to lower VAT recoverables in tenant-owner associations. Return on capital employed decreased year-on-year as a result of lower profit.

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Key performance indicators					
Net sales	957	976	1,745	1,715	3,976
Operating profit	93	231	184	367	761
Operating margin, %	9.7	23.6	10.5	21.4	19.1
Capital employed at period end	4,787	4,911	4,787	4,911	5,164
Return on capital employed, %	11.6	14.7	11.6	14.7	14.8
Average no. of employees			210	185	189
Building rights					
Number of building rights at period end	7,200	7,400	7,200	7,400	7,400
of which off-balance sheet building rights	3,800	5,100	3,800	5,100	5,100
Housing development for consumers					
Number of housing units sold in the period	126	37	219	79	233
Sales value of housing units sold in the period	571	185	961	353	1,037
Number of housing starts in the period		28	13	89	269
Number of housing units in production at period end	1,018	1,694	1,018	1,694	1,342
Sales rate for ongoing production, %	41	46	41	46	39
Number of housing units recognised for profit in the period	165	195	317	379	775
Housing development for investors					
Number of housing units sold in the period		164		164	423
Sales value of housing units sold in the period		403		403	948
Number of housing starts in the period		164		164	423
Number of housing units in production at period end	524	702	524	702	639
Sales rate for ongoing production, %	100	100	100	100	100
Number of housing units recognised for profit in the period	66		115		322

Share of net sales, rolling 12-months



Share of operating profit, rolling 12-months



Nordic

Finland, Denmark and Norway

MARKET PERFORMANCE

The housing market in Finland was hesitant in the quarter, with increased volumes of new production apartments for sale. The prices on the markets where Bonava is active were stable. In Denmark, the slight downward trend continues with decreased sales and increased supply in the areas where Bonava is active. In Norway, progress is stable.

APRIL-JUNE 2019

Operational performance

Net sales

Net sales amounted to SEK 409 M (670). The decrease was due to lower net sales from consumers and investors.

In the quarter, 76 (143) housing units for consumers were recognised for profit, with net sales of SEK 282 M (488). The average price per housing unit for consumers was SEK 3.7 M (3.4), the increase was mainly due to high average prices in Denmark.

In the quarter, 56 (136) housing units for investors were recognised for profit in Finland, with net sales of SEK 88 M (162). Average price per housing unit was SEK 1.6 M (1.2).

Operating profit

Operating profit for the quarter was SEK -29 M (19). The decrease was due to a lower number of housing units for consumers and investors recognised for profit. Profit from land sales amounted to SEK 0 M (1).

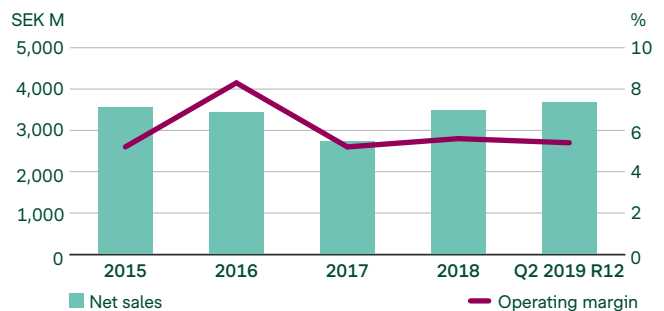
JANUARY-JUNE 2019

Operational performance

Net sales

Net sales amounted to SEK 1,208 M (1,020). The increase was due to higher net sales from both consumers and investors. In the period, 305 (307) housing units for consumers were recognised for profit, with net sales of SEK 885 M (834).

Net sales and operating margin



The average price per housing unit was SEK 2.9 M (2.7), the increase was primarily due to higher average prices in Denmark.

The number of housing units for investors recognised for profit in Finland and Denmark were 158 (136), net sales amounted to SEK 297 M (162). The average price per housing unit was SEK 1.8 M (1.2). The increase was due to a higher average price per housing unit in Finland in combination with no housing units in Denmark delivered to investors in the previous period.

Operating profit

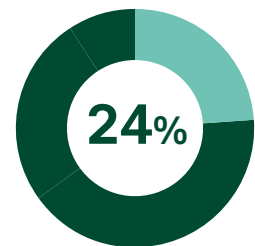
Operating profit for the period was SEK -27 M (-28). Profit from land sales amounted to SEK 0 M (1).

Capital employed and return on capital employed

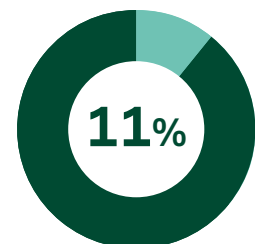
Capital employed was SEK 4,032 M (2,730). The increase was explained by more ongoing housing projects and completed housing units, lower interest free loans related to land purchases and a decrease in customer advances in Finland.

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Key performance indicators					
Net sales	409	670	1,208	1,020	3,488
Operating profit	-29	19	-27	-28	196
Operating margin, %	neg.	2.9	neg.	neg.	5.6
Capital employed at period end	4,032	2,730	4,032	2,730	2,986
Return on capital employed, %	5.8	6.4	5.8	6.4	7.1
Average no. of employees			385	334	338
Building rights					
Number of building rights at period end	10,300	11,300	10,300	11,300	10,000
of which off-balance sheet building rights	6,800	6,200	6,800	6,200	6,600
Housing development for consumers					
Number of housing units sold in the period	197	182	367	339	884
Sales value of housing units sold in the period	533	542	994	960	2,410
Number of housing starts in the period	162	227	215	227	1,108
Number of housing units in production at period end	1,447	1,272	1,447	1,272	1,531
Sales rate for ongoing production, %	52	57	52	57	46
Number of housing units recognised for profit in the period	76	143	305	307	887
Housing development for investors					
Number of housing units sold in the period	126	243	126	243	723
Sales value of housing units sold in the period	211	324	214	324	1,319
Number of housing starts in the period	126	243	126	243	723
Number of housing units in production at period end	994	1,126	994	1,126	1,026
Sales rate for ongoing production, %	100	100	100	100	100
Number of housing units recognised for profit in the period	56	136	158	136	716

Share of net sales,
rolling 12-months



Share of operating profit,
rolling 12-months



St. Petersburg–Baltics

St. Petersburg, Estonia and Latvia

MARKET PERFORMANCE

Demand from consumers in St. Petersburg was good, and house prices increased slightly in the quarter. It was stable markets in The Baltics with increased house prices and good demand.

APRIL–JUNE 2019

Operational performance

Net sales

Net sales amounted to SEK 207 M (96). The increase was due to higher net sales from consumers.

In the quarter, 192 (76) housing units for consumers were recognised for profit, with net sales of SEK 202 M (91). The average price per housing unit for consumers was SEK 1.1 M (1.2). The decrease was attributable to slightly lower average prices in St. Petersburg.

Operating profit

Operating profit for the quarter was SEK 33 M (8). The increase was due to a higher volume of housing units for consumers recognised for profit.

JANUARY–JUNE 2019

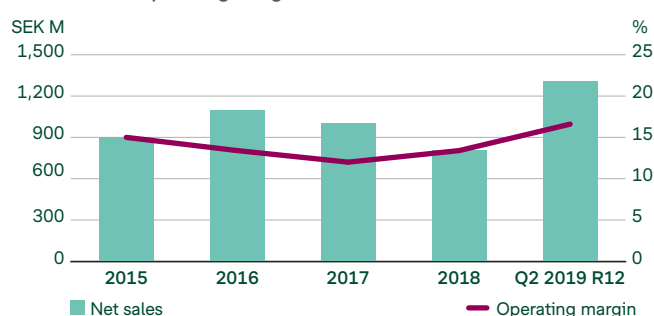
Operational performance

Net sales

Net sales amounted to SEK 754 M (256). The increase was due to higher net sales from both consumers and investors.

In the period, 711 (200) housing units for consumers were recognised for profit, with net sales of SEK 744 M (243). Average price per housing unit was SEK 1.0 M (1.2). The decrease was attributable to slightly lower average prices in St. Petersburg.

Net sales and operating margin



Operating profit

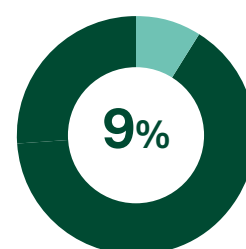
Operating profit for the period was SEK 138 M (28). The increase was due to a higher volume of housing units for consumers recognised for profit.

Capital employed and return on capital employed

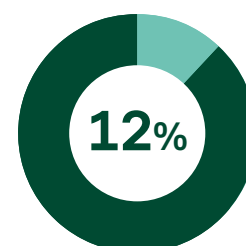
Capital employed was in line with the previous year and amounted to SEK 1,270 M (1,350). Return on capital employed increased due to the improved profit.

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Key performance indicators					
Net sales	207	96	754	256	808
Operating profit	33	8	138	28	108
Operating margin, %	15.8	8.7	18.2	11.0	13.4
Capital employed at period end	1,270	1,350	1,270	1,350	1,118
Return on capital employed, %	17.9	8.7	17.9	8.7	8.4
Average no. of employees			450	374	400
Building rights					
Number of building rights at period end	5,900	6,100	5,900	6,100	5,800
of which off-balance sheet building rights	1,300	700	1,300	700	900
Housing development for consumers					
Number of housing units sold in the period	244	325	551	618	1,226
Sales value of housing units sold in the period	294	305	620	623	1,257
Number of housing starts in the period	129	293	720	338	937
Number of housing units in production at period end	1,798	1,627	1,798	1,627	1,454
Sales rate for ongoing production, %	52	58	52	58	58
Number of housing units recognised for profit in the period	192	76	711	200	631
Housing development for investors					
Number of housing units sold in the period					84
Sales value of housing units sold in the period					71
Number of housing starts in the period					84
Number of housing units in production at period end	84		84		84
Sales rate for ongoing production, %	100		100		100
Number of housing units recognised for profit in the period					

Share of net sales,
rolling 12-months



Share of operating profit,
rolling 12-months



Consolidated Income Statement

	Note	2019	2018	2019	2018	Jul 2018–	2018
	1	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jun 2019	Jan–Dec
Net sales	2	2,758	2,773	5,595	4,411	15,192	14,008
Production costs		-2,344	-2,223	-4,786	-3,601	-12,637	-11,452
Gross profit		414	550	809	811	2,555	2,557
Selling and administrative expenses		-232	-244	-462	-462	-902	-903
Operating profit	2	182	306	347	349	1,652	1,654
Financial income		2	2	4	4	8	9
Financial expenses		-24	-38	-57	-80	-126	-150
Net financial items		-22	-36	-53	-76	-118	-141
Profit after financial items	2	160	270	294	273	1,534	1,513
Tax on profit for the period		-41	-58	-74	-59	-264	-249
Profit for the period		120	212	220	214	1,271	1,265
Attributable to:							
Bonava AB's shareholders		120	212	220	214	1,271	1,265
Non-controlling interest							
Profit for the period		120	212	220	214	1,271	1,265
Per share data before and after dilution							
Earnings per share, SEK		1.11	1.96	2.04	1.98	11.81	11.74
Cash flow from operating activities, SEK		1.00	-2.99	-9.06	-9.93	-4.97	-5.84
Shareholders' equity, SEK		66.52	59.63	66.52	59.63	66.52	68.36
No. of shares at the end of the period, million ¹⁾		107.6	107.6	107.6	107.6	107.6	107.6

¹⁾ The total number of shares repurchased as of 30 June 2019 was 815,061 (815,061).

Bonava's business model and the agreement structure of housing projects mean that control is transferred to the buyer at the time of hand-over of the housing unit or project. This means that Bonava satisfies the undertaking to transfer the housing unit or project upon handover and recognises revenue and profit from sales of housing projects fully at this point. No revenue is recognised on the basis of forecast sales of housing projects. This applies to both housing units for consumers and investors.

Because Bonava appoints a majority of Board members in tenant-owner associations in Sweden and housing companies in Finland, issues guarantees and provides credit to or borrowing on behalf of tenant-owner associations and housing companies, Bonava exercises a controlling influence and therefore consolidates tenant-owner associations and housing companies in full.

Because tenant-owner associations and housing companies are consolidated in full, Bonava's net debt increases, as interest-bearing liabilities attributable to Swedish tenant-owner associations and Finnish housing companies constitute material amounts. See note 3 for more information.

Consolidated Statement of Comprehensive Income

	Note 1	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	Jul 2018- Jun 2019	2018 Jan-Dec
Profit for the period		120	212	220	214	1,271	1,265
<i>Items that have been or may be reclassified to profit or loss for the period</i>							
Translation differences during the period in translation of foreign operations		44	27	154	153	45	44
Other comprehensive income for the period		44	27	154	153	45	44
Comprehensive income for the period		164	239	374	367	1,316	1,309
<i>Attributable to:</i>							
Bonava AB's shareholders		164	239	374	367	1,316	1,309
Non-controlling interest							
Comprehensive income for the period		164	239	374	367	1,316	1,309

Condensed Consolidated Balance Sheet

	Note 1, 4, 5, 6	2019 30 Jun	2018 30 Jun	2018 31 Dec
ASSETS				
Non-current assets		1,006	761	720
Current assets				
Properties held for future development		6,809	6,880	5,720
Ongoing housing projects		12,701	12,000	11,381
Completed housing units		1,754	846	1,510
Current receivables		1,315	1,626	1,418
Cash and cash equivalents	3	351	268	325
Total current assets		22,930	21,620	20,354
TOTAL ASSETS		23,936	22,381	21,074
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to parent company shareholders		7,159	6,417	7,357
Non-controlling interest		5	5	4
Total shareholders' equity		7,163	6,423	7,362
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	3	1,590	3,342	1,625
Other non-current liabilities		252	595	221
Non-current provisions		443	679	554
Total non-current liabilities		2,284	4,616	2,400
Current liabilities				
Current interest-bearing liabilities	3	6,080	2,599	4,345
Other current liabilities		8,409	8,743	6,967
Total current liabilities		14,489	11,342	11,312
Total liabilities		16,773	15,958	13,713
TOTAL EQUITY AND LIABILITIES		23,936	22,381	21,074

Condensed Changes in Shareholders' Equity, Group

	Shareholders' equity attributable to parent company shareholders	Non-controlling interest	Total shareholders' equity
Opening shareholders' equity, 1 January 2018	6,633	5	6,638
Comprehensive income for the period	1,309		1,309
Dividend	-560	-1	-561
Purchases of treasury shares	-29		-29
Performance-based incentive program	5		5
Closing shareholders' equity, 31 December 2018	7,357	4	7,362
Comprehensive income for the period	374		374
Dividend ¹⁾	-560		-560
Performance-based incentive program	-12		-12
Closing shareholders' equity, 30 June 2019	7,159	5	7,163

¹⁾ The Annual General Meeting of the shareholders in Bonava AB decided on 9 April 2019 to distribute a total dividend of SEK 560 M to its shareholders, to be paid out in two equal parts in April and in October. The part not yet paid is reported as a current interest-free liability.

Condensed Consolidated Cash Flow Statement

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	Jul 2018- Jun 2019	2018 Jan-Dec
OPERATING ACTIVITIES						
Profit after financial items	160	270	294	273	1,534	1,513
Adjustments for items not included in cash flow	-87	-68	-158	-253	35	-60
Tax paid	-59	-24	-237	-42	-270	-75
Cash flow from operating activities before changes in working capital	14	178	-101	-22	1,300	1,379
Cash flow from changes in working capital						
Sales of housing projects	2,196	2,187	4,581	3,574	12,089	11,082
Investments in housing projects	-3,305	-3,882	-6,554	-6,600	-13,399	-13,445
Other changes in working capital	1,202	1,195	1,099	1,978	-525	354
Cash flow from changes in working capital	93	-501	-874	-1,048	-1,835	-2,009
Cash flow from operating activities	108	-323	-974	-1,070	-534	-630
INVESTING ACTIVITIES						
Cash flow from investing activities	-86	-35	-99	-62	-172	-135
Cash flow before financing	21	-358	-1,074	-1,132	-706	-764
FINANCING ACTIVITIES						
Dividend paid	-280	-281	-280	-281	-560	-561
Purchases of treasury shares		-29		-29		-29
Increase in interest-bearing financial liabilities	861	1,294	3,177	2,152	4,073	3,048
Decrease in interest-bearing financial liabilities	-565	-613	-1,833	-1,597	-2,713	-2,476
Change in interest-bearing receivables	-3	-5	22	13	-16	-25
Cash flow from financing activities	12	367	1,085	259	784	-42
CASH FLOW FOR THE PERIOD	33	8	11	-874	79	-806
Cash and cash equivalents at beginning of period	314	255	325	1,122	268	1,122
Exchange rate difference in cash and cash equivalents	4	4	15	19	6	10
CASH AND CASH EQUIVALENTS AT END OF PERIOD	351	268	351	268	351	325

Notes for the Group

NOTE 1 Accounting policies

This Half-year 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 Half-year Report, with the exception of IFRS 16 Leases which is described below, apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in Bonava's Annual Report 2018, pages 98-102. The Annual Report is available at www.bonava.com.

IFRS 16 Leases applies from 1 January 2019 and regulates the reporting of lease contracts. All contracts are reported as lease contracts in the consolidated accounts where Bonava essentially has the right to all the economic benefits from the leased asset and where Bonava has the right to control the leased asset.

Lease contracts are reported in the Balance Sheet. The right of use of a leased asset is reported either as current assets (ongoing housing projects) or non-current assets (property, plant and equipment) depending on how the leased asset had been classified if it had been owned. Bonava reports rental agreements for land (Ongoing housing projects) as lease contracts when a detailed blueprint has been produced or building rights can no longer be appealed. Before such time, Bonava does not have control of the land and therefore has no rights or obligations relating to the land.

The obligation to pay lease charges is reported as a non-current or current financial liability depending on the duration of the contract. Leasing expenses are reported as depreciation and interest expenses in the Income Statement.

With regard to completed unsold housing units, Bonava has certain commitments to Swedish tenant-owner associations, Finnish housing companies and other parties relating to payment of

membership fees or rent. The intention is to divest these completed unsold housing units immediately, which means that these commitments are not reported as lease contracts.

Bonava uses the implied interest rate for land lease contracts; for remaining lease contracts Bonava uses the marginal borrowing rate determined by factors such as geographical market and maturity. In connection with the transition to IFRS 16 Leases, the non-weighted average marginal borrowing rate was 3.80%.

The term of the contracts is determined in contractual start and end dates. Bonava has essentially chosen not to consider the possibility of extending lease contracts as this is not financially beneficial because the assets are not business-critical or specialised, and other suitable alternatives are judged to be available. In addition, the costs associated with not extending contracts, such as costs of negotiation, relocation and identifying other appropriate measures are deemed to be immaterial.

Bonava is not party to any financial lease contracts in the capacity of lessor.

See Note 5 and Annual Report for 2018 for more information about the effect of the transition to IFRS 16 Leases.

As previously, operating segments in Bonava are based on geographical areas, the nature of the products and services as well as similar revenue streams. The prior segments Germany and Sweden are unchanged while a decision has been made as from 1 January 2019 to consolidate the segments Denmark-Norway and Finland to a new segment called Nordic. In addition, operations in Estonia and Latvia have been merged with St. Petersburg in the new St. Petersburg-Baltics segment. Comparable figures are available at www.bonava.com.

No other changes to IFRS or IFRIC interpretations are expected to have any material impact on Bonava.

NOTE 2 Reporting by operating segments

Apr–Jun 2019	Germany	Sweden	Nordic	St. Petersburg– Baltics	Parent company and eliminations	Total
Net sales, consumers	996	732	282	202		2,212
Net sales, investors	123	161	87			371
Net sales, land	57	63	38			158
Net sales, other	10	1	1	5		17
Operating profit/loss	145	93	-29	33	-59	182
Net financial items						-22
Profit after financial items						160
Capital employed	4,696	4,787	4,032	1,270	48	14,833
Apr–Jun 2018	Germany	Sweden	Nordic	St. Petersburg– Baltics	Parent company and eliminations	Total
Net sales, consumers	890	793	487	91		2,262
Net sales, investors	138		162			300
Net sales, land		181	19			201
Net sales, other		2	2	6	2	10
Operating profit/loss	101	231	19	8	-53	306
Net financial items						-36
Profit after financial items						270
Capital employed	3,542	4,911	2,730	1,350	-169	12,364
Jan–Jun 2019	Germany	Sweden	Nordic	St. Petersburg– Baltics	Parent company and eliminations	Total
Net sales, consumers	1,540	1,421	866	744		4,570
Net sales, investors	281	261	297			839
Net sales, land	57	63	40			160
Net sales, other	10	1	5	11		26
Operating profit/loss	172	184	-27	138	-119	347
Net financial items						-53
Profit after financial items						294
Capital employed	4,696	4,787	4,032	1,270	48	14,833
Jan–Jun 2018	Germany	Sweden	Nordic	St. Petersburg– Baltics	Parent company and eliminations	Total
Net sales, consumers	1,264	1,406	834	243		3,747
Net sales, investors	138		162			301
Net sales, land	19	304	19			342
Net sales, other		5	4	13		21
Operating profit/loss	86	367	-28	28	-104	349
Net financial items						-76
Profit after financial items						273
Capital employed	3,542	4,911	2,730	1,350	-169	12,364
Jan–Dec 2018	Germany	Sweden	Nordic	St. Petersburg– Baltics	Parent company and eliminations	Total
Net sales, consumers	4,371	3,130	2,424	785		10,709
Net sales, investors	1,346	416	1,003			2,766
Net sales, land	18	422	55			496
Net sales, other		8	7	23		38
Operating profit/loss	796	761	196	108	-206	1,654
Net financial items						-141
Profit after financial items						1,513
Capital employed	3,985	5,164	2,986	1,118	80	13,332

NOTE 3 Specification of net debt

	2019 30 Jun	2018 30 Jun	2018 31 Dec
Non-current interest-bearing receivables	2	8	8
Current interest-bearing receivables	45	59	95
Cash and cash equivalents	351	268	325
Interest-bearing receivables	398	334	428
Non-current interest-bearing liabilities	1,590	3,342	1,625
Current interest-bearing liabilities	6,079	2,599	4,345
Interest-bearing liabilities	7,669	5,941	5,970
Net debt	7,272	5,607	5,542

of which attributable to Swedish tenant-owner associations and Finnish housing companies

Cash and cash equivalents	39	34	106
Interest-bearing liabilities, external project financing	3,547	4,227	4,072
Interest-bearing liabilities, project financing ¹⁾	1,204	1,162	999

Net debt in tenant-owner associations and housing companies 4,712 5,356 4,965

Of which other operations

Cash and cash equivalents	312	234	219
Interest-bearing receivables	47	67	103
Interest-bearing lease liabilities, IFRS 16	375		
Other interest-bearing liabilities	2,543	552	899
Net debt, other operations	2,559	251	577

¹⁾ Relates to financing via parent company credit facilities directly attributable to Swedish tenant-owner associations.

NOTE 4 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 of currency forwards where the measurement at fair value is based on published forward rates on an active market.

	2019 30 Jun	2018 30 Jun	2018 31 Dec
Derivatives	21	8	49
Total assets	21	8	49
Derivatives	23	67	1
Total liabilities	23	67	1

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 5 Leases

As of 31 December 2018, operating lease commitments amounted to SEK 582 M according to the Annual Report. Bonava does not apply the exemption relating to short-term lease contracts, and the longest contracts have a term of 30 years, thus an average term of 17 years has been applied to the calculation for the settlement of present value of operating lease expenses according to the Annual Report 2018 and the opening balance of lease liabilities according to IFRS 16, Leases. The marginal borrowing rate is determined on the basis of geographical market and term; the average interest rate was 3.80% as of 1 January 2019. Bonava's financial lease liabilities as of 31 December 2018 were of minor value. As indicated in the accounting principles, there are no renewal options that can be exercised with reasonable certainty or materially variable index- or price-linked lease payments. The discounted amount thereby amounts to SEK 427 M, corresponding to the lease liability of SEK 427 M reported as of 1 January 2019.

NOTE 6 Pledged assets, contingent liabilities and guarantee obligations

	2019 30 Jun	2018 30 Jun	2018 31 Dec
Assets pledged			
<i>For own liabilities:</i>			
Property mortgages	3,771	2,923	4,049
Restricted bank funds	3	11	11
Other assets pledged	3		3
Total assets pledged	3,777	2,934	4,063
Contingent and guarantee liabilities			
<i>Own contingent liabilities:</i>			
Deposits and concession fees ¹⁾	3,606	2,370	2,879
Total guarantees and guarantee obligations	3,606	2,370	2,879

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.

Parent Company in summary

JANUARY-JUNE 2019

The Parent Company comprises operations of Bonava AB (publ). The company's net sales amounted to SEK 129 M (130). Profit after financial items was SEK 384 M (1,139).

INCOME STATEMENT	Note 1	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net sales		129	130	267
Selling and administrative expenses		-248	-225	-455
Operating loss		-118	-95	-187
Profit from participations in Group companies		445	1,194	1,722
Financial income		75	72	150
Financial expenses		-19	-32	-66
Profit after financial items		384	1,139	1,618
Appropriations				730
Profit before tax		384	1,139	2,348
Tax on profit for the period		13	12	-142
Profit for the period		397	1,151	2,206

BALANCE SHEET	Note 1, 2	2019 30 Jun	2018 30 Jun	2018 31 Dec
Assets				
Non-current assets		2,431	2,491	2,423
Current assets		8,524	5,415	6,389
Total assets		10,955	7,906	8,812
Shareholders' equity and liabilities				
Shareholders' equity		6,655	5,776	6,830
Provisions		3	2	3
Non-current liabilities		314	628	617
Current liabilities		3,982	1,500	1,362
Total Shareholders' equity and liabilities		10,955	7,906	8,812

Parent Company Notes

NOTE 1 Accounting policies

The company has prepared its Half-year 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 Half-year Report apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in Bonava's Annual Report 2018, pages 98–102, and page 123. The Annual Report is available at www.bonava.com.

NOTE 2 Pledged assets and contingent liabilities

	Utilized amount		
	2019 30 Jun	2018 30 Jun	2018 31 Dec
Deposits and concession fees	4,055	2,269	3,516
Construction loans, tenant-owner associations	2,290	3,414	3,225
Counter-guarantee to external guarantors	8,213	8,573	8,018
Other guarantee commitments	4,930	4,741	4,539
Other assets pledged	3		3
Total	19,491	18,996	19,301

Sector-related key figures for the Group

No. unless otherwise stated	2019 Apr–Jun	2018 Apr–Jun	2019 Jan–Jun	2018 Jan–Jun	2018 Jan–Dec
Building rights at period end	31,600	33,000	31,600	33,000	30,600
of which off-balance-sheet building rights	14,200	14,800	14,200	14,800	15,300
Housing development for consumers					
Housing units sold in the period	912	856	1,643	1,558	3,906
Sales value of housing units sold in the period, SEK M	2,783	2,098	4,622	3,699	10,223
Housing starts in the period	373	1,033	1,096	1,252	4,375
Housing units in production at period end	6,936	6,947	6,936	6,947	7,259
Sales rate for ongoing production, %	57	58	57	58	52
Reservation rate for ongoing production, %	4	5	4	5	4
Completion rate for ongoing production, %	55	51	55	51	46
Completed housing units, not recognised for profit, at period end	470	288	470	288	718
Housing units for sale (ongoing and completed), at period end	3,362	3,134	3,362	3,134	3,833
Housing units recognised for profit in the period	706	663	1,743	1,234	3,539
Value of sold housing units, not yet recognised for profit, SEK Bn	14.0	14.2	14.0	14.2	14.0
Housing development for investors					
Housing units sold in the period	126	407	126	407	2,103
Sales value of housing units sold in the period, SEK M	214	727	214	727	4,696
Housing starts in the period	126	407	126	407	2,103
Housing units in production at period end	3,185	3,231	3,185	3,231	3,453
Sales rate for ongoing production, %	100	100	100	100	100
Completion rate for ongoing production, %	38	47	38	47	30
Housing units recognised for profit in the period	163	212	394	212	1,686
Value of sold housing units, not yet recognised for profit, SEK Bn	6.7	5.8	6.7	5.8	7.1

	2019 Apr–Jun	2018 Apr–Jun	2019 Jan–Jun	2018 Jan–Jun	2018 Jan–Dec
Housing units in ongoing production for consumers, no.					
Housing units in ongoing production at beginning of period	6,990	6,547	7,259	6,844	6,844
Resumed starts in the period ¹⁾	76		76		
Housing starts in the period	373	1,033	1,096	1,252	4,375
Housing units recognised for profit in the period	-706	-663	-1,743	-1,234	-3,539
Decrease (+)/increase (-) in completed housing units, not recognised for profit, at period end	203	30	248	85	-421
Housing units in ongoing production at period end	6,936	6,947	6,936	6,947	7,259
Housing units in ongoing production for investors, no.					
Housing units in ongoing production at beginning of period	3,222	3,036	3,453	3,036	3,036
Housing starts in the period	126	407	126	407	2,103
Housing units recognised for profit in the period	-163	-212	-394	-212	-1,686
Housing units in ongoing production, at period end	3,185	3,231	3,185	3,231	3,453

¹⁾ Projects are recognised under housing starts as of the initial starting date. In the event of potential delays due to appeals against planning rulings, projects are excluded from housing units in ongoing production. In Sweden, one project was resumed following a delay due to an appeal against a planning decision.

Key performance indicators at period end

	2019 30 Jun	2018 30 Jun	2018 31 Dec
Return on capital employed, % ^{1) 2)}	11.8	11.3	12.8
Interest coverage ratio, multiple ¹⁾	13.1	7.0	11.1
Equity/assets ratio, %	29.9	28.7	34.9
Interest bearing liabilities/total assets, %	32.0	26.5	28.3
Net debt ³⁾	7,272	5,607	5,542
Debt/equity ratio, multiple	1.0	0.9	0.8
Capital employed at period end ⁴⁾	14,833	12,364	13,332
Capital employed, average ⁵⁾	13,845	11,938	12,683
Capital turnover rate, multiple ¹⁾	1.1	1.1	1.1
Share of risk-bearing capital, %	30.0	29.2	35.0
Dividend, SEK per share			5.20
Average interest rate at period-end, % ⁶⁾	0.84	1.48	1.41
Average period of fixed interest, years ⁶⁾	0.2	0.2	0.2
Average interest rate at period-end, % ⁷⁾	1.19	1.32	1.30
Average period of fixed interest, years ⁷⁾	0.2	0.1	0.2

¹⁾ Calculated on rolling 12-month basis.

²⁾ Return on capital employed, excluding effects of IFRS 16 Leases, was 11.9 per cent.

³⁾ Net debt as of 30 June 2019 excluding effects of IFRS 16 Leases, was SEK 6,896 M.

⁴⁾ Capital employed at period end 30 June 2019, excluding effects of IFRS 16 Leases, was SEK 14,460 M.

⁵⁾ Average capital employed as of 30 June 2019, excluding effects of IFRS 16 Leases, was SEK 13,692 M.

⁶⁾ Excluding loans in Swedish tenant-owner associations, Finnish housing companies and effects of IFRS 16 Leases.

⁷⁾ Loans in Swedish tenant-owner associations and Finnish housing companies.

SIGNATURES

Stockholm, Sweden, 16 July 2019

The Board of Directors and the CEO declare that the Half-year Report provides a true and fair view of the Parent Company's and the Group's operations, financial position and earnings and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Mikael Norman
Chairman

Viveca Ax:son Johnson
Director

Carl Engström
Director

Åsa Hedenberg
Director

Samir Kamal
Director

Frank Roseen
Director

Anna Wallenberg
Director

Joachim Hallengren
CEO

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

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FINANCIAL CALENDAR

- Q3 Interim Report Jan-Sep: 23 October 2019

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PUBLICATION

This information is such that Bonava AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person above on 16 July 2019 at 07:30 a.m. CET.

INVITATION TO PRESENTATION OF THE HALF-YEAR REPORT

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

Time: 16 July 2019, 10:00–11:00 a.m. CET.

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/audiocast_Q2. The presentation will be available for download from the website.