



Interim Report January–June 2018



More housing units sold and good sales rate in ongoing production

1 APRIL–30 JUNE 2018

- Net sales amounted to SEK 2,773 M (3,387)
- Operating profit was SEK 306 M (405), of which profit from land sales totalled SEK 93 M (99)
- Operating margin was 11.0 (12.0) per cent
- Profit after financial items was SEK 270 M (346)
- Profit for the period after tax amounted to SEK 212 M (271)
- Earnings per share was SEK 1.96 (2.51)¹⁾
- Cash flow before financing was SEK -358 M (-327)
- Return on capital employed amounted to 11.3 (18.7) per cent
- The number of housing starts in the period was 1,440 (1,442)
- The number of housing units in production at the end of the period was 10,178 (9,497)
- The sales rate for ongoing production was 72 (65) per cent
- The number of housing units sold in the period was 1,263 (1,020)
- The number of housing units recognized for profit was 875 (1,281)

1 JANUARY–30 JUNE 2018

- Net sales amounted to SEK 4,411 M (6,289)
- Operating profit was SEK 349 M (908), of which profit from land sales totalled SEK 154 M (382)
- Operating margin was 7.9 (14.4) per cent
- Profit after financial items was SEK 273 M (795)
- Profit for the period after tax amounted to SEK 214 M (622)
- Earnings per share was SEK 1.98 (5.75)¹⁾
- Cash flow before financing was SEK -1,132 M (-1,406)
- Return on capital employed amounted to 11.3 (18.7) per cent
- The number of housing starts in the period was 1,659 (2,891)
- The number of housing units sold in the period was 1,965 (1,870)
- The number of housing units recognized for profit was 1,446 (2,156)

SEK M	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	Jul 2017– Jun 2018	2017 Jan–Dec
Net sales	2,773	3,387	4,411	6,289	12,601	14,479
Operating profit before depreciation, amortization and impairment losses	339	420	413	941	1,506	2,034
Operating profit before depreciation, amortization and impairment losses, %	12.2	12.4	9.4	15.0	12.0	14.0
Operating profit	306	405	349	908	1,387	1,946
Operating margin, %	11.0	12.0	7.9	14.4	11.0	13.4
Profit after financial items	270	346	273	795	1,199	1,721
Profit for the period after tax	212	271	214	622	994	1,402
Earnings per share, SEK ¹⁾	1.96	2.51	1.98	5.75	9.22	12.99
Cash flow before financing	-358	-327	-1,132	-1,406	248	-26
Net debt ²⁾	5,607	5,311	5,607	5,311	5,607	4,165
Net debt, excl. tenant-owners associations/housing companies ²⁾	1,413	1,026	1,413	1,026	1,413	-168
Capital employed at period end	12,364	11,810	12,364	11,810	12,364	12,003
Return on capital employed, % ³⁾	11.3	18.7	11.3	18.7	11.3	16.6
Equity/assets ratio, %	28.7	31.9	28.7	31.9	28.7	33.7
Number of housing units started in the period	1,440	1,442	1,659	2,891	5,470	6,702
Number of housing units in production at period end	10,178	9,497	10,178	9,497	10,178	9,880
Sales rate for ongoing production, %	72	65	72	65	72	68
Number of housing units sold in the period	1,263	1,020	1,965	1,870	5,797	5,702
Number of housing units recognized for profit in the period	875	1,281	1,446	2,156	4,754	5,464

¹⁾ Before and after dilution.

²⁾ For specification, see Note 2.

³⁾ Calculated on rolling 12-month basis.

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

Comments from the CEO



JOACHIM HALLENGREN, PRESIDENT AND CEO

“The efforts in Germany have been successful and Germany is now our single largest market. This is pleasing because the German market is strong with a great need for affordable housing.”

INCREASED NUMBER OF SOLD UNITS

The number of housing units sold increased by 24 per cent in the second quarter compared to the corresponding period in the previous year, despite a still cautious housing market in Sweden. It's difficult to estimate when the Swedish market will recover, but I can conclude that house prices in Sweden stabilized during the quarter.

Demand from investors is strong, with 407 (99) rental apartments sold in the quarter. We have developed a stable investor business for some time now, with the ambition that it should comprise around 30 per cent of total sales. In Germany, the market remained strong with good demand. We sold 312 (329) housing units to consumers, and increased the number of housing starts by almost 50 per cent. In Germany, we have now caught up on the housing starts that were delayed by the unseasonably cold winter at the beginning of the year. We started 1,440 (1,442) housing units in the quarter, with a high number of housing units in production at the end of the quarter and a good sales rate of 72 (65) per cent.

FEWER HOUSING UNITS RECOGNIZED FOR PROFIT, BUT AT HIGHER MARGINS

The number of completed housing units recognized for profit decreased in the quarter compared to the corresponding period in the previous year, which resulted in decreased net sales and operating profit. We had a good operating margin of 11 (12) per cent, and adjusted for profit from land sales of SEK 93 M (99), operating margin amounted to 8 (9) per cent. Net sales and earnings can vary significantly between quarters due to Bonava's practice of not recognizing revenues and profit until housing units have been handed over to our customers. We are continuing to grow and invest in new housing projects, which resulted in a lower cash flow before financing of SEK -358 M (-327).

Looking ahead, there are some 9 per cent more housing units to hand over and recognize for profit compared to the corresponding period last year, which creates good conditions for the future.

LAND ACQUISITION IN BERGEN AND INVESTOR DEALS IN SWEDEN AND FINLAND

We are continuing to grow in Norway, where we are active in Bergen, and acquired land for SEK 257 M in the quarter to develop 350 housing units. We sold 164 rental apartments in Linköping to an investor for SEK 311 M which are expected to be recognized for profit in the first quarter of 2020 onwards. In the quarter, we also signed a Letter of Intent relating to the development of a over 50,000 square meters new neighbourhood in Espoo, Finland, in collaboration with Kemira's pension fund Neliapila. The project is due to be completed in 2030. Our investor business in Finland is strong, and we completed two investor deals of 218 rental apartments in Tampere. The projects are expected to be handed over and recognized for profit in the third and fourth quarters of 2019.

PROGRESS IN PROCUREMENT

In the quarter, we made further progress in procurement. We have signed strategic agreements for the purchasing and delivery of kitchens and whitegoods for the entire Bonava Group. This is founded on our insights about what's important to our customers. By working more cost-efficiently and with smarter procurement procedures, we are now taking concrete steps towards offering affordable homes for the many. This also enables us to develop a new and improved business model regarding add-on sales for our customers.

GERMAN MARKET NOW LARGEST

One of our key strategic initiatives is to grow in Germany, and we have since 2013 increased the number of building rights in Germany by 141 per cent. The efforts in Germany have been successful and Germany is now our single largest market. Germany in the last twelve months represented 38 per cent of our sales, compared to 31 per cent from Sweden. In terms of units in production, the difference is even clearer, with Germany accounting for 37 per cent, compared with 24 per cent in Sweden. This is pleasing because the German market is strong with a great need for affordable housing.

BONAVA STANDS STABLE

With our geographical spread across 23 regions and eight countries, Bonava is a unique housing developer. We have a strong offering for consumers and investors, and a clear focus on affordable housing. Our geographical spread enables us to grow on the markets generating the best returns. Our investor business creates a low risk profile and engenders balance as it's advantageous from a cashflow and risk perspective. There is substantial demand for housing on our markets, and with our focus on affordable housing we have an important role to play as well as a great responsibility. Finally, I would like to recommend our report "Faster affordable housing—inspiration from Germany," which we published in the quarter. In the report, we share our experiences from Sweden as well as inspiration from our operations in Germany, where we have reduced production costs and shortened the regulatory and planning process in order to simplify and speed up the construction of affordable housing. The report can be found at bonava.com.

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 hous-

ing 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

1,963
(1,734)

at the end of the quarter

HOUSING UNITS IN PRODUCTION

10,178
(9,497)

at the end of the quarter

NET SALES

12.6
(15.2)

SEK billion, rolling 12-month

OUTCOME FINANCIAL OBJECTIVES Q2 2018

RETURN ON CAPITAL EMPLOYED

11.3 %

Return on capital employed should be 10–15 per cent

EQUITY/ASSETS RATIO

28.7 %

The minimum equity/assets ratio should be 30 per cent

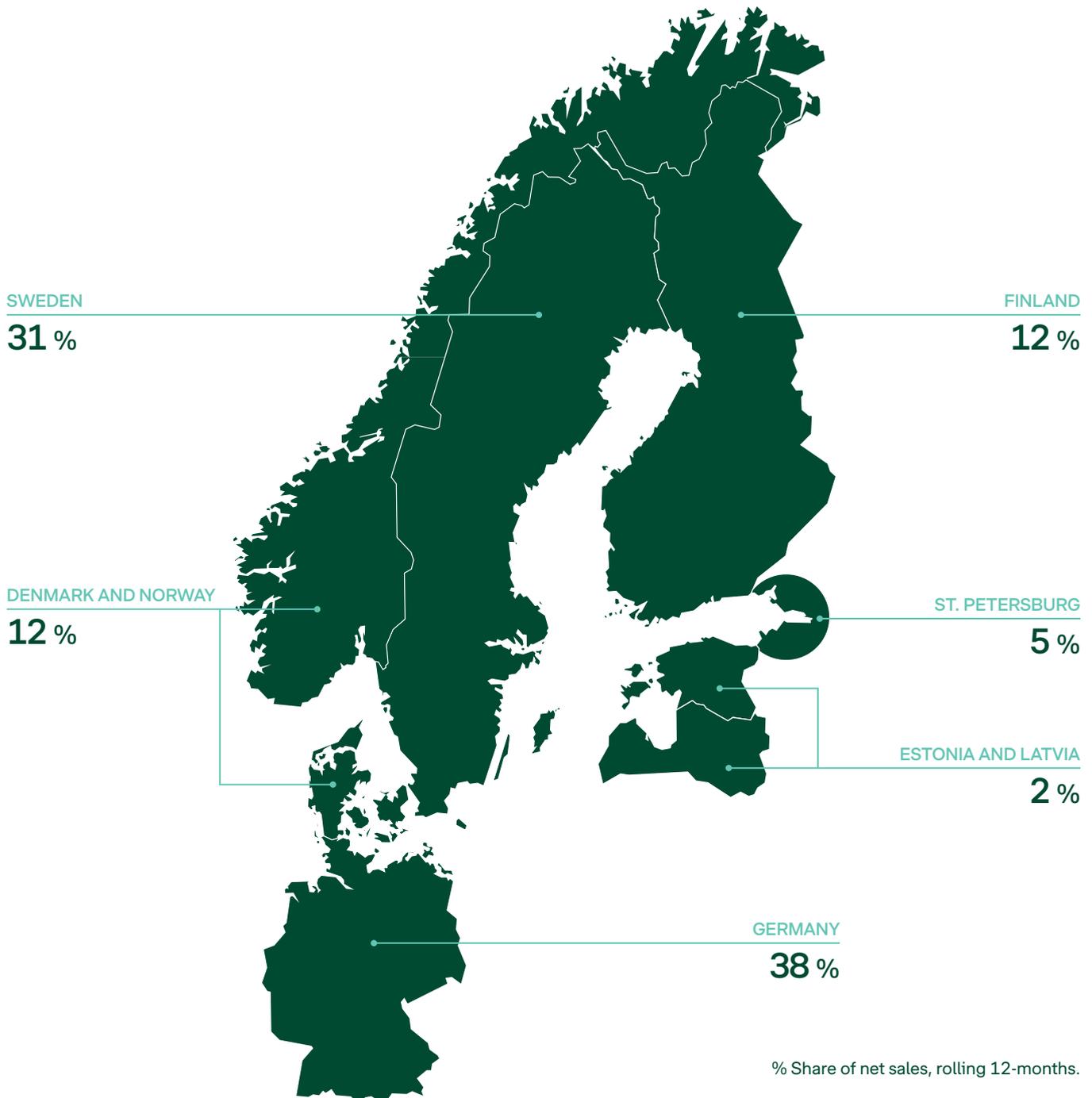
DIVIDEND POLICY

40 %

(Earnings per share was SEK 9.22, 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 pro-

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

APRIL–JUNE 2018

Operational performance

Net sales

Net sales amounted to SEK 2,773 M (3,387). The decrease was due to lower net sales from both consumers and investors. Net sales from consumers amounted to SEK 2,262 M (2,467). In the quarter, 663 (865) housing units for consumers were recognised for profit at an average price of SEK 3.4 M (2.9). In Germany, Finland and Denmark-Norway, more housing units were recognised for profit while the number of housing units recognised for profit in Sweden decreased. The higher average price was due to fewer housing units recognised for profit in St. Petersburg, where prices are lower, and a higher average price in Sweden due to more single-family houses recognised for profit. 212 (416) housing units for investors were recognised for profit in Finland and Germany in the quarter and net

sales from investors amounted to SEK 300 M (719). In the previous year, housing units for investors in Sweden, Germany and Finland were recognized for profit. Land sales amounted to SEK 201 M (176), with the increase attributable to Sweden. Exchange rate fluctuations had a positive impact of SEK 92 M on Group net sales in year-on-year terms.

Operating profit

Operating profit was SEK 306 M (405) in the period. The decrease was due to fewer housing units for consumers and investors recognized for profit. Profit from land sales totalled SEK 93 M (99). Amortisation of intangible assets increased on the previous year.

Exchange rate fluctuations had a positive impact of SEK 3 M on year-on-year operating profit.

Net financial items, tax and profit for the period

Net financial items were SEK -36 M (-58). The improvement was due to reduced borrowing denominated in roubles at lower interest and decreased guarantee costs reported in net financial items.

Net financial items for the second quarter 2018 were SEK 270 M (346). Tax on profit for the period was SEK -58 M (-75), corresponding to a tax rate of 22 (22) per cent.

Profit for the period after tax was SEK 212 M (271).

JANUARY–JUNE 2018

Operational performance

Net sales

Net sales amounted to SEK 4,411 M (6,289). The decrease was due to lower net sales from both consumers and investors. Net sales from consumers amounted to SEK 3,747 M (4,673). In the first six months, 1,234 (1,668) housing units for consumers were recognised for profit. The average

price per housing unit for consumers was SEK 3.0 M (2.8). The increase was due to fewer housing units recognised for profit in St. Petersburg, where prices are lower. 212 (488) housing units for investors were recognised for profit in Germany and Finland in the first half-year, and net sales from investors amounted to SEK 301 M (859). In the previous year, housing units for investors in Sweden, Germany and Finland were recognized for profit. Land sales amounted to SEK 342 M (690), with the decrease attributable to Sweden. Exchange rate fluctuations had a positive impact of SEK 111 M on Group net sales in year-on-year terms.

Operating profit

Operating profit was SEK 349 M (908). The decrease was due to fewer housing units for consumers and investors recognized for profit and lower profit from land sales in Sweden. Profit from land sales totalled SEK 154 M (382). Amortisation of intangible assets and sales and administration expenses increased on the previous year.

Exchange rate fluctuations had a negative impact of SEK -1 M on year-on-year operating profit.

Net financial items, tax and profit for the period

Net financial items were SEK -76 M (-113). The improvement was due to reduced borrowing denominated in roubles at lower interest and decreased guarantee costs reported in Net financial items.

Net financial items for the second half-year were SEK 273 M (795).

Tax on profit for the period was SEK -59 M (-173), corresponding to a tax rate of 22 (22) per cent.

Profit for the period after tax was SEK 214 M (622).

Net sales and operating margin



Operating profit and operating margin



Group performance

SEK M	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Jul 2017- Jun 2018	2017 Jan-Dec
Net sales per segment						
Sweden	976	1,762	1,715	3,527	3,887	5,699
Germany	1,028	1,084	1,421	1,686	4,784	5,049
Finland	310	208	645	378	1,557	1,290
Denmark-Norway	360	169	375	373	1,457	1,454
St. Petersburg	68	123	200	250	677	727
Other and eliminations	30	42	56	76	239	259
Total	2,773	3,387	4,411	6,289	12,601	14,479

SEK M	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Jul 2017- Jun 2018	2017 Jan-Dec
Operating profit per segment						
Sweden	231	342	367	835	762	1,230
Germany	101	128	86	169	585	668
Finland	-3	-22	-43	-38	-5	1
Denmark-Norway	22	-16	16	-9	166	141
St. Petersburg	9	21	30	34	100	104
Other and eliminations	-53	-48	-107	-83	-221	-197
Total	306	405	349	908	1,387	1,946

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 22,381 M (18,859). 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 5,607 M (5,311), of which net debt in Swedish tenant-owner associations and Finnish housing companies amounted to SEK 4,194 M (4,285).

Excluding tenant-owner associations and housing companies, the Group had net debt of SEK 1,413 M (1,026). Net debt was up on the previous year, mainly due to net investments in housing projects. As of 31 March 2018, net debt amounted to SEK 4,939 M.

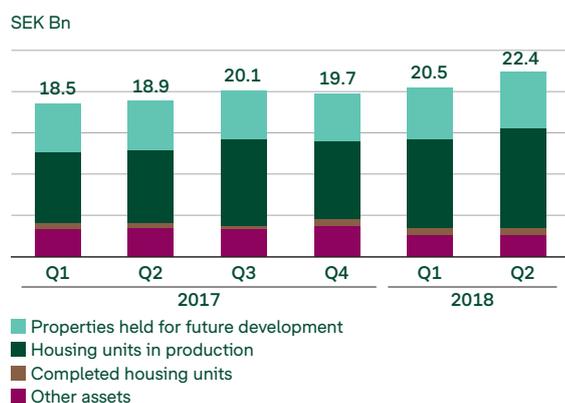
CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Return on capital employed was 11.3 (18.7) per cent. The lower return was due to decreased operating profit in combination with increased capital employed of SEK 12,364 M (11,810) 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 31 March 2018, capital employed amounted to SEK 12,023 M.

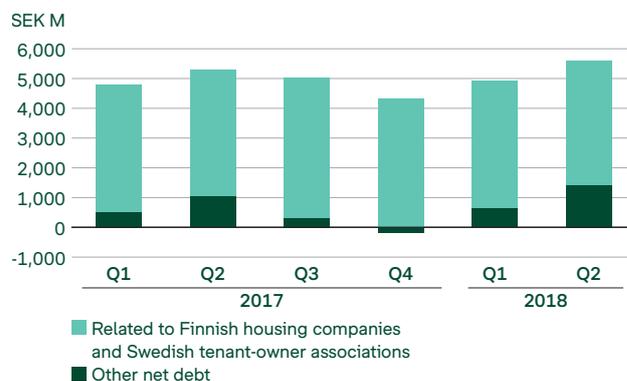
EQUITY/ASSETS AND DEBT/EQUITY RATIO

As of 30 June 2018, the equity/assets ratio was 28.7 (31.9) per cent. Bonava's equity/assets ratio is affected by seasonal fluctuations as the company's assets normally increase in the first three quarters of the year and then decrease in the fourth quarter, when a large number of housing units are handed over to customers and recognised for profit. The debt/equity ratio was 0.9 (0.9). The debt/equity ratio excluding tenant-owner associations and housing companies was 0.2 (0.2).

Allocation of assets



Net debt



**CASH FLOW
APRIL–JUNE 2018**

Cash flow before financing was SEK -358 M (-327) for the quarter. The decreased profit after financial items and increased negative exchange rate effects meant that cash flow from operating activities before changes in working capital was lower. Cash flow from sales of housing projects was down in year-on-year terms due to lower sales in Sweden and Germany, which was partly offset by increased sales in Finland and Denmark-Norway. Bonava continues to grow, which meant that investments in housing projects were up in year-on-year terms, mainly in ongoing housing projects in Finland.

Cash flow from changes in other working capital was up on the previous year, mainly as a result of increased customer advances in Germany, but also due to increased interest-free financing in Denmark-Norway.

JANUARY–JUNE 2018

Cash flow before financing was SEK -1,132 M (-1,406) in the first six months of the year.

Cash flow from operating activities before changes in working capital was down in the period in year-on-year terms, as a result of decreased profit after financial items and negative exchange rate effects. This was offset slightly by increased depreciation and amortisation and lower tax paid.

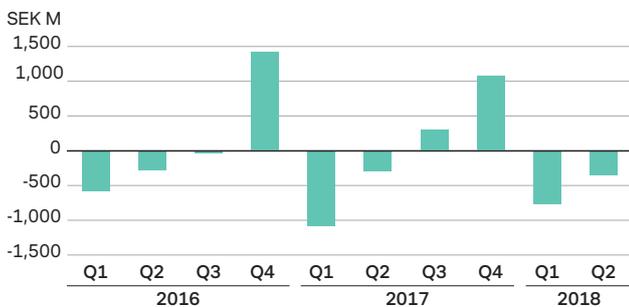
Cash flow from sales of housing projects was down in year-on-year terms due to decreased cash flow from sales in Sweden, which was partly offset by increased sales in Finland. Investments in housing projects were down on the previous year. Investments in land were lower in Sweden, while investments in ongoing housing projects increased in Finland.

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

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

APRIL–JUNE 2018

Housing sales and housing starts

In the quarter, 856 (921) housing units were sold to consumers and 407 (99) housing units were sold to investors. Sales to consumers increased mainly in St. Petersburg, while sales in Sweden and Denmark-Norway were down on the previous year. This meant that the average price of housing units sold to consumers decreased to SEK 2.4 M (2.9), as prices are lower in St. Petersburg compared to on the Nordic markets. The average price of housing units for investors was SEK 1.8 M (0.9).

In the period, 1,033 (1,343) housing units were started for consumers, and 407 (99) for investors.

Housing units in production as of 30 June 2018

At the end of the period, there were 6,947 (7,071) housing units for consumers and

3,231 (2,426) housing units for investors in production. As of 30 June 2018, the sales rate was 58 (53) per cent for housing units for consumers and 100 (100) per cent for investors. The completion rate at the end of the period was 51 (43) per cent for consumers and 47 (46) per cent for investors.

JANUARY–JUNE 2018

Housing sales and housing starts

A total of 1,558 (1,639) housing units were sold to consumers and 407 (231) housing units to investors. The number of housing starts was 1,252 (2,660) for consumers and 407 (231) for investors.

Estimated completions per quarter

In year-on-year terms, there are more housing units to complete from the third quarter

2018 onwards. Of the total number of housing units yet to be completed, an estimated 42 (36) per cent will be completed in the remainder of the year.

Building rights as of 30 June 2018

There were 33,000 (29,400) building rights, of which 18,200 (17,800) were recognized in the Balance Sheet. The largest increase in number of building rights compared to last year came from Finland and Denmark-Norway.

Unsold, completed housing units at the end of the period

The number of unsold completed housing units at period end was 240 (172). All these housing units were for consumers, mainly in Finland and St. Petersburg.

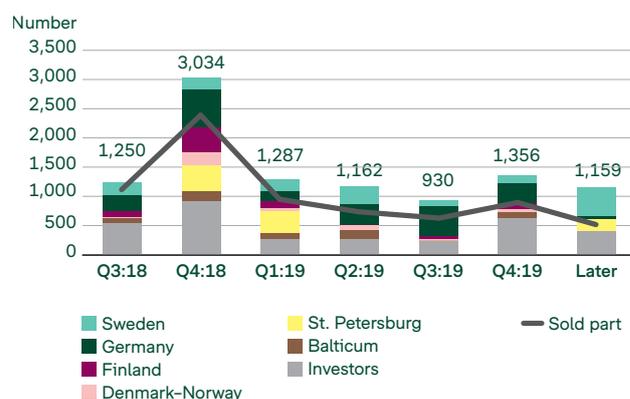
	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Housing units in ongoing production for consumers, at period end	6,947	7,071	6,947	7,071	6,844
Housing units in ongoing production for investors, at period end	3,231	2,426	3,231	2,426	3,036
Total number of housing units in ongoing production	10,178	9,497	10,178	9,497	9,880
Sales rate for housing units in ongoing production, %	72	65	72	65	68
Reservation rate for housing units in ongoing production, %	3	5	3	5	2
Sold and reserved housing units in ongoing production, %	75	70	75	70	70
Housing units for consumers sold in the period	856	921	1,558	1,639	3,984
Housing units for investors sold in the period	407	99	407	231	1,718
Total housing units sold	1,263	1,020	1,965	1,870	5,702
Sales value of housing units sold for consumers in the period, SEK M	2,098	2,678	3,699	4,671	10,490
Sales value of housing units sold for investors in the period, SEK M	727	85	727	329	2,918
Total	2,824	2,763	4,426	5,000	13,408
Housing starts for consumers in the period	1,033	1,343	1,252	2,660	4,984
Housing starts for investors in the period	407	99	407	231	1,718
Total housing starts	1,440	1,442	1,659	2,891	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 1,877 (1,658) in the period.

SHARES AND SHAREHOLDERS

Bonava has two classes of share, class A and class B. The closing price on 29 June 2018 was SEK 108.50 per class A share and SEK 105.10 per class B share, corresponding to market capitalisation of SEK 11.4 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 June 2018. Each class A share carries ten votes and each class B share one vote.

At the end of the quarter, there were 32,907 shareholders. Bonava's largest shareholder was Nordstjernan AB. As of 29 June 2018, the ten largest shareholders controlled 65.6 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 39 M to NCC AB, has been reported at an amount corresponding to the fair value of three years' payments.

SIGNIFICANT EVENTS IN THE PERIOD

In the period, Bonava repurchased 265,861 class B shares for SEK 29.0 M, relating to the completion of the company's commitment under the long-term incentive program (LTIP 2018) introduced in the year.

TEN LARGEST SHAREHOLDERS AS OF 29 JUNE 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	15,268,447	14.1	6.7
Swedbank Robur fonder	128,119	8,598,951	8.1	4.4
SEB Investment Management	0	5,296,257	4.9	2.3
Lannebo fonder	7,756	5,217,962	4.8	2.3
Fjärde AP-fonden	3,343	4,541,493	4.2	2.0
Carnegie fonder	0	3,500,000	3.2	1.6
Handelsbanken fonder	0	3,375,000	3.1	1.5
Länsförsäkringar fondförvaltning	0	3,217,006	3.0	1.4
Afa försäkring	0	1,620,638	1.5	0.7
Total, ten largest shareholders	10,139,218	60,959,513	65.6	71.7
Other	2,980,497	34,356,594	34.4	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.



ELITTRUPPEN

Project start: Q2 2018

Location: Linköping, Sweden

Housing category: Multi-family housing

Number of housing units: 164 homes for investors

Nordic Swan eco-labelled rental apartments in a vibrant neighbourhood close to nature and the city centre. The apartments, that are distributed over two buildings, comprise one and two bedroom apartments. Most of the apartments have balconies or terraces.



TINNERBÄCKS VY

Project start: Q2 2018

Location: Linköping, Sweden

Housing category: Multi-family housing

Number of housing units: 28 homes for consumers

Well-planned and Nordic Swan eco-labelled one to three bedroom tenant-owner apartments with sunny balconies in the popular neighbourhood Södra Ekkällan. The residents share a furnished roof terrace for leisure and socializing.

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.



SCHNELSENER HOFGARTEN

Project start: Q2 2018

Location: Hamburg, Germany

Housing category: Multi-family housing

Number of housing units: 73 homes for consumers

Modern and energy-efficient apartments 15 km from the Hamburg city centre. The neighbourhood is community-oriented and close to nurseries, schools, supermarkets and public transport.

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.



AS OY ESPOON LÄHDE

Project start: Q2 2018

Location: Espoo, Finland

Housing category: Multi-family housing

Number of housing units: 67 homes for consumers

Modern housing units in central Espoo in close proximity to shopping, restaurants and supermarkets. The neighbourhood is surrounded by green areas and has excellent public transport.

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.



GARTNERLIEN

Sales start: Q2 2018

Location: Bergen, Norway

Housing category: Multi-family housing

Number of housing units: 41 homes for consumers

Gartnerlien is located in the popular Sandsli area in Bergen. The residents share an orangery, and every home has its own greenhouse on the balcony.

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

Sweden

MARKET PROGRESS

The Swedish housing market remained cautious in the quarter, although house prices stabilized nationwide.

APRIL–JUNE 2018

Operational progress

Net sales

Net sales were down on the previous year, mainly as a result of fewer housing units for consumers recognized for profit, and because no housing units for investors were recognized for profit in the period. In the previous year, 158 housing units for investors were recognized for profit. The average price per housing unit to consumers recognized for profit was SEK 4.1 M (3.8). The increased average price was mainly due to more single-family units recognized for profit in the period.

Operating profit

Operating profit was SEK 231 M (342), with the decrease mainly due to fewer housing units for consumers recognized for profit and that no projects for investors were recognised for profit in the period. Profit from land sales were SEK 92 M (91).

JANUARY–JUNE 2018

Operational progress

Net sales

Net sales were down on the previous year as a result of fewer housing units for consumers and investors recognized for profit, and decreased land sales. Land sales totalled SEK 304 M (634). The average price per housing unit to consumers recognized for profit was SEK 3.7 M (3.9). Housing units recognized for profit were of smaller size than in the previous year.

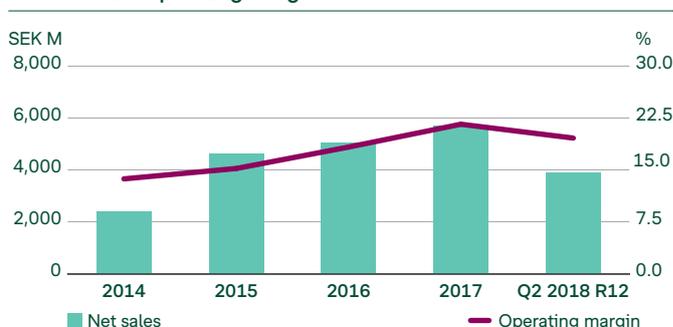
Operating profit

Operating profit was SEK 367 M (835) MSEK, with the decrease mainly due to fewer housing units for consumers recognized for profit and because no projects for investors were recognized for profit. Land sales decreased and profit from land sales was SEK 144 M (374).

Capital employed and return on capital employed

In Sweden, ongoing housing projects increased year-on-year, which was offset by lower values of properties held for future development and increased advances from customers. Return on capital employed decreased year-on-year as a result of the lower operating profit.

Net sales and operating margin



	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Key financial figures					
Net sales, SEK M	976	1,762	1,715	3,527	5,699
Operating profit, SEK M	231	342	367	835	1,230
Operating margin, %	23.6	19.4	21.4	23.7	21.6
Capital employed at period end, SEK M	4,911	4,955	4,911	4,955	4,986
Return on capital employed, %	14.7	27.6	14.7	27.6	24.7
Building rights					
Number of building rights at period end	7,400	7,100	7,400	7,100	7,500
of which off-balance sheet building rights	5,100	3,800	5,100	3,800	4,900
Housing development for consumers					
Number of housing units sold in the period	37	189	79	344	621
Number of housing starts in the period	28	354	89	470	965
Number of profit-recognised housing units in the period	195	363	379	676	1,245
Number of housing units in production at period end	1,694	2,087	1,694	2,087	2,009
Sales rate for housing units in production, %	46	67	46	67	55
Housing development for investors					
Number of housing units sold in the period	164		164		90
Number of housing starts in the period	164		164		90
Number of profit-recognised housing units in the period		158		158	158
Number of housing units in production at period end	702	448	702	448	538
Sales rate for housing units in production, %	100	100	100	100	100

Germany

MARKET PROGRESS

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

APRIL–JUNE 2018

Operational progress

Net sales

In Germany, net sales decreased as fewer housing units for investors were recognised for profit, while the number of housing units for consumers recognised for profit increased. One project for investors was recognised for profit in the period. Last year, two projects for investors were recognised for profit in Germany. The average price per housing unit for consumers was SEK 3.6 M (3.6).

Operating profit

Operating profit decreased in Germany as fewer housing units for investors were recognised for profit compared to the corresponding period in the previous year.

JANUARY–JUNE 2018

Operational progress

Net sales

In Germany, net sales decreased as fewer housing units for investors were recognised for profit, while the number of housing units for consumers recognised for profit remained unchanged on the previous year. In the first half-year, one project for investors was recognised for profit against three projects in the previous year. The average price per housing unit for consumers was SEK 3.6 M (3.5).

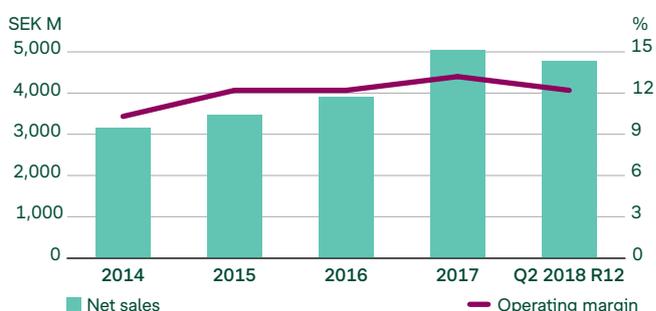
Operating profit

Operating profit decreased in Germany as fewer housing units for investors were recognised for profit compared to the corresponding period in the previous year. Profit from land sales was SEK 10 M (0).

Capital employed and return on capital employed

Properties held for future development and housing units in production increased year-on-year. This could not be fully offset by an increase in interest-free project financing, which meant that capital employed also increased. Return on capital employed decreased year-on-year as a result of the lower profit and the increased capital employed.

Net sales and operating margin



	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Key financial figures					
Net sales, SEK M	1,028	1,084	1,421	1,686	5,049
Operating profit, SEK M	101	128	86	169	668
Operating margin, %	9.8	11.8	6.0	10.0	13.2
Capital employed at period end, SEK M	3,542	2,879	3,542	2,879	3,037
Return on capital employed, %	17.9	24.8	17.9	24.8	23.0
Building rights					
Number of building rights at period end	8,200	7,900	8,200	7,900	8,300
of which off-balance sheet building rights	2,800	3,500	2,800	3,500	3,700
Housing development for consumers					
Number of housing units sold in the period	312	329	522	549	1,506
Number of housing starts in the period	485	330	598	544	1,455
Number of profit-recognised housing units in the period	249	207	348	344	1,135
Number of housing units in production at period end	2,354	1,983	2,354	1,983	2,105
Sales rate for housing units in production, %	68	63	68	63	68
Housing development for investors					
Number of housing units sold in the period				76	906
Number of housing starts in the period				76	906
Number of profit-recognised housing units in the period	76	149	76	221	611
Number of housing units in production at period end	1,403	1,039	1,403	1,039	1,479
Sales rate for housing units in production, %	100	100	100	100	100

Finland

MARKET PROGRESS

The housing market in Finland was good and house prices continued to increase slightly in the quarter.

APRIL–JUNE 2018

Operational progress

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 2.3 M (2.6) as a result of fewer housing units recognised for profit in the Helsinki area.

Operating profit

Operating profit in Finland improved in the second quarter year-on-year due to more housing units for consumers and investors recognised for profit at improved margins. Profit from land sales was SEK 1 M (8).

JANUARY–JUNE 2018

Operational progress

Net sales

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

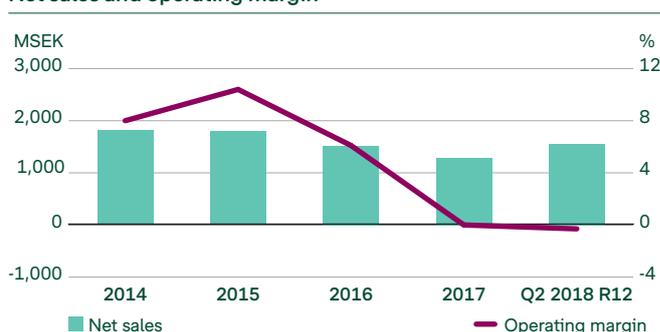
Operating profit

Operating profit in Finland decreased in the first half compared to the corresponding period in the previous year due to low margins in three projects recognized for profit in the first quarter, while the result improved in the second quarter. Profit from land sales was SEK 1 M (8).

Capital employed and return on capital employed

In Finland, value of housing units in production and land held for development increased, which was partly offset by an increased share of interest-free project financing. This meant that capital employed was up on the previous year. Return on capital employed was negative due to the lower profit.

Net sales and operating margin



	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Key financial figures					
Net sales, SEK M	310	208	645	378	1,290
Operating profit, SEK M	-3	-22	-43	-38	1
Operating margin, %	-1.0	-10.6	-6.7	-10.1	0.0
Capital employed at period end, SEK M	1,525	1,386	1,525	1,386	1,284
Return on capital employed, %	-0.6	7.6	-0.6	7.6	-0.2
Building rights					
Number of building rights at period end	8,600	7,200	8,600	7,200	7,100
of which off-balance sheet building rights	5,200	3,900	5,200	3,900	4,300
Housing development for consumers					
Number of housing units sold in the period	127	124	223	239	579
Number of housing starts in the period	174	198	174	287	702
Number of profit-recognised housing units in the period	55	11	216	79	398
Number of housing units in production at period end	798	809	798	809	865
Sales rate for housing units in production, %	59	55	59	55	54
Housing development for investors					
Number of housing units sold in the period	218	98	218	154	628
Number of housing starts in the period	218	98	218	154	628
Number of profit-recognised housing units in the period	136	108	136	108	327
Number of housing units in production at period end	1,007	865	1,007	865	925
Sales rate for housing units in production, %	100	100	100	100	100

Denmark–Norway

MARKET PROGRESS

The housing market in Denmark was stable in the quarter, with slightly rising prices nationwide. In Bergen, Norway, the housing market was good even if house prices continued to decline slightly following several years of price growth.

APRIL–JUNE 2018

Operational progress

Net sales

Net sales in Denmark–Norway were higher than in the previous year due to more housing units being handed over to consumers. The average price increased to SEK 4.1 M (3.7) due to more housing units were recognized for profit at higher prices in Bergen.

Operating profit

Operating profit for Denmark–Norway increased due to more housing units for consumers recognized for profit. Profit from land sales was SEK 0 M (1).

JANUARY–JUNE 2018

Operational progress

Net sales

Net sales in Denmark–Norway was in line with the previous year. The average price increased to SEK 4.1 M (3.5) year-on-year due to more housing units recognized for profit at higher prices in Bergen.

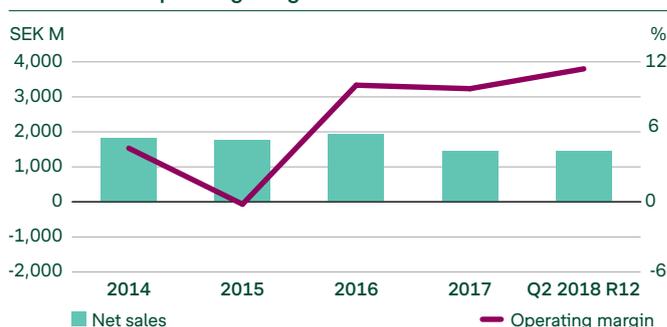
Operating profit

Operating profit for Denmark–Norway increased year-on-year due to improved project margins. Profit from land sales were SEK 0 M (1).

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 was lower due to the increased capital tied up.

Net sales and operating margin



	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Key financial figures					
Net sales, SEK M	360	169	375	373	1,454
Operating profit, SEK M	22	-16	16	-9	141
Operating margin, %	6.1	-9.5	4.1	-2.4	9.7
Capital employed at period end, SEK M	1,205	957	1,205	957	857
Return on capital employed, %	15.4	16.6	15.4	16.6	15.3
Building rights					
Number of building rights at period end	2,700	1,600	2,700	1,600	2,000
of which off-balance sheet building rights, number	1,000	400	1,000	400	800
Housing development for consumers					
Number of housing units sold in the period	55	95	116	204	362
Number of housing starts in the period	53	239	53	324	507
Number of profit-recognised housing units in the period	88	41	91	102	312
Number of housing units in production at period end	474	537	474	537	517
Sales rate for housing units in production, %	54	53	54	53	46
Housing development for investors					
Number of housing units sold in the period	25		25		94
Number of housing starts in the period	25		25		94
Number of profit-recognised housing units in the period					74
Number of housing units in production at period end	119	74	119	74	94
Sales rate for housing units in production, %	100	100	100	100	100

St. Petersburg

MARKET PROGRESS

The housing market in St. Petersburg was good in the quarter, with stable demand from consumers.

APRIL–JUNE 2018

Operational progress

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 for consumers increased to SEK 1.3 M (0.7). 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–JUNE 2018

Operational progress

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 for consumers increased to SEK 1.3 M (0.7). In the period, more housing units were recognised for profit in a higher price segment compared to the previous year.

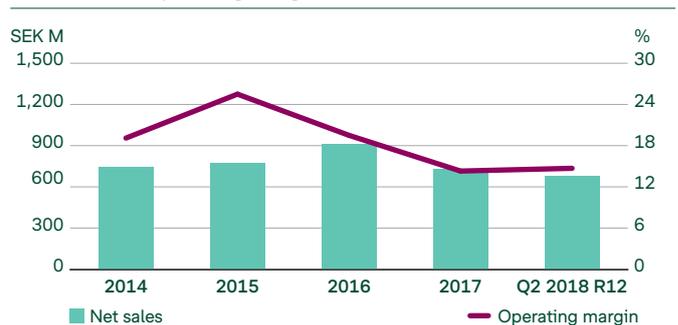
Operating profit

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

Capital employed and return on capital employed

In St. Petersburg, properties held for future development decreased as no investments in new land have been made. Ongoing housing projects increased, while interest-free project financing also increased, which reduced capital employed in year-on-year terms. Return on capital employed increased thanks to the lower capital tied up.

Net sales and operating margin



	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Key financial figures					
Net sales, SEK M	68	123	200	250	727
Operating profit, SEK M	9	21	30	34	104
Operating margin, %	13.1	17.3	15.2	13.7	14.3
Capital employed at period end, SEK M	946	1,296	946	1,296	1,108
Return on capital employed, %	9.1	8.0	9.1	8.0	8.4
Building rights					
Number of building rights at period end	3,100	3,600	3,100	3,600	3,500
of which off-balance sheet building rights					
Housing development for consumers					
Number of housing units sold in the period	193	82	369	140	516
Number of housing starts in the period	199		199	813	813
Number of profit-recognised housing units in the period	48	178	141	351	833
Number of housing units in production for consumers at period end	1,012	1,176	1,012	1,176	813
Sales rate for housing units in production, %	56	17	56	17	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 for investors at period end					
Sales rate for housing units in production, %					

Condensed Consolidated Income Statement

SEK M	Note 1, 7	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	Jul 2017– Jun 2018	2017 Jan–Dec
Net sales	4,5	2,773	3,387	4,411	6,289	12,601	14,479
Production costs		-2,223	-2,779	-3,601	-5,007	-10,304	-11,710
Gross profit		550	607	811	1,282	2,297	2,768
Selling and administrative expenses		-244	-202	-462	-374	-910	-822
Operating profit	4	306	405	349	908	1,387	1,946
Financial income		2	3	4	5	10	11
Financial expenses		-38	-61	-80	-118	-199	-236
Net financial items		-36	-58	-76	-113	-189	-226
Profit after financial items	4	270	346	273	795	1,199	1,721
Tax on profit for the period		-58	-75	-59	-173	-204	-319
Net profit for the period		212	271	214	622	994	1,402
Attributable to:							
Bonava AB's shareholders		212	271	214	622	994	1,402
Non-controlling interests							
Net profit for the period		212	271	214	622	994	1,402
Per share data before and after dilution							
Earnings per share, SEK		1.96	2.51	1.98	5.75	9.22	12.99
Cash flow from operating activities, SEK		-2.99	-2.80	-9.93	-12.52	3.40	0.79
Shareholders' equity, SEK		59.63	55.76	59.63	55.76	59.63	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 June 2018 was 815,061 (549,200). In 2018, 265,861 shares were repurchased.

Consolidated Statement of Comprehensive Income

SEK M	Note 1	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	Jul 2017– Jun 2018	2017 Jan–Dec
Profit for the period		212	271	214	622	994	1,402
<i>Items that have been or may be reclassified to profit or loss for the period</i>							
Translation differences in the period in translation of foreign operations		27	-44	153	-19	185	13
Other comprehensive income for the period		27	-44	153	-19	185	13
Comprehensive income for the period		239	227	367	603	1,179	1,415
<i>Attributable to:</i>							
Bonava AB's shareholders		239	227	367	603	1,179	1,415
Non-controlling interests							
Total comprehensive income for the period		239	227	367	603	1,179	1,415

Condensed Consolidated Balance Sheet

SEK M	Note 1, 3, 6, 7	2018 30 Jun	2017 30 Jun	2017 31 Dec
ASSETS				
Fixed assets		761	835	705
Current assets				
Properties held for future development		6,880	5,949	5,734
Ongoing housing projects		12,000	8,821	9,482
Completed housing units		846	689	815
Current receivables		1,626	2,234	1,855
Cash and cash equivalents	2	268	331	1,122
Total current assets		21,620	18,024	19,008
TOTAL ASSETS		22,381	18,859	19,713
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to parent company shareholders		6,417	6,016	6,633
Non-controlling interests		5	5	5
Total shareholders' equity		6,423	6,021	6,638
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	2	3,342	2,959	3,340
Other non-current liabilities		595	365	555
Non-current provisions		679	722	658
Total non-current liabilities		4,616	4,045	4,553
Current liabilities				
Current interest-bearing liabilities	2	2,599	2,761	2,024
Other current liabilities		8,743	6,031	6,497
Total current liabilities		11,342	8,793	8,521
Total liabilities		15,958	12,838	13,074
TOTAL EQUITY AND LIABILITIES		22,381	18,859	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	367		367
Dividend	-560		-560
Purchase of treasury shares	-29		-29
Performance-based incentive program	6		6
Closing shareholders' equity, 30 June 2018	6,417	5	6,423

Condensed Consolidated Cash Flow Statement

SEK M	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	Jul 2017- Jun 2018	2017 Jan-Dec
OPERATING ACTIVITIES						
Profit after financial items	270	346	273	795	1,199	1,721
Adjustments for items not included in cash flow	-68	192	-253	109	-413	-52
Tax paid	-24	-73	-42	-137	-111	-206
Cash flow from operating activities before changes in working capital	178	466	-22	767	673	1,462
Cash flow from changes in working capital						
Divestments of housing projects	2,187	3,130	3,574	5,203	10,311	11,940
Investments in housing projects	-3,882	-3,617	-6,600	-7,130	-13,680	-14,210
Other changes in working capital	1,195	-281	1,978	-192	3,063	893
Cash flow from changes in working capital	-501	-768	-1,048	-2,119	-306	-1,377
Cash flow from operating activities	-323	-302	-1,070	-1,352	367	85
INVESTING ACTIVITIES						
Cash flow from investing activities	-35	-26	-62	-55	-118	-111
CASH FLOW BEFORE FINANCING	-358	-327	-1,132	-1,406	248	-26
FINANCING ACTIVITIES						
Dividend paid	-281	-205	-281	-205	-486	-410
Purchase of treasury shares	-29	-30	-29	-30	-29	-30
Increase in interest-bearing liabilities	1,294	696	2,152	2,410	2,989	3,247
Decrease in interest-bearing liabilities	-613	-583	-1,597	-1,149	-2,835	-2,387
Change in interest-bearing receivables	-5	81	13	95	27	109
Cash flow from financing activities	367	-40	259	1,122	-335	528
CASH FLOW FOR THE PERIOD	8	-369	-874	-285	-87	502
Cash and cash equivalents at the beginning of the period	255	704	1,122	619	331	619
Exchange rate difference in cash and cash equivalents	4	-5	19	-3	23	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	268	331	268	331	268	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's assessment is that IFRS 9 has not had a material effect and Bonava will not restate 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 land sales, 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 will not restate the comparative figures for 2017.

IFRS 16, Leasing, will be implemented on 1 January 2019 and regulates the reporting of leasing agreements. The present value of all leasing expenses should be calculated and reported as a Right of use asset in the Balance Sheet, with the corresponding interest-bearing liability. In the Income Statement, the leasing expense 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 some key figures. Profit after financial items will not be impacted. Bonava has started an analysis in order to quantify the effects of the new leasing standard.

NOTE 2 Specification of net debt

SEK M	2018 30 Jun	2017 30 Jun	2017 31 Dec
Non-current interest-bearing receivables	8		10
Current interest-bearing receivables	59	79	68
Cash and cash equivalents	268	331	1,122
Interest-bearing receivables	334	410	1,200
Non-current interest-bearing liabilities	3,342	2,959	3,340
Current interest-bearing liabilities	2,599	2,761	2,024
Interest-bearing liabilities	5,941	5,720	5,364
Net debt	5,607	5,311	4,165
<i>of which, attributable to Swedish tenant-owner associations and Finnish housing companies</i>			
Cash and cash equivalents	34	126	78
Interest-bearing liabilities	4,227	4,410	4,411
Net debt in tenant-owner associations and housing companies	4,194	4,285	4,333
Other net debt	1,413	1,026	-168
Net debt	5,607	5,311	4,165

NOTE 3 Pledged assets, contingent liabilities and guarantee obligations

SEK M	2018 30 Jun	2017 30 Jun	2017 31 Dec
Assets pledged			
<i>For own liabilities:</i>			
Property mortgages	2,923	1,703	2,603
Restricted bank funds	11	49	11
Total pledged assets	2,934	1,752	2,614
Contingent and guarantee liabilities			
<i>Own contingent liabilities:</i>			
Deposits and concession fees ¹⁾	2,370	953	1,204
Other guarantees			105
Total contingent and guarantee liabilities	2,370	953	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

Apr–Jun 2018, SEK M	Sweden	Germany	Finland	Denmark– Norway	St. Petersburg	Other and eliminations	Total
Net sales	976	1,028	310	360	68	30	2,773
Operating profit	231	101	-3	22	9	-53	306
Net financial items							-36
Profit after financial items							270
Capital employed at period end	4,911	3,542	1,525	1,205	946	234	12,364

Apr–Jun 2017, SEK M	Sweden	Germany	Finland	Denmark– Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,762	1,084	208	169	123	42	3,387
Operating profit	342	128	-22	-16	21	-48	405
Net financial items							-58
Profit after financial items							346
Capital employed at period end	4,955	2,879	1,386	957	1,296	337	11,810

Jan–Jun 2018, SEK M	Sweden	Germany	Finland	Denmark– Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,715	1,421	645	375	200	56	4,411
Operating profit	367	86	-43	16	30	-107	349
Net financial items							-76
Profit after financial items							273
Capital employed at period end	4,911	3,542	1,525	1,205	946	234	12,364

Jan–Jun 2017, SEK M	Sweden	Germany	Finland	Denmark– Norway	St. Petersburg	Other and eliminations	Total
Net sales	3,527	1,686	378	373	250	76	6,289
Operating profit	835	169	-38	-9	34	-83	908
Net financial items							-113
Profit after financial items							795
Capital employed at period end	4,955	2,879	1,386	957	1,296	337	11,810

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	711	12,003

Other and eliminations, SEK M	Net sales					Operating profit				
	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Bonava's Head Office	69	54	132	101	212	-53	-50	-104	-86	-214
Operations in Estonia and Latvia	28	49	56	83	273	-1	3	-2	4	17
Adjustments and eliminations	-67	-61	-132	-108	-226					
TOTAL	30	42	56	76	259	-53	-48	-107	-83	-197

NOTE 5 Revenue reported by revenue stream

SEK M	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Net sales, housing units sold to consumers	3,747	4,673	11,221
Net sales, housing units sold to investors	301	859	2,119
Net sales, sale of land	342	690	1,036
Net sales, other	21	67	103
Total net sales	4,411	6,289	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 assets into three levels. No transfers between levels were made in the period.

Bonava has no financial instruments in levels 1 and 3.

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

SEK M	2018 30 Jun	2017 30 Jun	2017 31 Dec
Derivative instruments not used for hedge accounting	8	51	11
Total assets	8	51	11
Derivative instruments not used for hedge accounting	67	62	82
Total liabilities	67	62	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 9 June 2016, Bonava constituted the NCC Housing operating segment of the NCC Group. After this date, all transactions with the NCC Group, an associated company within the Nordstjernan Group, have been priced on a commercial basis.

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

Transactions and balances with the NCC Group, SEK M	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Sales	1	2	4
Purchases	1,015	1,476	2,583
Accounts receivables	2		
Non-current interest-bearing liabilities	26	33	35
Current interest-bearing liabilities	13	12	12
Accounts payable	205	170	60
Contingent liabilities	233	206	221

Parent Company

JANUARY-JUNE 2018

The parent company comprises the operations of Bonava AB (publ). The company's net sales amounted to SEK 130 M (101). Profit after financial items was SEK 1,139 M (109).

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK M	Note 1	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales		130	101	212
Selling and administrative expenses		-225	-179	-407
Operating loss		-95	-78	-195
Profit from participations in Group companies		1,194	169	432
Financial income		72	92	176
Financial expenses		-32	-74	-128
Profit after financial items		1,139	109	284
Appropriations				141
Profit before tax		1,139	109	425
Tax on profit for the period		12	59	3
Profit for the period		1,151	168	428

PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	Note 2	2018 30 Jun	2017 30 Jun	2017 31 Dec
Assets				
Fixed assets		2,491	2,351	2,509
Current assets		5,415	4,219	3,821
Total assets		7,906	6,571	6,330
Shareholders' equity and liabilities				
Shareholders' equity		5,776	5,144	5,208
Provisions		2	1	2
Non-current liabilities		628	613	592
Current liabilities		1,500	813	528
Total equity and liabilities		7,906	6,571	6,330

Notes to the Parent Company

Income Statement and Balance Sheet

NOTE 1 Accounting policies

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

The accounting policies applied when preparing this Interim Report are applicable for all periods and correspond to the accounting policies presented in Note 1 Significant accounting policies in Bonava's Annual Report 2017, pages 102–106 and page 127. These are also available at www.bonava.com.

TRANSACTIONS WITH RELATED PARTIES

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

NOTE 2 Guarantees and contingent liabilities

SEK M	2018 30 Jun	2017 30 Jun	2017 31 Dec
Guarantees	18,996	17,778	17,740

Sector-related key figures for the Group

Group	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Building rights at period end	33,000	29,400	33,000	29,400	31,400
Of which off-balance-sheet building rights	14,800	11,600	14,800	11,600	14,600
Housing development for consumers					
Profit-recognised housing units in the period	663	865	1,234	1,668	4,294
Housing starts in the period	1,033	1,343	1,252	2,660	4,984
Housing units sold in the period	856	921	1,558	1,639	3,984
Housing units under construction, at period end	6,947	7,071	6,947	7,071	6,844
Sales rate for housing units under construction, %	58	53	58	53	54
Reservation rate for housing units under construction, %	5	6	5	6	3
Completion rate for housing units under construction, %	51	43	51	43	44
Completed housing units, not recognised for profit, at period end	288	452	288	452	377
Housing units for sale (ongoing and completed), at period end	3,134	3,462	3,134	3,462	3,443
Housing development for investors					
Housing units recognised for profit in the period	212	416	212	488	1,170
Housing starts in the period	407	99	407	231	1,718
Housing units sold in the period	407	99	407	231	1,718
Housing units under construction at period end	3,231	2,426	3,231	2,426	3,036
Sales rate for housing units under construction, %	100	100	100	100	100
Completion rate for housing units under construction, %	47	46	47	46	32

Housing development for consumers	2018 Apr–Jun	2017 Apr–Jun	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Housing units under construction, at beginning of period	6,547	6,619	6,844	6,158	6,158
Housing starts in the period	1,033	1,343	1,252	2,660	4,984
Housing units recognised for profit in the period	-663	-865	-1,234	-1,668	-4,294
Decrease (+)/increase (-) in completed housing units, not recognised for profit, at period end	30	-26	85	-79	-4
Housing units under construction, at period end	6,947	7,071	6,947	7,071	6,844
Housing development for investors					
Housing units under construction, at beginning of period	3,036	2,773	3,036	2,955	2,955
Housing starts in the period	407	99	407	231	1,718
Housing units recognised for profit in the period	-212	-416	-212	-488	-1,170
Time offset between completion and profit recognition in Bonava Finland ¹⁾		-30		-272	-467
Housing units under construction, at period end	3,231	2,426	3,231	2,426	3,036

¹⁾ Earlier, 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 Jun	2017 30 Jun	2017 31 Dec
Return on capital employed, % ¹⁾	11.3	18.7	16.6
Interest coverage ratio, multiple ¹⁾	7.0	8.2	8.3
Equity/assets ratio, %	28.7	31.9	33.7
Interest bearing liabilities/total assets, %	26.5	30.3	27.2
Net debt	5,607	5,311	4,165
Net debt, excl. tenant-owner associations/housing companies	1,413	1,026	-168
Debt/equity ratio, multiple	0.9	0.9	0.6
Debt/equity ratio excl. tenant-owner associations/housing companies, multiple	0.2	0.2	0.0
Capital employed at period-end	12,364	11,810	12,003
Average capital employed	11,938	11,096	11,419
Capital turnover rate, multiple ¹⁾	1.1	1.4	1.3
Share of risk-bearing capital, %	29.2	32.0	33.8
Dividend, SEK per share			5.20
Average interest rate at period-end, % ²⁾	1.48	2.94	2.86
Average period of fixed interest, years ²⁾	0.2	0.2	0.2
Average interest rate at period-end, % ³⁾	1.32	1.33	1.40
Average period of fixed interest, years ³⁾	0.1	0.1	0.1

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

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

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

SIGNATURES

Stockholm, Sweden, 17 July 2018

The Board of Directors and President declare that the Interim Report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and earnings, and also describes significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Carl Engström
Chairman

Viveca Ax:son Johnson
Board member

Åsa Hedenberg
Board member

Samir Kamal
Board member

Mikael Norman
Board member

Frank Roseen
Board member

Anna Wallenberg
Board member

Joachim Hallengren
President and CEO

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

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

FINANCIAL CALENDAR

- Q3 Interim Report Jul–Sep: 24 October 2018
- Q4 Year-end Report: 24 January 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 17 July 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: 17 July 2018, 09:00–10.00 a.m. Registration and coffee from 08.30 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.