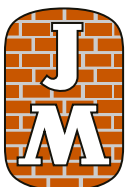


3/2017



JM GROUP INTERIM REPORT  
JANUARY – SEPTEMBER 2017



# CAUTIOUS MARKET IN STOCKHOLM - STABLE MARKET IN THE REST OF SWEDEN

## JANUARY – SEPTEMBER 2017

**Revenue** increased to SEK 12,457m (11,456) and operating profit increased to SEK 1,731m (1,414). The operating margin increased to 13.9 percent (12.3)

**Profit before tax** increased to SEK 1,958m (1,379). Profit after tax increased to SEK 1,588m (1,066)

**Return on equity** for the past twelve months increased to 39.7 percent (30.7). Earnings per share during the nine-month period increased to SEK 22.40 (14.50)

**Consolidated cash flow** including net investment in properties was SEK 1,868m (1,589)

**The number of residential units sold** was 2,416 (2,918) and housing starts were 2,690 (2,830)

## JULY – SEPTEMBER 2017

**Revenue** increased to SEK 3,813m (3,729) and operating profit increased to SEK 543m (521). The operating margin was 14.2 percent (14.0)

**Profit before tax** increased to SEK 528m (509). Profit after tax increased to SEK 411m (395)

**Consolidated cash flow** including net investment in properties was SEK 574m (102)

**The number of residential units sold** totaled 681 (960) and housing starts totaled 971 (1,058)

## ACCORDING TO SEGMENT REPORTING

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT.–SEPT. FULL-YEAR	
	2017	2016	2017	2016	2016/2017	2016
Revenue	12,457	11,456	3,813	3,729	16,753	15,752
Operating profit	1,731	1,414	543	521	2,328	2,011
Operating margin, %	13.9	12.3	14.2	14.0	13.9	12.8
Profit before tax	1,958	1,379	528	509	2,530	1,951
Cash flow from operating activities	1,868	1,589	574	102	2,236	1,957
Return on equity, %					39.7	31.4
Equity/assets ratio, %	39	38				40
Earnings per share, SEK	22.40	14.50	5.80	5.50	29.00	21.20
Number of residential units sold	2,416	2,918	681	960	3,341	3,843
Number of housing starts	2,690	2,830	971	1,058	4,047	4,187
Number of residential units in current production	7,739	7,793				7,984
Revenue according to IFRS	12,713	10,997	4,062	3,661	17,007	15,291
Operating profit according to IFRS	1,807	1,334	582	510	2,404	1,931
Earnings per share according to IFRS, SEK	23.20	13.70	6.30	5.30	29.80	20.30

The reporting of project funding in JM International was reclassified. Project funding was previously reported against costs incurred in the balance sheet item "Work in progress", but as from the third quarter 2017 it is reported as an interest-bearing liability. Comparative figures have been restated. The reclassification has not resulted in any changes to segment reporting, project management or the risk profile in JM's international operations. The effects are presented in a restatement table, see the document "Reclassification of project funding in JM International" at [jm.se/investors](http://jm.se/investors).

The Group applies IFRIC 15 Agreements for the Construction of Real Estate to its income statement and balance sheet in accordance with IFRS. This means that revenue and profit and loss for JM International, JM's operations outside of Sweden, are reported according to the completed contract method. Segment reporting and project management are reported according to IAS 11 using the percentage of completion method. The consolidated statements in accordance with IFRS are presented on pages 21-22.

For definitions of key financial figures, see the document entitled "Definitions of key financial figures" at [jm.se/investors](http://jm.se/investors)

Unless otherwise specified, the analysis and comments in this interim report are based on JM's segment reporting. See the accounting principles on pages 22-23.

Cover photo: Project Nils, Malmö

# GROUP



"The housing market in Stockholm was cautious during the third quarter. Demand for JM's residential units in Stockholm was lower during the summer. The lower level of demand continued after the vacation period. However, demand improved towards the end of the quarter. The production volume in Stockholm demonstrated stable growth with

good profitability, and housing starts during the quarter were supported by a normal level of reservations.

The housing operations in the rest of Sweden are showing positive development with good profitability in solid markets.

During the third quarter, the market in Norway weakened, demand in Finland continued to improve.

We continue to see a high level of competition for land for residential purposes and are selective when it comes to acquisitions, but we also noted a greater supply of properties for residential development in Stockholm during the quarter. JM is in a very good position to utilize the opportunities that can be created if the competitive situation were to change.

With the individual in focus, we refine the city using a long-term and sustainable approach. JM works continuously to understand and meet its customers' needs for both the home itself and the immediate surroundings. During the quarter, we started large projects in Malmö and Stockholm that reflect our ambition to create housing and living environments that improve quality of life. The Nils project in Malmö includes 127 apartments close to the city and with a strong identity next to Drottninggatan. The plans for the building also include premises for stores and offices as well as outdoor areas and a guest apartment.

In southern Stockholm, we started JM's third project in Älvsjö, Solstrålen, with 138 apartments. We are building a residential quarter here with buildings that have protected courtyards next to Solbergaskogen and are yet another example of an attractive living environment.

We are well positioned with a good project portfolio that we continue to improve for the housing of the future, at the same time as our strong balance sheet offers us freedom."

Johan Skoglund, President and CEO



Solstrålen, Stockholm



## MARKET, SALES AND HOUSING STARTS

### JANUARY – SEPTEMBER 2017

The housing market in Stockholm was cautious during the third quarter. Demand for JM's residential units in Stockholm was lower during the summer. The lower level of demand continued after the vacation period. Demand improved toward the end of the quarter.

In the rest of Sweden, demand was stable with continued great interest in JM's projects. The market dipped in Norway in the third quarter, while demand in Finland continued to improve. Population growth in our main markets, coupled with continued low interest rates, supports demand for housing.

The number of residential units sold in the form of signed contracts was 2,416 (2,918)<sup>1)</sup>. The percentage of sold or reserved homes in relation to current production amounts to 71 percent (82), with an interval of 60-65 percent considered normal.

JM Residential Stockholm sold 955 residential units (1,153), JM Residential Sweden sold 1,001 (975), JM International sold 460 (790) and JM Property Development sold 0 (0).

The number of housing starts was 2,690 (2,830)<sup>2)</sup>. JM Residential Stockholm started production on 1,119 residential units (1,111), JM Residential Sweden on 1,051 (978), JM International on 520 (741) and JM Property Development on 0 (0).

Planning processes continue to be an important criterion for the rate of housing starts.

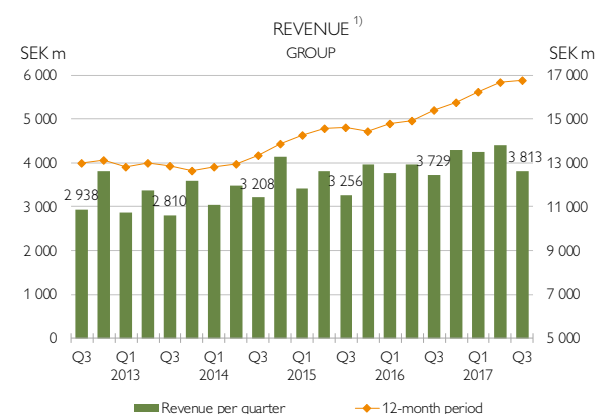
The number of residential units in current production amounted to 7,739 (7,793), of which 416 are rental units and residential care units (338).

<sup>1)</sup> Of which 0 rental units and residential care units (0).

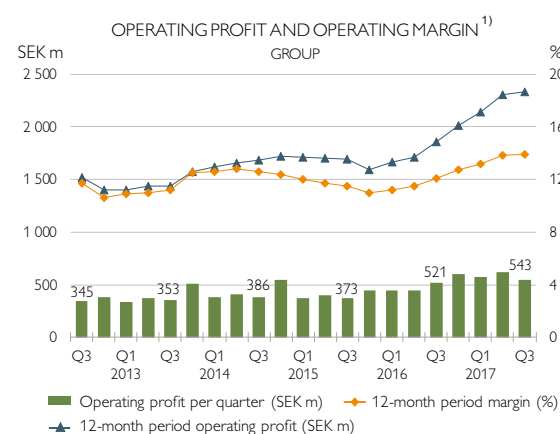
<sup>2)</sup> Of which 0 rental units and residential care units (0).

OPERATING PROFIT BY BUSINESS SEGMENT, SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
JM Residential Stockholm	1,041	908	331	308	1,428	1,295
JM Residential Sweden	488	354	149	135	614	480
JM International	188	137	62	63	255	204
JM Property Development	24	12	0	7	42	30
JM Construction	23	33	6	12	33	43
Group-wide expenses	–33	–30	–5	–4	–44	–41
<b>Total</b>	<b>1,731</b>	<b>1,414</b>	<b>543</b>	<b>521</b>	<b>2,328</b>	<b>2,011</b>
Of which property sales	14	15	-	37	14	15

OPERATING MARGIN BUSINESS SEGMENT, %	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
JM Residential Stockholm	19.5	17.7	20.5	18.1	19.4	18.1
JM Residential Sweden	15.2	12.5	16.3	16.3	14.6	12.6
JM International	7.1	5.4	7.5	7.2	7.1	5.9
JM Construction	1.4	2.7	1.0	3.0	1.6	2.6



<sup>1)</sup> According to segment reporting



<sup>1)</sup> According to segment reporting

## REVENUE, OPERATING PROFIT AND OPERATING MARGIN

### JANUARY – SEPTEMBER 2017

Consolidated revenue in accordance with segment reporting for the nine-month period increased to SEK 12,457m (11,456). Revenue restated according to IFRS increased to SEK 12,713m (10,997).

Operating profit according to segment reporting increased to SEK 1,731m (1,414) and the operating margin increased to 13.9 percent (12.3). Operating profit restated according to IFRS increased to SEK 1,807m (1,334). The restatement is related to JM International and had an effect on earnings of SEK 76m (–80).

During the nine-month period, properties were sold for SEK 15m (84) with gains of SEK 14m (15).

Rental revenue from JM's project properties was SEK 28m (17). Net rental income was SEK 17m (3).

### JULY – SEPTEMBER 2017

Consolidated revenue according to segment reporting for the third quarter increased to SEK 3,813m (3,729). Revenue restated according to IFRS increased to SEK 4,062m (3,661).

Operating profit according to segment reporting increased to SEK 543m (521) and the operating margin amounted to 14.2 per-

cent (14.0). Operating profit restated according to IFRS increased to SEK 582m (510). This restatement is attributable to JM International and had a positive effect on earnings of SEK 39m (–11).

During the third quarter, properties were sold for SEK 0m (57) with gains/losses of SEK 0m (37).

Rental income from JM's project properties was SEK 10m (6). Net rental income was SEK 7m (4).

## RESIDENTIAL BUILDING RIGHTS

### JANUARY – SEPTEMBER 2017

The number of available building rights amounted at the end of the nine-month period to 34,800 (30,900), of which 18,100 (17,000) are recognized in the balance sheet. Capital tied up in building rights (development properties in the balance sheet) for residential units increased to SEK 6,924m (6,468).

JM acquired development properties for residential units during the nine-month period for SEK 1,214m (937), of which SEK 344m relates to JM Residential Stockholm, SEK 500m to JM Residential Sweden and SEK 370m to JM International.

### RESIDENTIAL UNITS IN CURRENT PRODUCTION

	9/30/2017	9/30/2016	12/31/2016
Number of residential units in current production <sup>1) 2)</sup>	7,739	7,793	7,984
Percentage of sold residential units in current production, % <sup>3)</sup>	62	67	65
Percentage of reserved residential units in current production, %	9	15	12
Percentage of sold and reserved residential units in current production, %	71	82	77

<sup>1)</sup> Of which rental units and residential care units in current production in JM Property Development – are not included in the percentage of sold and reserved residential units in current production including residential units in projects where costs incurred are only reported as project properties under construction

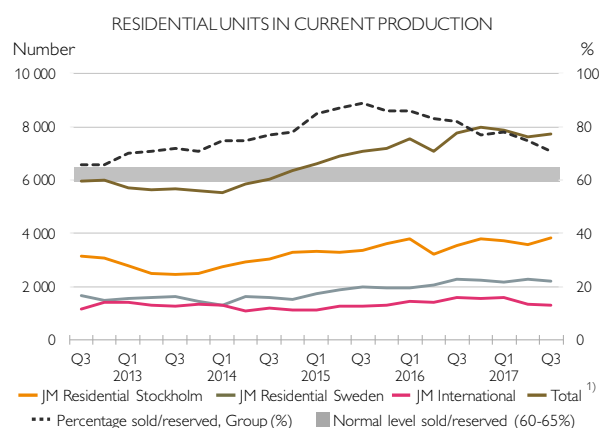
<sup>2)</sup> Beginning with production startup through final occupancy according to plan.

<sup>3)</sup> Percentage of sold residential units expressed as binding contract with the end customer.

### COMPLETED PRODUCTION, UNSOLD UNITS

	9/30/2017	9/30/2016	12/31/2016
Completed production, number of unsold units <sup>1)</sup>	86	81	70
- Of which in the balance sheet reported as "Participations in tenant-owners associations, etc."	67	62	64

<sup>1)</sup> After final occupancy according to plan.



<sup>1)</sup> Including rental units and residential care units in JM Property Development – not included in percentage of sold/reserved

## FINANCIAL ITEMS

### JANUARY – SEPTEMBER 2017

The sale of participations in the housing developer Småa AB during the first quarter resulted in gains of SEK 275m. Excluding this sale, net financial items decreased by SEK 13m compared to the previous year primarily due to dividends not received during 2017 from Småa as a result of the completed sale.

The total interest-bearing loan stock according to segment reporting was SEK 1,834m (1,918), of which the pension liability comprised SEK 1,297m (1,299). At the end of the nine-month period, the average interest rate for the total interest-bearing loan stock including pension liabilities was 2.5 percent (2.6). The average term for fixed-rate loans excluding the pension liability was 0.2 years (0.4).

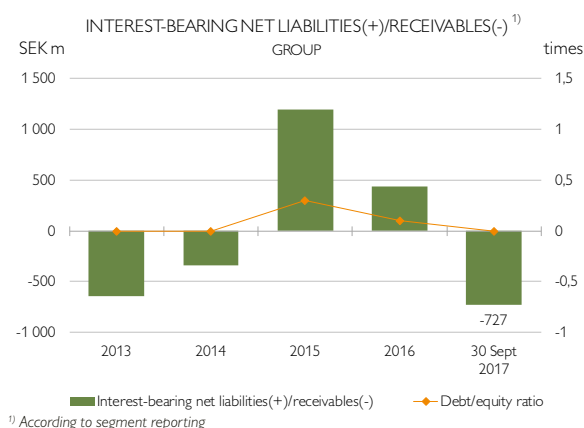
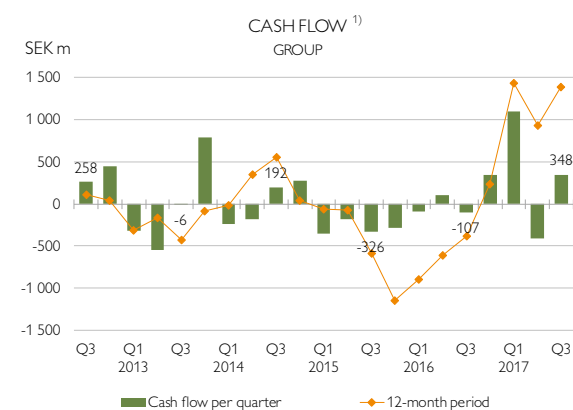
Consolidated available liquidity was SEK 5,357m (3,977). Aside from cash and cash equivalents of SEK 2,557m (1,177), this includes unutilized overdraft facilities and credit lines totaling SEK 2,800m (2,800), where credit agreements for SEK 2,400m had an average maturity of 1.7 years (1.7).

Interest-bearing net receivables according to segment reporting totaled SEK 727m (–737) at the end of the nine-month period. Non-interest-bearing liabilities for completed property acquisitions amounted to SEK 543m (513). Of these liabilities, SEK 394m (344) were short-term.

The valuation of financial assets and liabilities shows that there is no material difference between the carrying amount and the fair value.

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Financial income <sup>1)</sup>	276	15	0	3	278	17
Financial expenses	–49	–50	–15	–15	–67	–68
Currency effect from the closing down of operations <sup>2)</sup>	-	-	-	-	–9	–9
<b>Financial income and expenses</b>	<b>227</b>	<b>–35</b>	<b>–15</b>	<b>–12</b>	<b>202</b>	<b>–60</b>
<sup>1)</sup> Of which gains from sales of participations in Småa AB	275	-	-	-	275	-
<sup>2)</sup> Pertains to JM's operations in Denmark.						

ACCORDING TO SEGMENT REPORTING, SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
<b>Interest-bearing net liabilities(+)/receivables(–) at beginning of the period</b>	<b>435</b>	<b>1,198</b>	<b>–274</b>	<b>656</b>	<b>737</b>	<b>1,198</b>
Change in interest-bearing net liabilities/receivables	–1,162	–461	–453	81	–1,464	–763
<b>Interest-bearing net liabilities(+)/receivables(–) at end of the period</b>	<b>–727</b>	<b>737</b>	<b>–727</b>	<b>737</b>	<b>–727</b>	<b>435</b>



## CASH FLOW

### JANUARY – SEPTEMBER 2017

Cash flow from operating activities was SEK 1,868m (1,589) during the nine-month period. Net investments in development properties resulted in a positive cash flow of SEK 113m (567). Holdings of repurchased residential units burdened cash flow by SEK –64m (18). Consolidated cash flow attributable to project properties (sales minus investment) during the nine-month period was SEK –288m (–169).

### JULY – SEPTEMBER 2017

Cash flow from operating activities was SEK 574m (102) during the third quarter. Net investments in development properties resulted in a positive cash flow of SEK 6m (7). Holdings of repurchased residential units boosted cash flow by SEK 7m (12). Consolidated cash flow attributable to project properties (sales minus investment) during the third quarter was SEK –98m (–57).

## RISKS AND UNCERTAINTIES

JM's risk and risk management policies are presented in the 2016 Annual Report on pages 29-32. No significant changes have occurred to change these reported risks.

## BUY-BACK AND HOLDINGS OF OWN SHARES

At the end of August, the Annual General Meeting resolution to reduce the share capital by 2,044,847 shares held by the company was taken into effect. During the third quarter of 2017, 466,000 shares were bought back for SEK 125m. Holdings of own shares subsequently total 855,650.

The number of outstanding shares, excluding holdings of own shares, at September 30, 2017, totals 70,204,033.

## FINANCIAL TARGETS BASED ON SEGMENT REPORTING

The segment reporting reflects the economic significance of JM's business. This also correlates well to the Group's internal governance, which is based on the cash flows, risk profile and capital allocation.

The change in JM's external reporting, presented on page 2, means that the definition of the Group's financial targets will be based on segment reporting and otherwise are unchanged. The new external reporting has not resulted in any changes to the Group's governance or risk profile.

## PERSONNEL

The number of employees at the end of the nine-month period was 2,540 (2,399). The number of wage-earners was 1,006 (1,009) and the number of salaried employees was 1,534 (1,390). Current staffing is considered to be well-balanced for the current project volume, with some adjustments made on an ongoing basis. Demand on the labor market is strong for qualified project development skills.



# BUSINESS SEGMENT

## JM RESIDENTIAL STOCKHOLM

The JM Residential Stockholm business segment develops residential projects in Greater Stockholm. Operations include acquisitions of development properties, planning, pre-construction, production and sales of residential units.

The average prices on the existing home market did not change during the third quarter. The supply of homes has been relatively high, and the supply of new homes increased in some local markets.

Competition for well-situated land for residential units continues to be tough, and the prices for building rights continue to be at a level that requires JM to be very selective when acquiring land. However, we noted during the quarter a greater supply of properties for residential development.

After a very cautious period at the end of the summer, demand for JM's projects improved toward the end of the third quarter. Customers' willingness to sign a contract early in the process is at a normal level. However, the period of caution has meant that there was a loss of sales that could not be regained during the third quarter.

Housing starts in Stockholm during the third quarter were supported by a normal level of reservations, which means that the ongoing production volume show stable development with good profitability.

The business segment's revenue increased to SEK 5,331m (5,144). Revenue during the third quarter decreased to 1,613 (1,699), which is due to the low level of transferred land to projects during the quarter. Operating profit increased to SEK 1,041m (908). The operating margin increased to 19.5 percent (17.7).

Cash flow during the nine-month period is in balance taking into consideration the decrease in development properties.

Production was started in the third quarter on 365 residential units in apartment buildings in Stockholm, Nacka and Järfälla.

During the third quarter, JM purchased building rights in Solna corresponding to 110 residential units

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Revenue	5,331	5,144	1,613	1,699	7,349	7,162
Operating profit <sup>1)</sup>	1,041	908	331	308	1,428	1,295
Operating margin, %	19.5	17.7	20.5	18.1	19.4	18.1
Average operating capital					4,374	4,388
Return on operating capital, %					32.6	29.5
Operating cash flow	1,378	1,191	505	180	1,745	1,558
Carrying amount, development properties	3,941	4,117				4,286
Number of available building rights	13,300	12,400				13,000
Number of residential units sold	955	1,153	213	353	1,354	1,552
Number of housing starts	1,119	1,111	365	456	1,753	1,745
Number of residential units in current production	3,837	3,564				3,786
Number of employees	878	861				859

<sup>1)</sup> Of which property sales

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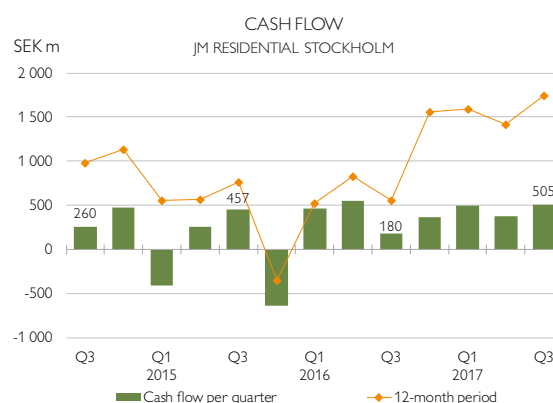
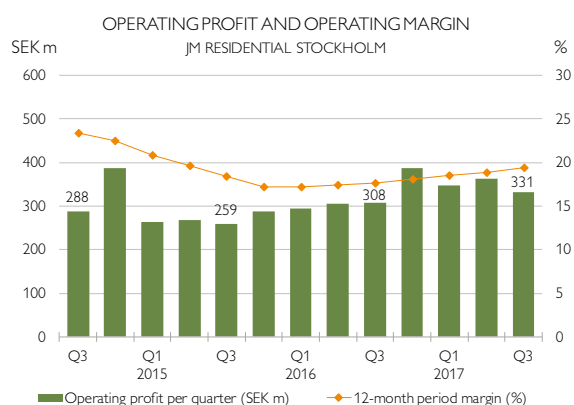
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# JM RESIDENTIAL SWEDEN

The JM Residential Sweden business segment develops residential projects in growth areas in Sweden, excluding Greater Stockholm. Operations include acquisitions of development properties, planning, pre-construction, production and sales of residential units. Contracting operations are also conducted to a limited extent.

The average prices on the existing home market increased slightly during the third quarter in all markets in JM Residential Sweden.

Competition for land for residential purposes is very tough. There is great interest in JM's projects, and customers' willingness to sign a contract early in the process is at a normal level.

Business segment revenue increased to SEK 3,215m (2,823) and operating profit increased to SEK 488m (354). The operating margin increased to 15.2 percent (12.5). The profit and the margin improved as a result of strong demand and an increase in prices in recent years.

Cash flow during the nine-month period is in balance at the same time as it was burdened by major acquisitions of development properties during the third quarter.

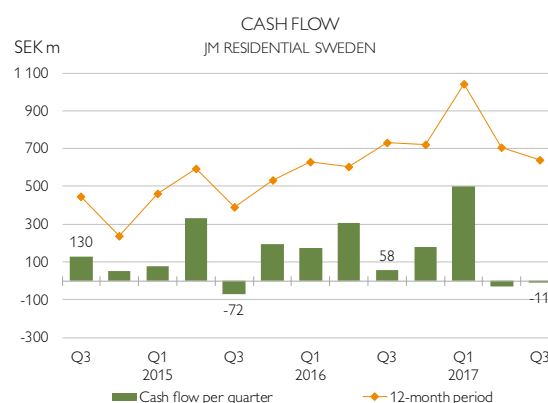
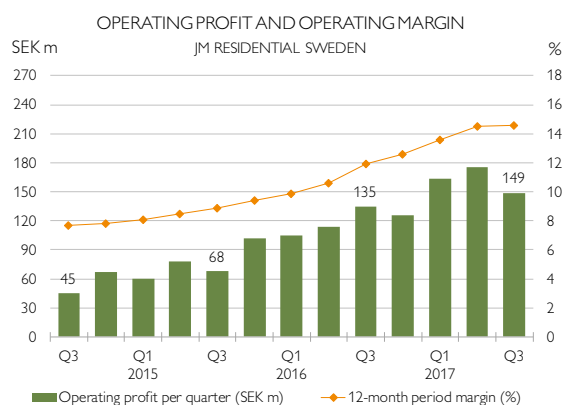
Production was started in the third quarter on 372 residential units in apartment buildings and single-family homes in Malmö, Kungälv and Västerås.

During the third quarter, JM purchased building rights corresponding to 500 residential units in Malmö, Lund and Mölndal.

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Revenue	3,215	2,823	916	830	4,212	3,820
Operating profit <sup>1)</sup>	488	354	149	135	614	480
Operating margin, %	15.2	12.5	16.3	16.3	14.6	12.6
Average operating capital					898	1,085
Return on operating capital, %					68.4	44.2
Operating cash flow	457	540	–11	58	637	720
Carrying amount, development properties	1,486	1,096				1,350
Number of available building rights	10,100	9,400				9,700
Number of residential units sold	1,001	975	332	311	1,344	1,318
Number of housing starts	1,051	978	372	331	1,409	1,336
Number of residential units in current production	2,196	2,300				2,240
Number of employees	597	584				586

<sup>1)</sup> Of which property sales

- 37 - 37 - 37



# JM INTERNATIONAL

The JM International business segment develops residential projects primarily in Norway and Finland. Contracting operations are also conducted to a limited extent in Norway. Revenue recognition for the business segment is reported according to IAS 11 using the percentage of completion method.

The business segment's revenue increased to SEK 2,653m (2,541) and operating profit increased to SEK 188m (137). The operating margin increased to 7.1 percent (5.4).

A decrease in working capital had a positive impact on cash flow for the nine-month period.

## NORWAY

The price level on the existing home market in Norway decreased during the third quarter. Customers are more cautious and time to closing has increased.

JM Norway's revenue increased to SEK 2,278m (2,241) and operating profit increased to SEK 179m (158). The operating margin increased to 7.9 percent (7.1).

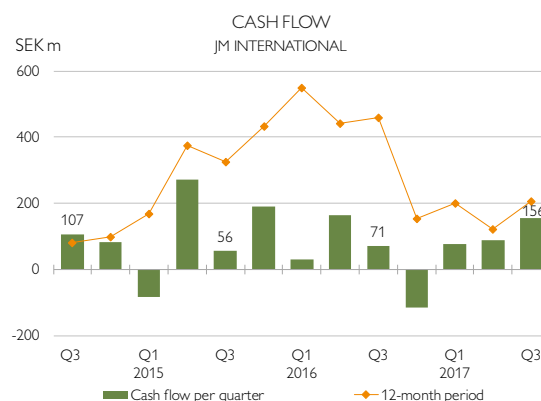
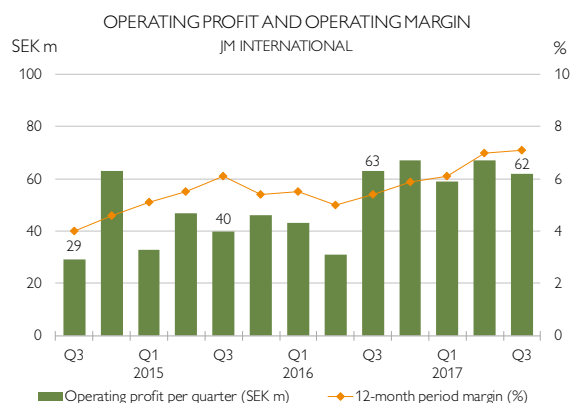
During the third quarter, 106 residential units (232) were sold

and production began on 137 units (219). Housing starts during the third quarter comprise residential units in apartment buildings and single-family homes in the Oslo region and outside of Tønsberg. The lower level of housing starts during the nine-month period is in line with the yearly planning, which has proportionately more starts during the fourth quarter assuming a normal sales development and well-functioning planning processes. The number of residential units in current production amounts to 1,112 (1,252).

During the third quarter, JM purchased building rights in Drammen corresponding to 40 residential units.

Available building rights correspond to 7,700 residential units (5,800).

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Revenue	2,653	2,541	824	874	3,589	3,477
- of which JM Norway	2,278	2,241	712	754	3,093	3,056
Operating profit <sup>1)</sup>	188	137	62	63	255	204
- of which JM Norway	179	158	56	62	248	227
Operating margin, %	7.1	5.4	7.5	7.2	7.1	5.9
- of which JM Norway	7.9	7.1	7.9	8.2	8.0	7.4
Average operating capital					2,083	1,997
Return on operating capital, %					12.2	10.2
Operating cash flow	321	267	156	71	207	153
Carrying amount, development properties	1,497	1,255				1,401
Carrying amount, project properties	14	38				13
Number of available building rights	10,500	7,900				8,900
Number of residential units sold	460	790	136	296	643	973
Number of housing starts	520	741	234	271	656	877
Number of residential units in current production	1,290	1,591				1,542
Number of employees	467	408				420
<sup>1)</sup> Of which property sales	-	-23	-	-	-	-23



#### FINLAND

The housing market in the Helsinki region continued to improve during the third quarter. The turnover rate and prices increased slightly during the quarter.

During the third quarter, 30 residential units (61) were sold and production began on 97 units (52). The number of residential units in current production amounts to 178 (277).

No building rights were acquired during the third quarter. Available building rights correspond to 2,600 residential units (1,900).

#### BELGIUM

JM closed its operating activities in Belgium during the first quarter of 2017. JM is still the owner of one development property and six residential units that are for sale. During the third quarter, 0 residential units (3) were sold.

Available building rights correspond to 200 residential units (200).



# JM PROPERTY DEVELOPMENT

The JM Property Development business segment primarily develops rental units, residential care units and commercial properties in Greater Stockholm. The business segment's entire portfolio comprises project development properties.

Business segment revenue decreased to SEK 48m (96), including contracting revenue of SEK 20m (80) and rental revenue of SEK 28m (16). Operating profit was SEK 24m (12).

Net rental income for project properties was SEK 16m (2). The profit from construction contracts was SEK 15m (26) and gains from property sales were SEK 8m (1).

Cash flow during the nine-month period is negative due to ongoing investments in project properties.

Within the Dalénium area on Lidingö, the occupancy rate in the remaining commercial buildings that will not be demolished is 91 percent. Within the Bolinder area in Kallhäll, Järfälla, the occupancy rate is 92 percent in the buildings that will not be demolished.

The Dalénium rental apartment project consisting of 97 apartments was completed in 2016 and is held in the balance sheet. All apartments are rented out.

Production is underway on three rental projects in JM's own balance sheet: the Tjärtunnan project in Stureby, 187 residential units with occupancy in 2017/2018; the Spaken project in Hägernäs, Täby, 136 rental apartments with occupancy planned for 2018; and the Alphyddan project in Sickla, Nacka, 93 student apartments with occupancy planned for 2018.

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Revenue	48	96	11	34	94	142
Operating profit <sup>1)</sup>	24	12	0	7	42	30
Average operating capital					697	508
Return on operating capital, %					6.0	5.9
Operating cash flow	–213	–52	–65	–56	–262	–101
Carrying amount, development properties	10	35				35
Carrying amount, project properties	864	516				589
Number of available building rights <sup>2)</sup>	900	1,200				900
Number of residential units sold <sup>2)</sup>	–	–	–	–	–	–
Number of housing starts <sup>2)</sup>	–	–	–	–	229	229
Number of residential units in current production <sup>2)</sup>	416	338				416
Number of employees	35	27				31

<sup>1)</sup> Of which property sales

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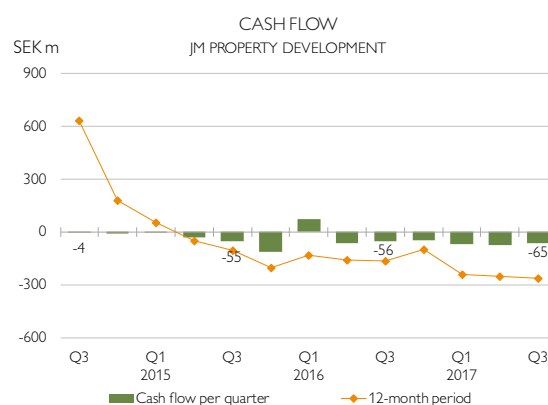
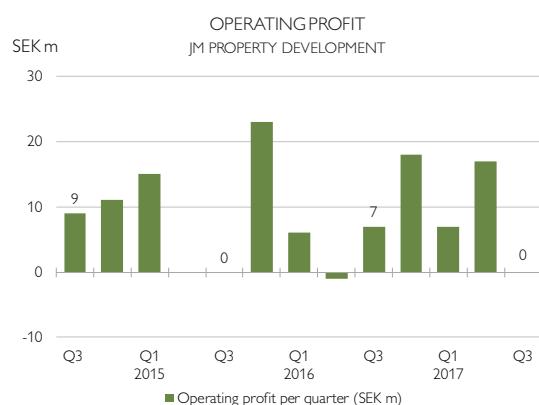
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<sup>2)</sup> Refers to rental units and residential care units.



# JM CONSTRUCTION

The JM Construction business segment carries out construction work for external and internal customers in the Greater Stockholm area.

Demand in the contracting market in Stockholm is at a good level with customers displaying a good willingness to invest. Both the building and civil engineering markets are stable, although there is tough competition for the assignments. Orders are good in the business segment, with a large number of projects in current production.

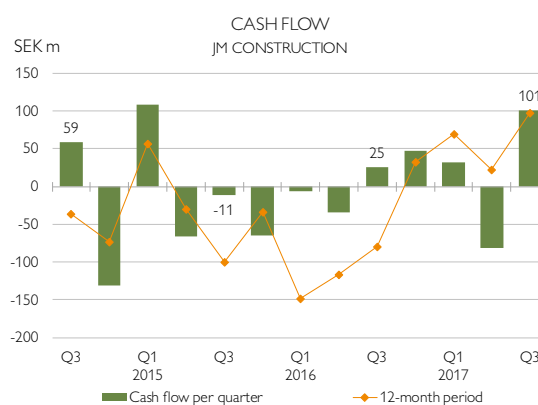
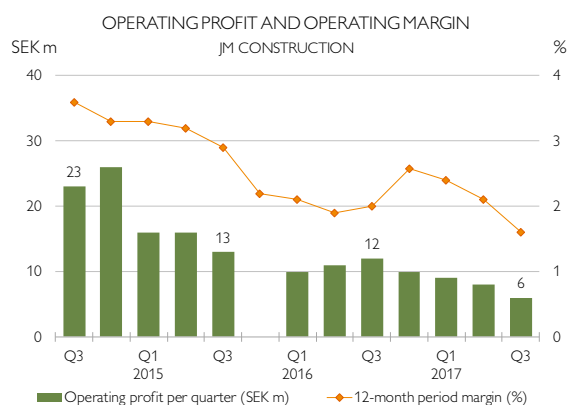
Business segment revenue increased to SEK 1,601m (1,211) and the operating profit decreased to SEK 23m (33). The operating margin decreased to 1.4 percent (2.7). Profit/loss was burdened by the revaluation of current projects. A long-term project is underway in the business segment to raise profitability.

Cash flow is in balance during the nine-month period and was boosted through the settlement of a large accounts receivable during the third quarter.

The business segment received a number of assignments during the third quarter, of which the largest was the development work in Värmdö (Värmdö Municipality).

The largest ongoing projects are a new operational area at Arlanda Airport (Swedavia), new production of a school (Vallentuna Municipality), new production of office buildings in Danderyd (Skandia Fastigheter), new production of apartment buildings in Norra Djurgårdsstaden (HSB and Riksbyggen) and new production of apartment buildings in Tyresö (Småa and Riksbyggen).

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Revenue <sup>1)</sup>	1,601	1,211	586	404	2,055	1,665
Operating profit	23	33	6	12	33	43
Operating margin, %	1.4	2.7	1.0	3.0	1.6	2.6
Operating cash flow	51	–15	101	25	98	32
Carrying amount, development properties	50	44				49
Number of employees	411	393				393
<sup>1)</sup> Of which internal	391	359	137	112	546	514





# GROUP – SEGMENT REPORTING

## CONDENSED CONSOLIDATED INCOME STATEMENT

ACCORDING TO SEGMENT REPORTING, SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Revenue	12,457	11,456	3,813	3,729	16,753	15,752
Production and operating costs	–9,989	–9,374	–3,047	–3,045	–13,436	–12,821
<b>Gross profit</b>	<b>2,468</b>	<b>2,082</b>	<b>766</b>	<b>684</b>	<b>3,317</b>	<b>2,931</b>
Selling and administrative expenses	–751	–683	–223	–200	–1,003	–935
Gains/losses on the sale of property	14	15		37	14	15
<b>Operating profit</b>	<b>1,731</b>	<b>1,414</b>	<b>543</b>	<b>521</b>	<b>2,328</b>	<b>2,011</b>
Financial income and expenses	227	–35	–15	–12	202	–60
<b>Profit before tax</b>	<b>1,958</b>	<b>1,379</b>	<b>528</b>	<b>509</b>	<b>2,530</b>	<b>1,951</b>
Taxes	–370	–313	–117	–114	–468	–411
<b>Profit for the period</b>	<b>1,588</b>	<b>1,066</b>	<b>411</b>	<b>395</b>	<b>2,062</b>	<b>1,540</b>
Other comprehensive income	–54	–14	–15	12	13	53
<b>Comprehensive income for the period</b>	<b>1,534</b>	<b>1,052</b>	<b>396</b>	<b>407</b>	<b>2,075</b>	<b>1,593</b>
Earnings per share <sup>1)</sup> , diluted, SEK	22.40	14.50	5.80	5.50	29.00	21.20
Average number of shares, diluted	71,062,512	73,402,428	70,677,051	72,498,331	71,281,911	72,725,820

<sup>1)</sup> Net profit for the period.

## CONDENSED CONSOLIDATED BALANCE SHEET

ACCORDING TO SEGMENT REPORTING, SEK M	9/30/2017	9/30/2016	12/31/2016
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>211</b>	<b>233</b>	<b>230</b>
Project properties	878	554	602
Development properties	6,984	6,547	7,121
Participations in tenant-owners associations, etc.	267	240	233
Current receivables <sup>1)</sup>	3,524	3,672	3,142
Cash and cash equivalents	2,557	1,177	1,520
<b>Total current assets</b>	<b>14,210</b>	<b>12,190</b>	<b>12,618</b>
<b>Total assets</b>	<b>14,421</b>	<b>12,423</b>	<b>12,848</b>
<b>EQUITY AND LIABILITIES <sup>2)</sup></b>			
<b>Shareholders' equity</b>	<b>5,653</b>	<b>4,740</b>	<b>5,158</b>
Non-current interest-bearing liabilities	333	352	282
Other non-current liabilities	150	169	168
Non-current provisions	2,405	2,390	2,297
<b>Total non-current liabilities</b>	<b>2,888</b>	<b>2,911</b>	<b>2,747</b>
Current interest-bearing liabilities	204	267	438
Other current liabilities	5,564	4,403	4,404
Current provisions	112	102	101
<b>Total current liabilities</b>	<b>5,880</b>	<b>4,772</b>	<b>4,943</b>
<b>Total equity and liabilities</b>	<b>14,421</b>	<b>12,423</b>	<b>12,848</b>
<sup>1)</sup> Of which receivables from property sales	39	135	72
<sup>2)</sup> Of which liabilities for property acquisition	615	669	654

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	JANUARY–SEPTEMBER		FULL-YEAR
ACCORDING TO SEGMENT REPORTING, SEK M	2017	2016	2016
Opening balance at beginning of period	5,158	4,652	4,652
Total comprehensive income for the period	1,534	1,052	1,593
Dividend	–675	–602	–602
Conversion of convertible loan	10	11	13
Equity component of convertible debentures	1	2	2
Buy-back of shares	–375	–375	–500
Closing balance at the end of the period	5,653	4,740	5,158

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
ACCORDING TO SEGMENT REPORTING, SEK M	2017	2016	2017	2016	2016/2017	2016
Cash flow from operating activities before change in working capital and taxes	1,998	1,627	633	573	2,664	2,293
Paid tax	–313	–324	–93	–90	–402	–413
Investment in development properties, etc. <sup>1)</sup>	–1,611	–1,126	–478	–604	–2,700	–2,215
Payment on account for development properties, etc. <sup>2)</sup>	1,660	1,711	491	623	2,204	2,255
Investment in project properties	–288	–170	–98	–57	–360	–242
Sale of project properties	-	1	-	-	0	1
Change in current liabilities/receivables	422	–130	119	–343	830	278
Cash flow from operating activities	1,868	1,589	574	102	2,236	1,957
Cash flow from investing activities	303 <sup>3)</sup>	–5	–1	–2	302 <sup>3)</sup>	–6
Loans raised	153	186	13	135	267	300
Amortization of debt	–234	–896	–113	–217	–248	–910
Buy-back of shares	–375	–375	–125	–125	–500	–500
Dividend	–675	–602	-	-	–675	–602
Cash flow from financing activities	–1,131	–1,687	–225	–207	–1,156	–1,712
Cash flow for the period	1,040	–103	348	–107	1,382	239
Cash and cash equivalents at end of the period	2,557	1,177	2,557	1,177	2,557	1,520

<sup>1)</sup> Of which investment in participations in tenant-owners associations and freehold residential units

–367      –166      –84      –20      –484      –283

<sup>2)</sup> Of which sale of participations in tenant-owners associations and freehold residential units

303      184      91      32      376      257

<sup>3)</sup> Of which SEK 310m refers to the sale of participations in Småa AB.

## GROUP KEY FIGURES

	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
ACCORDING TO SEGMENT REPORTING, %	2017	2016	2017	2016	2016/2017	2016
Operating margin	13.9	12.3	14.2	14.0	13.9	12.8
Return on capital employed					36.7	28.4
Return on equity					39.7	31.4
Debt/equity ratio, times	-	0.2	-	0.2		0.1
Equity/assets ratio	39	38				40

## ACCORDING TO SEGMENT REPORTING

### REVENUE BY COUNTRY

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Sweden	9,804	8,915	2,989	2,855	13,164	12,275
Norway	2,278	2,241	712	754	3,093	3,056
Finland	373	263	112	115	487	377
Belgium	2	22	-	5	9	29
Denmark	-	15	-	0	-	15
<b>Total</b>	<b>12,457</b>	<b>11,456</b>	<b>3,813</b>	<b>3,729</b>	<b>16,753</b>	<b>15,752</b>

### REVENUE BY BUSINESS SEGMENT

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
JM Residential Stockholm	5,331	5,144	1,613	1,699	7,349	7,162
JM Residential Sweden	3,215	2,823	916	830	4,212	3,820
JM International	2,653	2,541	824	874	3,589	3,477
JM Property Development	48	96	11	34	94	142
JM Construction	1,601	1,211	586	404	2,055	1,665
Elimination	-391	-359	-137	-112	-546	-514
<b>Total</b>	<b>12,457</b>	<b>11,456</b>	<b>3,813</b>	<b>3,729</b>	<b>16,753</b>	<b>15,752</b>

### OPERATING PROFIT BY BUSINESS SEGMENT

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
JM Residential Stockholm	1,041	908	331	308	1,428	1,295
JM Residential Sweden	488	354	149	135	614	480
JM International	188	137	62	63	255	204
JM Property Development	24	12	0	7	42	30
JM Construction	23	33	6	12	33	43
Group-wide expenses	-33	-30	-5	-4	-44	-41
<b>Total</b>	<b>1,731</b>	<b>1,414</b>	<b>543</b>	<b>521</b>	<b>2,328</b>	<b>2,011</b>

### OPERATING MARGIN BY BUSINESS SEGMENT

%	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
JM Residential Stockholm	19.5	17.7	20.5	18.1	19.4	18.1
JM Residential Sweden	15.2	12.5	16.3	16.3	14.6	12.6
JM International	7.1	5.4	7.5	7.2	7.1	5.9
JM Construction	1.4	2.7	1.0	3.0	1.6	2.6

### AVERAGE OPERATING CAPITAL BY BUSINESS SEGMENT

SEK M	OCT–SEPT	FULL-YEAR
	2016/2017	2016
JM Residential Stockholm	4,374	4,388
JM Residential Sweden	898	1,085
JM International	2,083	1,997
JM Property Development	697	508

### RETURN ON OPERATING CAPITAL BY BUSINESS SEGMENT

%	OCT–SEPT	FULL-YEAR
	2016/2017	2016
JM Residential Stockholm	32.6	29.5
JM Residential Sweden	68.4	44.2
JM International	12.2	10.2
JM Property Development	6.0	5.9

## ACCORDING TO SEGMENT REPORTING

### OPERATING CASH FLOW BY BUSINESS SEGMENT

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
JM Residential Stockholm	1,378	1,191	505	180	1,745	1,558
JM Residential Sweden	457	540	–11	58	637	720
JM International	321	267	156	71	207	153
JM Property Development	–213	–52	–65	–56	–262	–101
JM Construction	51	–15	101	25	98	32

### DEVELOPMENT PROPERTIES BY BUSINESS SEGMENT

CARRYING AMOUNT, SEK M	9/30/2017	9/30/2016	12/31/2016
JM Residential Stockholm	3,941	4,117	4,286
JM Residential Sweden	1,486	1,096	1,350
JM International	1,497	1,255	1,401
JM Property Development	10	35	35
JM Construction	50	44	49
<b>Total</b>	<b>6,984</b>	<b>6,547</b>	<b>7,121</b>

### AVAILABLE RESIDENTIAL BUILDING RIGHTS BY BUSINESS SEGMENT

NUMBER	9/30/2017	9/30/2016	12/31/2016
JM Residential Stockholm	13,300	12,400	13,000
JM Residential Sweden	10,100	9,400	9,700
JM International	10,500	7,900	8,900
JM Property Development <sup>1)</sup>	900	1,200	900
<b>Total</b>	<b>34,800</b>	<b>30,900</b>	<b>32,500</b>
Including those carried in the balance sheet (development properties)			
JM Residential Stockholm	7,700	7,800	8,000
JM Residential Sweden	6,000	4,900	5,500
JM International	4,300	4,100	4,300
JM Property Development <sup>1)</sup>	100	200	100
<b>Total</b>	<b>18,100</b>	<b>17,000</b>	<b>17,900</b>

### RESIDENTIAL UNITS SOLD BY BUSINESS SEGMENT

NUMBER	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
JM Residential Stockholm	955	1,153	213	353	1,354	1,552
JM Residential Sweden	1,001	975	332	311	1,344	1,318
JM International	460	790	136	296	643	973
JM Property Development <sup>1)</sup>	-	-	-	-	-	-
<b>Total</b>	<b>2,416</b>	<b>2,918</b>	<b>681</b>	<b>960</b>	<b>3,341</b>	<b>3,843</b>

### HOUSING STARTS BY BUSINESS SEGMENT

NUMBER	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
JM Residential Stockholm	1,119	1,111	365	456	1,753	1,745
JM Residential Sweden	1,051	978	372	331	1,409	1,336
JM International	520	741	234	271	656	877
JM Property Development <sup>1)</sup>	-	-	-	-	229	229
<b>Total</b>	<b>2,690</b>	<b>2,830</b>	<b>971</b>	<b>1,058</b>	<b>4,047</b>	<b>4,187</b>

### RESIDENTIAL UNITS IN CURRENT PRODUCTION

NUMBER	9/30/2017	9/30/2016	12/31/2016
JM Residential Stockholm	3,837	3,564	3,786
JM Residential Sweden	2,196	2,300	2,240
JM International	1,290	1,591	1,542
JM Property Development <sup>1)</sup>	416	338	416
<b>Total</b>	<b>7,739</b>	<b>7,793</b>	<b>7,984</b>

<sup>1)</sup> Refers to rental units and residential care units.

## ACCORDING TO SEGMENT REPORTING

### PROJECT PROPERTIES, GROUP

CARRYING AMOUNT, SEK M	9/30/2017	9/30/2016	12/31/2016
Properties under development	634	510	583
Completed rental apartment properties	224	-	-
Fully developed commercial properties	20	44	19
<b>Total</b>	<b>878</b>	<b>554</b>	<b>602</b>

### DEVELOPMENT PROPERTIES, GROUP

CARRYING AMOUNT, SEK M	JANUARY-SEPTEMBER		JULY-SEPTEMBER		OCT-SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Opening balance at beginning of period	7,121	7,067	6,892	6,534	6,547	7,067
New purchases	1,214	937	477	562	2,180	1,903
Transferred to production	-1,306	-1,488	-379	-594	-1,714	-1,896
Miscellaneous	-45	31	-6	45	-29	47
<b>Closing balance at the end of the period</b>	<b>6,984</b>	<b>6,547</b>	<b>6,984</b>	<b>6,547</b>	<b>6,984</b>	<b>7,121</b>

## GROUP FIVE-YEAR OVERVIEW

ACCORDING TO SEGMENT REPORTING, SEK M	2016	2015	2014	2013	2012
Revenue	15,752	14,447	13,869	12,652	13,134
Operating profit	2,011	1,590	1,716	1,576	1,398
Profit before tax	1,951	1,518	1,641	1,517	1,342
Total assets	12,848	12,230	12,545	11,394	11,726
Cash flow from operating activities	1,957	-230	978	898	979
Interest-bearing net liabilities (+)/receivables (-)	435	1,198	-337	-642	-667
Operating margin, %	12.8	11.0	12.4	12.5	10.6
Return on equity, %	31.4	24.8	26.5	25.1	21.1
Equity/assets ratio, %	40	38	37	40	38
Earnings per share, SEK	21.20	15.50	16.00	14.50	11.70
Dividend per share, SEK	9.50	8.25	8.00	7.25	6.75
Number of available building rights	32,500	31,100	29,400	27,700	26,600
Number of residential units sold	3,843	3,770	3,195	3,265	2,952
Number of housing starts	4,187	3,731	3,445	2,953	3,163
Number of residential units in current production	7,984	7,212	6,375	5,609	5,988



# GROUP QUARTERLY OVERVIEW

## ACCORDING TO SEGMENT REPORTING, SEK M

	2017			2016			
INCOME STATEMENT	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Revenue	3,813	4,399	4,245	4,296	3,729	3,970	3,757
Production and operating costs	-3,047	-3,513	-3,429	-3,447	-3,045	-3,233	-3,096
<b>Gross profit</b>	<b>766</b>	<b>886</b>	<b>816</b>	<b>849</b>	<b>684</b>	<b>737</b>	<b>661</b>
Selling and administrative expenses	-223	-282	-246	-252	-200	-266	-217
Gains/losses on the sale of property	-	14	-	0	37	-23	1
<b>Operating profit</b>	<b>543</b>	<b>618</b>	<b>570</b>	<b>597</b>	<b>521</b>	<b>448</b>	<b>445</b>
Financial income and expenses	-15	-17	259	-25	-12	-7	-16
<b>Profit before tax</b>	<b>528</b>	<b>601</b>	<b>829</b>	<b>572</b>	<b>509</b>	<b>441</b>	<b>429</b>
Taxes	-117	-130	-123	-98	-114	-102	-97
<b>Profit for the period</b>	<b>411</b>	<b>471</b>	<b>706</b>	<b>474</b>	<b>395</b>	<b>339</b>	<b>332</b>
<b>BALANCE SHEET</b>	<b>9/30</b>	<b>6/30</b>	<b>3/31</b>	<b>12/31</b>	<b>9/30</b>	<b>6/30</b>	<b>3/31</b>
<b>ASSETS</b>							
<b>Non-current assets</b>	<b>211</b>	<b>213</b>	<b>215</b>	<b>230</b>	<b>233</b>	<b>219</b>	<b>212</b>
Project properties	878	791	688	602	554	495	437
Development properties	6,984	6,892	6,922	7,121	6,547	6,534	6,769
Participations in tenant-owners associations, etc.	267	269	205	233	240	247	233
Current receivables	3,524	3,477	3,173	3,142	3,672	3,523	3,320
Cash and cash equivalents	2,557	2,211	2,619	1,520	1,177	1,282	1,182
<b>Total current assets</b>	<b>14,210</b>	<b>13,640</b>	<b>13,607</b>	<b>12,618</b>	<b>12,190</b>	<b>12,081</b>	<b>11,941</b>
<b>Total assets</b>	<b>14,421</b>	<b>13,853</b>	<b>13,822</b>	<b>12,848</b>	<b>12,423</b>	<b>12,300</b>	<b>12,153</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Shareholders' equity</b>	<b>5,653</b>	<b>5,381</b>	<b>5,725</b>	<b>5,158</b>	<b>4,740</b>	<b>4,455</b>	<b>4,886</b>
Non-current interest-bearing liabilities	333	223	259	282	352	343	375
Other non-current liabilities	150	150	150	168	169	152	151
Non-current provisions	2,405	2,371	2,321	2,297	2,390	2,276	2,131
<b>Total non-current liabilities</b>	<b>2,888</b>	<b>2,744</b>	<b>2,730</b>	<b>2,747</b>	<b>2,911</b>	<b>2,771</b>	<b>2,657</b>
Current interest-bearing liabilities	204	435	334	438	267	368	408
Other current liabilities	5,564	5,184	4,932	4,404	4,403	4,612	4,113
Current provisions	112	109	101	101	102	94	89
<b>Total current liabilities</b>	<b>5,880</b>	<b>5,728</b>	<b>5,367</b>	<b>4,943</b>	<b>4,772</b>	<b>5,074</b>	<b>4,610</b>
<b>Total equity and liabilities</b>	<b>14,421</b>	<b>13,853</b>	<b>13,822</b>	<b>12,848</b>	<b>12,423</b>	<b>12,300</b>	<b>12,153</b>
<b>CASH FLOW STATEMENT</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
From operating activities	574	293	1,001	368	102	886	601
From investing activities	-1	-3	307	-1	-2	-3	0
From financing activities	-225	-697	-209	-25	-207	-784	-696
<b>Total cash flow for the period</b>	<b>348</b>	<b>-407</b>	<b>1,099</b>	<b>342</b>	<b>-107</b>	<b>99</b>	<b>-95</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,557</b>	<b>2,211</b>	<b>2,619</b>	<b>1,520</b>	<b>1,177</b>	<b>1,282</b>	<b>1,182</b>
<b>INTEREST-BEARING NET LIABILITIES/RECEIVABLES</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
<b>Interest-bearing net liabilities(+)/receivables(-) at beginning of the period</b>	<b>-274</b>	<b>-778</b>	<b>435</b>	<b>737</b>	<b>656</b>	<b>741</b>	<b>1,198</b>
Change in interest-bearing net liabilities/receivables	-453	504	-1,213	-302	81	-85	-457
<b>Interest-bearing net liabilities(+)/receivables(-) at end of the period</b>	<b>-727</b>	<b>-274</b>	<b>-778</b>	<b>435</b>	<b>737</b>	<b>656</b>	<b>741</b>
<b>DEVELOPMENT PROPERTIES</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
<b>Carrying amount at beginning of period</b>	<b>6,892</b>	<b>6,922</b>	<b>7,121</b>	<b>6,547</b>	<b>6,534</b>	<b>6,769</b>	<b>7,067</b>
New purchases	477	382	355	966	562	125	250
Transferred to production	-379	-388	-539	-408	-594	-344	-550
Miscellaneous	-6	-24	-15	16	45	-16	2
<b>Carrying amount at end of period</b>	<b>6,984</b>	<b>6,892</b>	<b>6,922</b>	<b>7,121</b>	<b>6,547</b>	<b>6,534</b>	<b>6,769</b>
<b>KEY FIGURES</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>	<b>Q 4</b>	<b>Q 3</b>	<b>Q 2</b>	<b>Q 1</b>
Operating margin, %	14.2	14.0	13.4	13.9	14.0	11.3	11.8
Debt/equity ratio, times	-	-	-	0.1	0.2	0.1	0.2
Equity/assets ratio, %	39	39	41	40	38	36	40
Earnings per share, SEK	5.80	6.70	9.90	6.60	5.50	4.60	4.50
Number of available building rights	34,800	34,600	33,600	32,500	30,900	30,400	30,800
Number of residential units sold	681	871	864	925	960	1,031	927
Number of housing starts	971	906	813	1,357	1,058	916	856
Number of residential units in current production	7,739	7,641	7,901	7,984	7,793	7,081	7,550

# BUSINESS SEGMENT QUARTERLY OVERVIEW

## ACCORDING TO SEGMENT REPORTING, SEK M

	2017			2016			
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
<b>JM RESIDENTIAL STOCKHOLM</b>							
Revenue	1,613	1,878	1,840	2,018	1,699	1,741	1,704
Operating profit <sup>1)</sup>	331	363	347	387	308	306	294
Operating margin, %	20.5	19.3	18.9	19.2	18.1	17.6	17.3
Average operating capital	4,374	4,354	4,345	4,388	4,382	4,287	4,229
Return on operating capital, % <sup>2)</sup>	32.6	32.3	31.0	29.5	27.3	26.8	26.2
Operating cash flow	505	375	498	367	180	551	460
Carrying amount, development properties	3,941	4,074	4,121	4,286	4,117	4,124	4,310
Number of available building rights	13,300	13,000	12,800	13,000	12,400	12,100	12,300
Number of residential units sold	213	388	354	399	353	403	397
Number of housing starts	365	454	300	634	456	283	372
Number of residential units in current production	3,837	3,598	3,714	3,786	3,564	3,237	3,801
<sup>1)</sup> Of which property sales	-	6	-	-	-	-	-
<b>JM RESIDENTIAL SWEDEN</b>							
Revenue	916	1,153	1,146	997	830	986	1,007
Operating profit <sup>1)</sup>	149	175	164	126	135	114	105
Operating margin, %	16.3	15.2	14.3	12.6	16.3	11.6	10.4
Average operating capital	898	893	967	1,085	1,150	1,175	1,249
Return on operating capital, % <sup>2)</sup>	68.4	67.2	55.7	44.2	39.7	33.1	28.3
Operating cash flow	-11	-29	497	180	58	308	174
Carrying amount, development properties	1,486	1,225	1,322	1,350	1,096	1,137	1,189
Number of available building rights	10,100	10,000	9,800	9,700	9,400	9,600	9,600
Number of residential units sold	332	348	321	343	311	345	319
Number of housing starts	372	336	343	358	331	343	304
Number of residential units in current production	2,196	2,279	2,169	2,240	2,300	2,075	1,962
<sup>1)</sup> Of which property sales	-	-	-	-	37	0	-
<b>JM INTERNATIONAL</b>							
Revenue	824	907	922	936	874	898	769
Operating profit <sup>1)</sup>	62	67	59	67	63	31	43
Operating margin, %	7.5	7.4	6.4	7.2	7.2	3.5	5.6
Average operating capital	2,083	2,060	2,034	1,997	1,993	2,013	2,093
Return on operating capital, % <sup>2)</sup>	12.2	12.4	10.8	10.2	9.2	7.9	8.4
Operating cash flow	156	88	77	-114	71	165	31
Carrying amount, development properties	1,497	1,533	1,394	1,401	1,255	1,194	1,191
Carrying amount, project properties	14	12	13	13	38	36	35
Number of available building rights	10,500	10,700	10,100	8,900	7,900	8,000	8,200
Number of residential units sold	136	135	189	183	296	283	211
Number of housing starts	234	116	170	136	271	290	180
Number of residential units in current production	1,290	1,348	1,602	1,542	1,591	1,431	1,449
<sup>1)</sup> Of which property sales	-	-	-	0	-	-23	-
<b>JM PROPERTY DEVELOPMENT</b>							
Revenue	11	19	18	46	34	34	28
Operating profit <sup>1)</sup>	0	17	7	18	7	-1	6
Average operating capital	697	623	550	508	455	405	361
Return on operating capital, % <sup>2)</sup>	6.0	7.9	5.6	5.9	7.7	6.9	8.0
Operating cash flow	-65	-77	-71	-49	-56	-65	69
Carrying amount, development properties	10	10	35	35	35	35	35
Carrying amount, project properties	864	779	675	589	516	459	402
Number of available building rights <sup>3)</sup>	900	900	900	900	1,200	700	700
Number of residential units sold <sup>3)</sup>	-	-	-	-	-	-	-
Number of housing starts <sup>3)</sup>	-	-	-	229	-	-	-
Number of residential units in current production <sup>3)</sup>	416	416	416	416	338	338	338
<sup>1)</sup> Of which property sales	-	8	-	-	-	-	1
<sup>3)</sup> Refers to rental units and residential care units.							
<b>JM CONSTRUCTION</b>							
Revenue	586	578	437	454	404	447	360
Operating profit	6	8	9	10	12	11	10
Operating margin, %	1.0	1.4	2.1	2.2	3.0	2.5	2.8
Operating cash flow	101	-82	32	47	25	-34	-6
<b>JM OTHER</b>							
Revenue (elimination)	-137	-136	-118	-155	-112	-136	-111
Operating profit (Group-wide expenses)	-5	-12	-16	-11	-4	-13	-13

<sup>2)</sup> Calculated on 12-month rolling profits and average capital.

# GROUP – IFRS

## CONDENSED CONSOLIDATED INCOME STATEMENT

ACCORDING TO IFRS, SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Revenue	12,713	10,997	4,062	3,661	17,007	15,291
Production and operating costs	–10,169	–8,995	–3,257	–2,988	–13,614	–12,440
<b>Gross profit</b>	<b>2,544</b>	<b>2,002</b>	<b>805</b>	<b>673</b>	<b>3,393</b>	<b>2,851</b>
Selling and administrative expenses	–751	–683	–223	–200	–1,003	–935
Gains/losses on the sale of property	14	15	-	37	14	15
<b>Operating profit</b>	<b>1,807</b>	<b>1,334</b>	<b>582</b>	<b>510</b>	<b>2,404</b>	<b>1,931</b>
Financial income and expenses	227	–35	–15	–12	202	–60
<b>Profit before tax</b>	<b>2,034</b>	<b>1,299</b>	<b>567</b>	<b>498</b>	<b>2,606</b>	<b>1,871</b>
Taxes	–386	–297	–120	–113	–482	–393
<b>Profit for the period</b>	<b>1,648</b>	<b>1,002</b>	<b>447</b>	<b>385</b>	<b>2,124</b>	<b>1,478</b>
<b>Other comprehensive income</b>						
<i>Items that will be reclassified as income</i>						
Translation differences from the translation of foreign operations	–32	101	–13	56	–31	102
<i>Items that will not be reclassified as income</i>						
Restatement of defined-benefit pensions	–22	–170	-	–70	67	–81
Tax attributable to other comprehensive income	5	37	-	15	–14	18
<b>Comprehensive income for the period</b>	<b>1,599</b>	<b>970</b>	<b>434</b>	<b>386</b>	<b>2,146</b>	<b>1,517</b>
Net profit for the period is attributable to shareholders of the Parent Company	1,648	1,002	447	385	2,124	1,478
Comprehensive income for the period is attributable to shareholders of the Parent Company	1,599	970	434	386	2,146	1,517
Earnings per share <sup>1)</sup> , basic, attributable to shareholders of the Parent Company, SEK	23.30	13.70	6.30	5.30	29.90	20.40
Earnings per share <sup>1)</sup> , diluted, attributable to shareholders of the Parent Company, SEK	23.20	13.70	6.30	5.30	29.80	20.30
Number of outstanding shares at end of period	70,204,033	71,929,390	70,204,033	71,929,390	70,204,033	71,448,330
Average number of shares, basic	70,866,770	73,161,249	70,458,945	72,251,041	71,089,458	72,526,479
Average number of shares, diluted	71,062,512	73,402,428	70,677,051	72,498,331	71,281,911	72,725,820

<sup>1)</sup> Net profit for the period.

## CONDENSED CONSOLIDATED BALANCE SHEET

ACCORDING TO IFRS, SEK M	9/30/2017	9/30/2016 <sup>3)</sup>	12/31/2016 <sup>3)</sup>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>211</b>	<b>233</b>	<b>230</b>
Project properties	878	554	602
Development properties	6,984	6,547	7,121
Participations in tenant-owners associations, etc.	267	240	233
Work in progress	1,980	2,007	2,073
Current receivables	2,813	3,144	2,553
Cash and cash equivalents	2,557	1,177	1,520
<b>Total current assets</b>	<b>15,479</b>	<b>13,669</b>	<b>14,102</b>
<b>Total assets</b>	<b>15,690</b>	<b>13,902</b>	<b>14,332</b>
<b>EQUITY AND LIABILITIES <sup>1) 2)</sup></b>			
<b>Shareholders' equity</b>	<b>5,511</b>	<b>4,527</b>	<b>4,951</b>
Non-current interest-bearing liabilities	333	352	517
Other non-current liabilities	150	169	168
Non-current provisions	2,362	2,330	2,236
<b>Total non-current liabilities</b>	<b>2,845</b>	<b>2,851</b>	<b>2,921</b>
Current interest-bearing liabilities	1,744	2,110	2,055
Other current liabilities	5,478	4,312	4,304
Current provisions	112	102	101
<b>Total current liabilities</b>	<b>7,334</b>	<b>6,524</b>	<b>6,460</b>
<b>Total equity and liabilities</b>	<b>15,690</b>	<b>13,902</b>	<b>14,332</b>
Pledged assets	545	645	688
Contingent liabilities	10,058	8,344	9,451
<sup>1)</sup> Of which project funding JM International	1,540	1,843	1,852
<sup>2)</sup> Of which liabilities for property acquisition	615	669	654

<sup>3)</sup> Comparative figures were restated due to reclassification of project funding in JM International.

To view the restatement table, refer to the document "Reclassification of project funding in JM International" at [jm.se/investors](http://jm.se/investors)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	JANUARY–SEPTEMBER		FULL-YEAR
ACCORDING TO IFRS, SEK M	2017	2016	2016
Opening balance at beginning of period	4,951	4,521	4,521
Total comprehensive income for the period	1,599	970	1,517
Dividend	–675	–602	–602
Conversion of convertible loan	10	11	13
Equity component of convertible debentures	1	2	2
Buy-back of shares	–375	–375	–500
Closing balance at the end of the period	5,511	4,527	4,951

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
ACCORDING TO IFRS, SEK M	2017	2016	2017	2016	2016/2017	2016
Cash flow from operating activities before change in working capital and taxes	2,074	1,547	672	562	2,740	2,213
Paid tax	–313	–324	–93	–90	–402	–413
Investment in development properties, etc. <sup>1)</sup>	–1,611	–1,126	–478	–604	–2,700	–2,215
Payment on account for development properties, etc. <sup>2)</sup>	1,660	1,711	491	623	2,204	2,255
Investment in project properties	–288	–170	–98	–57	–360	–242
Sale of project properties	-	1	-	-	0	1
Change in current liabilities/receivables	609	–400	311	–305	982	–27
Cash flow from operating activities	2,131	1,239	805	129	2,464	1,572
Cash flow from investing activities	303 <sup>3)</sup>	–5	–1	–2	302 <sup>3)</sup>	–6
Loans raised	153	186	13	135	267	300
Amortization of debt	–234	–896	–113	–217	–248	–910
Loans raised, project funding	507	739	208	182	691	923
Amortization of debt, project funding	–770	–389	–439	–209	–919	–538
Buy-back of shares	–375	–375	–125	–125	–500	–500
Dividend	–675	–602	-	-	–675	–602
Cash flow from financing activities	–1,394	–1,337	–456	–234	–1,384	–1,327
Cash flow for the period	1,040	–103	348	–107	1,382	239
Cash and cash equivalents at end of the period	2,557	1,177	2,557	1,177	2,557	1,520

<sup>1)</sup> Of which investment in participations in tenant-owners associations and freehold residential units

<sup>2)</sup> Of which sale of participations in tenant-owners associations and freehold residential units

<sup>3)</sup> Of which SEK 310m refers to the sale of participations in Småa AB.

## ACCOUNTING PRINCIPLES

This interim report for the nine-month period of 2017 was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS). Since the Parent Company is an enterprise within the EU, only EU-approved IFRS are applied. The Parent Company's accounts were prepared in accordance with RFR 2.

The accounting principles and methods of calculation for the Group have not changed compared to those described in the 2016 Annual Report on pages 68-71, with the exception of a reclassification that was made of project funding in JM International. Project funding was previously reported against costs incurred in the balance sheet item "Work in progress", but it is as from the third quarter 2017 reported as an interest-bearing liability. The comparative figures have been restated and are presented in the document, "Reclassification of project funding in JM International" at [jm.se/investors](http://jm.se/investors). The reclassification has not resulted

in any changes to segment reporting, project management or the risk profile in JM's international operations.

JM's segment reporting differs from IFRS in two respects. In its segment reporting, revenue for JM International is recognized using the percentage of completion method in accordance with IAS 11.

In addition, JM International's project funding is recorded as a deduction item to "Revenue less progress billings" or "Progress billings in excess of recognized revenue" and raised/repaid project funding is reported in the cash flow from operating activities. These principles serve in JM's internal governance and follow-up as a basis for the Group's income statements and balance sheets as a whole.

JM makes the assessment that segment reporting most accurately reflects the economic implications of JM's business at the same time as it correlates well with the Group's internal governance, which is based on its cash flows, risk profile and capital allocation.

## IFRS 15

IFRS 15 Revenue from Contracts with Customers refers to the accounting of revenue from contracts and from the sale of some non-financial assets. The new standard must be applied as of 2018 and replaces the existing revenue recognition standards. JM has for a long time been following the work with the new standard for revenue recognition, including a number of discussions with representatives for IASB, and has on an ongoing basis evaluated the work with the new standard.

JM makes the assessment that the reporting of the project development of residential units in Sweden can continue to occur with the application of the percentage of completion method. The contracts with the tenant-owners association are entered into simultaneously, are priced as a single unit and are assessed to constitute a performance obligation. Since JM is contractually obligated to deliver a specific building and during the course of the project is entitled to payment, the assessment is made that revenue must be reported over time, i.e. the percentage of completion method.

With regard to corresponding business in Norway and Finland, the assessment is made that there is no entitlement to payment,

which means that, like today, revenue must be reported at a specific point in time, i.e. completion.

The assessment is also made that revenue in JM Construction can continue to be reported using the percentage of completion method since the construction is carried out on land that the customer controls.

As a whole, IFRS 15 is not considered to result in any changes to JM's current revenue recognition principles. JM is currently evaluating some details in IFRS 15 in relation to JM's different businesses.

## IFRS 9

IFRS 9 Financial Instruments refers to the reporting of financial instruments. The new standard must be applied as of 2018 and replaces IAS 39. It contains rules for classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. JM makes the assessment that IFRS 9 could affect the measurement of some receivables, but the effect is not considered to be material.

# PARENT COMPANY

## CONDENSED INCOME STATEMENT, PARENT COMPANY

SEK M	JANUARY–SEPTEMBER		FULL-YEAR
	2017	2016	2016
Net sales	8,616	8,105	11,149
Production and operating costs	–6,638	–6,476	–8,863
<b>Gross profit</b>	<b>1,978</b>	<b>1,629</b>	<b>2,286</b>
Selling and administrative expenses	–536	–466	–648
Gains/losses on the sale of property	14	0	–23
<b>Operating profit</b>	<b>1,456</b>	<b>1,163</b>	<b>1,615</b>
Financial income and expenses	290	179	159
<b>Profit before appropriations and tax</b>	<b>1,746</b>	<b>1,342</b>	<b>1,774</b>
Appropriations	-	-	–147
<b>Profit before tax</b>	<b>1,746</b>	<b>1,342</b>	<b>1,627</b>
Taxes	–314	–248	–322
<b>Profit for the period</b>	<b>1,432</b>	<b>1,094</b>	<b>1,305</b>

## CONDENSED BALANCE SHEET, PARENT COMPANY

SEK M	9/30/2017	9/30/2016	12/31/2016
<b>Assets</b>			
Non-current assets	1,194	1,232	1,247
Current assets	9,368	7,754	8,191
<b>Total assets</b>	<b>10,562</b>	<b>8,986</b>	<b>9,438</b>
<b>Equity and liabilities</b>			
Shareholders' equity	2,713	2,218	2,309
Untaxed reserves	2,170	1,975	2,170
Provisions	1,030	947	937
Non-current liabilities	215	312	312
Current liabilities	4,434	3,534	3,710
<b>Total equity and liabilities</b>	<b>10,562</b>	<b>8,986</b>	<b>9,438</b>
Pledged assets	169	169	169
Contingent liabilities	10,228	8,593	9,646



# RECONCILIATION BETWEEN SEGMENT REPORTING AND IFRS

## INCOME STATEMENT, GROUP

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Revenue for the period according to segment reporting	12,457	11,456	3,813	3,729	16,753	15,752
Restatement JM International	256	–459	249	–68	254	–461
Revenue for the period according to IFRS	12,713	10,997	4,062	3,661	17,007	15,291
Operating profit for the period according to segment reporting	1,731	1,414	543	521	2,328	2,011
Restatement JM International	76	–80	39	–11	76	–80
Operating profit for the period according to IFRS	1,807	1,334	582	510	2,404	1,931
Profit for the period according to segment reporting	1,588	1,066	411	395	2,062	1,540
Restatement JM International	60	–64	36	–10	62	–62
Profit for the period according to IFRS	1,648	1,002	447	385	2,124	1,478

## BALANCE SHEET, GROUP

SEK M	9/30/2017	9/30/2016	12/31/2016
Balance sheet total according to segment reporting	14,421	12,423	12,848
Restatement JM International	–271	–364	–368
Reclassification of project funding in JM International	1,540	1,843	1,852
Balance sheet total according to IFRS	15,690	13,902	14,332

## SHAREHOLDERS' EQUITY, GROUP

SEK M	9/30/2017	9/30/2016	12/31/2016
Shareholders' equity according to segment reporting	5,653	4,740	5,158
Restatement JM International	–142	–213	–207
Shareholders' equity according to IFRS	5,511	4,527	4,951

## KEY FIGURES, GROUP

%	9/30/2017	9/30/2016	12/31/2016
Equity/assets ratio according to segment reporting	39	38	40
Equity/assets ratio according to IFRS	35	33	35

## CASH FLOW, GROUP

SEK M	JANUARY–SEPTEMBER		JULY–SEPTEMBER		OCT–SEPT	FULL-YEAR
	2017	2016	2017	2016	2016/2017	2016
Cash flow from operating activities according to segment reporting	1,868	1,589	574	102	2,236	1,957
Reclassification of project funding in JM International	263	–350	231	27	228	–385
Cash flow from operating activities according to IFRS	2,131	1,239	805	129	2,464	1,572

## INTEREST-BEARING NET LIABILITIES/RECEIVABLES, GROUP

SEK M	9/30/2017	9/30/2016	12/31/2016
Interest-bearing net liabilities(+)/receivables(–) at end of the period according to segment reporting	–727	737	435
Reclassification of project funding in JM International	1,540	1,843	1,852
Interest-bearing net liabilities(+)/receivables(–) at end of the period according to IFRS	813	2,580	2,287

Stockholm, October 26, 2017  
JM AB (publ)

Johan Skoglund  
President and Chief Executive Officer

**REVIEW REPORT**  
**JM AB (PUBL), CORPORATE IDENTITY**  
**NUMBER 556045-2103**

**INTRODUCTION**

We have reviewed the condensed interim financial information (interim report) of JM AB as of September 30, 2017 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**SCOPE OF REVIEW**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted audit-

ing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, October 26, 2017  
PricewaterhouseCoopers AB

Håkan Malmström  
Authorized Public  
Accountant  
Auditor in charge

Ann-Christine Hägglund  
Authorized Public  
Accountant

# JM IN BRIEF

## BUSINESS CONCEPT

To create attractive living and working environments that satisfy individual needs both today and in the future.

## VISION

JM creates houses where people feel at home.

## BUSINESS

JM is one of the leading developers of housing and residential areas in the Nordic region.

Operations focus on new production of homes in attractive locations, with the main focus on expanding metropolitan areas and university towns in Sweden, Norway, and Finland. We are also involved in the project development of commercial premises and contract work, primarily in the Greater Stockholm area.

JM seeks to promote long-term sustainability management in all its operations. Annual sales total approximately SEK 17 billion and the company has around 2,500 employees. JM AB is a public limited company listed on NASDAQ Stockholm, Large Cap segment.

## FINANCIAL TARGETS AND DIVIDENDS POLICY

The operating margin should amount to 10 percent, including gains/losses from property sales. The visible equity ratio should amount to 35 percent over a business cycle.

Over time, the dividend should reflect the earnings trend in total operating activities and over a business cycle on average correspond to 50 percent of consolidated profit after tax. Capital gains from property sales are a natural part of JM's project development operations and therefore are included in the calculation of dividends.

JM's financial targets are defined based on segment reporting.



## DISCLOSURES

This information is information that JM AB is obliged to make public 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 set out below, at 08.00 CET on October 26, 2017.

## FOR MORE INFORMATION PLEASE CONTACT:

Claes Magnus Åkesson, CFO, Head of IR  
Tel. +46 8 782 89 71

## FINANCIAL CALENDAR

February 1, 2018	Year-end Report 2017
April 12, 2018	Annual General Meeting
April 27, 2018	Interim Report January - March
July 13, 2018	Interim Report January - June
October 25, 2018	Interim Report January - September

## PRESS RELEASES, Q3 2017

July 14	Interim Report January - June 2017
July 31	Conversion of Convertible debentures in to shares in JM AB (publ)
August 18	JM acquiring property in Lund
August 22	JM acquiring property in Solna, Stockholm
August 31	Notification of reduction share of capital in JM AB (publ)

JM's Annual Reports, Interim Reports and other financial information are available at [jm.se/investors](http://jm.se/investors)

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