



Year-end Report January–December 2018



Increased number of sold and started units

1 OCTOBER–31 DECEMBER 2018

- Net sales amounted to SEK 6,206 M (6,055)
- Operating profit was SEK 899 M (820), of which profit from sales of land totalled SEK 61 M (45)
- Operating margin was 14.5 per cent (13.5)
- Profit after financial items was SEK 870 M (759)
- Profit after tax was SEK 762 M (650)
- Earnings per share was SEK 7.07 (6.03)¹⁾
- Cash flow before financing was SEK 956 M (1,080)
- Return on capital employed was 12.8 per cent (16.6).
- The number of production starts of housing units in the period was 3,368 (2,603)
- Total number of housing units in production at period end was 10,712 (9,880)
- The sales rate for ongoing production was 68 per cent (68)
- The number of housing units sold in the period was 2,769 (2,496)
- The number of housing units recognised for profit was 2,471 (2,412)

1 JANUARY–31 DECEMBER 2018

- Net sales amounted to SEK 14,008 M (14,479)
- Operating profit was SEK 1,654 M (1,946), of which profit from sales of land totalled SEK 245 M (492)
- Operating margin was 11.8 per cent (13.4)
- Profit after financial items was SEK 1,513 M (1,721)
- Profit after tax was SEK 1,265 M (1,402)
- Earnings per share was SEK 11.74 (12.99)¹⁾
- Cash flow before financing was SEK -764 M (-26)
- Return on capital employed was 12.8 per cent (16.6)
- The number of production starts of housing units in the period was 6,478 (6,702)
- The number of housing units sold in the period was 6,009 (5,702)
- The number of housing units recognised for profit was 5,225 (5,464)
- The Board of Directors proposes a dividend of SEK 5.20 (5.20) per share

SEK M	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales	6,206	6,055	14,008	14,479
Operating profit before depreciation, amortization and impairment losses	936	858	1,789	2,034
Operating profit before depreciation, amortization and impairment losses, %	15.1	14.2	12.8	14.0
Operating profit	899	820	1,654	1,946
Operating margin, %	14.5	13.5	11.8	13.4
Profit after financial items	870	759	1,513	1,721
Profit for the period after tax	762	650	1,265	1,402
Earnings per share, SEK ¹⁾	7.07	6.03	11.74	12.99
Cash flow before financing	956	1,080	-764	-26
Net debt ²⁾	5,542	4,165	5,542	4,165
Capital employed at period end	13,332	12,003	13,332	12,003
Return on capital employed, %	12.8	16.6	12.8	16.6
Equity/assets ratio, %	34.9	33.7	34.9	33.7
Number of housing starts in the period	3,368	2,603	6,478	6,702
Number of housing units in production at period end	10,712	9,880	10,712	9,880
Sales rate for ongoing production, %	68	68	68	68
Number of housing units sold in the period	2,769	2,496	6,009	5,702
Number of housing units recognised for profit in the period	2,471	2,412	5,225	5,464

¹⁾ Before and after dilution.

²⁾ For specification, see Note 2.

For definitions of key ratios, see bonava.com/en/investor-relations/financial-information

Comments from the CEO



JOACHIM HALLENGREN, PRESIDENT AND CEO

"We sold more units, increased housing starts by close to 30 per cent and we delivered strong profit and a good cash flow."

STRONG FINISH TO THE YEAR

Looking back at Bonava's journey, I'm pleased to conclude that our analysis of the housing market and our chosen strategy are serving us well. During a period of unprecedented house price growth in Sweden, and with many developers focusing on the high-end segment, we have streamlined and rationalised our processes to meet the housing demand of tomorrow with more affordable homes. We are closing the year with a strong quarter and we stand at the beginning of the new year on a stable foundation, which ensures good prospects for the future.

INCREASED NUMBER OF SOLD AND STARTED UNITS

Sales of housing units increased and housing starts were up by close to 30 per cent in the quarter, and we delivered strong profit and a good cash flow. During the year, Germany surpassed Sweden as our largest market. Our growth in Germany provides a clear example of our strategy regarding generating growth on markets with the best returns. The German housing market is strong, and we sold more housing units in the quarter while also increasing housing starts by close to 40 per cent. The German market now accounts for 43 per cent of our 10,712 units in production. Market conditions in Finland were good and we sold slightly more housing units to consumers in the quarter. We are also starting to see the effects of our initiatives aimed at improving profitability in Finland. The Swedish housing market remained cautious, although we still sold more housing units in the quarter compared to last

year. I have noted that house prices remained somewhat unchanged this year, which suggests that the market has stabilised. Having said this, it's still too early to draw any conclusions about the future. I'm proud that the Group sold more housing units overall compared to last year, despite the cautious Swedish housing market. At the end of the year, we had close to 1,000 more housing units in ongoing production compared to last year, with a retained good sales rate of 68 per cent. This confirms the stability of our business model.

GOOD CASH FLOW AND INCREASED OPERATING PROFIT

Net sales and operating profit in the quarter increased year-on-year. Operating profit was SEK 899 M (820), including profit from sales of land totalling SEK 61 M (45). Operating margin in the quarter increased on the previous year, reaching 14.5 per cent (13.5). Profit after tax was SEK 762 M (650), affected by recovered tax losses carried forward in Germany with a positive profit impact of SEK 72 M. Cash flow before financing for the quarter was good and amounted to almost SEK 1 Bn, which creates flexibility. The strong finish to the year resulted in a good full-year figure. Net sales and operating profit decreased slightly year-on-year, although this should be viewed in the light of last year's results, which were our strongest ever, and also that full-year profit for 2017 included gains from land sales of SEK 492 M, compared to SEK 245 M for the full year 2018. Full-year profit after tax was SEK 1,265 (1,402), generating Earnings per share of SEK 11.74 (12.99). We delivered

on our financial objectives, and equity/assets ratio increased to strong 34.9 per cent (33.7). The Board proposes a dividend for the year of SEK 5.20 (5.20) per share which corresponds to 44 per cent of profit after tax.

INVESTOR BUSINESS EXPANDS

Demand from investors is good on our markets. In the quarter, we sold 1,383 (1,160) housing units to investors, an increase of close to 20 per cent year-on-year. We also completed our first investor deal in the Baltics in the quarter. It pleases me that we now have completed investor deals on all our markets. At the end of the year, I'm pleased to conclude that housing units sold to investors comprised 35 per cent of all housing units sold. This is in line with our ambition for the investor business to constitute some 30 per cent of total sales over time.

WELL PREPARED FOR THE FUTURE

Our strategy provides results, and with our broad geographical spread and diversified offering we have a balanced risk profile. Our focus on affordable housing is in line with the housing needs of tomorrow, and Bonava has a strategic building rights portfolio to work with. Our strong financial position ensures that we are able to continue to grow and benefit from the opportunities that arise in the future.

JOACHIM HALLENGREN

President and CEO

Building on a stable foundation

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

Our experience and know-how have been gathered from our own projects and acquisitions. In 2009, these operations became an independent business area – NCC Housing. We took another step in 2016, when we were listed on Nasdaq Stockholm.

Our focus is on developing affordable and sustainable housing for consumers and investors on selected markets where we can utilise our competence effectively and optimise our resources throughout the value chain – from project managing land to finished homes.

VISION

We create happy neighbourhoods where people have the highest quality of life

MISSION

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

NO. OF EMPLOYEES

2,079
(1,807)

at the end of the quarter

HOUSING UNITS IN PRODUCTION

10,712
(9,880)

at the end of the quarter

NET SALES

14.0
(14.5)

SEK billion

OUTCOME FINANCIAL OBJECTIVES Q4 2018

RETURN ON CAPITAL EMPLOYED

12.8%

Return on capital employed should be 10–15 per cent

EQUITY/ASSETS RATIO

34.9%

Minimum equity/assets ratio of 30 per cent

DIVIDEND POLICY

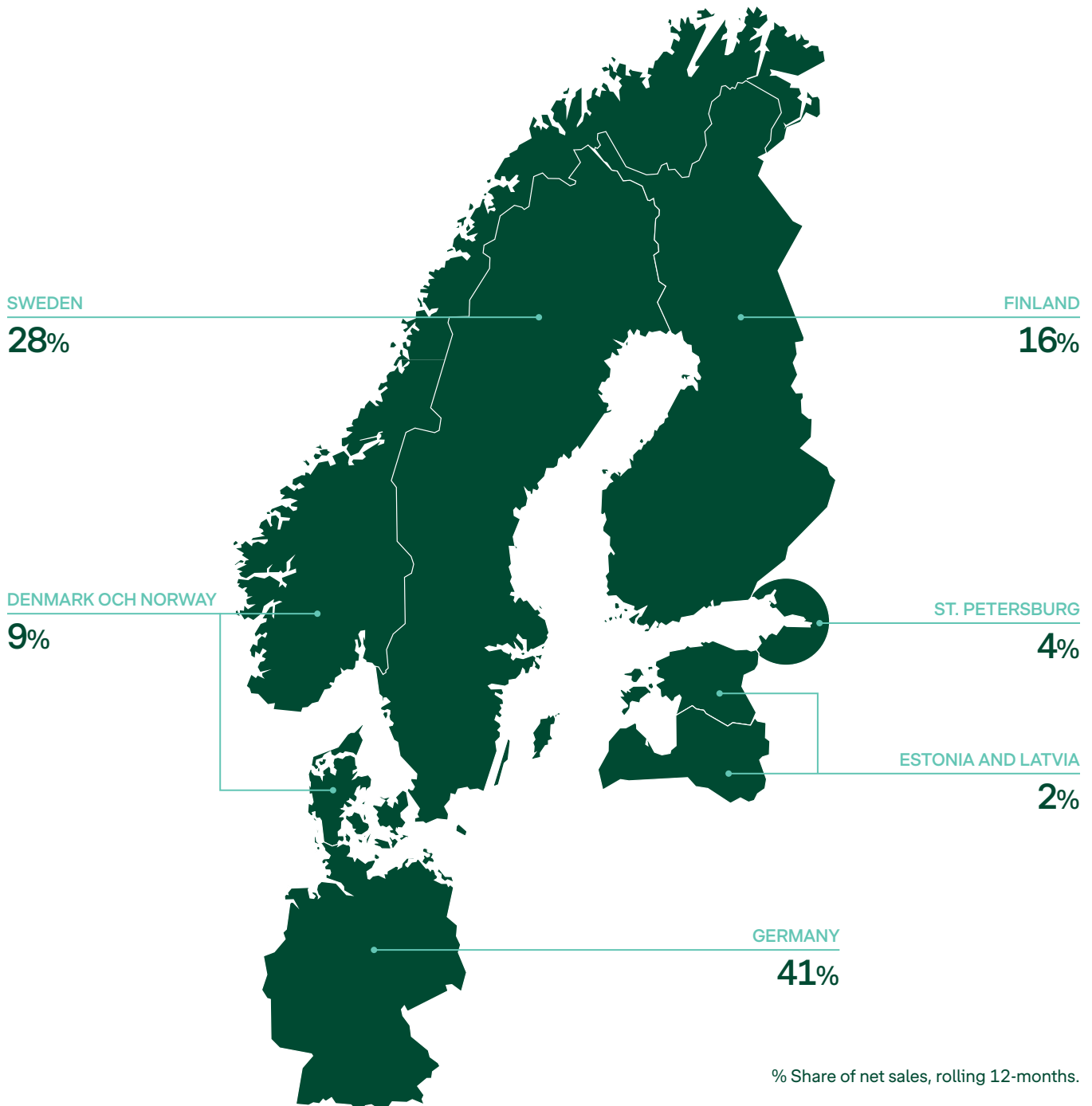
PROPOSED DIVIDEND

5.20

(SEK per share corresponding to 44 per cent of profit after tax)

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

A leading residential developer in northern Europe



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

markets, which generates demand for new housing over time.

Bonava develops land into affordable and sustainable neighbourhoods, where housing is adapted to customers' wants and needs, as well as the unique circumstances of each location.

Bonava provides multi-family housing and single-family housing, and develops homes for consumers and investors, such as pension funds, alongside municipalities and other stakeholders. That is how Bonava helps to create 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 PROGRESS

The housing market in Sweden remained cautious in the quarter, and average house prices decreased slightly nationwide. The housing market in Germany remained strong with stable house prices and strong demand from consumers and investors. The housing market in Finland remained good in the quarter, with stable house prices and good demand. The market in Denmark was stable with minor changes in house prices in the Copenhagen region where Bonava is active. In Bergen, Norway, the housing market was good with stable house prices. The housing market in St. Petersburg remained good, with slightly higher house prices and stable demand. The investor market remained good in Sweden, Germany, Finland and Denmark-Norway. Bonava's first investor deal in the Baltics was completed in the quarter, which means that Bonava has now carried out investor transactions on all markets.

OCTOBER-DECEMBER 2018

Operational performance

Net sales

Net sales amounted to SEK 6,206 M (6,055). The increase was mainly due to higher net sales from investors. In the quarter, 1,555 (1,857) housing units for consumers were recognised for profit, with net sales of SEK 4,620 M (4,797). The average price per housing unit recognised for profit increased to SEK 3.0 (2.6) M, as a result of higher average prices across all markets which was partly due to a weaker SEK.

916 (555) housing units for investors were recognised for profit in Sweden, Germany and Finland in the quarter, and net sales were SEK 1,521 (1,083) M.

Sales of land totalled SEK 67 M (158). Exchange rate fluctuations had a positive impact of SEK 242 M on consolidated net sales in year-on-year terms.

Operating profit

Operating profit for the period was SEK 899 M (820). The increase was due to increased profit from both consumers and investors. Profit from sales of land contributed SEK 61 (45) M. In the previous year, operating profit was charged with impairment losses on properties held for future development of SEK 34 M. Exchange rate fluctuations had a positive impact of SEK 35 M.

Net financial items, tax and profit for the period

Net financial items were SEK -30 M (-61). The improvement was due to reduced borrowing denominated in roubles at lower interest, and decreased guarantee costs reported in Net financial items.

Profit after financial items was SEK 870 M (759). Tax on profit for the period was SEK -108 M (-109), corresponding to a tax rate of 12 (14) per cent. Tax in the quarter was affected by recovered tax losses in Germany of SEK 72 M, while tax free sales of land influenced the previous year's tax rate.

Profit for the period after tax amounted to SEK 762 M (650).

JANUARY-DECEMBER 2018

Operational performance

Net sales

Net sales were SEK 14,008 M (14,479). The decrease was due to lower net sales from consumers and reduced sales of land. Net sales from consumers amounted to SEK 10,709 M (11,221), and 3,539 (4,294) housing units for consumers were recognised for profit at an average price per housing unit of SEK 3.0 M (2.6). The increase

was due to higher average prices across all markets, partly driven by a weaker SEK.

1,686 (1,170) housing units for investors were recognised for profit in Sweden, Germany and Finland in the year, and net sales were SEK 2,766 M (2,119). Sales of land were SEK 496 M (1,036), with the decrease mainly derived from Sweden. Exchange rate fluctuations had a positive impact of SEK 521 M on consolidated net sales in year-on-year terms.

Operating profit

Operating profit for the period was SEK 1,654 M (1,946). The decrease was due to lower profit from sales of land, SEK 245 M (492), and guarantee costs previously reported under net financial items. Profit from consumers and investors alike improved.

Exchange rate fluctuations had a positive impact of SEK 53 M.

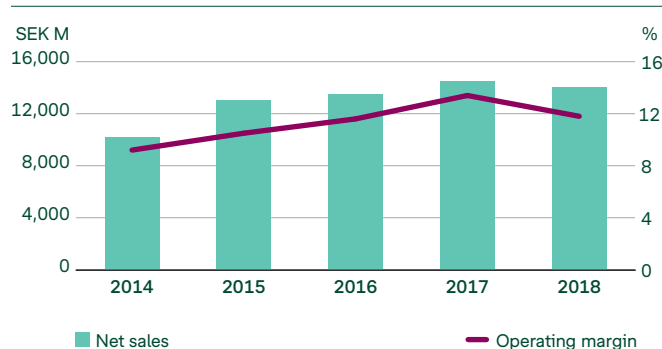
Net financial items, tax and profit for the period

Net financial items were SEK -141 M (-226). The improved Net financial items was due to reduced borrowing denominated in roubles at lower interest, and lower guarantee costs reported in Net financial items.

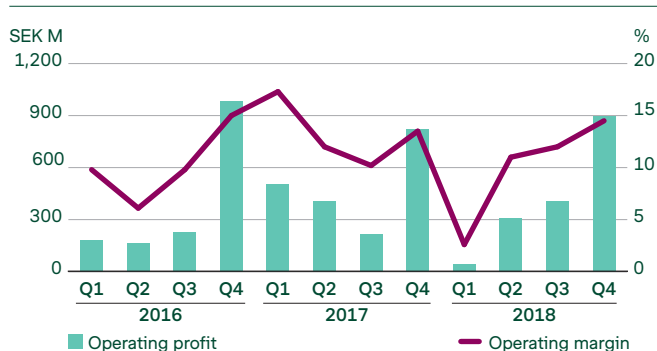
Profit after financial items for the period was SEK 1,513 M (1,721). Tax on profit for the period was SEK -249 M (-319), corresponding to a tax rate of 16 (19) per cent. The tax rate for the year was affected by recovered tax losses in Germany.

Profit for the period after tax amounted to SEK 1,265 M (1,402).

Net sales and operating margin



Operating profit and operating margin



Group performance

SEK M	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net sales per segment				
Sweden	1,158	1,188	3,976	5,699
Germany	2,764	2,686	5,736	5,049
Finland	1,121	690	2,257	1,290
Denmark-Norway	747	986	1,232	1,454
St. Petersburg	329	342	578	727
Other and eliminations	86	163	230	259
Total	6,206	6,055	14,008	14,479

SEK M	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Operating profit per segment				
Sweden	193	226	761	1,230
Germany	490	424	796	668
Finland	80	68	65	1
Denmark-Norway	124	138	131	141
St. Petersburg	67	48	95	104
Other and eliminations	-55	-84	-193	-197
Total	899	820	1,654	1,946

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 21,074 M (19,713). The increase was primarily due to a higher volume of ongoing housing projects.

NET DEBT

Net debt amounted to SEK 5,542 M (4,165). Swedish tenant-owner associations and Finnish housing companies had net debt amounting to SEK 4,965 M (5,002), of which SEK 999 M (669) related to financing via parent company credit facilities directly attributable to Swedish tenant-owner associations.

Consolidated net debt for other operations was SEK 577 M (-838).

Net debt was up on the previous year, mainly due to continued net investments in housing projects and reduced cash flow from advances from customers. As of 30 September 2018, net debt amounted to SEK 6,195 M.

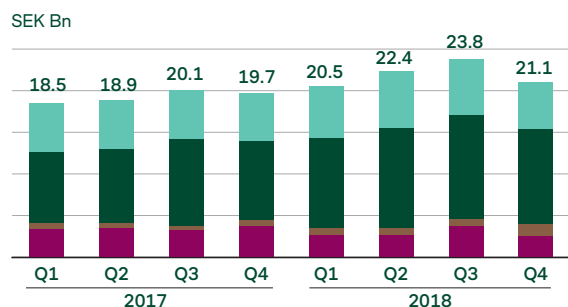
CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Return on capital employed was 12.8 per cent (16.6). The lower return was due to increased capital employed totalling SEK 13,332 M (12,003) at the end of the period, and lower profit. Capital employed was up as a result of increased volumes of ongoing housing production in all business units, with the exception of Sweden, and increased value of completed housing units in all business units with the exception of Germany. This was partly offset by a decrease in cash and cash equivalents, and increased customer advances in Germany. As of 30 September 2018, capital employed amounted to SEK 13,696 M.

EQUITY/ASSETS AND DEBT/EQUITY RATIO

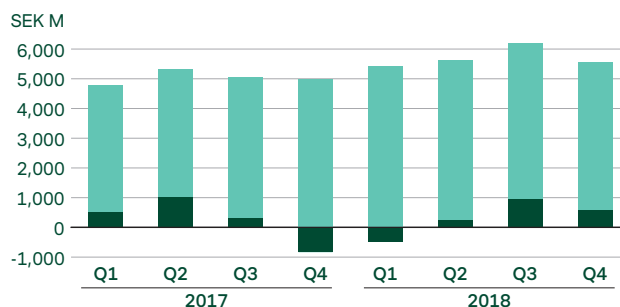
As of 31 December 2018, the equity/assets ratio was 34.9 per cent (33.7). Bonava's equity/assets ratio is affected by seasonal fluctuations as the company's assets increase in the first three quarters of the year and then decrease in the fourth quarter, when a large number of housing units are handed over to customers and recognised for profit. The debt/equity ratio was 0.8 (0.6).

Allocation of assets



■ Properties held for future development
■ Housing units in production
■ Completed housing units
■ Other assets

Net debt



■ Net debt in Swedish tenant-owner associations and Finnish housing companies
■ Other net debt

CASH FLOW**OCTOBER–DECEMBER 2018**

Cash flow before financing for the quarter was SEK 956 M (1,080). Cash flow from operating activities before changes in working capital amounted to SEK 977 M (762) due to increased profit before tax and positive effects from items not affecting cash flow.

Cash flow from sales of housing projects was SEK 4,659 M (5,087). Lower cash flow year-on-year from sales in Germany and Denmark-Norway was partly offset in Finland. Investments in housing projects, amounting to SEK -3,334 M (-4,222) were down year-on-year, mainly attributable to Sweden and Germany.

Cash flow from changes in other working capital, SEK -1,305 M (-535) was down on the previous year, mainly as a result of decreased cash flow from customer advances in Sweden and Finland, and from interest-free receivables in Sweden. To some extent, this was offset by higher accrued expenses.

JANUARY–DECEMBER 2018

Cash flow before financing for the full year was SEK -764 M (-26).

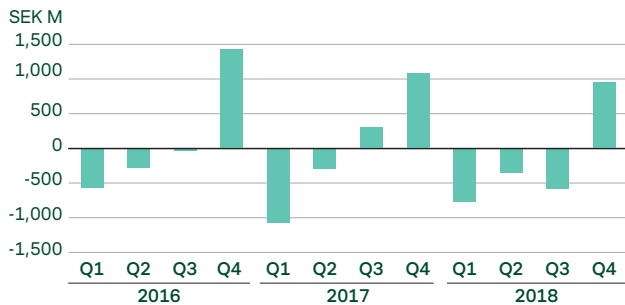
Cash flow from operating activities before changes in working capital amounted to SEK 1,379 M (1,462) as profit before tax decreased, which was partly offset by lower taxes paid in Sweden.

Cash flow from sales of housing projects was SEK 11,082 M (11,940) and was down in Sweden, but increased in Finland. Cash flow from investments in housing projects, SEK -13,445 M (-14,210), was down in Sweden, but was partly offset by an increase in Finland.

Cash flow from changes in other working capital amounted to SEK 354 M (893). Customer advances increased, although to a lower extent, in Sweden and Finland, however partly offset by St. Petersburg. The interest free financing was lower in Denmark-Norway.

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

OCTOBER–DECEMBER 2018

Housing sales and housing starts

In the quarter, 1,386 (1,336) housing units were sold to consumers and 1,383 (1,160) housing units were sold to investors. Sales to consumers increased in Germany, Finland, Denmark-Norway and the Baltics, while sales in Sweden and St. Petersburg decreased. The average price of housing units sold to consumers increased in Sweden and Denmark-Norway. The proportion of ongoing housing projects sold increased on all markets, with the exception of Sweden and St. Petersburg. The average price of housing units sold to consumers increased to SEK 2.9 M (2.4), mainly due to an increased share of housing units sold in Germany compared to the previous year. The average price of housing units sold to investors was SEK 2.4 M (1.7). In the period, 1,985 (1,443) housing units were started for consumers and 1,383 (1,160) housing units were started for investors.

Housing units in production as of 31 December 2018

At the end of the period, there were 7,259 (6,844) housing units for consumers and 3,453 (3,036) housing units for investors in production. As of 31 December 2018, the sales rate was 52 per cent (54) for housing units for consumers and 100 per cent (100) for housing units for investors. The completion rate at the end of the period was 46 per cent (44) for consumers and 30 per cent (32) for investors.

JANUARY–DECEMBER 2018

Housing sales and housing starts

In total, 3,906 (3,984) housing units were sold to consumers and 2,103 (1,718) housing units were sold to investors. The number of housing starts was 4,375 (4,984) for consumers and 2,103 (1,718) for investors.

Estimated completions per quarter

In year-on-year terms, there are more housing units to complete from the first quarter 2019 onwards, 10,712 (9,880). Of the total number of housing units not yet completed, 53 per cent (56) is expected to be completed in 2019.

Building rights as of 31 December 2018

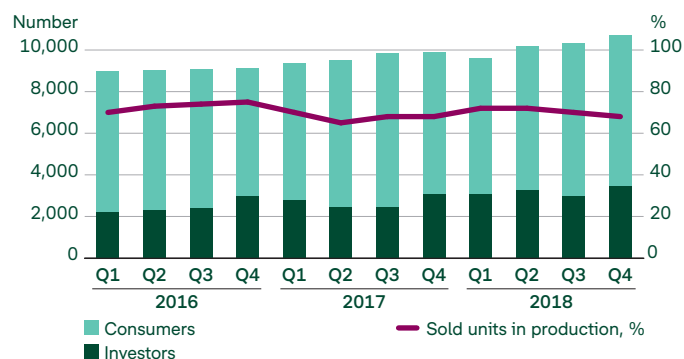
There were 30,600 (31,400) building rights, of which 15,300 (16,800) were recognised in the Balance Sheet. The number of building rights decreased in Germany and St. Petersburg in year-on-year terms.

Unsold, completed housing units at the end of the period

The number of unsold completed housing units at period end was 379 (284). All these housing units were for consumers, mainly in St. Petersburg, Finland and Sweden.

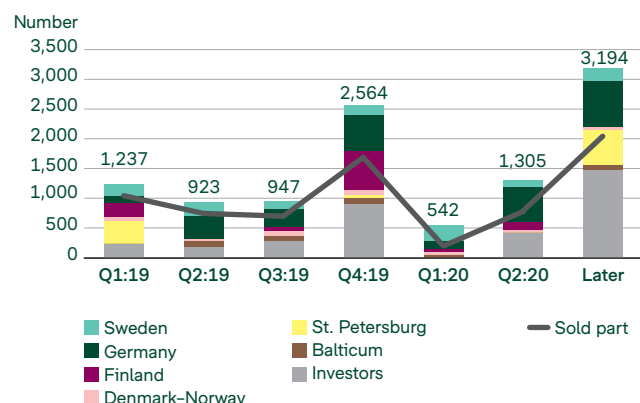
	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Housing units in ongoing production for consumers at period end	7,259	6,844	7,259	6,844
Housing units in ongoing production for investors at period end	3,453	3,036	3,453	3,036
Total number of housing units in ongoing production	10,712	9,880	10,712	9,880
Sales rate for ongoing production, %	68	68	68	68
Reservation rate for ongoing production, %	3	2	3	2
Sold and reserved housing units in ongoing production, %	71	70	71	70
Housing units for consumers sold in the period	1,386	1,336	3,906	3,984
Housing units for investors sold in the period	1,383	1,160	2,103	1,718
Total housing units sold in the period	2,769	2,496	6,009	5,702
Sales value of housing units sold for consumers in the period, SEK M	3,985	3,169	10,223	10,490
Sales value of housing units sold for investors in the period, SEK M	3,382	1,962	4,696	2,918
Total	7,367	5,130	14,919	13,408
Housing starts for consumers in the period	1,985	1,443	4,375	4,984
Housing starts for investors in the period	1,383	1,160	2,103	1,718
Total housing starts in the period	3,368	2,603	6,478	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 1,919 (1,696) in the period.

SHARES AND SHAREHOLDERS

Bonava has two classes of share, class A and class B. The closing price on 28 December 2018 was SEK 109.00 per class A share and SEK 114.20 per class B share, corresponding to market capitalisation of SEK 12.2 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. Each class A share carries ten votes and each class B share one vote.

Bonava had 30,941 shareholders at the end of the quarter. Bonava's largest shareholder was Nordstjernan AB. As of 28 December 2018, the ten largest shareholders controlled 66.1 per cent of the capital and 71.9 per cent of the votes.

LEGAL STRUCTURE

Effective 9 June 2016, NCC AB distributed all the shares in Bonava AB to shareholders. NCC AB remains a minority owner of Bonava Deutschland GmbH, but Bonava holds the option to acquire NCC AB's participations in 2021. According to a profit sharing agreement, NCC AB will waive dividend and receive an annual compensation of EUR 1.3 M until the agreement is cancelled, which may occur five years from entering the agreement at the earliest. The agreed profit sharing, representing a debt of SEK 40 M to NCC AB, has been reported at an amount corresponding to the fair value of three years' payments.

SIGNIFICANT EVENTS IN THE PERIOD

On 16 November, Bonava announced the appointment of a new Business Unit President in Bonava Germany, effective from 1 January 2019. The new Business Units President, Sabine Helterhoff, was previously Head of Legal and Investor Business at Bonava Germany. Sabine Helterhoff replaces Olle Boback, who announced his retirement earlier in the year. Olle will continue to act as Senior Advisor to the Bonava Group.

PROPOSED DIVIDEND

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

TEN LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2018

	No. of class A shares	No. of class B shares	Holding, %	Votes, %
Nordstjernan AB	10,000,000	10,323,759	18.7	48.7
AMF – Försäkring och Fonder	0	14,000,638	12.9	6.2
Swedbank Robur fonder	128,119	8,125,945	7.6	4.2
SEB Investment Management	0	7,145,711	6.6	3.2
Lannebo fonder	0	6,964,301	6.4	3.1
Fjärde AP-fonden	3,343	4,226,944	3.9	1.9
Länsförsäkringar fondförvaltning	0	3,753,345	3.5	1.7
Carnegie fonder	0	2,500,000	2.3	1.1
State Street Bank and Trust CO, W9	5,435	2,405,701	2.2	1.1
Afa Försäkring	0	2,129,519	2.0	0.9
Total, ten largest shareholders	10,136,897	61,575,863	66.1	71.9
Other	2,982,818	33,740,244	33.9	28.1
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.



STEN I STOCKHOLMEN

Project start: Q4 2018
Location: Stockholm, Sweden
Housing category: Semi-detached and terraced housing
Number of housing units: 58 homes for consumers

Affordable semi-detached and terraced houses in an attractive and expanding neighbourhood in Haninge south of Stockholm. The project is close to good transport links and nature.



TUVE

Project start: Q4 2018
Location: Gothenburg, Sweden
Housing category: Multi-family housing
Number of housing units: 209 homes for investors

Nordic Swan eco-labelled apartments in the growing and popular Tuve neighbourhood on the island of Hisingen in Gothenburg. The neighbourhood is close to transport links to Gothenburg city centre, schools, shops and green spaces.

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.



QUARTIER HUGOS

Project start: Q4 2018
Location: Berlin, Germany
Housing category: Multi-family housing
Number of housing units: 124 housing homes for investors

Modern and affordable rental apartments that are part of a new neighbourhood comprising 450 households. The neighbourhood has an urban community feel, and is close to day-care centres, schools, shops 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.



ASUNTO OY HELSINGIN KANVAASI

Project start: Q4 2018
Location: Helsinki, Finland
Housing category: Multi-family housing
Number of housing units: 82 homes for consumers

Affordable housing in a new neighbourhood in Helsinki. Kanvaasi is the first project designed by Bonava Finland's in-house architects. The project is energy efficient and powered by solar panels.

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.



SKJOLDHAGEN I AND II

Project start: Q4 2018
Location: Bergen, Norway
Housing category: Multi-family housing
Number of housing units: 75 homes for consumers

A total of 75 modern and affordable housing units in two different projects: Skjoldhagen I and Skjoldhagen II. The neighbourhood is close to schools, a health centre, shopping and nature.

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

There were no new housing projects started in the quarter.

Sweden

MARKET PERFORMANCE

The housing market in Sweden remained cautious in the quarter, and average house prices decreased slightly nationwide.

OCTOBER–DECEMBER 2018

Operational performance

Net sales

Net sales were down slightly on the previous year, due to fewer housing units for consumers recognised for profit and more housing units for investors recognised for profit. No projects for investors were recognised for profit in the corresponding period of the previous year. The average price per housing unit for consumers recognised for profit was SEK 4.7 M (3.5). The increased average price was mainly due to more housing units in the Stockholm region and single-family units recognised for profit in the period.

Operating profit

Operating profit was SEK 193 M (226) as a result of a higher proportion of housing units for investors recognised for profit. Profit from sales of land was SEK 48 M (45).

JANUARY–DECEMBER 2018

Operational performance

Net sales

Net sales were down slightly on the previous year due to fewer housing units for consumers recognised for profit and decreased sales of land. Sales of land totalled SEK 422 M (876). The average price per housing unit for consumers recognised for profit was SEK 4.0 M (3.6).

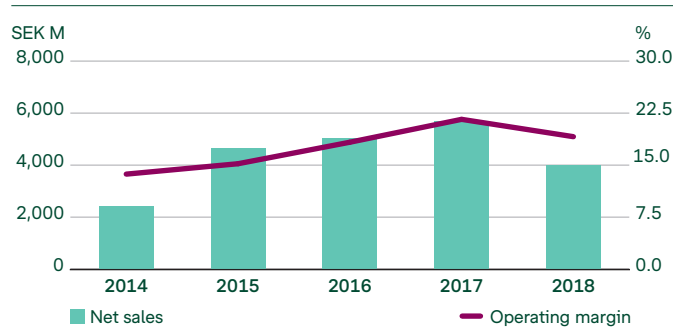
Operating profit

Operating profit was SEK 761 (1,230) M, down due to fewer housing units for consumers recognised for profit and lower profit from sales of land. Profit from sales of land was SEK 222 M (482).

Capital employed and return on capital employed

Return on capital employed was up slightly on the previous year, due to a higher proportion of housing units completed but not yet recognised for profit. Return on capital employed decreased year-on-year as a result of the lower operating profit.

Net sales and operating margin



	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Key performance indicators				
Net sales, SEK M	1,158	1,188	3,976	5,699
Operating profit, SEK M	193	226	761	1,230
Operating margin	16.7	19.0	19.1	21.6
Capital employed at period end, SEK M	5,164	4,986	5,164	4,986
Return on capital employed, %	14.8	24.7	14.8	24.7
Building rights				
Number of building rights at period end	7,400	7,500	7,400	7,500
of which off-balance sheet building rights	5,100	4,900	5,100	4,900
Housing development for consumers				
Number of housing units sold in the period	74	87	233	621
Number of housing starts in the period	142	255	269	965
Number of housing units recognised for profit in the period	185	320	775	1,245
Number of housing units in production at period end	1,342	2,009	1,342	2,009
Sales rate for ongoing production, %	39	55	39	55
Housing development for investors				
Number of housing units sold in the period	193	90	423	90
Number of housing starts in the period	193	90	423	90
Number of housing units recognised for profit in the period	221		322	158
Number of housing units in production at period end	639	538	639	538
Sales rate for ongoing production, %	100	100	100	100

Germany

MARKET PERFORMANCE

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

OCTOBER–DECEMBER 2018

Operational performance

Net sales

In Germany, slightly fewer housing units were recognised for profit in the period, although net sales increased due to higher average prices for housing units for consumers, which totalled SEK 3.5 M (3.2) partly driven by a weaker SEK. In the quarter, 339 (319) housing units for investors were recognised for profit.

Operating profit

Operating profit increased in Germany due to higher project margins compared to the corresponding period in the previous year.

JANUARY–DECEMBER 2018

Operational performance

Net sales

Net sales were SEK 5,736 M (5,049) due to more housing units for consumers and investors being recognised for profit, and positive exchange rate effects. The average price per housing unit for consumers increased to SEK 3.5 M (3.3).

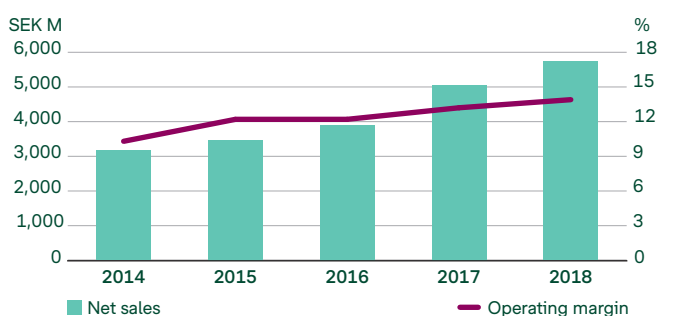
Operating profit

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

Capital employed and return on capital employed

Capital employed increased year-on-year due to an increase in properties held for future development and ongoing housing projects. Return on capital employed decreased year-on-year as a result of increased capital tied up.

Net sales and operating margin



	2018 Oct–Dec	2017 Oct–Dec	2018 Jan–Dec	2017 Jan–Dec
Key performance indicators				
Net sales, SEK M	2,764	2,686	5,736	5,049
Operating profit, SEK M	490	424	796	668
Operating margin, %	17.7	15.8	13.9	13.2
Capital employed at period end, SEK M	3,985	3,037	3,985	3,037
Return on capital employed, %	21.8	23.0	21.8	23.0
Building rights				
Number of building rights at period end	7,400	8,300	7,400	8,300
of which off-balance sheet building rights	2,700	3,700	2,700	3,700
Housing development for consumers				
Number of housing units sold in the period	710	589	1,563	1,506
Number of housing starts in the period	1,061	639	2,061	1,455
Number of housing units recognised for profit in the period	586	634	1,246	1,135
Number of housing units in production at period end	2,932	2,105	2,932	2,105
Sales rate for ongoing production, %	59	68	59	68
Housing development for investors				
Number of housing units sold in the period	873	769	873	906
Number of housing starts in the period	873	769	873	906
Number of housing units recognised for profit in the period	339	319	648	611
Number of housing units in production at period end	1,704	1,479	1,704	1,479
Sales rate for ongoing production, %	100	100	100	100

Finland

MARKET PERFORMANCE

The housing market in Finland remained good in the quarter, with stable house prices and good demand.

OCTOBER–DECEMBER 2018

Operational performance

Net sales

In Finland, net sales totalled SEK 1,121 M (690) as more housing units were handed over. The average price for housing units for consumers increased to SEK 2.0 M (1.8) partly due to positive exchange rate effects.

Operating profit

Operating profit in Finland improved in the fourth quarter year-on-year, due to more housing units for consumers and investors recognised for profit. Profit from sales of land was SEK -1 M (0).

JANUARY–DECEMBER 2018

Operational performance

Net sales

Net sales were SEK 2,257 M (1,290) due to more housing units for consumers and investors being recognised for profit. The average price for housing units for consumers was SEK 2.1 M (2.0).

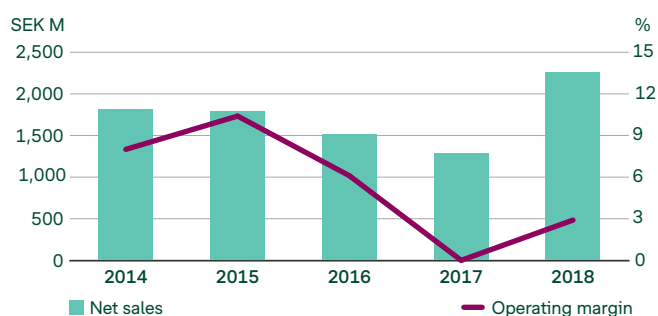
Operating profit

Operating profit in Finland improved in the year, but was burdened by low margins in three projects recognised for profit in the first quarter. Profit from sales of land was SEK 0 M (9).

Capital employed and return on capital employed

In Finland, investments in properties held for future development and ongoing housing projects increased, which generated an increase in capital employed year-on-year. Return on capital employed improved year-on-year as a result of improved profit.

Net sales and operating margin



	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Key performance indicators				
Net sales, SEK M	1,121	690	2,257	1,290
Operating profit, SEK M	80	68	65	1
Operating margin, %	7.1	9.8	2.9	0.0
Capital employed at period end, SEK M	1,708	1,284	1,708	1,284
Return on capital employed, %	4.1	-0.2	4.1	-0.2
Building rights				
Number of building rights at period end	7,300	7,100	7,300	7,100
of which off-balance sheet building rights	4,800	4,300	4,800	4,300
Housing development for consumers				
Number of housing units sold in the period	241	235	627	579
Number of housing starts in the period	567	306	908	702
Number of housing units recognised for profit in the period	285	260	595	398
Number of housing units in production at period end	1,142	865	1,142	865
Sales rate for ongoing production, %	44	54	44	54
Housing development for investors				
Number of housing units sold in the period	138	277	466	628
Number of housing starts in the period	138	277	466	628
Number of housing units recognised for profit in the period	356	162	716	327
Number of housing units in production at period end	675	925	675	925
Sales rate for ongoing production, %	100	100	100	100

Denmark–Norway

MARKET PERFORMANCE

The housing market in Denmark was stable during the quarter with minor changes in house prices in the Copenhagen region where Bonava is active. In Bergen, Norway, the market was good with stable house prices.

OCTOBER–DECEMBER 2018

Operational performance

Net sales

Net sales in Denmark–Norway were lower than in the previous year due to fewer housing units being handed over to consumers and investors. The average price increased to SEK 4.0 M (3.9) due to more housing units recognised for profit at higher prices in Bergen, and partly to a weaker SEK.

Operating profit

Operating profit for Denmark–Norway decreased as no investor projects were recognised for profit in the quarter, compared to the previous year when an investor project was recognised for profit in the corresponding quarter. Profit from sales of land was SEK 14 M (0).

JANUARY–DECEMBER 2018

Operational performance

Net sales

Net sales in Denmark–Norway decreased year-on-year due to fewer housing units recognised for profit. The average price increased to SEK 4.1 M (3.7) year-on-year due to more housing units recognised for profit at higher prices in Bergen.

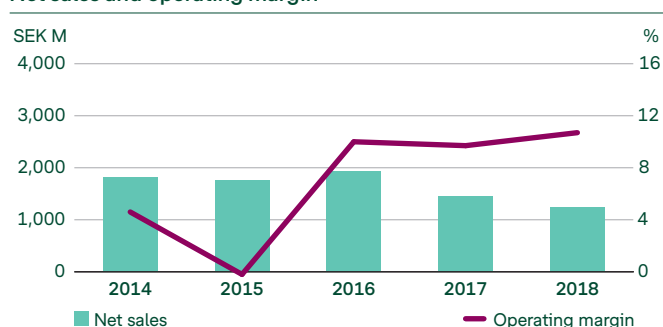
Operating profit

Operating profit for Denmark–Norway decreased year-on-year as no projects for investors were recognised for profit in the year. Profit from sales of land was SEK 14 M (1).

Capital employed and return on capital employed

In Denmark–Norway, there were higher housing projects in production compared to the previous year, which generated an increase in capital employed. Return on capital employed decreased year-on-year as a result of the increased capital tied up.

Net sales and operating margin



	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Key performance indicators				
Net sales, SEK M	747	986	1,232	1,454
Operating profit, SEK M	124	138	131	141
Operating margin, %	16.6	14.0	10.7	9.7
Capital employed at period end, SEK M	1,278	857	1,278	857
Return on capital employed, %	10.8	15.3	10.8	15.3
Building rights				
Number of building rights at period end	2,700	2,000	2,700	2,000
of which off-balance sheet building rights	1,800	800	1,800	800
Housing development for consumers				
Number of housing units sold in the period	95	88	257	362
Number of housing starts in the period	116	141	200	507
Number of housing units recognised for profit in the period	176	181	292	312
Number of housing units in production at period end	389	517	389	517
Sales rate for ongoing production, %	51	46	51	46
Housing development for investors				
Number of housing units sold in the period	95	24	257	94
Number of housing starts in the period	95	24	257	94
Number of housing units recognised for profit in the period		74		74
Number of housing units in production at period end	351	94	351	94
Sales rate for ongoing production, %	100	100	100	100

St. Petersburg

MARKET PERFORMANCE

The housing market in St. Petersburg remained good in the quarter, with slightly higher house prices and stable demand from consumers.

OCTOBER–DECEMBER 2018

Operational performance

Net sales

In St. Petersburg, net sales decreased year-on-year as fewer housing units for consumers were recognised for profit. The average price per housing unit for consumers increased to SEK 1.5 M (1.4). In the period, more housing units were recognised for profit in a slightly higher price segment compared to the previous year.

Operating profit

Operating profit was up year-on-year due to higher margins.

JANUARY–DECEMBER 2018

Operational performance

Net sales

In St. Petersburg, net sales decreased year-on-year as fewer housing units for consumers were handed over. The average price per housing unit for consumers increased to SEK 1.4 M (0.8). In the year, more housing units were recognised for profit in a higher price segment compared to the previous year.

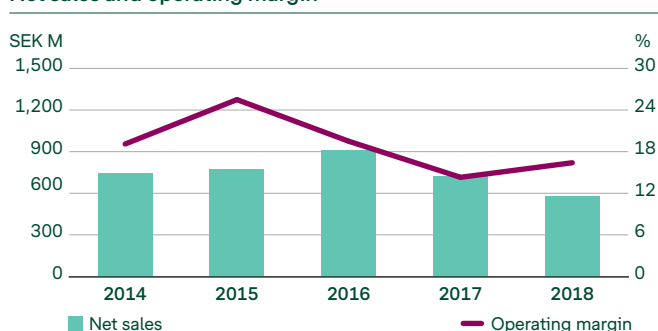
Operating profit

Operating profit was down on the previous year due to fewer housing units handed over to consumers. Higher average prices resulted in increased margins.

Capital employed and return on capital employed

Ongoing housing projects increased year-on-year, but were offset by increased customer advances and a decrease in properties held for future development as no investments were made in the year. This meant that capital employed was down on the previous year. Return on capital employed increased due to the lower capital tied up.

Net sales and operating margin



	2018 Oct–Dec	2017 Oct–Dec	2018 Jan–Dec	2017 Jan–Dec
Key performance indicators				
Net sales, SEK M	329	342	578	727
Operating profit, SEK M	67	48	95	104
Operating margin, %	20.4	14.0	16.4	14.3
Capital employed at period end, SEK M	696	1,108	696	1,108
Return on capital employed, %	10.4	8.4	10.4	8.4
Building rights				
Number of building rights at period end	2,600	3,500	2,600	3,500
of which off-balance sheet building rights				
Housing development for consumers				
Number of housing units sold in the period	139	220	756	516
Number of housing starts in the period			634	813
Number of housing units recognised for profit in the period	214	248	383	833
Number of housing units in production at period end	1,010	813	1,010	813
Sales rate for ongoing production, %	56	33	56	33
Housing development for investors				
Number of housing units sold in the period				
Number of housing starts in the period				
Number of housing units recognised for profit in the period				
Number of housing units in production at period end				
Sales rate for ongoing production, %				

Condensed Consolidated Income Statement

SEK M	Note	2018	2017	2018	2017
	1, 7	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	4,5	6,206	6,055	14,008	14,479
Production costs		-5,074	-4,998	-11,452	-11,710
Gross profit		1,132	1,057	2,557	2,768
Selling and administrative expenses		-232	-236	-903	-822
Operating profit	4	899	820	1,654	1,946
Financial income		3	2	9	11
Financial expenses		-32	-63	-150	-236
Net financial items		-30	-61	-141	-226
Profit after financial items	4	870	759	1,513	1,721
Tax on profit for the period		-108	-109	-249	-319
Net profit for the period		762	650	1,265	1,402
Attributable to:					
Bonava AB's shareholders		762	650	1,265	1,402
Non-controlling interest					
Net profit for the period		762	650	1,265	1,402
Per share data before and after dilution					
Earnings per share, SEK		7.07	6.03	11.74	12.99
Cash flow from operating activities, SEK		9.25	10.12	-5.84	0.79
Shareholders' equity, SEK		68.36	61.48	68.36	61.48
No. of shares at the end of the period, million ¹⁾		107.6	107.9	107.6	107.9

¹⁾ The total number of shares repurchased as of 31 December 2018 was 815,061 (549,200). In 2018, 265,861 shares were repurchased.

Consolidated Statement of Comprehensive Income

SEK M	Note 1	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Profit for the period		762	650	1,265	1,402
<i>Items that have been or may be reclassified to profit for the period</i>					
Translation differences during the period in translation of foreign operations		-64	31	44	13
Other comprehensive income for the period		-64	31	44	13
Comprehensive income for the period		698	681	1,309	1,415
<i>Attributable to:</i>					
Bonava AB's shareholders		698	681	1,309	1,415
Non-controlling interest					
Comprehensive income for the period		698	681	1,309	1,415

Condensed Consolidated Balance Sheet

SEK M	Note 1, 3, 6, 7	2018 31 Dec	2017 31 Dec
ASSETS			
Fixed assets		720	705
Current assets			
Properties held for future development		5,720	5,734
Ongoing housing projects		11,381	9,482
Completed housing units		1,510	815
Current receivables		1,418	1,855
Cash and cash equivalents	2	325	1,122
Total current assets		20,354	19,008
TOTAL ASSETS		21,074	19,713
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to parent company shareholders		7,357	6,633
Non-controlling interest		4	5
Total shareholders' equity		7,362	6,638
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	2	1,625	3,340
Other non-current liabilities		221	555
Non-current provisions		554	658
Total Non-current liabilities		2,400	4,553
Current liabilities			
Current interest-bearing liabilities	2	4,345	2,024
Other current liabilities		6,967	6,497
Total current liabilities		11,312	8,521
Total liabilities		13,713	13,074
TOTAL EQUITY AND LIABILITIES		21,074 3	19,713

Condensed Changes in Shareholders' Equity, Group

SEK M	Shareholders' equity attributable to parent company shareholders	Non-controlling interest	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
Purchases 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	1,309		1,309
Dividend	-560	-1	-561
Purchases of treasury shares	-29		-29
Performance-based incentive program	5		5
Closing shareholders' equity, 31 December 2018	7,357	4	7,362

Condensed Consolidated Cash Flow Statement

SEK M	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
OPERATING ACTIVITIES				
Profit after financial items	870	759	1,513	1,721
Adjustments for items not included in cash flow	99	31	-60	-52
Tax paid	9	-27	-75	-206
Cash flow from operating activities before changes in working capital	977	762	1,379	1,462
Cash flow from changes in working capital				
Sales of housing projects	4,659	5,087	11,082	11,940
Investments in housing projects	-3,334	-4,222	-13,445	-14,210
Other changes in working capital	-1,305	-535	354	893
Cash flow from changes in working capital	19	330	-2,009	-1,377
Cash flow from operating activities	997	1,092	-630	85
INVESTING ACTIVITIES				
Cash flow from investing activities	-41	-12	-135	-111
CASH FLOW BEFORE FINANCING	956	1,080	-764	-26
FINANCING ACTIVITIES				
Dividend paid	-280	-205	-561	-410
Purchases of treasury shares			-29	-30
Increase in interest-bearing financial liabilities		804	3,048	3,247
Decrease in interest-bearing financial liabilities	-1,073	-1,075	-2,476	-2,387
Change in interest-bearing receivables	-25	20	-25	109
Cash flow from financing activities	-1,378	-457	-42	528
CASH FLOW FOR THE PERIOD	-422	624	-806	502
Cash and cash equivalents at beginning of period	754	494	1,122	619
Exchange rate difference in cash and cash equivalents	-6	4	10	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	325	1,122	325	1,122

Notes

NOTE 1 Accounting policies

This Year-end 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 Year-end Report apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in Bonava's Annual Report 2017, pages 102–106. These policies are also available at www.bonava.com.

IFRS 9 Financial Instruments, was implemented on 1 January 2018 and regulates the reporting of financial instruments. The new standard replaces IAS 39 and contains regulations on how to classify and value financial assets and liabilities, impairment of financial instruments and hedge accounting. Bonava has carried through an analysis that shows that IFRS 9 has not had a material effect. Therefore, Bonava has not restated the opening balances.

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

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

IFRS 16 Leases, was 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 current accounting standards, only financial leases are reported in this manner. The effect of the transition as of 1 January 2019 is shown in Note 8.

NOTE 2 Specification of net debt

SEK M	2018 31 Dec	2017 31 Dec
Non-current interest-bearing receivables	8	10
Current interest-bearing liabilities	95	68
Cash and cash equivalents	325	1,122
Interest-bearing receivables	428	1,200
Non-current interest-bearing liabilities	1,625	3,340
Current interest-bearing liabilities	4,345	2,024
Interest-bearing liabilities	5,970	5,364
Net debt	5,542	4,165
<i>of which attributable to Swedish tenant-owner associations and Finnish housing companies</i>		
Cash and cash equivalents	106	78
Interest-bearing liabilities in external project financing	4,072	4,411
Interest-bearing liabilities in other project financing ¹⁾	999	669
Net debt in tenant-owner associations and housing companies	4,965	5,002
<i>Of which other operations</i>		
Cash and cash equivalents	219	1,044
Interest-bearing receivables	103	78
Interest-bearing liabilities	899	284
Net debt, other operations	577	-838

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

NOTE 3 Pledged assets, contingent liabilities and guarantee obligations

SEK M	2018 31 Dec	2017 31 Dec
Assets pledged		
<i>For own liabilities:</i>		
Property mortgages	4,049	2,603
Restricted bank funds	11	11
Other pledged assets	3	
Total pledged assets	4,063	2,614
Contingent and guarantee liabilities		
<i>Own contingent liabilities:</i>		
Deposits and concession fees ¹⁾	2,879	1,204
Other guarantees		105
Total contingent and guarantee liabilities	2,879	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 segment

Oct–Dec 2018, SEK M	Sweden	Germany	Finland	Denmark– Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,158	2,764	1,121	747	329	86	6,206
Operating profit	193	490	80	124	67	-55	899
Net financial items							-30
Profit after financial items							870
Capital employed at period end	5,164	3,985	1,708	1,278	696	502	13,332

Oct–Dec 2017, SEK M	Sweden	Germany	Finland	Denmark– Norway	St. Petersburg	Other and eliminations	Total
Net sales	1,188	2,686	690	986	342	163	6,055
Operating profit	226	424	68	138	48	-84	820
Net financial items							-61
Profit after financial items							759
Capital employed at period end	4,986	3,037	1,284	857	1,108	731	12,003

Jan–Dec 2018, SEK M	Sweden	Germany	Finland	Denmark– Norway	St. Petersburg	Other and eliminations	Total
Net sales	3,976	5,736	2,257	1,232	578	230	14,008
Operating profit	761	796	65	131	95	-193	1,654
Net financial items							-141
Profit after financial items							1,513
Capital employed at period end	5,164	3,985	1,708	1,278	696	502	13,332

Jan–Dec 2017, SEK M	Sweden	Germany	Finland	Denmark– Norway	St. Petersburg	Other and eliminations	Total
Net sales	5,699	5,049	1,290	1,454	727	259	14,479
Operating profit	1,230	668	1	141	104	-197	1,946
Net financial items							-226
Profit after financial items							1,721
Capital employed at period end	4,986	3,037	1,284	857	1,108	731	12,003

Other and eliminations, SEK M	Net sales				Operating profit			
	2018 Oct–Dec	2017 Oct–Dec	2018 Jan–Dec	2017 Jan–Dec	2018 Oct–Dec	2017 Oct–Dec	2018 Jan–Dec	2017 Jan–Dec
Bonava's Head Office	66	47	267	212	-60	-101	-206	-214
Operations in Estonia and Latvia	86	159	230	273	5	18	13	17
Adjustments and eliminations	-66	-43	-267	-226				
TOTAL	86	163	230	259	-55	-84	-193	-197

NOTE 5 Revenue reported by revenue stream

SEK M	2018 Jan-Dec	2017 Jan-Dec
Net sales, housing units sold to consumers	10,709	11,221
Net sales, housing units sold to investors	2,766	2,119
Net sales, sale of land	496	1,036
Net sales, other	38	103
Total net sales	14,008	14,479

Revenue is recognised 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 31 Dec	2017 31 Dec
Derivative instruments not used for hedge accounting	49	11
Total assets	49	11
Derivative instruments not used for hedge accounting	1	82
Total liabilities	1	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 AB Group. After this date, all transactions with the NCC AB Group, which is an associated company in the Nordstjernan Group, have been priced on a commercial basis.

Transactions and balances with related parties, SEK M	2018 Jan-Dec	2017 Jan-Dec
Sales	5	4
Procurement	1,875	2,583
Accounts receivable	2	
Non-current interest-bearing liabilities	27	35
Current interest-bearing liabilities	13	12
Accounts payable	163	60
Contingent liabilities	230	221

NOTE 8 Transition to IFRS 16**CONSOLIDATED BALANCE SHEET (EXTRACT)**

SEK M	2018 31 Dec IAS 17	Transition effect	2019 1 Jan IFRS 16
ASSETS			
Fixed assets			
Buildings	83	233	316
Machinery and equipment	181	51	232
Total fixed assets	264	284	548
Current assets			
Ongoing housing projects	11,381	154	11,536
Pre-paid expenses and accrued income	303	-11	291
Total current assets	11,684	143	11,827
TOTAL ASSETS	11,948	427	12,375
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	1,625	308	1,932
Total non-current liabilities	1,625	308	1,932
Current liabilities			
Current interest-bearing liabilities	4,345	119	4,465
Total current liabilities	4,345	119	4,465
TOTAL LIABILITIES	5,970	427	6,397

At the transition to IFRS 16, total assets, capital employed and net debt will increase in accordance with the above balance sheet effect. Operating profit will also increase in line with leasing charges being classified as an interest expense. This is not expected to have a material impact. The transition will also impact certain key ratios, for example, return on capital employed and the equity/assets ratio will decrease. This is not expected to have a material impact.

As of 1 January 2019, Bonava has used the interest rate implicit in the lease for the land lease contracts, and for other lease contracts, Bonava has used the incremental borrowing rate.

In all material aspects, Bonava has chosen not to consider extension periods or periods covered by an option during the transition since it is not economically beneficial to extend the contracts; the assets are not critical to Bonava's operation nor are the assets specialized with limited suitable alternatives available. In addition, the costs of not extending contracts, e.g. costs of negotiation, relocation and identifying other appropriate measures are not material.

Bonava accounts for the land lease agreements as lease contracts upon decision of a detail plan or the date when the construction permit is non-appealable. Before that Bonava does not have legal control over the land and there are no enforceable rights and obligations. These lease agreements are classified as ongoing housing projects.

With regards to completed unsold housing units, Bonava has certain obligations to Swedish tenant-owner associations, Finnish housing companies and other parties relating to payments of membership fees and rent. The intention is to divest these completed unsold housing units immediately, hence no such obligations are included in the calculation of right-of-use assets and lease liabilities under IFRS 16.

Parent Company

JANUARY–DECEMBER 2018

The parent company comprises the operations of Bonava AB (publ). The company's net sales amounted to SEK 267 M (212). Profit after financial items was SEK 1,618 M (284).

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK M	Note 1	2018 Jan–Dec	2017 Jan–Dec
Net sales		267	212
Selling and administrative expenses		-455	-407
Operating profit		-187	-195
Profit/loss from participations in Group companies		1,722	432
Financial income		150	176
Financial expenses		-66	-128
Profit/loss after financial items		1,618	284
Appropriations		730	141
Profit/loss before tax		2,348	425
Tax on profit for the period		-142	3
Profit for the period		2,206	428

PARENT COMPANY CONDENSED BALANCE SHEET

SEK M	Note 1, 2	2018 31 dec	2017 31 dec
Assets			
Fixed assets		2,423	2,509
Current assets		6,389	3,821
Total assets		8,812	6,330
Shareholders' equity and liabilities			
Shareholders' equity		6,830	5,208
Provisions		3	2
Non-current liabilities		617	592
Current liabilities		1,362	528
Total shareholders' equity and liabilities		8,812	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 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, and page 127. These policies are also available at www.bonava.com.

TRANSACTIONS WITH RELATED PARTIES

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

NOTE 2 Pledged assets and contingent liabilities

SEK M	Utilized amount	
	2018 31 Dec	2017 31 Dec
Deposits and concession fees	3,516	1,290
Construction loans, tenant-owner associations	3,225	3,857
Counter-guarantee to external guarantors	8,018	8,100
Other guarantee commitments	4,539	4,493
Other pledged assets	3	
TOTAL	19,299	17,740

Sector-related key figures for the Group

Group	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Number of building rights at period end	30,600	31,400	30,600	31,400
Of which off-balance-sheet building rights	15,300	14,600	15,300	14,600
Housing development for consumers				
Number of housing units recognised for profit in the period	1,555	1,857	3,539	4,294
Number of housing starts in the period	1,985	1,443	4,375	4,984
Sales value of housing units for consumers sold in the period, SEK M	3,985	3,196	10,223	10,490
Number of housing units sold in the period	1,386	1,336	3,906	3,984
Number of housing units in production at period end	7,259	6,844	7,259	6,844
Sales rate for ongoing production, %	52	54	52	54
Reservation rate for ongoing production, %	4	3	4	3
Completion rate for ongoing production, %	46	44	46	44
Completed housing units, not recognised for profit, at period end	718	377	718	377
Housing units for sale (ongoing and completed), at period end	3,833	3,443	3,833	3,443
Housing development for investors				
Number of housing units recognised for profit in the period	916	555	1,686	1,170
Number of housing starts in the period	1,383	1,160	2,103	1,718
Sales value of housing units for investors sold in the period, SEK M	3,382	1,962	4,696	2,918
Number of housing units sold in the period	1,383	1,160	2,103	1,718
Number of housing units in production at period end	3,453	3,036	3,453	3,036
Sales rate for ongoing production, %	100	100	100	100
Completion rate for ongoing production, %	30	32	30	32

Housing units in production for consumers	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Number of housing units in ongoing production at beginning of period	7,343	7,430	6,844	6,158
Number of housing starts in the period	1,985	1,443	4,375	4,984
Number of housing units recognised for profit in the period	-1,555	-1,857	-3,539	-4,294
Decrease (+)/increase (-) in completed housing units, not recognised for profit, at period end	-514	-172	-421	-4
Number of housing units in production at period end	7,259	6,844	7,259	6,844
Housing units in production for investors				
Number of housing units in ongoing production at beginning of period	2,986	2,431	3,036	2,955
Number of housing starts in the period	1,383	1,160	2,103	1,718
Number of housing units recognised for profit in the period	-916	-555	-1,686	-1,170
Time offset between completion and profit recognition in Bonava Finland ¹⁾				-467
Number of housing units in production at period end	3,453	3,036	3,453	3,036

¹⁾ In the past, Bonava Finland profit-recognized 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 performance ratios at period end

SEK M unless otherwise stated	2018 31 Dec	2017 31 Dec
Return on capital employed, % ¹⁾	12.8	16.6
Interest coverage ratio, multiple ¹⁾	11.1	8.3
Equity/assets ratio, %	34.9	33.7
Interest bearing liabilities/total assets, %	28.3	27.2
Net debt	5,542	4,165
Debt/equity ratio, multiple	0.8	0.6
Capital employed at period end	13,332	12,003
Capital employed, average	12,683	11,419
Capital turnover rate, multiple ¹⁾	1.1	1.3
Share of risk-bearing capital, %	35.0	33.8
Dividend, SEK per share ²⁾	5.20	5.20
Average interest rate at period-end, % ³⁾	1.41	2.86
Average period of fixed interest, years ³⁾	0.2	0.2
Average interest rate at period-end, % ⁴⁾	1.30	1.40
Average period of fixed interest, years ⁴⁾	0.2	0.1

1) Calculated on rolling 12-month basis.

2) Dividend for 2018 is the Board of Director's proposal to the Annual General Meeting.

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

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

SIGNATURES

Stockholm, Sweden, 24 January 2019

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

Joachim Hallengren
President and CEO

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

For more information, please contact
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FINANCIAL CALENDAR

- Annual General Meeting 2019: 10 April 2019
- Q1 Interim Report Jan–Mar: 25 April 2019
- Q2 Interim Report Jan–Jun: 16 July 2019
- Q3 Interim Report Jan–Sep: 23 October 2019

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PUBLICATION

This information is such that Bonava AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person above on 24 January 2019 at 07.30 a.m. CET.

INVITATION TO ANALYST AND MEDIA MEETING

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

Place: Lindhagensgatan 72, Stockholm, Sweden.

Time: 24 January 2019, 10:00-11:00 a.m. CET.
Registration and coffee from 09:30 a.m.

Please notify Bonava of your intention to attend at ir@bonava.com, or by phone on +46 (0)737 739 845

To participate in the telephone conference and ask questions, please call one of the following telephone numbers:

SE: +46 (0)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.