



Interim Report January–September 2019



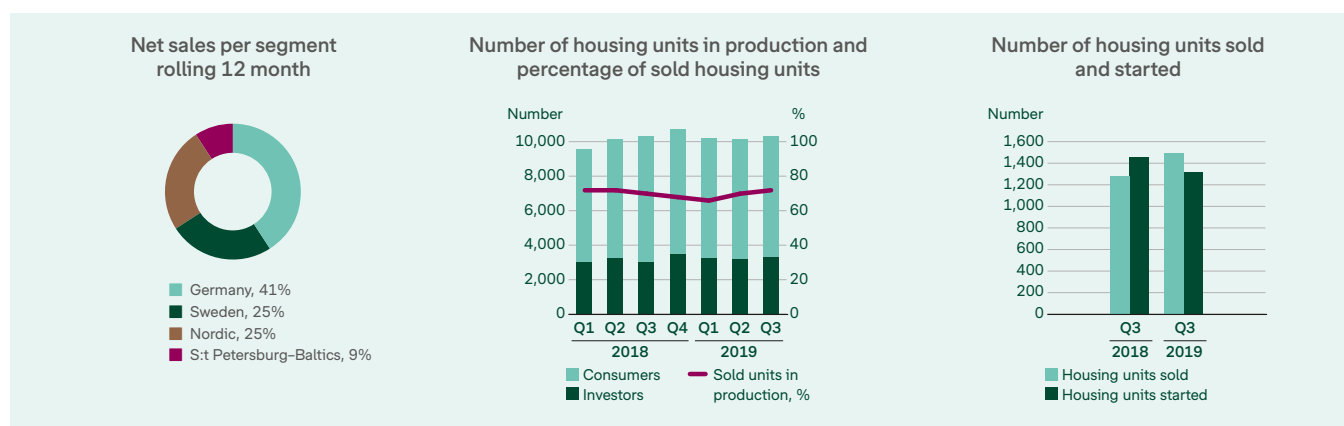
Higher no. of sold homes with increased sales value

1 JULY-30 SEPTEMBER 2019

- Net sales amounted to SEK 3,380 M (3,391)
- Operating profit¹⁾ was SEK 162 M (406), of which profit from sale of land totalled SEK 31 M (30). A settlement in an old legal dispute of SEK -100 M was reported as an item affecting comparability.
- Operating margin¹⁾ was 4.8 per cent (12.0)
- Profit after financial items was SEK 36 M (370)
- Profit for the period after tax amounted to SEK 27 M (289)
- Cash flow before financing was SEK -90 M (-588)
- Earnings per share adjusted for items affecting comparability was SEK 0.95 (2.68)²⁾
- Earnings per share was SEK 0.25 (2.68)²⁾
- Return on capital employed³⁾ was 9.7 per cent (12.4)

1 JANUARY-30 SEPTEMBER 2019

- Net sales amounted to SEK 8,975 M (7,802)
- Operating profit¹⁾ was SEK 509 M (755), of which profit from land sales totalled SEK 92 M (184). A settlement in an old legal dispute of SEK -100 M was reported as an item affecting comparability.
- Operating margin¹⁾ was 5.7 per cent (9.7)
- Profit after financial items was SEK 330 M (643)
- Profit for the period after tax amounted to SEK 247 M (503)
- Cash flow before financing was SEK -1,107 M (-1,720)
- Earnings per share adjusted for items affecting comparability was SEK 2.99 (4.67)²⁾
- Earnings per share was SEK 2.29 (4.67)²⁾
- Return on capital employed³⁾ was 9.7 per cent (12.4)



	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	Oct 2018- Sep 2019	2018 Jan-Dec
Net sales	3,380	3,391	8,975	7,802	15,181	14,008
Operating profit ¹⁾	162	406	509	755	1,409	1,654
EBIT margin, % ¹⁾	4.8	12.0	5.7	9.7	9.3	11.8
Profit after financial items	36	370	330	643	1,200	1,513
Profit for the period after tax	27	289	247	503	1,009	1,265
Earnings per share adjusted for items affecting comparability, SEK ²⁾	0.95	2.68	2.99	4.67	10.07	11.74
Earnings per share, SEK ²⁾	0.25	2.68	2.29	4.67	9.37	11.74
Cash flow before financing	-90	-588	-1,107	-1,720	-151	-764
Net debt ⁴⁾	7,331	6,195	7,331	6,195	7,331	5,542
Capital employed at period end ⁵⁾	14,798	13,696	14,798	13,696	14,798	13,332
Return on capital employed, % ^{3) 6)}	9.7	12.4	9.7	12.4	9.7	12.8
Equity/assets ratio, %	29.9	28.1	29.9	28.1	29.9	34.9
Number of housing units sold in the period	1,488	1,275	3,257	3,240	6,026	6,009
Sales value of housing units sold in the period	4,305	3,126	9,141	7,552	16,508	14,919
Number of housing starts in the period	1,320	1,451	2,542	3,110	5,910	6,478
Number of housing units in production at period end	10,301	10,329	10,301	10,329	10,301	10,712
Sales rate for ongoing production, %	72	70	72	70	72	68
Value of sold housing units, not yet recognised for profit, SEK Bn	22.2	19.7	22.2	19.7	22.2	21.1
Number of housing units recognised for profit in the period	1,154	1,308	3,291	2,754	5,762	5,225

1) Relates to operating profit before items affecting comparability. Unless otherwise specified, operating profit in this Interim Report refers to this measure.

2) Before and after dilution.

3) Excluding items affecting comparability.

4) Net debt as of 30 September 2019 excluding effects of IFRS 16 Leases, was SEK 7,014 M.

5) Capital employed at period end 30 September 2019, excluding effects of IFRS 16 Leases, was SEK 14,484 M.

6) Calculated on rolling 12-month basis.

Comments from the CEO

We've seen increased activity in the third quarter with more production starts in Germany and in the consumer segment in Nordic, as well as positive sales growth in Sweden. During the quarter we sold 1,488 homes equating to a value of SEK 4.3 (3.1) Bn. Total sales value of sold units in production amounted to SEK 22.2 (19.7) Bn. Net sales was stable whilst operating profit decreased as a consequence of price adjusted housing in Sweden as well as increased costs in certain projects.

The housing market in Germany is strong. The high rate of employment, low interest rates and a housing shortage provide the right conditions for continued growth. It's still not possible to draw any conclusions on the basis of the weakening economic indicators, and the growth forecasts for next year indicate a degree of recovery. Housing construction continues unabated and demand for Bonava's housing units is high. The longer lead times for blueprints and planning approval remain, but as previously communicated, we've been able to step up our construction starts compared to the first half-year.

We can conclude that the Swedish housing market has stabilised. Production volumes are lower compared to previous years, and the proportion of price-adjusted housing units is high, although gradually going down. At the same time sales growth was positive in the quarter. Bonava sold 194 housing units to consumers, an increase of 140 per cent in year-on-year terms. In September, we started production of 52 new homes for consumers in Linköping. After the end of the quarter, it was also finalised that we are starting to build rental apartments in Lund as well as starting sales of single-family homes in Kareby, Gothenburg and in Älta outside Stockholm. Operating profit is down due to that we are now recognising homes that were started in a higher priced market; prices that we needed to adjust. Hence, during a period of time, this will entail a new level of profitability level than we have had previously.

The housing markets in the Nordic segment varied in the quarter. In Denmark and Finland, we're seeing a degree of stabilisation although volumes remain high as well as production costs. The housing market in Bergen was strong and prices increased. Bonava Nordic increased sales of housing units to consumers. Housing starts to consumers were also higher in the third quarter compared to the corresponding period in the previous year. In Finland higher costs in certain projects have had negative SEK 35 M impact on operating profit in the quarter. We've now implemented forceful measures to get back on track.

The housing market in both St. Petersburg and the Baltics was strong with positive demand and rising house prices. In the quarter, Bonava started 239 housing units for consumers. We're continuing to expand in St. Petersburg and the Baltics, with strengthened profit in the quarter.

In September, we announced that we're acquiring the Norwegian housing developer Urbanium AS. The company has developed properties since 2003 in Oslo and has an attractive market portfolio. At present, 50 housing units are in production and we expect to complete some 1,000 housing units in the period until 2026.



JOACHIM HALLENGREN, PRESIDENT AND CEO

After the end of the quarter, Bonava reached a settlement in Germany relating to a protracted legal dispute from 2008 when Bonava still carried out construction operations. The cost of settling the dispute amounted to SEK 100 M and was charged to Group profit in the quarter.

It's positive that we've been able to switch up a gear in Germany and we anticipate continued momentum on that market. In Finland and Sweden, we're adapting and adjusting to new market conditions, which is bearing fruit in the form of increased sales. At the same time, this entails challenges: new market conditions demand strict cost control, which is high on the agenda. However, we look to the future with confidence, and the increased activity on all our markets indicate more stable progress looking ahead.

Joachim Hallengren,
President and CEO

About Bonava

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

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

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

Vision

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

Mission

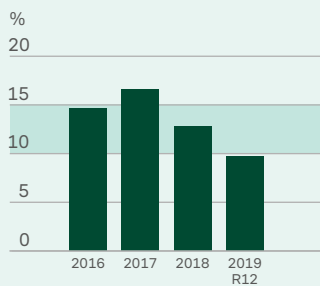
We challenge ourselves every day to change the housing game, creating better homes and lives for the many.

Strategic initiatives

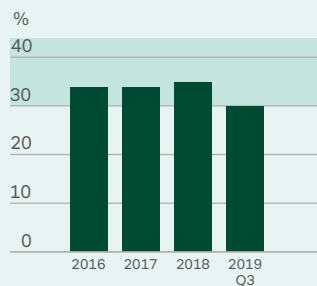
- Develop a differentiated brand and offering based on survey-driven customer insights
- Increase returns by market consolidation and growth in Germany
- Increase efficiency by taking control of and digitalising the design and production process
- Reduce costs by increased economies of scale through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

Financial targets

Return on capital employed¹⁾ (%), target 10–15%

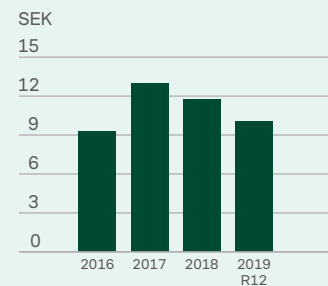


Equity/assets ratio (%), target >30%



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

Earnings per share¹⁾, SEK



¹⁾ Excluding items affecting comparability.

Sustainability targets



Happy neighbourhoods for the many

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



Protecting our planet

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



Passionate Workplace

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

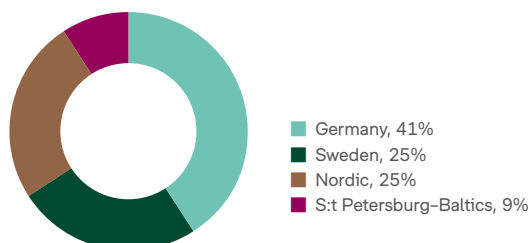


Reliable business

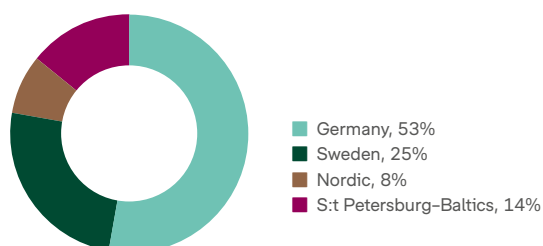
Bonava shall publish annual Sustainability Reports in accordance with GRI's guidelines and report progress to UN Global Compact.

A leading residential developer in northern Europe

Net sales per segment rolling 12 month



Operating profit per segment rolling 12 month* ¹⁾



* Excluding parent company and adjustments



Market progress

The market for new production of housing units has grown on the markets where Bonava is active in recent years, and favourable macro-economic and demographic factors have resulted in increased demand for new production. In the last five years, investments in new productions increased by over 25 per cent in the EU and total investments amounted to EUR 316 Bn (312) ²⁾ in 2018. More than

90 per cent of Bonava's net sales in 2018 were derived from Germany, Sweden, Finland, Denmark and Norway. Investments on these markets have increased in recent years, and in 2018 investments in new production on these markets totalled EUR 98 Bn (95). In the last five years, investments increased most in Germany, Sweden and Denmark.

¹⁾ Excluding items affecting comparability.

²⁾ Estimated value of investments in all housing projects in EUR Bn. Euroconstruct, report 86, 2018.

Group performance

As of 1 January 2019, Bonava has adjusted the segment reporting (comparative numbers have been restated), refer to note 1 and 2. Bonava also applies IFRS 16 Leases as of 1 January 2019, refer to note 1 and 5 for more information. From 1 July 2019, Bonava added the line item Items affecting comparability to the Income Statement. Refer note 1 and significant events after the end of the period.

JULY – SEPTEMBER 2019

Operational performance

Net sales

Net sales were in-line with the corresponding quarter of the previous year and amounted to SEK 3,380 M (3,391).

In the quarter, 870 (750) housing units for consumers were recognised for profit, with net sales of SEK 2,770 M (2,342). The average price per housing unit was in-line with the corresponding quarter of the previous year and amounted to SEK 3.2 M (3.1).

During the quarter, the number of housing units for investors recognised for profit in Germany, Sweden and Nordic was 284 (558), net sales amounted to SEK 477 M (943). The average price per housing unit was SEK 1.7 M (1.7).

Exchange rate fluctuations had a positive impact of SEK 80 M on consolidated net sales in year-on-year terms.

Operating profit

Operating profit before items affecting comparability in the quarter was SEK 162 M (406). The decrease was mainly attributable to a lower operating profit in Sweden, Nordic and from investors in Germany. Operating profit after items affecting comparability amounted to SEK 62 M (409). The difference of SEK 100 M related to a settlement of a legal dispute in Germany. For more information, refer Significant events after the end of the period. Profit from land sales totalled SEK 31 (30) M.

Exchange rate fluctuations had a positive impact of SEK 5 M on operating profit in year-on-year terms.

Net financial items, tax and profit for the period

Net financial items were SEK -26 M (-35). The improvement was primarily due to decreased borrowing in roubles.

Profit after financial items in the quarter was SEK 36 M (370).

Tax on profit for the quarter was SEK -9 M (-82), corresponding to a tax rate of 25 (22) per cent. The higher tax rate is explained by lower profit from sales of land in Sweden.

Profit for the period after tax amounted to SEK 27 M (289).

JANUARY – SEPTEMBER 2019

Operational performance

Net sales

Net sales amounted to SEK 8,975 M (7,802). The increase was mainly due to higher net sales from consumers.

In the period, 2,613 (1,984) housing units for consumers were recognised for profit, with net sales of SEK 7,340 M (6,089). The average price per housing unit for consumers was SEK 2.8 M (3.1). The decrease is due to a higher proportion housing units recognised for profit in St. Petersburg-Baltics where the average price per housing unit is lower.

The number of housing units for investors recognised for profit in Germany, Sweden and Nordic was 678 (770) in the period, net sales amounted to SEK 1,316 M (1,244). The average price per housing unit was SEK 1.9 M (1.6); the increase was due to higher average prices in Sweden.

Exchange rate fluctuations had a positive impact of SEK 194 M on consolidated net sales in year-on-year terms.

Operating profit

Operating profit before items affecting comparability in the period was SEK 509 M (755). The decrease was due to lower profit from investors and from sales of land, which amounted to SEK 92 M (184). In the period, the operating profit from consumer business increased slightly. Operating profit after items affecting comparability was SEK 409 M (755).

Exchange rate fluctuations had a positive impact of SEK 11 M on operating profit in year-on-year terms.

Net financial items, tax and profit for the period

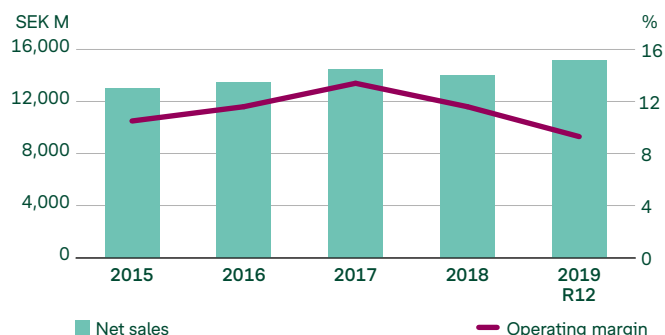
Net financial items were SEK -79 M (-111). The improvement was primarily due to decreased borrowing in roubles.

Profit after financial items in the period was SEK 330 M (643).

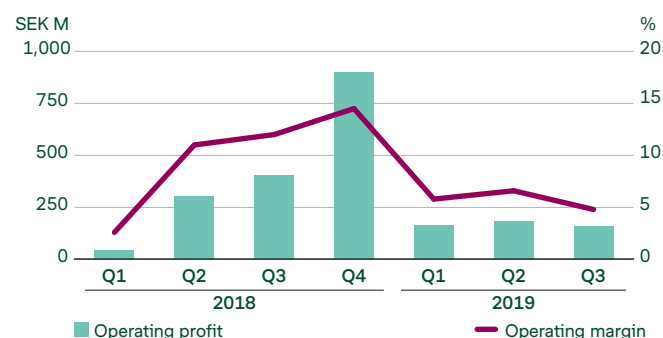
Tax on profit for the period was SEK -83 M (-140), corresponding to a tax rate of 25 (22) per cent. The higher tax rate is explained by lower profit from sales of land in Sweden.

Profit for the period after tax amounted to SEK 247 M (503).

Net sales and operating margin¹⁾



Operating profit and operating margin¹⁾



¹⁾ Excluding items affecting comparability.

Group performance

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	Oct 2018- Sep 2019	2018 Jan-Dec
Net sales per segment						
Germany	1,601	1,551	3,488	2,971	6,252	5,736
Sweden	844	1,103	2,589	2,818	3,747	3,976
Nordic	720	600	1,929	1,621	3,797	3,488
St. Petersburg-Baltics	215	137	969	393	1,385	808
Parent company and adjustments						
Total	3,380	3,391	8,975	7,802	15,181	14,008

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	Oct 2018- Sep 2019	2018 Jan-Dec
Operating profit¹⁾						
Germany	199	220	372	306	862	796
Sweden	27	201	210	568	403	761
Nordic	-38	20	-65	-8	139	196
St. Petersburg-Baltics	24	8	162	36	234	108
Parent company and adjustments	-51	-42	-170	-147	-230	-206
Total	162	406	509	755	1,409	1,654

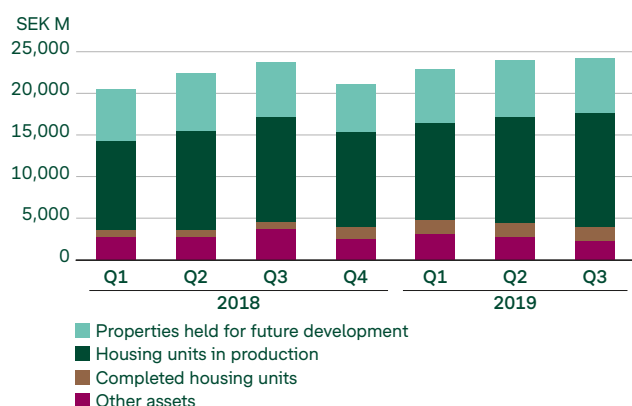
¹⁾ Relates to operating profit before items affecting comparability. Regarding financial data per segment (p.13-16), operating profit before and after items affecting comparability remains the same, and only operating profit is stated.

Financial position, investments and cash flow

TOTAL ASSETS

Total assets were SEK 24,207 M (23,758). The increase was primarily due to a higher volume of ongoing housing projects and an increase in completed housing units.

Distribution of assets

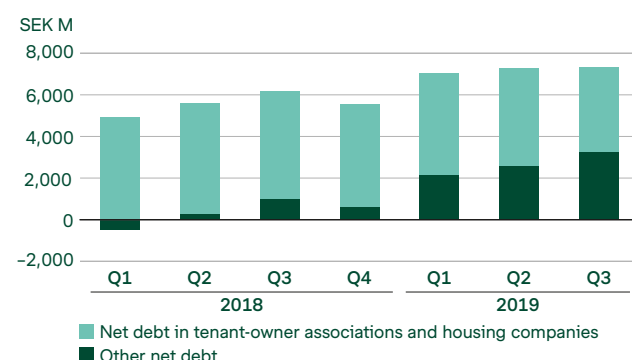


NET DEBT

Net debt amounted to SEK 7,331 M (6,195). Swedish tenant-owner associations and Finnish housing companies had net debt of SEK 4,089 M (5,230) in total, of which SEK 1,219 M (883) related to financing via parent company credit facilities directly attributable to Swedish tenant-owner associations.

Consolidated net debt for other operations was SEK 3,242 M (965). The increase is explained mainly by increased tied-up capital in housing projects and increased investments and delayed building permits in Germany. As of 30 June 2019, net debt amounted to SEK 7,272 M. Net debt excluding effects from IFRS 16 Leases amounted to SEK 7,014 M. Refer Note 1 and Note 5 for more information.

Net debt



CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED

Return on capital employed (excluding items affecting comparability) was 9.7 per cent (12.4). The decreased return was due to lower average operating profit excluding interest rate costs, and higher average capital employed totalling SEK 14,331 M (12,329) at the end of the period. Capital employed increased due to higher volumes of ongoing housing projects and an increase in completed housing units. As of 30 September 2019, capital employed amounted to SEK 14,798 M. Excluding the effects of IFRS 16 Leases, capital employed was SEK 14,484 M at the end of the period, and return on capital employed was 9.8 per cent.

EQUITY/ASSETS AND DEBT/EQUITY RATIO

As of 30 September 2019, the equity/assets ratio was 29.9 per cent (28.1). Bonava's equity/assets ratio is affected by seasonal fluctuations as the company's assets and liabilities normally increase in the first three quarters of the year and subsequently decrease in the fourth quarter, when a large number of housing units are handed over to customers and recognised for profit. The debt/equity ratio was 1.0 (0.9).

CASH FLOW

JULY - SEPTEMBER 2019

Cash flow before financing was SEK -90 M (-588) in the quarter. Cash flow from operating activities before changes in working capital was down year-on-year. This was due to decreased profit after financial items, which was partly off-set by provision related to the settlement of the German dispute. In addition, in the quarter an advance tax payment was made in Germany.

Cash flow from housing projects, both sales and investments in housing projects, were largely in line with the corresponding period of the previous year.

Cash flow from changes in other working capital increased due to a reduction in pre paid invoices year-on-year.

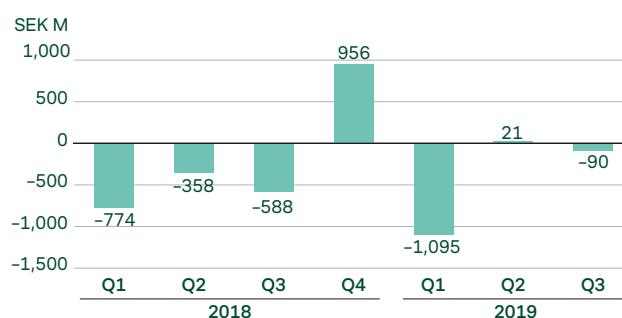
JANUARY - SEPTEMBER 2019

Cash flow before financing was SEK -1,107 M (-1,720). Cash flow from operating activities before changes in working capital was down, due to lower profit after net financial items and higher taxes paid in Sweden and Germany. This lower cash flow was partly offset by increased provisions.

Sales of housing projects increased across all business areas, investments decreased in all business areas with the exception of Nordic.

Cash flow from other changes in working capital decreased due to reduced cash flow from customer advances in Germany due to delays in the building permit process.

Cash flow before financing



SEASONAL EFFECTS

Bonava recognises revenues and earnings from housing sales when sold and completed units are delivered to customers. Bonava's operations are affected by seasonal variations which means that a majority of housing units are delivered to customers in the fourth quarter. Accordingly, earnings and cash flow are usually stronger in the fourth quarter than in other quarters, as illustrated on page 10 in the figures showing estimated completions per quarter.

Housing sales, housing starts and building rights

JULY – SEPTEMBER 2019

Housing sales and housing starts

In the quarter, 1,082 (962) housing units were sold to consumers and 406 (313) to investors. Sales to consumers increased in all segments with the exception of St. Petersburg–Baltics. The average price of housing units sold to investors was SEK 3.3 M (2.6). The increase was due to a higher proportion of the Group sales made in Sweden, in combination with higher average sales prices in Germany in year-on-year terms. In the quarter, 914 (1,204) housing units were started for consumers and 406 (247) for investors. The total number of production starts decreased, mainly in St. Petersburg, in year-on-year terms.

JANUARY – SEPTEMBER 2019

Housing sales and housing starts

In the period, 2,725 (2,520) housing units were sold to consumers and 532 (720) to investors. Sales to consumers mainly increased in Sweden and Nordic compared to the corresponding period in the previous year. The average price for housing units sold to consumers increased to SEK 3.0 M (2.5), due to more housing units sold in Sweden and an increase in average house prices in Germany in year-on-year terms. In the period, 2,010 (2,390) housing units were started for consumers and 532 (720) housing units for investors. The total number of production starts decreased mainly in Germany and Sweden compared to the corresponding period of the previous year.

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Housing units for consumers sold in the period	1,082	962	2,725	2,520	3,906
Housing units for investors sold in the period	406	313	532	720	2,103
Total housing units sold in the period	1,488	1,275	3,257	3,240	6,009
Sales value of housing units for consumers sold in the period	3,586	2,539	8,208	6,238	10,223
Sales value of housing units for investors sold in the period	719	587	933	1,314	4,696
Total sales value of housing units sold in the period	4,305	3,126	9,141	7,552	14,919
Housing starts for consumers in the period	914	1,204	2,010	2,390	4,375
Housing starts for investors in the period	406	247	532	720	2,103
Total housing starts in the period	1,320	1,451	2,542	3,110	6,478
Housing units in ongoing production for consumers at period end	6,994	7,343	6,994	7,343	7,259
Housing units in ongoing production for investors at period end	3,307	2,986	3,307	2,986	3,453
Total number of housing units in production at period end	10,301	10,329	10,301	10,329	10,712
Sales rate for ongoing production, %	72	70	72	70	68
Reservation rate for ongoing production, %	3	3	3	3	3
Total sold and reserved housing units in ongoing production, %	76	74	76	74	71

Housing units in production as of 30 September 2019

At the end of the period, there were 6,994 (7,343) housing units for consumers and 3,307 (2,986) housing units for investors in production. As of 30 September 2019, the sales rate was 59 per cent (58) for housing units for consumers and 100 per cent (100) for housing units for investors. At the end of the period, the completion rates were 49 per cent (53) for consumers and 36 per cent (44) for investors.

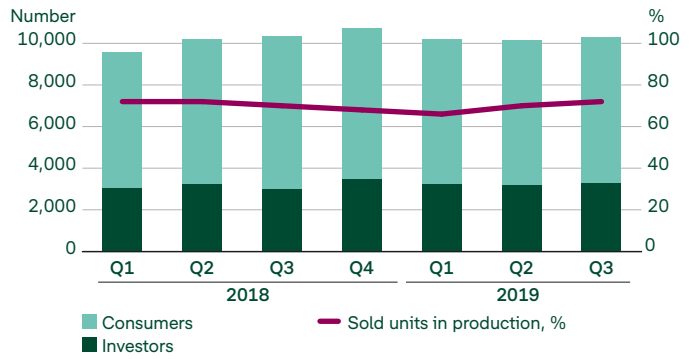
Building rights as of 30 September 2019

There were 31,600 (32,600) building rights, of which 17,800 (17,000) were recognised in the Balance Sheet.

Unsold, completed housing units at the end of the period

The number of unsold completed housing units at year end was 341 (237). All the housing units were for consumers, with Sweden and Nordic providing the increase compared to the previous year.

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



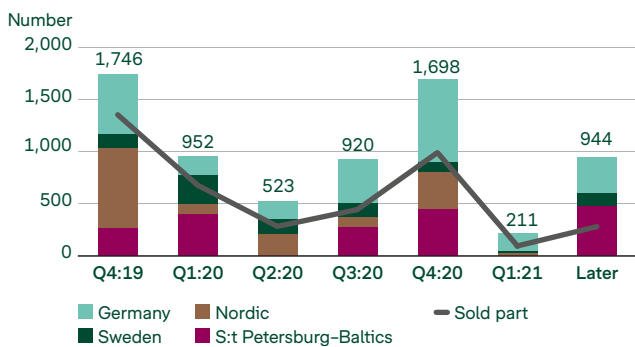
The figure illustrates the number of housing units in production per quarter and the share of housing units sold.

Estimated completions per quarter

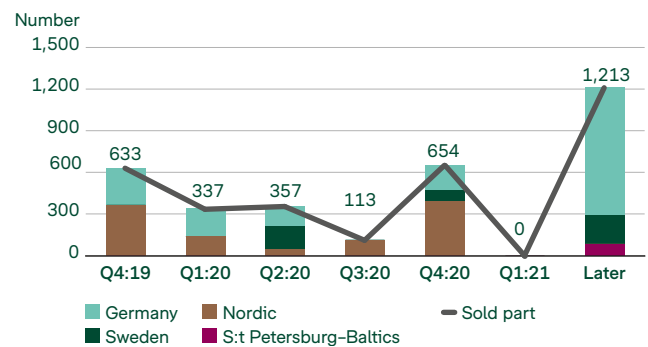
The figure illustrates the estimated completions of housing units for consumers and housing units for investors not yet recognised for profit. The curve illustrates the sold proportion. In year-on-year terms, there are fewer housing units to complete from the fourth quarter 2019 onwards. Of the total number of housing units not yet completed, 23 per cent (29) is expected to be completed in 2019.

The value as of 30 September 2019 of sold housing units in production and sold completed housing units not yet recognised for profit was SEK 15.2 Bn (14.2) for consumers and SEK 7.0 Bn (5.5) for investors.

Consumers



Investors



Other

SIGNIFICANT RISKS AND UNCERTAINTIES

Bonava's operations are exposed to several types of risk, both operational and financial. Operational risks impact the Group's daily operations. This type of risk may relate to investments in land, project development, seasonal exposure or assessment of the earnings capacity of projects.

Operational risks are managed as part of the internal corporate governance process established by Bonava. The business units assess and manage risk through operational systems as well as specific processes and procedures.

The Group's financial risks such as interest rate, currency, refinancing, liquidity and credit risks are managed centrally by the Group's Treasury Department in order to minimise and control Bonava's risk exposure in accordance with the Finance Policy.

Customer credit risk is managed by the individual business unit. A centralised insurance function is responsible for Group-wide non-life and liability insurance, primarily property and contractor's insurance. This function also conducts preventative risk management alongside the business units, implying cost-efficient and coordinated insurable risks. The risk that Bonava may fail to comply with the company's Code of Conduct is managed by the CSR Compliance function.

For more information, refer Risks and risk management on pages 67–69 of Bonava's Annual Report 2018 at www.bonava.com.

ORGANISATION AND EMPLOYEES

The Group's average number of employees was 2,033 (1,923) in the period.

SHARES AND SHAREHOLDERS

Bonava has two share classes, class A and class B. The closing price on 30 September 2019 was SEK 111.00 per class A share and SEK 111.50 per class B share, corresponding to market capitalisation of SEK 12.0 Bn.

Bonava's share capital was SEK 434 M on the reporting date, divided between 108,435,822 shares and 215,591,586 votes. As of 30 September 2019, Bonava had 11,906,196 class A shares and 96,529,626 class B shares. Each class A share carries ten votes and each class B share one vote.

Bonava had 29,727 (31,797) shareholders at the end of the quarter. Bonava's largest shareholder was Nordstjernen AB. As of 30 September 2019, the ten largest shareholders controlled 67.8 per cent of the capital and 72.2 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 share, representing a debt of SEK 27 M to NCC AB, has been reported at an amount corresponding to the fair value of two years' payments.

SIGNIFICANT EVENTS IN THE PERIOD

Bonava acquired the property developer Urbanium AS for NOK 608 M, on a cash and debt free basis. Urbanium's operations mainly comprise a land bank in Oslo and surrounding areas. The acquisition strengthens Bonava's position on the Norwegian market. Completion of the transaction is expected to take place during the fourth quarter 2019.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The acquisition of Urbanium AS was approved by the Norwegian competition authority on 16 October 2019. The acquisition is expected to be consolidated as per 1 November. Acquisition costs and costs for integration are expected to amount to approximately SEK 15 M and SEK 20 M respectively. The main part of the acquisition costs have been expensed during the third quarter and the main part of the integration costs are expected to be expensed during 2020.

Bonava reached a settlement in a legal dispute in Germany. The dispute originated in a construction contract terminated in 2006, a business Bonava terminated many years ago to focus solely on housing development. The total cost of SEK 100 M was reported as an item affecting comparability, under Parent Company and adjustments in the period, as the item does not relate to Bonava's current operations.

Kristina Olsen was appointed new Business Unit President for Bonava Denmark-Norway and assumed her role on 1 October. Kristina Olsen has served as Interim Business Unit President of Bonava Denmark-Norway since October 2018.

AMOUNTS AND DATES

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

TEN LARGEST SHAREHOLDERS AS OF 30 SEPTEMBER 2019

	No. of class A shares	No. of class B shares	Holding, %	Votes, %
Nordstjernen AB	9,000,000	11,323,759	18.7	47.0
AMF – Försäkring och Fonder		14,467,851	13.3	6.7
SEB Investment Management		9,110,616	8.4	4.2
Swedbank Robur fonder	128,119	8,865,328	8.3	4.7
Lannebo Fonder		5,882,769	5.4	2.7
Handelsbanken fonder		4,185,919	3.9	1.9
State Street Bank and Trust Co	1,922	3,047,695	2.8	1.4
Länsförsäkringar fondförvaltning AB		2,794,556	2.6	1.3
The Fourth Swedish National Pension Fund (Fjärde AP-fonden)	3,343	2,591,348	2.4	1.2
CBNY- Norges Bank	4,239	2,083,338	1.9	1.0
Total, ten largest shareholders	9,137,623	64,353,179	67.8	72.2
Other	2,768,573	32,176,447	32.2	27.8
Total	11,906,196	96,529,626	100.0	100.0

Current projects

Germany

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

Märkische Allee

Project start: Q3, 2019
Location: Berlin, Germany
Housing category: Multi-family housing
Number of housing units: 232 housing units for investors

In Marzahn-Hellersdorf, east of Berlin, Bonava is building 232 rental apartments close to nurseries, schools and shopping centres. The community provides a natural meeting place for adults and a play area for children.



Elster-Aue

Project start: Q3, 2019
Location: Leipzig, Germany
Housing type: Multi-family housing
Number of housing units: 16 homes for consumers

South east of Leipzig, Bonava is building affordable terraced houses close to cultural attractions and leisure facilities, schools and shops.



Sweden

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.

Tinnerbäcks Brunn

Project start: Q3, 2019
Location: Linköping, Sweden
Housing type: Multi-family housing
Number of housing units: 52 homes for consumers

In Linköping's popular and expanding neighbourhood Södra Ekkällan, Bonava is building homes that encourage a social lifestyle with a community sauna and relaxation area.



Nordic, Finland

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

Postinkantaja

Project start: Q3, 2019
Location: Helsinki, Finland
Housing category: Multi-family housing
Number of housing units: 57 homes for consumers

In Helsinki, Bonava is building affordable homes that are close to the vibrant city pulse and where residents have access to their own allotments, community areas, a sauna and a range of activities.



Nordic, Norway

Biskopshus 1

Project start: Q3, 2019
Location: Bergen, Norway
Housing type: Multi-family housing
Number of housing units: 37 homes for consumers

Biskopshus is phase one of a project totalling 1,000 housing units. The neighbourhood is close to Norway's School of Economics, the city centre and recreation areas. Bonava is building both multi-family homes and semi-detached properties.



Germany

MARKET PERFORMANCE

Despite a weaker economy, the housing market remained strong with rising house prices and good demand. While rent control in Berlin triggered extensive debate, it did not appear to affect activity in the region, probably because new production after 2014 was excluded from the measures. Intense competition fuels land and production costs and contributes to longer lead times for both blueprints and planning applications.

JULY – SEPTEMBER 2019

Operational performance

Net sales

Net sales amounted to SEK 1,601 M (1,551). The increase was due to higher net sales from consumers. In the quarter, 361 (312) housing units for consumers were recognised for profit, with net sales of SEK 1,340 M (1,059). The average price per housing unit to consumers increased to SEK 3.7 (3.4) M due to higher sales prices. In the quarter, 101 (233) housing units for investors were recognised for profit, with net sales of SEK 197 M (491). The average price per housing unit was SEK 2.0 M (2.1).

Operating profit

Operating profit for the period was SEK 199 M (220). A higher volume of housing units for consumers recognised for profit made a positive contribution to the figure, while the volume of housing units for investors recognised for profit decreased and margins narrowed. Profit from land sales amounted to SEK 27 M (0).

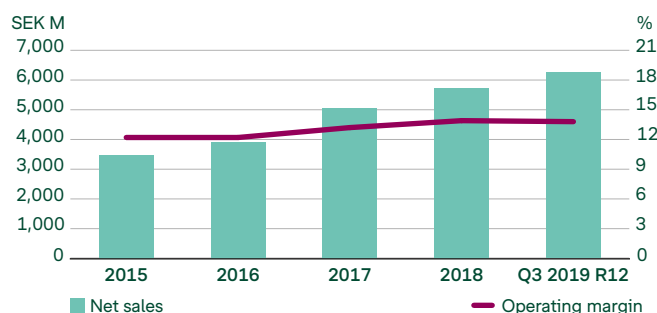
JANUARY – SEPTEMBER 2019

Operational performance

Net sales

Net sales amounted to SEK 3,488 M (2,971). The increase was primarily due to higher net sales from consumers. In the period,

Net sales and operating margin



771 (660) housing units for consumers were recognised for profit, with net sales of SEK 2,880 M (2,323). The average price per housing unit was SEK 3.7 M (3.5), due to higher sales prices. In the period, 222 (309) housing units for investors were recognised for profit, with net sales of SEK 478 M (630). The average price per housing unit was SEK 2.2 M (2.0).

Operating profit

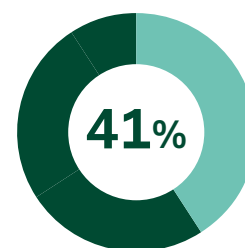
Operating profit for the period was SEK 372 M (306). The increased profit was explained by a higher number of housing units for consumers recognised for profit, and profit from land sales of SEK 35 M (10).

Capital employed and return on capital employed

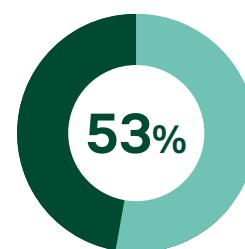
Capital employed was SEK 4,899 M (4,048). The increase was due to a higher number of ongoing housing projects held for future development, which was partly offset by a higher share of interest-free financing. Return on capital employed decreased year-on-year as a result of higher average capital tied up.

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Key performance indicators					
Net sales	1,601	1,551	3,488	2,971	5,736
Operating profit	199	220	372	306	796
Operating margin, %	12.3	14.2	10.6	10.3	13.9
Capital employed at period end	4,899	4,048	4,899	4,048	3,985
Return on capital employed, %	19.0	21.1	19.0	21.1	21.8
Average no. of employees			872	845	847
Building rights					
Number of building rights at period end	8,300	8,900	8,300	8,900	7,400
of which off-balance sheet building rights	2,400	2,800	2,400	2,800	2,700
Housing development for consumers					
Number of housing units sold in the period	378	331	884	853	1,563
Sales value of housing units sold in the period	1,658	1,211	3,705	2,974	5,521
Number of housing starts in the period	372	402	520	1,000	2,061
Number of housing units in production at period end	2,678	2,452	2,678	2,452	2,932
Sales rate for ongoing production, %	69	66	69	66	59
Number of housing units recognised for profit in the period	361	312	771	660	1,246
Housing development for investors					
Number of housing units sold in the period	232		232		873
Sales value of housing units sold in the period	520		520		2,357
Number of housing starts in the period	232		232		873
Number of housing units in production at period end	1,714	1,170	1,714	1,170	1,704
Sales rate for ongoing production, %	100	100	100	100	100
Number of housing units recognised for profit in the period	101	233	222	309	648

Share of net sales,
rolling 12-months



Share of operating profit,
rolling 12-months



Sweden

MARKET PERFORMANCE

The Swedish housing market is showing signs of stabilising. Although housing starts are at a lower levels compared to previous year, and the number of price adjusted housing units is still high, although decreasing, the sales of housing units has increased. The house price index *Boprisindikatorn* from September suggest increased price optimism.

JULY – SEPTEMBER 2019

Operational performance

Net sales

Net sales amounted to SEK 844 M (1,103). The decrease was due to lower net sales from consumers and land sales.

In the quarter, 153 (211) housing units for consumers were recognised for profit, with net sales of SEK 655 M (858). The average price per housing unit for consumers was SEK 4.3 M (4.1). The increase was due to a changed product and market mix, while a number of large housing units with a higher average price were also recognised for profit in the Stockholm region in the period.

In the quarter, 77 (101) housing units for investors were recognised for profit, with net sales of SEK 176 M (147). The average price per housing unit was SEK 2.3 M (1.5), due to market mix.

Operating profit

Operating profit for the quarter was SEK 27 M (201), due to a lower number of housing units for consumers recognised for profit, at lower margins and increased costs in some of the projects. Profit from land sales amounted to SEK 4 M (30).

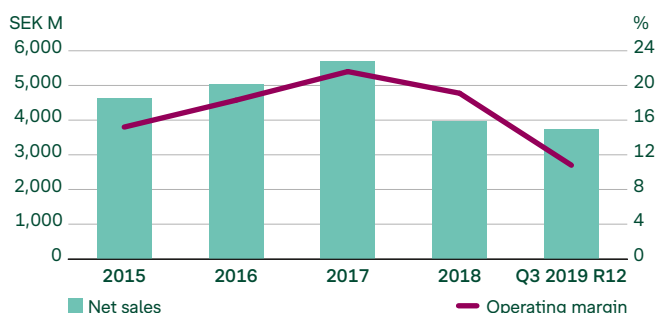
JANUARY – SEPTEMBER 2019

Operational performance

Net sales

Net sales amounted to SEK 2,589 M (2,818). The decrease was due to lower net sales from consumers and land sales.

Net sales and operating margin



In the period, 470 (590) housing units for consumers were recognised for profit, with net sales of SEK 2,076 M (2,263). Average price per housing unit was SEK 4.4 M (3.8). The increase was due to changes in product and market mix.

In the period, 192 (101) housing units for investors were recognised for profit, with net sales of SEK 437 M (147). The average price per housing unit was SEK 2.3 M (1.5), due to market mix.

Operating profit

Operating profit for the period was SEK 210 M (568). The decrease was due to a lower number of housing units for consumers recognised for profit, and lower margins on project deliveries. Profit from land sales amounted to SEK 58 M (174).

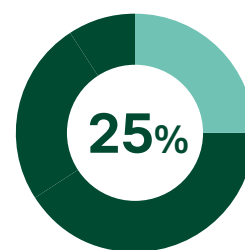
Capital employed and return on capital employed

Capital employed decreased to SEK 4,440 M (5,166) due to a lower proportion of ongoing projects and investments in properties held for future development. Return on capital employed decreased year-on-year as a result of lower profit.

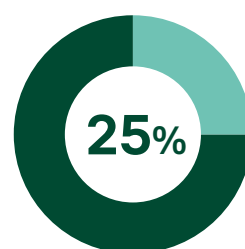
	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Key performance indicators					
Net sales	844	1,103	2,589	2,818	3,976
Operating profit	27	201	210	568	761
Operating margin, %	3.2	18.2	8.1	20.2	19.1
Capital employed at period end	4,440	5,166	4,440	5,166	5,164
Return on capital employed, %	8.2	14.9	8.2	14.9	14.8
Average no. of employees			207	187	189
Building rights					
Number of building rights at period end	7,500	7,600	7,500	7,600	7,400
of which off-balance sheet building rights	3,500	5,300	3,500	5,300	5,100
Housing development for consumers					
Number of housing units sold in the period	194	80	413	159	233
Sales value of housing units sold in the period	838	355	1,799	708	1,037
Number of housing starts in the period	52	104	65	127	269
Number of housing units in production at period end	918	1,493	918	1,493	1,342
Sales rate for ongoing production, %	47	43	47	43	39
Number of housing units recognised for profit in the period	153	211	470	590	775
Housing development for investors					
Number of housing units sold in the period		66 ¹⁾		230	423
Sales value of housing units sold in the period		18		421	948
Number of housing starts in the period		0 ¹⁾		230	423
Number of housing units in production at period end	447	667	447	667	639
Sales rate for ongoing production, %	100	100	100	100	100
Number of housing units recognised for profit in the period	77	101	192	101	322

¹⁾ Relates to a previous project which was converted from a consumer project to an investor project.

Share of net sales, rolling 12-months



Share of operating profit, rolling 12-months



Nordic

Finland, Denmark and Norway

MARKET PERFORMANCE

The housing market in Finland was characterised by high supply of housing units. Sales growth, mainly in the Helsinki region, was positive, which indicates underlying demand. Production costs are on a high level while house prices are stable. The housing market in Copenhagen is stable. However, the increased housing supply coupled with stricter credit requirements have implied longer sales processes. The Norwegian market is in a positive trend, with good sales and slightly rising prices. In the quarter, the Norwegian Financial Supervisory Authority proposed tightening the maximum debt-to-income ratio from 5 to 4.5 x.

JULY – SEPTEMBER 2019

Operational performance

Net sales

Net sales amounted to SEK 720 M (600). The increase was due to higher net sales from consumers.

In the quarter, 166 (119) housing units for consumers were recognised for profit, with net sales of SEK 565 M (294). The average price per housing unit for consumers was SEK 3.4 M (2.5); the increase was mainly due to higher average prices in Denmark and Finland.

In the quarter, 106 (224) housing units for investors were recognised for profit in Finland, with net sales of SEK 104 M (305). The average price per housing unit was SEK 1.0 M (1.4).

Operating profit

Operating profit for the quarter was SEK –38 M (20). The operating loss is explained by a lower number of housing units for investors recognised for profit, and project cost increases in Finland. Profit from land sales amounted to SEK 0 M (0).

JANUARY – SEPTEMBER 2019

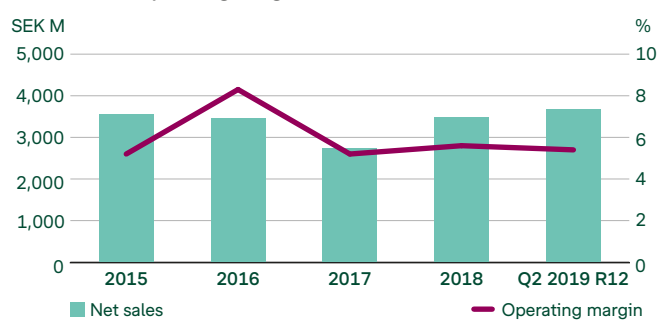
Operational performance

Net sales

Net sales amounted to SEK 1,929 M (1,621). The increase was due to higher net sales from consumers.

In the period, 471 (426) housing units for consumers were recognised for profit, with net sales of SEK 1,431 M (1,128). The average

Net sales and operating margin



price per housing unit was SEK 3.0 M (2.6), the increase was primarily due to higher average prices in Finland and Denmark.

The number of housing units for investors recognised for profit in Finland and Denmark was 264 (360) in the period, and net sales amounted to SEK 401 M (467). The average price per housing unit was SEK 1.5 M (1.3). The increase was due to a higher average price per housing unit in Finland in combination with no housing units in Denmark delivered to investors in the previous period.

Operating profit

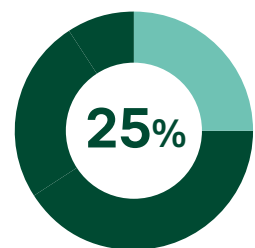
Operating profit for the period was SEK –65 M (–8). The decrease was due to a lower number of housing units for investors recognised for profit, and cost increases in Finland. Profit from land sales amounted to SEK 0 M (9).

Capital employed and return on capital employed

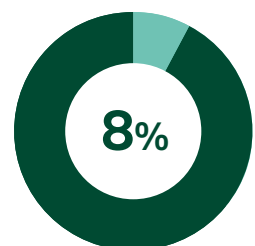
Capital employed was SEK 4,239 M (3,117). The increase was due to more ongoing housing projects and completed housing units and a decrease in customer advances in Finland. Return on capital employed decreased compared to previous year due to lower profit.

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Key performance indicators					
Net sales	720	600	1,929	1,621	3,488
Operating profit	–38	20	–65	–8	196
Operating margin, %	–5.2	3.3	–3.4	–0.5	5.6
Capital employed at period end	4,239	3,117	4,239	3,117	2,986
Return on capital employed, %	3.8	7.4	3.8	7.4	7.1
Average no. of employees			405	353	338
Building rights					
Number of building rights at period end	9,900	10,700	9,900	10,700	10,000
of which off-balance sheet building rights	6,600	6,800	6,600	6,800	6,600
Housing development for consumers					
Number of housing units sold in the period	271	209	638	548	884
Sales value of housing units sold in the period	777	558	1,771	1,518	2,410
Number of housing starts in the period	251	198	466	425	1,108
Number of housing units in production at period end	1,547	1,357	1,547	1,357	1,531
Sales rate for ongoing production, %	55	61	55	61	46
Number of housing units recognised for profit in the period	166	119	471	426	887
Housing development for investors					
Number of housing units sold in the period	174	247	300	490	723
Sales value of housing units sold in the period	201	569	415	893	1,319
Number of housing starts in the period	174	247	300	490	723
Number of housing units in production at period end	1,062	1,149	1,062	1,149	1,026
Sales rate for ongoing production, %	100	100	100	100	100
Number of housing units recognised for profit in the period	106	224	264	360	716

Share of net sales, rolling 12-months



Share of operating profit, rolling 12-months



St. Petersburg–Baltics

St. Petersburg, Estonia and Latvia

MARKET PERFORMANCE

The housing market in St. Petersburg was strong with good demand and increased house prices. In September, the Central Bank cut the base rate for the third consecutive time. The housing market in the Baltics remained stable with good demand and positive house price growth, although it slowed slightly in the period.

JULY – SEPTEMBER 2019

Operational performance

Net sales

Net sales amounted to SEK 215 M (137). The increase was due to higher net sales from consumers.

In the quarter, 190 (108) housing units for consumers were recognised for profit, with net sales of SEK 209 M (132). The average price per housing unit for consumers was SEK 1.1 M (1.2). The decrease was attributable to a different product mix in St. Petersburg.

Operating profit

Operating profit for the quarter was SEK 24 M (8). The increase was due to a higher volume of housing units for consumers recognised for profit.

JANUARY – SEPTEMBER 2019

Operational performance

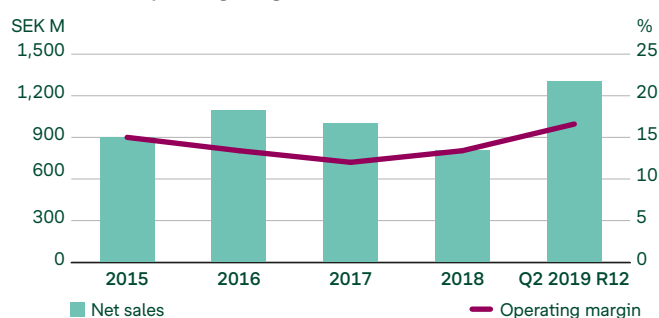
Net sales

Net sales amounted to SEK 969 M (393). The increase was due to higher net sales from consumers.

In the period, 901 (308) housing units for consumers were recognised for profit, with net sales of SEK 953 M (375).

The average price per housing unit was SEK 1.1 M (1.2). The decrease was attributable to a different product mix in St. Petersburg.

Net sales and operating margin



Operating profit

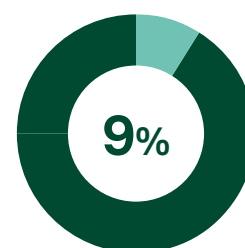
Operating profit for the period was SEK 162 M (36). The increase was due to a higher volume of housing units for consumers recognised for profit.

Capital employed and return on capital employed

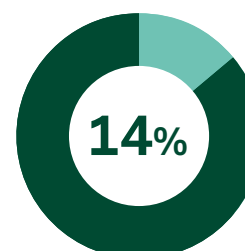
Capital employed was SEK 1,300 M (1,188). The increase was attributable to the Baltics, due to a higher proportion of ongoing projects coupled with reduced interest free financing. Return on capital employed increased due to the improved profit.

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Key performance indicators					
Net sales	215	137	969	393	808
Operating profit	24	8	162	36	108
Operating margin, %	11.3	5.7	16.7	9.1	13.4
Capital employed at period end	1,300	1,188	1,300	1,188	1,118
Return on capital employed, %	19.4	8.2	19.4	8.2	8.4
Average no. of employees			463	387	400
Building rights					
Number of building rights at period end	5,900	5,400	5,900	5,400	5,800
of which off-balance sheet building rights	1,300	700	1,300	700	900
Housing development for consumers					
Number of housing units sold in the period	239	342	790	960	1,226
Sales value of housing units sold	314	414	934	1,037	1,257
Number of housing starts in the period	239	500	959	838	937
Number of housing units in production at period end	1,851	2,041	1,851	2,041	1,454
Sales rate for ongoing production, %	54	58	54	58	58
Number of housing units recognised for profit in the period	190	108	901	308	631
Housing development for investors					
Number of housing units sold in the period					84
Sales value of housing units sold					71
Number of housing starts in the period					84
Number of housing units in production at period end	84		84		84
Sales rate for ongoing production, %	100		100		100
Number of housing units recognised for profit in the period					

Share of net sales,
rolling 12-months



Share of operating profit,
rolling 12-months



Consolidated Income Statement

	Note	2019	2018	2019	2018	Oct 2018–	2018
	1	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep	Sep 2019	Jan–Dec
Net sales	2	3,380	3,391	8,975	7,802	15,181	14,008
Production costs		-3,011	-2,776	-7,798	-6,377	-12,872	-11,452
Gross profit		368	614	1,178	1,425	2,309	2,557
Selling and administrative expenses		-206	-208	-668	-670	-900	-903
Operating profit before items affecting comparability	2	162	406	509	755	1,409	1,654
Items affecting comparability		-100		-100		-100	
Operating profit after items affecting comparability		62	406	409	755	1,309	1,654
Financial income		6	2	10	6	12	9
Financial expenses		-32	-37	-89	-117	-121	-150
Net financial items		-26	-35	-79	-111	-109	-141
Profit after financial items	2	36	370	330	643	1,200	1,513
Tax on profit for the period		-9	-82	-83	-140	-191	-249
Profit for the period		27	289	247	503	1,009	1,265
Attributable to:							
Bonava AB's shareholders		27	289	247	503	1,009	1,265
Non-controlling interest							
Profit for the period		27	289	247	503	1,009	1,265
Per share data before and after dilution							
Earnings per share before items affecting comparability, SEK		0.95	2.68	2.99	4.67	10.07	11.74
Earnings per share after items affecting comparability, SEK		0.25	2.68	2.29	4.67	9.37	11.74
Cash flow from operating activities, SEK		-0.74	-5.16	-9.77	-15.09	-0.52	-5.84
Shareholders' equity, SEK		67.18	61.93	67.18	61.93	67.18	68.36
No. of shares at the end of the period, million ¹⁾		107.6	107.6	107.6	107.6	107.6	107.6

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

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

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

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

Consolidated Statement of Comprehensive Income

	Note 1	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	Oct 2018- Sep 2019	2018 Jan-Dec
Profit for the period		27	289	247	503	1,009	1,265
<i>Items that have been or may be reclassified to profit or loss for the period</i>							
Translation differences during the period in translation of foreign operations		46	-45	200	108	136	44
Other comprehensive income for the period		46	-45	200	108	136	44
Comprehensive income for the period		73	244	447	611	1,145	1,309
<i>Attributable to:</i>							
Bonava AB's shareholders		73	244	447	611	1,145	1,309
Non-controlling interest							
Comprehensive income for the period		73	244	447	611	1,145	1,309

Condensed Consolidated Balance Sheet

	Note 1, 4, 5, 6	2019 30 Sep	2018 30 Sep	2018 31 Dec
ASSETS				
Non-current assets		997	776	720
Current assets				
Properties held for future development		6,579	6,663	5,720
Ongoing housing projects		13,700	12,523	11,381
Completed housing units		1,701	921	1,510
Current receivables		1,024	2,121	1,418
Cash and cash equivalents	3	207	754	325
Total current assets		23,210	22,982	20,354
TOTAL ASSETS		24,207	23,758	21,074
SHAREHOLDERS' EQUITY				
Shareholders' equity attributable to parent company shareholders		7,230	6,665	7,357
Non-controlling interest		5	4	4
Total shareholders' equity		7,235	6,670	7,362
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	3	1,080	2,493	1,625
Other non-current liabilities		253	97	221
Non-current provisions		593	674	554
Total non-current liabilities		1,926	3,265	2,400
Current liabilities				
Current interest-bearing liabilities	3	6,484	4,533	4,345
Other current liabilities		8,563	9,291	6,967
Total current liabilities		15,046	13,824	11,312
Total liabilities		16,972	17,089	13,713
TOTAL EQUITY AND LIABILITIES		24,207	23,758	21,074

Condensed Changes in Shareholders' Equity, Group

	Shareholders' equity attributable to parent company shareholders	Non-controlling interest	Total shareholders' equity
Opening shareholders' equity, 1 January 2018	6,633	5	6,638
Comprehensive income for the period	1,309		1,309
Dividend	-560	-1	-561
Purchases of treasury shares	-29		-29
Performance-based incentive program	5		5
Closing shareholders' equity, 31 December 2018	7,357	4	7,362
Comprehensive income for the period	447		447
Dividend ¹⁾	-560		-560
Performance-based incentive program	-13		-13
Closing shareholders' equity, 30 September 2019	7,230	5	7,235

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

Condensed Consolidated Cash Flow Statement

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	Oct 2018- Sep 2019	2018 Jan-Dec
OPERATING ACTIVITIES						
Profit after financial items	36	370	330	643	1,200	1,513
Adjustments for items not included in cash flow	8	94	-96	-158	2	-60
Tax paid	-210	-41	-448	-83	-440	-75
Cash flow from operating activities before changes in working capital	-167	423	-215	402	762	1,379
Cash flow from changes in working capital						
Sales of housing projects	2,809	2,849	7,391	6,423	12,050	11,082
Investments in housing projects	-3,302	-3,511	-9,856	-10,110	-13,191	-13,445
Other changes in working capital	579	-318	1,629	1,659	324	354
Cash flow from changes in working capital	87	-980	-836	-2,028	-817	-2,009
Cash flow from operating activities	-81	-556	-1,051	-1,626	-55	-630
INVESTING ACTIVITIES						
Cash flow from investing activities	-9	-32	56	-94	-97	-135
Cash flow before financing	-90	-588	-1,107	-1,720	-151	-764
FINANCING ACTIVITIES						
Dividend paid			-280	-281	-560	-561
Purchases of treasury shares				-29		-29
Increase in interest-bearing financial liabilities	857	1,403	4,034	3,555	3,527	3,048
Decrease in interest-bearing financial liabilities	-941	-313	-2,862	-1,910	-3,428	-2,476
Change in interest-bearing receivables	26	-13	77	1	52	-25
Cash flow from financing activities	-58	1,077	970	1,336	-408	-42
CASH FLOW FOR THE PERIOD	-148	489	-138	-384	-560	-806
Cash and cash equivalents at beginning of period	351	268	325	1,122	754	1,122
Exchange rate difference in cash and cash equivalents	4	-3	19	16	13	10
CASH AND CASH EQUIVALENTS AT END OF PERIOD	207	754	207	754	207	325

Notes for the Group

NOTE 1 Accounting policies

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board. The accounting policies applied in the preparation of this Interim Report, with the exception of IFRS 16 Leases which is described below, apply to all periods and comply with the accounting policies presented in Note 1 Significant accounting policies in Bonava's Annual Report 2018, pages 98–102. The Annual Report is available at www.bonava.com.

From 1 July 2019, Bonava added the line item Items affecting comparability to the Income Statement. This heading describes events and transactions with significant profit impact on comparability, such as material disputes and other material non-recurring income or expenses. Tax on items affecting comparability and tax items that are automatically classified as items affecting comparability have been reported under Tax in the Consolidated Income Statement. Items that have been reported under Items affecting comparability for a period are consistently reported so that reversals of such items are also reported under Items affecting comparability in future periods. The item reported under Items affecting comparability as of 30 September 2019 relates to settlement of a legal dispute regarding operations that Bonava terminated several years ago. The total cost of SEK 100 M was charged to profit for the period and reported as an item affecting comparability under 'Parent Company and adjustments' as the item was not attributable to Bonava's current operations. For more information, see Significant events after the end of the period.

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

Lease contracts are reported in the Balance Sheet. The right of use of a leased asset is reported either as non-current assets (property, plant and equipment) or current assets (ongoing housing projects) depending on how the leased asset had been classified if it had been owned. Bonava reports rental agreements for land (ongoing housing projects) as lease contracts when a detailed blueprint has been produced or building rights can no longer be appealed. Before such

time, Bonava does not have control of the land and therefore has no rights or obligations relating to the land.

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

With regard to completed unsold housing units, Bonava has certain commitments to Swedish tenant-owner associations, Finnish housing companies and other parties relating to payment of membership fees or rent. The intention is to divest these completed unsold housing units immediately, which means that these commitments are not reported as lease contracts.

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

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

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

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

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

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

NOTE 2 Reporting by operating segments

	Germany	Sweden	Nordic	St. Petersburg- Baltics	Parent company and adjustments	Total
Jul-Sep 2019						
Net sales, consumers	1,340	655	565	209		2,770
Net sales, investors	197	176	104			477
Net sales, land	73	10	50			132
Net sales, other	-9	3		6		0
Operating profit/loss before items affecting comparability	199	27	-38	24	-51	162
Operating profit/loss after items affecting comparability	199	27	-38	24	-151	62
Net financial items						-26
Profit after financial items						36
Capital employed	4,899	4,440	4,239	1,300	-80	14,798
Jul-Sep 2018						
Net sales, consumers	1,059	858	294	132		2,342
Net sales, investors	491	147	305			943
Net sales, land		86				86
Net sales, other		13	2	5		19
Operating profit/loss	220	201	20	8	-42	406
Net financial items						-35
Profit after financial items						370
Capital employed	4,048	5,166	3,117	1,188	177	13,696
Jan-Sep 2019						
Net sales, consumers	2,880	2,076	1,431	953		7,340
Net sales, investors	478	437	401			1,316
Net sales, land	129	73	90			292
Net sales, other		3	6	17		26
Operating profit/loss before items affecting comparability	372	210	-65	162	-170	509
Operating profit/loss after items affecting comparability	372	210	-65	162	-270	409
Net financial items						-79
Profit after financial items						330
Capital employed	4,899	4,440	4,239	1,300	-80	14,798
Jan-Sep 2018						
Net sales, consumers	2,323	2,263	1,128	375		6,089
Net sales, investors	630	147	467			1,244
Net sales, land	19	390	20			428
Net sales, other		18	5	18		41
Operating profit/loss	306	568	-8	36	-147	755
Net financial items						-111
Profit after financial items						643
Capital employed	4,048	5,166	3,117	1,188	177	13,696
Jan-Dec 2018						
Net sales, consumers	4,371	3,130	2,424	785		10,709
Net sales, investors	1,346	416	1,003			2,766
Net sales, land	18	422	55			496
Net sales, other		8	7	23		38
Operating profit/loss	796	761	196	108	-206	1,654
Net financial items						-141
Profit after financial items						1,513
Capital employed	3,985	5,164	2,986	1,118	80	13,332

NOTE 3 Specification of net debt

	2019 30 Sep	2018 30 Sep	2018 31 Dec
Non-current interest-bearing receivables	2	8	8
Current interest-bearing receivables	23	70	95
Cash and cash equivalents	207	754	325
Interest bearing receivables	232	832	428
Non-current interest-bearing liabilities	1,080	2,493	1,625
Current interest-bearing liabilities	6,484	4,533	4,345
Interest-bearing liabilities	7,563	7,026	5,970
Net debt	7,331	6,195	5,542

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

Cash and cash equivalents	26	137	106
Interest-bearing liabilities, external project financing	2,896	4,484	4,072
Interest-bearing liabilities, project financing ¹⁾	1,219	883	999
Net debt in tenant-owner associations and housing companies	4,089	5,230	4,965

of which other operations

Cash and cash equivalents	181	617	219
Interest-bearing receivables	25	78	103
Interest-bearing lease liabilities, IFRS 16	317		
Other interest-bearing liabilities	3,131	1,660	899
Net debt, other operations	3,242	965	577

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

NOTE 4 Fair value of financial instruments

The following table presents disclosures about the measurement of fair value for financial instruments that are continuously measured at fair value in Bonava's Balance Sheet. The fair value measurement divides assets into three levels. No transfers between levels were made in the period.

Bonava has no financial instruments in levels 1 and 3. Derivatives in level 2 comprise currency forwards where the measurement at fair value of currency-forward contracts is based on published forward rates on an active market.

	2019 30 Sep	2018 30 Sep	2018 31 Dec
Derivatives	8	70	49
Total assets	8	70	49
Derivatives	37	4	1
Total liabilities	37	4	1

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

NOTE 5 Leasing

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

NOTE 6 Pledged assets, contingent liabilities and guarantee obligations

	2019 30 Sep	2018 30 Sep	2018 31 Dec
Assets pledged			
<i>For own liabilities:</i>			
Property mortgages	4,210	3,109	4,049
Restricted bank funds	9	11	11
Other assets pledged	3		3
Total assets pledged	4,222	3,120	4,063
Contingent and guarantee liabilities			
<i>Own contingent liabilities:</i>			
Deposits and concession fees ¹⁾	3,419	2,376	2,879
Total guarantees and guarantee obligations	3,419	2,376	2,879

¹⁾ Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by Bonava Sverige AB. The guarantee is to be restored one year after the final acquisition cost of the tenant-owner association's building has been established.

Parent Company in summary

JANUARY – SEPTEMBER 2019

The parent company comprises the operations of Bonava AB (publ). The company's net sales amounted to SEK 203 M (197). Profit after financial items was SEK 374 M (1,124).

INCOME STATEMENT	Note 1	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Net sales		203	197	267
Selling and administrative expenses		-364	-330	-455
Operating loss		-161	-133	-187
Profit from participations in Group companies		445	1,194	1,722
Financial income		120	112	150
Financial expenses		-30	-50	-66
Profit after financial items		374	1,124	1,618
Appropriations				730
Profit before tax		374	1,124	2,348
Tax on profit for the period		13	12	-142
Profit for the period		387	1,136	2,206

BALANCE SHEET	Note 1, 2	2019 30 Sep	2018 30 Sep	2018 31 Dec
Assets				
Non-current assets		2,429	2,487	2,423
Current assets		9,109	6,177	6,389
Total assets		11,538	8,664	8,812
Shareholders' equity and liabilities				
Shareholders' equity		6,644	5,751	6,830
Provisions		3	1	3
Non-current liabilities		322	621	617
Current liabilities		4,568	2,292	1,362
Total shareholders' equity and liabilities		11,538	8,664	8,812

Parent Company Notes

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 2018, pages 98–102, and page 123. The Annual Report is available at www.bonava.com.

NOTE 2 Pledged assets and contingent liabilities

	Utilized amount		
	2019, 30 Sep	2018, 30 Sep	2018 31 Dec
Deposits and concession fees	3,988	2,926	3,516
Construction loans, tenant-owner associations	1,631	3,620	3,225
Counter-guarantee to external guarantors	8,458	8,024	8,018
Other guarantee commitments	4,985	4,576	4,539
Other assets pledged	3		3
Total	19,064	19,146	19,301

Sector-related key figures for the Group

No. unless otherwise stated	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Building rights at period end	31,600	32,600	31,600	32,600	30,600
of which off-balance-sheet building rights	13,800	15,600	13,800	15,600	15,300
Housing development for consumers					
Housing units sold in the period	1,082	962	2,725	2,520	3,906
Sales value of housing units sold in the period, SEK M	3,586	2,539	8,208	6,238	10,223
Housing starts in the period	914	1,204	2,010	2,390	4,375
Housing units in production at period end	6,994	7,343	6,994	7,343	7,259
Sales rate for ongoing production, %	59	58	59	58	52
Reservation rate for ongoing production, %	5	5	5	5	4
Completion rate for ongoing production, %	49	53	49	53	46
Completed housing units, not recognised for profit, at period end	456	282	456	282	718
Housing units for sale (ongoing and completed), at period end	3,195	3,309	3,195	3,309	3,833
Housing units recognised for profit in the period	870	750	2,613	1,984	3,539
Value of sold housing units, not yet recognised for profit, SEK Bn	15.2	14.2	15.2	14.2	14.0
Housing development for investors					
Housing units sold in the period	406	313	532	720	2,103
Sales value of housing units sold in the period, SEK M	719	587	933	1,314	4,696
Housing starts in the period	406	247	532	720	2,103
Housing units in production at period end	3,307	2,986	3,307	2,986	3,453
Sales rate for ongoing production, %	100	100	100	100	100
Completion rate for ongoing production, %	36	44	36	44	30
Housing units recognised for profit in the period	284	558	678	770	1,686
Value of sold housing units, not yet recognised for profit, SEK Bn	7.0	5.5	7.0	5.5	7.1

Housing units in production for consumers, no.	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Housing units in ongoing production at beginning of period	6,936	6,881	7,259	6,844	6,844
Resumed starts in the period ¹⁾			76		
Housing starts in the period	914	1,204	2,010	2,390	4,375
Housing units recognised for profit in the period	-870	-750	-2,613	-1,984	-3,539
Decrease (+)/increase (-) in completed housing units, not recognised for profit at period end	14	8	262	93	-421
Housing units in ongoing production at period end	6,994	7,343	6,994	7,343	7,259
Housing units in production for investors, no.					
Housing units in ongoing production at beginning of period	3,185	3,297	3,453	3,036	3,036
Housing starts in the period	406	247	532	720	2,103
Housing units recognised for profit in the period	-284	-558	-678	-770	-1,686
Housing units in ongoing production at period end	3,307	2,986	3,307	2,986	3,453

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

Key performance indicators at period end

	2019 30 Sep	2018 30 Sep	2018 31 Dec
Return on capital employed, % ^{1) 2) 3)}	9.7	12.4	12.8
Interest coverage ratio, multiple ¹⁾	10.9	8.8	11.1
Equity/assets ratio, %	29.9	28.1	34.9
Interest-bearing liabilities/total assets, %	31.2	29.6	28.3
Net debt ⁴⁾	7,331	6,195	5,542
Debt/equity ratio, multiple	1.0	0.9	0.8
Capital employed at period end ⁵⁾	14,798	13,696	13,332
Capital employed, average ⁶⁾	14,331	12,329	12,683
Capital turnover rate, multiple ¹⁾	1.1	1.1	1.1
Share of risk-bearing capital, %	30.0	28.6	35.0
Dividend, SEK per share			5.20
Average interest rate at period-end, % ⁷⁾	0.68	1.05	1.41
Average period of fixed interest, years ⁷⁾	0.1	0.2	0.2
Average interest rate at period-end, % ⁸⁾	1.15	1.31	1.30
Average period of fixed interest, years ⁸⁾	0.3	0.1	0.2

1) Calculated on rolling 12-month basis.

2) Return on capital employed, excluding effects of IFRS 16 Leases, was 9.8 per cent.

3) Excluding items affecting comparability.

4) Net debt as of 30 September 2019 excluding effects of IFRS 16 Leases, was SEK 7,104 M.

5) Capital employed at period end 30 September 2019, excluding effects of IFRS 16 Leases, was SEK 14,484 M.

6) Average capital employed as of 30 June 2019, excluding effects of IFRS 16 Leases, was SEK 14,116 M.

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

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

SIGNATURE

Stockholm, Sweden, 23 October 2019

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

Joachim Hallengren
President and CEO

For more information, please contact
Louise Tjeder, Investor Relations
louise.tjeder@bonava.com
Tel: +46 (0) 707 82 63 74

Auditor's Report

(Translation of the Swedish original)

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

INTRODUCTION

We have conducted a review of the financial Interim Report of Bonava AB (publ) as of 30 September 2019 and the nine-month period ending on this date. The Board of Directors and CEO are responsible for the preparation and presentation of this Interim Report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on the Interim Report based on our review.

FOCUS AND SCOPE OF THE REVIEW

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

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

CONCLUSION

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

Stockholm, 23 October 2019
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant

FINANCIAL CALENDAR

- Q4 Year-end Report Oct–Dec: 23 January 2020
- Annual General Meeting 2020 31, Mar 2020
- Q1 Interim Report Jan–Mar: 23 April 2020

CONTACT

Louise Tjeder, Investor Relations
louise.tjeder@bonava.com
Tel: +46 (0) 707 82 63 74

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 23 October 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: 23 October 2019, 10:00–11:00.

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

SE: +46 8 519 993 55

DE: +49 211 971 90 086

UK: +44 203 194 05 50

US: +1 855 269 26 05

The presentation will also be streamed live at bonava.com/audiocast_Q3. The presentation will be available for download from the website ahead of the presentation.