



January – September 2018

“Large housing shortage in
a continued cautious market.”



Summary of July – September

- Net sales for projects run entirely by SSM totaled 52.4 MSEK (104.1).
- Operating profit was 2.9 MSEK (124.9) and the operating margin was 5.5% (120.0). Operating profit for the corresponding quarter 2017 was impacted by 112.6 MSEK as a result of the partnership initiated with Partners Group.
- Cash flow from operating activities was -29.3 MSEK (-24.9).
- 24 pre-purchase agreements signed during the quarter.
- All 255 apartments in Turbinhallen and The Tube sold and occupied.
- Head of Business Development Erik Lemaitre joined Group Management Team.
- Housing concept enhanced by Urban Score index that indicates strategic direction and facilitates informed housing choices for home seekers.

Summary of January – September

- Net sales for projects run entirely by SSM totaled 221.1 MSEK (408.9).
- Operating profit was 12.2 MSEK (165.9) and the operating margin was 5.5% (40.6). Operating profit for the corresponding quarter 2017 was impacted by 112.6 MSEK as a result of the partnership initiated with Partners Group.
- Cash flow from operating activities was -0.5 MSEK (-257.1).
- 63 pre-purchase agreements signed during the period.
- Production started (entirely by SSM) for 270 rental units at Täby Turf and Sollentuna Quarters.
- Change in terms and conditions for bonds to enable production starts for projects with lower sales rates provided total number of apartments in production in the company amounts to at least 60%.
- An early consultation for Tellus Towers took place during the spring. A decision by the City Planning Administration from the early consultation is expected by the end of 2018 after which an ordinary consultation will take place.

Significant events after the balance sheet date

- Sale of Täby Turf rental project (176 units) to property company Willhem for 473.0 MSEK.
- Due to lack of commercial prerequisites, SSM has chosen not to enter into an agreement with Keyser Fastigheter regarding the acquisition of five industrial properties corresponding to 1,200 homes in the Greater Stockholm area.

Key ratios¹

(MSEK)	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2018	2017	2018	2017	2017/2018	2017
Net sales	52.4	104.1	221.1	408.9	328.3	516.2
Net sales JV	88.8	130.2	251.7	330.3	342.4	421.0
Gross profit	11.4	4.7	28.0	61.8	34.2	68.0
Operating profit	2.9	124.9	12.2	165.9	16.6	170.2
Earnings for the period	-4.6	115.9	-11.5	141.7	-14.0	139.2
Gross margin, percent	21.8	4.6	12.7	15.1	10.4	13.2
Operating margin, percent	5.5	120.0	5.5	40.6	5.0	33.0
Interest coverage ratio, times	0.5	11.1	0.7	5.2	0.7	4.1
Equity ratio, %	63.1	57.8	63.1	57.8	63.1	59.2
Return on equity, percent	-1.9	51.2	-1.6	29.8	-1.5	22.0
Earnings per share, before and after dilution, SEK	-0.12	2.95	-0.29	3.94	-0.36	3.78
Number of acquired building rights	-	520	100	1,540	1,020	1,935
Number of completed cooperative apartments	-	-	515	255	515	255
Number of production started cooperative apartments	-	-	-	204	-	204
Number of cooperative apartments in production	899	1,414	899	1,414	899	1,414
Accumulated number of sold cooperative apartments in production	867	1,373	867	1,373	867	1,371
Share sold cooperative apartments in production, %	96.4	97.1	96.4	97.1	96.4	97.0
Number of production started rental apartments	-	-	270	-	270	-
Number of rental apartments in production	270	-	270	-	270	-

¹ SSM's operations are not affected by clear seasonal variations. However, larger projects may be subject to a material effect on sales and profit/loss in individual quarters depending on when the projects are started and completed. This effect on sales and profit/loss should therefore be considered over a longer cycle.

CEO's comments



“Improved cash flow, reduced level of activity impacted results.”

“Urban Score shows strategic direction and makes it easier for the buyers to make informed housing choices.”

“In the last nine months, SSM has completed approximately 521 homes, all sold-out and occupied.”

Certain stabilization, although a still cautious market

The housing market is still cautious, although some stabilization has taken place. Prospective buyers visit open houses for our projects, although sales processes are longer. We can see that the ages and incomes of our buyers have risen, which is natural given the increased financial requirements for buying housing. By the end of the period, we had signed 63 pre-purchase agreements during the year, of which 24 were signed during the third quarter. The sales rate for homes in production was 96.4 percent at the end of the quarter. In October, SSM sold the Täby Turf rental project, which will offer 176 homes, to housing developer Willhem for 473.0 MSEK. SSM's long-term strategy is to produce 30 percent rental units, divided equally between projects managed entirely by SSM and partnerships with external investors.

Improved cash flow, reduced level of activity impacted results

Operating income decreased during the quarter and for the period as a whole, reflecting the current lower level of activity in the company's production. Profits were recognized primarily from the West Side Solna and Metronomen projects. Operating income during the corresponding period last year was significantly impacted by the joint venture with Partners Group that was initiated during the third quarter 2017. Operating margin decreased for the quarter and for the period as a result of lower gross profits and decreased participations in joint ventures. Cost-efficiency measures were introduced in both personnel and project management to improve margin development going forward. Cash flow from operations for the year improved, mainly as a result of the occupation of Turbinhallen and The Tube. Profits from Täby Turf will be recognized from Q1 2019. SSM's changed terms and conditions for bonds will continue to provide the company with the flexibility required to start individual projects at a lower sales rate going forward.

At the beginning of the year, SSM signed an exclusive LOI with Keyser Fastigheter AB to investigate the preconditions for acquiring five development projects deemed to have the potential to be developed into approximately 1,200 homes. The projects are located in Täby, Segeltorp, Sollentuna and Bromsten. In October, SSM chose to end negotiations since there were lack of commercial preconditions for completing the acquisitions.

Easier to make informed housing choices with Urban Score

SSM builds smart, affordable homes that target people age 20 to 44 with “normal” incomes. To keep our homes relevant and accessible to our target group, we constantly work to optimize our housing concept. In September, we launched Urban Score, a transparent index that ranks four relevant areas for our target group: communications, everyday services, community and well-being. In addition to making it easier for home seekers to make informed housing choices, it will also help align our strategy since SSM's goal is for all projects to have an Urban Score of higher than 75.

Well positioned for future growth

The housing market in the Greater Stockholm area is a paradox: There is a widespread housing shortage and low utilization of existing capacity while at the same time, there is a large supply of homes for sale. Amortization requirements, interest calculations at banks, capital gains taxes and a general shortage of rental apartments are clearly both locking in and locking out home seekers. It is my opinion that with our offering of affordable, space-efficient homes close to public transportation, SSM is well positioned given the ongoing calibration of the market. The success of our concept has also been confirmed by the fact that SSM has completed 521 cooperative apartments during the year, all of which have been sold and are now occupied.

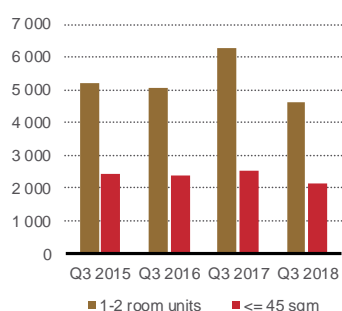
Mattias Roos
President & CEO

Housing market in Greater Stockholm

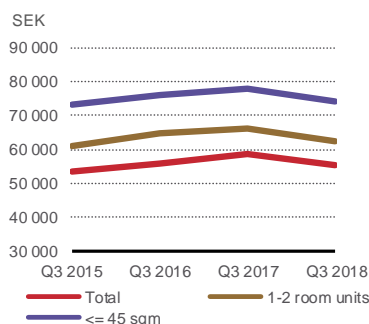
“There was an increase in prices for smaller cooperative units during the quarter, but it’s too early to say that the trend has shifted.”

Source: Svensk Mäklarstatistik, October 4, 2018

No. of sold cooperative apartments (1-2 room units) in Greater Stockholm area



Average price for cooperative apartments in Greater Stockholm area



Source: Svensk Mäklarstatistik, October 4, 2018

No clear trend in housing price development

According to SEB’s Swedish Housing Price Indicator from October 8, 2018, despite general expectations of an increase in housing prices in 2019, prices were unchanged at the beginning of the autumn. SEB further noted that household expectations have probably been impacted by continued reports about apartments that are difficult to sell, mainly in new housings, and that it is too early to predict whether prices will continue to go down or remain at the same level. Stockholmers remain the most cautious consumers when it comes to future price trends, which is natural considering the high level of prices for homes in the city as well as reports of slow sales and possible oversupply in certain segments.

On October 23, 2018, the Central Bank of Sweden announced that the repo rate would remain unchanged at -0.50 percent but also indicated that it would rise slowly towards the end of 2018 or beginning of 2019.

New financial requirements contribute to lower housing sales

According to Svensk Mäklarstatistik, a real estate consultancy, compared with the previous year, the number of one- and two-room apartments sold decreased during the third quarter as well as during the first nine months of the year. During the third quarter, the number of one- and two-room apartments sold was 4,606 (5,362) units and sales of homes of up to 45 square meters was 2 127 (2,538) units. The number of one and two-room apartments sold during the first nine months of the year, was 15,284 (17,399) units and homes of up to 45 square meters was 7,030 (7,979) units. The change is likely explained by the increased amortization requirements introduced on March 1, 2018 as well as the fact that the banks’ internal interest calculations have made it more difficult for people in Stockholm to finance their real estate purchases and enter the property market.

Stabilized price levels, slight increase in prices for smaller homes

According to Svensk Mäklarstatistik, average housing prices declined in Stockholm County in quarterly comparisons with the previous year. Prices for cooperative apartments in the Greater Stockholm area dropped by -5.7 percent to 55,307 SEK (58,638) per square meter compared with 2017. However, prices stabilized somewhat during the third quarter compared with the second quarter of 2018, increasing by 1.9 percent. Prices for one- and two-room apartments went down by -5.5 percent on an annual basis to 62,577 SEK (66,263) per square meter. Prices for cooperative apartments of up to 45 square meters dropped by -5.1 percent in a quarterly comparison to 74,137 SEK (78,137) per square meter. Prices for one- and two-room apartments and for homes of up to 45 square meters went up compared with the second quarter 2018, increasing 2.8 and 3.1 percent respectively. Due to market uncertainty, however, it is too early to predict trends in the housing market in Stockholm.



Project portfolio

OWNER ASSOCIATION WHERE PRODUCTION HAS STARTED

Project	Property	Floor area	Area	Schedule			Sales started		Booked		Sold		Sales rate ¹⁾
				Sales start	Start of production	Occupation	During Q3 2018	Total	During Q3 2018	Total ¹⁾	During Q3 2018	Total ¹⁾	
Turbinhallen ⁴⁾	205	12,871	Nacka	11/10/2015	Q4 2015	Q4 2017 - Q3 2018	-	205	-	-	-	205	100.0%
The Tube	50	2,354	Sundbyberg	10/04/2016	Q2 2016	Q1 2018 - Q3 2018	-	50	-	-	6	50	100.0%
West Side Solna ⁴⁾	252	11,906	Solna	15/10/2015	Q4 2015	Q3 2019 - Q1 2020	-	252	-	-	-	250	99.2%
Metronomen ⁴⁾	188	7,612	Telefonplan	29/05/2016	Q3 2016	Q1 2020 - Q4 2020	-	188	-	-	-	183	97.3%
Kosmopoliten	204	10,122	Kista	26/04/2017	Q2 2017	Q3 2021 - Q1 2022	-	204	-	-	-	182	88.7%
Total	899	44,865									6	870	96.8%

RENTALS WHERE PRODUCTION HAS STARTED

Täby Turf ²⁾	176	8,666	Täby		Q1 2018	Q4 2020 - Q1 2021							
Sollentuna Quarters ²⁾	94	5,070	Sollentuna		Q2 2018	2021							
Total	270	13,736											

PROPERTIES FOR SALE PRIOR TO PRODUCTION START

Project	Property	Floor area	Area	Schedule			Sales started		Booked		Sold		Sales rate ¹⁾
				Sales start	Start of production	Occupation	During Q3 2018	Total	During Q3 2018	Total ¹⁾	During Q3 2018	Total ¹⁾	
Sollentuna Hills	94	5,890	Sollentuna	21/05/2017	2019	2021	-	94	-4	5	10	29	30.9%
Platform West	109	4,901	Täby	31/05/2017	2019	2021	-	109	-	-	1	49	45.0%
Täby Market	90	4,198	Täby	28/09/2017	2020	2022	-	90	-1	8	-	-	n/a
Elverket i Nacka ⁴⁾	441	19,364	Nacka	05/10/2017	2019	2021 - 2022	-	441	-12	4	2	13	2.9%
Bromma Boardwalk	268	17,002	Mariehäll	18/10/2017	2018	2020 - 2021	-	268	-3	21	2	4	1.5%
Tentafabriken ⁴⁾	72	1,828	Sollentuna	26/10/2017	2019	2020	-	72	-7	8	3	3	4.2%
Total	1,074	53,183						1,074	-27	46	18	98	9.1%

PROJECT PORTFOLIO UNDER DEVELOPMENT

Project	Apts.	Floor area	Area	Schedule		
				Sales start	Start of production	Occupation
The Loft ^{2,4)}	120	2,968	Täby		2020	2021
Tellus Lamell ^{2,4)}	18	1,475	Telefonplan		2020	2023
Tellus Towers (78) ^{3,4)}	683	28,034	Telefonplan	2019	2020	2023
Tellus Towers (58) ^{3,4)}	533	22,165	Telefonplan	2019	2020	2023
Järila Station ⁴⁾	312	13,546	Nacka	2020	2021	2023
Clustret	370	19,000	Jakobsberg	2019	2020	2022
Spånga Studios	170	7,500	Spånga	2020	2020	2022
Bromma Tracks II	90	3,900	Bromma	2020	2020	2022
Urbaniten	250	12,700	Hägersten	2020	2020	2021
Wiking	150	7,000	Sollentuna	2020	2020	2022
Bromma Square ^{2,4)}	110	5,800	Bromma	2020	2020	2022
Bromma Square ⁴⁾	85	4,550	Bromma	2020	2021	2022
Bromma Square ⁴⁾	160	8,500	Bromma	2022	2023	2024
Akalla City	180	8,700	Akalla	2020	2020	2022
East Side Spånga	230	10,650	Spånga	2021	2021	2023
Järnet	240	11,550	Ulvsunda	2020	2021	2022
Älvsjö Quarters ²⁾	516	21,000	Älvsjö		2021	2024
Kandidaten ^{2,4)}	104	2,700	Bromma		2020	2021
Total	4,321	191,738				
Total 9/30/2018	6,564	303,522				

The information about each project in the table is in all material aspects the company's current assessment of each project in its entirety. These assessments and the final outcome of each project may change due to factors both within and beyond the company's control such as the design of detailed development plans, government decisions and market development as well as the fact that several of the projects are in the planning phase and the plan for each project may change.

¹⁾ Number of signed booking agreements (booked) or legally-binding pre-purchase agreements (sold) indicate sales as November 13, 2018. However, all key ratios are calculated on the balance sheet date, September 30, 2018.

²⁾ Rental units.

³⁾ The Tellus Towers project will be divided into cooperative apartments, rental units and hotel operations.

⁴⁾ Joint ventures. SSM conducts an active joint venture strategy that strives for an equal distribution of projects run as joint ventures and by SSM alone. SSM also participates in joint ventures to acquire building rights as well as to maintain a desired level of risk within the Group. At time being SSM has joint venture agreements with Partners Group (Tellus Towers, Järila Sjö and Metronomen), Alecta (West Side Solna), Profi Fastigheter (Turbinhallen and Bromma Square), Studentbacken (The Loft and Kandidaten) and Libu Invest (Elverket i Nacka). At the end of the quarter 50.0 percent of SSM's building rights were within the framework of joint venture agreements.

Project portfolio

“In October, the Täby rental project was sold for 473.0 MSEK.”

SSM’s vision is to create a housing market with room for as many people as possible. To achieve this, the company produces homes with different forms of tenancy that people with normal incomes or on student allowances can afford. SSM’s homes are primarily smart one- and two-room apartments located outside the city, close to public rail transport, in line with the target group’s preferences. The company’s long-term goal is to produce 60 percent cooperative apartments, 30 percent rental units and 10 percent student housing.

At the end of the quarter, there were 6,564 building rights in the project portfolio. The portfolio increased by 25 building rights during the period due to project optimization.

All of the homes in the Turbinhallen and The Tube projects have been sold and tenants moved in during the third quarter. Both projects will be completed in the fourth quarter.

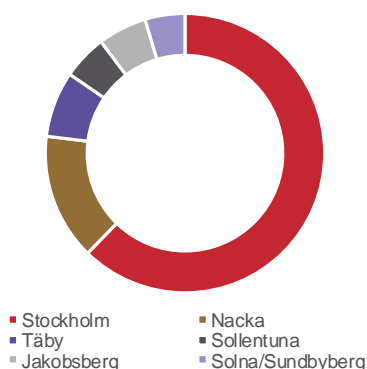
During the first nine months of the year, SSM started production of 270 apartments, all of which are rental units within the framework of the Täby Turf and Sollentuna Quarters projects. The other three projects in production are West Side Solna, Metronomen and Kosmopoliten, which together include 644 cooperative apartments. Of the three, West Side Solna is closest to completion and tenants are expected to move in during the third quarter 2019.

On October 15, the Täby Turf rental project was sold to property company Willhem for 473.0 MSEK. Tenants are expected to move in during the fourth quarter 2020.

At the end of the period, SSM had signed 63 pre-purchase agreements, 24 of which were signed during the third quarter. Sales were primarily in Sollentuna Hills and The Tube. The sales rate for SSM’s homes in ongoing production was 96.4 percent at the end of the quarter.

Of the 5,395 building rights in the portfolio where production has not started, 78.2 percent are currently intended to be developed into cooperative apartments and the remaining 21.8 percent will be developed into rental units. An additional approximately 1,000 building rights that today are planned to be developed into cooperative apartments may be converted into rental apartments. These rental apartments will still contribute positively to the company’s results after conversion.

Building rights, by municipality



Current projects

Täby Turf (Täby), which is based on a land allocation from the Municipality of Täby and part of the new Täby Park area, will offer 176 rental apartments. The property is attractively located near Täby Centrum and 400 m from the Galoppfältet light rail station. It will feature a fresh design with buildings that vary in height and feature brick and plaster facades. The total floor space of the project is 8,666 m² and the apartments are one- to three-room units of 35 to 70 m² of which 85 percent are one- and two-room units of 35 to 48 m². The project also includes three commercial premises and a preschool. Construction is expected to start in the first quarter 2019, with the first tenants moving in during the fourth quarter 2020. On October 15, 2018, SSM sold the project to property company Willhem.

täby turf



metronomen

Metronomen (Telefonplan) offers 188 cooperative apartments, of which 91 percent are one- and two-room units of 29 to 63 m², each with a private balcony. Social spaces include a shared rooftop terrace. The property is located in a lively urban area under extensive development that is home to the Konstfack University College of Arts, Crafts and Design and the Hyper Island college. The project had a sales rate of 97.3 percent at the end of the quarter. The first tenants are expected to move in during the first quarter 2020. Three buyers have taken legal action to terminate their pre-purchase agreements in the project. The housing association's position is that the agreements are legally binding. The project is a joint venture between SSM and Partners Group.

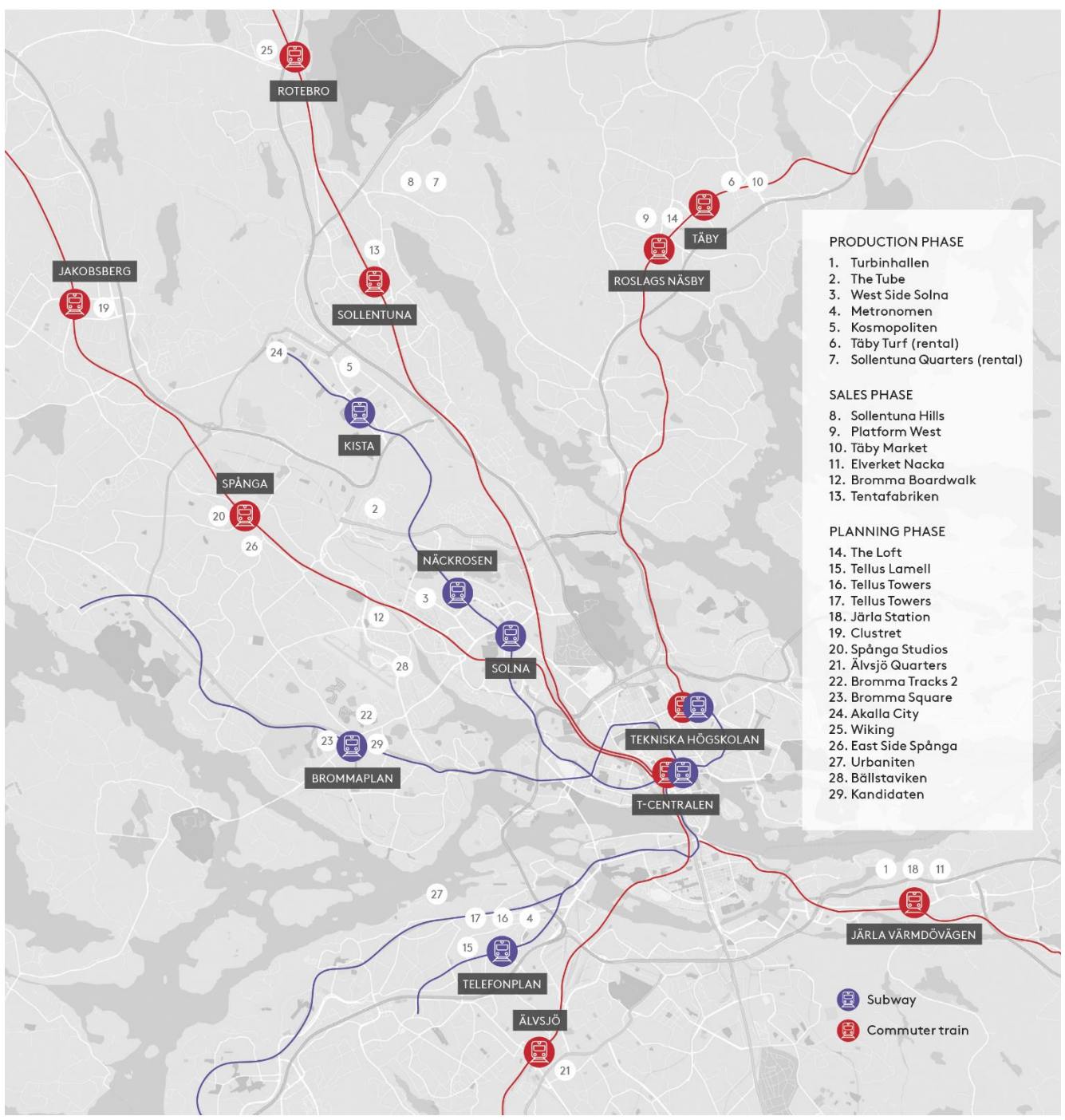
West Side Solna is made up of 252 centrally-located cooperative apartments near the subway, shopping and the Ulvsundasjön lakefront. The buildings will be six to eight stories high. The apartments will be one- to four-room units between 23 and 97 m², of which 91 percent will be one- and two-room units of 23 to 56 m². The total floor space of the project is 11,906 m². Most units will have a private balcony and shared spaces include a terrace and an outdoor pool. On the lower floors, there is space for cafés and stores. The project had a sales rate of 98.4 percent as at September 30, 2018 and tenants are expected to start moving in during Q3 2019. 55 buyers have taken legal action to terminate their pre-purchase agreements in the project. The housing association's position is that the agreements are legally binding. On October 3, the housing association submitted its defense to 54 buyers to the Stockholm District Court.

west side solna



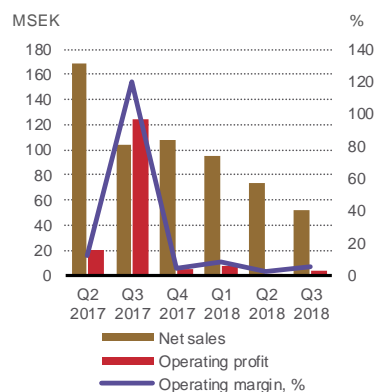
Project portfolio

All of SSM's housing projects share a geographic criterion: they are located within a comfortable distance of a metro or commuter train station. This is fully in line with demand in the company's target group – the urbanites of tomorrow.



Comments on the results

Net sales, operating profit, operating margin



July – September 2018

Net sales and profit/loss

Net sales in the Group totaled 52.4 MSEK during the quarter (104.1). The drop in sales was due to the lower number of SSM's own projects in production and reduced activity in ongoing production. Sales refer to the projects The Tube and Kosmopoliten and the construction contract for the Turbinhallen joint venture project. The gross margin during the quarter was 21.8 MSEK (4.6). The considerably higher gross margin between the periods was chiefly due to the positive net for other income and expenses compared with the low sales recognized for projects run entirely by SSM.

The cost of sales and administration went down to -13.7 MSEK (-18.1). The previous quarter included items affecting comparability of -6.6 MSEK for costs related to the option program and the IPO and a positive item of 4.4 MSEK for overcapitalization that was reversed in the fourth quarter 2017, with a net of -2.2 MSEK. Measures aimed at gradually reducing costs were implemented in the first six months of 2018, which has generated cost savings during the quarter. These include a general reduction in the number of consultants in SSM's production unit and reduced development costs for projects that are not yet in production.

Participations in joint ventures amounted to 2.4 MSEK (15.3). The reduced participations during the period are mainly due to the lower number of projects in production and reduced activity in ongoing production. Participations primarily refer to the West Side Solna project. Joint venture projects are accounted for using the equity method, which means that revenues are not recognized in the consolidated accounts but only in SSM's share of the profit. See also Note 5 for summaries of the income statement and balance sheet for the joint ventures.

Other operating income was 2.8 MSEK (122.9). During the period, other operating income comprises a reversal of the profit elimination recognized in the balance sheet for the Metronomen project. Of the comparative period's revenue, 112.6 MSEK constitutes the initial impact on the profit from the Partners Group transaction in connection with the establishment of the JV.

The Group's operating profit for the quarter was 2.9 MSEK (124.9), mainly as a result of lower participations in joint ventures and other operating income according to the independent variables provided earlier. The operating margin was 5.5 percent (120.0). The operating profit for the comparative period, adjusted for the impact on the profit from the establishment of the joint venture with Partners Group of -112.6 MSEK and items affecting comparability of 2.2 MSEK net, was 14.5 MSEK. Consequently, the adjusted operating margin for the comparative period amounted to 13.9 percent.

The loss for the quarter was -4.6 MSEK (profit: 115.9) and in addition to the above, it was affected by a lower net financial expense of -7.6 MSEK (-8.8) and tax income for the quarter of 0.1 MSEK (expense: -0.3).



January – September 2018

Net sales and profit/loss

Net sales in the Group totaled 221.1 MSEK during the period (408.9). The drop in sales was due to fewer projects in production and reduced activity in wholly-owned projects. The gross margin during the period was 12.7 percent (15.1). The decreased gross margin was due to the reduced margin on projects run entirely by SSM that were recognized between the periods.

The cost of sales and administration dropped to -37.7 MSEK (-55.1). The previous year included items affecting comparability of -16.8 MSEK for costs related to the IPO and the option program and a positive item of 4.4 MSEK for overcapitalization that was reversed in the fourth quarter of 2017, -12.4 MSEK net. Measures aimed at gradually reducing costs were implemented in the first six months of 2018, which has generated cost savings during the year. These include a general reduction in the number of consultants in SSM's production unit and reduced development costs for projects that are not yet in production.

Participations in joint ventures amounted to 8.4 MSEK (36.2). The reduced participations during the period are due to higher forecasted costs for the Metronomen project of -13.1 MSEK, and otherwise due to the smaller number of projects in production and reduced activity in SSM's ongoing production. See also Note 5 for summaries of the income statement and balance sheet for the joint ventures.

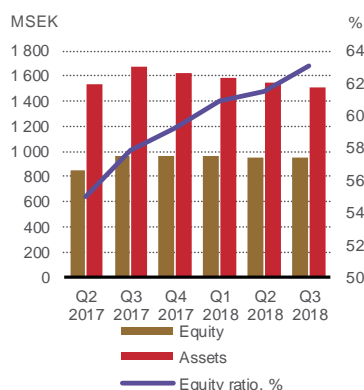
Other operating income was 13.4 MSEK (122.9). During the period, an additional deduction for the future earn-out for the transfer of the Tellus Towers project to the joint venture with Partners Group was made, of which 6.8 MSEK was recognized as income in the second quarter. Otherwise, other operating income comprises a reversal of the profit elimination recognized in the balance sheet for the Metronomen project. Of the comparative period's revenue, 112.6 MSEK constitutes the initial impact on the profit from the Partners Group transaction in connection with the establishment of the JV.

The Group's operating profit for the quarter was 12.2 MSEK (165.9), chiefly due to the lower gross profit, participations in joint ventures and other income according to the independent variables provided earlier. The operating margin was 5.5 percent (40.6). The operating profit for the comparative period, adjusted for the impact on the profit from the establishment of the joint venture with Partners Group of -112.6 MSEK and items affecting comparability of 12.4 MSEK net, was 65.7 MSEK. Consequently, the adjusted operating margin for the comparative period totaled 16.1 percent.

The loss for the period was -11.5 MSEK (profit: 141.7). The net financial expense was -23.1 MSEK (-23.9) while the tax expense between the quarters was -0.6 MSEK (-0.3).

Financial position, investments and cash flow

Equity, balance sheet total and debt/equity ratio



Total assets and equity

On the balance sheet date, SSM had 6,564 building rights (6,427) in its project portfolio. Of these, 1,169 were homes (1,414) in production. The sales rate for cooperative apartments in production was 96.4 percent (97.1). The value of unsold homes in production was 94.6 MSEK at the end of the quarter. These are expected to be completed between 2019 and 2022 based on current production planning.

Capital tied up in project properties, completed homes, joint ventures and claims on joint ventures totaled 932.0 MSEK (835.8) on September 30, 2018. The increase between the periods is mainly due to an increase in the number of building rights. The reduced capital tied up for holdings in joint ventures is due to dividends from the Turbinhallen project. The increase on the asset side of the balance sheet was 162.3 MSEK higher compared with September 30, 2017. The Group's equity was SEK 951.0 MSEK (965.5) on the balance sheet date and the debt/equity ratio was 63.1 percent (57.8), giving SSM a stable financial position.

Financing and debt

SSM's operations are capital intensive and access to capital is a basic condition required to develop the Group further. In addition to equity, the Group currently uses two external sources of funding: bonds and loans from credit institutions. The Group's interest-bearing liabilities totaled 492.6 MSEK (555.1) on the balance sheet date, of which the bond loan accounted for 395.7 MSEK (392.8). Cash and cash equivalents amounted to 334.0 MSEK (333.2) on September 30, 2018. In addition, the company has access to unused credit facilities of 20.0 MSEK (20.0).

Cash flow

Cash flow from operating activities was -0.5 MSEK (-257.1) from January to September 2018 and -29.3 MSEK (-24.9) during the quarter. The neutral cash flow in the current accumulated period is mainly attributable to dividends received from the Turbinhallen joint venture project and a reduction of the Group's current receivables from housing associations. Cash flow from investment activities was 24.7 MSEK (-19.5) in the accumulated period, largely due to repayments from the Turbinhallen joint venture project.

Terms and conditions of the bond loan

On June 20, 2018, SSM obtained the bondholders' consent to amend the project undertaking in the terms and conditions of the bond such that SSM may start the production of a project if the sales rate for all SSM's cooperative apartments in production amounts to at least 60 percent. If SSM cannot reach this threshold, the company may still initiate the production of projects if binding pre-purchase agreements have been signed for at least 50 percent of all cooperative apartments in the relevant project.

Seasonal variations

SSM's operations are affected by seasonal variations to a minor degree. However, major projects may have a material effect on sales and profit/loss in individual quarters, depending on when the projects are commenced and completed. This effect on sales and profit/loss should therefore be considered over a longer cycle.

Parent Company

The Parent Company had limited operations in the period January to September 2018 and the comparative period alike. The loss for the period was -1.0 MSEK (-17.2).

Assets chiefly comprise participations in and receivables from Group companies, which amounted to 929.9 MSEK (792.7) at the end of the period. Equity was SEK 596.2 MSEK (578.9) on the balance sheet date.

The Parent Company had 3 employees (3) at the end of the period, one of which was the President & CEO.

Employees

The average number of employees in the Group was 70 people (71) during the quarter, of which 24 (27) were women. For the period January to September 2018, the average number of employees was 71 people (69), of which 26 (26) were women. The number of employees is related to production volumes. Since the fourth quarter 2017, SSM has gradually decreased its use of consultants and a greater share of work within SSM's project unit has been carried out by SSM's own staff.

Transactions between related parties

During the quarter, SSM did not engage in any material transactions with related parties, except for customary transactions between Group companies and joint ventures. These transactions were carried out on market terms.

Risks and uncertainties

SSM's operations are affected by a number of external factors, the effects of which on the results and financial position can be controlled to a varying degree. When assessing the future development of the Group, it is important to consider risk factors alongside opportunities for profit growth.

The main risks to which the Group's operations are exposed include strategic risks such as macroeconomic developments and reduced demand for housing as well as operational risks such as price and project risks. SSM is also exposed to a number of financial risks including risks relating to the Group's liquidity and debt financing. The objective of the Group's risk management is to identify, measure, control and limit risks in its operations. SSM has a stable financial position and good banking relationships.

More information about the company's risk management is provided on pages 71–73 of SSM's Annual Report 2017 as well as in Note 15.



Shares and share capital

The company's registered share capital on the balance sheet date was 39.3 MSEK divided into a total of 39,252,542 registered shares. There is one share class in the company and each share has a quota value of 1 SEK (1).

At the end of the period, shares corresponding to 68.9 percent of the capital and votes in the company were held by Eurodevelopment Holding AG. No other owner held more than 10.0 percent of the capital and votes.

Significant events after the reporting period

Sale of Täby Turf

On October 15, SSM carried out an investor transaction, whereby the rental project Täby Turf, comprising 176 homes, was sold to the property company Wilhelm. The selling price was 473.0 MSEK, and it is expected that the revenue will be recognized in the period from the first quarter 2019 to the first quarter 2021. Tenants are expected to start moving in during the fourth quarter 2020.

Termination of negotiations to acquire five industrial properties

In the first quarter 2018, SSM announced that it had signed an exclusive letter of intent with Keyser Fastigheter AB with the purpose of investigating the preconditions for acquiring five development projects deemed to have the potential to be developed into approximately 1,200 homes. The projects are located in Täby, Segeltorp, Sollentuna and Bromsten. Due to lack of commercial preconditions, SSM has chosen not to enter into an agreement with Keyser Fastigheter regarding the acquisition of five industrial properties corresponding to 1,200 homes in the Greater Stockholm area.



The Group's statement of comprehensive income

(MSEK)	Not	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
		2018	2017	2018	2017	2017/2018	2017
Net sales	4	52.4	104.1	221.1	408.9	328.3	516.2
Expenses for production and management		-41.0	-99.3	-193.1	-347.2	-294.1	-448.2
Gross profit		11.4	4.7	28.0	61.8	34.2	68.0
Sales and administration expenses		-13.7	-18.1	-37.7	-55.1	-56.4	-73.8
Earnings from joint ventures	5	2.4	15.3	8.4	36.2	21.8	49.5
Other income		2.8	122.9	13.4	122.9	17.0	126.5
Operating profit		2.9	124.9	12.2	165.9	16.6	170.2
Financial income		2.3	2.7	9.4	9.9	12.8	13.3
Financial expenses		-10.0	-11.6	-32.5	-33.8	-43.0	-44.2
Net financial items		-7.6	-8.8	-23.1	-23.9	-30.2	-31.0
Pre-tax profit		-4.7	116.1	-10.9	141.9	-13.6	139.2
Tax		0.1	-0.3	-0.6	-0.3	-0.4	-0.1
EARNINGS FOR THE PERIOD		-4.6	115.9	-11.5	141.7	-14.0	139.2
Profit attributable to							
Parent company shareholders		-4.6	115.9	-11.5	141.7	-14.1	139.1
Minority interest		-0.1	0.0	-0.0	0.0	-	0.0
PROFIT FOR THE PERIOD		-4.6	115.9	-11.5	141.7	-14.0	139.2
Earnings per share, before and after dilution (SEK)		-0.12	2.95	-0.29	3.94	-0.36	3.78
Number of shares at end of period		39,252,542	39,252,542	39,252,542	39,252,542	39,252,542	39,252,542
Average number of shares during the period		39,252,542	39,252,542	39,252,542	36,000,540	39,252,542	36,820,223

In the Group, there are no items reported under Other comprehensive income which is why total comprehensive income is the same as the profit for the period.



The Group's statement of financial position

(MSEK)	30/09/2018	30/09/2017	31/12/2017
ASSETS			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Software	2.2	0.7	0.9
Total intangible assets	2.2	0.7	0.9
<i>Tangible assets</i>			
Machinery and equipment	0.3	0.4	0.5
Total tangible assets	0.3	0.4	0.5
<i>Financial assets</i>			
Participations in joint ventures	170.5	265.5	206.8
Receivables from joint ventures	238.9	293.7	212.5
Other long-term receivables	146.6	197.8	135.2
Total financial assets	556.1	757.0	554.5
Total fixed assets	558.6	758.0	555.9
<i>Current assets</i>			
<i>Inventories</i>			
Warehouse property	494.3	276.7	396.8
Completed homes	-	-	31.1
Total inventories	494.3	276.7	427.9
<i>Other current assets</i>			
Accounts receivable	16.5	51.5	19.3
Recognized, non-invoiced revenue	59.3	43.2	70.9
Receivables from joint ventures	28.1	-	131.2
Tax receivables	0.9	1.2	0.5
Other receivables	8.9	196.7	101.5
Prepaid costs and accrued income	6.7	9.1	8.7
Liquid funds	334.0	333.2	310.2
Total current assets	948.8	911.6	1,070.1
TOTAL ASSETS	1,507.3	1,669.6	1,626.0



The Group's statement of financial position, cont.

(MSEK)	30/09/2018	30/09/2017	31/12/2017
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	39.3	39.3	39.3
Paid-up capital	506.5	506.9	506.5
Profit brought forward	405.2	419.3	416.8
Equity attributable to Parent Company shareholders	951.0	965.5	962.6
Minority interest	0.0	0.0	0.0
Total equity	951.0	965.5	962.6
<i>Liabilities</i>			
<i>Long-term liabilities</i>			
Bond issues	395.7	392.8	393.5
Liabilities to credit institutions	85.8	162.3	97.1
Other long-term liabilities	-	0.4	0.7
Provisions	10.1	12.3	12.5
Deferred tax liabilities	0.5	0.5	0.5
Total long-term liabilities	492.1	568.3	504.3
<i>Current liabilities</i>			
Liabilities to joint ventures	0.1	0.1	0.1
Liabilities to credit institutions	11.1	-	-
Accounts payable – trade	18.9	58.1	66.8
Provisions	2.0	4.6	4.3
Current tax liabilities	2.5	2.8	2.0
Other liabilities	6.8	50.5	59.1
Accrued costs and prepaid income	22.8	19.8	26.8
Total current liabilities	64.2	135.8	159.1
TOTAL EQUITY AND LIABILITIES	1,507.3	1,669.6	1,626.0



The Group's statement of changes in equity

(MSEK)	Attributable to Parent Company shareholders					
	Share capital	Other paid-in capital	Profit brought forward	Total	Minority interest	Total equity
Equity, January 1, 2017	30.1		271.2	301.3	0.0	301.3
Profit						
Profit this period			141.7	141.7	0.0	141.7
Total profit			141.7	141.7	0.0	141.7
Transactions with shareholders						
New issue at IPO	9.2	530.9		540.1		540.1
Transaction costs in connection with IPO		-24.1		-24.1		-24.1
Share-based payments			6.5	6.5		6.5
Total transactions with shareholders	9.2	506.8	6.5	522.5	-	522.5
EQUITY, SEPTEMBER 30, 2017	39.3	506.8	419.3	965.4	0.0	965.4
Equity, January 1, 2017	30.1		271.2	301.3	0.0	301.3
Profit						
Profit for the year			139.1	139.1	0.0	139.2
Total profit			139.1	139.1	0.0	139.2
Transactions with shareholders						
New issue at IPO	9.2	530.8		540.0		540.0
Transaction costs in connection with IPO		-24.3		-24.3		-24.3
Share-based payments			6.5	6.5	-	6.5
Total transactions with shareholders	9.2	506.5	6.5	522.1	-	522.1
EQUITY, DECEMBER 31, 2017	39.3	506.5	416.8	962.5	0.1	962.6
Equity, January 1, 2018	39.3	506.5	416.8	962.5	0.1	962.6
Profit						
Profit this period			-11.6	-11.6	-	-11.6
Total profit			-11.6	-11.6	-	-11.6
Transactions with shareholders						
Total transactions with shareholders	-	-	-	-	-	-
EQUITY, SEPTEMBER 30, 2018	39.3	506.5	405.1	950.9	0.1	951.0

The Group's cash flow statement

(MSEK)	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2018	2017	2018	2017	2017/2018	2017
<i>Cash flow from current activities</i>						
Operating profit before financial expenses	2.9	124.9	12.2	165.9	16.6	170.2
Items not affecting liquidity	-2.1	-123.2	-15.5	-119.2	-13.6	-117.2
Recognized profits in joint ventures	-2.4	-15.3	-8.4	-36.2	-21.8	-49.5
Received dividend from joint ventures	5.0	-	87.2	-	129.2	42.0
Received interest	0.1	-0.1	1.7	-	2.2	0.5
Paid interest	-9.2	-10.7	-30.4	-31.0	-41.4	-42.0
Paid income taxes	0.4	0.2	-0.1	-0.5	-0.3	-0.6
Cash flow before changes in operating capital	-5.4	-24.2	46.7	-20.9	70.9	3.3
<i>Cash flow from changes in operating capital</i>						
Decrease/increase in property projects	-13.3	-151.9	-54.9	-276.1	-55.9	-277.1
Decrease/increase in accounts receivables	5.5	-8.3	2.8	-22.2	35.0	10.1
Decrease/increase in other current receivables	26.3	147.2	111.3	73.3	89.2	51.2
Decrease/increase in supplier liabilities	-17.6	-3.6	-47.8	14.7	-86.0	-23.4
Decrease/increase in current liabilities	-24.8	15.8	-58.6	-26.0	4.0	36.5
Total change in operating capital	-23.9	-0.7	-47.2	-236.1	-13.7	-202.7
CASH FLOW FROM CURRENT ACTIVITIES	-29.3	-24.9	-0.5	-257.1	57.2	-199.3
<i>Cash flow from investment activities</i>						
Investments in intangible assets	-0.7	-0.1	-1.7	-0.1	-2.5	-0.8
Investments in tangible assets	-	-0.0	-	-0.0	-0.4	-0.5
Investments in financial assets	-9.2	-93.4	-59.8	-160.4	-87.6	-188.2
Decrease of financial assets	-0.0	102.7	86.2	141.0	99.8	154.6
Cash flow from investment activities	-9.9	9.2	24.7	-19.5	9.2	-34.9
<i>Cash flow from financing activities</i>						
Capital contributions	-	-0.0	-	516.0	-0.4	515.7
Increase in long-term liabilities	-	0.4	-	29.8	35.1	64.9
Amortization of long-term liabilities	-	-	-0.3	-	-100.3	-100.0
Cash flow from financing activities	-	0.4	-0.4	545.9	-65.6	480.6
Decrease/increase in liquid funds	-39.2	-15.3	23.8	269.3	0.8	246.3
Liquid funds, opening balance	373.2	348.5	310.2	63.9	333.2	63.9
LIQUID FUNDS AT THE END OF THE PERIOD	334.0	333.2	334.0	333.2	334.0	310.2



Parent Company's statement of comprehensive income

(MSEK)	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2018	2017	2018	2017	2017/2018	2017
Net sales	5.3	5.0	15.3	15.0	21.6	21.3
Gross profit	5.3	5.0	15.3	15.0	21.6	21.3
Sales and administration costs	-8.7	-11.1	-21.6	-32.7	-29.7	-40.9
Operating profit	-3.4	-6.1	-6.3	-17.7	-8.2	-19.6
Earnings from Group companies	-	-	-	-	20.0	20.0
Interest income and similar profit/loss items	14.8	9.1	31.9	27.2	41.5	36.8
Interest expenses and similar profit/loss items	-8.9	-9.1	-26.6	-26.7	-35.6	-35.7
Profit after financial items	2.4	-6.1	-1.0	-17.2	17.7	1.4
Tax	-	-	-	-	0.0	0.0
PROFIT FOR THE PERIOD	2.4	-6.1	-1.0	-17.2	17.7	1.4

In the Parent Company, there are no items reported under Other comprehensive income which is why total comprehensive income is the same as the profit for the period.



Parent Company's statement of financial position

(MSEK)	30/09/2018	30/09/2017	31/12/2017
ASSETS			
<i>Fixed assets</i>			
Participations in Group companies	472.3	92.3	472.3
Receivables from Group companies	457.6	700.4	402.8
	3.0	3.0	3.0
Total fixed assets	932.9	795.7	878.1
<i>Current assets</i>			
Receivables from Group companies	32.0	67.0	51.4
Tax receivables	0.2	0.1	0.2
Other assets	1.3	0.2	-
Prepaid expenses and accrued revenue	16.8	15.0	1.8
Cash and bank balances	21.4	108.8	80.6
Total current assets	71.6	191.0	134.1
TOTAL ASSETS	1,004.5	986.7	1,012.2
(MSEK)	30/09/2018	30/09/2017	31/12/2017
EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital	39.3	39.3	39.3
Share premium	506.5	506.9	506.5
Share-based payments	4.6	4.6	4.6
Unrestricted equity	46.8	45.4	45.4
Profit/loss for the period	-1.0	-17.2	1.4
Total equity	596.2	578.9	597.2
<i>Long-term liabilities</i>			
Other long-term liabilities	395.7	392.8	393.5
Total long-term liabilities	395.7	392.8	393.5
<i>Current liabilities</i>			
Liabilities to Group companies	-	3.2	-
Accounts payable – trade	2.4	0.2	3.0
Other liabilities	0.8	0.6	4.9
Accrued expenses and prepaid liabilities	9.4	11.0	13.7
Total current liabilities	12.6	15.0	21.5
TOTAL EQUITY AND LIABILITIES	1,004.5	986.7	1,012.2



Parent Company's changes in equity

(MSEK)	Restricted equity		Unrestricted equity	
	Share capital	Paid-in capital	Profit brought forward	Total equity
Equity, January 1, 2017	30.1		45.4	75.5
Profit				
Profit this period			-17.2	-17.2
Total profit			-17.2	-17.2
Transactions with shareholders				
New issue at IPO	9.2	530.9		540.1
Transaction costs in connection with IPO		-24.1		-24.1
Share-based payments			4.6	4.6
Total transactions with shareholders	9.2	506.8	4.6	520.6
EQUITY, SEPTEMBER 30, 2017	39.3	506.8	32.8	578.9
Equity, January 1, 2017	30.1		45.4	75.5
Profit				
Profit for the year			1.4	1.4
Total profit			1.4	1.4
Transactions with shareholders				
New issue at IPO	9.2	530.8		540.0
Transaction costs in connection with IPO		-24.3		-24.3
Share-based payments			4.6	4.6
Total transactions with shareholders	9.2	506.5	4.6	520.3
EQUITY, DECEMBER 31, 2017	39.3	506.5	51.4	597.2
Equity, January 1, 2018	39.3	506.5	51.4	597.2
Profit				
Profit this period			-1.0	-1.0
Total profit			-1.0	-1.0
Transactions with shareholders				
Total transactions with shareholders	-	-	-	-
EQUITY, SEPTEMBER 30, 2018	39.3	506.5	50.4	596.2



Parent Company's cash flow statement

(MSEK)	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2018	2017	2018	2017	2017/2018	2017
<i>Cash flow from current activities</i>						
Operating profit before financial expenses	-3.4	-6.1	-6.3	-17.7	-8.2	-19.6
Items not affecting liquidity	-	4.6	-	4.6	-	4.6
Received interest	14.8	9.1	31.9	27.2	41.5	36.8
Paid interest	-8.2	-8.4	-24.5	-24.5	-32.7	-32.8
Paid income taxes	0.0	-0.0	0.0	-0.0	-0.1	-0.1
Cash flow before changes in operating capital	3.2	-0.8	1.2	-10.5	0.4	-11.2
<i>Cash flow from changes in operating capital</i>						
Decrease/increase in other current receivables	17.8	-27.2	3.3	-33.5	32.1	-4.6
Decrease/increase in supplier liabilities	0.0	-0.0	-0.6	-1.7	2.2	1.2
Decrease/increase in current liabilities	-5.5	2.7	-8.3	0.9	-4.6	4.6
Total change in operating capital	12.3	-24.5	-5.7	-34.3	29.8	1.2
CASH FLOW FROM CURRENT ACTIVITIES	15.5	-25.3	-4.5	-44.8	30.2	-10.1
<i>Cash flow from investment activities</i>						
Investments in financial assets	-37.7	-92.1	-54.8	-372.7	-117.2	-435.2
Cash flow from investment activities	-37.7	-92.1	-54.8	-372.7	-117.2	-435.2
Capital contributions	-	-	-	516.0	-0.4	515.7
Increase in long-term liabilities	-	-	-	-	-	-
Cash flow from financing activities	-	-	-	516.0	-0.4	515.7
Decrease/increase in liquid funds	-22.2	-117.4	-59.3	98.5	-87.4	70.4
Liquid funds, opening balance	43.6	226.2	80.6	10.2	108.8	10.2
LIQUID FUNDS AT THE END OF THE PERIOD	21.4	108.8	21.4	108.8	21.4	80.6

Note 1 General Information

SSM Holding AB (publ), corporate identity no. 556533-3902, is the Parent Company of the SSM Group. SSM has its registered office in Stockholm at Torsgatan 13, 111 23 Stockholm, Sweden. The operations of the Parent Company comprise Group-wide functions and the organization of the CEO and administrative staff. The organization of project and property management is performed by the Group's subsidiaries. The Parent Company does not directly own property. SSM acquires, develops, sells and produces residential property in the Greater Stockholm area. All amounts are reported as MSEK unless otherwise stated. Figures in parentheses are for the previous year.

Note 2 Accounting policies

Basis for preparing the reports

SSM Holding AB (publ) applies IFRS (International Financial Reporting Standards) as adopted by the European Union, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. This interim report was prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The same accounting policies and methods of calculations were used in this interim report as in the latest Annual Report.

Important estimates and assessments

For information on important estimates and assessments made by the company management when preparing the consolidated financial statements, see Note 2 in SSM's Annual Report 2017.

Effects of new IFRS standards

IFRS 9, Financial instruments, is effective as of January 1, 2018. The new standard includes principles for the classification and valuation of financial assets and liabilities, depreciation of financial instruments and hedge accounting. Earlier analysis has shown that the application of IFRS 9 will not have a material impact on the company's financial reporting.

IFRS 15, Revenue from Contracts with Customers, was applied from January 1, 2018 and it is a new regulation for assessing undertakings and transaction prices as well as when a company shall recognize revenue. SSM has carefully analyzed the Group's project development agreements with housing associations to assess how revenue from the project development of residential properties should be recognized. According to SSM's assessment, agreements concluded with housing cooperatives shall be recognized as combined agreements, as pricing and risks are regarded as a whole and considered to constitute a distinct performance undertaking. Since SSM builds properties that are owned and controlled by the housing association during the project, the assessment is that revenue should be recognized over time. This means that in all material aspects, for the total revenue from the project development, i.e. the sale of land and construction, the same principles are used for the percentage of completion method as those used earlier. For this reason, SSM will not apply IFRS 15 retroactively and will therefore not recalculate comparative figures in its 2018 financial reports.

Revenue recognition of housing development

In April 2018, Nasdaq Stockholm AB (the Exchange) posed questions to several listed housing developers regarding the introduction of IFRS 15 Revenue from Contracts with Customers and the grounds for the assessment of whether housing associations are independent or not. SSM submitted its responses to the Exchange's questions at the beginning of May. Since then, the Stock Exchange has posed additional questions, which have also been answered. On October 9, the Exchange sent the listed housing developers a joint letter, according to which the Exchange had concluded that the housing associations could not be considered independent. Consequently, the individual purchaser of a cooperative apartment is considered to be the customer rather than the housing association. According to the Exchange, revenue shall therefore be recognized at a single point in time, not over time (i.e. not according to the percentage of completion). Before the Exchange makes its final decision, it will request the opinion of the affected companies. The effect of a potential recalculation has not yet been established.

IFRS 16, Leases, will be effective for the financial year starting on January 1, 2019. The standard will replace IAS 17 Leases and associated interpretations. The standard requires that assets and liabilities attributable to all leases, with some exceptions, be recognized in the balance sheet.

This accounting principle is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time has an obligation to pay for this right. The Group has initiated an evaluation of the effects of IFRS 16 and an analysis of the effects on the company's financial reporting is expected to be completed during 2018.

Note 3 Financial instruments – fair value

Information on the fair value of lending and borrowing. The carrying amounts and fair values of non-current borrowing are as follows:

The fair value of current borrowing corresponds to its carrying value since the discount is not significant. Fair values are based on discounted cash flows using a discount rate corresponding to the estimated effective interest rate for alternative borrowings and classified in Level 2 of the fair value hierarchy, see the note Financial instruments per category in the Annual Report. The difference between the carrying amount and the fair value consists of the transaction costs related to each loan, accrued over the duration of the loan.

There were no transfers between levels or valuation categories in the period.

Reported value	30/09/2018	30/09/2017	31/12/2017
Bond issue	395.0	392.8	393.5
Liabilities to credit institutions	97.0	162.3	97.1
Other long-term liabilities	-	0.4	0.7
TOTAL LONG-TERM LIABILITIES	492.0	555.5	491.3

Fair value	30/09/2018	30/09/2017	31/12/2017
Bond issue	400.0	400.0	400.0
Liabilities to credit institutions	97.2	162.4	97.2
Other long-term liabilities	-	0.4	0.7
TOTAL LONG-TERM LIABILITIES	497.2	562.8	497.9

Note 4 Net sales and major customers

Group-wide information. Distribution of revenues from all products and services:

Analysis of revenue by revenue type	Jul-Sep		Jan-Sep		2017
	2018	2017	2018	2017	
Project revenue, contracted	37.4	99.1	171.5	388.0	481.5
Sale of other construction services	8.8	5.0	33.0	15.6	21.7
Sale of other construction goods	2.4	0.9	3.9	1.6	1.8
Other revenue	3.8	-0.9	12.7	3.7	11.1
TOTAL	52.4	104.1	221.1	408.9	516.2
Total revenue from large customers	48.2	91.6	195.6	350.4	446.7
No. of large customers (>10% of revenue)	3	3	4	3	4

The Group has its registered office in Sweden. Revenue is wholly attributable to customers in Sweden.

Note 5 Holdings in joint ventures

The information below shows the amounts as presented in the joint venture entities' accounting adjusted for differences in accounting principles between the Group and the JV entities.

ALECTA

Consolidated share amounts to 30%

	Jan-Sep	
Summarized income statement	2018	2017
Net Sales	165.5	203.5
Costs for production and management	-133.9	-165.0
Other operating expenses	-0.5	-0.1
Operating profit/loss	31.2	38.4
Depreciation, amortization and impairment	-	-
Financial income	3.9	15.2
Financial expenses	-1.6	-1.5
Profit/loss before tax	33.4	52.1
Tax on profit/loss for the year	-	-
Profit/loss for the year	33.4	52.1
Summarized balance sheet	30/09/2018	30/09/2017
Current assets		
Liquid funds	63.5	118.3
Other receivables	86.1	163.6
Total current assets	149.6	281.9
Current liabilities	-17.6	-30.1
Total current liabilities	-17.6	-30.1
Fixed assets	216.5	154.1
Long-term financial debt	-113.5	-47.5
Other long-term liabilities	-	-
Total assets and long-term liabilities	103.0	106.6
Net assets	235.0	358.4



STUDENT HILL

Consolidated share amounts to 50%

	Jan-Sep	
Summarized income statement	2018	2017
Net Sales	-	7.1
Costs for production and management	-2.5	-7.4
Other operating expenses	-	-0.2
Operating profit/loss	-2.5	-0.5
Depreciation, amortization and impairment	-	-
Financial income	-	-
Financial expenses	-0.2	-0.4
Profi/loss before tax	-2.7	-0.9
Tax on profit/loss for the year	-	-
Profit/loss for the year	-2.7	-0.9
Summarized balance sheet	30/09/2018	30/09/2017
Current assets		
Liquid funds	2.9	11.0
Other receivables	22.3	-
Total current assets	25.3	11.0
Current liabilities	-24.9	-3.5
Total current liabilities	-24.9	-3.5
Fixed assets	0.9	0.9
Long-term financial debt	-1.3	-1.2
Other long-term liabilities	-	-
Total assets and long-term liabilities	-0.4	-0.3
Net assets	0.0	7.2

PROFI Turbinhallen

Consolidated share amounts to 50%

	Jan-Sep	
Summarized income statement	2018	2017
Net Sales	35.3	54.5
Costs for production and management	-8.5	-15.2
Other operating expenses	-0.0	-
Operating profit/loss	26.8	39.3
Depreciation, amortization and impairment	-	-
Financial income	2.9	2.9
Financial expenses	-3.0	-4.7
Profi/loss before tax	26.7	37.5
Tax on profit/loss for the year	-	-
Profit/loss for the year	26.7	37.5



Summarized balance sheet	30/09/2018	30/09/2017
Current assets		
Liquid funds	3.8	-
Other receivables	39.6	-
Total current assets	43.4	-
Current liabilities	-	-
Total current liabilities	-	-
Fixed assets	0.1	293.8
Long-term financial debt	-	-151.9
Other long-term liabilities	-	-
Total assets and long-term liabilities	0.1	141.9
Net assets	43.5	141.9

PARTNERS GROUP

Consolidated share amounts to 50%

Jan-Sep

Summarized income statement	2018	2017
Net Sales	36.1	50.8
Costs for production and management	-61.9	-47.8
Other operating expenses	-1.6	-2.2
Operating profit/loss	-27.4	0.9
Depreciation, amortization and impairment	-	-
Financial income	0.0	3.0
Financial expenses	-0.4	-3.0
Profi/loss before tax	-27.8	0.9
Tax on profit/loss for the year	0.8	-0.6
Profit/loss for the year	-27.0	0.2

Summarized balance sheet	30/09/2018	30/09/2017
Current assets		
Liquid funds	15.0	57.6
Other receivables	208.1	107.3
Total current assets	223.1	164.8
Current liabilities	-67.7	-59.7
Total current liabilities	-67.7	-59.7
Fixed assets	5.3	-
Long-term financial debt	-0.6	-
Other long-term liabilities	-	-0.6
Total assets and long-term liabilities	4.6	-0.6
Net assets	160.1	104.6



PROFI Bromma Square

Consolidated share amounts to 50%

	Jan-Sep	
	2018	2017
Summarized income statement		
Net Sales	14.8	14.4
Costs for production and management	-4.5	-3.6
Other operating expenses	-1.0	-1.0
Operating profit/loss	9.2	9.8
Depreciation, amortization and impairment	-	-
Financial income	-	-
Financial expenses	-7.0	-3.2
Profi/loss before tax	2.3	6.6
Tax on profit/loss for the year	-0.5	-2.3
Profit/loss for the year	1.7	4.3
Summarized balance sheet	30/09/2018	30/09/2017
Current assets		
Liquid funds	4.4	13.7
Other receivables	3.0	3.6
Total current assets	7.3	17.3
Current liabilities	-10.1	-7.5
Total current liabilities	-10.1	-7.5
Fixed assets	252.5	251.5
Long-term financial debt	-234.5	-247.3
Other long-term liabilities	-2.5	-2.4
Total assets and long-term liabilities	15.6	1.8
Net assets	12.8	11.6

LIBU Elverket

Consolidated share amounts to 50%

	Jan-Sep	
	2018	2017
Summarized income statement		
Net Sales	-	-
Costs for production and management	-	-
Other operating expenses	-0.0	-0.0
Operating profit/loss	-0.0	-0.0
Depreciation, amortization and impairment	-	-
Financial income	2.2	-
Financial expenses	-4.3	-
Profi/loss before tax	-2.0	-0.0
Tax on profit/loss for the year	-	-
Profit/loss for the year	-2.0	-0.0



Summarized balance sheet	30/09/2018	30/09/2017
Current assets		
Liquid funds	0.2	1.0
Other receivables	2.2	-
Total current assets	2.5	1.0
Current liabilities	-	-
Total current liabilities	-	-
Fixed assets	35.0	35.0
Long-term financial debt	-39.5	-36.0
Other long-term liabilities	-	-
Total assets and long-term liabilities	-4.5	-1.0
Net assets	-2.0	-

Note 6 Assets pledged as security and contingent liabilities

Shares in SSM Fastigheter AB have been pledged as collateral for issued bonds and the Group-wide value is 354.8 MSEK (386.6). Mortgages have been pledged totaling 97.2 MSEK (44.2) and floating charges totaling 23.7 MSEK (23.7). A promissory note of 0.0 MSEK (0.0) has been pledged as security for a loan from a credit institution.

Contingent liabilities

Guarantees of 238.9 MSEK (717.2) have been pledged to housing cooperatives and 10.3 MSEK (10.3) to joint ventures. In addition, there are commitments under construction contracts and agreements to acquire unsold apartments in production that has been completed. From time to time, SSM is a party in a dispute. No ongoing dispute is estimated to have a material effect on the position or result of the Group.



Signatures of the Board of Directors

The Board of Directors and the CEO confirm that this interim report provides an accurate overview of the operations, financial position and performance of the Group and the Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, November 13, 2018

Anders Janson
Chairman

Bo Andersson
Member

Per Berggren
Member

Sheila Florell
Member

Ulf Morelius
Member

Ulf Sjöstrand
Member

Jonas Wikström
Member

Mattias Roos
President & CEO

Auditor's report



Introduction

We have reviewed the condensed interim financial information (interim report) of SSM Holding AB (publ) as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Stockholm, 13 november 2018

Öhrlings PricewaterhouseCoopers AB

Ola Salemyr
Authorized Public Accountant

Definitions of key ratios

No. of employees

Number of contracted employees.

Return on total capital

Profit after financial items in relation to adjusted equity.

No. of shares

Number of registered shares at the end of the period, less repurchased shares, which have no voting rights or rights to a dividend.

Leverage

Interest-bearing liabilities as a percentage of total assets.

Gross margin

Gross profit divided by net sales.

Gross profit

Net sales less expenses for production and management.

Equity per share

Shareholders' equity divided by the total number of shares.

Changes compared to the same period previous year

Percentage change in amounts from the same period previous year. Marginal measures are presented in percentage units.

Adjusted equity

Shareholders' equity plus untaxed reserves less deferred tax liability.

Liquidity

Current assets excluding inventories in relation to current liabilities.

Net debt

Interest-bearing liabilities including pension liabilities and accrued interest less cash and cash equivalents, interest-bearing current and non-current receivables and capital investment shares.

Net sales, joint ventures

Total net sales in SSM's joint ventures.

Net profit margin

Profit after financial items in relation to net sales.

Earnings per share after tax

Net profit after tax in relation to the average number of outstanding shares.

Return on equity

Profit after tax divided by average shareholders' equity.

Return on total capital

Profit after financial items and interest expenses as a percentage of average total capital.

Interest coverage

Profit after financial income in relation to financial costs.

Operating margin

Operating income as a percentage of net sales.

Operating profit

Earnings before financial items.

Debt/equity ratio

Total debt relative to equity.

Equity ratio

Equity in relation to total assets.

No. of apartments in production

Number of apartments started and not completed.

No. of apartments started

Number of apartments for which SSM has started revenue recognition.

No. of apartments completed

Number of apartments in projects that have been closed out.

Project optimization

Changes in the number of building rights in previously acquired projects.

Building right

The forecasted number of developable apartments within the company's project portfolio.

Project

A project is included in the project portfolio when the company has acquired, agreed to acquire, or has the option to directly or indirectly acquire a property in order to develop it.

Accumulated no. of sold apartments

Total number of apartments in production that are sold through binding contracts.

Sold apartments

Number of apartments that have been sold through binding contracts.

Percentage of sold apartments in production

Accumulated number of sold apartments in relation to number of apartments under construction.

SSM applies the European Securities and Markets Authority's (ESMA) Alternative Performance Measures. These guidelines aim to make alternative key ratios in financial statements more understandable, reliable and comparable, thus promoting their usefulness. According to these guidelines, alternative key ratios are financial measurements of historical or future financial performance, financial position or cash flow that are not defined or specified in the applicable financial reporting rules: IFRS and the Annual Accounts Act. Reconciliation of alternative key ratios can be found at ssmlivinggroup.com



SSM Holding

In brief

SSM produces functionally-smart and affordable housing with attractive shared spaces, near the city and close to public transport for the company's target group – tomorrow's urbanites. The company's vision is a housing market with room for as many people as possible and its goal is to produce 60 percent cooperative apartments, 30 percent rental apartments and 10 percent student housing. SSM is the leading residential developer in its niche in the Greater Stockholm area and has about 6,500 building rights in its project portfolio. SSM aims to gradually increase the number of housing starts to reach at least 2,000 units per year by 2022. SSM was listed on Nasdaq Stockholm (Mid-cap) on April 6, 2017.

Financial targets & dividend policy

SSM's financial goals aim to maintain stable, long-term profitability and create value to deliver good returns for shareholders.

- Operating margin >20 percent
- Debt/equity ratio >30 percent
- Return on equity >25 percent
- Interest coverage ratio >2 x

SSM's dividend policy aims to secure both the owners' return on capital employed and the company's need for funds to develop the business.

- Dividend >30 of the year's profits after tax

Financial calendar

Interim report Q4 2018	February 21, 2019
Interim report Q1 2019	May 15, 2019
AGM 2019	May 15, 2019
Interim report Q2 2019	August 28, 2019
Interim report Q3 2019	November 19, 2019

Download SSM's financial reports at ssmlivinggroup.com

Get in touch

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The information in this report is such that SSM Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 07:30 CET on November 14, 2018.

SSM
www.ssmlivinggroup.com

