

A modern, bright living and dining area. In the foreground, a vibrant orange curved sofa sits on a light-colored rug. To its right is a low, white marble coffee table with a dark wood chair. In the background, a dining table with wooden chairs is set on a dark rug. A large window with a grid pattern and dark curtains dominates the back wall, letting in natural light. A colorful geometric artwork is visible on the wall to the left.

# STRONG OPERATING PROFIT IN A CAUTIOUS MARKET

INTERIM REPORT Q3 2017

Mattias Roos, President & CEO  
Casper Tamm, Director of Finance  
Stockholm, November 15, 2017

**SSM**

# Q3 HIGHLIGHTS

- An eventful quarter
  - Strategic JV with Partners Group, project valued at 7.6 SEKbn
- High interest in our projects
  - 1,100 sales starts to mid-Nov 2017
  - 27.7% more units sold in first 9 months
  - 97.1% sales rate in projects in production end-Q3
- Solid financial profile, well above financial targets
  - Debt/equity ratio of 57.8%
- Highly equipped for continued growth and earnings performance



# ACQUIRED BUILDING RIGHTS AS PER NOVEMBER 15, 2017

	Building rights	Municipality	Acquired	
Täby Turf	180	Täby	Q1	■
Täby Market	90	Täby	Q1	■
Bromma Boardwalk	260	Stockholm	Q1	■
East Side Spånga	250	Stockholm	Q2	■
Akalla City	175	Stockholm	Q2	■
Spånga Studios	60	Stockholm	Q2	■
Ritsalen, Rotebro	150	Sollentuna	Q3	■
Riddarplatsen, Jakobsberg	370	Järfälla	Q3	■
Hägersten	250	Stockholm	Q4	■

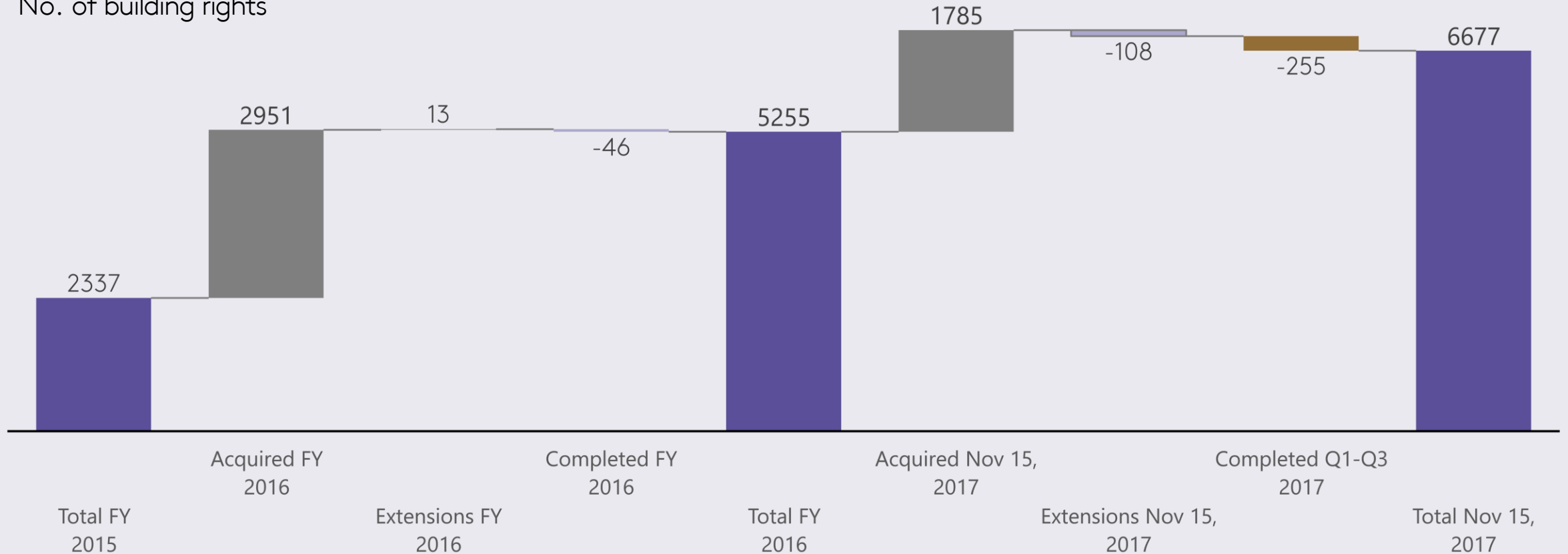
Managed entirely by SSM

■ Municipality ■ Off market

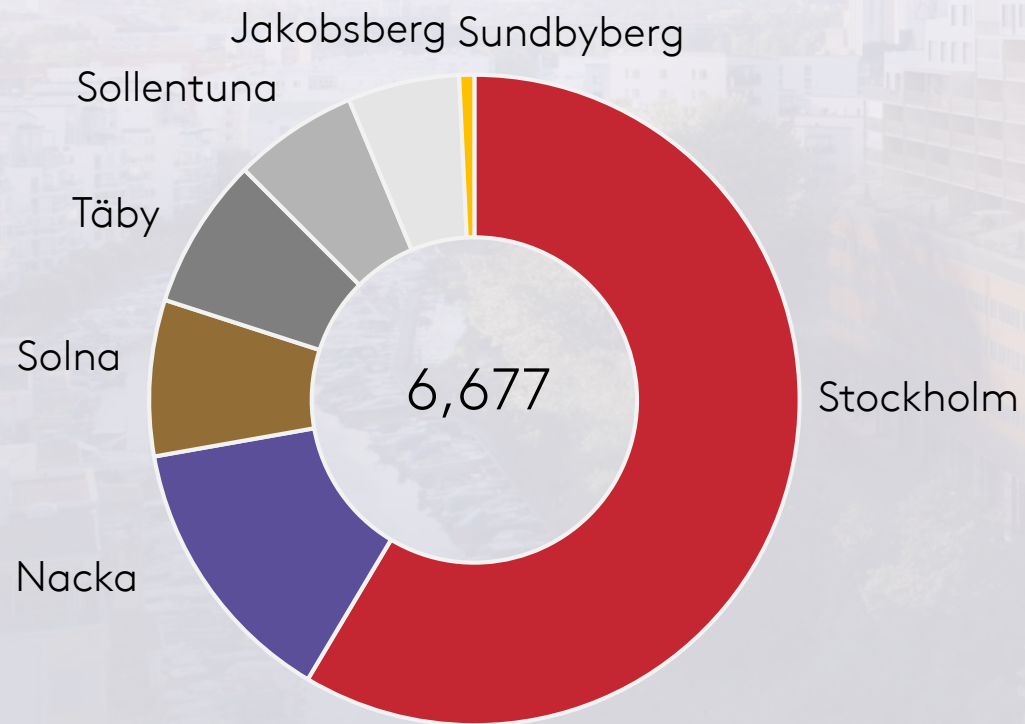


# SOLID PORTFOLIO PROVIDES CONFIDENCE IN LONG-TERM STABLE GROWTH

No. of building rights



# 58% OF PORTFOLIO IN STOCKHOLM MUNICIPALITY

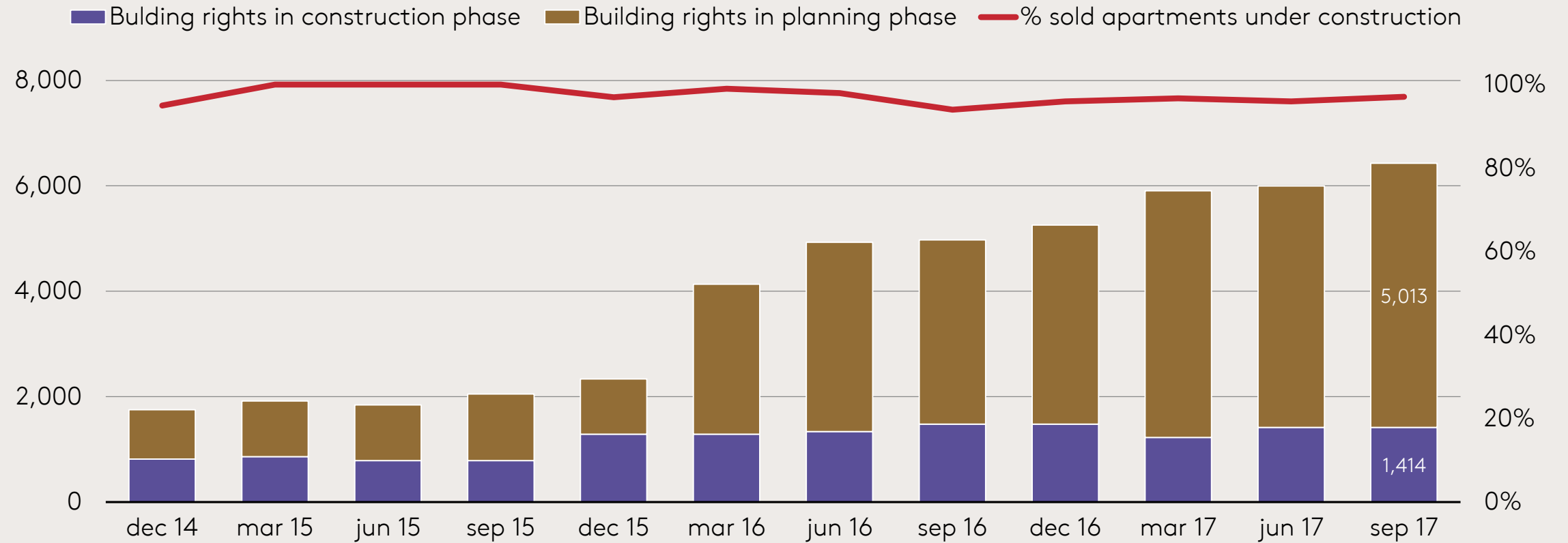


Portfolio split by municipality in Greater Stockholm as per November 15, 2017.

Bromma Boardwalk

# STRONG PIPELINE & PLATFORM WITH POTENTIAL FOR FURTHER GROWTH

No. of building rights and units in construction



A modern, multi-story apartment building with balconies and large windows. The building is shown from a low angle, looking up. The balconies have dark metal railings. Some balconies have potted plants. A person is visible on one of the balconies. The sky is a pale, hazy blue. A dark brown horizontal band is overlaid across the middle of the image, containing the text 'FINANCIAL UPDATE'.

# FINANCIAL UPDATE

Casper Tamm  
Director of Finance

**SSM**

# INCREASE IN KEY RATIOS

EBIT

124.9 MSEK  
(63.1)

EBIT margin

120.0%  
(33.3%)

Earnings per share

2.95 SEK  
(1.52)



## IMPACT OF JV WITH PARTNERS GROUP IN Q3

- 112.6 MSEK
- First reversal of profit elimination recognized in the balance sheet totaling 10.3 MSEK



# WELL ABOVE OUR FINANCIAL TARGETS

EBIT  
margin

>20%

Outcome Q3 2017 LTM

34.2%

Return  
on equity

>25%

31.7%

Equity  
ratio

>30%

57.8%

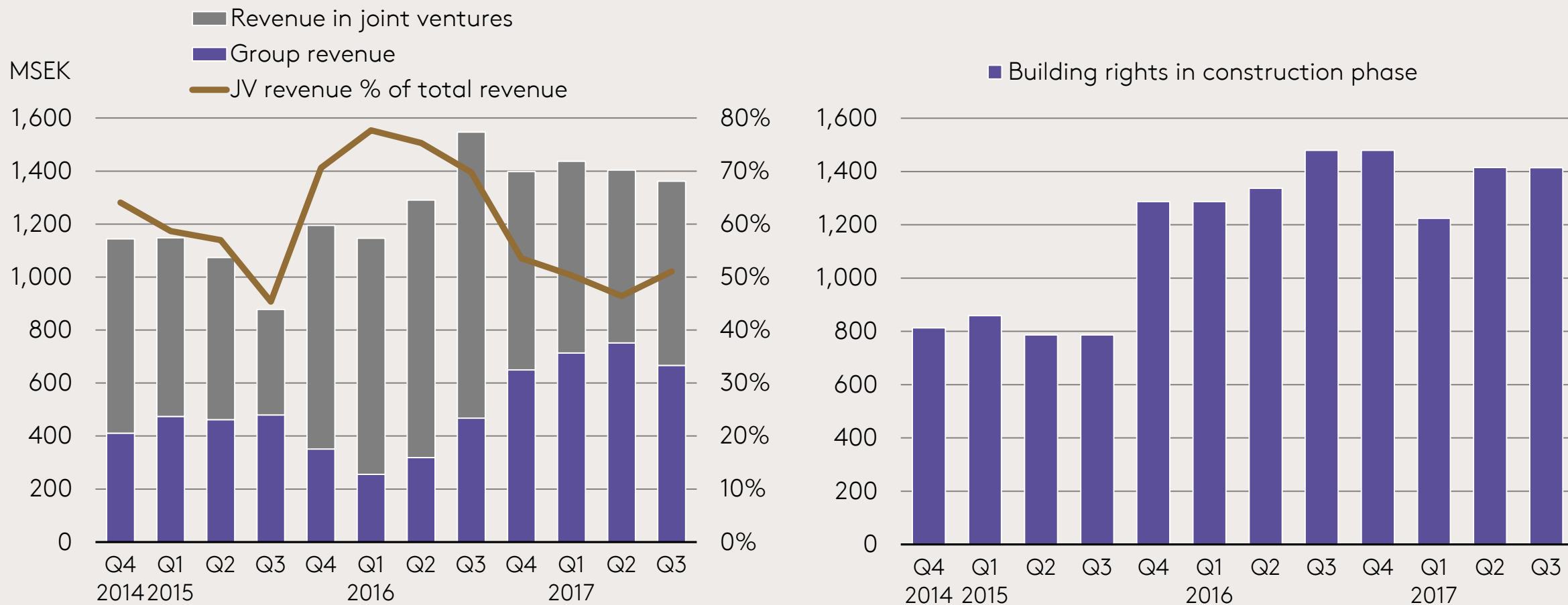
Interest  
coverage ratio

>2x

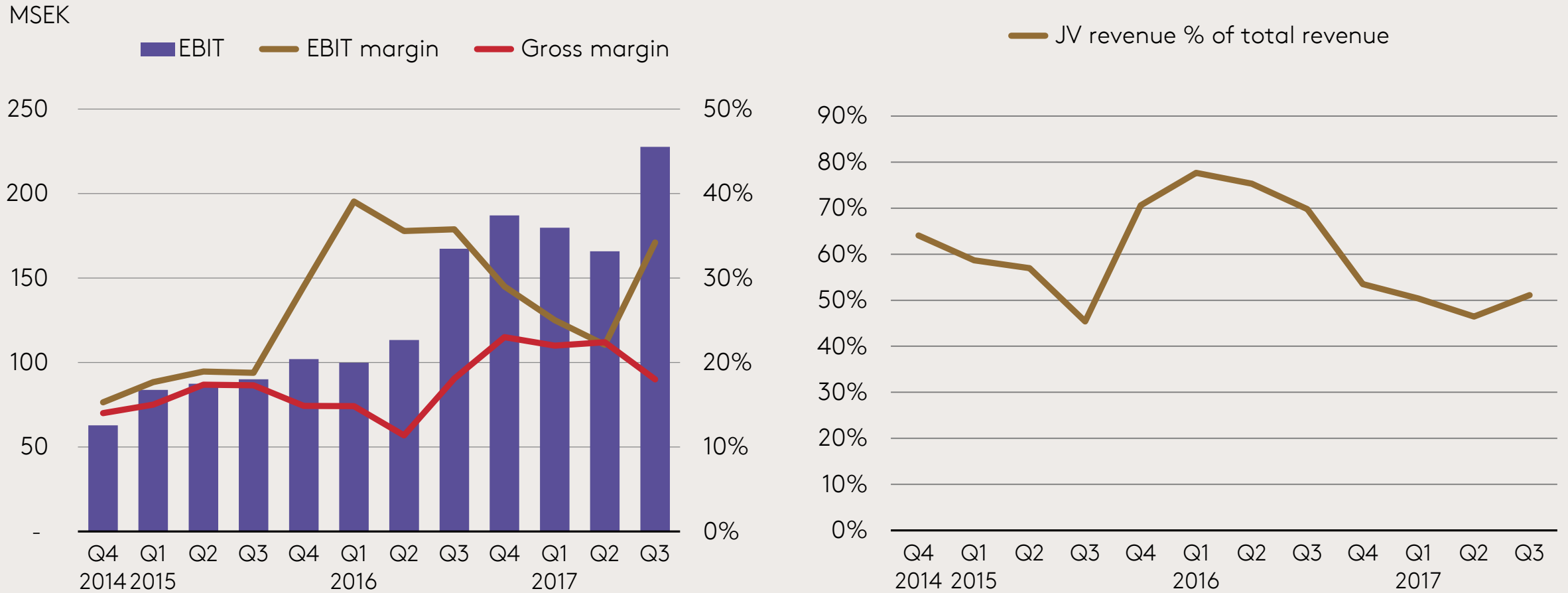
5.3x

# SOLID DEVELOPMENT OVER A LONGER TIME PERIOD

## REVENUES, LTM



# SOLID DEVELOPMENT OVER LONGER PERIOD, LTM

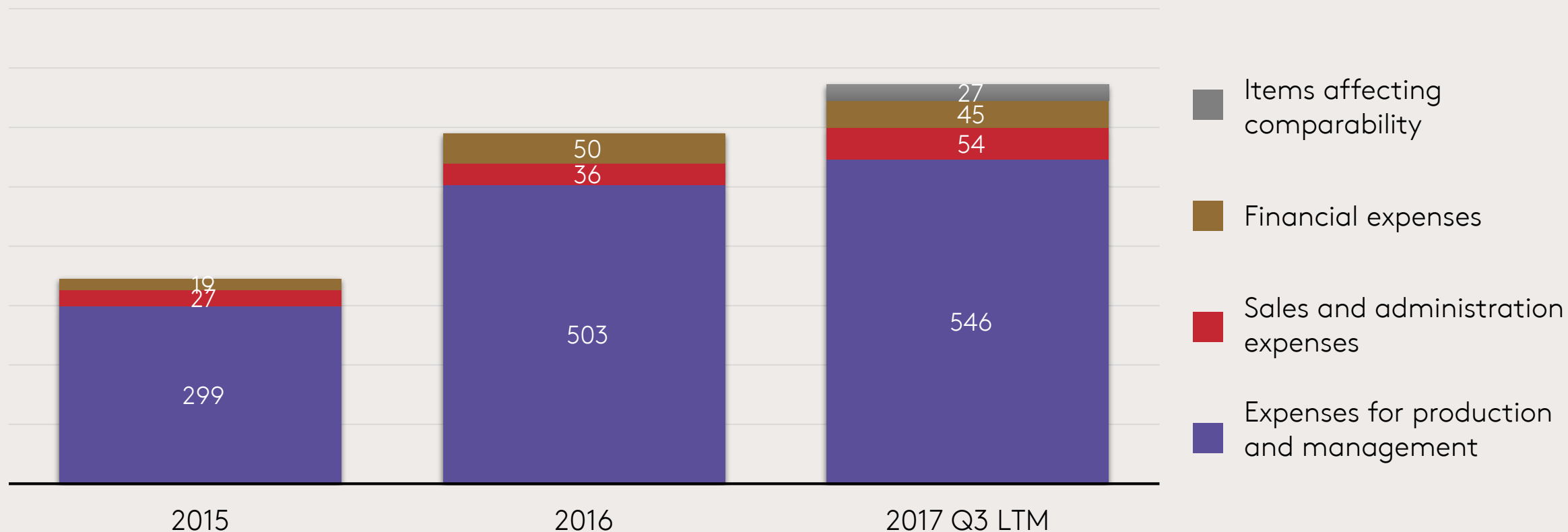


# STABLE EARNINGS – INCOME STATEMENT

MSEK	2017 Q3 LTM	2016	2015
Net sales	666.2	650.0	351.1
Expenses for production and management	-546.1	-502.8	-299.0
<b>Gross profit</b>	<b>120.0</b>	<b>147.1</b>	<b>52.1</b>
Sales and administration expenses	-80.6	-36.4	-27.1
Participations in joint ventures	65.2	76.4	76.9
Other income	122.9	0	0
<b>Operating profit</b>	<b>227.6</b>	<b>187.1</b>	<b>102.0</b>
Financial income	13.9	11.9	10.0
Financial expenses	-45.3	-49.5	-19.2
<b>Net financial items</b>	<b>-31.4</b>	<b>-37.6</b>	<b>-9.2</b>
Pre-tax profit	196.2	149.5	92.8
Tax	-3.9	-4.8	2.8
<b>Earnings for the period</b>	<b>192.4</b>	<b>144.7</b>	<b>95.6</b>

# GROUP COST TIED TO OPERATIONS

MSEK



# FLEXIBLE COST BASE

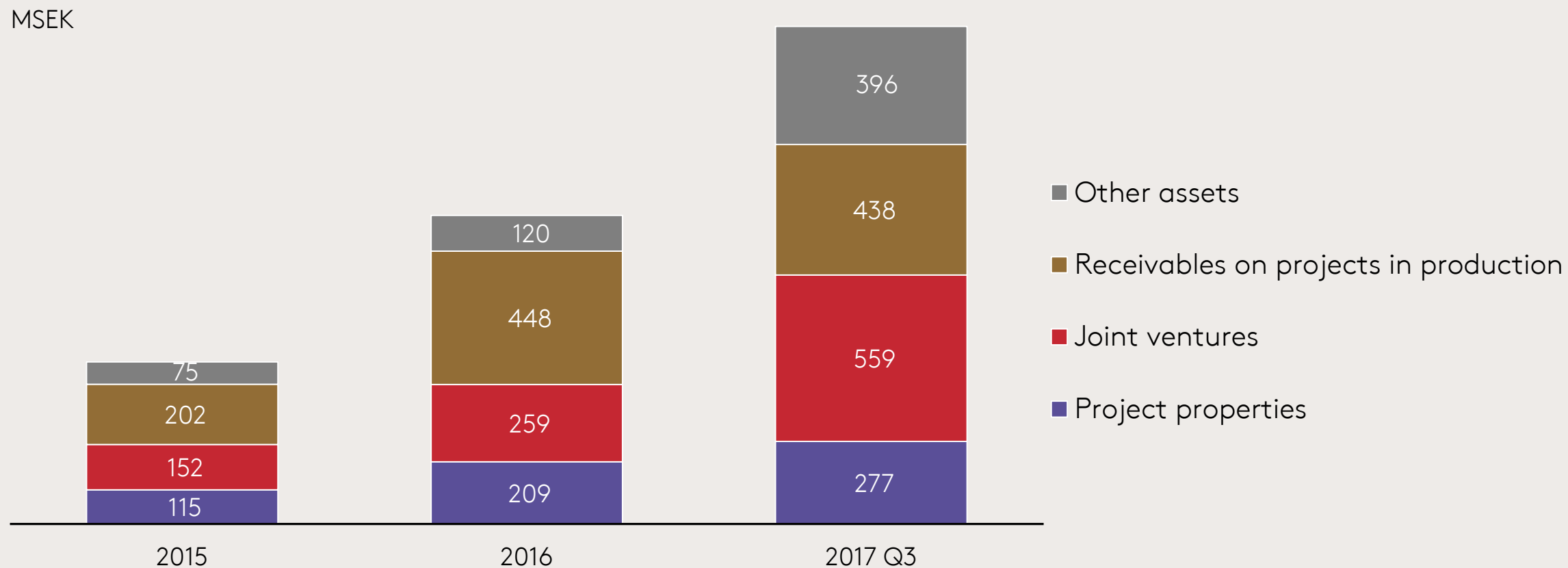
- Development of city plan can be adjusted to suit SSM's planning
- Mainly variable production costs
- Outsourced labour only
- Low fixed costs

# BALANCE SHEET OVERVIEW

Assets, MSEK	2017-09-30	2016-12-31	2015-12-31
Holdings in joint ventures	265.5	187.2	130.2
Receivables from joint ventures	293.7	69.1	22.1
Other long-term receivables	197.8	203.8	71.0
<b>Total financial assets</b>	<b>757.0</b>	<b>460.1</b>	<b>223.3</b>
Other fixed assets	1.0	1.8	7.0
<b>Total fixed assets</b>	<b>758.0</b>	<b>461.9</b>	<b>230.3</b>
Project properties	276.7	208.8	115.0
Total inventories	276.7	208.8	115.0
Accounts receivable	51.5	29.4	1.7
Recognized, non-invoiced revenue	43.2	163.4	61.9
Other receivables	197.9	84.5	68.8
Prepaid costs and accrued income	9.1	24.0	13.9
Liquid funds	333.2	63.9	52.7
<b>Total current assets</b>	<b>911.6</b>	<b>574.0</b>	<b>314.1</b>
<b>Total assets</b>	<b>1,669.6</b>	<b>1,035.8</b>	<b>544.4</b>



# CAPITAL TIED UP IN PROJECTS



# FLEXIBLE PROJECT PORTFOLIO

- 5,263 apartments sales started or under development
- 22% designated as rental units
- Possibility to convert additional 18% into rental units

# LOW LEVEL OF UNSOLD APARTMENTS FOR PROJECTS IN PRODUCTION

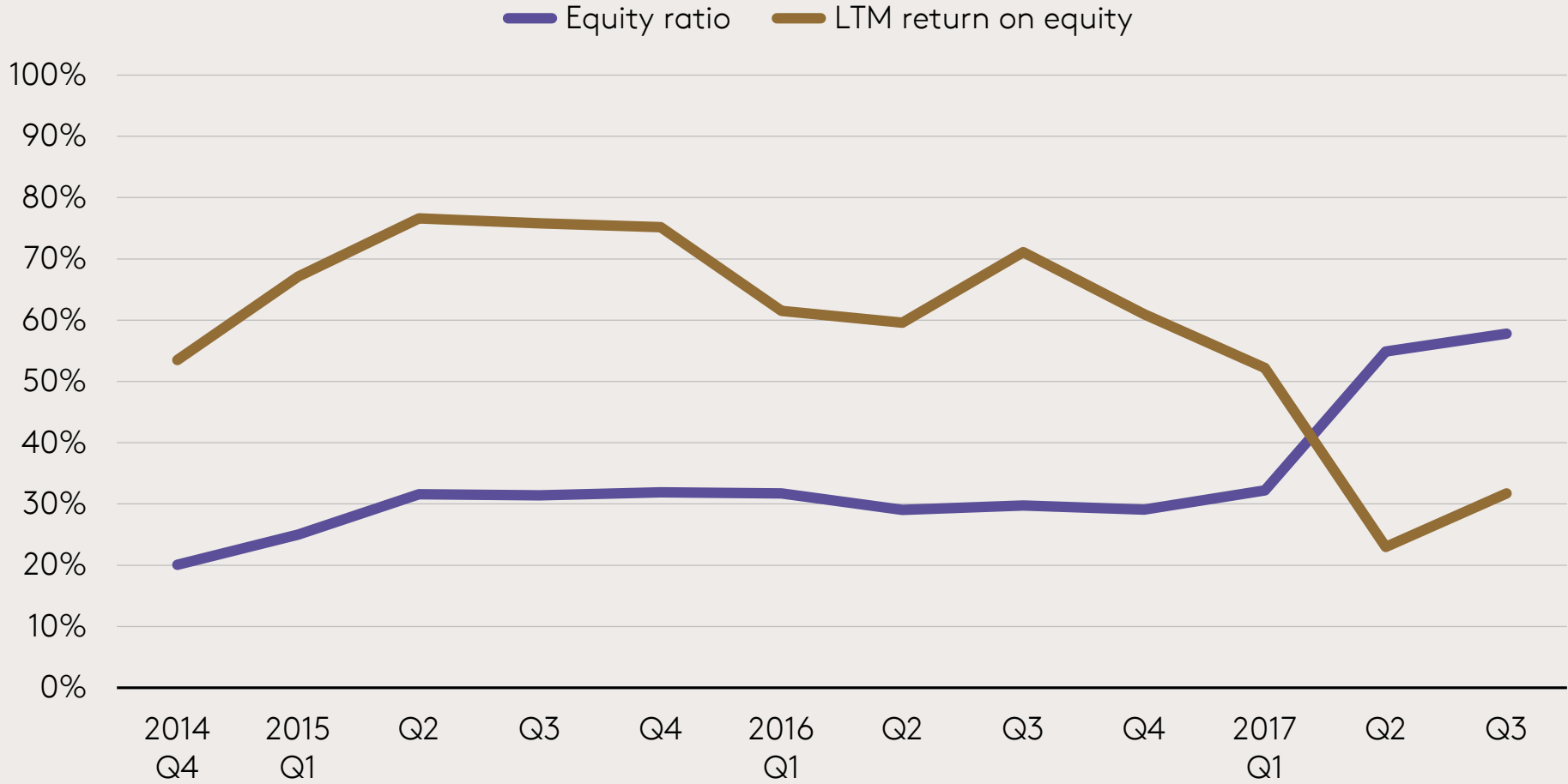
Value of unsold apartments in production Q3 2017



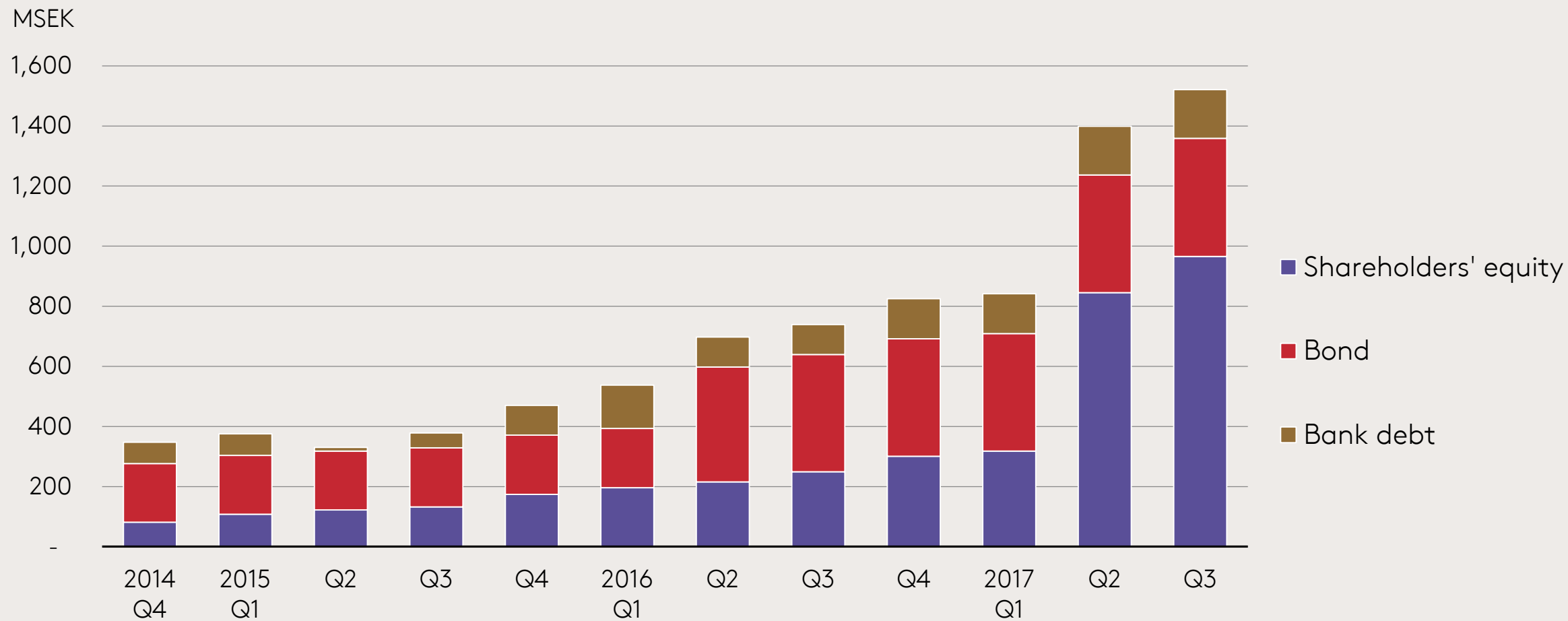
# BALANCE SHEET OVERVIEW

Liabilities and equity, MSEK	2017-09-30	2016-12-31	2015-12-31
<i>Shareholders' equity</i>			
Share capital	39.3	30.1	30.1
Paid-up capital	506.9	-	-
Profit brought forward including profit for the year	419.3	271.2	143.3
<b>Equity attributable to Parent Company shareholders</b>	<b>965.5</b>	<b>301.3</b>	<b>173.4</b>
Minority interest	0.0	0.0	0.1
<b>Total equity</b>	<b>965.5</b>	<b>301.3</b>	<b>173.5</b>
<i>Long-term liabilities</i>			
Bond issues	392.8	390.7	196.8
Liabilities to credit institutions	162.3	132.8	99.5
Provisions	12.3	14.4	5.0
Other long-term liabilities	0.9	50.7	1.7
<b>Total long-term liabilities</b>	<b>568.3</b>	<b>588.6</b>	<b>303.1</b>
<i>Current liabilities</i>			
Accounts payable – trade	58.1	43.3	28.6
Other liabilities	77.7	102.7	39.2
<b>Total current liabilities</b>	<b>135.8</b>	<b>146.0</b>	<b>67.8</b>
<b>Total liabilities and equity</b>	<b>1,669.6</b>	<b>1,035.8</b>	<b>544.4</b>

# RETURN ON EQUITY & EQUITY RATIO, LTM



# STRONG FINANCING PROFILE



# CASH FLOW IMPACTED BY INCREASE IN BUILDING RIGHTS

MSEK	2017 Q3 LTM	2016	2015
<b>Cash flow before changes in operating capital</b>	<b>69.1</b>	<b>144.4</b>	<b>16.6</b>
<i>Cash flow from changes in operating capital</i>			
Increase/decrease in project properties	-362.2	-195.3	-12.1
Increase/decrease in accounts receivable	-49.1	-27.7	-1.2
Increase/decrease in other current receivables	33.5	-25.3	-44.1
Increase/decrease in supplier liabilities	37.6	14.8	29.4
Increase/decrease in current liabilities	25.4	69.7	-3.9
<b>Total change in operating capital</b>	<b>-314.9</b>	<b>-163.8</b>	<b>-31.8</b>
<b>Cash flow from current activities</b>	<b>-246.0</b>	<b>-19.4</b>	<b>-15.2</b>
Cash flow from investment activities	-68.9	-213.9	-49.1
Cash flow from financing activities	609.0	244.5	88.3
<b>Increase/decrease in liquid funds</b>	<b>294.0</b>	<b>11.2</b>	<b>24.0</b>
Liquid funds, opening balance	39.1	52.7	28.7
<b>Liquid funds at end of the period</b>	<b>333.2</b>	<b>63.9</b>	<b>52.7</b>

# SOLID FINANCIAL PROFILE

Attractive  
project  
portfolio

Flexible  
cost  
structure

Strong  
capital  
base



# Q&A

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