



Interim Report January – September 2017

**“Strong operating profit
in a cautious market.”**



Summary of the third quarter 2017

- Net sales decreased to 104.1 MSEK (189.7).
- Operating profit increased to 124.9 MSEK (63.1) and the EBIT margin was 120.0% (33.3).
- Earnings per share increased to 2.95 SEK (1.52).
- Cash flow from operating activities was -24.9 MSEK (15.4).
- Acquisition of 520 building rights in Rotebro and Jakobsberg.
- Sales start for 90 cooperative apartments.
- Total 50 apartments sold.
- Joint venture established with global Partners Group for the Tellus Towers, Järta Station and Metronomen projects with an estimated project value of 7.6 SEKbn. The transaction has had an initial positive net impact of about 107.7 MSEK on SSM's liquidity and an approximate 112.6 MSEK impact on SSM's profits.

Summary of the first nine months 2017

- Net sales increased to 408.9 MSEK (392.7).
- Operating profit increased to 165.9 MSEK (125.4) and the EBIT margin was 40.6% (31.9).
- Earnings per share increased to 3.72 SEK (3.13).
- Cash flow from operating activities was -257.1 MSEK (-30.5).
- Acquisition of 1,535 building rights (2,601).
- Sales start for 591 cooperative apartments.
- Number of sold apartments grew by 27.7% to 231 (167) units.
- Listing on Nasdaq Stockholm's main list (Mid-Cap) on April 6, 2017 together with a new share issue contributed a net sum of 509 MSEK to the company.

Significant events after the balance sheet date

- Sales start of 512 cooperative apartments in Elverket i Nacka, Bromma Boardwalk and Tentafabriken.
- Appointment of the Nomination Committee which comprises Eurodevelopment Holding AG, Länsförsäkringar Fondförvaltning AB, Tredje AP-fonden (AP3, Third Swedish National Pension Fund) and SSM's Chairman of the Board.
- The production start for a number of projects was postponed to 2018 because the projects are not expected to achieve a sales rate of 75 percent before the end of the year.
- Acquisition of 250 building rights in Hägersten, Stockholm Municipality.

Key ratios¹

(MSEK)	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec	Δ
	2017	2016	2017	2016	2016/2017	2016	
Net sales	104.1	189.7	408.9	392.7	666.2	649.9	2.5%
Net sales JV	242.9	198.8	443.0	495.6	695.8	748.4	-7.0%
Gross profit	4.7	53.4	61.8	88.9	120.0	147.1	-18.4%
Operating profit	124.9	63.1	165.9	125.4	227.6	187.1	21.6%
Earnings for the period	115.9	45.6	141.7	94.1	192.4	144.7	32.9%
Gross margin, percent	4.6	28.1	15.1	22.6	18.0	22.6	-4.6
Operating margin, percent	120.0	33.3	40.6	31.9	34.2	28.8	5.4
Interest coverage ratio, times	11.1	3.6	5.2	3.5	5.3	4.0	1.3
Equity ratio, %	57.8	29.8	57.8	29.8	57.8	29.1	28.7
Return on equity, percent	51.2	78.6	29.8	59.4	31.7	61.0	-29.3
Earnings per share, before and after dilution, SEK	2.95	1.52	3.72	3.13	5.41	4.81	12.5%
Number of acquired building rights	520	2,601	1,540	2,601	1,890	2,951	-1,061
Number of completed apartments	-	46	255	46	255	46	209
Number of started apartments	-	238	204	238	204	238	-34
Number of sold apartments	1,414	1,479	1,414	1,479	1,414	1,479	-65
Accumulated number of apartments sold in current production	1,373	1,390	1,373	1,390	1,373	1,427	-54
Share sold (in production), %	97.1	94.0	97.1	94.0	97.1	96.5	0.6

¹ SSM's operations are not affected by clear seasonal variations. However, large 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, such as a 12-month period.

CEO's comments

“Strong operating profit in what at the moment is a cautious housing market.”



Strong operating profit during an eventful quarter

The operating profit in the third quarter was 124.9 MSEK, and an intensive first six months of the year were followed by an eventful third quarter for SSM. During the quarter, we initiated a strategic joint venture with the reputable global finance player Partners Group regarding the Tellus Towers, Järla Station and Metronomen projects, with a project value of 7.6 million MSEK. We started selling apartments in our Täby Market project and plan to start sales for three other projects this fall. On the reporting date and in line with our goals, we started sales of about 1,100 apartments over the year. It is also worth mentioning that we received the building permit for our West Side Solna project at the end of August.

High interest in our projects in a cautious housing market

The number of homes SSM sold grew by 27.7 percent in the first nine months of the year, and sales of units in production remained stable during the quarter. At the end of the period, the sales rate for apartments in production was 97.1 percent. Of the four projects where sales started during the first nine months of the year, we have already started production in our Kosmopoliten project, which comprises 204 homes. Today, Kosmopoliten has a sales rate of about 90 percent.

Just as other participants in the housing industry, we noted increased caution among consumers in the early fall caused by talk of oversupply, declining price levels and new regulations. In spite of this, interest has remained high in our projects where sales have started. Many people have signed up to indicate interest and our physical sales launches have been well attended. Growing uncertainty, however, has led to a more cautious market, which has had a dampening effect on the conversion rate in projects where sales have started. This has led us to expect that we will not reach our desired 75 percent sales rate before the end of the year. As a result, the planned production start for these projects has been postponed until 2018.

Solid financial profile and well above our financial targets

Our newly established cooperation with Partner Group shows that the international arena has high confidence in SSM and confirms the quality of SSM's project portfolio and operational excellence. The cooperation has fortified our financial capability significantly, helped us achieve our desired diversification of risk and created a platform that will give us the right prerequisites for maintaining a share of joint venture projects in the Group in line with our long-term strategy.

SSM is continuing to develop at an excellent speed and on the balance sheet date, all of the Group's financial targets LTM had been exceeded. We have a solid financial profile based on a high-quality project portfolio, a flexible cost structure and a strong capital base with a debt/equity ratio of 57.8 percent.

Well-equipped for continued good growth and profit development

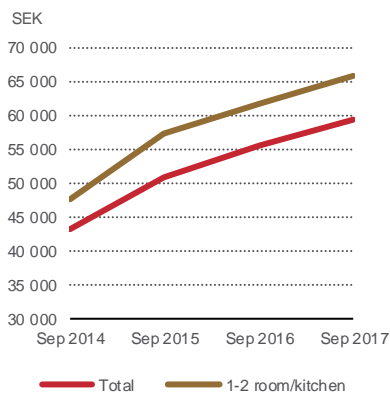
From a macroeconomic perspective, Sweden and Stockholm remain stable. But from a consumer perspective, it is now important for changes to be clarified so that consumers can make well-informed decisions when buying homes. We believe that the market will remain cautious for a while longer before stabilizing. When this occurs, we will have several attractive projects for sale and under development, making us well equipped for continued good growth and profit development.

Mattias Roos
President & CEO

Housing market in Greater Stockholm

“A cautious market with a continued stable demand for affordable and functional homes near public transport.”

Development of prices for cooperative apartments in Greater Stockholm area, 2014–2017



Source: Svensk Mäklarstatistik, September 2017

Great need for affordable homes in the region

SSM has a clear focus on developing housing within the Greater Stockholm area. There is a significant shortage of housing in the Greater Stockholm area and the accumulated housing deficit is high. Municipalities in the region are continuing to increase investments in new construction and have planned to build several hundred thousand new homes by 2030.

Within this chosen geography, SSM is focusing on a segment of homebuyers looking for affordable, space-efficient housing close to good public transport. People in this target group are between 20 and 44 and live mainly in single or two-person households. Based on official statistics, the company estimates that approximately 800,000 residents in the Greater Stockholm area belong to this group, which means that SSM has good opportunities for substantial growth going forward.

Continued stable prices for cooperative apartments

Housing prices in Stockholm County remained stable during the quarter. According to Svensk Mäklarstatistik, a real estate consultancy, prices for cooperative apartments in the Greater Stockholm area rose 2.0 percent in the past 12 months despite a decrease of -1.2 percent during the third quarter 2017.

The average price per square meter for a cooperative apartment in the Greater Stockholm area was 58,930 SEK (57,328) during the quarter. The corresponding average price per square meter for a one to two-room cooperative apartment was 66,245 SEK (64,567). The number of two-room apartments sold, or 5,352 units, increased by 5.3 percent during the period compared with the same period last year.

Household’s expectations impacted by uncertainties

SEB’s Housing Price Indicator for October 2017 showed that households’ expectations regarding housing prices continue to be at a high and stable level, even though expectations of price increases have decreased somewhat. Two thirds of households believe prices will go up. Sales statistics, interest rate indications and the decision regarding increased amortization requirements will impact development according to SEB.

On November 1, the Bank of Sweden announced that the repo rate would remain at -0.5 percent. The repo rate is expected to rise in the middle of 2018, which is what has also been expected on previous occasions.

On November 13, the Swedish Financial Supervisory Authority (Finansinspektionen) proposed to increase amortization requirements. According to the proposal, homebuyers borrowing amounts of more than 4.5 times their gross annual salary will need to amortize an additional 1 percent on top of the current amortization requirements. If legislation is passed, the new regulation will come into effect on March 1, 2018.



Project portfolio

PROPERTIES 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 2017	Total	During Q3 2017	Total	During Q3 2017	Total ¹⁾	
The Lab ⁴⁾	266	14,456	Solna	4/13/2014	Q3 2014	Q4 2016 - Q3 2017	-	266	-	266	-	266	100.0%
Bromma Tracks	249	12,144	Bromma	10/5/2014	Q4 2014	Q1 2017 - Q4 2017	-	249	-	249	-	249	100.0%
Turbinhallen ⁴⁾	205	12,871	Nacka	10/11/2015	Q4 2015	Q4 2017 - Q2 2018	2	203	2	203	2	203	99.0%
The Tube	50	2,354	Sundbyberg	4/10/2016	Q2 2016	Q1 2018	8	50	-	42	-	42	84.0%
West Side Solna ⁴⁾	252	11,881	Solna	10/15/2015	Q4 2015	Q3 2019 - Q4 2019	-	252	-	252	-	252	100.0%
Metronomen ⁴⁾	188	7,612	Telefonplan	5/29/2016	Q3 2016	Q2 2019 - Q1 2020	-	188	-	183	-	183	97.3%
Kosmopoliten	204	10,024	Kista	4/26/2017	Q2 2017	Q3 2021 - Q1 2022	-	204	13	178	18	179	87.7%
Total	1,414	71,342										1,374	97.1%

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 2017	Total	During Q3 2017	Total ¹⁾	During Q3 2017	Total	
Sollentuna Hills	188	10,886	Sollentuna	5/21/2017	2018	2022		183	18	78			
Platform West	109	4,901	Täby	5/31/2017	2018	2020		109	13	39	30	30	27.5%
Täby Market	90	4,198	Täby	9/28/2017	2018	2020	90	90		8			
Elverket i Nacka 1 ⁴⁾	168	8,457	Nacka	10/5/2017	2018	2021		168		25			
Bromma Boardwalk	272	17,200	Mariehäll	10/18/2017	2018	2020		272		20			
Tentafabriken	72	1,824	Sollentuna	10/26/2017	2017	2019		72					
Total	899	47,466					90	894	31	170	30	30	

PROJECT PORTFOLIO UNDER DEVELOPMENT

Project	Apts.	Floor Area	Area	Schedule		
				Sales start	Start of production	Occupation
Täby Turf ²⁾	184	8,483	Täby		2017	2020
The Loft ^{2,4)}	120	2,968	Täby		2017	2020
Tellus Lamell ⁴⁾	18	1,539	Telefonplan		2019	2022
Tellus Towers (78) ^{3,4)}	693	28,729	Telefonplan	2018	2019	2022
Tellus Towers (58) ^{3,4)}	515	21,362	Telefonplan	2018	2019	2022
Järla Station ⁴⁾	312	13,546	Nacka	2018	2018	2023
Riddarplatsen	370	19,000	Jakobsberg	2018	2018	2020
Spånga Studios	140	5,850	Spånga	2018	2018	2020
Elverket i Nacka 2 ⁴⁾	227	10,991	Nacka	2018	2019	2022
Älvsjö Quarters ²⁾	516	21,009	Älvsjö		2019	2021
Bromma Tracks II	90	4,192	Bromma	2019	2019	2021
Bromma Square ⁴⁾	350	17,800	Bromma	2019	2019	2021
Akalla City	175	9,000	Akalla	2019	2019	2021
Ritsalen	150	7,000	Sollentuna	2019	2019	2021
East Side Spånga	250	11,400	Spånga	2019	2020	2021
Total	4,110	182,869				
Total 9/30/2017	6,423	301,677				

ACQUISITIONS AFTER THE PERIOD

Hägersten	250	12,700	Hägersten	2019	2020	2021
TOTAL 11/14/2017	6,673	314,377				

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 city 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⁾ The total number of booked or sold apartments refers to sales as of the reporting date. The key figures, however, have been calculated as per the balance sheet date.

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. On July 17, 2017, SSM established a joint venture with Partners Group for the Tellus Towers, Järla Station and Metronomen projects. In addition to the joint venture with Partners Group, SSM has joint venture agreements with Alecta, Profi Fastigheter, Studentbacken and Libu Invest. After the transaction with Partners Group, 3,314 building rights of SSM's current 6,673 building rights will be covered by joint venture agreements.

Project portfolio

“A focused, high-quality project portfolio for tomorrow’s urbanites.”

SSM has a focused acquisition strategy based on the specific preferences of the company’s target group. SSM’s long-term goal is to produce 60 percent cooperative apartments, 30 percent rental units and 10 percent student housing.

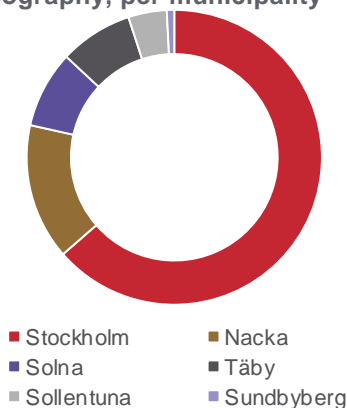
On the reporting date, SSM had 6,673 building rights in the project portfolio divided into 29 projects, of which 57.8 percent are in Stockholm Municipality. Close to 80 percent of the building rights in the portfolio have been designed as cooperative apartments. A total of 5,263 building rights in the portfolio relate to homes where production has not started yet, of which 22.2 percent were rental units on the reporting date. An additional 973 building rights that today have been planned as cooperative apartments may be converted into rental units, which would increase the share of rental units in homes not yet in production to 40.7 percent. The cooperative apartments that may potentially be converted into rental units will still contribute positively to the company’s profits following conversion.

During the third quarter, 370 building rights in Jakobsberg and 150 building rights in Rotebro were added to the project portfolio. After the balance sheet date, another 250 building rights were acquired in Hägersten. The number of building rights in the portfolio decreased during the first nine months of the year by 108 due to changes in project design.

During the first nine months of the year, the number of homes sold increased by 27.7 percent to 231 cooperative apartments (167). Sales of the 1,441 bostäder that are currently under construction continued to develop well, and at the end of the quarter, the sales rate was 97.1 percent.

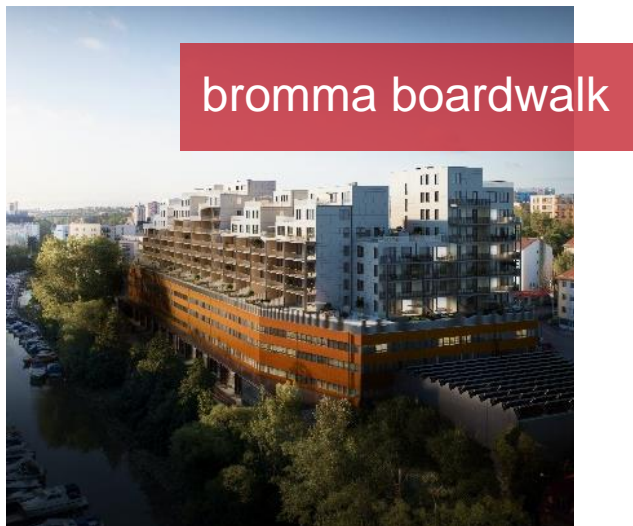
As of the reporting date, SSM has started sales of 1,103 homes since the beginning of the year. During the quarter, the sale of 90 apartments in the Täby Market project began and after the balance sheet date, sales also started for units in the Elverket i Nacka, Bromma Boardwalk and Tentafabriken projects corresponding to a total of 516 homes. Sales have been somewhat slower during the fall due to prevailing caution in the housing market as a result of consumer uncertainty regarding oversupply, declining price levels and new regulations. Interest in the projects where SSM has started sales, however, continues to be high with many prospective buyers signing up to indicate interest and attending sales launch events. At the same time, the market remains cautious and as a result, a number of SSM’s planned production starts have been postponed until 2018.

Portfolio illustrated by geography, per municipality



Selection of projects

On October 3, the first tenants began moving into Turbinhallen – a housing project started in 2015 in Gustaf de Laval’s former factory from 1911. The project comprises 205 affordable cooperative apartments characterized by a modern industrial feeling in the form of functional homes full of character. The total residential floor area is 12,871 m² and the homes consist of one- to five-room apartments with a kitchen. The floor area varies from 33–141 m², with most apartments having a floor area of 33–65 m². All of the apartments have access to the fastest broadband in the market, 1,000/1,000 Mbit/s, as well as shared spaces including an indoor spa and a gym. Access is being provided gradually and the final apartment will be occupied in the second quarter of 2018. The project is being run as a joint venture with Profi Fastigheter AB.



On October 18, sales started for 272 cooperative apartments in Bromma Boardwalk, a property located on the Bällstaån waterfront with spectacular views of Stockholm. Characterized by modern architecture, the project will consist of 10 buildings with a total residential floor area of 17,200 m². It is located on top of an existing office building, 22 to 40 meters above ground. The homes comprise one- to five-room apartments with a kitchen. Residential floor areas range from 26–170 m² and most of the units have a floor area of 50–60 m². The existing office building will be interspersed with 13 townhouses and a daycare center on the ground floor. Most of the homes will have a private 15-m² balcony and some will have a private terrace of 60 m² or their own garden. Planned shared spaces include rooftop terraces, an outdoor gym, an outdoor kitchen, a car pool and a garage. Initial access is planned in mid-2020. The project is being run entirely by SSM.

Sales of 72 cooperative apartments in Tentafabriken in central Sollentuna began on October 26. The property will be characterized by modern architecture and have three to eight floors with a total residential floor area of 1,828 m². Most of the units will have a floor space of 24 m² and comprise one room and a kitchen, with a storage area in direct connection to the apartment. The project will also include a number of larger studio apartments with a floor area of 49 m². According to the current plans, most of the units will have their own balcony or outdoor area, and shared spaces will include a rooftop terrace. Future tenants will enjoy the fastest broadband in the market, 1,000/1,000 Mbit, which will be included in the monthly fee. Initial access is estimated to begin at the end of 2019. The project is being run as a joint venture with Student Hill AB.



Selection of projects

The Metronomen (Telefonplan) project includes 188 cooperative apartments with a total floor area of approximately 7,600 m². Most of the apartments are space-efficient and functional one- and two-room units with a balcony. There are shared spaces in the form of a rooftop terrace. The project is located in a vibrant urban area that is currently being developed extensively in cooperation with the Konstfack University College of Arts, Crafts and Design and the Hyper Island college, both of which are contributing innovation and creativity to the development. The project has a sales rate of 97.3 percent. Access is expected from the second quarter of 2019. Since August 2017, the project has been run within the framework of a joint venture with Partners Group.

metronomen

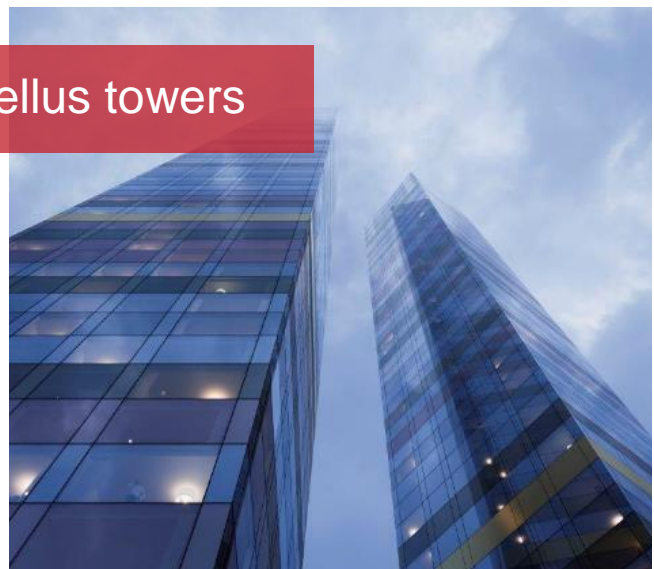


järla station

The Järla Station (Nacka) project includes 312 cooperative apartments. Most of the apartments will be space-efficient one- and two-room units and approximately half will have a balcony. There are also plans for shared spaces including rooftop terraces, outdoor spaces, bike workshops and more. The project is attractively located near Lake Järla and offers a fantastic view of the water as well as proximity to shopping, services and extensive recreational areas combined with good public transport via the Saltsjöbanan light rail. The expansion of Stockholm's subway system to Nacka means that there will also be subway connections in the future. The sale of apartments will start during the fall 2017 with access scheduled for 2020. Since August 2017, the project has been run as a joint venture with Partners Group.

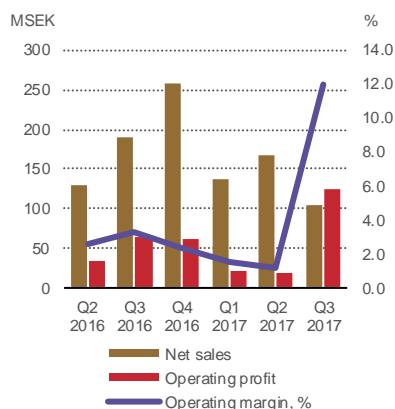
The buildings in the Tellus Towers (Telefonplan) project will be among the highest residential buildings in northern Europe with two skyscrapers of 78 and 58 stories respectively and more than 1,200 apartments. Most of the units will have a floor area of 36–55 m². The buildings, which also include a seven-story multi-dwelling unit, are designed by prize-winning architect Gert Wingårdh and modeled on Chinese architect Gary Chang's concept of maximizing smaller spaces. In addition to stores, cafés and grocery stores, there will be a restaurant, sky bar, spa and rooftop pools. The project is now in the detailed planning phase and the sales start is scheduled in 2018. Production is scheduled in 2019 with access from 2022. The project will be managed through a number of partnerships. Since August 2017, it has been run as a JV with Partners Group.

tellus towers



Comments on the results

Net sales, operating profit, operating margin



Net sales and operating profit/loss

Net sales in the Group, which applies the percentage of completion method for all projects, declined to 104.1 MSEK (189.7) in the quarter. The drop in sales is due to lower productivity in wholly-owned projects and the transfer of the formerly wholly-owned Metronomen project to the joint venture with Partners Group from the third quarter. Sales refer to the Bromma Tracks, The Tube and Kosmopoliten projects. Invoiced construction contracts within the joint venture projects accounted for 50.7 percent (14.6) of sales and refer to the Turbinhallen project. The gross margin dropped to SEK 4.6 percent (28.1), mainly due to the substantial proportion of invoiced construction contracts during the period.

The cost of sales and administration went up to -18.1 MSEK (-6.4). The current quarter includes items affecting comparability totaling -9.5 MSEK where -5.5 MSEK refers to additional provisions for the option program for the Board of Directors and management, -1.1 MSEK to an additional cost for the IPO and a minor bonus provision and -2.9 MSEK to a reallocation in time of overhead costs that were recognized in the balance sheet in the comparative period but are now carried as an expense in the current period due to a new application of accounting policies. The reallocation of the costs means that they have been transferred over the project period and does not change the total profitability of the project. The increase is otherwise attributable to the larger central organization required in line with the growth targets and the requirements posed on the company as a listed company.

Participations in joint ventures amounted to 15.3 MSEK (16.1). 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. The participation primarily refers to the West Side Solna, The Lab and Turbinhallen projects. See Note 6 for summaries of the income statement and balance sheet for the joint ventures.

Other operating income was 122.9 MSEK (0.0). 112.6 MSEK is an initial impact on the profit from the Partners Group transaction in connection with the establishment of the joint venture. In addition, there will be a first reversal of the profit elimination recognized in the balance sheet amounting to 10.3 MSEK for the third quarter. See the section "Establishment of a joint venture with Partners Group" on page 12 and Note 3 for a more detailed description of the transaction.

The Group's operating profit for the quarter increased to 124.9 MSEK (63.1) due to the impact on the profit from the establishment of the joint venture with Partners Group. The operating margin grew to SEK 120.0 percent (33.3). Adjusted for the impact on the profit caused by the establishment of the joint venture with Partners Group and the reversal of the profit elimination of -122.9 MSEK, the reversal of the potential revenue recognition for Metronomen in the third quarter of 3.2 MSEK, and items affecting comparability of 9.5 MSEK, the adjusted operating profit was 14.7 MSEK. Consequently, the adjusted operating margin amounted to 12.8 percent.

Profit for the period was 115.9 MSEK (45.6) and in addition to the above, it was affected by an improved net financial expense of -8.8 MSEK (-16.1) and a reduced tax expense between the periods of -0.3 MSEK (-1.4).



The net financial expense for the period includes an item affecting comparability of -7.0 MSEK for non-recurring expenses in connection with the bond issue in 2016.

January – September 2017

Net sales and profit/loss

Net sales in the Group grew to 408.9 MSEK during the period (392.7). The increase in sales compared with the previous year is due to increased activity in invoiced construction contracts to joint venture projects. The gross margin declined by 7.5 percentage points between the periods due to the lower margin in the third quarter.

The cost of sales and administration amounted to -55.1 MSEK (-10.9). The current period includes items affecting comparability totaling -32.0 MSEK of which -8.3 MSEK can be attributed to costs related to the IPO and -13.3 MSEK to costs for the option program for the Board of Directors and management and bonus provisions for annual bonuses. The remaining -10.4 MSEK refers to overhead costs that were recognized in the balance sheet in the comparative period, but that are now carried as an expense in the current period due to a new application of accounting policies. The increase is otherwise due to the larger central organization required in line with the growth targets and the increased requirements posed on the company as a listed company.

Participations in joint ventures amounted to 36.2 MSEK (47.4). The lower outcome this period is due to reduced activity in joint venture projects. Deductions from new joint venture projects have not been initiated to the same extent. See also Note 5 for summaries of the income statement and balance sheet for all joint ventures.

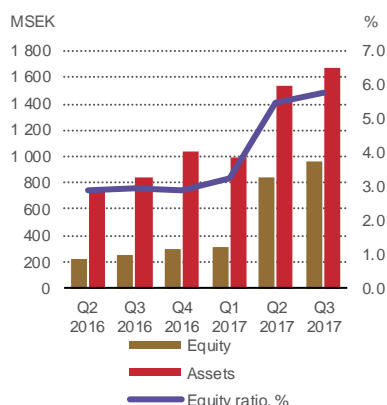
Other operating income was 122.9 MSEK (0.0). 112.6 MSEK is an initial impact on the profit from the Partners Group transaction in connection with the establishment of the joint venture. In addition, there will be a first reversal of the profit elimination recognized in the balance sheet, amounting to 10.3 MSEK for the third quarter. See the section “Establishment of a joint venture with Partners Group” on page 12 for a more detailed description of the transaction.

The Group's operating profit for the period increased to 165.9 MSEK (125.4) due to impact on the profit from the establishment of the joint venture with Partners Group. The operating margin increased to 40.6 percent (31.9). Adjusted for the impact on the profit as a result of the establishment of the joint venture with Partners Group and the reversal of the profit elimination, -122.9 MSEK, the reversal of the potential revenue recognition for Metronomen in the third quarter, 3.2 MSEK, and items affecting comparability, 32.0 MSEK, the adjusted operating profit was 78.2 MSEK. The adjusted operating margin amounted to 18.6 percent.

Profit for the period was 141.7 MSEK (94.1) and in addition to the above, it was impacted by an improved net financial expense of -23.9 MSEK (-30.1) and a reduced tax expense of -0.3 MSEK (-1.2) between the periods. The net financial expense for the comparative period included an item affecting comparability of -7.0 MSEK for non-recurring expenses in connection with the bond issue in 2016.

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 6,427 building rights in its project portfolio. Capital tied up in project properties, joint ventures and claims on joint ventures amounted to 835.8 MSEK (428.4) on September 30, 2017. The increase on the asset side of the balance sheet between the periods amounted to 833.1 MSEK and is mainly due to an increase in the number of building rights, an increase in claims on joint ventures and an increase in cash and cash equivalents as a result of the stock exchange listing on Nasdaq Stockholm on April 6, 2017. The Group's equity was SEK 965.5 MSEK (249.0) on the balance sheet date and the debt/equity ratio was 57.8 percent (29.8). After transaction costs, the net increase in equity due to the new issue totaled 516.0 MSEK.

Financing and debts

SSM's operations are capital intensive and access to capital is a basic condition required to develop the Group further. In addition to the new share issue in connection with the stock exchange listing this year, the Group currently uses two external sources of funding: bonds and loans from credit institutions. The Group's interest-bearing liabilities totaled 555.1 MSEK (490.1) on the balance sheet date, of which the bond loan accounted for 392.8 MSEK (390.4). Cash and cash equivalents amounted to 333.2 MSEK (39.1) on September 30, 2017. The increase in cash and cash equivalents is due to the new issue in connection with the listing earlier this year. In addition, the company has access to unused credit facilities of 20.0 MSEK (20.0).

Cash flow

Cash flow from operating activities amounted to -257.1 MSEK (-30.5) for the period January–September 2017 and -24.9 MSEK (15.4) for the quarter. The negative cash flow is mainly the result of an increase in the Group's assets in project properties. Cash flow from investing activities for the period January–September 2017 totaled -19.5 MSEK (-164.5) as a result of increased investments in joint ventures and a positive liquidity effect of 107.7 MSEK from the establishment of the joint venture with Partners Group. Cash flow from financing activities totaled 545.9 MSEK (181.4) during the same period, which is chiefly related to the new share issue in connection with the stock exchange listing.

Seasonal variations

SSM's operations are not affected by clear seasonal variations, although larger projects may experience significant impacts on revenues and profits in particular quarters depending on when projects are started and completed. Revenues and profits should therefore be considered over a longer cycle such as a 12-month period.

Parent Company

The Parent Company had limited operations in the period January–September 2017 and the comparative period. Profit for the period was -17.2 MSEK (-14.6).

The assets primarily include claims on Group companies as well as cash and bank balances. At the end of the period, claims on Group companies totaled 700.4 MSEK (333.0) and cash and bank balances amounted to 108.8 MSEK (10.0). Equity was SEK 578.9 MSEK (40.2) on the balance sheet date. The increase in cash and bank balances and equity is attributable to the new share issue when the company was listed on the stock exchange in the second quarter of 2017.

The Parent Company had 3 employees (0) at the end of the quarter, including the CEO.

Employees

The average number of employees in the Group was 71 people (58) during the quarter, of which 27 (22) were women. For the period January–September 2017, the average number of employees was 69 (54), of which 26 (21) were women. The increase in the number of employees between the periods is due to expanding project operations, a larger central organization in line with growth targets and increased requirements posed on the company as a listed company.

Transactions with 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. More information about the company's risk management is provided on pages 43–45 of SSM's Annual Report 2016 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.

Establishment of a joint venture with Partners Group

On July 17, 2017, SSM established a joint venture with the international finance company Partners Group. The joint venture was established through the formation of a new holding company (the "JV Company") held 50 percent by SSM and 50 percent by Partners Group.

The JV Company and its wholly-owned subsidiaries entered into an agreement with SSM to (i) acquire all of the shares in SSM's wholly-owned subsidiaries that hold the Tellus Towers and Järla Station projects (the "Subsidiaries"), (ii) acquire the design-build contract and the accrued contract revenue for the Metronomen project (the "Design-build Contract"). SSM also transferred promissory notes for receivables for the Metronomen housing cooperative directly to Partners Group. In total, the joint venture covers approximately 1,700 building rights with an estimated combined value of about 7.6 SEKbn upon completion. The estimated period of completion is five to six years from the date of agreement.

The Subsidiaries and the ongoing design-build contract for the Metronomen project were transferred for a purchase price of 85.4 MSEK, which corresponds to equity, paid project development costs and accrued construction contract revenues. The transfer of promissory notes for receivables for the Metronomen housing cooperative to Partners Group was carried out for a purchase price of 258.4 MSEK. An additional purchase price of a maximum of 550.0 MSEK may be applied when the city plan for the Tellus Towers project has been finalized and specific project milestones have been reached. The possession date for the transfer of the JV Company to the Subsidiaries and the Design-build Contract and for the transfer of promissory notes for receivables for the Metronomen project to Partners Group was August 14, 2017.

The positive net effect on the SSM Group's liquidity was approximately 107.7 MSEK on the possession date. The impact on SSM's profits for the third quarter of 2017 was 122.9 MSEK and comprises three components: (i) 50.8 MSEK is the value of the agreed additional purchase price of 550.0 MSEK for Tellus according to the valuation method; (ii) 61.8 MSEK refers to 50 percent of the impact on the profit from the transfer of promissory notes for receivables for the Metronomen housing cooperative to Partners Group; (iii) 10.3 MSEK constitutes a first reversal of the profit elimination recognized in the balance sheet from the transfer of promissory notes for receivables for the Metronomen housing cooperative to Partners Group totaling 61.8 MSEK.

Events after the reporting period

Sales started in the Elverket i Nacka, Bromma Boardwalk and Tentafabriken projects for a total of 516 cooperative apartments.

SSM's Nomination Committee was appointed and comprises Eurodevelopment AG, Länsförsäkringars Fondförvaltning AB, Tredje AP-fonden (AP3, Third Swedish National Pension Fund) and the Chairman of the Board of Directors of SSM.

In addition, 250 building rights were acquired in Hägersten, Stockholm.

The production start for a number of projects was postponed to 2018 because the projects is not estimated to achieve a sales rate of 75 percent before the end of the year.



The Group's statement of comprehensive income

(MSEK)	Not	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
		2017	2016	2017	2016	2016/2017	2016
Net sales	5	104.1	189.7	408.9	392.7	666.2	649.9
Expenses for production and management		-99.3	-136.3	-347.2	-303.8	-546.1	-502.8
Gross profit		4.7	53.4	61.8	88.9	120.0	147.1
Sales and administration expenses		-18.1	-6.4	-55.1	-10.9	-80.6	-36.4
Earnings from joint ventures		15.3	16.1	36.2	47.4	65.2	76.4
Other income	3	122.9	-	122.9	-	122.9	-
Operating profit		124.9	63.1	165.9	125.4	227.6	187.1
Financial income		2.7	2.2	9.9	7.9	13.9	11.9
Financial expenses		-11.6	-18.3	-33.8	-38.0	-45.2	-49.5
Net financial items		-8.8	-16.1	-23.9	-30.1	-31.4	-37.6
Pre-tax profit		116.1	47.0	141.9	95.2	196.2	149.5
Tax		-0.3	-1.4	-0.3	-1.2	-3.8	-4.8
EARNINGS FOR THE PERIOD		115.9	45.6	141.7	94.1	192.4	144.7
Profit attributable to							
Parent company shareholders		115.9	45.6	141.7	94.1	192.3	144.7
Minority interest		0.0	0.0	0.0	0.0	0.0	0.0
PROFIT FOR THE PERIOD		115.9	45.6	141.7	94.1	192.4	144.7
Earnings per share, before and after dilution (SEK)		2.95	1.52	3.94	3.13	5.57	4.81
Number of shares at end of period*		39,252,542	30,100,000	39,252,542	30,100,000	39,252,542	30,100,000
Average number of shares during the period*		39,252,542	30,100,000	36,000,540	30,100,000	34,538,356	30,100,000

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.

*On January 23, 2017, the Swedish Companies Registration Office registered a share split of 100:1 and that the number of shares after the split amounts to 30,100,000. Profits and equity per share have been calculated on the basis of the number of shares after the split.



The Group's statement of financial position

(MSEK)	9/30/2017	9/30/2016	12/31/2016
ASSETS			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Software	0.7	0.9	1.4
Total intangible assets	0.7	0.9	1.4
<i>Tangible assets</i>			
Machinery and equipment	0.4	0.2	0.4
Total tangible assets	0.4	0.2	0.4
<i>Financial assets</i>			
Participations in joint ventures	265.5	220.1	187.1
Receivables from joint ventures	293.7	55.5	69.1
Other long-term receivables	197.8	159.6	203.8
Total financial assets	757.0	435.1	460.0
Deferred tax receivables	-	4.5	-
Total fixed assets	758.0	440.8	461.9
<i>Current assets</i>			
<i>Inventories</i>			
Warehouse property	276.7	152.8	208.8
Total inventories	276.7	152.8	208.8
<i>Other current assets</i>			
Accounts receivable	51.5	2.5	29.4
Recognized, non-invoiced revenue	43.2	133.2	163.4
Receivables from joint ventures	-	0.1	3.1
Tax receivables	1.2	0.0	0.5
Other receivables	196.7	48.4	81.0
Prepaid costs and accrued income	9.1	19.7	24.0
Liquid funds	333.2	39.1	63.9
Total current assets	911.6	395.8	574.0
TOTAL ASSETS	1,669.6	836.6	1,035.8

The Group's statement of financial position, cont.

(MSEK)	9/30/2017	9/30/2016	12/31/2016
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	39.3	30.1	30.1
Paid-up capital	506.9	-	-
Profit brought forward	419.3	218.9	271.2
Equity attributable to Parent Company shareholders	965.5	249.0	301.3
Minority interest	0.0	0.0	0.0
Total equity	965.5	249.0	301.3
<i>Liabilities</i>			
<i>Long-term liabilities</i>			
Bond issues	392.8	390.4	390.7
Liabilities to credit institutions	162.3	99.7	132.8
Other long-term liabilities	0.4	-	49.6
Provisions	12.3	10.9	14.4
Deferred tax liabilities	0.5	1.1	1.1
Total long-term liabilities	568.3	502.2	588.6
<i>Current liabilities</i>			
Liabilities to joint ventures	0.1	-	-
Accounts payable – trade	58.1	30.9	43.3
Provisions	4.6	9.7	2.8
Current tax liabilities	2.8	2.2	1.6
Other liabilities	50.5	31.4	62.7
Accrued costs and prepaid income	19.8	11.2	35.5
Total current liabilities	135.8	85.4	146.0
TOTAL EQUITY AND LIABILITIES	1,669.6	836.6	1,035.8



The Group's statement of changes in equity

Attributable to Parent Company shareholders

(MSEK)	Share capital	Other paid-in capital	Profit brought forward	Total	Minority interest	Total equity
Equity, January 1, 2016	30.1		143.3	173.4	0.2	173.5
Profit						
Profit this period			94.1	94.1	-	94.1
Total profit			94.1	94.1	-	94.1
Transactions with shareholders						
Paid dividend			-18.5	-18.5	-0.1	-18.6
Total transactions with shareholders			-18.5	-18.5	-0.1	-18.6
EQUITY, SEPTEMBER 30, 2016	30.1		218.9	249.0	0.0	249.0
Equity, January 1, 2016	30.1		143.3	173.4	0.2	173.5
Profit						
Profit for the year			144.7	144.7	0.0	144.7
Total profit			144.7	144.7	0.0	144.7
Transactions with shareholders						
Paid dividend			-18.5	-18.5	-0.1	-18.6
Share-based payments			1.7	1.7	-	1.7
Total transactions with shareholders			-16.8	-16.8	-0.1	-17.0
EQUITY, DECEMBER 31, 2016	30.1		271.2	301.3	0.0	301.3
Equity, January 1, 2017	30.1		271.2	301.3	0.0	301.3
Profit						
Profit this period			141.7	141.7	-	141.7
Total profit			141.7	141.7	-	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	965.5



The Group's cash flow statement

(MSEK)	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2017	2016	2017	2016	2016/2017	2016
<i>Cash flow from current activities</i>						
Operating profit before financial expenses	124.9	63.1	165.9	125.4	227.6	187.1
Items not affecting liquidity	-123.2	13.7	-119.2	0.3	-117.1	2.4
Recognized profits in joint ventures	-15.3	-16.1	-36.2	-47.4	-65.2	-76.4
Received dividend from joint ventures	-	-	-	-	62.0	62.0
Received interest	-0.1	2.2	-	7.9	-5.8	2.1
Paid interest	-10.7	-11.3	-31.0	-31.0	-30.7	-30.8
Paid income taxes	0.2	2.2	-0.5	-0.9	-1.6	-2.0
Cash flow before changes in operating capital	-24.2	53.8	-20.9	54.3	69.1	144.4
<i>Cash flow from changes in operating capital</i>						
Decrease/increase in property projects	-151.9	-47.1	-276.1	-109.1	-362.2	-195.3
Decrease/increase in accounts receivables	-8.3	1.5	-22.2	-0.7	-49.1	-27.7
Decrease/increase in other current receivables	147.2	-30.4	73.3	14.6	33.5	-25.3
Decrease/increase in supplier liabilities	-3.6	20.8	14.7	-8.1	37.6	14.8
Decrease/increase in current liabilities	15.8	16.6	-26.0	18.4	25.4	69.7
Total change in operating capital	-0.7	-38.6	-236.1	-85.0	-314.9	-163.8
CASH FLOW FROM CURRENT ACTIVITIES	-24.9	15.4	-257.1	-30.5	-246.0	-19.4
<i>Cash flow from investment activities</i>						
Investments in intangible assets	-0.1	-	-0.1	-	-1.1	-1.0
Investments in tangible assets	-0.0	-	-0.0	-	-0.4	-0.4
Investments in financial assets	-93.4	-93.9	-160.4	-164.5	-217.5	-221.5
Decrease of financial assets	102.7	-	141.0	-	150.0	9.0
Cash flow from investment activities	9.2	-93.9	-19.5	-164.5	-68.9	-213.9
<i>Cash flow from financing activities</i>						
Capital contributions	-0.0	-	516.0	-	516.0	-
Dividend	-	-12.0	-	-18.6	-0.0	-18.6
Increase in long-term liabilities	0.4	-	29.8	245.0	301.0	516.1
Amortization of long-term liabilities	-	-	-	-45.0	-208.0	-253.0
Cash flow from financing activities	0.4	-12.0	545.9	181.4	609.0	244.5
Decrease/increase in liquid funds	-15.3	-90.5	269.3	-13.5	294.0	11.2
Liquid funds, opening balance	348.5	129.7	63.9	52.7	39.1	52.7
LIQUID FUNDS AT THE END OF THE PERIOD	333.2	39.1	333.2	39.1	333.2	63.9

Parent Company's statement of comprehensive income

(MSEK)	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2017	2016	2017	2016	2016/2017	2016
Net sales	5.0	-	15.0	-	15.0	-
Gross profit	5.0	-	15.0	-	15.0	-
Sales and administration costs	-11.1	-0.7	-32.7	-0.8	-42.6	-10.7
Operating profit	-6.1	-0.7	-17.7	-0.8	-27.6	-10.7
Earnings from Group companies	-	-	-	-	46.0	46.0
Interest income and similar profit/loss items	9.1	8.7	27.2	17.7	35.6	26.0
Interest expenses and similar profit/loss items	-9.1	-16.3	-26.7	-31.5	-35.9	-40.6
Profit after financial items	-6.1	-8.2	-17.2	-14.6	18.1	20.7
Tax	-	-	-	-	-	-
PROFIT FOR THE PERIOD	-6.1	-8.2	-17.2	-14.6	18.1	20.7

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)	9/30/2017	9/30/2016	12/31/2016
ASSETS			
<i>Fixed assets</i>			
Participations in Group companies	92.3	92.3	92.3
Receivables from Group companies	700.4	333.0	330.7
	3.0	-	-
Total fixed assets	795.7	425.3	423.0
<i>Current assets</i>			
Receivables from Group companies	67.0	-	45.0
Tax receivables	0.1	-	0.1
Other assets	0.2	0.1	-
Prepaid expenses and accrued revenue	15.0	-	3.6
Cash and bank balances	108.8	10.0	10.2
Total current assets	191.0	10.1	59.0
TOTAL ASSETS	986.7	435.3	481.9
(MSEK)	9/30/2017	9/30/2016	12/31/2016
EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital	39.3	30.1	30.1
Share premium	506.9	-	-
Share-based payments	4.6	-	-
Unrestricted equity	45.4	24.7	24.7
Profit/loss for the period	-17.2	-14.6	20.7
Total equity	578.9	40.2	75.5
<i>Long-term liabilities</i>			
Other long-term liabilities	392.8	390.4	390.7
Total long-term liabilities	392.8	390.4	390.7
<i>Current liabilities</i>			
Liabilities to Group companies	3.2	0.1	-
Accounts payable – trade	0.2	-	1.9
Other liabilities	0.6	-	0.0
Accrued expenses and prepaid liabilities	11.0	4.7	13.9
Total current liabilities	15.0	4.7	15.8
TOTAL EQUITY AND LIABILITIES	986.7	435.3	481.9



Parent Company's changes in equity

(MSEK)	Restricted equity		Unrestricted equity	
	Share capital	Paid-in capital	Profit brought forward	Total equity
Equity, January 1, 2016	30.1		43.2	73.3
Profit				
Profit this period			-14.6	-14.6
Total profit			-14.6	-14.6
Transactions with shareholders				
Paid dividend			-18.5	-18.5
Total transactions with shareholders			-18.5	-18.5
EQUITY, SEPTEMBER 30, 2016	30.1		10.1	40.2
Equity, January 1, 2016	30.1		43.2	73.3
Profit				
Profit for the year			20.7	20.7
Total profit			20.7	20.7
Transactions with shareholders				
Paid dividend			-18.5	-18.5
Total transactions with shareholders			-18.5	-18.5
EQUITY, DECEMBER 31, 2016	30.1		45.4	75.5
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

Parent Company's cash flow statement

(MSEK)	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2017	2016	2017	2016	2016/2017	2016
<i>Cash flow from current activities</i>						
Operating profit before financial expenses	-6.1	-0.7	-17.7	-0.8	-27.6	-10.7
Items not affecting liquidity	4.6	-	4.6	-	4.4	-0.2
Received interest	9.1	8.7	27.2	17.7	35.6	26.0
Paid interest	-8.4	-16.3	-24.5	-31.5	-15.7	-22.6
Paid income taxes	-0.0	-	-0.0	-	-0.1	-0.1
Cash flow before changes in operating capital	-0.8	-8.2	-10.5	-14.6	-3.5	-7.6
<i>Cash flow from changes in operating capital</i>						
Decrease/increase in other current receivables	-27.2	4.9	-33.5	4.9	-42.0	-3.6
Decrease/increase in supplier liabilities	-0.0	-0.0	-1.7	-0.0	0.2	1.8
Decrease/increase in current liabilities	2.7	-0.1	0.9	4.5	5.7	9.3
Total change in operating capital	-24.5	4.8	-34.3	9.4	-36.2	7.5
CASH FLOW FROM CURRENT ACTIVITIES	-25.3	-3.5	-44.8	-5.3	-39.6	-0.1
<i>Cash flow from investment activities</i>						
Investments in financial assets	-92.1	16.3	-372.7	-159.9	-383.5	-170.7
Decrease of financial assets	-	-9.0	-	-	9.0	9.0
Received dividend from Group companies	-	-	-	-	10.0	10.0
Cash flow from investment activities	-92.1	7.3	-372.7	-159.9	-364.5	-151.7
Paid out dividend	-	-12.0	-	-18.5	-	-18.5
Capital contributions	-	-	516.0	-	516.0	-
Increase in long-term liabilities	-	8.2	-	193.6	194.9	388.5
Amortization of long-term liabilities	-	-	-	-	-208.0	-208.0
Cash flow from financing activities	-	-3.8	516.0	175.1	502.9	162.0
Decrease/increase in liquid funds	-117.4	0.0	98.5	9.9	98.8	10.2
Liquid funds, opening balance	226.2	9.9	10.2	0.0	10.0	0.0
LIQUID FUNDS AT THE END OF THE PERIOD	108.8	10.0	108.8	10.0	108.8	10.2

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 Kungsgatan 57A, 111 22 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 region.

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.

IFRS 15 Revenue from Contracts with Customers

It is mandatory to apply the new standard, IFRS 15 Revenue from Contracts with Customers, for financial years beginning on January 1, 2018 or later. The Group has carried out an evaluation of the effects of the standard and has assessed that it will not have a material impact on the Group's financial reports. Further information about IFRS 15 is provided in a note in the 2016 Annual Report.

Note 3 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 2016. Additional important estimates and assessments that impact this report relate to the valuation of the additional purchase price attributable to the establishment of the joint venture with Partners Group and are accounted for below.

The valuation factors used to calculate the effect on profit of the future additional purchase price for Tellus Towers is based on the Group management's assumptions and estimates, which can be considered reasonable under the prevailing circumstances. These assessments and estimates are based on historic experience as well as other factors, including expected future events. An important source of knowledge is the experience gained in the detailed development plan processes for previous SSM projects.

The basis of the assessment on which the recognized impact on profit of the additional purchase price consists of three valuation factors: (i) the probability of the detailed development plan being approved, (ii) an assessment of the least possible implementation of the project for the current entirety in the adoption of a detailed development plan and (iii) the likelihood that partial transactions related to sales of rental apartments, cooperative apartments and hotels in Tellus Towers to an external party can be carried out before the detailed development plan is finalized.

If the project cannot be carried out or is altered to such an extent that no additional purchase price is payable, a potential loss of a maximum of 110.7 MSEK may arise for the Group based on the impact on profit recognized in the third quarter of 2017. This consists of the part that has been taken up as income in the present quarter, 50.8 MSEK, and the corresponding profit value for deducted assets taken up as income for the Tellus Towers project, reduced by the VAT effect, 59.9 MSEK.

The estimates and assessments are regularly evaluated on a quarterly basis. There is a risk that the final profit may deviate from the reported profit. If the basis of assessment for the implementation of the project changes negatively or positively during the next quarter, this could have an ongoing impact on the profit.

Note 4 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 during the period.

Reported value	9/30/2017	9/30/2016	12/31/2016
Bond issue	392.8	390.4	390.7
Liabilities to credit institutions	162.3	99.7	132.8
Other long-term liabilities	0.4	-	49.6
TOTAL LONG-TERM LIABILITIES	555.5	490.1	573.1

Fair value	9/30/2017	9/30/2016	12/31/2016
Bond issue	400.0	400.0	400.0
Liabilities to credit institutions	162.4	100.0	133.0
Other long-term liabilities	0.4	-	49.6
TOTAL LONG-TERM LIABILITIES	562.8	500.0	582.6

Note 5 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		2016
	2017	2016	2017	2016	
Project revenue, contracted	99.1	186.5	388.0	381.2	612.0
Sale of other construction services	5.0	1.3	15.6	8.0	29.9
Sale of other construction goods	0.9	1.0	1.6	1.1	2.5
Other revenue	-0.9	0.9	3.7	2.4	5.6
TOTAL	104.1	189.7	408.9	392.7	649.9
Total revenue from large customer	91.6	143.4	350.4	311.8	492.3
No. of large customers (>10% of revenue)	3	4	4	4	5

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

Note 6 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 joint venture entities.

ALECTA	Jan-Sep	
Consolidated share amounts to 30%		
Summarized income statement	2017	2016
Net Sales	203.5	437.6
Costs for production and management	-165.0	-354.6
Other operating expenses	-0.1	-0.3
Operating profit/loss	38.4	82.7
Depreciation, amortization and impairment	-	-
Financial income	15.2	25.5
Financial expenses	-1.5	-4.9
Profit/loss before tax	52.1	103.4
Tax on profit/loss for the year	-	-
Profit/loss for the year	52.1	103.4



Summarized balance sheet	9/30/2017	9/30/2016
Current assets		
Liquid funds	118.3	16.8
Other receivables	163.6	496.2
Total current assets	281.9	513.0
Current liabilities	-30.1	-82.9
Total current liabilities	-30.1	-82.9
Fixed assets	154.1	216.9
Long-term financial debt	-47.5	-1.1
Other long-term liabilities	-	-217.5
Total assets and long-term liabilities	106.6	-1.7
Net assets	358.4	428.4

STUDENT HILL

Consolidated share amounts to 50%

Jan-Sep

Summarized income statement	2017	2016
Net Sales	7.1	3.8
Costs for production and management	-7.4	1.5
Other operating expenses	-0.2	-0.1
Operating profit/loss	-0.5	5.1
Depreciation, amortization and impairment	-	-
Financial income	-	0.6
Financial expenses	-0.4	-0.5
Profit/loss before tax	-0.9	5.2
Tax on profit/loss for the year	-	-
Profit/loss for the year	-0.9	5.2

Summarized balance sheet	9/30/2017	9/30/2016
Current assets		
Liquid funds	11.0	0.1
Other receivables	-	0.5
Total current assets	11.0	0.6
Current liabilities	-3.5	-3.6
Total current liabilities	-3.5	-3.6
Fixed assets	0.9	11.5
Long-term financial debt	-1.2	-0.1
Other long-term liabilities	-	-
Total assets and long-term liabilities	-0.3	11.4
Net assets	7.2	8.4



PROFI Turbinhallen

Consolidated share amounts to 50%

	Jan-Sep	
Summarized income statement	2017	2016
Net Sales	167.2	52.6
Costs for production and management	-127.9	-26.5
Other operating expenses	-	-
Operating profit/loss	39.3	26.1
Depreciation, amortization and impairment	-	-
Financial income	2.9	-
Financial expenses	-4.7	-
Profi/loss before tax	37.5	26.1
Tax on profit/loss for the year	-	-
Profit/loss for the year	37.5	26.1

	9/30/2017	9/30/2016
Summarized balance sheet	9/30/2017	9/30/2016
Current assets		
Liquid funds	-	13.0
Other receivables	-	26.1
Total current assets	-	39.1
Current liabilities	-	-
Total current liabilities	-	-
Fixed assets	293.8	53.8
Long-term financial debt	-151.9	-66.8
Other long-term liabilities	-	-
Total assets and long-term liabilities	141.9	-13.0
Net assets	141.9	26.1

PARTNERS GROUP

Consolidated share amounts to 50%

	Jan-Sep	
Summarized income statement	2017	2016
Net Sales	50.8	-
Costs for production and management	-47.8	-
Other operating expenses	-2.2	-
Operating profit/loss	0.9	-
Depreciation, amortization and impairment	-	-
Financial income	3.0	-
Financial expenses	-3.0	-
Profi/loss before tax	0.9	-
Tax on profit/loss for the year	-0.6	-
Profit/loss for the year	0.2	-

Summarized balance sheet	9/30/2017	9/30/2016
Current assets		
Liquid funds	57.6	-
Other receivables	107.3	-
Total current assets	164.8	-
Current liabilities	-59.7	-
Total current liabilities	-59.7	-
Fixed assets	-	-
Long-term financial debt	-	-
Other long-term liabilities	-0.6	-
Total assets and long-term liabilities	-0.6	-
Net assets	104.6	-

PROFI Bromma Square

Consolidated share amounts to 50%

Jan-Sep

Summarized income statement	2017	2016
Net Sales	14.4	1.6
Costs for production and management	-3.6	-0.7
Other operating expenses	-1.0	-0.2
Operating profit/loss	9.8	0.7
Depreciation, amortization and impairment	-	-
Financial income	-	-
Financial expenses	-3.2	-0.5
Profit/loss before tax	6.6	0.3
Tax on profit/loss for the year	-2.3	-
Profit/loss for the year	4.3	0.3

Summarized balance sheet	9/30/2017	9/30/2016
Current assets		
Liquid funds	13.7	6.6
Other receivables	3.6	3.4
Total current assets	17.3	10.0
Current liabilities	-7.5	-9.9
Total current liabilities	-7.5	-9.9
Fixed assets	251.5	250.2
Long-term financial debt	-247.3	-248.5
Other long-term liabilities	-2.4	-0.6
Total assets and long-term liabilities	1.8	1.1
Net assets	11.6	1.2

Note 7 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 386.6 MSEK (208.8). Mortgages have been pledged totaling 44.2 MSEK (0) and floating charges totaling 23.7 MSEK (23.7). A promissory note of 100.0 MSEK (86.7) has been pledged as security for a loan from a credit institution.

Contingent liabilities

Guarantees of 717.2 MSEK (1,079.5) have been pledged to housing cooperatives and 10.3 MSEK (5.0) 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 profits 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 14, 2017

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted 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, November 14, 2017

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 minus expenses for production and management.

Equity per share

Shareholders' equity divided by no. 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 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 construction

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 no. of building rights in previously acquired projects.

Building right

Forecasted no. 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 on 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 units and 10 percent student housing. SSM is the leading residential developer in its niche in the Greater Stockholm area and has about 6,700 building rights in its project portfolio. In 2017, SSM aims to start production of 1,000 homes and gradually increase the number of housing starts to reach at least 1,800 per year by 2021. 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 percent of the year's profits after tax

Financial calendar

Interim Report Q4 2017	February 22, 2018
Interim Report Q1 2018	May 15, 2018
AGM 2017	May 15, 2018
Interim Report Q2 2018	August 28, 2018
Interim Report Q3 2018	November 14, 2018

Download SSM's financial at ssmlivinggroup.com

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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 15, 2017.