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Press release

14 March 2017 (07.30 CET)

SSM intends to list its shares on Nasdaq Stockholm and carry out a new issue of shares

SSM Holding AB (publ) (“SSM” or “the Company”), the leading residential property developer within its niche in the Stockholm region, today announces its intention to list the Company’s shares on Nasdaq Stockholm (the “Offering”). The Offering is expected to comprise a new issue of shares corresponding to approximately SEK 500 million. SSM, founded in 1993, recorded an 83,5 per cent growth in earnings for 2016 compared to the previous year, and has more than 5,500 building rights in its project portfolio. SSM’s intention is to gradually increase the Company’s construction rates on an annual basis to reach a level of 1,800 construction starts per year by 2021.

- Nasdaq Stockholm has decided to admit SSM’s shares to trading, subject to customary conditions.
- The Offering is expected to comprise a primary offering generating net proceeds to the Company of approximately SEK 500 million. The net proceeds enable SSM to continue its expansion and gradually increase production of functionally-smart, affordable homes close to public transport and the city.
- The Company’s co-founders Ulf Morelius and Ulf Sjöstrand, through Eurodevelopment Holding AG (“the Principal Shareholder”), intend to remain main shareholders after the Offering.
- The Offering will consist of an offering to institutional investors in Sweden and internationally, outside the US, as well as an offering to the general public in Sweden.

Mattias Roos, CEO of SSM, comments:

“SSM has undergone a journey of strong growth to become the leading operator in the Stockholm region within its niche, with space-efficient, value-for-money apartments. We distinguish ourselves by developing homes for our target group – the urbanites of tomorrow – who want to be able to experience what the city has to offer, and who prioritize more in life than just their homes. A listing is a natural next step for continued growth, but it is also an opportunity for us to tackle the housing shortage in urban regions, which affects young adults looking to enter the housing market in particular. I look forward to continue to build our position as one of the Stockholm region’s premier residential developers together with our owners and SSM’s employees.”

Anders Janson, Chairman of the Board of Directors of SSM, comments:

“SSM has a history of strong growth and high returns, driven by a successful investment strategy that has resulted in SSM’s impressive project portfolio. A listing on Nasdaq Stockholm is a natural and important step in SSM’s continued development and growth. The listing is expected to benefit SSM through increased awareness of the Company and its offering, as well as improving the Company’s access to capital markets.

Ulf Morelius and Ulf Sjöstrand, co-founders of SSM and owners of Eurodevelopment Holding AG, comment:

“A great deal has changed and developed since we founded SSM in 1993. SSM was a property management company for several years, but for the past 20 years we have developed residential properties through new production. The Company’s focus has been clarified and the business has expanded considerably during the past five years. We are immensely proud that what we have strived to achieve for many years is now bearing fruit. Diversification of the ownership base will create the best conditions for SSM to continue to develop successfully in the future.”

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About SSM, background and reasons for the Offering

SSM has been operating in the Greater Stockholm region since its founding in 1993. The Company is owned by the co-founders Ulf Morelius and Ulf Sjöstrand. SSM's project portfolio currently comprises more than 5,500 apartments in planning or construction phase. This makes the Company the leading operator within residential development and housing construction in the Greater Stockholm region within its niche, with functionally-smart and affordable apartments for its target group. The Company distinguishes itself by building for a specific target group – the urbanites of tomorrow. SSM's ambition is to develop the most popular apartments in urban areas. The Company therefore builds and offers affordable apartments for one or two person households, primarily within the age group of 20-44 years, with high functionality per square meter, close to public transport, just outside the city centre.

The Company has over time chosen to collaborate with external companies and investors through joint ventures, which in SSM's view constitutes an efficient way of managing project risk and return, as well as to finance further expansion. SSM's intention is to gradually increase the Company's construction rates on an annual basis to reach a level of 1,800 construction starts per year by 2021. SSM aims to start construction of 1,000 homes during 2017. There is a strong demand for SSM's apartments which creates good conditions for SSM to realize its expansion plans.

SSM's key strengths

- Strong structural market drivers for housing development in Greater Stockholm
- Leading residential developer in attractive niche market
- Proven business model with a history of residential development
- Solid financial track record with substantial earnings growth attributable to own projects as well as joint ventures
- Experienced management team and project organization supported by long-term and committed owners
- Strong pipeline and platform with potential for further growth

SSM's financial targets and dividend policy

- Operating margin: >20 per cent
- Return on equity: >25 per cent
- Interest coverage ratio: >2 x
- Debt-to-equity ratio: >30 per cent
- Dividend policy: >30 per cent of the year's profits from 2017 onwards with the first possible dividend in connection with the AGM in 2018

Financial highlights

Financial key ratios, SEKm	2016	2015	2014
Net sales	649.9	351.1	411.0
Net sales, joint ventures	748.4	844.1	732.9
Net sales including joint ventures	1,398.3	1,195.2	1,143.9
Gross profit	147.1	52.1	57.5
Operating profit	187.1	101.9	62.8
Earnings after tax	144.7	95.6	35.1
Gross margin, %	22.6	14.8	14.0
Operating margin, %	28.8	29.0	15.3
Interest coverage ratio, x	4.0	5.8	2.7
Return on equity, %	61.0	75.2	53.5

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The Principal Shareholder, together with the Board of Directors and management of SSM, believe that the Offering is a logical and important step. The Offering is expected to comprise a primary offering generating net proceeds to the Company of approximately SEK 500 million. The net proceeds enable SSM to continue its expansion and increase the number of construction starts. The Offering is also expected to increase awareness and interest around SSM, strengthen existing and potential customers' and partners' confidence in SSM, increase the Company's ability to attract and retain ambitious, talented employees and key personnel, as well as improve the Company's access to financing and the capital market.

The Offering

The Offering will consist of new shares as well as existing shares. The Principal Shareholder intends to remain as main owner after the Offering and continue to actively take responsibility for the Company's future development. Ulf Morelius and Ulf Sjöstrand both intend to remain as members of the Board of Directors of SSM. The Offering will consist of an offering to institutional investors in Sweden and internationally, outside the US, as well as an offering to the general public in Sweden.

The price per share in the Offering is expected to be conducted within a price range and determined through a bookbuilding process.

Advisers

ABG Sundal Collier and SEB are acting as Joint Global Coordinators and Joint Bookrunners. Gernandt & Danielsson is legal adviser to SSM and the Principal Shareholder. Advokatfirman Hammariskiöld & Co is legal adviser to the Joint Global Coordinators and Joint Bookrunners.

SSM Holding AB (publ) is required to publish this information in accordance with the EU Market Abuse Regulation. The information was submitted for publication by the contact persons mentioned below on 14 March 2017 at 07.30 CET.
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This press release contains forward-looking statements which reflect SSM's current view on future events and financial and operational development. Words such as "intend", "will", "expect", "anticipate", "may", "plan", "estimate" and other expressions than historical facts which imply indications or predictions of future development or trends, constitute forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements. The information, opinions and forward-looking statements concluded in this announcement speak only as of its date and are subject to change without notice.