Press release 9 April 2020

Update coronavirus (COVID-19)

Impact on production

The various official decisions implemented in all of Bonava's markets due to coronavirus (COVID-19) entail an increased risk of disruption to Bonava's operations. During the first quarter, production essentially proceeded as usual, but some delays occurred in the logistics and production chain. Work is currently continuing at all of Bonava's construction sites. Delays that have already occurred and further anticipated delays will have an effect on net sales and operating profit. Despite the difficulties to quantify the more long-term consequences at the present time, the company assesses that the pace of production could be slowed, with delays as a result, which carries a risk of a significant impact on net sales and operating profit for 2020.

Impact on sales

Sales were strong during the start of the year, but have been negatively impacted by the pandemic in recent weeks. Bonava's assessment is that demand for housing units will continue to be negatively affected until the situation has stabilised.

First quarter 2020

Bonava Germany was expected to deliver a project comprising 167 student housing units in Heidelberg to investors during the first quarter of 2020. However, as a result of restrictions related to coronavirus (COVID-19), it was not possible to conduct the final inspection of the housing units and delivery is delayed. Accordingly, the housing units will only be recognised in profit in the second quarter.

As communicated earlier and can be repeated here, Bonava Nordic will be impacted by projects that have lower margins. These will be delivered and therefore also recognised in profit during the first three quarters of the year.

Full-year 2020

Bonava's accounting policy entails that profit is only recognised once the housing units have been completed and delivered. Accordingly, under normal circumstances, minor disruptions to the logistics and production chain could have a major impact on the company's net sales and operating profit between the quarters. The risk of delays in production has increased due to restrictions implemented, such as the number of people permitted to gather in one place, social distancing and closed borders. This affects the mobility of labour as well as the supply chains of materials to Bonava's construction sites.

Although it is difficult in these uncertain times to know what the exact consequences will be, the company makes the assessment that the pace of production will be slowed during the year. Since Bonava usually completes a large share of production and recognises this in profit during the fourth quarter, this means that there is a higher risk that net sales and operating profit could be delayed until 2021.

Current priorities

Bonava is monitoring ongoing developments closely and is continuously implementing measures on a broad front. With health and safety as our highest priority, restrictions and adapted procedures are being introduced to protect our employees, other stakeholders and society at large. Bonava has many ongoing activities to reduce costs, protect cash flow and address the risks. We are also working intensively on proactive measures for increased flexibility that will contribute to a more rapid adaptation of the operations once the crisis is over. The objective is that Bonava, with its financial strength, will stand well-equipped to benefit from the business opportunities that will arise when the situation has stabilised.

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Bonava is a leading residential development company in Northern Europe which has been creating homes and neighbourhoods since the 1930s. With its 2,300 co-workers, Bonava operates in Germany, Sweden, Finland, Denmark, Norway, St. Petersburg, Estonia and Latvia, with sales of SEK 15.5 billion in 2019. Bonava's shares are listed on Nasdaq Stockholm.

For more information, visit: www.bonava.com

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