Press release 17 June 2020

Update on developments related to COVID-19

Bonava regularly updates the market with relevant information on the effects of COVID-19. Since the most recent COVID-19 update, dated 9 April 2020, we have seen a cautious recovery in pace with the easing of restrictions in countries where Bonava is active. However, the situation is challenging and Bonava expects lower sales and disruptions to its production chain to have an impact on the housing units delivered in the second quarter. The risk communicated earlier, that delays to the delivery of housing units could have a negative impact on net sales and earnings for the current year, stands firm.

We are monitoring developments carefully and are safeguarding the health and safety of our co-workers, customers and partners, while we also endeavour to minimise any disruptions to our operations. Accordingly, a large number of different measures have been taken to adapt the company to the prevailing situation in terms of costs, cash flow and financing. For more information on measures taken in relation to COVID-19, please refer to the Interim Report for the first quarter of 2020 and https://www.bonava.com/en/update-corona-virus-covid-19.

Impact on production

The impact on Bonava's production has been relatively limited and, in most markets, business has essentially proceeded as usual at Bonava's construction sites, although some delays have occurred in the logistics and production chain. In the March-May period, Germany and the Nordic segment were impacted the most as a result of COVID-19.

Impact on sales

At the end of May 2020, Bonava had sold approximately 1,600 housing units during the year. Housing sales have been negatively impacted due to the prevailing uncertainty. The assessment is that Bonava will sell fewer housing units than in the preceding year, although we have seen a cautious recovery as our markets have gradually eased restrictions. The pace of sales is largely determined by how quickly the economy recovers and, accordingly, the demand for our housing units.

Impact on production starts

At the end of May 2020, Bonava had commenced work on approximately 800 housing units during the year. The increase is attributable to investment projects in Sweden and the Nordic segment. Market conditions permitting, Bonava plans to start production of housing units in 2020 that is at least on a par with the 2019 level.

Earnings trend in 2020

Bonava does not usually issue any forecasts for its financial development and does not intend to do so in the future. Given the exceptional situation that now dominates the market, the company is making an exception in order to provide greater predictability regarding the remaining quarters of 2020.

For the second quarter 2020, the number of delivered and sold housing units will be lower than previously anticipated, particularly in Nordic. In addition, our assessment remains that operating profit will be significantly lower year-on-year, primarily due to investor projects being delivered with below-average margins in the German portfolio. As communicated earlier, the second and third quarters 2020 will also be impacted by a weak trend in Denmark and the low-margin projects in Finland announced previously.

For the second half of 2020, Bonava makes the assessment, based on the current plan for completion and delivery of housing units, that net sales and operating profit will be strengthened during the second half of the year, mainly as a result of Germany delivering housing units with margins that reflect the average in ongoing production and a gradual improvement in the project margin on housing units delivered in Finland.

Since Bonava's reporting method entails that income is only recognised when the completed housing units are delivered to the customers, even the most minor disruptions to a project can lead to the earnings effects being recognised in a later period than planned. This risk has increased as a consequence of the uncertainty generated by the ongoing pandemic and this should be noted in particular since a highly significant share of earnings is expected to be reported in the fourth quarter.

For more information, please contact:

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Bonava is a leading residential development company in Northern Europe. Bonava has been creating homes and neighbourhoods since the 1930s. Bonava has 2,300 co-workers and 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 about us, visit: www.bonava.com