BONAVA

Press release, 29 September 2023

Bonava to carry out measures to strengthen competitiveness

To strengthen the company's long-term competitiveness and increase profitability, Bonava intends to implement restructuring measures in Germany, and continue adaptations in Sweden and Finland. It is estimated that this will affect 400 positions. The measures are expected to yield annual savings of SEK 400 M from 1 January 2025, and a restructuring cost of SEK 350 M will be recognised in the third quarter of 2023.

The situation in the market for newbuilt housing remains challenging. Sales have stabilised but at low levels, which will result in reduced production volumes going forward. Since the first signs of a weaker market just over a year ago, Bonava has been proactive in reviewing the company's costs and adapting to lower business volumes.

The market situation requires continuous decisiveness. After conducting a thorough analysis, Bonava plans to implement restructuring that is intended to make the German organisation more flexible and competitive. Germany is Europe's largest economy, and the German government estimates that 400,000 new housing units will need to be built annually. Bonava is one of the most active residential developers in Germany. The situation in Germany is different from Sweden in a number of areas. For instance, a larger part of home financing is based on savings, and consumers have a more long-term perspective, making the market less volatile.

The company's overheads will be reduced by almost SEK 400 M on an annual basis starting 2025, which will strengthen Bonava's cash flow and competitive position. This takes total cost savings up to close to one billion SEK, compared to the annualised level in the first quarter 2022, which is significantly higher than the previously announced SEK 600 M. A provision for non-recurring costs of SEK 350 M will be recognised in the third quarter of 2023.

– We are one of Germany's largest residential developers, and our position in the market is strong. We operate in the most rapidly growing segments, combined with a competitive business model. The market is undergoing changes, and to strengthen long-term competitiveness and profitability we are now creating an even more efficient, customer-oriented, and flexible organisation that can easily be scaled up, says Peter Wallin, CEO and President of Bonava.

The largest proportion of employees affected by the restructuring measures will be in Germany, and further adaptions are also taking place in the Nordic countries. Of the 400 positions affected, approximately 100 are in Sweden and Finland.

Decisions concerning staff reductions will be made only after negotiations with the trade unions are concluded.

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Bonava is a leading residential developer in Europe with the purpose to create happy neighbourhoods for the many. The company is the first residential developer in Europe to receive approval from the Science Based Targets initiative for its climate targets. With its 1,600 co-workers, Bonava develops residential housing in Germany, Sweden, Finland, Estonia, Latvia and Lithuania, with net sales of approximately SEK 14 Bn in 2022. Bonava also has discontinuing operations in St. Petersburg. Bonava's shares and green bond are listed on Nasdaq Stockholm.

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