

BONAVA

January–December 2022

Peter Wallin, CEO and Lars Granlöf, CFO
2 February 2023

Second consecutive quarter of hesitant markets

Market highlights Q4

- 2022 started with strong markets – considerable slowdown in Q3. The markets have not changed dramatically during Q4.
- Overall sales continuing at a slower pace compared to the beginning of the year. Baltics and Germany affected the least amongst markets, Sweden affected most
- Price level in new production largely remains stable year on year
- Cost inflation abates



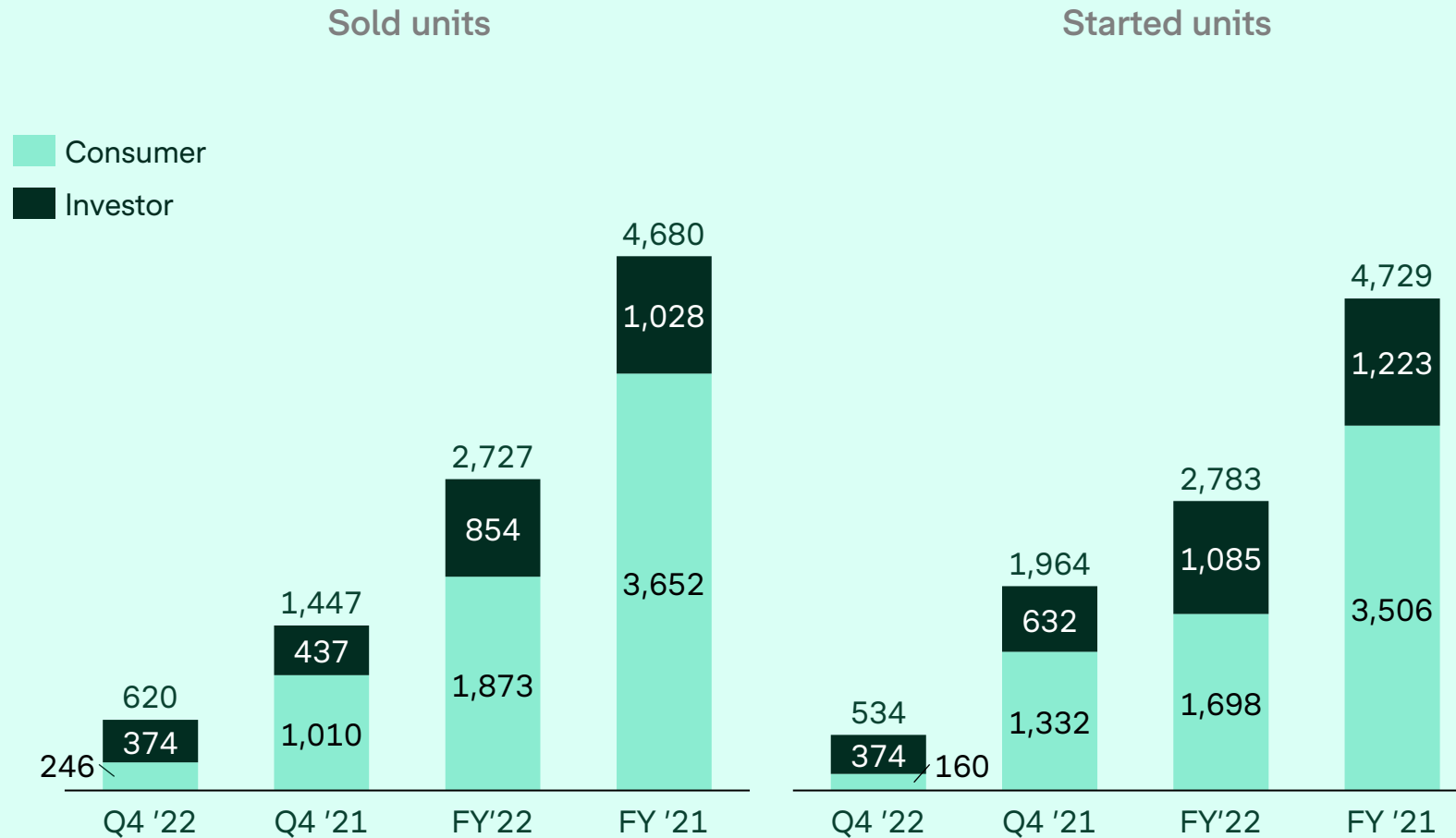
High volume with strong underlying profitability

Q4 figures in brief

- High activity in the quarter with 1,744 units recognised
- Underlying gross-margin stable at 13.6% (13.6%)
- Write-downs and risk provisions in Sweden (SEK 118 M) and Germany (SEK 67 M) affect gross margin
- Solid equity-to-assets ratio of 31.2% (35.1%)
- Selective on starts and investments
- Write-down of NAV in St. Petersburg, lowers profit from operations to be discontinued by SEK 0.9 Bn



Selective in production starts



When to start a project

- The right team in place
- Verified cost estimates
- Verified sales and market status

Examples of projects started in the quarter



Parkstadt Portitz – Saxony, Germany
94 units started for investors



Syrenen – Ältadalen, Sweden
The final 22 units in an area with 204 Bonava houses for consumers

All Bonava's housing starts are presented on bonava.com/en/investor-relations/housing-starts

New financial targets

Previous financial targets

Earnings before tax of:

- SEK 1.3 Bn in 2024
- SEK 2.0 Bn in 2026

Sold units of:

- 5,800 in 2024
- 7,000 homes in 2026

New financial targets

1

Operating margin of:

- At least 10 per cent from full-year 2026

2

Gearing of:

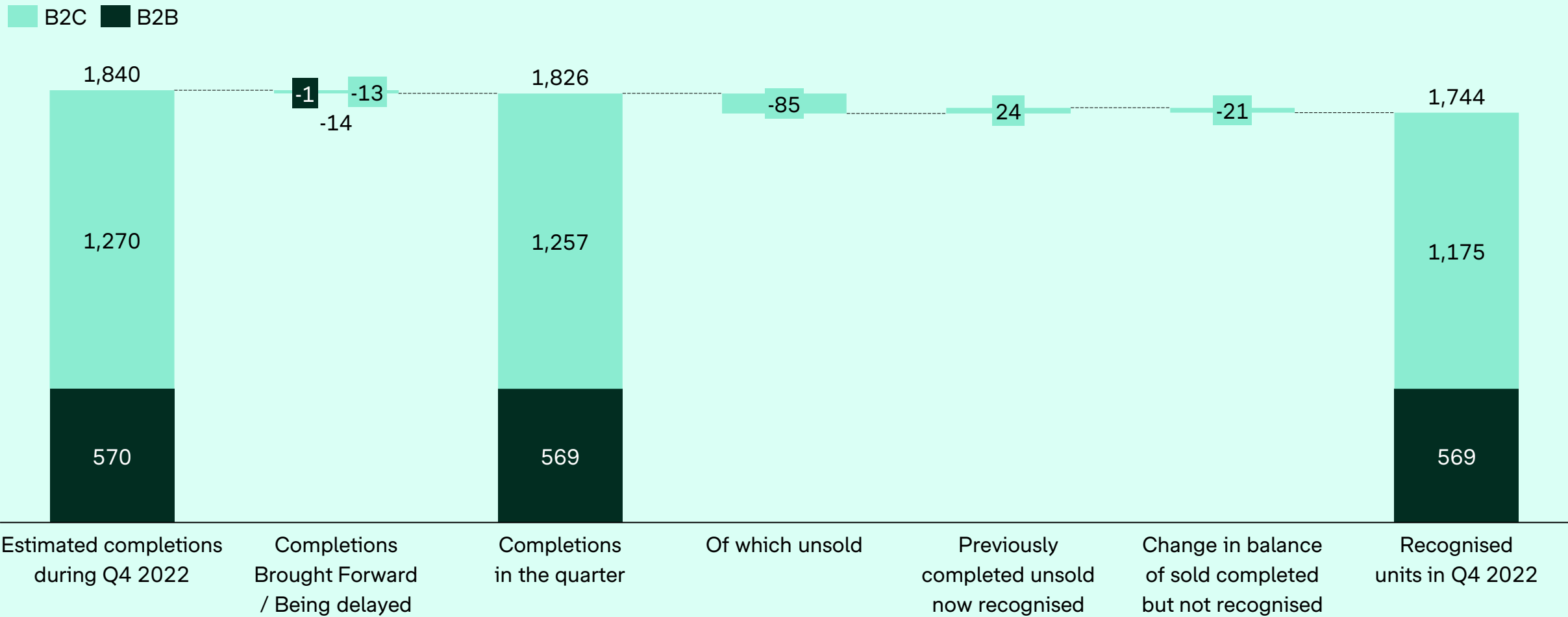
- Not greater than 1.0x (net debt/reported equity)

Financial development

Lars Granlöf, CFO

Recognised units in Q4 vs estimated completions Q3'22

Recognised units bridge

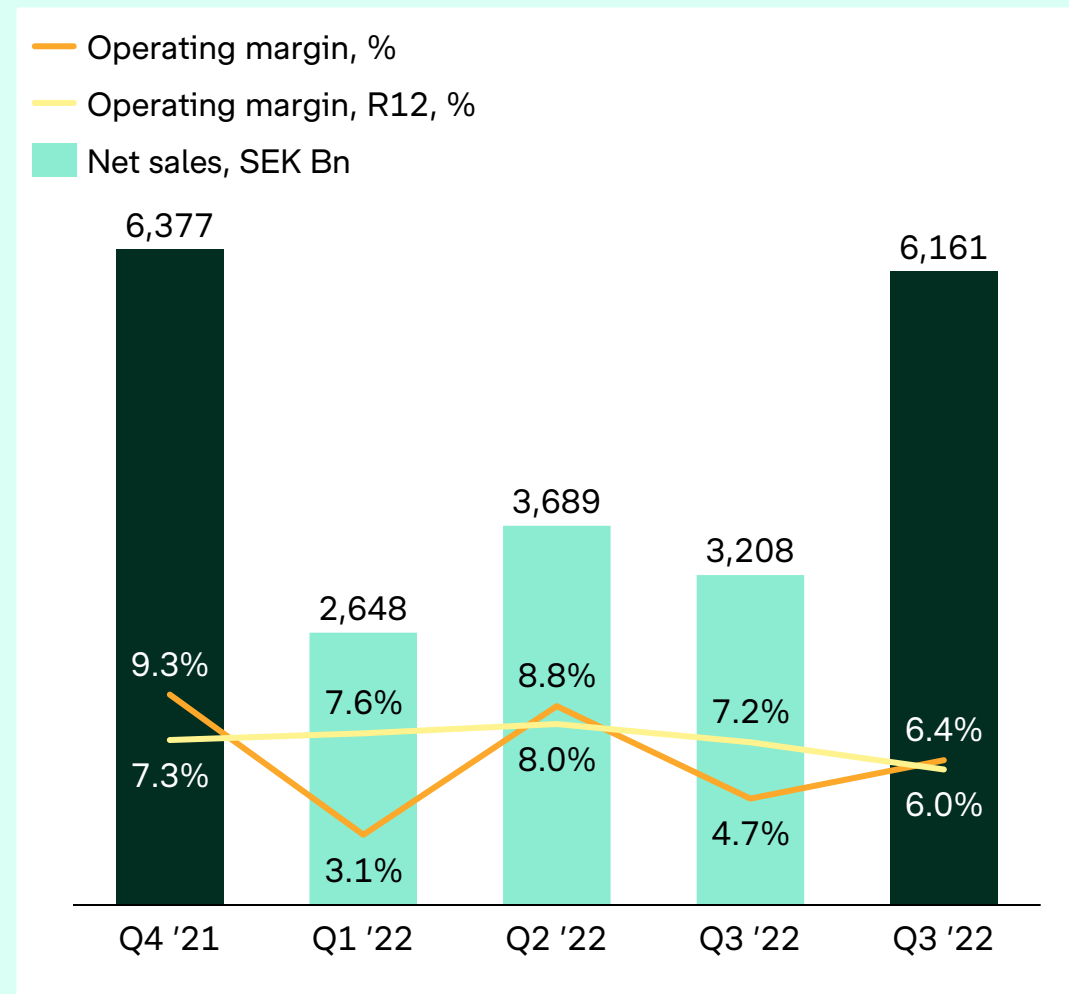


Bonava Group

High net sales but write-downs and risk provision in Sweden and Germany



SEK M	2022 Q4	2021 Q4	2022 FY	2021 FY
Continuing operations				
Net sales	6,161	6,377	15,706	14,746
Gross profit	650	846	1,857	1,925
Gross margin, %	10.6%	13.3%	11.8%	13.1%
Selling & admin expense	-256	-251	-908	-844
Operating profit (before IAC)	394	595	950	1,081
Operating margin, %	6.4%	9.3%	6.0%	7.3%
IAC	-56	38	-56	-80
Operating profit (after IAC)	338	633	894	1,002
Net financial items	-76	-37	-198	-142
Profit/loss before tax	261	596	695	860
Tax on profit for the period	-51	-108	-190	-179
Net profit	211	488	505	681
Operations to be discontinued	-895	52	-808	127



Highlights

- Increased net sales
- Lower gross margin due to product mix and provisions
- Increased risk provisions for warranty claims in closed projects of MSEK 67
- Two investor deals totalling 154 units

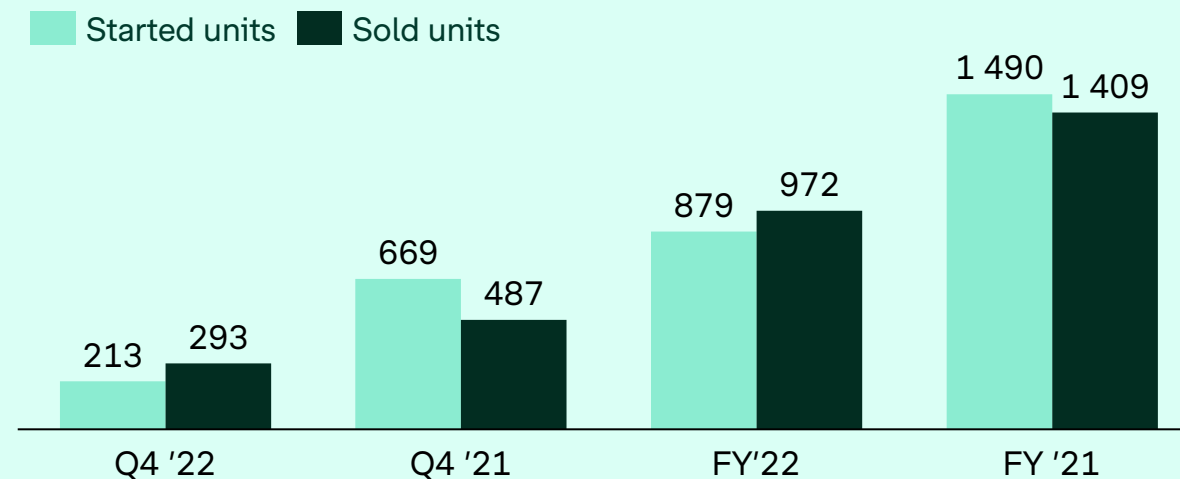
SEK M	2022 Q4	2021 Q4	2022 FY	2021 FY
Net sales	3,306	3,109	7,785	7,276
Gross profit	466	566	1,213	1,210
Gross margin, %	14.1	18.2	15.6	16.6
Selling & admin expense	-83	-83	-309	-296
Operating profit (before IAC*)	383	482	904	914
Operating margin (before IAC), %	11.6	15.5	11.6	12.6
Recognised units	700	733	1,888	1,813

*IAC totalled SEK - 32 M for Q4 2022 and for full-year2022. No such items have been reported in 2021.
Q4 2022



Project: Ahrensfelder Obswiesen, Berlin Area

Sold and started units



Highlights

- Fewer units recognised
- Increased profitability in handed over projects
- Gross profit affected by SEK 118 M in write-downs and risk provisions
- Significant slow-down in sales

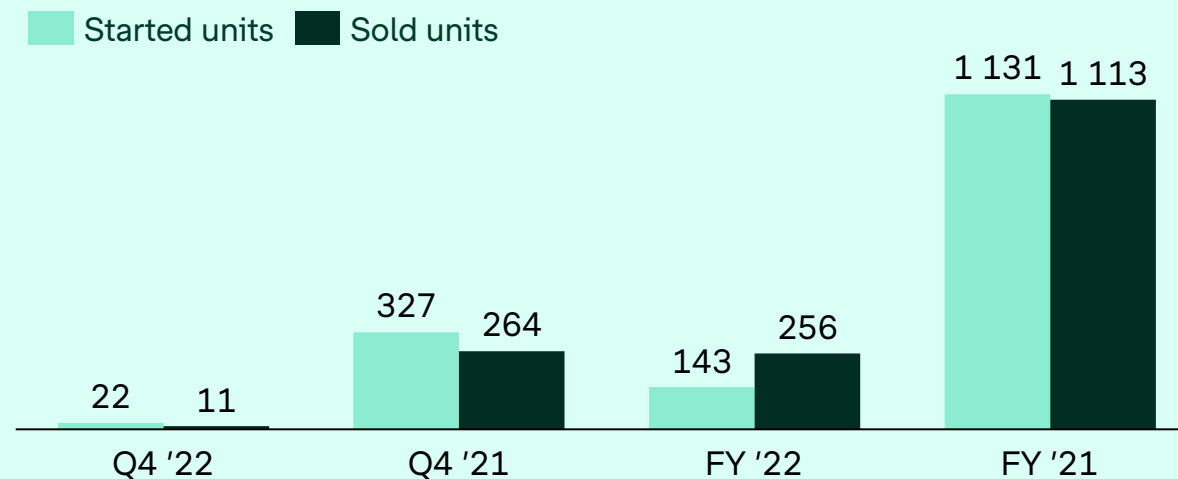
SEK M	2022 Q4	2021 Q4	2022 FY	2021 FY
Net sales	750	1,000	2,745	3,327
Gross profit	-37	104	85	420
Gross margin, %	-4.9	10.4	3.1	12.6
Selling & admin expense	-43	-36	-139	-129
Operating profit (before IAC*)	-80	67	-54	292
Operating margin (before IAC), %	-10.6	6.7	-2.0	8.8
Recognised units	278	384	881	1,055

*IAC totalled SEK -44 M for Q4 2021 and full-year 2021 and SEK -20 M for Q4 2022 and full-year 2022.
 Q4 2022



Project: Sörgården, Göteborg

Sold and started units



Highlights

- Increase in number of units recognised in the quarter
- Two investor deals totalling 220 units in the quarter
- Work with stabilising the business is starting to show in gross margin
- Slow-down in sales to consumers

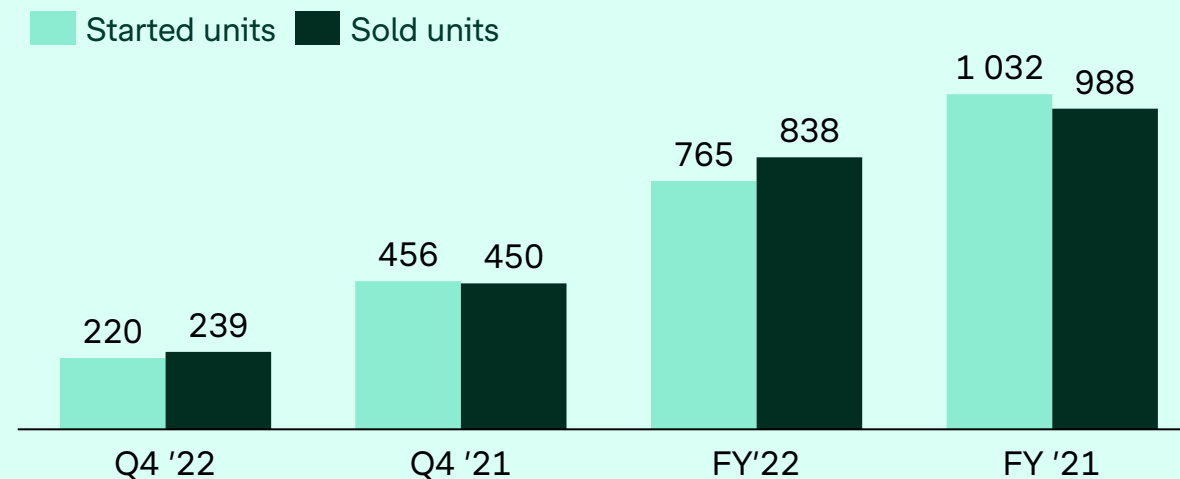
SEK M	2022 Q4	2021 Q4	2022 FY	2021 FY
Net sales	769	585	1,759	1,842
Gross profit	71	19	183	133
Gross margin, %	9.3	3.3	10.4	7.2
Selling & admin expense	-22	-23	-95	-77
Operating profit (before IAC*)	49	-3	88	56
Operating margin (before IAC), %	6.4	-0.5	5.0	3.1
Recognised units	306	245	718	636

*IAC totalled SEK -36 M for Q4 2021 and full-year 2021. No such items have been reported in 2022.
 Q4 2022



Project: Ellen 1, Capital Area

Sold and started units





Highlights

- Fewer units recognised
- Improved gross margin
- No units started, previously completed homes sold in the quarter



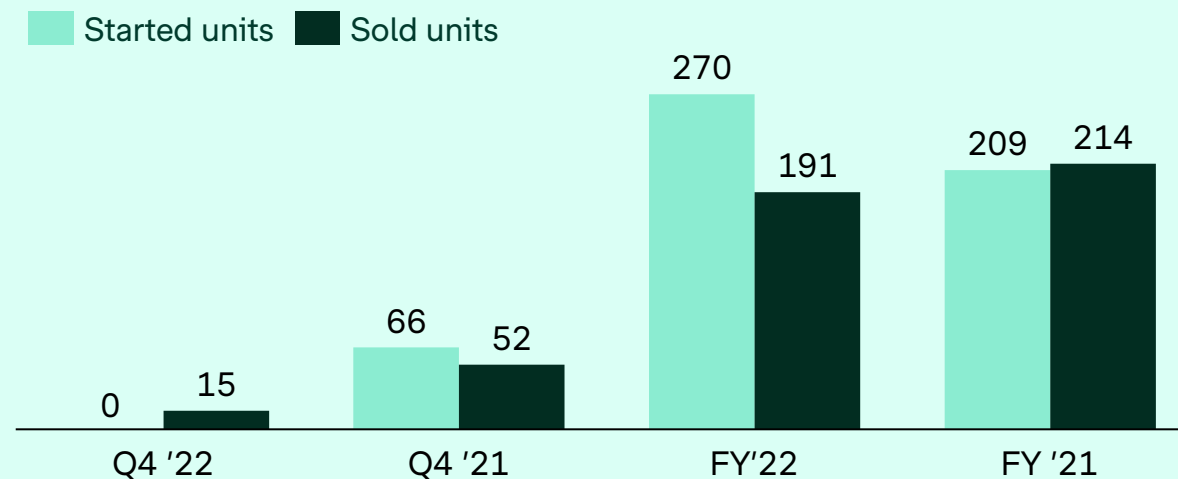
Project: Merinokvartalet, Bergen

SEK M	2022 Q4	2021 Q4	2022 FY	2021 FY
Net sales	497	677	1,719	787
Gross profit	70	36	168	19
Gross margin, %	14.1	5.4	9.8	2.4
Selling & admin expense	-32	-25	-105	-86
Operating profit (before IAC*)	38	11	64	-67
Operating margin (before IAC), %	7.7	1.6	3.7	-8.5
Recognised units	76	203	321	224

*IAC totalled SEK -50 M for Q4 2021 and full-year 2021. No such items have been reported in 2022.

Q4 2022

Sold and started units



Highlights

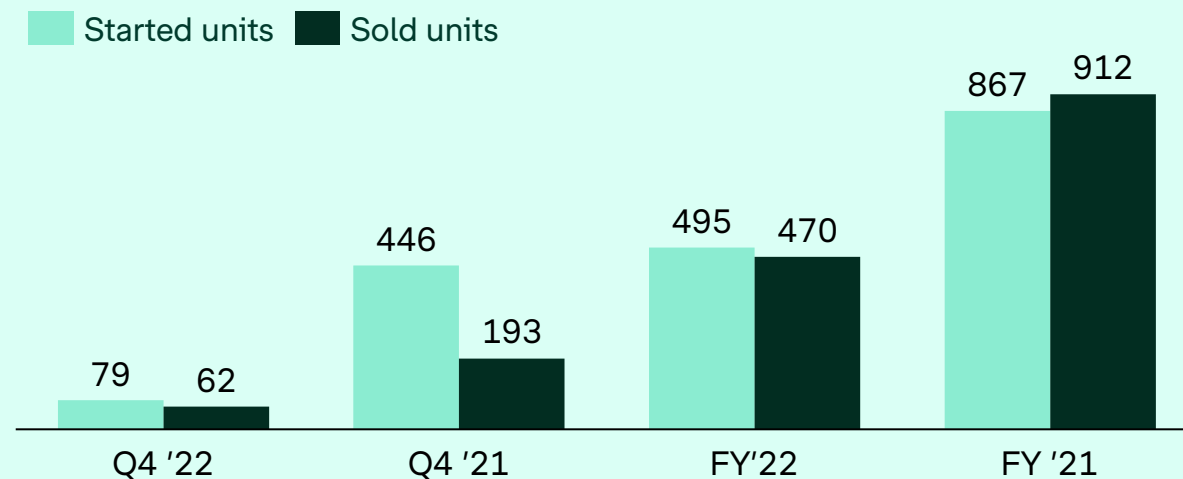
- Fewer units recognised
- Further increase in gross margin from good level
- Full-year operating profit on highest level ever
- Some slow-down in the markets, varying by region

SEK M	2022 Q4	2021 Q4	2022 FY	2021 FY
Net sales	382	446	832	757
Gross profit	72	70	152	114
Gross margin, %	18.7	15.7	18.2	15.0
Selling & admin expense	-11	-10	-44	-32
Operating profit	60	60	108	82
Operating margin, %	15.7	13.4	13.0	10.8
Recognised units	279	455	676	811



Project: Paldiski, Estonia

Sold and started units



St. Petersburg update

Sales process

- Sales agreement cancelled due to lack of required approvals from Russian authorities
- Complete write-down of net asset value of operations in St. Petersburg
- Net financial impact of SEK -0.9 Bn. No impact on cash-flow.
- Sales process restarted
- Reported as operations to be discontinued

Ongoing operations

- 91 units completed and handed over in Q4 2022
- Projects largely completed. Delay in achieving technical completion certification delays final handovers about one quarter.
- No new projects or investments will be initiated

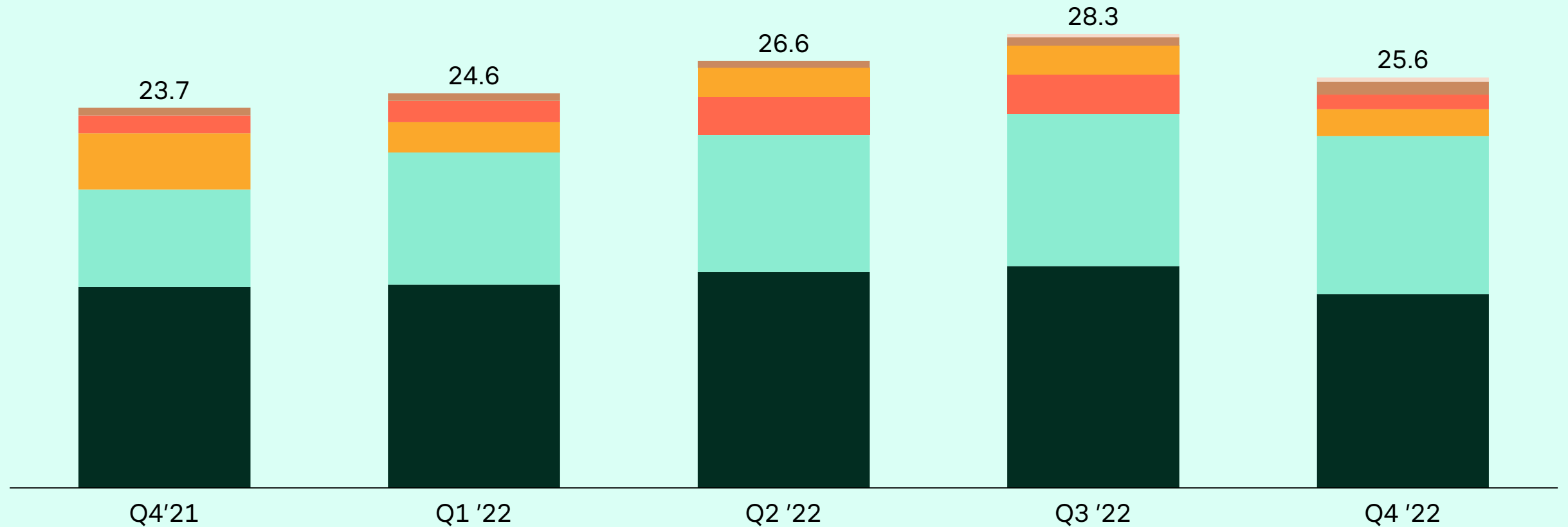
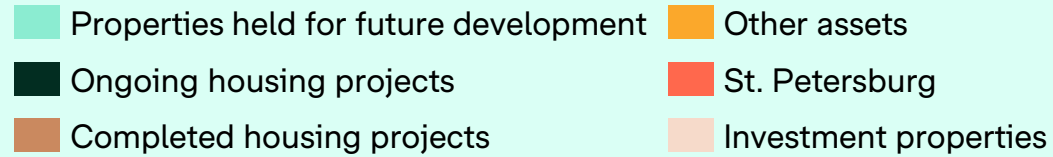


Project: Magnifika, St. Petersburg

Distribution of assets: Handovers decrease ongoing projects, impact from write-down of St. Petersburg

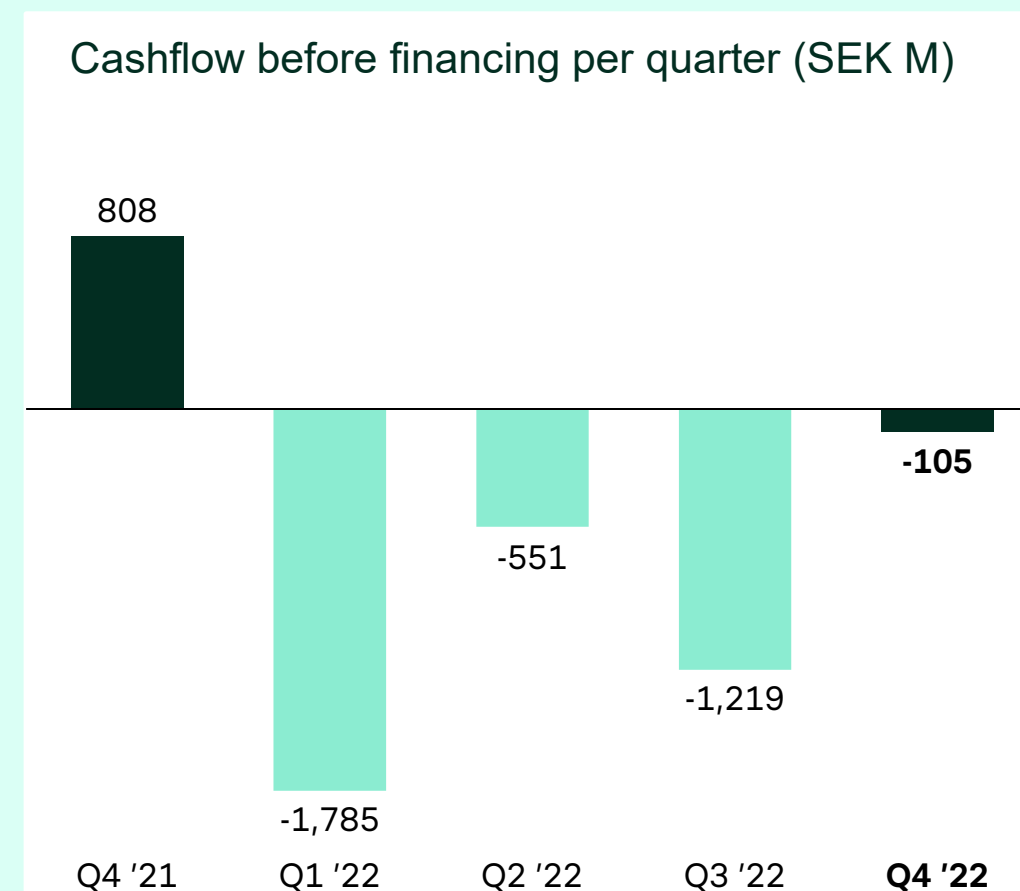


Total assets (SEK Bn)



Quarter impacted by selective approach on starts and comparatively lower number of investor deals

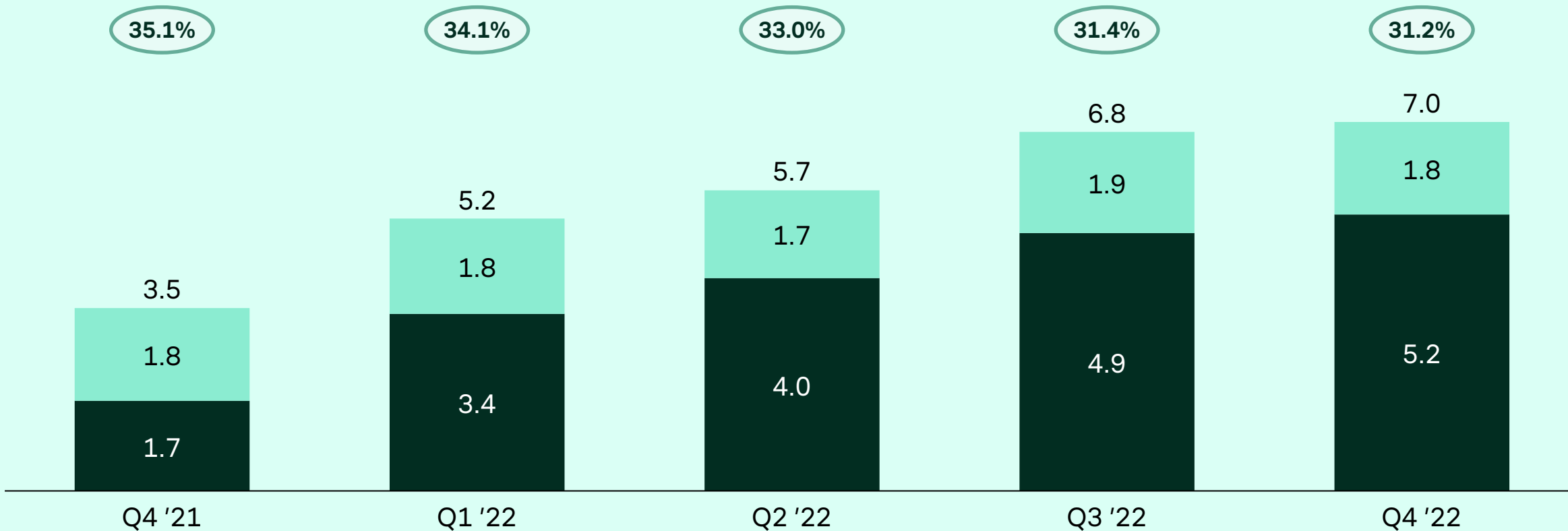
SEK M	2022 Q4	2021 Q4	2022 FY	2021 FY
Cash flow before changes in working capital	366	781	527	991
Divestments of housing projects	5,327	5,750	13,312	12,910
Investments in housing projects	-3,995	-4,477	-16,073	-13,270
Other changes in working capital	-1,771	-1,187	-1,045	88
Cash flow from operating activities	-73	868	-3,242	719
Investing activities	-32	-60	-104	-88
Cash flow before financing	-105	808	-3,346	631



Equity-to-assets ratio well above 25% covenant

Net debt (SEK Bn)

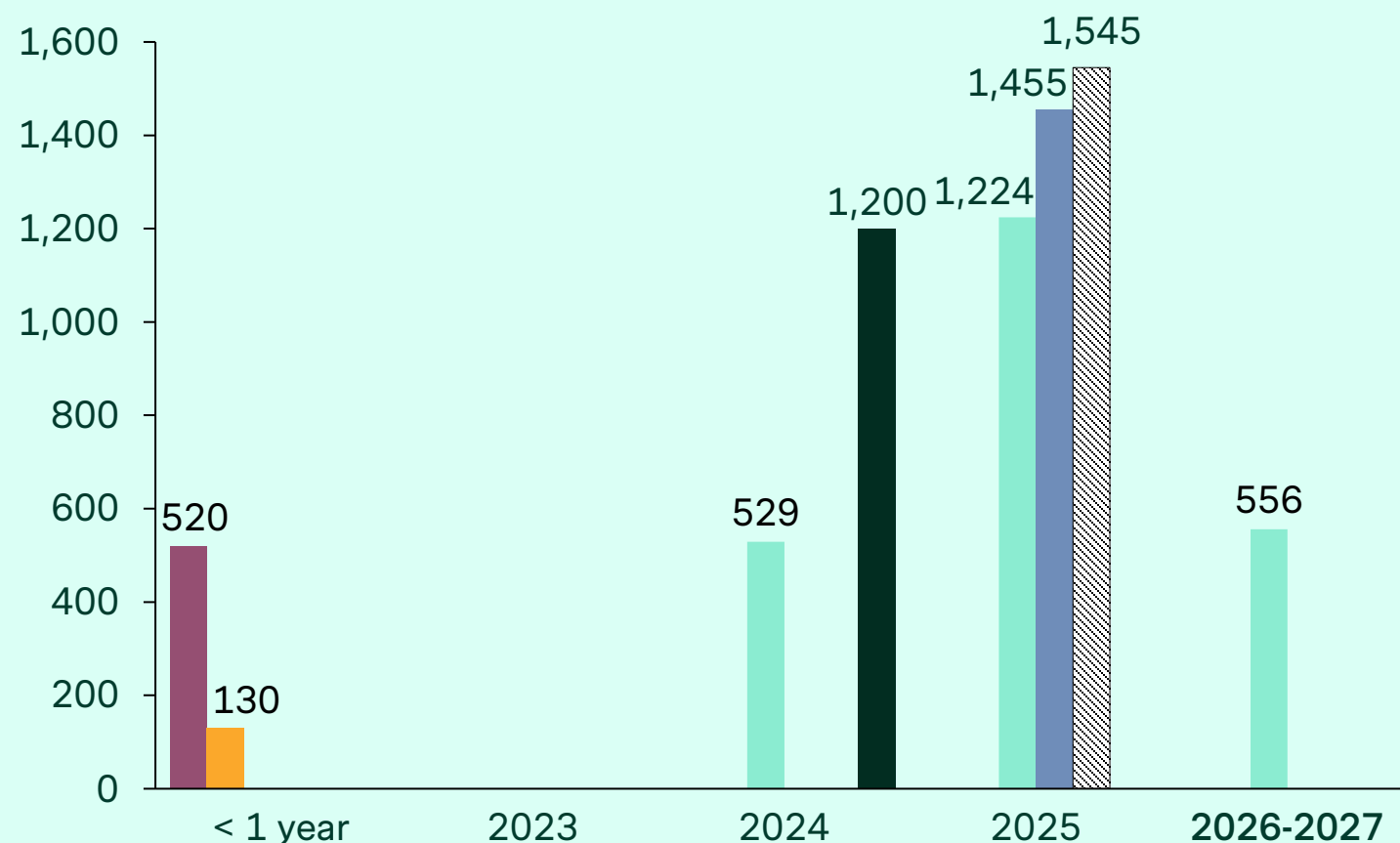
- Net debt in tenant-owner associations/housing companies
- Other net debt
- Equity to Assets ratio%



SEK 3 Bn RCF refinanced to 2025

Financing facilities per Q4 2022

SEK M



Well balanced funding base

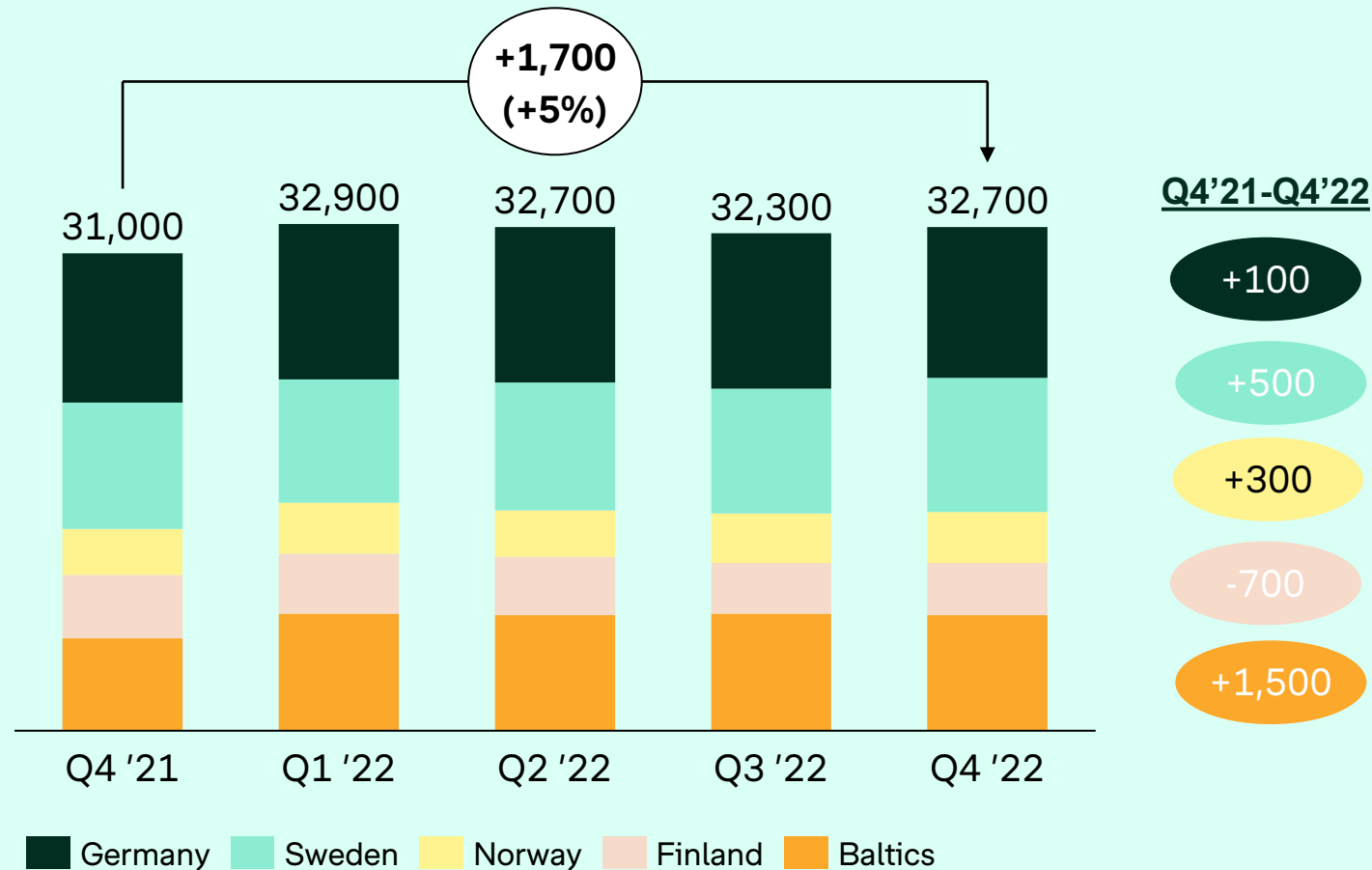
- Credit facilities of SEK 7.2 Bn where of SEK 2.1 Bn unutilised (Overdraft and RCF)
- Project financing of SEK 1.9 Bn where of unutilised SEK 0.4 Bn
- Various credit lenders and funding sources

- Unutilised Overdraft facilities
- Utilised Overdraft facilities
- Loans
- Drawdown on RCF
- RCF - Unutilised back-up for CP programmes
- Bond

Acting on landbank opportunities when they arise



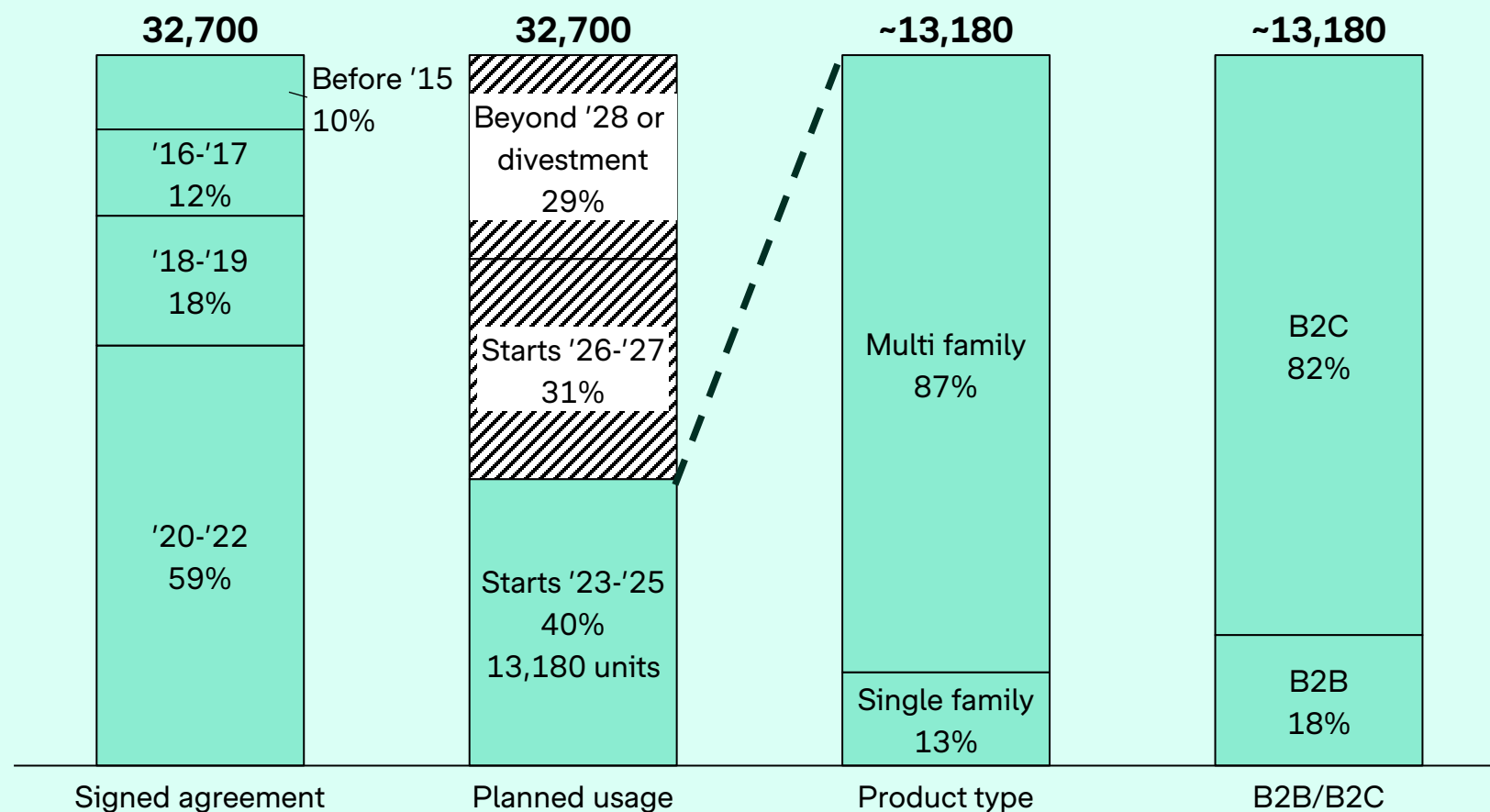
No of building rights



Building rights added to land bank

- Book value SEK 10 (7) Bn with more on balance compared to LY
- Sweden: land acquisitions of 550 units

Multi family and B2C dominate near term building rights



Comments

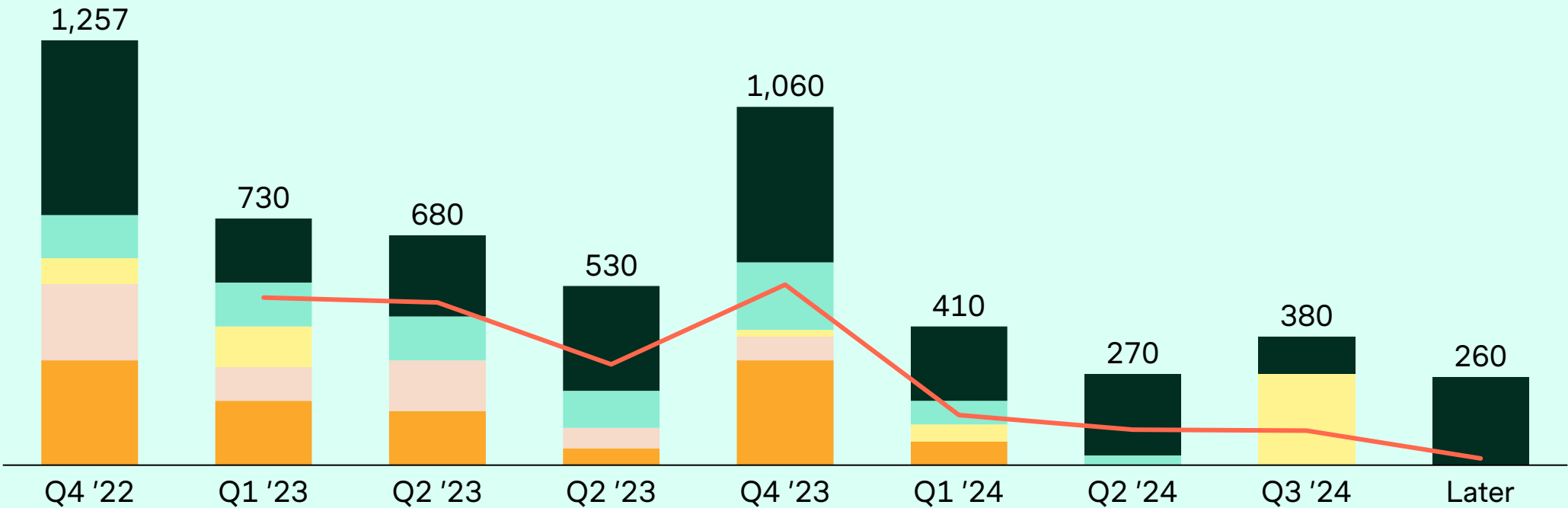
- BR on balance: 20,050
- BR off balance: 12,650
 - Options or conditional agreements
- BR on-balance increased by 5% on the year
- Secured landbank to enable starts in 2023-2024
- Short term more multi family
- Conversion B2C into B2B a possibility

Consumers - expected completions and sales rate



Germany Sweden Norway Finland Baltics Sales Rate

No of units



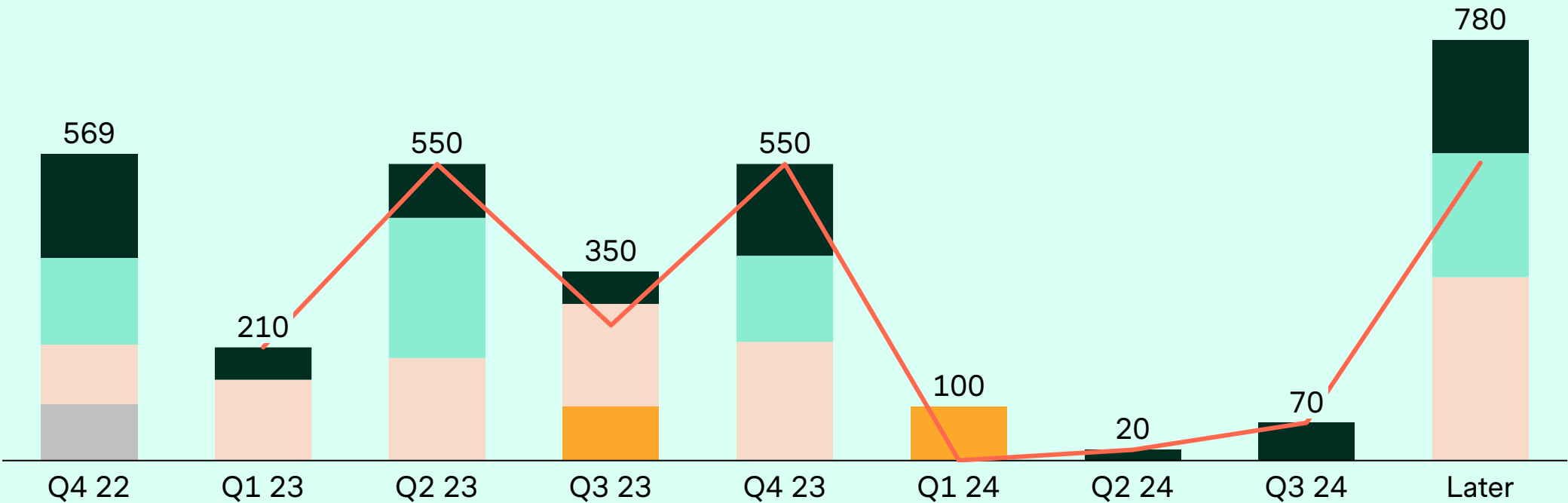
Δ since Q3 22:	-13	-30	+10	+19	-16	-2	+369	-360	-23
Starts Q4 22:				+11	+56	+80	+2	+11	+160

Investors - expected completions and sales rate



Germany Sweden** Norway Finland Baltics* Denmark Sales rate

No of units



Δ since Q3 22:	-1	-60	+60		-50	+70	-34	-15
Starts Q4 22:							+374	+374

* Baltics refers to B2M

** 231 B2M in Sweden

Summary

High volume with strong underlying profitability, focus on maintaining financial stability

Q4 figures in brief

- High activity in the quarter with 1,744 units recognised
- Improvement of underlying gross margin. Measures taken to reduce risk and cost for legacy and warranty issues
- New financial targets
- Main focus on maintaining financial stability, thus being selective on starts and investments
- Long term need of sustainable housing in our markets



Q&A


BONAVA