



January–September 2021

Peter Wallin, CEO and Lars Granlöf, CFO

28 October 2021

High demand and favourable price trends



Market highlights

- Stable market fundamentals
- Price increases in all our markets
- Strong interest and demand reflects prioritised living and housing situation
- The new pandemic restrictions on some markets could impact our processes short-term

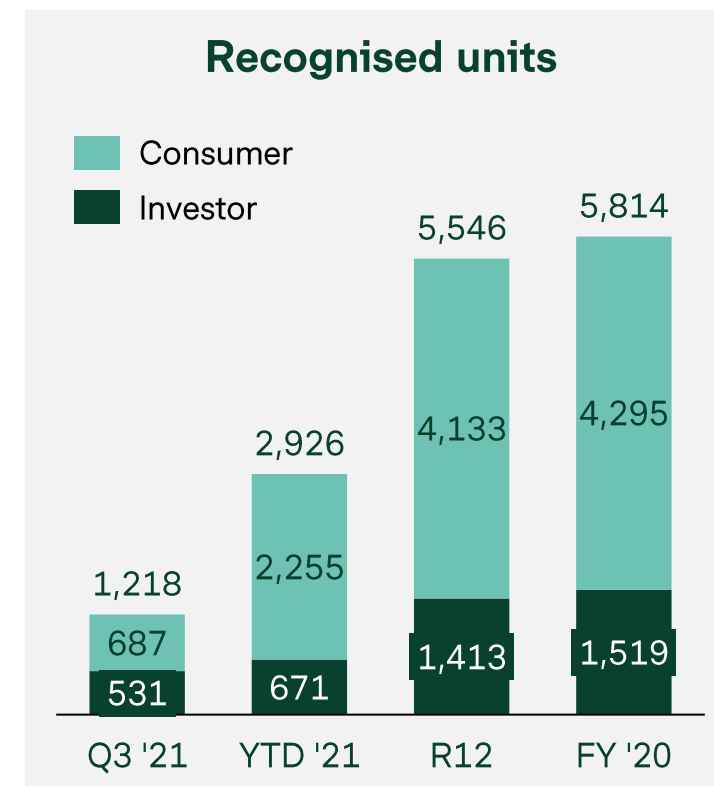
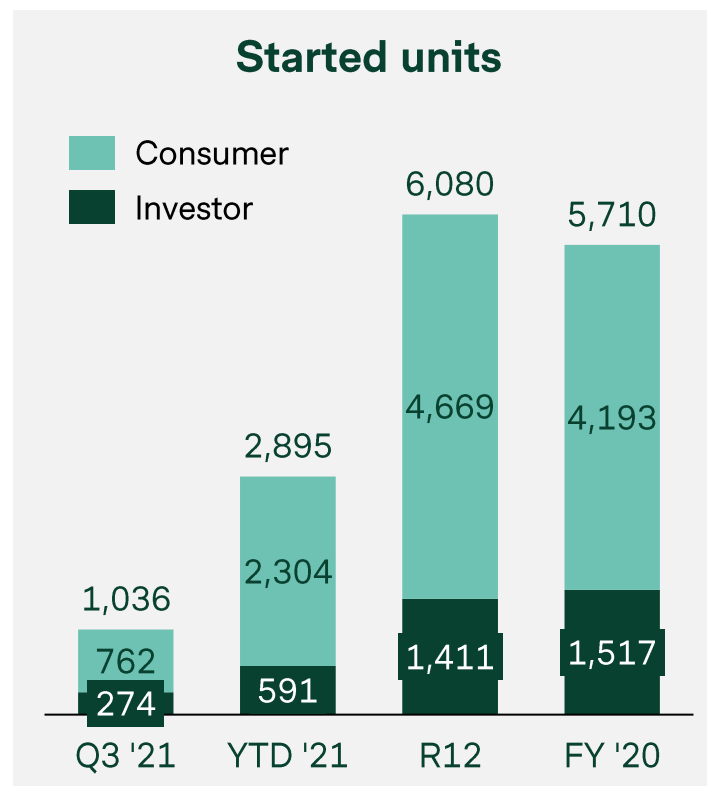
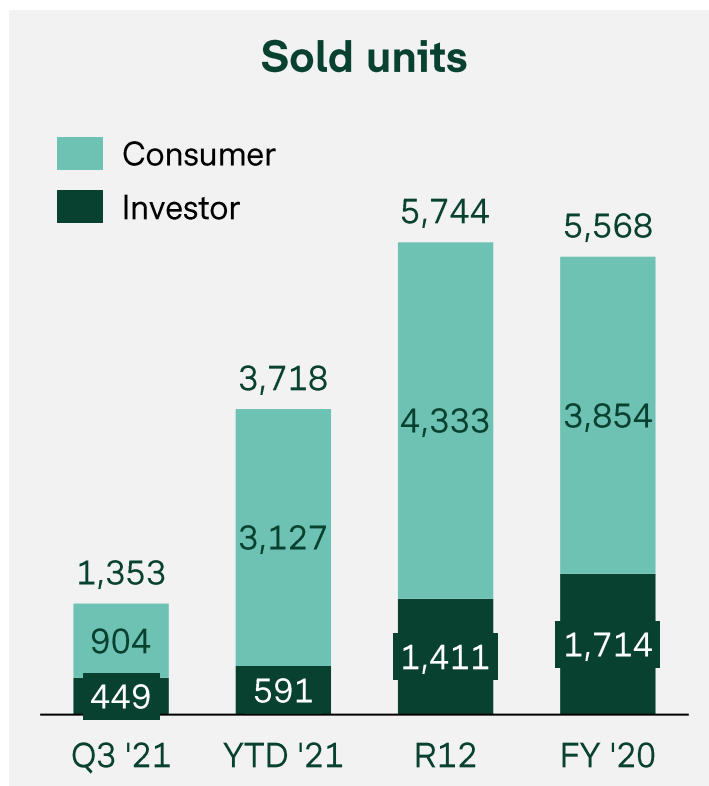
Gradually strengthened profitability



Q3 figures in brief

- Net sales increased by 26% adjusted for currency, higher share of investor units recognised
- Significantly improved EBIT and margin
 - Strengthened project and market mix
 - Lower contribution from St. Petersburg – Baltics, completed units handed over in Q4 21 and Q1 22
 - Improved control of operational costs
- Limited disturbances in supply chain, cost increases offset by sales prices
- Strong financial position

Starts as planned and higher volume of units recognised in Q3



Outlook production starts 2021

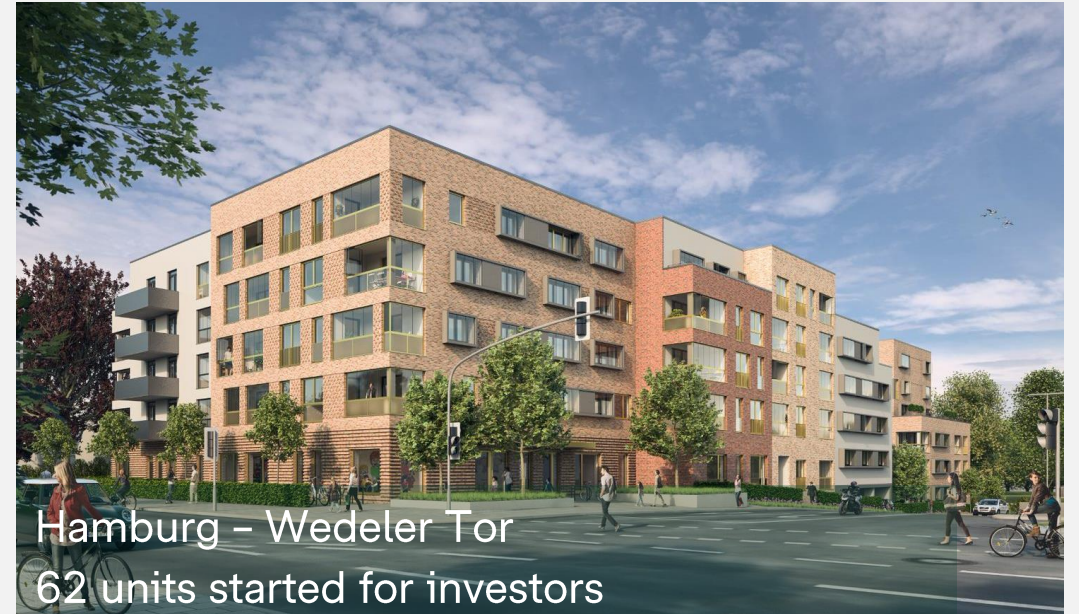
For the full-year 2021, pending necessary permits, the number of production starts is estimated to increase by approximately 5% compared with 5,364 units in 2020 adjusted for starts in Denmark.

Examples of projects started in the quarter

Consumers – Sweden



Investors – Germany



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

Revised targets and updated strategy



Rigorous review performed

Solid and fact-based process to define baseline and identify opportunities



- Macro trends affecting our industry
- Housing market dynamics per Business Unit and region
- Group & Business Unit financial/operational performance

External findings

1.

Our markets are attractive

2.

Our markets are different

3.

Competition is moving fast

Rigorous review performed

Solid and fact-based process to define baseline and identify opportunities



- Macro trends affecting our industry
- Housing market dynamics per Business Unit and region
- Group & Business Unit financial/operational performance

Internal findings

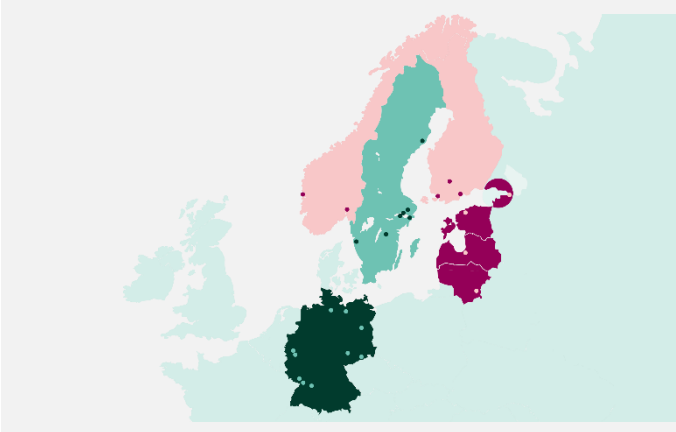
1. Well managed landbank crucial

2. Cost and resource efficiency key to stay competitive

3. Continuously sharpen market offering to stay relevant

4. Clarification in operating model needed

Clear business focus for sustainable growth



Clear business focus

- Strengthen position in regions offering best conditions for profitable growth
- Wind down of Danish operation to optimise capital usage
- Leverage local market conditions



Targets steering value creation

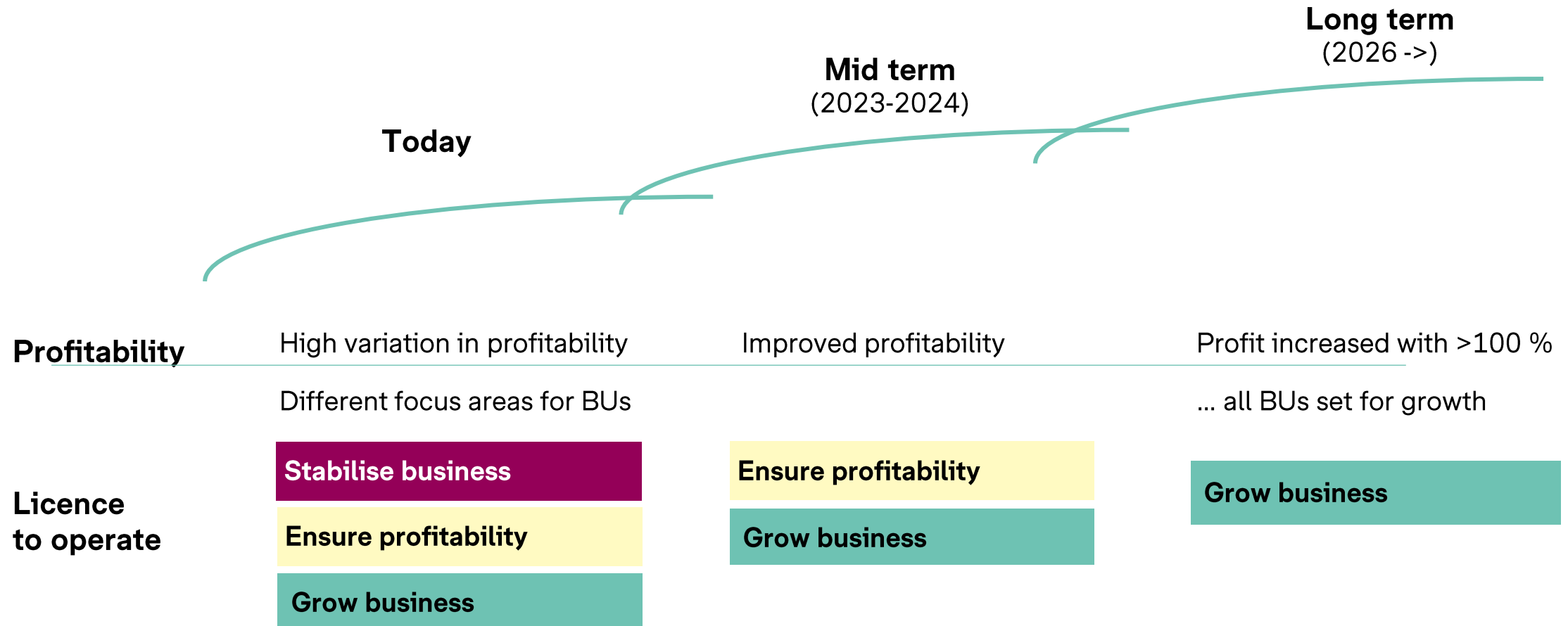
- Clear purpose in "We create happy neighbourhood for the many"
- Six financial and non-financial targets
- Sustainability throughout our value chain



Strategic priorities for impact

- Strengthen portfolio of building rights
- Improve cost and resource efficiency
- Ensure commercial excellence including new business models

Profitability focus and prepare business for growth



Clear targets steer our business and value creation

1.

Profitability: Earnings before tax of SEK 2.2 Bn in 2026 (an increase of 120% from 2020)

4.

Customer satisfaction: Net Promoter Score (NPS) > 50

2.

Growth: 8,000 homes sold in 2026 (an increase of 44% from 2020)

5.

Climate action: By 2030, Bonava will reduce both direct and indirect emissions of greenhouse gases by 50 percent, compared with the base year 2018

3.

Health and safety: Our target is a healthy and safe workplace for everyone

6.

Employee engagement: The employees' engagement in line with the top 10% best performing companies

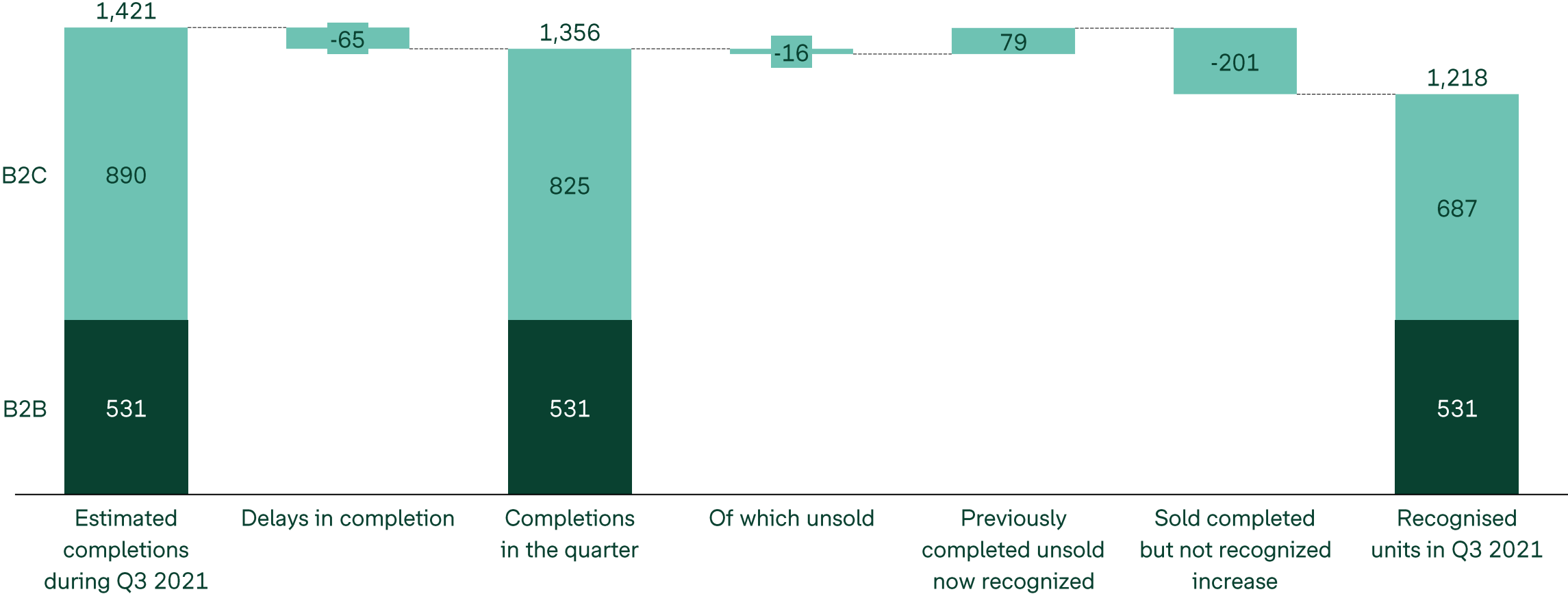
Equity/assets ratio: The minimum equity/assets ratio should be 30 per cent
Dividend policy: Distribute at least 40 percent of the Group's profit after tax to shareholders over a business cycle

Financial development

Lars Granlöf, CFO



Recognised units in Q3 vs estimated completions per 30 June

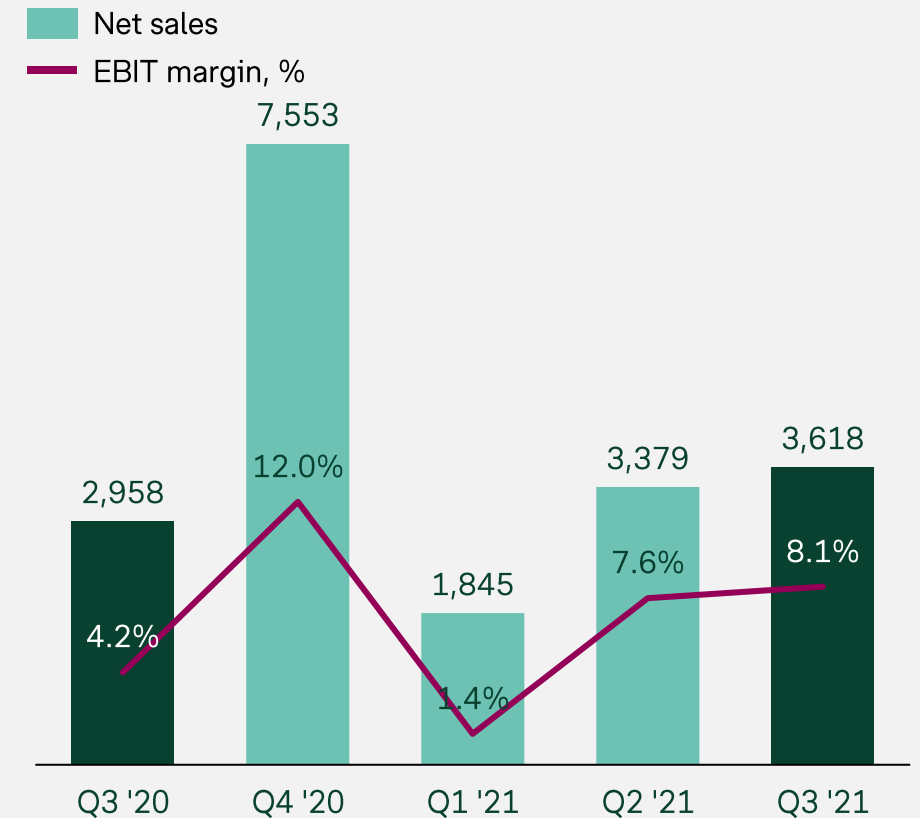


Improved profitability

MSEK	2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 FY
Net sales	3,618	2,958	8,842	9,444	16,997
Gross profit	490	318	1,196	831	1,979
Gross margin, %	13.6%	10.8%	13.5%	8.8%	11.6%
Selling & admin expenses	-197	-193	-620	-619	-857
EBIT (before IAC)	293	125	576	211	1,121
EBIT margin, %	8.1%	4.2%	6.5%	2.2%	6.6%
Items affecting comparability ¹			-117		
EBIT (after IAC)	293	125	459	211	1,121
EBIT margin, % (after IAC)	8.1%	4.2%	5.2%	2.2%	6.6%
Net financial items	-29	-26	-101	-85	-122
Profit/loss after financial items	265	99	358	126	999
Tax on profit for the period	-67	-26	-91	-34	-267
Tax, %	-25.2%	-26.3%	-25.3%	-26.6%	-26.7%
Net profit	198	72	267	93	733

¹ Wind down of Danish operations impacted EBIT by 117 MSEK in Q2 2021

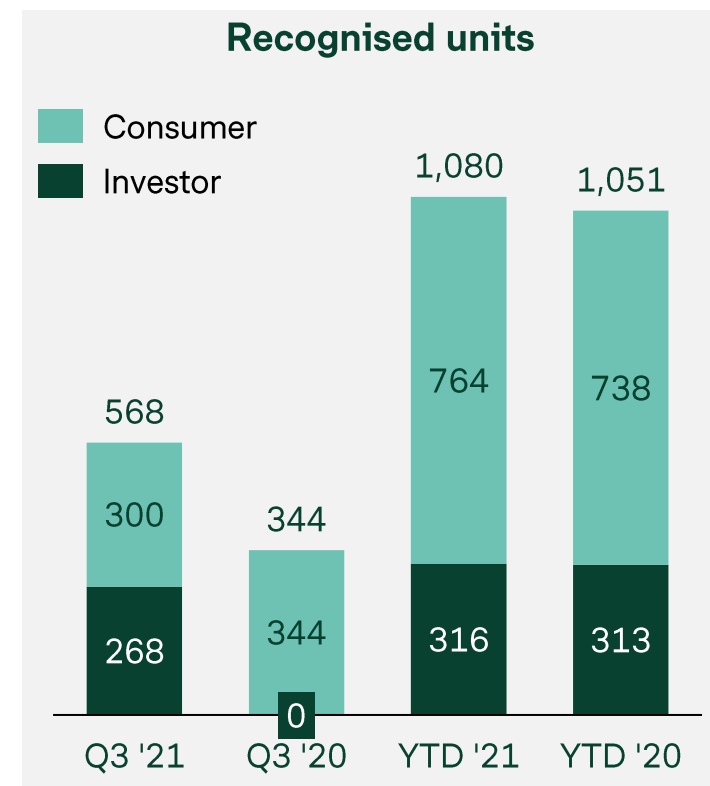
Net sales (MSEK) and EBIT % per quarter



Germany

More favourable project and region mix

MSEK	2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 FY
Net sales	1,959	1,503	4,166	3,818	7,466
Gross profit	303	197	644	413	1,036
<i>Gross margin, %</i>	<i>15.5%</i>	<i>13.1%</i>	<i>15.5%</i>	<i>10.8%</i>	<i>13.9%</i>
Selling & admin expense	-74	-63	-213	-212	-284
EBIT	229	134	432	201	752
<i>EBIT margin, %</i>	<i>11.7%</i>	<i>8.9%</i>	<i>10.4%</i>	<i>5.3%</i>	<i>10.1%</i>

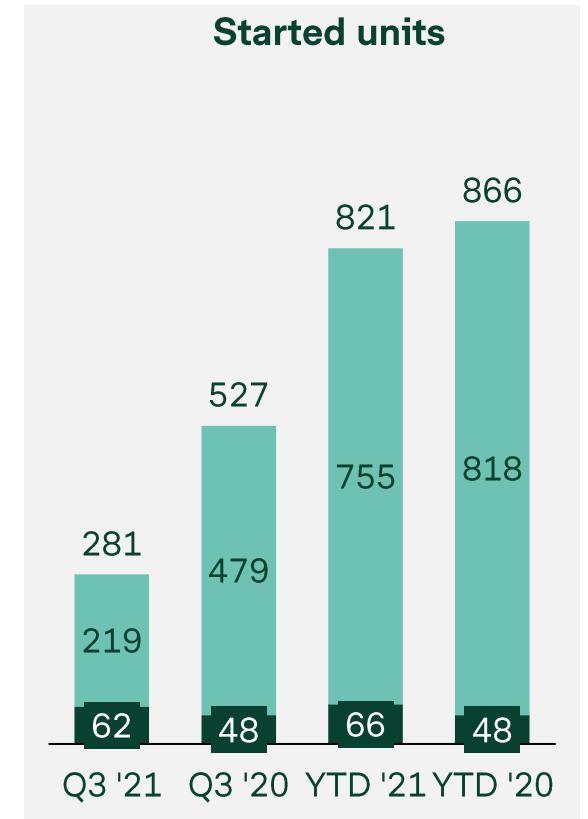
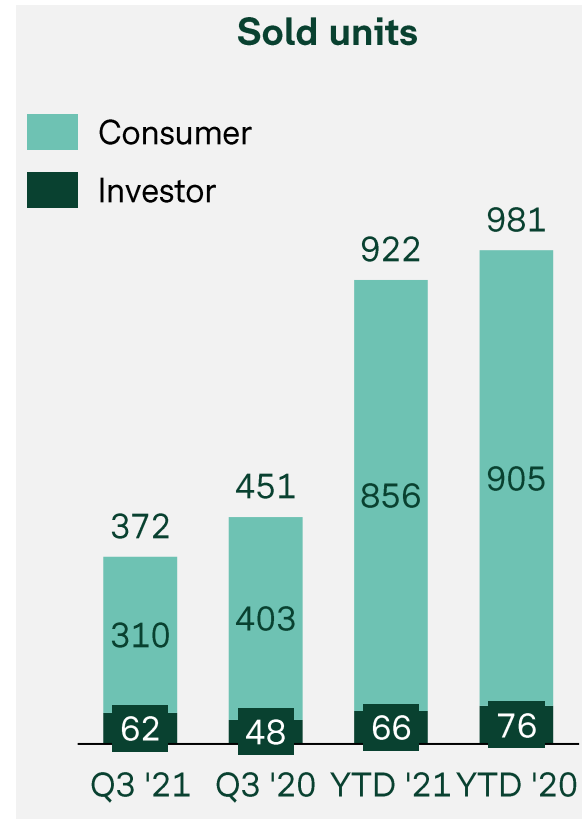


Germany

Lower volume of sold and started units

Key comments

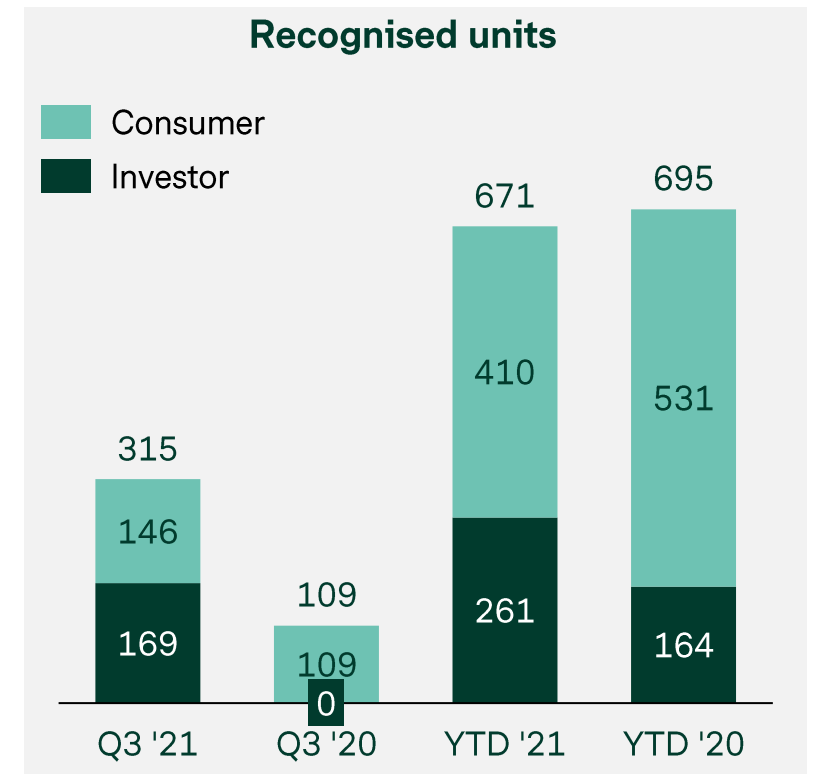
- High demand and stable sales development
- One investor project sold and started in Hamburg
- Starts in line with estimate
- No change in process time for building permits
- Q4 is seasonally the strongest quarter



Sweden

Higher volume units recognised and improved profitability

MSEK	2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 FY
Net sales	845	527	2,327	2,759	3,528
Gross profit	133	69	317	320	411
Gross margin, %	15.7%	13.0%	13.6%	11.6%	11.7%
Selling & admin expense	-26	-33	-92	-100	-128
EBIT	106	36	224	220	283
EBIT margin, %	12.6%	6.8%	9.6%	8.0%	8.0%

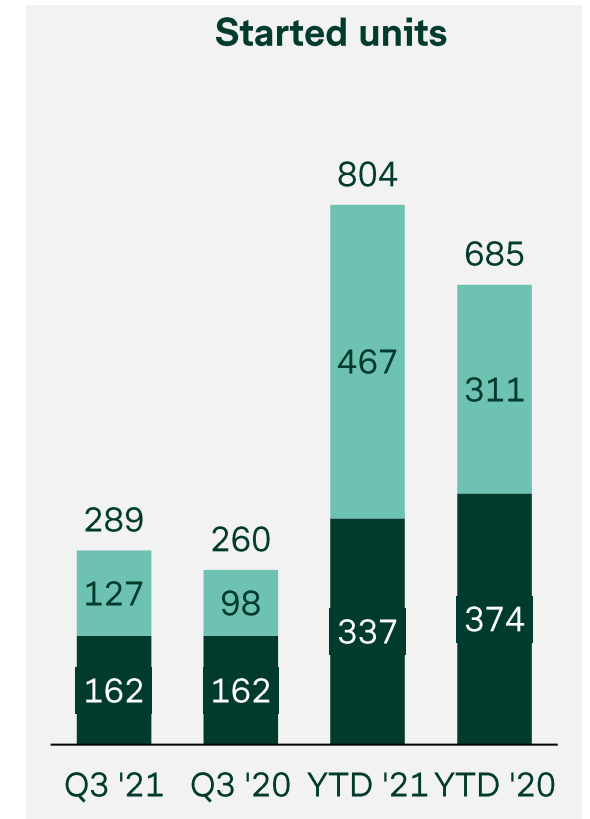
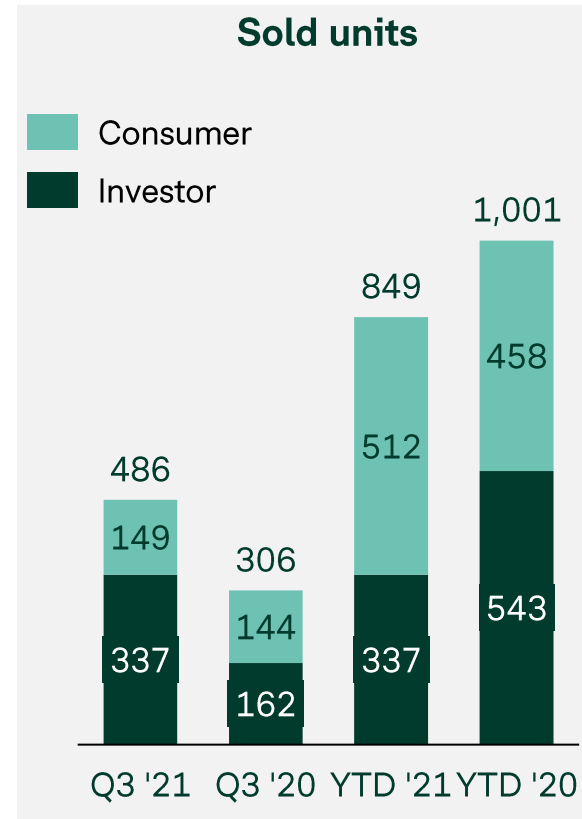


Sweden

Higher volume of sold units to investors

Key comments

- Strong demand and sales development
- Prices on high levels, but somewhat slowed rate of increases
- Sold units increased, larger share investor projects
- High interest from Swedish and international investors, one project sold and started in Västerås
- Large share of investor projects in Q4 impacting gross margin due to mix effect

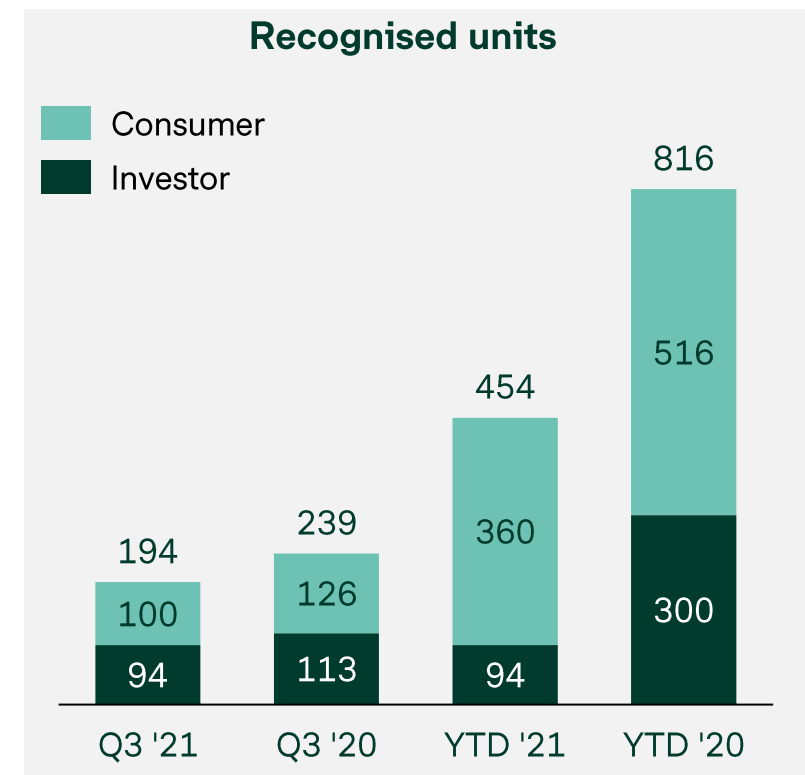


Nordic

Low volume units recognised

MSEK	2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 FY
Net sales	666	679	1,564	2,153	4,563
Gross profit	34	18	96	-1	274
Gross margin, %	5.2%	2.6%	6.1%	-0.1%	6.0%
Selling & admin expense	-47	-45	-147	-138	-177
EBIT (before IAC)	-13	-27	-51	-139	97
EBIT margin, % (before IAC)	-1.9%	-4.0%	-3.3%	-6.5%	2.1%
Items affecting comparability ¹			-117		
EBIT (after IAC)	-13	-27	-169	-139	97
EBIT margin, % (after IAC)	-1.9%	-4.0%	-10.8%	-6.5%	2.1%

¹ Wind down cost of 117 MSEK relating to warranties, staff and remaining organisation

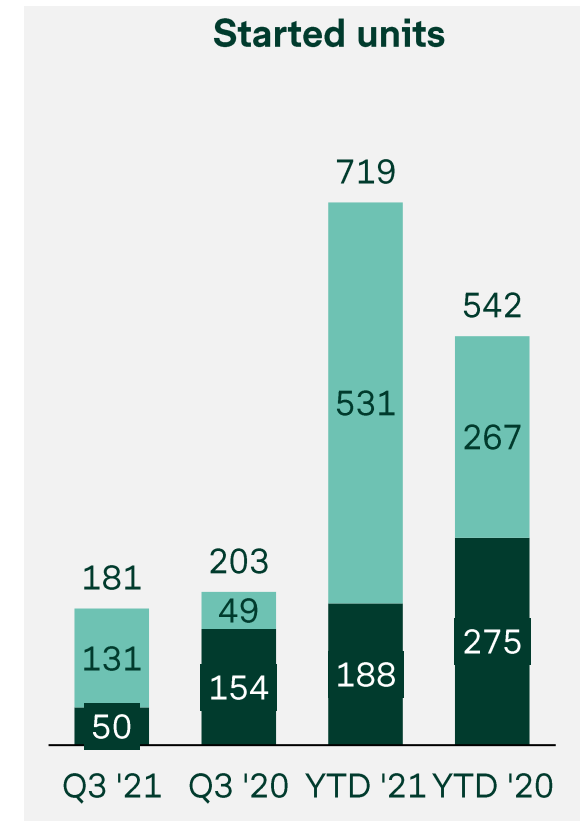
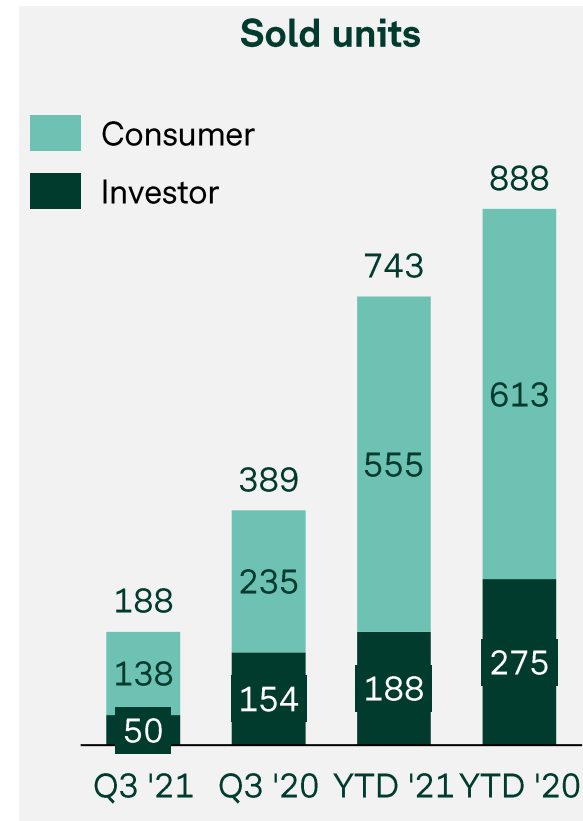


Nordic

Limited supply of units for sale

Key comments

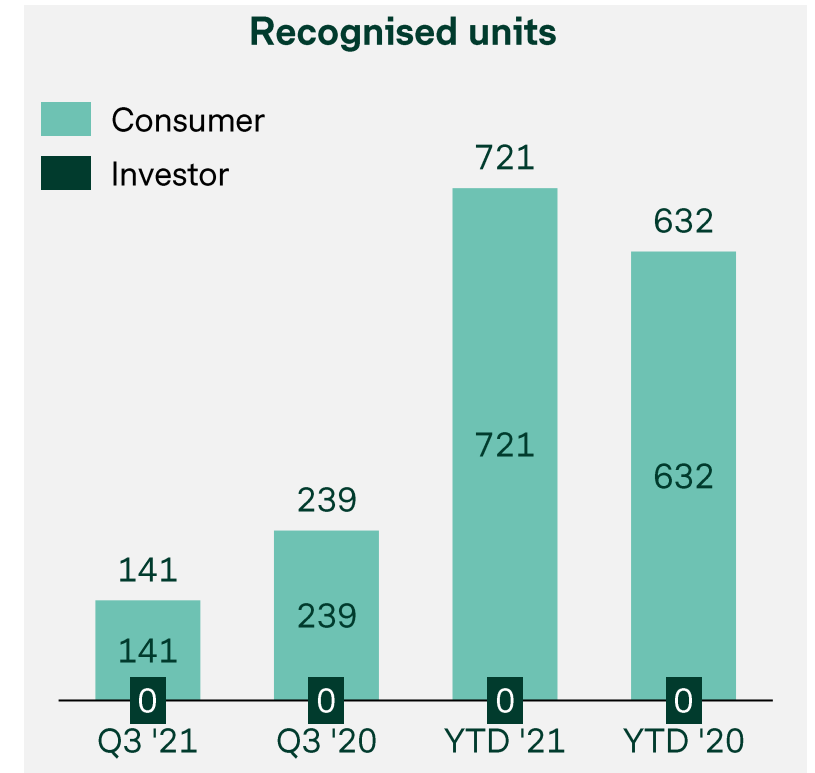
- Strong demand with increased prices
- Limited supply to offer the market, especially in Norway
- One investor project sold and started in Helsinki
- Focus on coming handovers and starts with right conditions



St. Petersburg-Baltics

Significantly lower volume units recognised in Q3

MSEK	2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 FY
Net sales	148	248	784	713	1,439
Gross profit	26	47	160	132	300
<i>Gross margin, %</i>	<i>17.6%</i>	<i>18.8%</i>	<i>20.4%</i>	<i>18.5%</i>	<i>20.8%</i>
Selling & admin expense	-17	-15	-48	-48	-63
EBIT	10	31	112	84	236
<i>EBIT margin, %</i>	<i>6.4%</i>	<i>12.6%</i>	<i>14.3%</i>	<i>11.7%</i>	<i>16.4%</i>

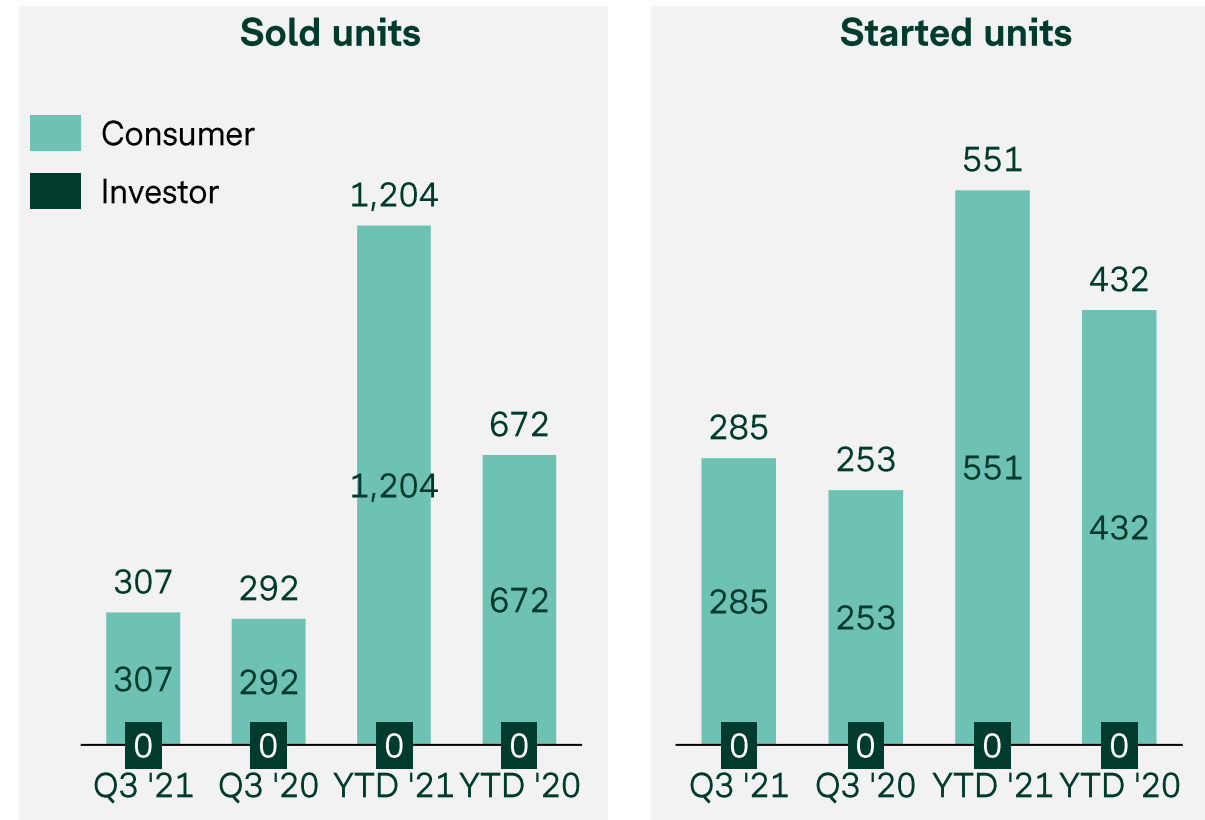


St. Petersburg-Baltics

Favourable markets and strong sales

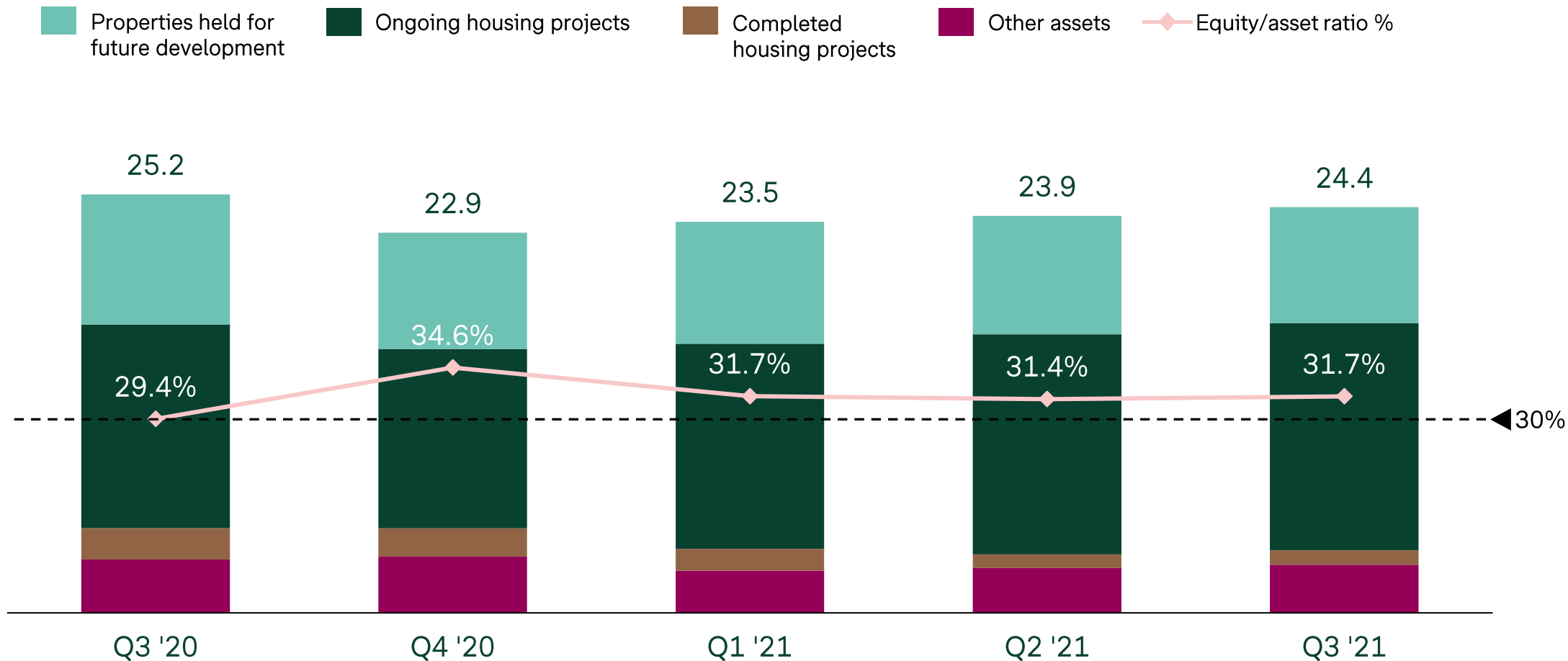
Key comments

- High demand and price increases
- Strong sales development in all markets
- Larger volume completed sold units to be handed over in Q4 2021 and Q1 2022
- Starts in line with estimate



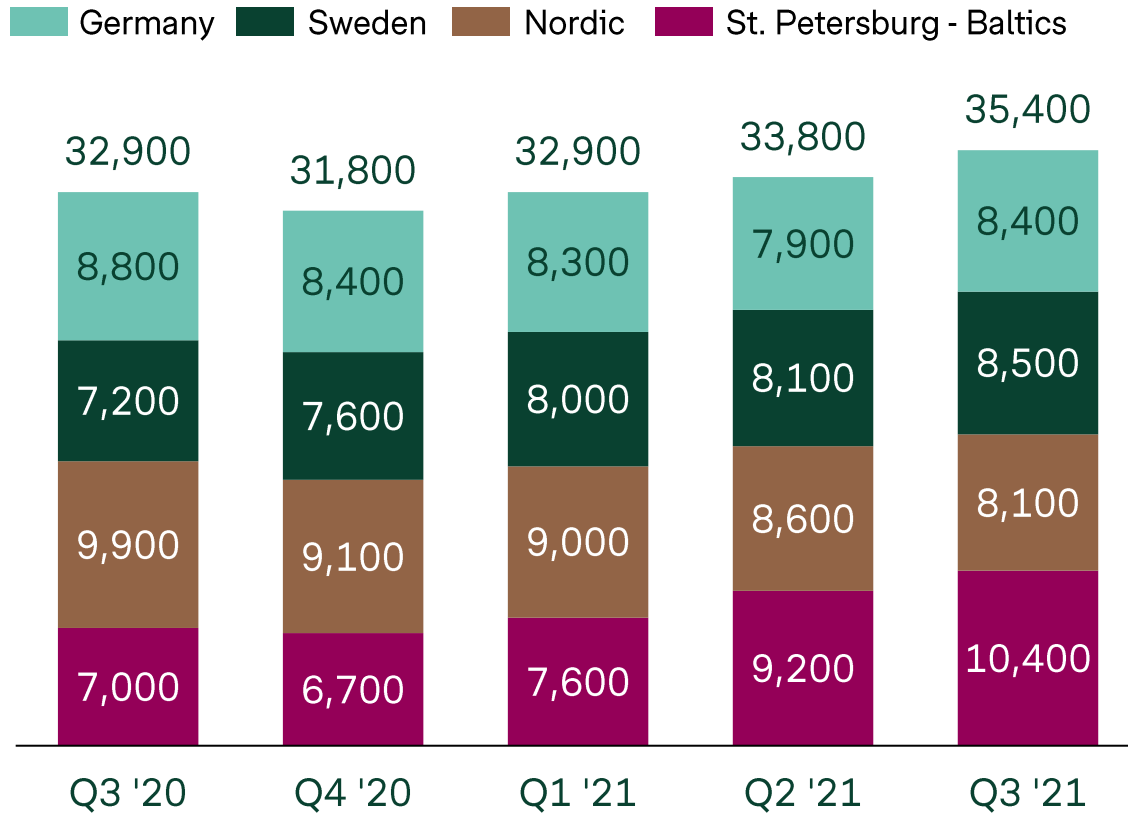
Distribution of assets: Strong financial position

Total assets (SEK Bn)



Increasing number of building rights in attractive locations

No of building rights

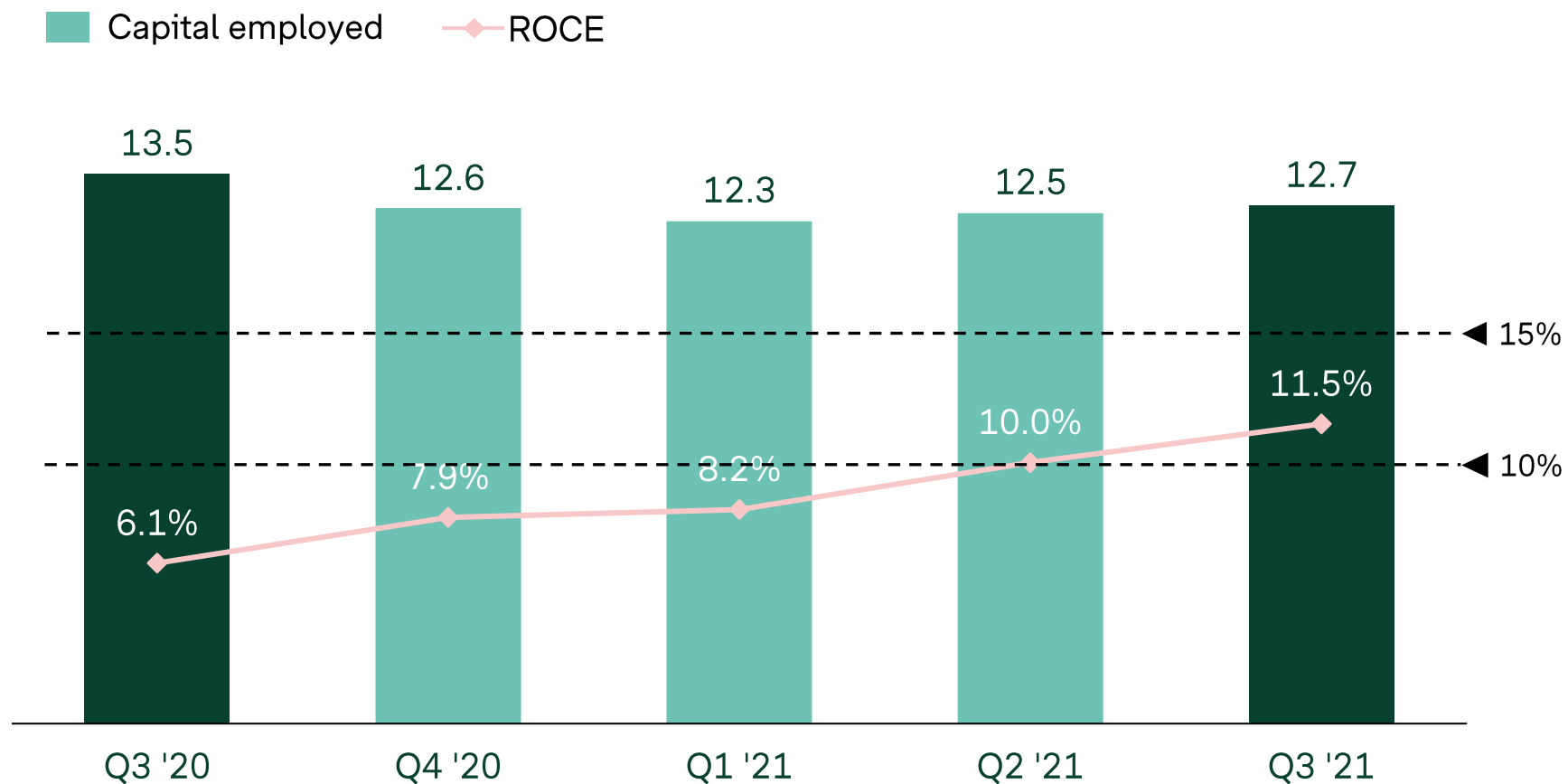


Building rights added to land bank

- Germany: Smaller land plots in several regions and larger plot in Berlin, starts at similar level as last year
- Sweden: Medium sized plots in Stockholm area partly future options, large sized plot for single-family houses in Linköping
- Nordic: Divestment of non-strategic plots in Finland
- St. Petersburg - Baltics: One large plot added in St. Petersburg and medium-sized plots added in Lithuania and Estonia

Continued positive development of ROCE

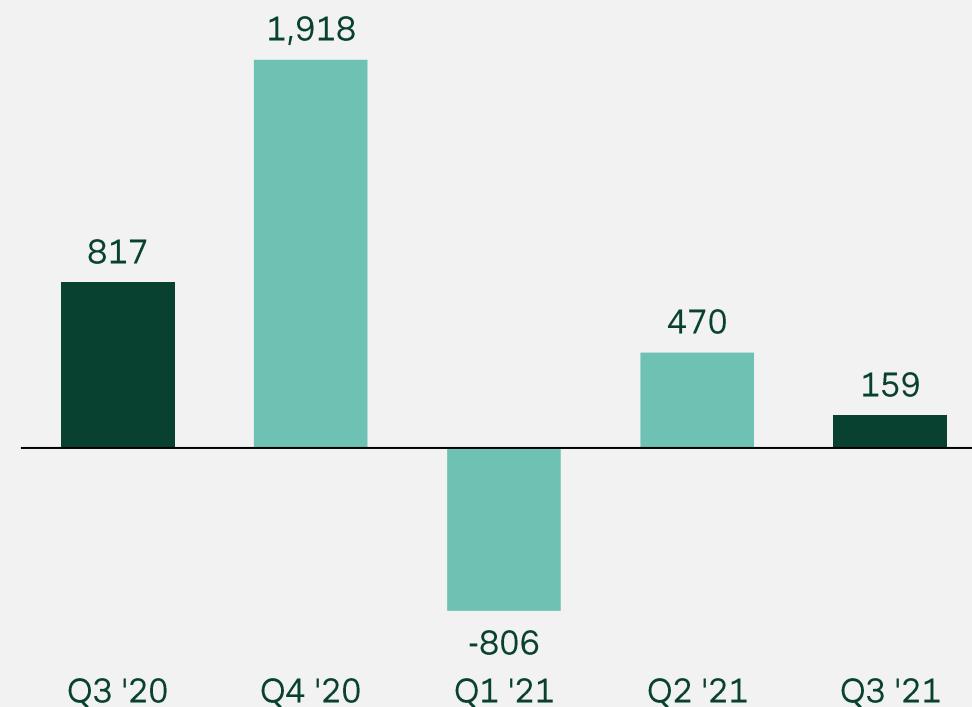
Capital employed (SEK Bn) and ROCE, R12 %



Increasing investments in ongoing projects financed by handovers

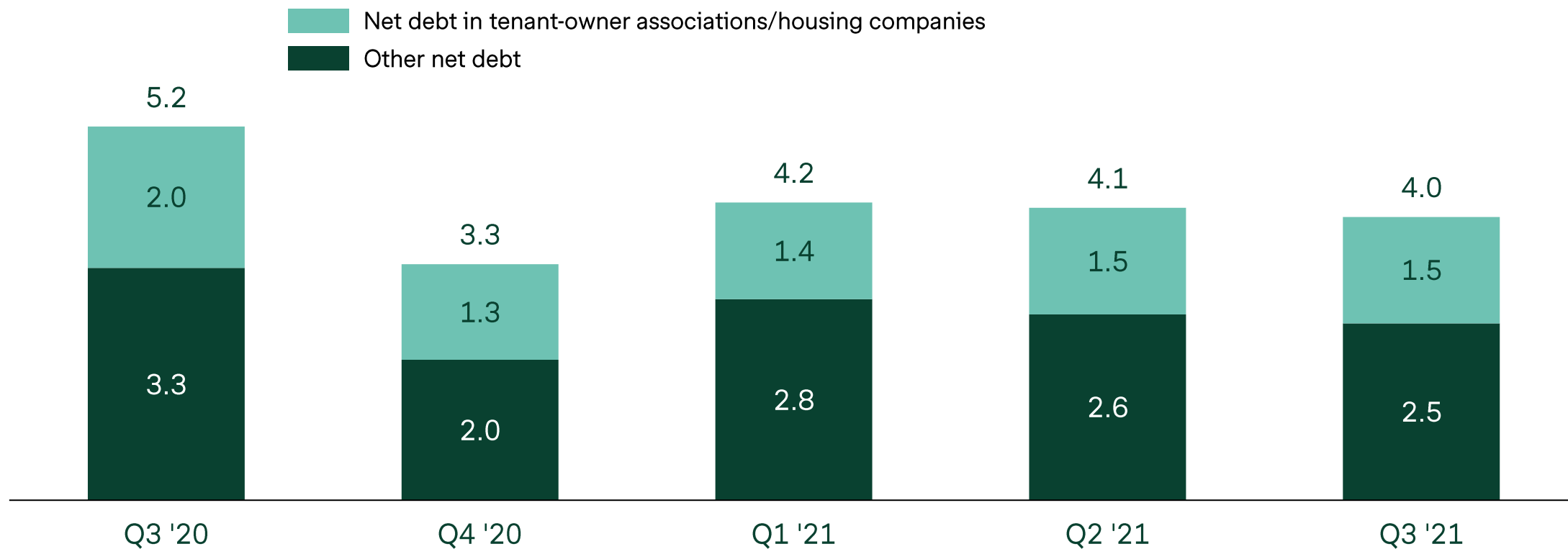
MSEK	2021 Q3	2020 Q3	2021 YTD	2020 YTD	2020 FY
Cash flow before changes in working capital	221	62	210	208	1,394
Divestments of housing projects	2,948	2,550	7,159	8,345	14,521
Investments in housing projects	-3,094	-2,475	-8,793	-9,852	-14,179
Other changes in working capital	89	725	1,275	3,148	2,054
Cash flow from operating activities	163	862	-149	1,849	3,790
Investing activities	-4	-45	-29	-105	-128
Cash flow before financing	159	817	-177	1,744	3,662

Cashflow before financing per quarter (MSEK)

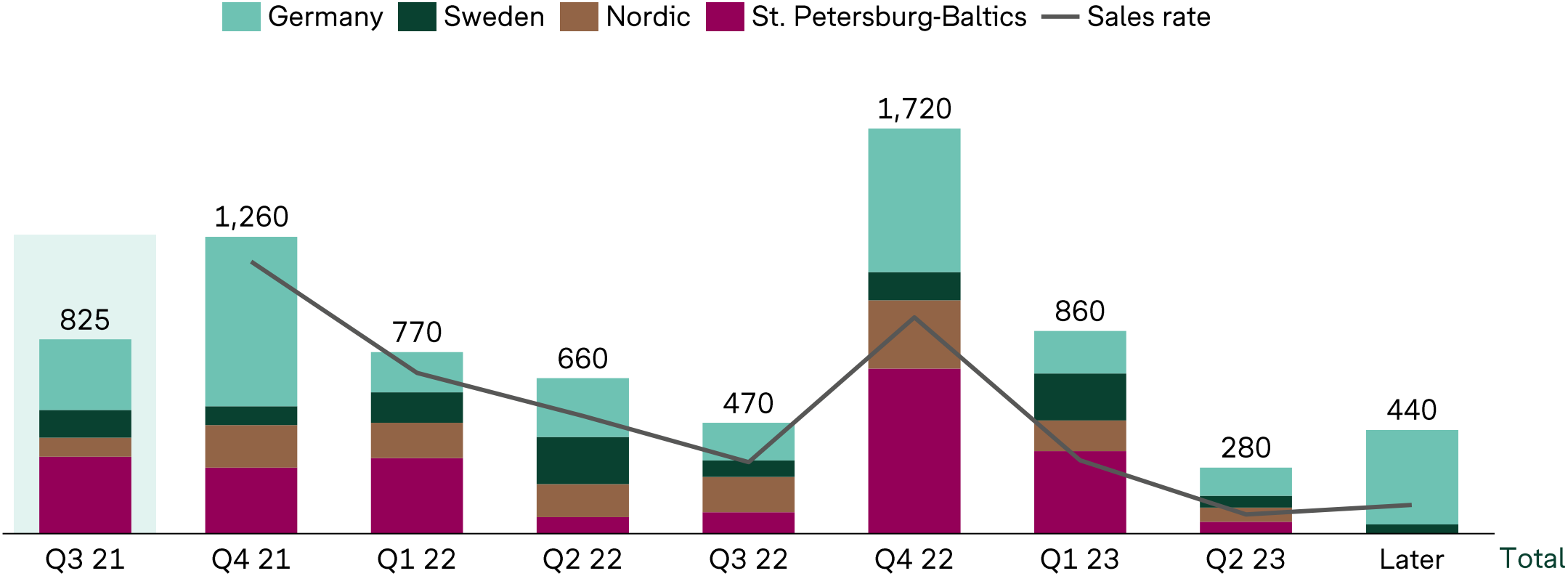


Solid position for future growth

Net debt (SEK Bn)



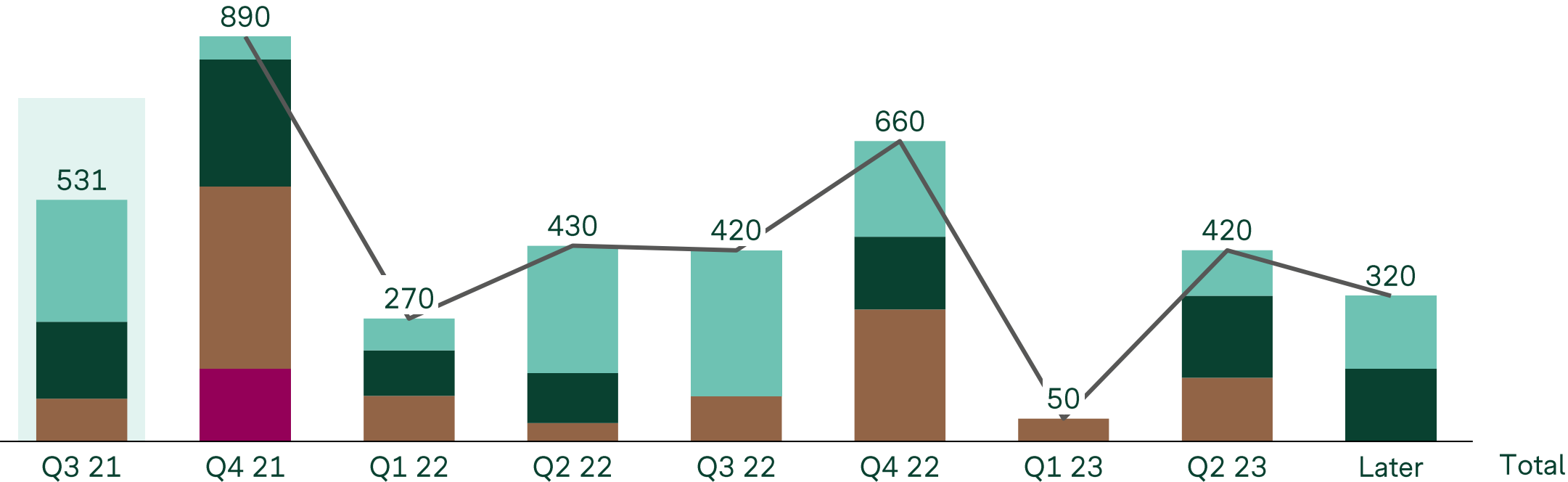
Consumers - expected completions and sales rate



Δ since Q2 21:	-65	-50	+110	-130	-25	-111	+279	+208	-212	+4
Q3 Starts:				+10	+55	+311	+291	+72	+23	+762

Investors - expected completions and sales rate

Germany Sweden Nordic St. Petersburg-Baltics Sales rate



Δ since Q2 21:	+1	-60	+60	+40	-30	+70		+420	-504	-3
Q3 Starts:							+50		+224	+274

Summary and outlook



New targets and updated strategy for sustainable growth



Outlook

- Favourable market fundamentals and improved profitability
- Sale of Danish land to be closed in Q4
- Good foundation for continued improved performance over time
- Leading position as sustainable housing developer
- Revised strategy with increased clarity and higher ambitions
 - Result effects of -150 to -200 MSEK in Q4
 - Profitability: Targeting more than doubled profit before tax of SEK 2.2. billion by 2026, +120%
 - Growth: 8,000 homes sold by 2026, +44%

Q&A


BONAVA

Save the date

Digital CMD on 14 December

Invitation with details will be published shortly

