

Q2
2015

Second quarter results



SELVAAG BOLIG

Start Hjem Pluss

Highlights of the second quarter 2015

- Operating revenues of NOK 830 million (NOK 810 million)
- Adjusted EBITDA* of NOK 151 million (NOK 125 million) and ordinary EBITDA of NOK 124 million (NOK 100 million)
- 210 units sold (255) and sales started for 260 (294)
- Construction started on 199 units (197)
- 190 units completed (253) and 232 delivered (236)
- A total of 1 394 units (1 418) under construction at 30 June, with 80 per cent (76 per cent) of these sold at a combined sales value of NOK 4 909 million (NOK 5 238 million)
- The board proposes a dividend of NOK 0.70 per share for the first half

(Figures in brackets relate to the same period of the year before)

* Adjusted EBITDA is less financial expenses included in project costs.

Key figures

(figures in NOK 1 000)	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
IFRS main figures					
Operating revenues	830 022	809 535	1 585 649	1 054 116	2 945 246
EBITDA	123 546	100 216	222 166	109 221	386 917
EBITDA adjusted*	150 825	125 416	271 564	142 078	488 593
Operating profit/(loss)	117 545	95 037	210 357	98 824	365 712
Profit/(loss) before taxes	110 374	90 535	195 226	88 013	348 706
Cash flow from operating activities	(60 807)	373 177	36 907	(40 526)	187 251
Net cash flow	(193 054)	167 380	(95 722)	166 939	(21 112)
Interest-bearing liabilities	2 767 414	3 065 794	2 767 414	3 065 794	2 711 919
Total assets	6 277 129	6 365 500	6 277 129	6 365 500	6 214 244
Equity	2 487 058	2 276 830	2 487 058	2 276 830	2 457 298
Equity ratio	39.6%	35.8%	39.6%	35.8%	39.5%
Earnings per share in NOK	0.86	0.71	1.52	0.68	2.70
Segment reporting (NGAAP):					
Operating revenues	858 183	830 469	1 685 246	1 518 673	3 113 210
EBITDA**	125 284	120 962	265 567	244 724	495 436
EBITDA margin	14.6%	14.6%	15.8%	16.1%	15.9%
Key figures:					
Number of units sold	210	255	518	394	886
Number of construction starts	199	197	483	274	757
Number of units delivered	232	236	456	316	861
Number of units completed	190	253	398	330	923

* EBITDA adjusted is excluding financial expenses included in project costs, see note 6 for details.

** EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies.

Financial review

Summary of overall results

(figures in NOK 1 000)	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
Total operating revenues	830 022	809 535	1 585 649	1 054 116	2 945 246
Project expenses	(659 171)	(685 771)	(1 268 656)	(878 841)	(2 371 797)
Other operating expenses, salaries and personnel cost, depreciation and amortisation	(56 750)	(57 390)	(117 003)	(103 907)	(236 659)
Associated companies and joint ventures	3 444	28 663	10 367	27 456	28 922
Total operating expenses	(712 477)	(714 498)	(1 375 292)	(955 292)	(2 579 534)
Operating profit	117 545	95 037	210 357	98 824	365 712
Net financial expenses	(7 171)	(4 502)	(15 131)	(10 811)	(17 006)
Profit before taxes	110 374	90 535	195 226	88 013	348 706
Income taxes	(29 911)	(23 925)	(52 906)	(23 274)	(94 175)
Net income	80 463	66 610	142 320	64 739	254 531

Results for the second quarter of 2015

(Figures in brackets relate to the corresponding period of 2014. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 830 million (NOK 809.5 million) in the second quarter. Revenues from units delivered totalled NOK 815.1 million (NOK 721.4 million) for the period. Other revenues related to non-core activities, mainly rental of commercial premises.

A total of 232 units (236) were delivered in the quarter, including 230 (201) from consolidated project companies.

Project costs for the quarter totalled NOK 659.2 million (NOK 685.8 million), of which NOK 27.3 million (NOK 25.2 million) represented previously capitalised financial expenses. Overall project costs related primarily to construction costs for units delivered as well as costs in projects which do not qualify for capitalisation as inventories.

Operating costs excluding project costs and the share of results from associated companies came to NOK 56.8 million (NOK 57.4 million) for the quarter. Payroll costs accounted for NOK 21.2 million (NOK 21.7 million) of this figure. NOK 8 million (NOK 9.1 million) in payroll costs related to housing under construction was capitalised during the period and will be expensed as project costs on future delivery. Furthermore, other operating costs came to NOK 29.5 million (NOK 30.5 million) for the quarter, including NOK 12 million (NOK 16.6 million) for sales and marketing.

The share of profit from associates and joint ventures came to NOK 3.4 million (NOK 28.7 million). This decline reflected fewer units delivered by part-owned projects.

EBITDA adjusted for financial expenses included in project costs came to NOK 150.8 million (NOK 125.4 million), corresponding to a margin of 18.2 per cent (15.5 per cent). Ordinary EBITDA was NOK 123.5 million (NOK 100.2 million), corresponding to a margin of 14.9 per cent (12.4 per cent).

Consolidated depreciation and amortisation totalled NOK 6 million (NOK 5.2 million), so that consolidated operating profit for the quarter came to NOK 117.5 million (NOK 95 million).

Net financial expenses came to NOK 7.2 million (NOK 4.5 million). Pre-tax profit for the quarter was NOK 110.4 million (NOK 90.5 million).

Net tax expense was NOK 29.9 million (NOK 23.9 million) for the quarter. Consolidated net profit came to NOK 80.5 million (NOK 66.6 million). NOK 80.7 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 66.6 million), while a loss of NOK 0.2 (NOK 0 million) was attributable to non-controlling shareholders.

Results for the first half of 2015

(Figures in brackets relate to the corresponding period of 2014. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 1 585.6 million (NOK 1 054.1 million) in the first half. Revenues from units delivered totalled NOK 1 544.6 million (NOK 945.9 million). Other revenues related to non-core activities, mainly rental.

A total of 456 units (316) were delivered in the first half, including 424 (280) from consolidated project companies.

Project costs for the first six months totalled NOK 1 268.7 million (NOK 878.8 million). These related primarily to construction costs for units delivered as well as costs in other projects which do not qualify for capitalisation as inventories.

Operating costs excluding project costs and the share of results from associated companies came to NOK 117 million (NOK 103.9 million) for the first half. Payroll costs accounted for NOK 44.7 million (NOK 38.2 million) of this figure. NOK 17.5 million (NOK 19.6 million) in payroll costs related to housing under construction was also capitalised during the period and will be expensed as project costs on future delivery.

Cash flow

Consolidated net cash flow from operational activities was negative at NOK 60.8 million (positive at NOK 373.2 million) for the quarter. The decrease from the same period of 2014 primarily reflected a high level of building activity and new land purchases. In addition, the 2014 figure included a positive contribution from a reduction in accounts receivable from client accounts at settlement agents for units delivered. Payment for such deliveries will often take place in the following quarter, since the money is held in the estate agent's client account until the sale has been legally registered.

During the first half, consolidated cash flow from operational activities came to NOK 36.9 million (negative at NOK 40.5 million). The increase from 2014 primarily reflected more units delivered and a positive contribution from the decline in accounts receivable.

Net cash flow from investing activities was negative at NOK 11.8 million (positive at NOK 9.7 million) for the quarter. Pay-outs related to increased investment in existing part-owned ventures as well as the acquisition of fixtures, fittings and equipment. The principal difference from the corresponding period of last year was the payment of NOK 12.3 million in dividend from part-owned ventures.

Other operating costs came to NOK 60.5 million (NOK 55.3 million), including NOK 23.9 million (NOK 24.7 million) for sales and marketing.

The share of profit from associates and joint ventures came to NOK 10.4 million (NOK 27.5 million). This decline reflected fewer units delivered by part-owned projects.

EBITDA came to NOK 222.2 million (NOK 109.2 million) for the half-year, corresponding to a margin of 14 per cent (10.4 per cent).

Consolidated operating profit for the first six months came to NOK 210.4 million (NOK 98.8 million). Net financial expenses came to NOK 15.1 million (NOK 10.8 million).

Pre-tax profit for the first half was NOK 195.2 million (NOK 88 million). Net tax expense was NOK 52.9 million (NOK 23.3 million), so that consolidated net profit for the first six months came to NOK 142.3 million (NOK 64.7 million). NOK 142.6 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 63.6 million), while a loss of NOK 0.3 (profit of NOK 1.1 million) was attributable to non-controlling shareholders.

In the first half, net cash flow from investing activities was negative at NOK 49.5 million (positive at NOK 7.2 million). Pay-outs reflected to investment in the Sinsenveien 45-49 AS/KA part-owned venture, increased investment in existing part-owned ventures, and the acquisition of fixtures, fittings and equipment.

Net cash flow from financing activities came to a negative NOK 120.5 million (NOK 215.6 million) in the quarter. Selvaag Bolig ASA paid out NOK 112.5 million in dividend, while net redemption of debt came to NOK 8 million.

For the first six months, net cash flow from financing activities came to a negative NOK 83.1 million (positive at NOK 200.3 million). The change from the same period of last year reflected increased dividend and redemption of debt from projects delivered in 2015, and the repayment of an overdraft of NOK 55 million.

The group's holding of cash and cash equivalents at 30 June totalled NOK 470.2 million (NOK 754 million), a decline of NOK 193.1 over the quarter.

Cash flow summary

(figures in NOK 1 000)	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
Profit before taxes	110 374	90 535	195 226	88 013	348 706
Net cash flow from operating activities	(60 807)	373 177	36 907	(40 526)	187 251
Net cash flow from investment activities	(11 793)	9 763	(49 538)	7 188	(5 678)
Net cash flow from financing activities	(120 454)	(215 560)	(83 091)	200 277	(202 685)
Net change in cash and cash equivalents	(193 054)	167 380	(95 722)	166 939	(21 112)
Cash and cash equivalents at start of period	663 262	586 601	565 930	587 042	587 042
Cash and cash equivalents at end of period	470 208	753 981	470 208	753 981	565 930

Financial position

The carrying amount of Selvaag Bolig's total inventories (land, units under construction and completed units) at 30 June was NOK 4 695.3 million, compared with NOK 4 563.1 million at 31 March and NOK 4 582 million a year earlier. The increase during the quarter primarily reflected new land purchases and a high level of construction activity. Delivered units reduced the effect. The value of completed units declined from NOK 359.2 million at 31 March to NOK 278.1 million, reflecting delivered units. See note 5 for a further specification of inventories.

Equity was NOK 2 487.1 million (NOK 2 276.8 million) at 30 June, corresponding to an equity ratio of 39.6 per cent (35.8 per cent). Selvaag Bolig paid NOK 112.5 million (NOK 46.9 million) in dividend during the quarter. Non-controlling interests amounted to NOK 14.5 million (NOK 23.8 million) of equity. The decline reflected payments of NOK 9.2 million to non-controlling shareholders last year.

Other current non-interest-bearing liabilities totalled NOK 465.2 million (NOK 585.1 million) at 30 June, of which NOK 249.9 million (NOK 306.1 million) represented advance payments from customers.

At 30 June, consolidated interest-bearing debt amounted to NOK 2 767.4 million (NOK 3 065.8 million), of which NOK 2

018.5 million (NOK 2 470.1 million) was non-current and NOK 748.9 million (NOK 595.8 million) was current. The reduction in the proportion of current liabilities during the quarter reflected the redemption of construction loans for completed projects.

The group had land loans of NOK 1 128 million (NOK 1 120 million) at 30 June. These are normally converted to construction loans in line with the progress of the respective construction projects.

Two undrawn overdraft facilities of NOK 150 million each were held by the group at 30 June.

The group has an unsecured bond loan of NOK 500 million, with a five-year term and quarterly interest payments from 27 September 2013. Interest on the loan is three months Nibor plus 475 basis points. The bond incorporates covenants which require the company to maintain 1) a minimum equity ratio of 25 per cent until 30 June 2017 and then 27.5 per cent until maturity in June 2018 and 2) a sales ratio of at least 60 per cent for units under construction. Both covenants were fulfilled at 30 June 2015, with an equity ratio of 39.6 per cent and a sales ratio of 80 per cent. The bond was listed on the Oslo Stock Exchange in the third quarter of 2013.

Net interest-bearing debt

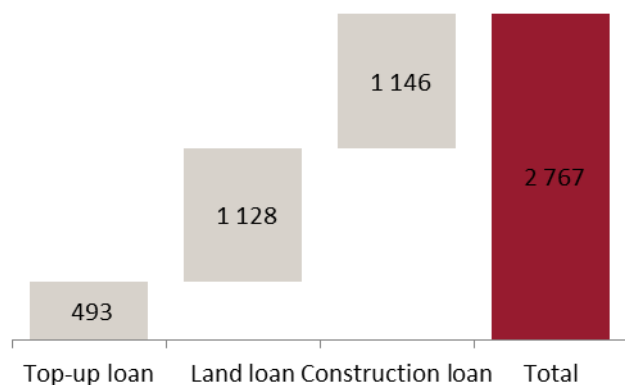
(figures in NOK 1 000)	Q2 2015	Q1 2015	Q2 2014	2014
Non-current interest-bearing debt	2 018 509	1 685 564	2 470 037	1 752 401
Current interest-bearing debt	748 905	1 075 445	595 757	959 518
Cash and cash equivalents	(470 208)	(663 262)	(753 981)	(565 930)
Net interest-bearing debt	2 297 206	2 097 747	2 311 813	2 145 989

The group's interest-bearing debt falls primarily into three categories: liabilities in parent company Selvaag Bolig ASA (top-up loans), land loans and construction loans. At 30 June,

the group had a top-up loan of NOK 493 million, land loans of NOK 1 128 million and construction loans of NOK 1 146

million. The top-up loan consisted of a bond carried at a net amortised cost of NOK 493 million.

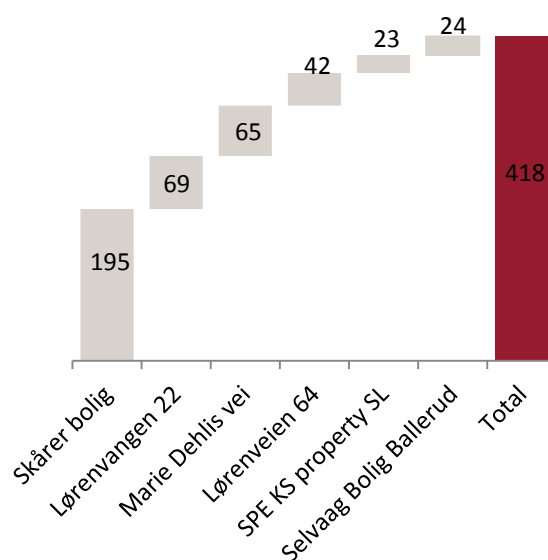
Interest-bearing debt at 30 June 2015 (NOK mill)



Interest costs on land loans are normally recognised in profit and loss until the site secures planning permission. They are capitalised against the site from the day the project secures planning permission, and recognised in profit and loss as part of the cost of sales when the units are delivered. Interest charges on construction loans are capitalised during the construction period and recognised under cost of sales in the same way. At 30 June, interest on NOK 708 million in land

loans had been capitalised, while interest charges relating to NOK 418 million in loans were recognised in profit and loss.

Loans with interest charges recognised in profit and loss (NOK mill)



Operational reporting

Each project is followed up individually in daily operations, and operational reporting accordingly comprises one main segment - housing development. Reporting also comprises the "other business" segment. The latter primarily includes service deliveries in completed Pluss projects as well as group administration not allocated to the other segments. Operational reporting utilises the percentage of completion method for recognising revenues and profit, which differs from the IFRS where profit is recognised on delivery. Note 4 to the financial statements presents segment information reconciled with the financial reporting figures (IFRS).

Segments second quarter 2015

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q2 15	Q2 14	Q2 15	Q2 14	Q2 15	Q2 14
Property development	853 330	827 166	157 811	152 746	137 546	133 561
Other	4 853	3 303	(32 527)	(31 784)	(33 631)	(33 304)
IFRS adjustments	(28 161)	(20 934)	(1 738)	(20 746)	13 630	(5 220)
Total group	830 022	809 535	123 546	100 216	117 545	95 037

Segments first-half 2015

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	6M 15	6M 14	6M 15	6M 14	6M 15	6M 14
Property development	1 673 265	1 505 803	329 416	298 988	288 107	256 965
Other	11 981	12 870	(63 849)	(54 264)	(65 986)	(57 343)
IFRS adjustments	(99 597)	(464 557)	(43 401)	(135 503)	(11 764)	(100 798)
Total group	1 585 649	1 054 116	222 166	109 221	210 357	98 824

Housing development

This segment comprises all Selvaag Bolig's projects regardless of geographical location, since each project is followed up individually.

Operating revenues for the second quarter were NOK 853.3 million (NOK 827.2 million). They derived from 41 projects currently in production, and land sales totalling NOK 16.5 million.

Operating costs, primarily for construction and sales, directly related to the projects amounted to NOK 695.5 million (NOK

674.4 million) for the second quarter. Construction costs in the segment reporting are exclusive of directly-related financial expenses (interest on construction loans). This differs from the IFRS accounts, where financial expenses are included in project costs on delivery.

EBITDA presents operating profit (loss) before depreciation, gain (loss), and share of profit (loss) from associates. It came to NOK 157.8 million (NOK 152.7 million) for the quarter, corresponding to a profit margin of 18.5 per cent (18.4 per cent).

Other business - unallocated

The other business segment comprises a number of activities in the group which are not regarded as part of the core business on a stand-alone basis. It also includes administration and management which cannot be attributed directly to the projects and are accordingly not allocated to the housing development segment.

Operating revenues for the second quarter came to NOK 4.9 million (NOK 3.3 million), while operating costs amounted to NOK 37.4 million (NOK 35.1 million). Costs are largely driven by management and administration as well as by marketing. EBITDA was negative at NOK 32.5 million (NOK 31.8 million) for the segment.

Review of operations

Operations

A total of 210 units with a combined value of NOK 693 million were sold during the quarter. The corresponding figures for the first half were 518 and NOK 1.71 billion - second only to the last half of 2012 as the best-ever six-monthly sales for the company. The housing market was particularly strong in Greater Oslo, where the group has more than 60 per cent of its residential building projects.

Activity in the group was at a high level, and construction started on 199 units during the second quarter.

To manifest value creation in the company, segment reporting shows revenue and costs in the various projects on the assumption that the company had used the percentage of completion method as its accounting principle.

Projects

The company has projects in Oslo, Lørenskog, Moss, Oppegård, Stavanger, Sandnes, Sola, Tønsberg, Trondheim,

Bergen, Tromsø and Stockholm. However, no projects were under construction in Stockholm during the second quarter.

Quarterly development of the project portfolio

	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
Number of units sold	255	259	233	308	210
Number of construction starts	197	203	280	284	199
Number of units completed	253	274	319	208	190
Number of units delivered	236	279	266	224	232
Number of units under construction	1 418	1 347	1 308	1 384	1 394
Proportion of sold units under construction	76%	76%	77%	81%	80%
Number of completed unsold units	17	18	39	40	31
Sales value of units under construction (NOK million)	5 238	5 159	4 689	4 968	4 909

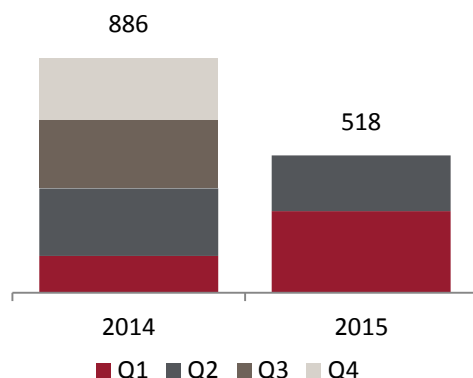
Purchase and sale of land

The company entered into a contract to buy a site at Løren in Oslo during the quarter. This has planning permission for residential housing and will be owned and developed by Selvaag Bolig alone. Space is provided by the site for up to 400 units. The purchase is conditional on satisfactory due diligence and a final decision by the board.

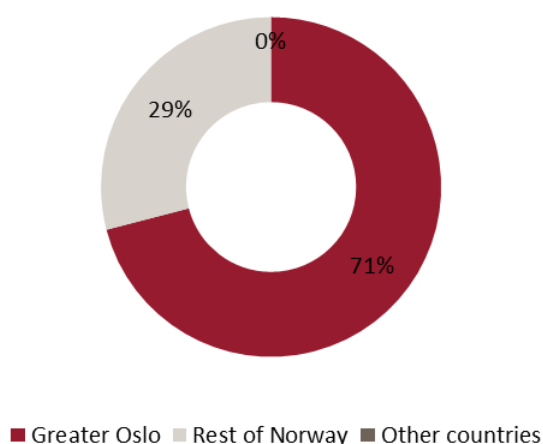
The company reported in the first quarter on the purchase of a site at Valle Hovin in Oslo. This was subject to approval by the Efta Surveillance Agency (ESA) for the transfer of ownership from the City of Oslo to Vålerenga Fotball (the seller). Such approval was obtained during the second quarter

Market trends

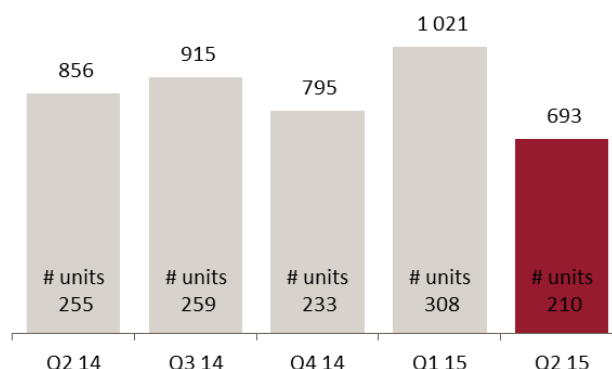
Selvaag Bolig sold 210 residential units (255) during the second quarter. These sales comprise Selvaag Bolig's consolidated project companies as well as its relative share of homes sold in part-owned projects.

Units sold

The 210 units sold during the second quarter broke down into 149 in Greater Oslo and 61 in the rest of Norway.

Breakdown of sales

The combined value of the 210 units sold during the quarter was NOK 693 million. Sales during the same period of 2014 totalled 255 units with a value of NOK 856 million.

Value of units sold (NOK mill)

Selvaag Bolig started sales during the quarter in five projects comprising a total of 260 residential units (294).

Sales starts in the quarter

Project	# of units	Category	Region
Lade Alle	72	Flat	Trondheim
Kaldnes	23	Flat	Greater Oslo
Løren 5	6	Flat	Greater Oslo
Lørenskog Stasjonsby	55	Flat	Greater Oslo
Økern Torgvei 30	104	Flat	Greater Oslo
Total	260		

Construction began on 199 (197) units during the second quarter. Construction starts can vary substantially from quarter to quarter, since construction only begins when 60 per cent of a project, measured by sales value, has been sold.

Construction starts (no of units)

Project	# units	Category	Region
Aase Gård	5	Terraced	Rogaland
Lade Alle	32	Flat	Trondheim
Kaldnes Boligutvikling	26	Flat	Greater Oslo
Kornmoenga	27	Flat	Greater Oslo
Løren 5	54	Flat	Greater Oslo
Lørenskog Stasjonsby	55	Flat	Greater Oslo
Total	199		

At 30 June, Selvaag Bolig had 1 394 (1 418) units under construction. They included 878 units in Greater Oslo and 516 in the rest of Norway.

The order backlog at 30 June - in other words, the sales value of the 1 394 units under construction - was NOK 4 909 million (NOK 5 238 million).

A total of 190 (253) units were completed in the second quarter, and 232 (236) - including ones completed earlier - were delivered. The completed units were divided between

four projects - Aase Gård, Kornmoenga, Lillohøyden and Lørenskog Stasjonsby. A total of 31 (17) completed units were unsold at 30 June. Consolidated project companies accounted for 230 (201) of the units delivered and a part-owned project company for two (35).

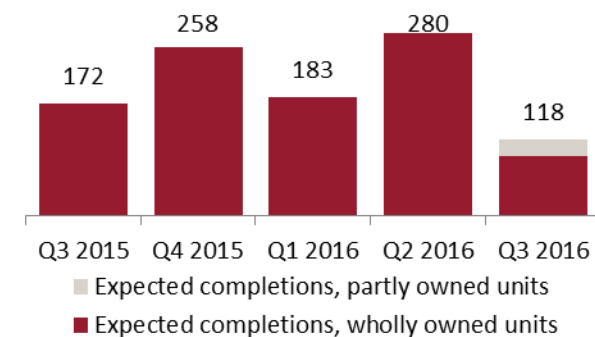
Units completed by project

Project	# units	Category	Region
Aase Gård	4	Terraced	Rogaland
Kornmoenga	11	Terraced	Greater Oslo
Lillohøyden	103	Flat	Greater Oslo
Lørenskog Stasjonsby	72	Flat	Greater Oslo
Total	190		

Based on expected progress for the projects, 828 units are forecast to be completed in 2015. Only wholly-owned

projects are expected to be completed up to 30 September 2016.

Expected number of completions



Share information

The company had 93.76 million issued shares at 30 June, divided between 1 776 shareholders.

The 20 largest shareholders controlled 83.5 per cent of the total number of issued shares. The largest shareholder was Selvaag Gruppen, with a 53.5 per cent holding.

20 largest shareholders at 30 June 2015

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5%
SKANDINAVISKA ENSKILDA BANKEN AB	5 542 160	5.9%
MP PENSJON PK	2 477 321	2.6%
PARETO AS	2 065 624	2.2%
MORGAN STANLEY & CO. INTERNATIONAL	1 949 691	2.1%
US BK EVERMORE GLO VAL FUND	1 489 383	1.6%
J.P. MORGAN CHASE BANK N.A. LONDON	1 442 874	1.5%
STOREBRAND NORGE I	1 341 793	1.4%
UTHALDEN A/S	1 299 613	1.4%
VERDIPAPIRFONDET DELPHI NORDEN	1 277 172	1.4%
DELPHI KOMBINASJON	1 263 502	1.3%
THE BANK OF NEW YORK MELLON	1 233 770	1.3%
HOLTA INVEST AS	1 200 000	1.3%
STOREBRAND VERDI	887 293	0.9%
STATE STREET BANK AND TRUST CO.	843 819	0.9%
ANAXO CAPITAL AS	816 190	0.9%
HOLBERG NORDEN	770 000	0.8%
FIDELITY SELECT PORTFOLIOS: FIDELI	756 200	0.8%
DELPHI NORGE	754 336	0.8%
HOLBERG NORGE	730 000	0.8%
Total 20 largest shareholders	78 320 828	83.5%
Other shareholders	15 444 860	16.5%
Total number of shares	93 765 688	100.0%

Risk and uncertainty factors

As a housing developer, Selvaag Bolig is exposed to risks which could affect the group's business and financial position. Risk factors relate to land development, sales, and the execution of housing projects, and can be divided into market, operational and financial categories. The group gives priority to work on managing and dealing with risk, and has established routines and control systems to limit and control risk exposure.

Macro-economic conditions, particularly unemployment and interest rates as well as demographic changes, are factors expected to affect the group in a longer perspective. See the company's half-year and annual reports, available on its website, for a more detailed explanation of the risk and uncertainty factors it faces.

Transactions with related parties

Selvaag Bolig had no significant transactions with related parties during the quarter. See note 23 to the consolidated

financial statements for 2014 for detailed information on transactions with related parties in earlier years.

Housing market

House prices continued to rise during the second quarter. According to Statistics Norway (SSB), Norwegian house prices at 30 June were 1.2 per cent higher on average than at 31 March 2015 and up by 6.6 per cent from 30 June 2014.

Price developments were positive in all Selvaag Bolig's core areas, apart from Rogaland county. Prices rose by 1.6 per cent in Oslo and Bærum during the quarter, and were 10 per cent higher than at 30 June 2014. In Akershus excluding Bærum, prices were up by 2.1 per cent and were 9.6 per cent higher than in 30 June 2014. Prices in Stavanger declined by 2.1 per cent and were down by 3.7 per cent from 30 June

2014. They increased by 2.9 per cent in Bergen and 2.2 per cent in Trondheim during the quarter, and were 10.1 and 5.7 per cent higher respectively than the year before.

Figures from Eiendomsverdi show that the housing market is characterised by a high level of demand and a low level of supply, particularly in Selvaag Bolig's core areas with the exception of Rogaland.

Only one other six-monthly period has ever seen better sales of new homes by Selvaag Bolig than the first half of 2015, with 518 units sold at a combined value of NOK 1.71 billion.

Outlook

Despite the decline in oil prices, rising unemployment and weak growth in activity, SSB expects the Norwegian economy to grow from 2016 and housing construction to increase somewhat. It also forecasts that interest rates for residential mortgages will continue to decline, but that weaker growth in incomes and a somewhat more restrictive practice for mortgage approvals will cause house prices to flatten out. According to SSB, urbanisation and a high rate of population growth will create a big demand for new homes in Selvaag Bolig's core areas over coming years.

According to Eiendomsverdi, the inventory of second-hand homes declined sharply during 2014 and 2015. Selvaag Bolig experienced very good sales of new units as the stock of existing homes on the market shrank. Providing the inventory of second-hand homes does not rise substantially or macroeconomic conditions do not worsen markedly, the company expects a good market for new homes to persist in its core areas during coming quarters.

Interim financial statements (IFRS)

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
Revenues	818 055	797 870	1 558 806	1 024 566	2 887 604
Other revenues	11 967	11 665	26 843	29 550	57 642
Total operating revenues	830 022	809 535	1 585 649	1 054 116	2 945 246
Project expenses	(659 171)	(685 771)	(1 268 656)	(878 841)	(2 371 797)
Salaries and personnel costs	(21 242)	(21 731)	(44 697)	(38 234)	(82 868)
Depreciation and amortisation	(6 001)	(5 179)	(11 809)	(10 397)	(21 205)
Other operating expenses	(29 507)	(30 480)	(60 497)	(55 276)	(132 586)
Other gains (losses), net	-	-	-	-	(3 482)
Associated companies and joint ventures	3 444	28 663	10 367	27 456	32 404
Total operating expenses	(712 477)	(714 498)	(1 375 292)	(955 292)	(2 579 534)
Operating profit	117 545	95 037	210 357	98 824	365 712
Financial income	2 199	4 304	2 651	6 512	21 215
Financial expenses	(9 370)	(8 806)	(17 782)	(17 323)	(38 221)
Net financial expenses	(7 171)	(4 502)	(15 131)	(10 811)	(17 006)
Profit/(loss) before taxes	110 374	90 535	195 226	88 013	348 706
Income taxes	(29 911)	(23 925)	(52 906)	(23 274)	(94 175)
Net income	80 463	66 610	142 320	64 739	254 531
Other comprehensive income/expenses					
Translation differences	(46)	(14)	(41)	(17)	(182)
Total comprehensive income/(loss) for the period	80 417	66 596	142 279	64 722	254 349
Net income for the period attributable to:					
Non-controlling interests	(213)	(6)	(249)	1 111	1 169
Shareholders in Selvaag Bolig ASA	80 676	66 616	142 569	63 628	253 362
Total comprehensive income/(loss) for the period attributable to:					
Non-controlling interests	(213)	(6)	(249)	1 111	1 169
Shareholders in Selvaag Bolig ASA	80 630	66 602	142 528	63 611	253 180
Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:					
Earnings per share (basic and diluted) in NOK	0.86	0.71	1.52	0.68	2.70

The consolidated financial information has not been audited

Statement of financial position

(figures in NOK 1 000)	Note	Q2 2015	Q1 2015	Q2 2014	2014
ASSETS					
Non-current assets					
Goodwill		383 376	383 376	383 376	383 376
Other intangible assets		22 999	27 599	41 652	32 199
Property, plant and equipment		22 644	17 330	3 971	17 395
Investments in associated companies and joint ventures		208 971	200 191	170 926	156 723
Loans to associated companies and joint ventures		18 327	17 812	14 451	17 679
Other non-current assets		105 170	105 142	158 042	104 116
Total non-current assets		761 487	751 450	772 418	711 488
Current assets					
Inventories (property)	5	4 695 331	4 563 146	4 581 956	4 348 805
Trade receivables		237 807	245 673	115 231	440 283
Other current receivables		112 296	104 643	141 914	147 738
Cash and cash equivalents		470 208	663 262	753 981	565 930
Total current assets		5 515 642	5 576 724	5 593 082	5 502 756
TOTAL ASSETS		6 277 129	6 328 174	6 365 500	6 214 244
EQUITY AND LIABILITIES					
Equity attributed to shareholders in Selvaag Bolig ASA		2 472 579	2 504 468	2 253 001	2 442 570
Non-controlling interests		14 479	14 692	23 829	14 728
Total equity		2 487 058	2 519 160	2 276 830	2 457 298
LIABILITIES					
Non-current liabilities					
Pension liabilities		2 187	2 187	1 183	2 187
Deferred tax liabilities		205 416	205 457	177 291	190 246
Provisions		92 578	92 578	92 580	92 578
Other non-current non interest-bearing liabilities		8 250	8 117	8 290	8 627
Non-current interest-bearing liabilities		2 018 509	1 685 564	2 470 037	1 752 401
Total non-current liabilities		2 326 940	1 993 903	2 749 381	2 046 039
Current liabilities					
Current interest-bearing liabilities		748 905	1 075 445	595 757	959 518
Trade payables		154 783	132 645	157 172	187 348
Current tax payables		94 285	64 380	1 285	56 500
Other current non interest-bearing liabilities		465 158	542 641	585 075	507 541
Total current liabilities		1 463 131	1 815 111	1 339 289	1 710 907
Total liabilities		3 790 071	3 809 014	4 088 670	3 756 946
TOTAL EQUITY AND LIABILITIES		6 277 129	6 328 174	6 365 500	6 214 244

The consolidated financial information has not been audited

Statement of changes in equity

	Share capital	Share premium account	Other paid-in capital	Cumulative translation differences	Other reserves	Retained earnings	Equity attributed to shareholders in Selvaag Bolig ASA	Non- controlling interests	Total equity
EQUITY AS OF 1 JANUARY 2015	187 511	1 394 857	700 629	897	3 528	155 147	2 442 569	14 728 *)	2 457 298
Dividend	-	-	-	-	-	(112 519)	(112 519)	-	(112 519)
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	142 569	142 569	(249)	142 320
Other comprehensive income/(loss) for the period	-	-	-	(41)	-	-	(41)	-	(41)
EQUITY AS OF 30 JUNE 2015	187 511	1 394 857	700 629	856	3 528	185 197	2 472 578	14 479 *)	2 487 058
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	63 628	63 628	1 111	64 739
Other comprehensive income/(loss) for the period	-	-	-	-17	-	-	-17	-	-17
EQUITY AS OF 30 JUNE 2014	187 511	1 394 857	700 629	1 062	3 528	(34 587)	2 253 000	23 829	2 276 830
Profit sharing to external guarantor	-	-	-	-	-	-	-	(159)	(159)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(9 000)	(9 000)
<i>Total comprehensive income/(loss) for the rest of the year:</i>									
Net income/(loss) for the period	-	-	-	-	-	189 734	189 734	58	189 792
Other comprehensive income/(loss) for the period	-	-	-	(165)	-	-	-165	-	-165
EQUITY AS OF 31 DECEMBER 2014	187 511	1 394 857	700 629	897	3 528	155 147	2 442 569	14 728	2 457 298

The consolidated financial information has not been audited

*) Non-controlling interests includes tax from profits in companies subject to partnership taxation. Income taxes in the Group does not include taxes from tax subjects outside the Selvaag Bolig Group.

Statement of cash flow

(figures in NOK 1 000)	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxes	110 374	90 535	195 226	88 013	348 706
Income taxes paid	-	(508)	-	(970)	(970)
Depreciation and amortisation	6 001	5 179	11 809	10 397	21 205
Other gains (losses), net	-	-	-	-	3 482
Share of profits/(losses) from associated companies and joint ventures	(3 444)	(28 663)	(10 367)	(27 456)	(32 404)
Changes in inventories (property)	(118 042)	97 818	(319 690)	(263 511)	27 670
Changes in trade receivables	7 866	81 513	202 476	(8 216)	(332 454)
Changes in trade payables	22 138	91 533	(32 565)	42 015	71 332
Changes in other operating working capital assets	(9 556)	99 537	32 437	86 403	120 637
Changes in other operating working capital liabilities	(76 144)	(63 767)	(42 419)	32 799	(39 953)
Net cash flow from operating activities	(60 807)	373 177	36 907	(40 526)	187 251
CASH FLOW FROM INVESTMENT ACTIVITIES					
Proceeds from sale of property, plant and equipment and intangible assets	-	-	-	-	-
Purchases of PPE and intangible assets	(6 707)	-	(7 907)	-	(14 557)
Proceeds from disposal of businesses and subsidiaries, net of cash disposed	-	-	-	-	-
Purchases of businesses and subsidiaries, net of cash acquired	-	(48)	-	(48)	2 184
Proceeds from sale of associated companies	-	-	-	-	-
Purchases of associated companies and joint ventures	(5 336)	(2 520)	(41 881)	(10 770)	(38 928)
Proceeds from sale of other investments and repayment of loans	250	-	250	-	-
Purchases of other investments and accounts receivable	-	-	-	-	-
Dividends and disbursements from associated companies and joint ventures	-	12 331	-	18 006	45 623
Net cash flow from investment activities	(11 793)	9 763	(49 538)	7 188	(5 678)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	447 765	406 726	872 780	840 671	1 358 726
Repayments of borrowings	(455 700)	(575 408)	(788 335)	(593 516)	(1 560 391)
Net change in bank overdrafts	-	-	(55 017)	-	55 017
Dividends paid to equity holders of Selvaag Bolig ASA	(112 519)	(46 878)	(112 519)	(46 878)	(46 878)
Payment of profit sharing and dividends to non-controlling interests in subsidiaries	-	-	-	-	(9 159)
Net cash flow from financing activities	(120 454)	(215 560)	(83 091)	200 277	(202 685)
Net change in cash and cash equivalents	(193 054)	167 380	(95 722)	166 939	(21 112)
Cash and cash equivalents at start of period	663 262	586 601	565 930	587 042	587 042
Cash and cash equivalents at end of period	470 208	753 981	470 208	753 981	565 930

The consolidated financial information has not been audited

Selected notes to the quarterly financial statements

1. General information and accounting policies

Selvaag Bolig ASA (the "Company") and its subsidiaries (together "the Group") is a property development group, involved in the construction of residential property for sale in the ordinary course of business. The condensed consolidated interim financial information consists of the Group and the Group's interest in associated companies and jointly controlled entities.

The Group's consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the Group's consolidated financial statements for 2014.

The accounting policies applied in preparing these interim condensed consolidated financial statements are consistent with those applied in the Group's consolidated financial statements for the year ended 31 December 2014.

Group management has not yet evaluated the impact of implementing new, revised and amended standards with a later date of adoption.

2. Accounting judgements, estimates and assumptions

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were largely the same as those that applied in the consolidated financial statements for the year ended 31 December 2014.

3. Transactions with related parties

See note 23 in the Group's Consolidated Financial Statements for 2014 for detailed information on related party transactions in previous years.

4. Segment information

The main segment is defined as Property development. In addition the Other segment consists of Services and Estate Agent, as well as unallocated revenues and costs.

The group utilises the percentage of completion method in its internal reporting for which the degree of completion is estimated based on expenses incurred relative to total estimated costs and sales rate. Operating profit (loss) under the percentage of completion method also includes an estimated profit element. The group consolidated income statement is based on the completed contract method, in which revenue is recognised at the time of transfer of risk and control, being the point of delivery of the property. A reconciliation of this effect (from stage of completion to completed contract) can be found in the segment reporting under "Reconciliation EBITDA to operating profit (loss)".

Group management considers segment results based on the percentage of completion method for determining EBITDA. The method of measurement is defined as operating profit (loss) before "Depreciation and amortisation", "Other gain (loss), net", and "Share of income (losses) from disposals from associated companies and joint ventures". Financial income and expenses are not allocated to operating segments since this type of activity is managed by a central finance function focused on managing the Group's liquidity.

Second quarter 2015

(figures in NOK 1 000)

Operating revenues	853 330	4 853	858 183
Project expenses	(682 462)	312	(682 150)
Other operating expenses	(13 057)	(37 692)	(50 749)
EBITDA (percentage of completion)	157 811	(32 527)	125 284
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	157 811	(32 527)	125 284
Sales revenues (adjustment effect of percentage of completion)	(825 927)	-	(825 927)
Sales revenues (completed contract)	798 639	-	798 639
Project expenses (adjustment effect of percentage of completion)	670 948	-	670 948
Project expenses (completed contract)	(648 842)	-	(648 842)
Depreciation and amortisation	-	(6 001)	(6 001)
Share of income (losses) from associated companies and joint ventures	3 444	-	3 444
Other gain (loss), net	-	-	-
Operating profit (loss)	156 073	(38 528)	117 545
Units under construction	1 394	I/A	I/A
Units delivered	232	I/A	I/A
Operating revenues	827 166	3 303	830 469
Project expenses	(656 422)	(777)	(657 199)
Other operating expenses	(17 998)	(34 310)	(52 308)
EBITDA (percentage of completion)	152 746	(31 784)	120 962
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	152 746	(31 784)	120 962
Sales revenues (adjustment effect of percentage of completion)	(742 332)	-	(742 332)
Sales revenues (completed contract)	721 397	-	721 397
Project expenses (adjustment effect of percentage of completion)	584 031	-	584 031
Project expenses (completed contract)	(612 507)	-	(612 507)
Depreciation and amortisation	-	(5 179)	(5 179)
Share of income (losses) from associated companies and joint ventures	28 663	-	28 663
Other gain (loss), net	-	-	-
Operating profit (loss)	131 998	(36 963)	95 037
Units under construction	1 418	N/A	N/A
Units delivered	236	N/A	N/A

At 30 June 2015

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	1 673 265	11 981	1 685 246
Project expenses	(1 313 508)	(977)	(1 314 485)
Other operating expenses	(30 341)	(74 853)	(105 194)
EBITDA (percentage of completion)	329 416	(63 849)	265 567
Reconciliation EBITDA to Operating profit (loss):	-		
EBITDA (percentage of completion)	329 416	(63 849)	265 567
Sales revenues (adjustment effect of percentage of completion)	(1 618 887)	-	(1 618 887)
Sales revenues (completed contract)	1 521 839	-	1 521 839
Project expenses (adjustment effect of percentage of completion)	1 287 445	-	1 287 445
Project expenses (completed contract)	(1 244 165)	-	(1 244 165)
Depreciation and amortisation	-	(11 809)	(11 809)
Share of income (losses) from associated companies and joint ventures	10 367	-	10 367
Other gain (loss), net	-	-	-
Operating profit (loss)	286 015	(75 658)	210 357
Units under construction	1 394	N/A	N/A
Units delivered	456	N/A	N/A

At 30 June 2014

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	1 505 803	12 870	1 518 673
Project expenses	(1 178 813)	(1 420)	(1 180 233)
Other operating expenses	(28 002)	(65 714)	(93 716)
EBITDA (percentage of completion)	298 988	(54 264)	244 724
Reconciliation EBITDA to operating profit (loss):	-		
EBITDA (percentage of completion)	298 988	(54 264)	244 724
Sales revenues (adjustment effect of percentage of completion)	(1 410 499)	-	(1 410 499)
Sales revenues (completed contract)	945 941	-	945 941
Project expenses (adjustment effect of percentage of completion)	1 105 024	-	1 105 024
Project expenses (completed contract)	(803 427)	-	(803 427)
Depreciation and amortisation	-	(10 397)	(10 397)
Share of income (losses) from associated companies and joint ventures	27 456	-	27 456
Other gain (loss), net	-	-	-
Operating profit (loss)	163 483	(64 661)	98 824
Units under construction	1 418	N/A	N/A
Units delivered	316	N/A	N/A

5. Inventory - property

The Group has property that is land and buildings intended for sale in the ordinary course of business or which is in the process of construction or development for such sale. Inventories thus comprise land, property held for resale, and property under development and construction.

Inventories are measured at the lower of cost and net realisable value.

(figures in NOK 1 000)	Q2 2015	Q1 2015	Q2 2014	2014
Land (undeveloped)	1 871 218	1 845 117	1 653 733	1 614 382
Work in progress	2 546 007	2 358 827	2 790 769	2 360 274
Finished projects	278 106	359 202	137 454	374 149
Carrying amount	4 695 331	4 563 146	4 581 956	4 348 805

6. Project expenses and EBITDA

The Group expenses all directly attributable costs in construction projects as project expenses. This includes financial expenses. Below is a specification showing the

project cost and EBITDA including and excluding financial expenses.

(figures in NOK 1 000)	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
Project expenses	(659 171)	(685 771)	(1 268 656)	(878 841)	(2 371 797)
Finance expenses	(27 279)	(25 200)	(49 398)	(32 857)	(101 676)
Other project expenses	(631 892)	(660 571)	(1 219 258)	(845 984)	(2 270 121)

(figures in NOK 1 000)	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
EBITDA	123 546	100 216	222 166	109 221	386 917
EBITDA-margin	14.9%	12.4%	14.0%	10.4%	13.1%
EBITDA excl. financial expenses	150 825	125 416	271 564	142 078	488 593
EBITDA-margin excl. financial expenses	18.2%	15.5%	17.1%	13.5%	16.6%

Declaration by the board of directors and CEO

We declare, to the best of our knowledge, that the half year financial statements for the period from 1 January to 30 June 2015 have been prepared in accordance with IAS 34 on interim financial reporting, and that the information in the financial statements provides a true and fair picture of the group's assets, liabilities, financial position and results as a whole.

We also declare, to the best of our knowledge, that the directors' report for the first half year provides a true and fair view of important events in the accounting period and their influence on the half-year accounts, and the principal risk and uncertainty factors facing the business in the next accounting period.

The board of directors for Selvaag Bolig ASA
Oslo, 18 August 2015

Olav Hindahl Selvaag
Chair

Marianne Ørnsrud
Director

Christopher Brunvoll
Director

Peter Groth
Director

Karsten Bomann Jonsen
Director

Anne Sofie Bjørkholt
Director

Gisele Marchand
Director

Baard Schumann
CEO

SELVAAG BOLIG



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About Selvaag Bolig

Selvaag Bolig ASA is a residential property developer controlling the entire value chain from acquisition of land to sale of homes. The company has several thousand homes under development at any given time, and focuses on the growth areas in and around Greater Oslo, Bergen, Stavanger and Trondheim. Selvaag Bolig represents a continuation of Selvaag's 60-year history and experience, and offers a broad variety of property types marketed under the brand names Start, Hjem and Pluss. The company is headquartered at Ullern in Oslo.

www.selvaagboligasa.no/en