

Q4 2015

Oslo 15 February 2016
Baard Schumann, CEO
Sverre Molvik, CFO

SELVAAG BOLIG

Start

Hjem

Pluss

Agenda

- **Highlights**

- Operational update
- Financial update
- Market
- Outlook and summary

Highlights Q4 and FY 2015

- Strong sales: High demand/low supply in key markets
- Strong results and margins
- Land purchase in core markets
- Proposed H2'15 dividend of NOK 0.8 per share, total FY'15 dividend of NOK 1.5



Nyhavn, Bergen

Key financials Q4 and FY 2015

Q4 2015

Operating revenues

882

NOK million

Adjusted EBITDA margin

15.1

per cent

Equity ratio

40.8

per cent

EBITDA margin (NGAAP)

14.6

per cent

Full year 2015

Operating revenues

3 246

NOK million

Adjusted EBITDA margin

16.6

per cent

Units under construction

1 339

EBITDA margin (NGAAP)

15.2

per cent



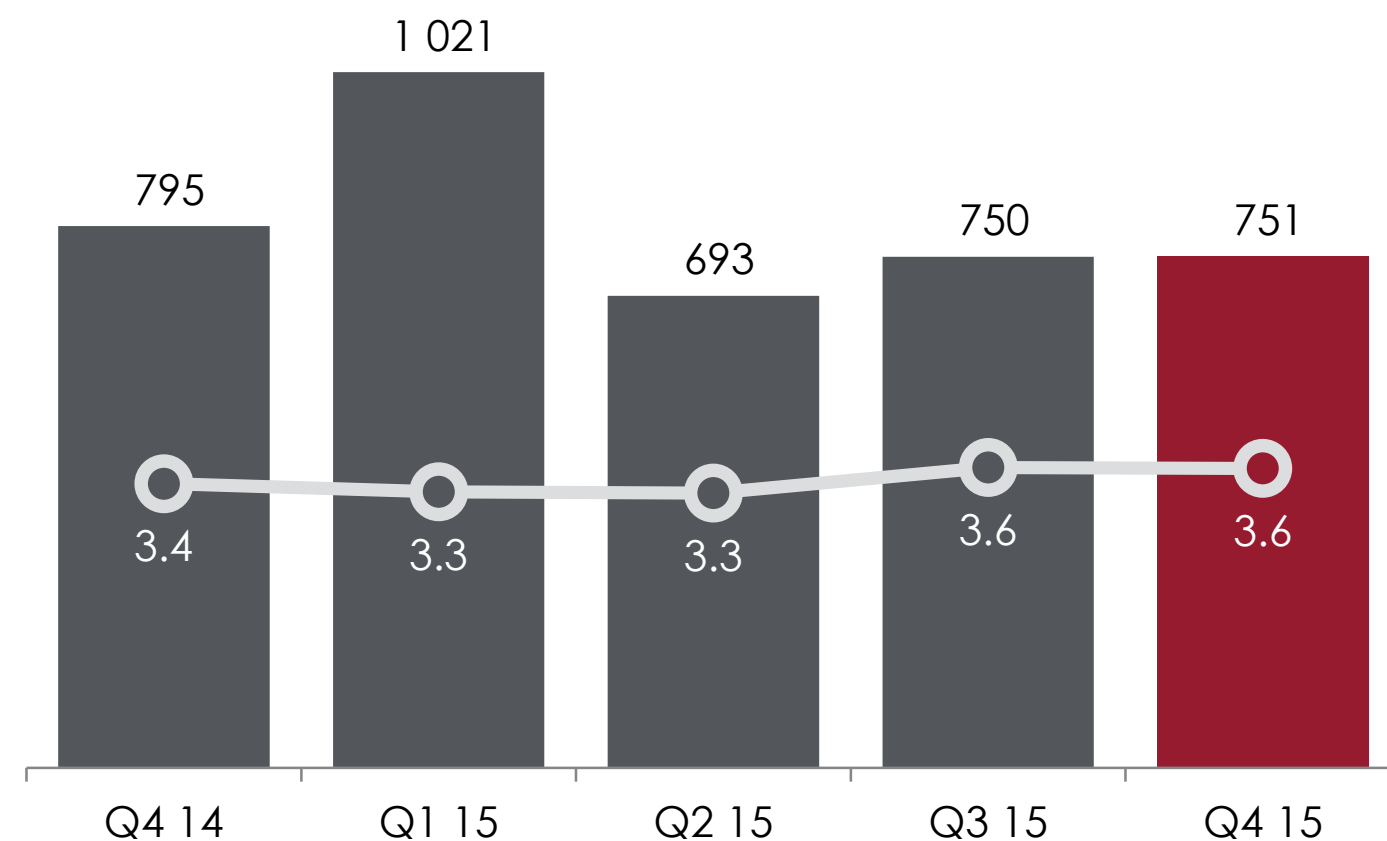
Agenda

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Continued high sales activity in Q4

Total sales value and value per sold unit

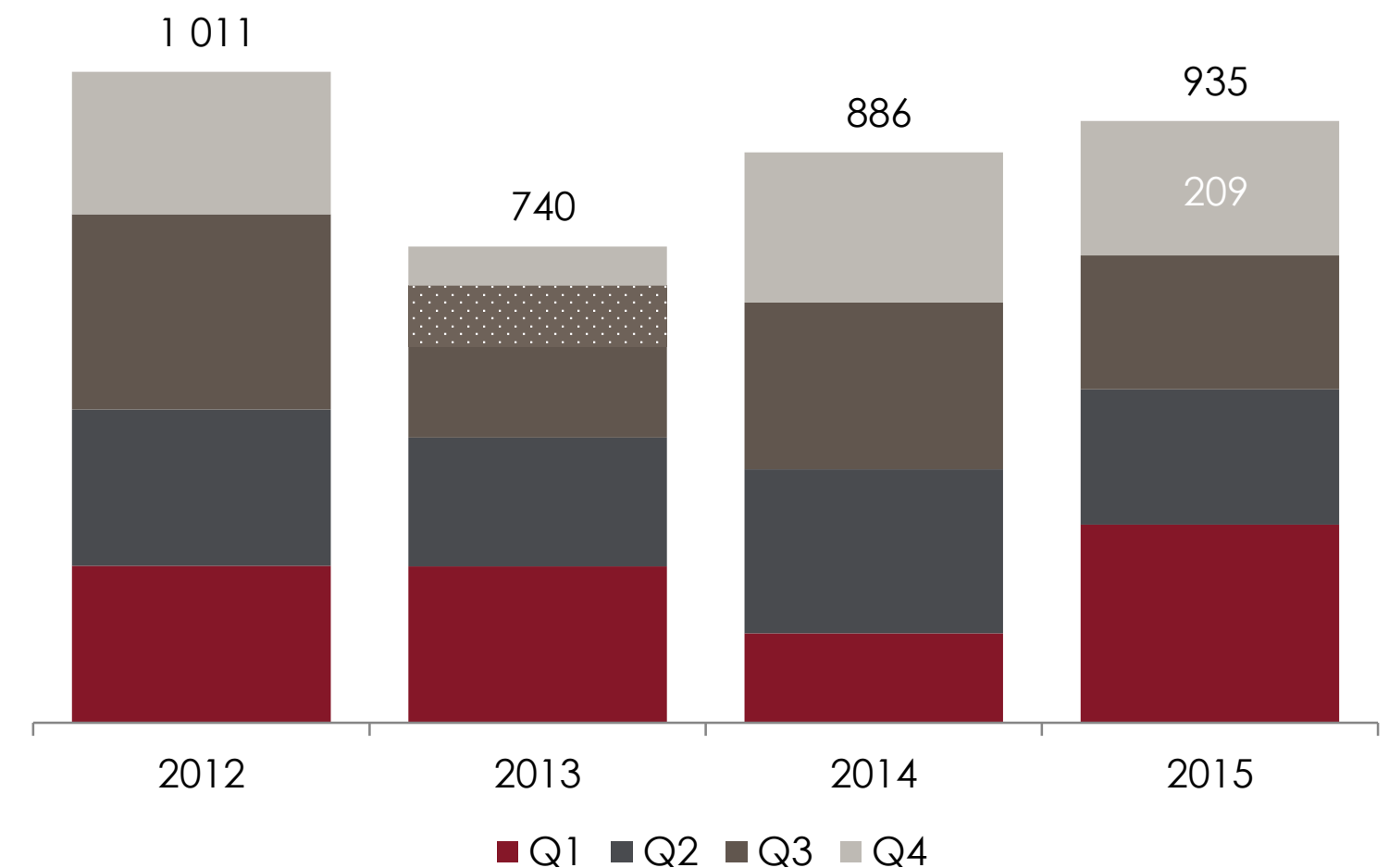
NOKm



Note: All numbers are adjusted for Selvaag Bolig's ownership in joint ventures.

Residential units sold

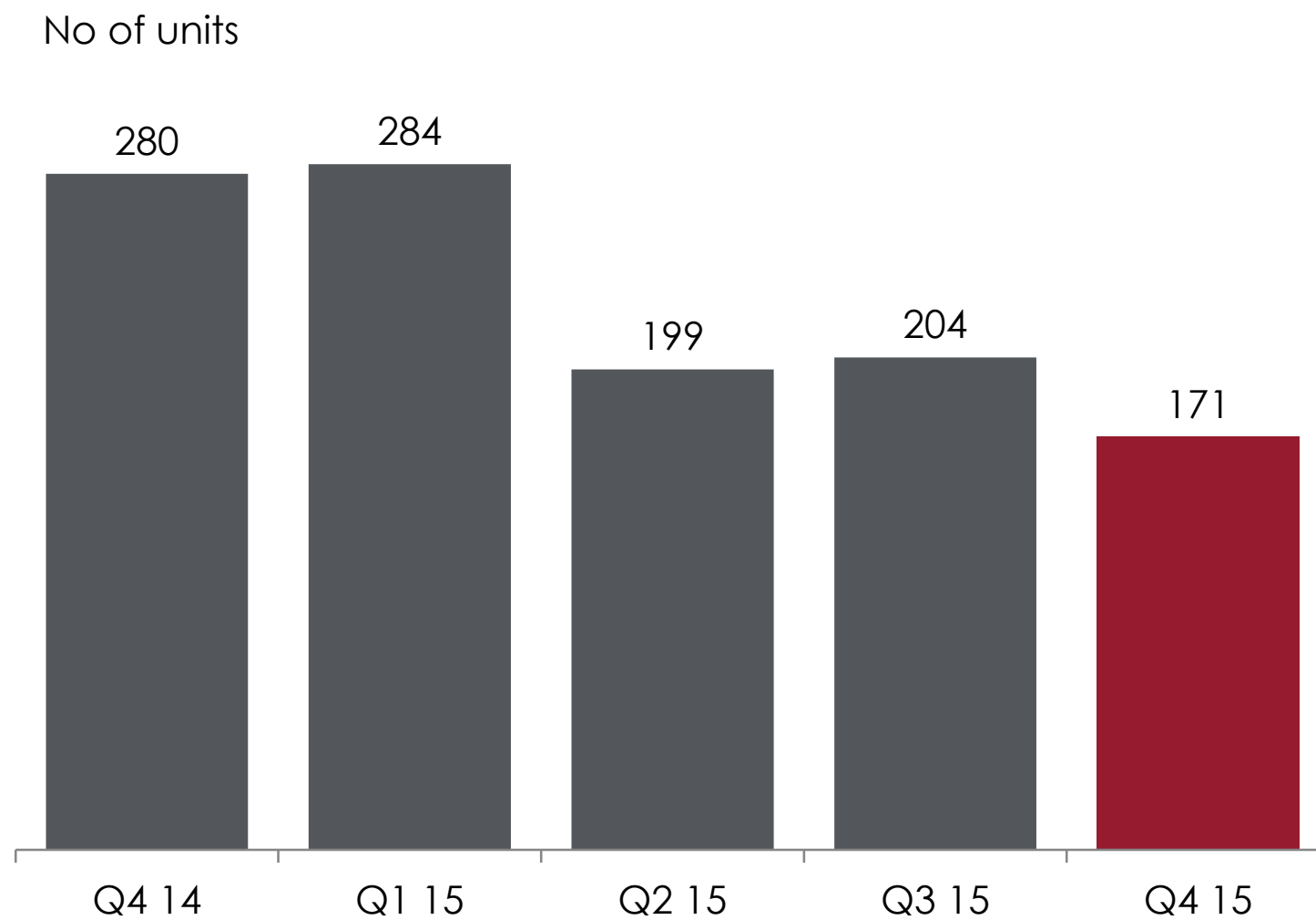
Units



* Includes 95 student residences with an average value of NOK 0.7 million (dotted area)

Majority of construction starts in Oslo area

Construction starts per quarter

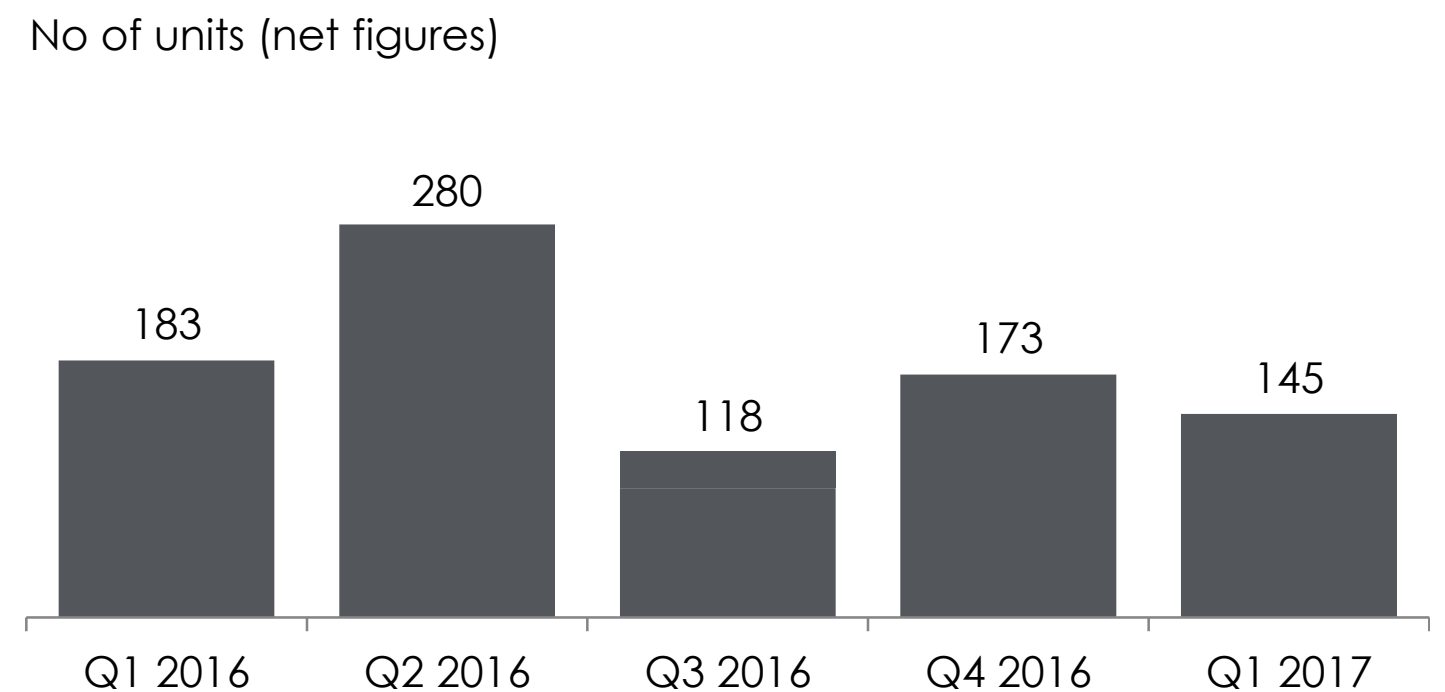
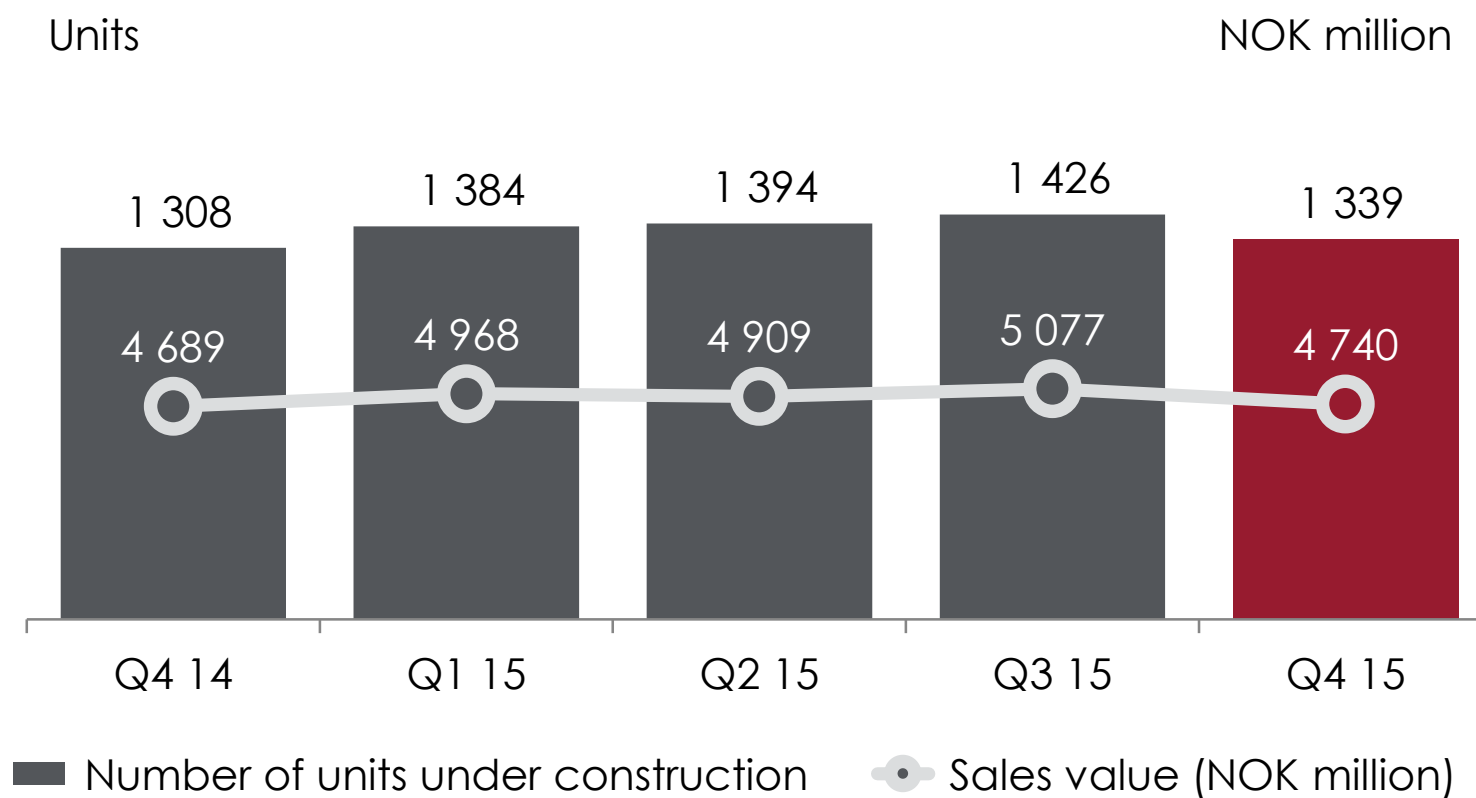


- 134 apartments in Oslo area
 - Expected revenue NOK 517 million
- 37 apartments in Bergen area
 - Expected revenue NOK 186 million

High number of units under construction

Development units under construction

Expected completions per quarter



- Q4 2015: 79% sold, 69% of construction volume in Greater Oslo
- YE 2016: ~85% of construction volume in Greater Oslo

- 88% of 2016 completions sold by Q4 2015

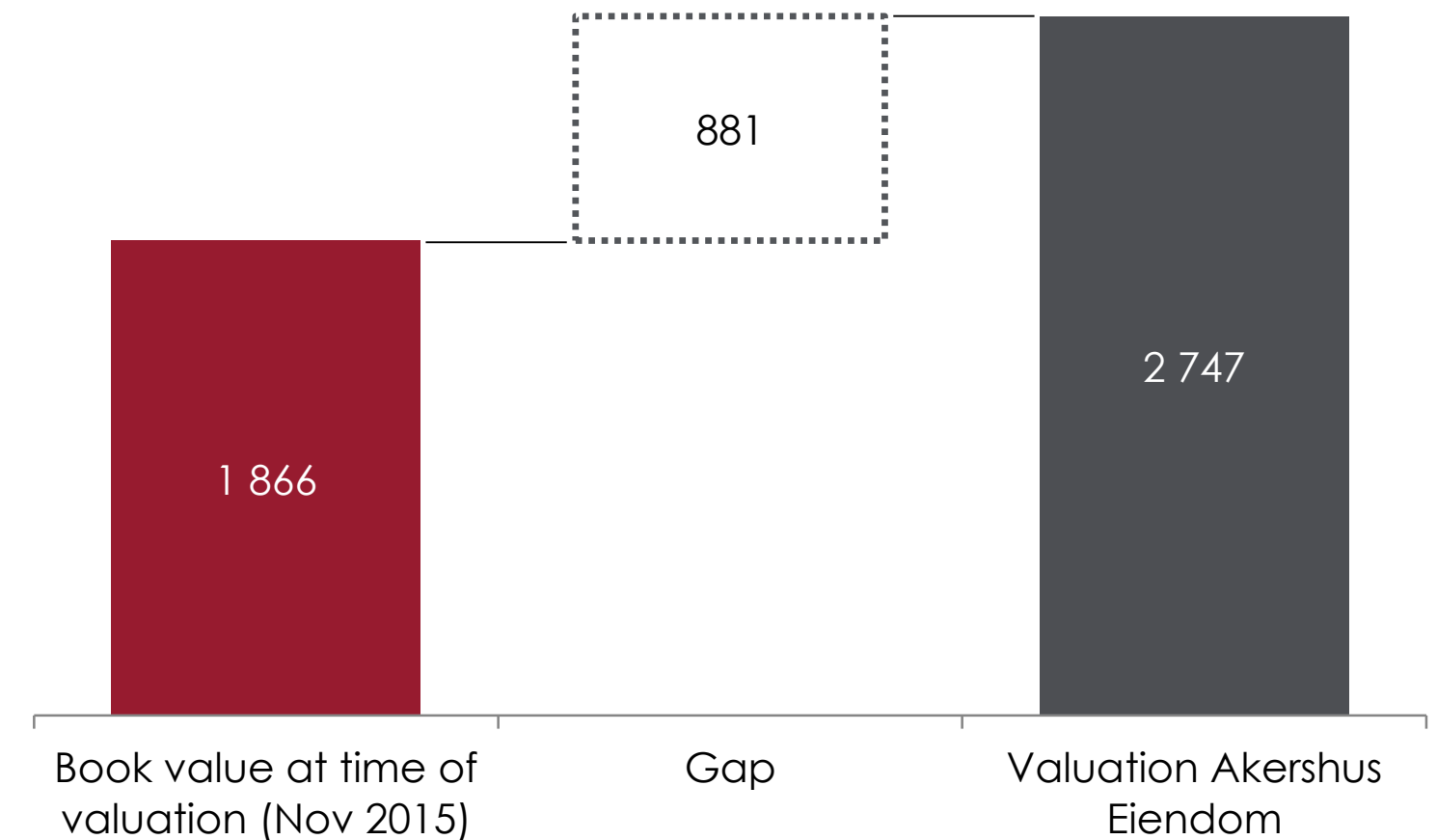
Note: Projects are included when construction start is decided. All numbers are adjusted for Selvaag Bolig's ownership share in joint ventures.

Land bank valuation from Q4 2015

- Independent land bank valuation by Akershus Eiendom in Q4 2015
- Valuation mainly based on a calculated profit from sales of fully developed housing units
 - For projects under development, remaining costs are split on developer and buyer, affecting value distribution
- DCF valuation method is applied on residents for lease

Book value vs. external valuation

NOK million



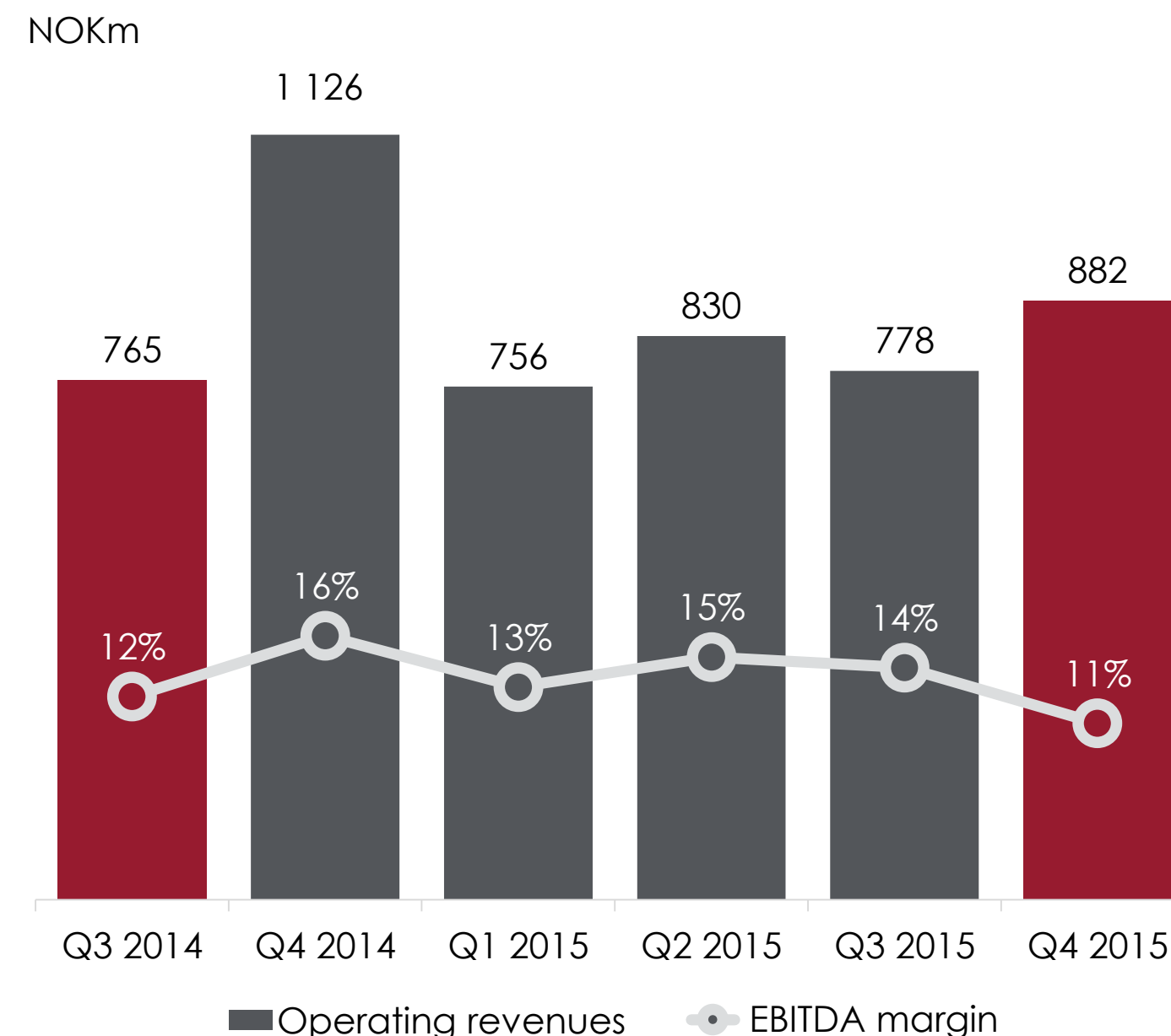
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Income statement highlights Q4 2015 (IFRS)

- Delivery of 235 units (266)
- Revenues NOK 882m (1 126)
 - Units delivered NOK 870m (1 111)
 - Other revenues NOK 12m, mainly lease income
- Project costs NOK 716m (865)
 - Of which NOK 38m are interests
- Other costs NOK 65m (86)
 - Salaries, sales and marketing key components
- EBITDA adjusted 133m (222)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK 95m (182)
- EPS in the quarter NOK 0.73, FY'15 NOK 3.01

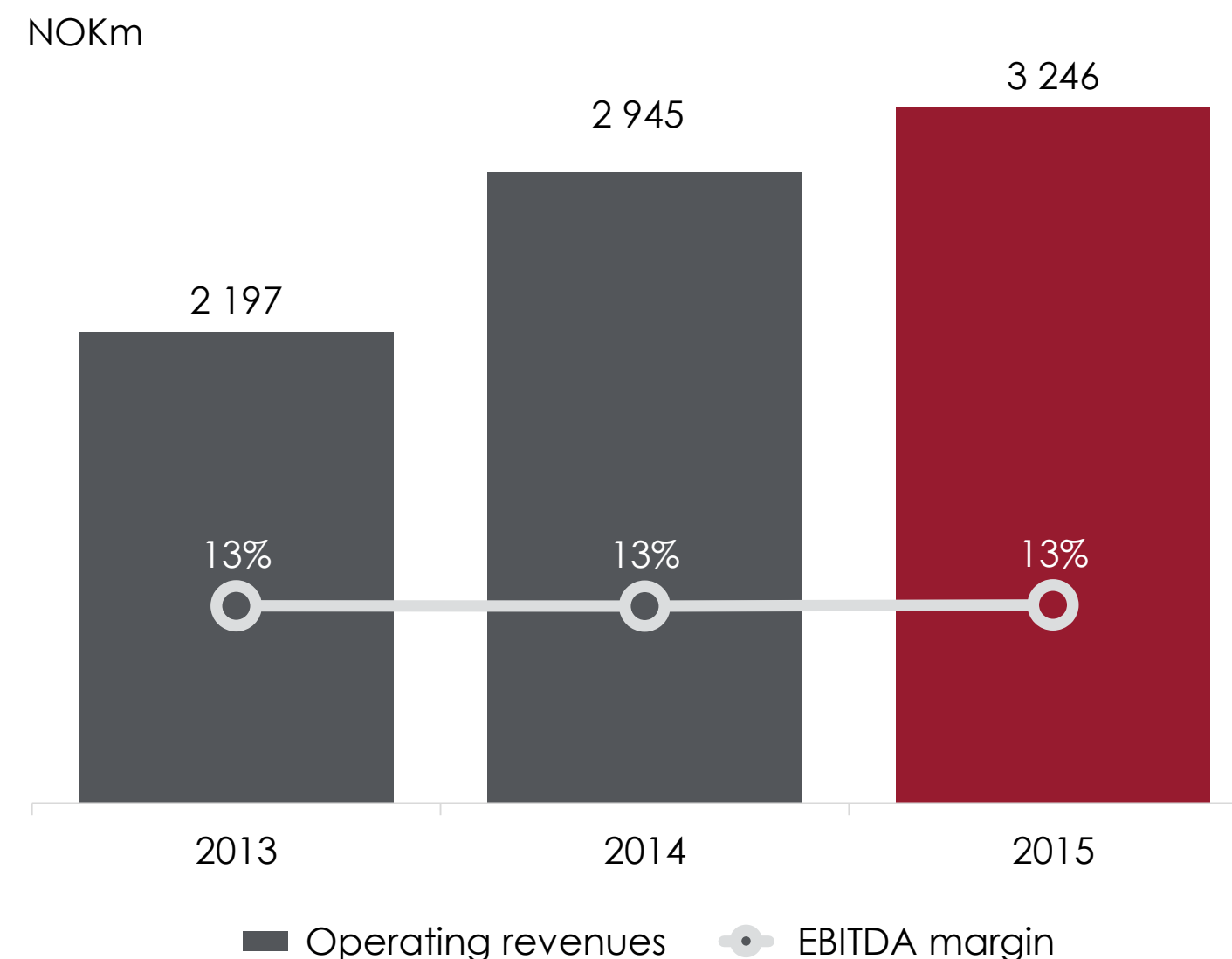
Revenues and EBITDA margin (IFRS)



Income statement highlights FY 2015 (IFRS)

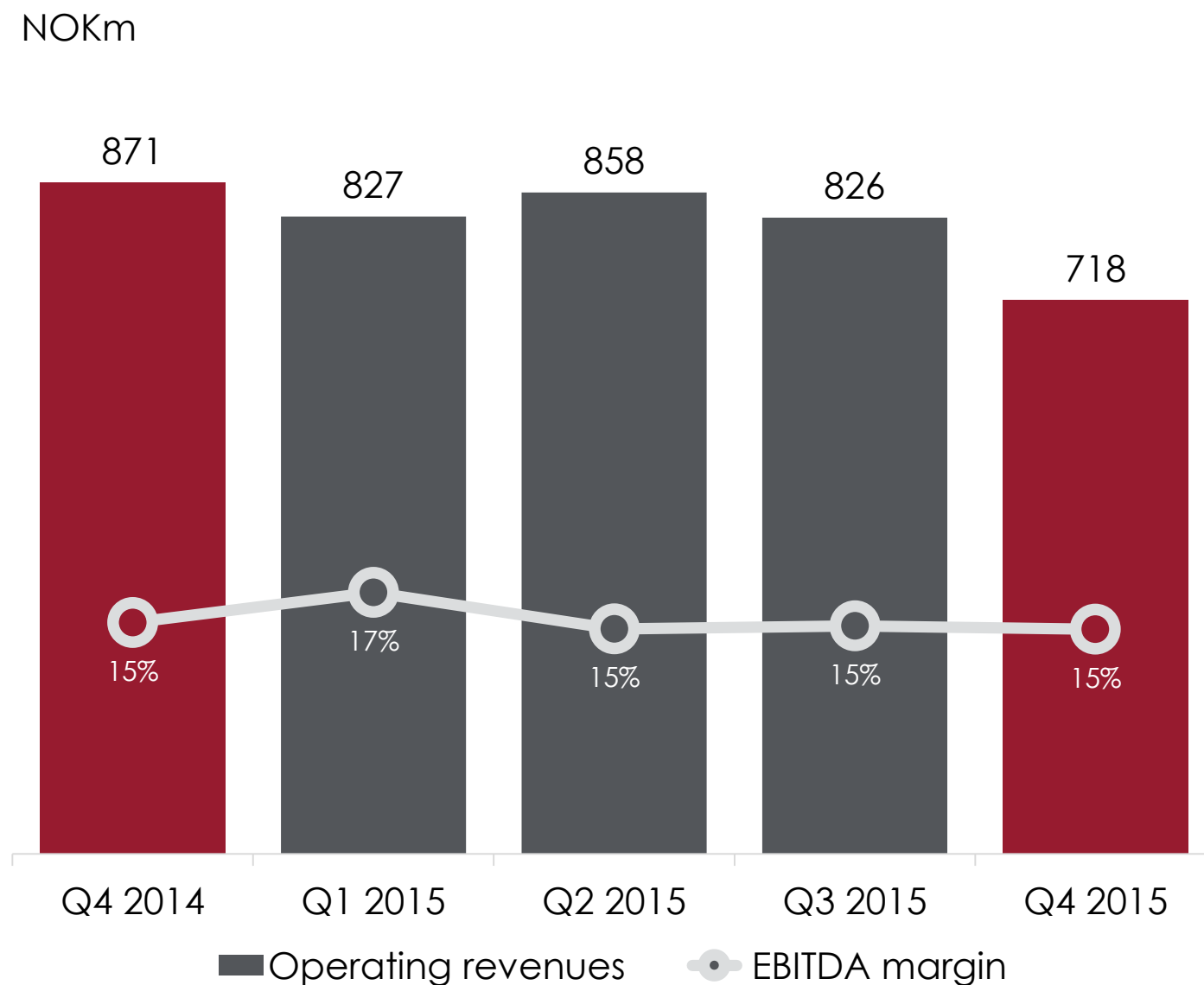
- Delivery of 893 units (861)
- Revenues NOK 3 246m (2 945)
- EBITDA adjusted 539m (489)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK 428m (387)
- Earnings per share full year NOK 3.01

Revenue and EBITDA margin (IFRS)

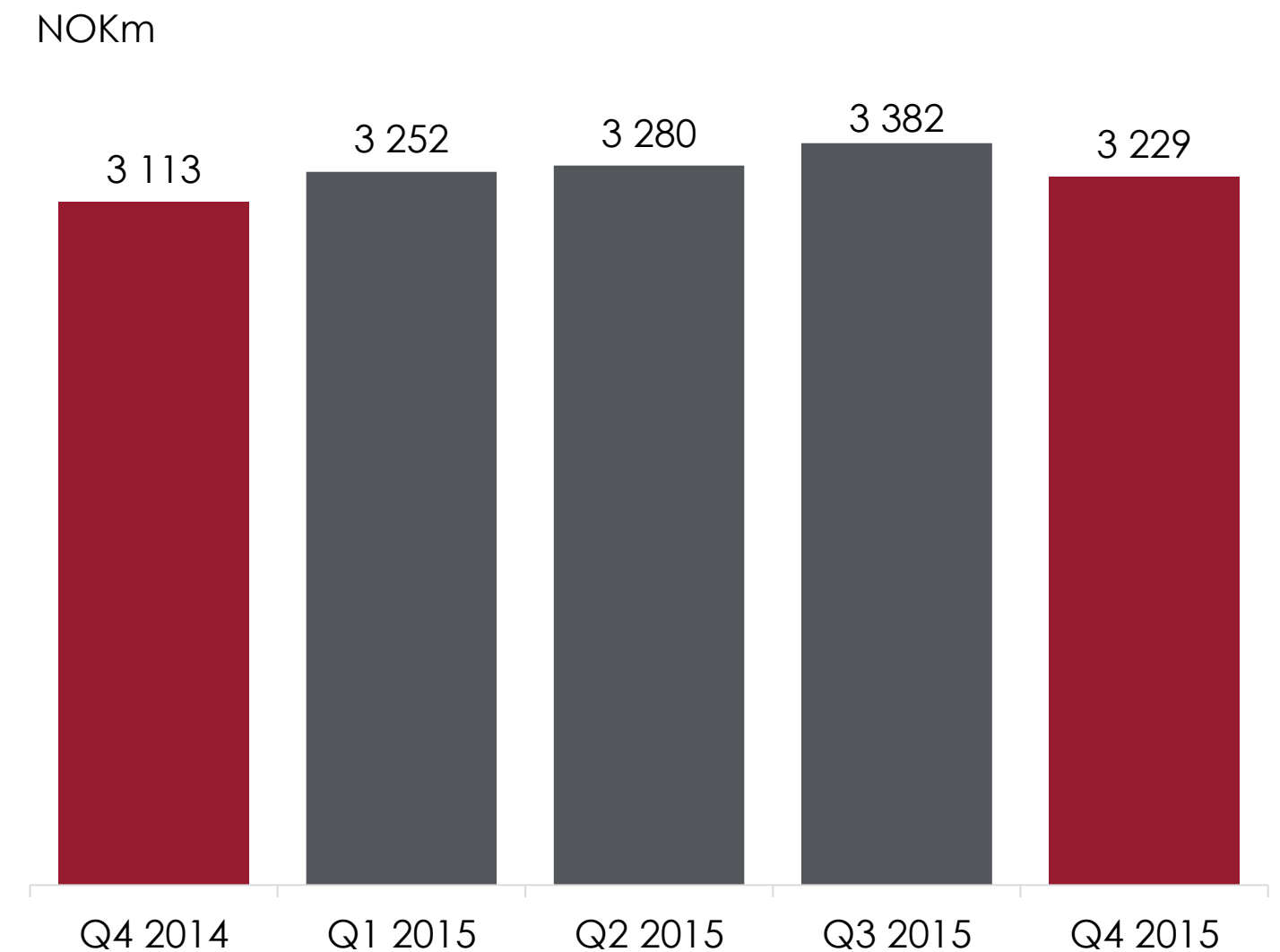


Income statement highlights Q4 2015 (NGAAP)

Revenues and EBITDA margin (NGAAP)*

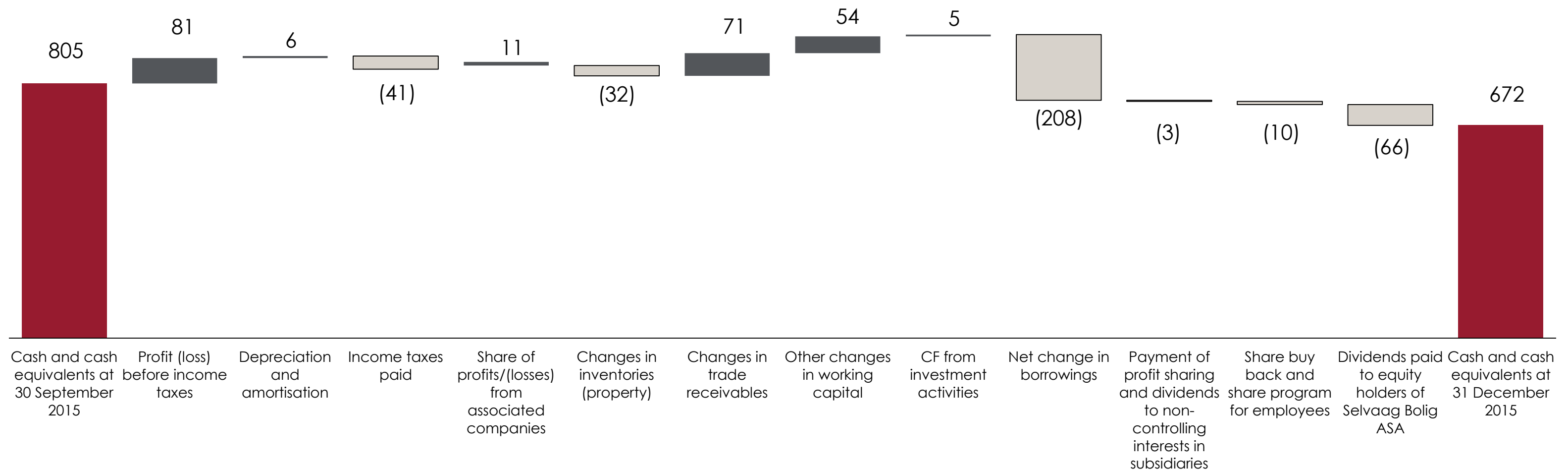


12 months rolling revenues (NGAAP)*



* Construction costs are exclusive of financial expenses in the segment reporting (NGAAP)

Cash flow development Q4 2015

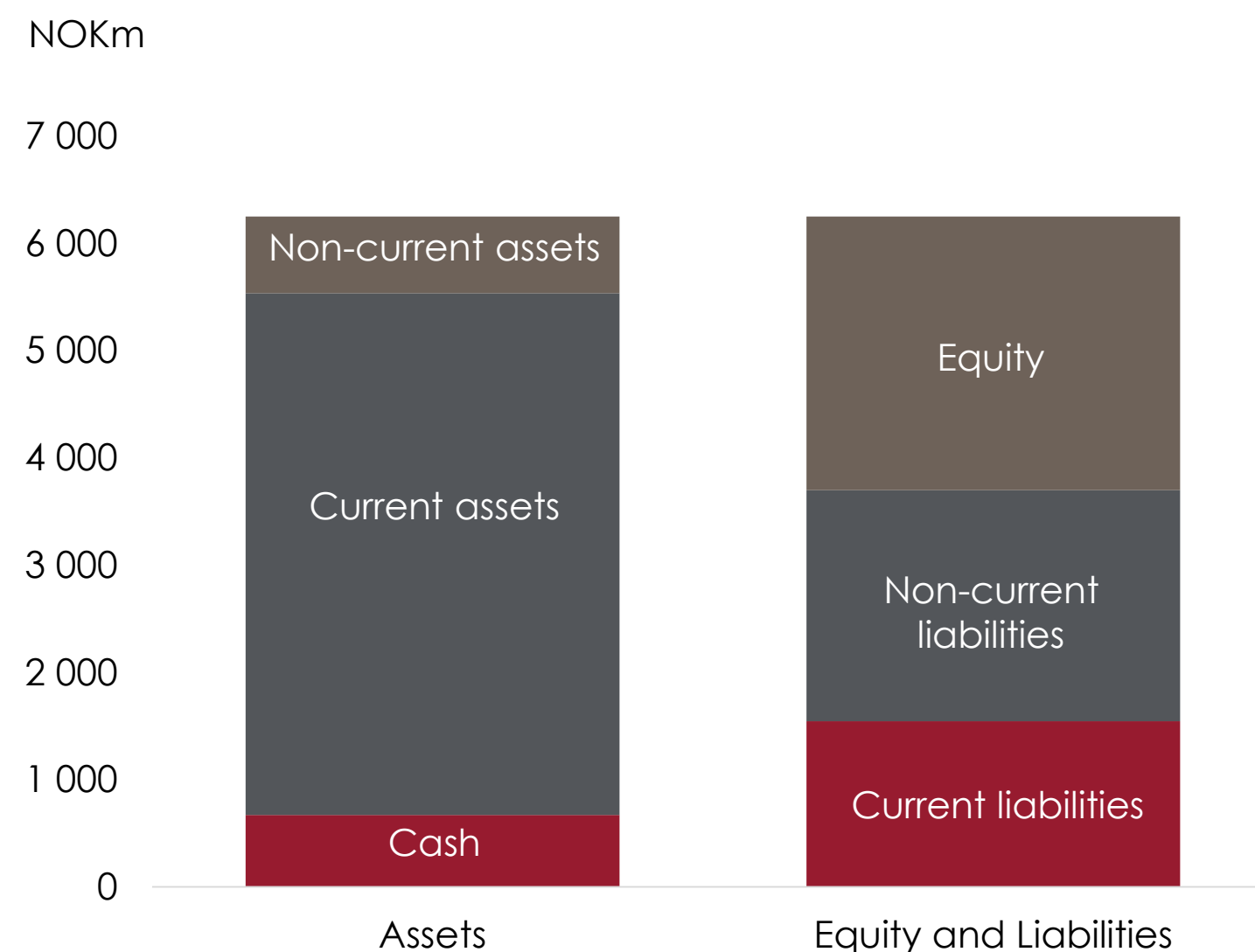


- Cash flow from operating activities NOK 149m
- H1 2015 dividend of NOK 66m (NOK 0.7 per share) paid in the quarter

Balance sheet highlights Q4 2015

- Book value per share NOK 27.1 (41%)
 - NOK 27.2 in Q3 2015 (40%)
- Changes since Q3 2015:
 - Inventories increased by NOK 52m
 - Trade receivables decreased by NOK 71m
 - Cash decreased by NOK 132m
- Prepayments from customers account for NOK 298m of other current non interest-bearing liabilities

Balance sheet composition

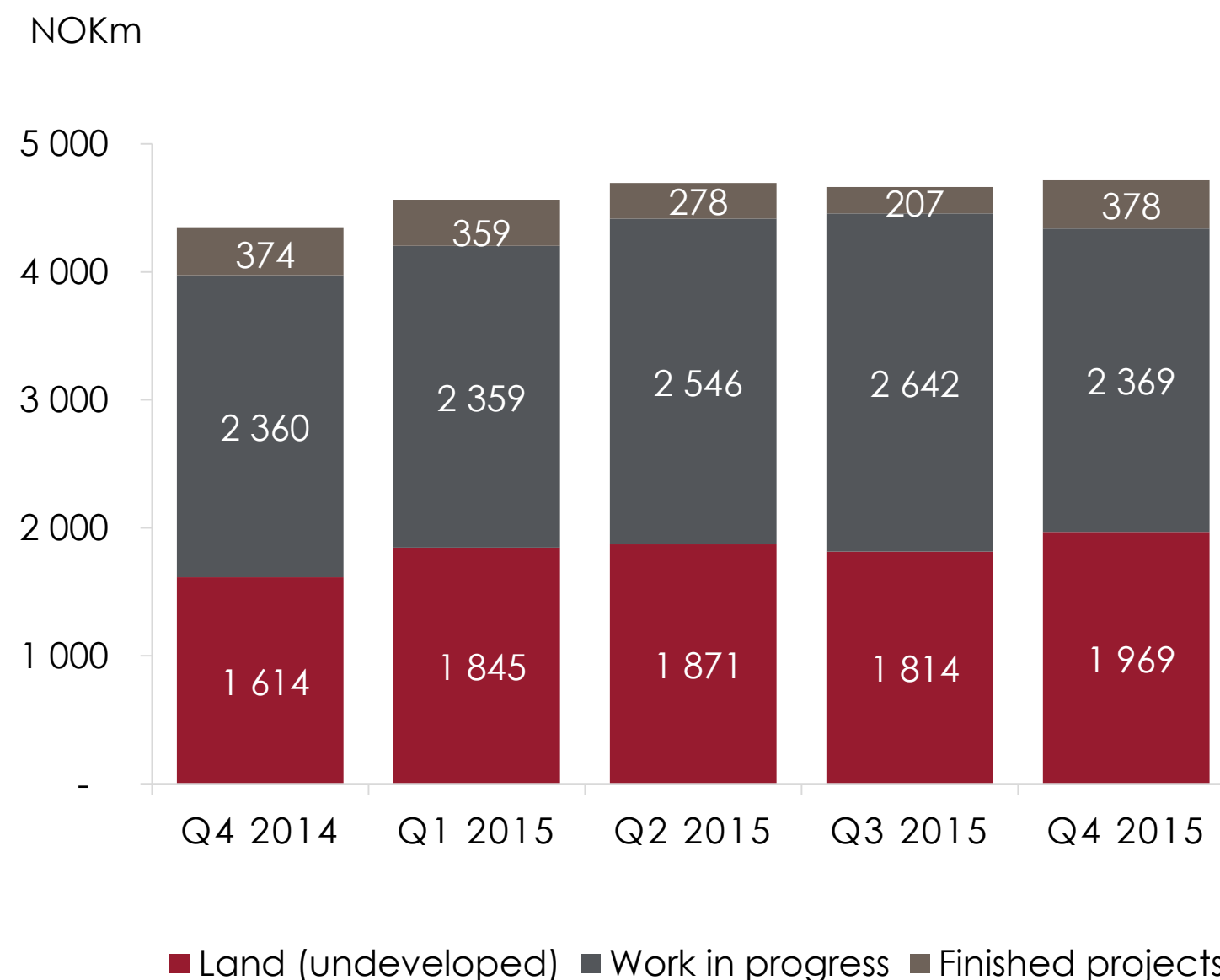


Inventories (property) Q4 2015

Q4'15 vs Q3'15

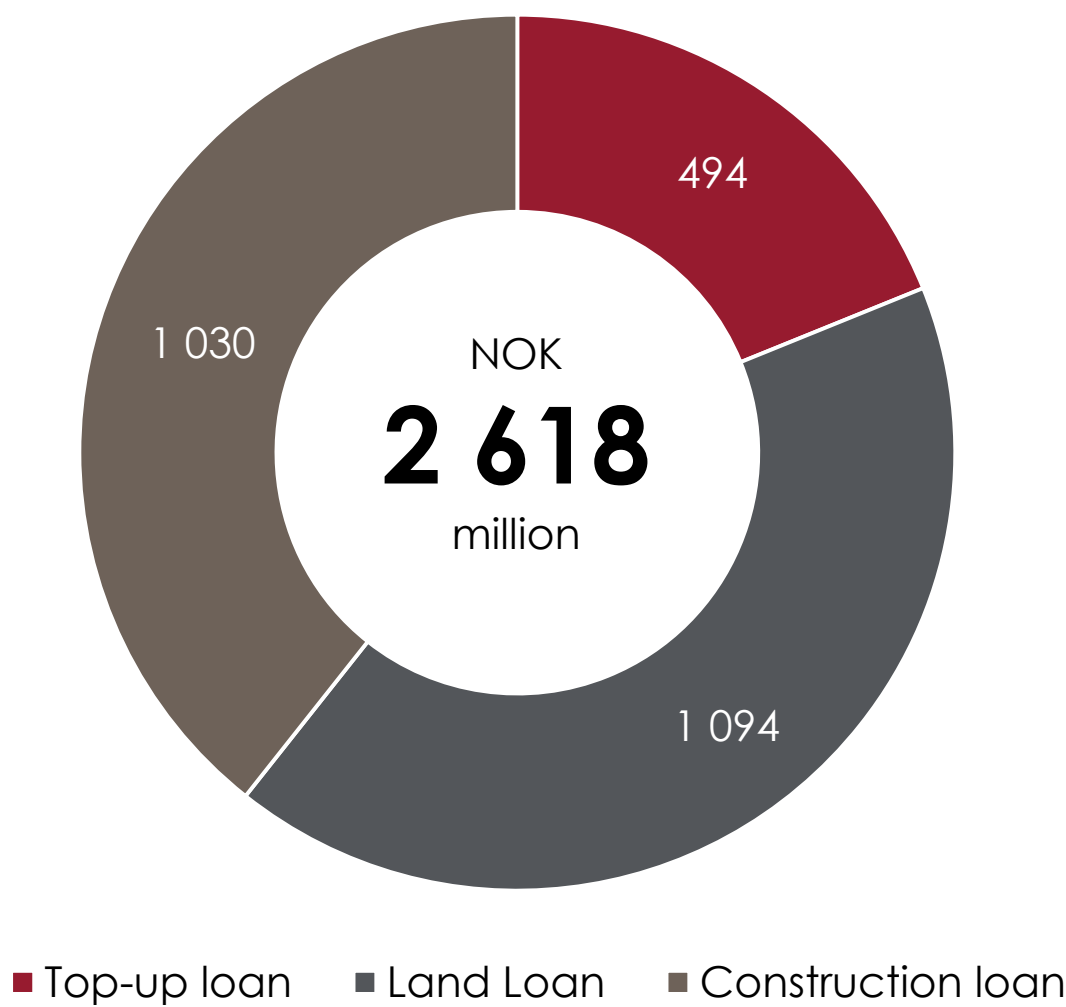
- Land value up NOK 155m
 - Mainly due to land acquisitions
 - NOK 881m in added value on the land bank
- Work in progress down NOK 273m
- Finished goods up NOK 171m
 - Mainly due to unsold units

Inventory value development



Sound debt structure

Interest bearing debt as at 31 December 2015



	Loan facility	Drawn per 31 Dec (NOKm)	Interest rate margin
1	NOK 500 million senior unsecured bond loan maturing in 2018	500	4.75%
2	NOK 150 million revolving credit facility from DNB maturing in 2016	0	2.00%
3	NOK 150 million working capital facility from DNB maturing in 2016	0	2.00%
4	Land loan facilities from a range of Nordic credit institutions	1 094	2.00% - 2.65%
5	Construction loan facilities from a range of Nordic credit institutions	1 030	1.90% - 2.65%

Total Q4 2015 net interesting bearing debt NOK 1 946 million

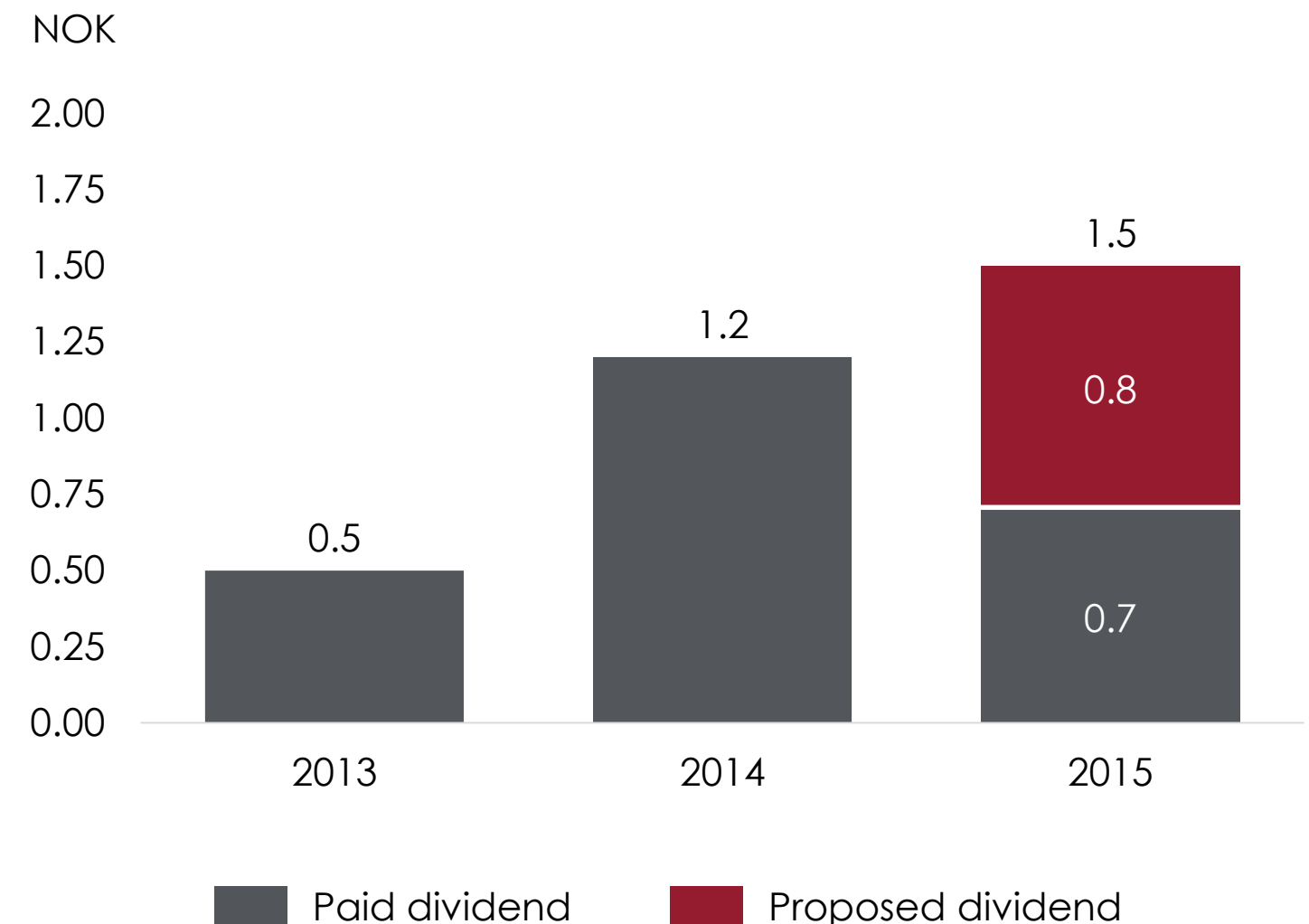
Total Q3 2015 net interesting bearing debt NOK 2 006 million

Note: Top-up loan of NOK 500m in the table differs from the summed up top up loan in the pie chart (NOK 494m). The difference is due to NOK -6m in amortized cost which is not actual debt.

Dividend

- Dividend policy
 - Up to 50 percent of net profit
 - Dividend pay-out twice a year from H1 2015
- FY'15 EPS NOK 3.01
- FY'15 dividend of NOK 1.50 per share
 - H1 2015 dividend of NOK 0.70 per share distributed
 - H2 2015 dividend of NOK 0.80 per share proposed
 - To be paid after approval by the AGM on 29 April

Annual dividend per share

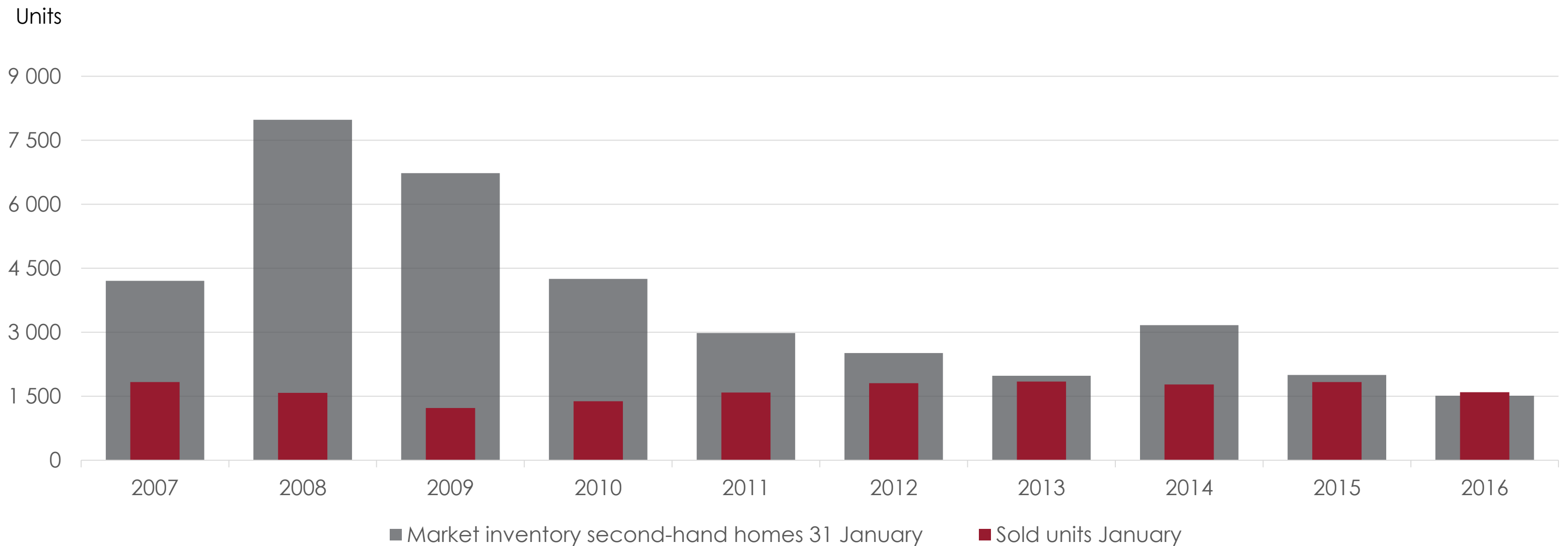


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Second-hand inventory in Oslo at historical low...

Oslo and Akershus, January 2007-2016



Selected areas: Oslo, Lørenskog, Ski, Oppgård, Bærum, Asker

Source: Eiendomsverdi

...supply of new projects rapidly consumed

Total Oslo new projects market per half year

Number of units, H1 2016 forecast

Source: Røisland & Co



- Historically high market activity and liquidity
- 959 units available for sale in upcoming projects per January 2016
- Total volumes of second-hand and new projects in Oslo at ~2100 units per January 2016
- Average market price Oslo new housing January 2016: NOK ~64k per m², Selvaag Bolig NOK ~61.5k per m²
- Selvaag Bolig coming to market with large new projects in H1 2016

An aerial photograph of a modern apartment complex in Kilenkollen, Fornebu, Norway. The complex consists of several multi-story buildings with dark facades and large glass windows, interspersed with green spaces and trees. In the background, a large body of water (the Oslofjord) is visible, along with other urban buildings and distant hills. A semi-transparent red rectangular box is overlaid on the left side of the image, containing white text.

Sales update Kilenkollen, Fornebu
100 of 153 units sold per 10.02.16

~153 units | 1-4 rooms | 35-111 sq. m

Time from acquisition to sales start: 7 months

NOK 156m acquisition March '15

Sales start Oct. '15

Sales update Nybyen, Økern
202 of 403 units sold per 20.02.16



Time from acquisition to sales start: 9 months

~403 units | 3-4 rooms | 58-127 sq. m

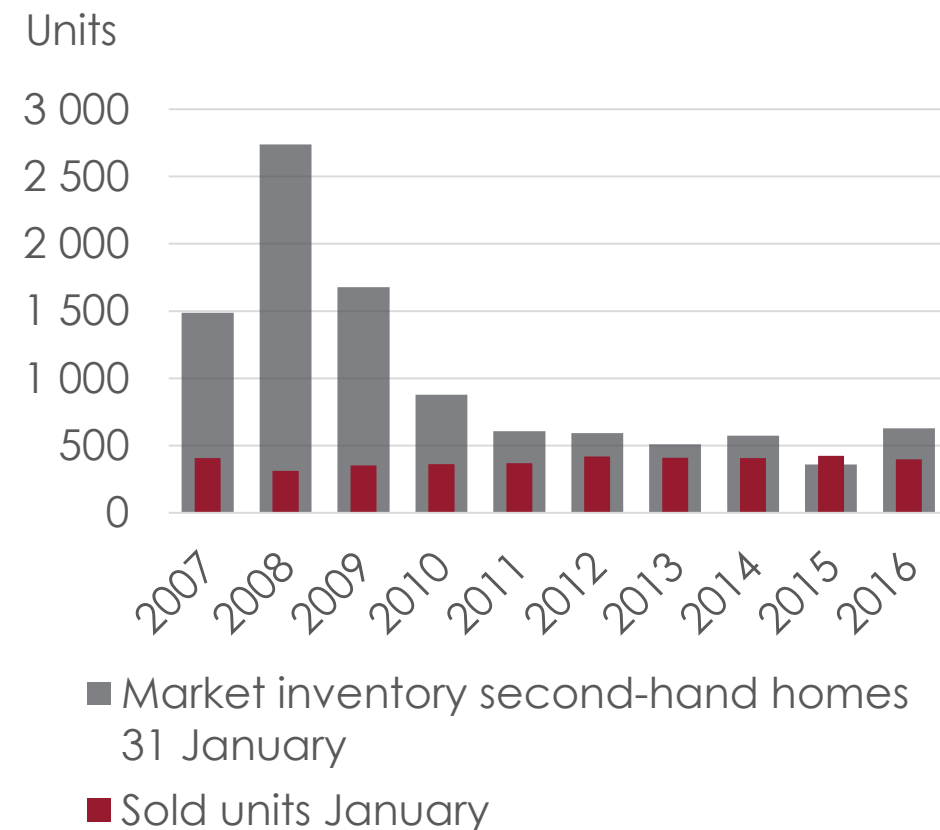
NOK 195m acquisition January '14

Sales start Oct. '14

Low in Bergen and Trondheim, high in Stavanger

Bergen

January 2007-2016

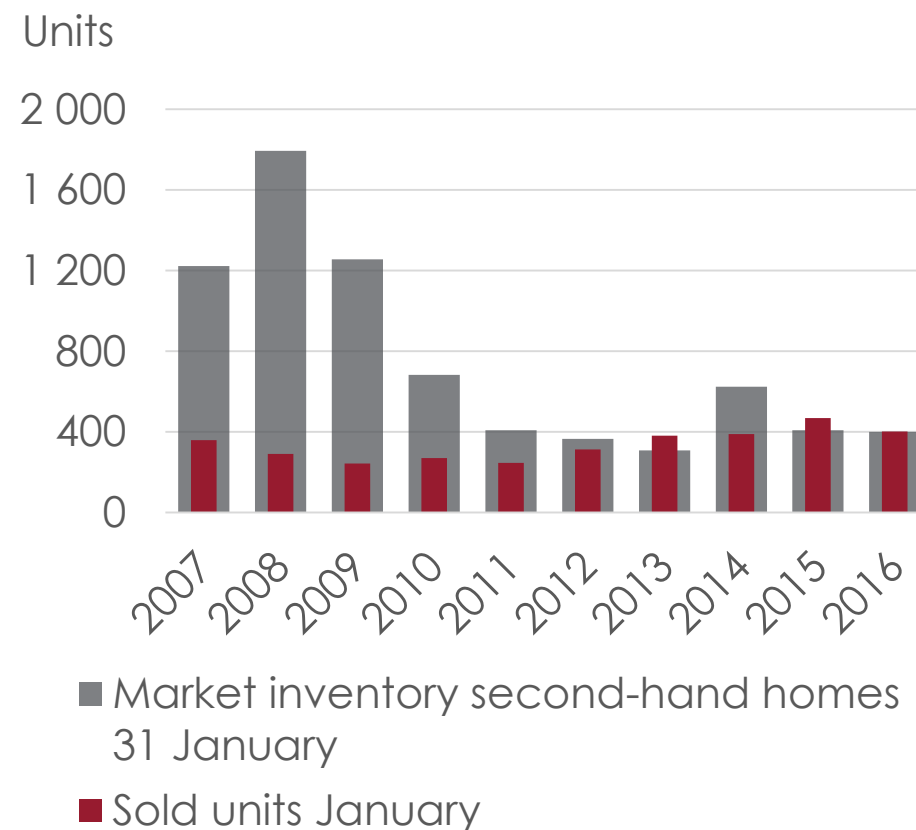


January 2016 sum-up

Second-hand inventory ~ 630
Inventory of new projects ~1000
Total inventory ~1630

Trondheim

January 2007-2016

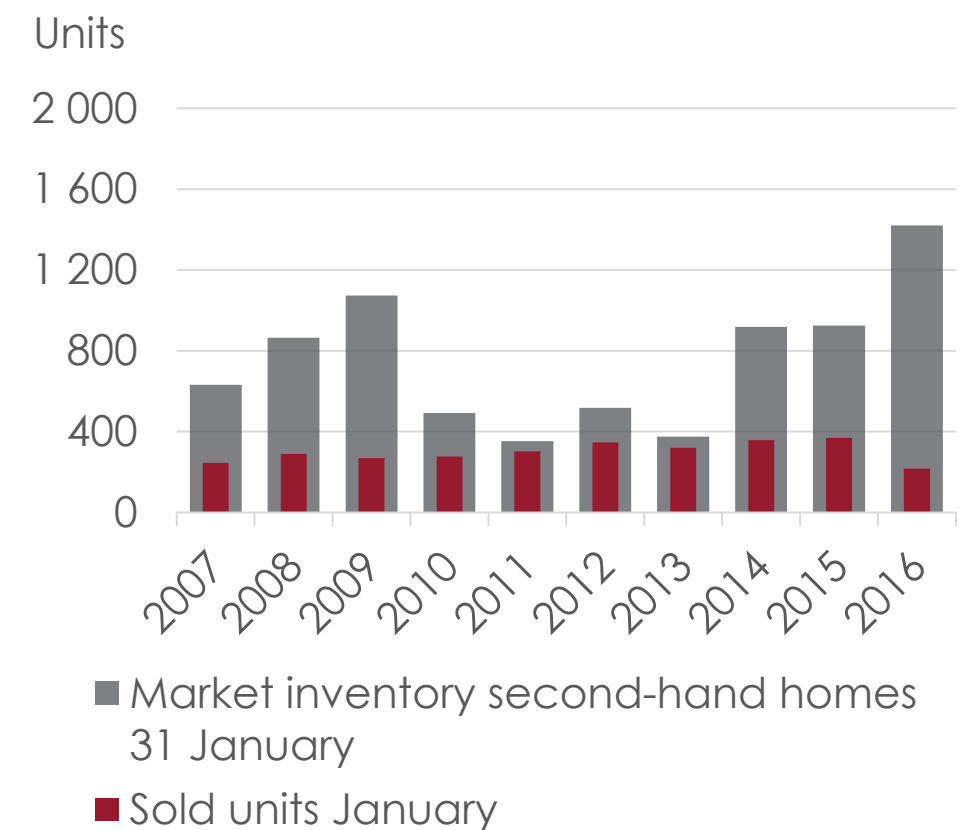


January 2016 sum-up

Second-hand inventory ~ 400
Inventory of new projects ~850
Total inventory ~1250

Stavanger area

January 2007-2016



January 2016 sum-up

Second-hand inventory ~ 1400
Inventory of new projects ~ 850
Total inventory ~ 2250

Expanding in Bergen, Norway's 2nd largest city

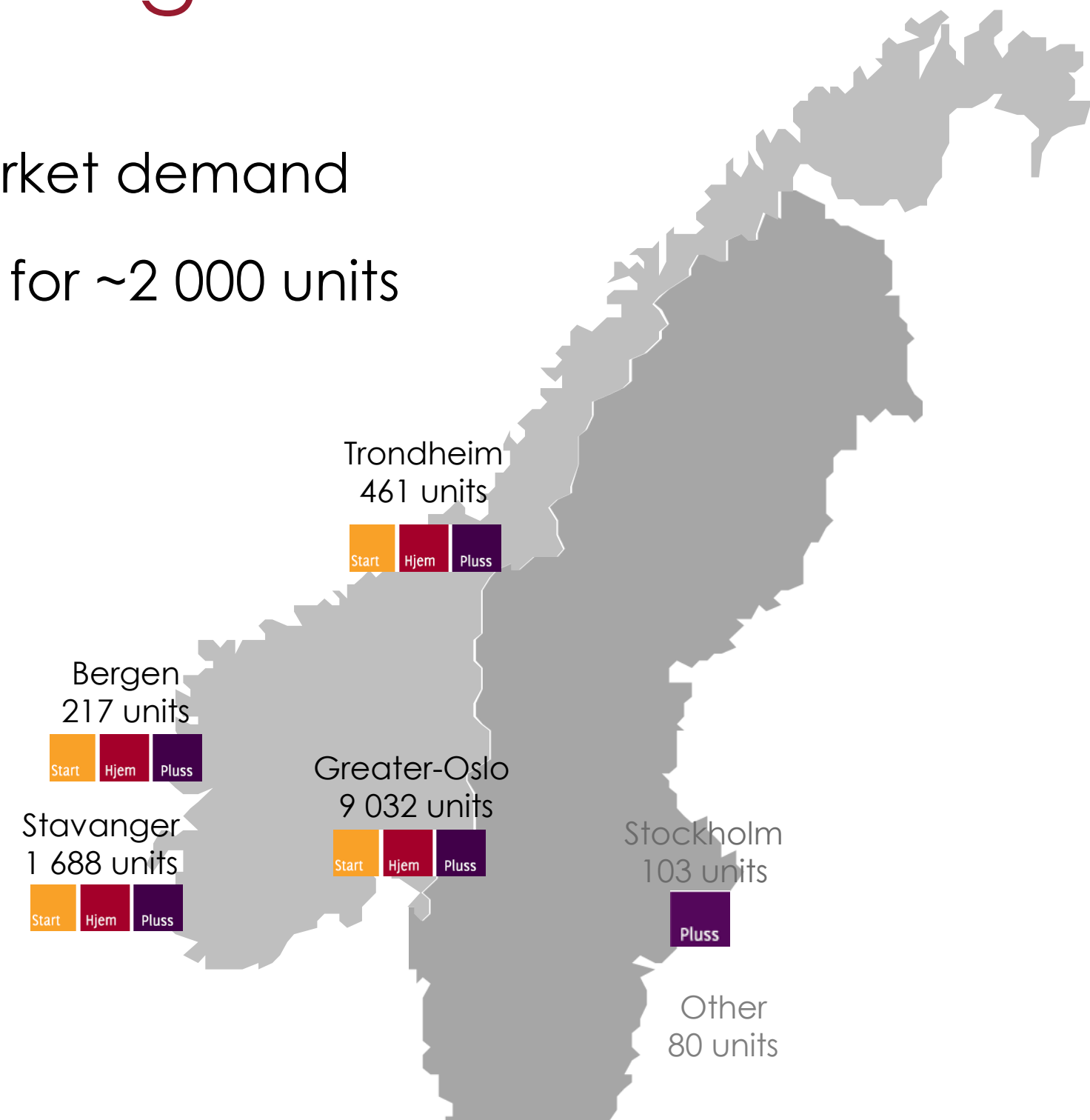
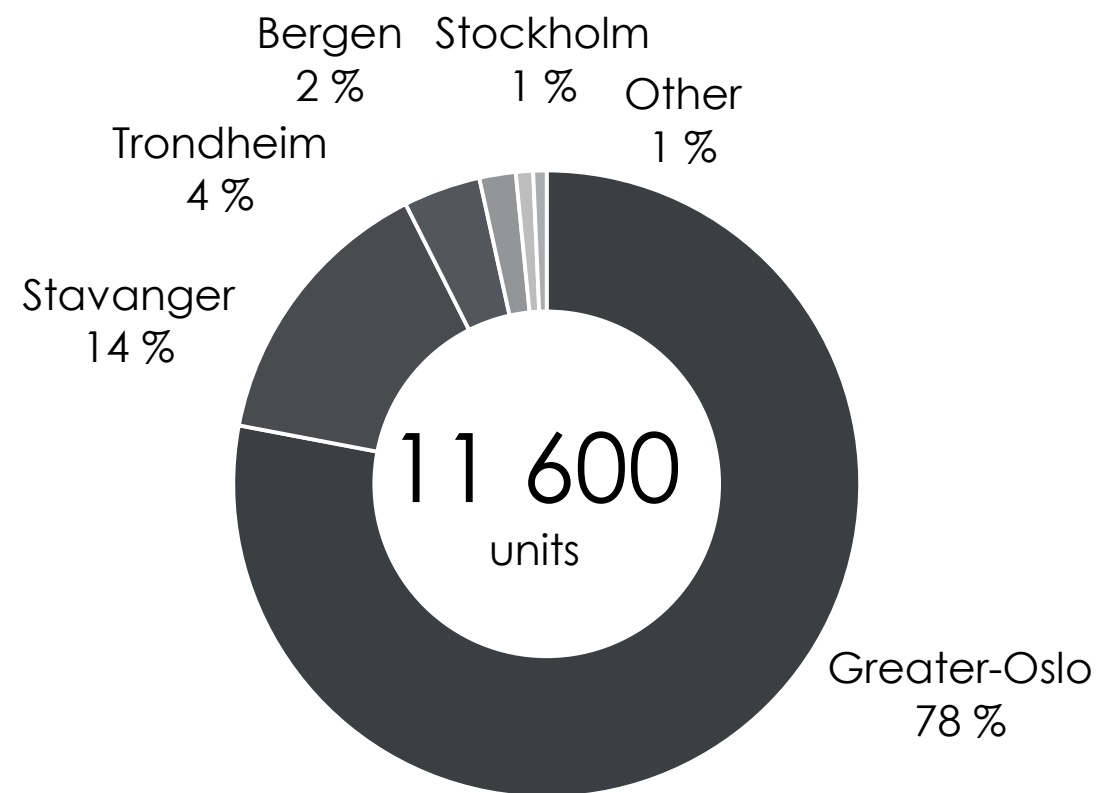


Photo: Roger Hardy, Scanpix

- New office established in 2015 to enable growth
- 98 of 144 units sold at Nyhavn per 10.02.16, acquired site at Torvmyra with ~68 units and sales start Q2 '16
- Targeting additional land acquisitions
- Ambition to become leading player in the region delivering ~150-200 units/year

Firm strategy: Focus on growing urban areas

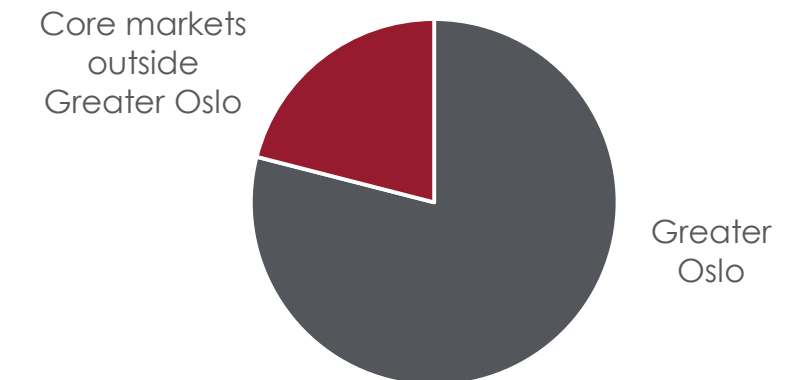
- Portfolio development adapted to local market demand
- Last 12 months: Acquired land in core areas for ~2 000 units



Core markets sales distribution

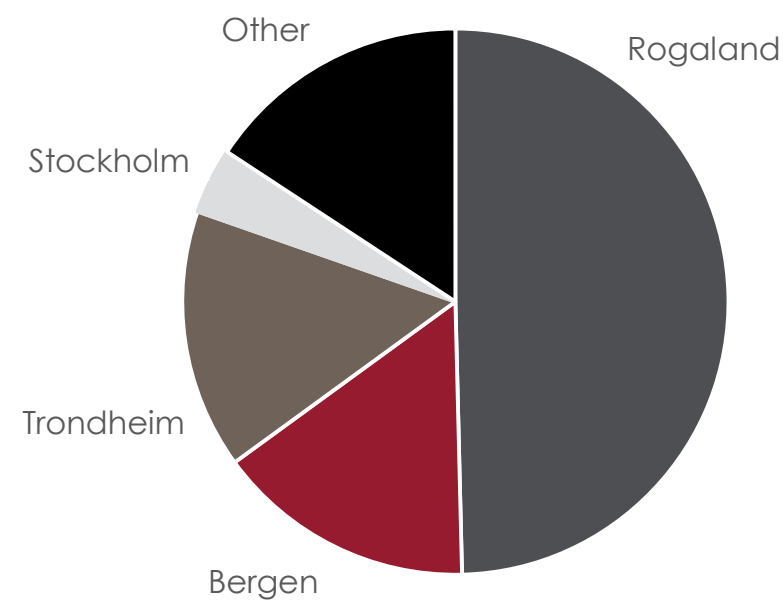
All core markets

2015 (actual)



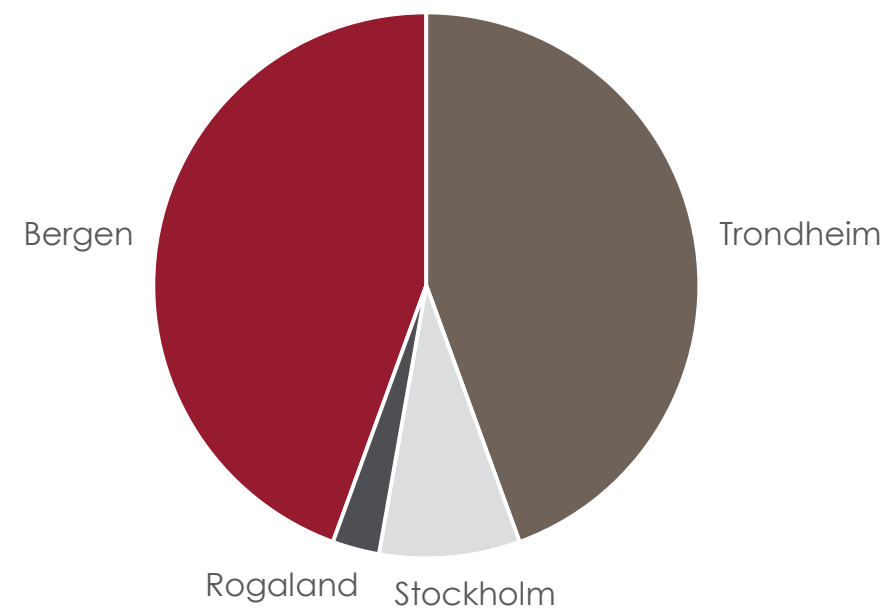
Core markets outside Greater Oslo

2012-2015 (actual)



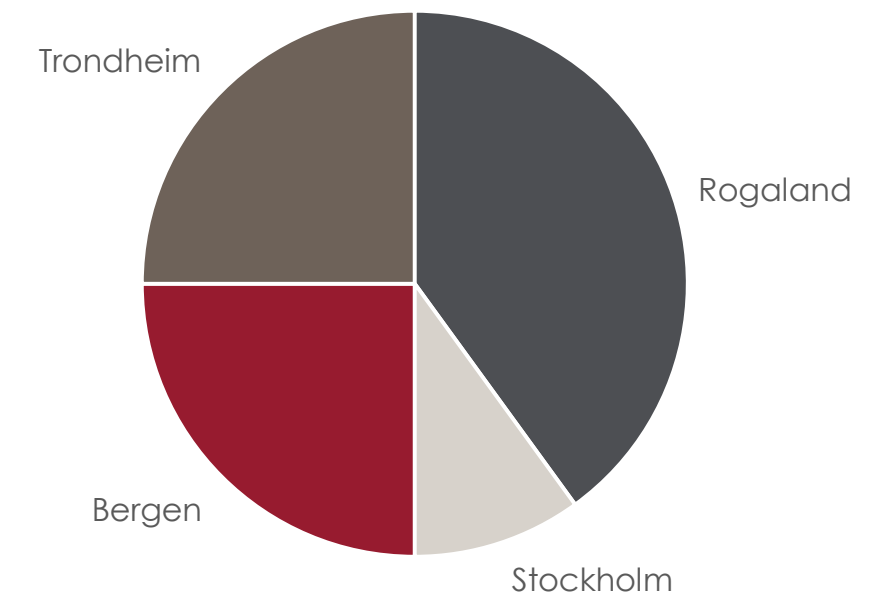
- Fragmented activity in 2012-2014
- Land purchases in core markets only

2016 (indicative)



- Bergen and Trondheim key markets
- Marginal sales in Rogaland

Future (indicative)



- Solid positions est. in Bergen/ Trondheim
- Rogaland expected to recover

Strong sales compared to peers

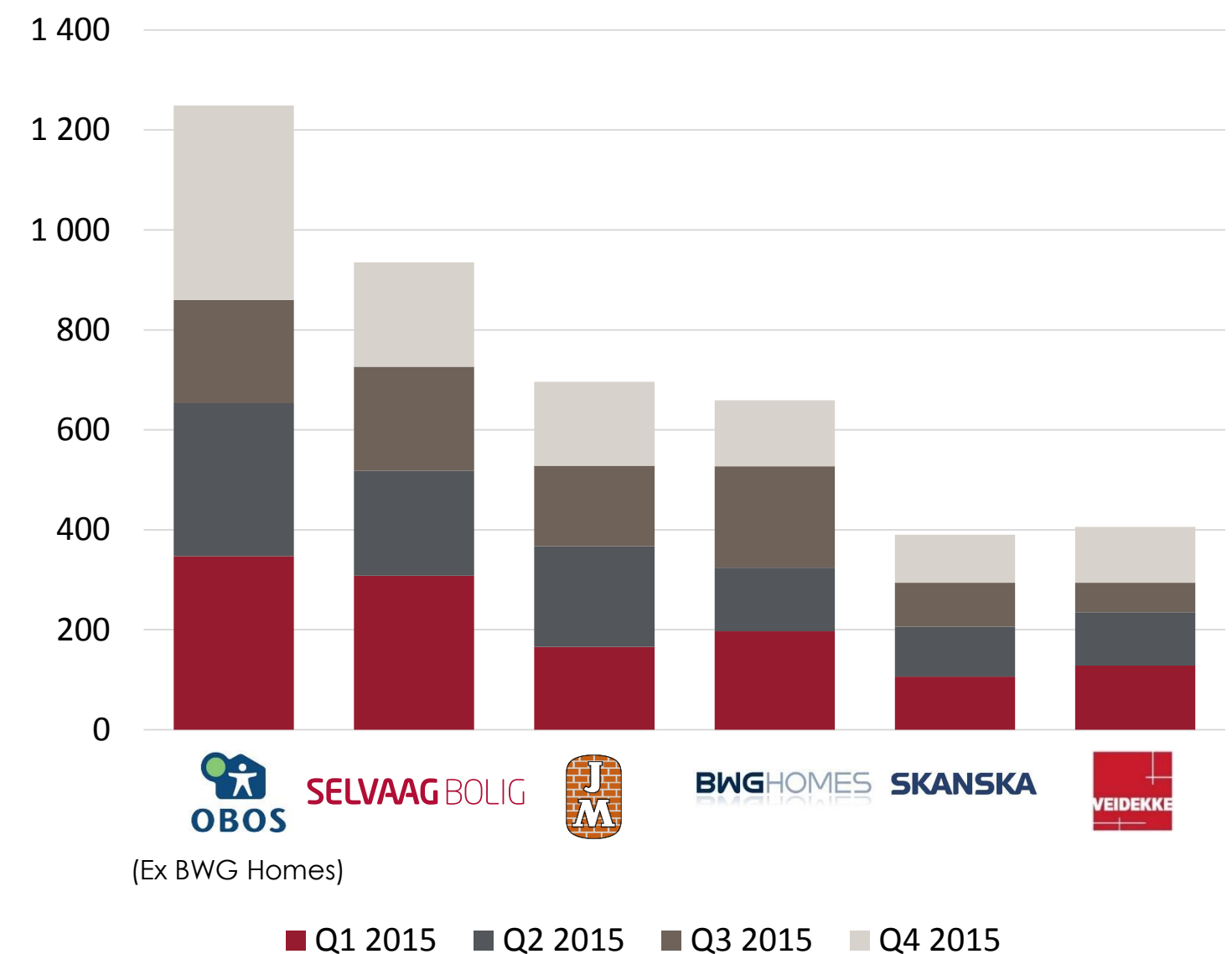
- High sales reflect Selvaag Bolig's competitive prices and defined housing strategy
 - All construction activity put out to competitive tender
 - Large land bank in fast growing urban areas
- Selvaag Bolig average price in Q4 2015: NOK 3.6m
- Total market (second-hand) average price in H2 2015*: flats NOK 3.4m, terraced NOK 4.4m, semi-detached NOK 5.3m

* Selected markets: Greater-Oslo, Tromsø, Trondheim, Bergen and Stavanger
Housing types Selvaag Bolig: flats, semi-detached and terraced homes

Source: Selvaag Bolig and Eiendomsverdi

Sales activity vs. peers last 4 quarters

Units, net figures



(Ex BWG Homes)

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- **Outlook and summary**

Positive overall outlook for Selvaag Bolig

- High sales activity and number of sold units give high future revenues
- Strong demand in core markets, inventory at historical low
- Proven business strategy



Nybyen Økern, Greater Oslo

Summary

- Strong sales: High demand/low supply in key markets
- Strong results and margins
- Land purchase in core markets
- Proposed H2'15 dividend of NOK 0.8 per share, total FY'15 dividend of NOK 1.5



Hovingenga, Valle Hovin, Greater Oslo

Thank you for your attention – follow us online!

Next event:
1st quarter 19 May 2016



@SelvaagAksjen



Appendix

Norwegian housing market

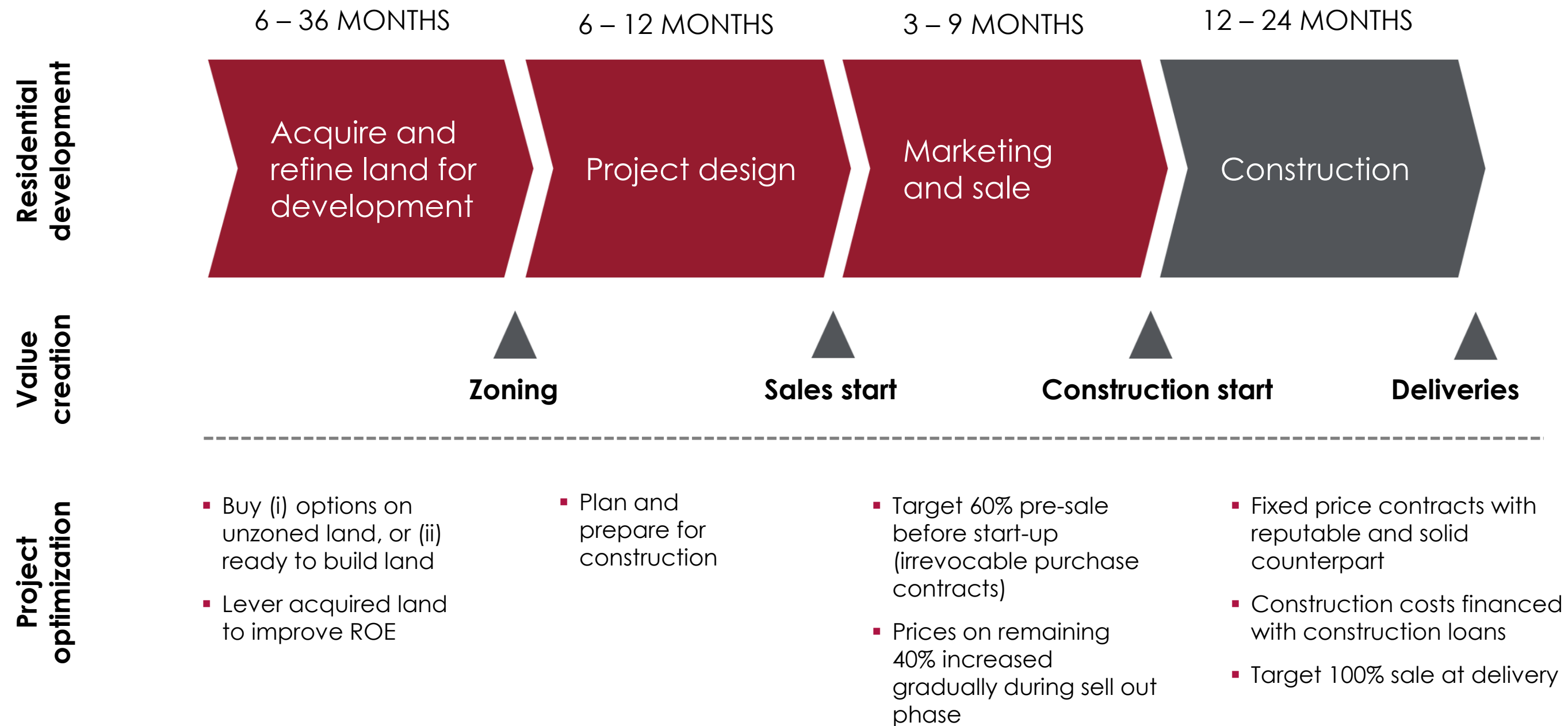
- Low risk for housebuilders
 - Advance sales: banks require that 50-70% of homes are sold before construction starts
 - Binding offers: offer to purchase is a binding sales contract, and requires a 10% minimum cash deposit
- High level of home ownership
 - 85% (one of the world's highest)
- Economic benefits for home owners
 - 25% of mortgage loan interest payments are tax-deductible
 - Transfer stamp duty for new houses is lower than for second-hand homes
- Strong population growth
 - Norway's urban areas are among the fastest growing in Europe.
 - Good demand for new homes

Selvaag Bolig – value proposition

Selvaag Bolig ASA is a Norwegian residential property developer with no in-house construction arm, which controls the entire value chain from the acquisition of land to the sale of homes.

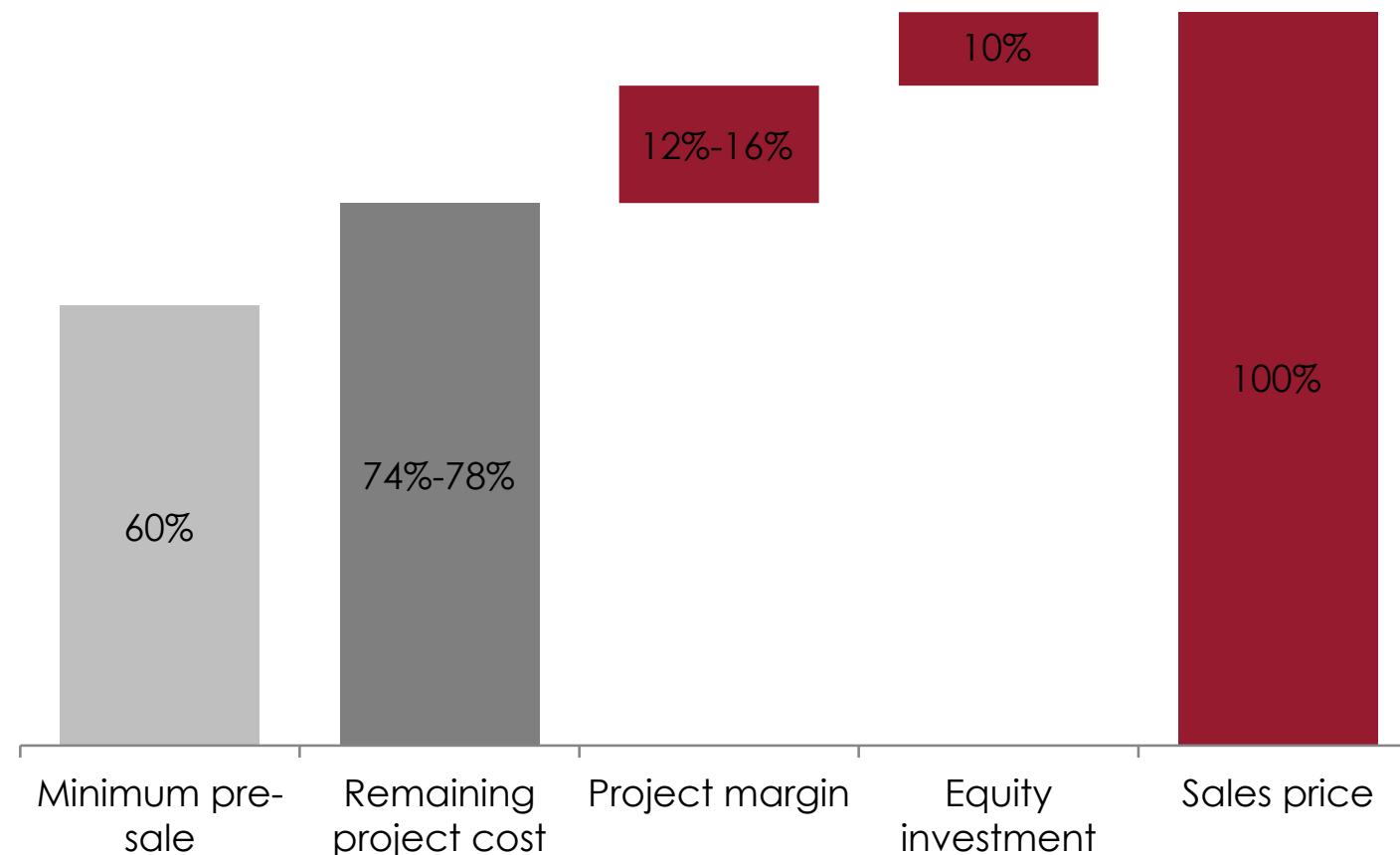
- Low risk business model
 - 60 per cent presale before construction starts
 - Only present in fast growing urban regions with high demand and large market depth
 - Very competitive prices ensure a broad customer base
- No in-house construction arm
 - All construction activity put out to competitive tender
 - Lower building costs
 - Fixed construction price
 - Reduced risk
 - Smaller exposure to market fluctuations
- Defined housing concepts
 - Aimed at broad consumer categories
 - Profit maximisation in all projects
 - Large projects with more than 150 apartments
- Large land bank
 - Several thousand homes under development in Norway's four fastest growing urban regions

Value creation in Selvaag Bolig



Low-risk business model

Risk profile at start of project



- Selvaag's equity investment in a project and project margin bring the remaining project cost down to 74%-78%
- With minimum 60% pre-sale, there is limited remaining project risk
- 79% of units in production are sold per Q4'15

De-risking in key stages of projects

1 Land purchase conditional on zoning approval

- Purchase and payment of land takes place after zoning plan approval. If this is not obtained, the purchase is cancelled
- SBO is in charge of the zoning process

2 Land purchase price based on market value at time of zoning approval

- Purchase price is decided by a land appraisal made by three external consultants at the time of zoning approval
- The median valuation is used as purchase price

3 Minimum sales rate of 60% before construction

- Pre-sales of minimum 60% secures the majority of revenue before construction
- 10% of purchase price paid by the buyer at point of sale, and proof of financing for the remaining amount is required

4 Fixed price construction contract

- Construction contracts with solid counterparties are made with fixed price
- Project costs are secured before construction starts

Income statement IFRS

(figures in NOK million)	Q4 2015	Q4 2014	2015	2014
Total operating revenues	882.0	1 126.5	3 246.0	2 945.2
Project expenses	(716.0)	(864.6)	(2 608.5)	(2 371.8)
Other operating expenses	(59.2)	(80.4)	(217.4)	(215.5)
Other gains (loss)	-	(3.5)	-	(3.5)
Associated companies and joint ventures	(11.4)	4.4	8.3	32.4
EBITDA	95.4	182.4	428.4	386.9
Depreciation and amortisation	(6.2)	(5.7)	(24.1)	(21.2)
EBIT	89.2	176.7	404.3	365.7
Net financial expenses	(8.6)	(0.3)	(33.1)	(17.0)
Profit/(loss) before taxes	80.6	176.4	371.2	348.7
Income taxes	(12.3)	(47.5)	(91.1)	(94.2)
Net income	68.3	128.9	280.1	254.5
Net income for the period attributable to:				
Non-controlling interests	(0.1)	(0.0)	(1.8)	1.2
Shareholders in Selvaag Bolig ASA	69.1	128.8	286.1	253.2

Cash Flow statement

(figures in NOK million)	Q4 2015	Q4 2014	2015	2014
Net cash flow from operating activities	149.3	171.1	464.4	187.3
Net cash flow from investment activities	5.4	(35.9)	(15.5)	(5.7)
Net cash flow from financing activities	(287.0)	(346.3)	(344.1)	(202.7)
Net change in cash and cash equivalents	(132.3)	(188.1)	104.8	(21.1)
Cash and cash equivalents at start of period	804.6	754.0	565.9	587.0
Cash and cash equivalents at end of period	672.3	565.9	670.7	565.9

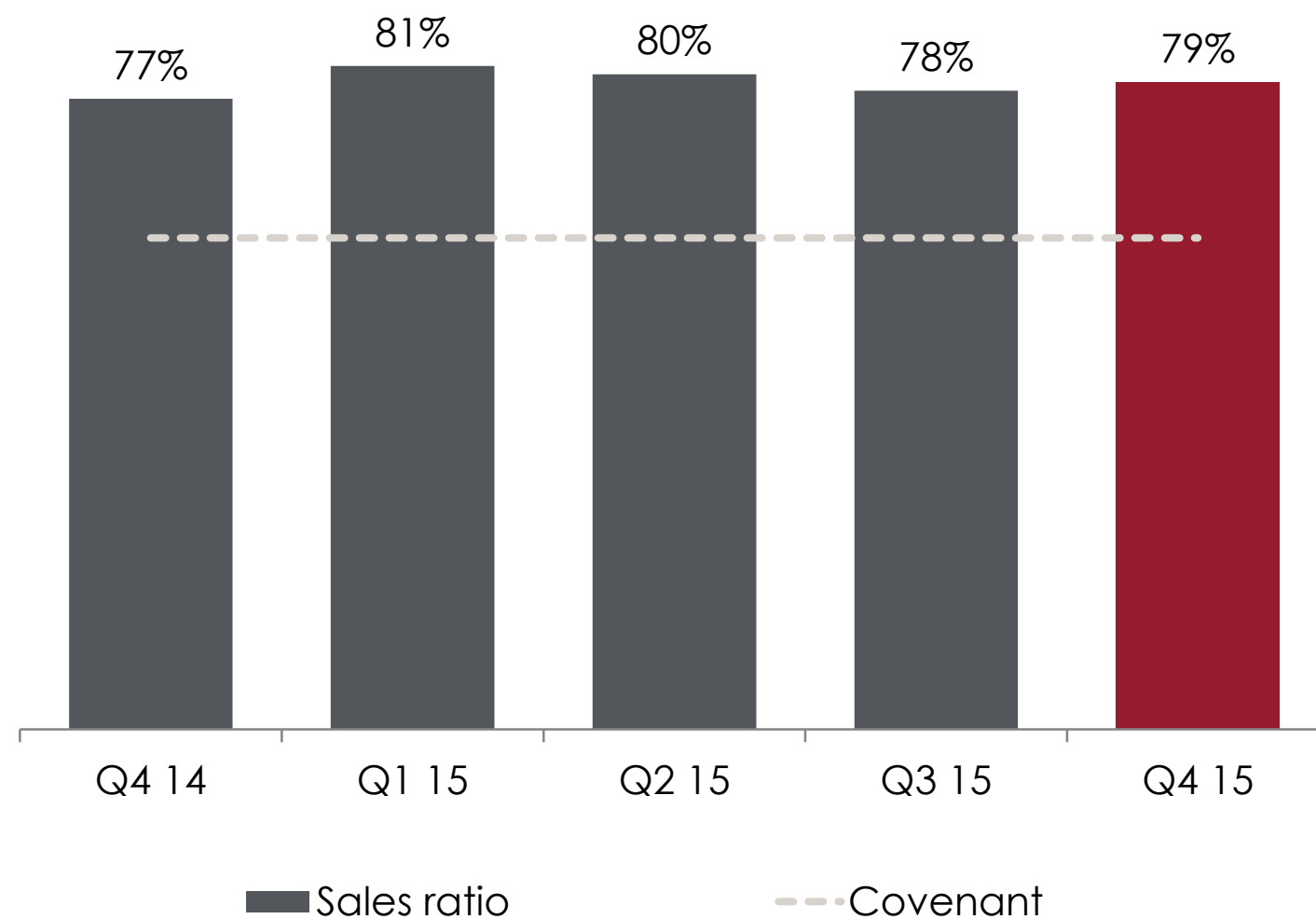
Balance sheet

(figures in NOK million)

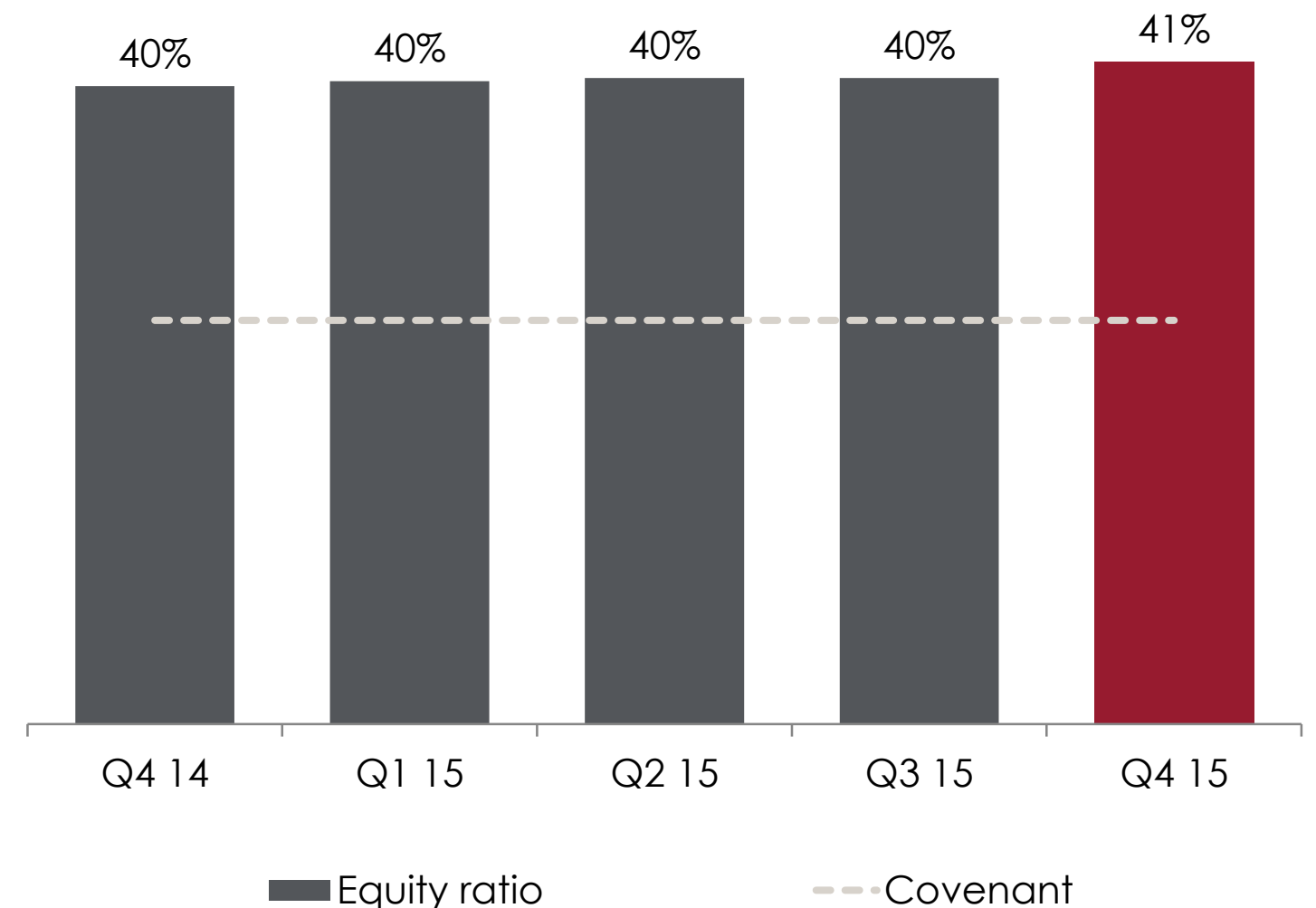
	2015	Q3 2015	2014
Intangible assets	397.2	401.8	415.6
Property, plant and equipment	20.3	21.4	17.4
Investments in associated companies and joint ventures	183.4	192.3	156.7
Other non-current assets	114.6	122.2	121.8
Total non-current assets	715.5	737.8	711.5
Inventories (property)	4 715.4	4 663.3	4 348.8
- Land	1 938.0	1 814.1	1 614.4
- Work in progress	2 399.3	2 641.9	2 360.3
- Finished goods	378.1	207.4	374.1
Other current receivables	147.9	280.3	588.0
Cash and cash equivalents	672.3	804.6	565.9
Total current assets	5 535.5	5 748.2	5 502.8
TOTAL ASSETS	6 251.1	6 486.0	6 214.2
Equity attributed to shareholders in Selvaag Bolig ASA	2 541.6	2 547.1	2 442.6
Non-controlling interests	9.6	13.1	14.7
Total equity	2 551.1	2 560.2	2 457.3
Non-current interest-bearing liabilities	1 846.7	2 470.1	1 752.4
Other non-current non interest-bearing liabilities	308.0	309.1	293.6
Total non-current liabilities	2 154.7	2 779.2	2 046.0
Current interest-bearing liabilities	771.3	340.4	959.5
Other current non interest-bearing liabilities	773.9	806.2	751.4
Total current liabilities	1 545.2	1 146.6	1 710.9
TOTAL EQUITY AND LIABILITIES	6 251.1	6 486.0	6 214.2

In compliance with financial covenants

Sales ratio covenant (minimum 60.0%)



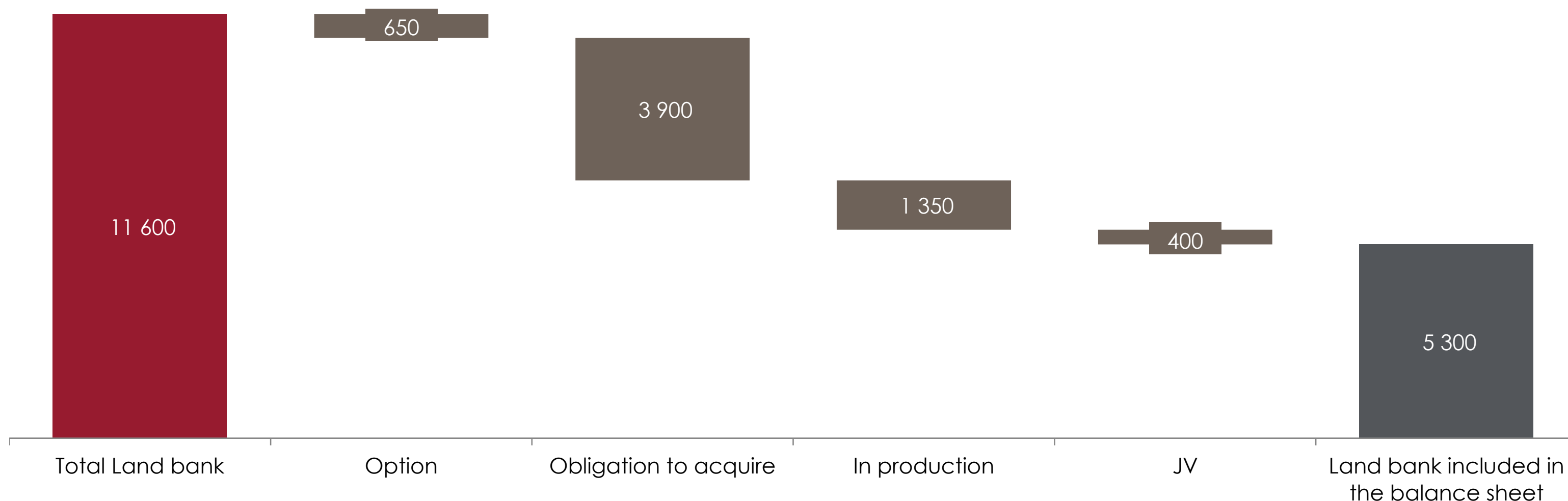
Equity ratio covenant (minimum 25.0%)



Substantial portfolio for development

Total land bank portfolio at 31 December 2015

No of units

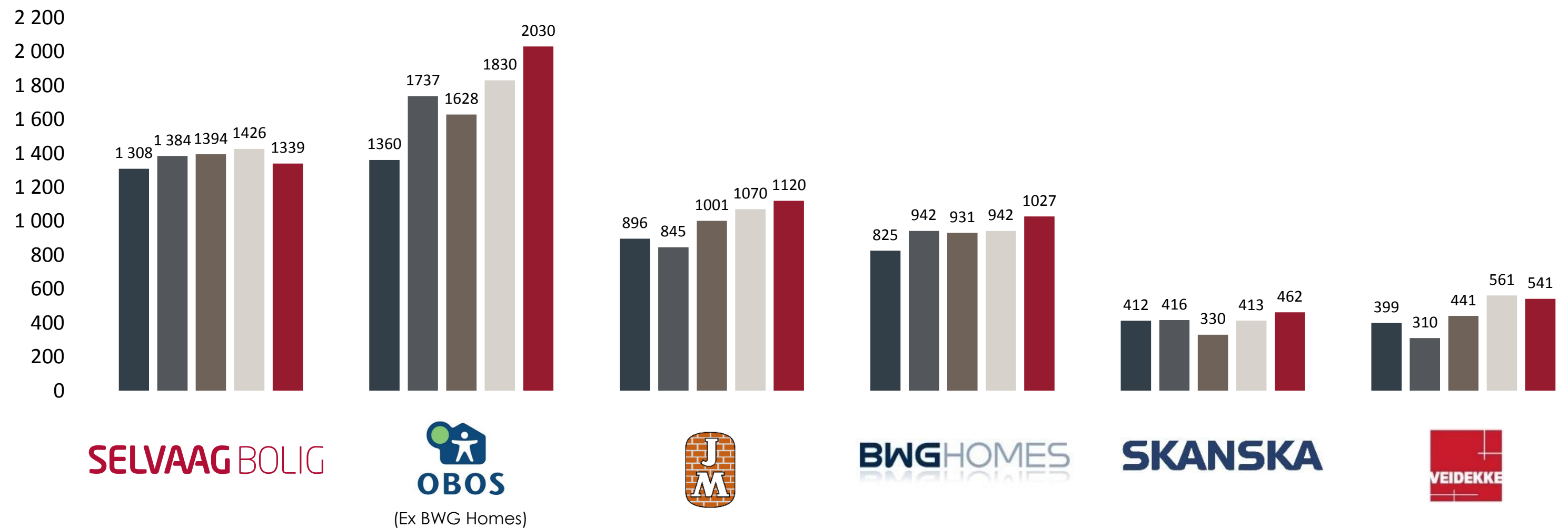


Maintaining strong market position

Units under construction vs. peers (net figures)

Number of units

■ Q4 14 ■ Q1 15 ■ Q2 15 ■ Q3 15 ■ Q4 15



Construction starts in the quarter

Construction starts, scheduled completion and expected revenue
Quarterly, expected revenues (IFRS) in NOK million



Operational highlights – key operating figures

	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15
Number of units sold	233	308	210	208	209
Number of construction starts	280	284	199	204	171
Number of units completed	319	208	190	172	258
Number of units delivered	266	224	232	202	235
Number of units under construction	1 308	1 384	1 394	1 426	1 339
Proportion of sold units under construction	77%	81%	80%	78%	79%
Number of completed unsold units	39	40	31	25	65
Sales value of units under construction (NOK million)	4 689	4 968	4 909	5 077	4 740
Number of employees	99	99	99	99	99

IFRS EBITDA Q4 2015

(figures in NOK million)

	Property development	Other	Total
IFRS EBITDA for the quarter, per segment			
Operating revenues	877.4	4.6	882.0
Project expenses	(714.6)	(1.4)	(716.0)
Other operating expenses	(15.9)	(43.4)	(59.2)
Share of income (losses) from associated companies and joint ventures	(11.4)	-	(11.4)
Other gain (loss), net	-	-	-
EBITDA	135.5	(40.1)	95.4

Operational reporting Q4 2015

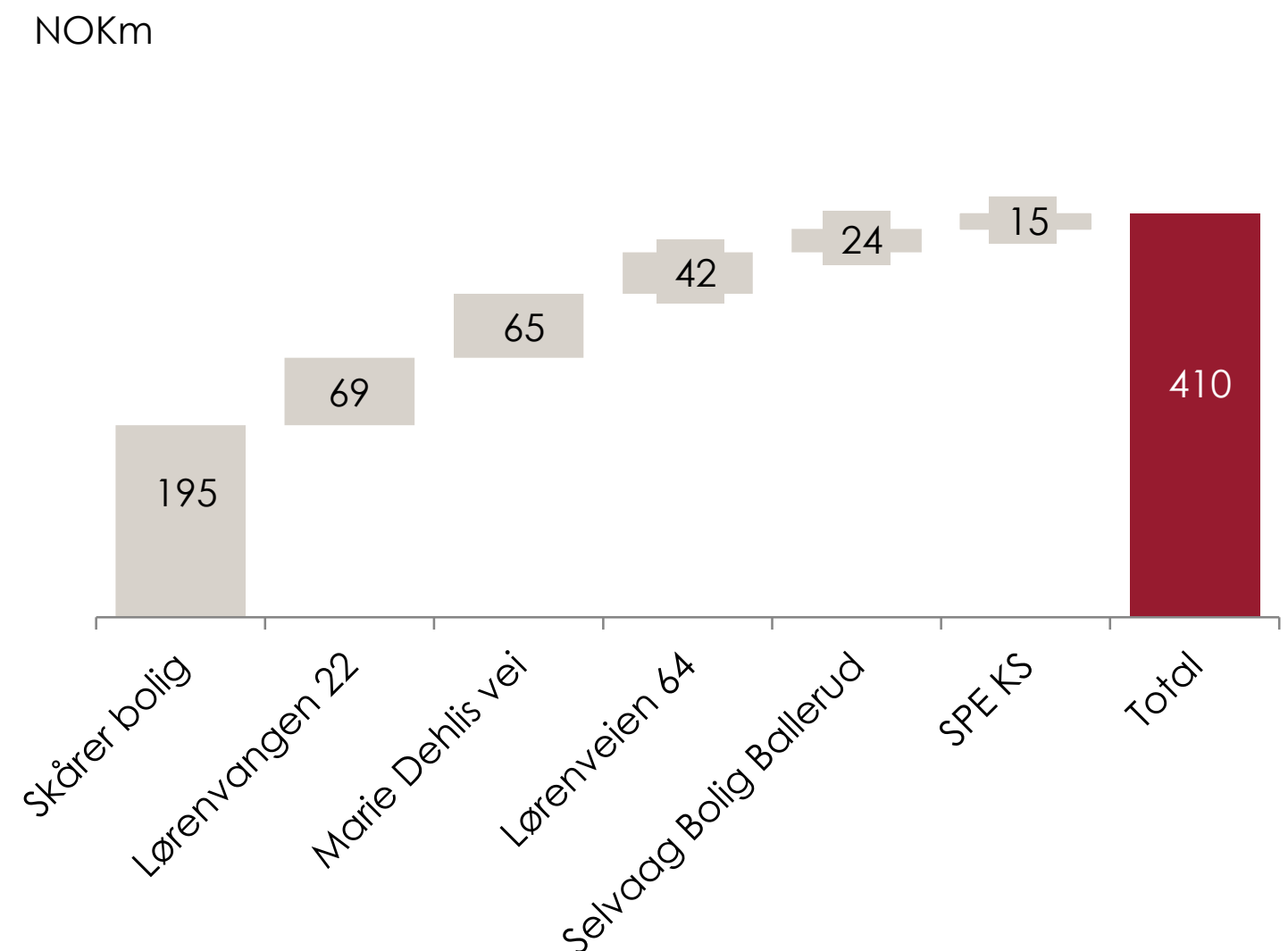
(figures in NOK million)	Property development	Other	Total
Operating revenues	713.6	4.6	718.2
Project expenses	(552.9)	(1.4)	(554.4)
Other operating expenses	(15.9)	(43.4)	(59.2)
EBITDA (percentage of completion)	144.8	(40.1)	104.7

Note: Construction costs are exclusive of financial expenses in the segment reporting.

Land loan interests on the P&L

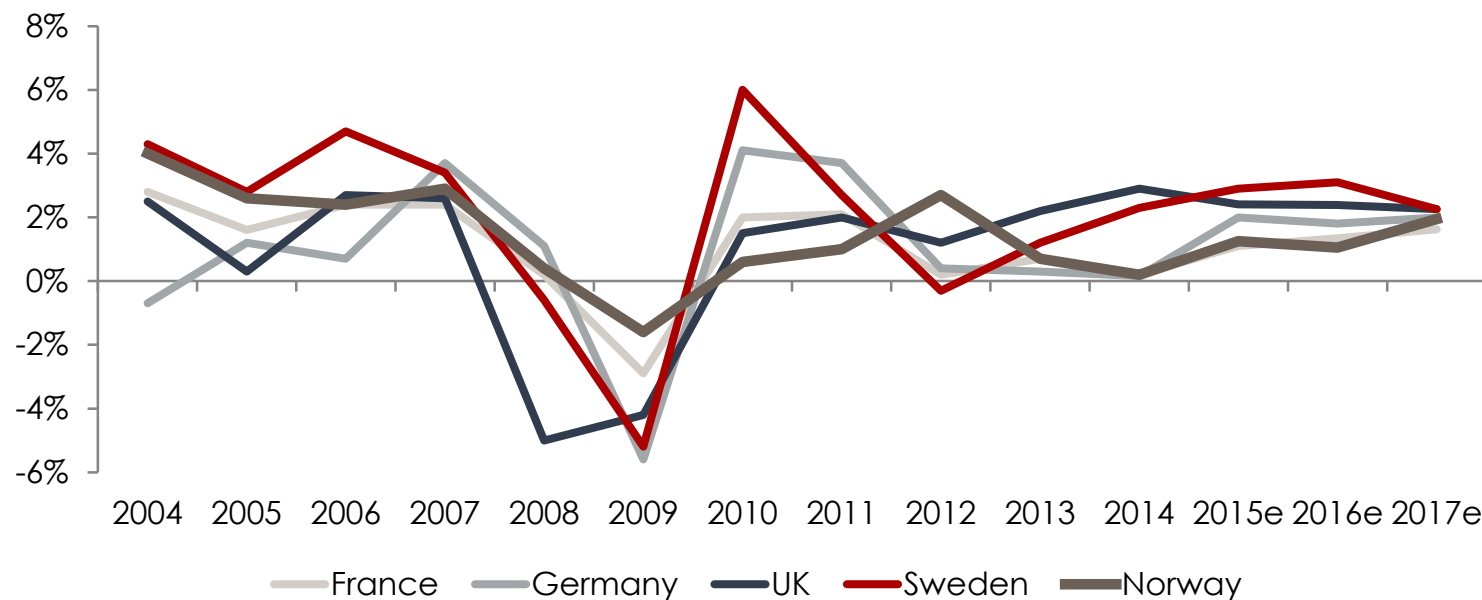
- Total land loans are NOK 1094 million of which NOK 684 million are loans where interest cost are activated
- Land loan interests activated at regulation
- At 31 December interests connected to land loans of NOK 410 million was charged on the P&L

Loans recognised in profit and loss at 31.12.2015

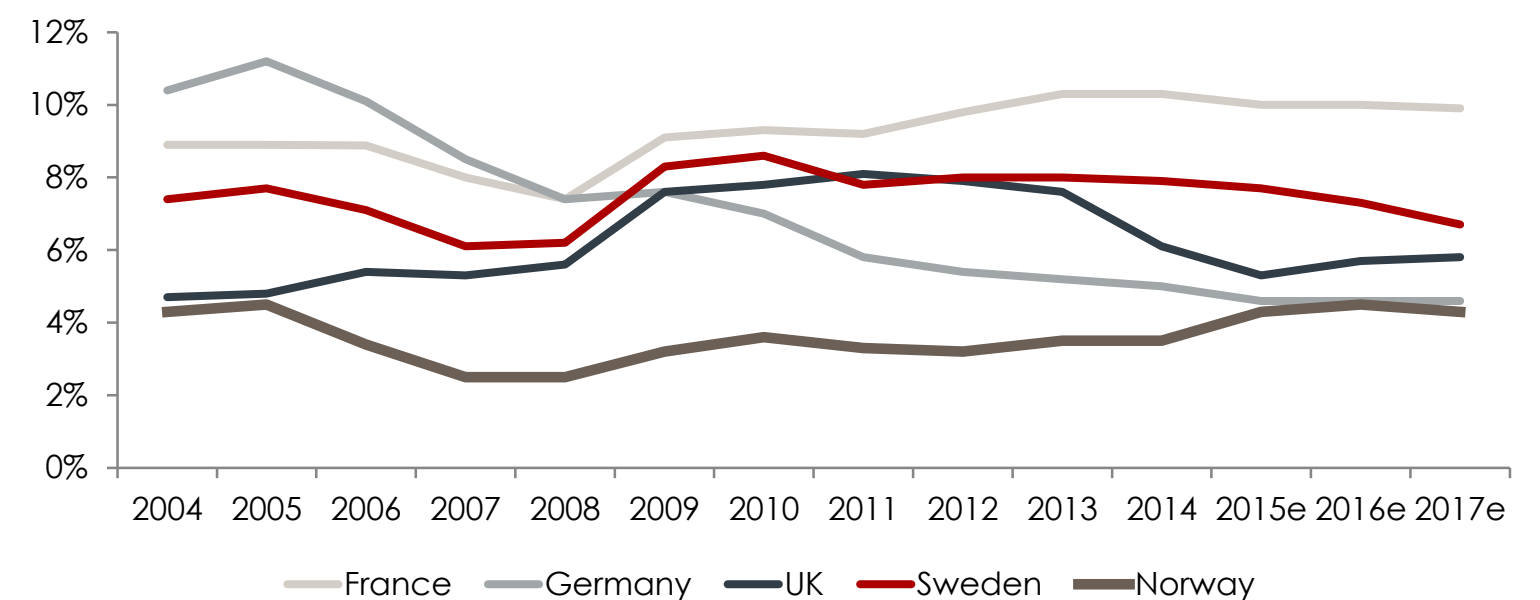


Norway: A robust economy

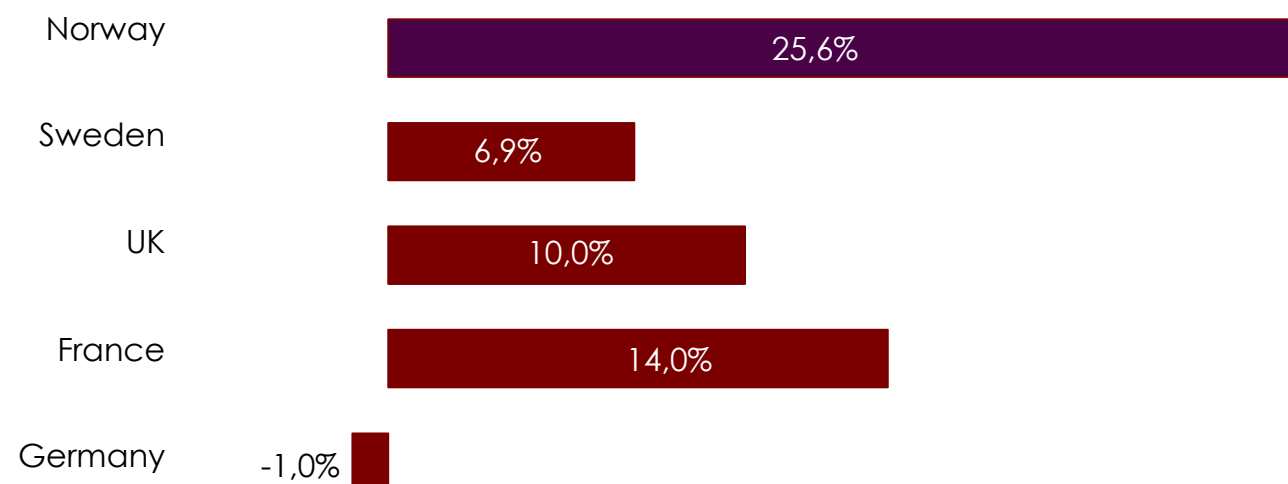
GDP growth 2004 - 2017e



Unemployment 2004 - 2017e



Population growth 2011 - 2030e



Public net debt/GDP 2004 - 2017e

