Q1 2016

Oslo 19 May 2016

Baard Schumann, CEO
Sverre Molvik, CFO

SELVAAG BOLIG

Start Hjem Pluss

Agenda

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

Highlights Q1 2016

- All time high sales value
- Strong results and margins
- Extraordinary strong Oslo market, low supply/high demand
  - Gives earlier construction starts than planned
  - SBO has 30% share of all new homes available for sale at 1 May

Hovinenga, Oslo

Key financials Q1 2016

Operating revenues	Adjusted EBITDA margin
624	**14.6**
NOK million	per cent
Equity ratio	EBITDA margin (NGAAP)
42.5	**16.1**
per cent	per cent

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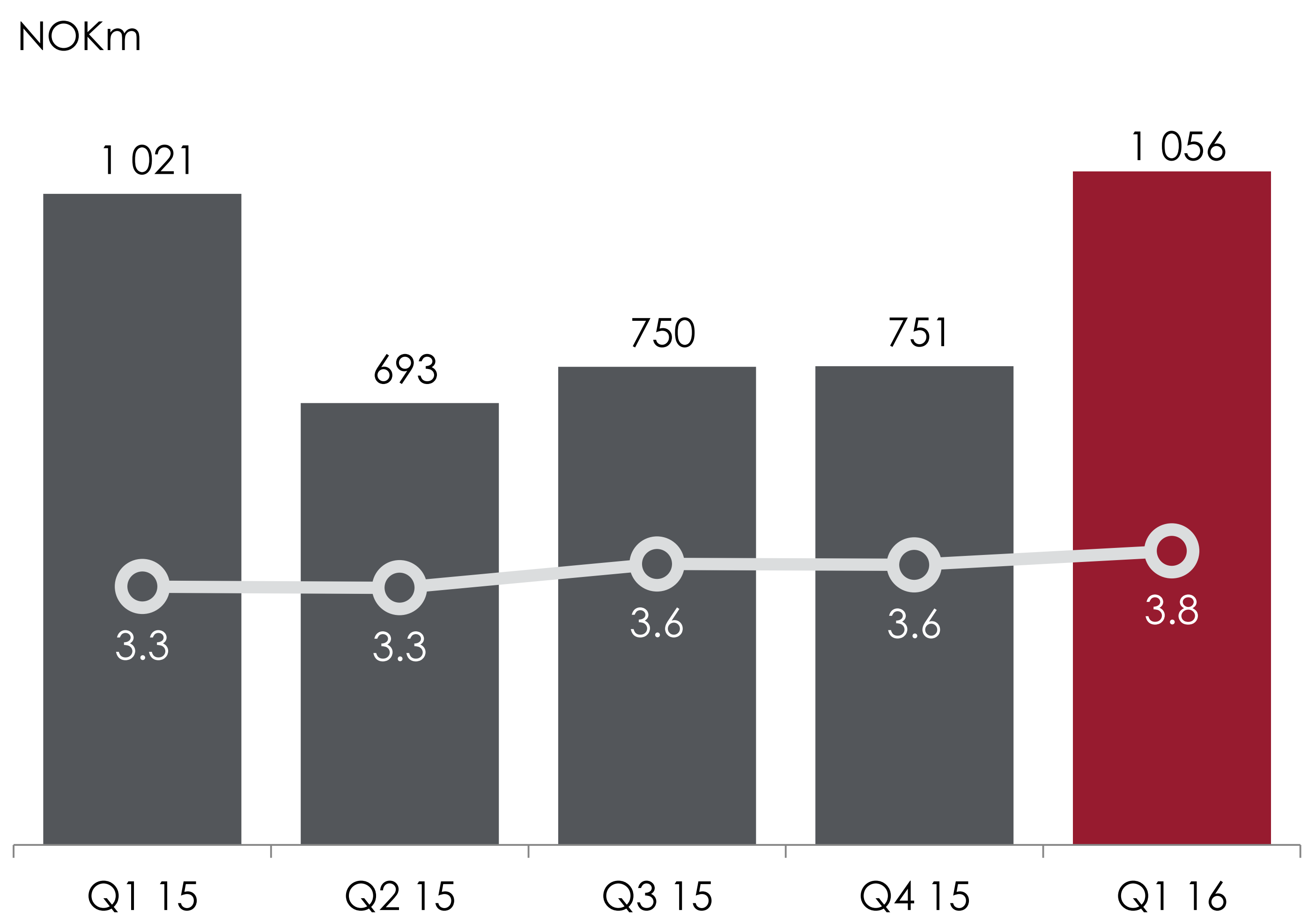
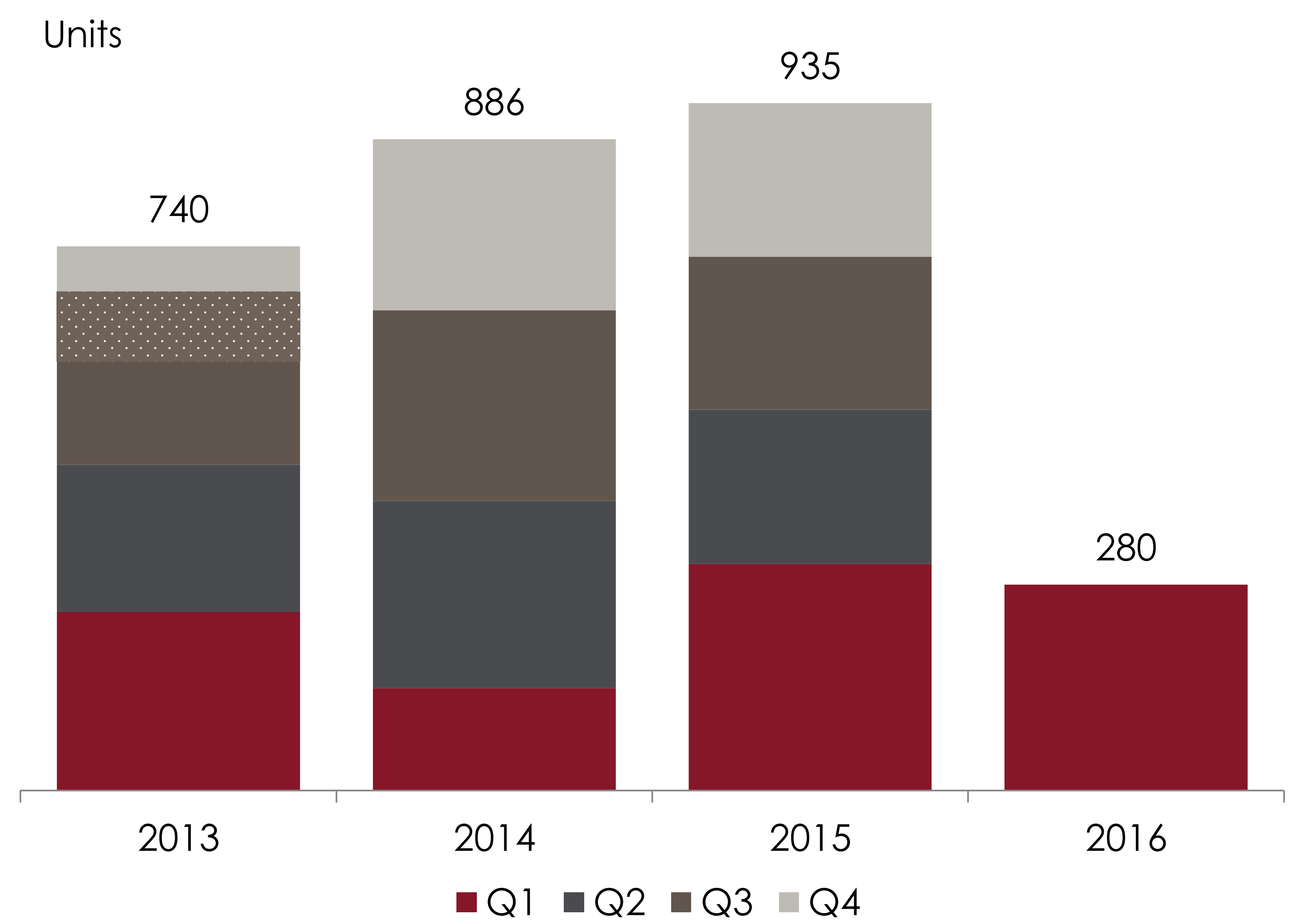
Increased sales value in Q1

Total sales value and value per unit sold



Residential units sold

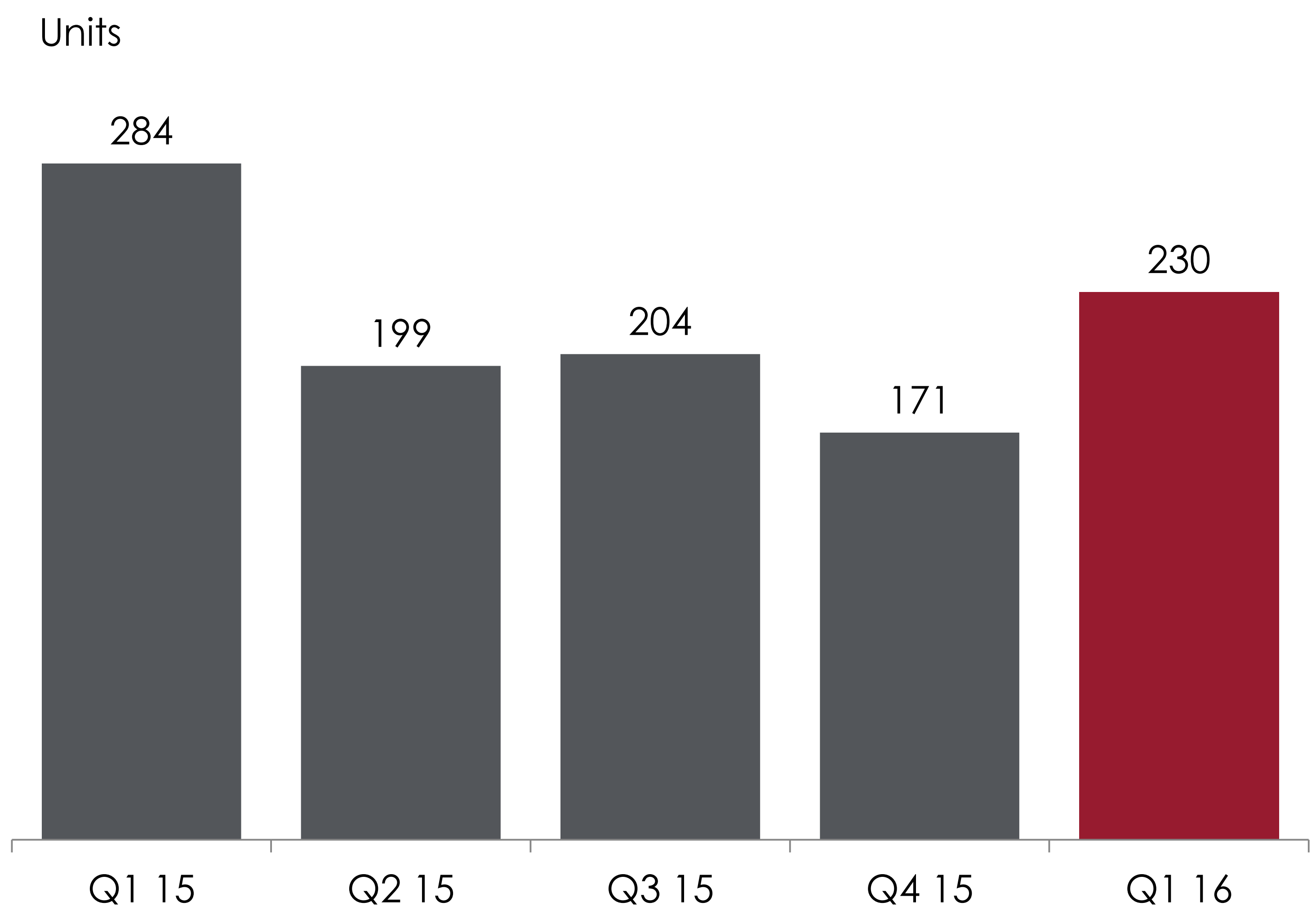


Note: All numbers are adjusted for Selvaag Bolig's ownership in joint ventures.

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

Construction starts at 12 month high

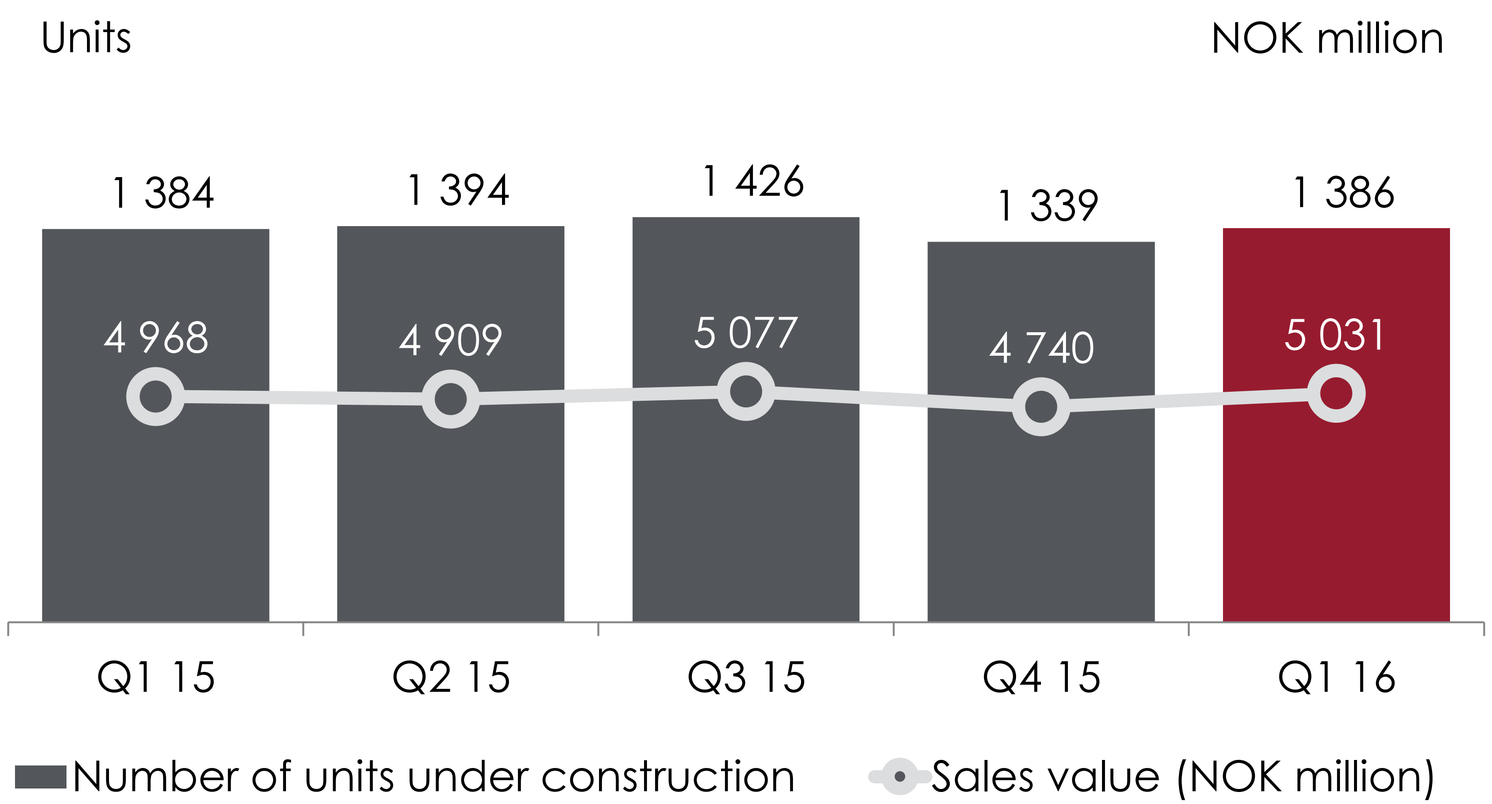
Construction starts per quarter



- All construction starts in Greater Oslo in Q1
  - 230 apartments
  - Expected revenue NOK 891 million

Increased value of units under construction

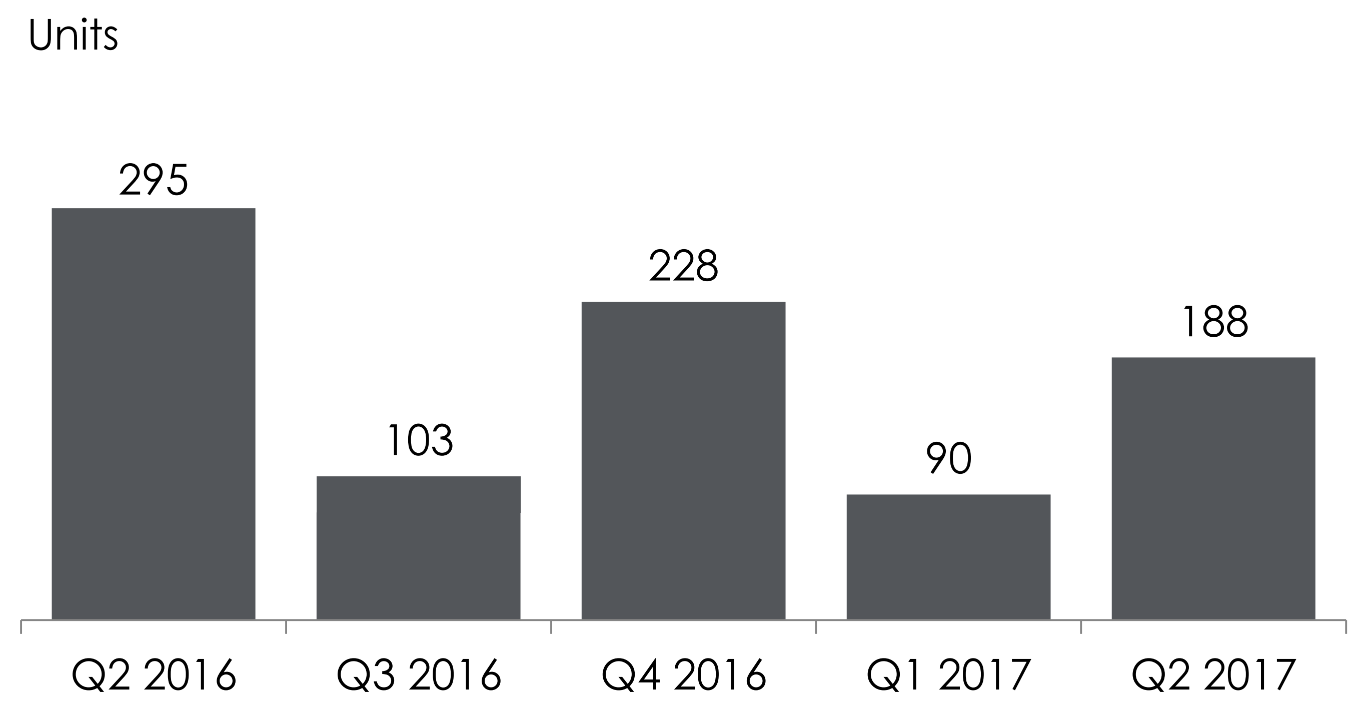
Development units under construction



- Q1 2016: 80% of units under constructions sold by Q1 2016
- Q1 2016: 77% of construction volume in Greater Oslo
- YE 2016: ~84% of construction volume in Greater Oslo

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

Expected completions per quarter



- Expected completions for 2016 as of Q1 16: 805 units
- Expected completions for 2016 as of Q4 15: 754 units
  - 183 (Q1 16), 280 (Q2 16), 118 (Q3 16), 173 (Q4 16)
- 93% of 2016 completions sold by Q1 2016

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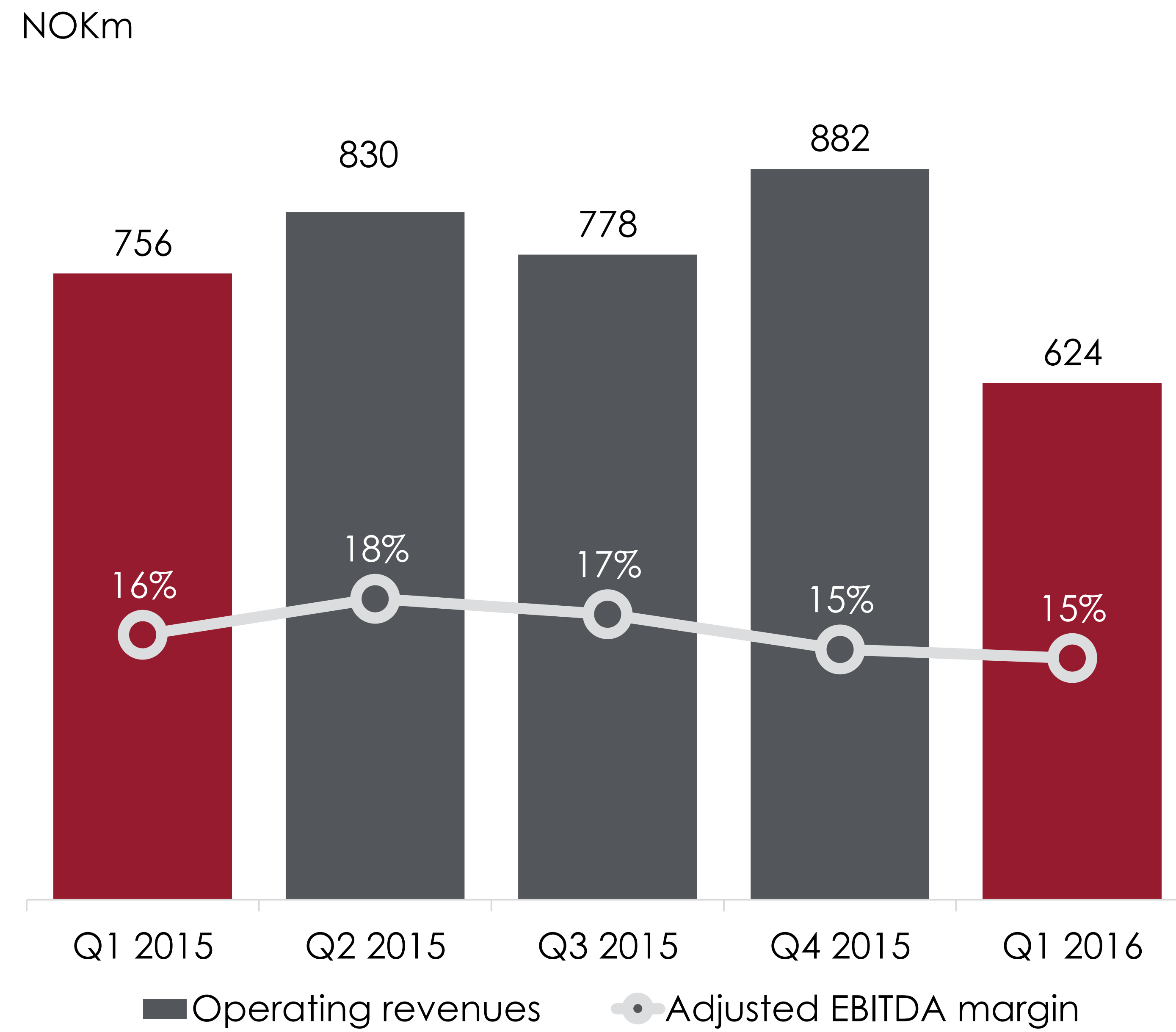
Income statement highlights Q1 2016 (IFRS)

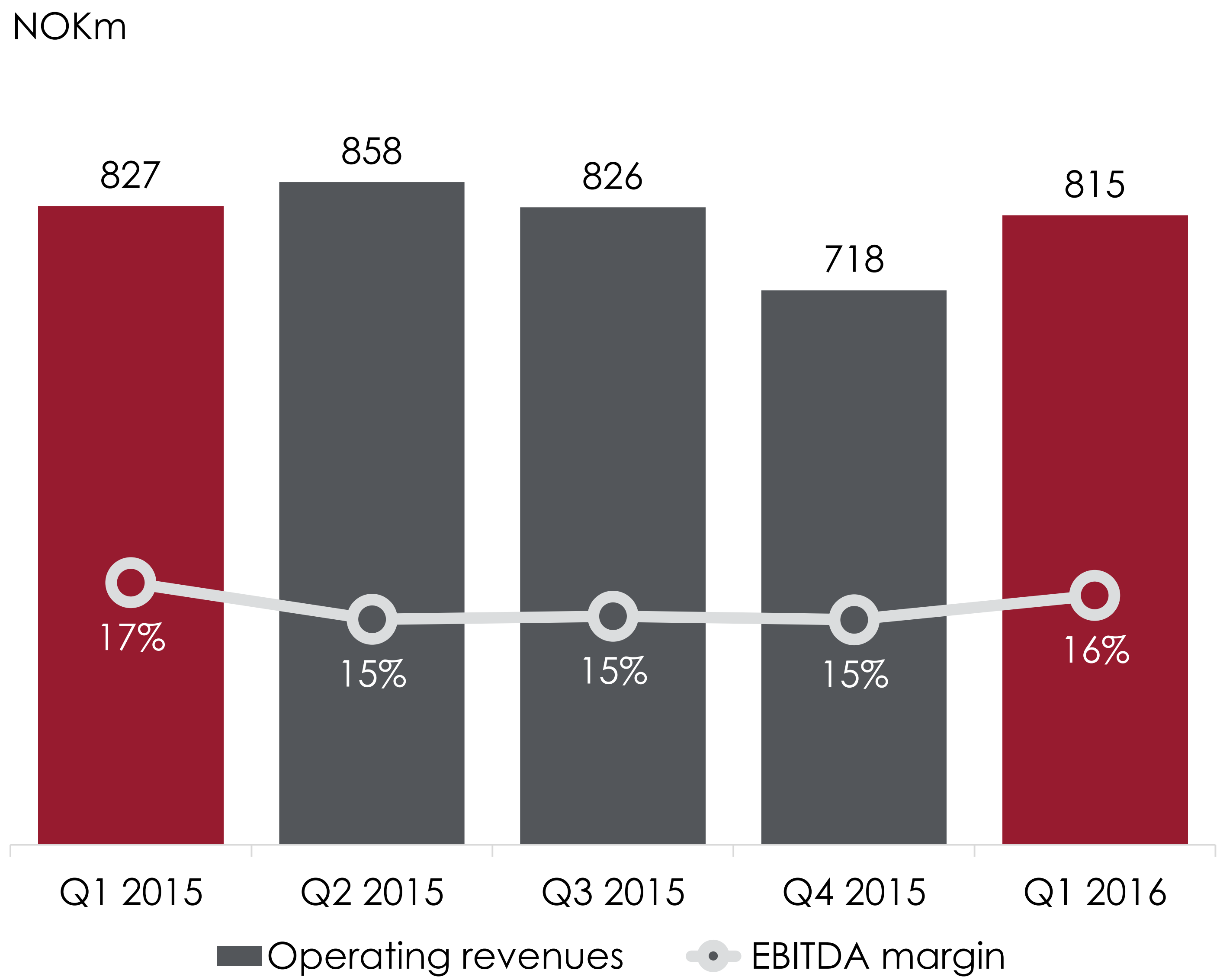
- Delivery of 179 units (224)
- Revenues NOK 624m (756)
  - Units delivered NOK 608m (730)
  - Other revenues NOK 15m, mainly lease income
- Project costs NOK 501m (610)
  - Of which NOK 22m are interests
- Other costs NOK 58m (60)
  - Salaries, sales and marketing key components
- EBITDA adjusted NOK 91m (121)
  - Adjusted for financial expenses included in project costs
- EBITDA NOK 69m (99)
- EPS in the quarter NOK 0.45

Revenues and adjusted EBITDA margin (IFRS)

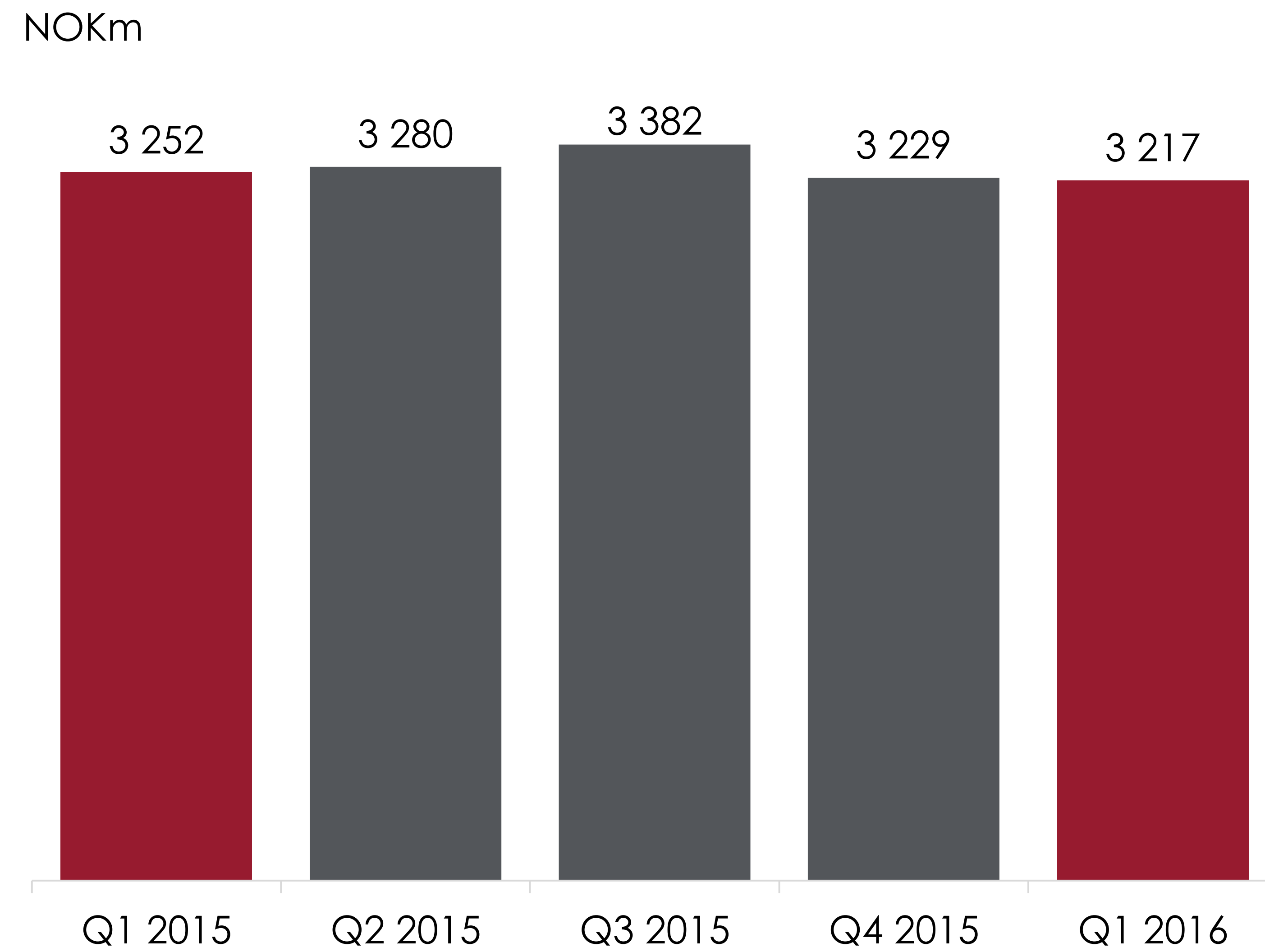


Income statement highlights Q1 2016 (NGAAP)

Revenues and EBITDA margin (NGAAP)*

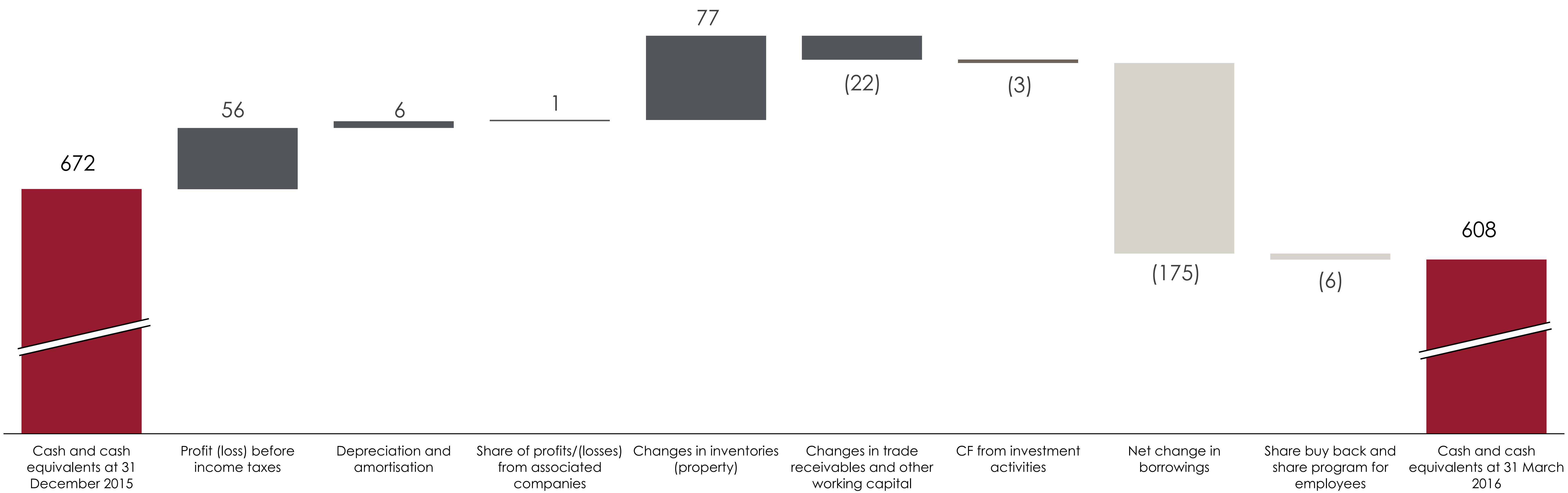


12 months rolling revenues (NGAAP)*



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

Cash flow development Q1 2016

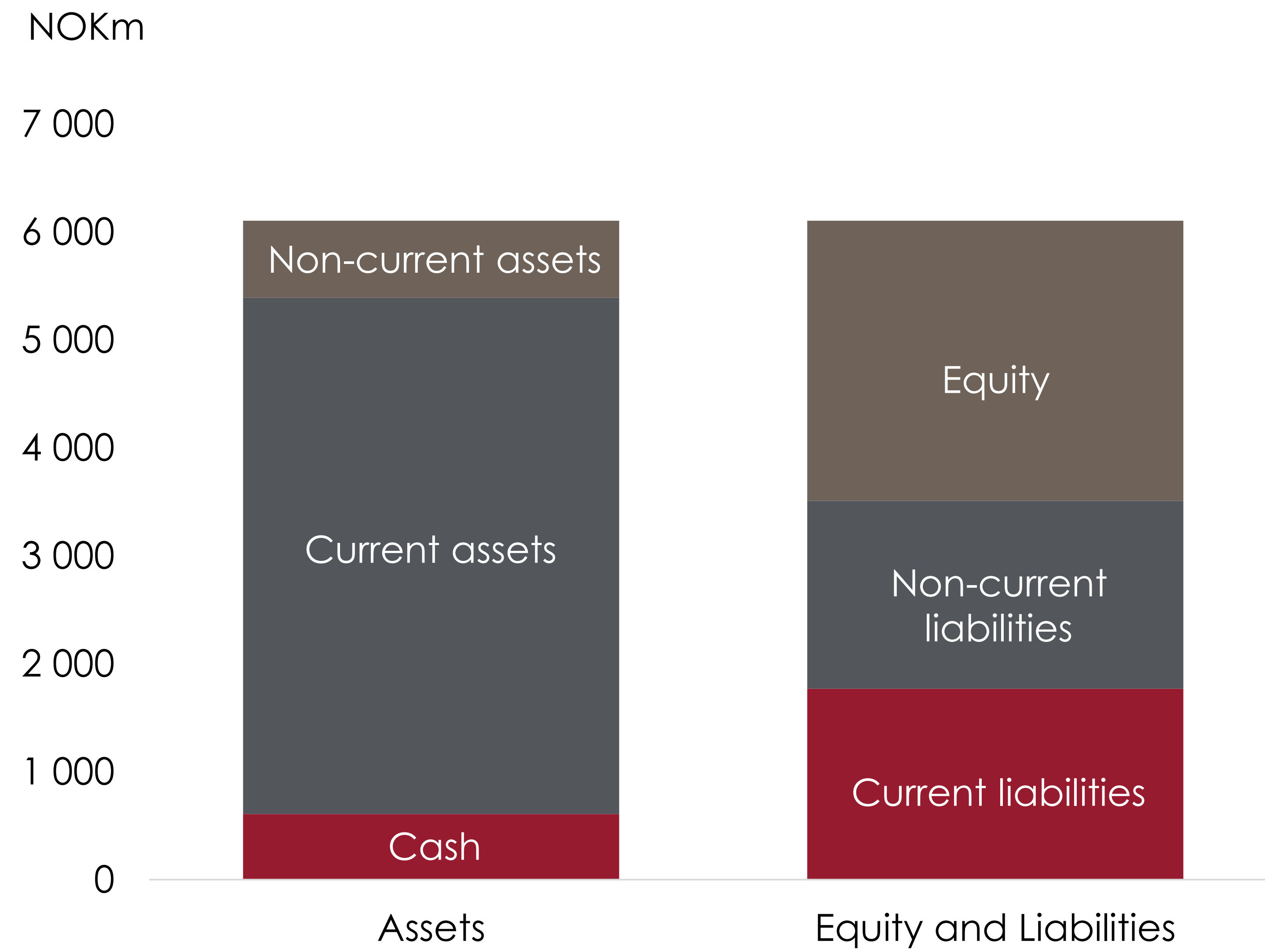


- Cash flow from operating activities NOK 119m
- Net cash outflow due to repayment of debts
- Strong cash balance maintained

Balance sheet highlights Q1 2016

- Book value NOK 27.6 per share
  - NOK 27.1 per share at YE 2015
  - Equity ratio 42.5%, up from 39.8% in Q1 2015
- Changes from Q4 2015:
  - Inventories decreased by NOK 73m
  - Trade receivables decreased by NOK 16m
  - Cash decreased by NOK 65m
- Prepayments from customers account for NOK 309m of other current non interest-bearing liabilities

Balance sheet composition

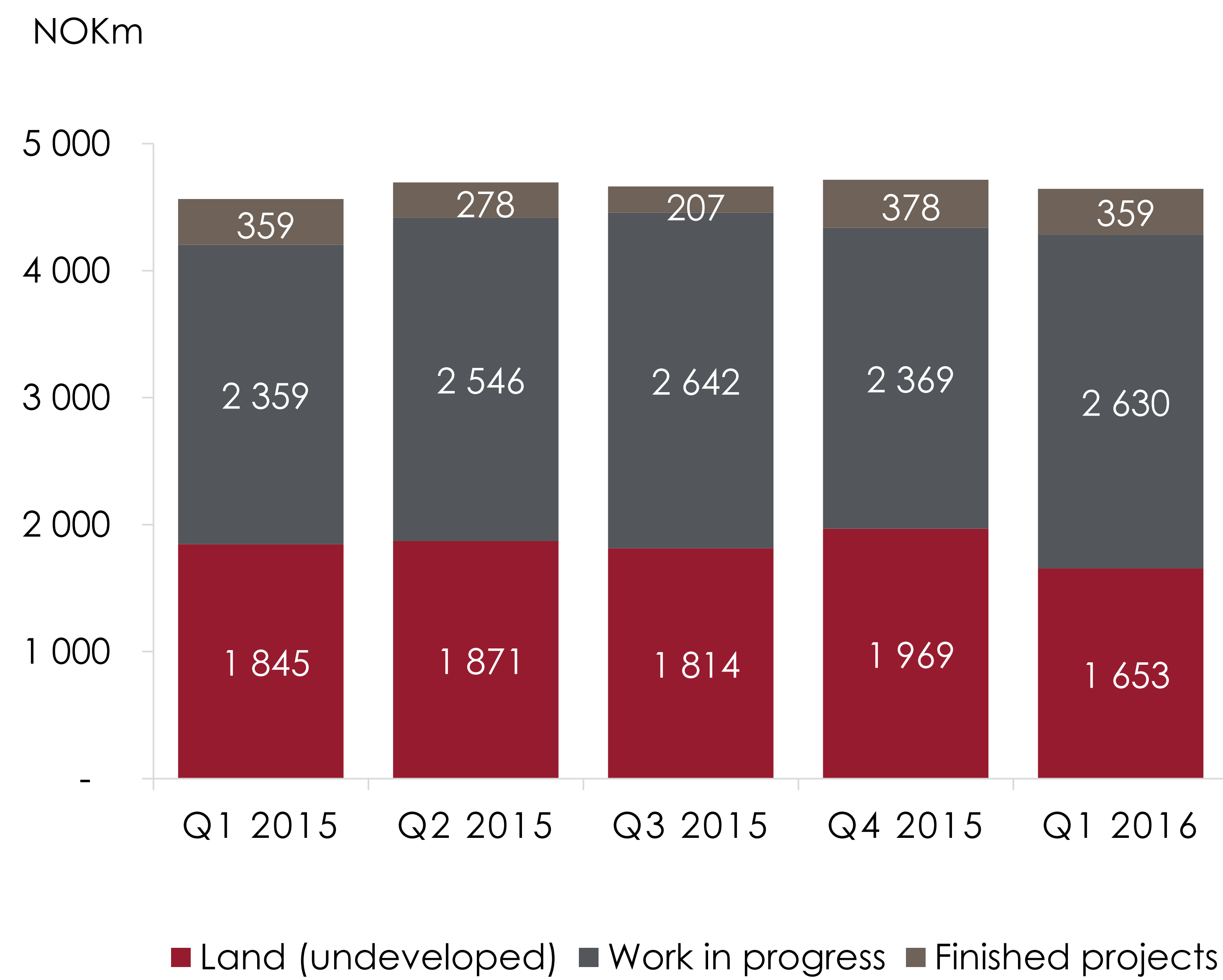


Inventories (property) Q1 2016

Q1'16 vs Q4'15

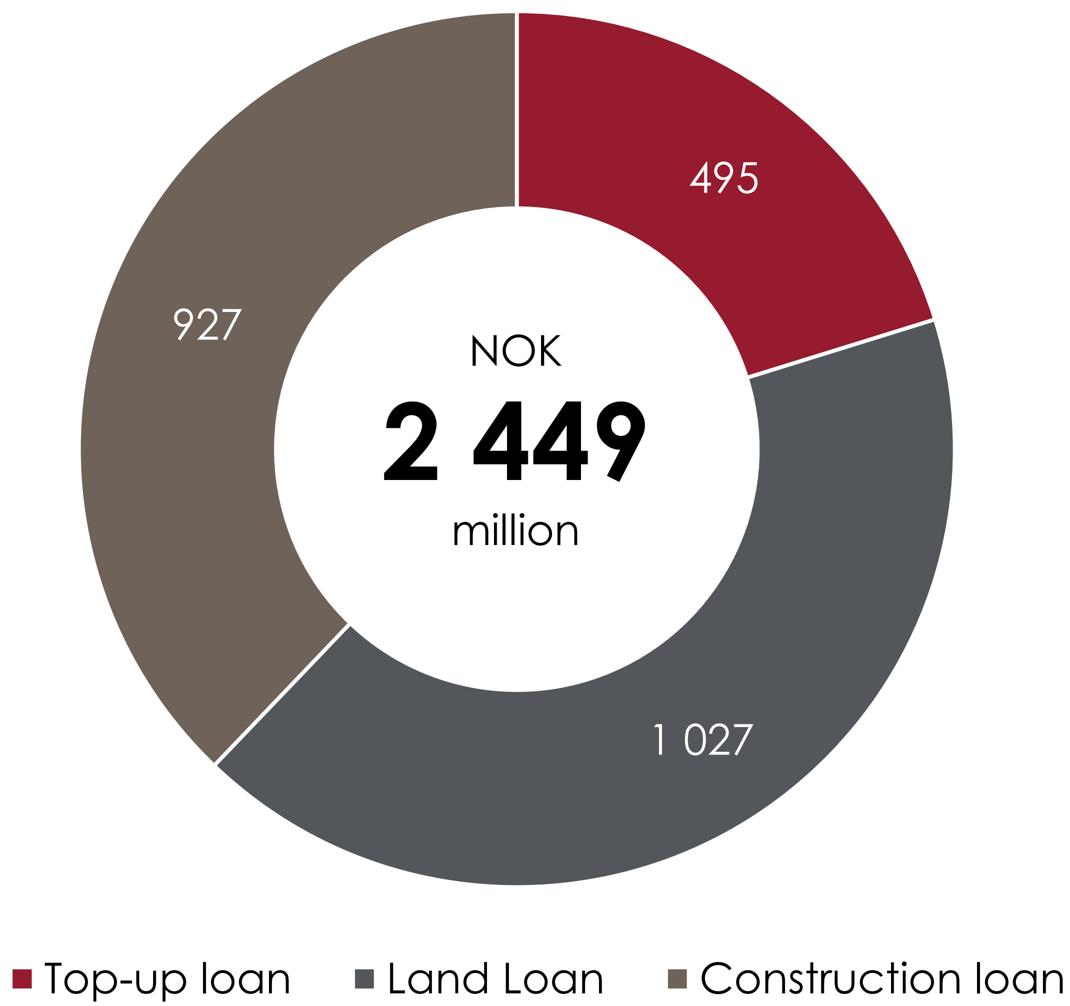
- Land value down NOK 316m
  - Increase in construction starts
- Work in progress up NOK 262m
  - Increased construction activity
- Finished goods down NOK 19m
  - Fewer unsold completed units

Inventory value development



Sound debt structure

Interest bearing debt as at 31 March 2016



Note: Top-up loan of NOK 500m in the table differs form the summed up top up loan in the pie chart (NOK 495m). The difference is due to NOK -5m in amortized cost which is not actual debt.

	Loan facility	Drawn per 31 March (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	1 027	2.00% - 2.65%
5	Construction loan facilities from a range of Nordic credit institutions	927	1.90% - 2.95%

Total Q1 2016 net interesting bearing debt NOK 1 841 million

Total Q4 2015 net interesting bearing debt NOK 1 946 million

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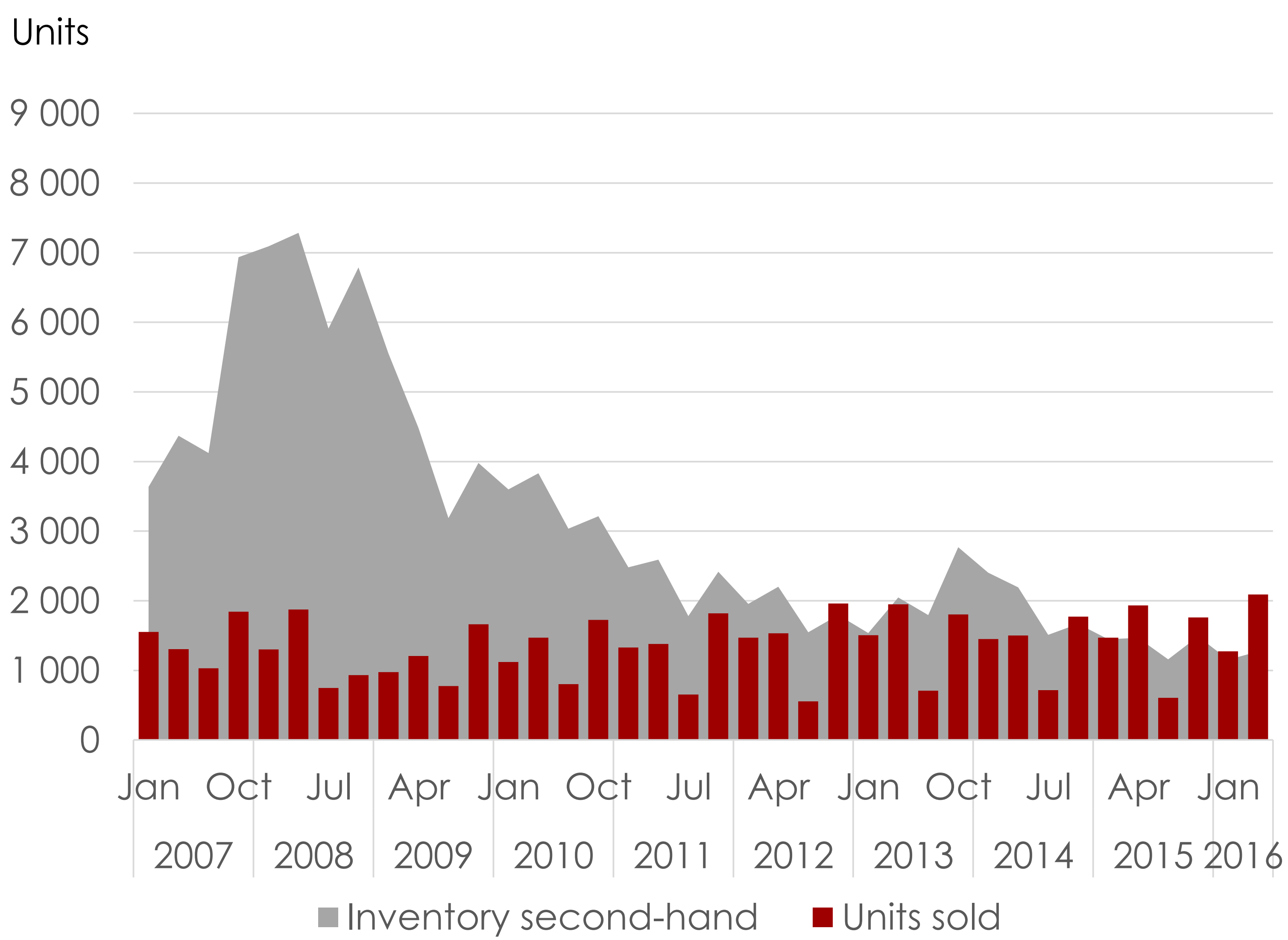
Extraordinary low supply in Oslo

Oslo, January 2007-2016



- April 2016 Oslo sum-up

SECOND HAND – AVERAGE

- Sales price: NOK 61 477 per m^2
- Turnover time: 15 days
- Price increase April: 2.0%
- Price increase last 12 months: 10.5%
- Units available for sale: ~1 250

NEW HOMES (NOT BUILT)

- Units available for sale: ~1 000

SELVAAG BOLIG HAS MORE THAN 300 UNITS AVAILABLE FOR SALE (~30% MARKET SHARE)

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

18-month price growth Nybyen, Økern

Example: 44 m², 1 bedroom apartment

Total: 403 units | 2-4 rooms | 41-127 m²

237 of 316 units sold per 17 May 2016

Time from acquisition to sales start: 9 months

NOK 195m acquisition January '14

Sales start Oct. '14

Sales update as of 17 May 2016
Tiedemannsbyen (JV) – Oslo
95 of 158 units sold

Total: ~380-400 units | 2-4 rooms | ~40-100 m^2
Sales start phase 1 April 2016: 158 units

Sales update as of 17 May 2016
Valle Hovin – Oslo
72 of 113 units sold

Total: ~375 units | 2-4 rooms | ~40-100 m^2
Sales start phase 1 October 2015: 49 units
Sales start phase 2 May 2016: 64 units

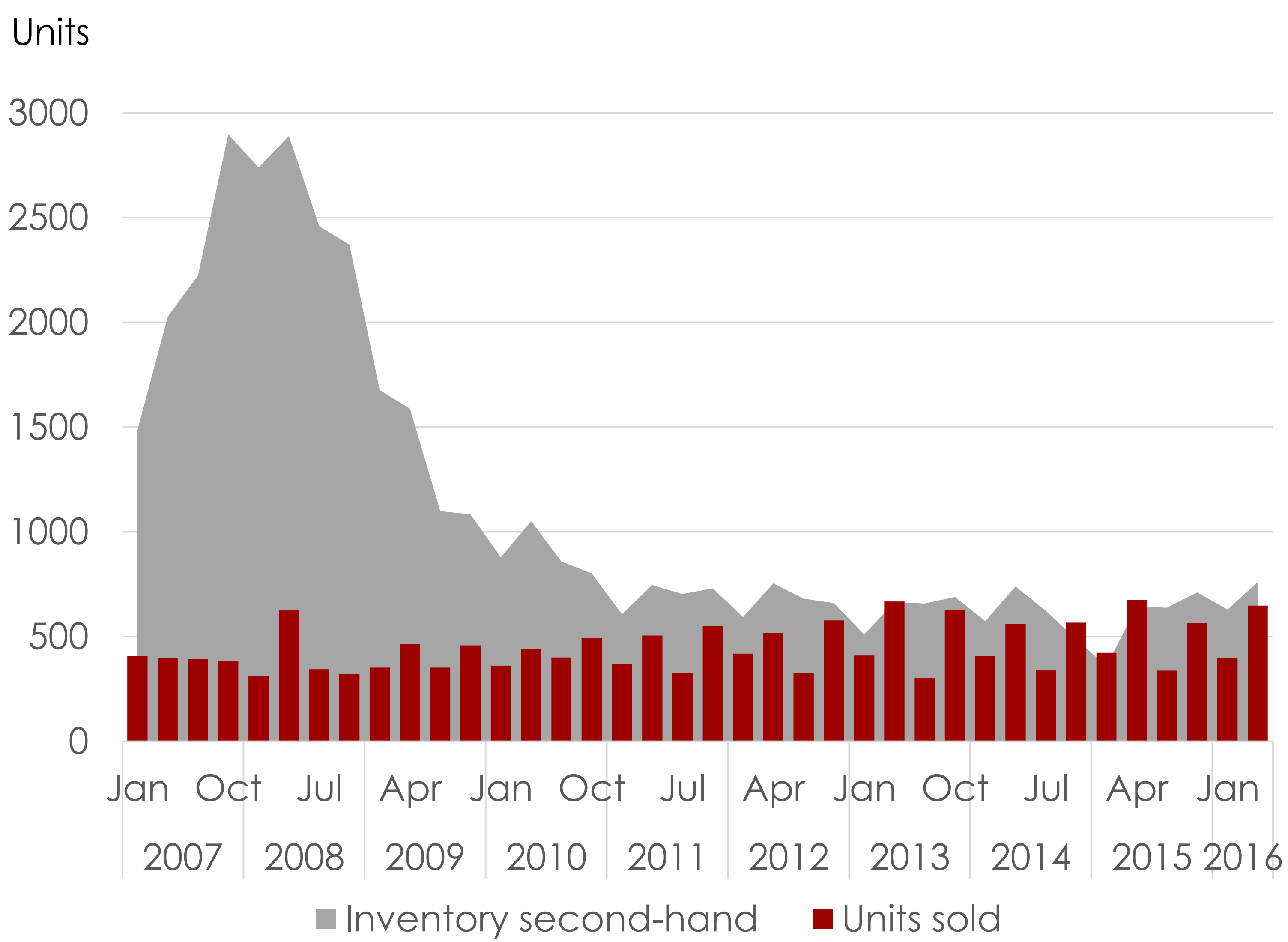
Time from acquisition to sales start: 8 months

NOK 220m acquisition in Feb. '15

Sales start Oct. '15

Sound supply/demand in Bergen

Bergen, January 2007-2016



- April 2016 sum-up

SECOND HAND – AVERAGE

- Sales price: NOK 41 174 per m^2
- Turnover time: 20 days
- Price increase April: 0.7%
- Price increase last 12 months: 3.2%
- Units available for sale: ~750

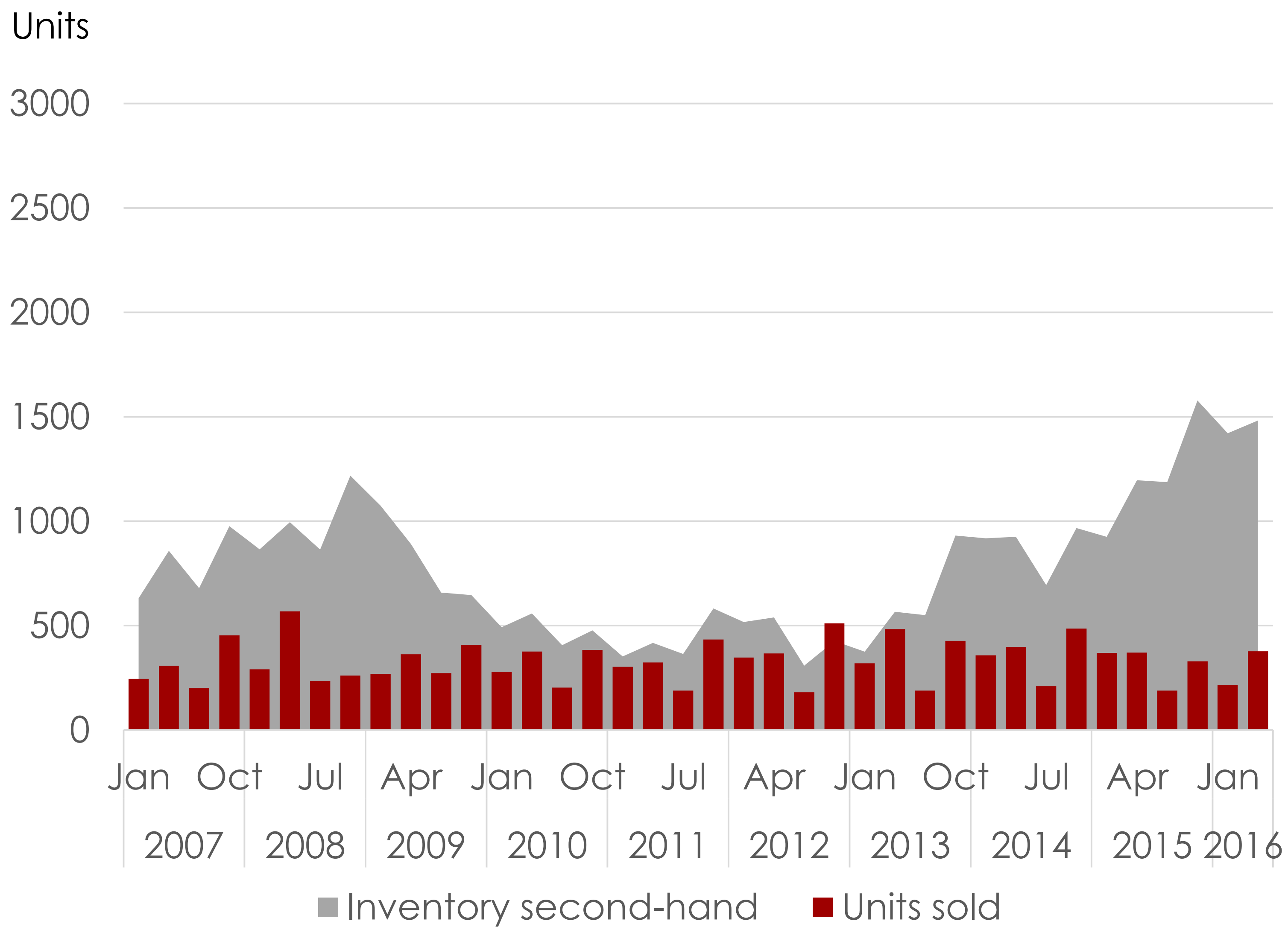
NEW HOMES (NOT BUILT)

- Units available for sale: ~600

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

High supply and low demand in Stavanger

Stavanger area, January 2007-2016



Second hand market: Stavanger, Sola, Randaberg and Sandnes
New homes market: Stavanger

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

- April 2016 sum-up

SECOND HAND – AVERAGE

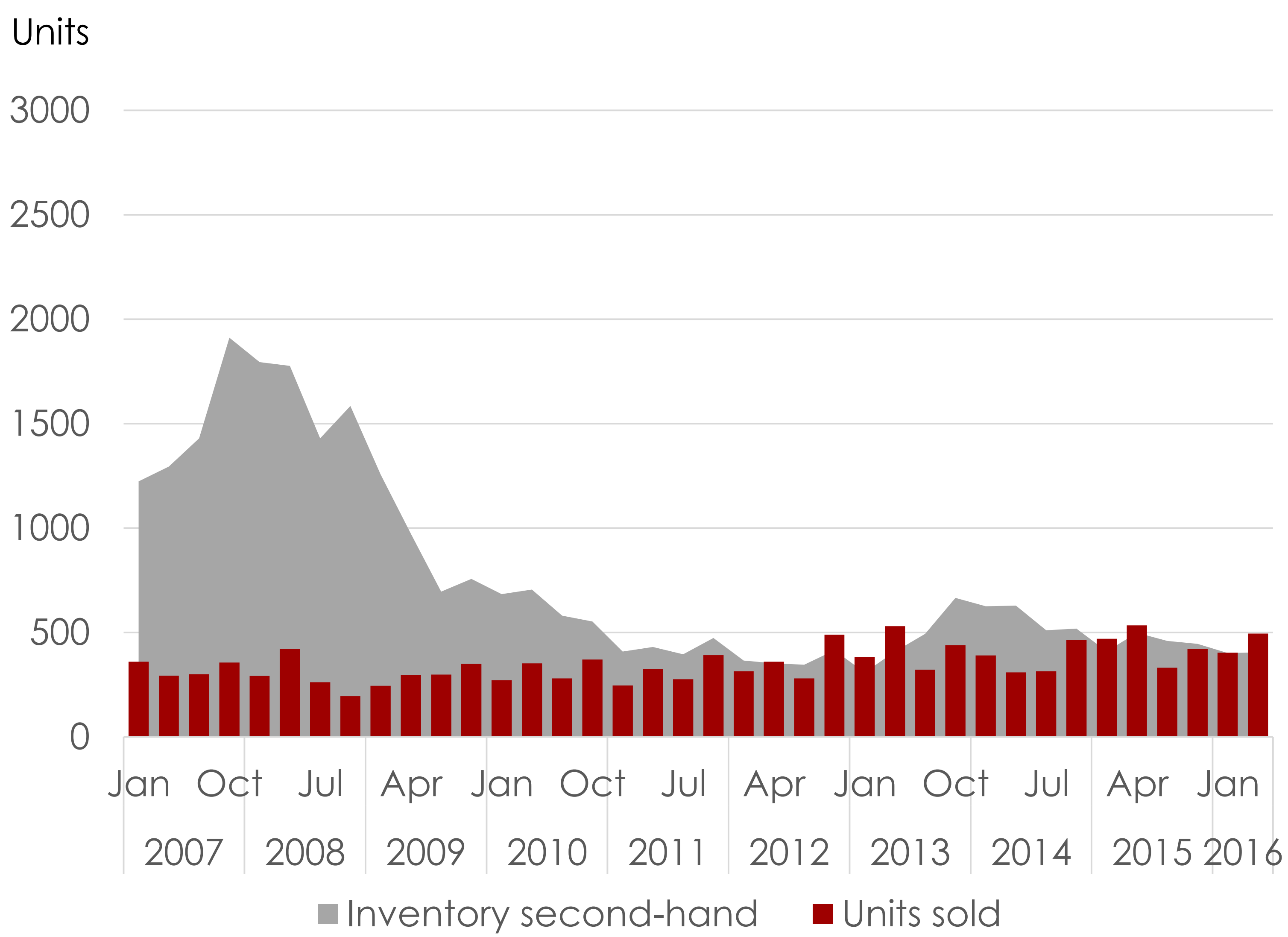
- Sales price: NOK 35 839 per m^2
- Turnover time: 77 days
- Price decrease April: 0.1%
- Price decrease last 12 months: 7.2%
- Units available for sale: ~1 500

NEW HOMES (NOT BUILT)

- Units available for sale: ~700

Sound supply/demand in Trondheim

Trondheim, January 2007-2016



- April 2016 sum-up

SECOND HAND – AVERAGE

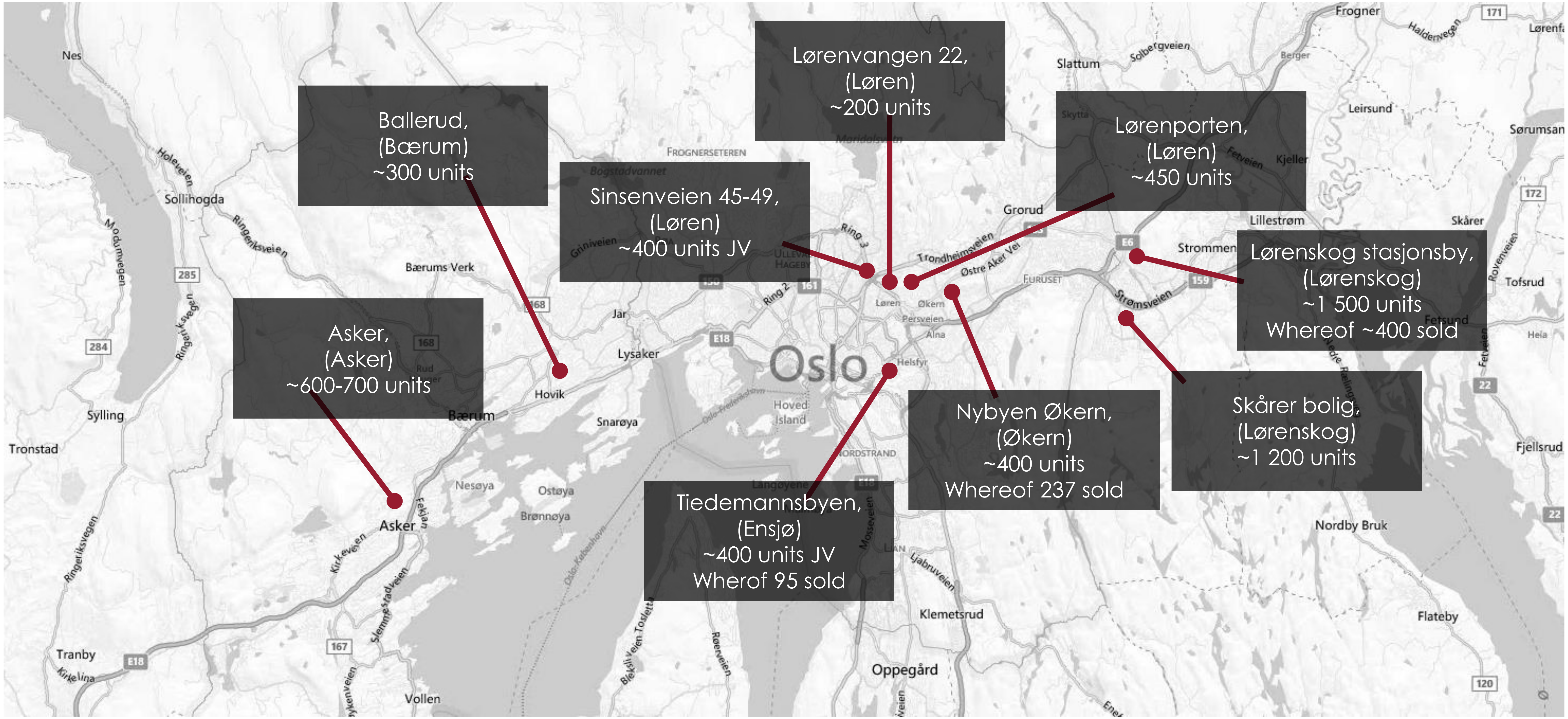
- Sales price: NOK 42 991 per m^2
- Turnover time: 25 days
- Price increase April: 1.0%
- Price increase last 12 months: 4.1%
- Units available for sale: ~400

NEW HOMES (NOT BUILT)

- Units available for sale: ~650

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

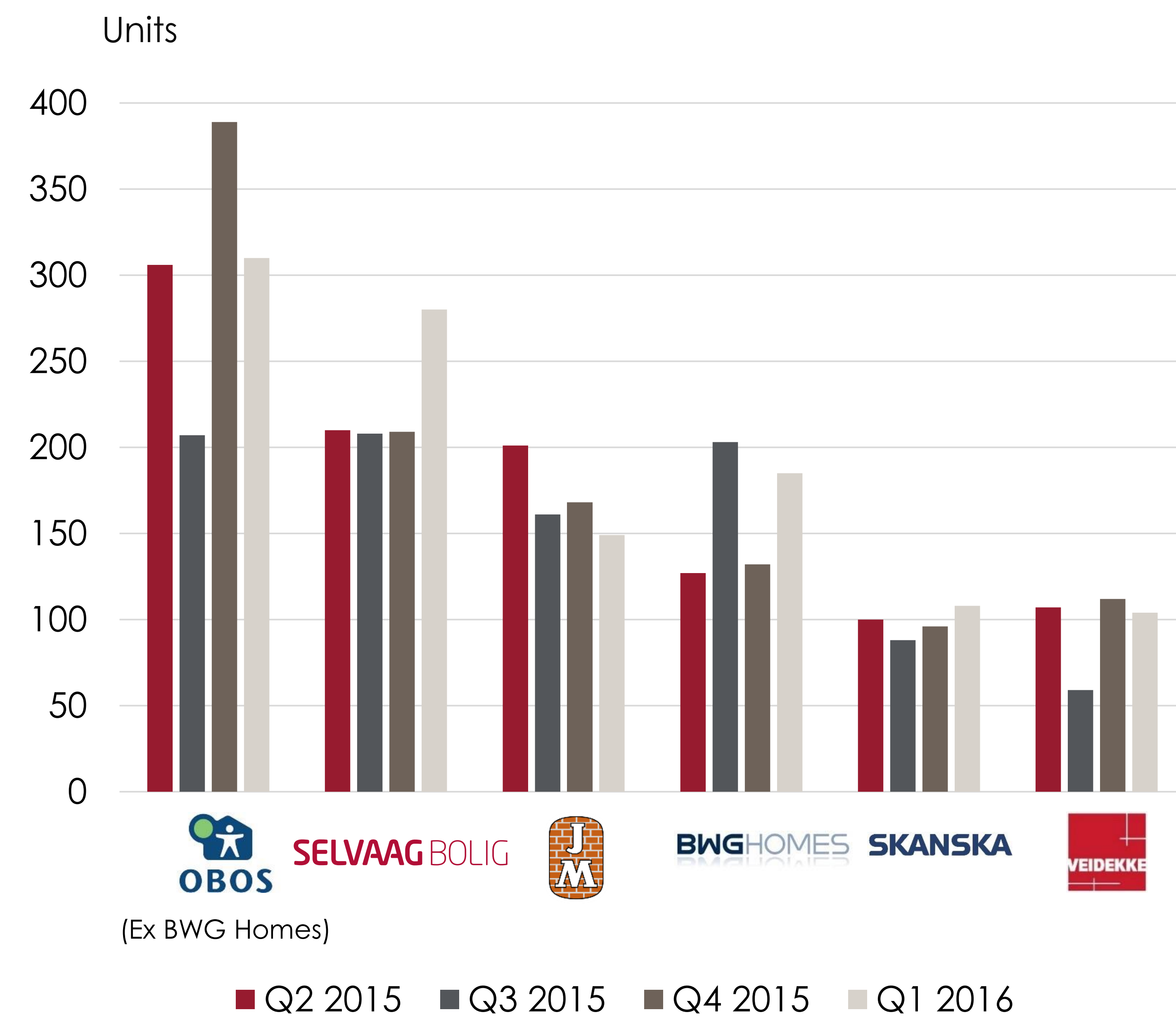
Selected projects in Oslo 2016 →



Strong overall sales

- 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 Q1 2016: NOK 3.8m

Sales activity vs. peers last 4 quarters



Housing types Selvaag Bolig: flats, semi-detached and terraced homes

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

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Positive overall outlook for Selvaag Bolig

- Strong demand in core markets
- SBO well positioned
- High sales activity indicates high future revenues
- 1 386 units under construction
  - Sales value NOK ~ 5 billion
- Focus on acquiring new land and refining existing land for development

Tiedemannsbyen, Oslo

Summary

- All time high sales value
- Strong results and margins
- Extraordinary strong Oslo market, low supply/high demand
  - Gives earlier construction starts than planned
  - SBO has ~30% share of all new homes available for sale at 1 May

Heimdal Stasjonsby, Trondheim

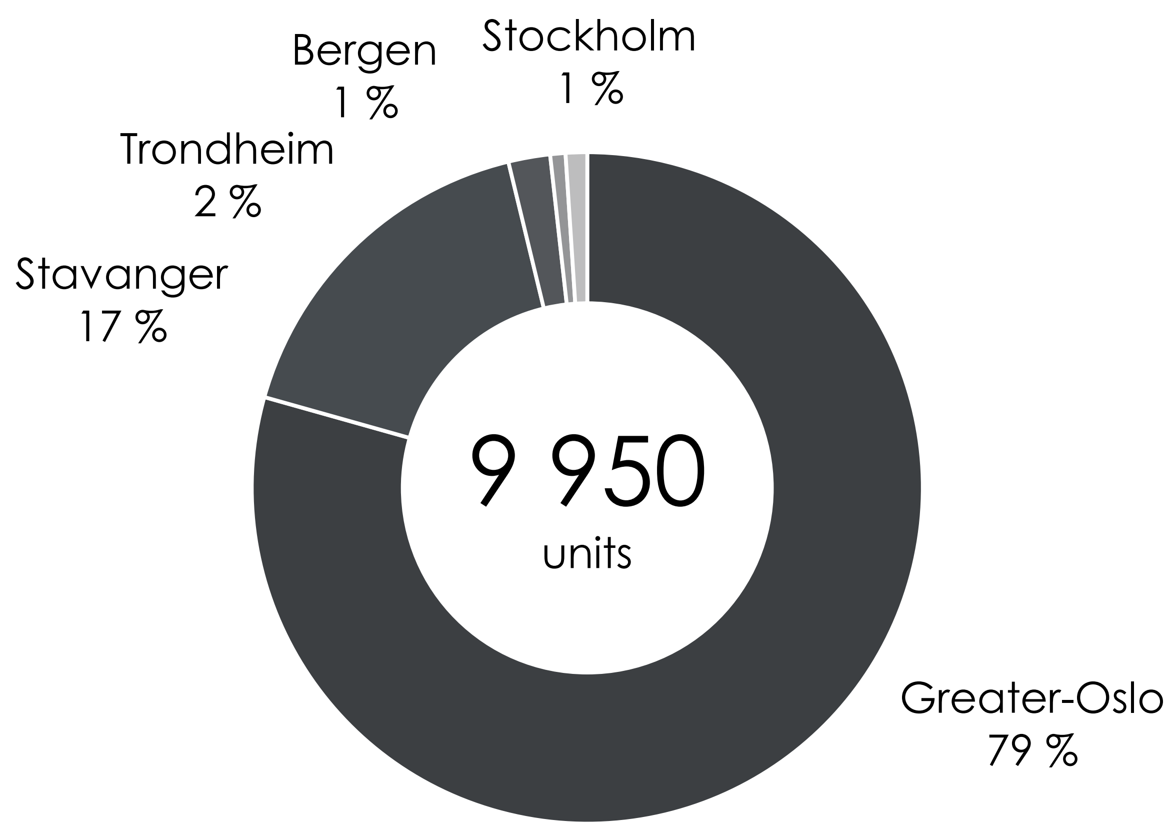
Thank you for your attention – follow us online!

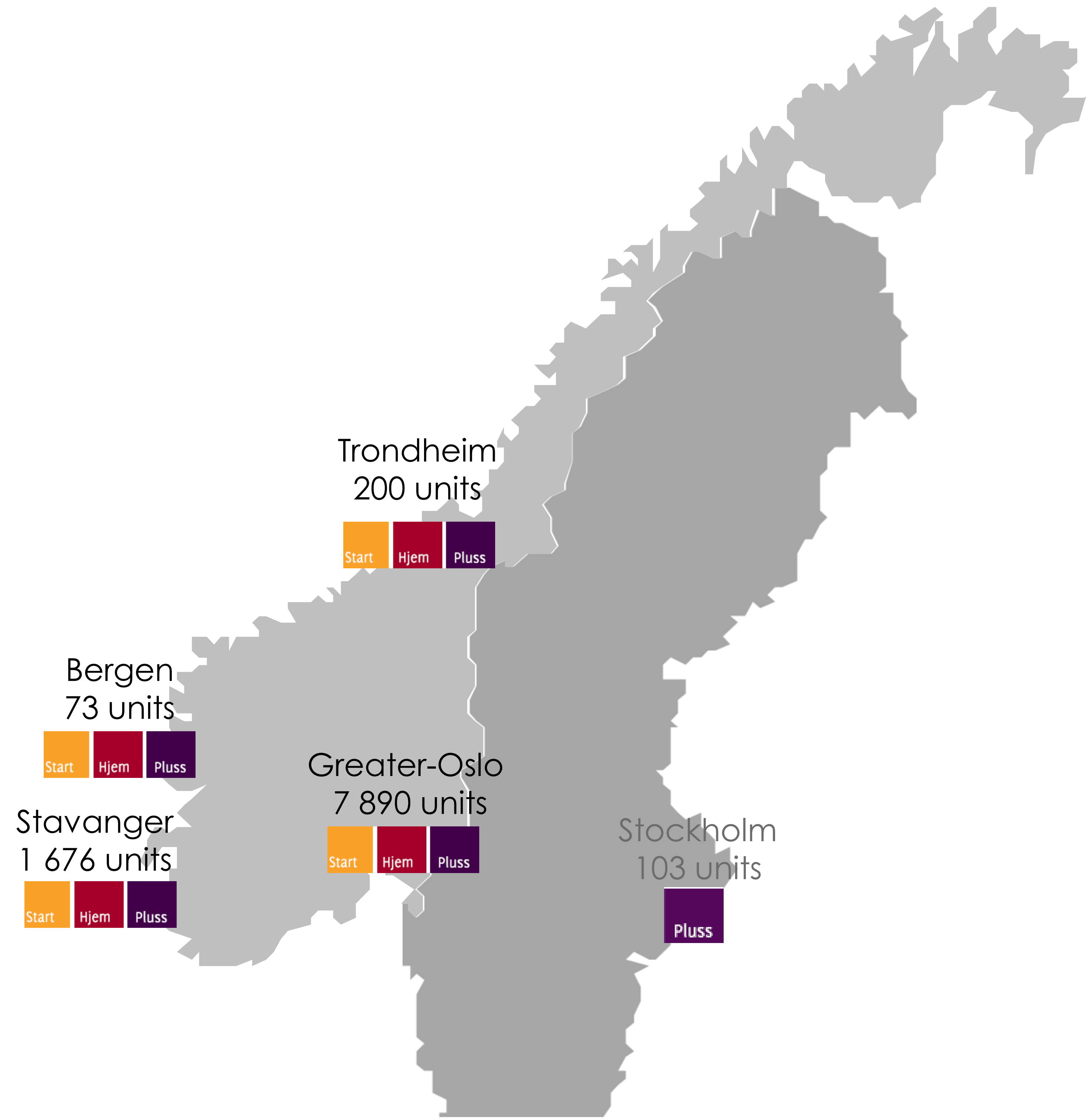
Next event:
2nd quarter 18 August 2016

@SelvaagAksjen


Appendix

Focus on growing urban areas





Note: The numbers represent the size of the land portfolio as at 31. March 2016. All numbers are adjusted for Selvaag Bolig's share in joint ventures. 1) Greater Oslo area: Oslo, Akershus, Buskerud, Vestfold and Østfold, 2) The residential property development portfolio consists of land plots that are to be paid for when planning permission is received. These have a development potential of ~4 400 residential units, whereof the company has purchasing obligations for ~3 800 and purchasing options for ~600 units

Start Hjem Pluss

Value creation in Selvaag Bolig

	6 – 36 MONTHS	6 – 12 MONTHS	3 – 9 MONTHS	12 – 24 MONTHS
Residential development	Acquire and refine land for development	Project design	Marketing and sale	Construction
Value creation	**Zoning**	**Sales start**	**Construction start**	**Deliveries**
Project optimization	▪ Buy (i) options on unzoned land, or (ii) ready to build land ▪ Lever acquired land to improve ROE	▪ Plan and prepare for construction	▪ Target 60% pre-sale before start-up (irrevocable purchase contracts) ▪ Prices on remaining 40% increased gradually during sell out phase	▪ Fixed price contracts with reputable and solid counterpart ▪ Construction costs financed with construction loans ▪ Target 100% sale at delivery

Value creation and project cash flow

Residential development

6 – 36 MONTHS	6 – 12 MONTHS	3 – 9 MONTHS	12 – 24 MONTHS
Acquire and refine land for development	Project design	Marketing and sale	Construction

Value creation

Zoning — Sales start — Construction start — Deliveries

Cash flow example

Acquire and refine land for development:

- E.g., total land cost: MNOK 100 (50% equity + 50% loans)
- E.g., total revenues: MNOK 550

Project design:

- App. 1% of total cost
- Development cost: MNOK 5

Marketing and sale:

- 50% of land loan converted to construction loan
- Total equity: MNOK 55
- NGAAP: Profit in P&L through percentage of completion method commences

Construction:

- No more equity required
- Profit: MNOK 77 (14% of project turnover)
- IFRS: Average profit at delivery: 14% of project turnover
- NGAAP: Average accumulated profit: 14% of project turnover

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

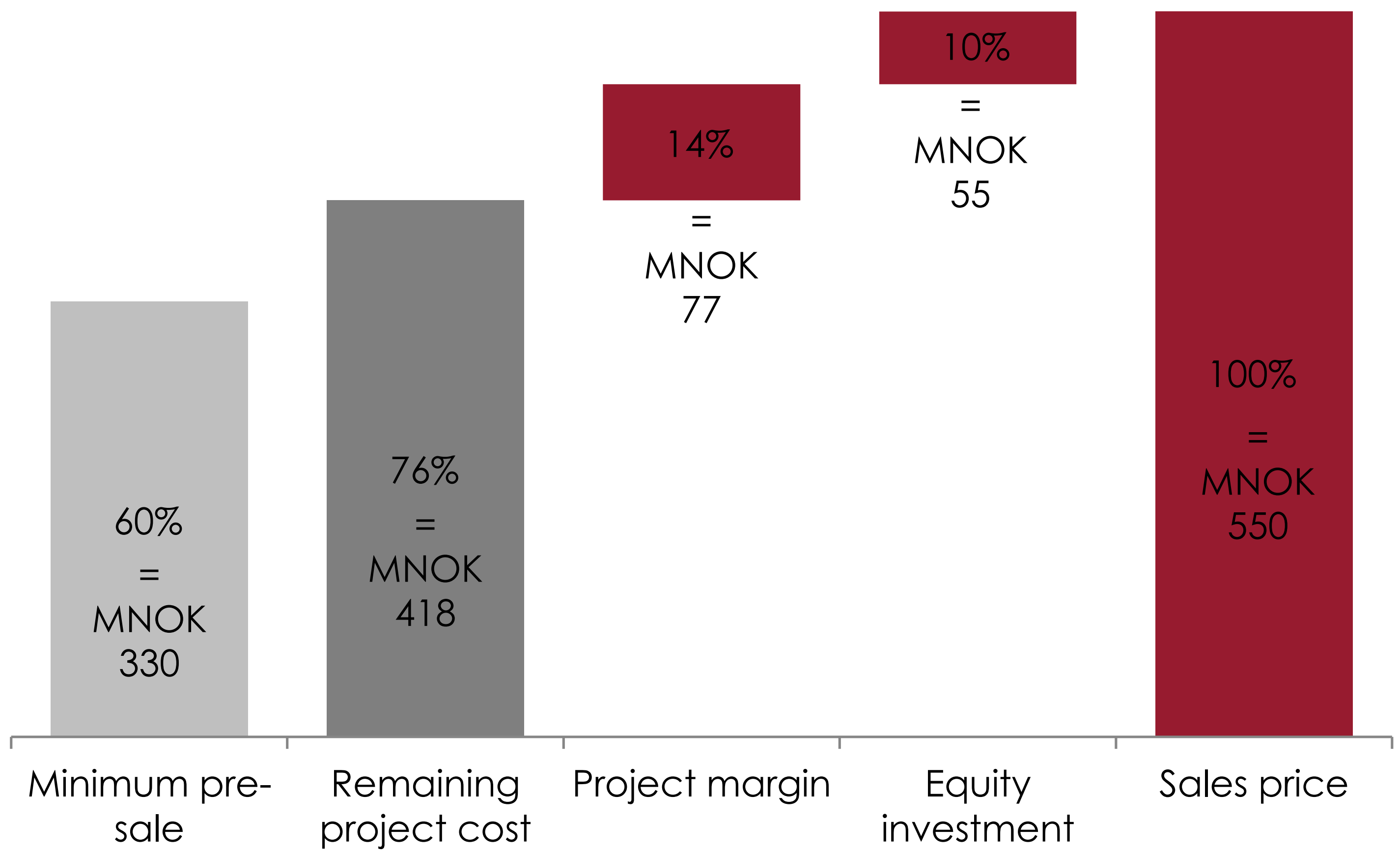
Selvaag Bolig – value proposition

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

Low-risk business model

Risk profile at start of a MNOK 550 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. For the the remaining 40% a price reduction of 35% would recover equity
- 80% of units in production are sold at end Q1'16

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

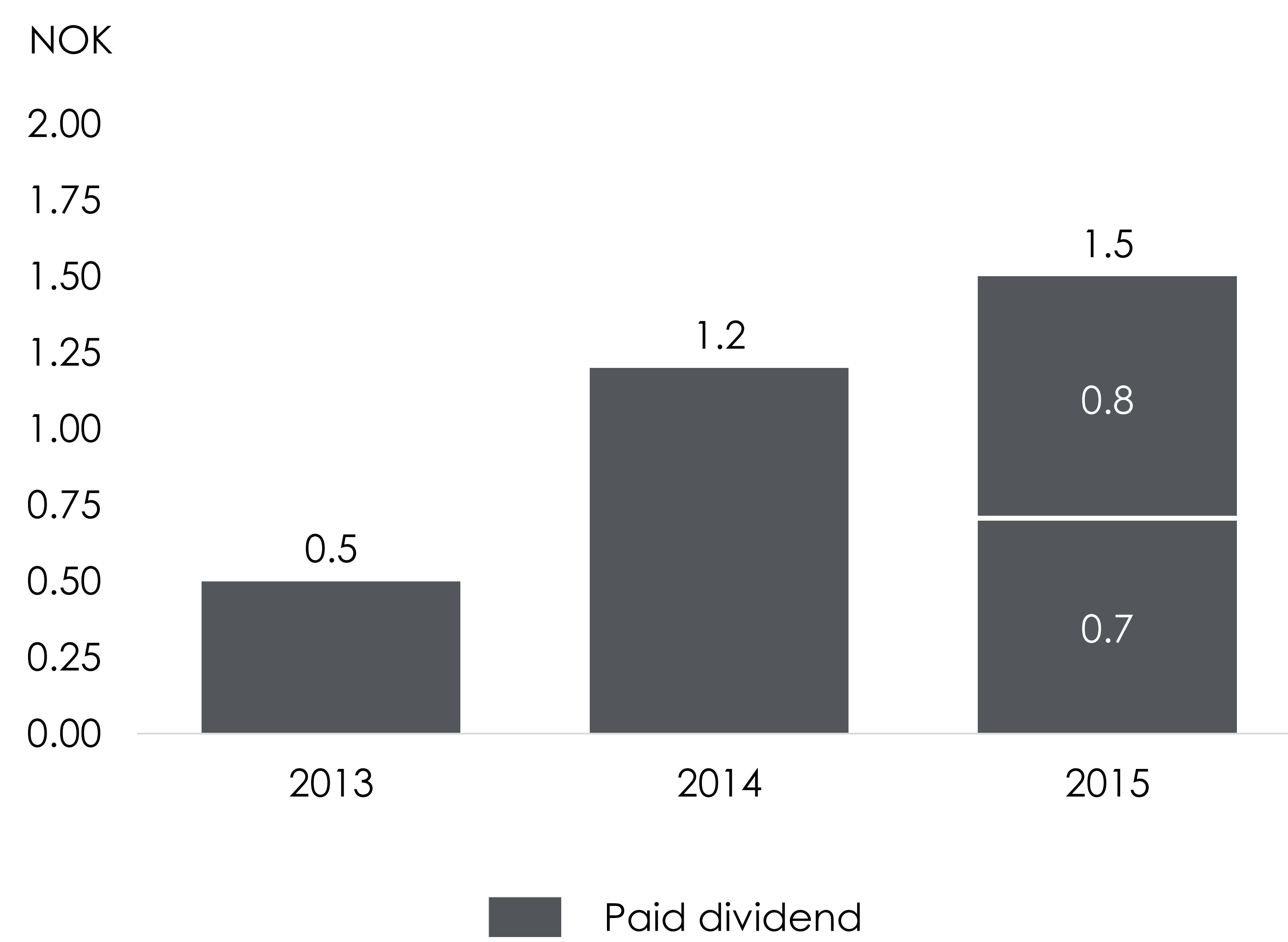
4
Fixed price construction contract

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

Dividend

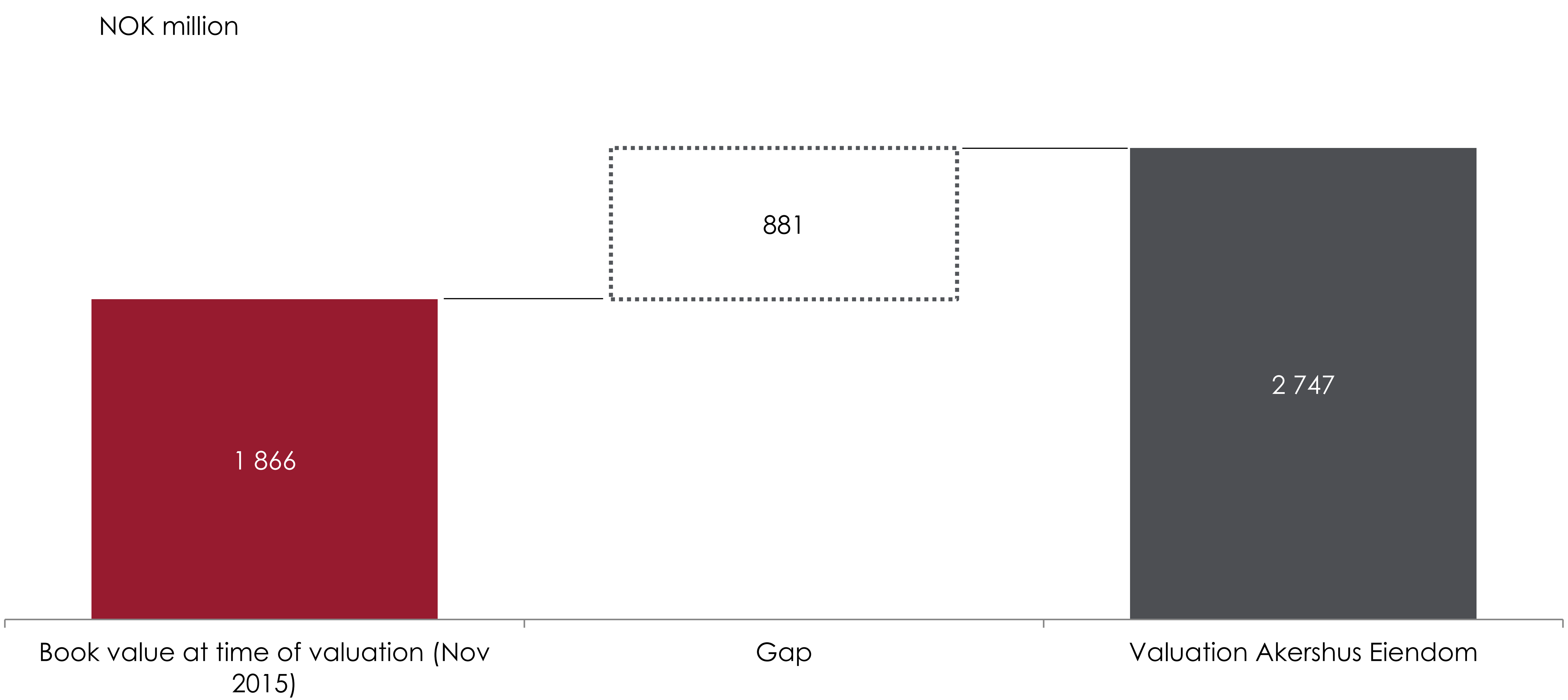
- Dividend policy
  - Up to 50 percent of net profit
  - Dividend pay-out twice a year form H1 2015
- FY'15 EPS NOK 3.01
- FY'15 dividend of NOK 1.50 per share
  - H1 2015 dividend of NOK 0.70 per share distributed
  - H2 2015 dividend of NOK 0.80 per share distributed

Annual dividend per share



Independent land bank valuation from Q4 2015

Book value vs. external valuation



Income statement IFRS

(figures in NOK million)	Q1 2016	Q1 2015	2015
Total operating revenues	623.5	755.6	3 246.0
Project expenses	(501.1)	(609.5)	(2 608.5)
Other operating expenses	(52.0)	(54.4)	(217.4)
Other gains (loss)	-	-	-
Associated companies and joint ventures	(1.3)	6.9	8.3
EBITDA	**69.1**	**98.6**	**428.4**
Depreciation and amortisation	(6.2)	(5.8)	(24.1)
EBIT	**62.9**	**92.8**	**404.3**
Net financial expenses	(6.9)	(8.0)	(33.1)
Profit/(loss) before taxes	**56.0**	**84.9**	**371.2**
Income taxes	(14.2)	(23.0)	(91.8)
Net income	**41.8**	**61.9**	**279.4**
Net income for the period attributable to:			
Non-controlling interests	0.0	(0.0)	(1.8)
Shareholders in Selvaag Bolig ASA	40.6	61.9	284.2

Cash Flow statement

(figures in NOK million)	Q1 2016	Q1 2015	2015
Net cash flow from operating activities	118.6	97.7	465.9
Net cash flow from investment activities	(3.0)	(37.7)	(15.5)
Net cash flow from financing activities	(180.2)	37.4	(344.1)
Net change in cash and cash equivalents	(64.5)	97.3	106.4
Cash and cash equivalents at start of period	672.3	565.9	565.9
Cash and cash equivalents at end of period	607.7	663.3	672.3

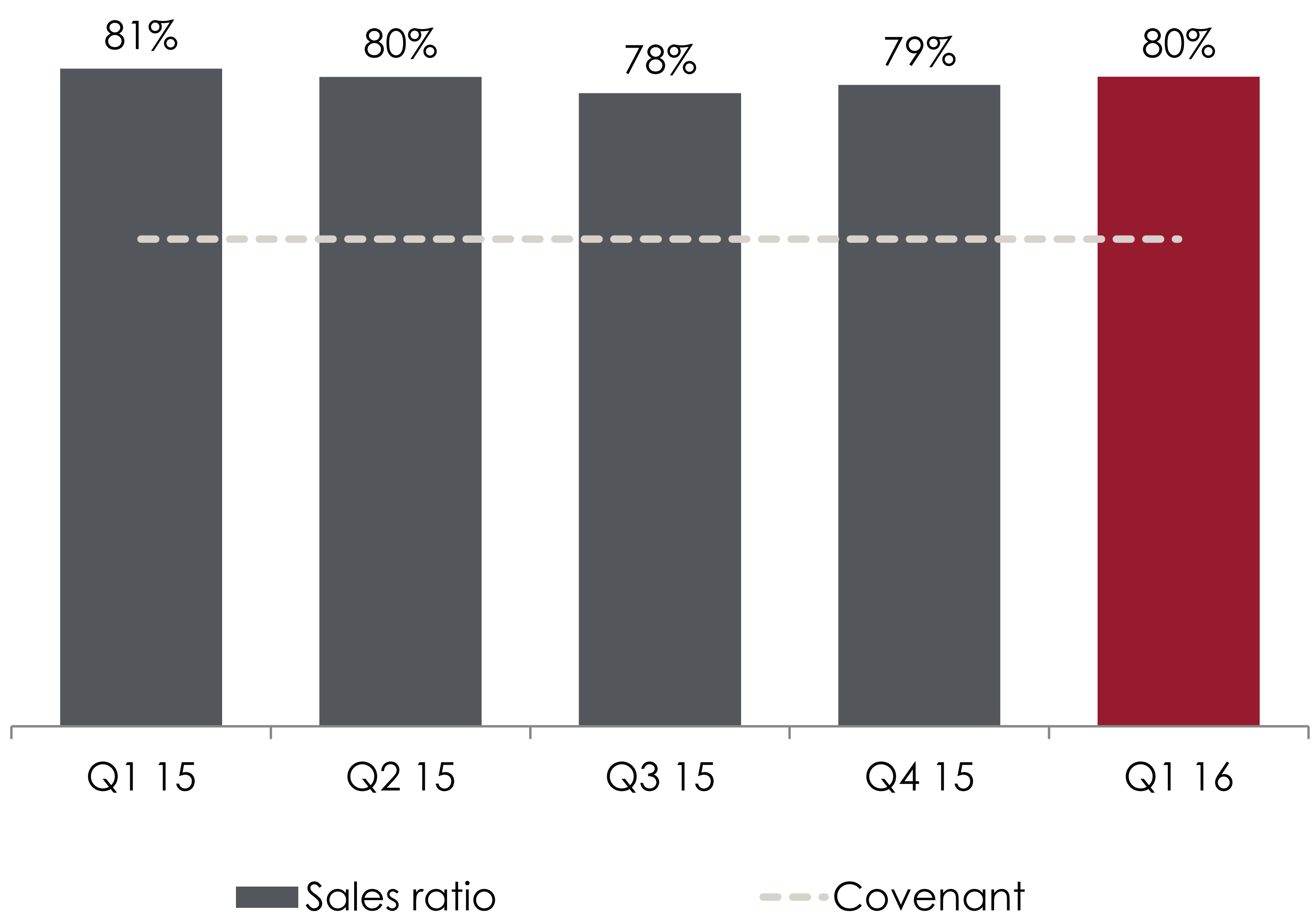
Balance sheet

(figures in NOK million)	Q1 2016	Q1 2015	2015
Intangible assets	392.6	411.0	397.2
Property, plant and equipment	19.1	17.3	20.3
Investments in associated companies and joint ventures	180.4	200.2	183.4
Other non-current assets	120.3	123.0	114.6
Total non-current assets	**712.3**	**751.5**	**715.5**
Inventories (property)	**4 642.8**	**4 563.1**	**4 715.4**
- Land	1 653.3	1 845.1	1 968.8
- Work in progress	2 630.3	2 358.8	2 368.5
- Finished goods	359.3	359.2	378.1
Other current receivables	140.8	350.3	147.9
Cash and cash equivalents	607.7	663.3	672.3
Total current assets	**5 391.3**	**5 576.7**	**5 535.5**
TOTAL ASSETS	**6 103.7**	**6 328.2**	**6 251.1**
Equity attributed to shareholders in Selvaag Bolig ASA	2 584.6	2 504.5	2 539.6
Non-controlling interests	9.6	14.7	9.6
Total equity	**2 594.2**	**2 519.2**	**2 549.2**
Non-current interest-bearing liabilities	1 478.3	1 685.6	1 846.7
Other non-current non interest-bearing liabilities	260.3	308.3	262.2
Total non-current liabilities	**1 738.6**	**1 993.9**	**2 108.9**
Current interest-bearing liabilities	970.3	1 075.4	771.3
Other current non interest-bearing liabilities	800.6	739.7	821.7
Total current liabilities	**1 770.8**	**1 815.1**	**1 593.0**
TOTAL EQUITY AND LIABILITIES	**6 103.7**	**6 328.2**	**6 251.1**

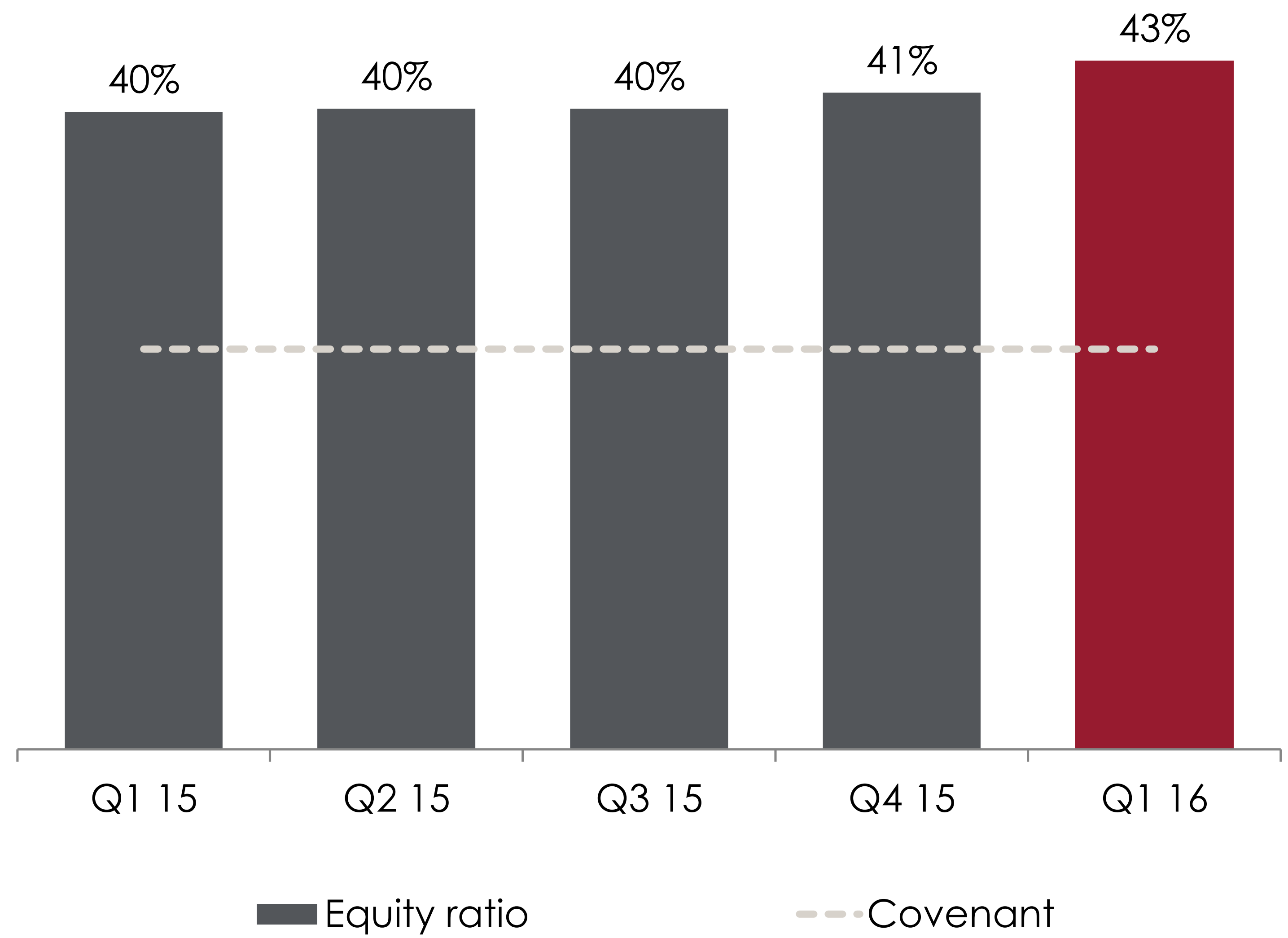
* Corresponding to a book value of NOK 27.6 per share

In compliance with financial covenants

Sales ratio covenant (minimum 60.0%)

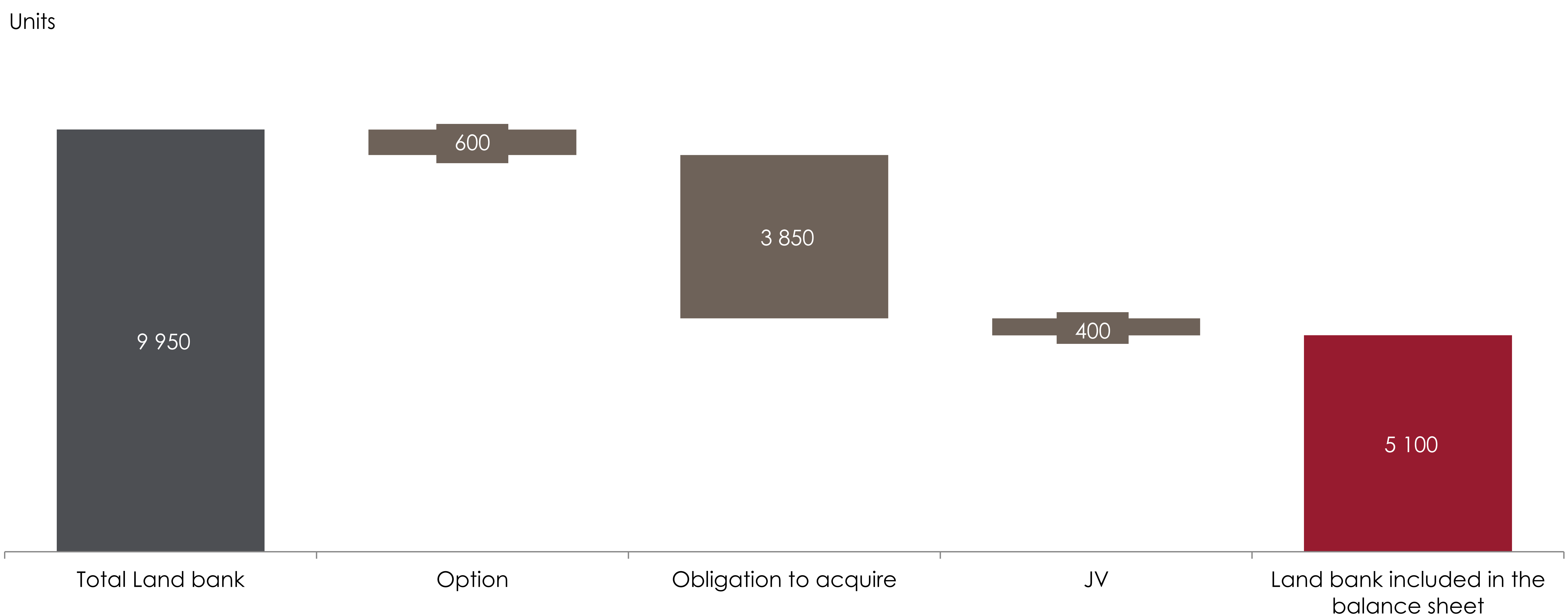


Equity ratio covenant (minimum 25.0%)



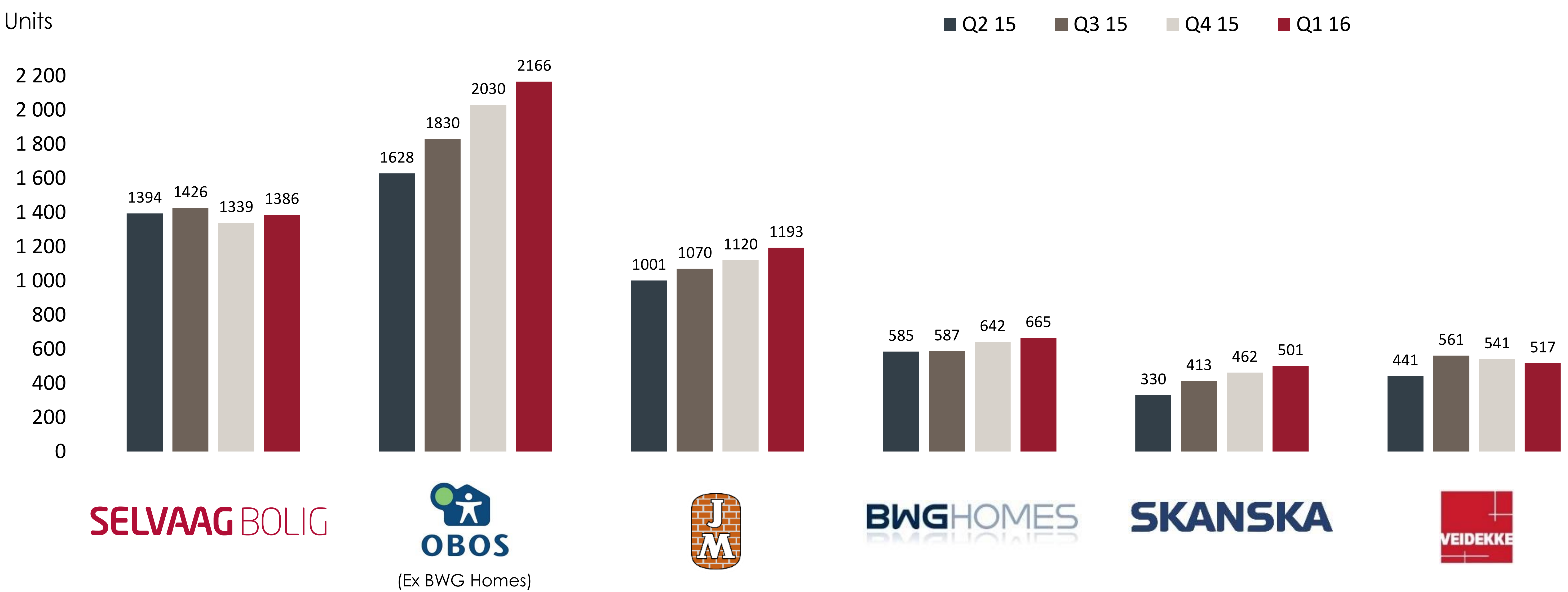
Substantial portfolio for development

Total land bank portfolio at 31 March 2016



Maintaining strong market position

Units under construction vs. peers (net figures)

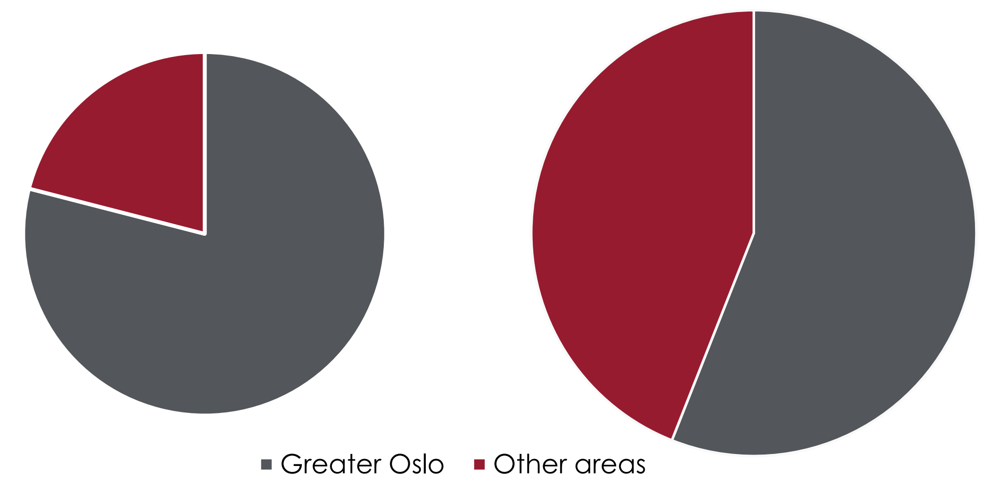


MARKET – SALES DISTRIBUTION

Stronger presence in all markets

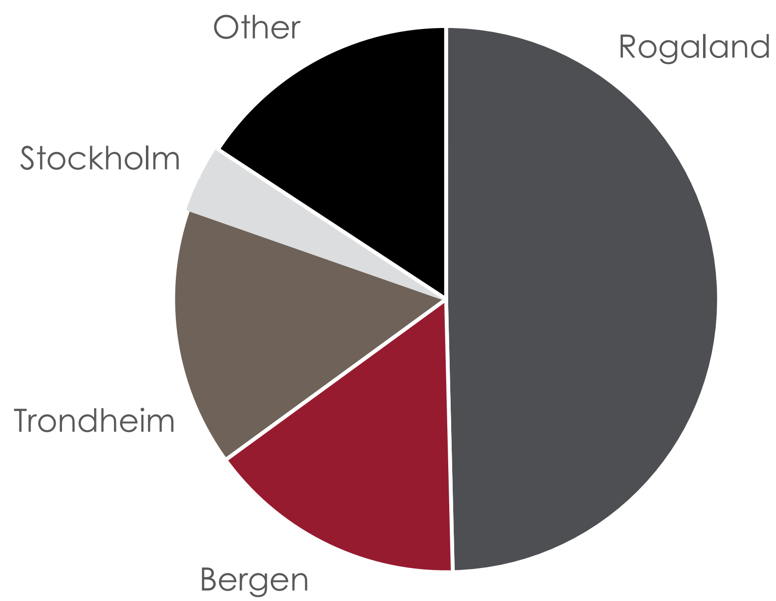
All core markets

2015 (actual) **Future (indicative)**

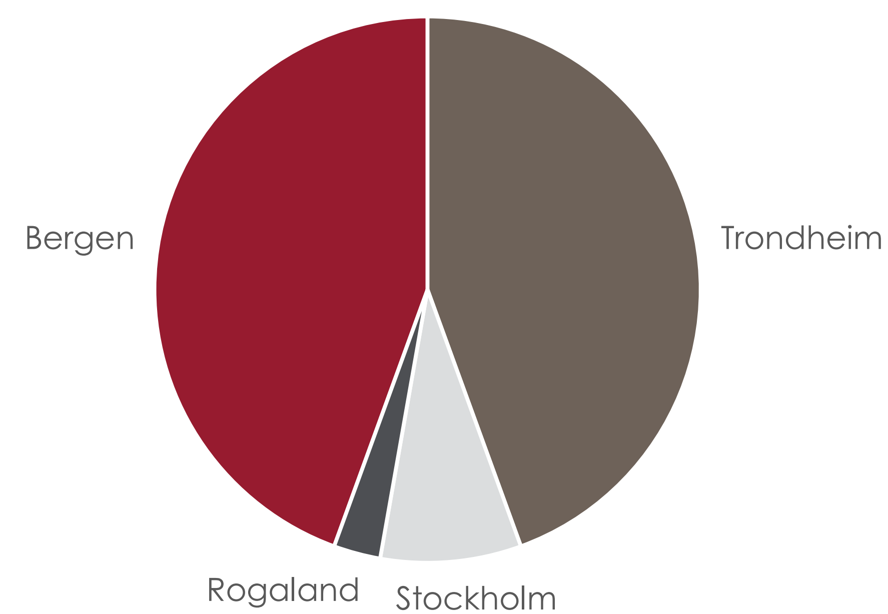


Core markets outside Greater Oslo

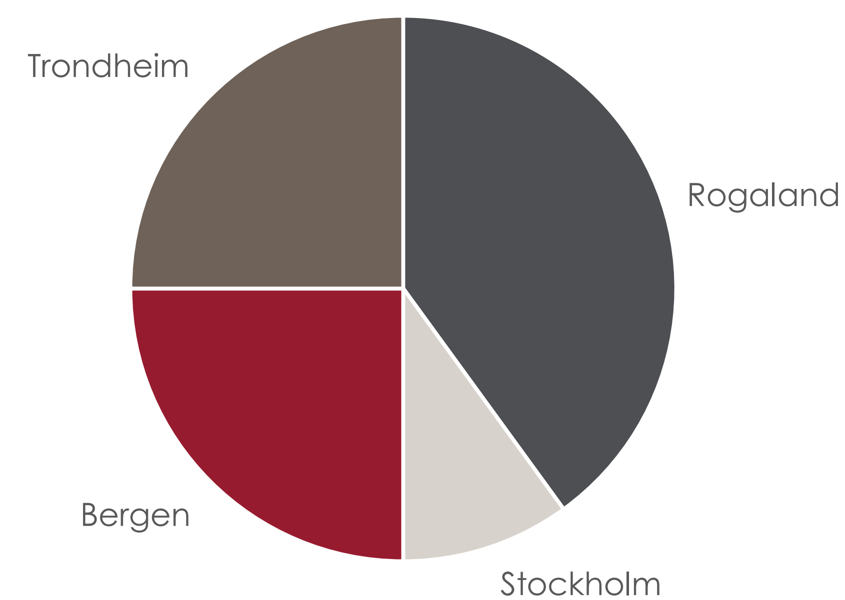
2012-2015 (actual)



2016 (indicative)



Future (indicative)



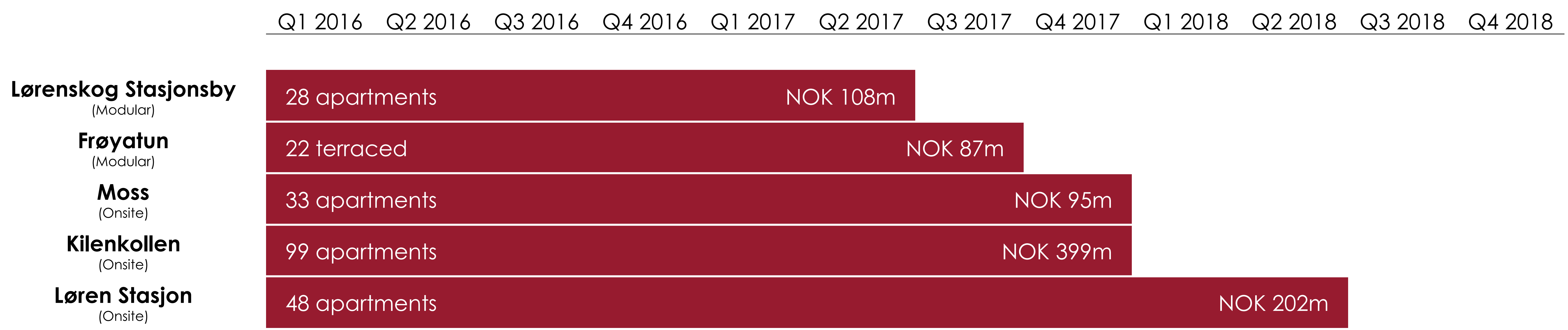
- Fragmented activity in 2012-2014
- Land purchases in core markets only

- Bergen and Trondheim key markets
- Marginal sales in Rogaland

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

Construction starts in the quarter

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



Operational highlights – key operating figures

	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
Number of units sold	308	210	208	209	280
Number of construction starts	284	199	204	171	230
Number of units completed	208	190	172	258	183
Number of units delivered	224	232	202	235	179
Number of units under construction	1 384	1 394	1 426	1 339	1 386
Proportion of sold units under construction	81%	80%	78%	79%	80%
Number of completed unsold units	40	31	25	65	58
Sales value of units under construction (NOK million)	4 968	4 909	5 077	4 740	5 031
Number of employees	99	99	99	99	100

IFRS EBITDA Q1 2016

(figures in NOK million)	Property development	Other	Total
IFRS EBITDA for the quarter, per segment			
Operating revenues	617.5	6.0	623.5
Project expenses	(500.0)	(1.1)	(501.1)
Other operating expenses	(14.4)	(37.7)	(52.0)
Share of income (losses) from associated companies and joint ventures	(1.3)	-	(1.3)
Other gain (loss), net	-	-	-
EBITDA	**101.8**	**(32.7)**	**69.1**

Operational reporting Q1 2016

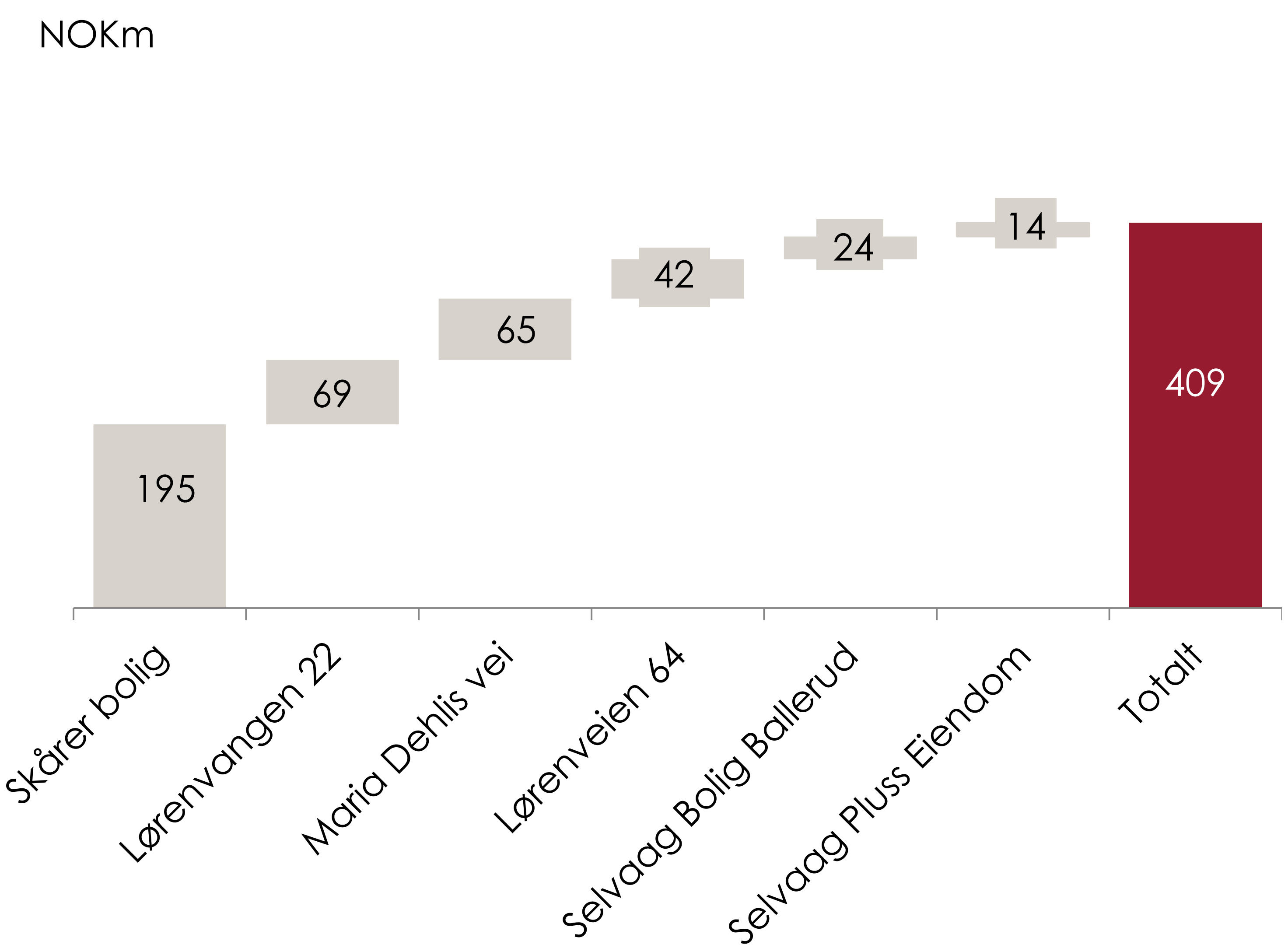
(figures in NOK million)	Property development	Other	Total
Operating revenues	**809.1**	**6.0**	**815.1**
Project expenses	(630.4)	(1.1)	(631.5)
Other operating expenses	(14.4)	(37.7)	(52.0)
EBITDA (percentage of completion)	**164.3**	**(32.7)**	**131.6**

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

Land loan interests on the P&L

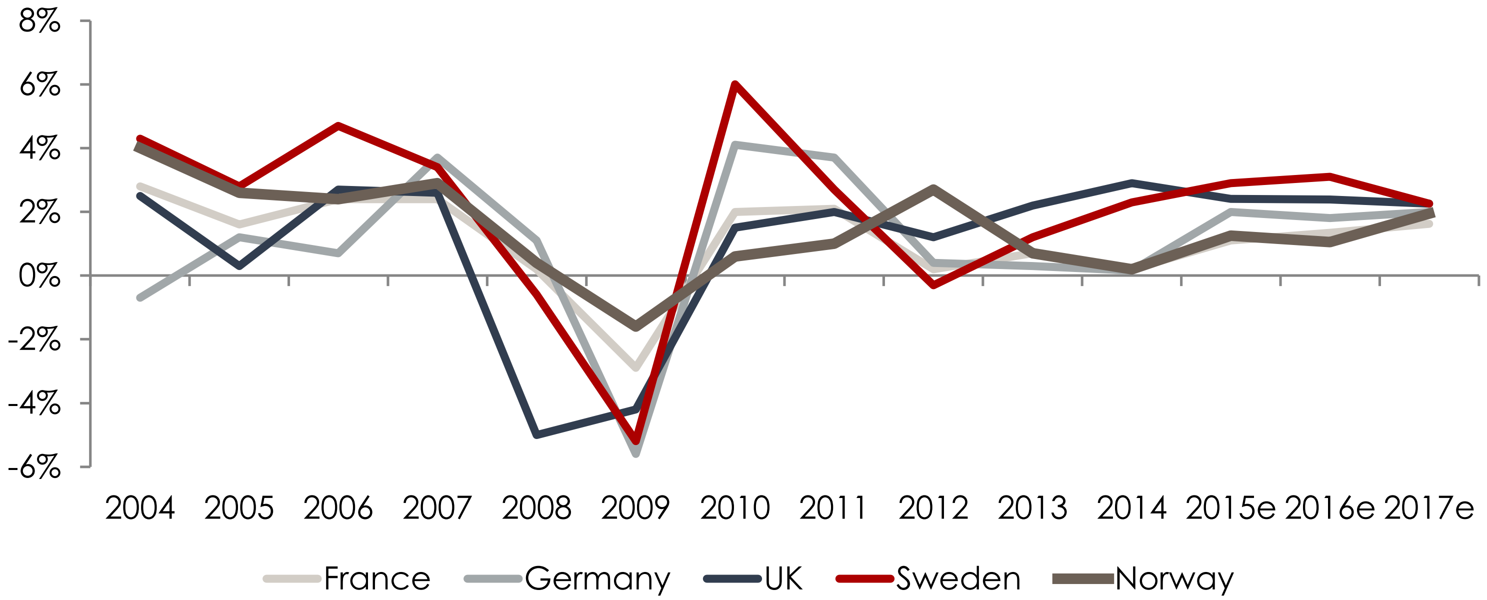
- Total land loans are NOK 1 027 million of which NOK 618 million are loans where interest cost are activated
- Land loan interests activated at regulation
- At 31 March interests connected to land loans of NOK 409 million was charged on the P&L

Loans recognised in profit and loss at 31.03.2016

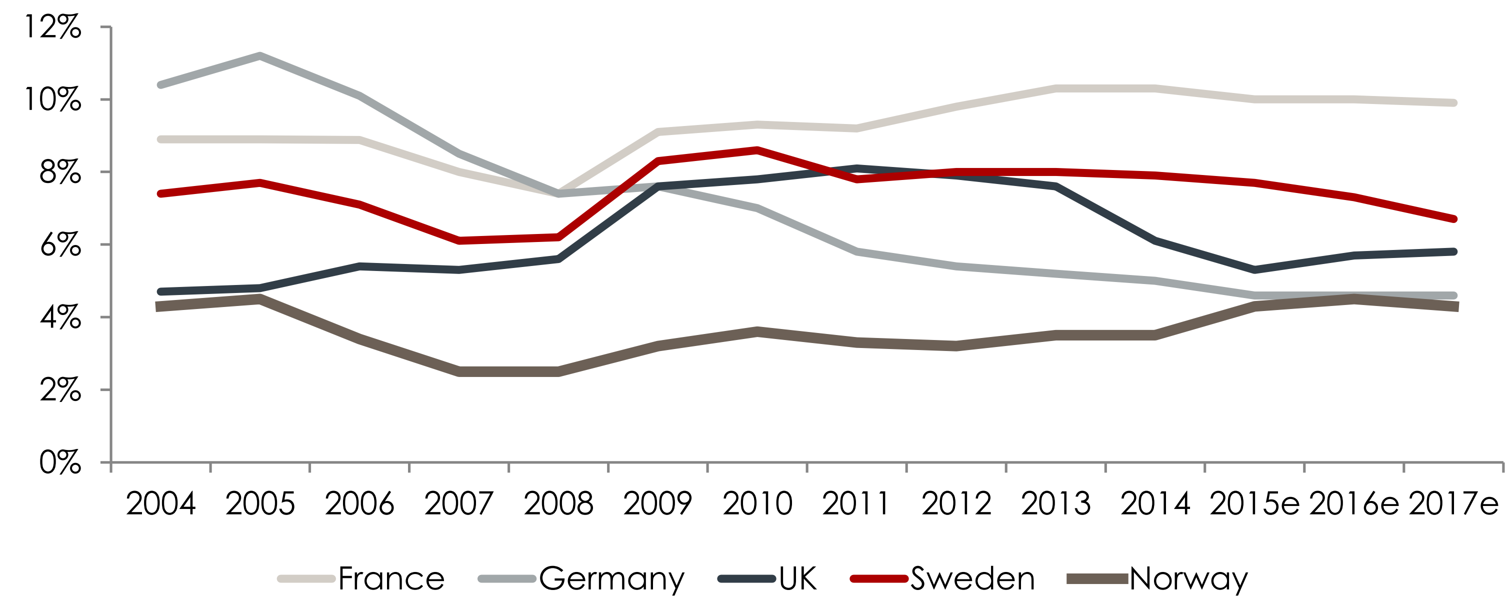


Norway: A robust economy

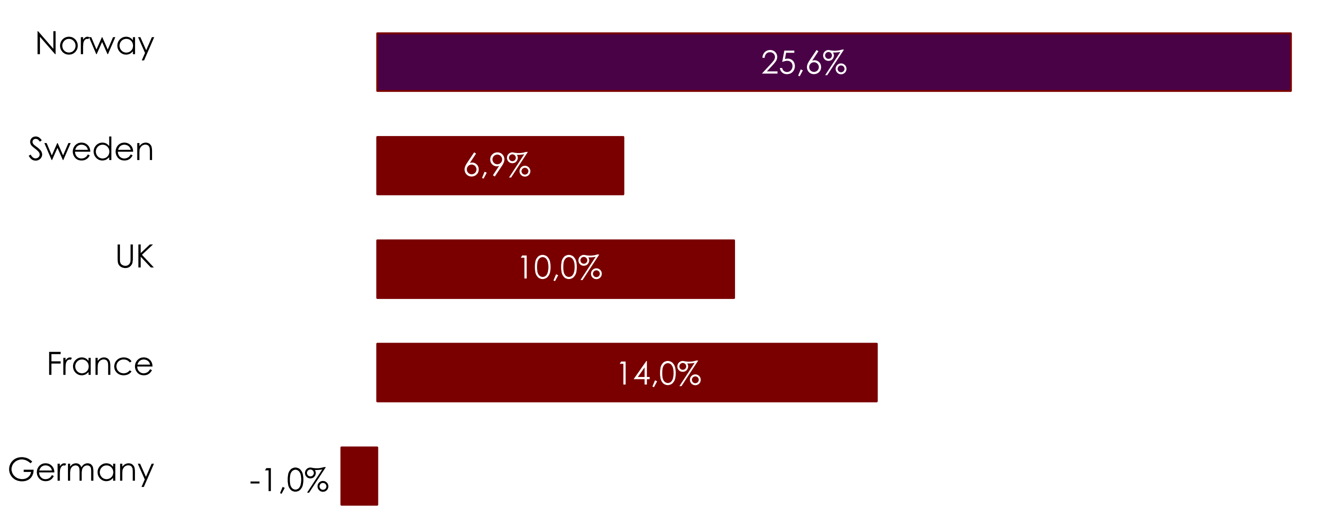
GDP growth 2004 - 2017e



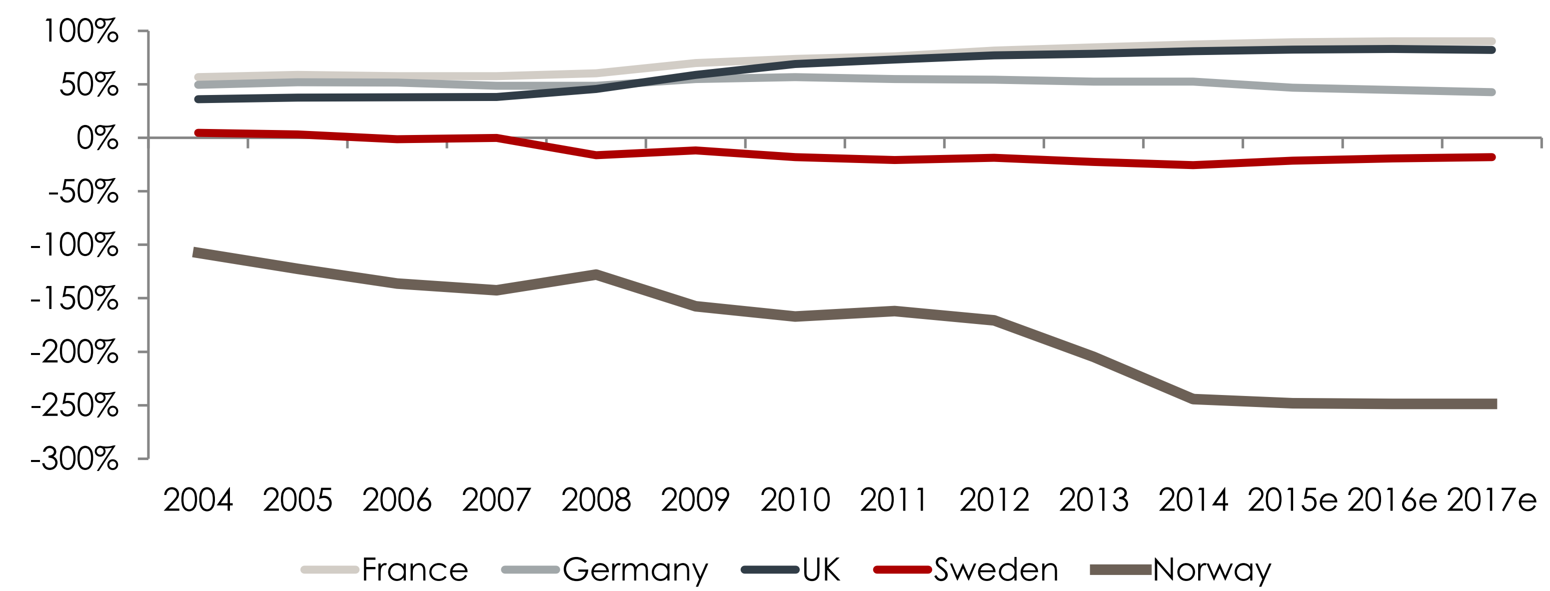
Unemployment 2004 - 2017e



Population growth 2011 - 2030e



Public net debt/GDP 2004 - 2017e



Source: IMF, Statistics Norway, Statistics Sweden, Statistics France, Statistics Germany, Statistics UK, Eurostat