

Q2 2016

Oslo 18 August 2016
Baard Schumann, CEO
Sverre Molvik, CFO

SELVAAG BOLIG

Start

Hjem

Pluss

Agenda

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

Highlights Q2 2016

- Extraordinary strong Oslo market
- All time high sales
- Strong results and margins
- Proposed dividend of NOK 0.65 per share for 1H'16



Hovinenga, Oslo

Key financials Q2 2016

Operating revenues

1 104

NOK million

Adjusted EBITDA margin

14.6

per cent

Equity ratio

42.5

per cent

EBITDA margin (NGAAP)

16.8

per cent

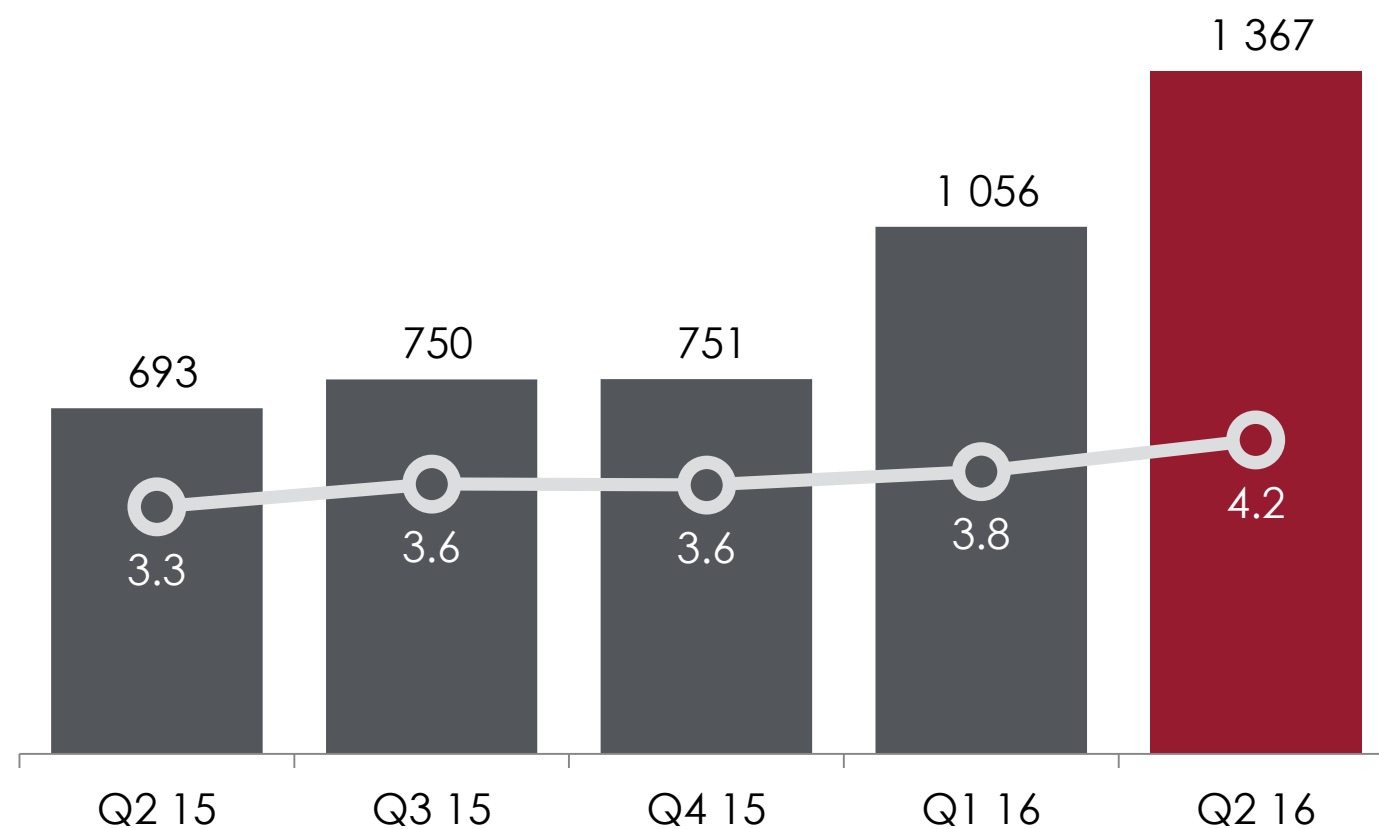
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Continued increase in sales value

Total sales value and value per unit sold

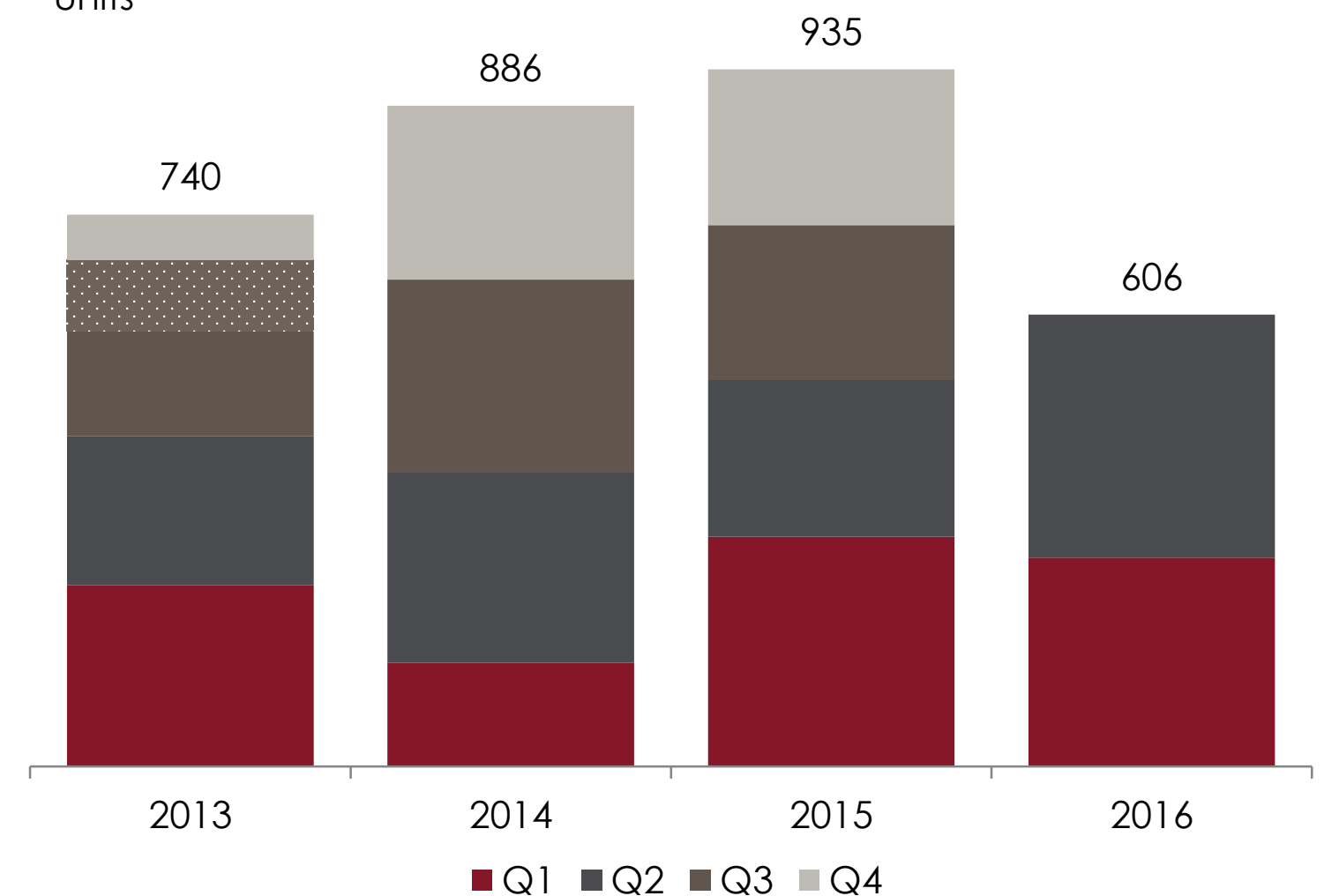
NOKm



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

Residential units sold

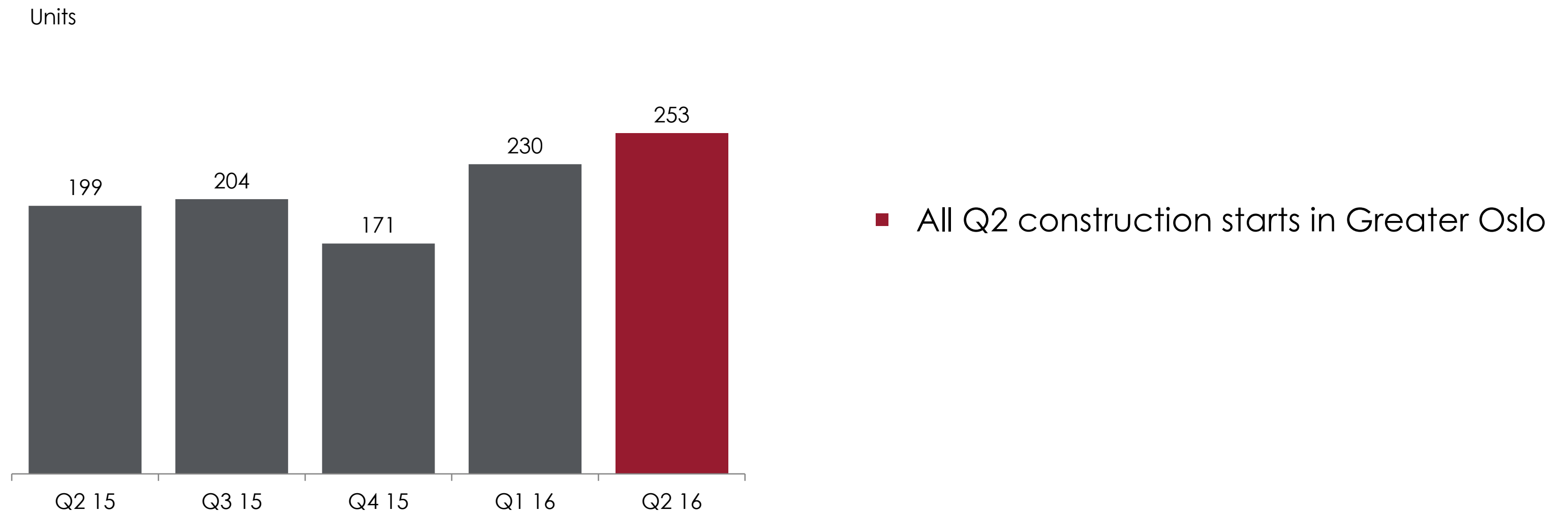
Units



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

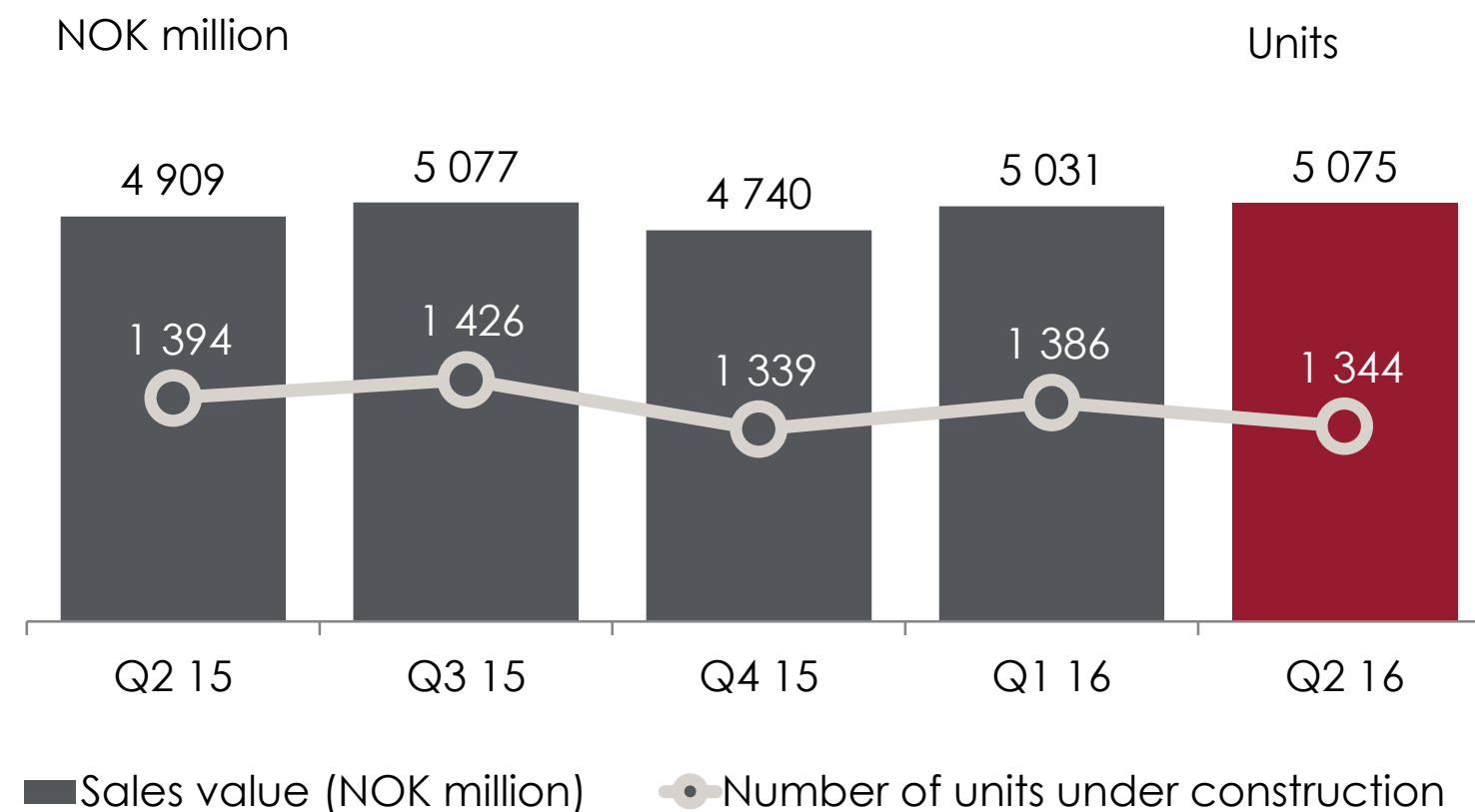
Oslo market driving construction starts

Construction starts per quarter



Units under construction at high levels

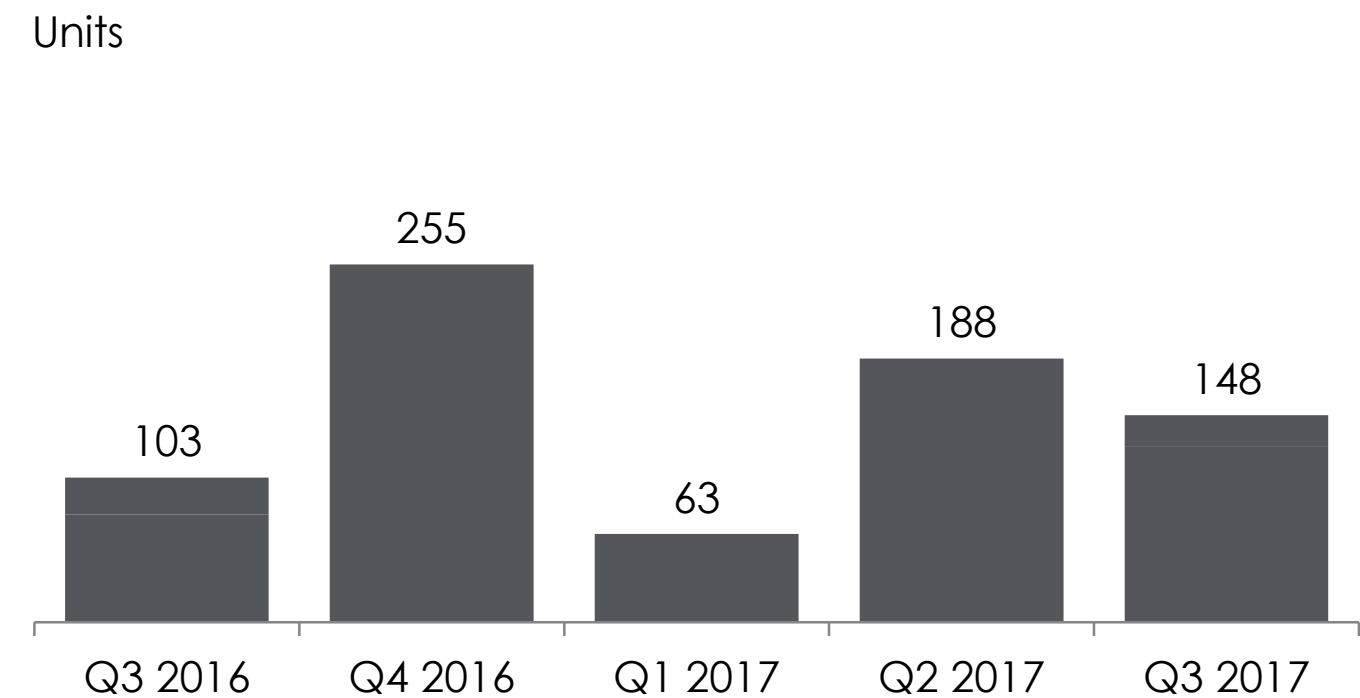
Sales value, units under construction



- Q2 2016: 83% of units under constructions sold by Q2 2016
- Q2 2016: 87% 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 Q2 16: 836 units
- Expected completions for 2016 as of Q1 16: 809 units
 - 183 (Q1 16), 295 (Q2 16), 103 (Q3 16), 228 (Q4 16)
- 97% of 2016 completions sold by Q2 2016

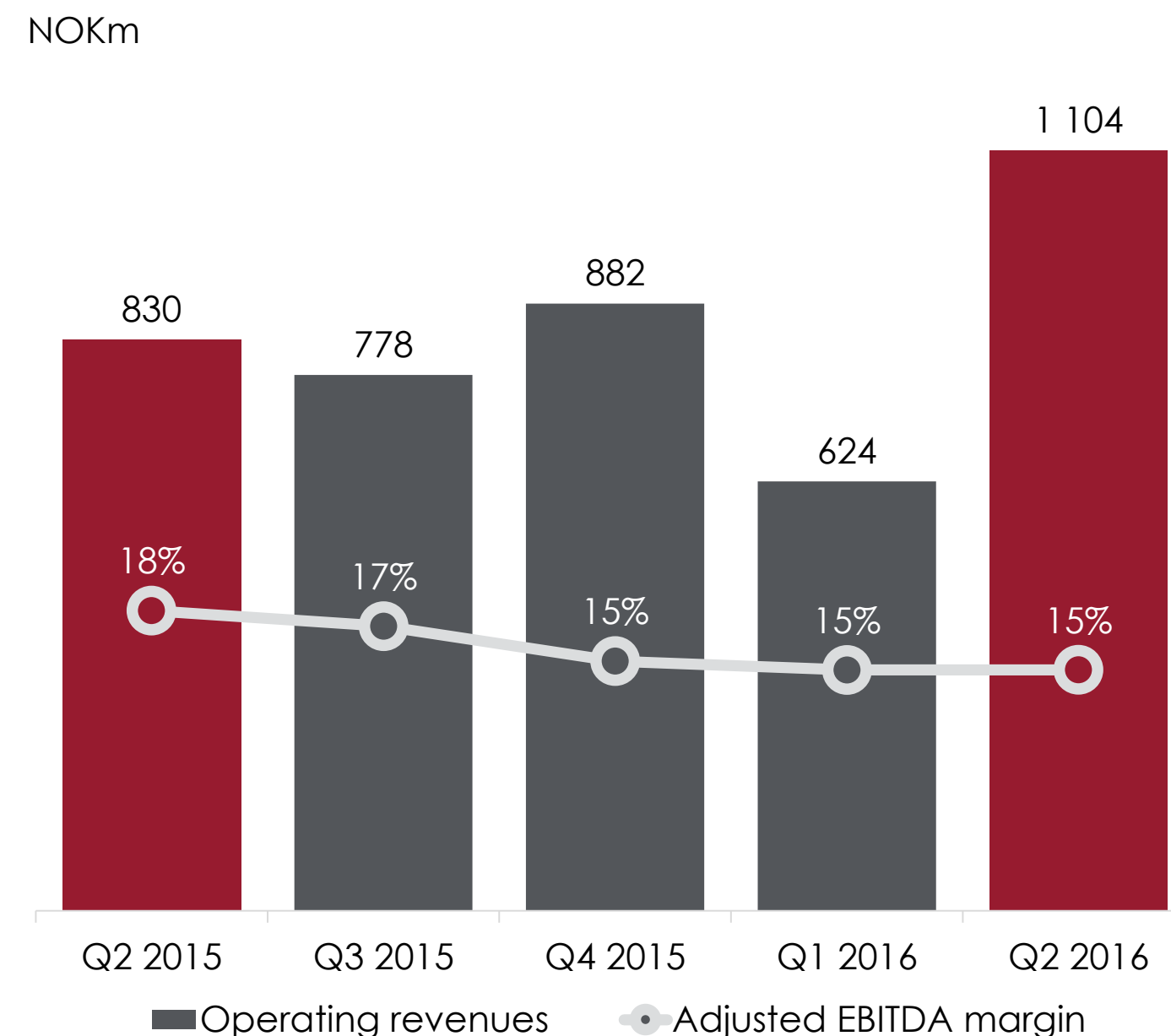
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Income statement highlights Q2 2016 (IFRS)

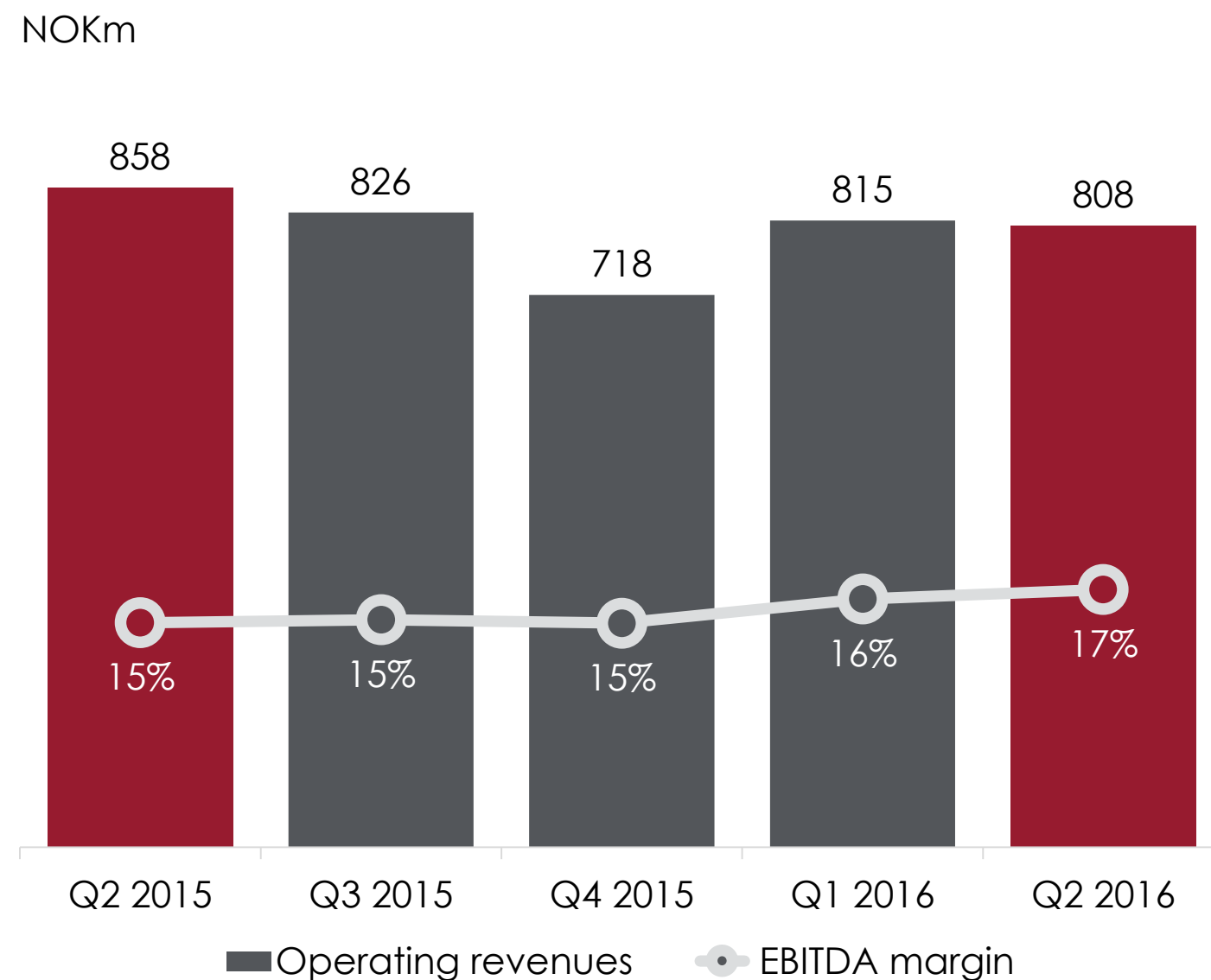
- 307 units delivered (232)
- Revenues NOK 1 104m (830)
 - Units delivered NOK 1 088m (818)
 - Other revenues NOK 16m, mainly lease income
- Project costs NOK 919m (659)
 - Of which NOK 34m are interests
- Other costs NOK 61m (57)
 - Salaries, sales and marketing key components
- EBITDA adjusted NOK 161m (151)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK 127m (124)
- EPS in the quarter NOK 0.90, YTD NOK 1.35
- Proposed dividend of NOK 0.65 per share for 1H'16

Revenues and adjusted EBITDA margin (IFRS)

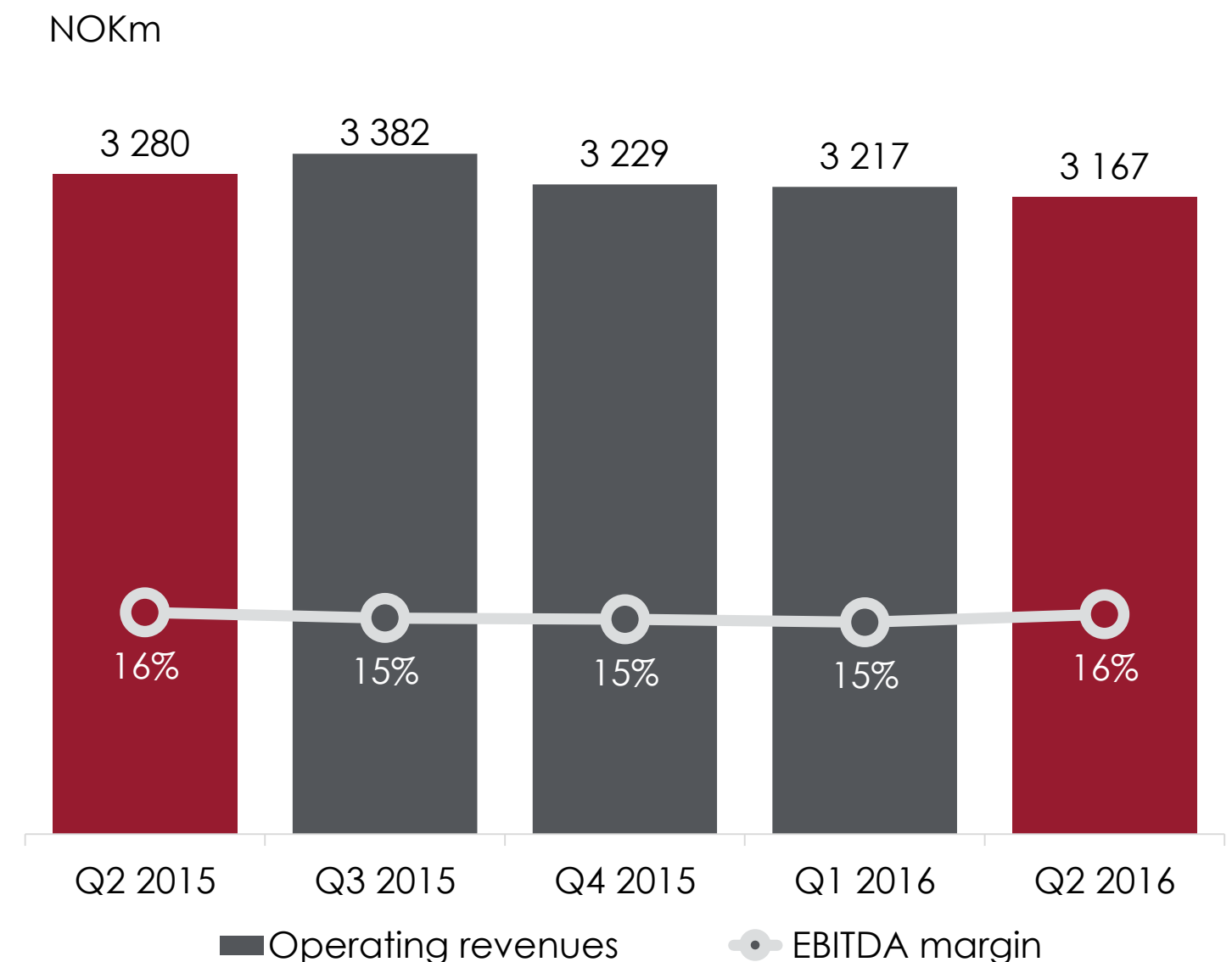


Income statement highlights Q2 2016 (NGAAP)

Revenues and EBITDA margin (NGAAP)*

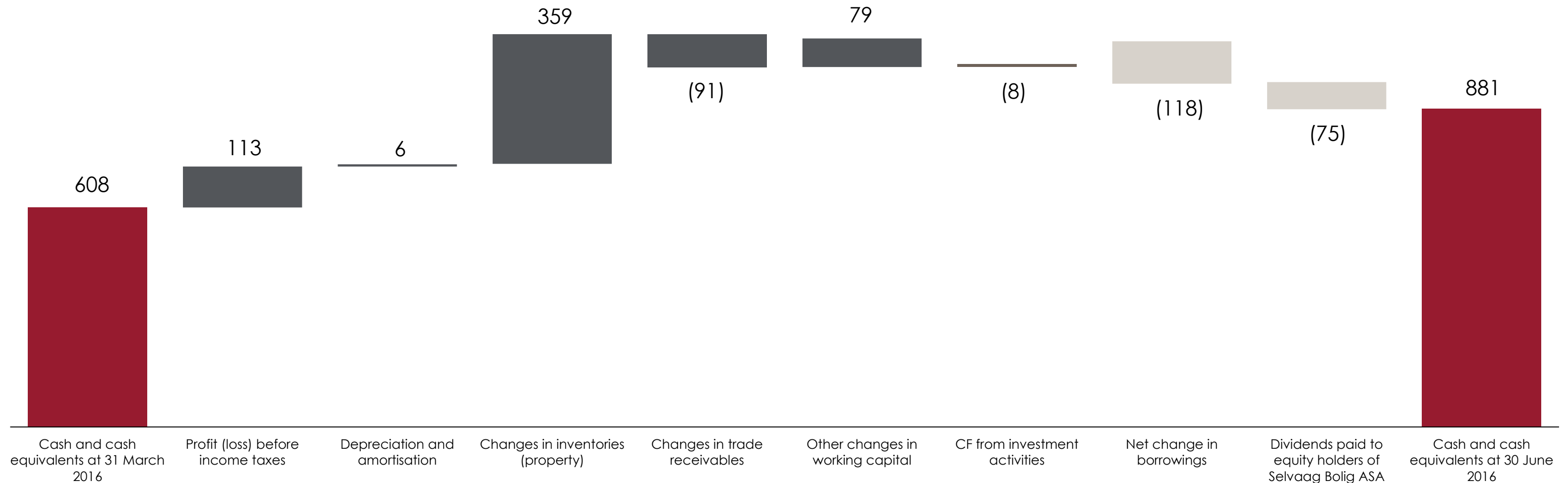


12 months rolling revenues (NGAAP)*



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

Cash flow development Q2 2016



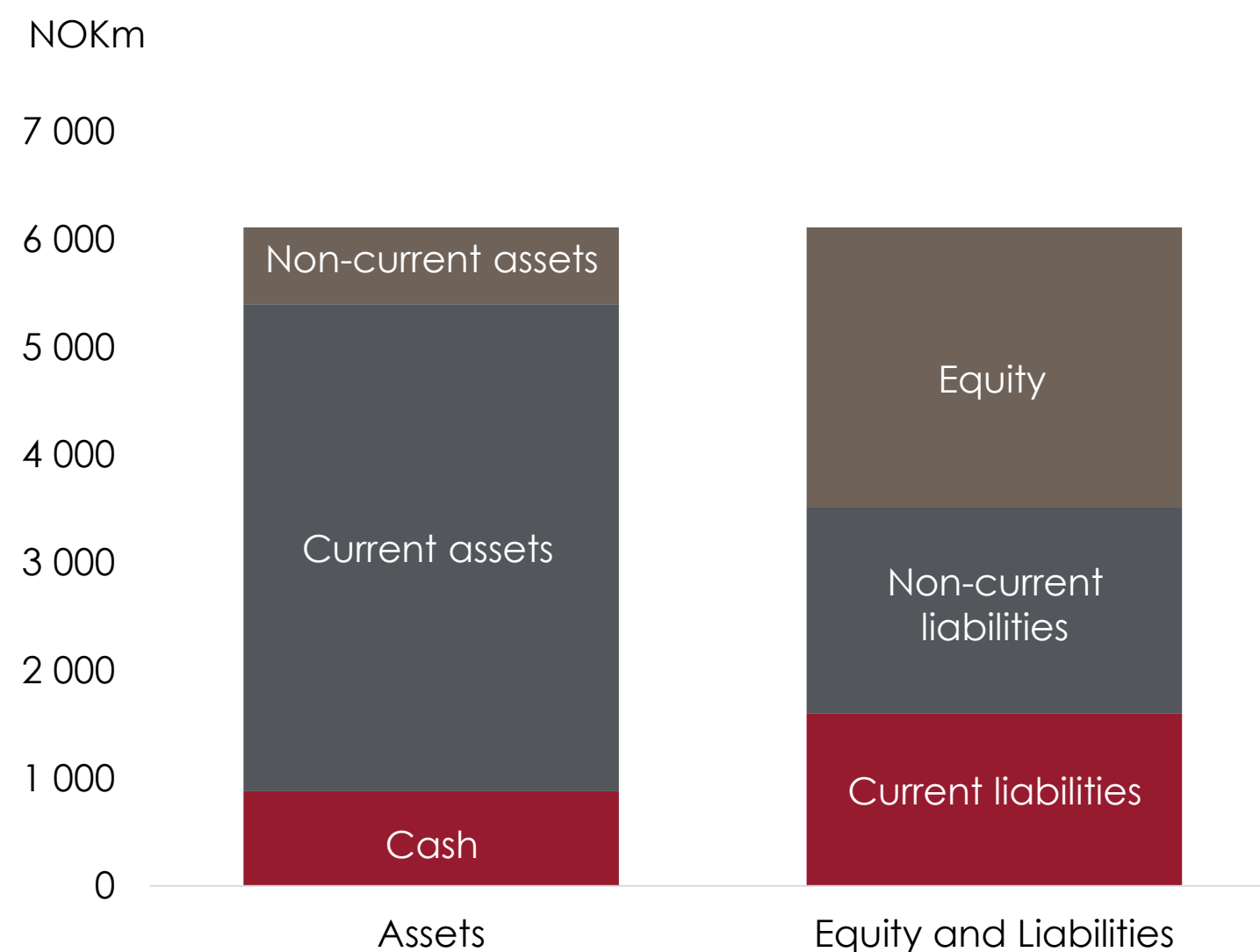
- Cash flow from operating activities NOK 469m
- Inventory decrease from deliveries and no purchase of land in Q2
- Borrowings reduced due to construction loan repayments

Note: Numbers under NOK 5m are excluded from the cash flow overview

Balance sheet highlights Q2 2016

- Book value NOK 27.6 per share
 - NOK 27.6 per share in Q1 2016
 - Equity ratio 42.5%
- Changes from Q1 2016:
 - Inventories decreased by NOK 356m due to high number of deliveries
 - Trade receivables increased by NOK 91m due to deliveries in process – non-risk
 - Cash increased by NOK 273m
- Prepayments from customers account for NOK 323m of other current non interest-bearing liabilities

Balance sheet composition

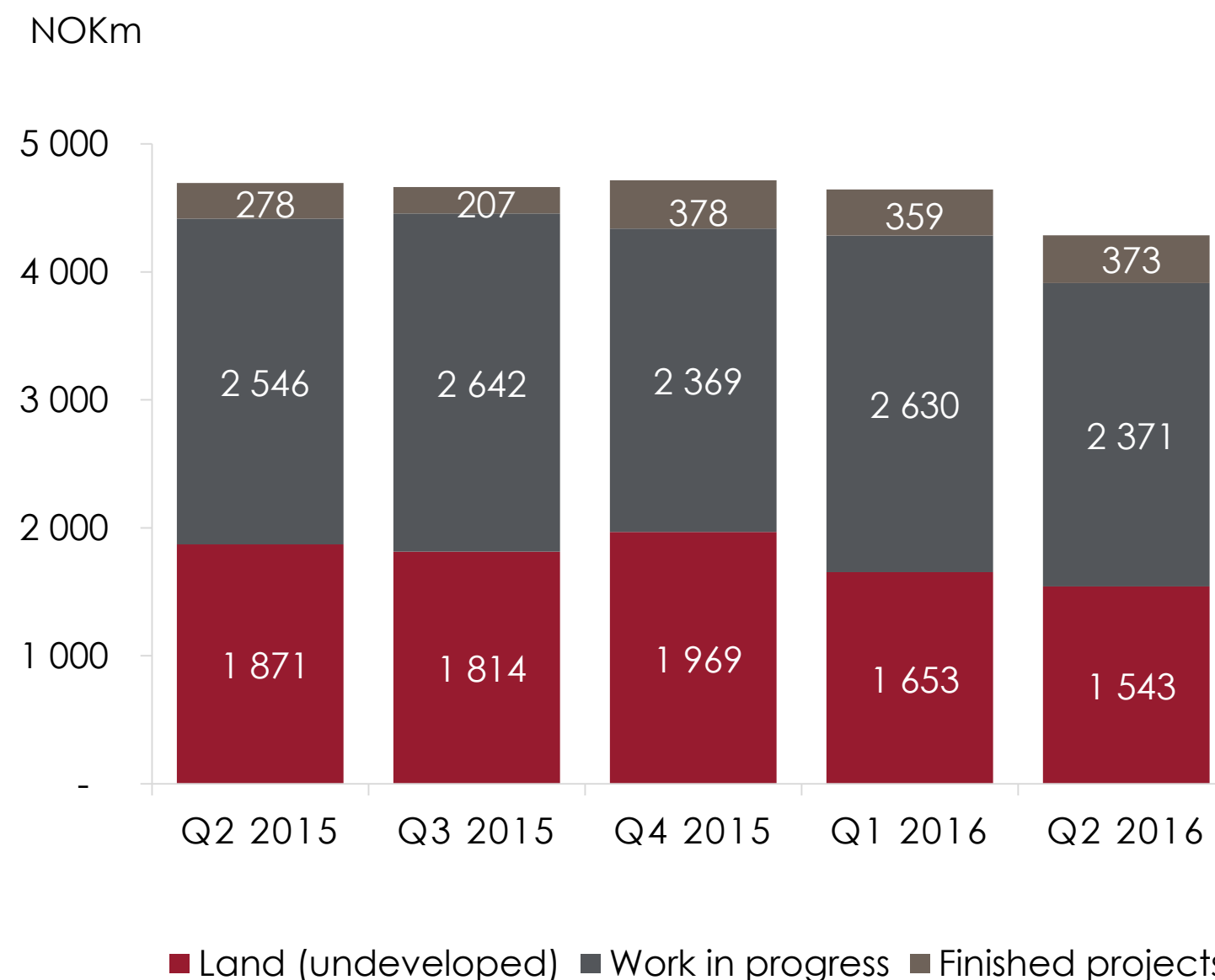


Inventories (property) Q2 2016

Q2'16 vs Q1'16

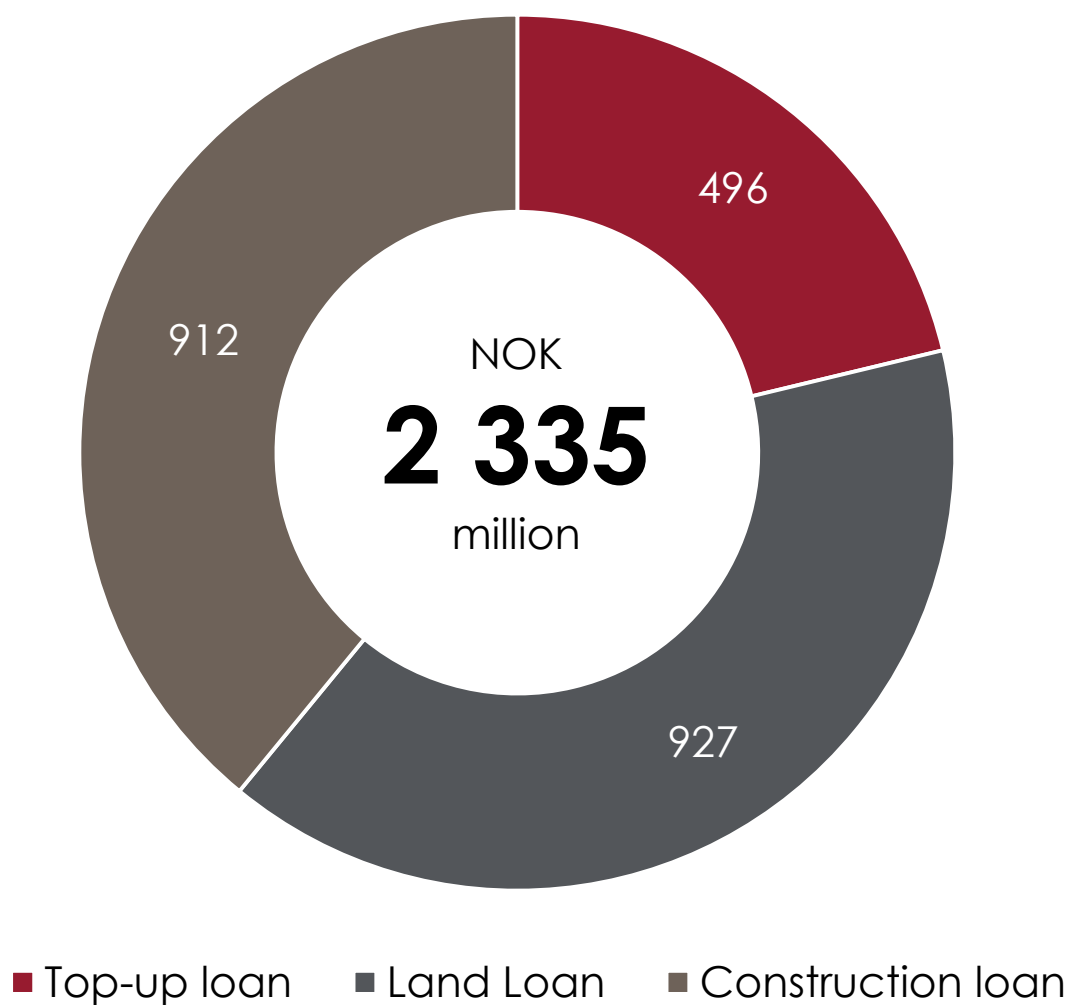
- Land value down NOK 110m
 - Due to construction starts
- Work in progress down NOK 260m
 - Due to completions
- Finished goods up NOK 14m

Inventory value development



Sound debt structure

Interest bearing debt as at 30 June 2016



	Loan facility	Drawn per 30 June (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	927	2.00% - 2.65%
5	Construction loan facilities from a range of Nordic credit institutions	912	1.90% - 2.95%

Total Q2 2016 net interesting bearing debt NOK 1 454 million

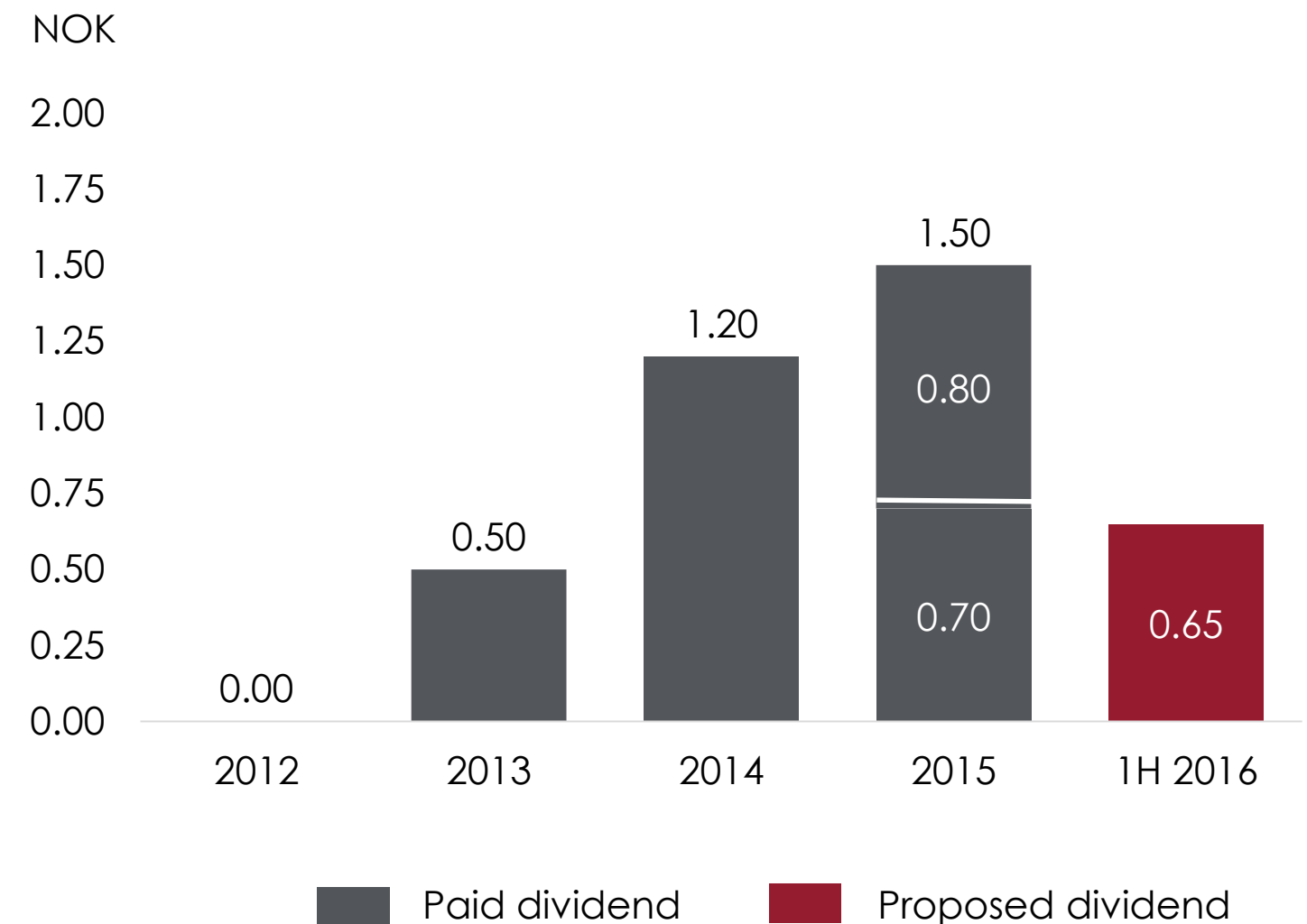
Total Q1 2016 net interesting bearing debt NOK 1 841 million

Note: Top-up loan of NOK 500m in the table differs from the summed up top up loan in the pie chart (NOK 496m). The difference is due to NOK -4m 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
- 1H'16 dividend of NOK 0.65 per share
 - 48% of EPS
- 1H'16 EPS NOK 1.35

Dividend per share

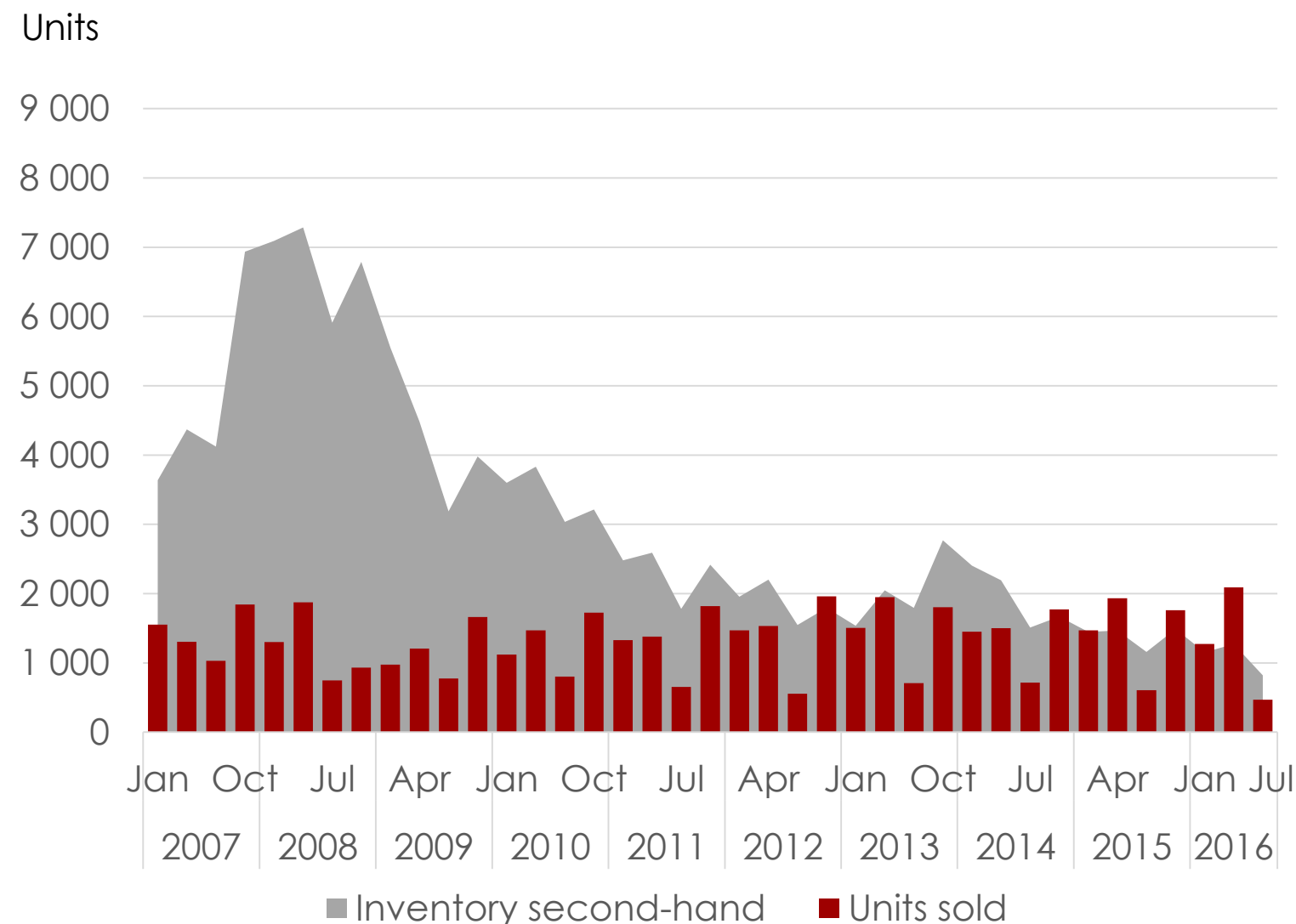


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- Outlook and summary

Extraordinary low supply in Oslo

Oslo, July 2007-2016



■ July 2016 Oslo sum-up

SECOND HAND – AVERAGE

- Sales price: NOK 70 168 per m²
- Turnover time: 20 days
- Price increase July: 1.8%
- Price increase last 12 months: 15.2%
- Units available for sale (31.07): ~825

NEW HOMES (NOT BUILT)

- Units available for sale (31.07): ~375

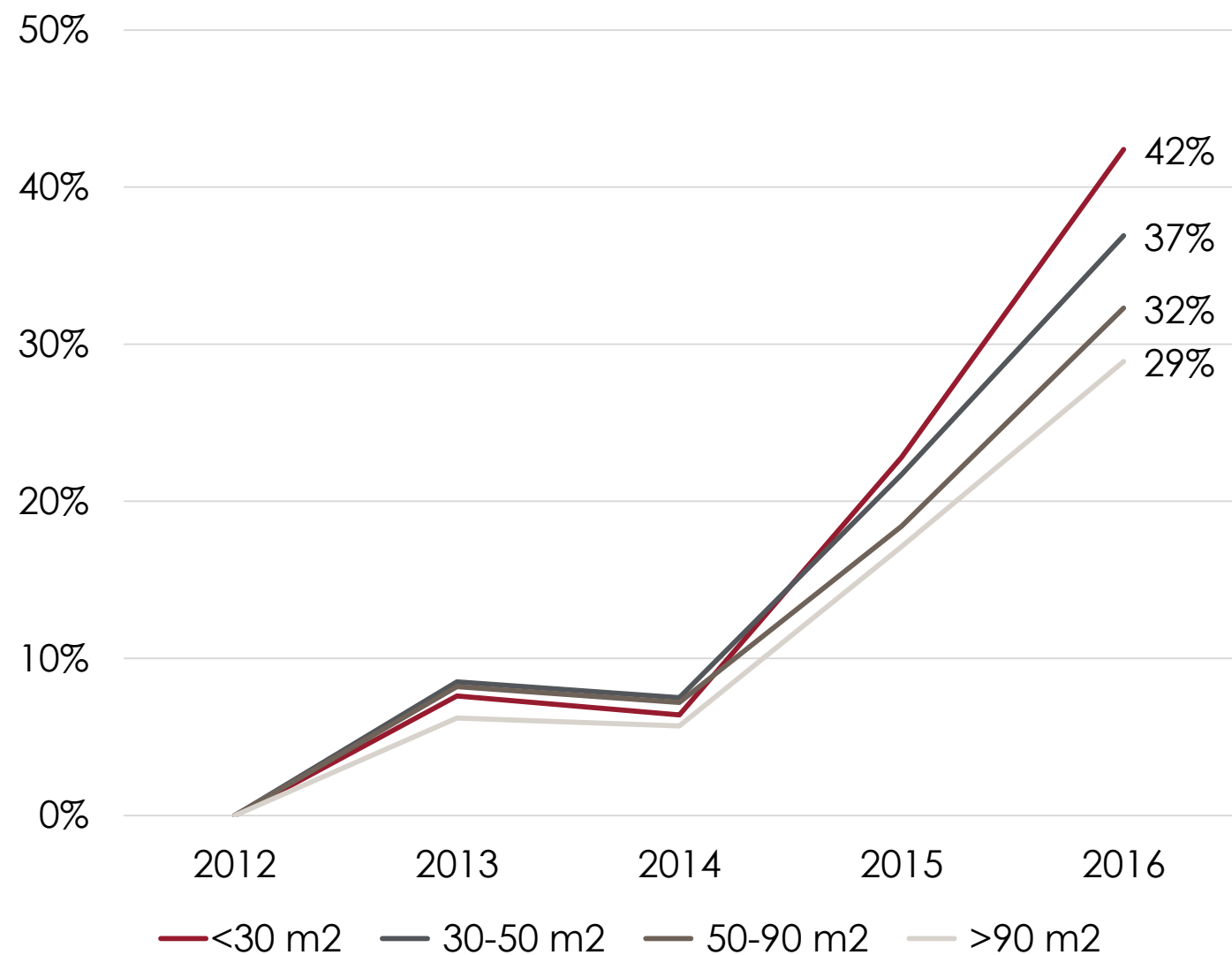
SELVAAG BOLIG HAS MORE THAN 130 UNITS AVAILABLE FOR SALE (~35% MARKET SHARE)

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

Price development in Oslo

Highest price increase for small apartments

Price development

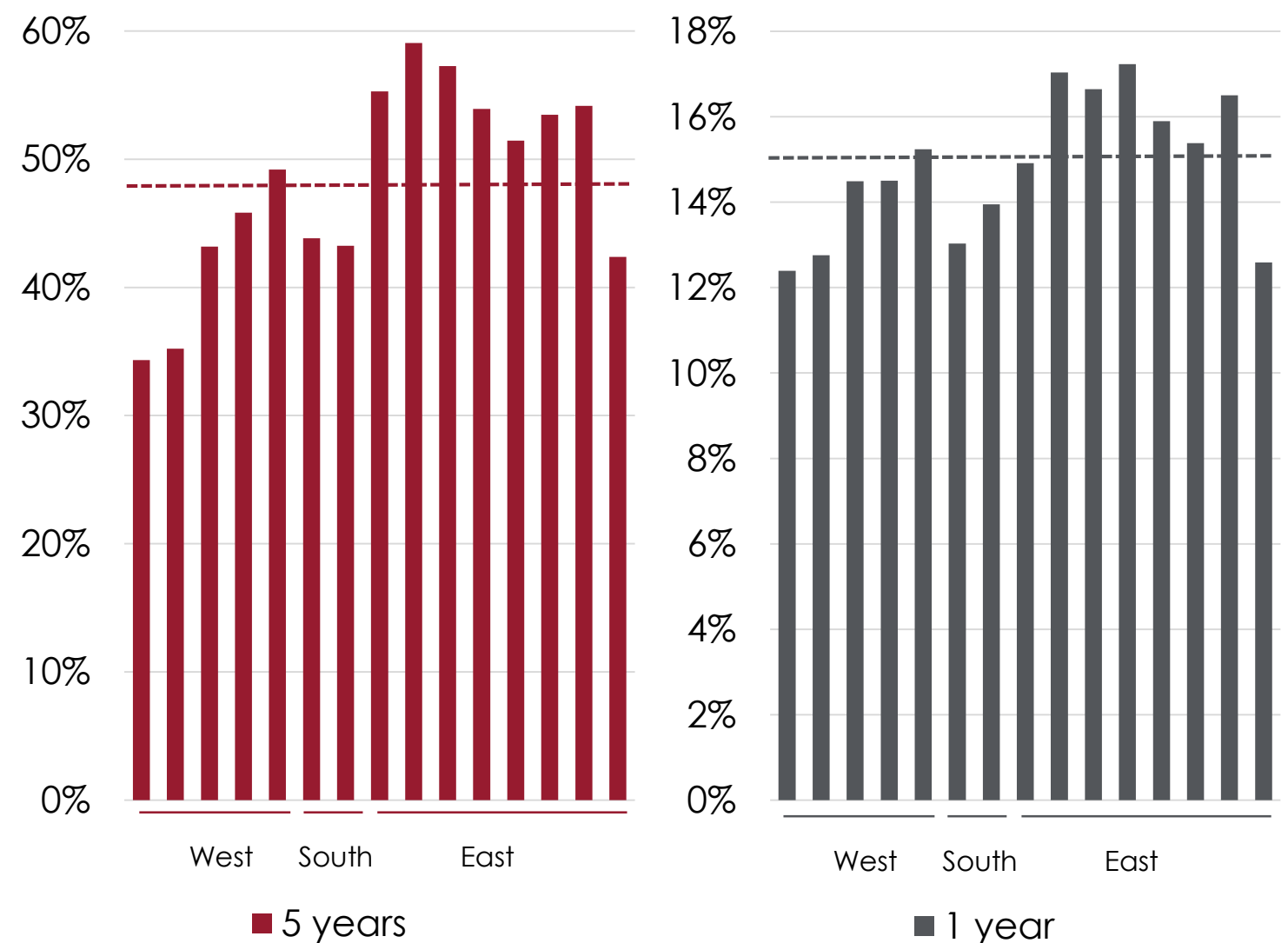


All second hand apartments in Oslo, 2011-2016. Average prices per year (August-August)

Source: Eiendomsverdi and Eiendom Norge

Highest price increase in Oslo East

Price development



15 Oslo districts, July 2011-July 2016

22-month price growth Nybyen, Økern

Example: 44 m², 1 bedroom apartment

Prices include underground parking



Total: 403 units | 2-4 rooms | 41-127 m²
264 of 316 units sold per 15 August 2016

Time from acquisition to sales start: 9 months

NOK 195m acquisition January '14

Sales start Oct. '14

22-month price growth Nybyen, Økern

All apartments

Prices include underground parking



Total: 403 units | 2-4 rooms | 41-127 m²
264 of 316 units sold per 15 August 2016

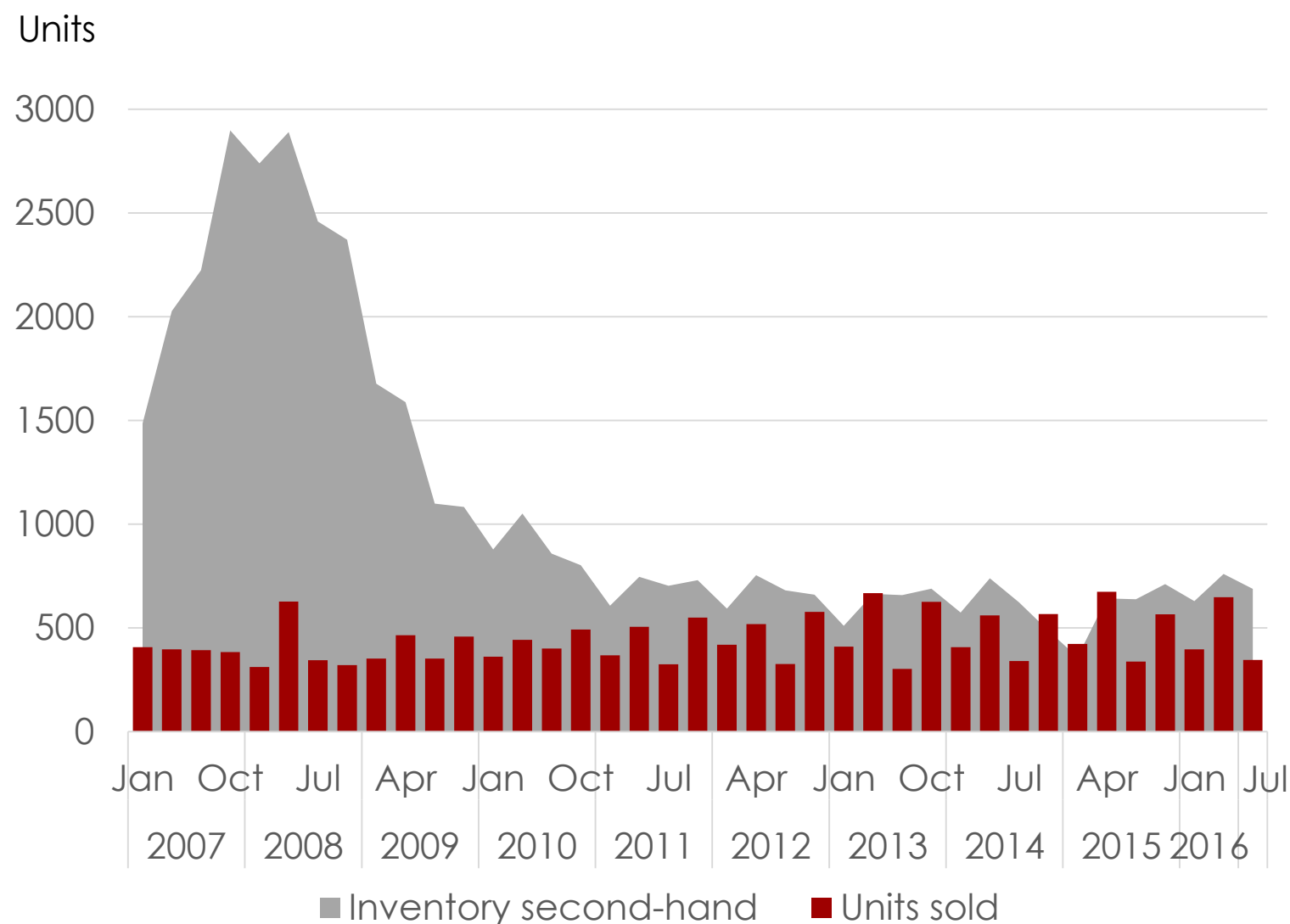
Time from acquisition to sales start: 9 months

NOK 195m acquisition January '14

Sales start Oct. '14

Sound supply/demand in Bergen

Bergen, July 2007-2016



■ July 2016 sum-up

SECOND HAND – AVERAGE

- Sales price: NOK 45 800 per m²
- Turnover time: 31 days
- Price increase July: 0.5%
- Price increase last 12 months: 4.0%
- Units available for sale (31.07): ~700

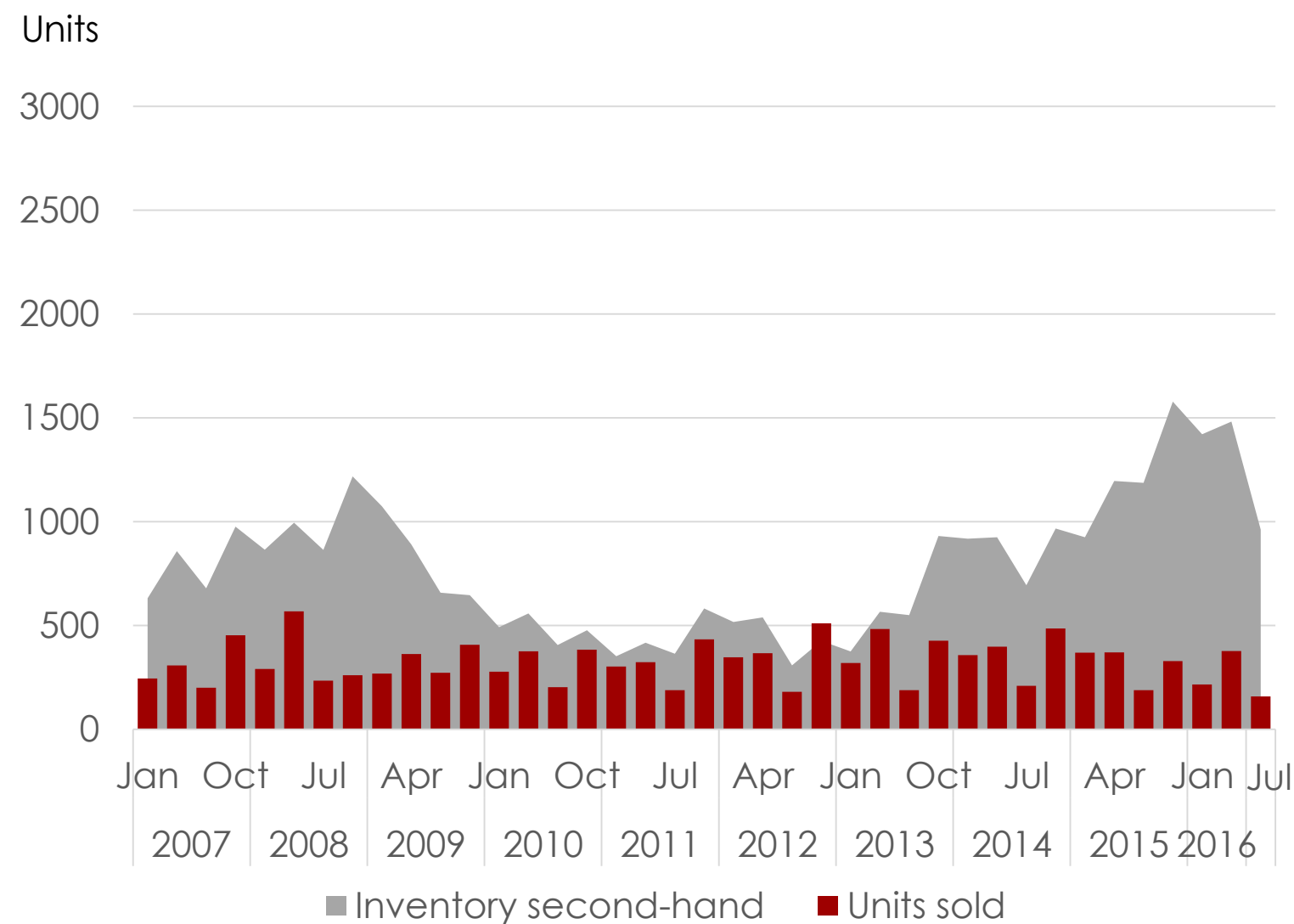
NEW HOMES (NOT BUILT)

- Units available for sale (31.07): ~750

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

High supply and low demand in Stavanger

Stavanger area, July 2007-2016



■ July 2016 sum-up

SECOND HAND (STAVANGER ONLY) – AVERAGE

- Sales price: NOK 38 346 per m²
- Turnover time: 130 days
- Price decrease July: 0.6%
- Price decrease last 12 months: 6.3%
- Units available for sale (31.07): ~525

NEW HOMES (NOT BUILT)

- Units available for sale (31.07): ~350

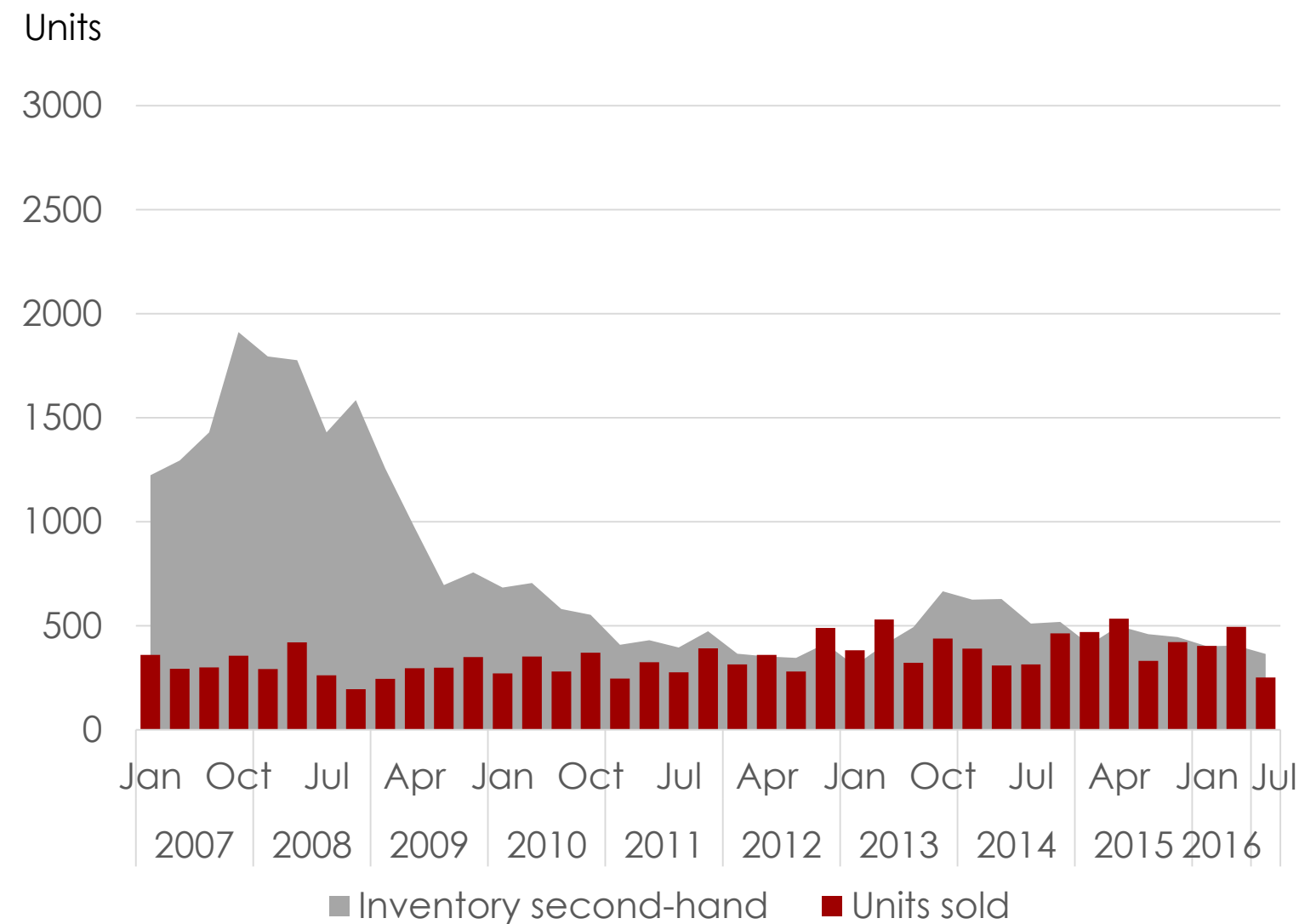
Second hand market: Stavanger, Sola, Randaberg and Sandnes

New homes market: Stavanger

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

Sound supply/demand in Trondheim

Trondheim, July 2007-2016



■ July 2016 sum-up

SECOND HAND – AVERAGE

- Sales price: NOK 46 810 per m²
- Turnover time: 30 days
- Price increase July: 1.0%
- Price increase last 12 months: 7.4%
- Units available for sale (31.07): ~350

NEW HOMES (NOT BUILT)

- Units available for sale (31.07): ~700

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

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- **Outlook and summary**

Positive overall outlook for Selvaag Bolig

- Strong demand in core markets
- SBO well positioned
- High sales activity indicates high future revenues
- 1 344 units under construction
 - Sales value NOK ~ 5 billion
- Focus on acquiring new land and refining existing land for development



Tiedemannsbyen, Oslo

Summary

- Extraordinary strong Oslo market
- All time high sales
- Strong results and margins
- Proposed dividend of NOK 0.65 per share for 1H'16



Lørenporten, Oslo

Thank you for your attention – follow us online!

Next event:
3rd quarter 10 November 2016



@SelvaagAksjen



Appendix

Share performance since IPO in June 2012



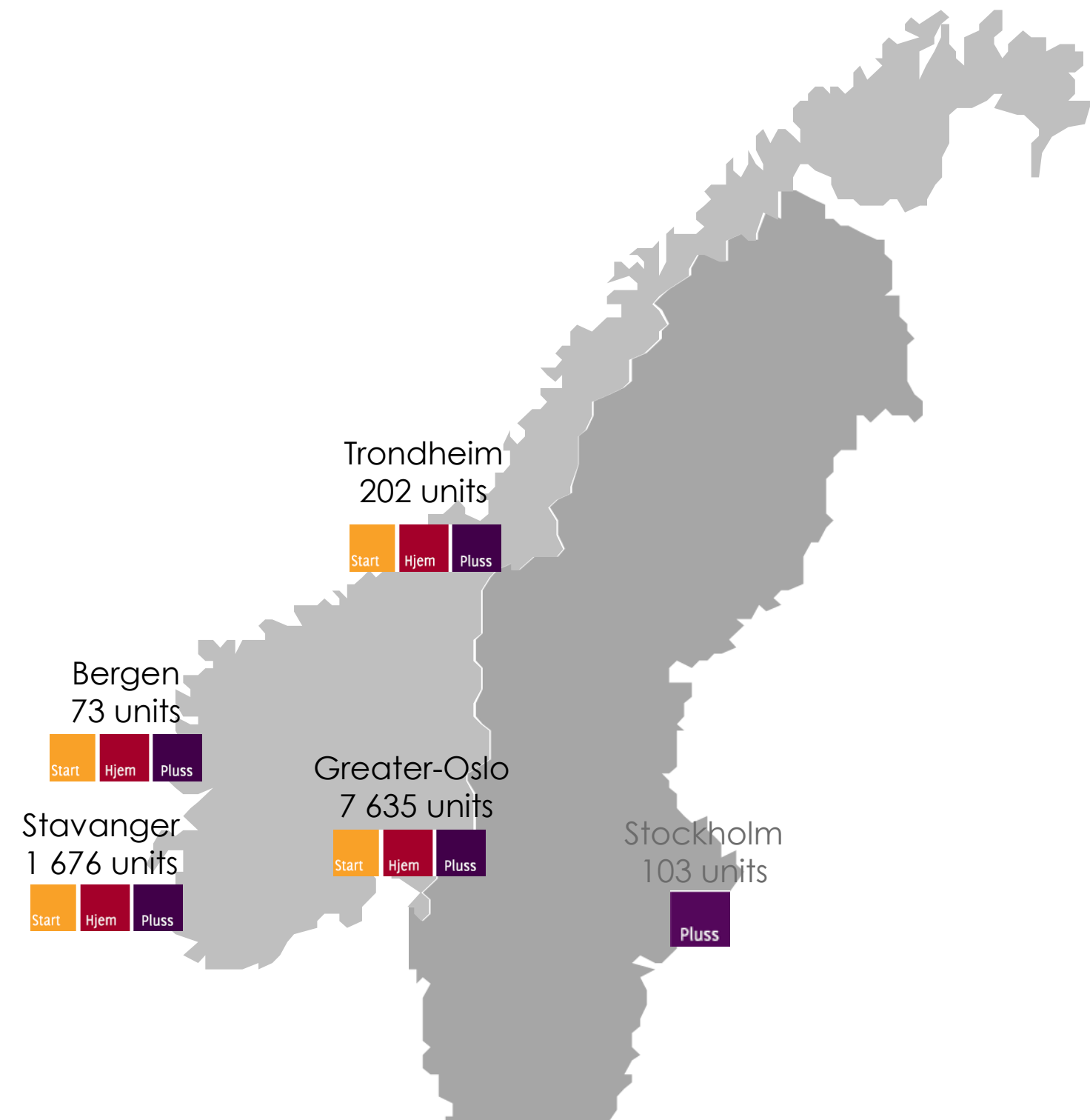
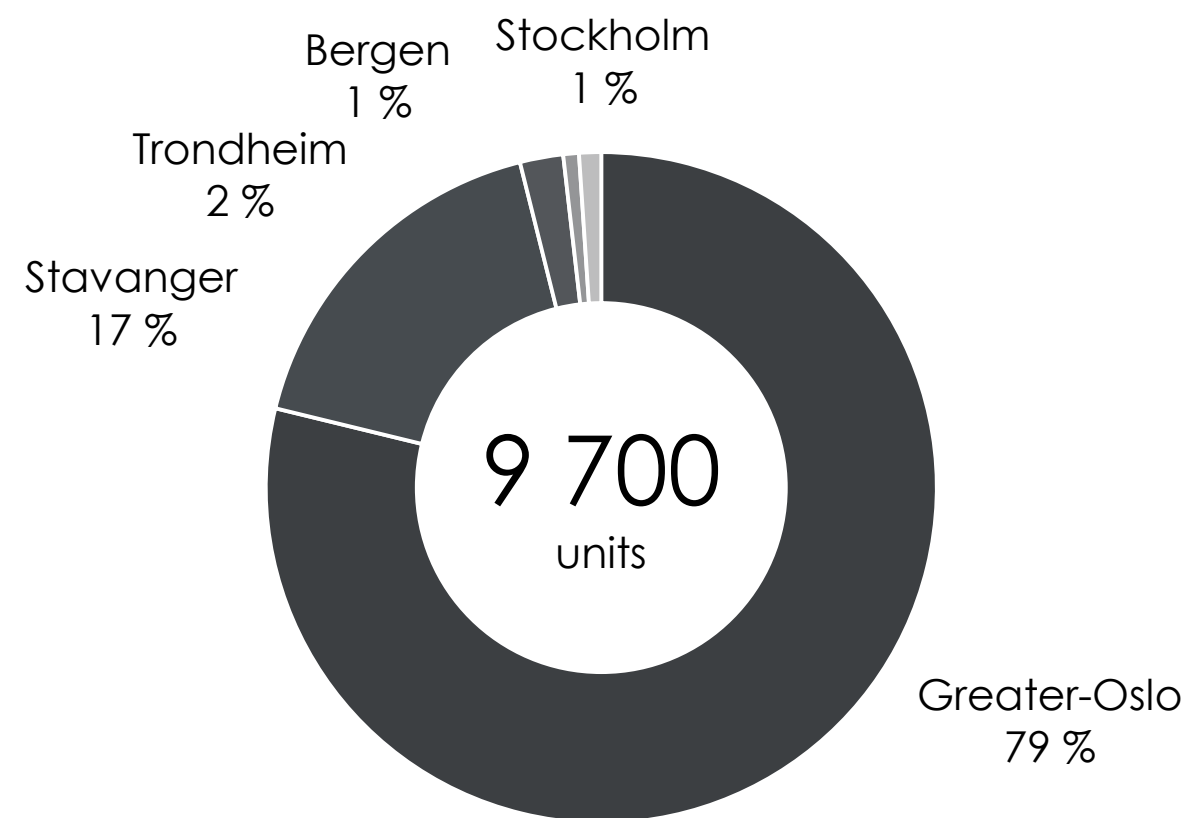
Source: Oslo Børs

Largest shareholders at 30 June 2016

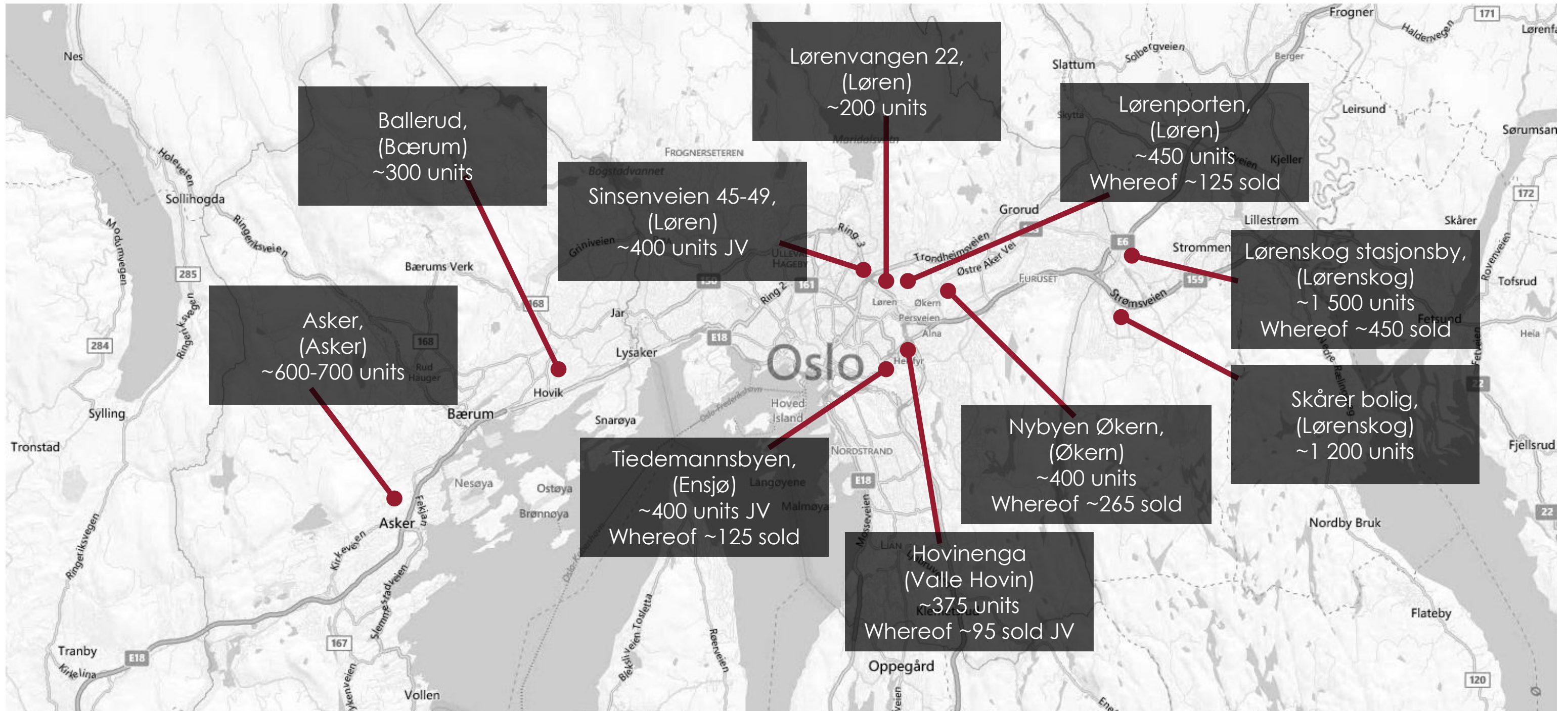
Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5%
SKANDINAVISKA ENSKILDA BANKEN AB *)	6 404 003	6.8%
MORGAN STANLEY & CO. INTERNATIONAL *)	2 771 012	3.0%
PARETO AS *)	2 065 624	2.2%
MP PENSJON PK	1 609 820	1.7%
VERDIPAPIRFONDET PARETO INVESTMENT	1 596 000	1.7%
J.P. MORGAN CHASE BANK N.A. LONDON *)	1 442 874	1.5%
FLPS - ALL SECTOR SUB	1 424 140	1.5%
HOLTA INVEST AS	1 200 000	1.3%
THE BANK OF NEW YORK MELLON *)	1 092 671	1.2%
STOREBRAND NORGE I	1 016 944	1.1%
US BK EVERMORE GLO VAL FUND	892 805	1.0%
STATE STREET BANK AND TRUST CO. *)	889 439	0.9%
HOLBERG NORDEN	840 000	0.9%
FIDELITY SELECT PORTFOLIOS: FIDELI	759 800	0.8%
JPMORGAN CHASE BANK NA, LONDON *)	744 073	0.8%
UTHALDEN A/S	622 306	0.7%
BANAN II AS	555 190	0.6%
MUSTAD INDUSTRIER AS	531 500	0.6%
DELPHI KOMBINASJON	452 056	0.5%
Total 20 largest shareholders	77 090 344	82.2%
Other shareholders	16 675 344	17.8%
Total number of shares	93 765 688	100.0%

*) Updated shareholder list and further information regarding nominee accounts is presented at: <http://sboasa.no/en/Aksjeinformasjon/Aksjonarer.aspx>

Focus on growing urban areas

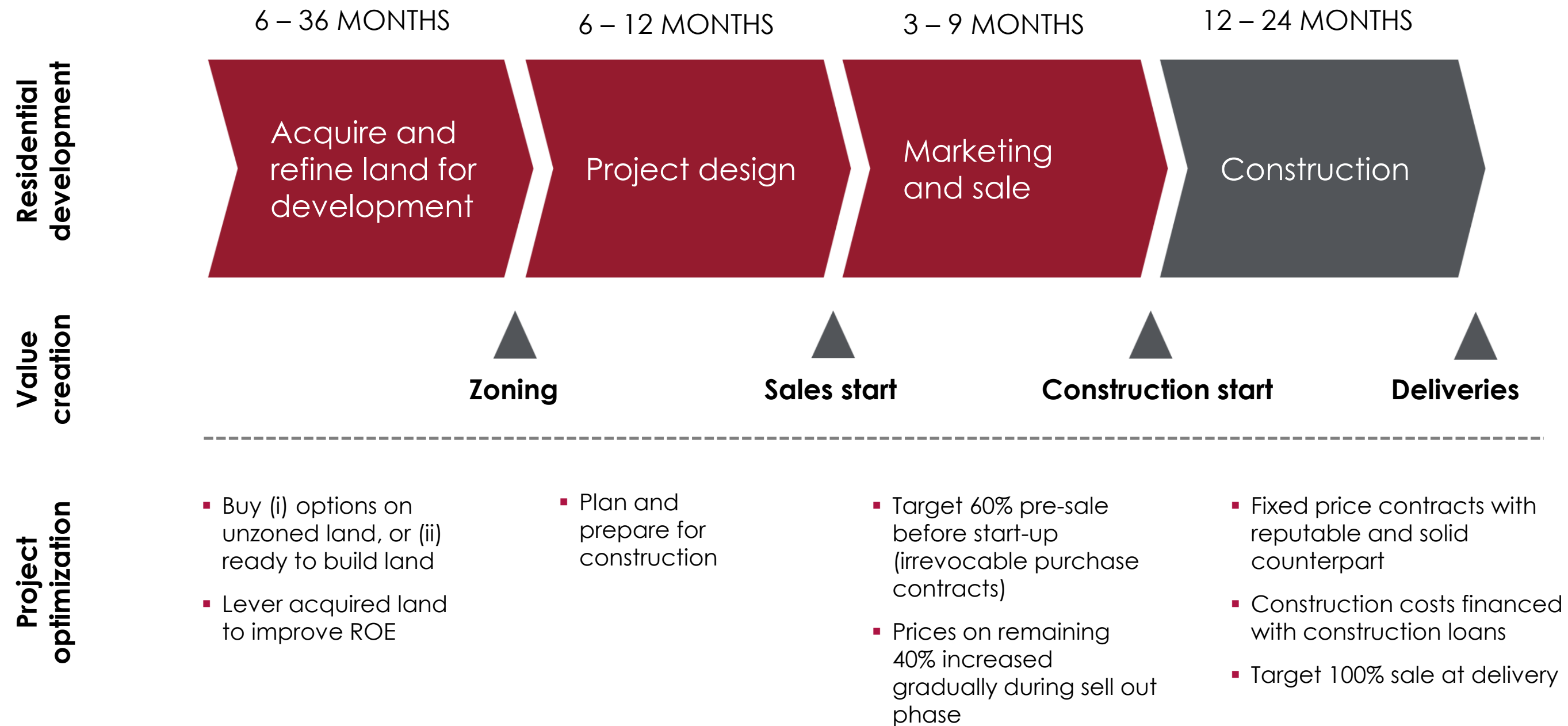


Selected projects in Oslo 2016 →

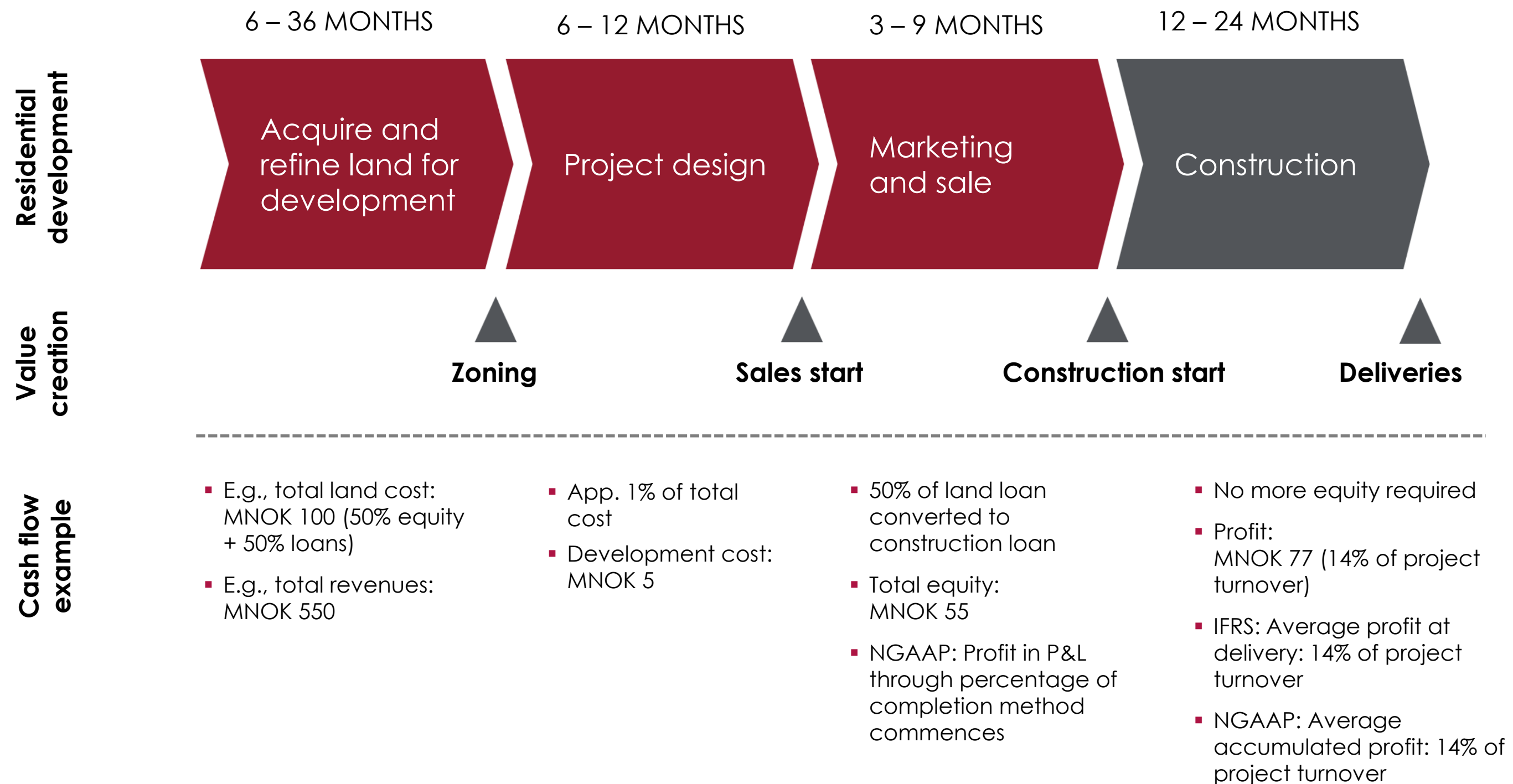


*Sales update August 2016

Value creation in Selvaag Bolig



Value creation and project cash flow



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

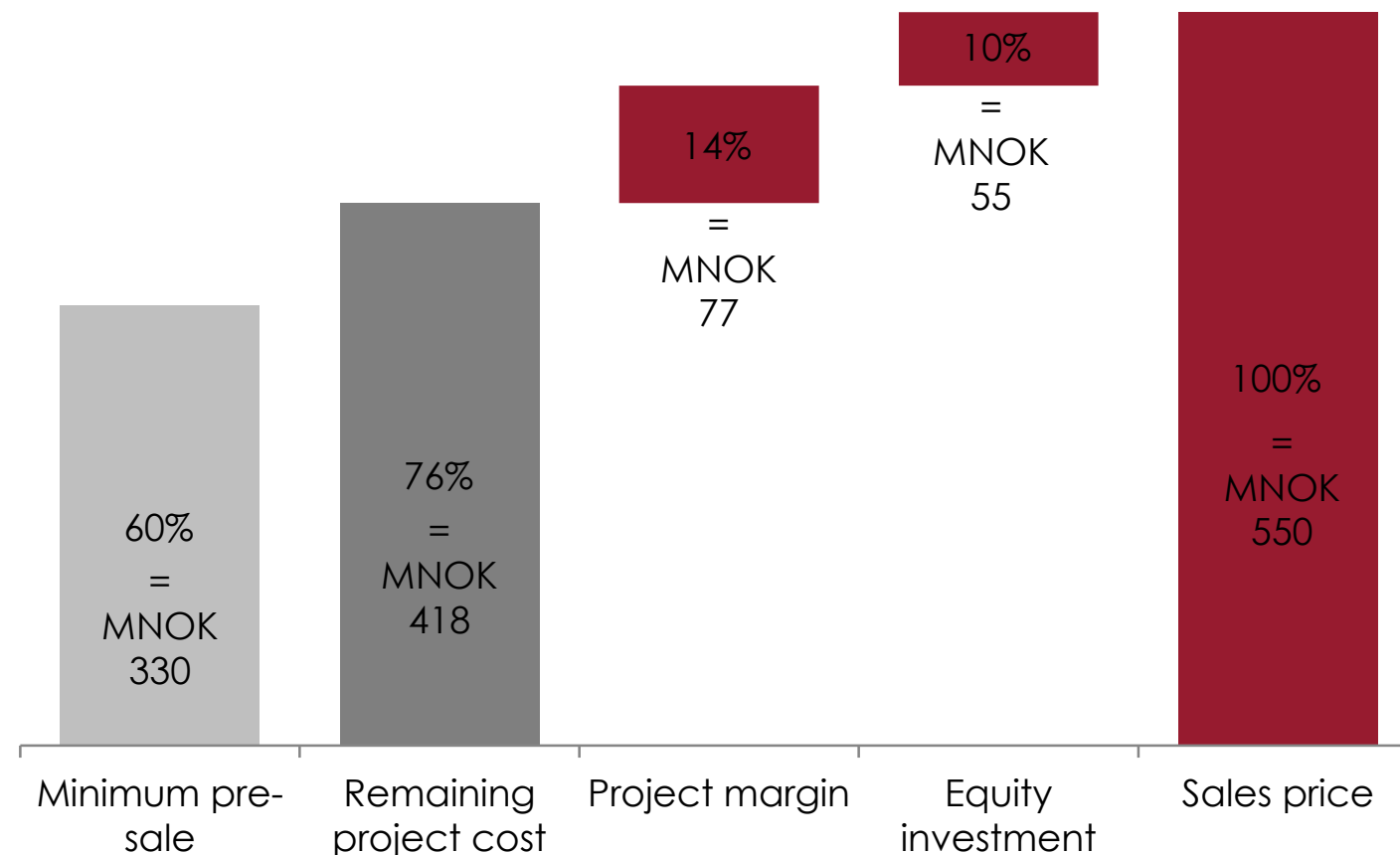
Selvaag Bolig – value proposition

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 remaining 40% a price reduction of 35% would recover equity
- 83% of units in production are sold at end Q2'16

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

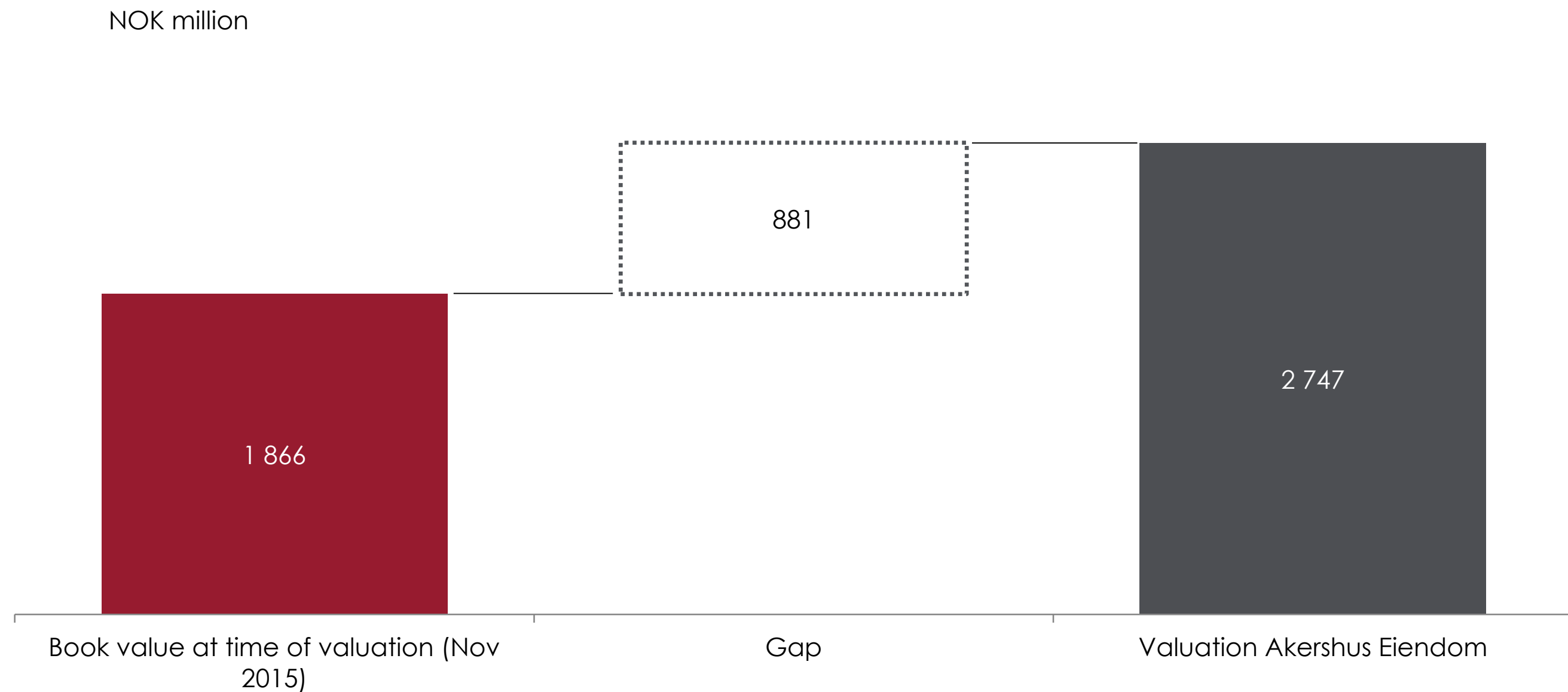
- Pre-sales of minimum 60% secures the majority of revenue before construction
- 10% of purchase price paid by the buyer at point of sale, and proof of financing for the remaining amount is required

4 Fixed price construction contract

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

Independent land bank valuation from Q4 2015

Book value vs. external valuation



Income statement IFRS

(figures in NOK million)	Q2 2016	Q2 2015	2015
Total operating revenues	1 104.0	830.0	3 246.0
Project expenses	(918.9)	(659.2)	(2 608.5)
Other operating expenses	(55.2)	(50.7)	(217.4)
Other gains (loss)	-	-	-
Associated companies and joint ventures	(2.7)	3.4	8.3
EBITDA	127.2	123.5	428.4
Depreciation and amortisation	(6.0)	(6.0)	(24.1)
EBIT	121.1	117.5	404.3
Net financial expenses	(7.7)	(7.2)	(33.1)
Profit/(loss) before taxes	113.4	110.4	371.2
Income taxes	(29.3)	(29.9)	(91.8)
Net income	84.1	80.5	279.4
Net income for the period attributable to:			
Non-controlling interests	(0.4)	(0.2)	(1.8)
Shareholders in Selvaag Bolig ASA	83.9	80.6	284.2

Cash Flow statement

(figures in NOK million)

	Q2 2016	Q2 2015	2015
Net cash flow from operating activities	468.5	(60.8)	465.9
Net cash flow from investment activities	(7.5)	(11.8)	(15.5)
Net cash flow from financing activities	(188.2)	(120.5)	(344.1)
Net change in cash and cash equivalents	272.8	(193.1)	106.4
Cash and cash equivalents at start of period	607.7	663.3	565.9
Cash and cash equivalents at end of period	880.5	470.2	672.3

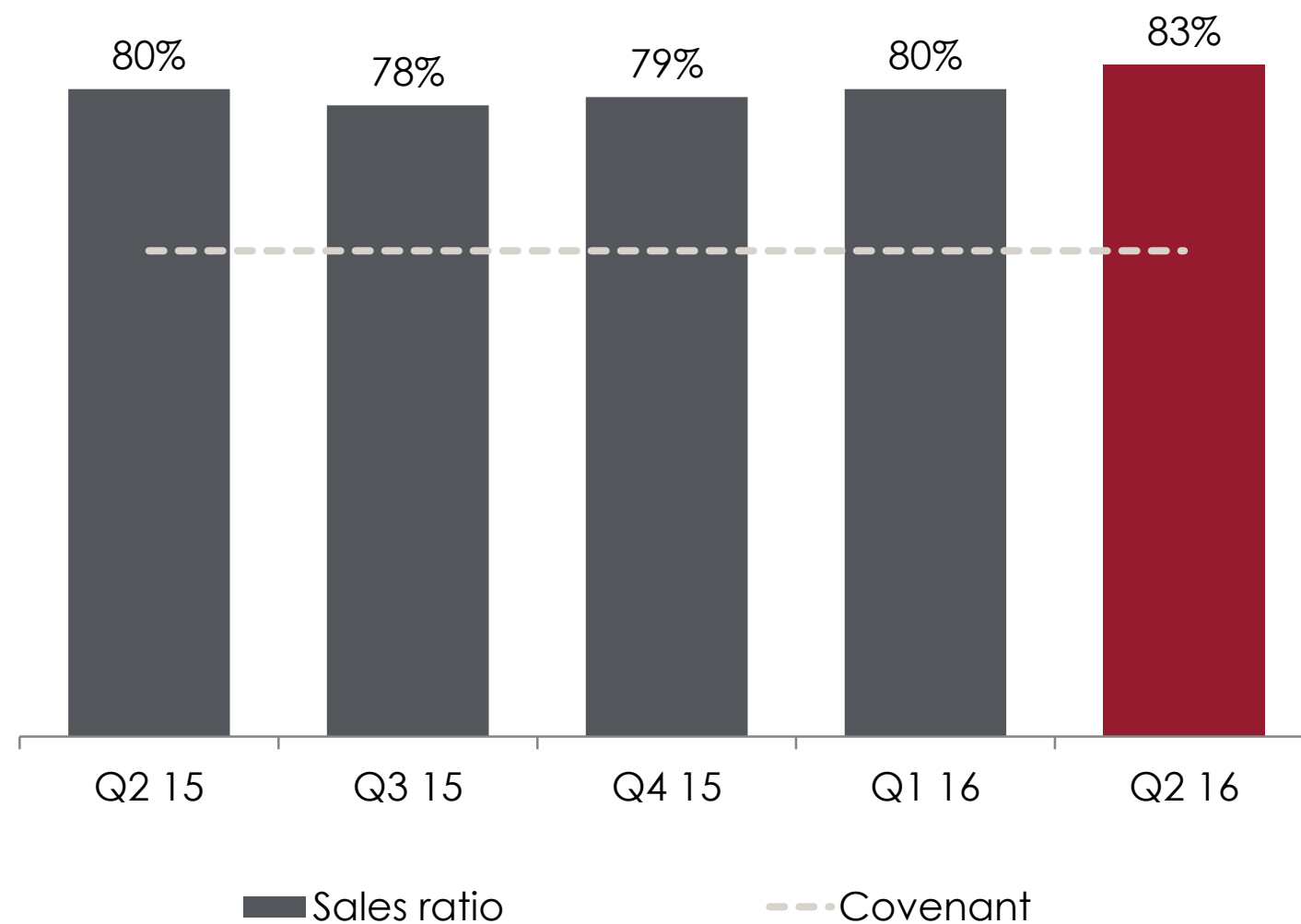
Balance sheet

(figures in NOK million)

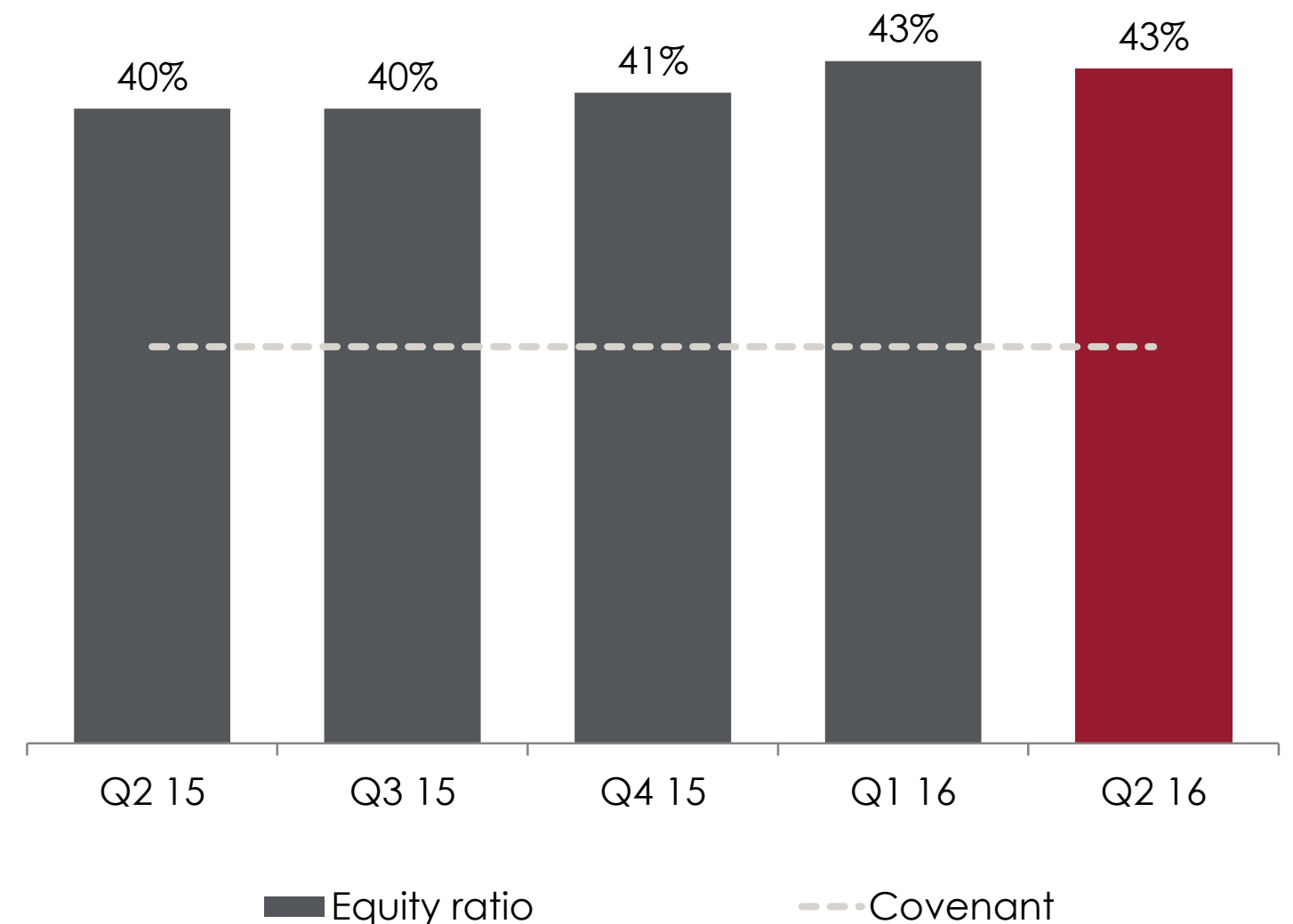
	Q2 2016	Q2 2015	2015
Intangible assets	388.0	406.4	397.2
Property, plant and equipment	17.4	22.6	20.3
Investments in associated companies and joint ventures	180.1	209.0	183.4
Other non-current assets	126.8	123.5	114.6
Total non-current assets	712.2	761.5	715.5
Inventories (property)	4 286.6	4 695.3	4 715.4
- Land	1 542.9	1 871.2	1 968.8
- Work in progress	2 370.6	2 546.0	2 368.5
- Finished goods	373.1	278.1	378.1
Other current receivables	232.9	350.1	147.9
Cash and cash equivalents	880.5	470.2	672.3
Total current assets	5 400.1	5 515.6	5 535.5
TOTAL ASSETS	6 112.3	6 277.1	6 251.1
Equity attributed to shareholders in Selvaag Bolig ASA	2 590.5	2 472.6	2 539.6
Non-controlling interests	9.2	14.5	9.6
Total equity	2 599.7	2 487.1	2 549.2
Non-current interest-bearing liabilities	1 648.6	2 018.5	1 846.7
Other non-current non interest-bearing liabilities	260.2	308.4	262.2
Total non-current liabilities	1 908.8	2 326.9	2 108.9
Current interest-bearing liabilities	686.2	748.9	771.3
Other current non interest-bearing liabilities	917.6	714.2	821.7
Total current liabilities	1 603.8	1 463.1	1 593.0
TOTAL EQUITY AND LIABILITIES	6 112.3	6 277.1	6 251.1

In compliance with financial covenants

Sales ratio covenant (minimum 60.0%)



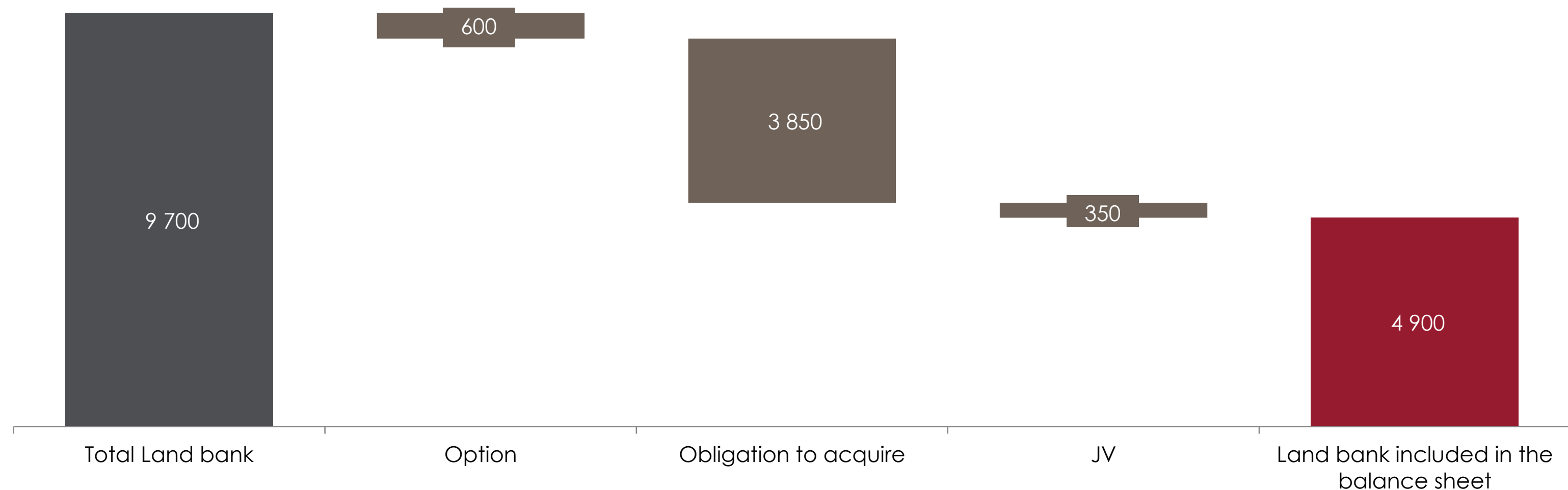
Equity ratio covenant (minimum 25.0%)



Substantial portfolio for development

Total land bank portfolio at 30 June 2016

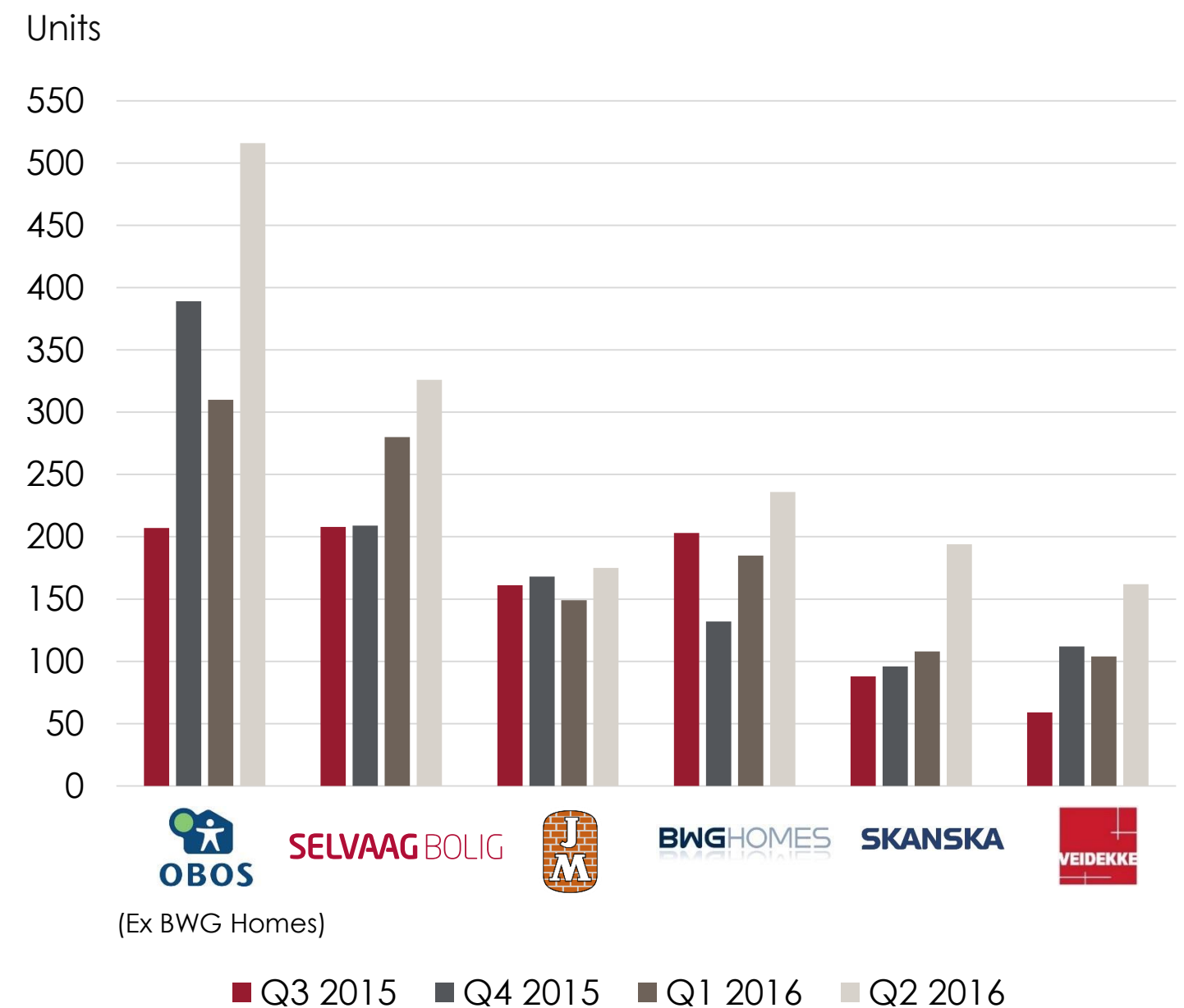
Units



Strong overall sales

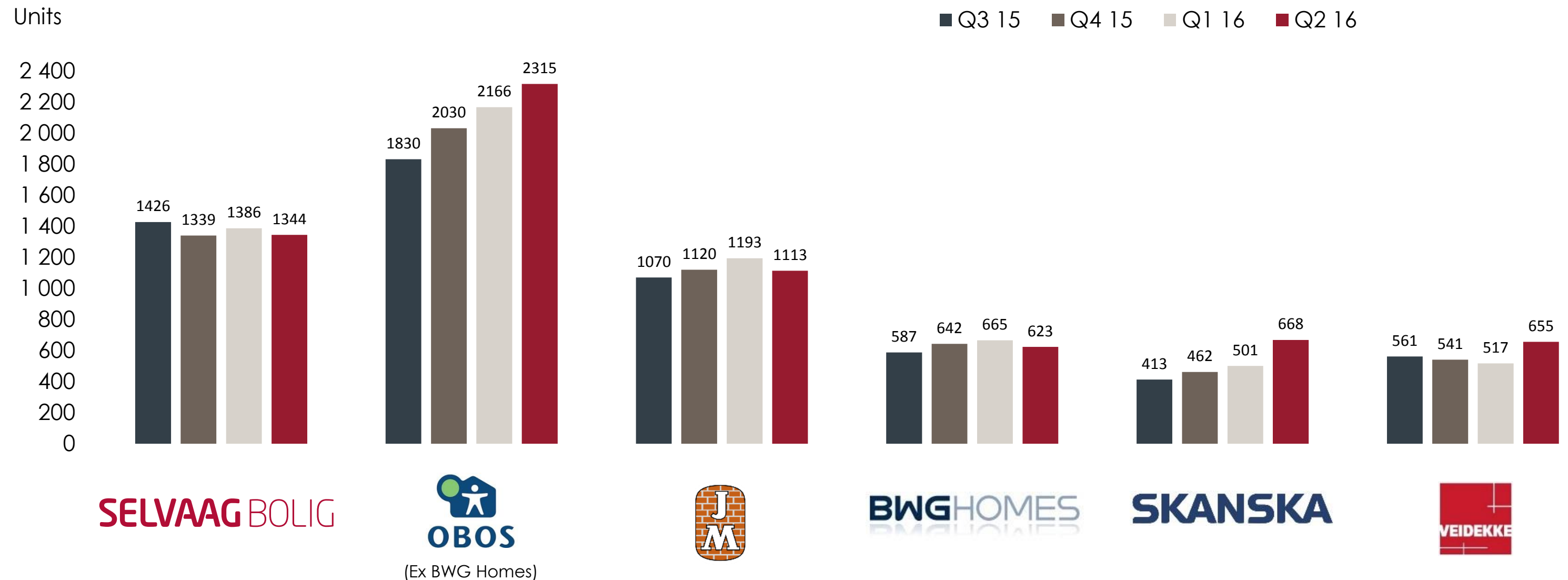
- High sales reflect Selvaag Bolig's competitive prices and defined housing strategy
 - All construction activity put out to competitive tender
 - Large land bank in fast growing urban areas
- Selvaag Bolig average price in Q2 2016: NOK 4.2m

Sales activity vs. peers last 4 quarters



Maintaining strong market position

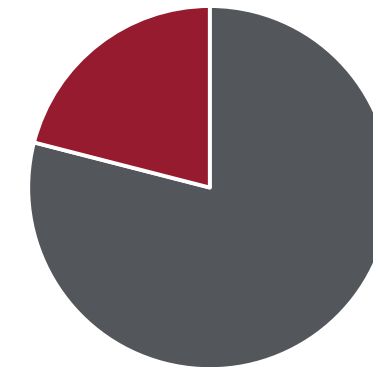
Units under construction vs. peers (net figures)



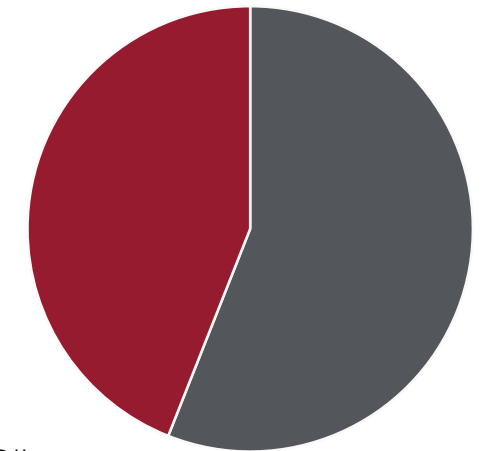
Market presence as of Q4 15

All core markets

2015 (actual)



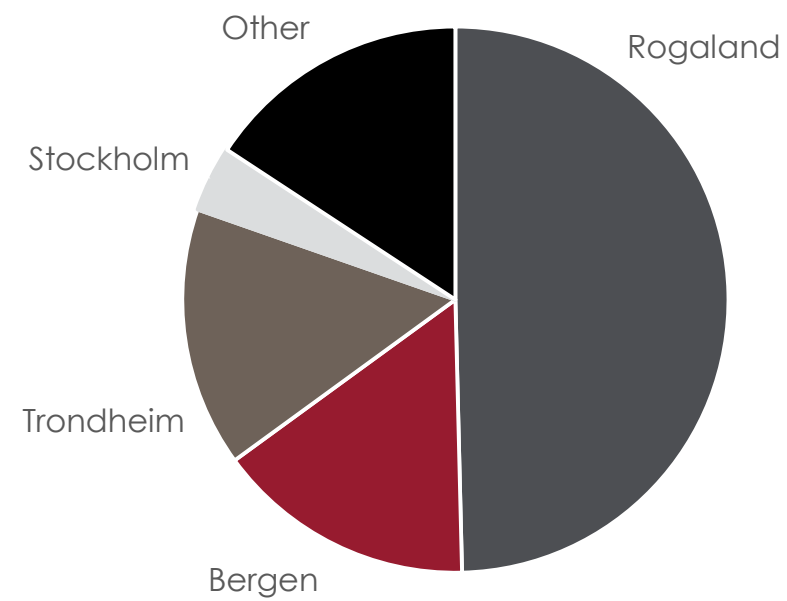
Future (indicative)



■ Greater Oslo ■ Other areas

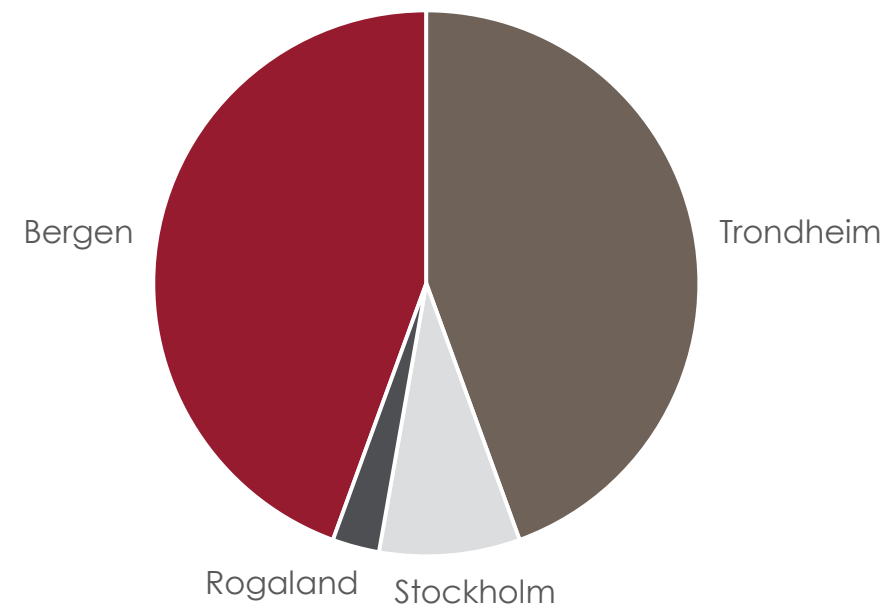
Core markets outside Greater Oslo

2012-2015 (actual)



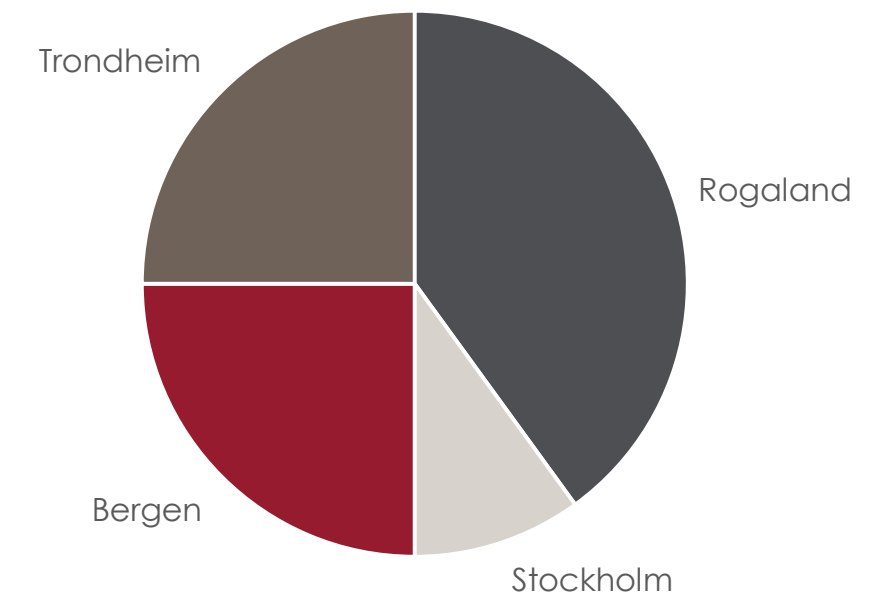
- Fragmented activity in 2012-2014
- Land purchases in core markets only

2016 (indicative)



- Bergen and Trondheim key markets
- Marginal sales in Rogaland

Future (indicative)



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

Construction starts in the quarter

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



Operational highlights – key operating figures

	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16
Number of units sold	210	208	209	280	326
Number of construction starts	199	204	171	230	253
Number of units completed	190	172	258	183	295
Number of units delivered	232	202	235	179	307
Number of units under construction	1 394	1 426	1 339	1 386	1 344
Proportion of sold units under construction	80%	78%	79%	80%	83%
Number of completed unsold units	31	25	65	58	54
Sales value of units under construction (NOK million)	4 909	5 077	4 740	5 031	5 075
Number of employees	99	99	99	100	100

IFRS EBITDA Q2 2016

(figures in NOK million)	Property development	Other	Total
IFRS EBITDA for the quarter, per segment			
Operating revenues	1 096.2	7.8	1 103.9
Project expenses	(918.0)	(0.9)	(918.9)
Other operating expenses	(16.4)	(38.8)	(55.2)
Share of income (losses) from associated companies and joint ventures	(2.7)	-	(2.7)
Other gain (loss), net	-	-	-
EBITDA	159.1	(31.9)	127.2

Operational reporting Q2 2016

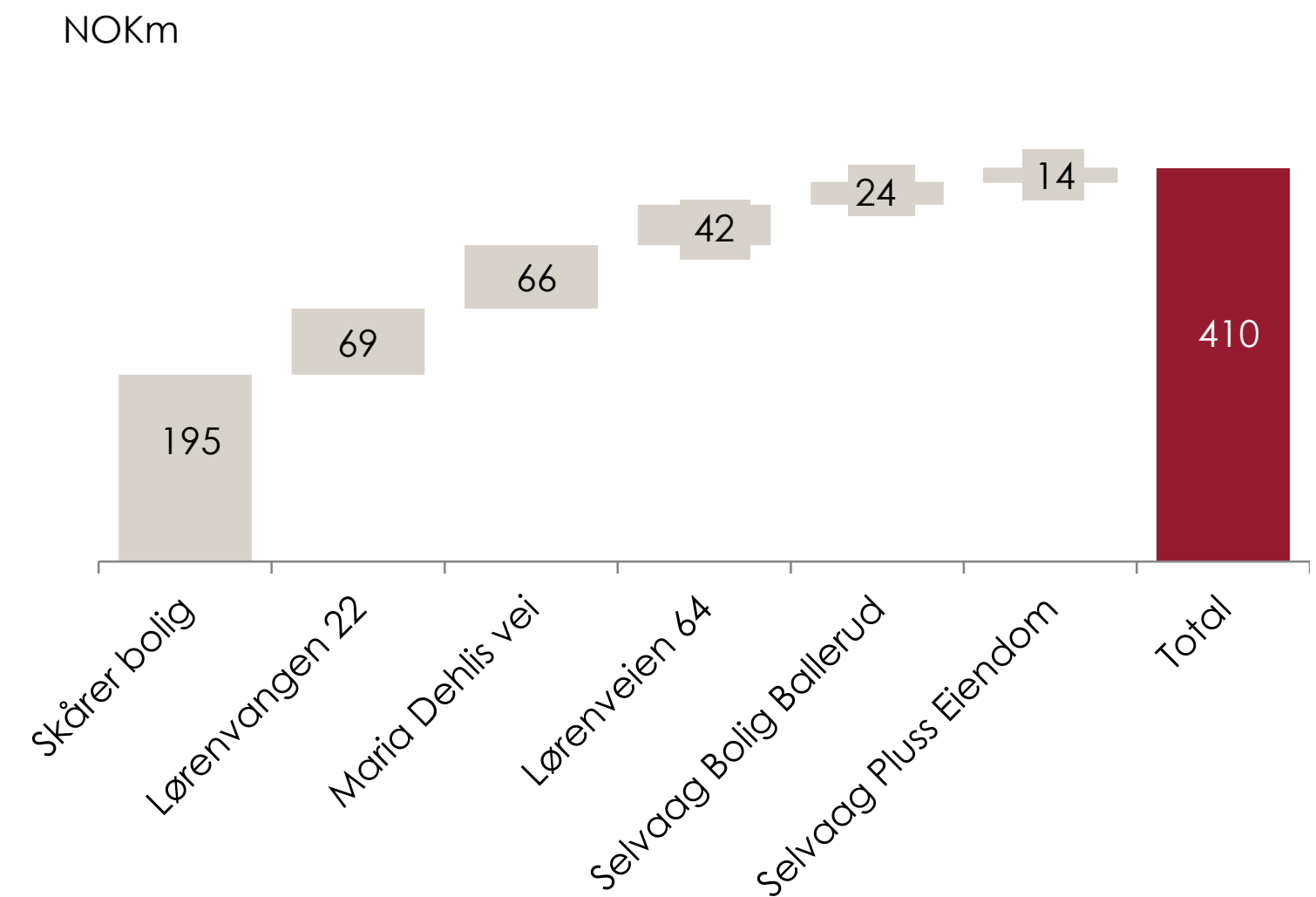
(figures in NOK million)	Property development	Other	Total
Operating revenues	800.6	7.8	808.3
Project expenses	(616.8)	(0.9)	(617.7)
Other operating expenses	(16.4)	(38.8)	(55.2)
EBITDA (percentage of completion)	167.4	(31.9)	135.4

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

Land loan interests on the P&L

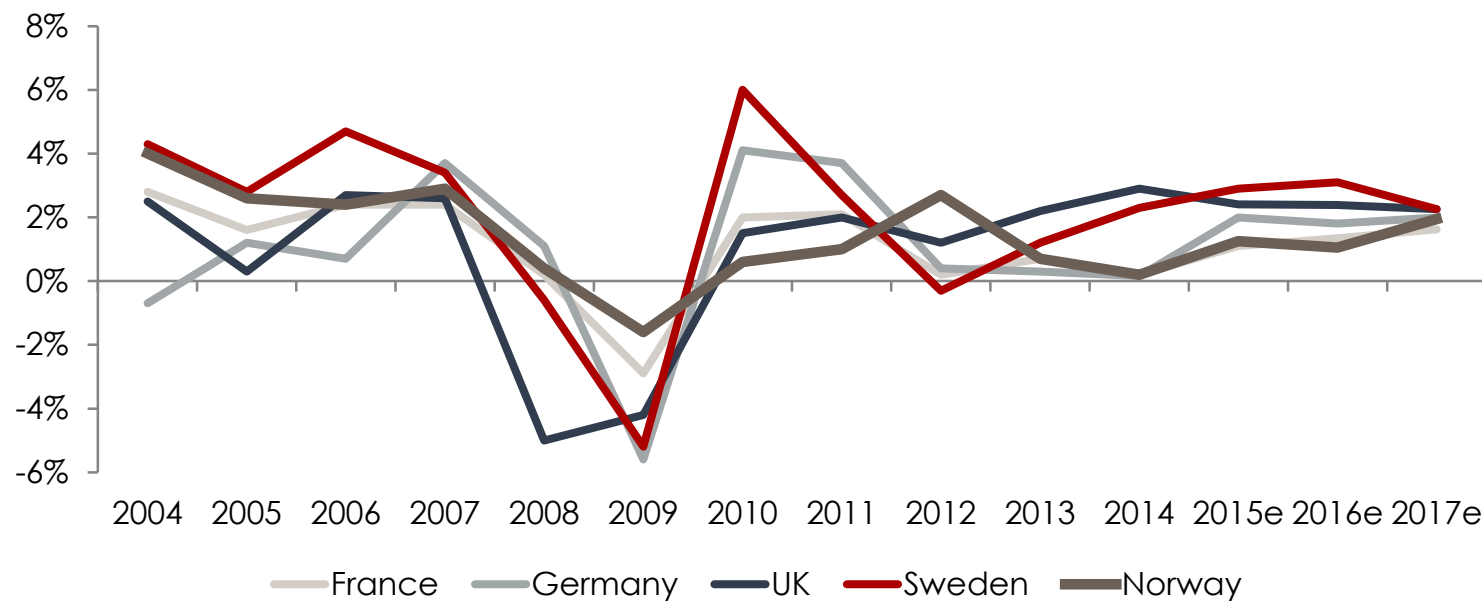
- Total land loans are NOK 927 million of which NOK 517 million are loans where interest cost are activated
- Land loan interests activated at regulation
- At 30 June interests connected to land loans of NOK 410 million was charged on the P&L

Loans recognised in profit and loss at 30.06.2016

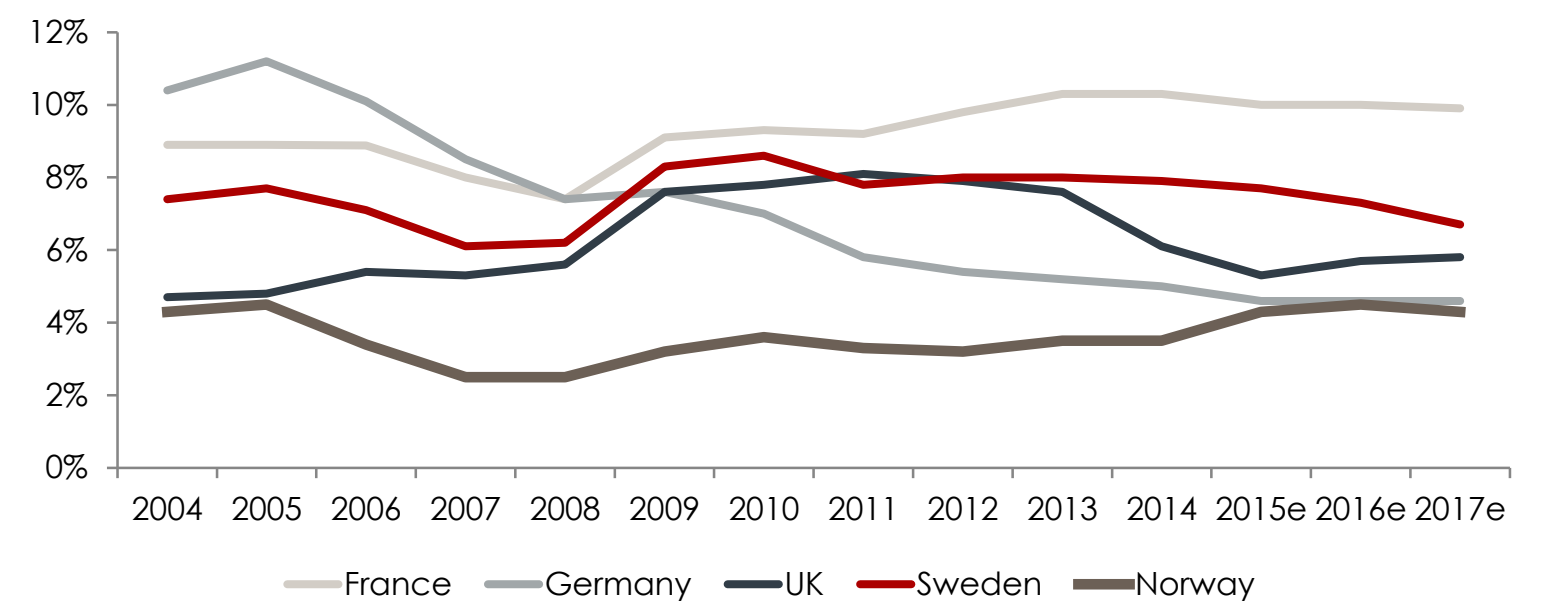


Norway: A robust economy

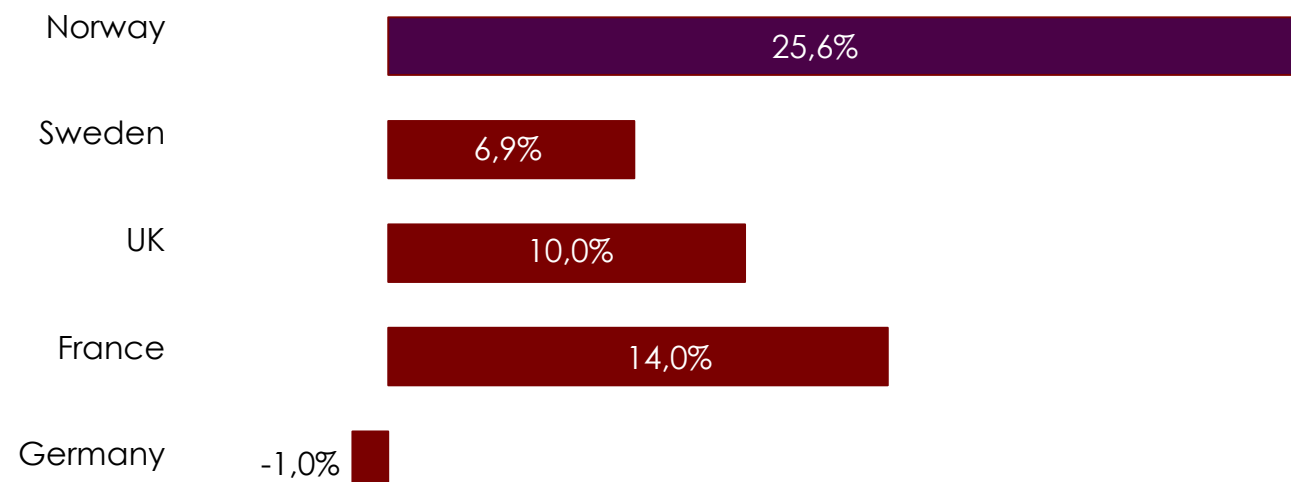
GDP growth 2004 - 2017e



Unemployment 2004 - 2017e



Population growth 2011 - 2030e



Public net debt/GDP 2004 - 2017e

