

**Q4  
2016**

# Fourth quarter results



**SELVAAG BOLIG**

**Start** **Hjem** **Pluss**

## Highlights of the fourth quarter 2016

- Operating revenues of NOK 886 million (NOK 882 million)
- Adjusted EBITDA\* of NOK 170 million (NOK 133 million) and ordinary EBITDA of NOK 134 million (NOK 95 million)
- 161 units sold (209) and sales started for 171 (191)
- Construction started on 196 units (171)
- 255 units completed (258) and 254 delivered (235)
- A total of 1 356 units (1 339) under construction at 31 December, with 85 per cent (79 per cent) of these sold at a combined sales value of NOK 5 709 million (NOK 4 740 million)
- 98 per cent of units to be completed in 2017 are sold, 87 per cent of 2018 completions are sold
- Entered into a purchase agreement for the Fornebu Sentrum site in a 50-50 collaboration with the Mohn family
- The board proposes a dividend of NOK 0.95 per share for the second half of 2016. That will make the total dividend for the year NOK 1.60 per share

(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)              | Q4 2016   | Q4 2015   | 2016      | 2015      |
|-------------------------------------|-----------|-----------|-----------|-----------|
| <b>IFRS main figures</b>            |           |           |           |           |
| Operating revenues                  | 885 535   | 881 951   | 3 000 347 | 3 246 042 |
| EBITDA                              | 134 173   | 95 388    | 413 964   | 428 421   |
| EBITDA adjusted*                    | 170 059   | 133 263   | 514 368   | 538 949   |
| Operating profit/(loss)             | 132 356   | 89 231    | 393 903   | 404 336   |
| Profit/(loss) before taxes          | 127 450   | 80 598    | 364 582   | 371 188   |
| Cash flow from operating activities | 77 021    | 149 305   | 440 267   | 465 907   |
| Net cash flow                       | 142 886   | (132 309) | 213 909   | 106 354   |
| Interest-bearing liabilities        | 2 573 341 | 2 618 017 | 2 573 341 | 2 618 017 |
| Total assets                        | 6 408 662 | 6 251 065 | 6 408 662 | 6 251 065 |
| Equity                              | 2 699 172 | 2 549 192 | 2 699 172 | 2 549 192 |
| Equity ratio                        | 42.1%     | 40.8%     | 42.1%     | 40.8%     |
| Earnings per share in NOK           | 1.24      | 0.72      | 3.21      | 3.00      |
| <b>Segment reporting (NGAAP):</b>   |           |           |           |           |
| Operating revenues                  | 946 870   | 718 196   | 3 511 223 | 3 229 064 |
| EBITDA**                            | 213 479   | 104 648   | 683 492   | 492 385   |
| EBITDA margin                       | 22.5%     | 14.6%     | 19.5%     | 15.2%     |
| <b>Key figures:</b>                 |           |           |           |           |
| Number of units sold                | 161       | 209       | 1 044     | 935       |
| Number of construction starts       | 196       | 171       | 902       | 858       |
| Number of units delivered           | 254       | 235       | 869       | 893       |
| Number of units completed           | 255       | 258       | 836       | 828       |

\* 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)   | Q4 2016          | Q4 2015          | 2016               | 2015               |
|--|------------------|------------------|--------------------|--------------------|
| <b>Total operating revenues</b>  | <b>885 535</b>   | <b>881 951</b>   | <b>3 000 347</b>   | <b>3 246 042</b>   |
| Project expenses   | (677 035)        | (715 993)        | (2 379 746)        | (2 608 499)        |
| Other operating expenses, salaries and personnel cost, depreciation and amortisation | (70 907)         | (65 336)         | (251 273)          | (241 533)          |
| Associated companies and other gains (loss)  | (5 237)          | (11 391)         | 24 575             | 8 326              |
| <b>Total operating expenses</b>  | <b>(753 179)</b> | <b>(792 720)</b> | <b>(2 606 444)</b> | <b>(2 841 706)</b> |
| <b>Operating profit</b>  | <b>132 356</b>   | <b>89 231</b>    | <b>393 903</b>     | <b>404 336</b>     |
| <b>Net financial expenses</b>  | <b>(4 906)</b>   | <b>(8 633)</b>   | <b>(29 321)</b>    | <b>(33 148)</b>    |
| <b>Profit before taxes</b>   | <b>127 450</b>   | <b>80 598</b>    | <b>364 582</b>     | <b>371 188</b>     |
| Income taxes   | (11 653)         | (13 062)         | (63 694)           | (91 828)           |
| <b>Net income</b>  | <b>115 797</b>   | <b>67 536</b>    | <b>300 888</b>     | <b>279 360</b>     |

## Results for the fourth quarter of 2016

(Figures in brackets relate to the corresponding period of 2015. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 885.5 million (NOK 882 million) in the fourth quarter. Revenues from units delivered accounted for NOK 808.2 million (NOK 870 million) of this total, while a commercial site was sold in Lørenskog for NOK 55 million. Other revenues derived from non-core activities, mainly rental of commercial premises.

A total of 254 units (235) were delivered in the quarter, with 252 (235) from consolidated project companies.

Project costs for the quarter totalled NOK 677 million (NOK 716 million), of which NOK 35.9 million (NOK 37.9 million) represented previously capitalised financial expenses. Total project expenses primarily represented construction costs for units delivered as well as costs in projects which did not qualify for capitalisation as inventory.

Operating costs excluding project costs and the share of results from associated companies totalled NOK 70.9 million (NOK 65.3 million) for the period. Payroll costs accounted for NOK 35.4 million (NOK 29.3 million) of this figure. A further NOK 7.4 million (NOK 6.8 million) in payroll costs related to housing under construction was capitalised during the period and will be expensed as project costs on future delivery. Other operating costs came to NOK 33.7 million (NOK 29.9 million) for the quarter, including NOK 13.8 million (NOK 13.8 million) for sales and marketing.

The share of results from associates and joint ventures was negative at NOK 5.3 million (NOK 11.4 million). The corresponding quarter of 2015 contained an impairment

charge of NOK 10 million. The rest of the decline reflected an increase in the number of part-owned projects where units remain to be delivered.

EBITDA adjusted for financial expenses included in project costs came to NOK 170.1 million (NOK 133.3 million), corresponding to a margin of 19.2 per cent (15.1 per cent). Ordinary EBITDA was NOK 134.2 million (NOK 95.4 million), corresponding to a margin of 15.2 per cent (10.8 per cent).

Consolidated depreciation and amortisation totalled NOK 1.8 million (NOK 6.2 million). This decline primarily reflected intangible assets which have been fully depreciated. Consolidated operating profit for the quarter thereby came to NOK 132.4 million (NOK 89.2 million).

Net financial expenses amounted to NOK 4.9 million (NOK 8.6 million), so that pre-tax profit for the quarter came to NOK 127.5 million (NOK 80.6 million).

Net tax expense is estimated at NOK 11.7 million (NOK 13.1 million) for the quarter, representing an effective tax rate of 9.1 per cent. This low rate reflects the tax-free sale of shares in one of the company's housing projects at Løren and the one-off effect of lower deferred tax following the reduction in the corporate tax rate from 25 to 24 per cent with effect from 1 January 2017. Consolidated net profit consequently came to NOK 115.8 million (NOK 67.5 million). NOK 115.7 million (NOK 67.6 million) of the profit was attributable to the shareholders of Selvaag Bolig ASA, and NOK 0.1 (negative at NOK 0.1 million) to non-controlling shareholders.

## Results for the full year 2016

*(Figures in brackets relate to the corresponding period of 2015. The figures are unaudited.)*

Selvaag Bolig had operating revenues of NOK 3 000.4 million (NOK 3 245 million) for the full year. Revenues from units delivered accounted for NOK 2 869 million (NOK 3 177.4 million) of this total. Other revenues derived from non-core activities, mainly rental of premises.

A total of 869 units (893) were delivered in the full year, with 840 (860) from consolidated project companies.

Project costs for the full year totalled NOK 2 379.8 million (NOK 2 608.5 million), including NOK 100.4 million (NOK 110.5 million) in previously capitalised financial expenses. These costs primarily represented construction expenses for units delivered as well as costs in projects which did not qualify for capitalisation as inventory.

Operating costs excluding project costs and the share of results from associated companies totalled NOK 251.3 million (NOK 241.5 million) for the period. Payroll costs accounted for NOK 109.4 million (NOK 97.1 million) of this figure. A further NOK 26.9 million (NOK 31.4 million) in payroll costs related to housing under construction was capitalised during the period and will be expensed as project costs on delivery.

Other operating costs came to NOK 121.9 million (NOK 120.4 million), including NOK 49.3 million (NOK 51.4 million) for sales and marketing.

## Cash flow

Consolidated net cash flow from operational activities was NOK 77 million (NOK 149.3 million) for the fourth quarter. The decrease primarily reflected an increase in tax paid.

In the full year, consolidated cash flow from operational activities was NOK 440.3 million (NOK 465.9 million). As in the fourth quarter, the decrease from 2015 reflected an increase in tax paid. Substantial payments were made in 2015 for the purchase of new sites. These were offset by the positive effect of reduced 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.

Net cash flow from investing activities was negative at NOK 11.1 million (positive at NOK 5.4 million) for the quarter. The change from the same period of 2015 primarily reflected increased investment in joint ventures and loans made to these.

The share of results and gain/(loss) from associates and joint ventures was negative at NOK 7.1 million (positive at NOK 8.3 million). This decline primarily reflected fewer units delivered in part-owned projects compared with 2015.

EBITDA adjusted for financial expenses included in project costs came to NOK 514.4 million (NOK 538.9 million), corresponding to a margin of 17.1 per cent (16.6 per cent). Ordinary EBITDA came to NOK 414 million (NOK 428.4 million), corresponding to a margin of 13.8 per cent (13.2 per cent). The group sold part of its equity stake in the Kaldnes Brygge project in Tønsberg, leaving it with a 50 per cent holding. The gain is included in the item on other gains/(losses), and is taken into account in both ordinary and adjusted EBITDA.

Consolidated operating profit for the full year was NOK 393.9 million (NOK 404.3 million). Net financial expenses came to NOK 29.3 million (NOK 33.1 million).

Pre-tax profit was NOK 364.6 million (NOK 371.2 million). With tax expense at NOK 63.7 million (NOK 91.8 million), consolidated net profit came to NOK 300.9 million (NOK 279.4 million) for the full year. NOK 301.2 million (NOK 281.1 million) of the profit was attributable to the shareholders of Selvaag Bolig ASA, and a negative NOK 0.3 million (NOK 1.7 million) to non-controlling shareholders.

For the full year, cash flow from investing activities was negative at NOK 14.8 million (NOK 15.5 million).

Net cash flow from financing activities was NOK 77 million (negative at NOK 287 million) for the quarter. Repurchase of the company's own shares in connection with the employee share programme and the sale of shares to employees represented a net cash outflow of NOK 5.3 million (NOK 10.4 million) during the period. The change in cash flow from the fourth quarter of 2015 primarily reflected the payment of NOK 65.6 million in dividend to shareholders of Selvaag Bolig as well as higher repayment of construction loans.

For the full year, net cash flow from financing activities was negative at NOK 211.5 million (NOK 344.1 million). The change in cash flow compared with 2015 primarily reflected reduced redemption of construction loans and a somewhat lower dividend payment.

The group's holding of cash and cash equivalents at 31 December totalled NOK 886.2 million (NOK 672.3 million), up by NOK 142.9 million from 30 September.

**Cash flow summary**

| (figures in NOK 1 000)                       | Q4 2016  | Q4 2015   | 2016      | 2015      |
|--|----------|-----------|-----------|-----------|
| Profit before taxes                          | 127 450  | 80 598    | 364 582   | 371 188   |
| Net cash flow from operating activities      | 77 021   | 149 305   | 440 267   | 465 907   |
| Net cash flow from investment activities     | (11 116) | 5 356     | (14 818)  | (15 478)  |
| Net cash flow from financing activities      | 76 981   | (286 970) | (211 540) | (344 075) |
|  |          |           |           |           |
| Net change in cash and cash equivalents      | 142 886  | (132 309) | 213 909   | 106 354   |
| Cash and cash equivalents at start of period | 743 306  | 804 593   | 672 284   | 565 930   |
| Cash and cash equivalents at end of period   | 886 192  | 672 284   | 886 193   | 672 284   |

## Financial position

The carrying amount of Selvaag Bolig's total inventories (land, units under construction and completed units) at 31 December was NOK 4 284 million, compared with NOK 4 390.4 million at 30 September and NOK 4 715.4 million a year earlier. The decline during the quarter primarily reflected delivery of units, partly offset by a high level of construction activity. See note 5 for a further specification of inventories.

Equity was NOK 2 699.2 million (NOK 2 549.2 million) at 31 December, corresponding to an equity ratio of 42.1 per cent (40.8 per cent). Selvaag Bolig ASA paid dividends of NOK 60.9 million (NOK 0) in the third quarter and NOK 75 million (NOK 112.5 million) in the second quarter. This year's payments applied to the first half of 2016 and the second half of 2015 respectively, while the pay-out in 2015 related to the whole of 2014. Non-controlling interests amounted to NOK 9.3 million (NOK 9.6 million) of equity.

Other current non-interest-bearing liabilities for the group totalled NOK 666.2 million (NOK 582.8 million) at 31 December, of which NOK 467.7 million (NOK 297.6 million) represented advance payments from customers.

At 31 December, consolidated interest-bearing debt amounted to NOK 2 573.3 million (NOK 2 618 million), of

which NOK 2 038.7 million (NOK 1 846.7 million) was non-current and NOK 534.7 million (NOK 771.3 million) was current.

The group had land loans totalling NOK 946.1 million (NOK 1 094.2 million) at 31 December. These are normally converted to construction loans in line with the progress of the respective construction projects.

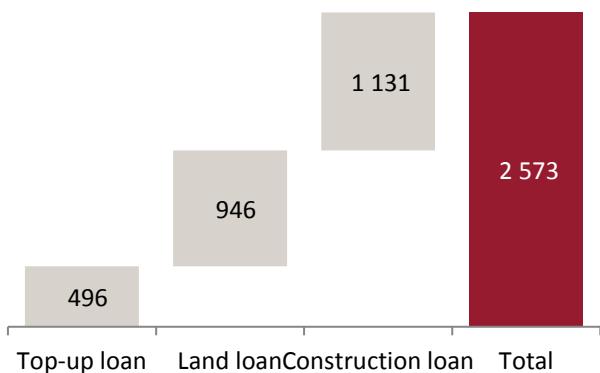
Two undrawn overdraft facilities of NOK 150 million each were held by the group at 31 December.

The group has an unsecured bond loan of NOK 500 million, listed on the Oslo Stock Exchange in the third quarter of 2013. This has 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 31 December 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 31 December 2016, with an equity ratio of 42.1 per cent and a sales ratio of 85 per cent.

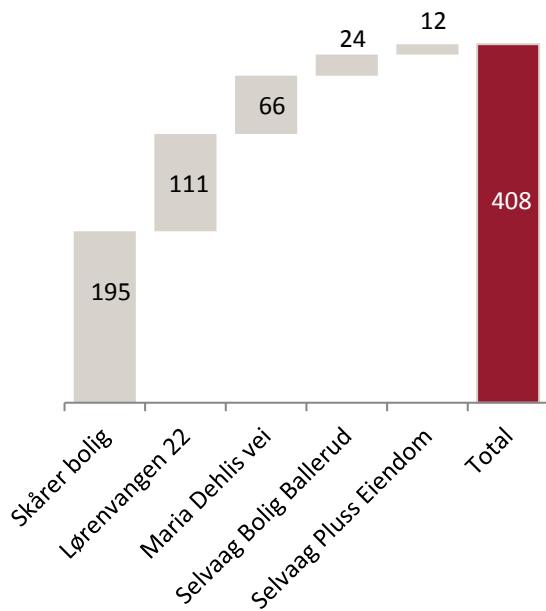
**Net interest-bearing debt**

| (figures in NOK 1 000)            | Q4 2016          | Q3 2016          | 2015             |
|-----------------------------------|------------------|------------------|------------------|
| Non-current interest-bearing debt | 2 038 660        | 2 145 382        | 1 846 715        |
| Current interest-bearing debt     | 534 681          | 301 717          | 771 302          |
| Cash and cash equivalents         | (886 193)        | (743 306)        | (672 284)        |
| <b>Net interest-bearing debt</b>  | <b>1 687 148</b> | <b>1 703 793</b> | <b>1 945 733</b> |

The group's interest-bearing debt falls primarily into three categories: 1) liabilities in parent company Selvaag Bolig ASA (top-up loans), 2) land loans and 3) construction loans. At 31 December, the group had a top-up loan of NOK 496 million, land loans of NOK 946 million and construction loans of NOK 1 131 million. The top-up loan consisted of a bond carried at a net amortised cost of NOK 496 million.

**Interest-bearing debt at 31 December 2016  
(NOK mill)**

land loans had been capitalised, while interest charges relating to NOK 408 million in loans were recognised in profit and loss.

**Loans with interest charges recognised in profit and loss (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 31 December, interest on NOK 539 million in

## 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 fourth quarter 2016

| (figures in NOK 1 000) | Operating revenues |                | EBITDA         |               | Operating profit/loss |               |
|------------------------|--------------------|----------------|----------------|---------------|-----------------------|---------------|
|                        | Q4 16              | Q4 15          | Q4 16          | Q4 15         | Q4 16                 | Q4 15         |
| Property development   | 938 849            | 713 625        | 260 246        | 140 871       | 259 154               | 106 865       |
| Other                  | 8 021              | 4 571          | (46 767)       | (36 223)      | (48 530)              | (37 361)      |
| IFRS adjustments       | (61 335)           | 163 755        | (79 306)       | (9 260)       | (78 268)              | 19 727        |
| <b>Total group</b>     | <b>885 535</b>     | <b>881 951</b> | <b>134 173</b> | <b>95 388</b> | <b>132 356</b>        | <b>89 231</b> |

### Segments 2016

| (figures in NOK 1 000) | Operating revenues |                  | EBITDA         |                | Operating profit/loss |                |
|------------------------|--------------------|------------------|----------------|----------------|-----------------------|----------------|
|                        | 12M 16             | 12M 15           | 12M 16         | 12M 15         | 12M 16                | 12M 15         |
| Property development   | 3 478 871          | 3 205 890        | 824 915        | 623 811        | 783 262               | 524 314        |
| Other                  | 32 352             | 23 174           | (141 423)      | (131 426)      | (146 345)             | (125 343)      |
| IFRS adjustments       | (510 876)          | 16 978           | (269 528)      | (63 964)       | (243 014)             | 5 365          |
| <b>Total group</b>     | <b>3 000 347</b>   | <b>3 246 042</b> | <b>413 964</b> | <b>428 421</b> | <b>393 903</b>        | <b>404 336</b> |

## 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 fourth quarter were NOK 938.8 million (NOK 713.6 million). They derived from 26 projects currently in production and the sale of a site at Lørenskog for NOK 55 million.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 678.6

million (NOK 572.8 million) for the fourth 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 260.2 million (NOK 140.9 million) for the quarter, corresponding to a profit margin of 27.7 per cent (19.7 per cent). The increased margin is primarily attributable to developments in the sales prices achieved in the projects.

## 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 segment in the fourth quarter came to NOK 8 million (NOK 4.6 million), while operating costs amounted to NOK 54.8 million (NOK 40.8 million). Costs relate largely to management and administration as well as to marketing. EBITDA was thereby negative at NOK 46.8 million (NOK 36.2 million).

## Review of operations

### Operations

A total of 161 units with a combined value of NOK 764 million were sold during the quarter. The housing market was particularly strong in Greater Oslo, where the group currently has the majority of its projects.

Activity in the group was at a high level, and construction started on 196 units during the fourth quarter.

To manifest value creation in the group, segment reporting shows revenue and costs in the various projects using the percentage of completion method as its accounting principle.

### Projects

The company has projects in Oslo, Bærum, Asker, Lørenskog, Moss, Oppegård, Stavanger, Sandnes, Sola, Tønsberg, Trondheim, Bergen and Stockholm. However, no projects

were under construction in Stockholm, Asker, Stavanger, Sandnes or Sola during the fourth quarter.

#### Quarterly development of the project portfolio

|   | Q4 15 | Q1 16 | Q2 16 | Q3 16 | Q4 16 |
|---|-------|-------|-------|-------|-------|
| Number of units sold                                  | 209   | 280   | 326   | 277   | 161   |
| Number of construction starts                         | 171   | 230   | 253   | 223   | 196   |
| Number of units completed                             | 258   | 183   | 295   | 103   | 255   |
| Number of units delivered                             | 235   | 179   | 307   | 129   | 254   |
| Number of units under construction                    | 1 339 | 1 386 | 1 344 | 1 464 | 1 356 |
| Proportion of sold units under construction           | 79 %  | 80 %  | 83 %  | 90 %  | 85 %  |
| Number of completed unsold units                      | 65    | 58    | 54    | 48    | 43    |
| Sales value of units under construction (NOK million) | 4 740 | 5 031 | 5 075 | 5 775 | 5 709 |

### Purchase and sale of land

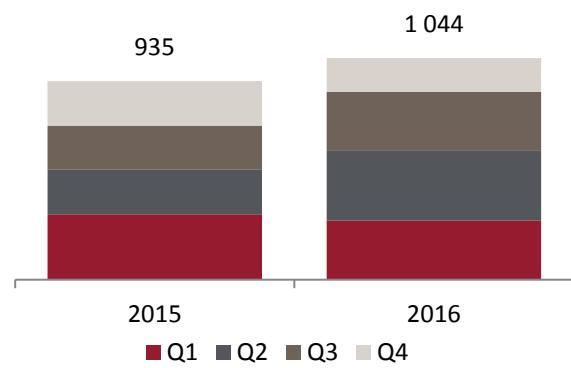
Selvaag Bolig has entered into an agreement on purchasing the Fornebu Sentrum site. This project will be developed as a 50-50 collaboration with the Mohn family. Providing official planning approval is obtained as intended, the first units in the area will be ready for sale in 2020.

A commercial site at Lørenskog was sold during the quarter.

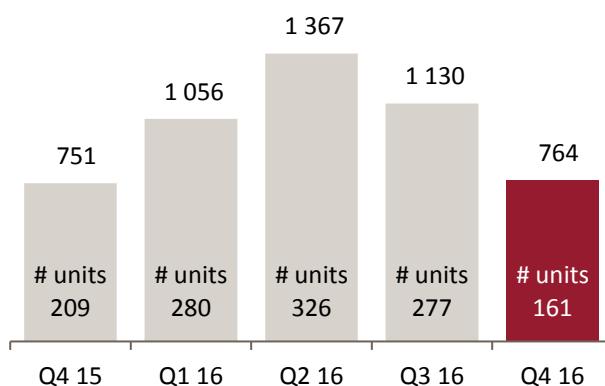
### Sales developments and project progress

Selvaag Bolig sold 161 residential units (209) during the fourth 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

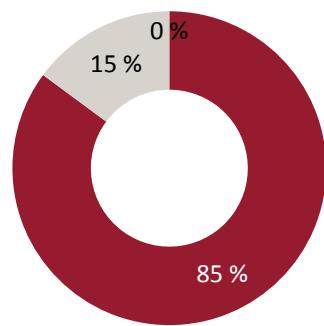


### Value of units sold (NOK mill)



The 161 units sold during the fourth quarter broke down into 137 in Greater Oslo and 24 in the rest of Norway.

### Breakdown of sales



■ Greater Oslo ■ Rest of Norway ■ Other countries

The combined sales value of the 161 units sold during the quarter was NOK 764 million. Sales during the same period of 2015 totalled 209 units with a value of NOK 751 million.

Selvaag Bolig started sales during the quarter in five projects comprising a total of 171 residential units (191).

### Sales starts in the quarter

| Project      | # of units | Category | Region       |
|--------------|------------|----------|--------------|
| Bjørnåsen    | 20         | Terraced | Greater Oslo |
| Hovinenga    | 63         | Flat     | Greater Oslo |
| Kaldnes      | 12         | Flat     | Greater Oslo |
| Lørenporten  | 58         | Flat     | Greater Oslo |
| Nybyen Økern | 18         | Flat     | Greater Oslo |
| <b>Total</b> | <b>171</b> |          |              |

Construction began on 196 (171) units during the fourth quarter. Construction starts can vary substantially from quarter to quarter, since construction normally only begins when 60 per cent of the value in a project has been sold.

### Construction starts (no of units)

| Project         | # units    | Category | Region       |
|-----------------|------------|----------|--------------|
| Heimdal Stasjon | 42         | Flat     | Trondheim    |
| Lørenporten     | 85         | Flat     | Greater Oslo |
| Nybyen Økern    | 69         | Flat     | Greater Oslo |
| <b>Totalt</b>   | <b>196</b> |          |              |

At 31 December, Selvaag Bolig had 1 356 (1 339) units under construction. They included 1 217 units in Greater Oslo and 139 in the rest of Norway.

The order backlog at 31 December - in other words, the sales value of the 1 356 (1 339) units then under construction - was NOK 5 709 million (NOK 4 740 million).

A total of 255 (258) units were completed in the fourth quarter, and 254 (235) - including ones completed earlier - were delivered. The completed units were divided between six projects - Lade Allé, Kornmoenga, Løren 5, Lørenskog Stasjonsby, Nybyen Økern and Vestparken. A total of 43 (65) completed units were unsold at 31 December. Consolidated project companies accounted for 252 (235) of the units

delivered, while two (none) were in a part-owned project company.

#### Units completed by project

| Project              | # units    | Category | Region       |
|----------------------|------------|----------|--------------|
| Lade Alle            | 72         | Flat     | Trondheim    |
| Kornmoenga           | 27         | Flat     | Greater Oslo |
| Løren 5              | 36         | Flat     | Greater Oslo |
| Lørenskog Stasjonsby | 55         | Flat     | Greater Oslo |
| Nybyen Økern         | 35         | Flat     | Greater Oslo |
| Vestparken           | 30         | Flat     | Greater Oslo |
| <b>Total</b>         | <b>255</b> |          |              |

Based on expected progress for the projects, 63 units are forecast to be completed in the first quarter of 2017. Estimated completions for the full year amount to 685 units.

#### Expected number of completions



## Share information

The company had 93.77 million issued shares at 31 December, divided between 2 072 shareholders.

The 20 largest shareholders controlled 81.1 per cent of the total number of issued shares. The largest shareholder was Selvaag Gruppen, with a 53.5 per cent holding.

During the quarter, the Selvaag Bolig share varied in price from NOK 36.10 to NOK 43.60. The closing price at 31 December was NOK 40.00, compared with NOK 40.40 at 30 September. The share price accordingly declined by one per cent over the quarter. A total of 4.9 million shares, or 5.2 per cent of total outstanding shares, were traded during the period. Share turnover totalled NOK 200.2 million during the quarter, corresponding to an average daily figure of roughly NOK 3 million.

#### 20 largest shareholders at 31 December 2016

| Shareholder                           | # of shares       | % share       |
|---------------------------------------|-------------------|---------------|
| SELVAAG GRUPPEN AS                    | 50 180 087        | 53.5%         |
| SKANDINAViska ENSKILDA BANKEN AB *)   | 5 268 003         | 5.6%          |
| MORGAN STANLEY & CO. INTERNATIONAL *  | 2 782 677         | 3.0%          |
| FLPS - ALL SECTOR SUB                 | 2 581 800         | 2.8%          |
| PARETO AS                             | 2 065 624         | 2.2%          |
| VERDIPAPIRFONDDET PARETO INVESTMENT   | 1 596 000         | 1.7%          |
| HOLTA INVEST AS                       | 1 200 000         | 1.3%          |
| VERDIPAPIRFONDDET ALFRED BERG GAMBA   | 1 061 201         | 1.1%          |
| REGENTS OF THE UNIVERSITY OF MICHIGAN | 1 045 000         | 1.1%          |
| STOREBRAND NORGE I VERDIPAPIRFOND     | 1 002 959         | 1.1%          |
| MP PENSTON PK                         | 962 872           | 1.0%          |
| EVERMORE GLOBAL VALUE FUND            | 892 805           | 1.0%          |
| JPMORGAN CHASE BANK, N.A., LONDON *)  | 862 364           | 0.9%          |
| J.P. MORGAN SECURITIES LLC *)         | 785 000           | 0.8%          |
| HOLBERG NORGE                         | 724 667           | 0.8%          |
| STATE STREET BANK AND TRUST COMP *)   | 658 639           | 0.7%          |
| VERDIPAPIRFONDDET DNB SMB             | 641 173           | 0.7%          |
| SELVAAG BOLIG ASA **)                 | 637 958           | 0.7%          |
| JPMORGAN CHASE BANK, N.A., LONDON *)  | 564 073           | 0.6%          |
| BANAN II AS                           | 555 190           | 0.6%          |
| <b>Total 20 largest shareholders</b>  | <b>76 068 092</b> | <b>81.1%</b>  |
| Other shareholders                    | 17 697 596        | 18.9%         |
| <b>Total number of shares</b>         | <b>93 765 688</b> | <b>100.0%</b> |

\*) Further information regarding nominee accounts is presented at: <http://sboasa.no/en/Aksjeinformasjon/Aksjonarer.aspx>

\*\*) The shares were purchased for the company's share programmes for employees

## 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 which affect the group's progress. See the company's annual report, available on its website, for a more detailed explanation of the risk and uncertainty factors it faces.

## Transaction with related parties

Selvaag Bolig sold a commercial site at Lørenskog during the quarter to a subsidiary of Selvaag Gruppen AS for NOK 55 million. See note 23 to the group's annual reports for

detailed information on transactions with related parties in earlier years.

## Housing market

House prices rose sharply during the fourth quarter. According to Statistics Norway (SSB), overall seasonally adjusted Norwegian house prices at 31 December were on average 2.7 per cent higher than at 30 September 2016 and up by 10.1 per cent from 31 December 2015. Prices for units in blocks of flats showed the biggest rise, and were up by 4.4 per cent during the quarter. Over the same period, prices for terraced houses and detached homes rose by 1.9 and 1.8 per cent respectively.

Price developments were positive in all Selvaag Bolig's core areas. Overall prices rose by 5.2 per cent in Oslo and Bærum during the quarter, and were 21.7 per cent higher than at 31 December 2015.

In Akershus county excluding Bærum, prices were up by 4.7 per cent and had risen 14.3 per cent from 31 December 2015. Prices in Stavanger rose by 2.6 per cent from the previous quarter and were up by 0.4 per cent from 31 December 2015. They increased by three per cent in Bergen and were 3.2 per cent higher than a year earlier, while they rose by 1.9 per cent in Trondheim and were up by 9.1 per cent from 31 December 2015.

Figures from Eiendomsverdi show that the demand for homes is at a record high in the Oslo area, with supply low, while the market balance is better in Trondheim and Bergen. The market in the Stavanger area is improving, with price growth and significantly fewer second-hand homes for sale.

## Outlook

According to SSB, urbanisation and high population growth are creating a big demand for new homes in Norway - particularly in Selvaag Bolig's core areas in and around Greater Oslo, Stavanger, Bergen and Trondheim. The company is well positioned with big projects centrally

located in these areas. Providing the housing inventory does not grow substantially or macroeconomic conditions worsen considerably, the market for new homes is set to be good in Selvaag Bolig's core areas in coming quarters.

## Interim financial statements (IFRS)

### Statement of comprehensive income

| (figures in NOK 1 000, except earnings per share)  | Q4 2016          | Q4 2015          | 2016               | 2015               |
|--|------------------|------------------|--------------------|--------------------|
| Revenues   | 863 164          | 869 969          | 2 923 966          | 3 191 585          |
| Other revenues   | 22 371           | 11 982           | 76 381             | 54 457             |
| <b>Total operating revenues</b>  | <b>885 535</b>   | <b>881 951</b>   | <b>3 000 347</b>   | <b>3 246 042</b>   |
| Project expenses   | (677 035)        | (715 993)        | (2 379 746)        | (2 608 499)        |
| Salaries and personnel costs   | (35 434)         | (29 253)         | (109 361)          | (97 059)           |
| Depreciation and amortisation  | (1 817)          | (6 157)          | (20 061)           | (24 085)           |
| Other operating expenses   | (33 656)         | (29 926)         | (121 851)          | (120 389)          |
| Other gains (losses), net  | 58               | -                | 31 679             | -                  |
| Associated companies and joint ventures  | (5 295)          | (11 391)         | (7 104)            | 8 326              |
| <b>Total operating expenses</b>  | <b>(753 179)</b> | <b>(792 720)</b> | <b>(2 606 444)</b> | <b>(2 841 706)</b> |
| <b>Operating profit</b>  | <b>132 356</b>   | <b>89 231</b>    | <b>393 903</b>     | <b>404 336</b>     |
| Financial income   | 3 011            | 4 880            | 8 264              | 11 413             |
| Financial expenses   | (7 917)          | (13 513)         | (37 585)           | (44 561)           |
| <b>Net financial expenses</b>  | <b>(4 906)</b>   | <b>(8 633)</b>   | <b>(29 321)</b>    | <b>(33 148)</b>    |
| <b>Profit/(loss) before taxes</b>  | <b>127 450</b>   | <b>80 598</b>    | <b>364 582</b>     | <b>371 188</b>     |
| Income taxes   | (11 653)         | (13 062)         | (63 694)           | (91 828)           |
| <b>Net income</b>  | <b>115 797</b>   | <b>67 536</b>    | <b>300 888</b>     | <b>279 360</b>     |
| <b>Other comprehensive income/expenses</b>   |                  |                  |                    |                    |
| Translation differences  | 591              | (521)            | (3 095)            | 3 040              |
| <b>Total comprehensive income/(loss) for the period</b>  | <b>116 388</b>   | <b>67 015</b>    | <b>297 793</b>     | <b>282 400</b>     |
| <b>Net income for the period attributable to:</b>  |                  |                  |                    |                    |
| Non-controlling interests  | 102              | (95)             | (267)              | (1 771)            |
| Shareholders in Selvaag Bolig ASA  | 115 695          | 67 631           | 301 155            | 281 131            |
| <b>Total comprehensive income/(loss) for the period attributable to:</b>                         |                  |                  |                    |                    |
| Non-controlling interests  | 102              | (95)             | (267)              | (1 771)            |
| Shareholders in Selvaag Bolig ASA  | 116 286          | 67 110           | 298 060            | 284 171            |
| <b>Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:</b> |                  |                  |                    |                    |
| Earnings per share (basic and diluted) in NOK  | 1.24             | 0.72             | 3.21               | 3.00               |

*The consolidated financial information has not been audited*

## Statement of financial position

| (figures in NOK 1 000)                                 | Note | Q4 2016          | Q3 2016          | 2015             |
|--|------|------------------|------------------|------------------|
| <b>ASSETS</b>  |      |                  |                  |                  |
| <b>Non-current assets</b>                              |      |                  |                  |                  |
| Goodwill   |      | 383 376          | 383 376          | 383 376          |
| Other intangible assets                                |      | -                | -                | 13 799           |
| Property, plant and equipment                          |      | 10 867           | 11 826           | 20 314           |
| Investments in associated companies and joint ventures |      | 289 818          | 279 547          | 183 443          |
| Loans to associated companies and joint ventures       |      | 63 757           | 48 948           | 9 046            |
| Other non-current assets                               |      | 197 318          | 210 413          | 105 545          |
| <b>Total non-current assets</b>                        |      | <b>945 136</b>   | <b>934 110</b>   | <b>715 523</b>   |
| <b>Current assets</b>                                  |      |                  |                  |                  |
| Inventories (property)                                 | 5    | 4 284 011        | 4 390 449        | 4 715 399        |
| Trade receivables                                      |      | 103 420          | 100 984          | 110 288          |
| Other current receivables                              |      | 189 902          | 38 725           | 37 571           |
| Cash and cash equivalents                              |      | 886 193          | 743 306          | 672 284          |
| <b>Total current assets</b>                            |      | <b>5 463 526</b> | <b>5 273 464</b> | <b>5 535 542</b> |
| <b>TOTAL ASSETS</b>                                    |      | <b>6 408 662</b> | <b>6 207 574</b> | <b>6 251 065</b> |
| <b>EQUITY AND LIABILITIES</b>                          |      |                  |                  |                  |
| Equity attributed to shareholders in Selvaag Bolig ASA |      | 2 689 857        | 2 577 582        | 2 539 610        |
| Non-controlling interests                              |      | 9 315            | 9 213            | 9 582            |
| <b>Total equity</b>                                    |      | <b>2 699 172</b> | <b>2 586 795</b> | <b>2 549 192</b> |
| <b>LIABILITIES</b>                                     |      |                  |                  |                  |
| <b>Non-current liabilities</b>                         |      |                  |                  |                  |
| Pension liabilities                                    |      | 594              | 913              | 913              |
| Deferred tax liabilities                               |      | 103 457          | 103 099          | 158 837          |
| Provisions   |      | 75 073           | 92 566           | 92 578           |
| Other non-current non interest-bearing liabilities     |      | 6 938            | 6 289            | 9 869            |
| Non-current interest-bearing liabilities               |      | 2 038 660        | 2 145 382        | 1 846 715        |
| <b>Total non-current liabilities</b>                   |      | <b>2 224 722</b> | <b>2 348 249</b> | <b>2 108 912</b> |
| <b>Current liabilities</b>                             |      |                  |                  |                  |
| Current interest-bearing liabilities                   |      | 534 681          | 301 717          | 771 302          |
| Trade payables   |      | 219 562          | 121 894          | 100 120          |
| Current tax payables                                   |      | 64 372           | 187 114          | 138 722          |
| Other current non interest-bearing liabilities         |      | 666 153          | 661 805          | 582 817          |
| <b>Total current liabilities</b>                       |      | <b>1 484 768</b> | <b>1 272 530</b> | <b>1 592 961</b> |
| <b>Total liabilities</b>                               |      | <b>3 709 490</b> | <b>3 620 779</b> | <b>3 701 873</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                    |      | <b>6 408 662</b> | <b>6 207 574</b> | <b>6 251 065</b> |

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 controlling interest | Non-controlling interests | Total equity     |
|--|----------------|-----------------------|-----------------------|------------------------------------|----------------|-------------------|---|---------------------------|------------------|
| <b>EQUITY AS OF 1 JANUARY 2016</b>                       | <b>186 799</b> | <b>1 394 857</b>      | <b>700 629</b>        | <b>3 937</b>                       | <b>3 528</b>   | <b>249 859</b>    | <b>2 539 609</b>  | <b>9 582 *)</b>           | <b>2 549 192</b> |
| Transactions with owners:                                |                |                       |                       |                                    |                |                   |   |                           |                  |
| Dividend   | -              | -                     | -                     | -                                  | -              | (135 961)         | (135 961)   | -                         | (135 961)        |
| Share buy back   | (1 603)        | -                     | -                     | -                                  | -              | (22 231)          | (23 834)  | -                         | (23 834)         |
| Employee share program                                   | 918            | -                     | -                     | -                                  | -              | 11 064            | 11 982  | -                         | 11 982           |
| Dividend to non-controlling interests                    | -              | -                     | -                     | -                                  | -              | -                 | -   | -                         | -                |
| <i>Total comprehensive income/(loss) for the period:</i> |                |                       |                       |                                    |                | 301 155           | 301 155   | (267)                     | 300 888          |
| Net income/(loss) for the period                         | -              | -                     | -                     | -                                  | -              | 301 155           | 301 155   | (267)                     | 300 888          |
| Other comprehensive income/(loss) for the period         | -              | -                     | -                     | (3 095)                            | -              | -                 | (3 095)   | -                         | (3 095)          |
| <b>EQUITY AS OF 31 DECEMBER 2016</b>                     | <b>186 114</b> | <b>1 394 857</b>      | <b>700 629</b>        | <b>842</b>                         | <b>3 528</b>   | <b>403 886</b>    | <b>2 689 857</b>  | <b>9 315 *)</b>           | <b>2 699 172</b> |
| <br><b>EQUITY AS OF 1 JANUARY 2015</b>                   |                |                       |                       |                                    |                |                   |   |                           |                  |
| Transactions with owners:                                |                |                       |                       |                                    |                |                   |   |                           |                  |
| Dividend   | -              | -                     | -                     | -                                  | -              | (178 155)         | (178 155)   | -                         | (178 155)        |
| Share buy back   | (863)          | -                     | -                     | -                                  | -              | (10 000)          | (10 863)  | -                         | (10 863)         |
| Employee share program                                   | 151            | -                     | -                     | -                                  | -              | 1 736             | 1 887   | -                         | 1 887            |
| Dividend to non-controlling interests                    | -              | -                     | -                     | -                                  | -              | -                 | -   | -                         | (3 375)          |
| <i>Total comprehensive income/(loss) for the period:</i> |                |                       |                       |                                    |                | 281 131           | 281 131   | (1 771)                   | 279 360          |
| Net income/(loss) for the period                         | -              | -                     | -                     | -                                  | -              | 281 131           | 281 131   | (1 771)                   | 279 360          |
| Other comprehensive income/(loss) for the period         | -              | -                     | -                     | 3 040                              | -              | -                 | 3 040   | -                         | 3 040            |
| <b>EQUITY AS OF 31 DECEMBER 2015</b>                     | <b>186 799</b> | <b>1 394 857</b>      | <b>700 629</b>        | <b>3 937</b>                       | <b>3 528</b>   | <b>249 859</b>    | <b>2 539 609</b>  | <b>9 582 *)</b>           | <b>2 549 192</b> |

*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)

|  | Q4 2016         | Q4 2015          | 2016             | 2015             |
|--|-----------------|------------------|------------------|------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>   |                 |                  |                  |                  |
| Profit/(loss) before taxes   | 127 450         | 80 598           | 364 582          | 371 188          |
| Income taxes paid  | (137 351)       | (41 384)         | (138 722)        | (41 384)         |
| Depreciation and amortisation  | 1 817           | 6 157            | 20 061           | 24 085           |
| Other gains (losses), net  | (58)            | -                | (31 679)         | -                |
| Share of profits/(losses) from associated companies and joint ventures               | 5 295           | 11 391           | 7 104            | (8 326)          |
| Changes in inventories (property)  | 148 382         | (32 405)         | 142 352          | (305 876)        |
| Changes in trade receivables   | (2 436)         | 71 402           | (2 373)          | 330 109          |
| Changes in trade payables  | 97 668          | 8 607            | 121 626          | (87 391)         |
| Changes in other operating working capital assets                                    | (151 387)       | 59 988           | (67 062)         | 105 420          |
| Changes in other operating working capital liabilities                               | (12 359)        | (15 049)         | 24 377           | 78 082           |
| <b>Net cash flow from operating activities</b>                                       | <b>77 021</b>   | <b>149 305</b>   | <b>440 267</b>   | <b>465 907</b>   |
| <b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>  |                 |                  |                  |                  |
| Proceeds from sale of property, plant and equipment and intangible assets            | 80              | -                | 3 580            | -                |
| Purchases of PPE and intangible assets   | (84)            | (375)            | (408)            | (8 577)          |
| Proceeds from disposal of businesses and subsidiaries, net of cash disposed          | -               | (114)            | 8 344            | (114)            |
| Purchases of businesses and subsidiaries, net of cash acquired                       | -               | 691              | -                | 691              |
| Proceeds from sale of associated companies   | -               | -                | -                | 24 180           |
| Purchases of associated companies and joint ventures                                 | (9 317)         | (2 513)          | (12 835)         | (44 394)         |
| Proceeds from sale of other investments and repayment of loans                       | 13 205          | 7 667            | 13 205           | 10 886           |
| Purchases of other investments and loans   | (15 000)        | -                | (32 954)         | -                |
| Dividends and disbursements from associated companies and joint ventures             | -               | -                | 6 250            | 1 850            |
| <b>Net cash flow from investment activities</b>                                      | <b>(11 116)</b> | <b>5 356</b>     | <b>(14 818)</b>  | <b>(15 478)</b>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>   |                 |                  |                  |                  |
| Proceeds from borrowings   | 201 807         | 403 521          | 1 013 589        | 1 497 557        |
| Repayments of borrowings   | (119 568)       | (611 048)        | (1 073 895)      | (1 594 653)      |
| Net change in bank overdrafts  | -               | -                | -                | (55 017)         |
| Dividends paid to equity holders of Selvaag Bolig ASA                                | -               | (65 636)         | (135 961)        | (178 155)        |
| Payment of profit sharing and dividends to non-controlling interests in subsidiaries | -               | (3 375)          | -                | (3 375)          |
| Share buy back Selvaag Bolig ASA   | (5 804)         | (10 870)         | (23 834)         | (10 870)         |
| Proceeds from disposal of shares Selvaag Bolig ASA                                   | 546             | 438              | 8 561            | 438              |
| <b>Net cash flow from financing activities</b>                                       | <b>76 981</b>   | <b>(286 970)</b> | <b>(211 540)</b> | <b>(344 075)</b> |
| Net change in cash and cash equivalents  | 142 886         | (132 309)        | 213 909          | 106 354          |
| <b>Cash and cash equivalents at start of period</b>                                  | <b>743 306</b>  | <b>804 593</b>   | <b>672 284</b>   | <b>565 930</b>   |
| <b>Cash and cash equivalents at end of period</b>                                    | <b>886 192</b>  | <b>672 284</b>   | <b>886 193</b>   | <b>672 284</b>   |

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 2015.

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 2015.

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 2015.

### 3. Transactions with related parties

See note 23 in the Group's Consolidated Financial Statements for 2015 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.

## Fourth quarter 2016

| (figures in NOK 1 000)  | Property development | Other           | Total          |
|---|----------------------|-----------------|----------------|
| Operating revenues  | 938 849              | 8 021           | 946 870        |
| Project expenses  | (661 645)            | (2 656)         | (664 301)      |
| Other operating expenses  | (16 958)             | (52 132)        | (69 090)       |
| <b>EBITDA (percentage of completion)</b>                              | <b>260 246</b>       | <b>(46 767)</b> | <b>213 479</b> |
| <b>Reconciliation EBITDA to operating profit (loss):</b>              |                      |                 |                |
| EBITDA (percentage of completion)                                     | 260 246              | (46 767)        | 213 479        |
| Sales revenues (adjustment effect of percentage of completion)        | (868 028)            | -               | (868 028)      |
| Sales revenues (completed contract)                                   | 806 764              | -               | 806 764        |
| Project expenses (adjustment effect of percentage of completion)      | 645 043              | -               | 645 043        |
| Project expenses (completed contract)                                 | (657 848)            | -               | (657 848)      |
| Depreciation and amortisation   | -                    | (1 817)         | (1 817)        |
| Share of income (losses) from associated companies and joint ventures | (5 295)              | -               | (5 295)        |
| Other gain (loss), net  | 58                   | -               | 58             |
| <b>Operating profit (loss)</b>  | <b>180 940</b>       | <b>(48 584)</b> | <b>132 356</b> |

|                          |       |     |     |
|--------------------------|-------|-----|-----|
| Units under construction | 1 356 | N/A | N/A |
| Units delivered          | 254   | N/A | N/A |

## Fourth quarter 2015

| (figures in NOK 1 000)  | Property development | Other           | Total          |
|---|----------------------|-----------------|----------------|
| Operating revenues  | 713 625              | 4 571           | 718 196        |
| Project expenses  | (555 341)            | 972             | (554 369)      |
| Other operating expenses  | (17 413)             | (41 766)        | (59 179)       |
| <b>EBITDA (percentage of completion)</b>                              | <b>140 871</b>       | <b>(36 223)</b> | <b>104 648</b> |
| <b>Reconciliation EBITDA to operating profit (loss):</b>              |                      |                 |                |
| EBITDA (percentage of completion)                                     | 140 871              | (36 223)        | 104 648        |
| Sales revenues (adjustment effect of percentage of completion)        | (689 256)            | -               | (689 256)      |
| Sales revenues (completed contract)                                   | 853 041              | -               | 853 041        |
| Project expenses (adjustment effect of percentage of completion)      | 554 998              | -               | 554 998        |
| Project expenses (completed contract)                                 | (716 652)            | -               | (716 652)      |
| Depreciation and amortisation   | -                    | (6 157)         | (6 157)        |
| Share of income (losses) from associated companies and joint ventures | (11 391)             | -               | (11 391)       |
| Other gain (loss), net  | -                    | -               | -              |
| <b>Operating profit (loss)</b>  | <b>131 611</b>       | <b>(42 380)</b> | <b>89 231</b>  |
| Units under construction  | 1 339                | N/A             | N/A            |
| Units delivered   | 235                  | N/A             | N/A            |

At 31 Dec 2016

| (figures in NOK 1 000)                   | Property development | Other            | Total          |
|--|----------------------|------------------|----------------|
| Operating revenues                       | 3 478 871            | 32 352           | 3 511 223      |
| Project expenses                         | (2 592 702)          | (3 817)          | (2 596 519)    |
| Other operating expenses                 | (61 254)             | (169 958)        | (231 212)      |
| <b>EBITDA (percentage of completion)</b> | <b>824 915</b>       | <b>(141 423)</b> | <b>683 492</b> |

**Reconciliation EBITDA to Operating profit (loss):**

|   |                |                  |                |
|---|----------------|------------------|----------------|
| EBITDA (percentage of completion)                                     | 824 915        | (141 423)        | 683 492        |
| Sales revenues (adjustment effect of percentage of completion)        | (3 360 929)    | -                | (3 360 929)    |
| Sales revenues (completed contract)                                   | 2 850 214      | -                | 2 850 214      |
| Project expenses (adjustment effect of percentage of completion)      | 2 562 998      | -                | 2 562 998      |
| Project expenses (completed contract)                                 | (2 346 270)    | -                | (2 346 270)    |
| Depreciation and amortisation   | -              | (20 061)         | (20 061)       |
| Share of income (losses) from associated companies and joint ventures | (7 104)        | -                | (7 104)        |
| Other gain (loss), net  | 31 563         | -                | 31 563         |
| <b>Operating profit (loss)</b>  | <b>555 387</b> | <b>(161 484)</b> | <b>393 903</b> |

Units under construction

1 356 N/A N/A

Units delivered

869 N/A N/A

At 31 Dec 2015

| (figures in NOK 1 000)                   | Property development | Other            | Total          |
|--|----------------------|------------------|----------------|
| Operating revenues                       | 3 205 890            | 23 174           | 3 229 064      |
| Project expenses                         | (2 518 225)          | (1 005)          | (2 519 230)    |
| Other operating expenses                 | (63 853)             | (153 595)        | (217 448)      |
| <b>EBITDA (percentage of completion)</b> | <b>623 811</b>       | <b>(131 426)</b> | <b>492 385</b> |

**Reconciliation EBITDA to operating profit (loss):**

|   |                |                  |                |
|---|----------------|------------------|----------------|
| EBITDA (percentage of completion)                                     | 623 811        | (131 426)        | 492 385        |
| Sales revenues (adjustment effect of percentage of completion)        | (3 075 641)    | -                | (3 075 641)    |
| Sales revenues (completed contract)                                   | 3 094 974      | -                | 3 094 974      |
| Project expenses (adjustment effect of percentage of completion)      | 2 432 341      | -                | 2 432 341      |
| Project expenses (completed contract)                                 | (2 523 964)    | -                | (2 523 964)    |
| Depreciation and amortisation   | -              | (24 085)         | (24 085)       |
| Share of income (losses) from associated companies and joint ventures | 8 328          | -                | 8 328          |
| Other gain (loss), net  | -              | -                | -              |
| <b>Operating profit (loss)</b>  | <b>559 849</b> | <b>(155 511)</b> | <b>404 336</b> |
| Units under construction  | 1 339          | N/A              | N/A            |
| Units delivered   | 893            | 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) | Q4 2016          | Q3 2016          | 2015             |
|------------------------|------------------|------------------|------------------|
| Land (undeveloped)     | 1 437 259        | 1 434 667        | 1 968 795        |
| Work in progress       | 2 579 660        | 2 653 507        | 2 368 510        |
| Completed units        | 267 092          | 302 275          | 378 094          |
| <b>Carrying amount</b> | <b>4 284 011</b> | <b>4 390 449</b> | <b>4 715 399</b> |

## 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)  | Q4 2016          | Q4 2015          | 2016               | 2015               |
|-------------------------|------------------|------------------|--------------------|--------------------|
| <b>Project expenses</b> | <b>(677 035)</b> | <b>(715 993)</b> | <b>(2 379 746)</b> | <b>(2 608 499)</b> |
| Finance expenses        | (35 886)         | (37 875)         | (100 404)          | (110 528)          |
| Other project expenses  | (641 149)        | (678 118)        | (2 279 342)        | (2 497 971)        |

| (figures in NOK 1 000)                 | Q4 2016 | Q4 2015 | 2016    | 2015    |
|--|---------|---------|---------|---------|
| EBITDA                                 | 134 173 | 95 388  | 413 964 | 428 421 |
| EBITDA-margin                          | 15.2%   | 10.8%   | 13.8%   | 13.2%   |
| EBITDA excl. financial expenses        | 170 059 | 133 263 | 514 368 | 538 949 |
| EBITDA-margin excl. financial expenses | 19.2%   | 15.1%   | 17.1%   | 16.6%   |

# 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](http://www.selvaagboligasa.no/en)