

Q4 2016

Oslo 15 February 2017
Baard Schumann, CEO
Sverre Molvik, CFO

SELVAAG BOLIG

Start

Hjem

Pluss

Agenda

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

Highlights Q4 and FY 2016

- All-time high results and sales values reflect market and business model
- SBO's average 1 bedroom apartment increased by 30% in 2016
- High percentage of 2017/18 completions sold
- Proposed H2'16 dividend of NOK 0.95 per share, total FY'16 dividend of NOK 1.60



Fornebu centre: Land purchased in Q4 2016, will give approximately 2 000 units with expected revenue of NOK 10 billion

Key financials Q4 and FY 2016

Q4 2016

Operating revenues

886

NOK million

Adjusted EBITDA margin

19.2

per cent

Equity ratio

42.1

per cent

EBITDA margin (NGAAP)

22.5

per cent

Full year 2016

Operating revenues

3 000

NOK million

Adjusted EBITDA margin

17.1

per cent

Units under construction

1 469

Net number: 1 356

EBITDA margin (NGAAP)

19.5

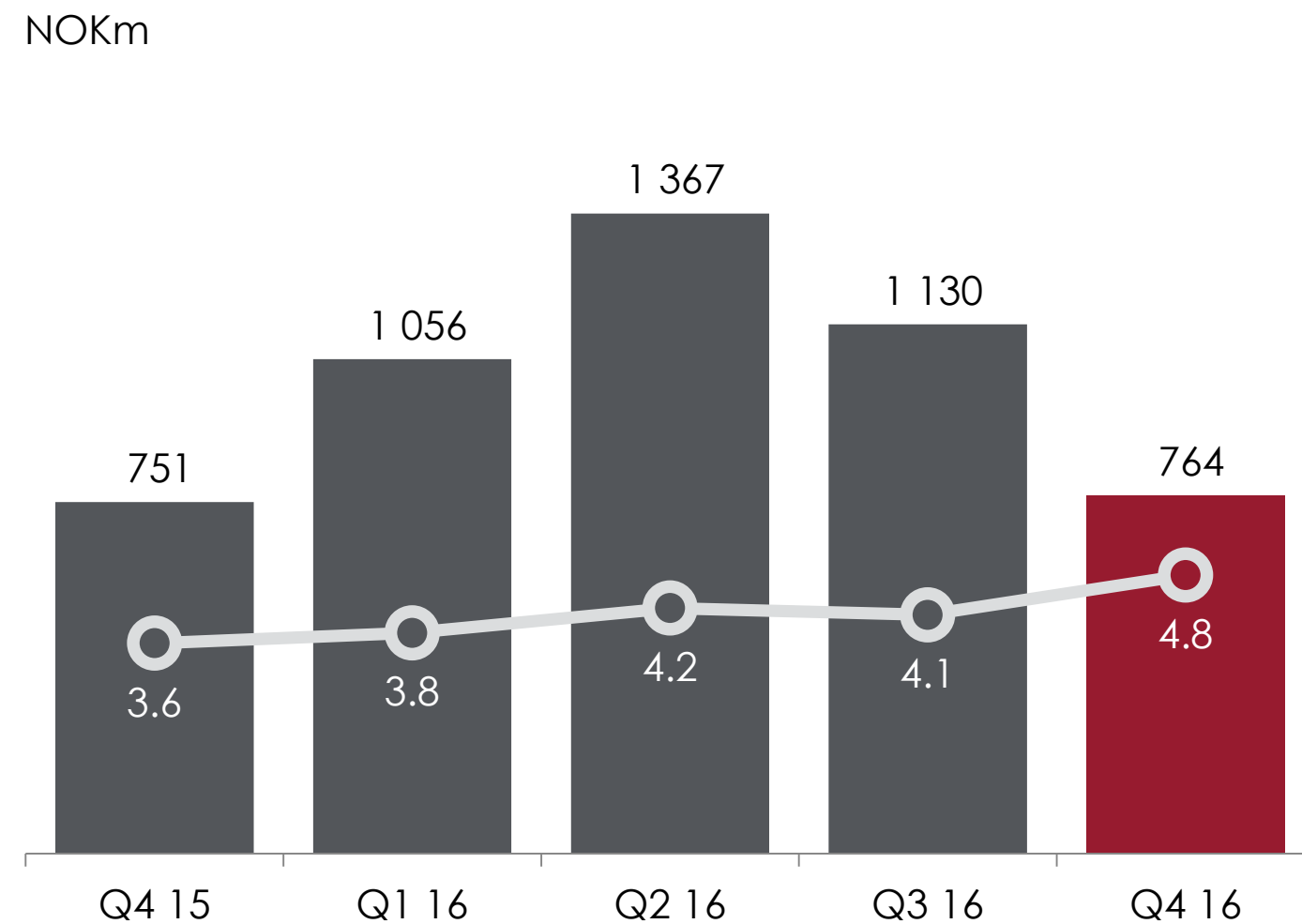
per cent

Agenda

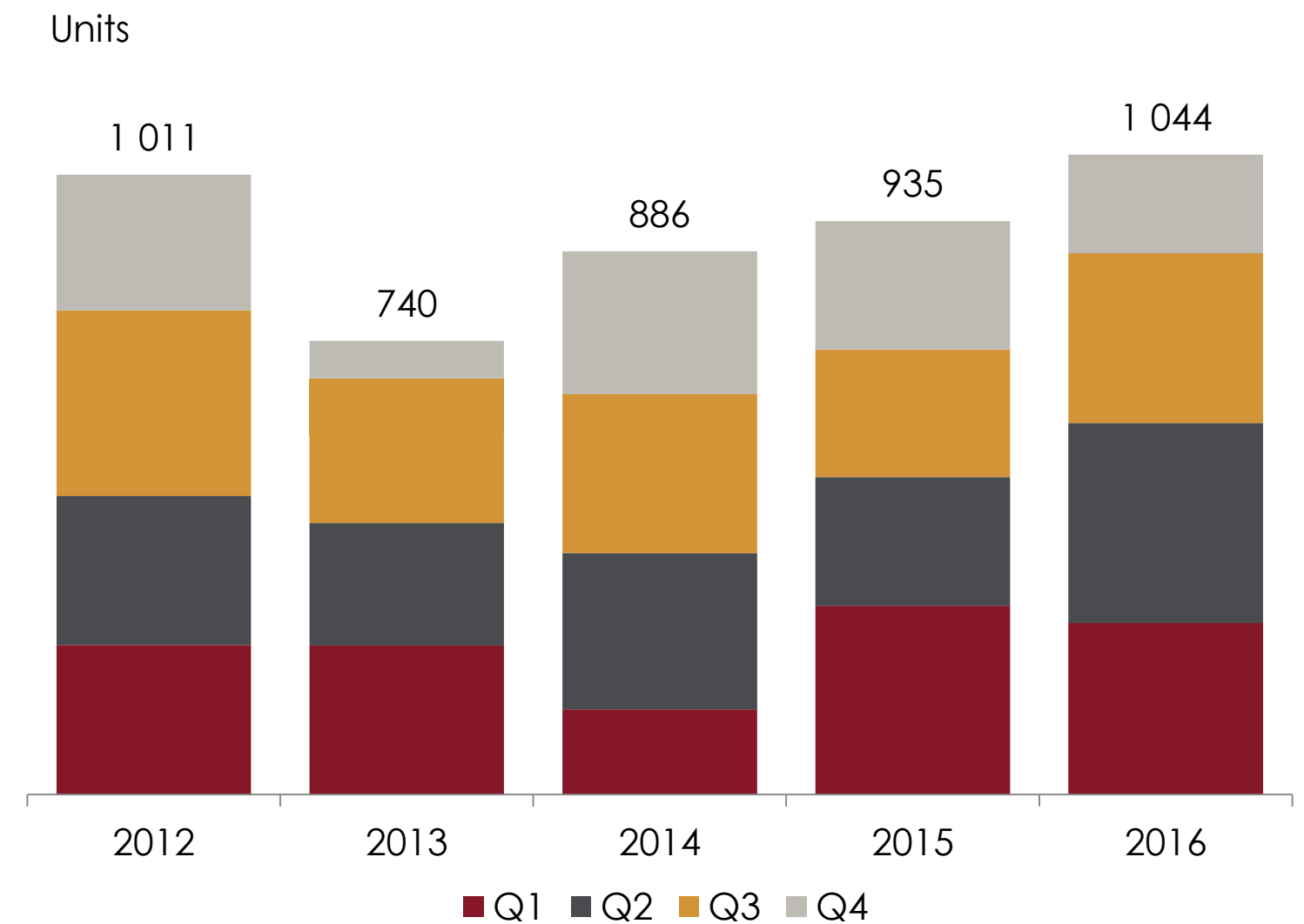
- Highlights
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High sales values reflect business model

Total sales value and value per unit sold



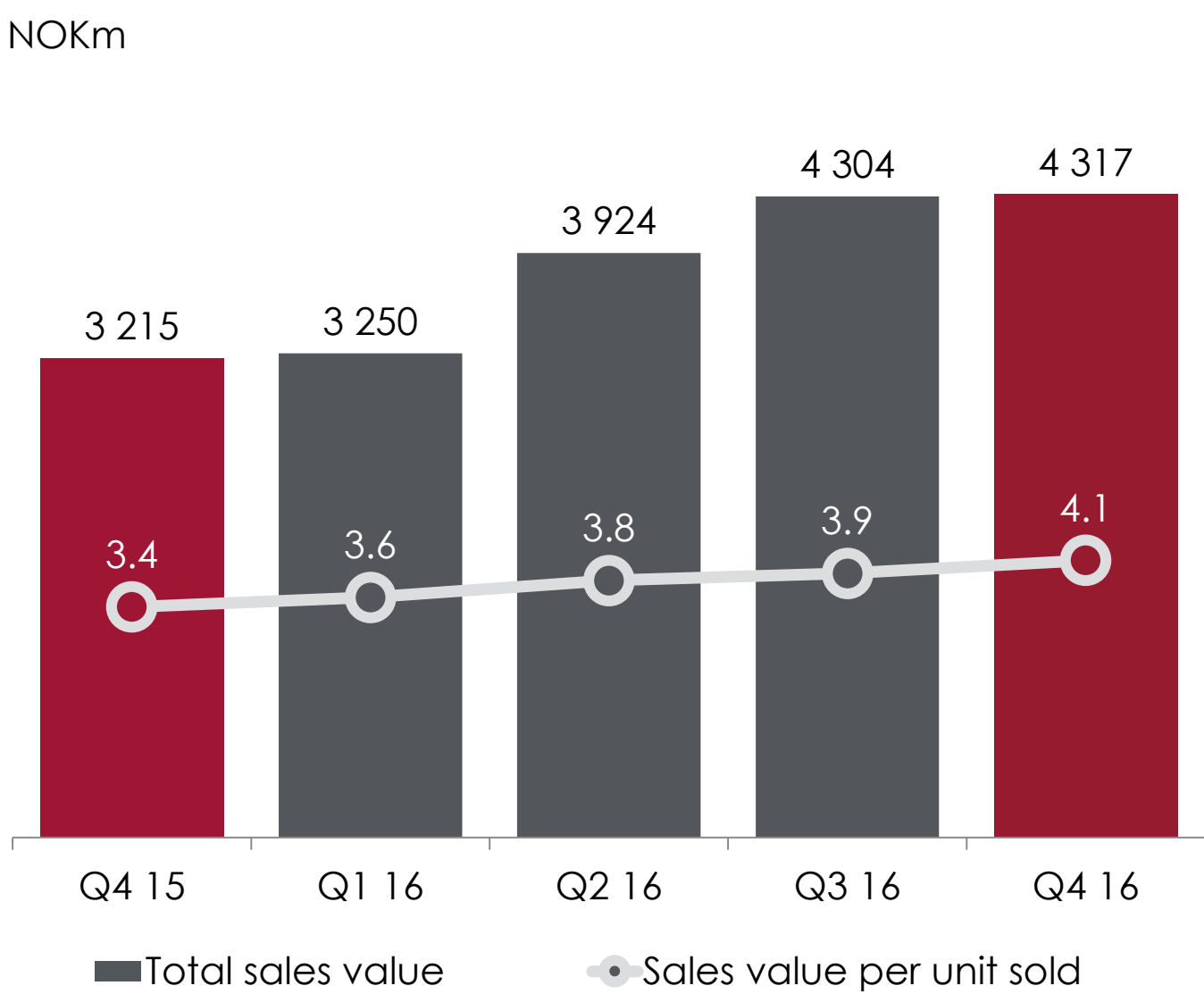
Residential units sold (SBO's share)



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

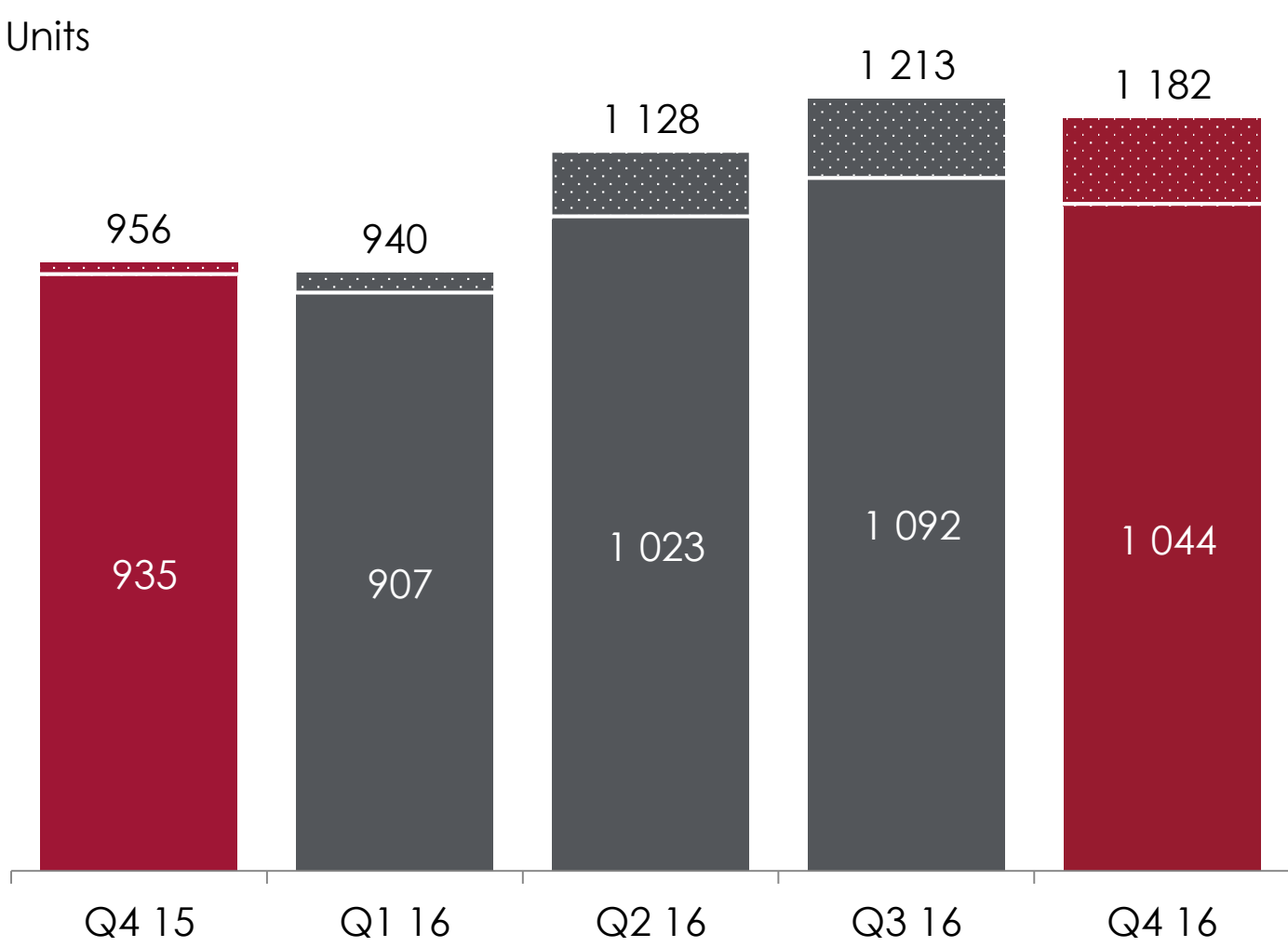
Increased sales value per unit sold

12 months rolling sales values



Note: Sales values are adjusted for Selvaag Bolig's ownership in joint ventures

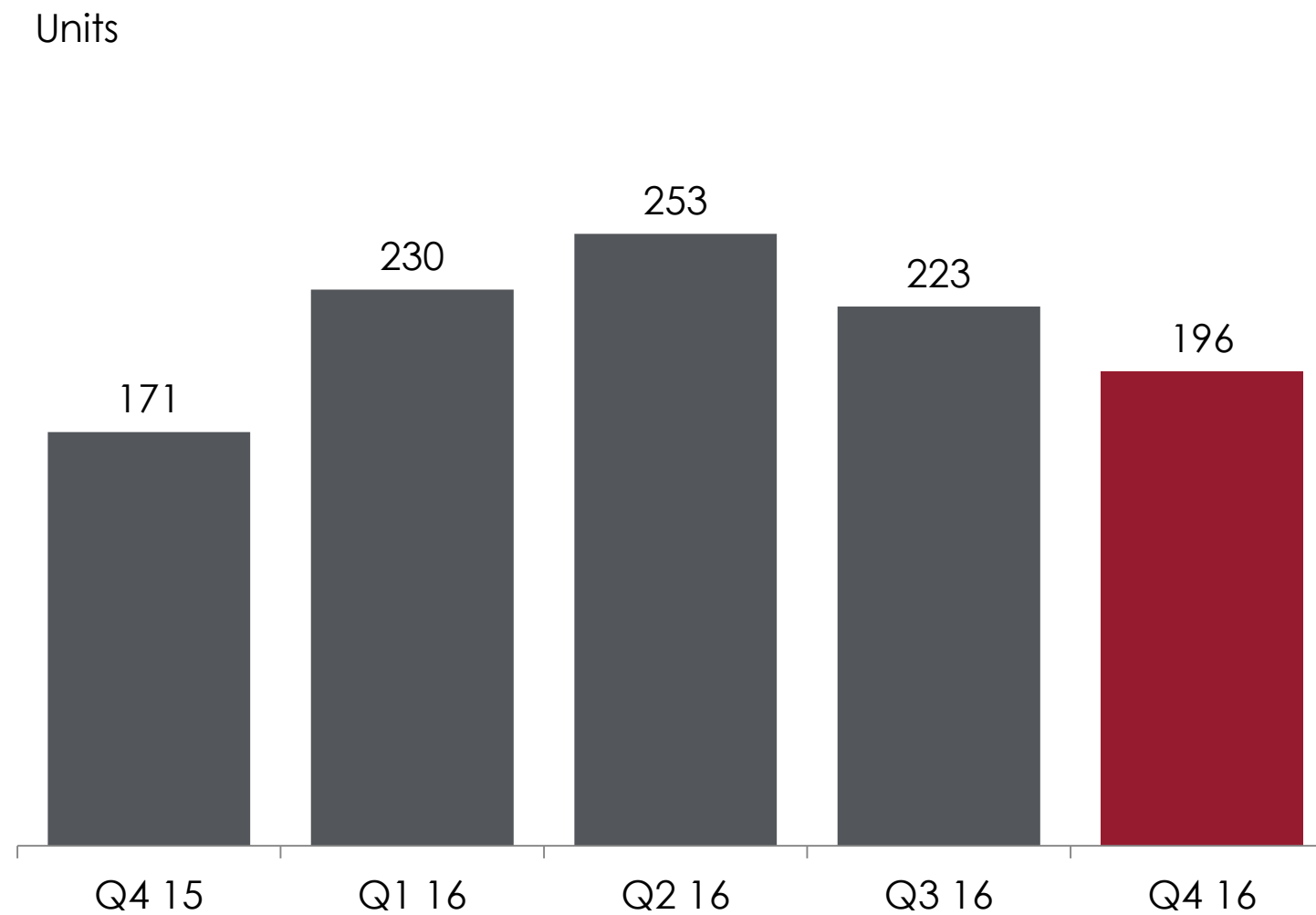
12 months rolling units sold



*Total columns include Selvaag Bolig's gross sales
**Total columns minus dotted areas includes Selvaag Bolig's net sales

Majority of construction starts in Oslo area

Construction starts per quarter



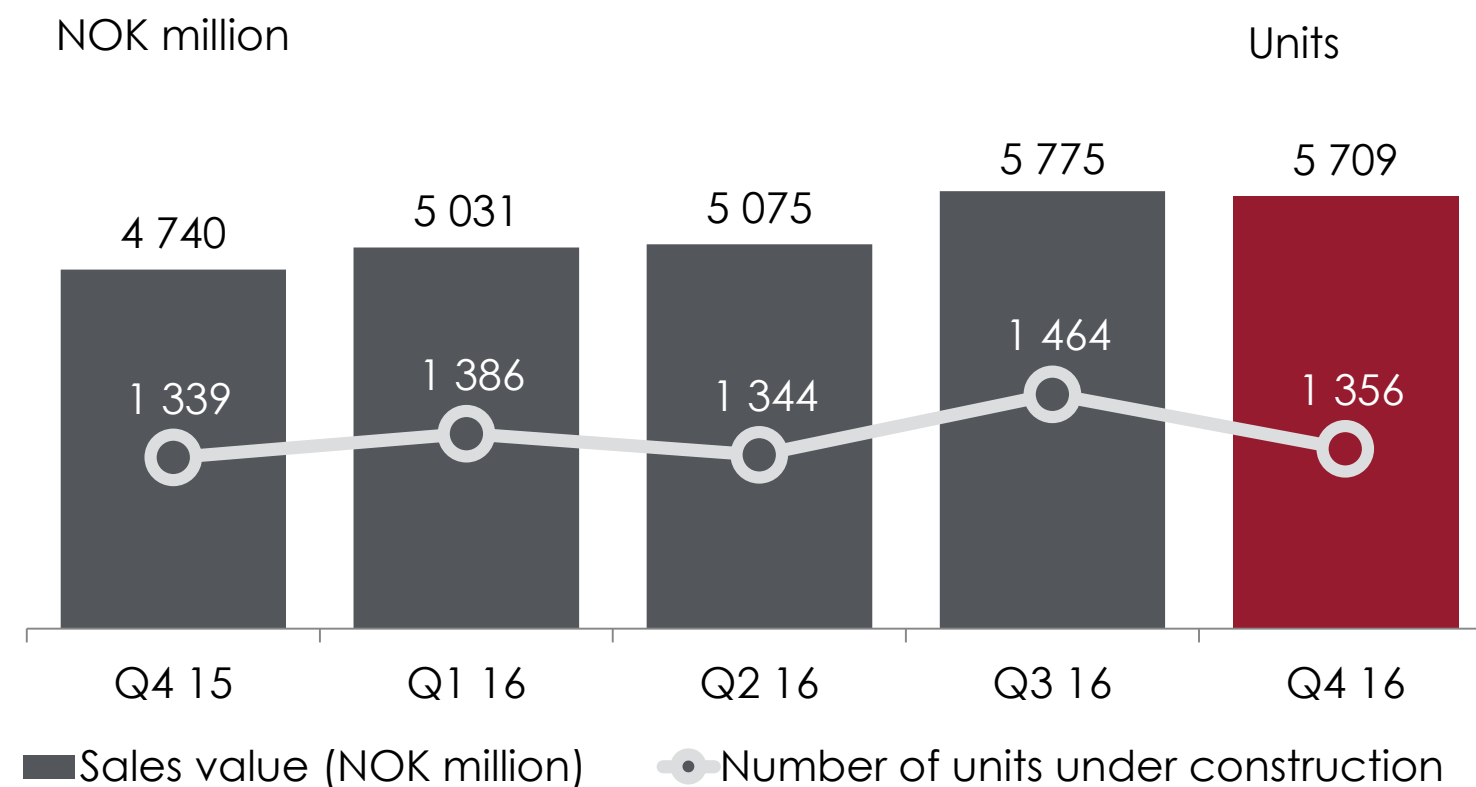
- 154 apartments in Oslo area
- 42 apartments in Trondheim area



Heimdal Stasjonsby, Trondheim

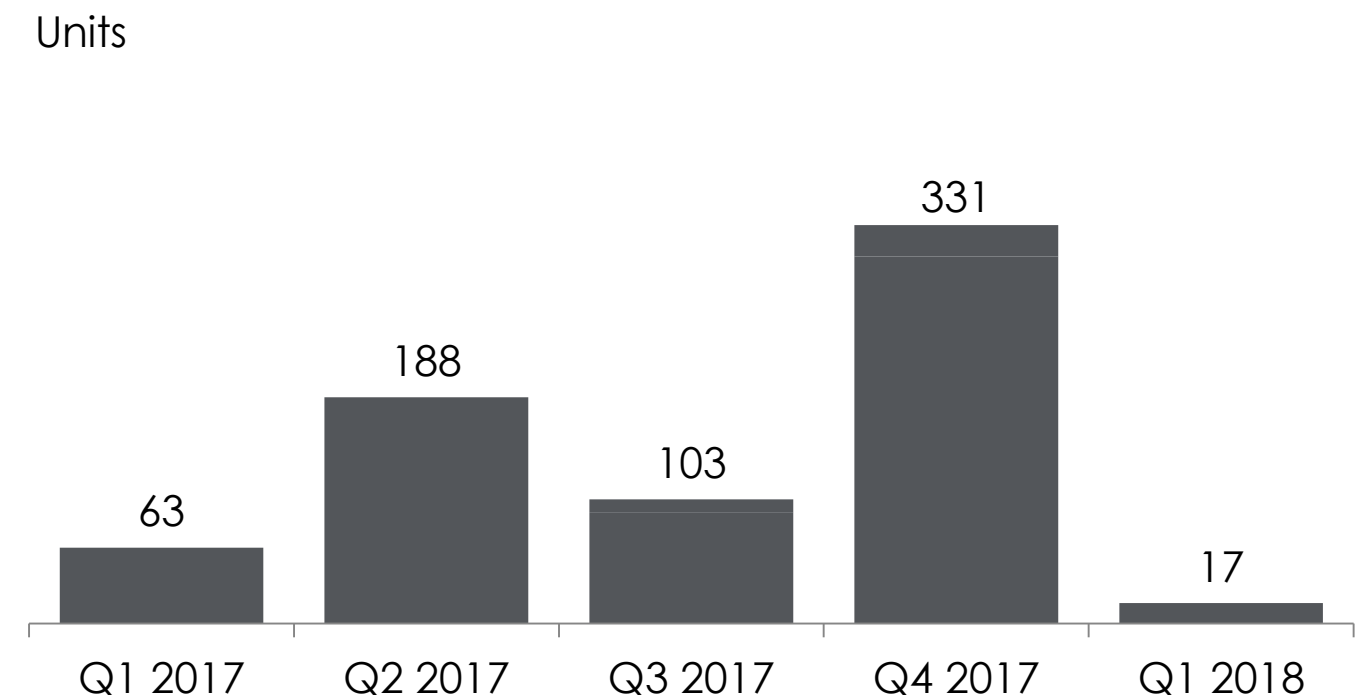
High percentage of 2017/18 completions sold

Sales value, units under construction



- Q4 2016: 85% of units under constructions sold by Q4 2016
- Q4 2016: 90% of construction volume in Greater Oslo

Expected completions per quarter



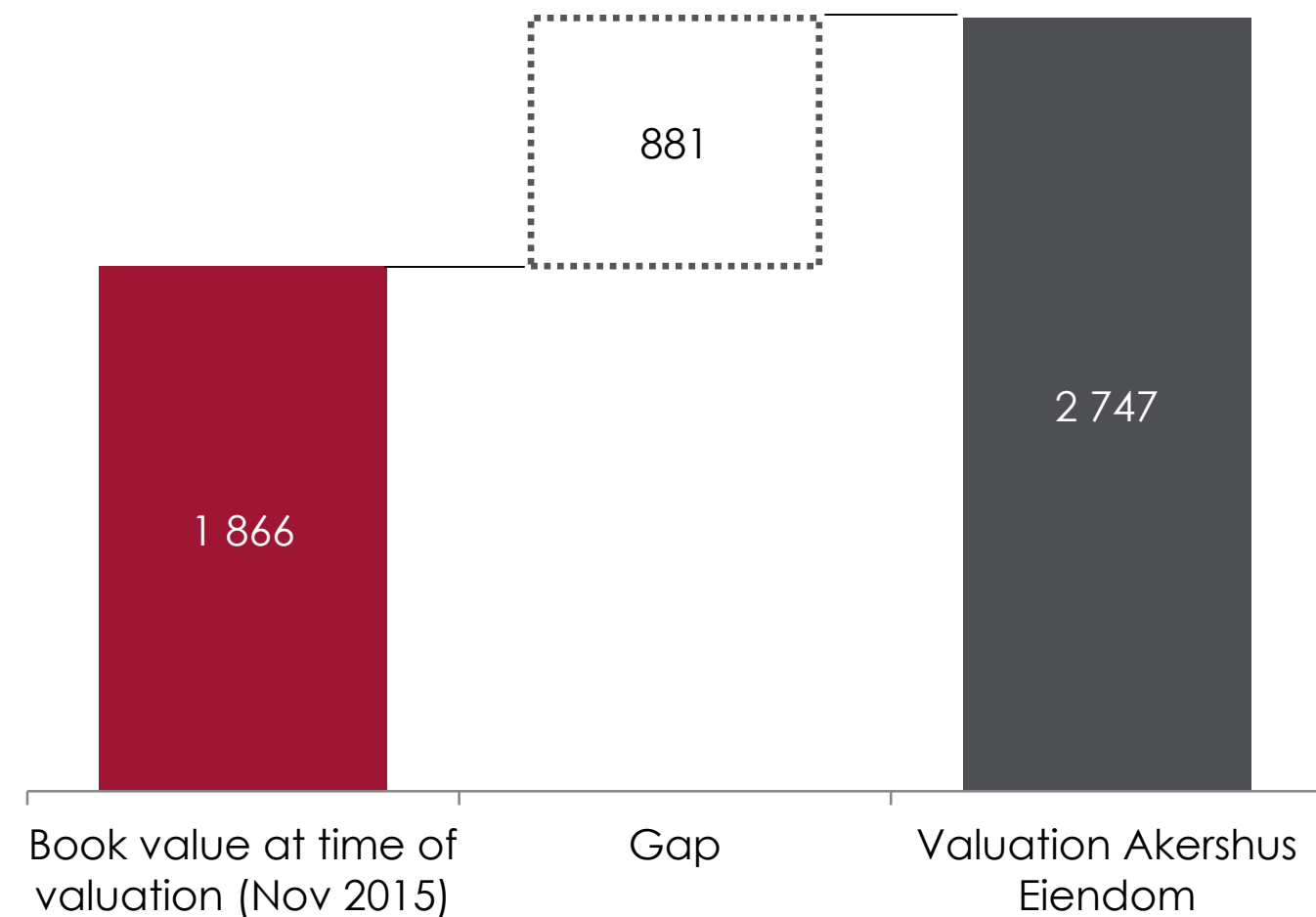
- Expected completions for 2017 as of Q4 16: 685 units
- 98% of 2017 completions sold by Q4 2016
- 87% of 2018 completions sold by Q4 2016

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

Book value and valuation - increased gap

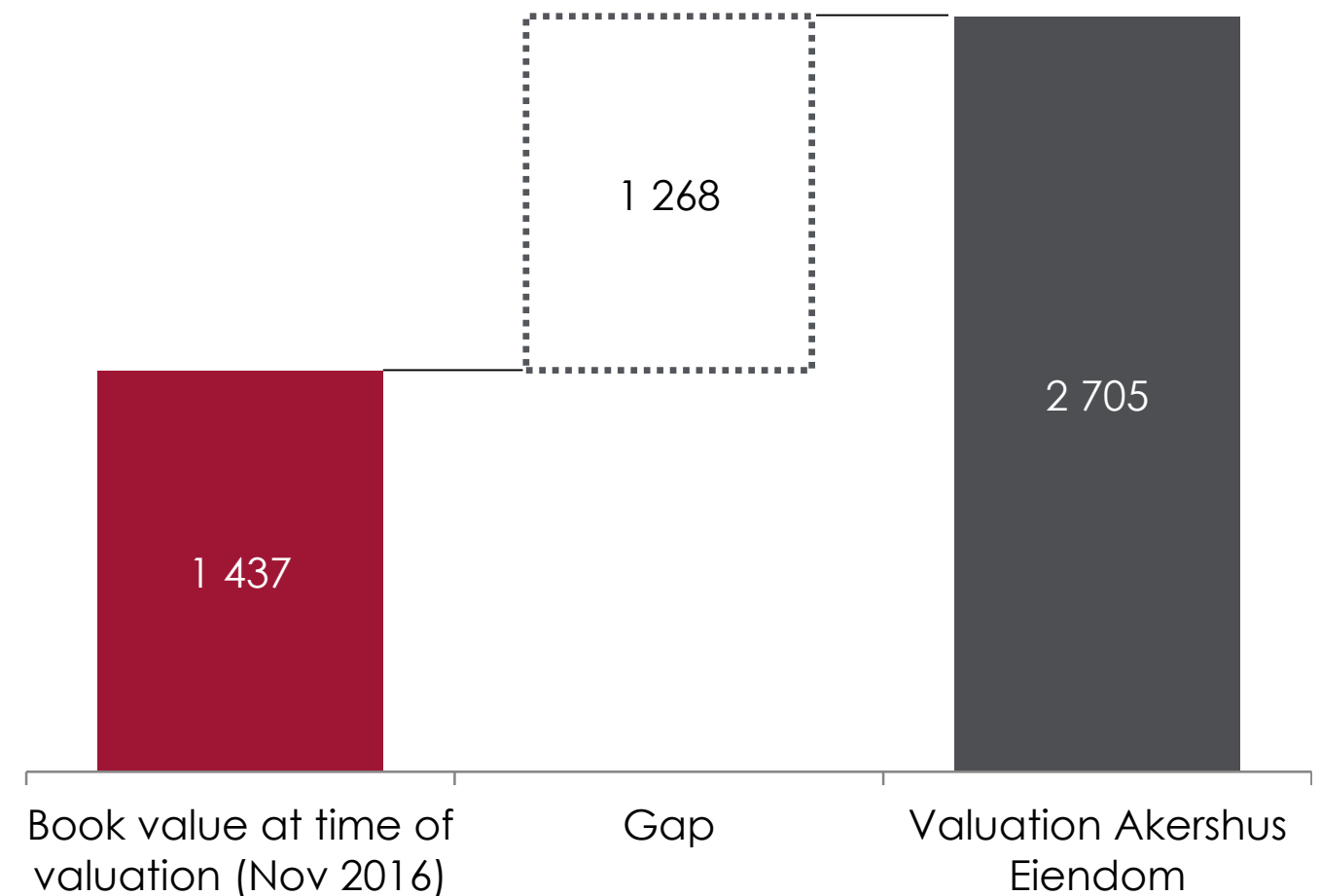
Q4 15: Book value vs. external valuation

NOK million



Q4 16: Book value vs. external valuation

NOK million



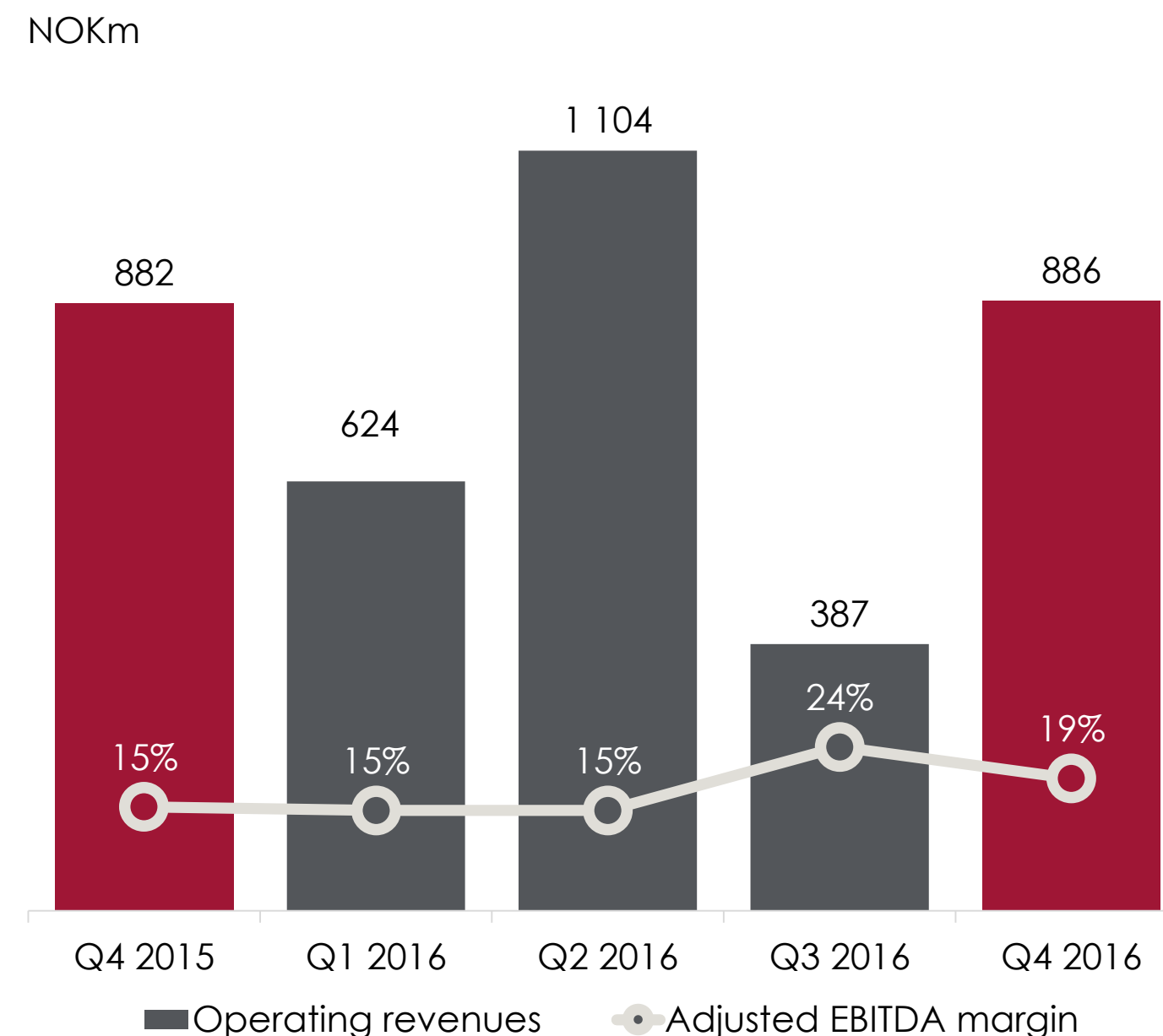
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Income statement highlights Q4 2016 (IFRS)

- 254 units delivered (235)
- Revenues NOK 886m (882)
 - Units delivered NOK 808m (870)
 - Other revenues NOK 22m, mainly lease income
 - Sale of commercial property NOK 55
- Project costs NOK 677m (716)
 - Of which NOK 36m are interests (38)
- Other costs NOK 71m (65)
 - Salaries, sales and marketing key components
- Adjusted EBITDA NOK 170m (133)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK 134m (95)
- EPS in the quarter NOK 1.24 (0.72)

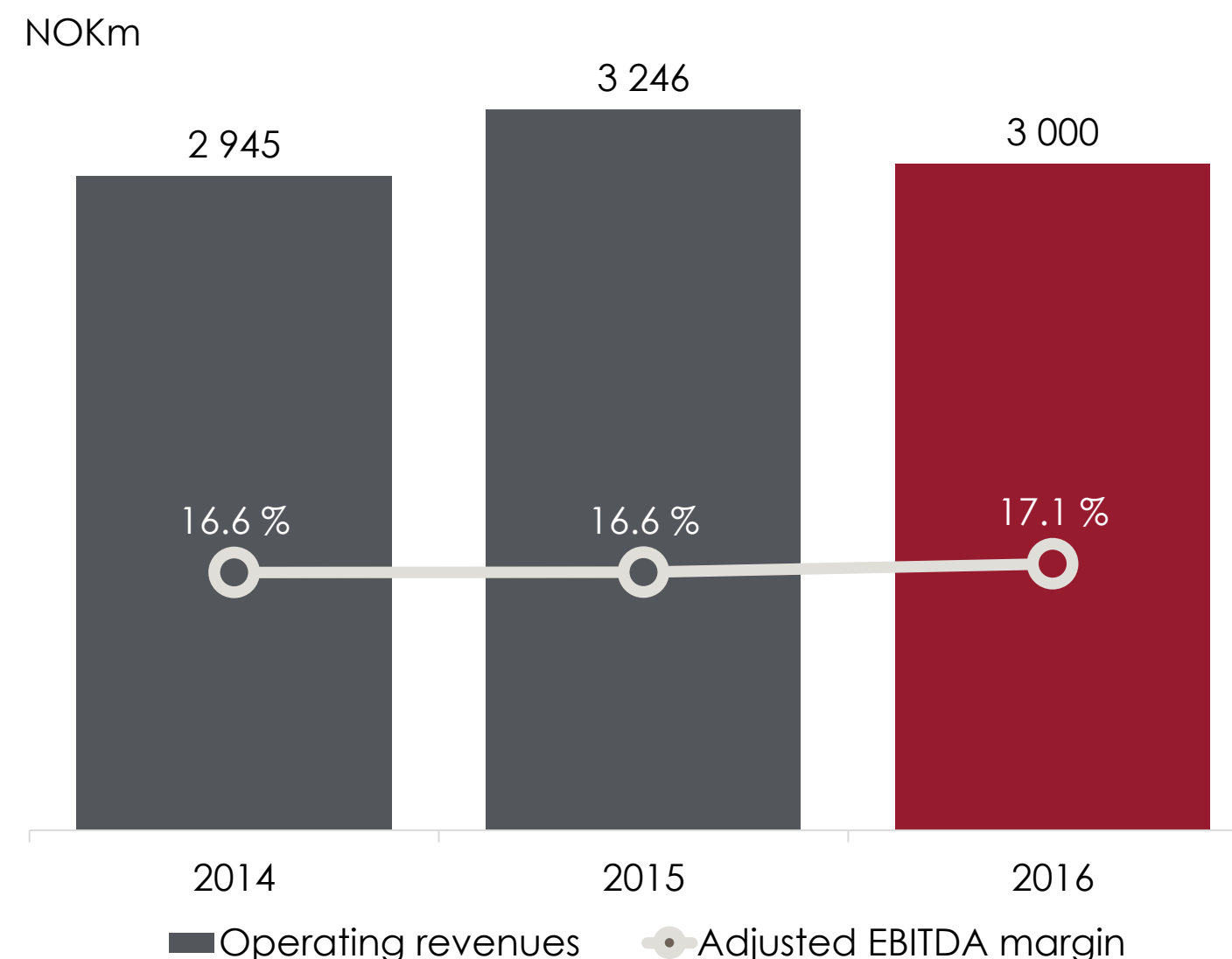
Revenues and adjusted EBITDA margin (IFRS)



Income statement highlights FY 2016 (IFRS)

- Delivery of 869 units (893)
- Revenues NOK 3 000m (3 246)
- EBITDA adjusted 514m (539)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK 414m (428)
- Earnings per share full year NOK 3.21 (3.00)

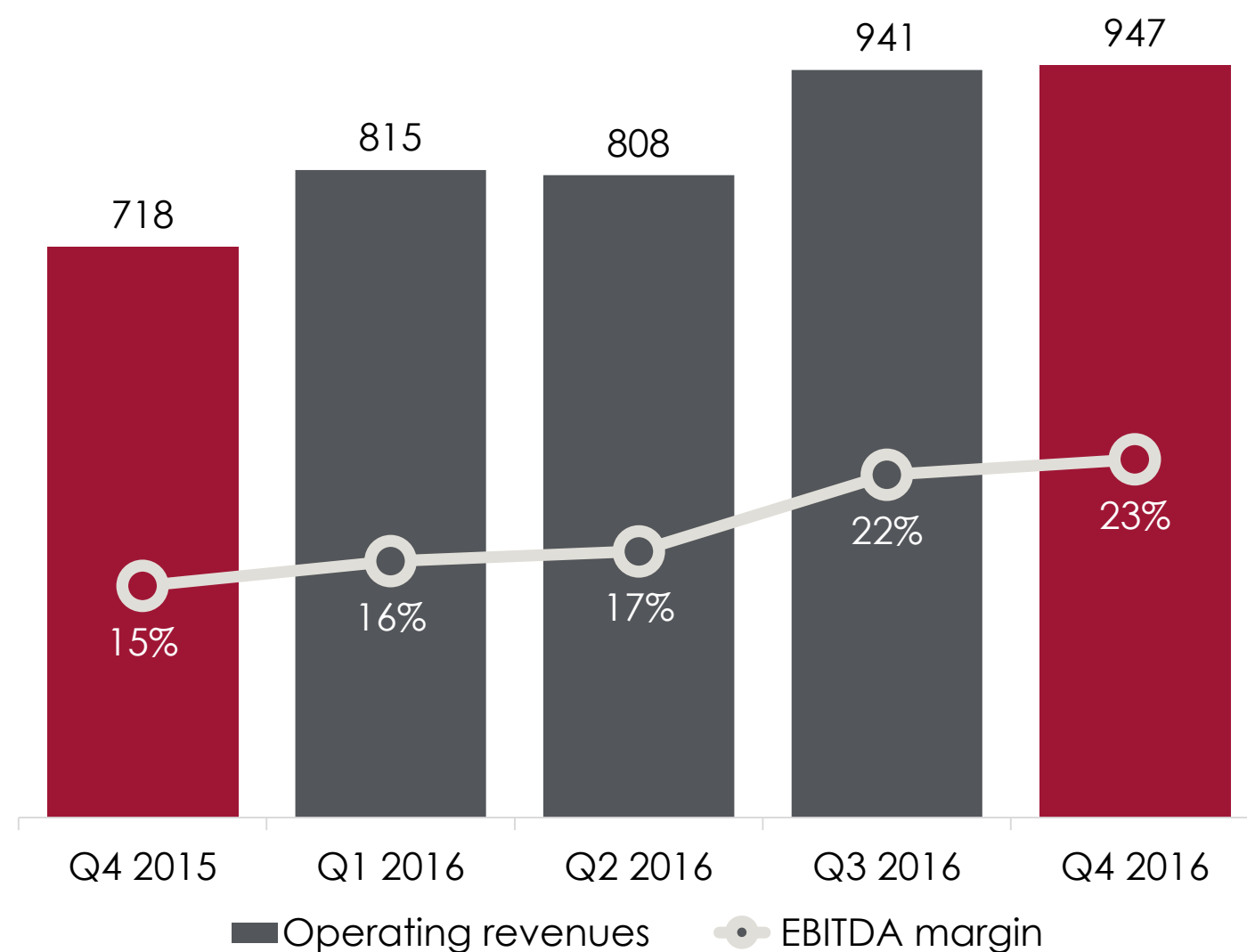
Revenues and adjusted EBITDA margin (IFRS)



Income statement highlights Q4 2016 (NGAAP)

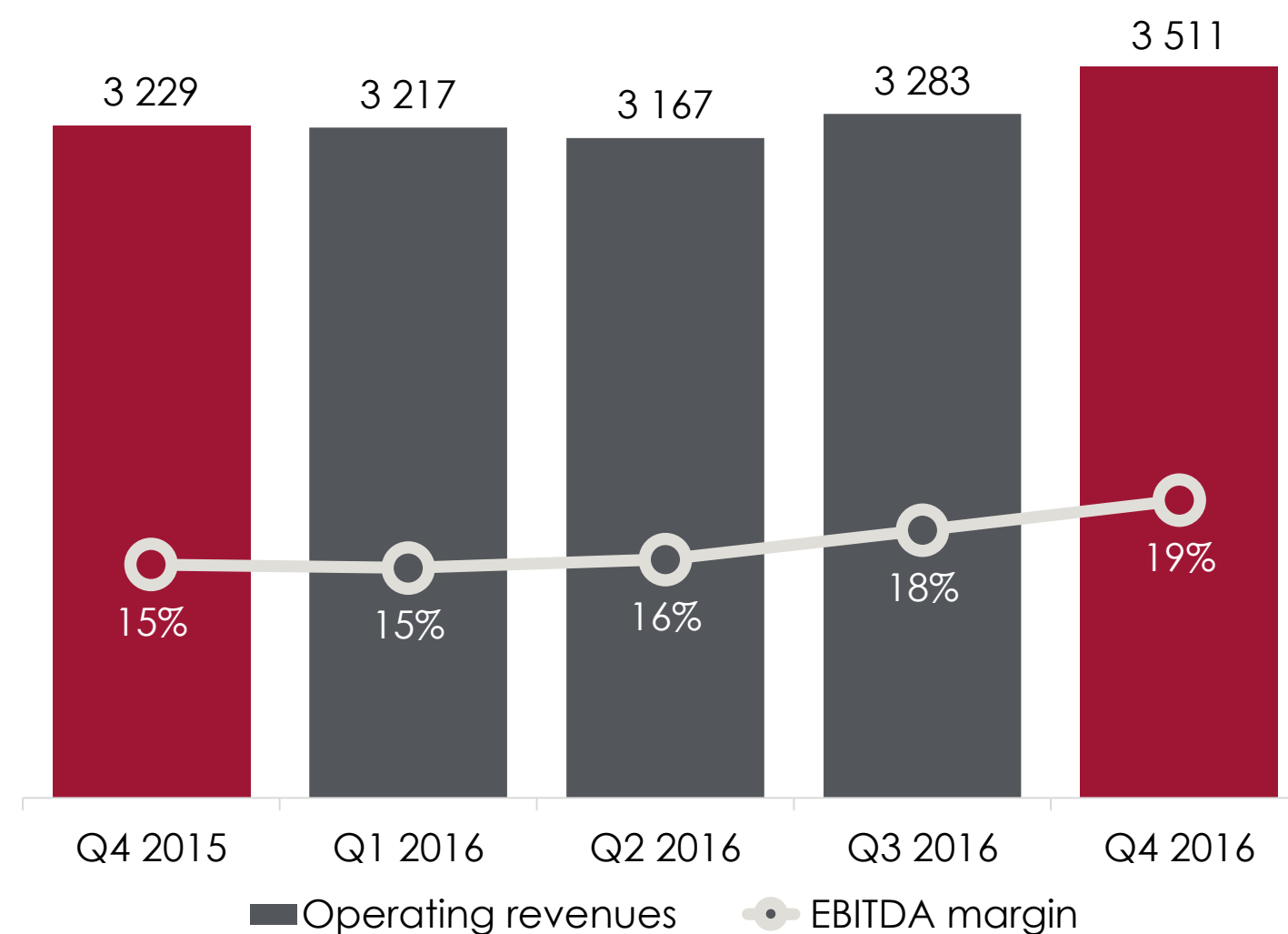
Revenues and EBITDA margin (NGAAP)*

NOKm



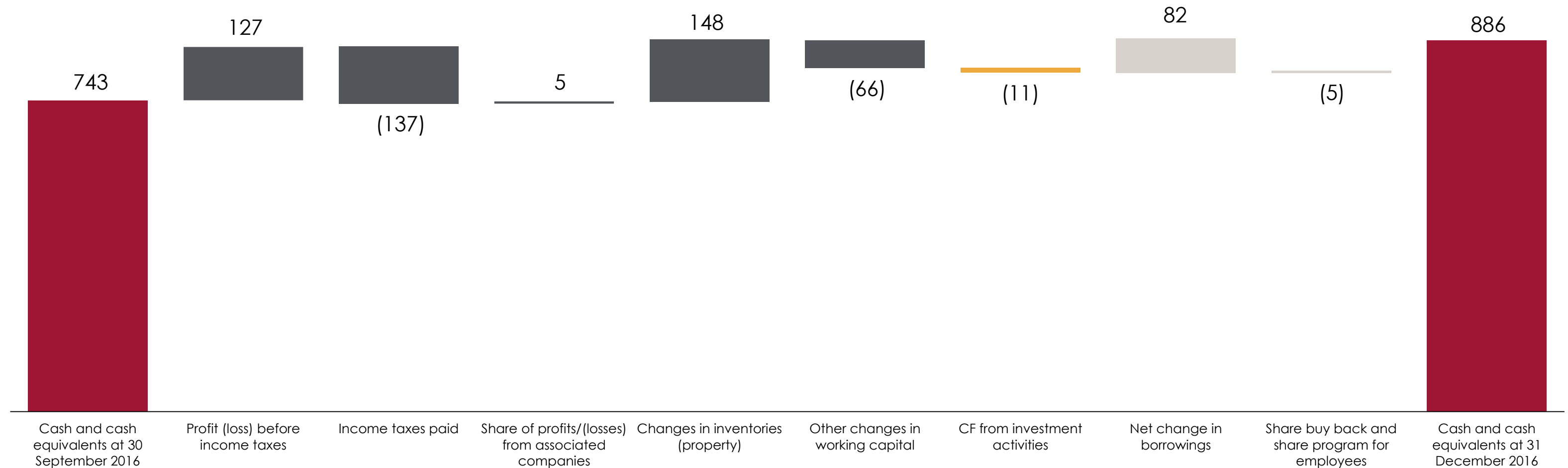
12 months rolling revenues (NGAAP)*

NOKm



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

Cash flow development Q4 2016



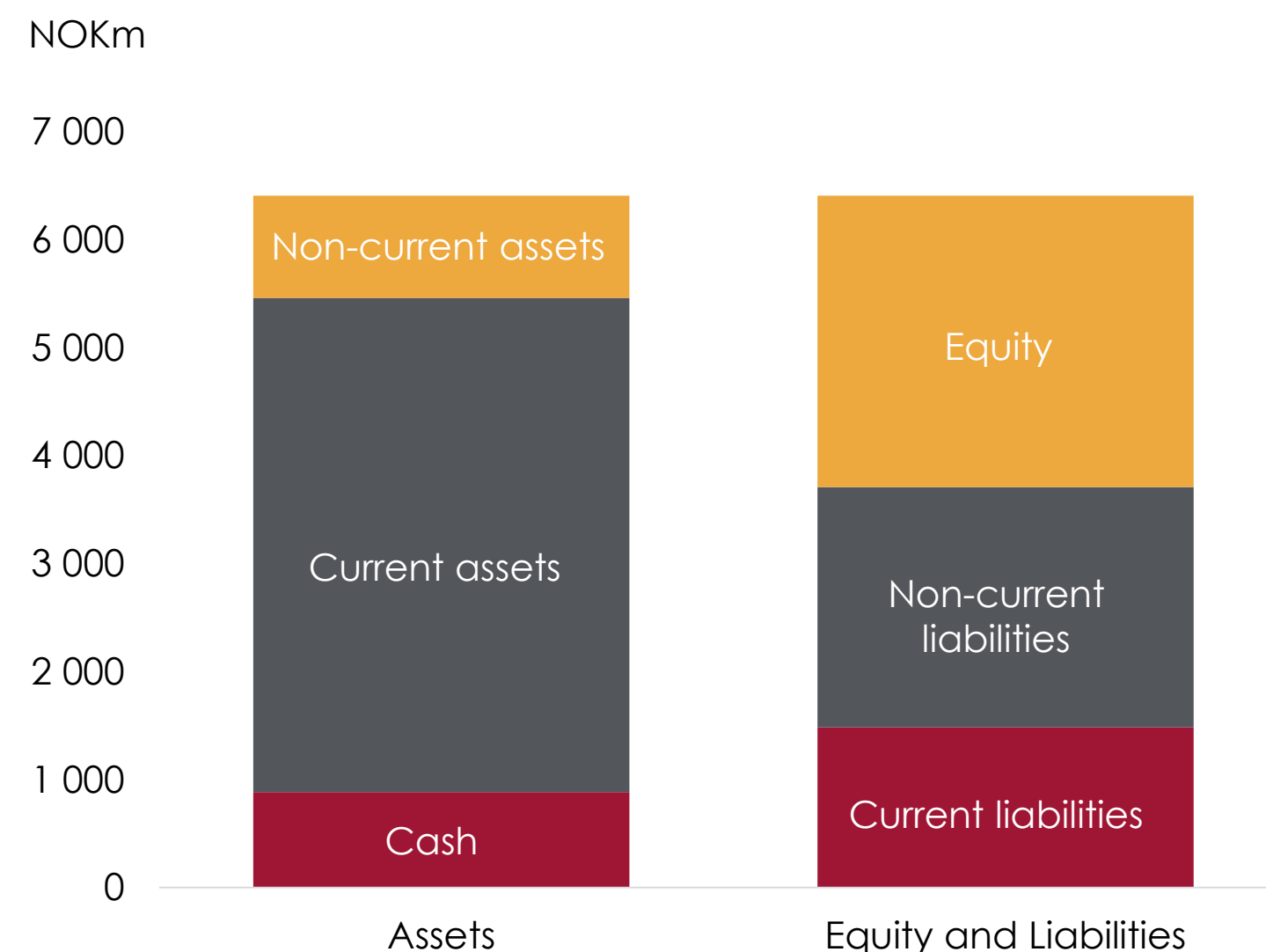
- Cash flow from operations positive with NOK 77m mainly due to units delivered
 - Partially offset by taxes paid
- Net positive change in borrowings
- Strong cash balance maintained

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

Balance sheet highlights Q4 2016

- Book value increased by NOK 1.2 to NOK 28.7 per share
 - Equity ratio 42.1%
- Changes from Q3 2016:
 - Inventories decreased by NOK 106m mainly due to units delivered
 - Trade receivables stable
 - Cash increased by NOK 143m
- Prepayments from customers accounts for NOK 468m of other current non interest-bearing liabilities

Balance sheet composition

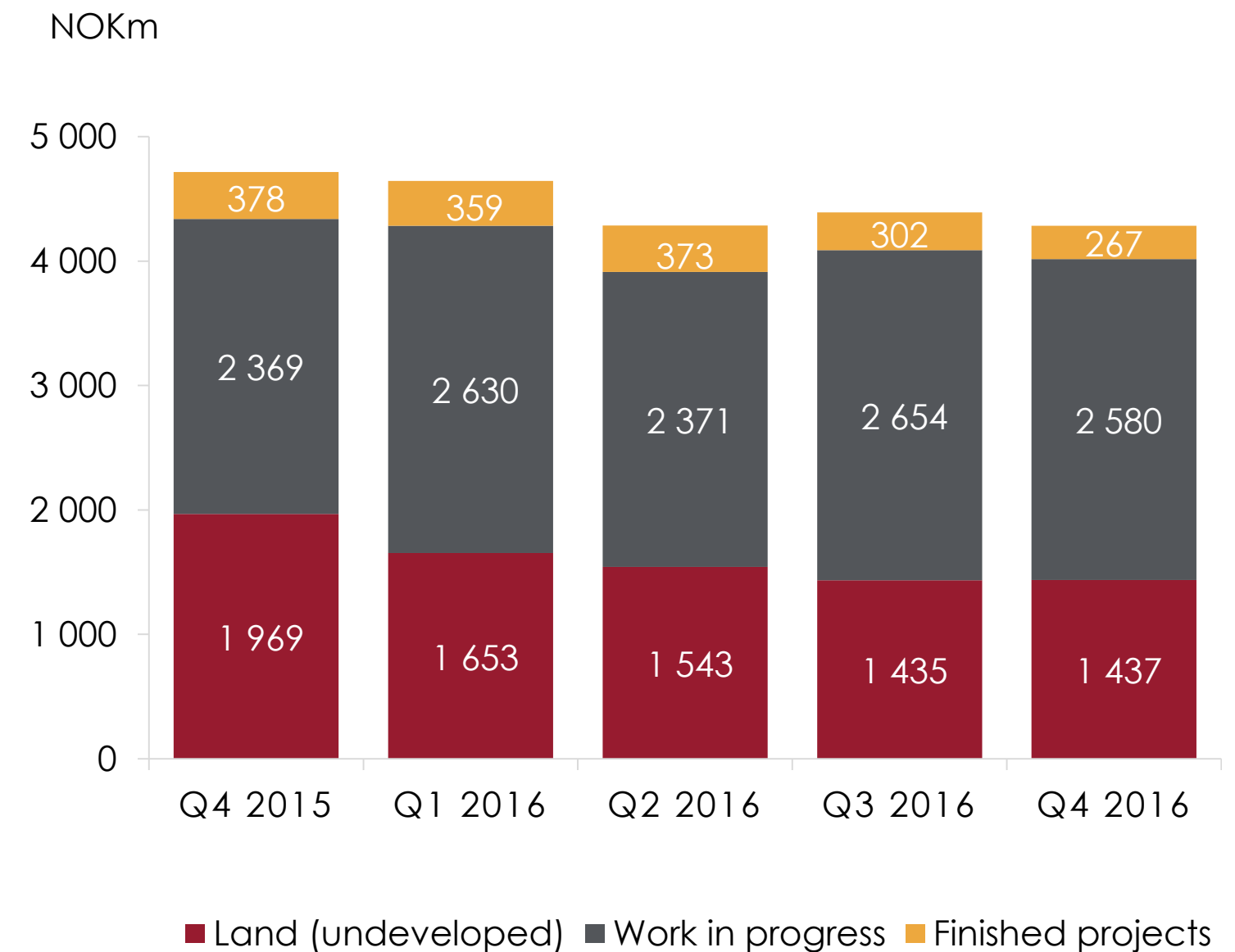


Inventories (property) Q4 2016

Q4'16 vs Q3'16

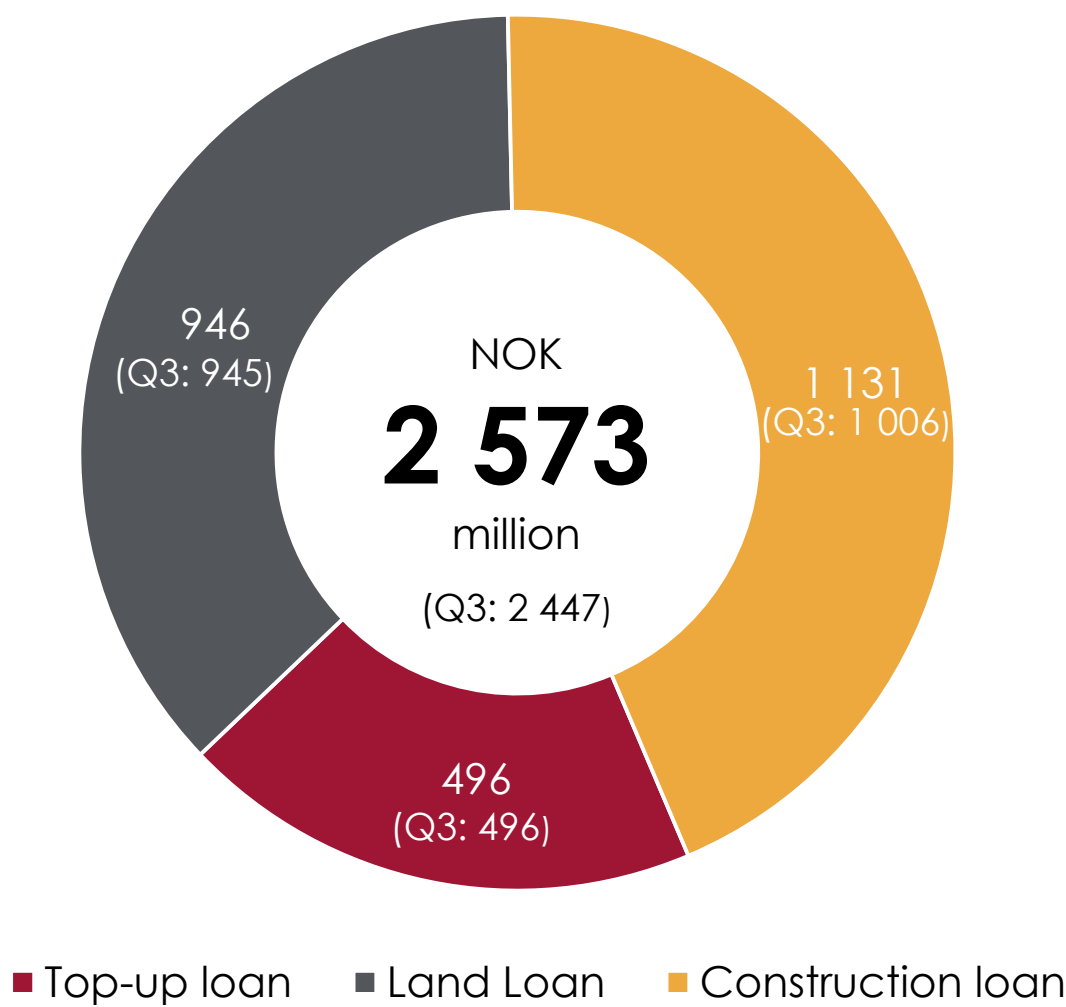
- Land value up NOK 3m
- Work in progress down NOK 74m
 - Due to completions
- Finished goods down NOK 35m
 - Due to units delivered

Inventory value development



Sound debt structure

Interest bearing debt as at 31 December 2016



Loan facility		Drawn per 31 Dec. (NOKm)	Interest rate margin
1	NOK 500 million senior unsecured bond loan maturing in 2018	500	4.75%
2	NOK 150 million revolving credit facility from DNB maturing in 2016	0	2.00%
3	NOK 150 million working capital facility from DNB maturing in 2016	0	2.00%
4	Land loan facilities from a range of Nordic credit institutions	946	2.00% - 2.50%
5	Construction loan facilities from a range of Nordic credit institutions	1 131	1.75% - 2.70%

Total Q4 2016 net interesting bearing debt NOK 1 687 million

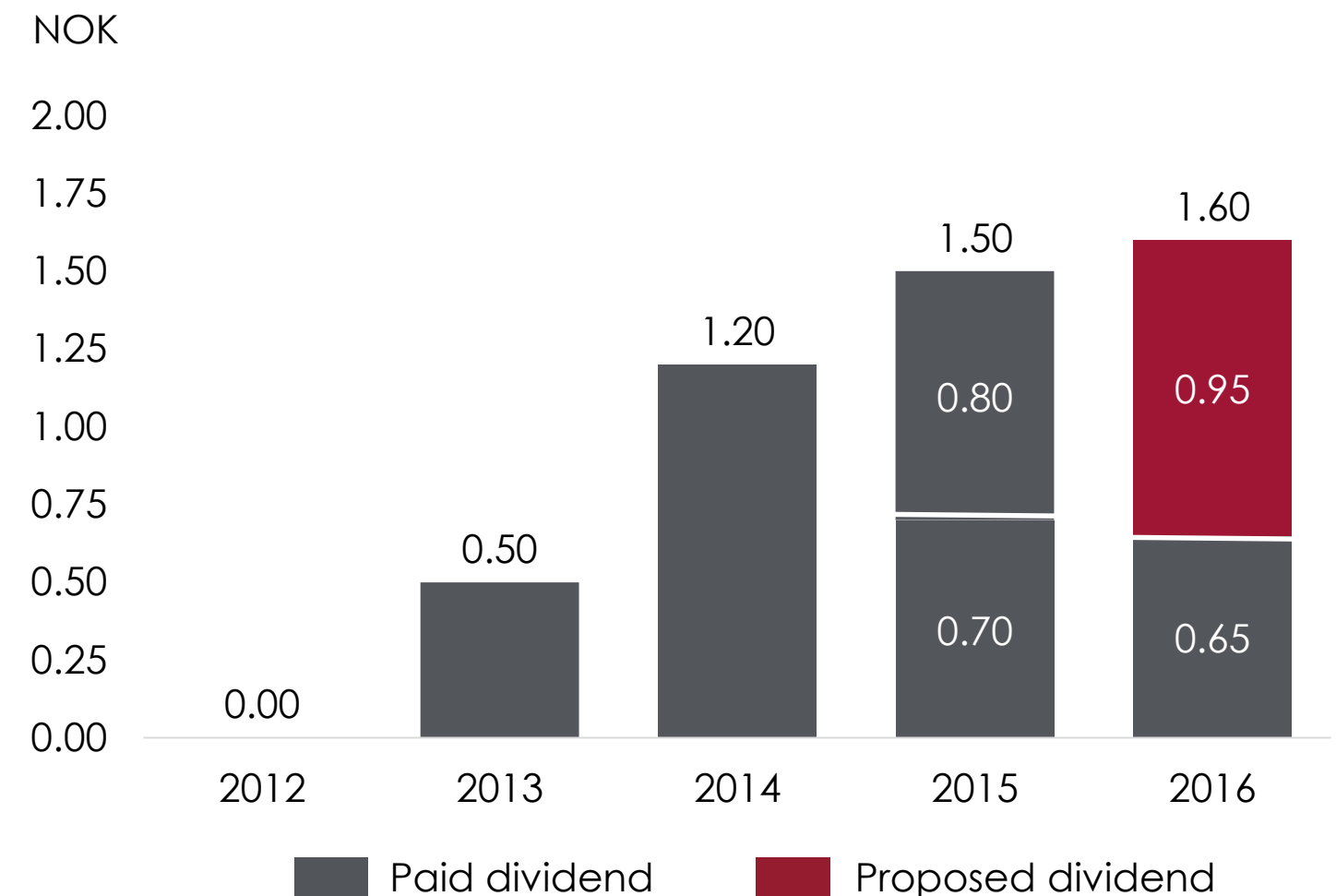
Total Q3 2016 net interesting bearing debt NOK 1 704 million

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
- FY'16 EPS NOK 3.21
- FY'16 dividend of NOK 1.60 per share
 - 50% of EPS
 - 1H'16 dividend of NOK 0.65 per share distributed
 - 2H'16 dividend of NOK 0.95 per share proposed

Dividend per share



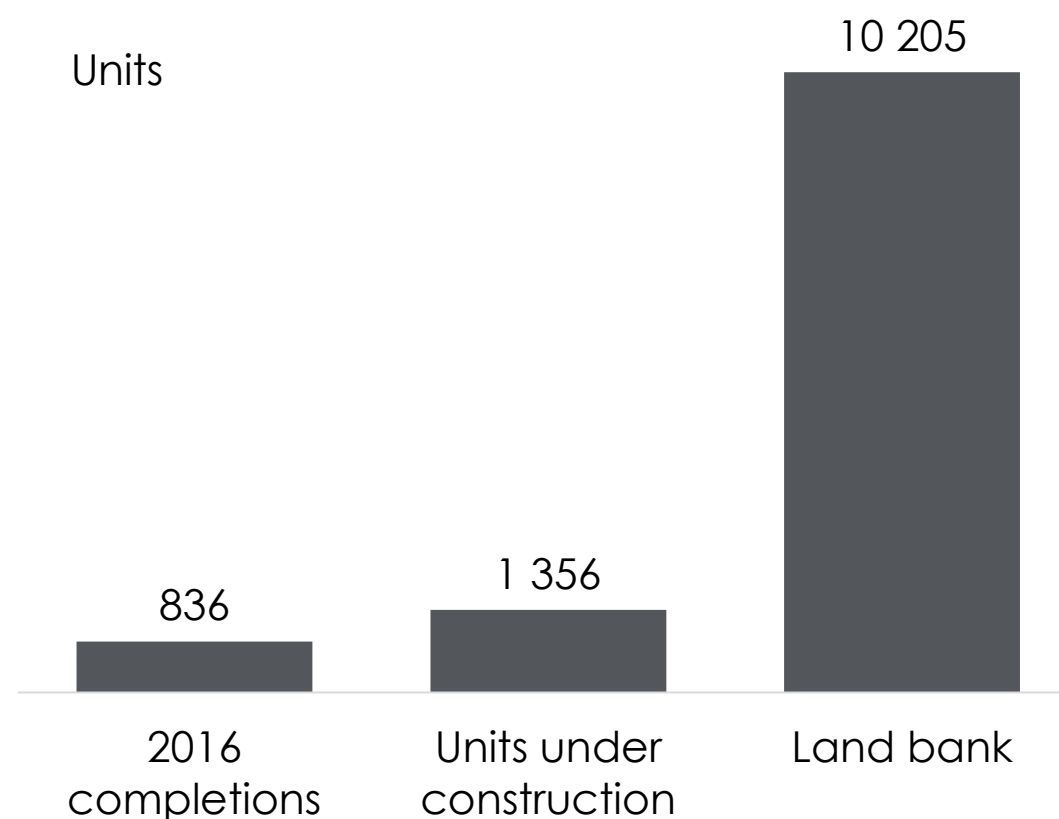
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Substantial land bank focused on Norway's four largest growing urban areas

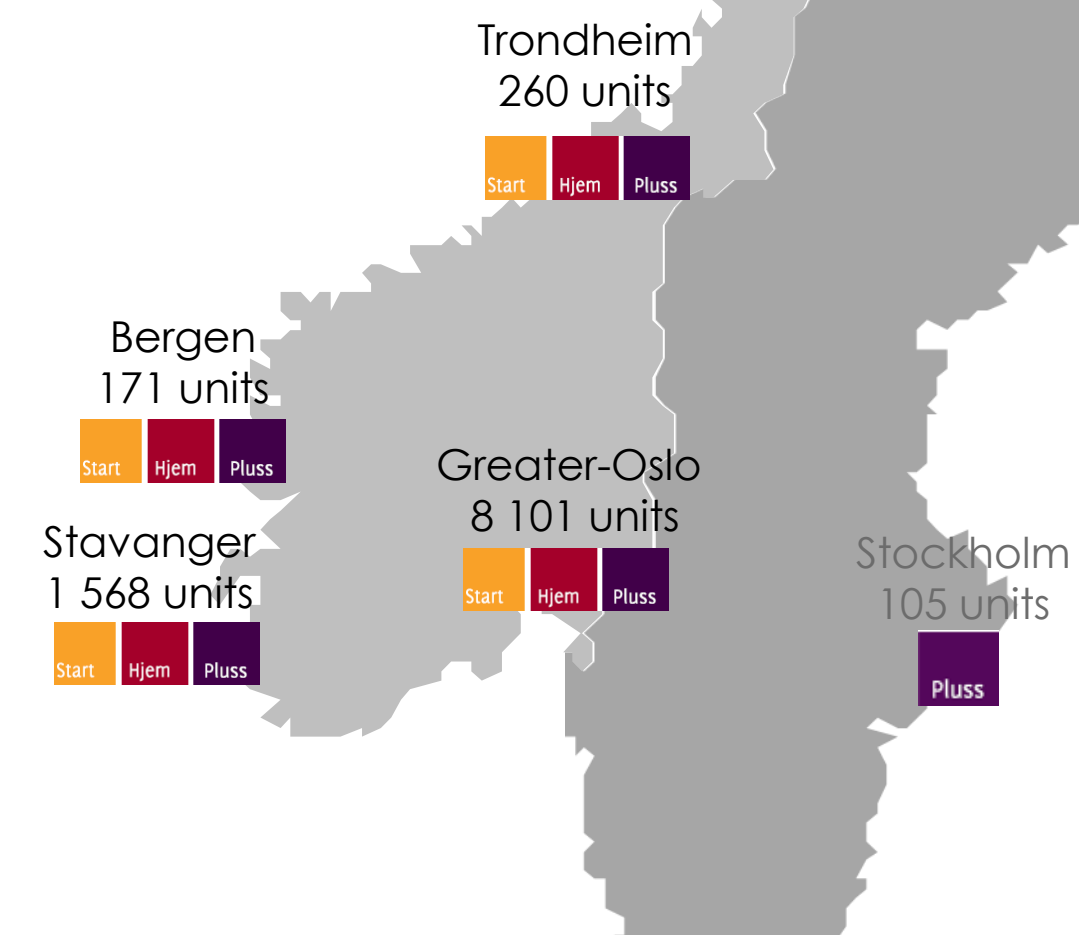
Land bank relative size

Units completed and under construction vs. land bank



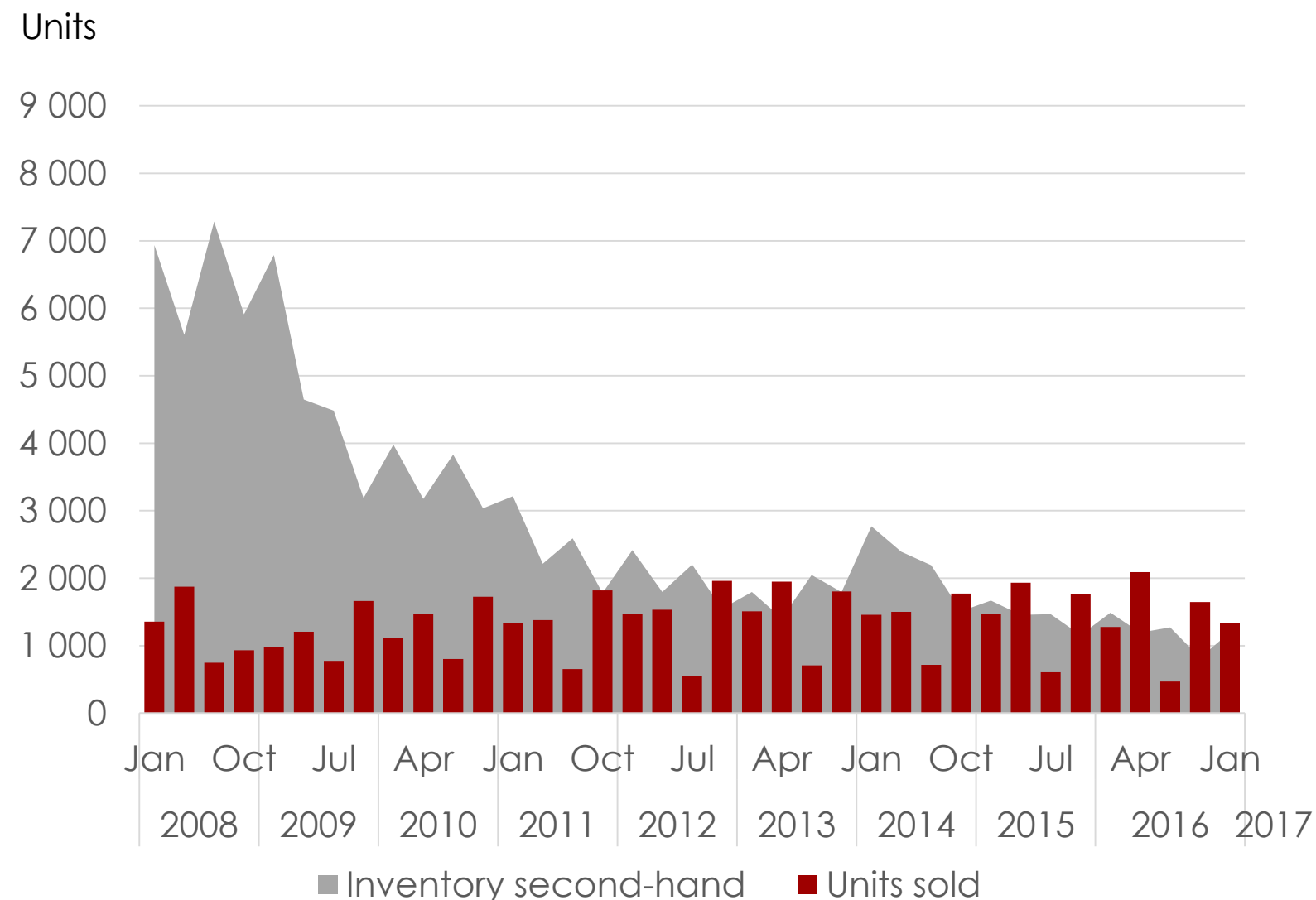
Land bank exposure

Geographical spread



Extraordinary low supply in Oslo

Oslo, January 2008-2017



Oslo, January 2017 sum-up

Second hand – average

- Sales price: NOK 73 184 per m²
- Turnover time: 15 days
- Price increase January: 2.6%
- Price increase last 12 months: 23.1%
- Units available for sale (31.01): ~1 050

New homes (not built)

- Units available for sale (31.01): ~650

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

New regulation for residential mortgage loans

Old regulation

1. Loan-to-value ratio on secondary homes in Oslo at 85 per cent
2. Flexibility regarding gross annual income/collected debt
3. Instalment required for loans exceeding 70% of housing value



New regulation

1. Caps loan-to-value ratio on secondary homes in Oslo at 60 per cent
2. Limiting borrower's collected debt to five times gross annual income
3. Instalment required for loans exceeding 60% of housing value

Possible effects

- Increased price pressure in regions around Oslo
- Increased demand for apartments under 5 million
- Increased price pressure on small apartments in Oslo

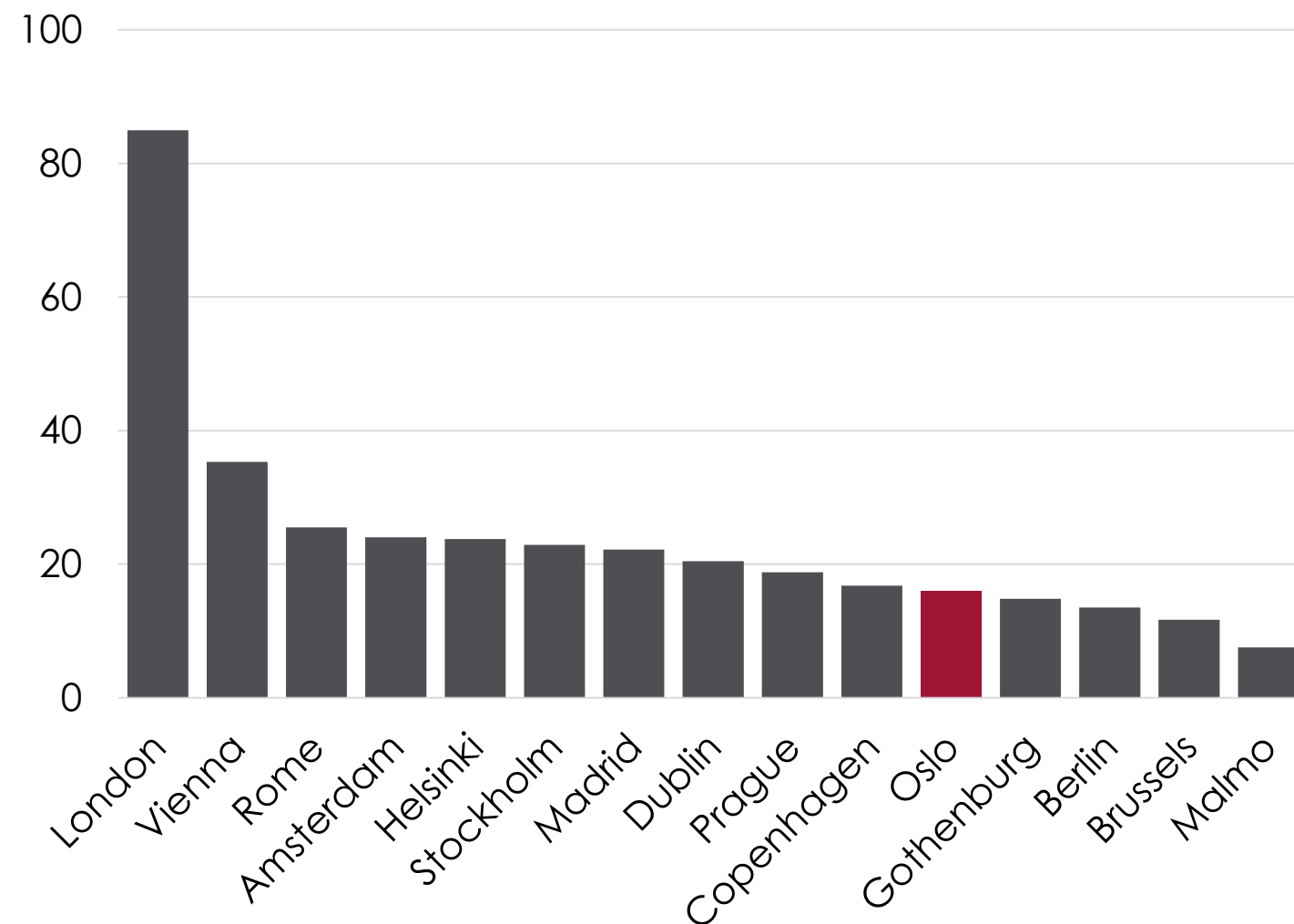
The new regulation applies until 30 June 2018

Source: Ministry of Finance, Norway

Oslo price level vs. other European cities

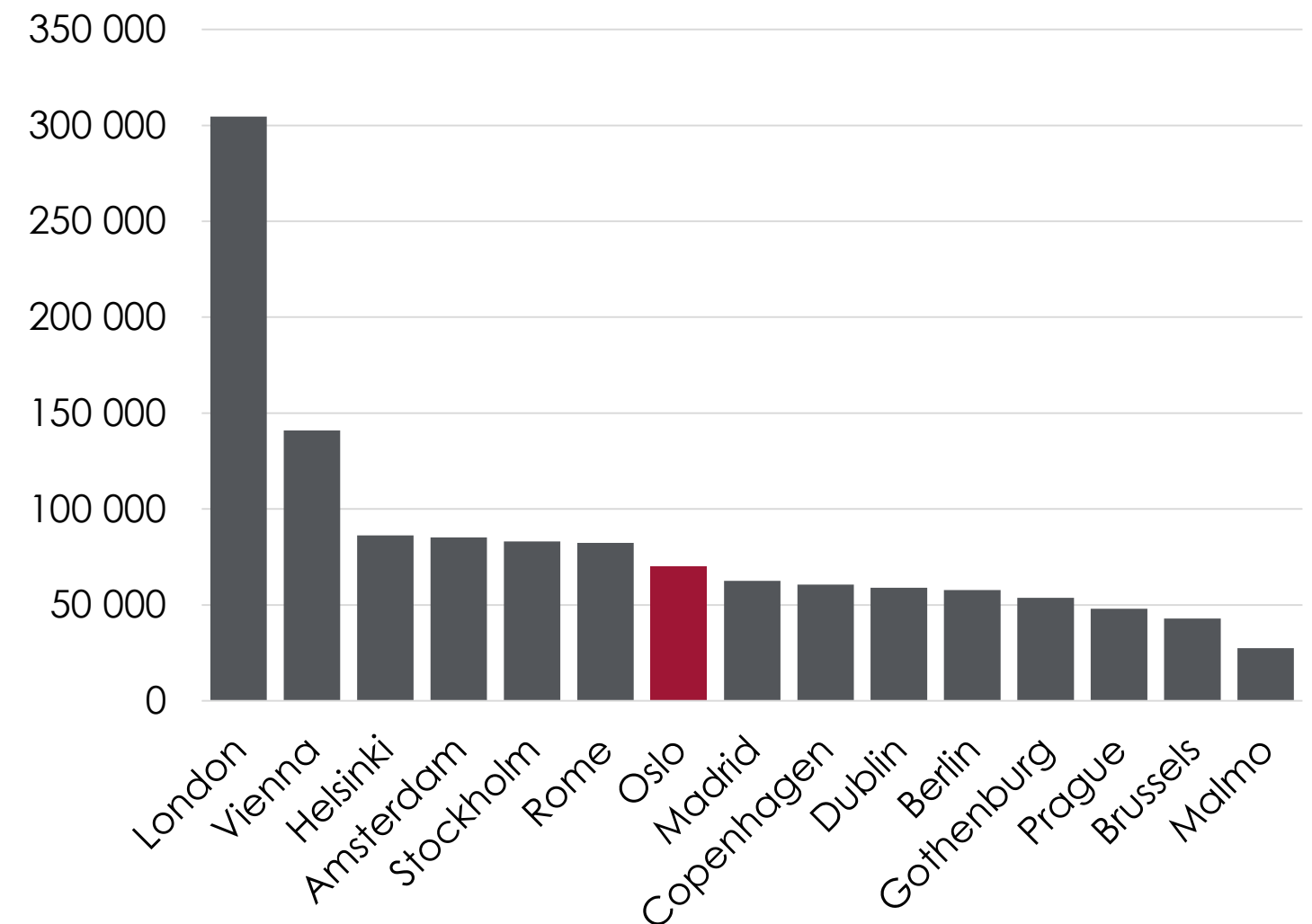
Current price to income ratios

Price/income



Prices per square metre in NOK

NOK



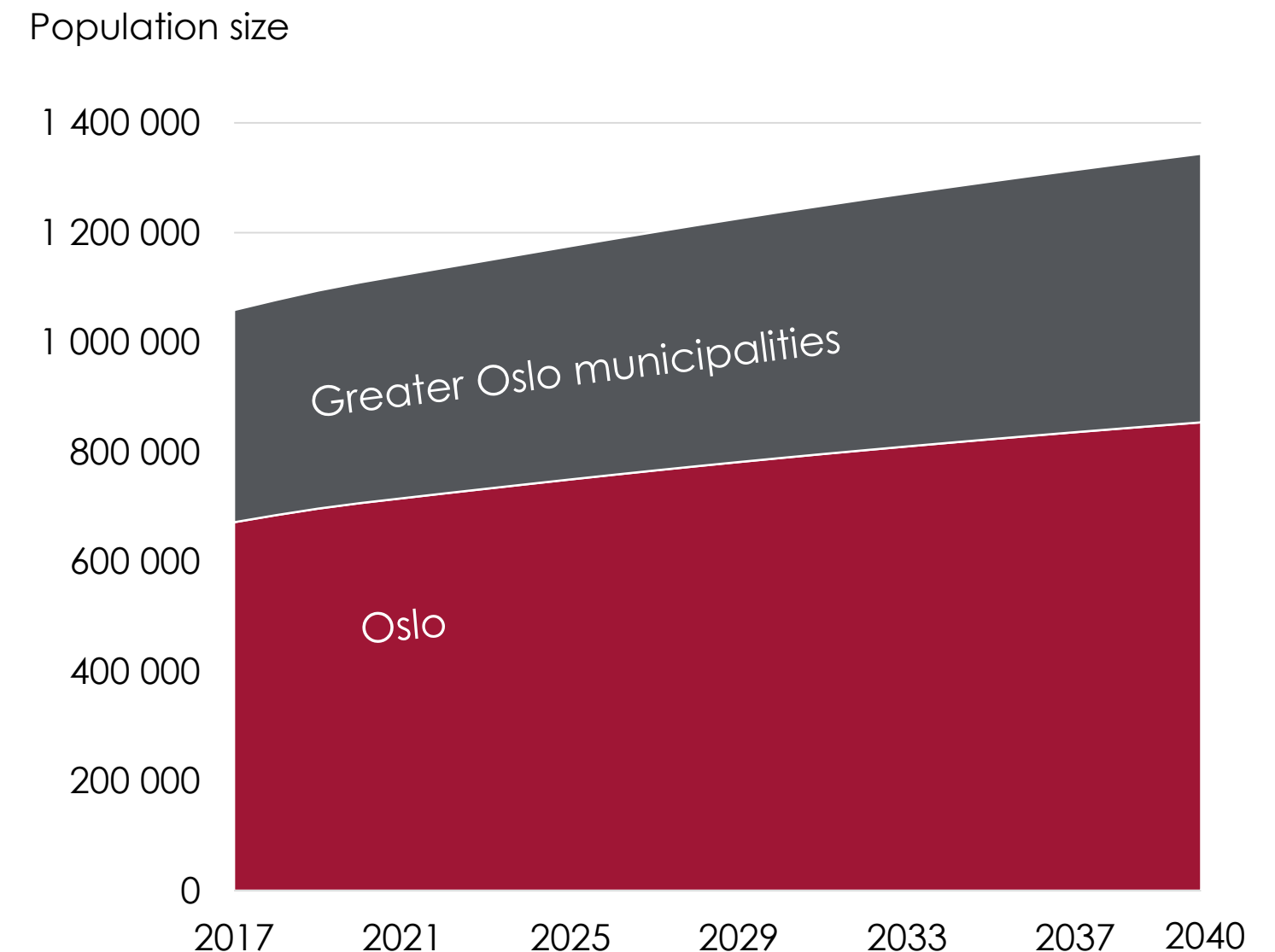
Selected European cities

Source: Ny Analyse, Global Property Guide, Eiendom Norge, Svensk Mäklarstatistik, OECD

Urbanisation in Greater Oslo towards 2040

> 80 000 next five years

- Rapid population growth in Oslo followed by stable development
 - 30% population growth expected from 2017 to 2040
- Stable population growth to municipalities surrounding Oslo
 - 28% population growth expected from 2017 to 2040



Greater Oslo municipalities include: Ski, Ås, Oppegård, Bærum, Asker, Lørenskog, Skedsmo, Ullensaker

Source: Statistics Norway

Growth areas in Greater Oslo

- Oslo and regional cities
- Regional areas for labour intensive activities
- Priority areas for commercial and urban development
- Regional public transport hubs
- Public transport connecting regional cities and office locations



Note: The numbers are not adjusted for Selvaag Bolig's share in joint ventures
Source: Plansamarbeidet Oslo-Akershus, Selvaag Bolig

MARKET – SELVAAG BOLIG ACQUISITIONS

Selvaag Bolig to build ~2 000 units at Fornebu centre



- Land acquired at Fornebu, Bærum
- 50/50 JV with Trond and Frederik Mohn
- SBO's largest land acquisition to date

- Approximately 2 000 units
- Expected sales value NOK 10 billion
- Sales start expected in 2020

11-month price growth 42 m², 1 bedroom apartment

Lørenporten, Oslo



Total: 430-500 units | 1-4 rooms | 35-119 m²
182 of 228 units sold per 03 February 2017

Time from acquisition to sales start: 11 months

Sales start May '16

11-month price growth 89 m², 3 bedroom apartment

Lørenporten, Oslo



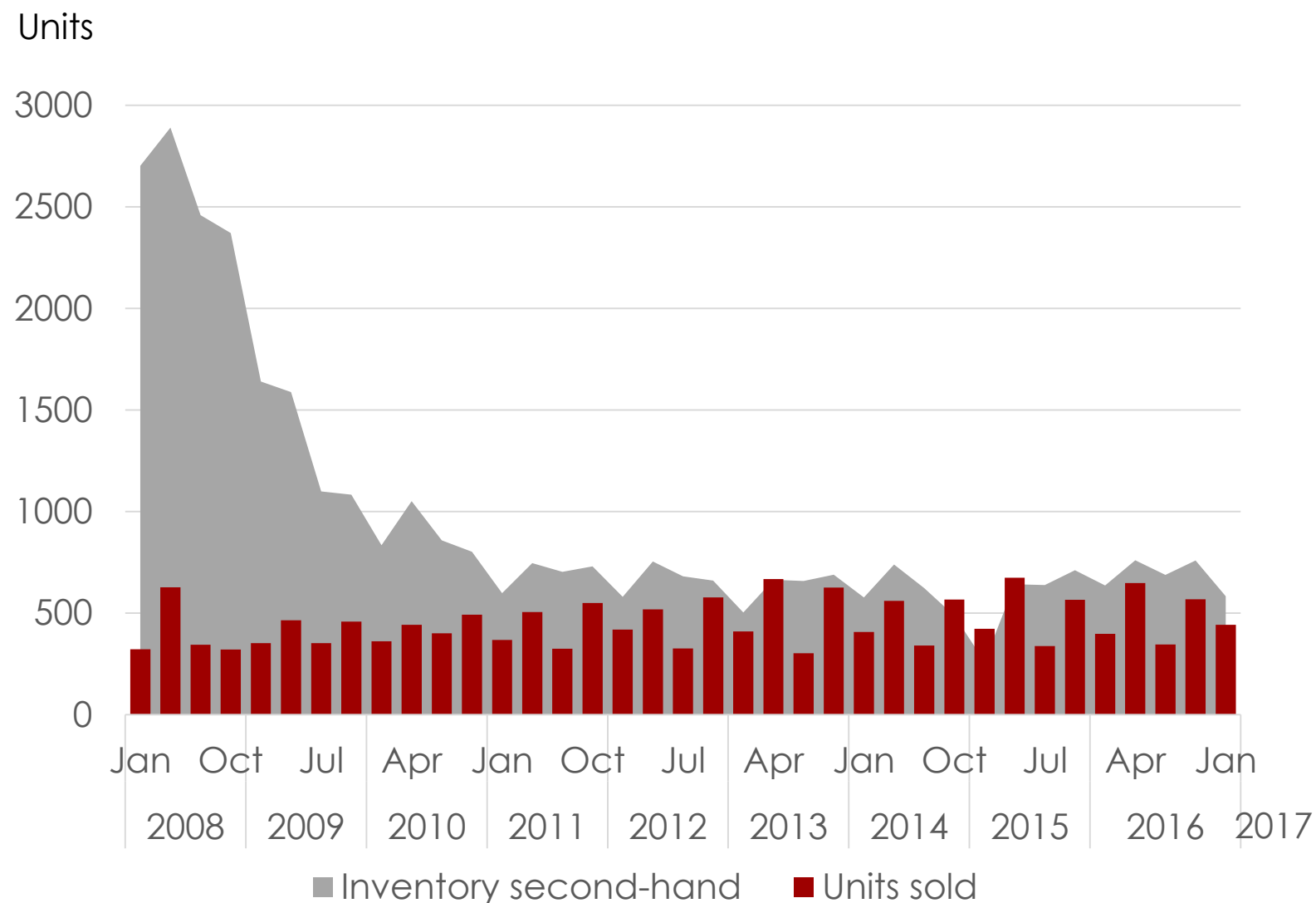
Total: 430-500 units | 1-4 rooms | 35-119 m²
182 of 228 units sold per 03 February 2017

Time from acquisition to sales start: 11 months

Sales start May '16

Sound supply/demand in Bergen

Bergen, January 2008-2017



Bergen, January 2017 sum-up

Second hand – average

- Sales price: NOK 42 041 per m²
- Turnover time: 33 days
- Price increase January: 1.7%
- Price increase last 12 months: 3.9%
- Units available for sale (31.01): ~600

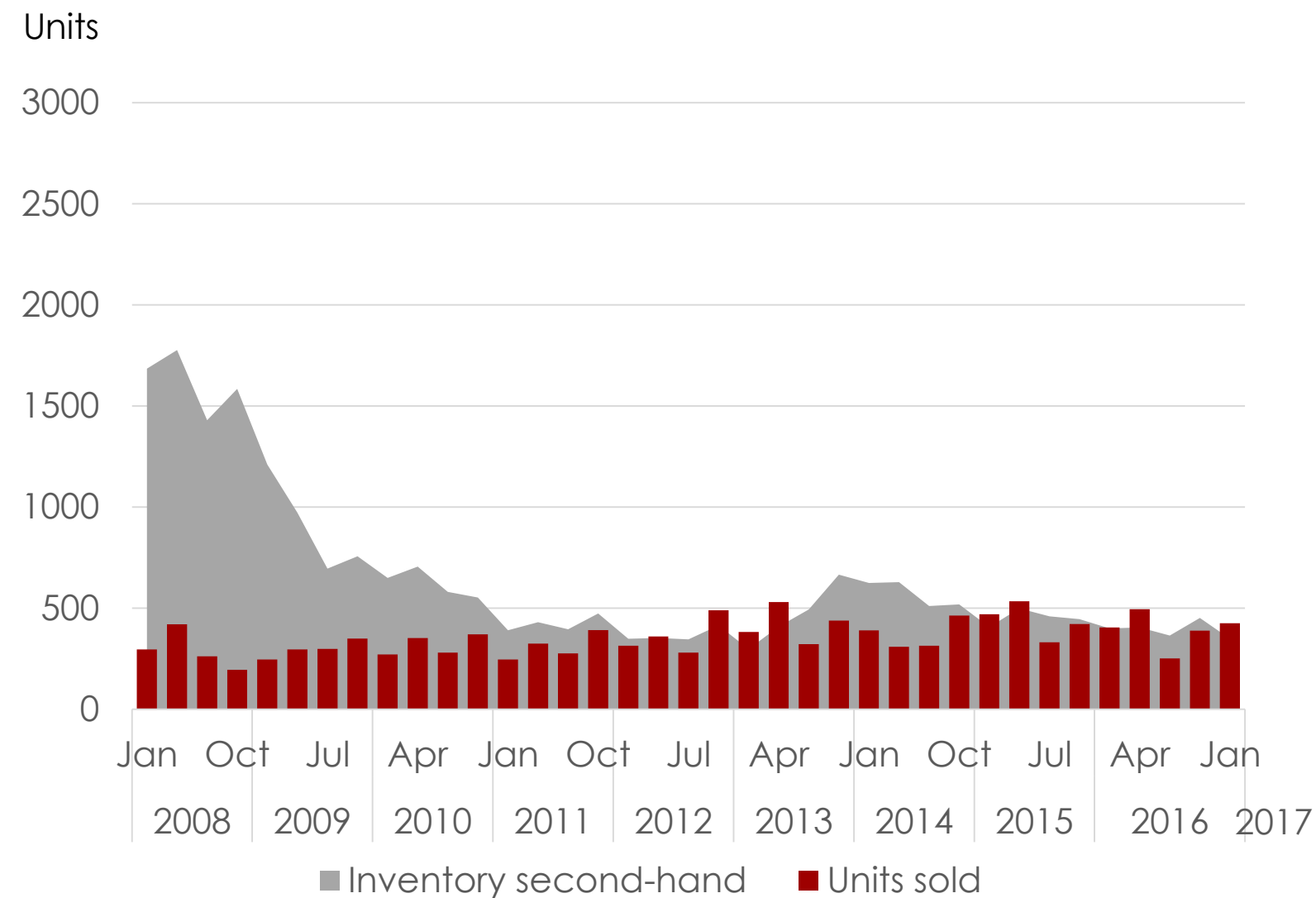
New homes (not built)

- Units available for sale (31.01): ~825

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

Balanced market in Trondheim

Trondheim, January 2008-2017



Trondheim, January 2017 sum-up

Second hand – average

- Sales price: NOK 43 508 per m²
- Turnover time: 28 days
- Price increase January: 2.0%
- Price increase last 12 months: 9.2%
- Units available for sale (31.01): ~350

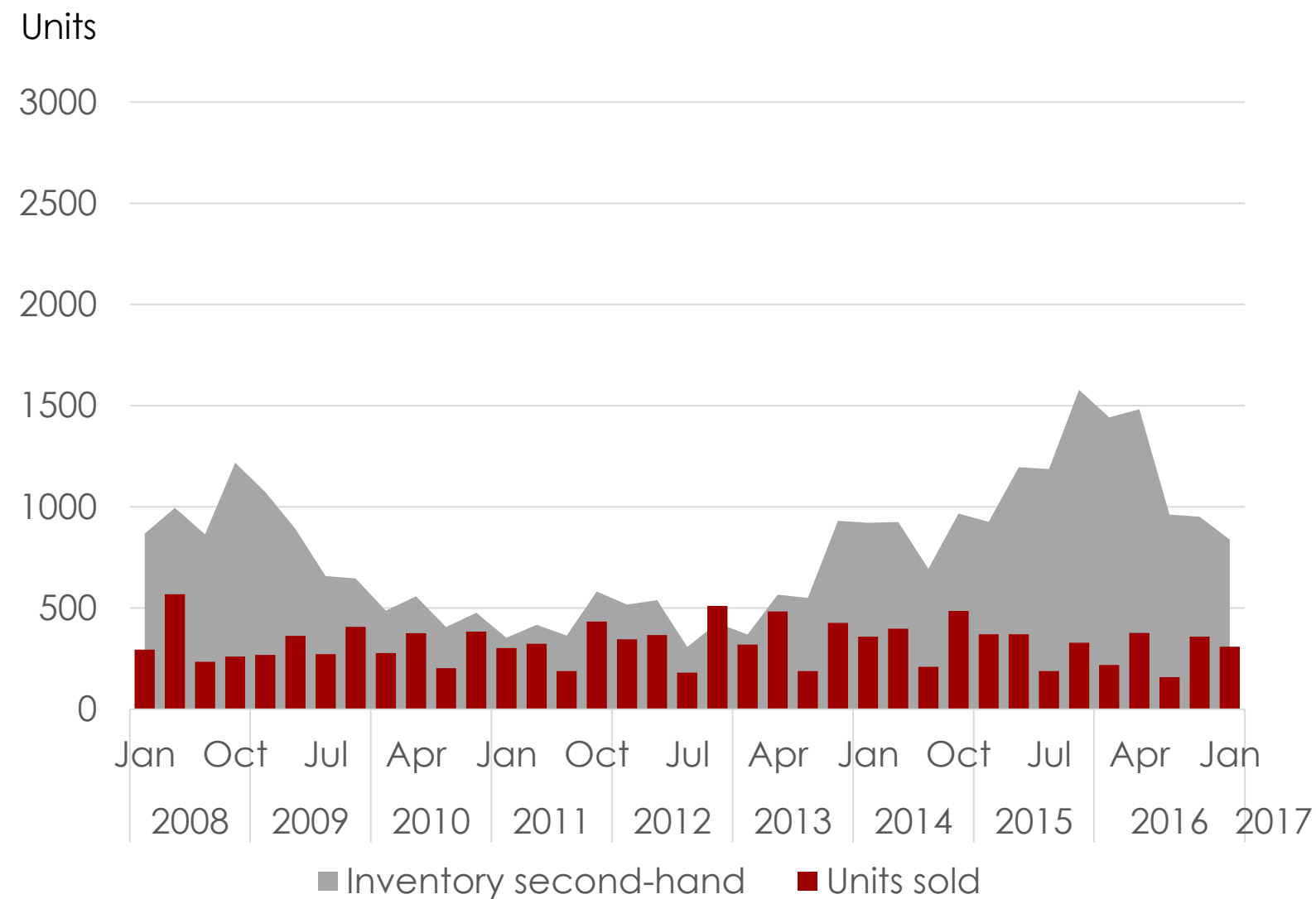
New homes (not built)

- Units available for sale (31.01): ~575

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

Recovery in Stavanger market

Stavanger area, January 2008-2017



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

Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

Stavanger, January 2017 sum-up

Second hand (Stavanger only) – average

- Sales price: NOK 36 981 per m²
 - Jan. 16: NOK 36 099 per m²
- Turnover time: 69 days
- Price increase January: 2.1%
- Price decrease last 12 months: 2.8%
- Units available for sale (31.01): ~450
 - 31.01.16: ~850
- Second hand sales January: 198 units (Jan. 16: 126 units)

New homes (not built)

- Units available for sale (31.01): ~275
 - 31.01.16: ~400

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Summary

- All-time high results and sales values reflect market and business model
- SBO's average 1 bedroom apartment increased by 30% in 2016
- High percentage of 2017/18 completions sold
- Proposed H2'16 dividend of NOK 0.95 per share, total FY'16 dividend of NOK 1.60



Hovinenga, Oslo

Thank you for your attention – follow us online!

Next event:
1st quarter 17, 22 May 2017



@SelvaagAksjen



Appendix

Share performance since IPO in June 2012



Source: Oslo Børs

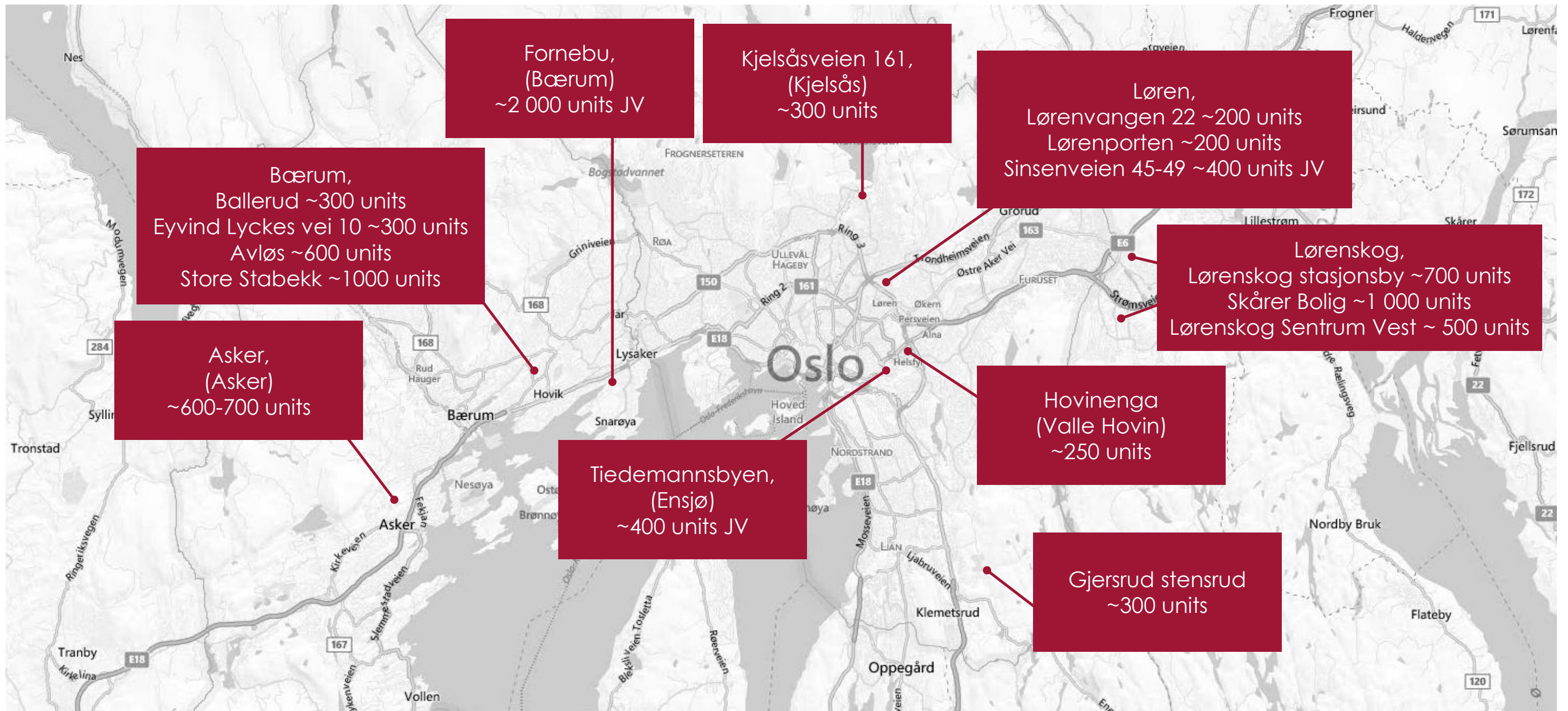
Largest shareholders at 31 December 2016

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%
VERDIPAPIRFONDET PARETO INVESTMENT	1 596 000	1.7%
HOLTA INVEST AS	1 200 000	1.3%
VERDIPAPIRFONDET 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 PENSJON 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 COMPANY *)	658 639	0.7%
VERDIPAPIRFONDET 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%
Total 20 largest shareholders	76 068 092	81.1%
Other shareholders	17 697 596	18.9%
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>

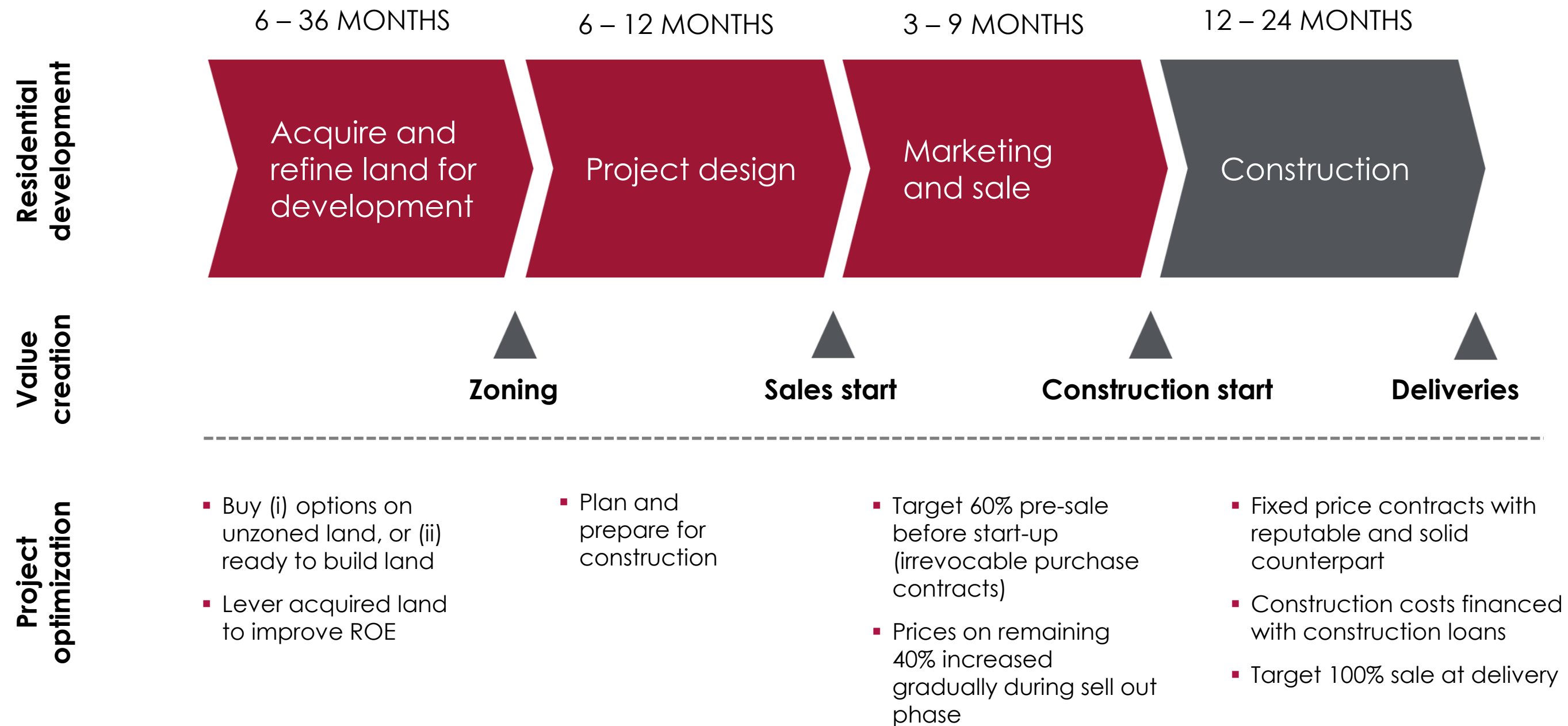
***) The shares were purchased for the company's share programmes for employees

Selected projects in Oslo 2017 →

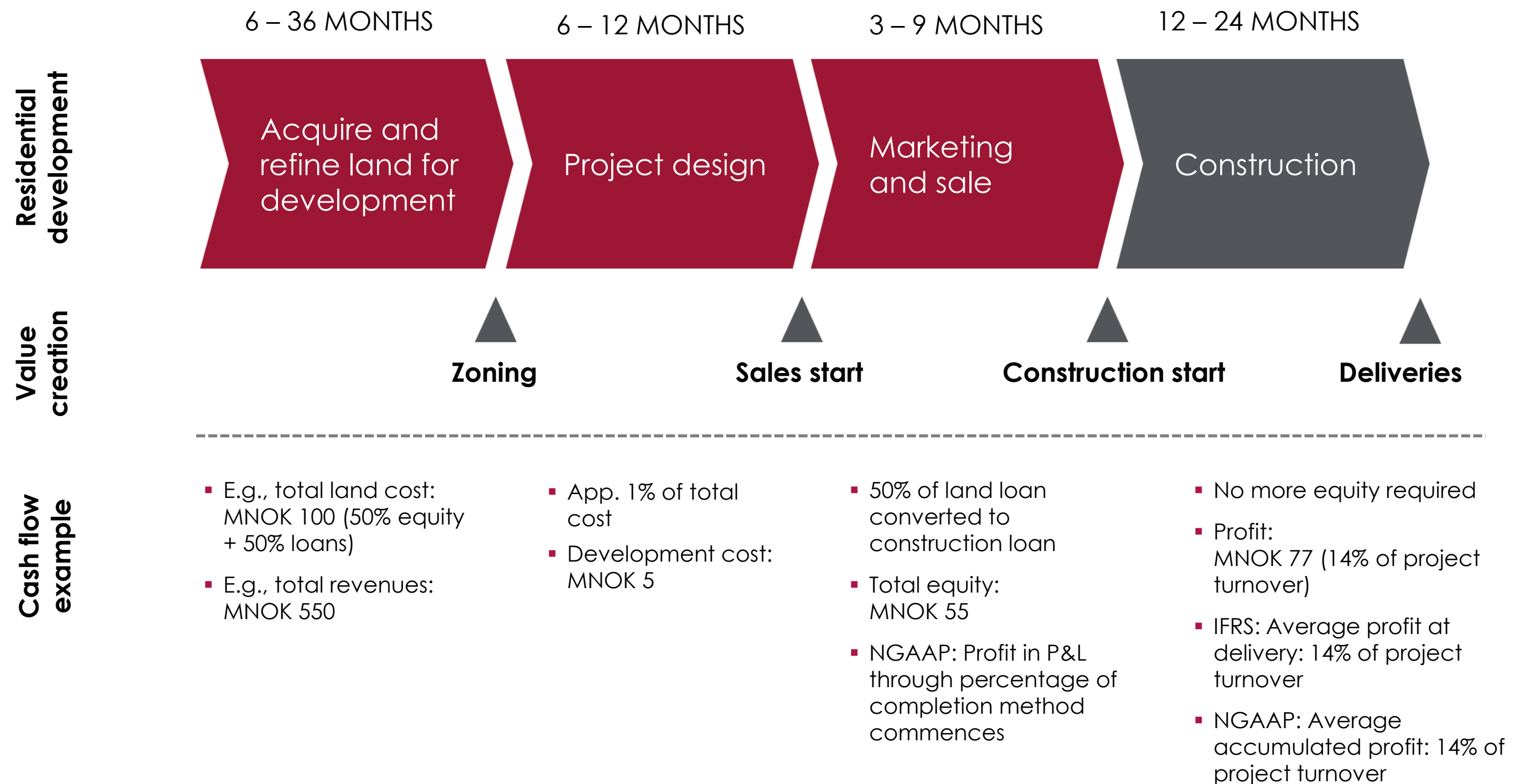


*The numbers are not adjusted for Selvaag Bolig's share in joint ventures

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

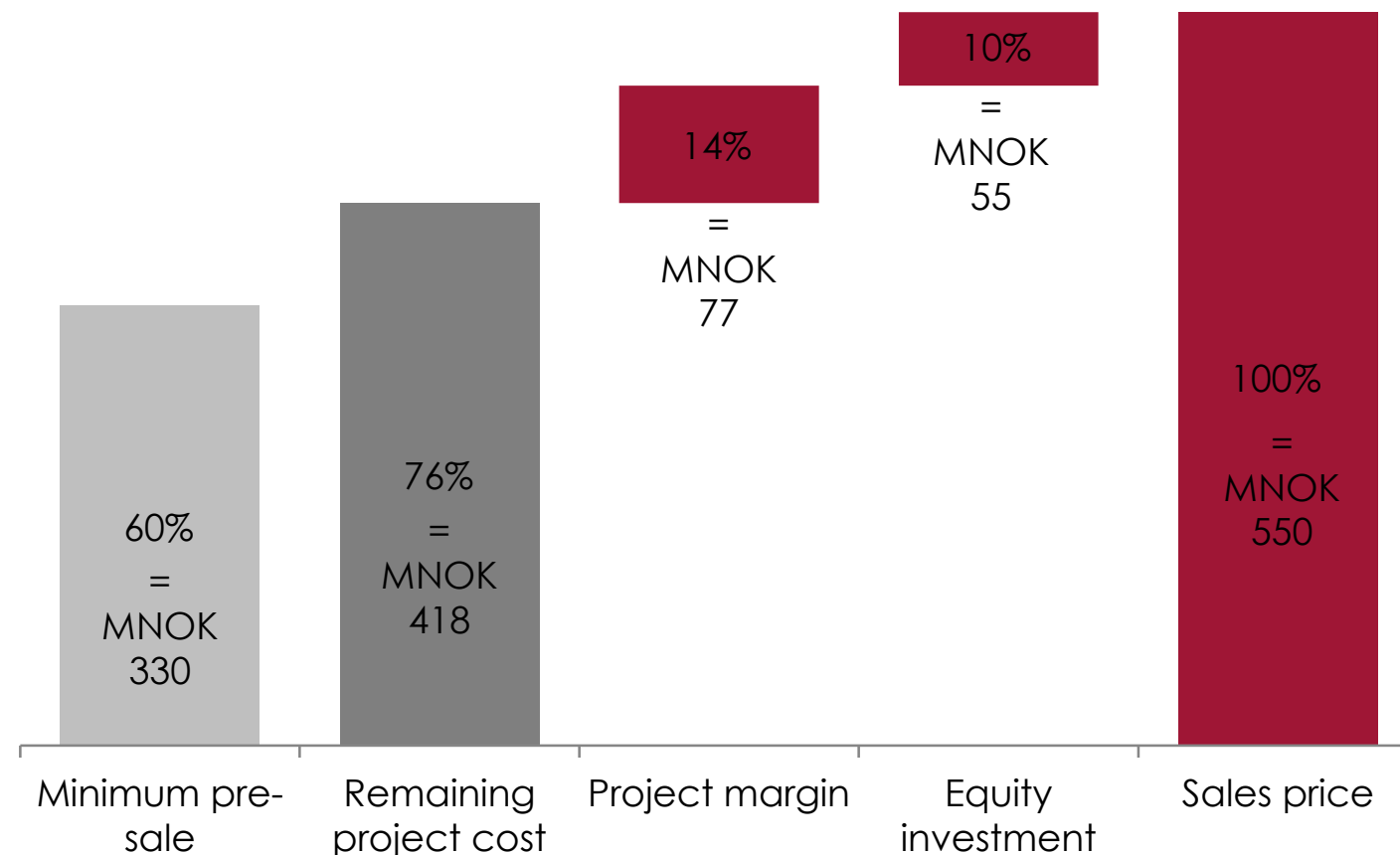
Selvaag Bolig – value proposition

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
- 85% of units in production are sold at end Q4'16

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

Income statement IFRS

(figures in NOK million)	Q4 2016	Q4 2015	2016	2015
Total operating revenues	885.5	882.0	3 000.3	3 246.0
Project expenses	(677.0)	(716.0)	(2 379.7)	(2 608.5)
Other operating expenses	(69.1)	(59.2)	(231.2)	(217.4)
Other gains (loss)	0.1	-	31.7	-
Associated companies and joint ventures	(5.3)	(11.4)	(7.1)	8.3
EBITDA	134.2	95.4	414.0	428.4
Depreciation and amortisation	(1.8)	(6.2)	(20.1)	(24.1)
EBIT	132.4	89.2	393.9	404.3
Net financial expenses	(4.9)	(8.6)	(29.3)	(33.1)
Profit/(loss) before taxes	127.5	80.6	364.6	371.2
Income taxes	(11.7)	(13.1)	(63.7)	(91.8)
Net income	115.8	67.5	300.9	279.4
Net income for the period attributable to:				
Non-controlling interests	0.1	(0.1)	(0.3)	(1.8)
Shareholders in Selvaag Bolig ASA	115.7	67.6	301.2	281.1

Cash Flow statement

(figures in NOK million)

	Q4 2016	Q4 2015	2016	2015
Net cash flow from operating activities	77.0	149.3	440.3	465.9
Net cash flow from investment activities	(11.1)	5.4	(14.8)	(15.5)
Net cash flow from financing activities	77.0	(287.0)	(211.5)	(344.1)
Net change in cash and cash equivalents	142.9	(132.3)	213.9	106.4
Cash and cash equivalents at start of period	743.3	804.6	672.3	565.9
Cash and cash equivalents at end of period	886.2	672.3	886.2	672.3

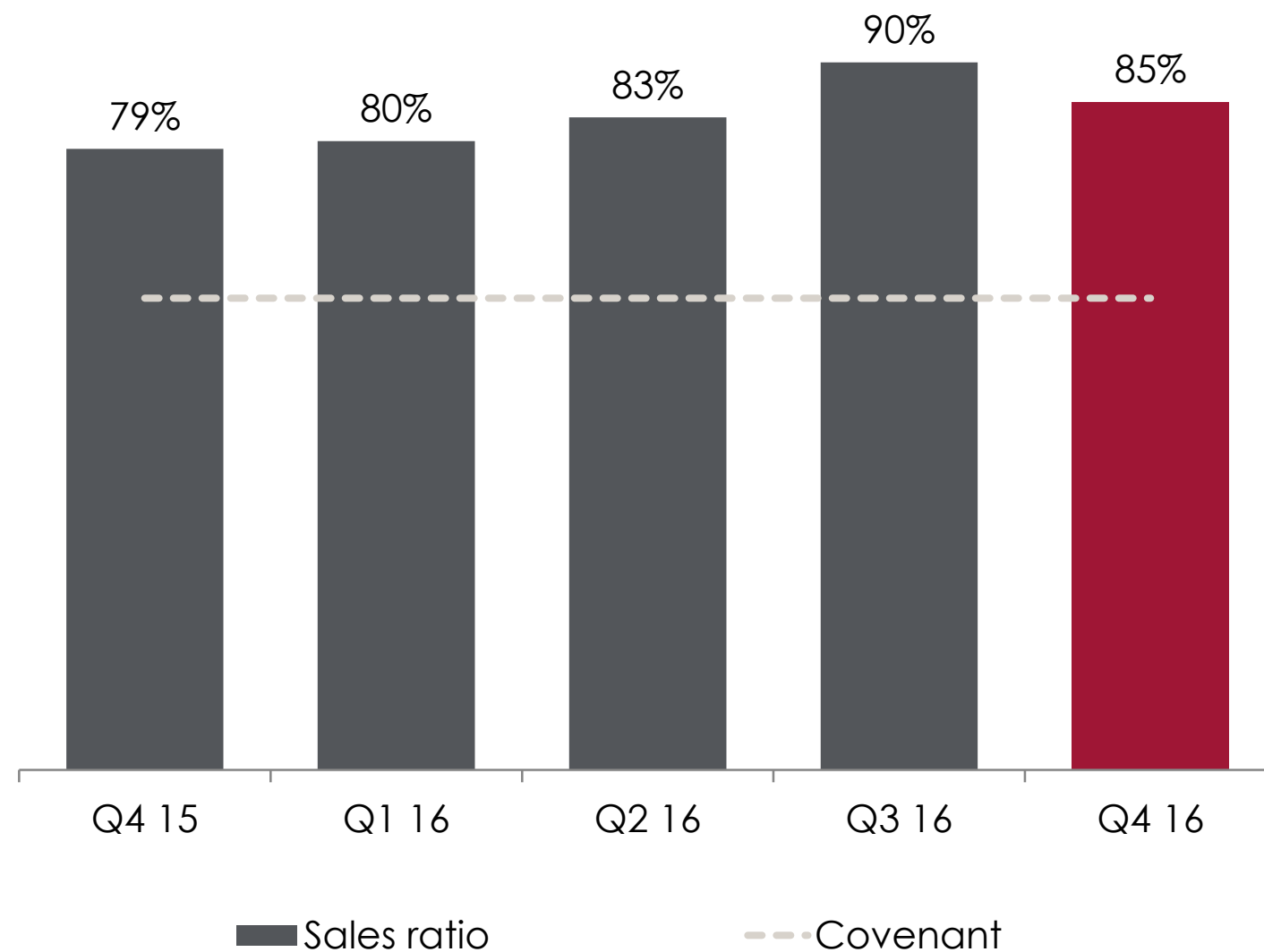
Balance sheet

(figures in NOK million)

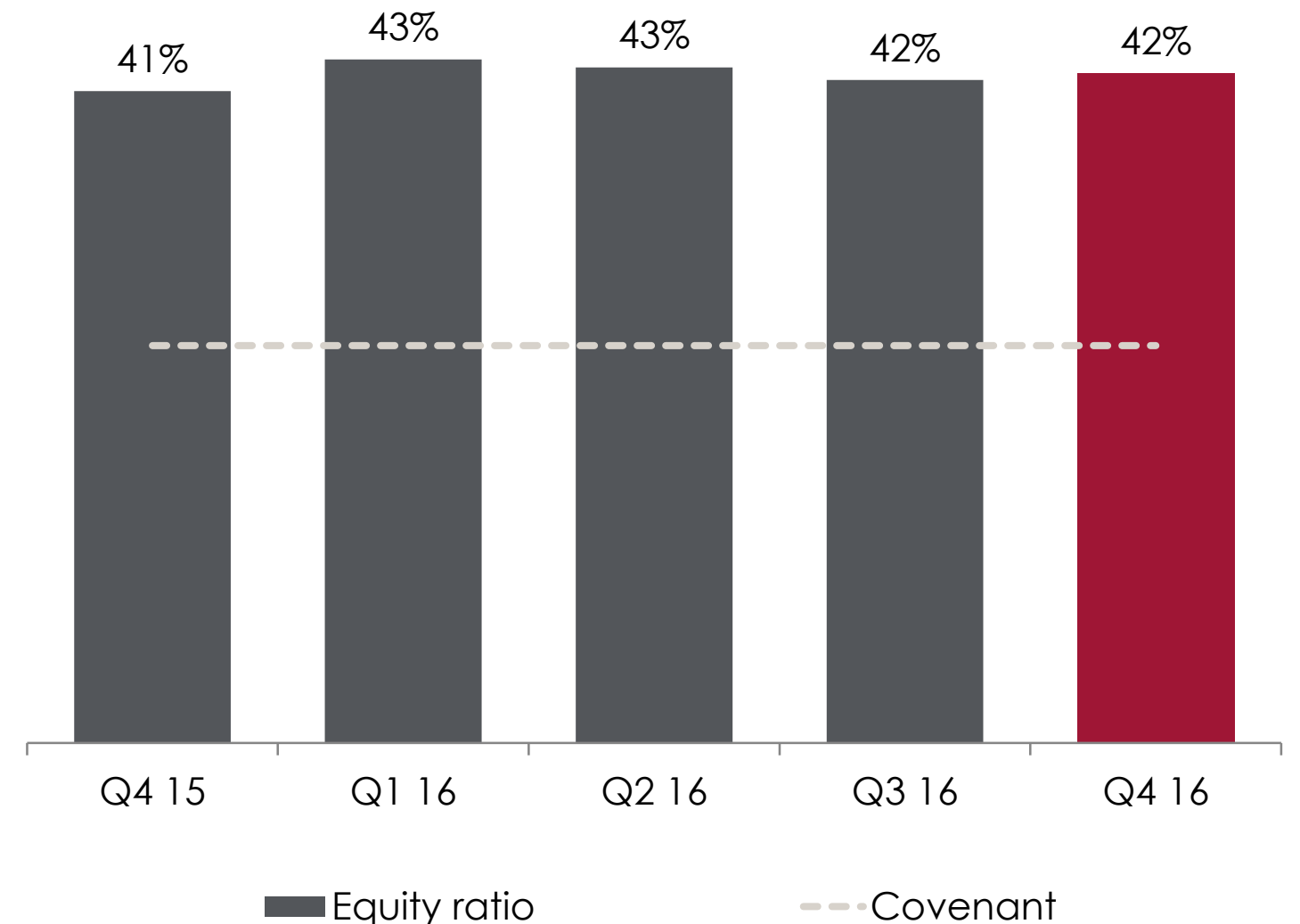
	2016	Q3 2016	2015
Intangible assets	383.4	383.4	397.2
Property, plant and equipment	10.9	11.8	20.3
Investments in associated companies and joint ventures	289.8	279.5	183.4
Other non-current assets	261.1	259.4	114.6
Total non-current assets	945.1	934.1	715.5
Inventories (property)	4 284.0	4 390.4	4 715.4
- Land	1 437.3	1 434.7	1 968.8
- Work in progress	2 579.7	2 653.5	2 368.5
- Finished goods	267.1	302.3	378.1
Other current receivables	293.3	139.7	147.9
Cash and cash equivalents	886.2	743.3	672.3
Total current assets	5 463.5	5 273.5	5 535.5
TOTAL ASSETS	6 408.7	6 207.6	6 251.1
Equity attributed to shareholders in Selvaag Bolig ASA	2 689.9	2 577.6	2 539.6
Non-controlling interests	9.3	9.2	9.6
Total equity	2 699.2	2 586.8	2 549.2
Non-current interest-bearing liabilities	2 038.7	2 145.4	1 846.7
Other non-current non interest-bearing liabilities	186.1	202.9	262.2
Total non-current liabilities	2 224.7	2 348.2	2 108.9
Current interest-bearing liabilities	534.7	301.7	771.3
Other current non interest-bearing liabilities	950.1	970.8	821.7
Total current liabilities	1 484.8	1 272.5	1 593.0
TOTAL EQUITY AND LIABILITIES	6 408.7	6 207.6	6 251.1

In compliance with financial covenants

Sales ratio covenant (minimum 60.0%)

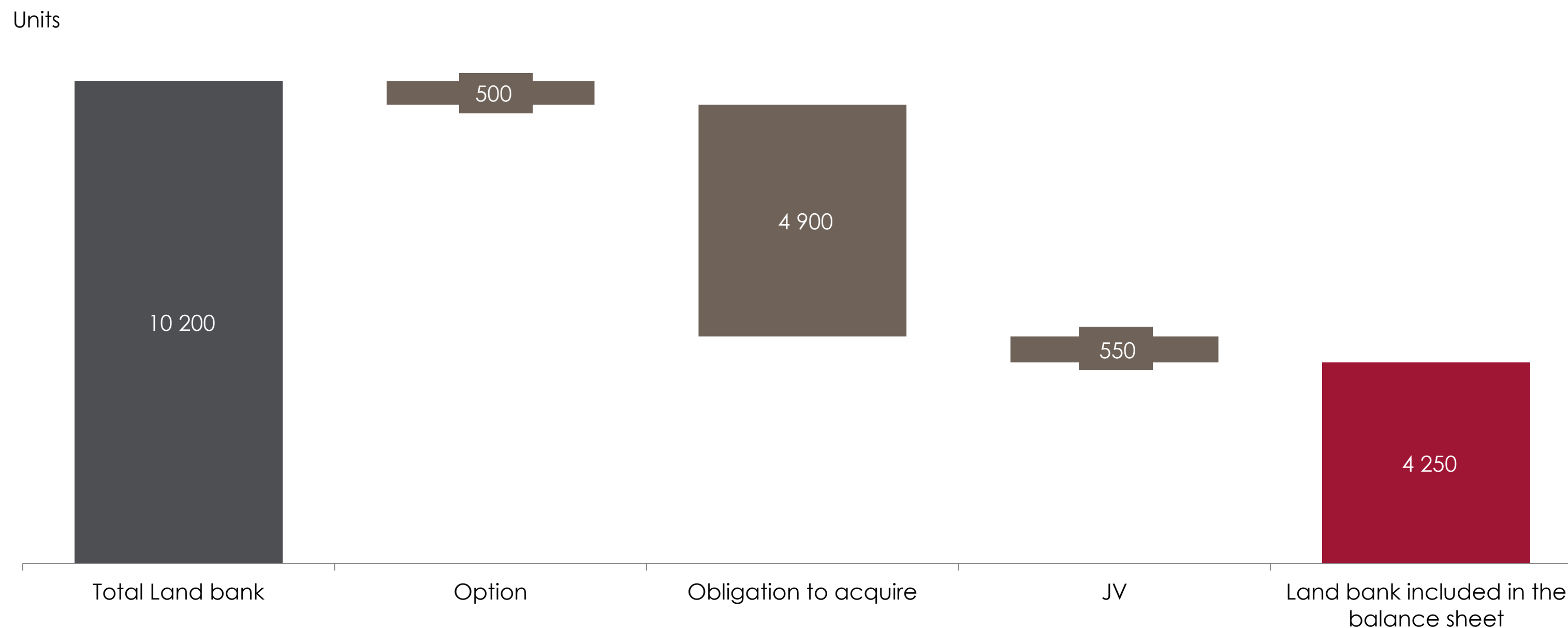


Equity ratio covenant (minimum 25.0%)



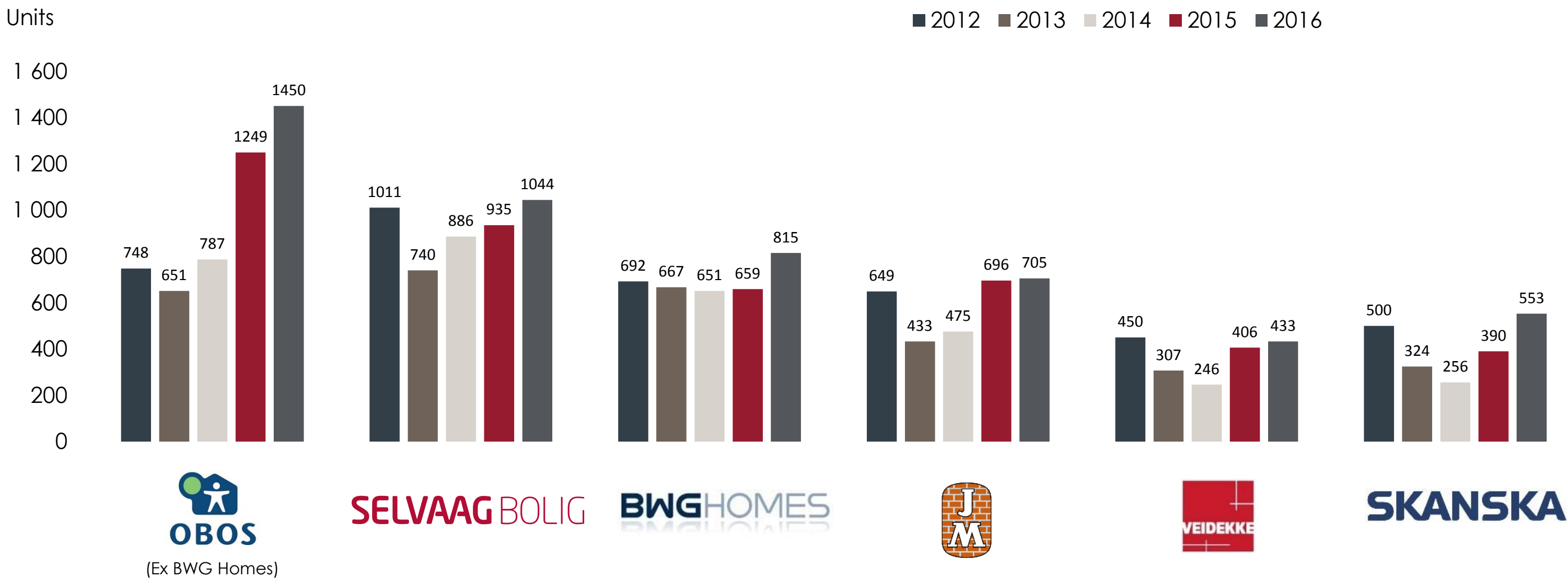
Substantial portfolio for development

Total land bank portfolio at 31 December 2016



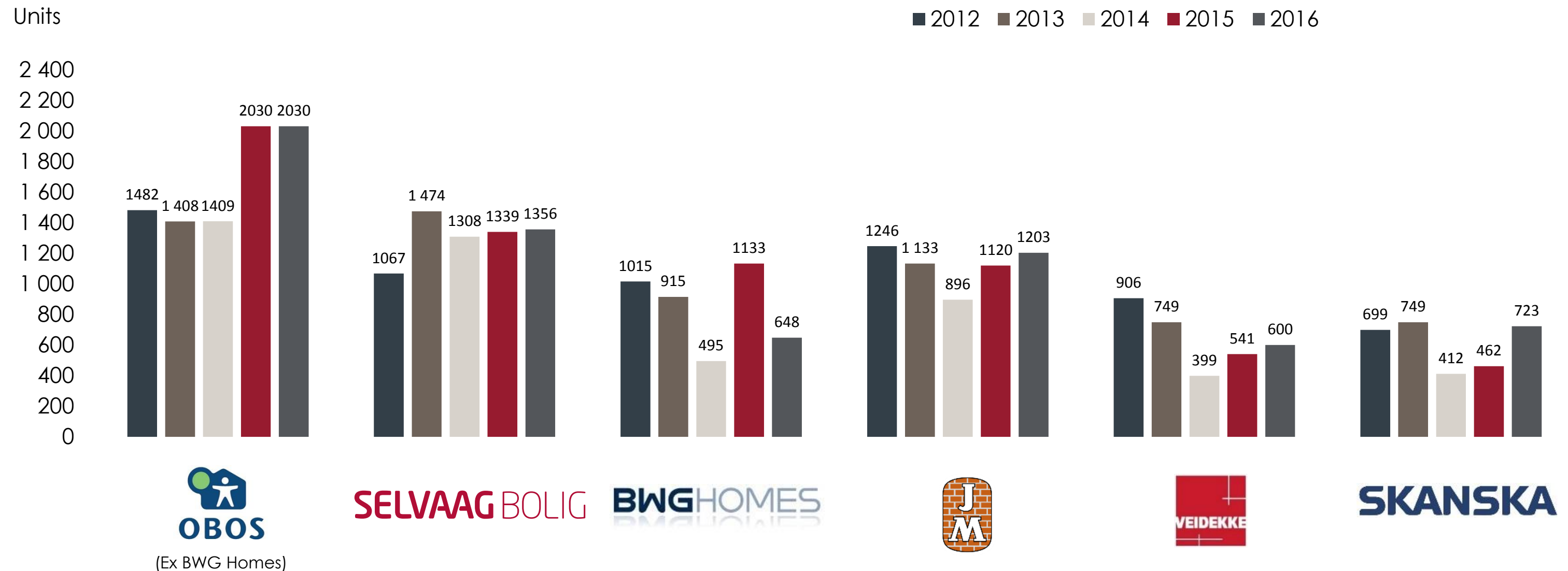
Strong overall sales

Sales activity vs. peers last 5 years



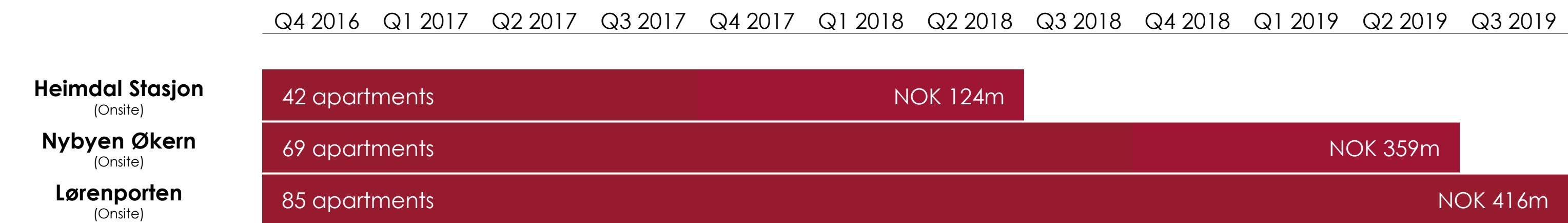
Maintaining strong market position

Units under construction vs. peers (net figures)



Construction starts in the quarter

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



Operational highlights – key operating figures

	Q4 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
Number of employees	99	100	100	100	100

IFRS EBITDA Q4 2016

(figures in NOK million)	Property development	Other	Total
IFRS EBITDA for the quarter, per segment			
Operating revenues	877.6	8.0	885.6
Project expenses	(674.4)	(2.7)	(677.1)
Other operating expenses	(17.0)	(52.1)	(69.1)
Share of income (losses) from associated companies and joint ventures	(5.3)	-	(5.3)
Other gain (loss), net	0.1	-	0.1
EBITDA	180.9	(46.8)	134.2

Operational reporting Q4 2016

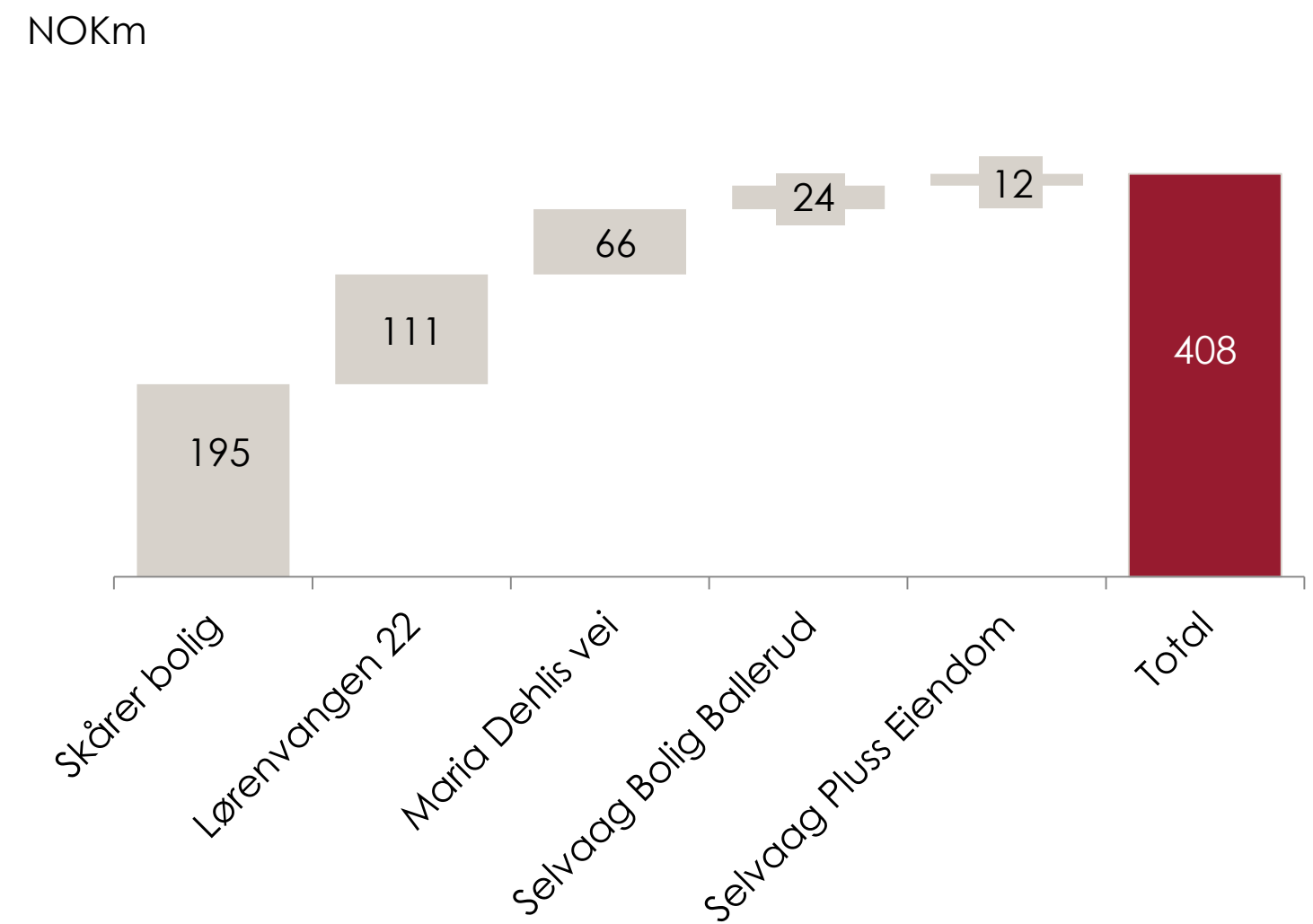
(figures in NOK million)	Property development	Other	Total
Operating revenues	938.8	8.0	946.9
Project expenses	(661.6)	(2.7)	(664.3)
Other operating expenses	(17.0)	(52.1)	(69.1)
EBITDA (percentage of completion)	260.2	(46.8)	213.5

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

Land loan interests on the P&L

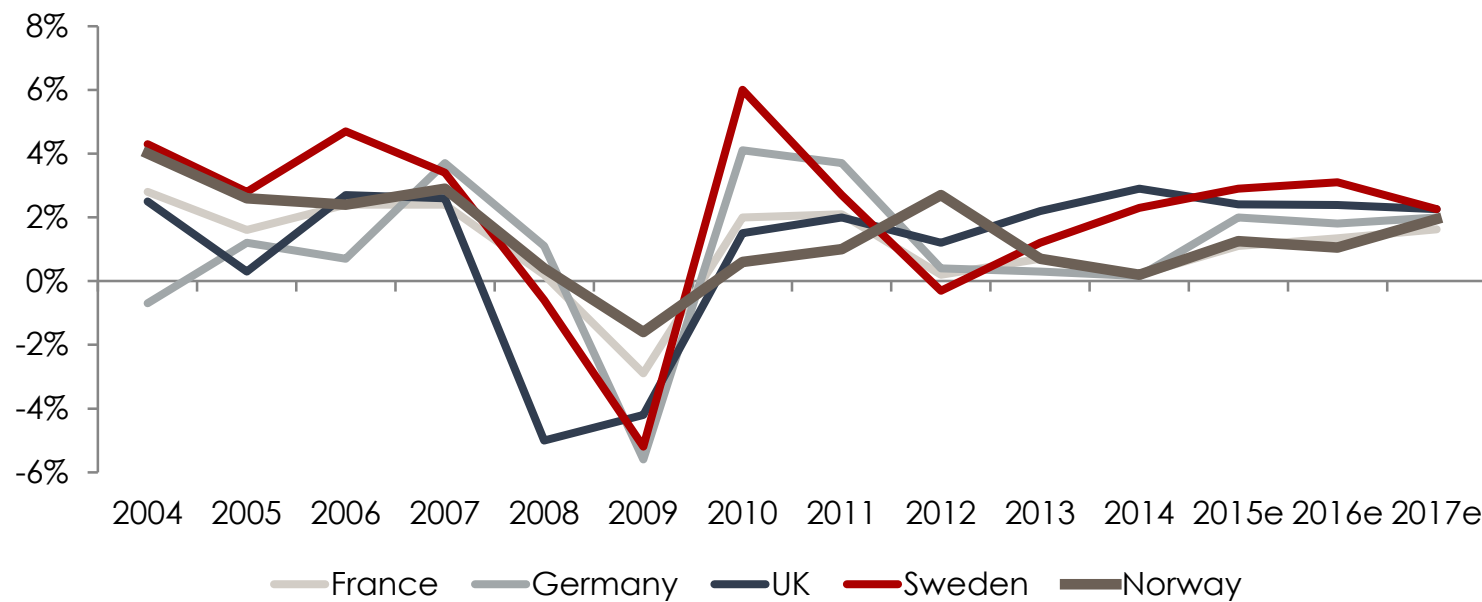
- Total land loans are NOK 946 million of which NOK 539 million are loans where interest cost are activated
- Land loan interests activated at regulation
- At 31 December interests connected to land loans of NOK 408 million was charged on the P&L

Loans recognised in profit and loss at 31.12.2016

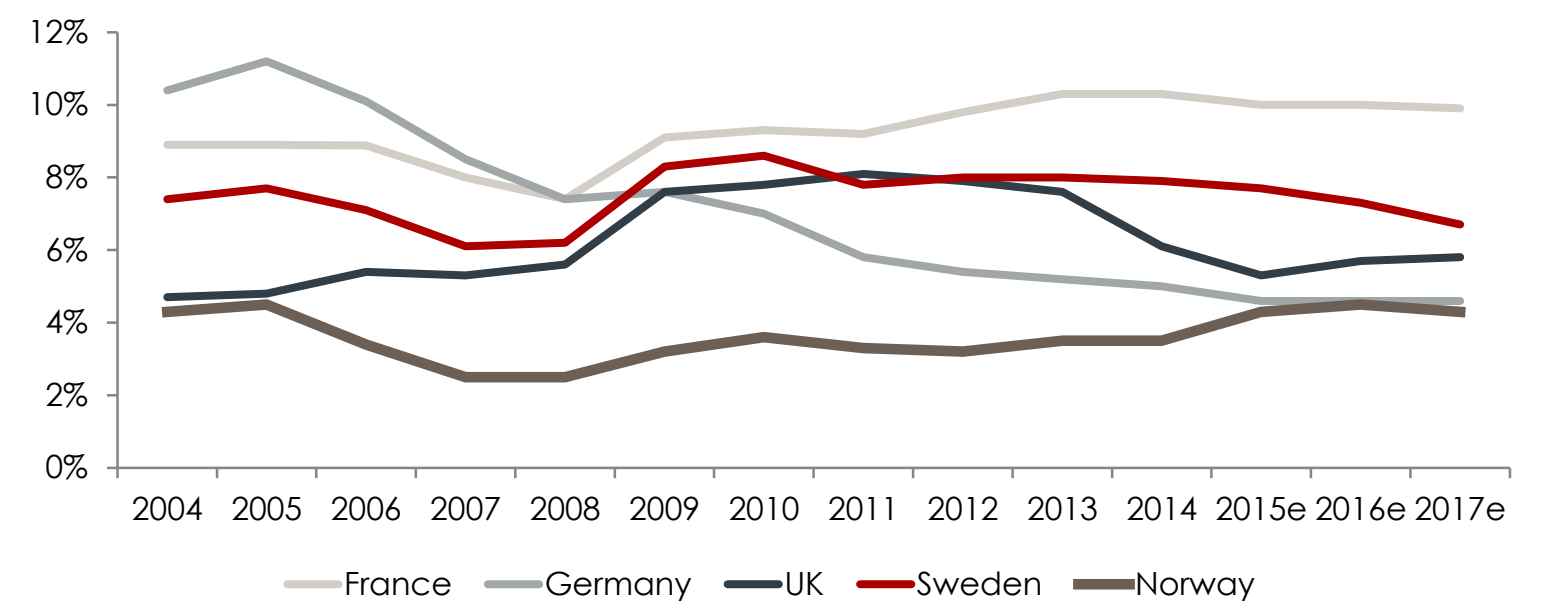


Norway: A robust economy

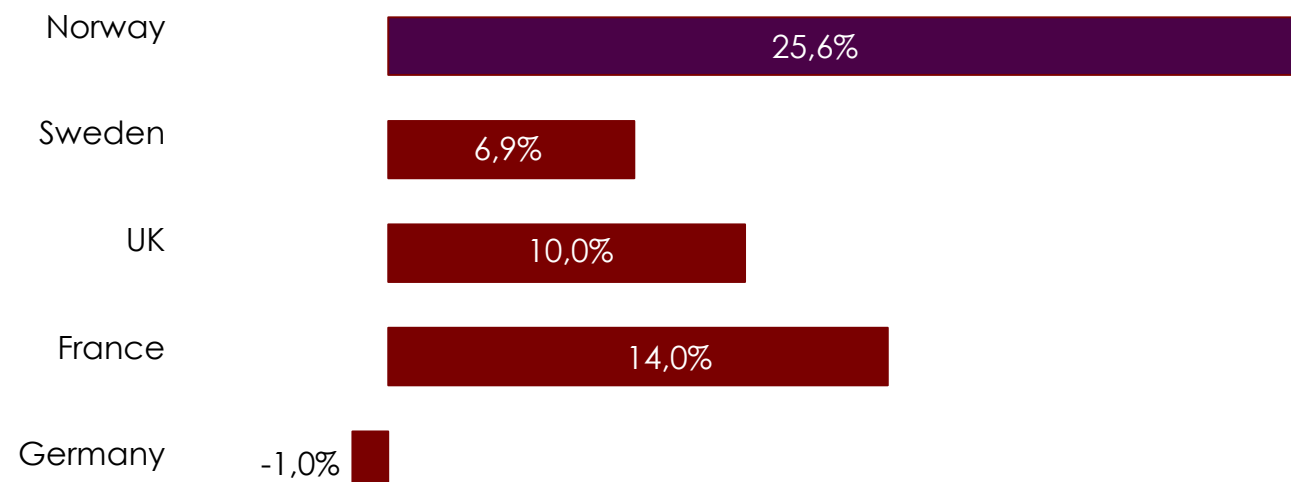
GDP growth 2004 - 2017e



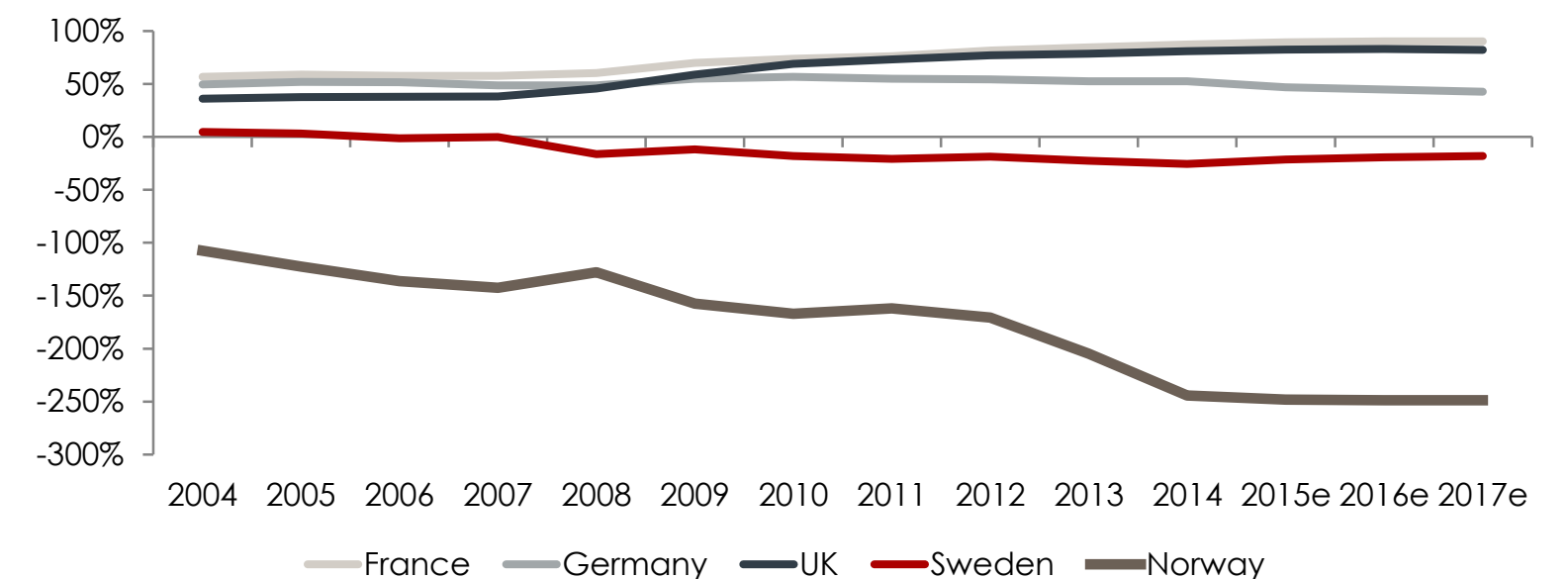
Unemployment 2004 - 2017e



Population growth 2011 - 2030e

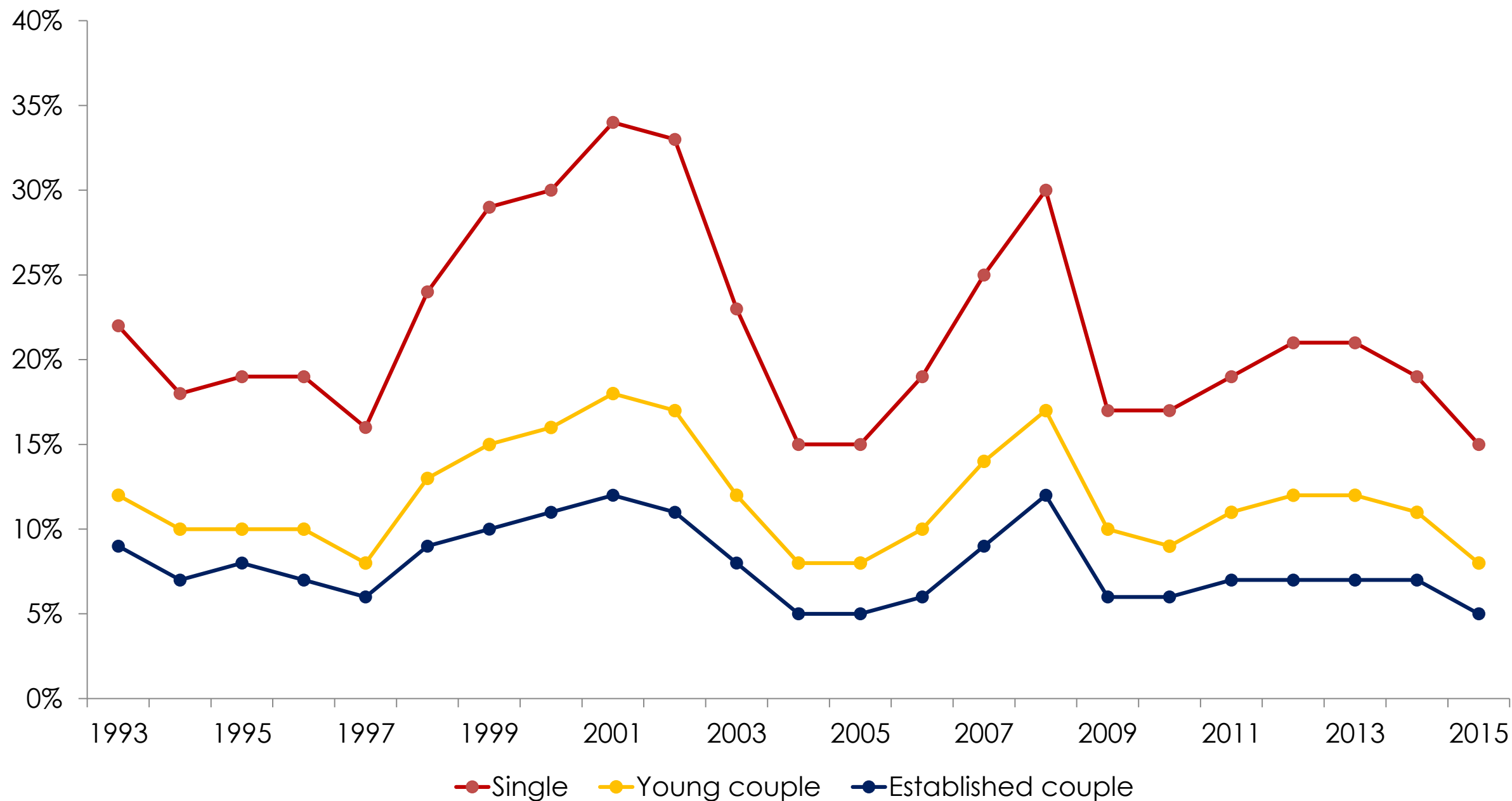


Public net debt/GDP 2004 - 2017e



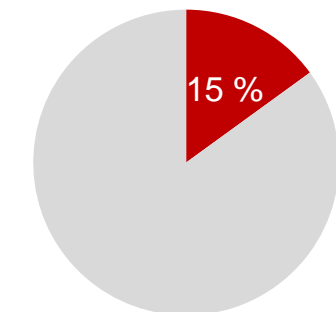
Increased disposable income

Interest payments as %
of disposable income

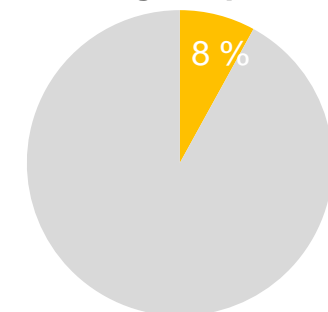


2015

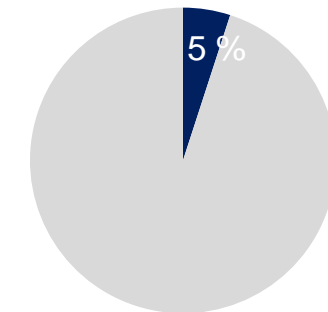
Single



Young couple



Established couple



Source: 1993- 2013 Eff, Pöyry. 2014-2015 NyAnalyse. Interest payments on new home loans with the home as collateral is considered