

Q3 2017

Oslo 9 November 2017
Baard Schumann, CEO
Sverre Molvik, CFO

SELVAAG BOLIG

Agenda

- **Highlights**
- Operational update
- Financial update
- Market
- Summary



Key financials Q3 2017

Operating revenues

379

NOK million

Adjusted EBITDA margin

11.8

per cent

Equity ratio

42.4

per cent

EBITDA margin (NGAAP)

20.7

per cent

Highlights Q3 2017

- Strong sales in a volatile market
- High margins maintained despite few units delivered
- Acquisition of land at Bjerke (Oslo) with potential of 1 500 units
- High value of units under construction at NOK 7 billion
 - 78% sold at 30 September 2017



Bjerke, Oslo

Agenda

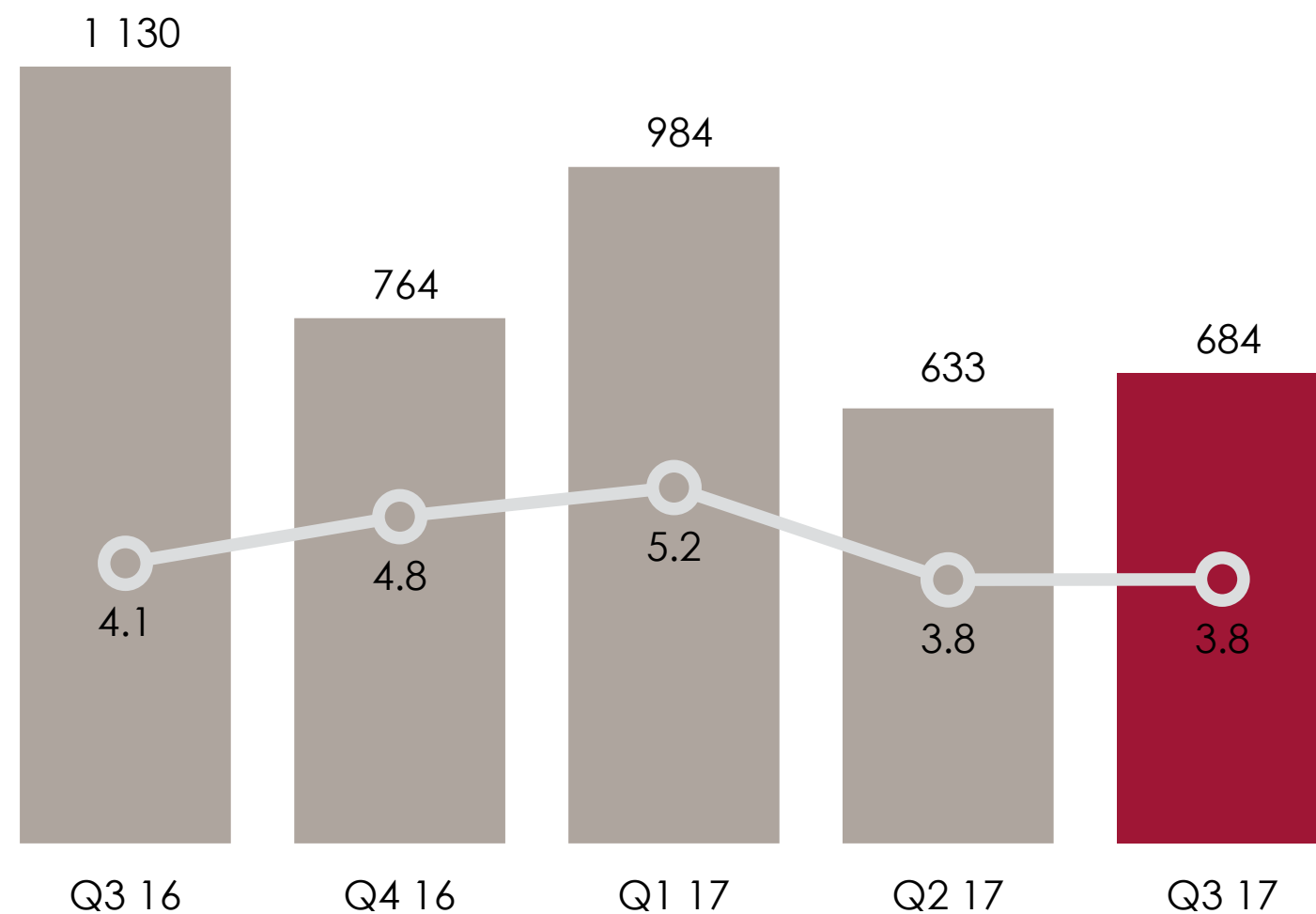
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Sales value and units sold

Total and average sales value

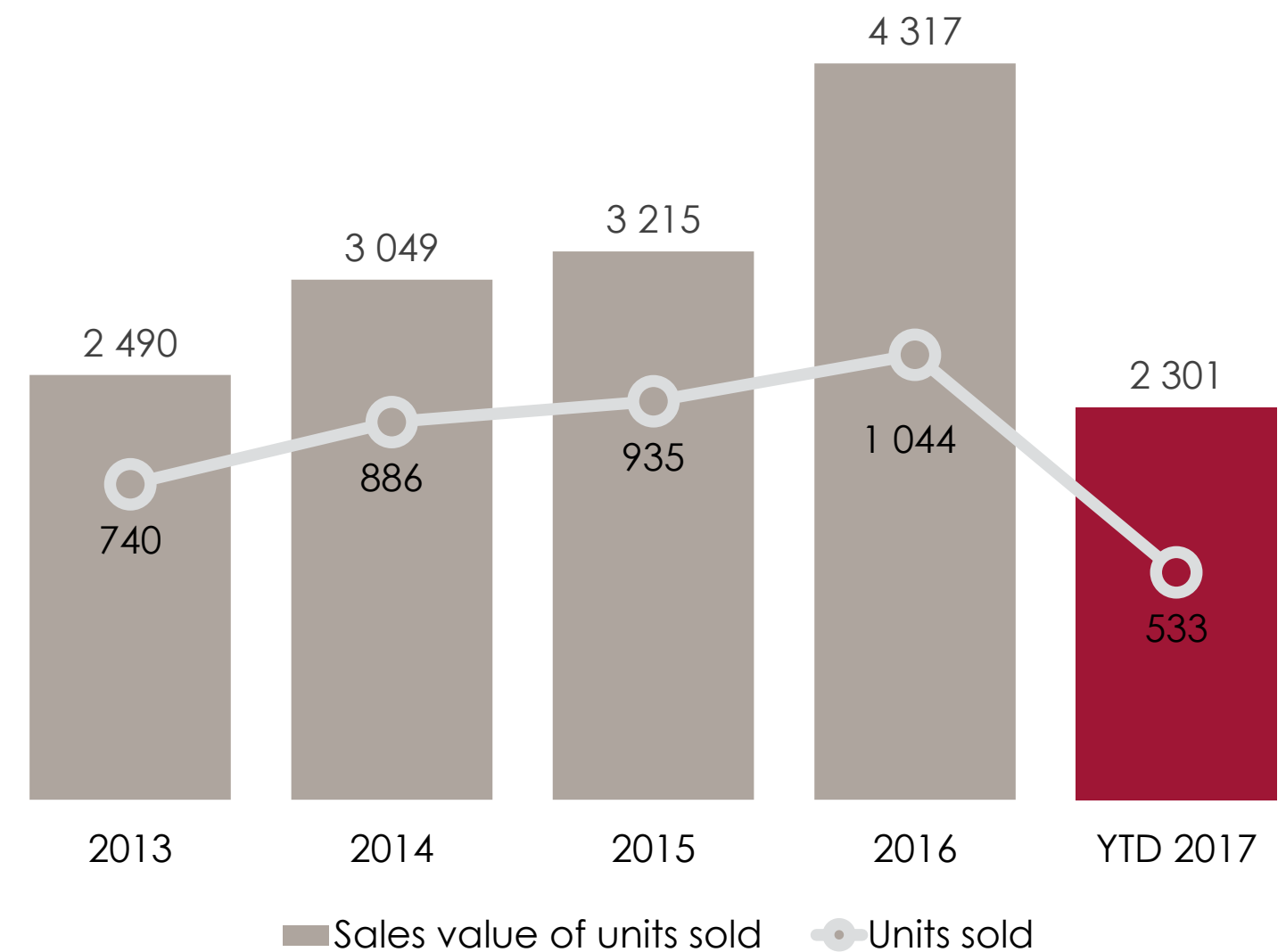
NOK million



Sales value and units sold

NOK million

Units

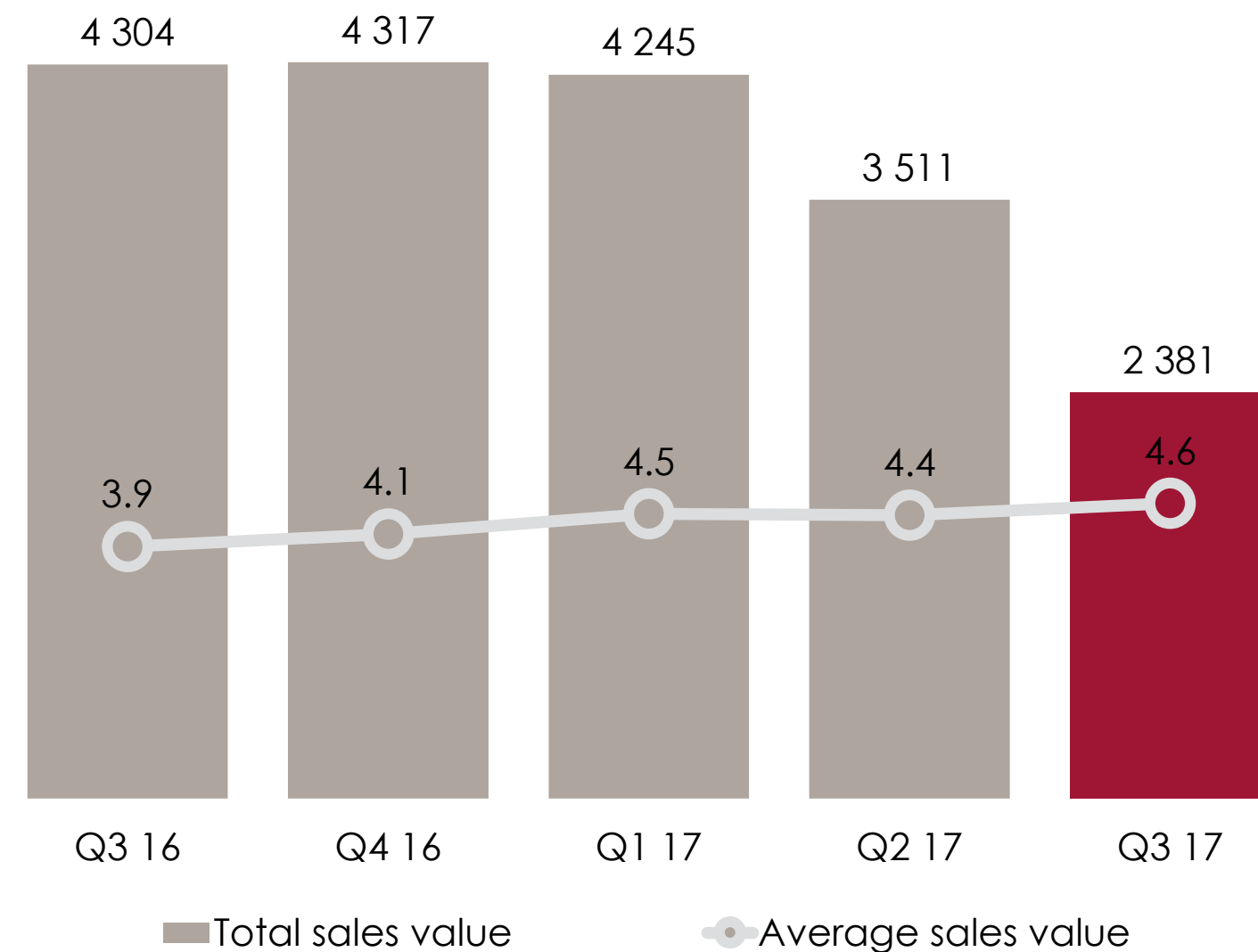


Note: All numbers are adjusted for Selvaag Bolig's share in joint ventures

Rolling sales value and units sold

Sales value: 12 months rolling

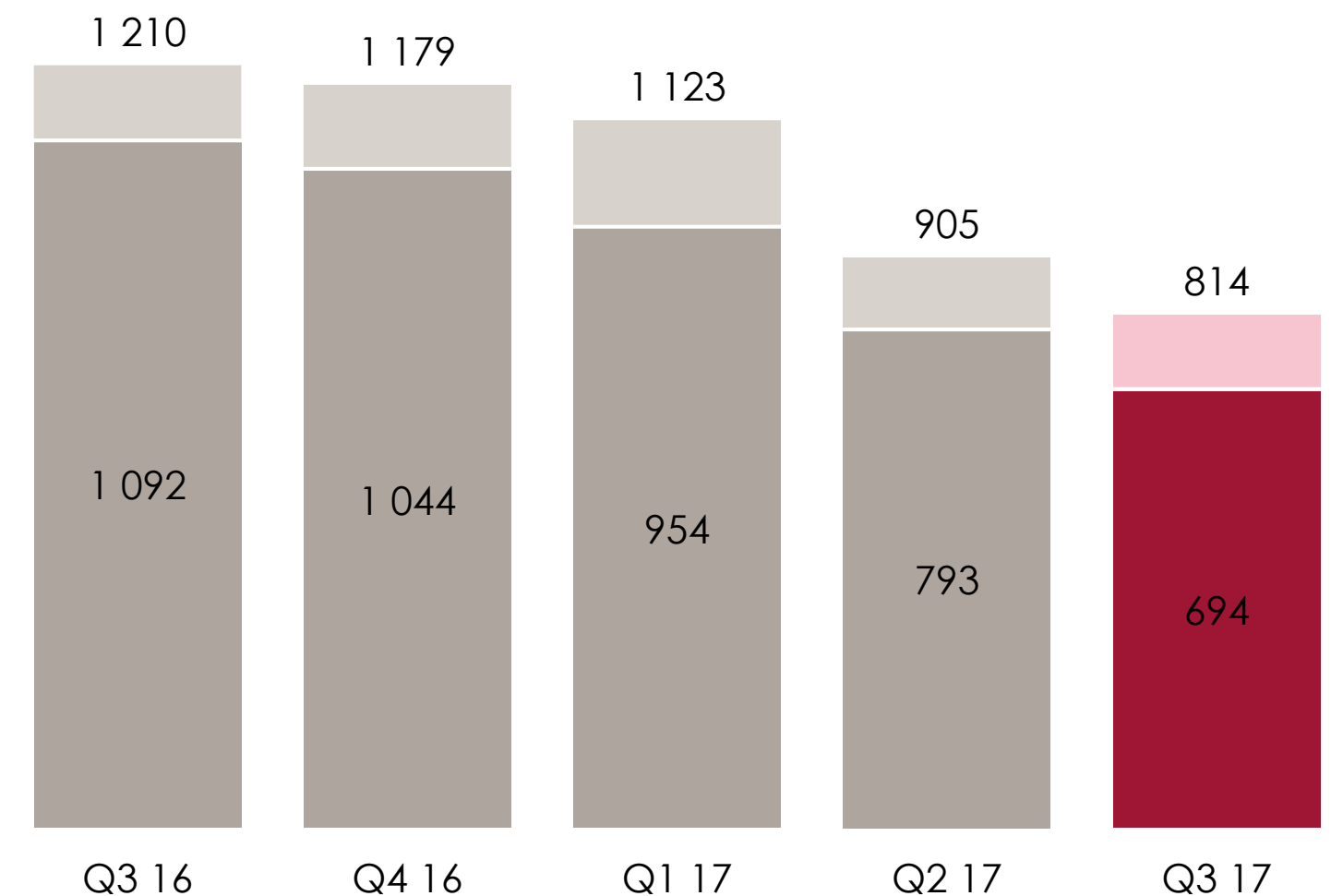
NOK million



Note: Sales value is adjusted for Selvaag Bolig's share in joint ventures

Units sold: 12 months rolling

Units



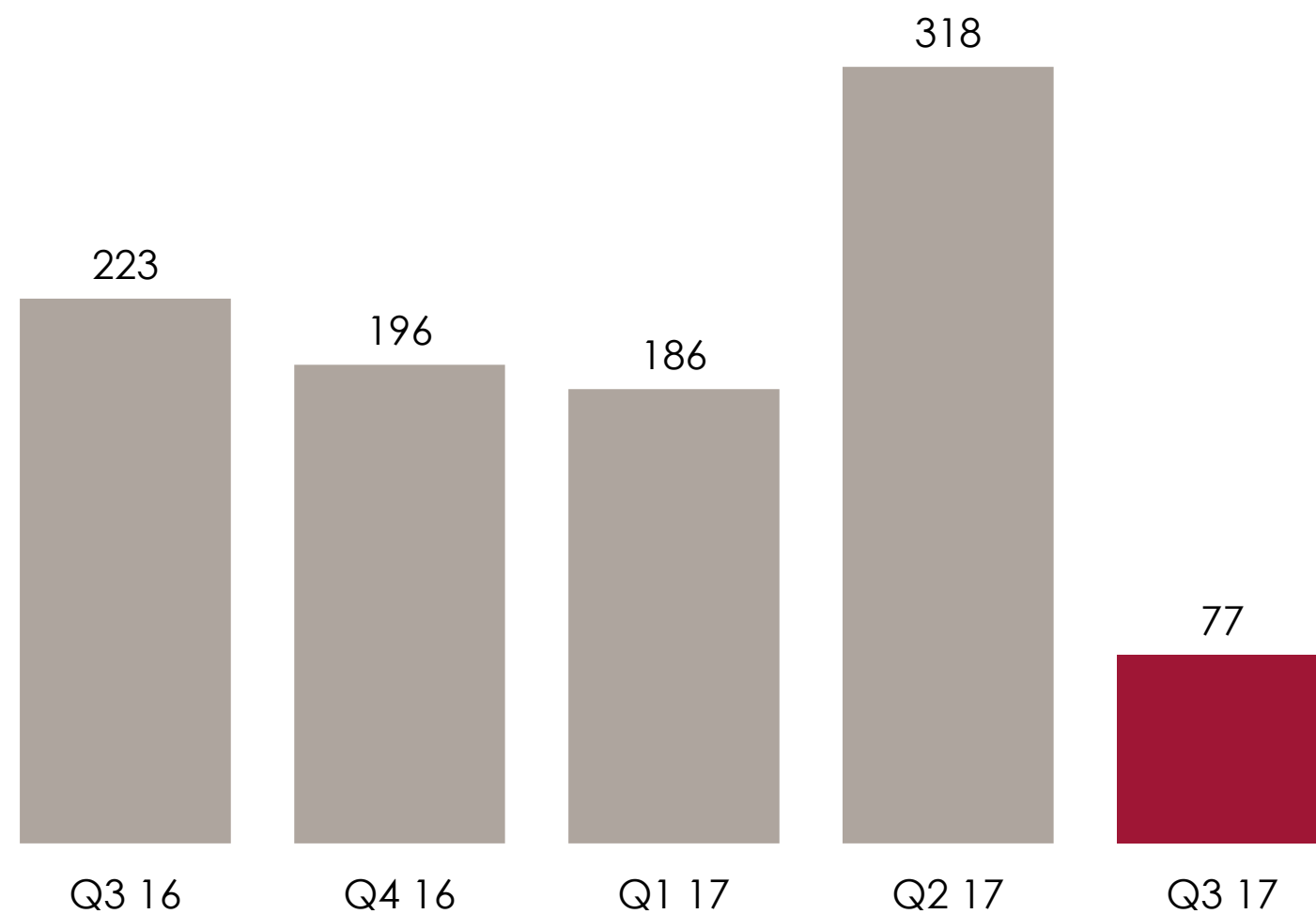
*Total columns show Selvaag Bolig's gross sales

**Columns excluding dotted areas show Selvaag Bolig's net sales

Construction starts

Construction starts per quarter

Units



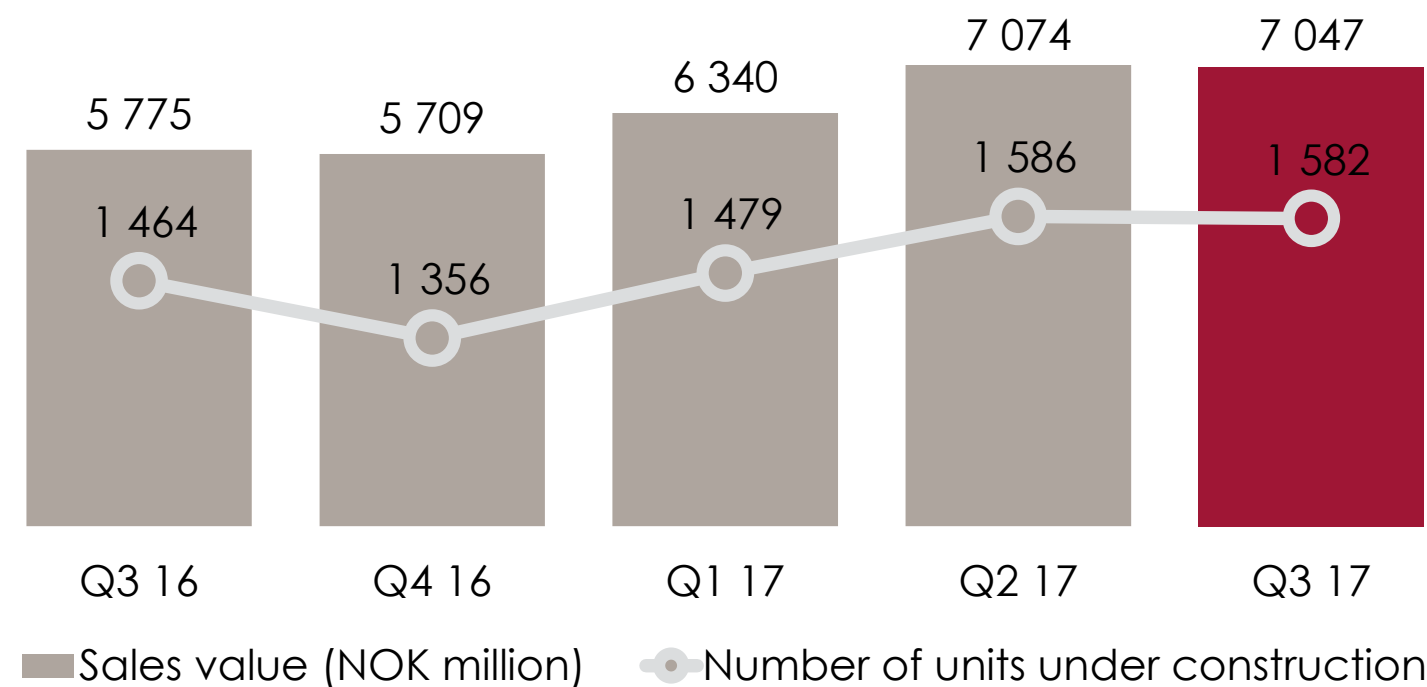
Hovinenga, Oslo

- 33 apartments in Greater Oslo
- 40 terraced in Oslo
- 4 terraced in Stavanger area

Units under construction and completions

Sales value: Units under construction

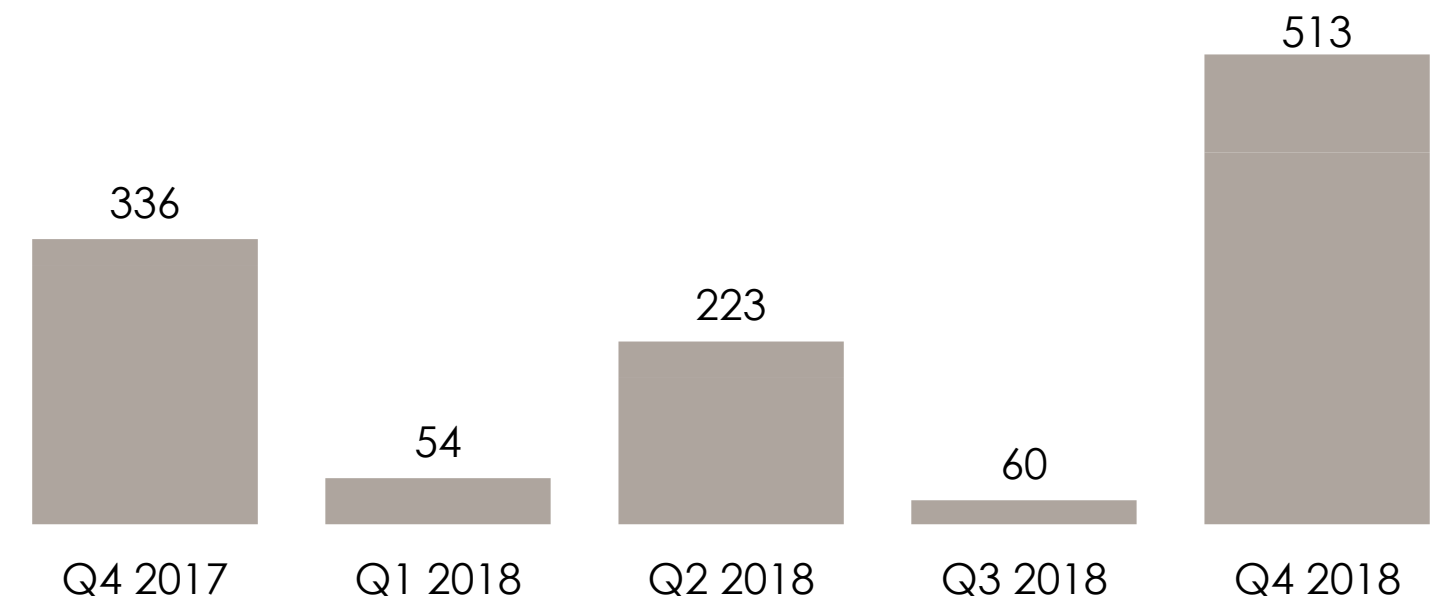
NOK million



- High value of units under construction
- Q3 2017: 78% of units under construction sold by Q3 2017
- Q3 2017: 97% of construction volume in Greater Oslo
 - Of which 70% in Oslo. Remaining in Bærum, Lørenskog, Moss and Tønsberg

Expected completions per quarter

Units



- Expected completions for 2018 as of Q3 17: 850 units
- 99% of 2017 completions sold by Q3 2017
- 86%* of 2018 completions sold by Q3 2017

*Down from 87% as of Q2 due to a new project added that will be completed in 2018

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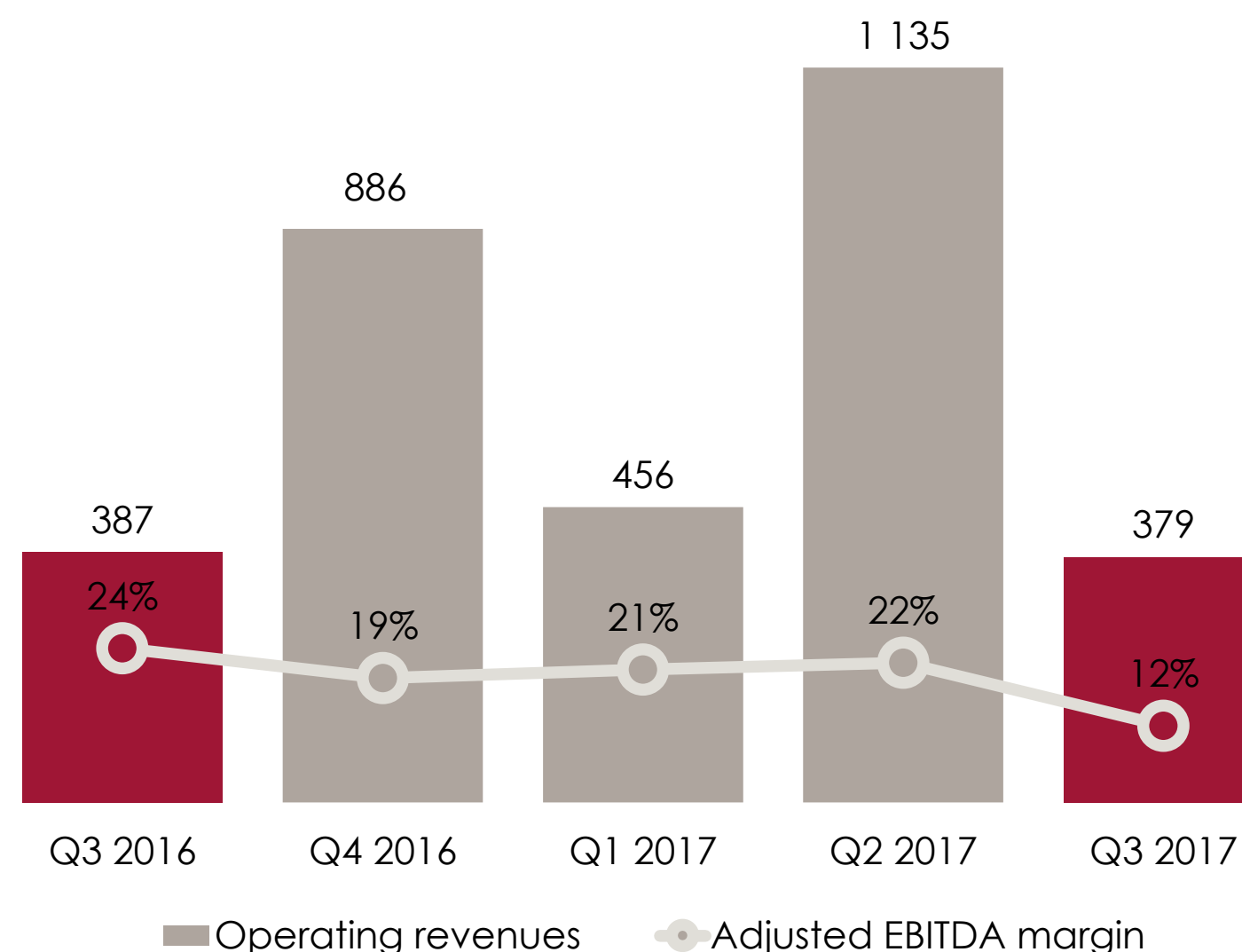


Income statement highlights Q3 2017 (IFRS)

- 75 units delivered (129)
- Revenues NOK 379m (387)
 - Units delivered NOK 359m (365)
 - Other revenues NOK 20m (23), mainly lease income
- Project costs NOK 279m (283)
 - Of which NOK 19m is interest (9)
- Other costs NOK 54m (61)
 - Salaries, sales and marketing key components
- Adjusted EBITDA NOK 45m (92)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK 26m (84)
- EPS in the quarter NOK 0.18 (0.63)

Revenues and adjusted EBITDA margin (IFRS)

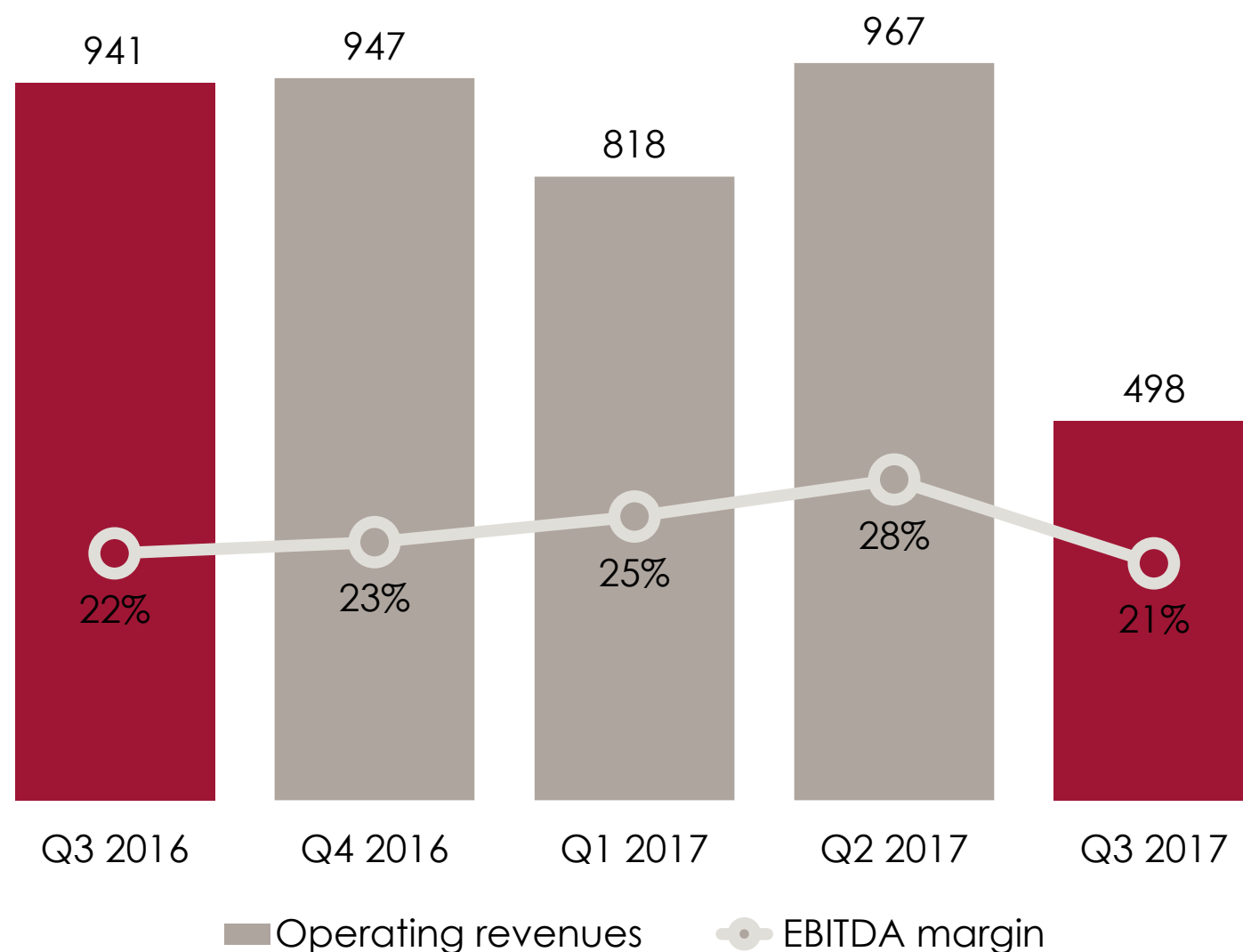
NOK million



Income statement highlights Q3 2017 (NGAAP)

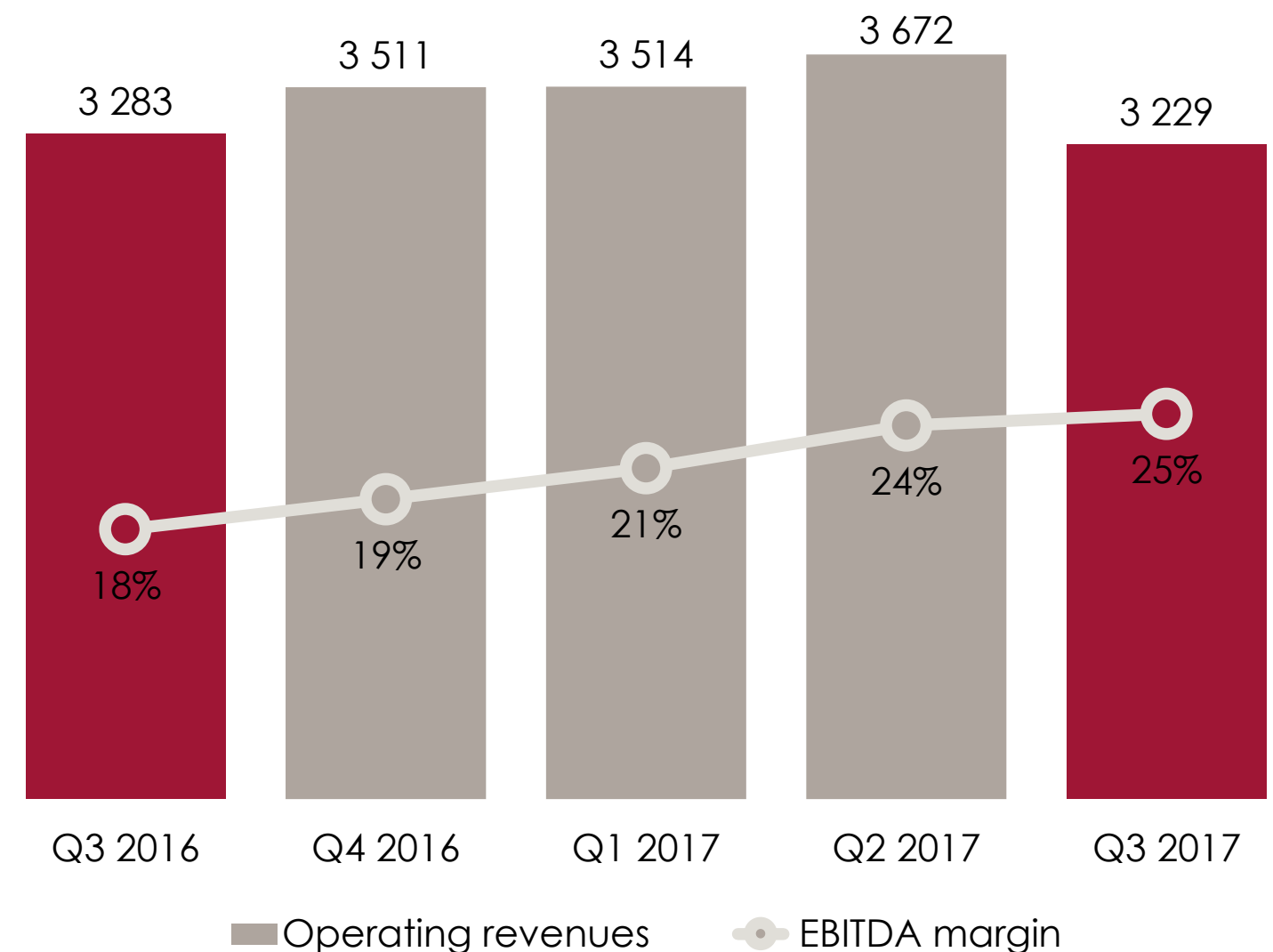
Revenues and EBITDA margin (NGAAP)*

NOK million



12 months rolling revenues (NGAAP)*

NOK million



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

Cash flow development Q3 2017

NOK million



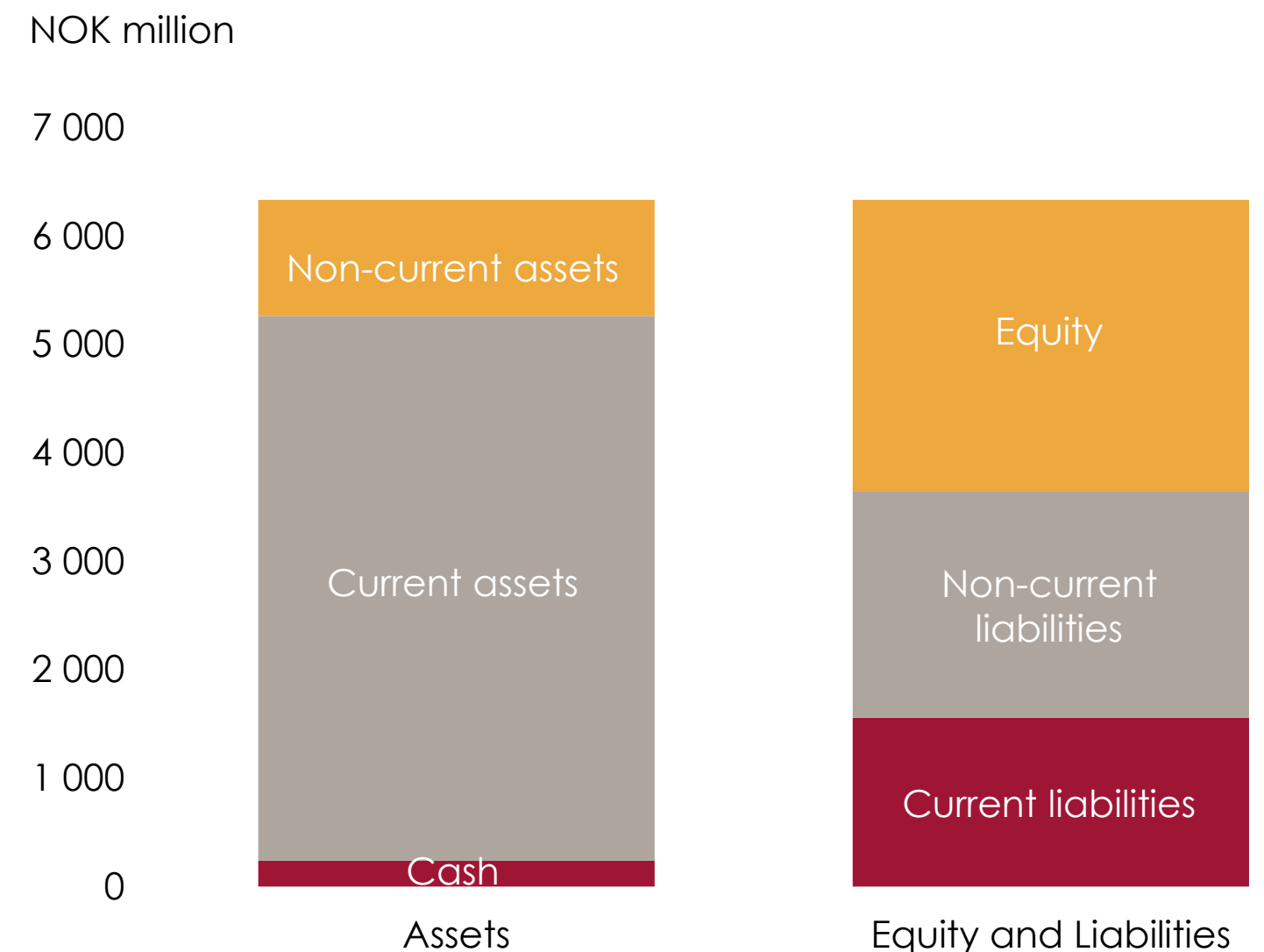
- Cash flow from operations negative at NOK 163m mainly explained by high construction activity and few units delivered
- Cash flow from investment activities negative at NOK 46m mainly explained by purchase of and loans to associated companies
- Cash flow from financing activities at NOK 107m
 - Net increase in loans NOK 217m, mainly construction loans
 - Paid dividend of NOK 110m

Note: Amounts below NOK 5m are excluded from the cash flow overview

Balance sheet highlights Q3 2017

- Book value decreased by NOK 1.0 to NOK 28.6 per share
 - Equity ratio 42.4%
 - H1 17 dividend payment of NOK 1.20 per share
- Changes from Q2 2017:
 - Inventories increased by NOK 160m
 - Trade receivables increased by NOK 33m
 - Cash decreased by NOK 102m
- Prepayments from customer's accounts for NOK 477m of other current non-interest-bearing liabilities

Balance sheet composition

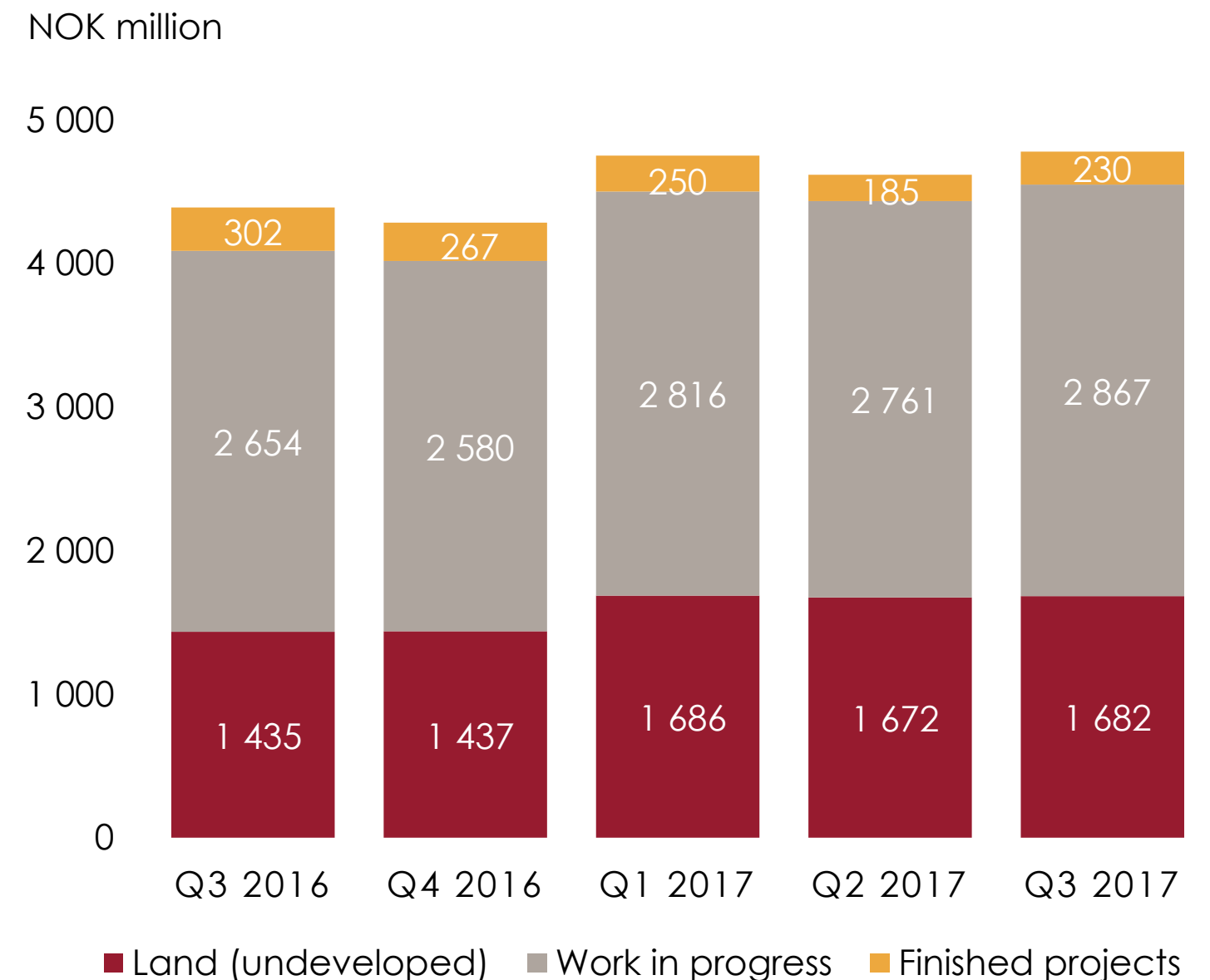


Inventories (property) Q3 2017

Q3 17 vs Q2 17

- Land value up NOK 10m
- Work in progress up NOK 105m
 - Due to high construction activity
- Finished goods up NOK 45m
 - Due to an increase in number of unsold units

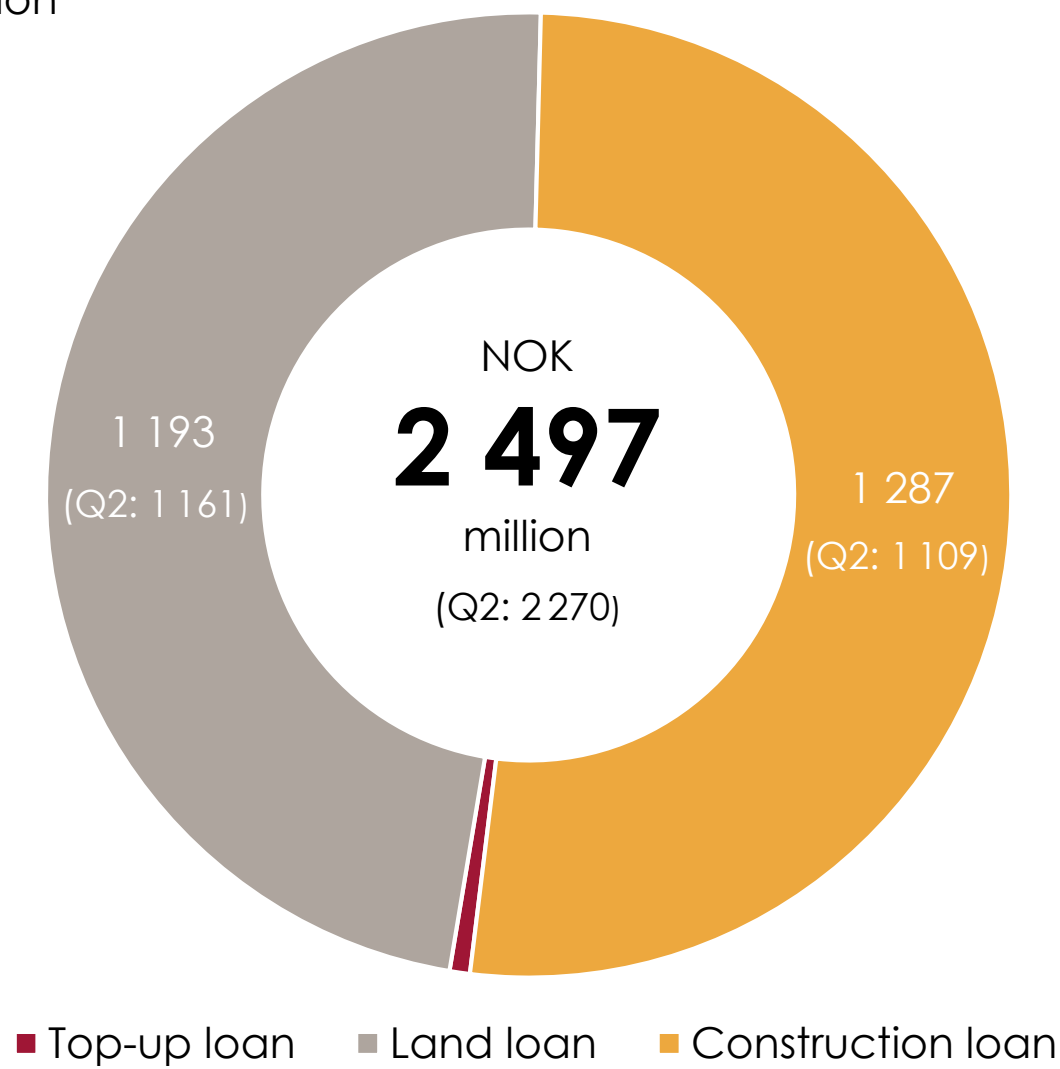
Inventory value development



Sound debt structure

Interest-bearing debt as at 30 September 2017

NOK million



	Loan facility	Drawn at 30 Sep. (NOKm)	Interest rate margin
1	NOK 400 million revolving credit facility from DNB maturing in 2021	0	2.90%
2	NOK 150 million working capital facility from DNB maturing in 2017	17	2.00%
3	Land loan facilities from a range of Nordic credit institutions	1 193	2.00% - 2.50%
4	Construction loan facilities from a range of Nordic credit institutions	1 287	1.75% - 2.70%

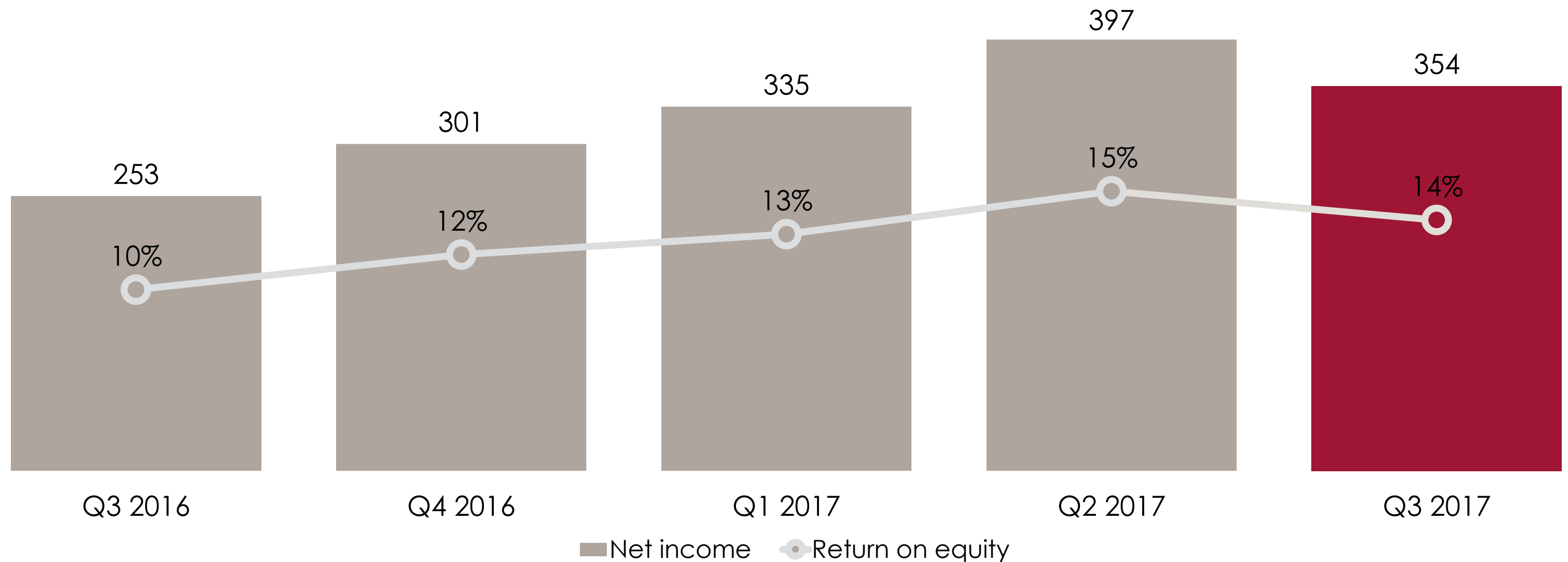
Total Q3 2017 net interest-bearing debt NOK 2 258 million

Total Q2 2017 net interest-bearing debt NOK 1 929 million

Return on equity (IFRS)

12 months rolling net income (IFRS)* and return on equity**

NOK million



* Net income attributable to shareholders in Selvaag Bolig ASA

** Based on equity attributed to shareholders in Selvaag Bolig ASA

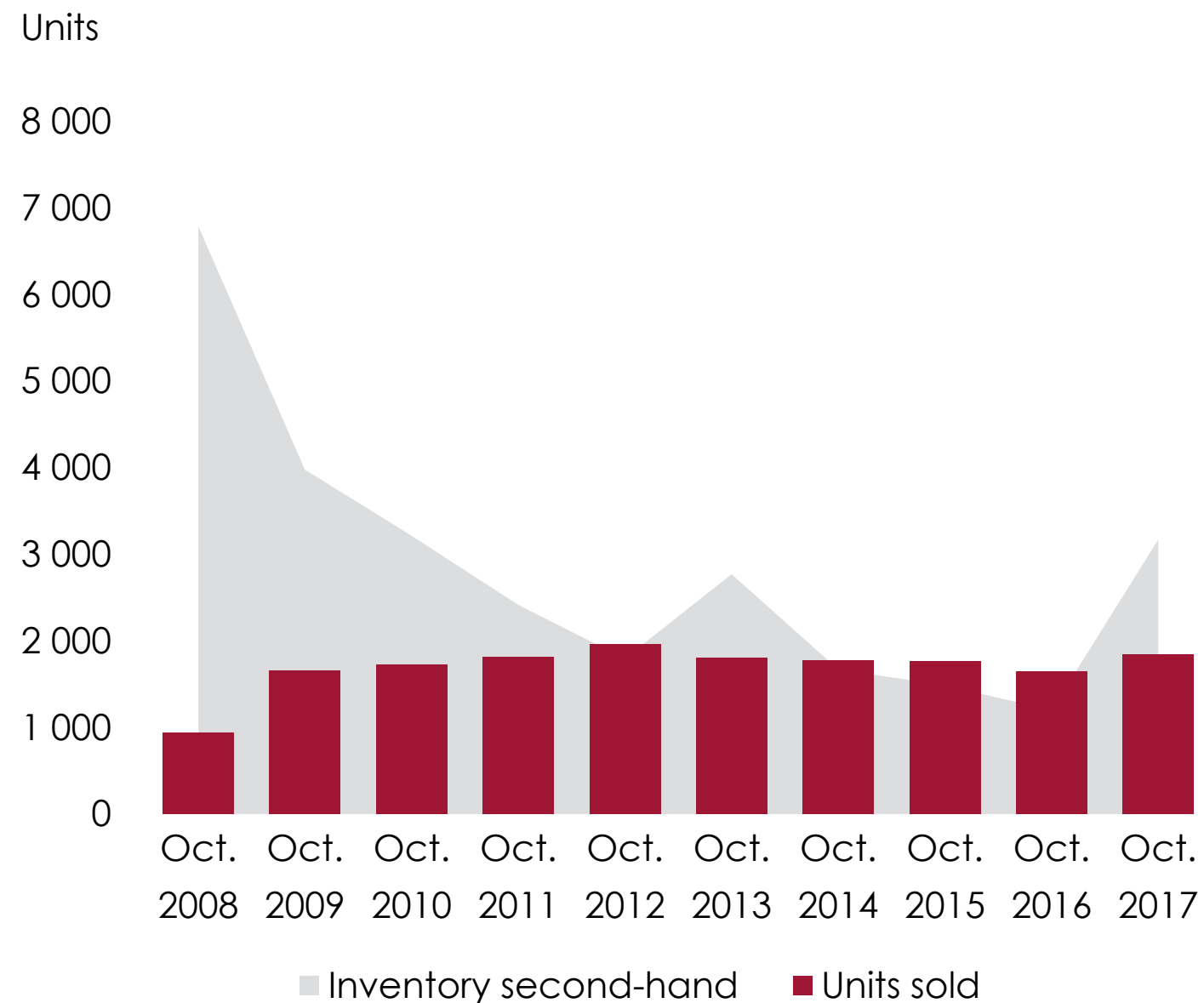
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Oslo market

Oslo, October* 2008-2017



*Unsold units that have been withdrawn from the market are marked as inventory for 9 months before being removed
Sources: Eiendomsverdi, Eiendom Norge, Finn.no and Selvaag Bolig

Oslo, October 2017 summed-up

Second-hand – average

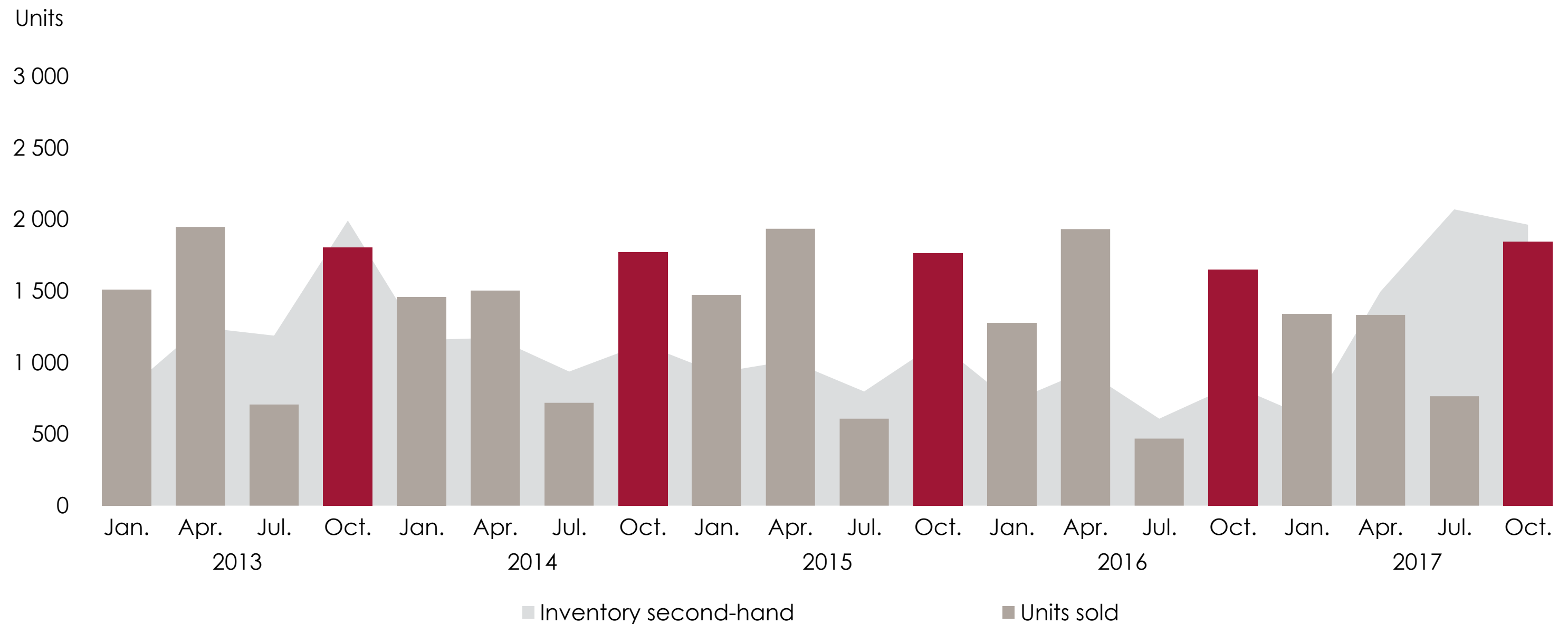
- Sales price: NOK 65 900 per m²
- Turnover time: 31 days
- Price decrease October: 1.8%
- Price decrease last 12 months: 2.8%
- Units available for sale (31.10): ~ 3 170
- Second-hand sales October: 1 850

New homes (not built)

- Units available for sale (31.10): ~ 1 800

Oslo market

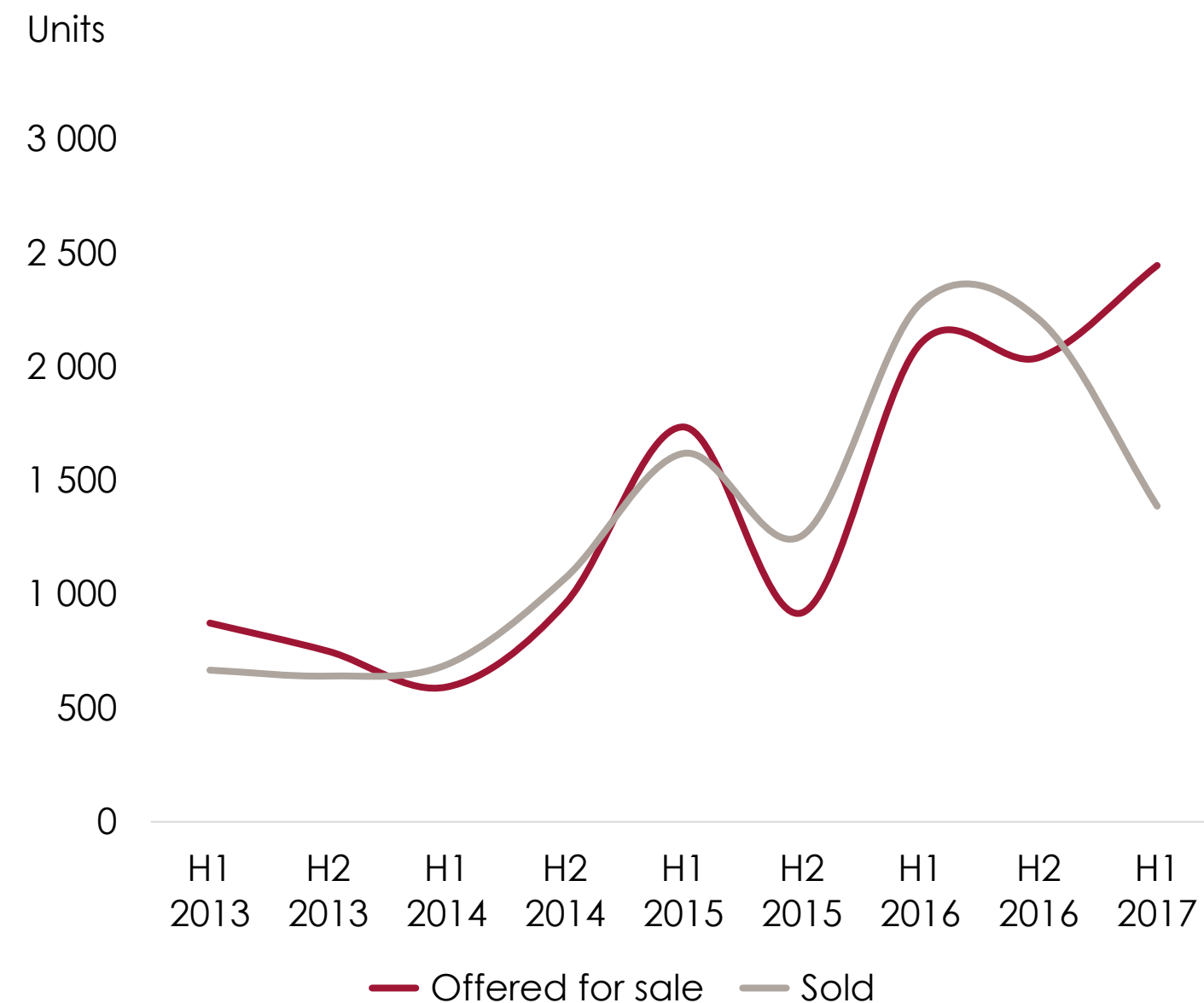
Oslo, October* 2013-2017



*Unsold units that have been withdrawn from the market are marked as inventory for 3 months before being removed
Sources: Eiendomsverdi

Newbuild market in Oslo

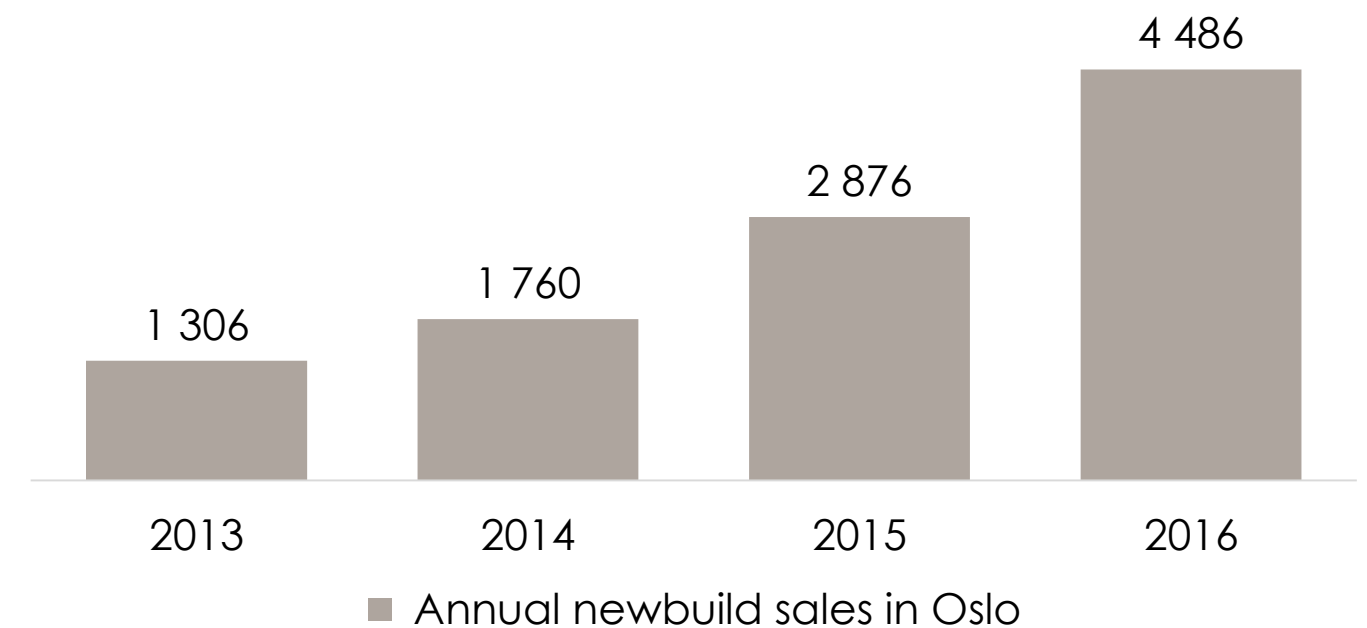
Total newbuild market in Oslo per half year



Source: Røisland & Co

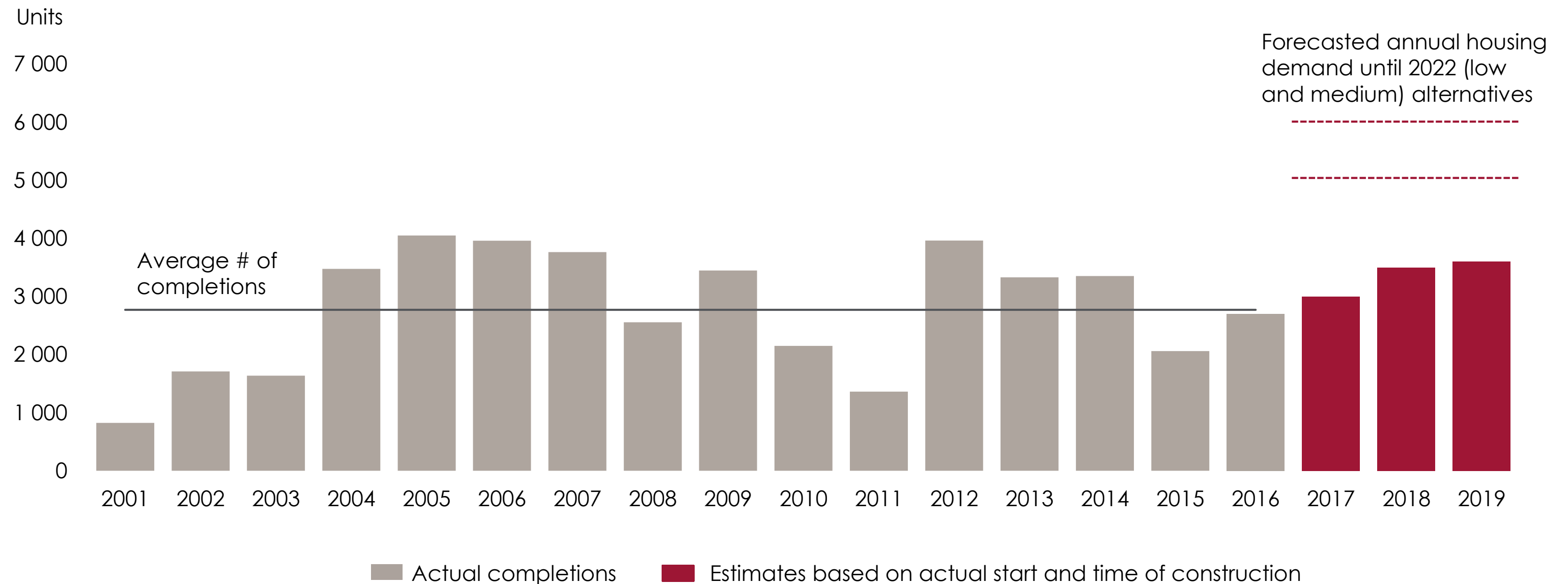
Newbuild market in Oslo as of Q3 17

- Q3 2017 offered for sale: 343 units
 - Down 40% compared with Q3 2016
 - Up 9% as of Q3 17 compared with same period in 2016
- Q3 2017 sales: 289



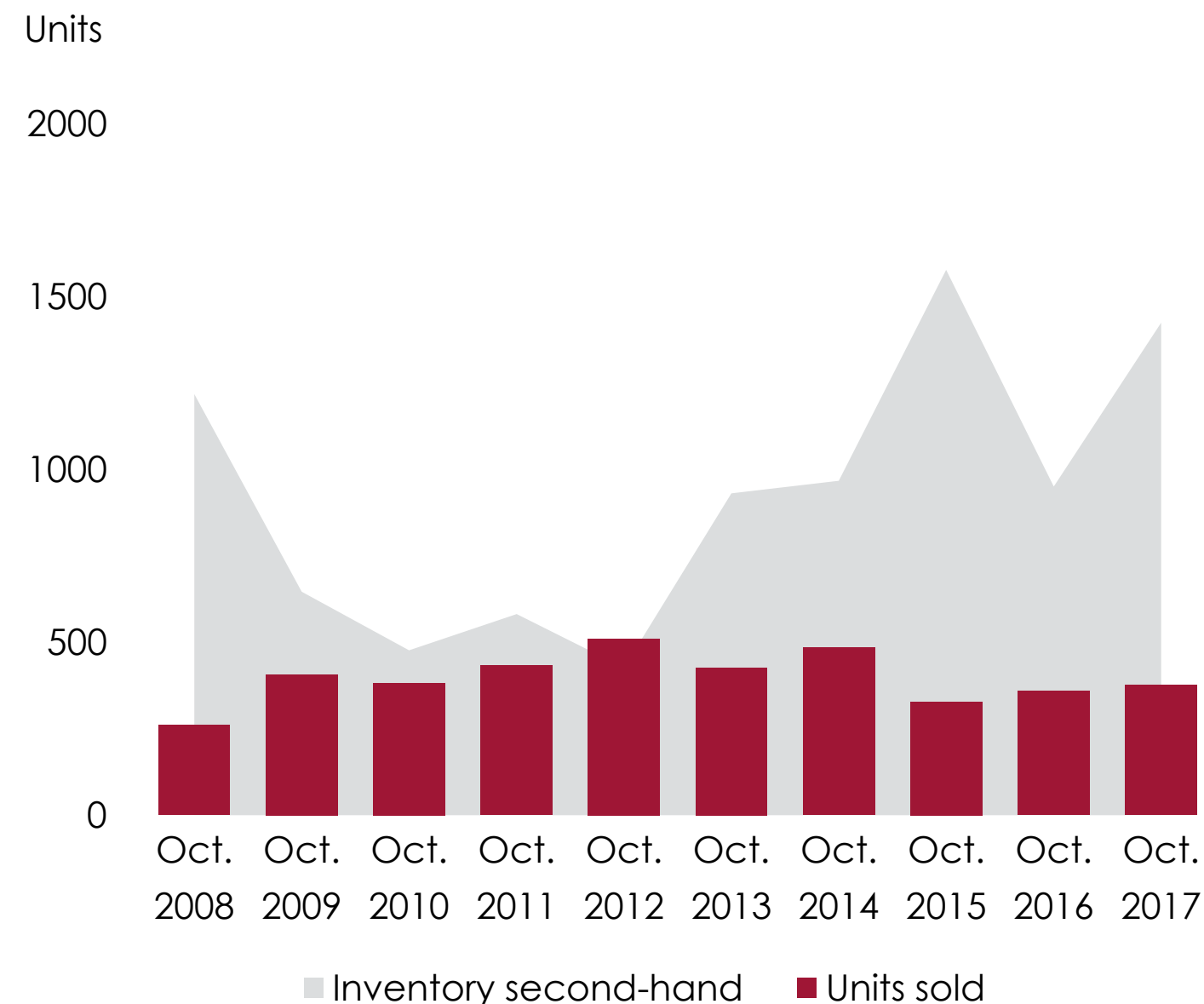
Housing demand higher than completions

Number of units completed in Oslo, 2001-2016



Stavanger market

Stavanger area, October* 2008-2017



* Unsold units that have been withdrawn from the market are marked as inventory for 9 months before being removed
Sources: Eiendomsverdi, Eiendom Norge, Finn.no and Selvaag Bolig

Stavanger, October 2017 summed-up

Second-hand (Stavanger only) – average

- Sales price: NOK 38 300 per m²
- Turnover time: 59 days
- Price decrease October: 0.4%
- Price increase last 12 months: 0.9%
- Units available for sale (31.10): ~ 750
- Second-hand sales October: 240 units (October 16: 200 units)

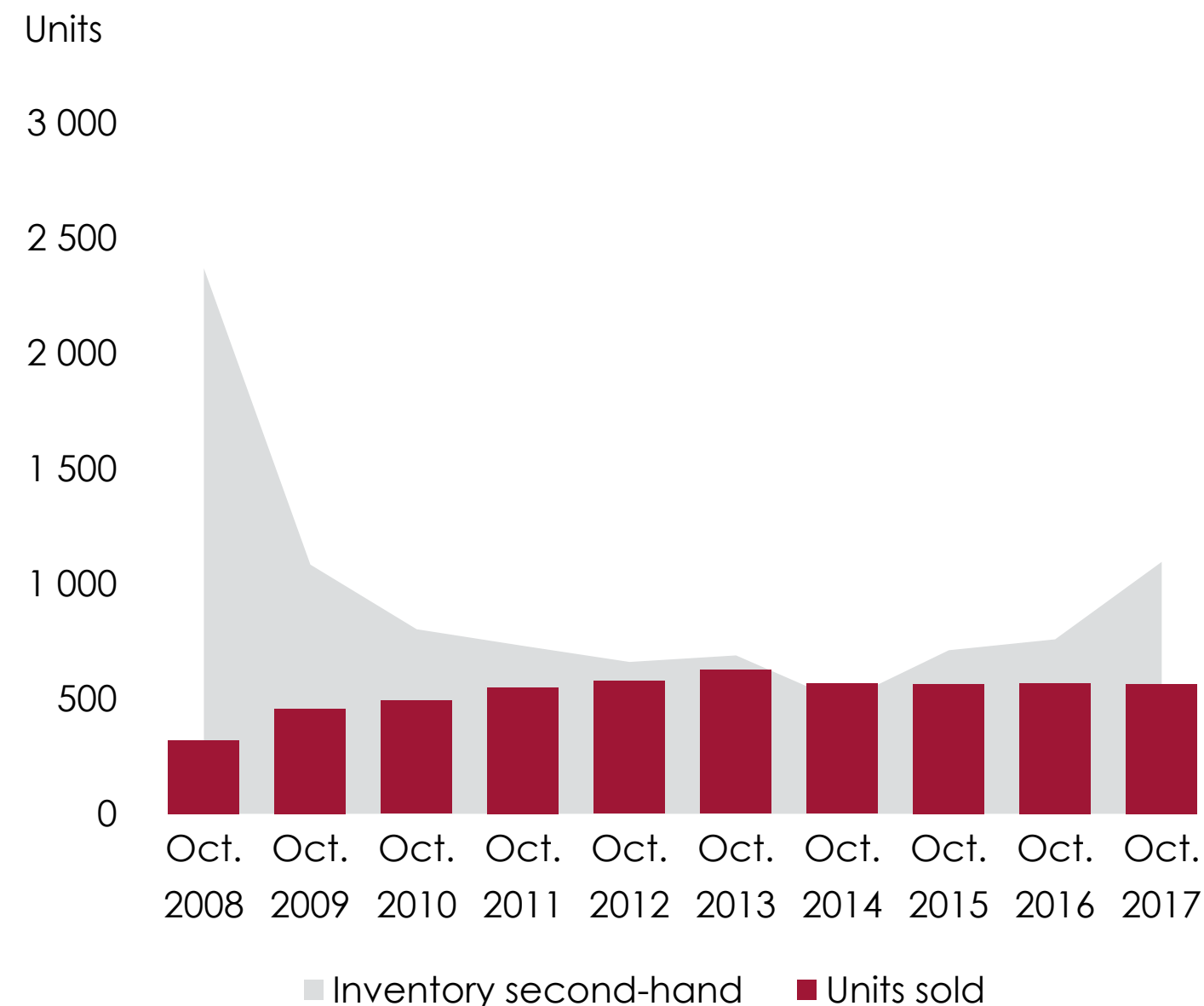
New homes (not built)

- Units available for sale (31.10): ~ 280

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

Bergen market

Bergen, October* 2008-2017



*Unsold units that have been withdrawn from the market are marked as inventory for 9 months before being removed
Sources: Eiendomsverdi, Eiendom Norge, Finn.no and Selvaag Bolig

Bergen, October 2017 summed-up

Second-hand – average

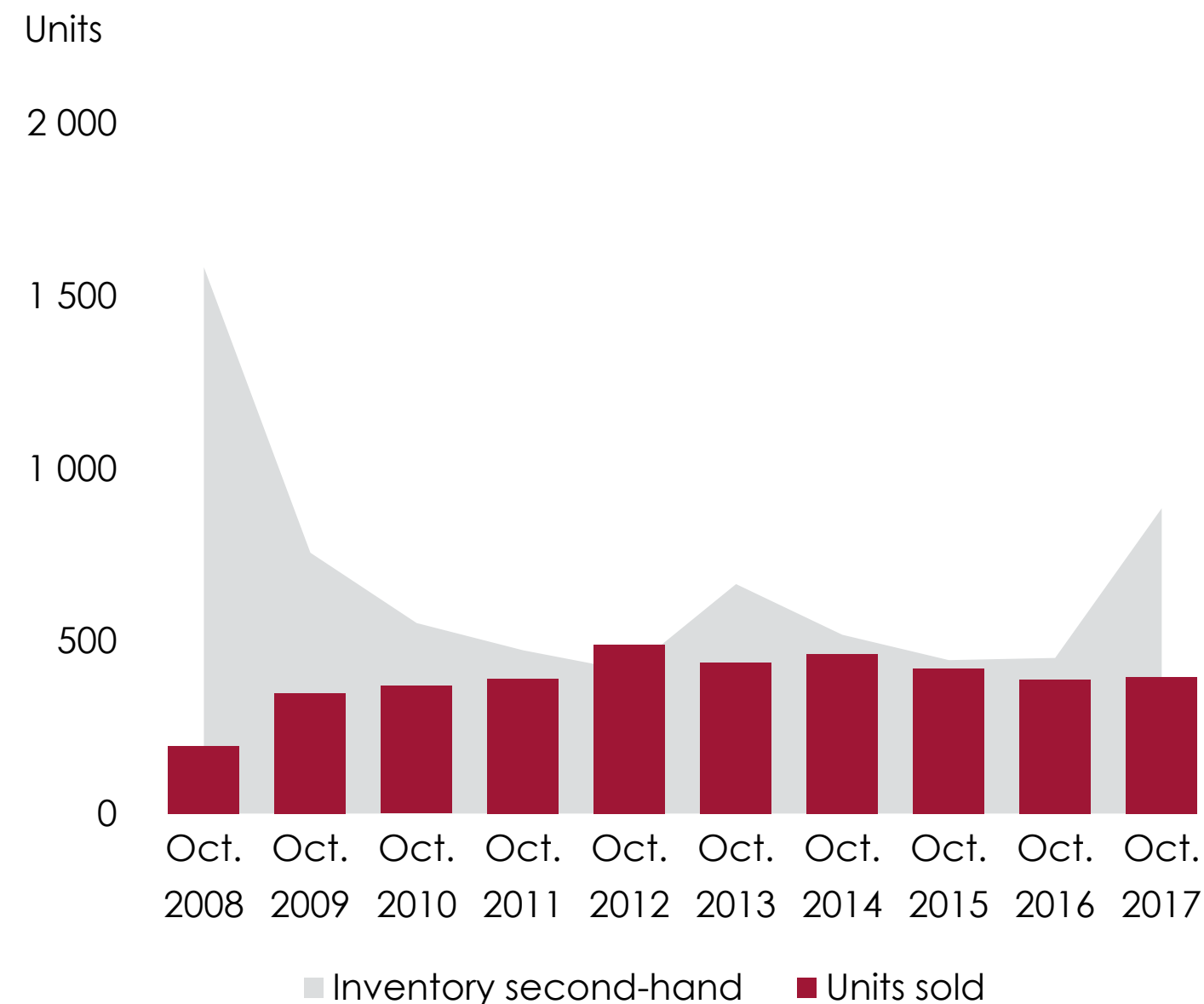
- Sales price: NOK 40 100 per m²
- Turnover time: 32 days
- Price decrease October: 1.5%
- Price decrease last 12 months: 2.6%
- Units available for sale (31.10): ~ 1 100

New homes (not built)

- Units available for sale (31.10): ~ 1 000

Trondheim market

Trondheim, October* 2008-2017



*Unsold units that have been withdrawn from the market are marked as inventory for 9 months before being removed
Sources: Eiendomsverdi, Eiendom Norge, Finn.no and Selvaag Bolig

Trondheim, October 2017 summed-up

Second-hand – average

- Sales price: NOK 42 900 per m²
- Turnover time: 27 days
- Price decrease October: 1.1%
- Price decrease last 12 months: 0.4%
- Units available for sale (31.10): ~ 885

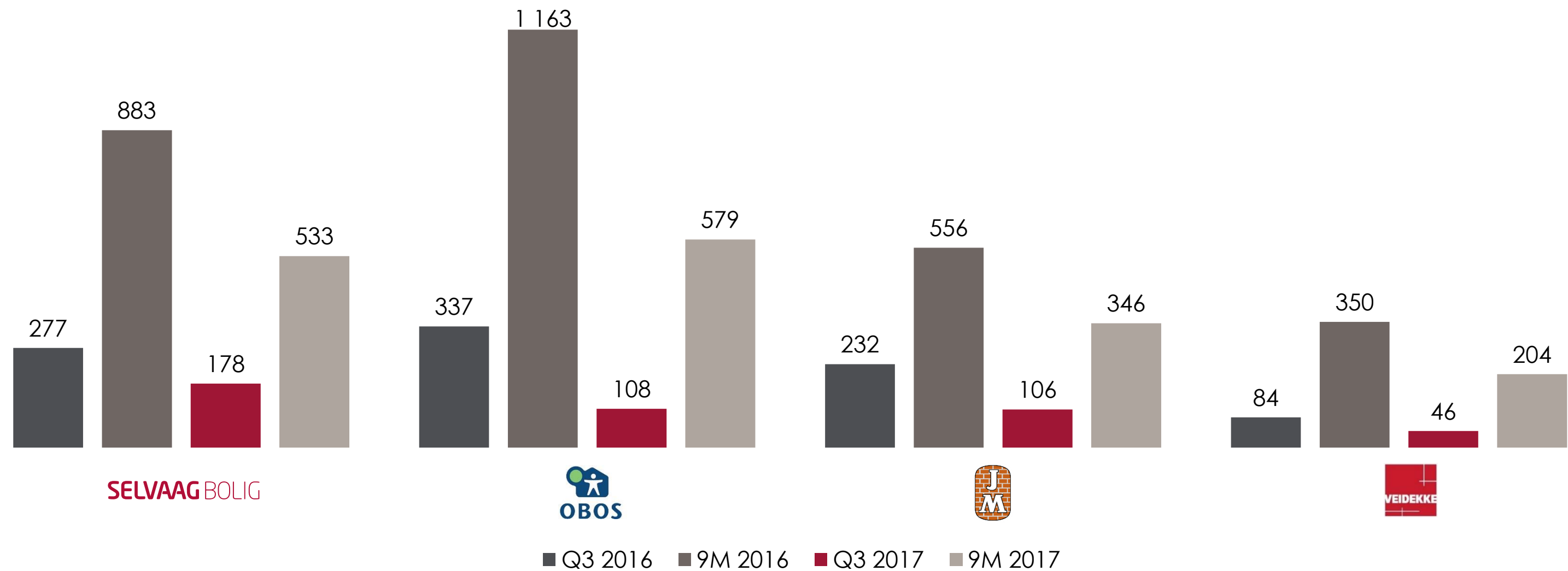
New homes (not built)

- Units available for sale (31.10): ~ 1 100

Strong 2017 sales versus peers

Sales activity vs. peers

Units



Housing types Selvaag Bolig: flats, semi-detached and terraced homes
Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

An aerial photograph of the Bjerke area in Oslo, Norway. The image shows a dense urban landscape with a mix of residential buildings, green spaces, and a large sports field in the center. In the background, the city extends to the water's edge, with a large body of water and distant islands visible under a cloudy sky. A semi-transparent dark box is overlaid on the right side of the image, containing text and a list.

Land acquired at Bjerke in Oslo

- Approximately 1 500 units
- Sales start expected in 2020

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Summary

- Strong sales in a volatile market
- High margins maintained despite few units delivered
- Acquisition of land at Bjerke (Oslo) with potential of 1 500 units
- High value of units under construction at NOK 7 billion
 - 78% sold at 30 September 2017



Hovinenga, Oslo

Thank you for your attention – follow us online!

Next event:
4th quarter 2017
13 February 2018

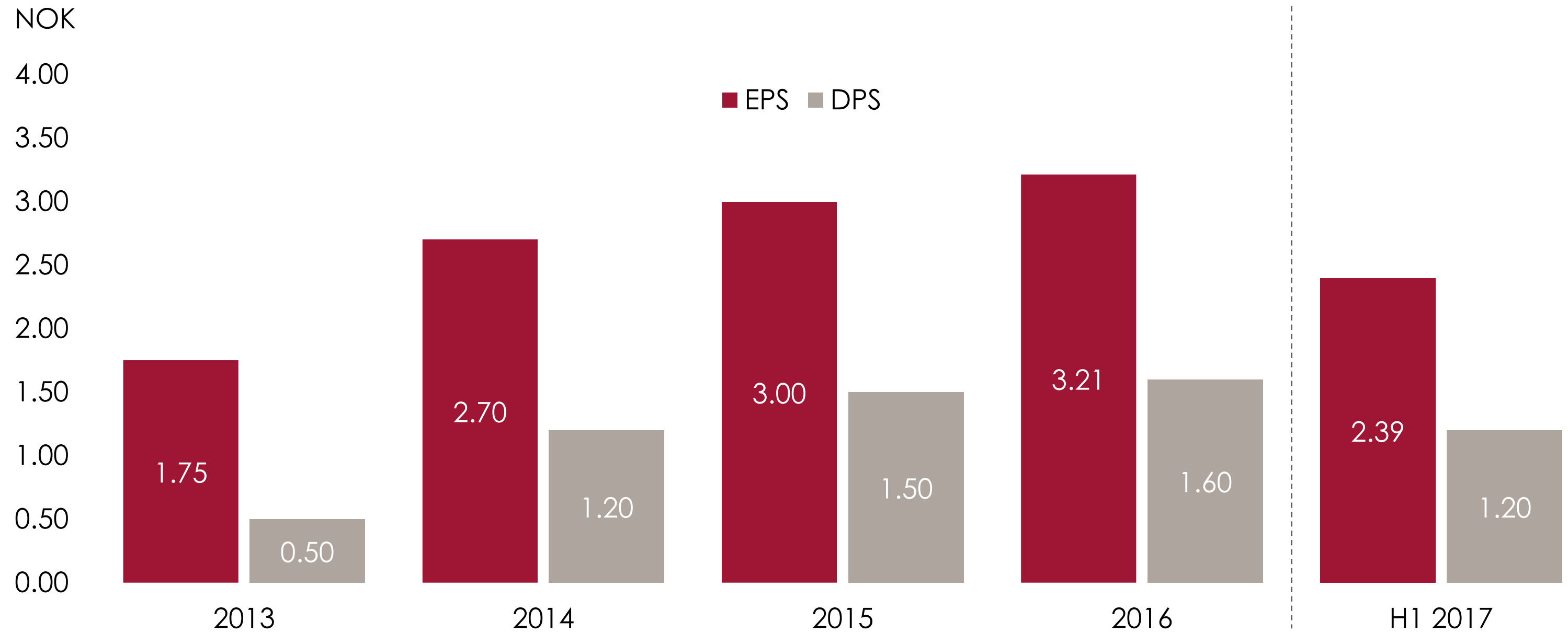


@SelvaagAksjen

A photograph of a modern multi-story building with a mix of brick, white, and red facades and glass balconies. The building is set against a clear blue sky. A semi-transparent white box with a red border is overlaid on the left side of the image, containing the word "Appendix" in red text.

Appendix

Earnings and dividend per share



Dividend policy

Previous dividend policy

Selvaag Bolig's aim is to manage the group's resources so that shareholders secure a return in the form of dividend and the rise in the share price. This return will be competitive with other investments.

The company's goal is to pay dividends twice a year totalling up to 50 per cent of its net profit

New dividend policy

Selvaag Bolig's ambition is to pay high and stable dividends to its owners.

The company aims to pay dividends of minimum 40 per cent of net annual profit, paid in two instalments over the year. However, the size of the dividend will be weighed against the company's liquidity forecasts and capital adequacy.

The company will maintain an equity ratio of minimum 30 per cent

SHARE INFORMATION

Share performance since IPO in June 2012

NOK



Source: Oslo Børs

Largest shareholders at 30 September 2017

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5%
SKANDINAVISKA ENSKILDA BANKEN AB *)	5 278 334	5.6%
MORGAN STANLEY & CO. INT. PLC. *)	2 752 820	2.9%
SELVAAG BOLIG ASA **)	2 150 794	2.3%
PARETO AS	2 065 624	2.2%
VERDIPAPIRFONDET PARETO INVESTMENT	1 696 000	1.8%
HOLBERG NORGE	1 669 764	1.8%
HOLBERG NORDEN	1 919 004	2.0%
SEB PRIME SOLUTIONS SISSENER CANOP	1 502 510	1.6%
FLPS - ALL SECTOR SUB	1 221 000	1.3%
STATE STREET BANK AND TRUST COMP *)	1 216 135	1.3%
HOLTA INVEST AS	1 200 000	1.3%
REGENTS OF THE UNIVERSITY OF MICHIGAN	1 045 000	1.1%
JPMORGAN CHASE BANK, N.A., LONDON *)	858 932	0.9%
VERDIPAPIRFONDET ALFRED BERG GAMBA	811 201	0.9%
STOREBRAND NORGE I VERDIPAPIRFOND	599 932	0.6%
BANAN II AS	555 190	0.6%
JPMORGAN CHASE BANK, N.A., LONDON *)	519 073	0.6%
TORSTEIN TVENGE	500 000	0.5%
BAARD SCHUMANN	480 937	0.5%
TOTAL 20 LARGEST SHAREHOLDERS	78 222 337	83.4%
OTHER SHAREHOLDERS	15 543 351	16.6%
TOTAL NUMBER OF SHARES	93 765 688	100.0%

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

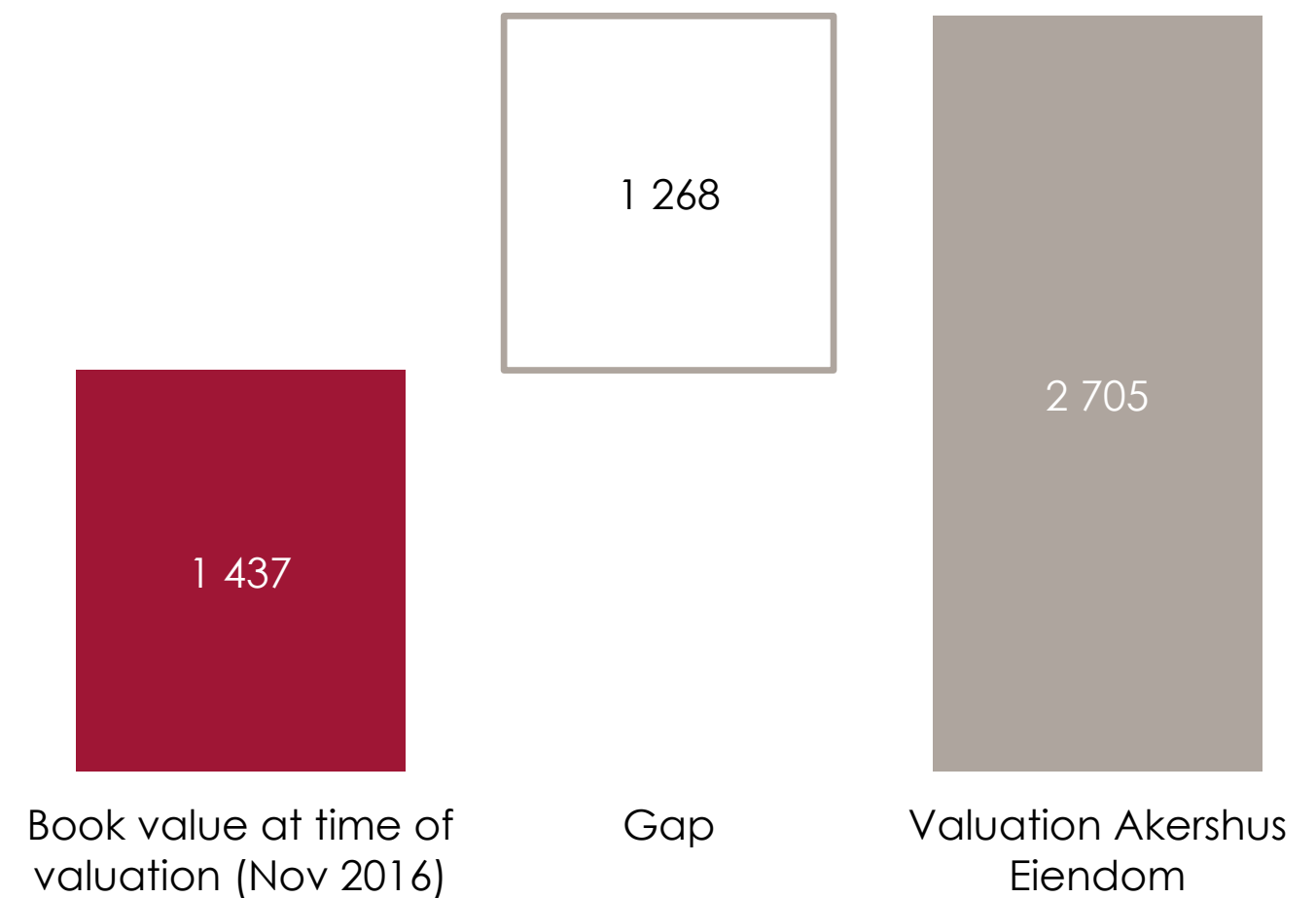
** The shares were purchased for the company's share programmes for employees

Land bank valuation

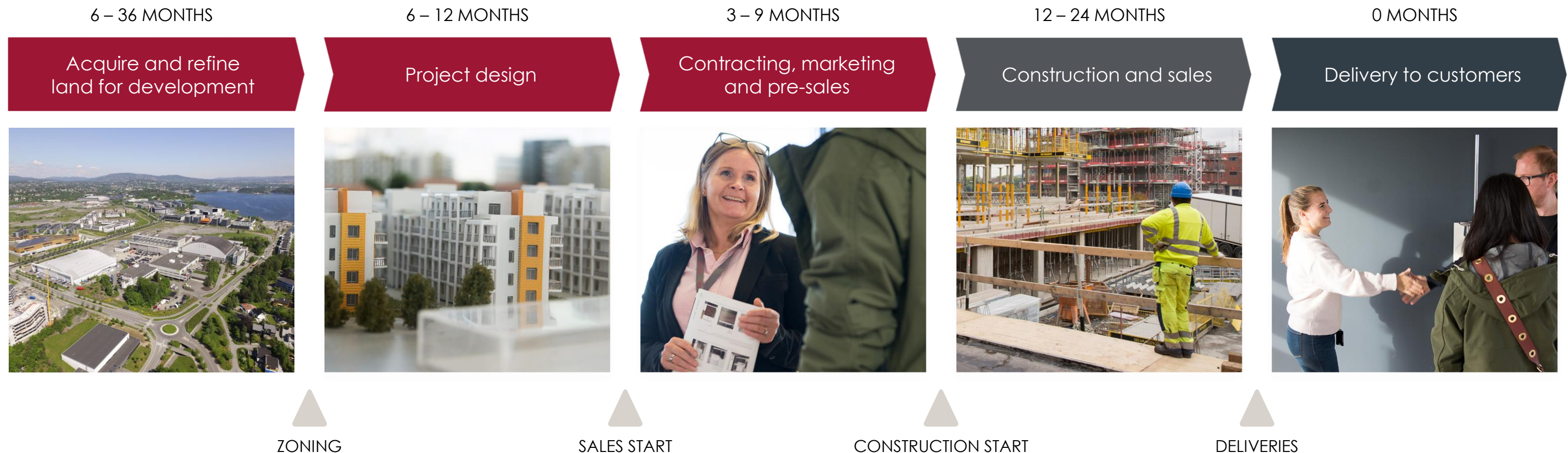
- Book value of NOK 1.4 billion
- Value generated through project development
 - Average portfolio 20% value added
- Third-party market valuation of NOK 2.7 billion

Q4 16: Book value vs. external valuation

NOK million



Efficient and flexible value chain



- Buy (i) options on unzoned land or (ii) ready-to-build land
- Lever acquired land to improve ROE

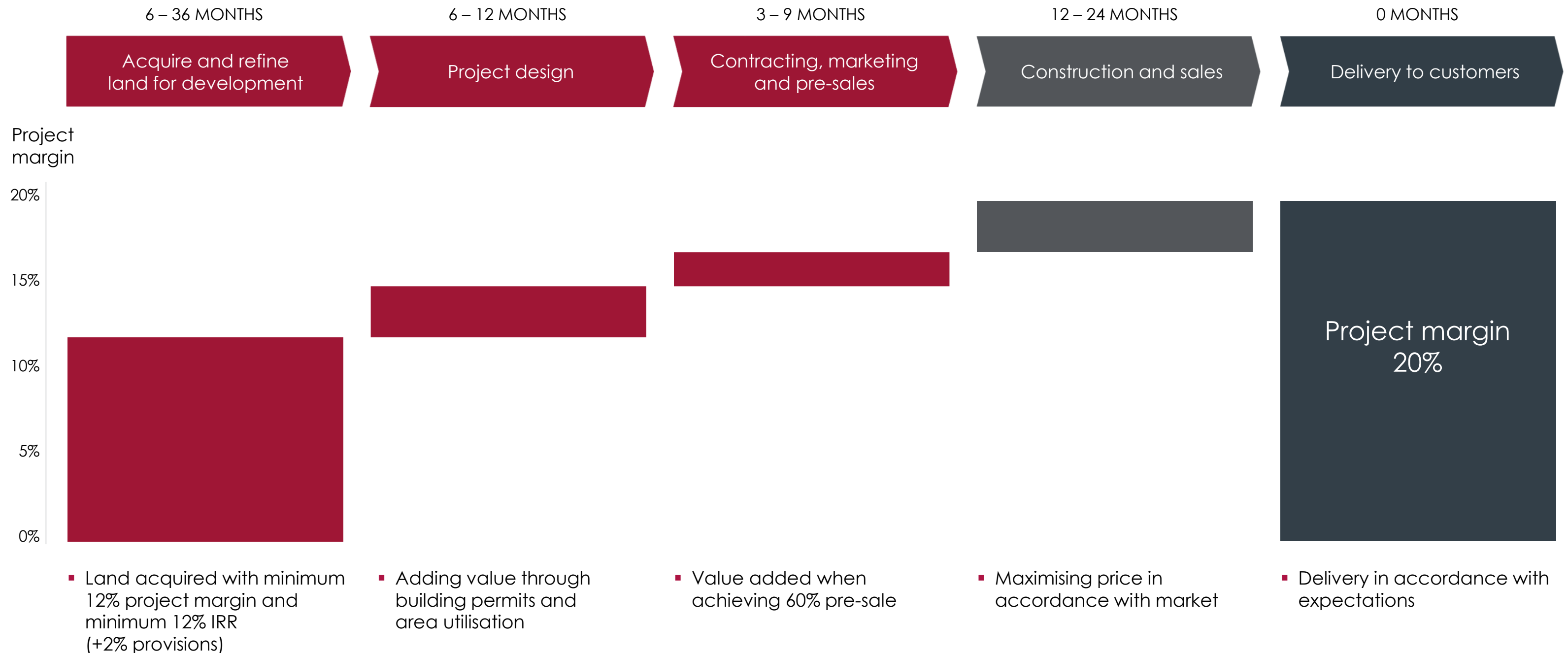
- Plan and prepare for construction

- 60% pre-sale before start-up

- Fixed-price contracts with reputable counterpart
- Prices on remaining 40% increased gradually during sell-out phase
- Construction costs financed with construction loans

- Target 100% sale at delivery

Margin development through project stages*



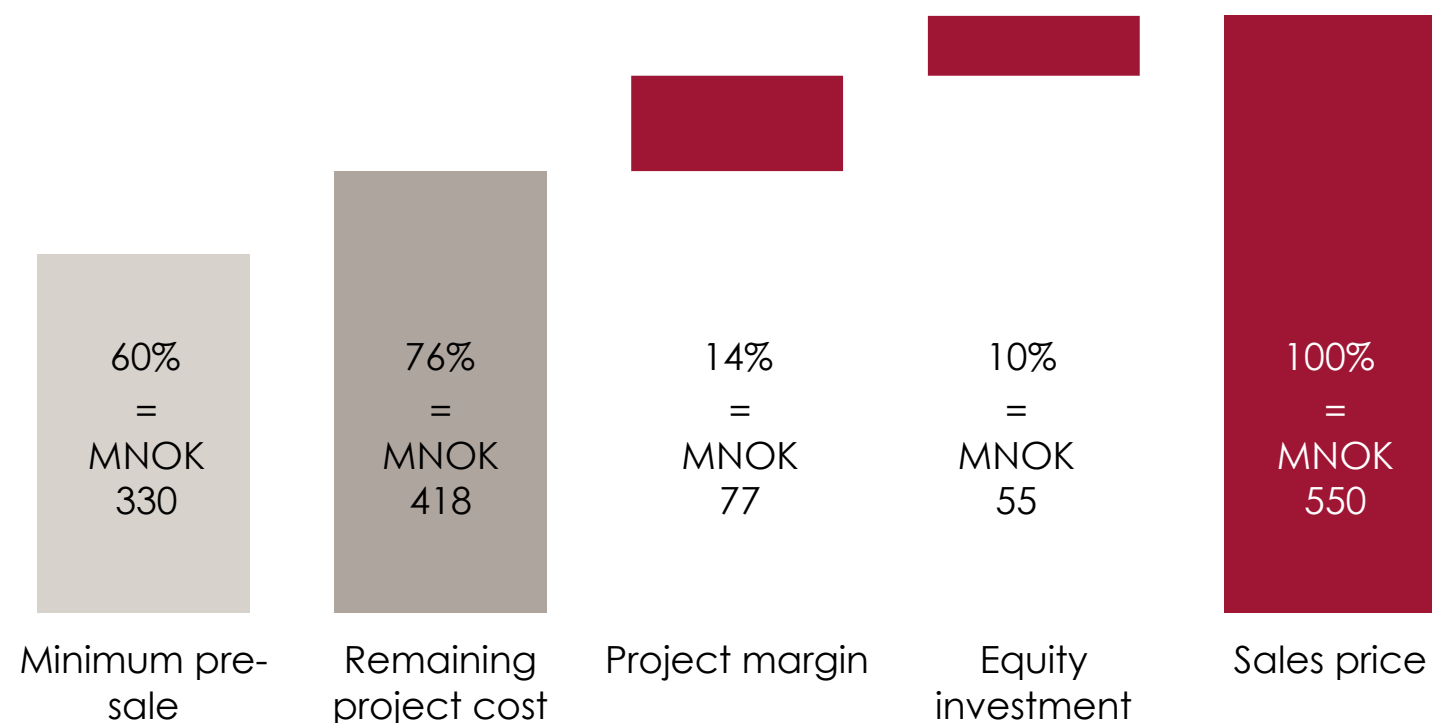
* Assuming flat market development

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 minimum 10% 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

Low-risk business model

Risk profile at start of a MNOK 550 project



- Selvaag's equity investment in a project and project margin bring the remaining project cost down to 74%-78%
- With minimum 60% pre-sale there is limited remaining project risk. For the the remaining 40% a price reduction of 35% would recover equity
- 78% of units in production are sold at end Q3'17

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

Low-risk business model creates healthy profits

Strategy

**Competitive housing offering,
targeting growth regions**

**Large, actively-managed
land bank**

**Efficient and flexible
cost structure**

**Capital-efficient business model
backed by strong balance sheet**

Value drivers

- Presence in fast-growing urban regions with high demand and large market depth
- Competitive prices, addressing large customer base
- Defined housing concepts, aimed at wide range of consumers
- Value appreciation through refinement of land for housing development
- Flexibility to develop thousands of homes in growing urban regions
- Active asset management
- No in-house construction arm; improves flexibility and cost optimisation
- Project-based business model improves flexibility and reduces risk
- Economies of scale through large projects
- Lean organisation reduces overhead
- 60% pre-sale before construction start lowers project financing need and inventory risk
- Sound debt structure and financial flexibility

Income statement IFRS

(figures in NOK million)	Q3 2017	Q3 2016	2016
Total operating revenues	379.4	387.3	3 000.3
Project expenses	(297.4)	(282.7)	(2 379.7)
Other operating expenses	(52.5)	(54.9)	(231.2)
Other gains (loss)	-	31.6	31.7
Associated companies and joint ventures	(3.3)	2.3	(7.1)
EBITDA	26.1	83.5	414.0
Depreciation and amortisation	(1.0)	(6.1)	(20.1)
EBIT	25.1	77.5	393.9
Net financial expenses	(5.1)	(9.8)	(29.3)
Profit/(loss) before taxes	20.1	67.7	364.6
Income taxes	(3.7)	(8.5)	(63.7)
Net income	16.4	59.2	300.9
Net income for the period attributable to:			
Non-controlling interests	(0.0)	0.0	(0.3)
Shareholders in Selvaag Bolig ASA	16.4	59.1	301.2

Cash flow statement

(figures in NOK million)

	Q3 2017	Q3 2016	2016
Net cash flow from operating activities	(163.4)	(223.8)	440.3
Net cash flow from investment activities	(45.7)	6.8	(14.8)
Net cash flow from financing activities	107.2	79.8	(211.5)
Net change in cash and cash equivalents	(102.0)	(137.2)	213.9
Cash and cash equivalents at start of period	341.1	880.5	672.3
Cash and cash equivalents at end of period	239.1	743.3	886.2

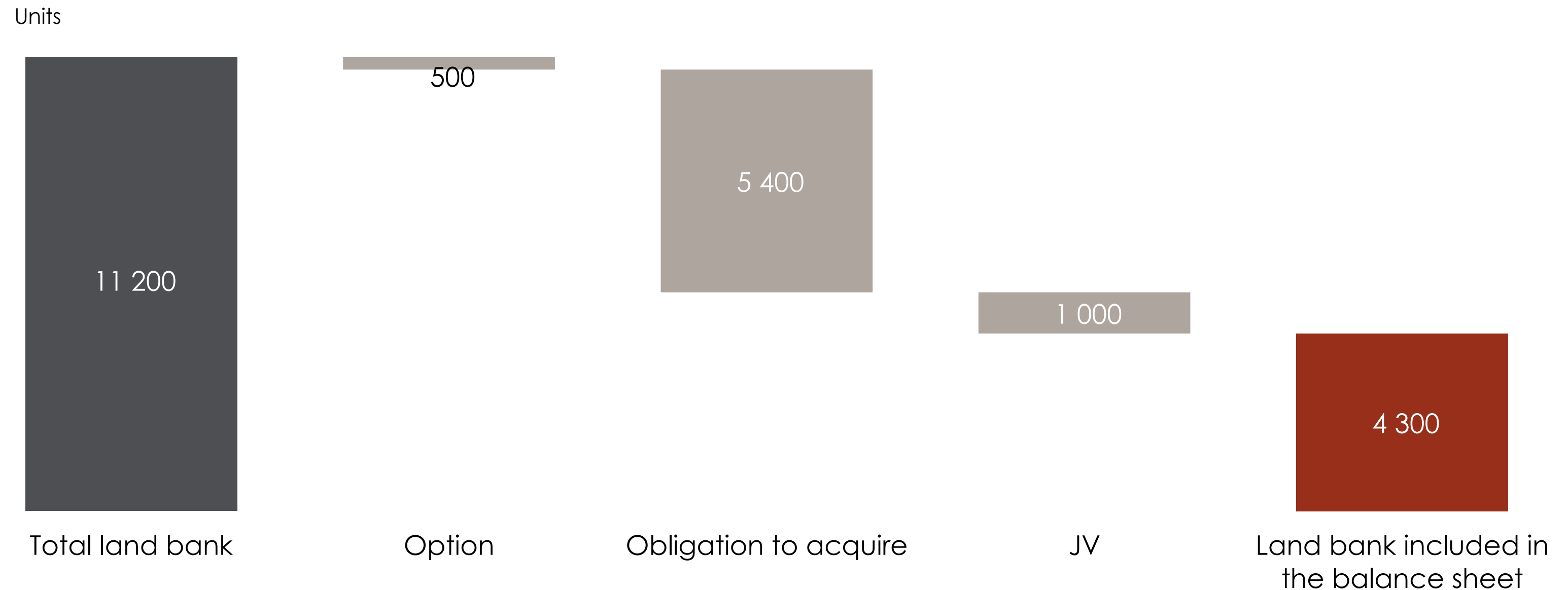
Balance sheet

(figures in NOK million)

	Q3 2017	Q3 2016	2016
Intangible assets	383.4	383.4	383.4
Property, plant and equipment	8.5	11.8	10.9
Investments in associated companies and joint ventures	307.6	279.5	289.8
Other non-current assets	372.1	259.4	261.1
Total non-current assets	1 071.5	934.1	945.1
Inventories (property)	4 778.8	4 390.4	4 284.0
- Land	1 682.4	1 434.7	1 437.3
- Work in progress	2 866.5	2 653.5	2 579.7
- Finished goods	229.9	302.3	267.1
Other current receivables	247.9	139.7	293.3
Cash and cash equivalents	239.1	743.3	886.2
Total current assets	5 265.8	5 273.5	5 463.5
TOTAL ASSETS	6 337.4	6 207.6	6 408.7
Equity attributed to shareholders in Selvaag Bolig ASA	2 679.2	2 577.6	2 689.9
Non-controlling interests	9.4	9.2	9.3
Total equity	2 688.7	2 586.8	2 699.2
Non-current interest-bearing liabilities	1 923.0	2 145.4	2 038.7
Other non-current non interest-bearing liabilities	167.5	202.9	167.1
Total non-current liabilities	2 090.4	2 348.2	2 205.8
Current interest-bearing liabilities	573.7	301.7	534.7
Other current non interest-bearing liabilities	984.6	970.8	969.1
Total current liabilities	1 558.3	1 272.5	1 503.7
TOTAL EQUITY AND LIABILITIES	6 337.4	6 207.6	6 408.7

Substantial portfolio for development

Total land bank portfolio at 30 September 2017



Operational highlights – key operating figures

	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
Number of units sold	277	161	190	165	178
Number of construction starts	223	196	186	318	77
Number of units completed	103	255	63	210	81
Number of units delivered	129	254	85	222	75
Number of units under construction	1 464	1 356	1 479	1 586	1 582
Proportion of sold units under construction	90%	85%	86%	78%	78%
Number of completed unsold units	48	43	32	24	30
Sales value of units under construction (NOK million)	5 775	5 709	6 340	7 074	7 047
Number of employees	100	100	100	100	100

IFRS EBITDA Q3 2017

(figures in NOK million)	Property development	Other	Total
IFRS EBITDA for the quarter, per segment			
Operating revenues	369.3	10.0	379.4
Project expenses	(297.3)	(0.1)	(297.4)
Other operating expenses	(13.4)	(39.1)	(52.5)
Share of income (losses) from associated companies and joint ventures	(3.3)	-	(3.3)
Other gain (loss), net	-	-	-
EBITDA	55.3	(29.2)	26.1

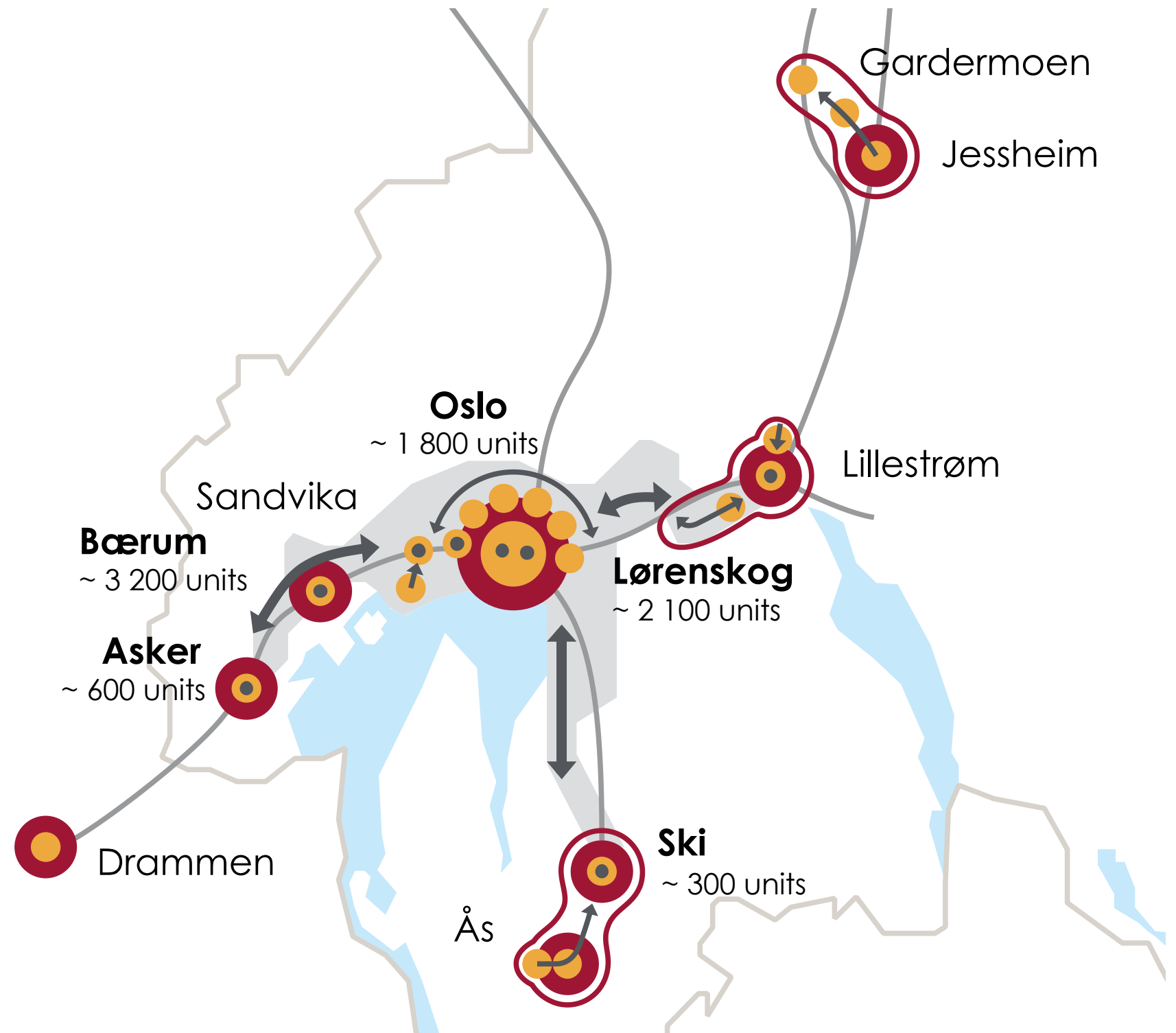
Operational reporting Q3 2017

(figures in NOK million)	Property development	Other	Total
Operating revenues	487.6	10.0	497.7
Project expenses	(342.1)	(0.1)	(332.2)
Other operating expenses	(13.4)	(39.1)	(52.5)
EBITDA (percentage of completion)	132.1	(29.2)	102.9

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

Growth areas in Greater Oslo

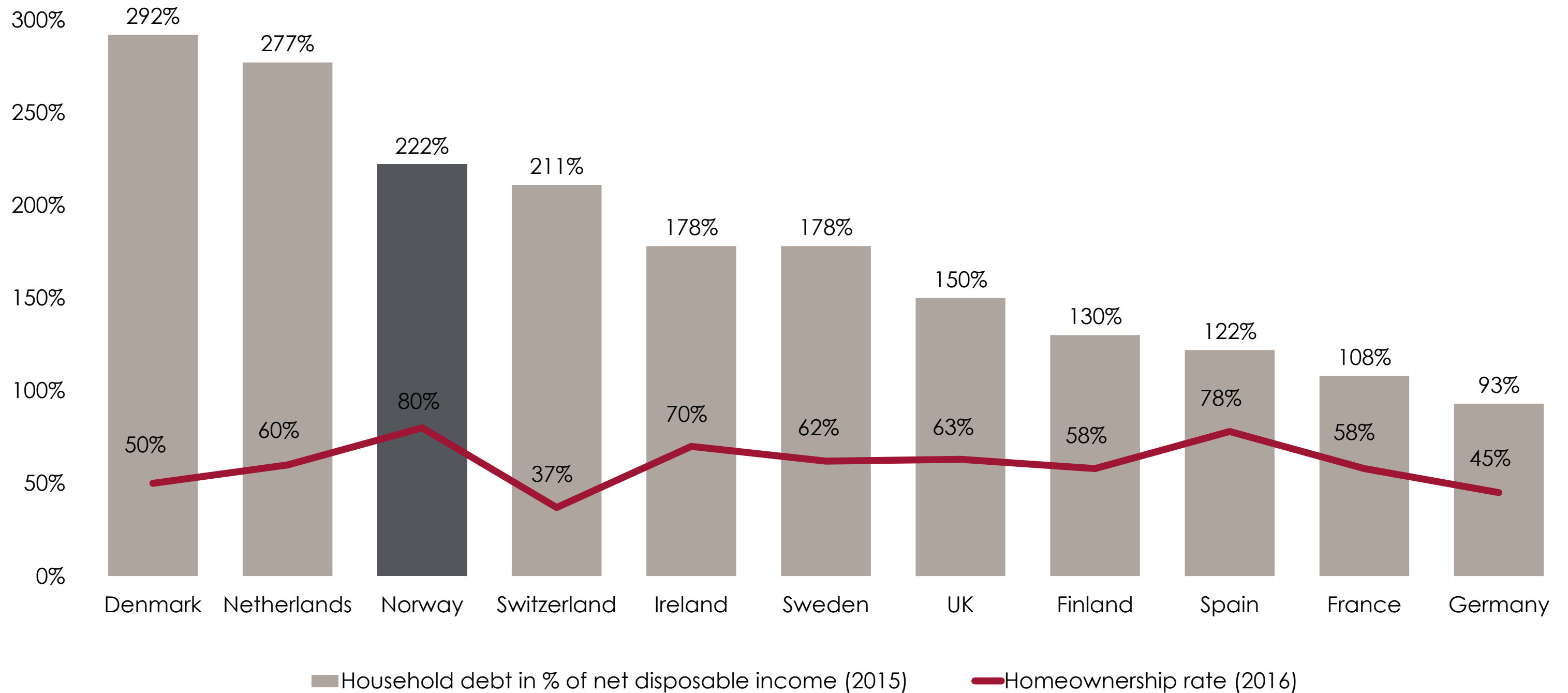
- Oslo and regional cities
- Regional areas for labour-intensive activities
- Priority areas for commercial and urban development
- Regional public transport hubs
- Public transport connecting regional cities and office locations



Note: The figures are not adjusted for Selvaag Bolig's interest in joint ventures

Sources: Plansamarbeidet Oslo-Akershus, Selvaag Bolig

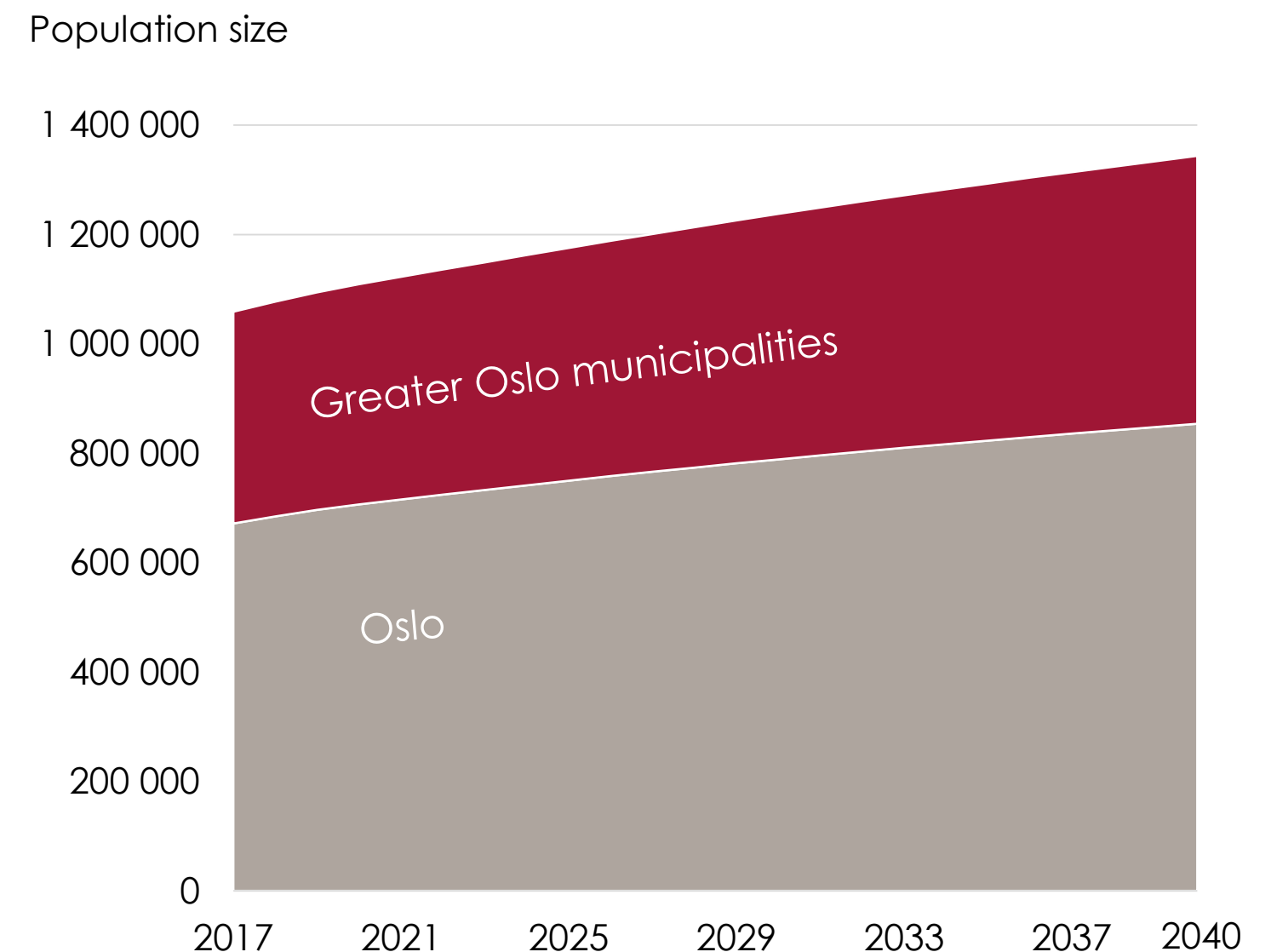
Total household debt and homeownership



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

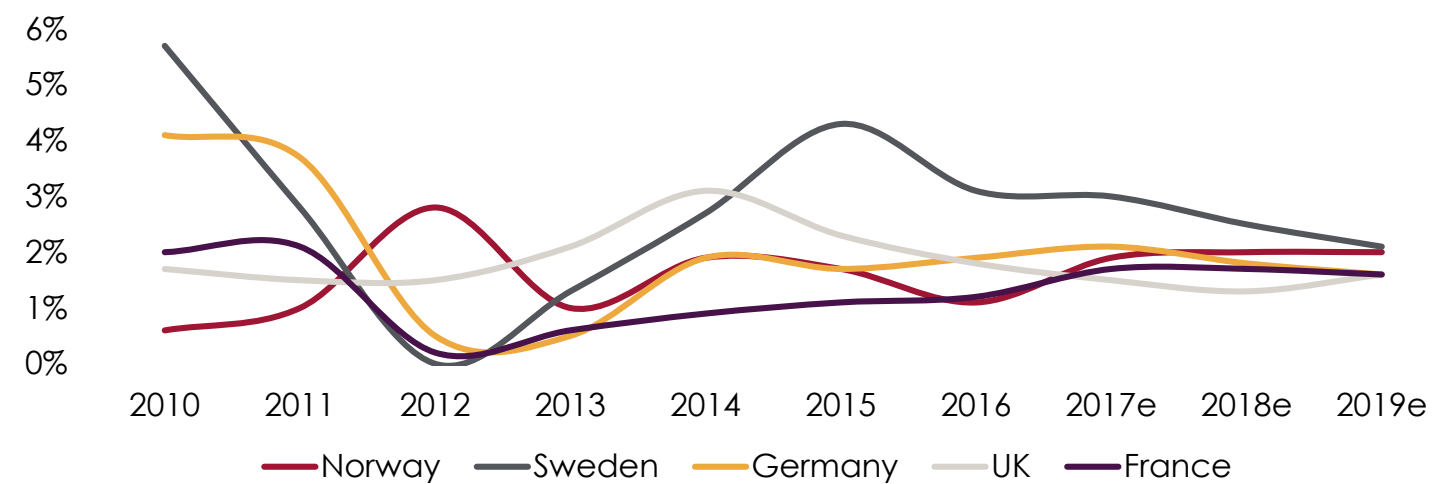


Greater Oslo municipalities include: Ski, Ås, Oppegård, Bærum, Asker, Lørenskog, Skedsmo, Ullensaker

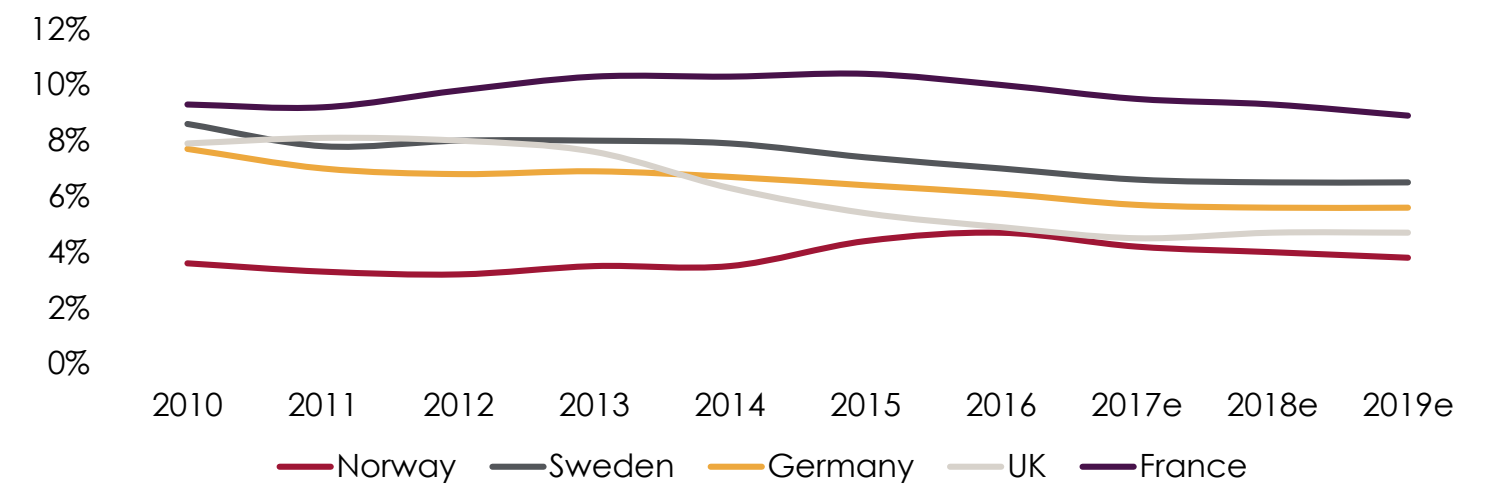
Source: Statistics Norway

Norway – robust economic conditions

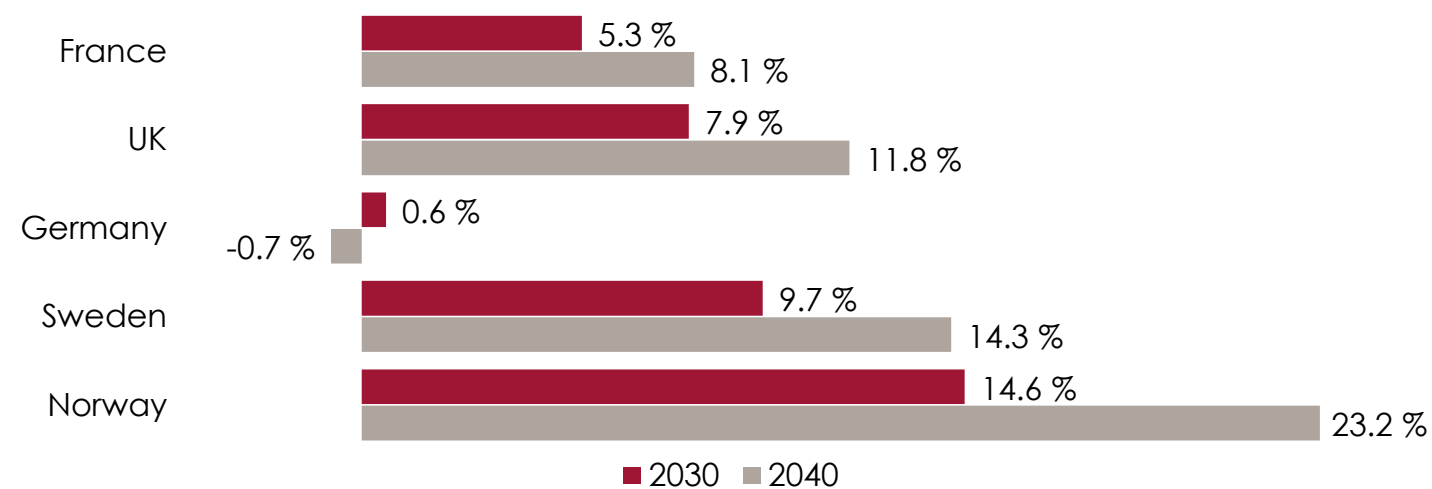
GDP growth 2010 - 2019e



Unemployment 2010 - 2019e



Population growth 2015 - 2030e and 2040e



Interest rates 2010 - 2018e

