

Q3
2017

Third quarter results



SELVAAG BOLIG

Start Hjem Pluss

Highlights of the third quarter 2017

- Operating revenues of NOK 379 million (NOK 387 million)
- Adjusted EBITDA* of NOK 45 million (NOK 92 million) and ordinary EBITDA of NOK 26 million (NOK 84 million)
- 178 units sold (277)
- Construction started on 77 units (223)
- 81 units completed (103) and 75 delivered (129)
- A total of 1 582 units (1 464) under construction at 30 September, with 78 per cent (90 per cent) of these sold at a combined sales value of NOK 7 047 (NOK 5 775 million)
- 99 per cent of units to be completed in 2017 are sold, 86 per cent of completions in 2018 are sold

(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)	Q3 2017	Q3 2016	9M 2017	9M 2016	2016
IFRS main figures					
Operating revenues	379 374	387 310	1 970 066	2 114 812	3 000 347
EBITDA	26 114	83 526	333 251	279 791	413 964
EBITDA adjusted*	44 881	92 168	383 257	344 009	514 368
Operating profit/(loss)	25 144	77 465	330 185	261 547	393 903
Profit/(loss) before taxes	20 070	67 668	292 918	237 132	364 582
Cash flow from operating activities	(163 399)	(223 808)	(203 074)	363 246	440 267
Net cash flow	(101 952)	(137 196)	(647 076)	71 023	213 909
Interest-bearing liabilities	2 496 657	2 447 099	2 496 657	2 447 099	2 573 341
Total assets	6 337 374	6 207 574	6 337 374	6 207 574	6 408 662
Equity	2 688 670	2 586 795	2 688 670	2 586 795	2 699 172
Equity ratio	42.4%	41.7%	42.4%	41.7%	42.1%
Earnings per share in NOK	0.18	0.63	2.57	1.98	3.21
Segment reporting (NGAAP):					
Operating revenues	497 689	940 944	2 281 807	2 564 353	3 511 223
EBITDA**	102 915	202 980	576 414	470 012	683 492
EBITDA margin	20.7%	21.6%	25.3%	18.3%	19.5%
Key figures:					
Number of units sold	178	277	533	883	1 044
Number of construction starts	77	223	582	706	902
Number of units delivered	75	129	382	615	869
Number of units completed	81	103	354	581	836

* 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)	Q3 2017	Q3 2016	9M 2017	9M 2016	2016
Total operating revenues	379 374	387 310	1 970 066	2 114 812	3 000 347
Project expenses	(297 414)	(282 721)	(1 449 903)	(1 702 711)	(2 379 746)
Other operating expenses, salaries and personnel cost, depreciation and	(53 513)	(61 001)	(172 681)	(180 366)	(251 273)
Associated companies and other gains (loss)	(3 303)	33 877	(17 297)	29 812	24 575
Total operating expenses	(354 230)	(309 845)	(1 639 881)	(1 853 265)	(2 606 444)
Operating profit	25 144	77 465	330 185	261 547	393 903
Net financial expenses	(5 074)	(9 797)	(37 267)	(24 415)	(29 321)
Profit before taxes	20 070	67 668	292 918	237 132	364 582
Income taxes	(3 652)	(8 515)	(54 002)	(52 041)	(63 694)
Net income	16 418	59 153	238 916	185 091	300 888

Results for the third quarter of 2017

(Figures in brackets relate to the corresponding period of 2016. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 379.4 million (NOK 387.3 million) in the third quarter. Revenues from units delivered accounted for NOK 359.2 million (NOK 364.7 million) of this total. Other revenues derived from non-core activities, mainly rental of commercial premises.

A total of 75 units (129) were delivered in the quarter, with 64 (104) from consolidated project companies.

Project costs for the quarter totalled NOK 297.4 million (NOK 282.7 million), of which NOK 18.8 million (NOK 8.6 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 53.5 million (NOK 61 million) for the period. Payroll costs accounted for NOK 26 million (NOK 24.9 million) of this figure. A further NOK 5.5 million (NOK 5.4 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 26.5 million (NOK 30 million) for the quarter, including NOK 8.6 million (NOK 11.7 million) for sales and marketing.

The share of results from associated companies and other gains (losses) were negative at NOK 3.3 million (NOK 33.9 million). This decline reflected the inclusion of NOK 31.6

million in gain on the sale of shares and assets for same quarter of last year, and a reduction in the number of units delivered by joint ventures.

EBITDA adjusted for financial expenses included in project costs came to NOK 44.9 million (NOK 92.2 million), corresponding to a margin of 11.8 per cent (23.8 per cent). Ordinary EBITDA was NOK 26.1 million (NOK 83.5 million), corresponding to a margin of 6.9 per cent (21.6 per cent). During the quarter last year, the group reduced its holding in the Kaldnes Brygge project in Tønsberg by 50 per cent. The gain is recognised in the item other gains (losses).

Consolidated depreciation and amortisation totalled NOK 1 million (NOK 6.1 million). This decline primarily reflected full depreciation of intangible assets in 2016. Consolidated operating profit for the quarter thereby came to NOK 25.1 million (NOK 77.5 million).

Net financial expenses amounted to NOK 5.1 million (NOK 9.8 million). The reduction primarily reflected the redemption of the bond loan. Pre-tax profit for the quarter came to NOK 20.1 million (NOK 67.7 million).

Net tax expense was NOK 3.7 million (NOK 8.5 million) for the quarter. Consolidated net profit for the third quarter consequently came to NOK 16.4 million (NOK 59.1 million). NOK 16.4 million (NOK 59.1 million) of the profit was attributable to the shareholders of Selvaag Bolig ASA, and NOK 0 (NOK 0 million) to non-controlling shareholders.

Results for the first nine months of 2017

(Figures in brackets relate to the corresponding period of 2016. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 1 970.1 million (NOK 2 114.8 million) in the first nine months. Revenues from units delivered accounted for NOK 1 521 million (NOK 2 060.8 million). Two sites were sold for a total of NOK 405 million during the period. Other revenues derived from non-core activities, mainly rental.

A total of 382 units (615) were delivered in the first nine months, with 370 (588) from consolidated project companies.

Project costs for the first nine months totalled NOK 1 449.9 million (NOK 1 702.7 million). These primarily represented construction costs for units delivered, as well as costs in other projects which do not qualify for capitalisation as inventory.

Operating costs excluding project costs and associated companies totalled NOK 172.7 million (NOK 180.4 million) for the period. Payroll costs accounted for NOK 83.4 million (NOK 73.9 million) of this figure. A further NOK 17.1 million (NOK 19.4 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 86.2 million (NOK 88.2 million), including NOK 30.3 million (NOK 35.5 million) for sales and marketing.

Cash flow

Consolidated net cash flow from operational activities was negative at NOK 163.4 million (NOK 223.8 million) for the third quarter. The change from the same period of 2016 primarily reflected the inclusion of payments falling due for land purchases last year.

Consolidated cash flow from operational activities was negative at NOK 203.1 million (positive at NOK 363.3 million) in the first nine months. The decline primarily reflected fewer units delivered, land purchases and prepayment of tax. See note 5 on inventories for more information.

Net cash flow from investing activities was negative at NOK 45.7 million (positive at NOK 6.8 million) for the quarter. The change from the same period of 2016 primarily reflected increased investment in joint ventures and loans made to these.

Where the first nine months is concerned, net cash flow from investing activities was negative at NOK 143.7 million (NOK

The share of results from associated companies and other gains (losses) were negative at NOK 17.3 million (positive at NOK 29.8 million). This decline primarily reflected a write-down of NOK 10 million on a joint venture in western Norway and the inclusion of NOK 31.6 in gains on the sale of shares and assets in the same period of 2016.

EBITDA adjusted for financial expenses included in project costs came to NOK 383.3 million (NOK 344 million), corresponding to a margin of 19.5 per cent (16.3 per cent). Ordinary EBITDA was NOK 333.3 million (NOK 279.8 million), corresponding to a margin of 16.9 per cent (13.2 per cent). During the third quarter last year, the group reduced its holding in the Kaldnes Brygge project in Tønsberg by 50 per cent. The gain is recognised in the item other gains (losses).

Consolidated operating profit for the first nine months came to NOK 330.2 million (NOK 261.5 million). Net financial expenses amounted to NOK 37.3 million (NOK 24.5 million). This increase primarily reflected one-off costs related to redemption of the bond loan in the second quarter.

Pre-tax profit for the first nine months came to NOK 292.9 million (NOK 237.1 million). Tax expense was NOK 54 million (NOK 52 million) for the period. Consolidated net profit for the first nine months consequently came to NOK 238.9 million (NOK 185.1 million). NOK 238.8 million (NOK 185.4 million) of the profit was attributable to the shareholders of Selvaag Bolig ASA, and NOK 0.1 million (negative at NOK 0.4 million) to non-controlling shareholders.

3.7 million). The change from the same period of 2016 primarily reflected increased investment in joint ventures and loans made to these.

Net cash flow from financing activities was NOK 107.2 million (NOK 79.8 million) for the quarter. The change from the same period of 2016 primarily reflected increased drawdown of construction loans, partly offset by a higher dividend payment.

Net cash flow from financing activities was negative at NOK 300.3 million (NOK 288.5 million) for the first nine months. The decline from 2016 primarily reflected the redemption of the NOK 500 million bond loan, partly offset by higher drawdown of land and construction loans. In addition comes increased buy-back of the company's own shares in connection with the share programme for employees and the sale of shares to employees, which represented net spending of NOK 61.7 million (NOK 10 million) in the quarter.

The group's holding of cash and cash equivalents at 30 September totalled NOK 239.1 million (NOK 743.3 million), down by NOK 102 million from 30 June.

Cash flow summary

(figures in NOK 1 000)	Q3 2017	Q3 2016	9M 2017	9M 2016	2016
Profit before taxes	20 070	67 668	292 918	237 132	364 582
Net cash flow from operating activities	(163 399)	(223 808)	(203 074)	363 246	440 267
Net cash flow from investment activities	(45 731)	6 772	(143 702)	(3 702)	(14 818)
Net cash flow from financing activities	107 178	79 840	(300 300)	(288 521)	(211 540)
Net change in cash and cash equivalents	(101 952)	(137 196)	(647 076)	71 023	213 909
Cash and cash equivalents at start of period	341 069	880 503	886 193	672 284	672 284
Cash and cash equivalents at end of period	239 117	743 306	239 117	743 306	886 193

Financial position

The carrying amount of Selvaag Bolig's total inventories (land, units under construction and completed units) at 30 September was NOK 4 778.8 million, compared with NOK 4 618.5 million at 30 June and NOK 4 390.4 million a year earlier. The increase during the quarter primarily reflected a high level of building activity and relatively few delivered units. See note 5 for a further specification of inventories.

Equity was NOK 2 688.7 million (NOK 2 585.8 million) at 30 September, corresponding to an equity ratio of 42.4 per cent (41.7 per cent). Selvaag Bolig ASA paid NOK 109.9 million (NOK 60.9 million) in dividend during the quarter, based on results for the first half. Non-controlling interests amounted to NOK 9.4 million (NOK 9.2 million) of equity.

Other current non-interest-bearing liabilities for the group totalled NOK 765.3 million (NOK 661.8 million) at 30 September, of which NOK 476.5 million (NOK 414.9 million) represented advance payments from customers.

At 30 September, consolidated interest-bearing debt amounted to NOK 2 496.7 million (NOK 2 447.1 million), of which NOK 1 923 million (NOK 2 145.4 million) was non-current and NOK 573.7 million (NOK 301.7 million) was current. The increase in current debt primarily reflected construction loans in projects approaching completion.

The group had land loans totalling NOK 1 193.2 million (NOK 945.4 million) at 30 September. These are normally converted to construction loans in line with the progress of the respective construction projects.

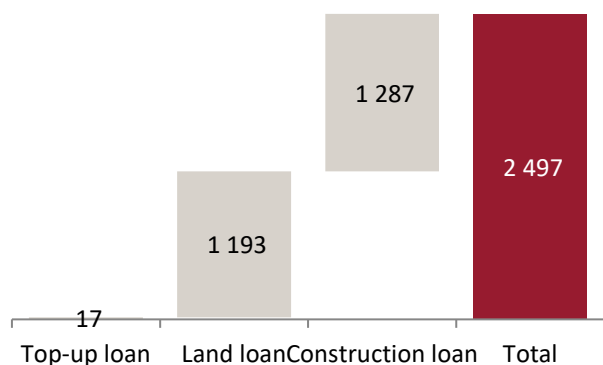
In connection with the redemption of the bond loan in June, Selvaag Bolig ASA entered into an agreement with DNB for a new credit facility of NOK 400 million. The group previously had two NOK 150 million credit facilities. Following the refinancing, one of these was cancelled and the other retained. NOK 16.9 million had been drawn down on the last of these facilities at 30 September. No drawings had been made against the second NOK 400 million facility.

Net interest-bearing debt

(figures in NOK 1 000)	Q3 2017	Q2 2017	Q3 2016	2016
Non-current interest-bearing debt	1 922 969	2 062 739	2 145 382	2 038 660
Current interest-bearing debt	573 688	207 106	301 717	534 681
Cash and cash equivalents	-239 117	-341 069	-743 306	-886 193
Net interest-bearing debt	2 257 540	1 928 776	1 703 793	1 687 148

The group's interest-bearing debt falls primarily into three categories: 1) top-up loans, which are liabilities in parent company Selvaag Bolig ASA, 2) land loans and 3) construction

loans. At 30 September, the group had top-up loans of NOK 17 million, land loans of NOK 1 193 million and construction loans of NOK 1 287 million.

Interest-bearing debt at 30 June 2017 (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 30 September, interest on NOK 818 million in land loans had been capitalised, while interest charges relating to NOK 375 million in land loans spread over four projects were recognised in profit and loss.

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 third quarter 2017

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q3 17	Q3 16	Q3 17	Q3 16	Q3 17	Q3 16
Property development	487 645	930 397	132 133	233 031	141 252	243 449
Other	10 044	10 547	(29 218)	(30 051)	(30 141)	(31 119)
IFRS adjustments	(118 315)	(553 634)	(76 801)	(119 454)	(85 967)	(134 865)
Total group	379 374	387 310	26 114	83 526	25 144	77 465

Segments first nine months of 2017

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	9M 17	9M 16	9M 17	9M 16	9M 17	9M 16
Property development	2 255 399	2 540 022	684 134	564 668	710 124	524 108
Other	26 408	24 331	(107 720)	(94 656)	(110 692)	(97 815)
IFRS adjustments	(311 741)	(449 541)	(243 163)	(190 222)	(269 247)	(164 746)
Total group	1 970 066	2 114 812	333 251	279 790	330 185	261 547

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 third quarter were NOK 487.6 million (NOK 930.4 million). They derived from 18 projects currently in production. Their decline reflected fewer projects under construction compared with last year and a lower sales ratio.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 355.5 million (NOK 697.4 million) for the third 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 132.1 million (NOK 233 million) for the quarter, corresponding to a profit margin of 25 per cent (25 per cent).

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 third quarter came to NOK 10 million (NOK 10.5 million), while operating costs amounted to NOK 39.3 million (NOK 40.6 million). Costs relate largely to pay for the administration and management, as well as to central marketing. EBITDA was thereby negative at NOK 29.2 million (NOK 30.1 million).

Review of operations

Operations

A total of 207 units with a combined value of NOK 843 million were sold during the quarter. Selvaag Bolig's share amounted to 178 units sold with a combined value of NOK 684 million.

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.

Activity in the group was at a high level, and construction started on 77 units during the third quarter.

Projects

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

construction in Stockholm, Asker, Ski, Stavanger or Sandnes during the third quarter.

Quarterly development in the project portfolio

	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

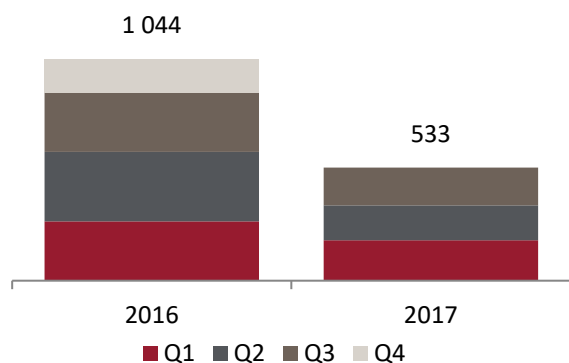
Purchase and sale of land

No land purchase or sale agreements were entered into during the quarter. The group entered into an agreement

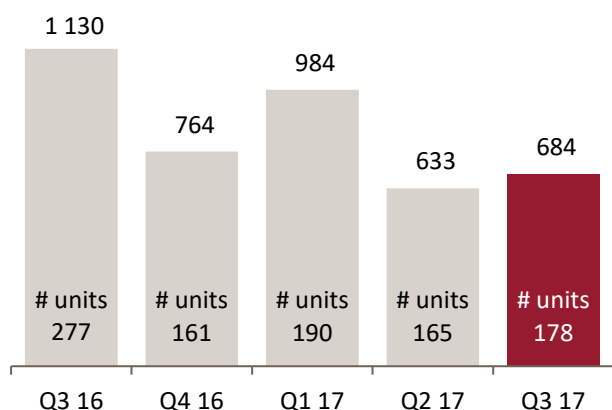
during October to purchase a site at Bjerke in Oslo which is expected to accommodate some 1 500 units.

Sales development and progress

Selvaag Bolig sold 178 residential units (277) during the third 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

Total sales during the third quarter, including Selvaag Bolig's relative share of joint ventures, amounted to 178 units with a combined sales value of NOK 684 million. Sales in the corresponding period of 2016 totalled 277 units with a combined value of NOK 1 130 million.

Value of units sold (NOK mill)

Selvaag Bolig started sales during the quarter in five projects comprising a total of 172 residential units (117).

Sales starts in the quarter

Project	# of units	Category	Region
Kilenkollen	9	Flat	Greater Oslo
Lørenporten	32	Flat	Greater Oslo
Lørenskog Stasjonsby	85	Flat	Greater Oslo
Bispelua	16	Terraced	Greater Oslo
Moss	30	Flat	Greater Oslo
Total	172		

Construction began on 77 (223) units during the 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
Jaasund	4	Terraced	Rogaland
Bispelua	40	Terraced	Greater Oslo
Moss	33	Flat	Greater Oslo
Total	77		

At 30 September, Selvaag Bolig had 1 582 (1 464) units under construction. They included 1 582 units in Greater Oslo and 54 in the rest of Norway.

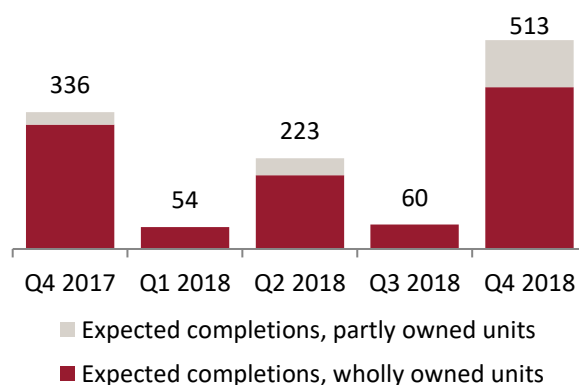
The order backlog at 30 September - in other words, the sales value of the 1 582 (1 464) units then under construction - was NOK 7 047 million (NOK 5 775 million).

A total of 81 (103) units were completed in the third quarter, and 75 (129) - including ones completed earlier - were delivered. The completed units were divided between the Nyhavn and Kaldnes Dockside C projects. A total of 30 (48) completed units were unsold at 30 September. Consolidated project companies accounted for 64 (104) of the units delivered, while 11 (25) were in a part-owned project company.

Units completed by project

Project	# units	Category	Region
Nyhavn	70	Flat	Bergen
Kaldnes Dockside C	11	Flat	Greater Oslo
Total	81		

Based on expected progress for the projects, 336 units are expected to be completed in the fourth quarter of 2017. Estimated completions amount to 690 units for the full year, and 850 for 2018.

Expected number of completions

Share information

The company had 93.77 million issued shares at 30 September, divided between 1 877 shareholders.

The 20 largest shareholders controlled 83.4 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 31.90 to NOK 37.50. The closing price at 30 September was NOK 34.00, compared with NOK 32.20 at 30 June. The share price accordingly rose by six per cent over the quarter. A total of 3.8 million shares, or four per cent of the total outstanding, were traded during the period. Share turnover totalled NOK 131.2 million during the quarter, corresponding to an average daily figure of roughly NOK 2 million.

20 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%

*) 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.

Transactions with related parties

Selvaag Bolig had no significant transactions with related parties during the quarter. See note 23 to the group's annual

reports for detailed information on transactions with related parties in earlier years.

Housing market

House prices fell during the third quarter. According to Statistics Norway (SSB), seasonally adjusted Norwegian house prices at 30 September were on average one per cent lower than at 30 June and up by 2.5 per cent from 30 September 2016.

Price developments were negative in all Selvaag Bolig's core areas during the quarter. Overall prices fell by 3.6 per cent in Oslo including Bærum, and were 1.9 per cent higher than at 30 September 2016. In Akershus county excluding Bærum, prices fell by 0.4 per cent from the previous quarter and had risen 7.6 per cent since 30 September 2016. Prices in Stavanger fell by 2.3 per cent over the quarter and were up by three per cent from 30 September 2016. They fell by 1.4 per cent in Bergen for the quarter and were up by 1.3 per cent over the year. In Trondheim, prices fell by 0.7 per cent for the quarter and were up by 1.6 per cent from 30 September 2016.

The government adopted new residential mortgage regulations with effect from 1 January 2017. These raised the loan cap on mortgages for second homes in Oslo to 60 per cent of the house value. The existing requirement for a 85 per cent loan cap on such homes has been maintained for the rest of the country. The government also introduced a new prohibition on a mortgagee's total loans exceeding five times their gross income. Terms for interest-free instalments have also been tightened somewhat. The banks still have flexibility in granting mortgages, but this is applied differently by the various lenders. The regulations have helped to moderate price growth and increase the turnover time for second-hand homes, particularly in Oslo. They remain in force for the moment until 30 June 2018.

Interim financial statements (IFRS)

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Q3 2017	Q3 2016	9M 2017	9M 2016	2016
Revenues	359 180	364 704	1 925 997	2 060 802	2 923 966
Other revenues	20 194	22 606	44 069	54 010	76 381
Total operating revenues	379 374	387 310	1 970 066	2 114 812	3 000 347
Project expenses	(297 414)	(282 721)	(1 449 903)	(1 702 711)	(2 379 746)
Salaries and personnel costs	(25 995)	(24 927)	(83 407)	(73 927)	(109 361)
Depreciation and amortisation	(970)	(6 061)	(3 066)	(18 244)	(20 061)
Other operating expenses	(26 548)	(30 013)	(86 208)	(88 195)	(121 851)
Other gains (losses), net	-	31 621	-	31 621	31 679
Associated companies and joint ventures	(3 303)	2 256	(17 297)	(1 809)	(7 104)
Total operating expenses	(354 230)	(309 845)	(1 639 881)	(1 853 265)	(2 606 444)
Operating profit	25 144	77 465	330 185	261 547	393 903
Financial income	2 002	1 308	6 930	5 253	8 264
Financial expenses	(7 076)	(11 105)	(44 197)	(29 668)	(37 585)
Net financial expenses	(5 074)	(9 797)	(37 267)	(24 415)	(29 321)
Profit/(loss) before taxes	20 070	67 668	292 918	237 132	364 582
Income taxes	(3 652)	(8 515)	(54 002)	(52 041)	(63 694)
Net income	16 418	59 153	238 916	185 091	300 888
Other comprehensive income/expenses					
Translation differences	(1 304)	(1 832)	1 787	(3 686)	(3 095)
Total comprehensive income/(loss) for the period	15 114	57 321	240 703	181 405	297 793
Net income for the period attributable to:					
Non-controlling interests	(7)	28	115	(369)	(267)
Shareholders in Selvaag Bolig ASA	16 425	59 125	238 801	185 460	301 155
Total comprehensive income/(loss) for the period attributable to:					
Non-controlling interests	(7)	28	115	(369)	(267)
Shareholders in Selvaag Bolig ASA	15 121	57 293	240 588	181 774	298 060
Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:					
Earnings per share (basic and diluted) in NOK	0.18	0.63	2.57	1.98	3.21

The consolidated financial information has not been audited

Statements of financial position

(figures in NOK 1 000)	Note	Q3 2017	Q2 2017	Q3 2016	2016
ASSETS					
Non-current assets					
Goodwill		383 376	383 376	383 376	383 376
Other intangible assets		-	-	-	-
Property, plant and equipment		8 451	9 396	11 826	10 867
Investments in associated companies and joint ventures		307 553	280 913	279 547	289 818
Loans to associated companies and joint ventures		158 879	147 104	48 948	63 757
Other non-current assets		213 269	207 753	210 413	197 318
Total non-current assets		1 071 528	1 028 542	934 110	945 136
Current assets					
Inventories (property)	5	4 778 784	4 618 462	4 390 449	4 284 011
Trade receivables		142 141	109 375	100 984	103 420
Other current receivables		105 804	93 706	38 725	189 902
Cash and cash equivalents		239 117	341 069	743 306	886 193
Total current assets		5 265 846	5 162 612	5 273 464	5 463 526
TOTAL ASSETS		6 337 374	6 191 154	6 207 574	6 408 662
EQUITY AND LIABILITIES					
Equity attributed to shareholders in Selvaag Bolig ASA		2 679 240	2 774 057	2 577 582	2 689 857
Non-controlling interests		9 430	9 437	9 213	9 315
Total equity		2 688 670	2 783 494	2 586 795	2 699 172
LIABILITIES					
Non-current liabilities					
Pension liabilities		594	593	913	594
Deferred tax liabilities		84 389	84 284	103 099	84 486
Provisions		75 073	75 073	92 566	75 073
Other non-current non interest-bearing liabilities		7 404	7 631	6 289	6 938
Non-current interest-bearing liabilities		1 922 969	2 062 739	2 145 382	2 038 660
Total non-current liabilities		2 090 429	2 230 320	2 348 249	2 205 751
Current liabilities					
Current interest-bearing liabilities		573 688	207 106	301 717	534 681
Trade payables		139 239	134 695	121 894	219 562
Current tax payables		80 026	76 378	187 114	83 343
Other current non interest-bearing liabilities		765 322	759 161	661 805	666 153
Total current liabilities		1 558 275	1 177 340	1 272 530	1 503 739
Total liabilities		3 648 704	3 407 660	3 620 779	3 709 490
TOTAL EQUITY AND LIABILITIES		6 337 374	6 191 154	6 207 574	6 408 662

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 Selvaag Bolig ASA	Non-controlling interests	Total equity
EQUITY AS OF 1 JANUARY 2017	186 298	1 394 857	700 629	842	3 528	403 702	2 689 857	9 315 *)	2 699 172
Transactions with owners:									
Dividend	-	-	-	-	-	(197 820)	(197 820)	-	(197 820)
Share buy back	(4 240)	-	-	-	-	(72 652)	(76 892)	-	(76 892)
Employee share program	1 172	-	-	-	-	22 335	23 507	-	23 507
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	238 801	238 801	115	238 916
Other comprehensive income/(loss) for the period	-	-	-	1 787	-	-	1 787	-	1 787
EQUITY AS OF 30 SEPTEMBER 2017	183 230	1 394 857	700 629	2 629	3 528	394 366	2 679 241	9 430 *)	2 688 670

EQUITY AS OF 1 JANUARY 2016	186 799	1 394 857	700 629	3 937	3 528	249 859	2 539 609	9 582 *)	2 549 192
Transactions with owners:									
Dividend	-	-	-	-	-	(135 961)	(135 961)	-	(135 961)
Share buy back	(1 128)	-	-	-	-	(16 902)	(18 030)	-	(18 030)
Employee share program	832	-	-	-	-	9 357	10 189	-	10 189
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	185 460	185 460	(369)	185 091
Other comprehensive income/(loss) for the period	-	-	-	(3 686)	-	-	(3 686)	-	(3 686)
EQUITY AS OF 30 SEPTEMBER 2016	186 503	1 394 857	700 629	251	3 528	291 813	2 577 582	9 213 *)	2 586 795
Transactions with owners:									
Dividend	-	-	-	-	-	-	-	-	-
Share buy back	(291)	-	-	-	-	(5 513)	(5 804)	-	(5 804)
Employee share program	86	-	-	-	-	1 707	1 793	-	1 793
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	115 695	115 695	102	115 797
Other comprehensive income/(loss) for the period	-	-	-	591	-	-	591	-	591
EQUITY AS OF 31 DECEMBER 2016	186 298	1 394 857	700 629	842	3 528	403 702	2 689 857	9 315	2 699 172

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)

	Q3 2017	Q3 2016	9M 2017	9M 2016	2016
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxes	20 070	67 668	292 918	237 132	364 582
Income taxes paid	-	-	(57 472)	(1 371)	(138 722)
Depreciation and amortisation	970	6 061	3 066	18 244	20 061
Other gains (losses), net	-	(31 621)	-	(31 621)	(31 679)
Share of profits/(losses) from associated companies and joint ventures	3 303	(2 256)	17 297	1 809	7 104
Changes in inventories (property)	(150 335)	(442 368)	(535 775)	(6 030)	142 352
Changes in trade receivables	(32 766)	74 837	(38 652)	63	(2 373)
Changes in trade payables	4 544	(4 236)	(80 323)	23 958	121 626
Changes in other operating working capital assets	(13 987)	97 482	92 175	84 325	(67 062)
Changes in other operating working capital liabilities	4 802	10 625	103 692	36 736	24 377
Net cash flow from operating activities	(163 399)	(223 808)	(203 074)	363 246	440 267
CASH FLOW FROM INVESTMENT ACTIVITIES					
Proceeds from sale of property, plant and equipment and intangible assets	-	3 500	-	3 500	3 580
Purchases of PPE and intangible assets	(27)	-	(631)	(324)	(408)
Proceeds from disposal of businesses and subsidiaries, net of cash disposed	-	8 344	-	8 344	8 344
Purchases of businesses and subsidiaries, net of cash acquired	(1 800)	-	(1 800)	-	-
Proceeds from sale of associated companies	-	-	-	-	-
Purchases of associated companies and joint ventures	(29 944)	(1 000)	(35 033)	(3 518)	(12 835)
Proceeds from sale of other investments and repayment of loans	-	-	18 597	-	13 205
Purchases of other investments and loans	(13 960)	(4 072)	(124 835)	(17 954)	(32 954)
Dividends and disbursements from associated companies and joint ventures	-	-	-	6 250	6 250
Net cash flow from investment activities	(45 731)	6 772	(143 702)	(3 702)	(14 818)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	331 969	340 403	1 189 742	811 782	1 013 589
Repayments of borrowings	(132 099)	(190 701)	(1 247 428)	(954 327)	(1 073 895)
Net change in bank overdrafts	16 886	-	16 886	-	-
Dividends paid to equity holders of Selvaag Bolig ASA	(109 938)	(60 948)	(197 820)	(135 961)	(135 961)
Share buy back Selvaag Bolig ASA	-	(9 280)	(76 892)	(18 030)	(23 834)
Proceeds from disposal of shares Selvaag Bolig ASA	360	365	15 213	8 015	8 561
Net cash flow from financing activities	107 178	79 840	(300 300)	(288 521)	(211 540)
Net change in cash and cash equivalents	(101 952)	(137 196)	(647 076)	71 023	213 909
Cash and cash equivalents at start of period	341 069	880 503	886 193	672 284	672 284
Cash and cash equivalents at end of period	239 117	743 306	239 117	743 306	886 193

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 2016.

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 2016.

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 2016.

3. Transactions with related parties

See note 23 in the group's Consolidated Financial Statements for 2016 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.

Third quarter 2017

(figures in NOK 1000)	Property development	Other	Total
Operating revenues	487 645	10 044	497 689
Project expenses	(342 114)	(117)	(342 231)
Other operating expenses	(13 398)	(39 145)	(52 543)
EBITDA (percentage of completion)	132 133	(29 218)	102 915
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	132 133	(29 218)	102 915
Sales revenues (adjustment effect of percentage of completion)	(464 569)	-	(464 569)
Sales revenues (completed contract)	346 254	-	346 254
Project expenses (adjustment effect of percentage of completion)	330 679	-	330 679
Project expenses (completed contract)	(285 862)	-	(285 862)
Depreciation and amortisation	-	(970)	(970)
Share of income (losses) from associated companies and joint ventures	(3 303)	-	(3 303)
Other gain (loss), net	-	-	-
Operating profit (loss)	55 332	(30 188)	25 144
Units under construction	1 582	N/A	N/A
Units delivered	75	N/A	N/A

Third quarter 2016

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	930 397	10 547	940 944
Project expenses	(683 831)	807	(683 024)
Other operating expenses	(13 535)	(41 405)	(54 940)
EBITDA (percentage of completion)	233 031	(30 051)	202 980
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	233 031	(30 051)	202 980
Sales revenues (adjustment effect of percentage of completion)	(904 484)	-	(904 484)
Sales revenues (completed contract)	350 961	-	350 961
Project expenses (adjustment effect of percentage of completion)	674 088	-	674 088
Project expenses (completed contract)	(273 896)	-	(273 896)
Depreciation and amortisation	-	(6 061)	(6 061)
Share of income (losses) from associated companies and joint ventures	2 256	-	2 256
Other gain (loss), net	31 621	-	31 621
Operating profit (loss)	113 577	(36 112)	77 465
Units under construction	1 464	N/A	N/A
Units delivered	129	N/A	N/A

At 30 Sep 2017

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	2 255 399	26 408	2 281 807
Project expenses	(1 534 821)	(957)	(1 535 778)
Other operating expenses	(36 444)	(133 171)	(169 615)
EBITDA (percentage of completion)	684 134	(107 720)	576 414
Reconciliation EBITDA to Operating profit (loss):			
EBITDA (percentage of completion)	684 134	(107 720)	576 414
Sales revenues (adjustment effect of percentage of completion)	(1 803 705)	-	(1 803 705)
Sales revenues (completed contract)	1 491 963	-	1 491 963
Project expenses (adjustment effect of percentage of completion)	1 322 329	-	1 322 329
Project expenses (completed contract)	(1 236 453)	-	(1 236 453)
Depreciation and amortisation	-	(3 066)	(3 066)
Share of income (losses) from associated companies and joint ventures	(17 297)	-	(17 297)
Other gain (loss), net	-	-	-
Operating profit (loss)	440 971	(110 786)	330 185
Units under construction	1 582	N/A	N/A
Units delivered	382	N/A	N/A

At 30 Sep 2016

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	2 540 022	24 331	2 564 353
Project expenses	(1 931 057)	(1 161)	(1 932 218)
Other operating expenses	(44 296)	(117 826)	(162 122)
EBITDA (percentage of completion)	564 668	(94 656)	470 013
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	564 668	(94 656)	470 013
Sales revenues (adjustment effect of percentage of completion)	(2 492 901)	-	(2 492 901)
Sales revenues (completed contract)	2 043 450	-	2 043 450
Project expenses (adjustment effect of percentage of completion)	1 917 955	-	1 917 955
Project expenses (completed contract)	(1 688 538)	-	(1 688 538)
Depreciation and amortisation	-	(18 244)	(18 244)
Share of income (losses) from associated companies and joint ventures	(1 809)	-	(1 809)
Other gain (loss), net	31 621	-	31 621
Operating profit (loss)	374 446	(112 900)	261 547
Units under construction	1 464	N/A	N/A
Units delivered	615	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)	Q3 2017	Q2 2017	Q3 2016	2016
Land (undeveloped)	1 682 393	1 672 440	1 434 667	1 437 259
Work in progress	2 866 529	2 761 323	2 653 507	2 579 660
Completed units	229 862	184 699	302 275	267 092
Carrying amount	4 778 784	4 618 462	4 390 449	4 284 011

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)	Q3 2017	Q3 2016	9M 2017	9M 2016	2016
Project expenses	(297 414)	(282 721)	(1 449 903)	(1 702 711)	(2 379 746)
Finance expenses	(18 767)	(8 642)	(50 006)	(64 218)	(110 528)
Other project expenses	(278 647)	(274 079)	(1 399 897)	(1 638 493)	(2 279 342)

(figures in NOK 1 000)	Q3 2017	Q3 2016	9M 2017	9M 2016	2016
EBITDA	26 114	83 526	333 251	279 791	413 964
EBITDA-margin	6.9%	21.6%	16.9%	13.2%	13.8%
EBITDA excl. financial expenses	44 881	92 168	383 257	344 009	514 368
EBITDA-margin excl. financial expenses	11.8%	23.8%	19.5%	16.3%	17.1%

7. Events after the reporting period

After the quarter the group entered into an agreement to purchase a site at Bjerke in Oslo which is expected to accommodate some 1 500 units.

SELVAAG BOLIG



For further information, please contact:

Baard Schumann, CEO Selvaag Bolig ASA

Telephone: +47 940 80 000, e-mail: bs@selvaagbolig.no

Sverre Molvik, CFO Selvaag Bolig ASA

Telephone: +47 401 00 585, e-mail: smo@selvaagbolig.no

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 70-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