

# Long-term housing development

Capital markets update | Oslo 9 November 2017



**SELVAAG** BOLIG



# Capital markets update 9 November 2017

09:00 - 09:30	<b>Q3 2017 presentation</b>
	<i>Break</i>
09:40 - 10:10	<b>Long-term housing development</b> , Baard Schumann, CEO
10:10 - 10:50	<b>Value creation</b> , Sverre Molvik, CFO
10:50 - 11:00	<b>Selvaag Gruppen's ownership perspective</b> , Olav Selvaag, Selvaag Gruppen
	<i>Break</i>
11:15 - 11:45	<b>The need for new housing in Norway</b> , Nejra Macic, Prognosesenteret
11:45 - 12:20	<b>Developing good projects from a solid land bank</b> , Baard Schumann, CEO
12:20 - 12:30	<b>Strategic priorities and outlook</b> , Baard Schumann, CEO and Sverre Molvik, CFO
12:45 - 13:30	<i>Lunch and mingling</i>





# Long-term housing development

Baard Schumann, CEO

**SELVAAG** BOLIG





A growing  
population  
needs housing

# New housing is an important part of the solution

## Demand drivers

Population growth  
Urbanisation  
Cost and access to capital  
Labour market conditions  
Need for new housing

## Housing demand

## Housing solutions

Second-hand housing (80%)  
Rental (20%)  
**New housing (20%)**



# We have to cut through the short-term noise...





# ...and concentrate on long-term development



Løren 1999



Løren 2016

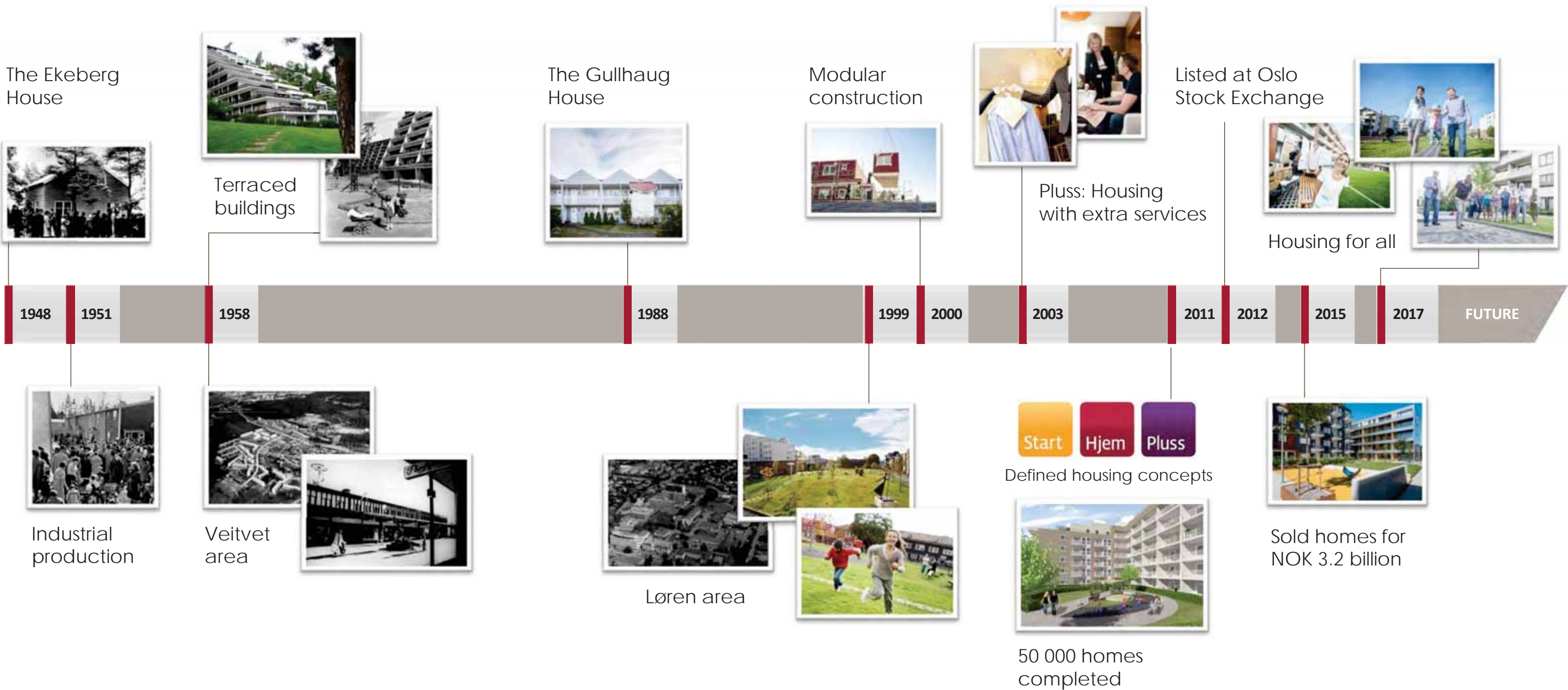




Housing for all



# Selvaag Bolig is a story about development





*“It’s better to build 30 000 homes  
for 15 000 kroner than 15 000  
homes for 30 000 kroner”*

– Olav Selvaag, Founder





# Our deliveries since the IPO

## What did we say at 2012 IPO?

## Status Q3 2017

Maintain position as a leading residential developer in Norway



Leading in terms of volume, profit and efficiency

Long-term goal of delivering 1 500 homes per year



Lower volume, but higher margins

Long-term growth will not affect profitability or financial risk



Healthy profits and sound balance sheet

Continue to develop industrial approach to homebuilding



Project optimisation and large projects

Increase share of modular-based development



Urban-development focus requires on-site construction

Project margins of 12%



23% on average over last 3 years

Annual dividends in the region of 50% of after-tax profits  
Dividend pay-out semi-annually from H1 2015

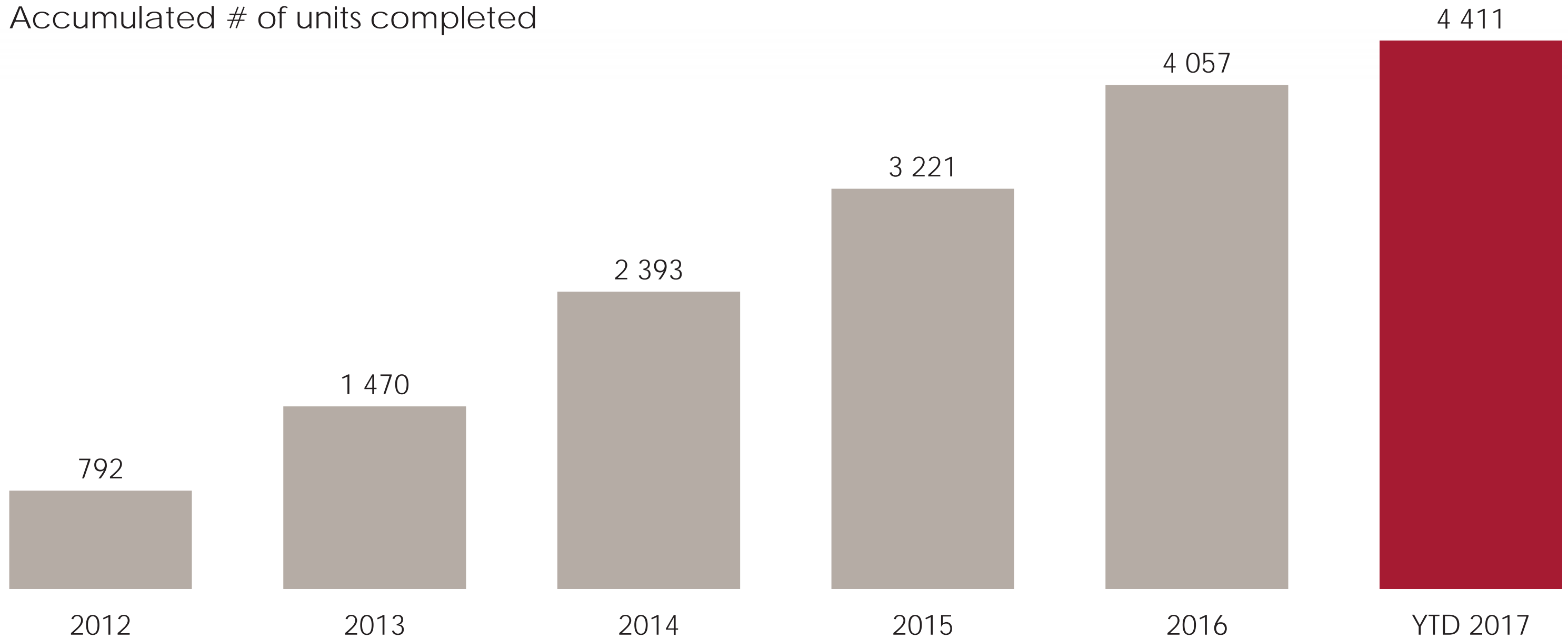


46% on average since 2013 (start of dividend payments)  
Started dividend payments one year early  
Dividend payments semi-annually from H1 2015  
New and more flexible dividend policy



# Completed > 4 000 homes since 2012...

Accumulated # of units completed

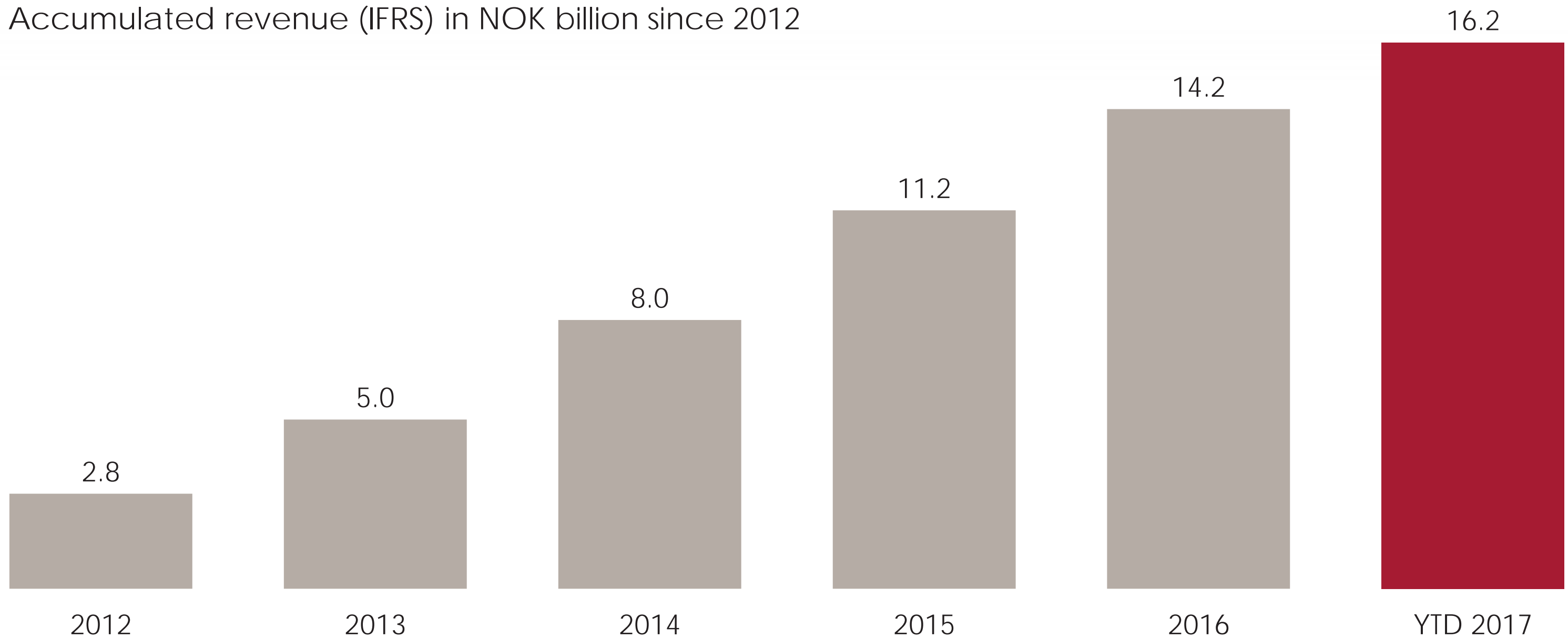


Note: Completed 50 000 units from 1948 to 2011



...for a total value of ~ NOK 16 billion

Accumulated revenue (IFRS) in NOK billion since 2012





# Our deliveries since the IPO

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Healthy profits and sound balance sheet

Continue development of industrial approach to homebuilding



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Dividend payments semi-annually from H1 2015  
New and more flexible dividend policy



# Sharpened focus on value

## Illustrative case

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**1 500** units at **12%** project margin

=

**900** units at **20%** project margin

## Focus on value

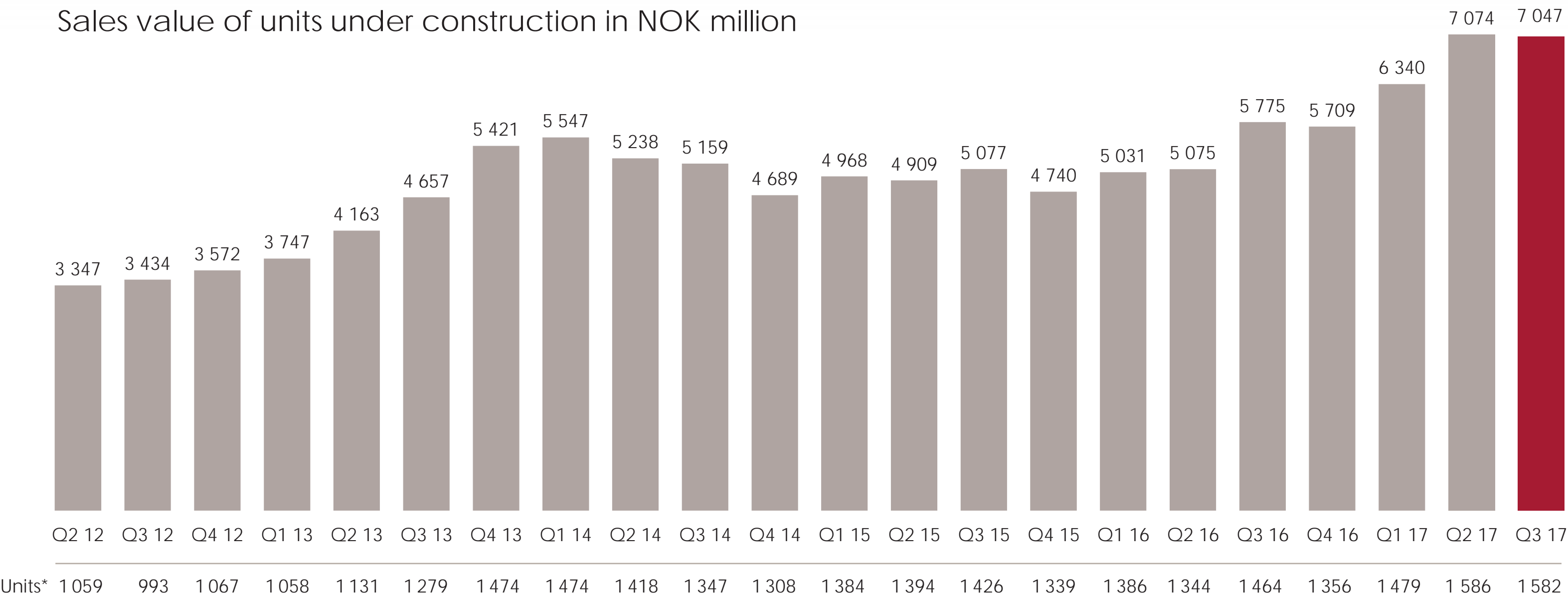
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- Long-term growth does not affect profitability
- Reduced risk and increased margins
- 2 690 units delivered at 23% project margin over the past 12 quarters\*
- Land bank lasts longer



# Value of units under construction is the foundation for future profits

Sales value of units under construction in NOK million

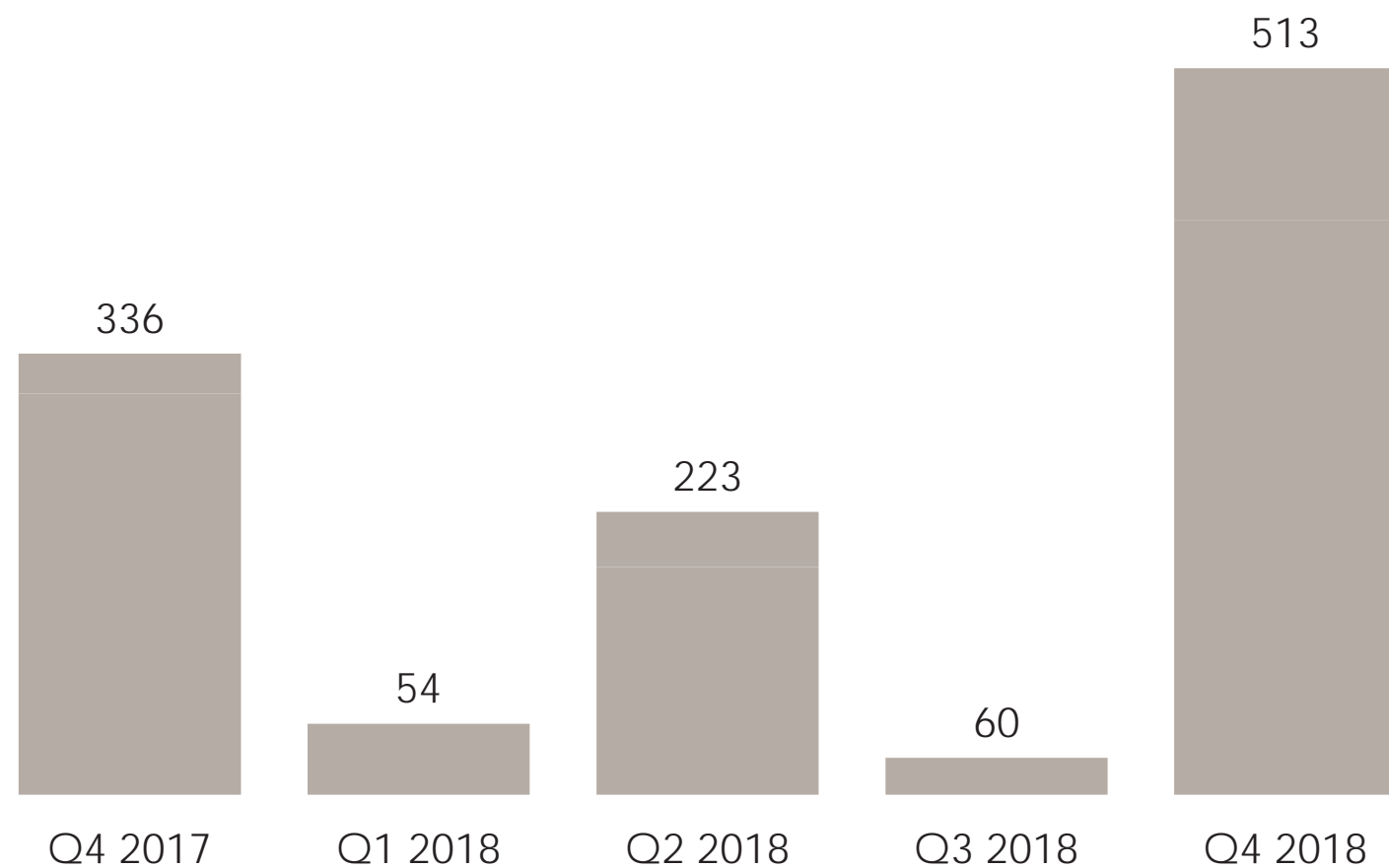


\*Inclusive of Selvaag Bolig's share of joint ventures



# 86% of 2018 completions sold by Q3 2017

Completions per quarter  
# units



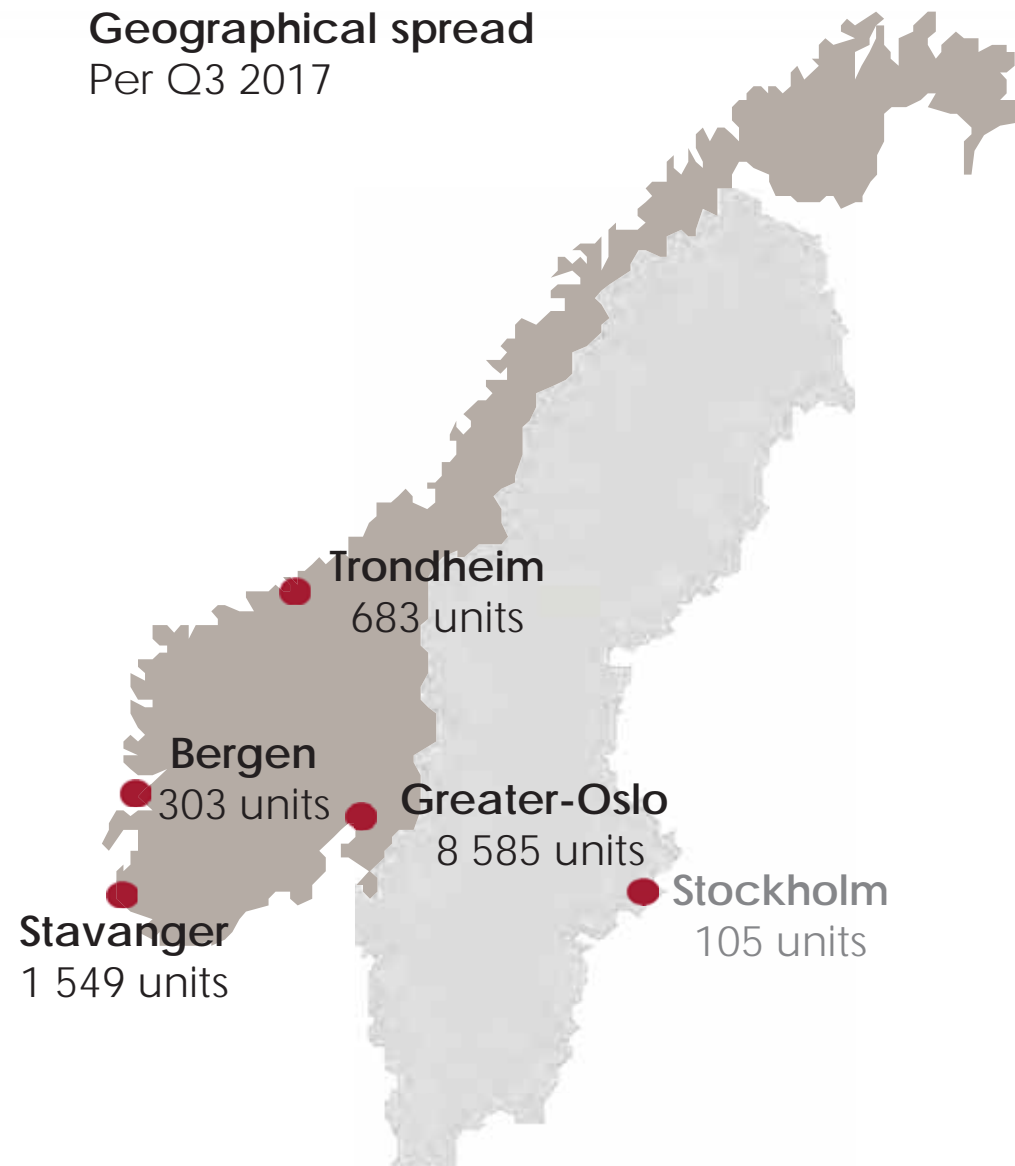
- 99% of 2017 completions sold by Q3 2017
- 86% of 2018 completions sold by Q3 2017
  - Expected completions for 2018 as of Q3 2017: 850
- 78% of total units under construction sold by Q3 2017



# Solid land-bank basis for long-term strategy

## Land-bank exposure

Geographical spread  
Per Q3 2017



## Strategy

- Pursue overall strategy as long-term housing developer
- Prepared for market recovery 2018-2019
- Continue development of quality projects in core markets
- Land acquisitions throughout the economic cycle



# Scale and broad customer offering drive volume

## Target markets



## Size and price

Average price per housing unit  
**NOK 3-5**  
million

Number of units per project  
**> 300**  
in Oslo

Number of units per project  
**> 150**  
in other regions

## Housing concepts







# High-quality offering and customer satisfaction drive value

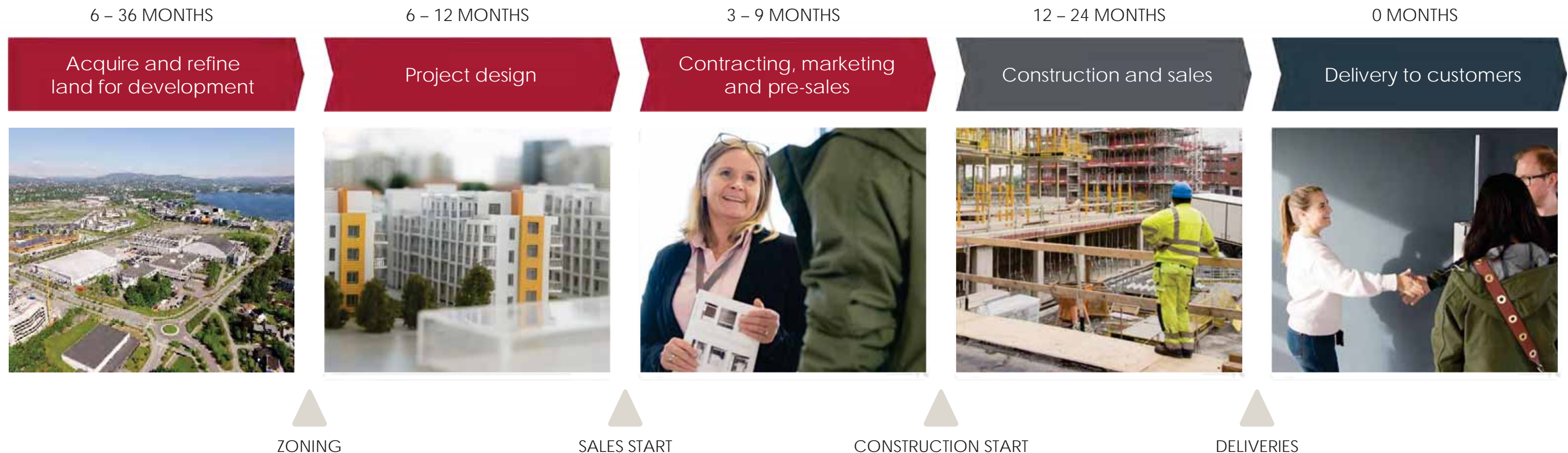
3 Selvaag Bolig projects among top ten in reputable 2016 customer satisfaction survey\* (awarded in 2017)

- #1 Moss Glassverk project
- #2 Lørenpynten project in Oslo
- #7 Dockside project in Tønsberg

\*Survey: Prognosesenteret



# 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



# Low-risk business model creates healthy profits

## Strategy

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**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

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- 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

# Our long-term ambitions

## 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**

## Targets

- Maintain position as a leading residential developer in Norway
- Long-term growth does not affect profitability or financial risk
- Continue developing industrial approach to homebuilding
- Land acquisitions throughout the economic cycle
- Focus on Greater Oslo, Stavanger, Bergen, Trondheim, and Stockholm
- Ensure economies of scale through large projects, typically >300 units in Oslo and >150 units in other regions
- Project margin of minimum 12%
- High and stable dividends. Minimum 40% of net annual profit, paid in two instalments over the year\*
- The company will maintain an equity ratio of minimum 30 per cent

• The size of the dividend will be weighed against the company's liquidity forecasts and capital adequacy





# Value creation

Sverre Molvik, CFO

**SELVAAG** BOLIG



# Status since the IPO

## What did we say at 2012 IPO?

## Status 2012-Q3 2017

## What are we going to do

Maintain position as a leading residential developer in Norway



Leading in terms of volume, profit and efficiency

Long-term goal of delivering 1 500 homes per year



Long-term goal of delivering 1 500 homes per year

Long-term growth will not affect profitability or financial risk



Long-term growth will not affect profitability or financial risk

Continue to develop industrial approach to homebuilding



Project optimisation and large projects

Increase share of modular-based development



Urban-development focus requires on-site construction

Project margins of 12%



Continued project margin of minimum 12% and IRR of 12%

Annual dividends in the region of 50% of after-tax profits  
Dividend pay-out semi-annually from H1 2015



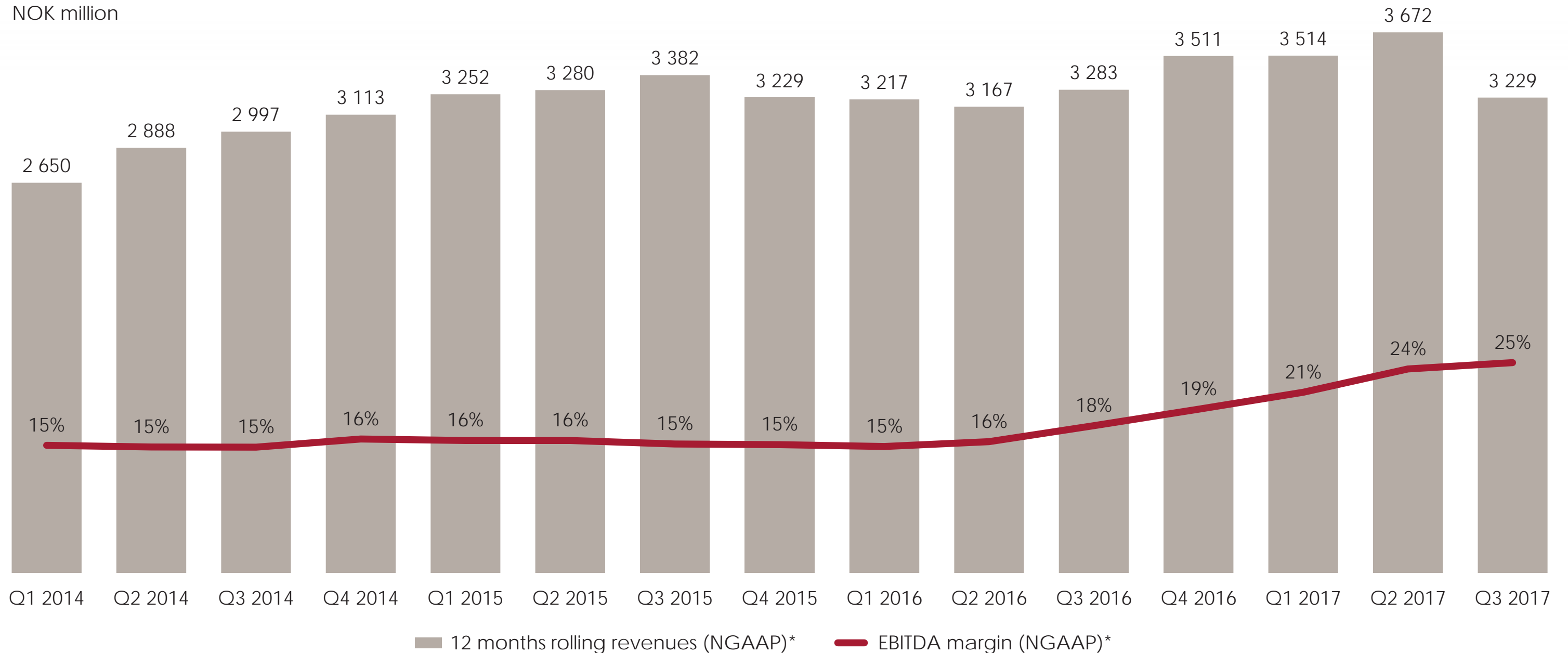
Minimum 40% of net annual profit, paid in semi-annual instalments\*

\* The size of the dividend will be weighed against the company's liquidity forecasts and capital adequacy



# Financial development (NGAAP)

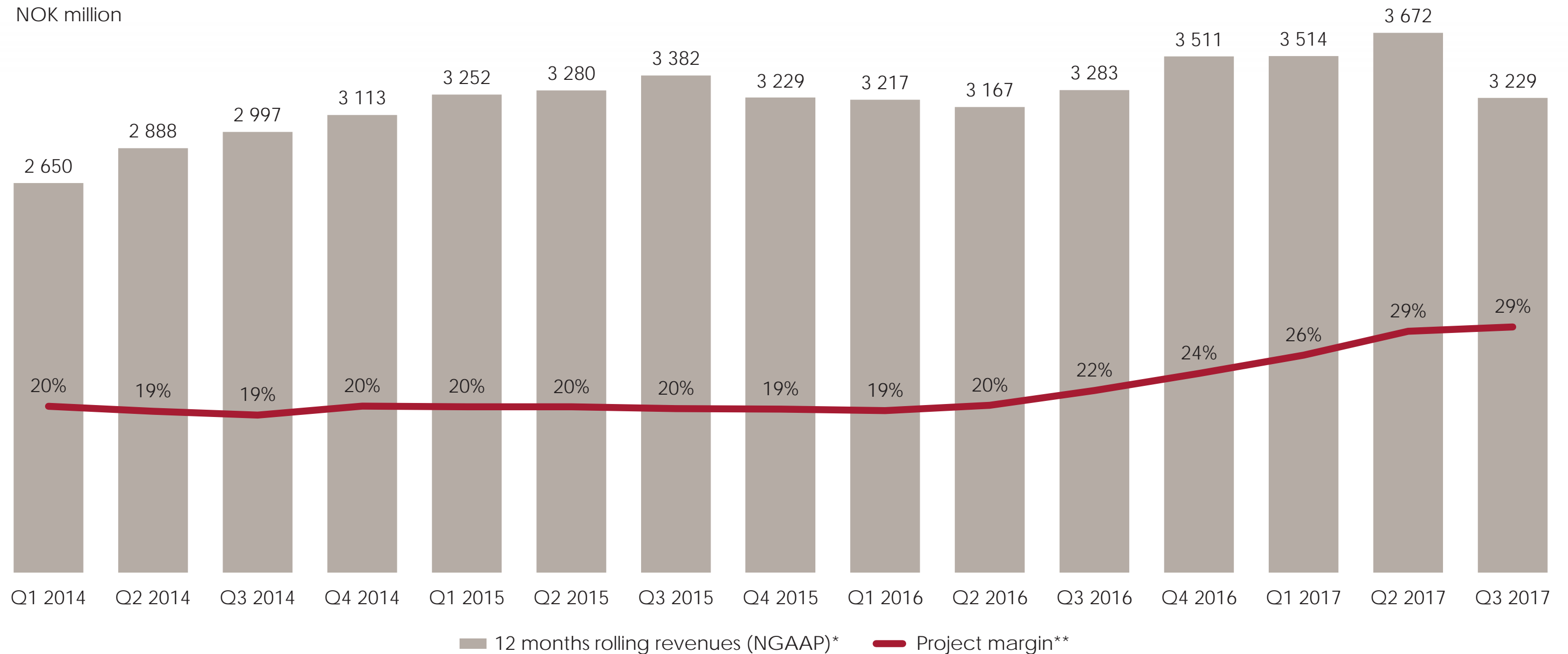
NOK million



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

# Project margin development

NOK million

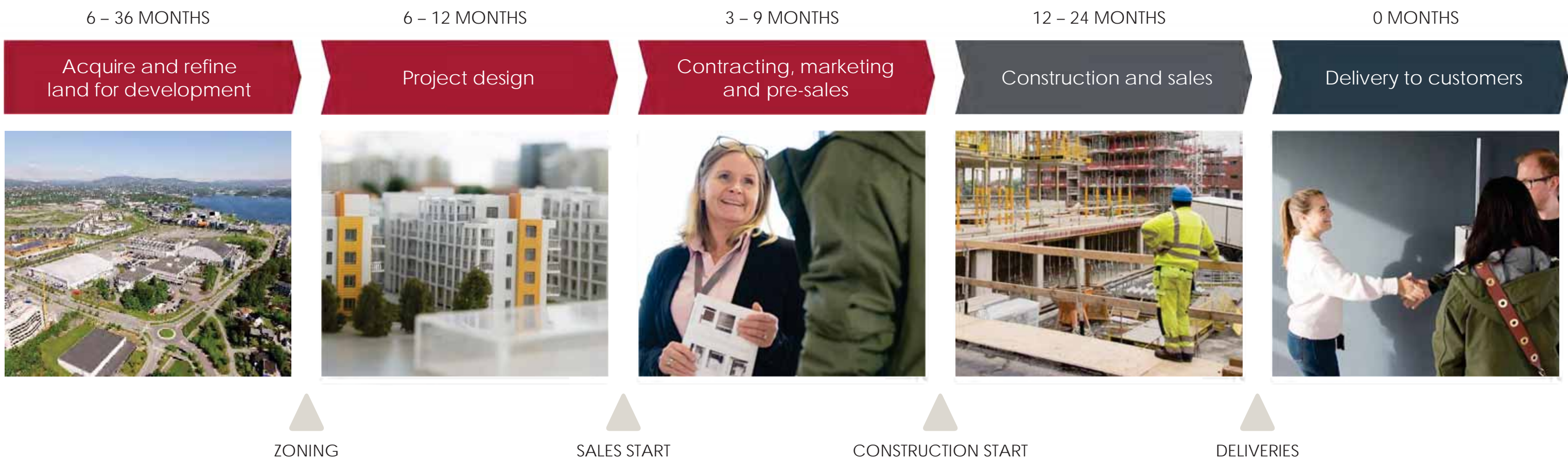


\* Construction costs are exclusive of financial expenses in the segment reporting (NGAAP)

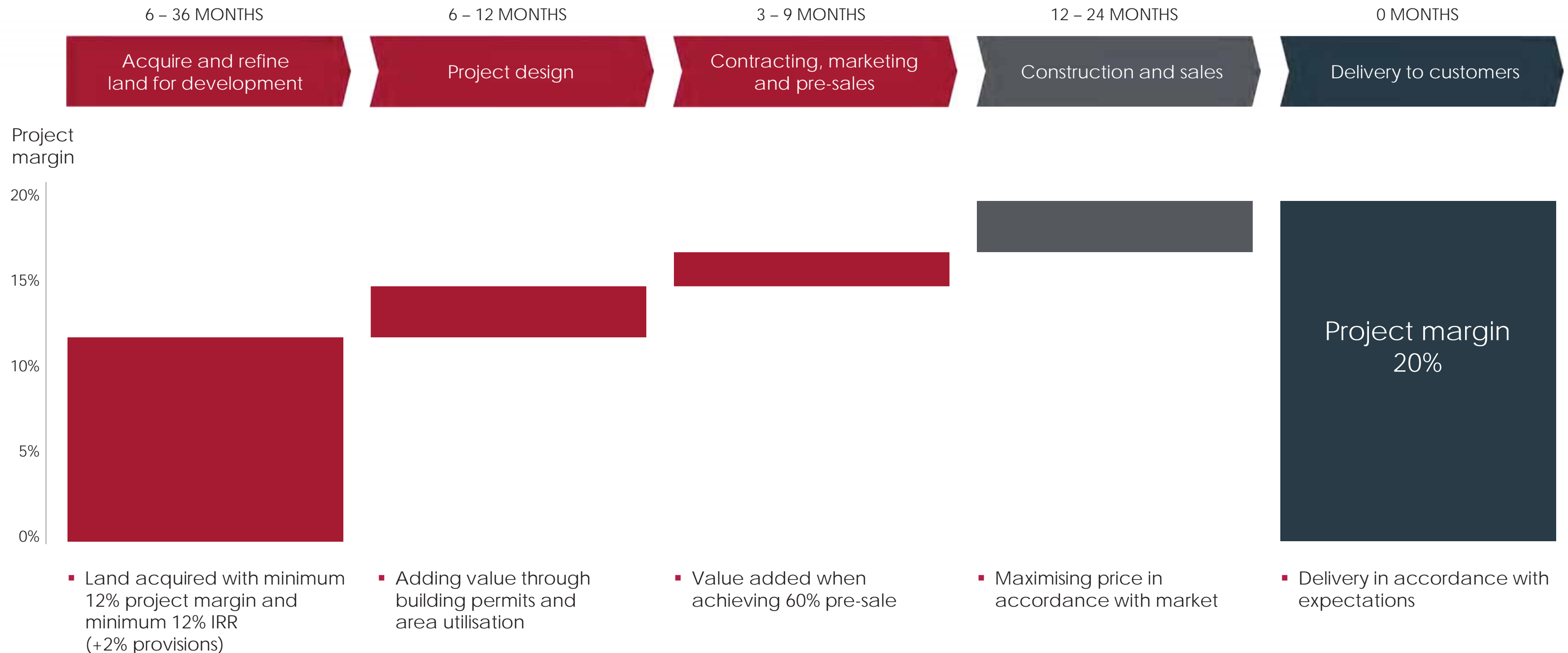
\*\* Project margins are exclusive of overhead costs



# Project value creation



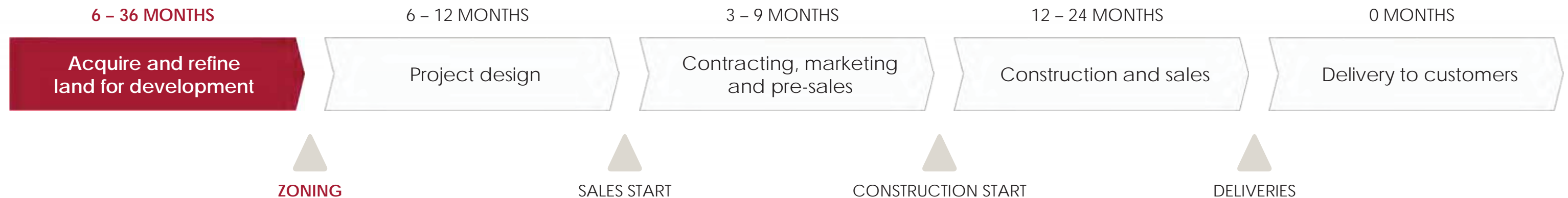
# Margin development through project stages\*



\* Assuming flat market development



# Land acquisition - general

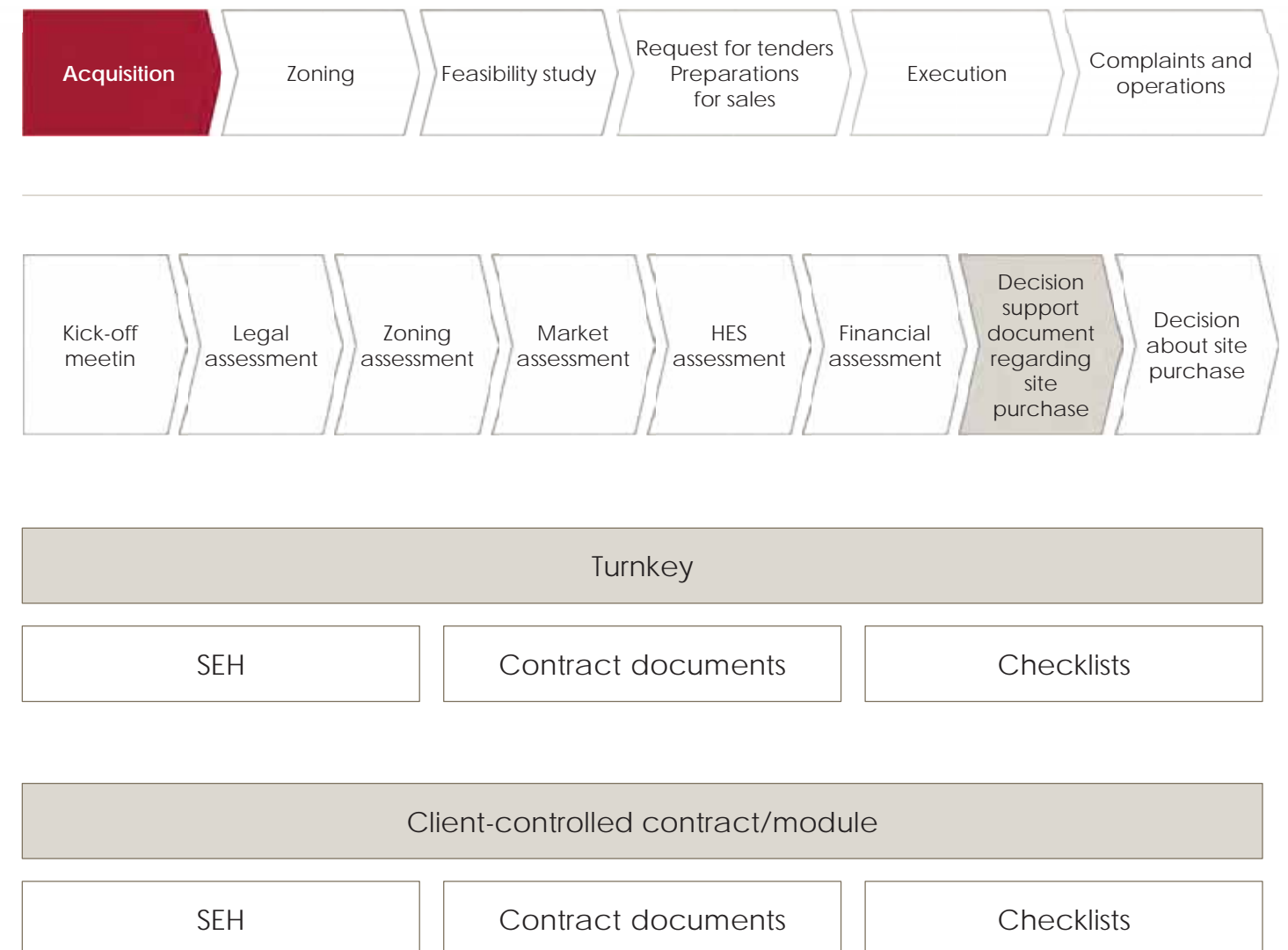


- Substantial land bank, to accommodate targets/growth in core areas
- Acquire the right mix of zoned and unzoned land in suitable locations
  - Buy (i) obligations to buy/options on unzoned land, or (ii) ready-to-build land
- Optimise land bank, to improve Return on Equity (ROE)

# Land acquisition – risk management

- No zoning risk; price and market risk eliminated
  - Purchase price decided through land appraisal by three external consultants at the time of zoning approval
  - Local market presence and expertise in all core regions
- Land acquisitions through all economic cycles
- Management tool – checklist to minimise risks
  - Check for pollution
  - Restrictions on development
- Low holding cost (~ 20% of project cost)
- Purchase subject to board approval
- *“Buy land, they don’t make it anymore”*  
– Mark Twain

## Project management system





# Land acquisition – financial

- Cash flow/capital budgeting example
  - Total revenues: NOK 550 million
- Project margin of minimum 12%
  - In addition: 2% provisions
- IRR of minimum 12%
  - WACC + risk factor
- Total land cost: **X** = NOK 100 million

## Capital budgeting

FINAL ESTIMATE		Revenues and costs incl. VAT			
Summary		Total	Per unit	Per sq. m	%
0	Revenues total	550 108 000	3 874 000	59 600	100.0%
Sum 1-7	Enterprise cost	299 975 000	2 112 500	32 500	54.5%
8	External projecting costs	11 076 000	78 000	1 200	2.0%
8	Project management	11 076 000	78 000	1 200	2.0%
8	Sales and marketing	15 975 000	112 500	1 731	2.9%
8	Fees and charges	7 384 000	52 000	800	1.3%
8	Market risk	12 422 160	87 480	1 346	2%
9	Land cost	100 000 000	704 225	10 834	18.2%
9	Extraordinary land costs	8 307 000	58 500	900	1.5%
Sum 1-9	Project cost ex. finance	466 215 160	3 283 205	50 511	84.7%
10	Financing costs/revenue	17 645 245	124 262	1 912	3.2%
	SUM REVENUE	550 108 000	3 874 000	59 600	100.0%
Sum 1-10	SUM COST	483 860 405	3 407 468	52 423	88.0%
	RESULT	66 247 595	466 532	7 177	12.0%
	IRR = 16.47%				

# Project design – general



- Project optimisation
  - Plan and prepare for optimising construction cost and sales price
  - Maximise area utilisation
    - Maximise sellable square meters in accordance with zoning
  - Optimise mix of apartments and sizes in accordance with zoning and market demand
- Obtain building permit
  - Chance and pace of satisfactory approval increased through expertise, local presence and reputation





# Project design – financial

- Cash flow/capital budgeting example
  - Total revenues: NOK 569 million
- Project margin of 15%
  - 3% margin added
  - Low-risk stage
- IRR of 20%

## Capital budgeting

FINAL ESTIMATE		Revenues and costs incl. VAT			
Summary		Total	Per unit	Per sq. m	%
0	Revenues total	569 361 780	4 009 590	61 686	100.0%
Sum 1-7	Enterprise cost	299 975 000	2 112 500	32 500	52.7%
8	External projecting costs	11 076 000	78 000	1 200	1.9%
8	Project management	11 076 000	78 000	1 200	1.9%
8	Sales and marketing	15 975 000	112 500	1 731	2.8%
8	Fees and charges	7 384 000	52 000	800	1.3%
8	Market risk	12 807 236	90 192	1 388	2%
9	Land cost	100 000 000	704 225	10 834	17.6%
9	Extraordinary land costs	8 307 000	58 500	900	1.5%
Sum 1-9	Project cost ex. finance	466 600 236	3 285 917	50 553	82.0%
10	Financing costs/revenue	17 387 068	122 444	1 884	3.1%
	SUM REVENUE	569 361 780	4 009 590	61 686	100.0%
Sum 1-10	SUM COST	483 987 304	3 408 361	52 436	85.0%
	RESULT	85 374 476	601 229	9 250	15.0%
	IRR = 19.73%				

# Contracting, marketing and pre-sales – general



## Contracting

- No in-house construction arm; all construction activity on competitive tenders
  - Significantly lower building costs (fixed price)
  - Reduced exposure to market fluctuations
  - Lower number of full-time employees

## Marketing and pre-sale

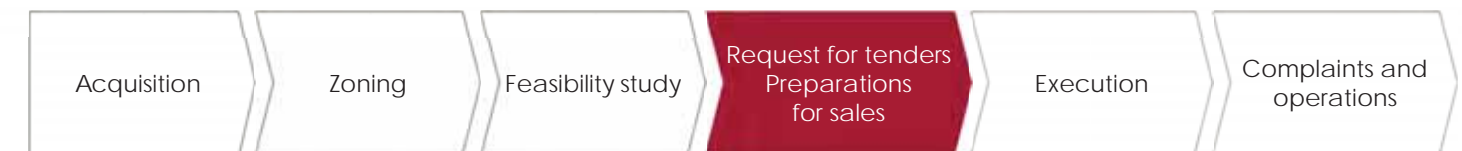
- Defined housing concepts, aimed at a wide range of consumers
- 60% pre-sale before start-up (irrevocable purchase contracts)



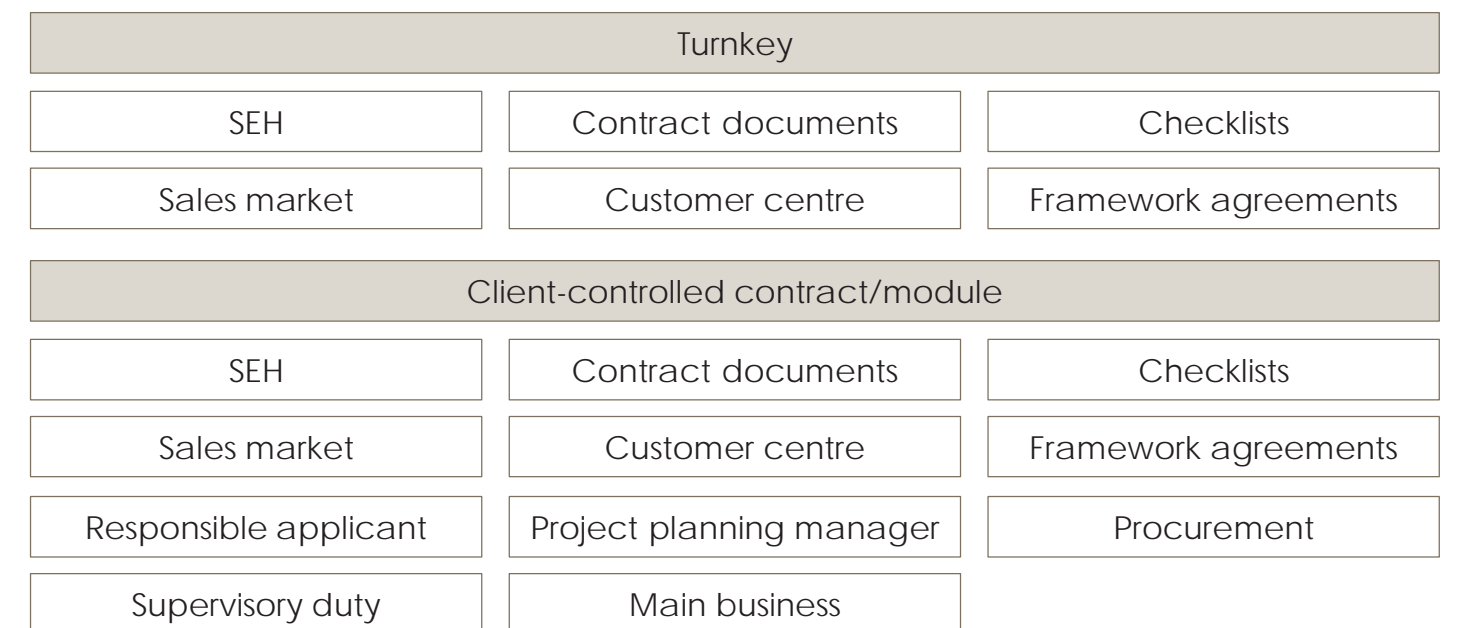
# Contracting, marketing and pre-sale – risk management

- Risk management pre-sales
  - Building permit obtained
  - Contract with construction companies with solid financial position and track record (i.e. Veidekke, PEAB and AF Gruppen)
  - Feasibility study provides minimum 12% margin and 12% IRR
  - In addition: 2% provisions
  - Bank financing subject to 60% pre-sale
- Risk management start of construction
  - Achieved 60% sales

## Project management system



### Tender invitation Preparation for sales



# Contracting, marketing and pre-sales – financial

- Cash flow/capital budgeting example
  - Total revenues: NOK 583 million
    - NGAAP: Profit in P&L through percentage-of-completion method commences
  - 50% of land loan converted to construction loan
    - Total equity in typical project: MNOK 55, approximately 10% of turnover
- Project margin of 17%
  - Declaration of start of construction and increase in sales price
  - 2% margin added
- IRR of 22%

## Capital budgeting

FINAL ESTIMATE		Revenues and costs incl. VAT			
Summary		Total	Per unit	Per sq. m	%
0	Revenues total	583 026 463	4 105 820	63 166	100.0%
Sum 1-7	Enterprise cost	299 975 000	2 112 500	32 500	51.5%
8	External projecting costs	11 076 000	78 000	1 200	1.9%
8	Project management	11 076 000	78 000	1 200	1.9%
8	Sales and marketing	15 975 000	112 500	1 731	2.7%
8	Fees and charges	7 384 000	52 000	800	1.3%
8	Market risk	13 080 529	92 116	1 417	2%
9	Land cost	100 000 000	704 225	10 834	17.2%
9	Extraordinary land costs	8 307 000	58 500	900	1.4%
Sum 1-9	Project cost ex. finance	466 873 529	3 287 842	50 582	80.1%
10	Financing costs/revenue	17 203 837	121 154	1 864	3.0%
	SUM REVENUE	583 026 463	4 105 820	63 166	100.0%
Sum 1-10	SUM COST	484 077 366	3 408 996	52 446	83.0%
	RESULT	98 949 096	696 825	10 720	17.0%

IRR = 21.96%



# Construction and sale – general

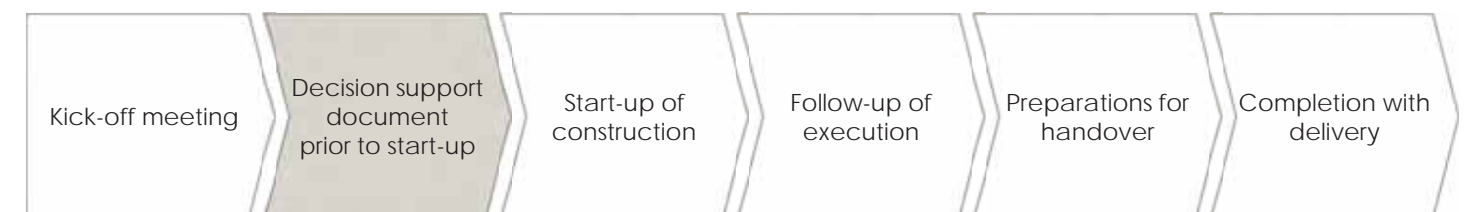
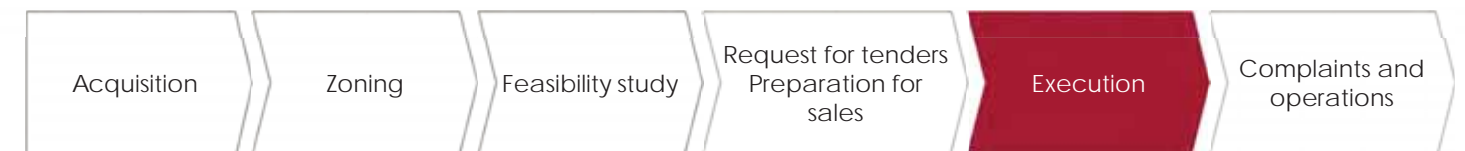


- Construction
  - Fixed-price contracts with reputable and solid counterpart
  - Construction costs financed with construction loans
  - Construction flexibility (module/on-site)
  - Economies of scale – large projects with more than 150 units
- Sales
  - Maximise price on remaining 40%
  - Target 100% sales at time of delivery

# Construction and sales – risk management

- Limited project risk with 60% pre-sales
- For remaining 40%, a 35% price reduction would recover equity

## Project management system



Turnkey		
SEH	Contract documents	Checklists
Customer centre		
Client-controlled contract/module		
SEH	Contract documents	Checklists
Customer centre	Framework agreements	Responsible applicant
Project planning manager	Procurement	Supervisory duty
Main business	Installation - SEH	Module - documentation



# Construction and sales – financial

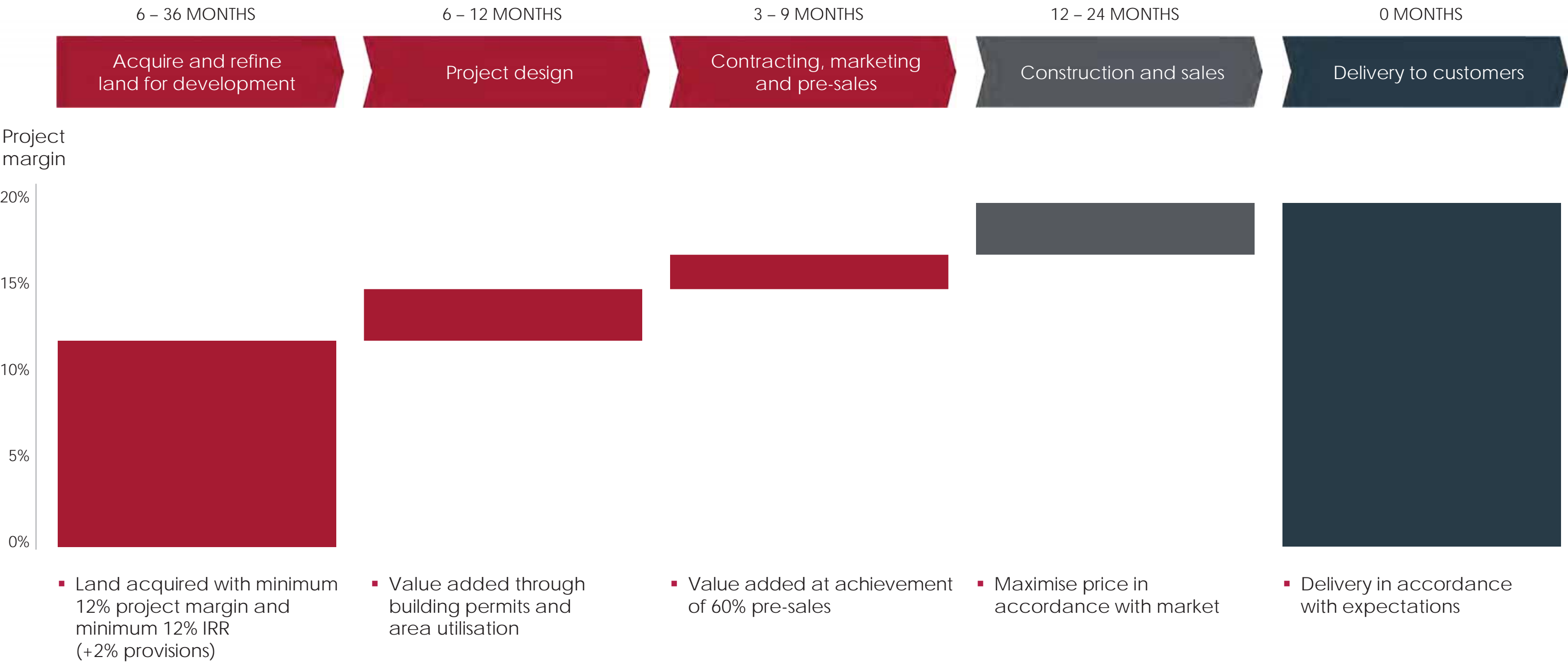
- Cash flow/capital budgeting example at delivery
  - Total revenues: NOK 590 million
  - No more equity required
- Project margin of 20%
  - 3% margin added
  - Low-risk stage
- IRR of 25%
- Market risk reduced from 2% to 0% of project value

## Capital budgeting

FINAL ESTIMATE		Revenues and costs incl. VAT			
Summary		Total	Per unit	Per sq. m	%
0	Revenues total	590 022 780	4 155 009	63 924	100.0%
Sum 1-7	Enterprise cost	299 975 000	2 112 500	32 500	51.5%
8	External projecting costs	11 076 000	78 000	1 200	1.9%
8	Project management	11 076 000	78 000	1 200	1.9%
8	Sales and marketing	15 975 000	112 500	1 731	2.7%
8	Fees and charges	7 384 000	52 000	800	1.3%
8	Market risk	0	0	0	0.0%
9	Land cost	100 000 000	704 225	10 834	17.2%
9	Extraordinary land costs	8 307 000	58 500	900	1.4%
Sum 1-9	Project cost ex. finance	455 213 000	3 205 725	49 319	77.2%
10	Financing costs/revenue	17 011 423	119 799	1 832	2.9%
	SUM REVENUE	590 022 780	4 155 090	63 924	100.0%
Sum 1-10	SUM COST	472 224 423	3 325 524	51 162	80.0%
	RESULT	117 798 357	829 566	12 763	20.0%

IRR = 24.89%

# Adding value through all project stages

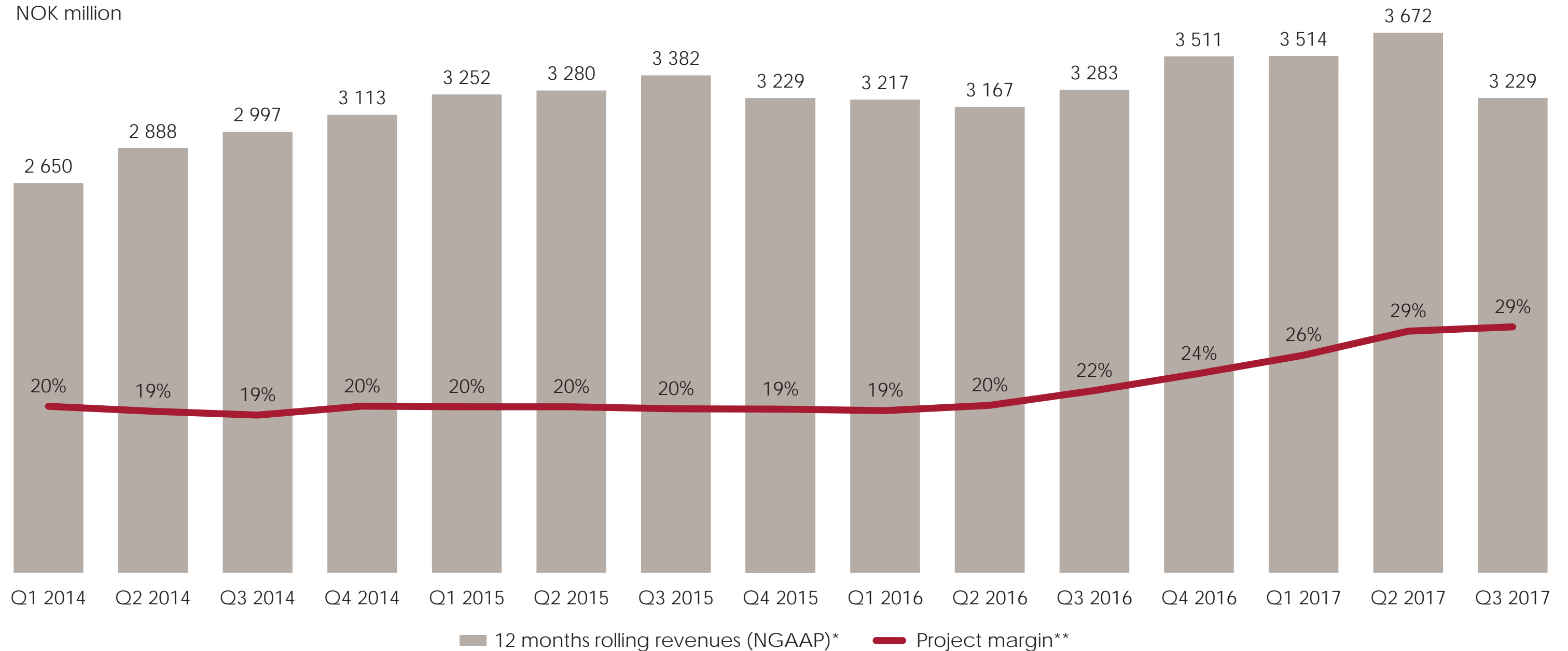


\* Based on a flat market development assumption



# Project margin development

NOK million



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

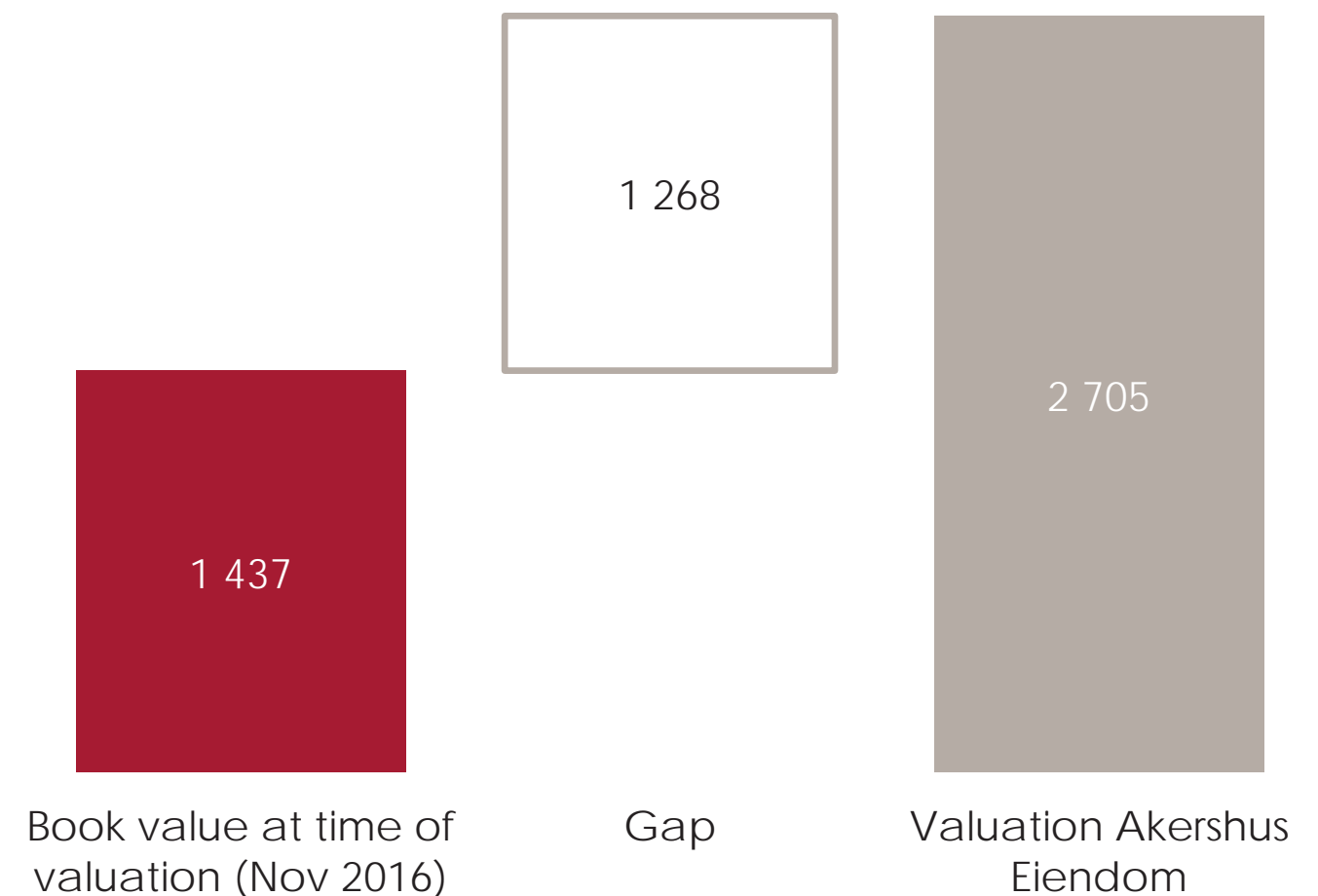
\*\* Project margins are exclusive of overhead costs

# 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



# Dividend policy

## Previous dividend policy

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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

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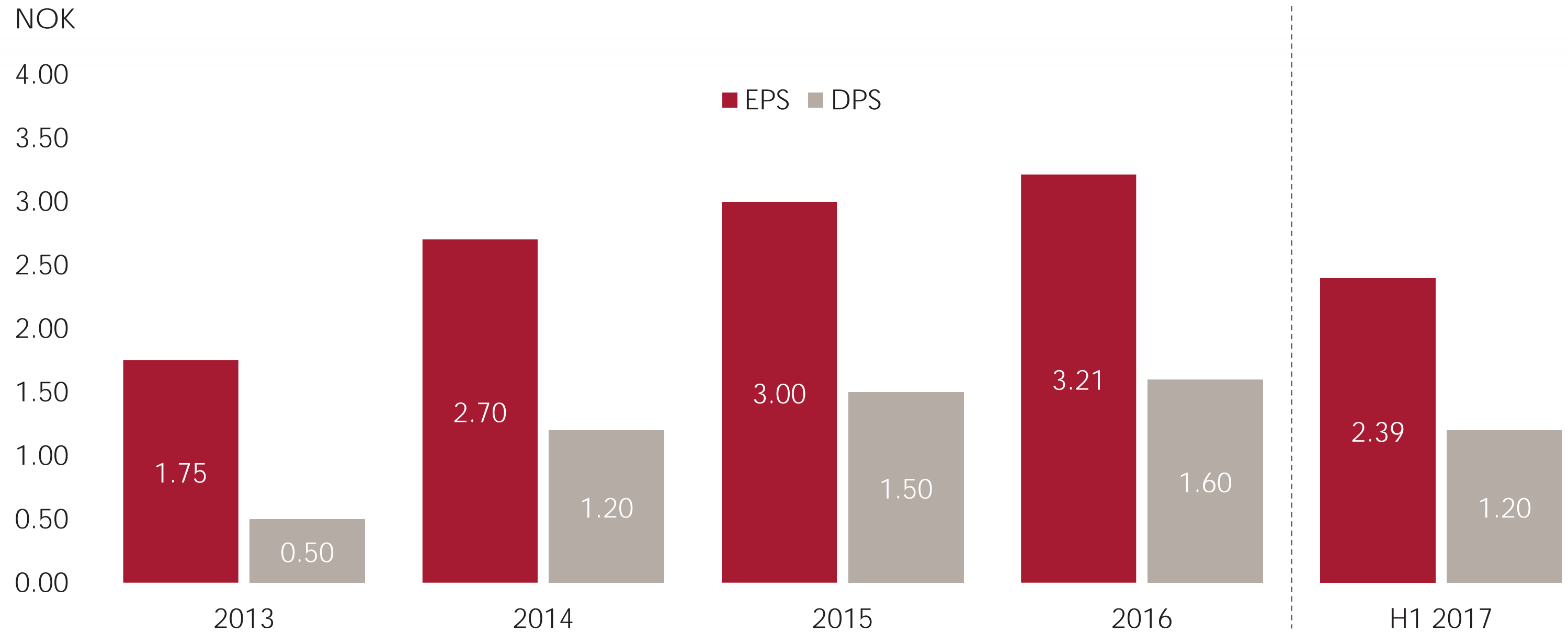
**Selvaag Bolig's ambition is to pay high and stable dividends to its owners.**

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.

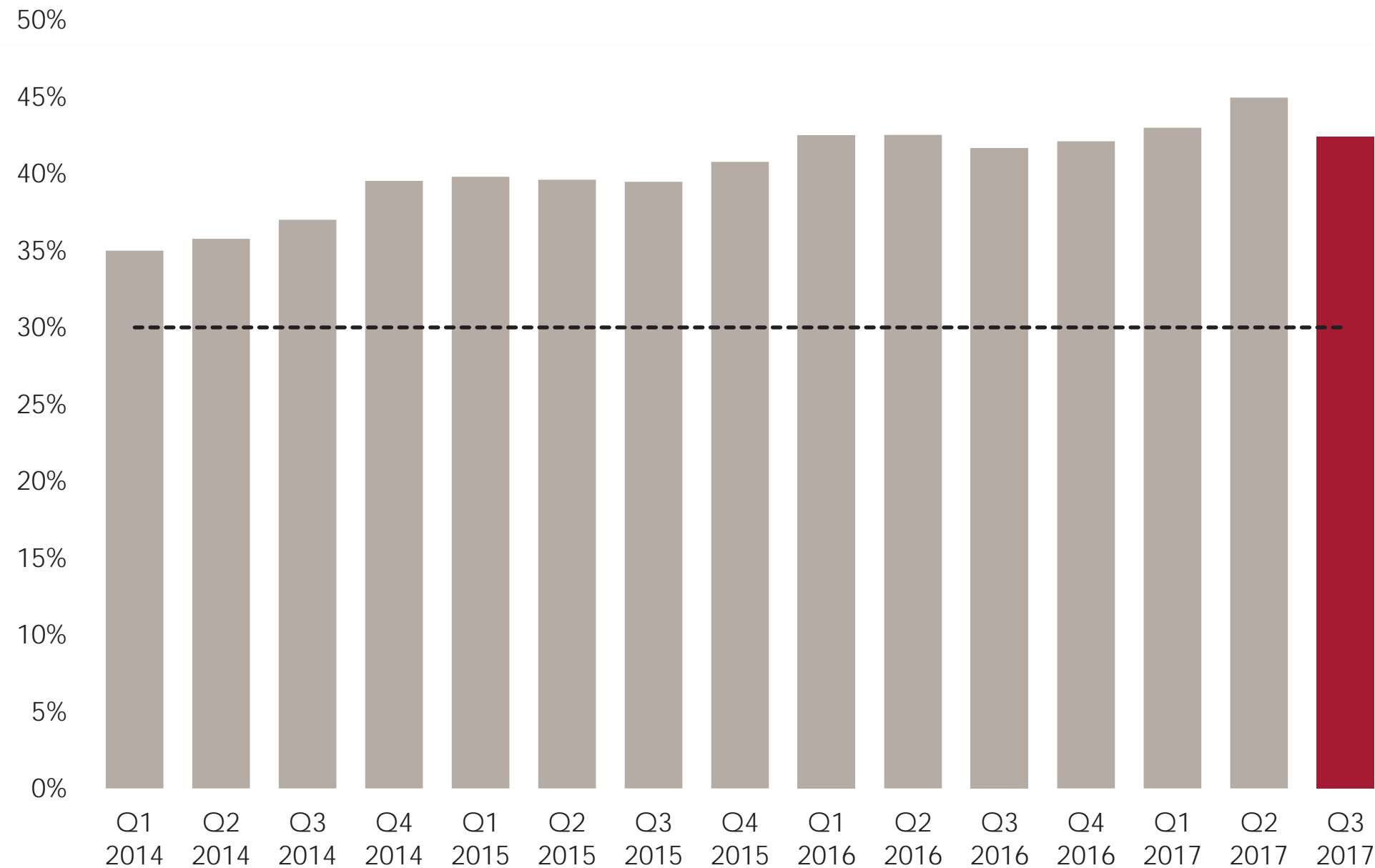
The company will maintain an equity ratio of minimum 30 per cent



# Earnings and dividend per share



# Equity ratio of minimum 30%



- Q3 2017 equity ratio 42.4%
- Equity ratio of minimum 30%

# Value creation wrap-up

- Incentivised and results-oriented culture
- Adding value in all project stages
- Low-risk business model
- Large value potential in land bank
- Generating healthy profits over time
- Strong financial position
- Ambition to pay high and stable dividend over time







# Selvaag Gruppen's ownership perspective

Olav Selvaag

**SELVAAG** BOLIG

# A long-term supporter of Selvaag Bolig

Selvaag Gruppen the largest shareholder of Selvaag Bolig with an ownership of 53.5%

Selvaag Gruppen is satisfied with current holdings, but flexible with regards to future strategic development of the company

Selvaag Gruppen 2012 IPO statement:

"Will continue to meet the future with Selvaag Bolig"

Selvaag Gruppen today:

**"Being a long-term, industrial owner is a promise to investors who want to benefit from Selvaag Gruppen's expertise in housing development"**





# Developing good projects from a solid land bank

Baard Schumann, CEO

**SELVAAG** BOLIG



An aerial photograph of a large-scale construction site, showing multiple building foundations and structural frameworks. A prominent red crane is visible in the upper right. A large, semi-transparent white circle is overlaid on the left side of the image, serving as a background for the main text.

Sales value of units under construction

**NOK 7 billion**

**78% sold**

Per Q3 2017



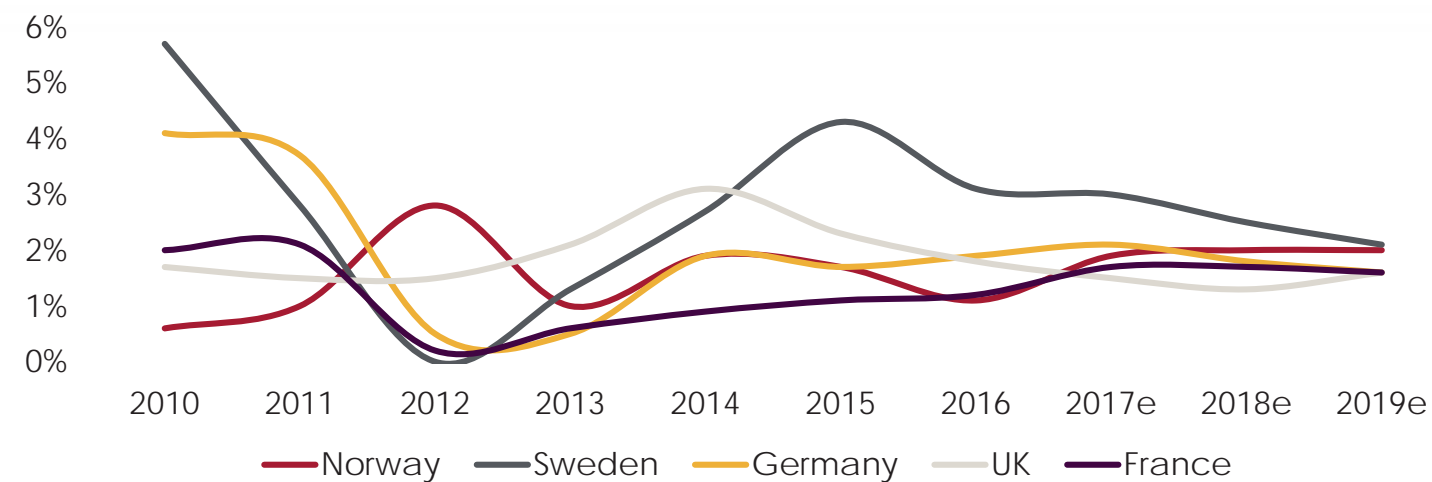
Sales value\* of units potential from existing land bank

# NOK 43 billion

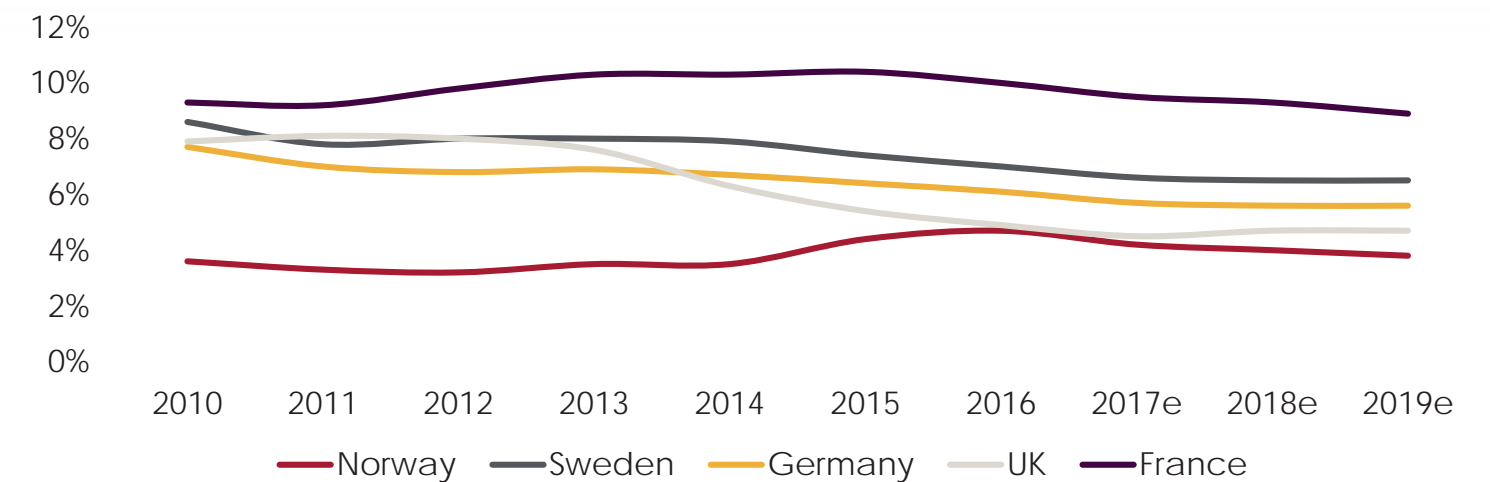


# Norway – robust economic conditions

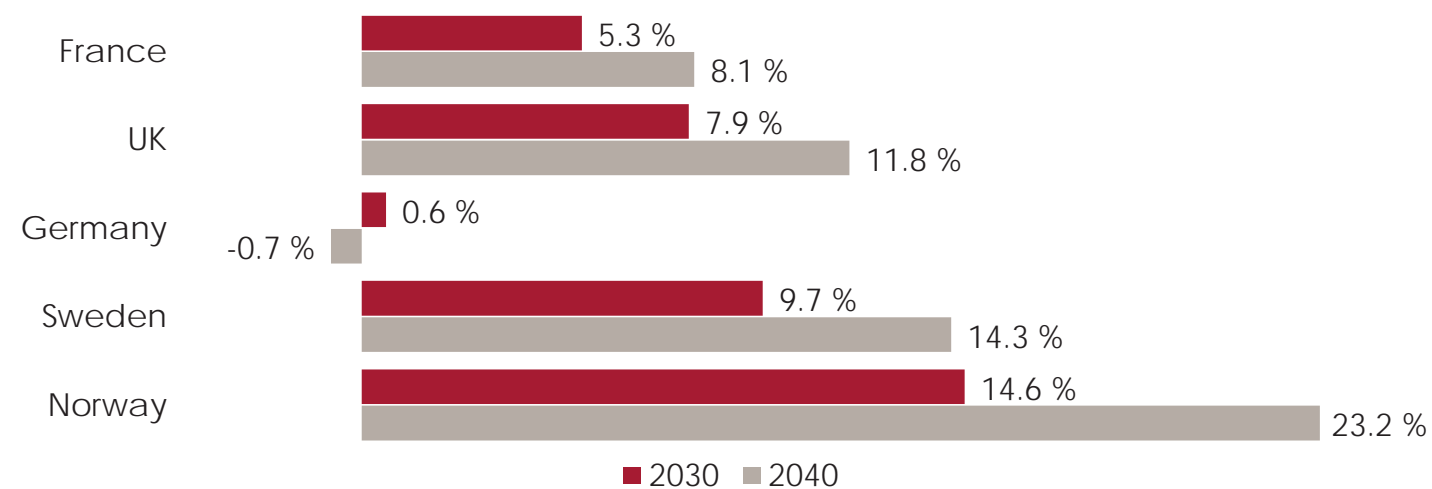
GDP growth 2010 - 2019e



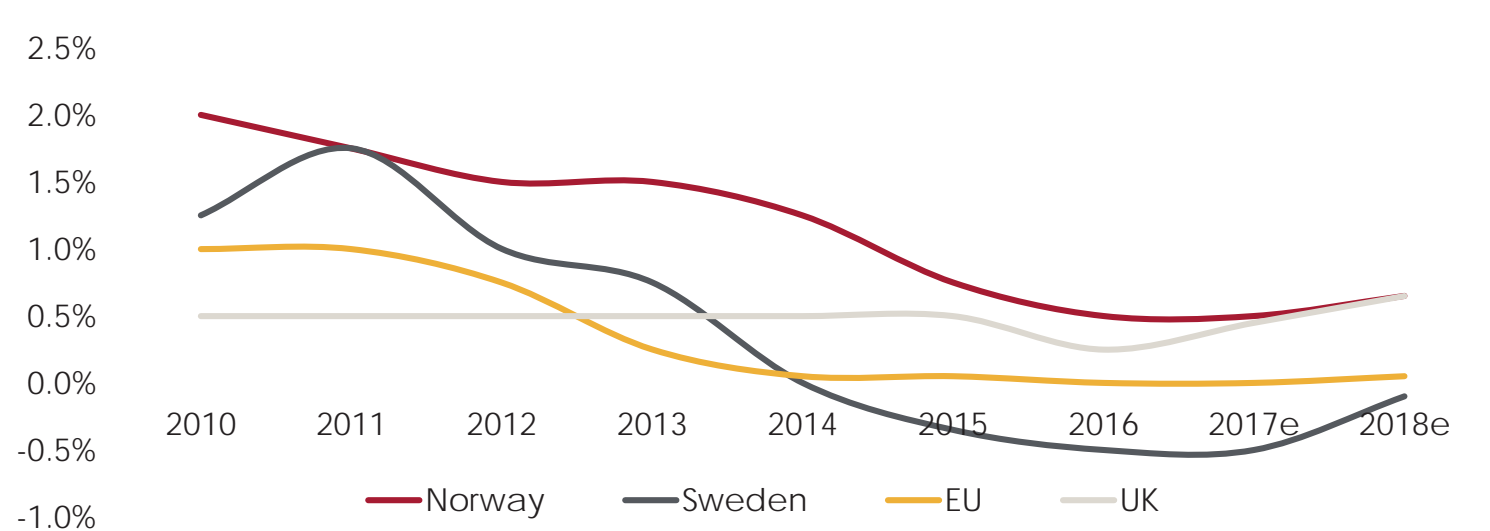
Unemployment 2010 - 2019e



Population growth 2015 - 2030e and 2040e



Interest rates 2010 - 2018e





# Regulation for residential mortgage loans

## Regulation

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- 1 Loan cap at 5x annual income
- 2 Loan cap at 60% for secondary homes in Oslo
- 3 Instalment required for loans exceeding 60% of housing value
- 4 Oslo, limit on loans that do not meet requirements: Up to 8% of the total loan volume

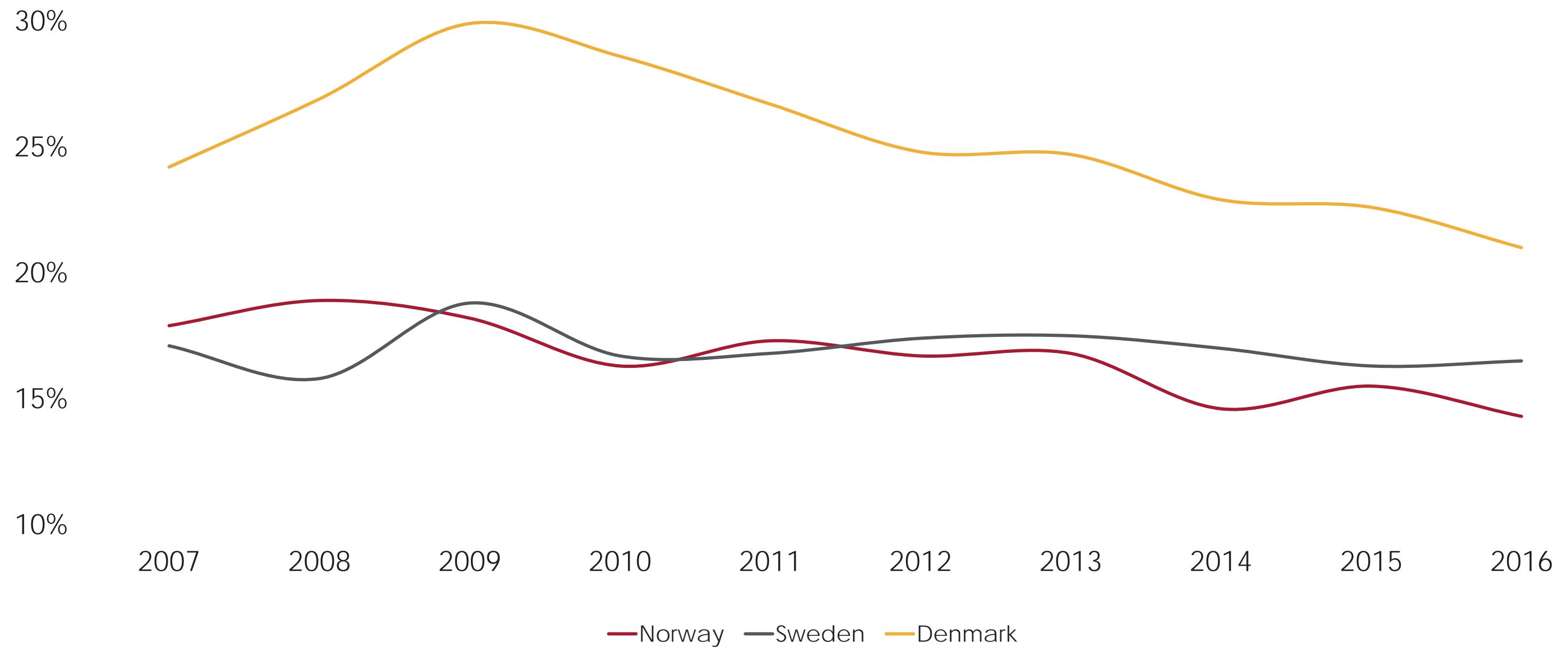
## Effects from regulation

---

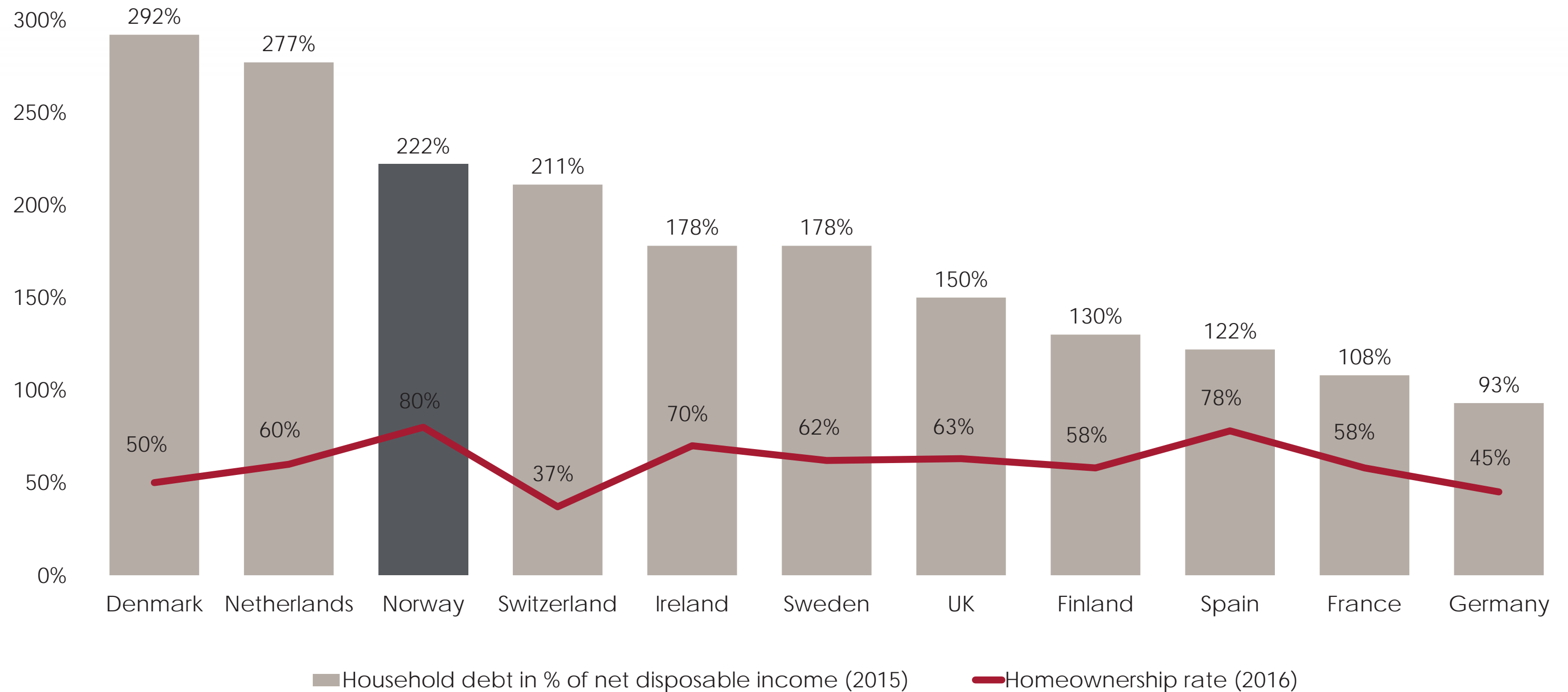
- Reduced loan demand from Norwegian households in Q3 2017, according to Norges Bank
  - Norwegian banks expect further decrease in demand for first-time loans going forward
  - Norwegian banks state that loan cap at 5x annual income has the strongest effect on loan demand
  - Lower degree of loan grant flexibility
- Loan cap at 5x annual income challenges single-person households and first-time buyers
  - Results in increased demand and prices in the rental market

# Declining share of income spent on housing

Housing cost/income



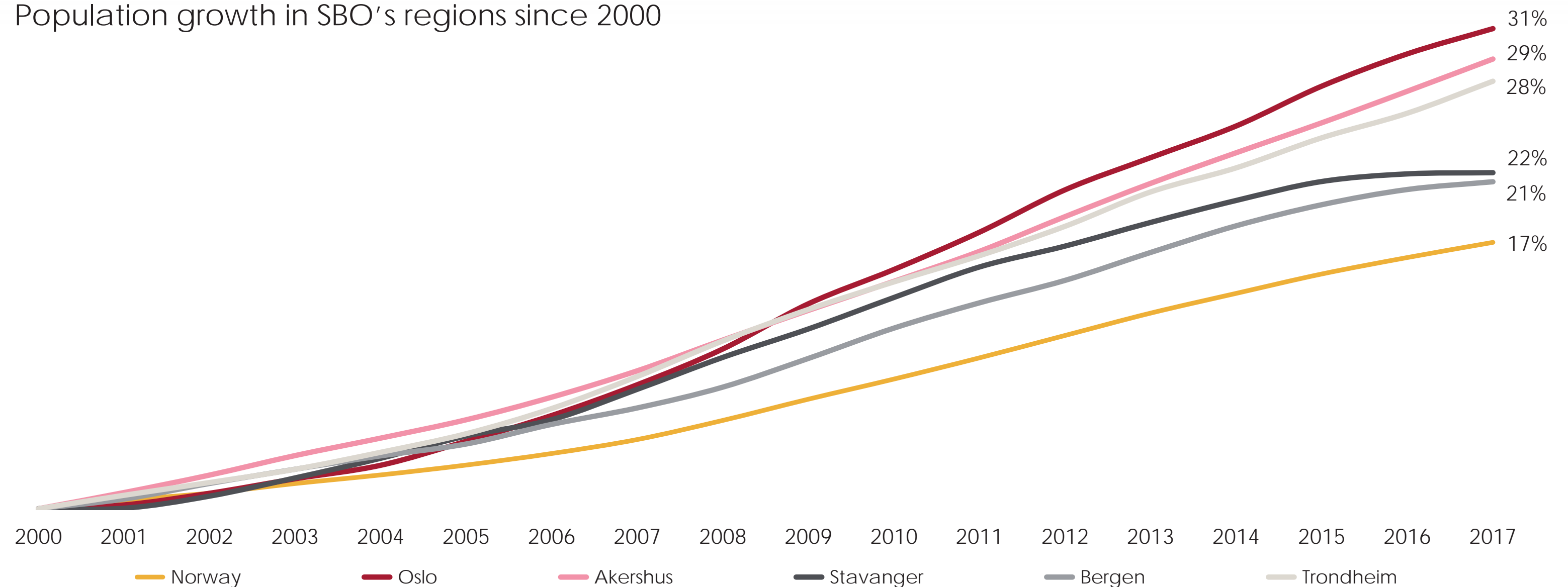
# Total household debt and homeownership



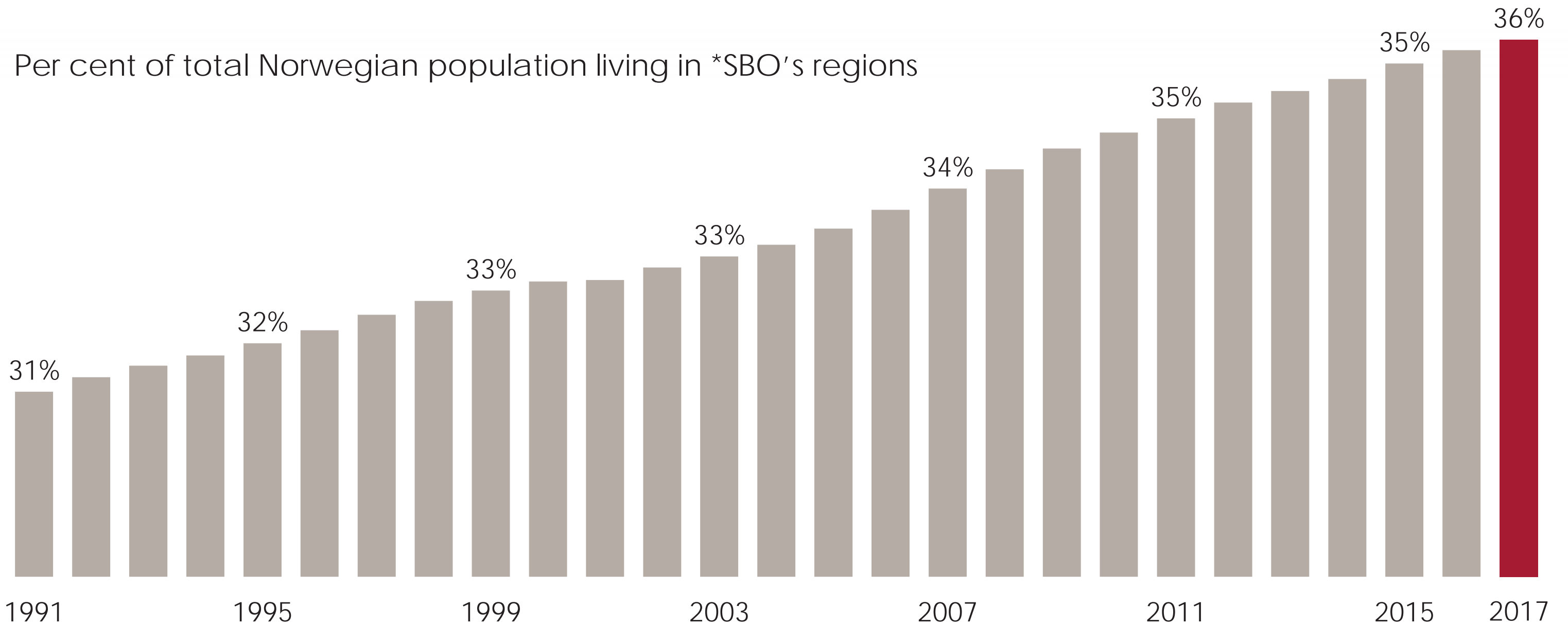


# Strong urbanisation in Norway since 2000

Population growth in SBO's regions since 2000



# 35% of Norwegian population lives in SBO's core markets



# Low share of housing completions in Greater Oslo

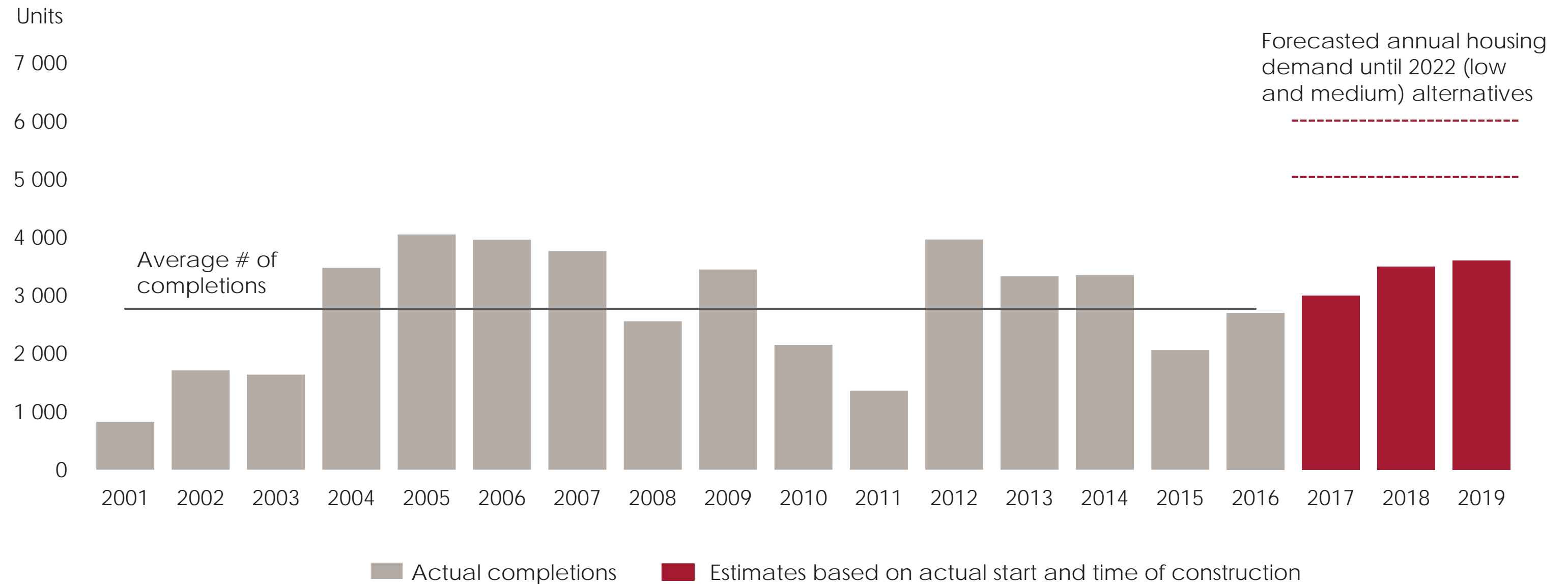
Greater Oslo as % of total completions and population growth in Norway





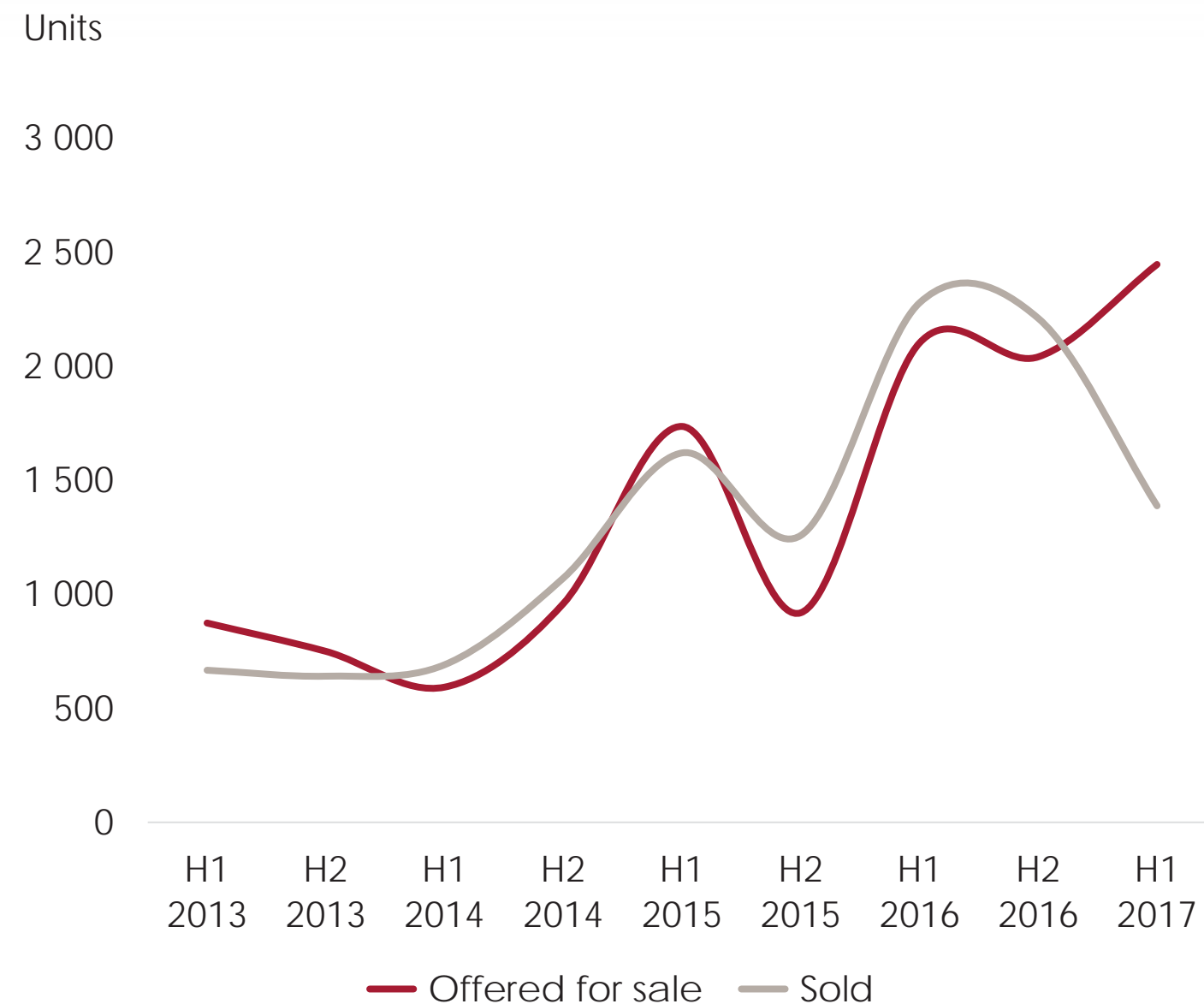
# Housing demand higher than completions

Number of units completed in Oslo, 2001-2016



# Newbuild market in Oslo

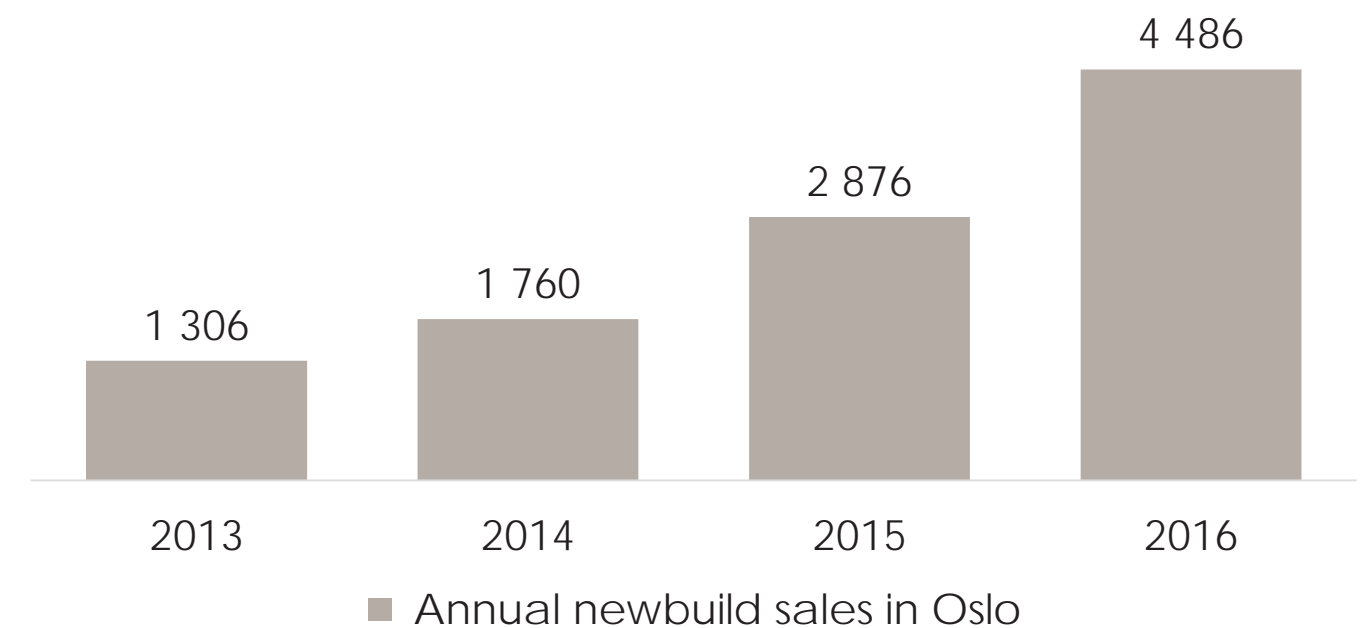
## Total newbuild market in Oslo per half year



Source: Røisland & Co

## Newbuild market in Oslo as of Q3 17

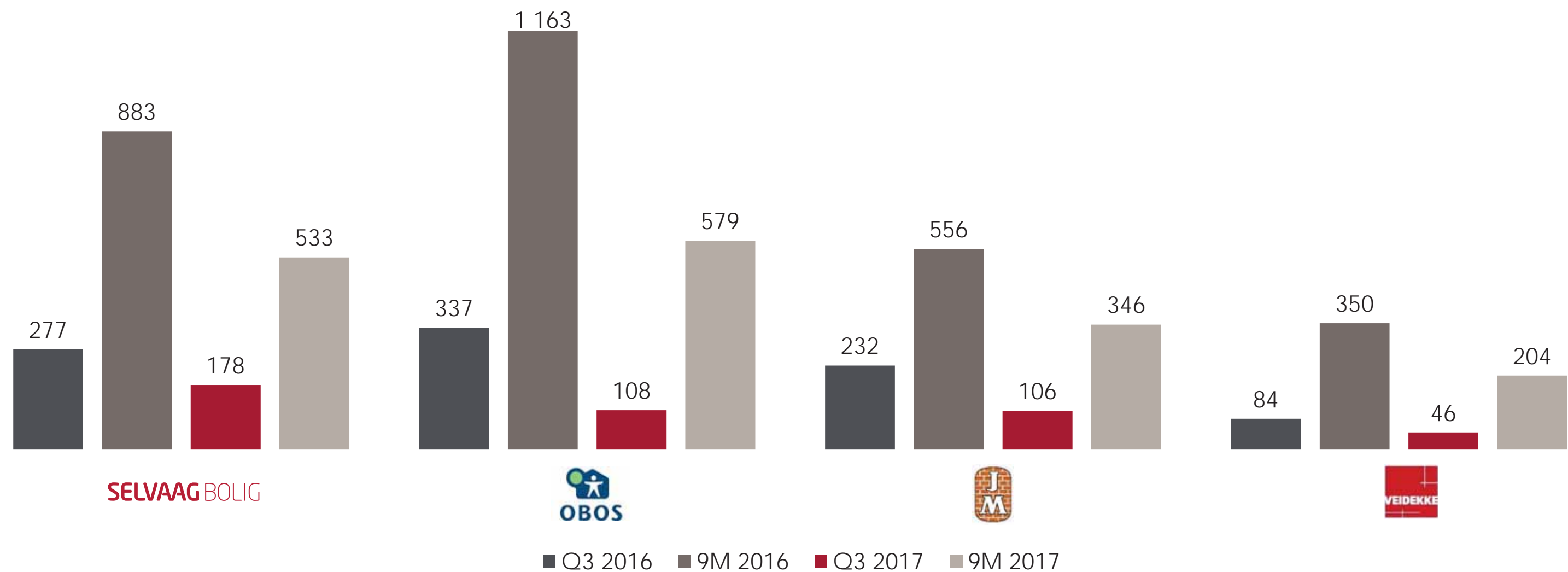
- Q3 2017 offered for sale: 343 units
  - Down 40% compared with Q3 2016
  - Up 9% as of Q3 17 compared with same period in 2016
- Q3 2017 sales: 289



# Strong 2017 sales versus peers

## Sales activity vs. peers

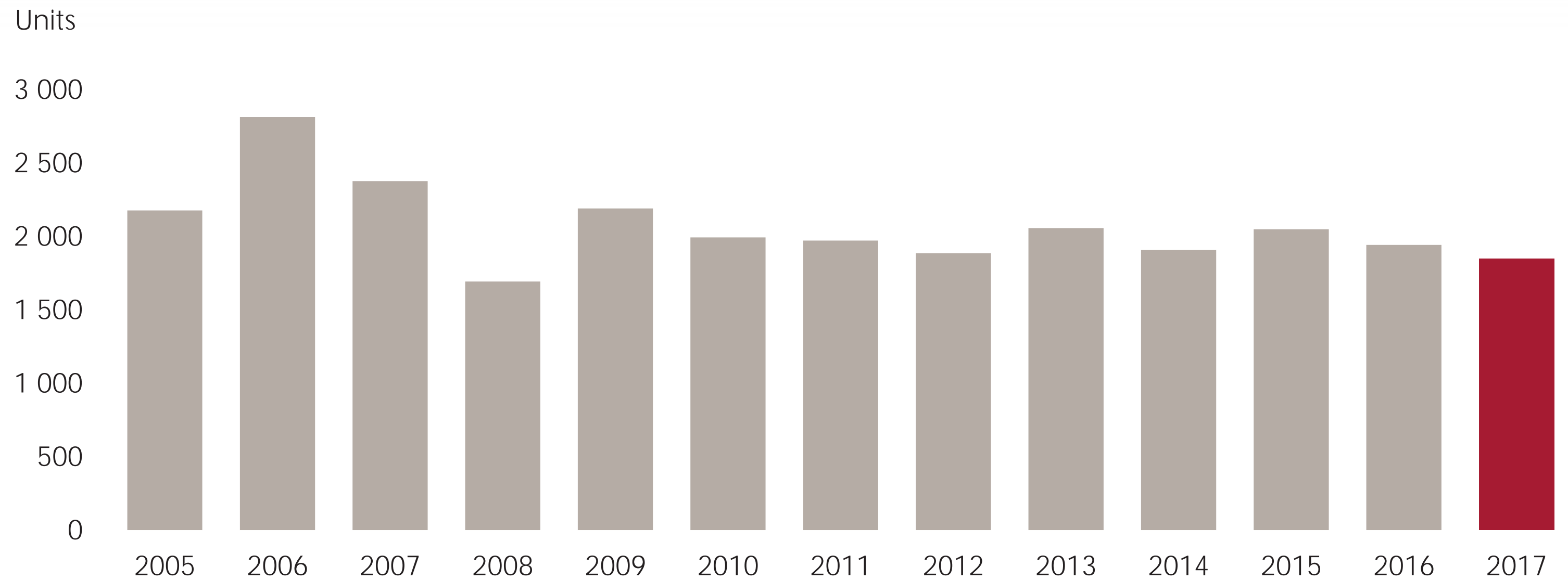
Units



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

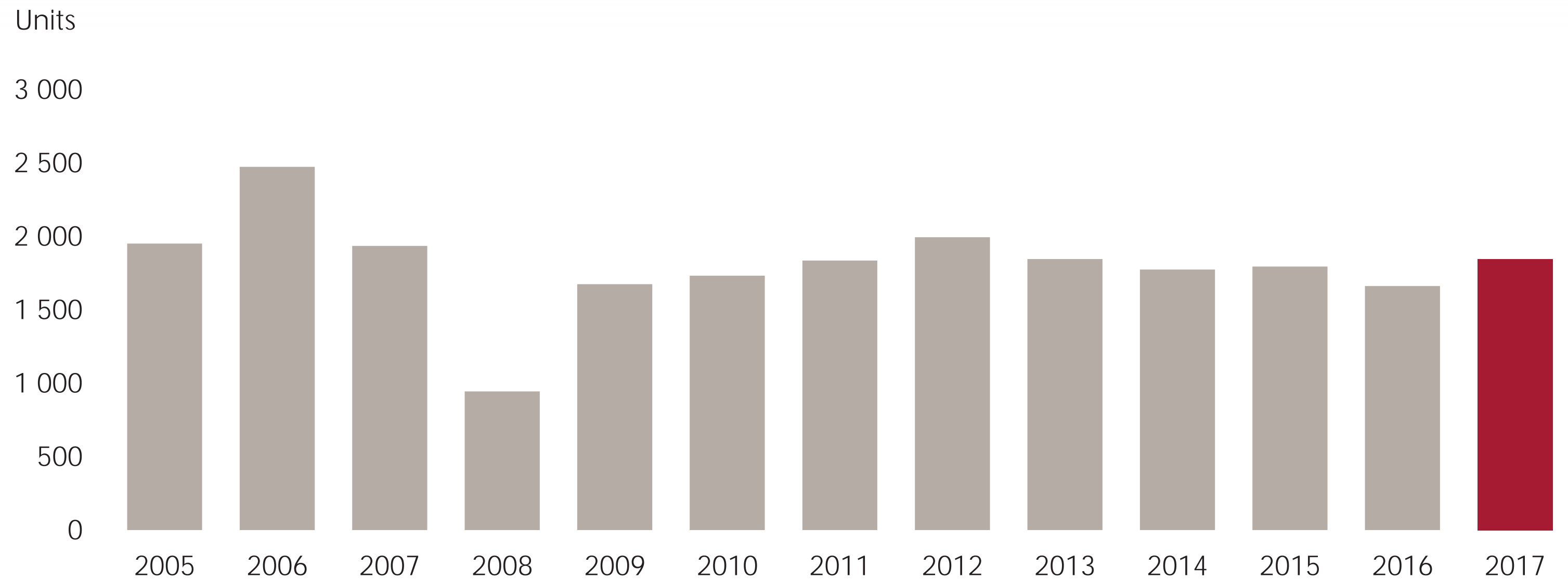


# Reduced second-hand supply in Oslo in October 2017...

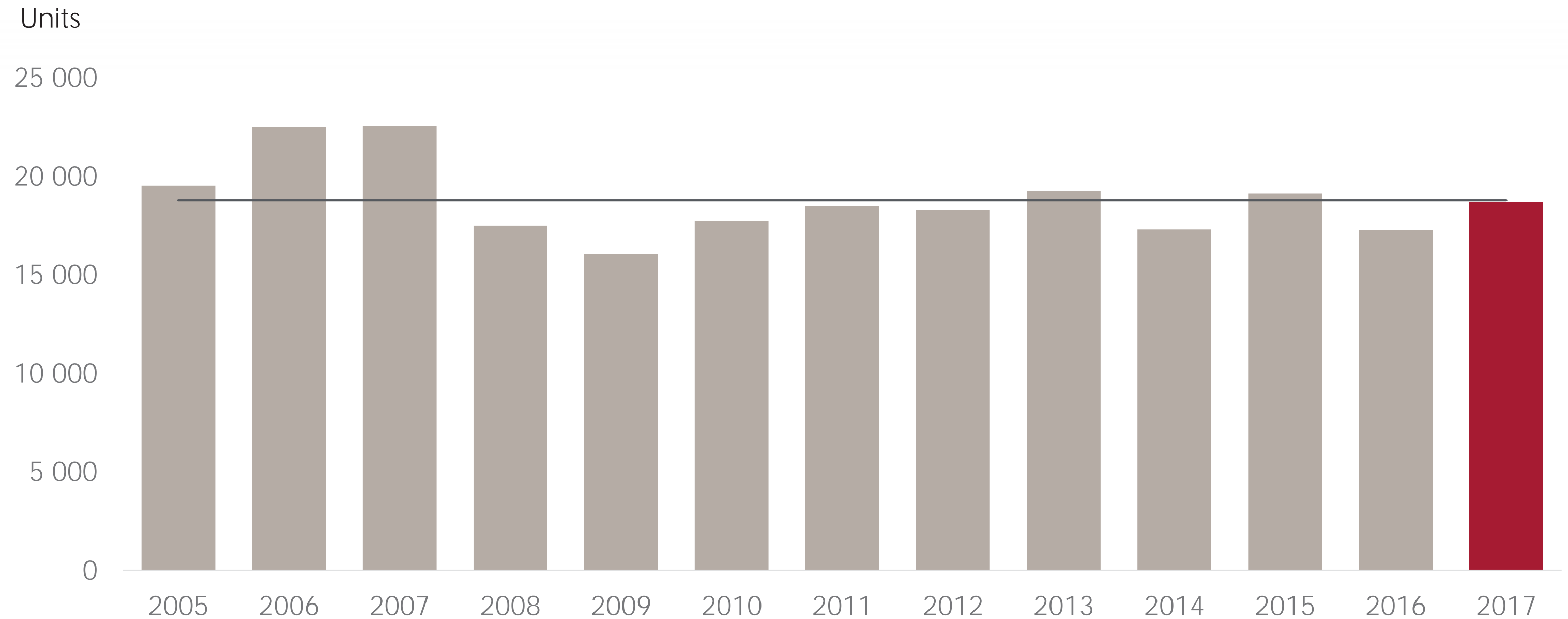


MARKET

...and increased sales



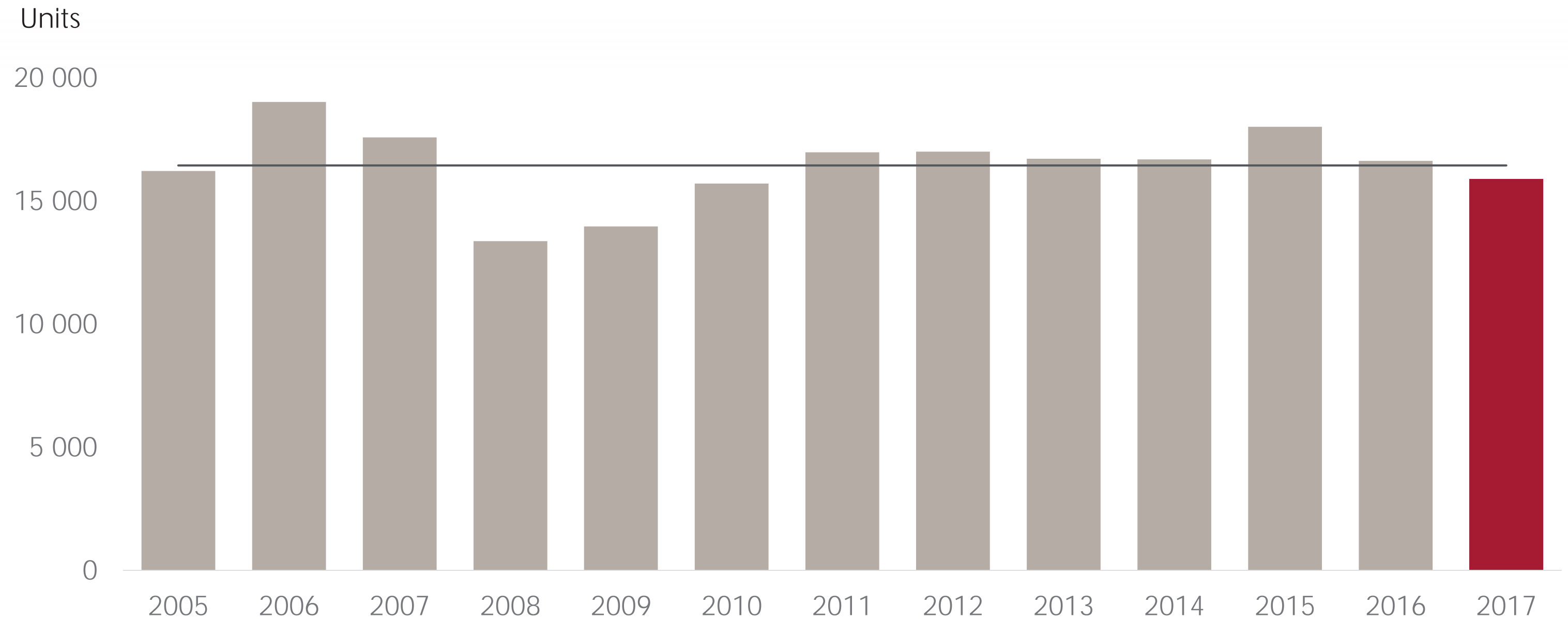
# Second hand supply at historic average year-to-date...





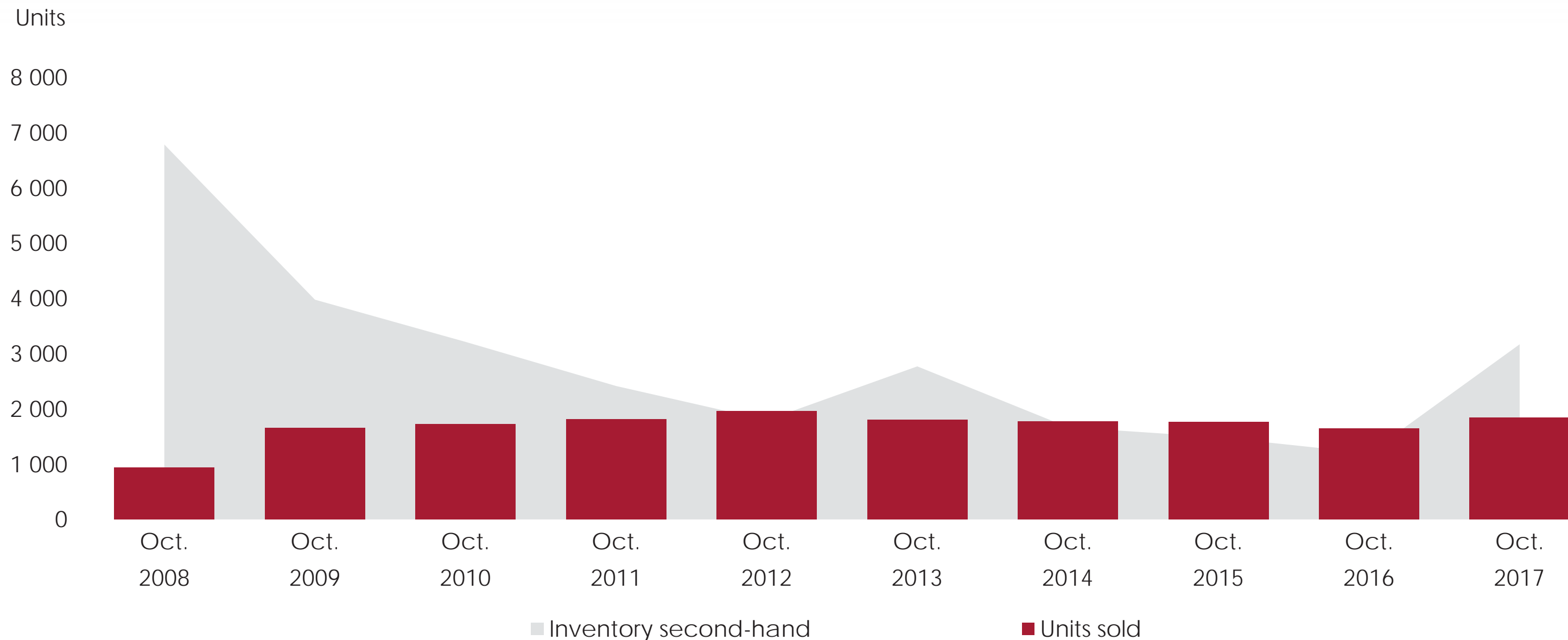
MARKET

...with sales slightly below average



# Second-hand inventory and units sold in Oslo

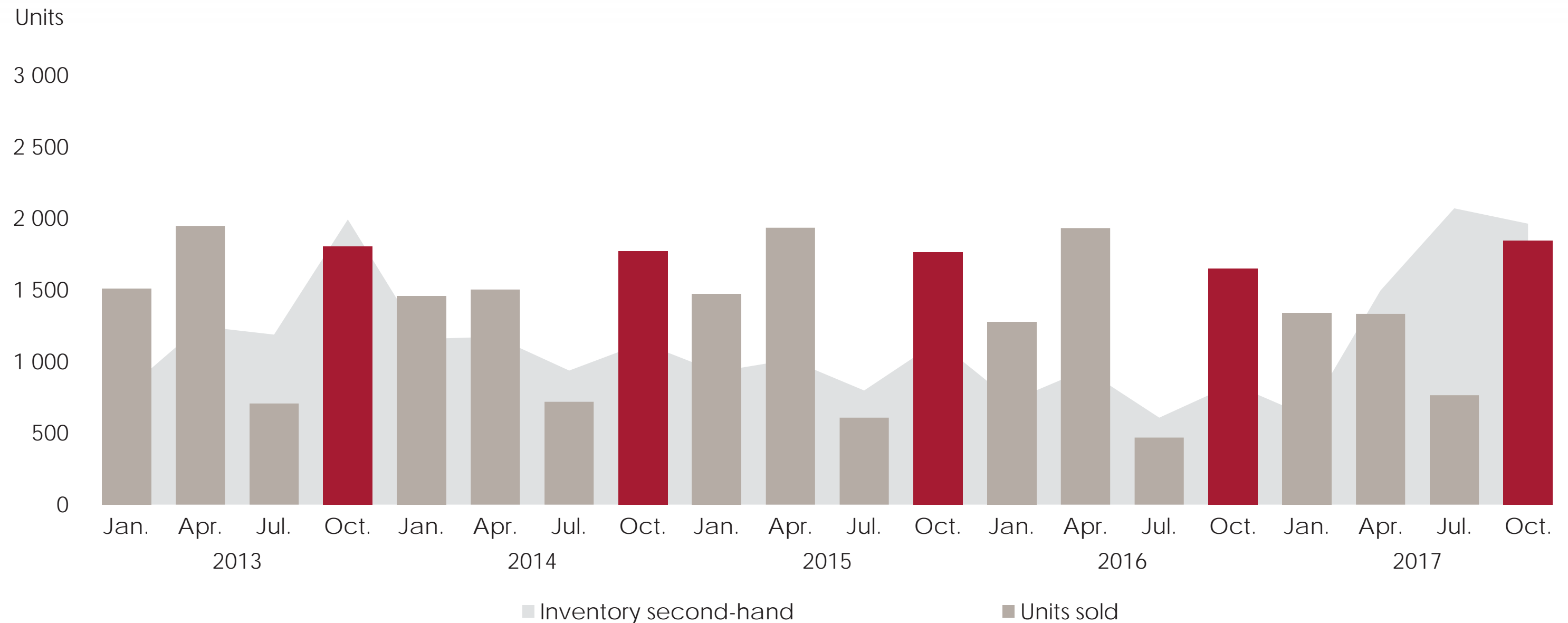
Oslo, October\* 2008-2017



\*Unsold units that have been withdrawn from the market are marked as inventory for 9 months before being removed  
Source: Eiendomsverdi

# Second-hand inventory and units sold in Oslo

Oslo, October\* 2013-2017

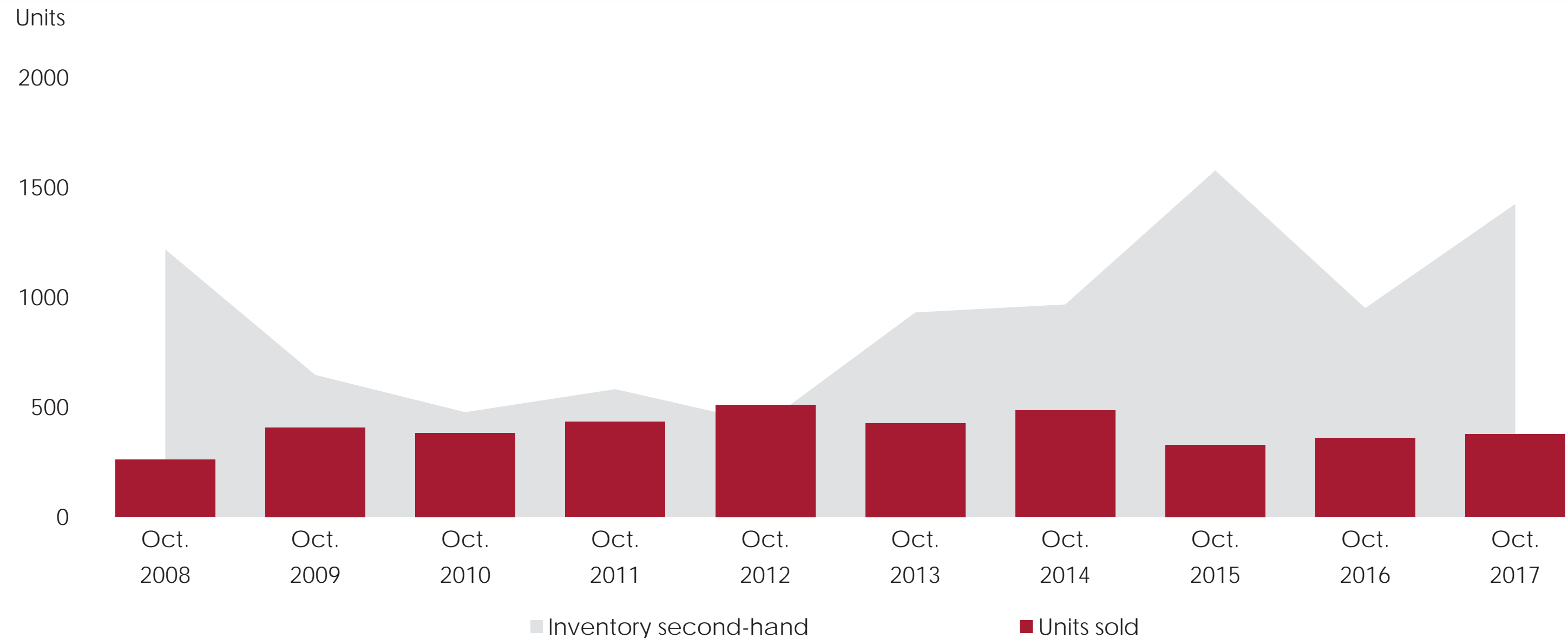


\*Unsold units that have been withdrawn from the market are marked as inventory for 3 months before being removed  
Source: Eiendomsverdi



# Second-hand inventory and units sold in Stavanger area

Stavanger area, October\* 2008-2017

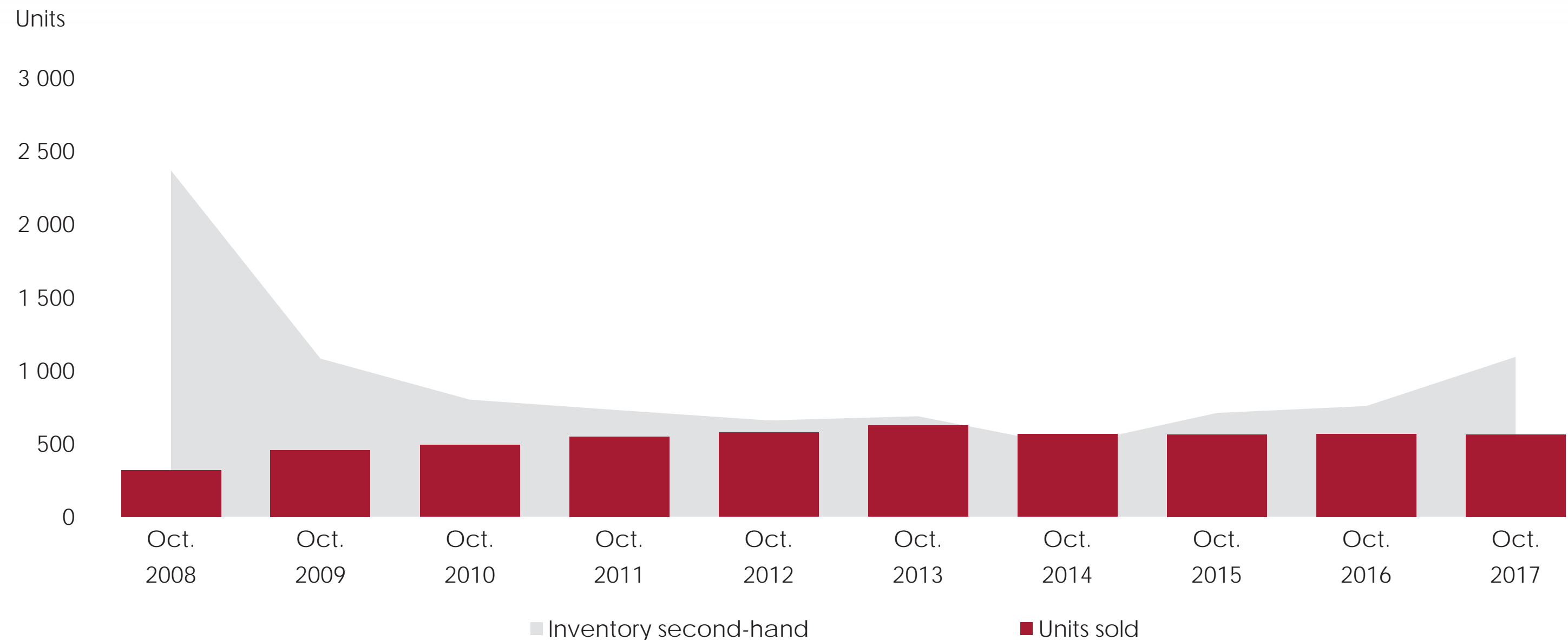


\* Unsold units that have been withdrawn from the market are marked as inventory for 9 months before being removed  
Source: Eiendomsverdi

Second hand market: Stavanger, Sola, Randaberg and Sandnes

# Second-hand inventory and units sold in Bergen

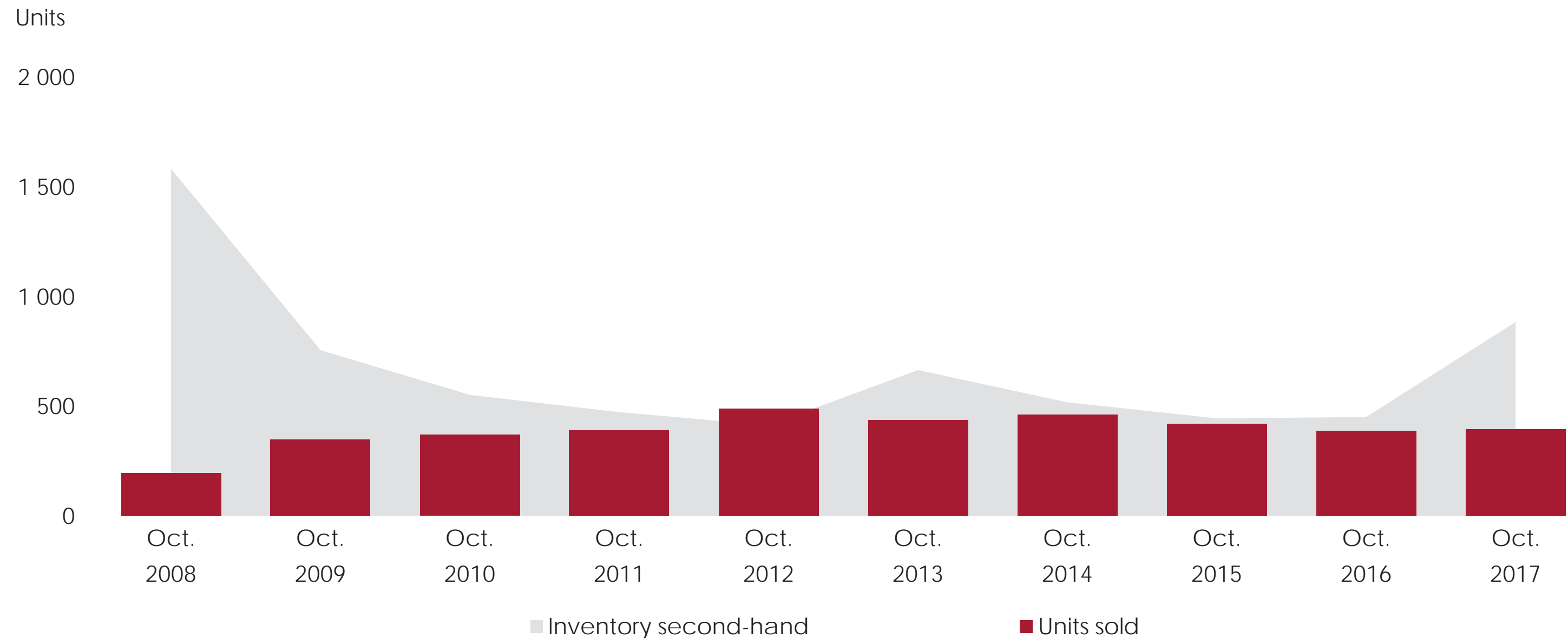
Bergen, October\* 2008-2017



\*Unsold units that have been withdrawn from the market are marked as inventory for 9 months before being removed  
Source: Eiendomsverdi

# Second-hand inventory and units sold in Trondheim

Trondheim, October\* 2008-2017



\*Unsold units that have been withdrawn from the market are marked as inventory for 9 months before being removed  
Source: Eiendomsverdi



# Substantial land bank in Norway's four largest growing urban areas

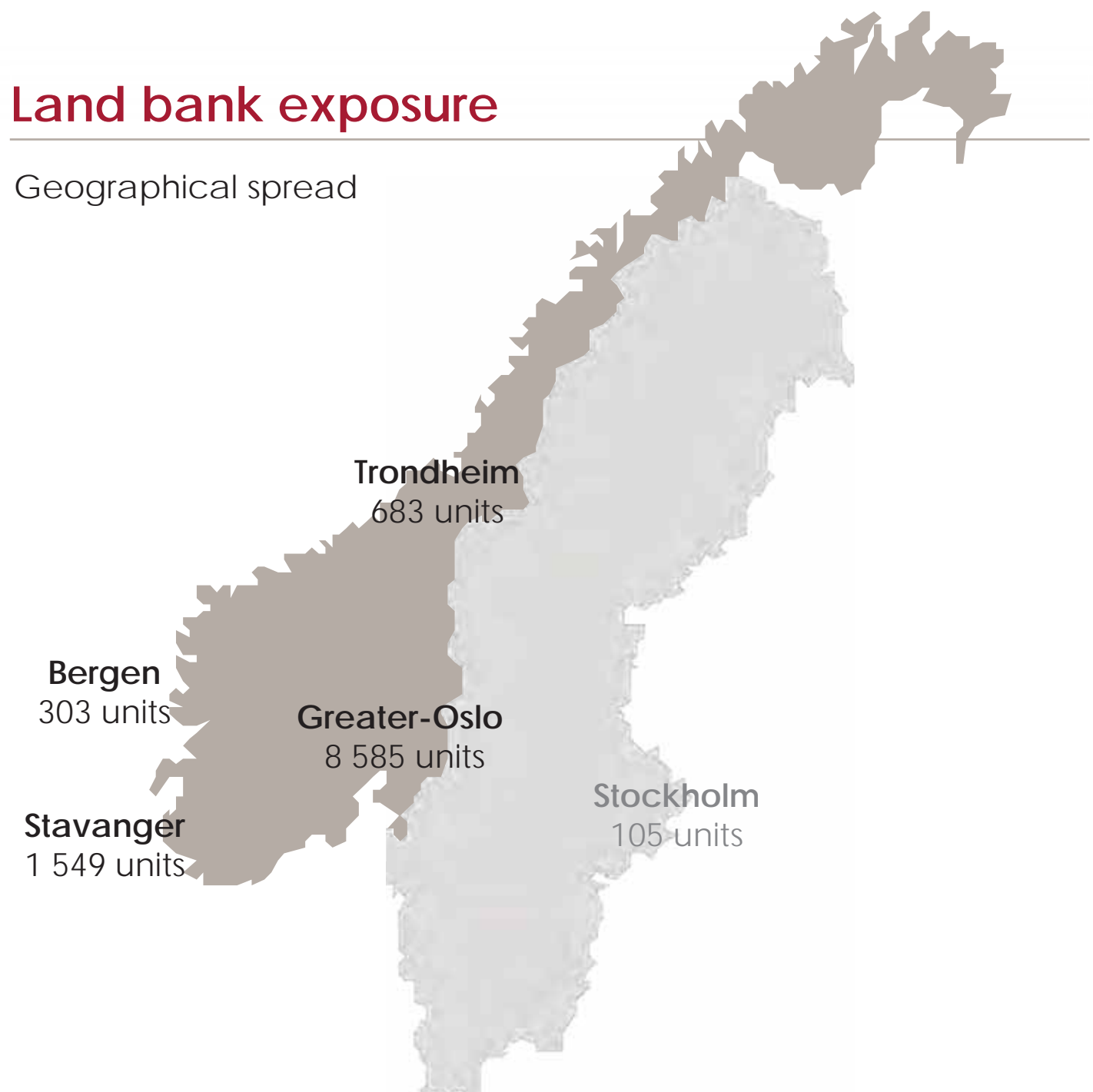
## Land-bank strategy

- Acquire the right mix of zoned and unzoned land in suitable locations
- Land acquisitions in defined core areas
- High degree of site utilisation and strategic land development
- Substantial land bank to accommodate targets/growth in core areas
- Good infrastructure and public transport
- Joint ventures (JVs)

Note: The numbers represent the size of the land portfolio as at 30 September 2017. All numbers are adjusted for Selvaag Bolig's share in joint ventures. 1) Greater Oslo area: Oslo, Akershus, Buskerud, Vestfold and Østfold, 2) The residential property development portfolio consists of land plots that are to be paid for when planning permission is received. The portfolio has a development potential of ~5 900 residential units, whereof the company has purchasing obligations for ~5 400 and purchasing options for ~500 units.

## Land bank exposure

Geographical spread





# Land bank in Oslo and Greater Oslo



\*The numbers are adjusted for Selvaag Bolig's share in joint ventures

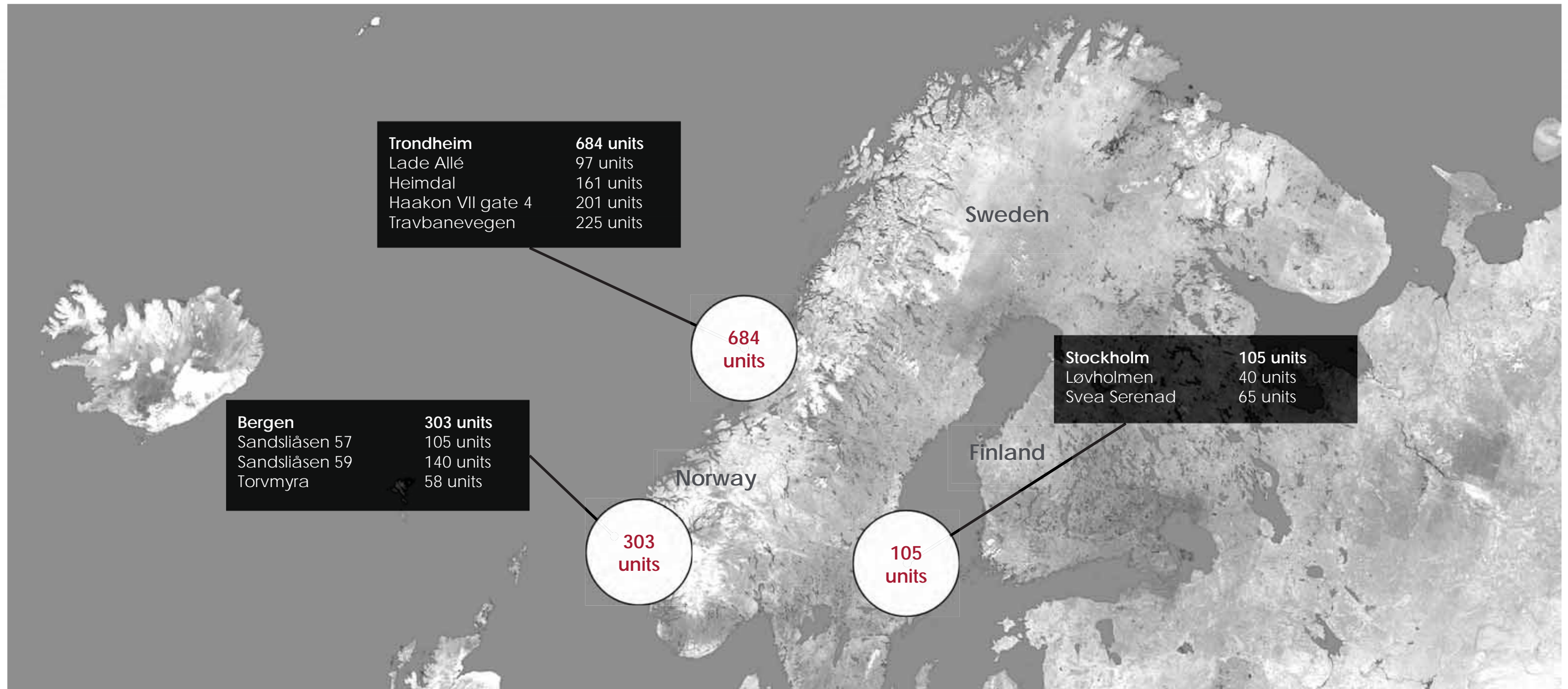


# Land bank in Stavanger area

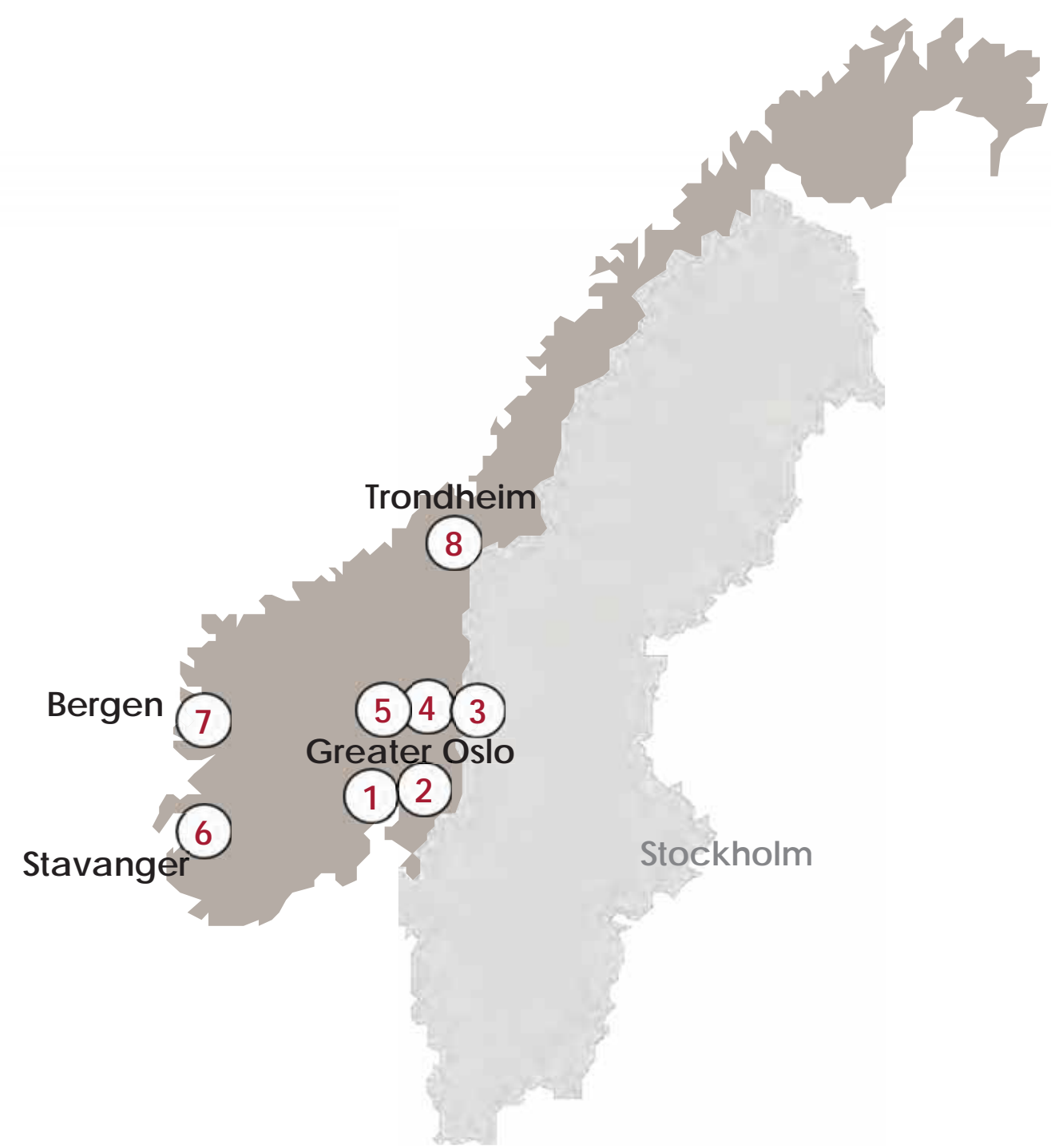




# Land bank in Bergen, Trondheim and Stockholm



# Key projects in selected regions





## 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 12 billion
- Expected sales start 2020



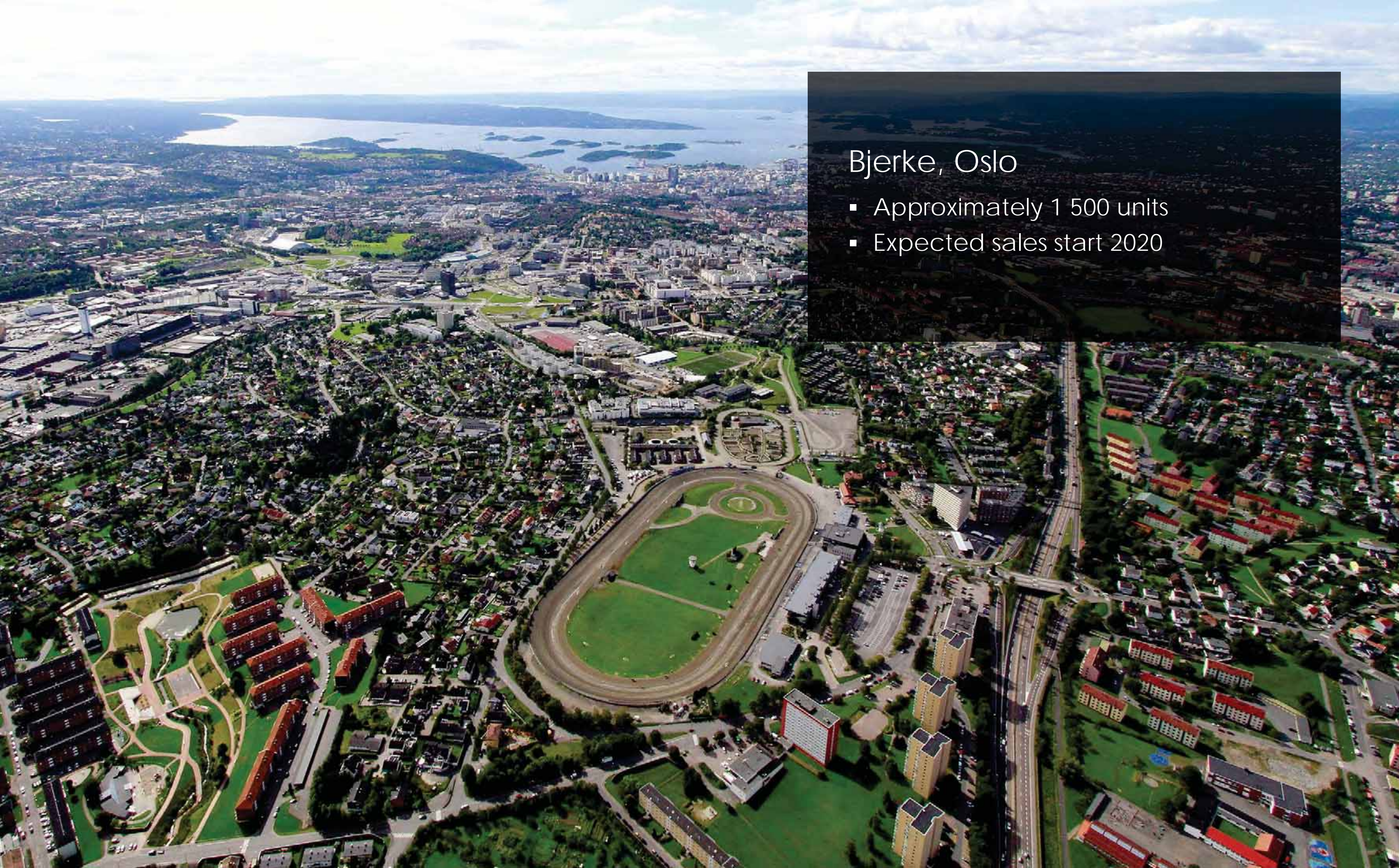




## Fornebu aquarium and docks

- City development, which creates value for multiple stakeholders
- Includes the largest aquarium in Northern Europe





## Bjerke, Oslo

- Approximately 1 500 units
- Expected sales start 2020





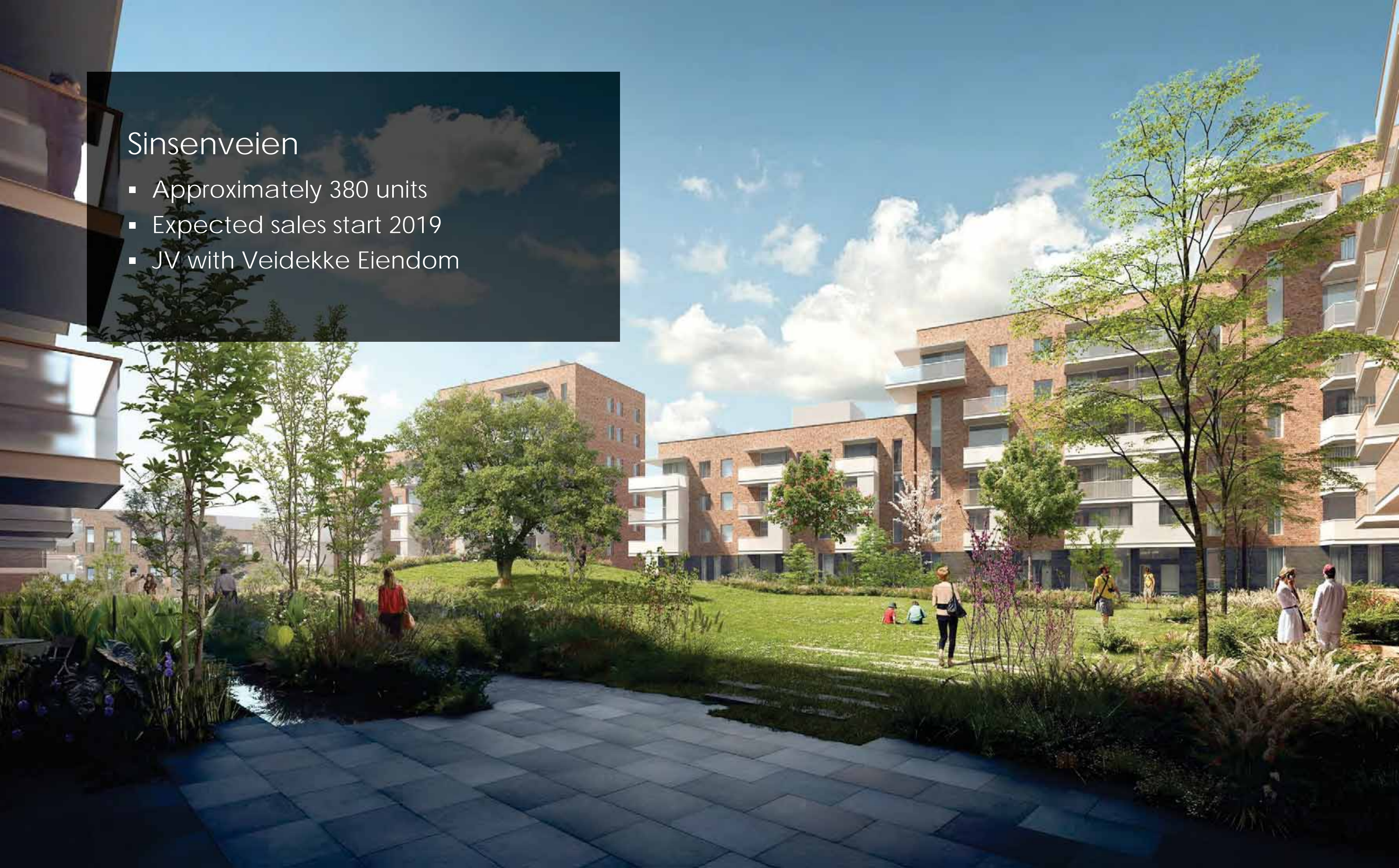
## Landås, Asker

- Approximately 600 units
- Expected sales start 2018/19



## Sinsenveien

- Approximately 380 units
- Expected sales start 2019
- JV with Veidekke Eiendom



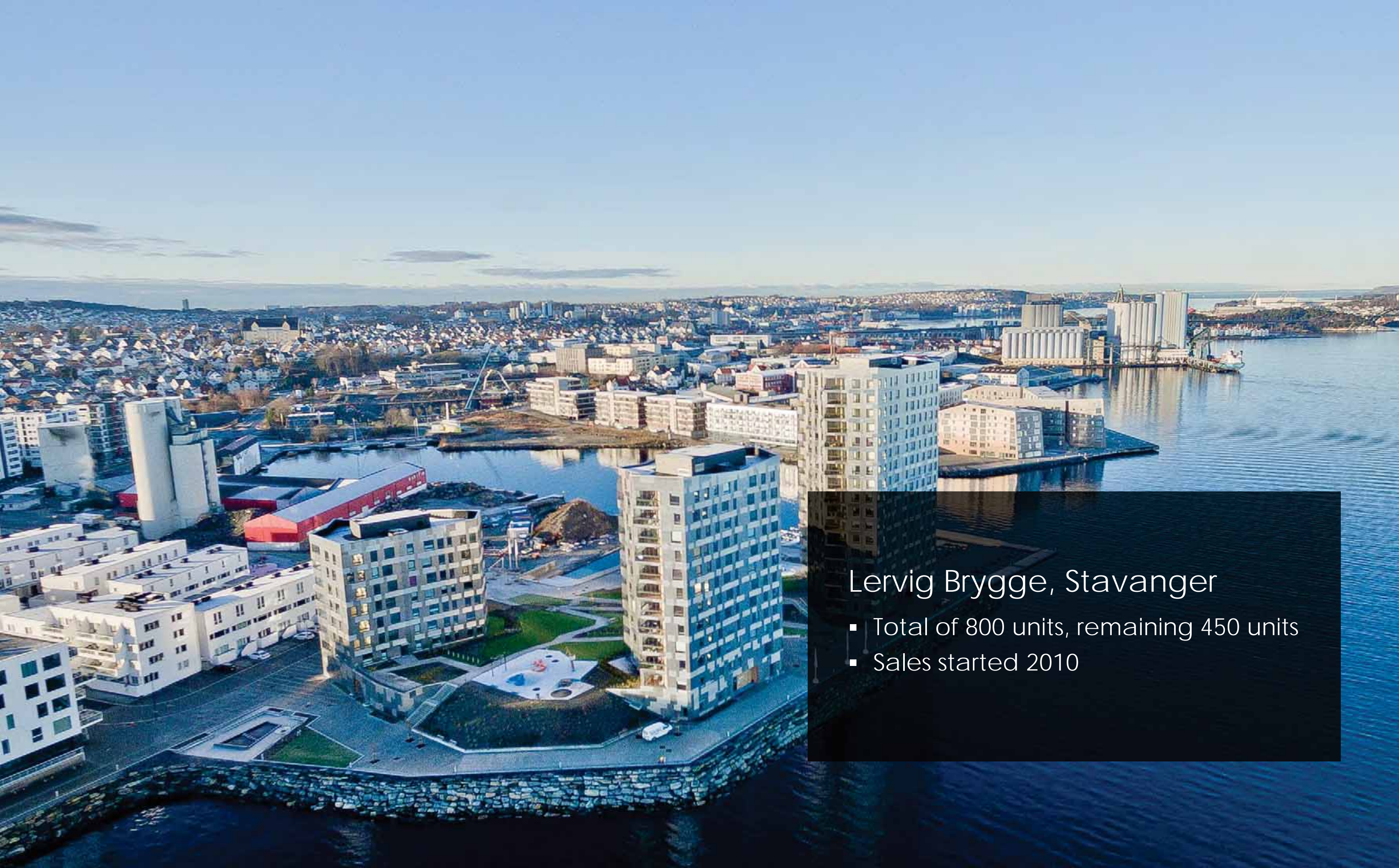




## Lørenskog Stasjonsby

- Approximately 1 500 units, remaining 1 000 units
- Sales started 2013





## Lervig Brygge, Stavanger

- Total of 800 units, remaining 450 units
- Sales started 2010





## Sandsliåsen, Bergen

- Approximately 370 units
- Expected sales start H2 2018





## Lade Allé, Trondheim

- 850-900 units, remaining approximately 600 units
- Sales started 2014





Strategic priorities and outlook

**SELVAAG** BOLIG



# Strategic priorities and outlook

## 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**

## Targets

- Maintain position as a leading residential developer in Norway
- Long-term growth does not affect profitability or financial risk
- Continue developing industrial approach to homebuilding
- Land acquisitions throughout the economic cycle
- Focus on Greater Oslo, Stavanger, Bergen, Trondheim, and Stockholm
- Ensure economies of scale through large projects, typically >300 units in Oslo and >150 units in other regions
- Project margin of minimum 12%
- High and stable dividends. Minimum 40% of net annual profit, paid in two instalments over the year\*
- The company will maintain an equity ratio of minimum 30 per cent

\* The size of the dividend will be weighed against the company's liquidity forecasts and capital adequacy



Thank you for your attention – follow us online!

Next event:  
4<sup>th</sup> quarter 2017  
13 February 2018



@SelvaagAksjen