

**Q2
2018**

**Second
quarter
results**



SELVAAG BOLIG

Highlights of the second quarter 2018

- Operating revenues of NOK 864 million (NOK 1 135 million)
- Adjusted EBITDA** of NOK 178 million (NOK 245 million) and ordinary EBITDA* of NOK 162 million (NOK 225 million)
- 181 units sold (165)
- Construction started on 234 units (318)
- 242 units completed (210) and 243 delivered (222)
- A total of 1 503 units (1 586) under construction at 30 June, with 72 per cent (78 per cent) of these sold at a combined sales value of NOK 7 076 million (NOK 7 074 million)
- 91 per cent of units to be completed in 2018 are sold
- The board has decided to pay a dividend of NOK 2.00 per share (NOK 1.20) for the first half

(Figures in brackets relate to the same period of the year before)

Key figures

(figures in NOK 1 000)	Q2 2018	Q2 2017	1H 2018	1H 2017	2017
IFRS main figures					
Operating revenues	863 608	1 134 632	1 244 177	1 590 692	3 228 832
EBITDA*	161 950	225 352	207 342	307 137	547 737
EBITDA adjusted**	178 330	244 737	229 060	338 376	625 736
Operating profit/(loss)	161 022	224 382	205 483	305 041	543 653
Profit/(loss) before taxes	152 680	201 427	193 581	272 848	503 802
Cash flow from operating activities	(139 187)	539 513	(450 903)	(39 676)	303 242
Net cash flow	93 701	(33 440)	(52 408)	(545 124)	(400 632)
Interest-bearing liabilities	2 755 148	2 269 845	2 755 148	2 269 845	2 217 431
Total assets	6 824 914	6 191 154	6 824 914	6 191 154	6 352 018
Equity	2 860 256	2 783 494	2 860 256	2 783 494	2 858 142
Equity ratio	41.9%	45.0%	41.9%	45.0%	45.0%
Earnings per share in NOK	1.26	1.58	1.60	2.39	4.35
Segment reporting (NGAAP):					
Operating revenues	664 549	966 603	1 236 412	1 784 118	2 970 854
EBITDA***	145 169	270 871	262 273	473 499	680 218
EBITDA margin	21.8%	28.0%	21.2%	26.5%	22.9%
Key figures:					
Number of units sold	181	165	366	355	701
Number of construction starts	234	318	336	504	799
Number of units delivered	243	222	302	307	737
Number of units completed	242	210	296	273	690

* EBITDA is profit before interest, taxes, depreciation and amortisation.

** 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)	Q2 2018	Q2 2017	1H 2018	1H 2017	2017
Total operating revenues	863 608	1 134 632	1 244 177	1 590 692	3 228 832
Project expenses	(646 349)	(840 459)	(922 269)	(1 152 489)	(2 432 818)
Other operating expenses, salaries and personnel cost, depreciation and amortisation	(72 661)	(60 019)	(130 946)	(119 168)	(238 751)
Associated companies and other gains (loss)	16 424	(9 772)	14 521	(13 994)	(13 610)
Total operating expenses	(702 586)	(910 250)	(1 038 694)	(1 285 651)	(2 685 179)
Operating profit	161 022	224 382	205 483	305 041	543 653
Net financial expenses	(8 342)	(22 955)	(11 902)	(32 193)	(39 851)
Profit before taxes	152 680	201 427	193 581	272 848	503 802
Income taxes	(36 842)	(55 149)	(46 464)	(50 350)	(102 653)
Net income	115 838	146 278	147 117	222 498	401 149

Results for the second quarter of 2018

(Figures in brackets relate to the corresponding period of 2017. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 863.6 million (NOK 1 134.6 million) in the second quarter. Revenues from units delivered accounted for NOK 847.2 million (NOK 860.4 million) of this total. Much of the decline in revenue is explained by the sale of the Lørenveien 64 property in Oslo for NOK 265 million during the second quarter of 2017. Other revenues derived from non-core activities, mainly rental of commercial premises.

A total of 243 units (222) were delivered in the quarter, including 204 (222) from consolidated project companies.

Project costs for the quarter totalled NOK 646.3 million (NOK 840.5 million), of which NOK 16.4 million (NOK 19.4 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 72.7 million (NOK 60 million) for the period. Payroll costs accounted for NOK 42.5 million (NOK 28.7 million) of this figure. This increase primarily reflected provisions for termination payments and compensation related to efficiency improvement processes and terminated employment.

A further NOK 5.2 million (NOK 6 million) in payroll costs related to housing under construction was capitalised during the quarter and will be expensed as project costs on future delivery. Other operating costs came to NOK 29.2 million

(NOK 30.3 million) for the quarter, including NOK 7.4 million (NOK 10.3 million) for sales and marketing.

The share of results from associates came to NOK 16.4 million (negative at NOK 9.8 million) for the quarter. This improvement reflected deliveries in joint ventures and the fact that 2017 included an impairment charge of NOK 10 million in a west Norwegian joint venture.

EBITDA adjusted for financial expenses included in project costs came to NOK 178.3 million (NOK 244.7 million), corresponding to a margin of 20.6 per cent (21.6 per cent). Ordinary EBITDA was NOK 162 million (NOK 225.4 million), corresponding to a margin of 18.8 per cent (19.9 per cent). The decline in EBITDA must be viewed in relation to the above-mentioned increase in payroll costs and a substantial property sale in the second quarter of 2017. See the paragraph on operating revenues.

Consolidated depreciation and amortisation totalled NOK 0.9 million (NOK 1 million). Consolidated operating profit thereby came to NOK 161 million (NOK 224.4 million).

Net financial expenses amounted to NOK 8.3 million (NOK 23 million). This reduction primarily reflected one-off costs related to redeeming the bond loan in the second quarter of 2017, and the decline in financial costs as a consequence of this redemption. Pre-tax profit for the quarter came to NOK 152.8 million (NOK 201.4 million).

Tax expense was NOK 36.8 million (NOK 55.2 million) for the quarter. Consolidated net profit for the second quarter

consequently came to NOK 115.8 million (NOK 146.3 million). NOK 115.9 million (NOK 146.3 million) of the profit was attributable to the shareholders of Selvaag Bolig ASA, and a

negative NOK 0.1 million (NOK 0) to non-controlling shareholders.

Results for the first half of 2018

(Figures in brackets relate to the corresponding period of 2017. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 1 244.2 million (NOK 1 590.7 million) in the first half. Revenues from units delivered accounted for NOK 1 170.3 million (NOK 1 161.8 million) of this total. Furthermore, commercial property was sold for NOK 42.5 million while two sites were sold in the same period of 2017 for a total of NOK 405 million. Other revenues derived from non-core activities, mainly rental of commercial premises.

A total of 302 units (307) were delivered in the first half, including 263 (306) from consolidated project companies.

Project costs for the first half totalled NOK 922.3 million (NOK 1 152.5 million), which 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 associated companies totalled NOK 130.9 million (NOK 119.2 million) for the period. Payroll costs accounted for NOK 69.4 million (NOK 57.4 million) of this figure. This increase primarily reflected provisions for termination payments and compensation related to efficiency improvement processes and terminated employment. A further NOK 10.7 million (NOK 11.6 million) in payroll costs related to housing under construction was capitalised during the quarter and will be expensed as project costs on future delivery.

Other operating costs came to NOK 59.7 million (NOK 59.7 million) for the quarter, including NOK 13.3 million (NOK 21.7 million) for sales and marketing.

Cash flow

Consolidated net cash flow from operational activities was negative at NOK 139.1 million (positive at NOK 539.5 million) for the second quarter. The change from the same period of last year primarily reflected the negative effect of an increase in receivables from units delivered, see the paragraph on accounts receivable below for more information. In addition, the second quarter of 2017 included settlement for the sale of Lørenveien 64. See note 5 on inventory for more information.

Consolidated net cash flow from operational activities was negative at NOK 450.9 million (NOK 39.7 million) in the first

The share of results from associates came to NOK 14.5 million (negative at NOK 14 million) for the first half. This improvement reflected deliveries in joint ventures and the fact that 2017 included an impairment charge of NOK 10 million in a west Norwegian joint venture.

EBITDA adjusted for financial expenses included in project costs came to NOK 229.1 million (NOK 338.4 million), corresponding to a margin of 18.4 per cent (21.3 per cent). Ordinary EBITDA was NOK 207.3 million (NOK 307.1 million), corresponding to a margin of 16.7 per cent (19.3 per cent). The decline in EBITDA must be viewed in relation to the above-mentioned increase in payroll costs and two property sales in the first half of 2017. See the paragraph on operating revenues.

Consolidated operating profit thereby came to NOK 205.5 million (NOK 305 million) for the first half. Net financial expenses came to NOK 11.9 million (NOK 32.2 million).

Consolidated pre-tax profit for the first half was NOK 193.6 million (NOK 272.8 million). With tax expense amounting to NOK 46.5 million (NOK 50.4 million), consolidated net profit came to NOK 147.1 million (NOK 222.5 million) for the first half. NOK 147.2 million (NOK 222.4 million) of the profit was attributable to the shareholders of Selvaag Bolig ASA, and a negative NOK 0.1 million (positive at NOK 0.1) to non-controlling shareholders.

half. The reasons are by and large the same as for the second quarter.

Net cash flow from investing activities was negative at NOK 1.6 million (NOK 72.1 million) for the quarter. The change from the same period of 2017 primarily reflected the inclusion of substantial investments in and capital transfers to joint ventures in last year's figures.

Net cash flow from investing activities was NOK 32.4 million (negative at NOK 98 million) for the first half. The change from the same period of 2017 primarily reflected the inclusion of substantial investments in and capital transfers

to joint ventures in last year's figure, and the receipt of dividends by the group from joint ventures in 2018.

Net cash flow from financing activities was NOK 234.5 million (negative at NOK 500.8 million) for the quarter. The change from the same period of 2017 primarily reflected the redemption of the bond loan in June 2017 as well as greater redemption of construction loans in 2017. This was partly offset by increased dividend in 2018.

Net cash flow from financing activities was NOK 366.1 million (negative at NOK 407.5 million) for the first half. The change from the same period of 2017 primarily reflected the same factors mentioned for the quarter, as well as the repurchase of the company's own shares in connection with the employee share programme in 2017.

The group's holding of cash and cash equivalents at 30 June totalled NOK 433.2 million (NOK 341.1 million), up by NOK 93.7 million from 31 March and by NOK 92.1 million from a year earlier.

Cash flow summary

(figures in NOK 1 000)	Q2 2018	Q2 2017	1H 2018	1H 2017	2017
Profit before taxes	152 680	201 427	193 581	272 848	503 802
Net cash flow from operating activities	(139 187)	539 513	(450 903)	(39 676)	303 242
Net cash flow from investment activities	(1 592)	(72 130)	32 398	(97 971)	(114 121)
Net cash flow from financing activities	234 479	(500 823)	366 097	(407 477)	(589 753)
Net change in cash and cash equivalents	93 701	(33 440)	(52 408)	(545 124)	(400 632)
Cash and cash equivalents at start of period	339 452	374 509	485 561	886 193	886 193
Cash and cash equivalents at end of period	433 153	341 069	433 153	341 069	485 561

Financial position

The carrying amount of Selvaag Bolig's total inventory (land, units under construction and completed units) at 30 June was NOK 4 784.8 million, compared with NOK 4 912.8 million at 31 March and NOK 4 618.5 million a year earlier. The decrease during the second quarter primarily reflected units delivered. See note 5 for a further specification of inventory.

Accounts receivable for the group totalled NOK 483.6 million at 30 June, compared with NOK 93.9 million at 31 March and NOK 109.4 million a year earlier. This increase reflected the fact that many units were delivered late in the quarter, so that settlement was received in the following month. These fluctuations are regarded as normal, and involve no credit risk since the funds are held in client accounts at settlement agents from delivery of the unit until final settlement is received.

Equity was NOK 2 860.3 million (NOK 2 783.5 million) at 30 June, corresponding to an equity ratio of 41.9 per cent (45 per cent). Selvaag Bolig ASA paid NOK 166.4 million (NOK 87.9 million) in dividend during the second quarter, based on results for the second half of 2017. Non-controlling interests amounted to NOK 9.3 million (NOK 9.4 million) of equity.

Other current non-interest-bearing liabilities for the group totalled NOK 884.1 million (NOK 759.2 million) at 30 June, of which NOK 356.1 million (NOK 493.5 million) represented advance payments from customers.

At 30 June, consolidated interest-bearing debt amounted to NOK 2 755.1 million (NOK 2 269.8 million), of which NOK 2 172.1 million (NOK 2 062.7 million) was non-current and NOK 583.1 million (NOK 207.1 million) was current. The increase in current debt from last year primarily reflected projects approaching completion.

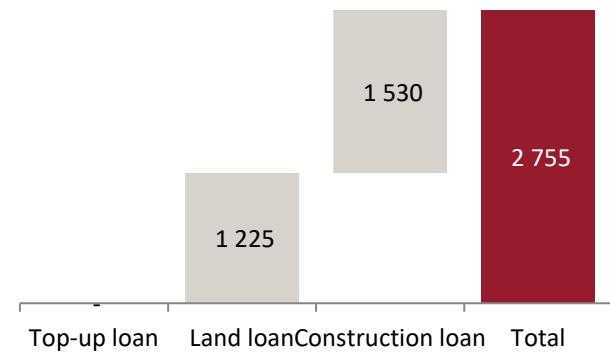
The group had land loans totalling NOK 1 225 million (NOK 1 161.3 million) at 30 June. These are normally converted to construction loans in line with the progress of the respective construction projects.

Selvaag Bolig ASA has a credit facility agreement with DNB. This has been expanded from NOK 400 million to NOK 500 million in 2018 and matures in April 2022. The company also has an annually renewed credit facility of NOK 150 million. No drawings had been made against any of these facilities at 30 June.

Net interest-bearing debt

(figures in NOK 1 000)	Q2 2018	Q1 2018	Q2 2017	2017
Non-current interest-bearing debt	2 172 087	1 998 824	2 062 739	1 836 823
Current interest-bearing debt	583 061	359 732	207 106	380 608
Cash and cash equivalents	(433 153)	(339 452)	(341 069)	(485 561)
Net interest-bearing debt	2 321 995	2 019 104	1 928 776	1 731 870

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 June, the group had no top-up loans, land loans of NOK 1 225 million and construction loans of NOK 1 530.1 million.

Interest-bearing debt at 30 June 2018 (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 June, interest on NOK 860 million in land loans had been capitalised, while interest charges relating to NOK 365 million in land loans spread over three 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 second quarter 2018

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q2 18	Q2 17	Q2 18	Q2 17	Q2 18	Q2 17
Property development	652 641	958 071	192 888	311 891	214 791	318 113
Other	11 908	8 532	(47 719)	(41 020)	(48 628)	(41 952)
IFRS adjustments	199 059	168 029	16 781	(45 519)	(5 141)	(51 779)
Total group	863 608	1 134 632	161 950	225 352	161 022	224 382

Segments first half 2018

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	6M 18	6M 17	6M 18	6M 17	6M 18	6M 17
Property development	1 214 449	1 767 754	344 163	552 001	380 415	578 872
Other	21 963	16 364	(81 890)	(78 502)	(83 720)	(80 551)
IFRS adjustments	7 765	(193 426)	(54 931)	(166 362)	(91 212)	(193 280)
Total group	1 244 177	1 590 692	207 342	307 137	205 483	305 041

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 second quarter were NOK 652.6 million (NOK 958.1 million). They derived from 20 projects currently in production. The decline primarily reflected the sale of a commercial property in Oslo for NOK 265 million in the second quarter of last year.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 459.8 million (NOK 646.2 million) for the second 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 192.9 million (NOK 311.9 million) for the quarter, corresponding to a profit margin of 29.6 per cent (32.6 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 second quarter came to NOK 11.9 million (NOK 8.5 million), while operating

costs amounted to NOK 59.6 million (NOK 49.5 million). Costs relate largely to remuneration for the administration and management, as well as to central marketing. Increased operating expenses during the quarter primarily reflected provisions for termination payments and compensation related to efficiency improvement processes and terminated employment. EBITDA was thereby negative at NOK 47.7 million (NOK 41 million).

Review of operations

Operations

A total of 203 units with a combined value of NOK 862 million were sold during the quarter. Selvaag Bolig's share amounted to 181 units sold with a combined value of NOK 751 million.

Activity in the group was at a high level, with 1 503 units under construction. Work started on constructing 234 units during the second quarter, and 242 were completed.

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

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.

construction in Asker, Bærum, Ski or Sandnes during the second quarter.

Quarterly development in the project portfolio

	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18
Number of units sold	165	178	168	185	181
Number of construction starts	318	77	217	102	234
Number of units completed	210	81	336	54	242
Number of units delivered	222	75	355	59	243
Number of units under construction	1 586	1 582	1 463	1 511	1 503
Proportion of sold units under construction	78 %	78 %	73 %	73 %	72 %
Number of completed unsold units	24	30	23	19	18
Sales value of units under construction (NOK million)	7 074	7 047	6 994	7 032	7 076

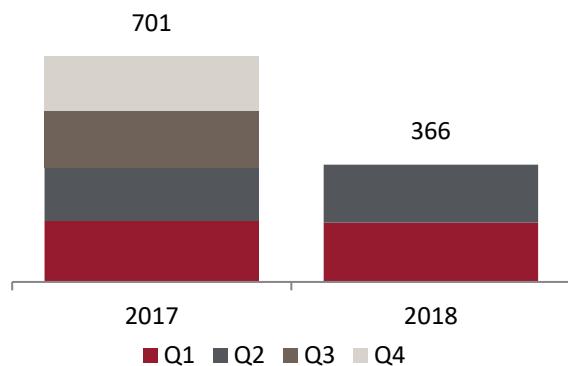
Purchase and sale of land

The group entered into an agreement during the quarter to purchase a site in Ås local authority which is expected to yield about 400 units.

Sales developments and progress

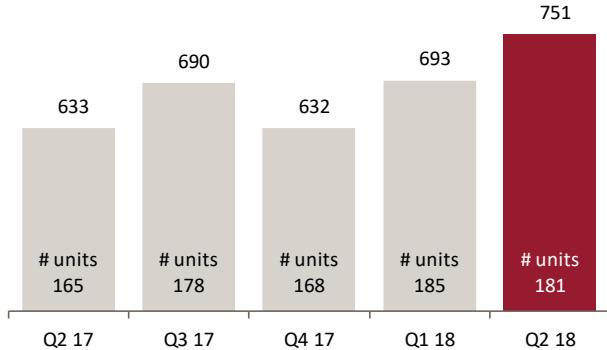
Selvaag Bolig sold 181 residential units (165) during the second quarter. These sales comprise Selvaag Bolig's consolidated project companies as well as its relative share of homes sold in joint-venture projects.

Units sold



Total sales during the second quarter, including Selvaag Bolig's relative share of joint ventures, amounted to 181 units with a combined sales value of NOK 751 million. Sales in the corresponding period of 2017 totalled 165 units with a combined value of NOK 633 million.

Value of units sold (NOK mill)



Selvaag Bolig started sales during the quarter in four projects comprising a total of 179 residential units (371).

Sales starts in the quarter

Project	# of units	Category	Region
Lervig Brygge	37	Flat	Stavanger
Traevarefabrikken	49	Flat	Greater Oslo
Kaldnes Dockside E	32	Flat	Greater Oslo
Hovinenga	61	Flat	Greater Oslo
Total	179		

Construction began on 234 (318) 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.

At 30 June, Selvaag Bolig had 1 503 (1 586) units under construction. They included 1 244 units in Greater Oslo, 194 in the rest of Norway and 65 abroad.

The order backlog at 30 June - in other words, the sales value of the 1 503 (1 586) units then under construction - was NOK 7 076 million (NOK 7 074 million).

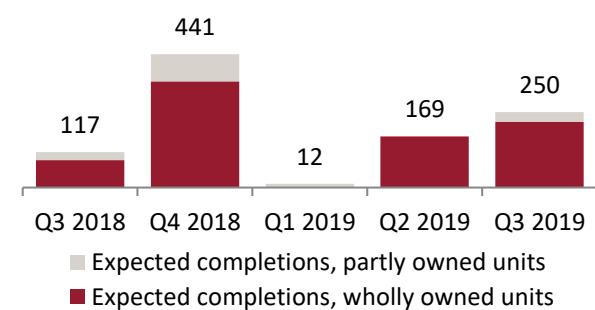
A total of 242 (210) units were completed in the second quarter, and 243 (222) - including ones completed earlier - were delivered. The completed units were divided between the Heimdal Stasjon, Jaasundtunet, Bjørnåsen, Hovinenga, Kilenkollen, Løren 5 and Lørenskog Stasjonsby projects. A total of 18 (24) completed units were unsold at 30 June. Consolidated project companies accounted for 204 (222) of the units delivered, while 39 (zero) were in a part-owned project company.

Units completed by project

Project	# units	Category	Region
Heimdal Stasjon	42	Flat	Trondheim
Jaasundtunet	8	Flat	Stavanger
Bjørnåsen	20	Terraced	Greater Oslo
Hovinenga	49	Flat	Greater Oslo
Kilenkollen	9	Flat	Greater Oslo
Løren 5	48	Flat	Greater Oslo
Lørenskog Stasjonsby	48	Flat	Greater Oslo
Lørenskog Stasjonsby	18	Terraced	Greater Oslo
Total	242		

Based on expected progress for the projects, 117 units are expected to be completed in the third quarter of 2018. Estimated completions for 2018 as a whole amount to 854 units.

Expected number of completions



Share information

The company had 93.77 million issued shares at 30 June, divided between 2 748 shareholders.

The 20 largest shareholders controlled 79.6 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 37.65 to NOK 45.30. The closing price at 30 June was NOK 41.80, compared with NOK 37.95 at 31 March. The share price accordingly rose by 10.1 per cent over the quarter. A total of 11.7 million shares, or 12.5 per cent of the overall number outstanding, were traded during the period. Share turnover totalled NOK 477.5 million during the quarter, corresponding to an average daily figure of roughly NOK 8 million.

20 largest shareholders at 30 June 2018

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5%
LANDSFORSAKRINGAR FASTIGHETSFOND	5 828 788	6.2%
Morgan Stanley & Co. Int. Plc. *)	2 817 590	3.0%
PARETO AS	2 065 624	2.2%
VERDIPAPIRFONDET PARETO INVESTMENT	1 596 366	1.7%
HOLBERG NORGE	1 459 238	1.6%
SEB PRIME SOLUTIONS SISSENER CANOP	1 450 000	1.5%
SELVAAG BOLIG ASA **)	1 307 577	1.4%
FLPS - GL S-M SUB	946 000	1.0%
State Street Bank and Trust Comp *)	911 459	1.0%
HOLTA INVEST AS	800 000	0.9%
Baard Schumann	777 127	0.8%
REGENTS OF THE UNIVERSITY OF MICHIGAN	657 218	0.7%
Deutsche Bank Aktiengesellschaft *)	595 735	0.6%
MSIP Equity	588 867	0.6%
STOREBRAND NORGE I VERDIPAPIRFOND	588 364	0.6%
State Street Bank and Trust Comp *)	567 959	0.6%
BANAN II AS	555 190	0.6%
State Street Bank and Trust Comp *)	480 101	0.5%
SPARHANS AS	476 221	0.5%
Total 20 largest shareholders	74 649 511	79.6%
Other shareholders	19 116 177	20.4%
Total number of shares	93 765 688	100.0%

*) Further information regarding shareholders is presented at:
<http://sboasa.no/en>

**) 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 in the quarter. See note 23 to the group's annual

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

Housing market

According to Statistics Norway (SSB), seasonally adjusted Norwegian house prices at 30 June were on average 2.2 per cent higher than at 31 March and up by 1.7 per cent from 30 June 2017. Price developments differed between Selvaag Bolig's core areas during the quarter. Overall prices rose by 3.6 per cent during the quarter in Oslo including Bærum, and were 0.4 per cent higher than at 30 June 2017. In Akershus county excluding Bærum, prices rose by two per cent and

were up by 0.9 per cent from 30 June 2017. Prices in Stavanger fell by 0.4 per cent and were 1.1 per cent lower than at 30 June 2017. They rose by 1.6 per cent in Bergen and were down by 0.2 per cent over the year. In Trondheim, prices rose by 1.7 per cent for the quarter and were 0.4 per cent higher than at 30 June 2017.

Outlook

Selvaag Bolig is well positioned, with big projects centrally in and around Greater Oslo, Stavanger, Bergen and Trondheim. After a quiet period in the market for new housing during the last three quarters of 2017, which reflected in part the introduction of the new residential mortgage regulations and sharp price growth in 2016, activity

has been at a normal good level so far this year. The decision has been taken to extend the residential mortgage regulations to the end of 2019 without significant modifications.

Good macroeconomic conditions, high household purchasing power and demographic developments mean that Selvaag Bolig expects a stable market for new housing in the time to come. According to SSB, urbanisation and high population growth create a large and long-term demand for new homes in Selvaag Bolig's core areas.

Interim financial statements (IFRS)

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Q2 2018	Q2 2017	1H 2018	1H 2017	2017
Revenues	847 162	1 125 441	1 212 849	1 566 817	3 165 042
Other revenues	16 446	9 191	31 328	23 875	63 790
Total operating revenues	863 608	1 134 632	1 244 177	1 590 692	3 228 832
Project expenses	(646 349)	(840 459)	(922 269)	(1 152 489)	(2 432 818)
Salaries and personnel costs	(42 516)	(28 739)	(69 365)	(57 412)	(120 354)
Depreciation and amortisation	(928)	(970)	(1 859)	(2 096)	(4 084)
Other operating expenses	(29 217)	(30 310)	(59 722)	(59 660)	(114 313)
Other gains (losses), net	-	-	-	-	-
Associated companies and joint ventures	16 424	(9 772)	14 521	(13 994)	(13 610)
Total operating expenses	(702 586)	(910 250)	(1 038 694)	(1 285 651)	(2 685 179)
Operating profit	161 022	224 382	205 483	305 041	543 653
Financial income	1 113	2 109	2 882	4 928	12 749
Financial expenses	(9 455)	(25 064)	(14 784)	(37 121)	(52 600)
Net financial expenses	(8 342)	(22 955)	(11 902)	(32 193)	(39 851)
Profit/(loss) before taxes	152 680	201 427	193 581	272 848	503 802
Income taxes	(36 842)	(55 149)	(46 464)	(50 350)	(102 653)
Net income	115 838	146 278	147 117	222 498	401 149
Other comprehensive income/expenses					
Translation differences	(1 314)	2 881	(2 955)	3 091	4 633
Total comprehensive income/(loss) for the period	114 524	149 159	144 162	225 589	405 782
Net income for the period attributable to:					
Non-controlling interests	(72)	(42)	(75)	122	104
Shareholders in Selvaag Bolig ASA	115 910	146 320	147 192	222 376	401 045
Total comprehensive income/(loss) for the period attributable to:					
Non-controlling interests	(72)	(42)	(75)	122	104
Shareholders in Selvaag Bolig ASA	114 596	149 201	144 237	225 467	405 678
Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:					
Earnings per share (basic and diluted) in NOK	1.26	1.58	1.60	2.39	4.35

The consolidated financial information has not been audited

Statements of financial position

(figures in NOK 1 000)	Note	Q2 2018	Q1 2018	Q2 2017	2017
ASSETS					
Non-current assets					
Goodwill		383 376	383 376	383 376	383 376
Other intangible assets		-	-	-	-
Property, plant and equipment		9 578	10 501	9 396	11 428
Investments in associated companies and joint ventures		308 777	300 338	280 913	316 241
Loans to associated companies and joint ventures		127 138	117 675	147 104	122 982
Other non-current assets		231 086	200 310	207 753	214 039
Total non-current assets		1 059 955	1 012 200	1 028 542	1 048 066
Current assets					
Inventories (property)	5	4 784 762	4 912 782	4 618 462	4 643 938
Trade receivables		483 643	93 918	109 375	133 832
Other current receivables		63 401	69 758	93 706	40 621
Cash and cash equivalents		433 153	339 452	341 069	485 561
Total current assets		5 764 959	5 415 910	5 162 612	5 303 952
TOTAL ASSETS		6 824 914	6 428 110	6 191 154	6 352 018
EQUITY AND LIABILITIES					
Equity attributed to shareholders in Selvaag Bolig ASA		2 850 912	2 902 741	2 774 057	2 848 723
Non-controlling interests		9 344	9 416	9 437	9 419
Total equity		2 860 256	2 912 157	2 783 494	2 858 142
LIABILITIES					
Non-current liabilities					
Pension liabilities		643	643	593	643
Deferred tax liabilities		83 606	83 537	84 284	83 537
Provisions		60 373	60 373	75 073	60 373
Other non-current non interest-bearing liabilities		2 542	2 729	7 631	8 349
Non-current interest-bearing liabilities		2 172 087	1 998 824	2 062 739	1 836 823
Total non-current liabilities		2 319 251	2 146 106	2 230 320	1 989 725
Current liabilities					
Current interest-bearing liabilities		583 061	359 732	207 106	380 608
Trade payables		79 044	114 400	134 695	166 479
Current tax payables		99 250	62 408	76 378	103 782
Other current non interest-bearing liabilities		884 052	833 307	759 161	853 282
Total current liabilities		1 645 407	1 369 847	1 177 340	1 504 151
Total liabilities		3 964 658	3 515 953	3 407 660	3 493 876
TOTAL EQUITY AND LIABILITIES		6 824 914	6 428 110	6 191 154	6 352 018

The consolidated financial information has not been audited

Statement of changes in equity

(figures in NOK 1 000)	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 2018	183 523	1 394 857	700 629	5 475	3 528	560 710	2 848 724	9 419 *)	2 858 142
<i>Transactions with owners:</i>									
Dividend	-	-	-	-	-	(166 425)	(166 425)	-	(166 425)
Share buy back	-	-	-	-	-	-	-	-	-
Employee share programme	1 393	-	-	-	-	22 984	24 377	-	24 377
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	147 192	147 192	(75)	147 117
Other comprehensive income/(loss) for the period	-	-	-	(2 955)	-	-	(2 955)	-	(2 955)
Equity as of 30 June 2018	184 916	1 394 857	700 629	2 520	3 528	564 461	2 850 914	9 344 *)	2 860 256
 Equity as of 1 January 2017									
<i>Transactions with owners:</i>									
Dividend	-	-	-	-	-	(87 882)	(87 882)	-	(87 882)
Share buy back	(4 240)	-	-	-	-	(72 652)	(76 892)	-	(76 892)
Employee share programme	1 172	-	-	-	-	22 335	23 507	-	23 507
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	222 376	222 376	122	222 498
Other comprehensive income/(loss) for the period	-	-	-	3 091	-	-	3 091	-	3 091
Equity as of 30 June 2017	183 230	1 394 857	700 629	3 933	3 528	487 879	2 774 058	9 437 *)	2 783 494
 Transactions with owners:									
Dividend	-	-	-	-	-	(109 938)	(109 938)	-	(109 938)
Share buy back	-	-	-	-	-	-	-	-	-
Employee share programme	293	-	-	-	-	4 100	4 393	-	4 393
<i>Total comprehensive income/(loss) for the period:</i>									
Net income/(loss) for the period	-	-	-	-	-	178 669	178 669	(18)	178 651
Other comprehensive income/(loss) for the period	-	-	-	1 542	-	-	1 542	-	1 542
Equity as of 31 December 2017	183 523	1 394 857	700 629	5 475	3 528	560 710	2 848 724	9 419 *)	2 858 142

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)

	Q2 2018	Q2 2017	1H 2018	1H 2017	2017
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxes	152 680	201 427	193 581	272 848	503 802
Income taxes paid	-	-	(50 996)	(57 472)	(82 886)
Depreciation and amortisation	928	970	1 859	2 096	4 084
Other gains (losses), net	-	-	-	-	-
Share of profits/(losses) from associated companies and joint ventures	(16 424)	9 772	(14 521)	13 994	13 610
Changes in inventories (property)	138 955	143 271	(120 132)	(385 440)	(389 230)
Changes in trade receivables	(389 725)	32 261	(349 811)	(5 886)	(30 343)
Changes in trade payables	(35 356)	65 633	(87 435)	(84 867)	(53 083)
Changes in other operating working capital assets	(39 507)	67 957	(47 967)	106 162	154 629
Changes in other operating working capital liabilities	49 262	18 222	24 519	98 890	182 659
Net cash flow from operating activities	(139 187)	539 513	(450 903)	(39 676)	303 242
CASH FLOW FROM INVESTMENT ACTIVITIES					
Proceeds from sale of property, plant and equipment and intangible assets	-	-	-	-	-
Purchases of PPE and intangible assets	(10)	(428)	(20)	(604)	(4 614)
Proceeds from disposal of businesses and subsidiaries, net of cash disposed	-	-	-	-	-
Purchases of businesses and subsidiaries, net of cash acquired	-	-	-	-	(1 800)
Proceeds from sale of associated companies	-	-	-	-	-
Purchases of associated companies and joint ventures	(15)	(5 069)	(15)	(5 089)	(40 033)
Proceeds from sale of other investments and repayment of loans	-	-	27 200	18 597	63 661
Purchases of other investments and loans	(9 567)	(66 633)	(16 767)	(110 875)	(131 335)
Dividends and disbursements from associated companies and joint ventures	8 000	-	22 000	-	-
Net cash flow from investment activities	(1 592)	(72 130)	32 398	(97 971)	(114 121)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	414 869	509 123	697 290	857 773	1 526 383
Repayments of borrowings	(29 279)	(894 021)	(180 400)	(1 115 329)	(1 859 207)
Net change in bank overdrafts	-	-	-	-	-
Dividends paid to equity holders of Selvaag Bolig ASA	(166 425)	(87 882)	(166 425)	(87 882)	(197 820)
Share buy back Selvaag Bolig ASA	-	(28 403)	-	(76 892)	(76 892)
Proceeds from disposal of shares Selvaag Bolig ASA	15 314	360	15 632	14 853	17 783
Net cash flow from financing activities	234 479	(500 823)	366 097	(407 477)	(589 753)
Net change in cash and cash equivalents	93 701	(33 440)	(52 408)	(545 124)	(400 632)
Cash and cash equivalents at start of period	339 452	374 509	485 561	886 193	886 193
Cash and cash equivalents at end of period	433 153	341 069	433 153	341 069	485 561

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 2017.

IFRS 15 Revenue from Contracts with Customers is a new standard for income recognition introduced on 1 January 2018. It replaces IAS 18, which applies in part to sales of goods and services, and IAS 11 on construction contracts, as well as IFRIC 15, which has been the prevailing interpretation of the income recognition rules for residential property sales. Current practice on income recognition related to property development projects for own account in Norway will not change with the implementation of IFRS 15. The matter has been under consideration by the International Financial Reporting Interpretations Committee (IFRIC), and a final decision was issued in March 2018.

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 2017.

The group has assessed changes to standards with a later implementation date, and has identified that IFRS 16 Leases, which takes effect from 1 January 2019, will have an effect on the accounts. This effect is not considered significant.

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 2017.

3. Transactions with related parties

See note 23 in the group's Consolidated Financial Statements for 2017 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.

Second quarter 2018

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	652 641	11 908	664 549
Project expenses	(447 244)	(403)	(447 647)
Other operating expenses	(12 509)	(59 224)	(71 733)
EBITDA (percentage of completion)	192 888	(47 719)	145 169

Reconciliation EBITDA to operating profit (loss):

EBITDA (percentage of completion)	192 888	(47 719)	145 169
Sales revenues (adjustment effect of percentage of completion)	(645 229)	-	(645 229)
Sales revenues (completed contract)	844 287	-	844 287
Project expenses (adjustment effect of percentage of completion)	445 167	-	445 167
Project expenses (completed contract)	(643 869)	-	(643 869)
Depreciation and amortisation	-	(928)	(928)
Share of income (losses) from associated companies and joint ventures	16 425	-	16 425
Other gain (loss), net	-	-	-
Operating profit (loss)	209 669	(48 647)	161 022

Units under construction	1 503	N/A	N/A
Units delivered	243	N/A	N/A

Second quarter 2017

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	958 071	8 532	966 603
Project expenses	(636 255)	(428)	(636 683)
Other operating expenses	(9 925)	(49 124)	(59 049)
EBITDA (percentage of completion)	311 891	(41 020)	270 871

Reconciliation EBITDA to operating profit (loss):

EBITDA (percentage of completion)	311 891	(41 020)	270 871
Sales revenues (adjustment effect of percentage of completion)	(690 192)	-	(690 192)
Sales revenues (completed contract)	858 220	-	858 220
Project expenses (adjustment effect of percentage of completion)	509 822	-	509 822
Project expenses (completed contract)	(713 597)	-	(713 597)
Depreciation and amortisation	-	(970)	(970)
Share of income (losses) from associated companies and joint ventures	(9 772)	-	(9 772)
Other gain (loss), net	-	-	-
Operating profit (loss)	266 372	(41 990)	224 382

Units under construction	1 586	N/A	N/A
Units delivered	222	N/A	N/A

At 30 June 2018

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	1 214 449	21 963	1 236 412
Project expenses	(844 515)	(537)	(845 052)
Other operating expenses	(25 771)	(103 316)	(129 087)
EBITDA (percentage of completion)	344 163	(81 890)	262 273

Reconciliation EBITDA to Operating profit (loss):

EBITDA (percentage of completion)	344 163	(81 890)	262 273
Sales revenues (adjustment effect of percentage of completion)	(1 156 491)	-	(1 156 491)
Sales revenues (completed contract)	1 164 256	-	1 164 256
Project expenses (adjustment effect of percentage of completion)	805 986	-	805 986
Project expenses (completed contract)	(883 203)	-	(883 203)
Depreciation and amortisation	-	(1 859)	(1 859)
Share of income (losses) from associated companies and joint ventures	14 521	-	14 521
Other gain (loss), net	-	-	-
Operating profit (loss)	289 232	(83 749)	205 483

Units under construction	1 438	N/A	N/A
Units delivered	302	N/A	N/A

At 30 June 2017

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	1 767 754	16 364	1 784 118
Project expenses	(1 192 707)	(840)	(1 193 547)
Other operating expenses	(23 046)	(94 026)	(117 072)
EBITDA (percentage of completion)	552 001	(78 502)	473 499

Reconciliation EBITDA to operating profit (loss):

EBITDA (percentage of completion)	552 001	(78 502)	473 499
Sales revenues (adjustment effect of percentage of completion)	(1 339 136)	-	(1 339 136)
Sales revenues (completed contract)	1 145 709	-	1 145 709
Project expenses (adjustment effect of percentage of completion)	991 650	-	991 650
Project expenses (completed contract)	(950 591)	-	(950 591)
Depreciation and amortisation	-	(2 096)	(2 096)
Share of income (losses) from associated companies and joint ventures	(13 994)	-	(13 994)
Other gain (loss), net	-	-	-
Operating profit (loss)	385 639	(80 598)	305 041
Units under construction	1 586	N/A	N/A
Units delivered	307	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)	Q2 2018	Q1 2018	Q2 2017	2017
Land (undeveloped)	1 899 533	1 892 386	1 672 440	1 938 098
Work in progress	2 757 503	2 843 102	2 761 323	2 501 652
Completed units	127 726	177 294	184 699	204 188
Carrying amount	4 784 762	4 912 782	4 618 462	4 643 938

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)	Q2 2018	Q2 2017	1H 2018	1H 2017	2017
Project expenses	(646 349)	(840 459)	(922 269)	(1 152 489)	(2 432 818)
Finance expenses	(16 380)	(19 385)	(21 718)	(31 239)	(77 999)
Other project expenses	(629 969)	(821 074)	(900 551)	(1 121 250)	(2 354 819)

(figures in NOK 1 000)	Q2 2018	Q2 2017	1H 2018	1H 2017	2017
EBITDA*	161 950	225 352	207 342	307 137	547 737
EBITDA-margin	18.8%	19.9%	16.7%	19.3%	17.0%
EBITDA adjusted**	178 330	244 737	229 060	338 376	625 736
EBITDA-margin adjusted	20.6%	21.6%	18.4%	21.3%	19.4%

* EBITDA is profit before interest, taxes, depreciation and amortisation.

** EBITDA adjusted is excluding financial expenses included in project costs, see note 6 for details.

Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, the interim financial statements for the period from 1 January to 30 June 2018 have been prepared in accordance with IAS 34 on interim reporting, and that the information in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and profit or loss taken as a whole.

We also confirm that, to the best of our knowledge, the interim report for the first half gives a true and fair view of important events in the accounting period and their influence on the interim report for the first half, as well as the principal risks and uncertainties facing the business in the next accounting period.

The board of directors for Selvaag Bolig ASA
Oslo, 14 August 2018

Gisele Marchand
Chair

Sissel Kristensen
Director

Peter Groth
Director

Tore Myrvold
Director

Olav Hindahl Selvaag
President and CEO

Anne Sofie Bjørkholt
Director

Christopher Brunvoll
Director

SELVAAG BOLIG

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About Selvaag Bolig

Selvaag Bolig ASA is a residential property developer controlling 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. The company is headquartered at Ullern in Oslo.

www.selvaagboligasa.no