

Q4 2018

Oslo 13 February 2019
Olav H. Selvaag, acting CEO
Sverre Molvik, CFO

SELVAAG BOLIG

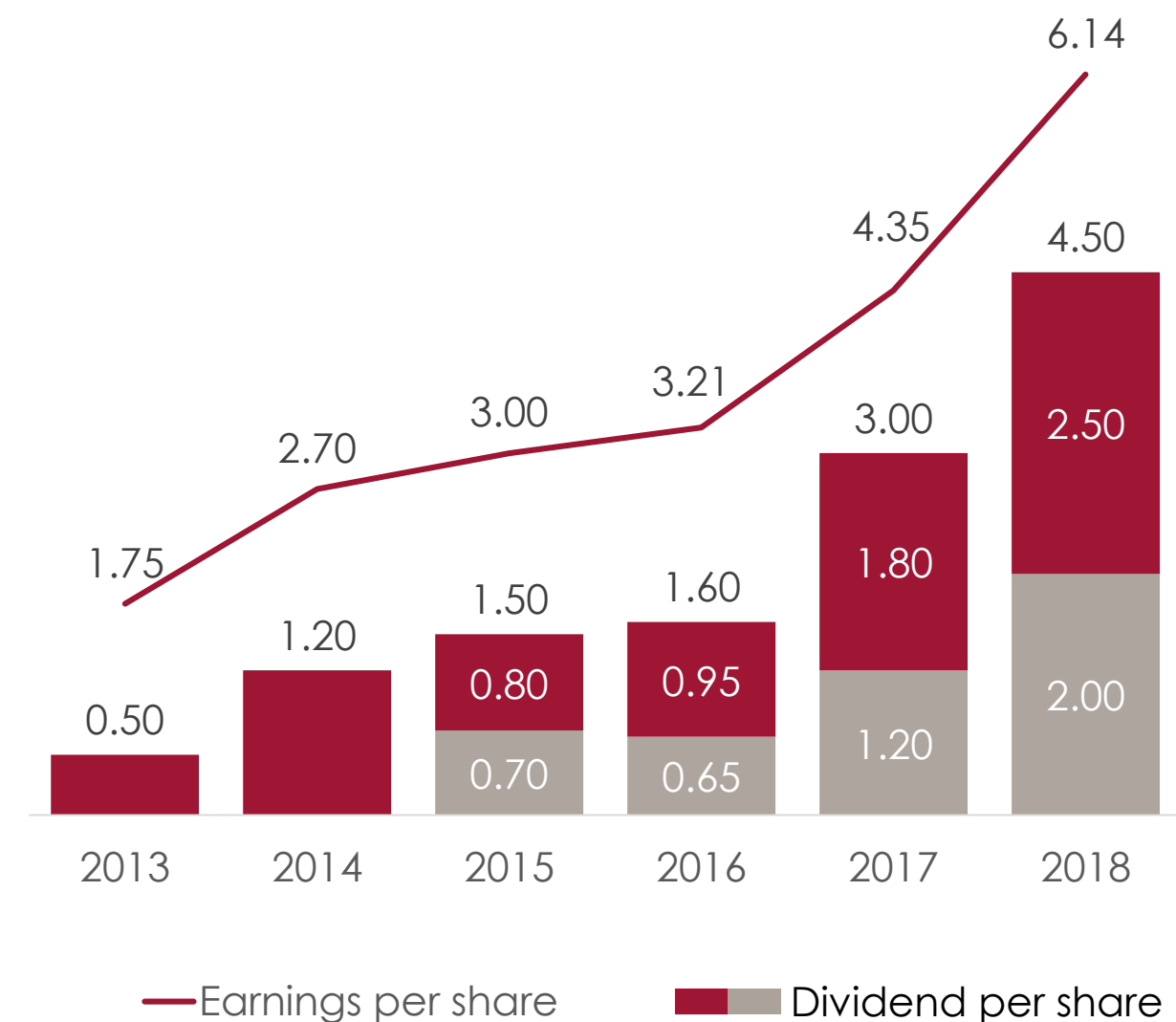
Agenda

- **Highlights**
- Operational update
- Financial update
- Land bank development
- Market
- Summary



Highlights Q4 2018

- Record high deliveries yielding strong quarterly and annual IFRS results
- Dividend proposal of NOK 2.50 per share for H2'18 - NOK 4.50 for FY 2018
- External land bank valuation of NOK 3.2bn vs. book value of NOK 1.6bn



HIGHLIGHTS

Key financials

Q4 2018

Operating revenues

1 625

NOK million

Adjusted EBITDA margin

31.6

per cent

Operating revenues (NGAAP)

1 033

NOK million

EBITDA margin (NGAAP)

18.9

per cent

Full year 2018

Operating revenues

3 342

NOK million

Adjusted EBITDA margin

24.8

per cent

Operating revenues (NGAAP)

2 975

per cent

EBITDA margin (NGAAP)

20.6

per cent

Agenda

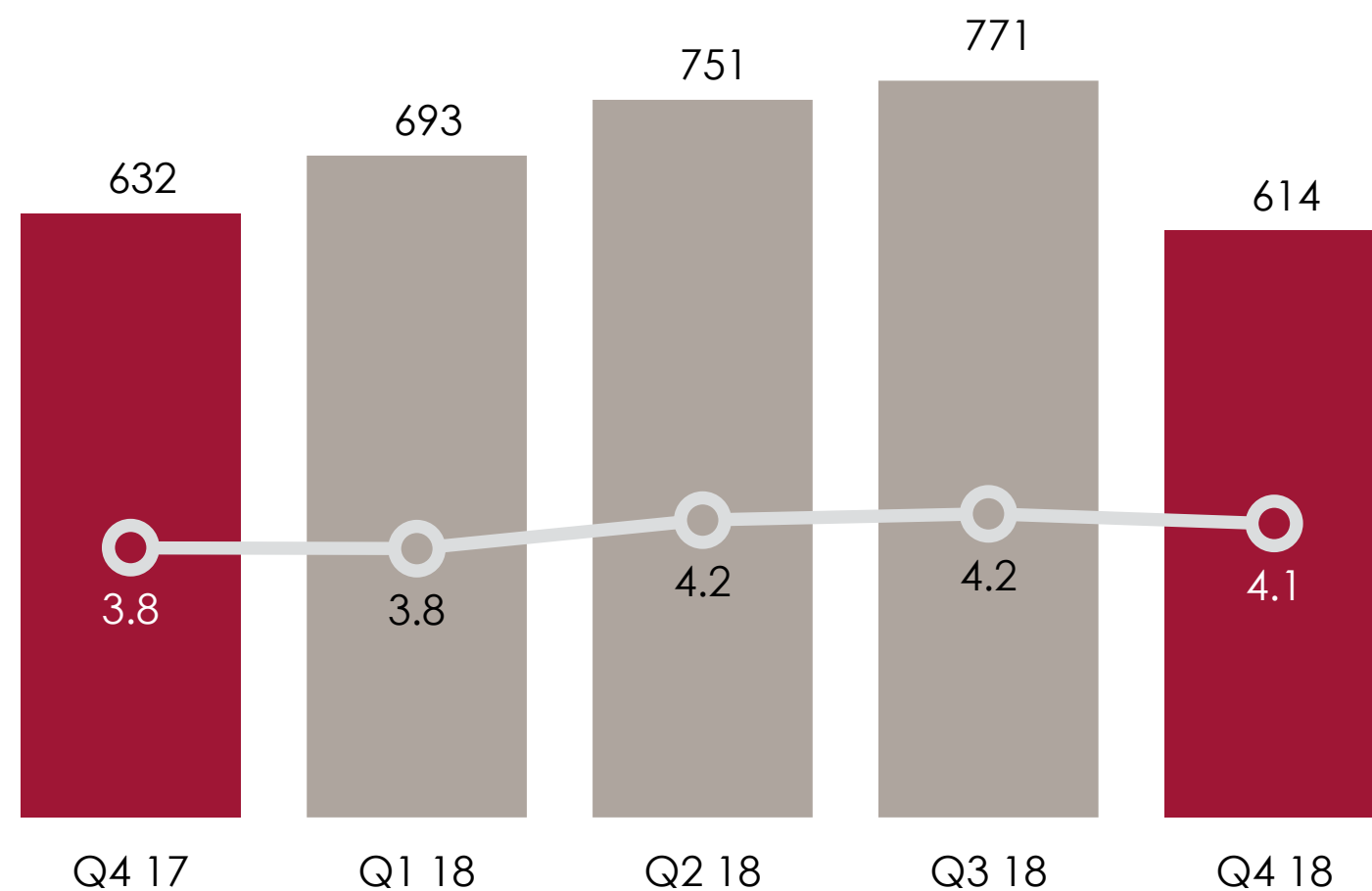
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Sales value and units sold

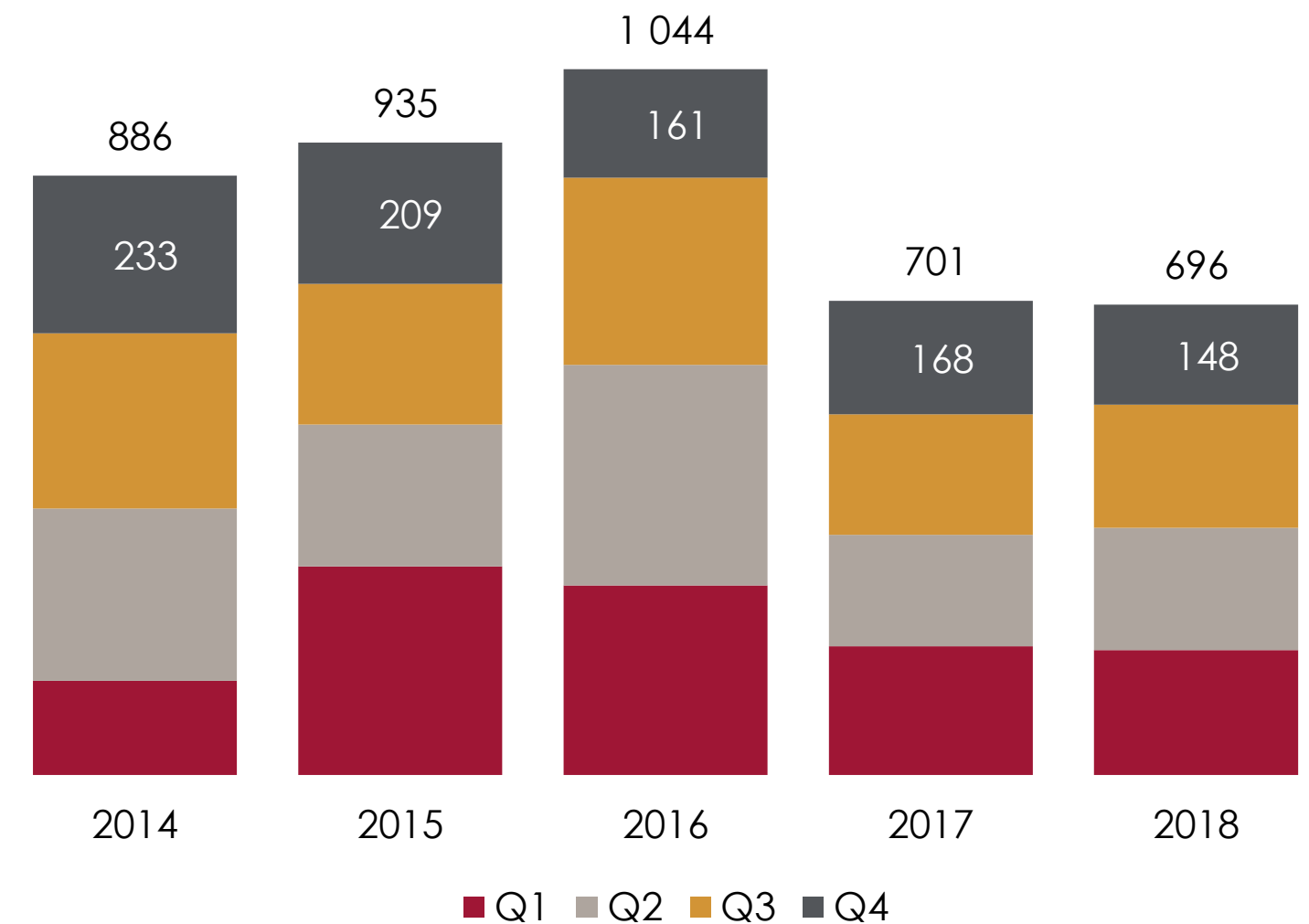
Total and average sales value

NOK million



Number of units sold per quarter

Units

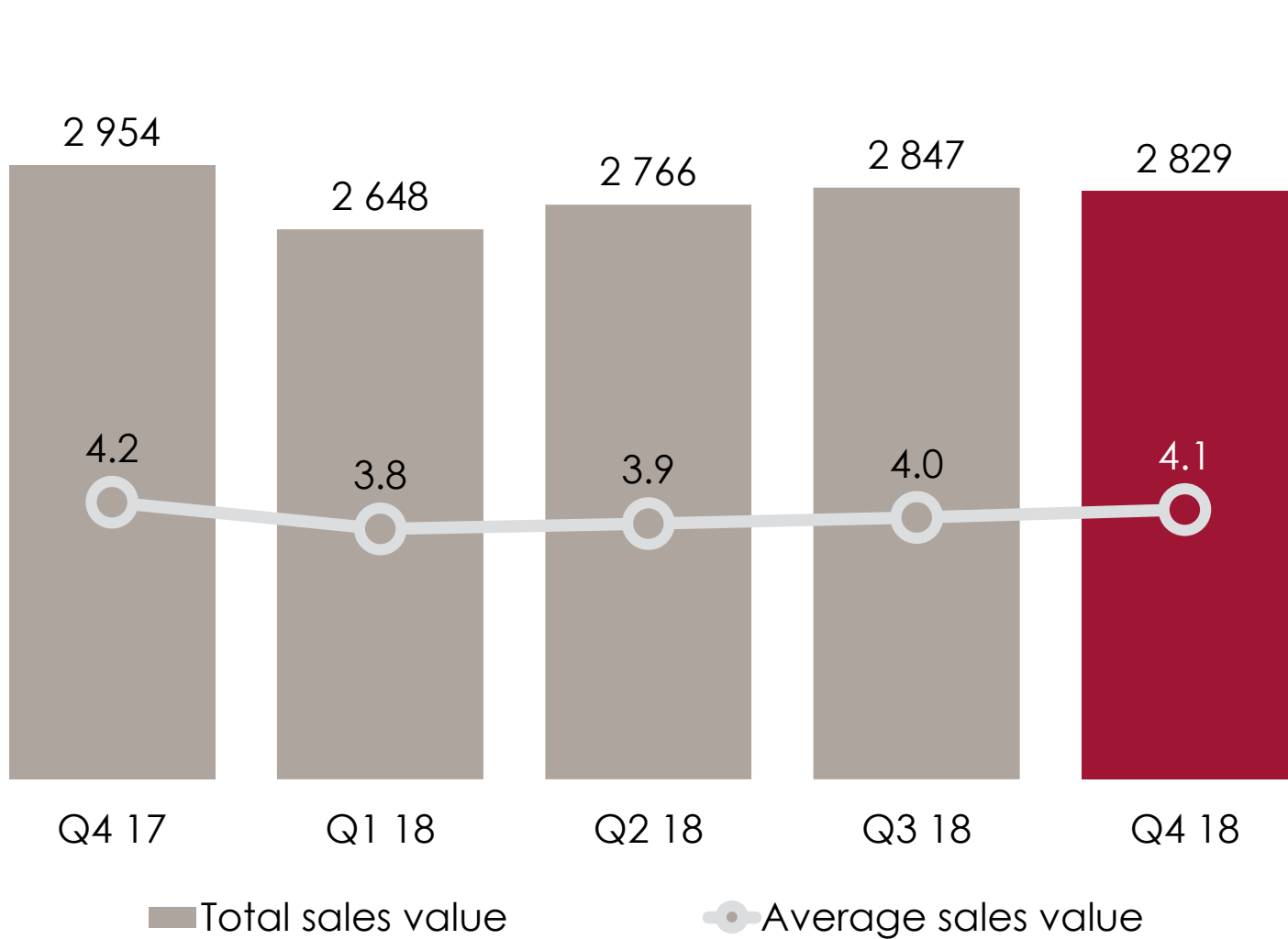


Note: All numbers are adjusted for Selvaag Bolig's share in joint ventures

Rolling sales value and units sold

Sales value: 12 months rolling

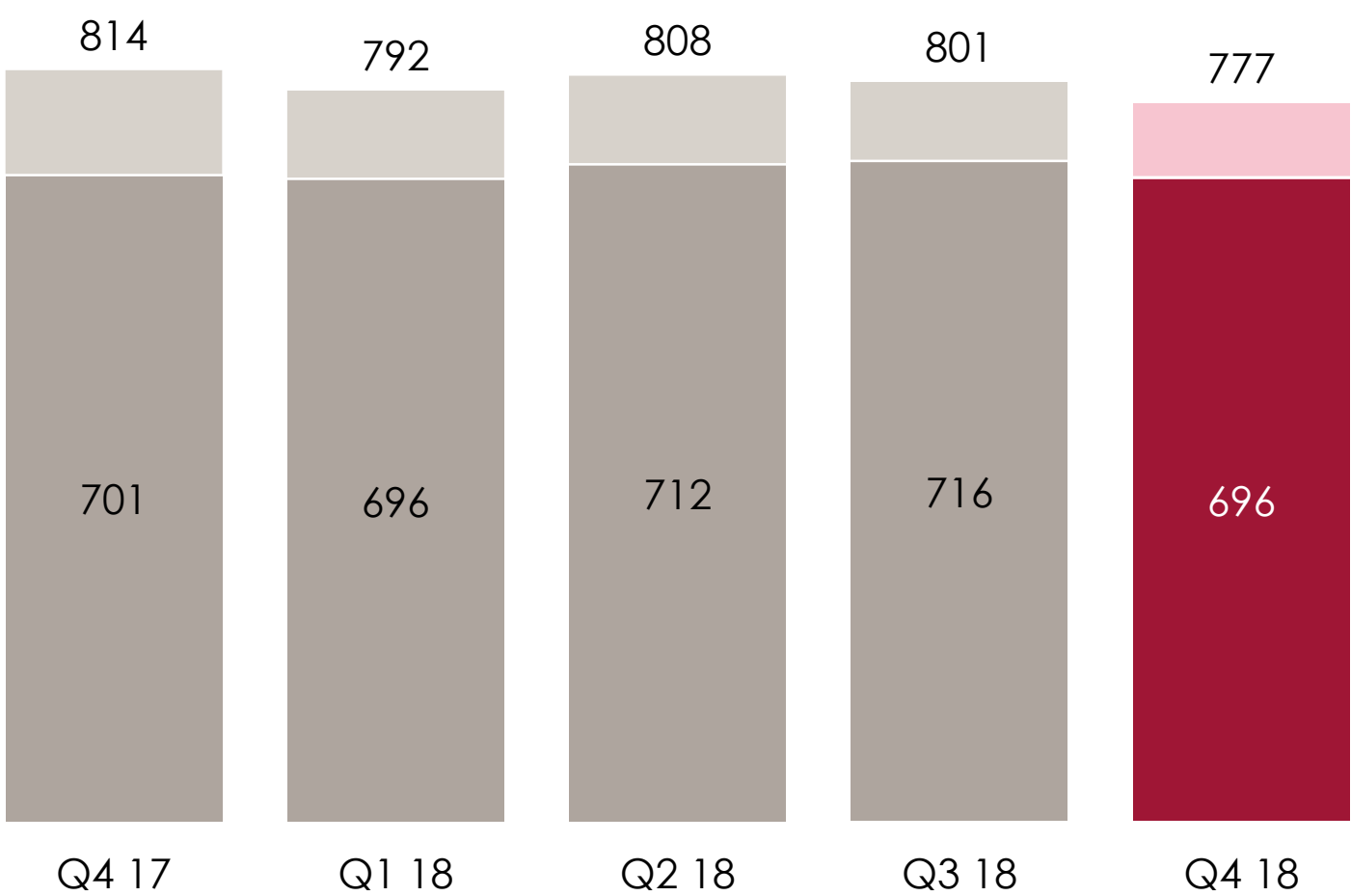
NOK million



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

Units sold: 12 months rolling

Units

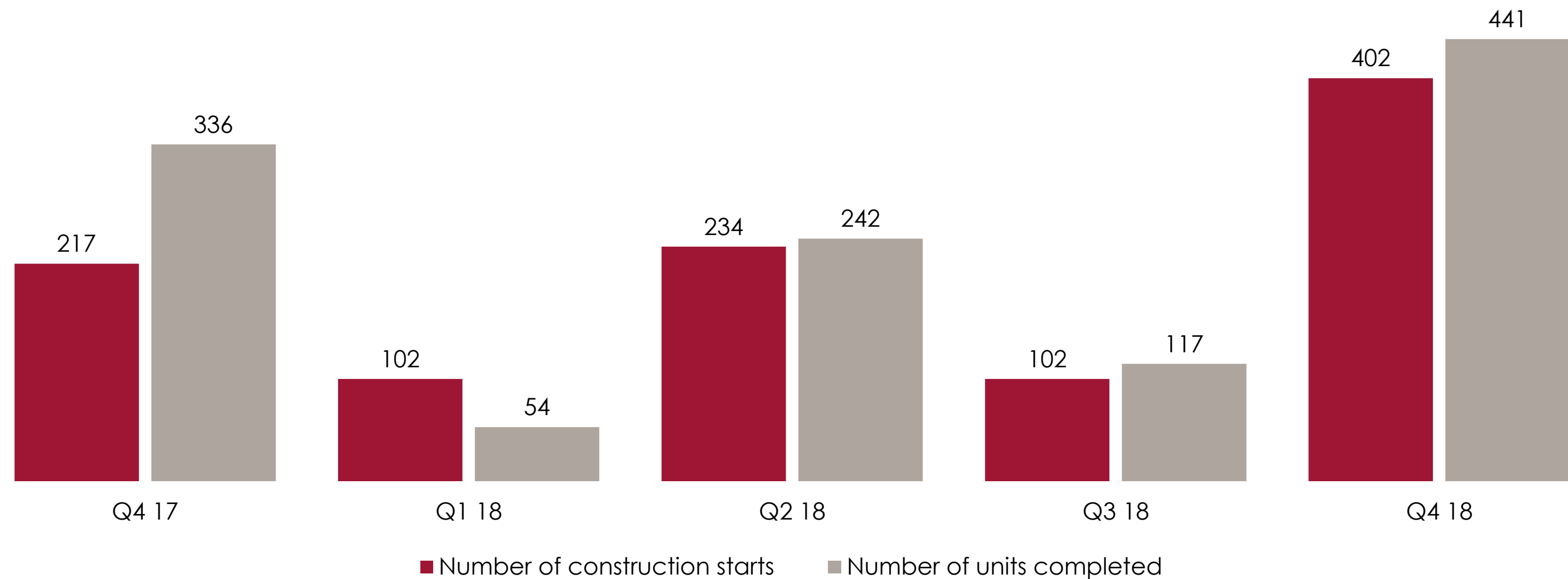


*Total columns show Selvaag Bolig's gross sales
**Columns excluding dotted areas show Selvaag Bolig's net sales

Construction starts and completions

Construction starts and completions per quarter

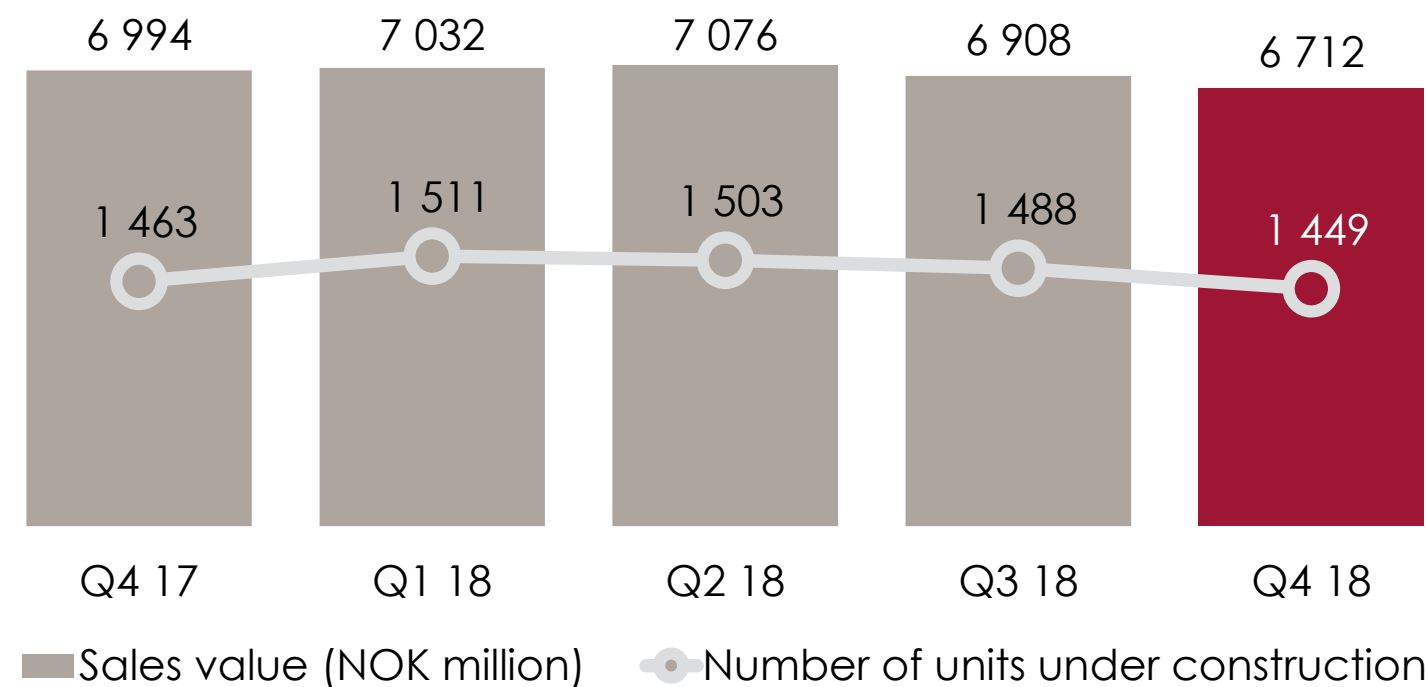
Units



Units under construction and completions

Sales value units under construction

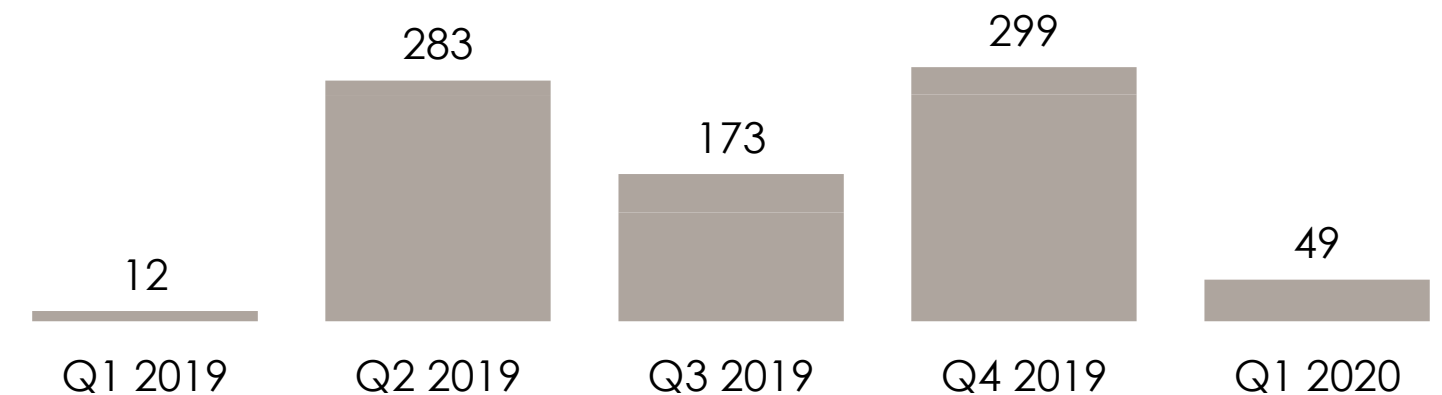
NOK million



- Q4 2018: 66% of units under construction sold by Q4 2018
- Q4 2018: 79% of construction volume in Oslo Metropolitan Area

Expected completions per quarter

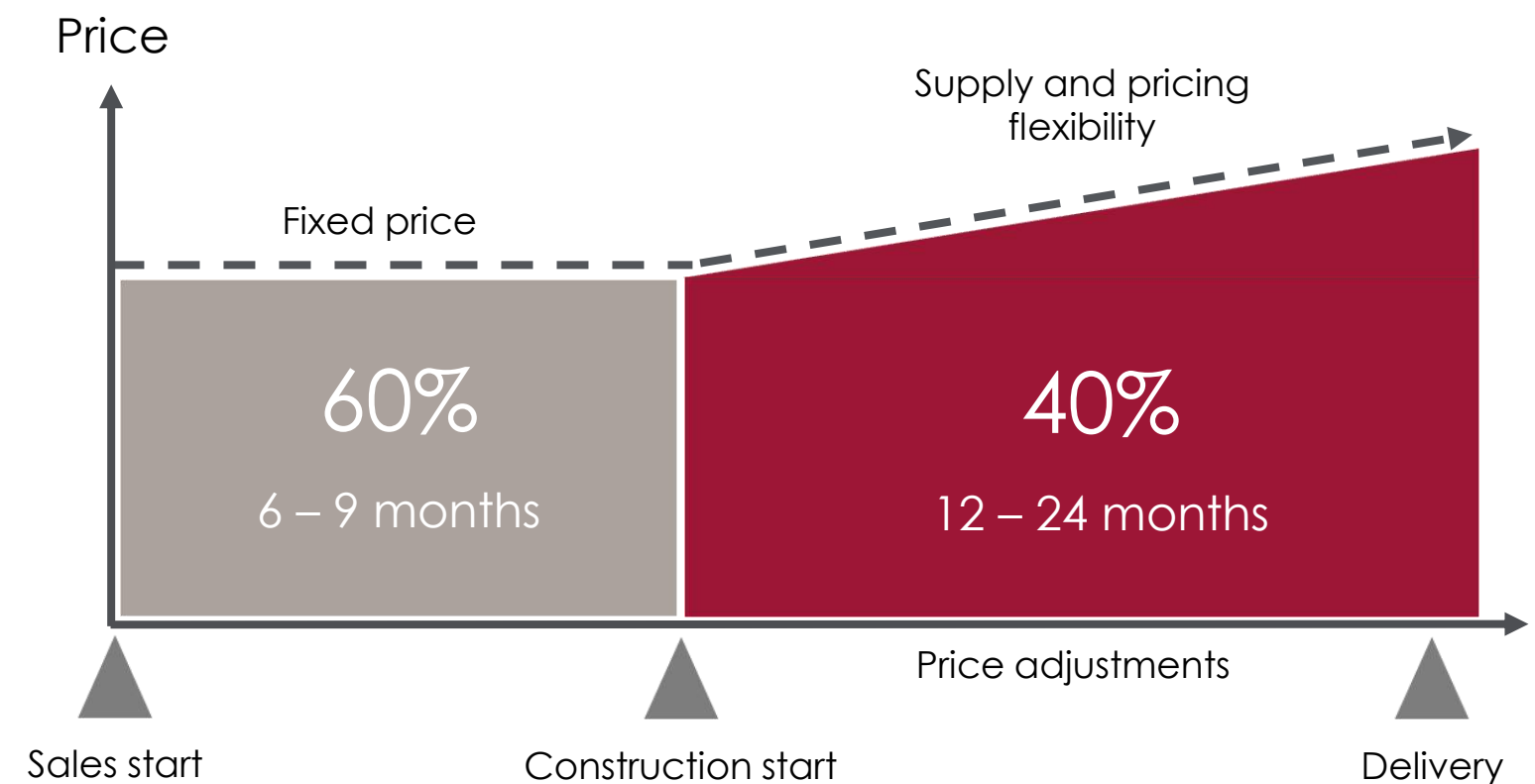
Units



- Expected completions for 2019 as of Q4 18: 767 units
- 70% of 2019 completions sold by Q4 2018

Flexibility to optimize value creation

- Pre-sale condition: 60 % sold within 6-9 months
- Sales price adjustments at construction start
- Sales price adjustment during construction period according to market development
- Target: Last unit sold at project completion



Agenda

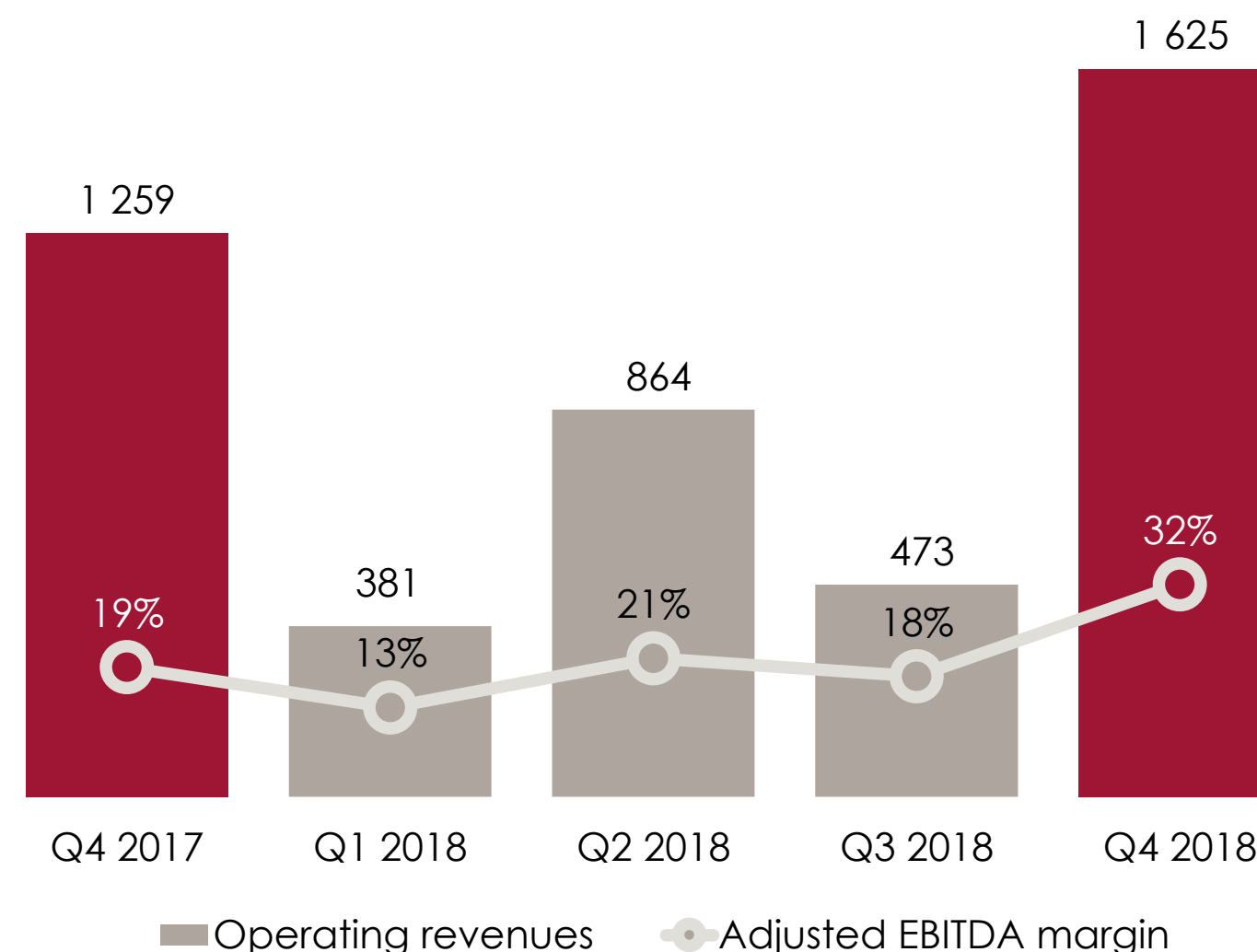
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Income statement highlights Q4 2018 (IFRS)

- 421 units delivered (355)
- Revenues NOK 1 625m (1 259)
 - Units delivered NOK 1 596m (1 239)
 - Other revenues NOK 29m (20)
- Project costs NOK 1 127m (983)
 - Of which NOK 42m is interest (28)
- Other costs NOK 83m (66)
 - Salaries, sales and marketing
- Adjusted EBITDA NOK 513m (242)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK 472m (214)
- EPS in the quarter NOK 3.93 (1.78)

Revenues and adjusted EBITDA margin (IFRS)

NOK million



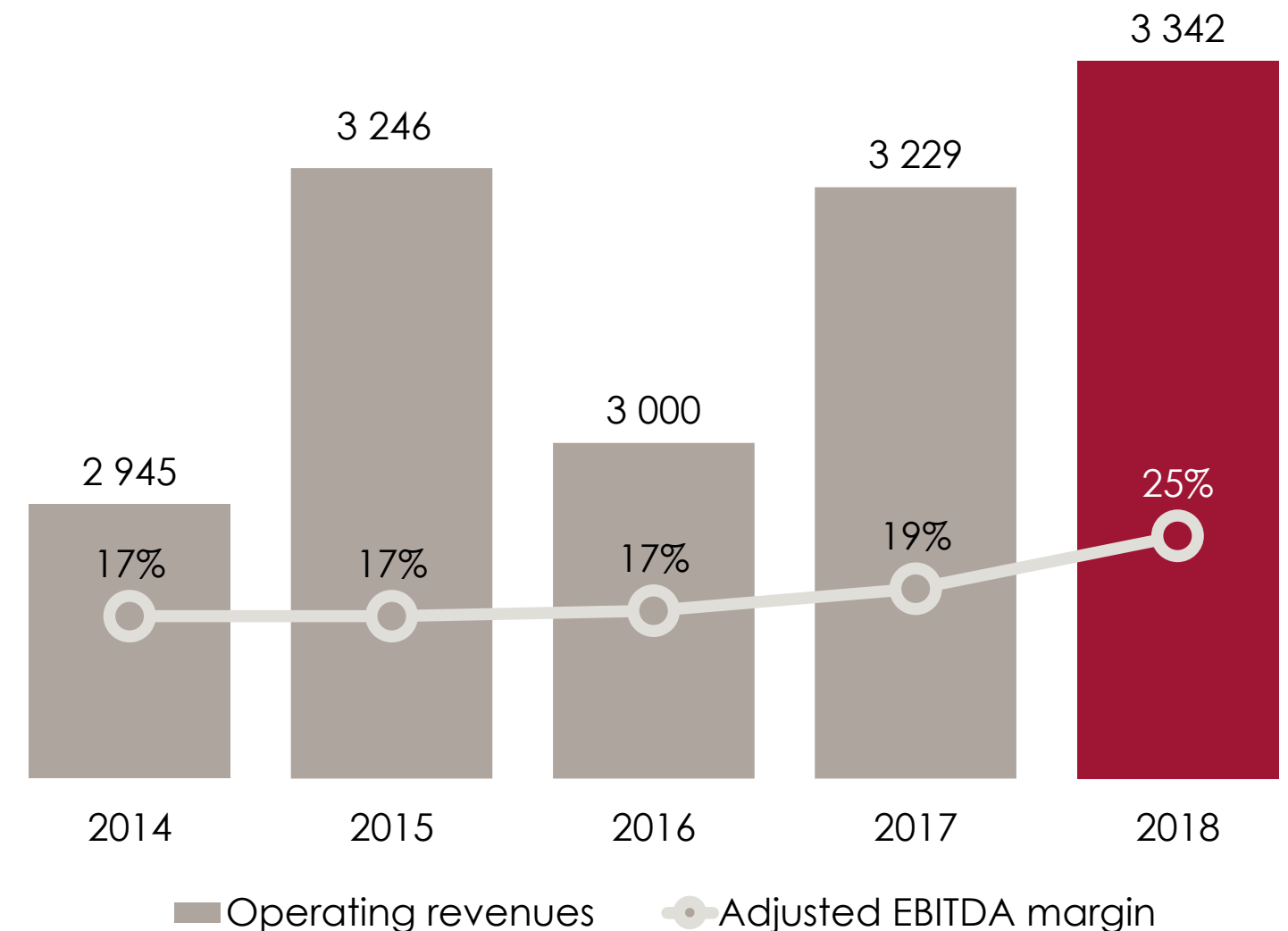
Note: EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs

Income statement highlights FY 2018 (IFRS)

- Delivery of 849 units (737)
- Revenues NOK 3 342m (3 229)
- EBITDA adjusted 827m (626)
 - Adjusted for financial expenses included in project cost
- EBITDA NOK 754m (548)
- Earnings per share full year NOK 6.14 (4.35)

Revenues and adjusted EBITDA margin (IFRS)

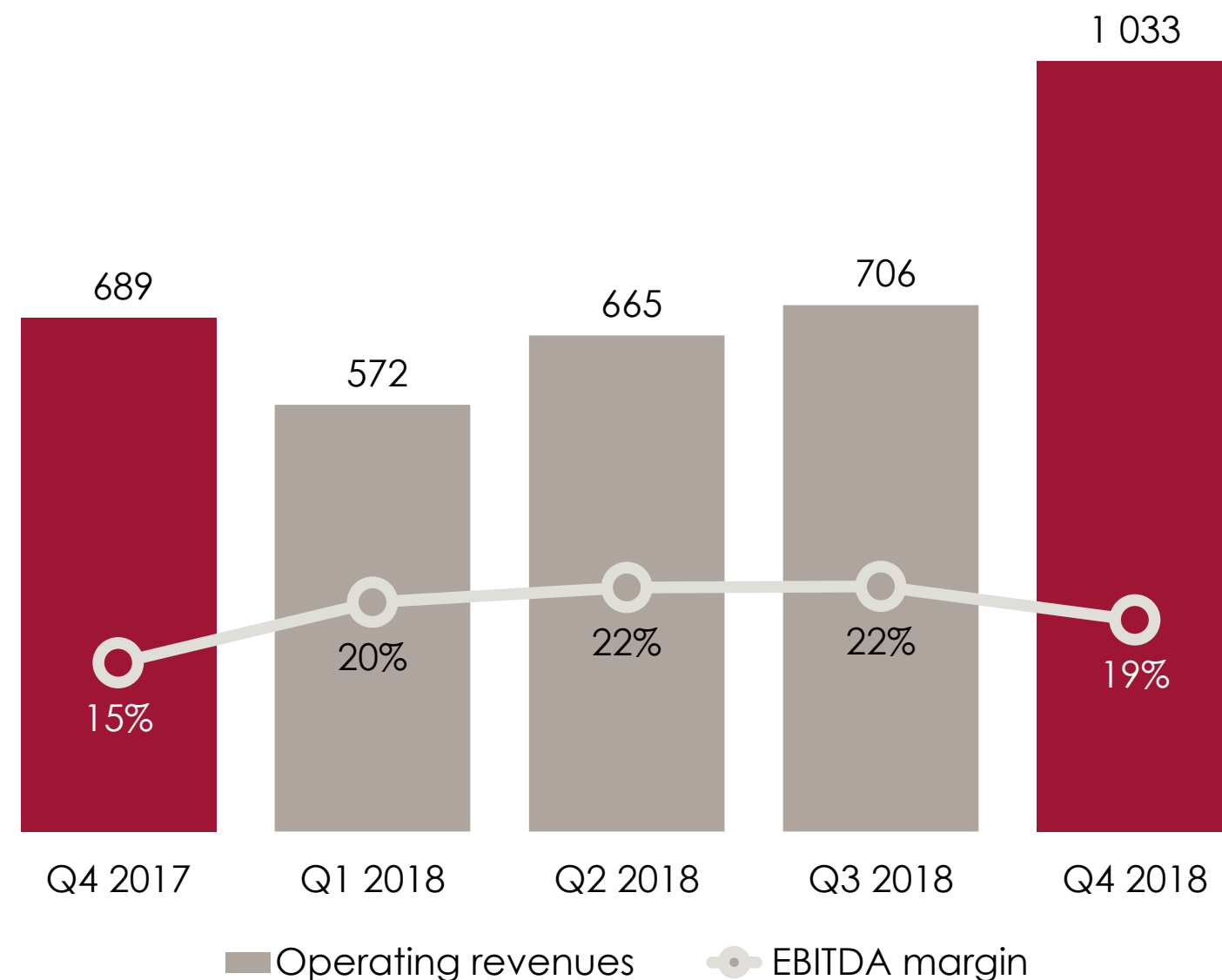
NOK million



Income statement highlights Q4 2018 (NGAAP)

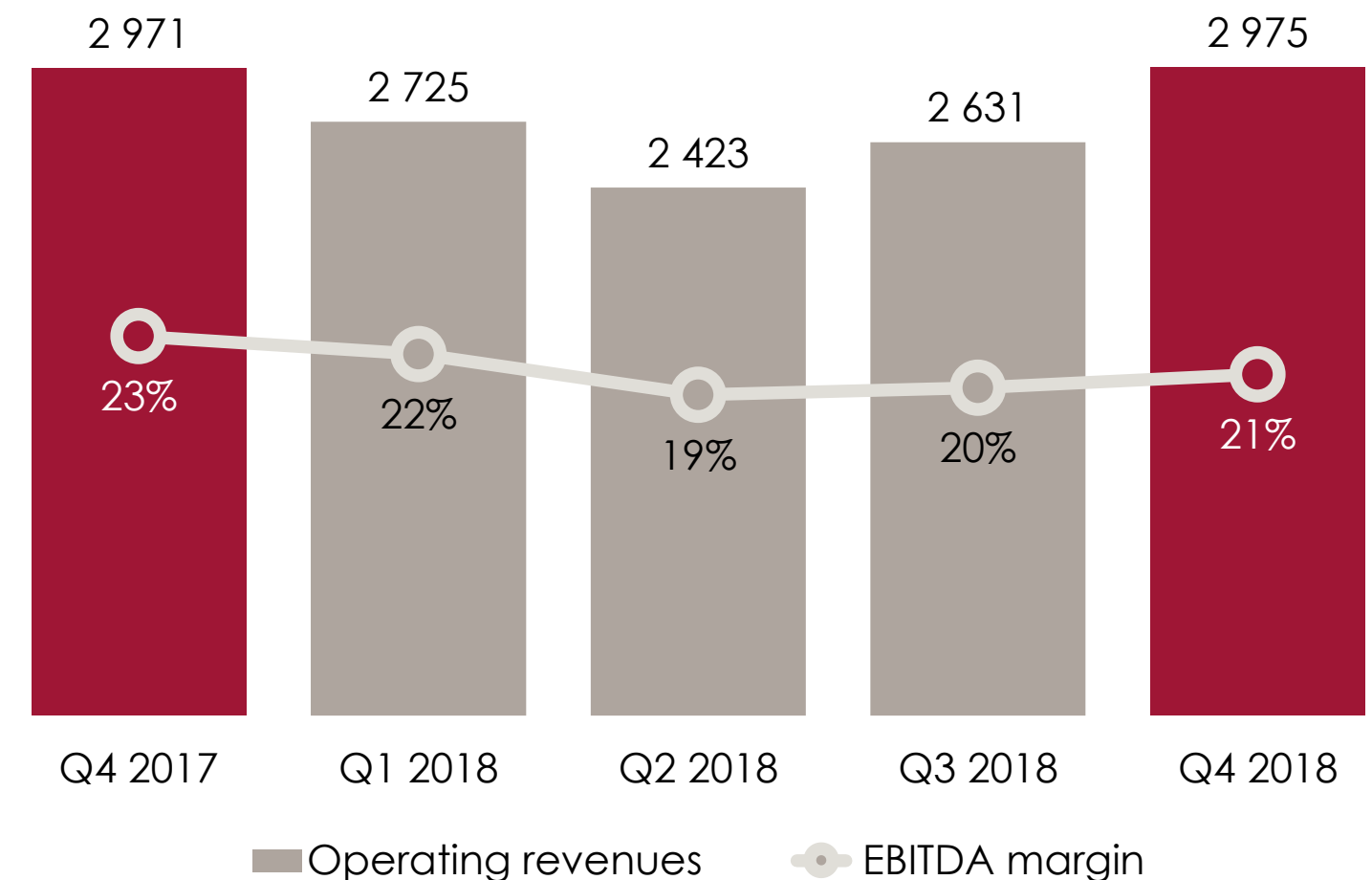
Revenues and EBITDA margin (NGAAP)*

NOK million



12 months rolling revenues (NGAAP)*

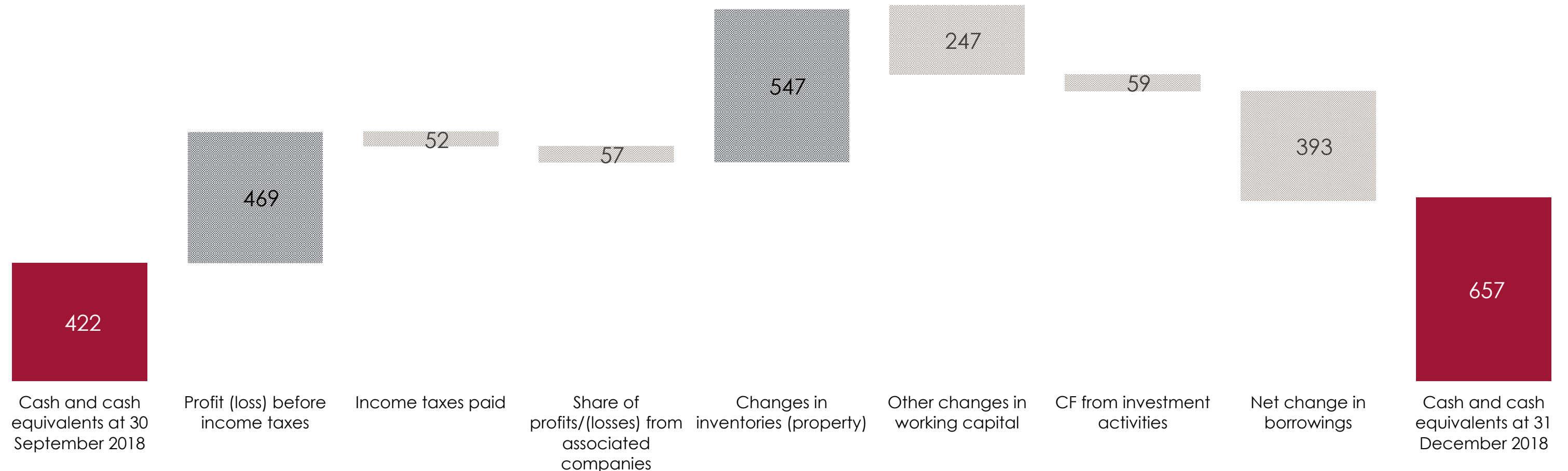
NOK million



* Construction costs are exclusive of financial expenses in the segment reporting (NGAAP)
 Note: EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

Cash flow development Q4 2018

NOK million



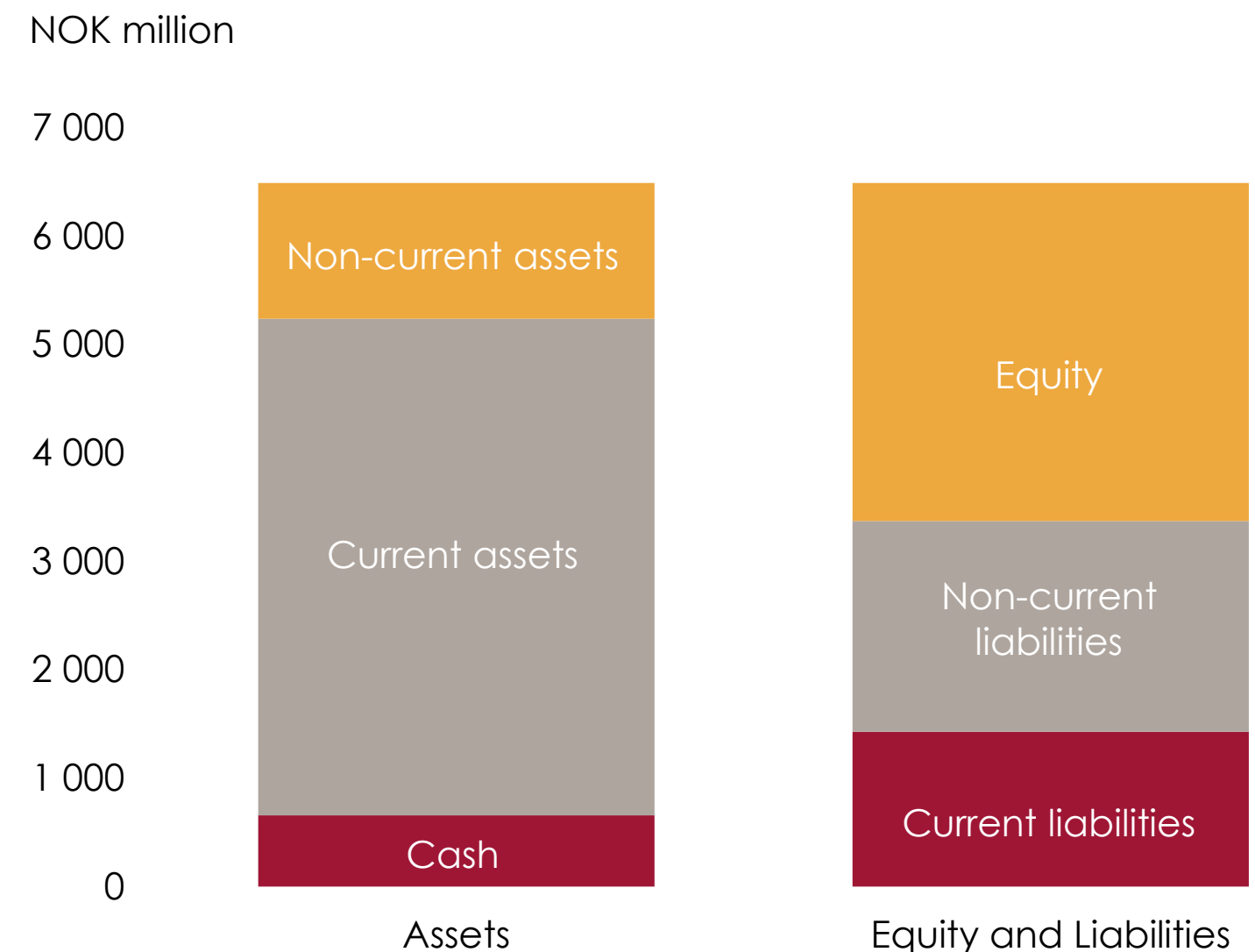
- Cash flow from operations positive at NOK 675m mainly explained by high amount of units delivered
- Cash flow from investment activities negative at NOK 59m mainly due to investments in associated companies
- Cash flow from financing activities negative at NOK 381m mainly due to net decrease in loans

Note: Amounts below NOK 15m are excluded from the cash flow overview

Balance sheet highlights Q4 2018

- Book value of equity increased by NOK 4.20 to NOK 33.20 per share
 - Equity ratio 48.0%
- Changes from Q3 2018:
 - Inventories decreased by NOK 638m
 - Trade receivables decreased by NOK 14m
 - Cash increased by NOK 235m
- Prepayments from customer's accounts for NOK 201m of other current non-interest-bearing liabilities

Balance sheet composition

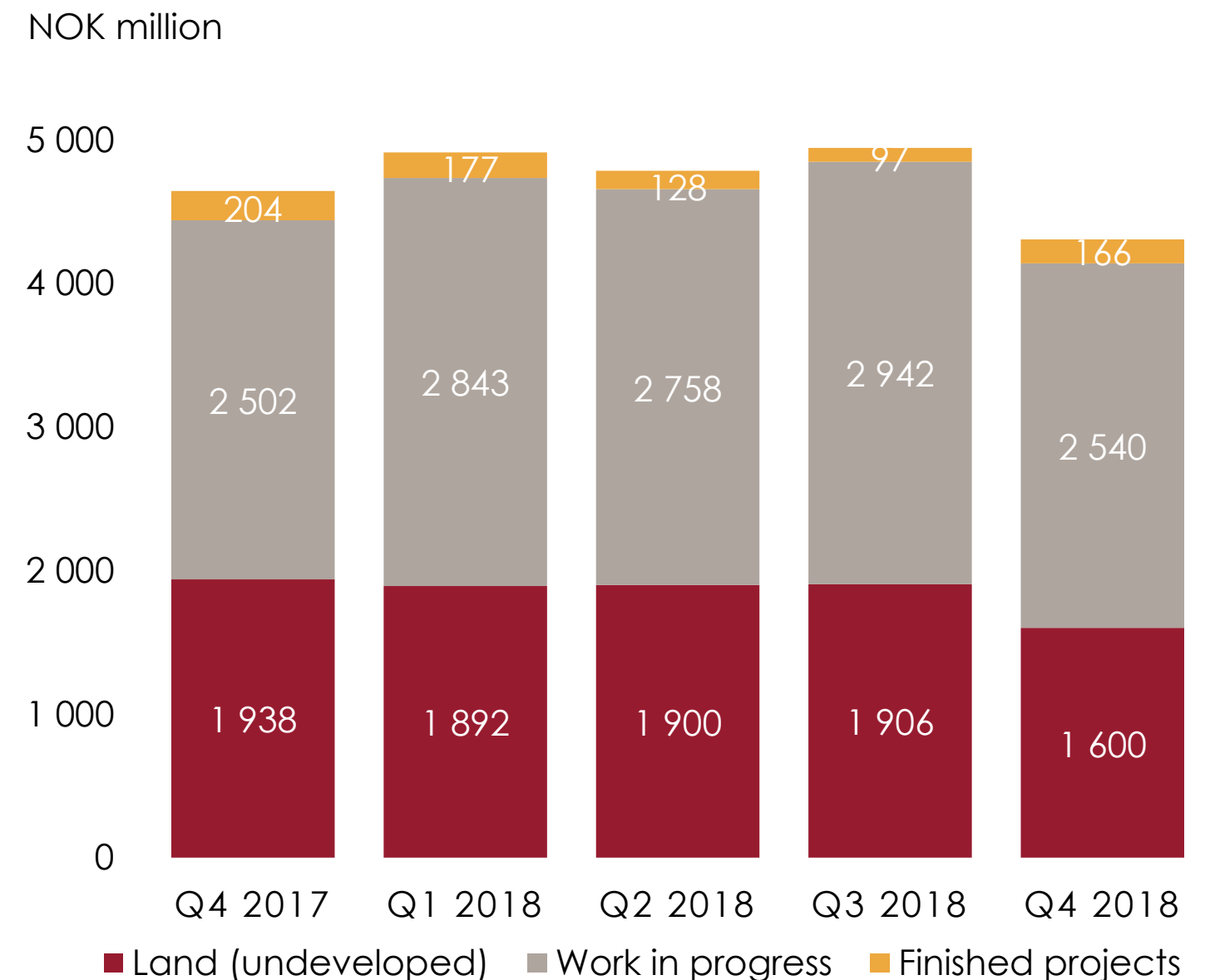


Inventories (property) Q4 2018

Q4 18 vs Q3 18

- Land value down NOK 306m
 - Due to construction starts
- Work in progress down NOK 403m
 - Mainly due to units delivered
- Finished goods up NOK 70m
 - Due to units completed

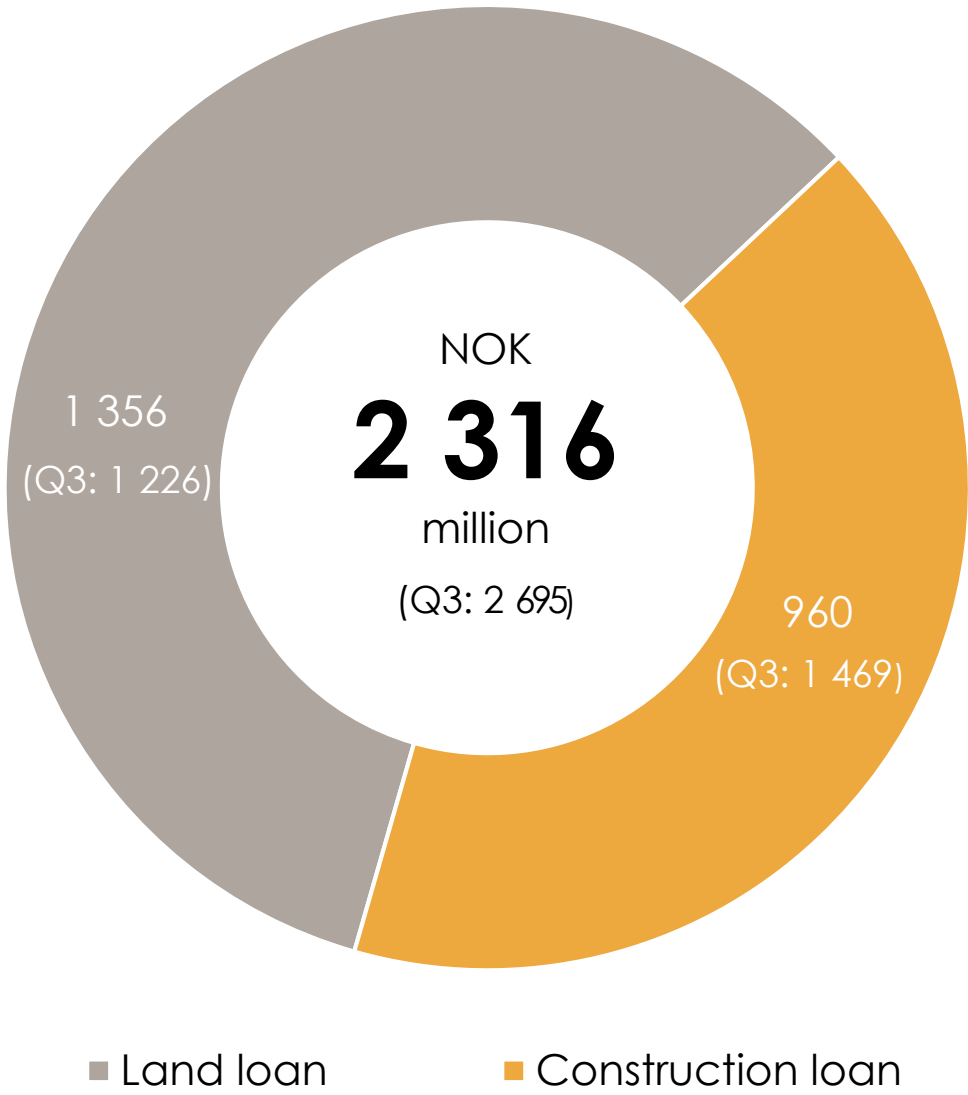
Inventory value development



Debt structure

Interest-bearing debt as at 31 December 2018

NOK million



	Loan facility	Drawn at 31 Dec. (NOKm)	Interest rate margin
1	NOK 500 million revolving credit facility from DNB maturing in 2022	0	3.40%
2	NOK 150 million working capital facility from DNB maturing in 2019	0	2.00%
3	Land loan facilities from a range of Nordic credit institutions	1 356	2.00% - 2.50%
4	Construction loan facilities from a range of Nordic credit institutions	960	1.75% - 2.60%

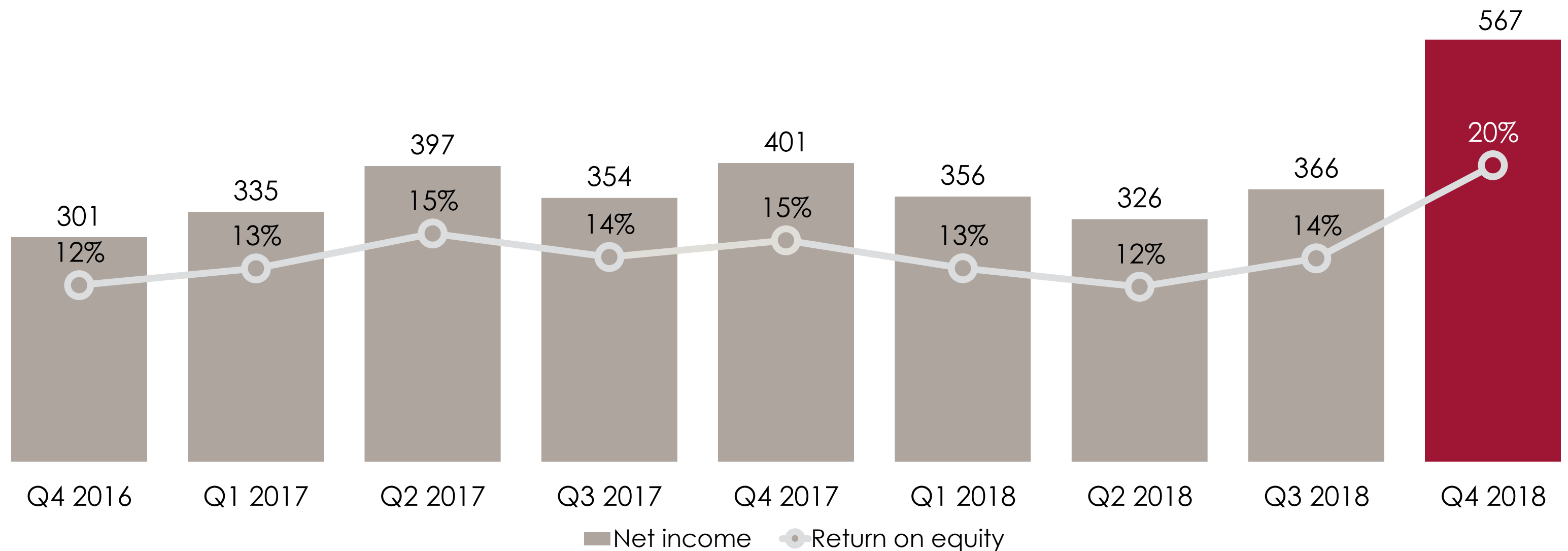
Total Q4 2018 net interest-bearing debt NOK 1 659 million

Total Q3 2018 net interest-bearing debt NOK 2 273 million

Return on equity (IFRS)

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

NOK million

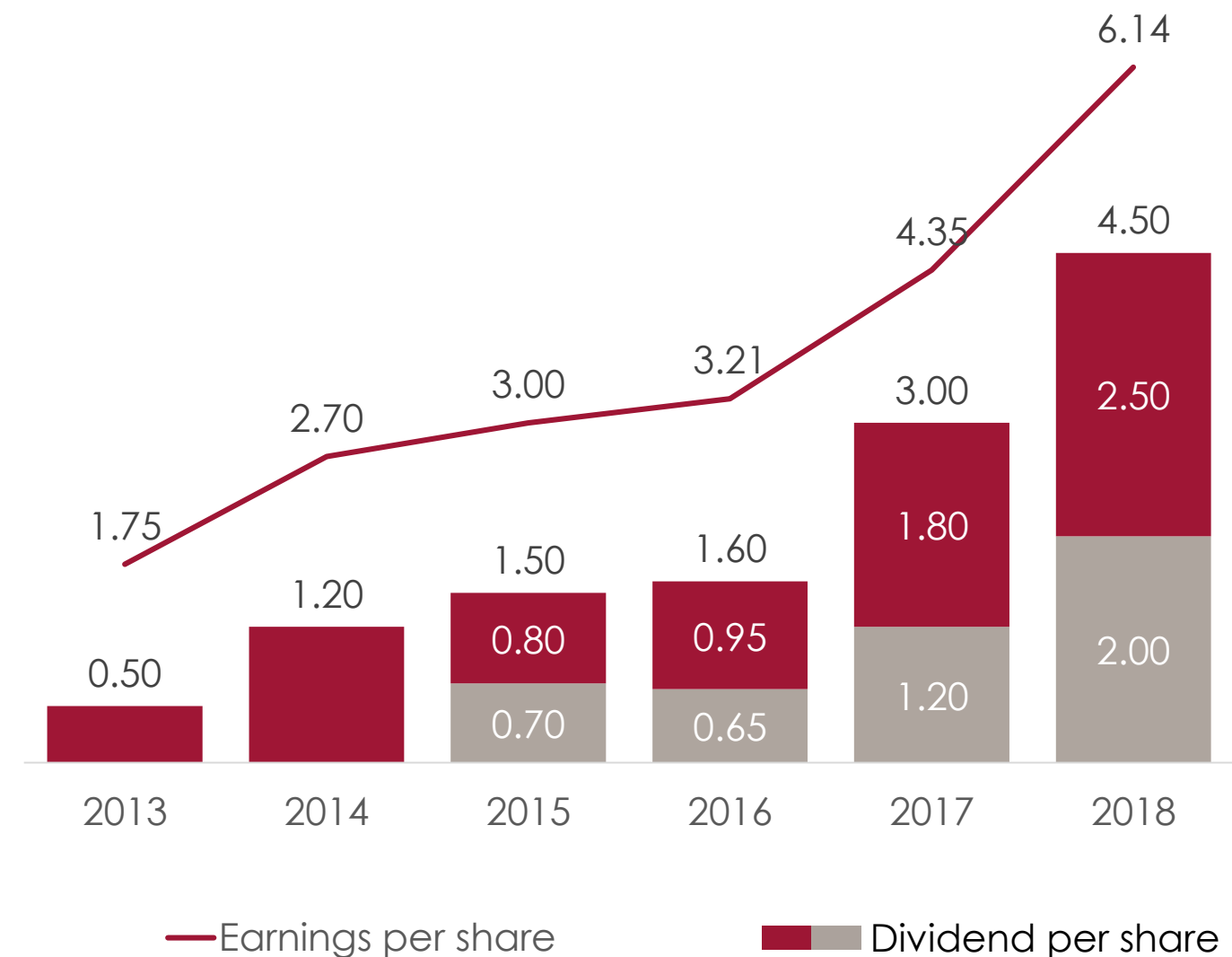


* Net income attributable to shareholders in Selvaag Bolig ASA

** Based on equity at the start of the period (attributed to shareholders in Selvaag Bolig ASA)

Earnings and dividend per share

- FY'18 EPS NOK 6.14 (4.35)
- FY'18 dividend of NOK 4.50
 - H1'18 dividend of NOK 2.00 per share
 - Proposed H2'18 dividend of NOK 2.50 per share



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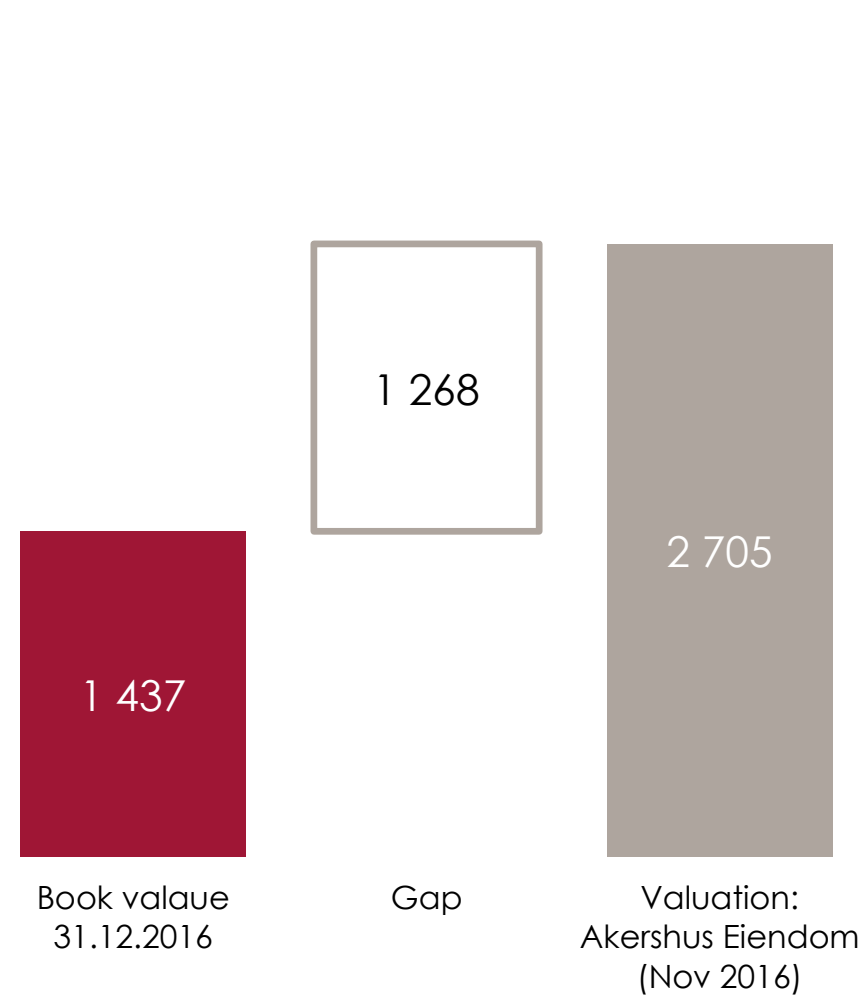
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Land bank book value vs. external valuation

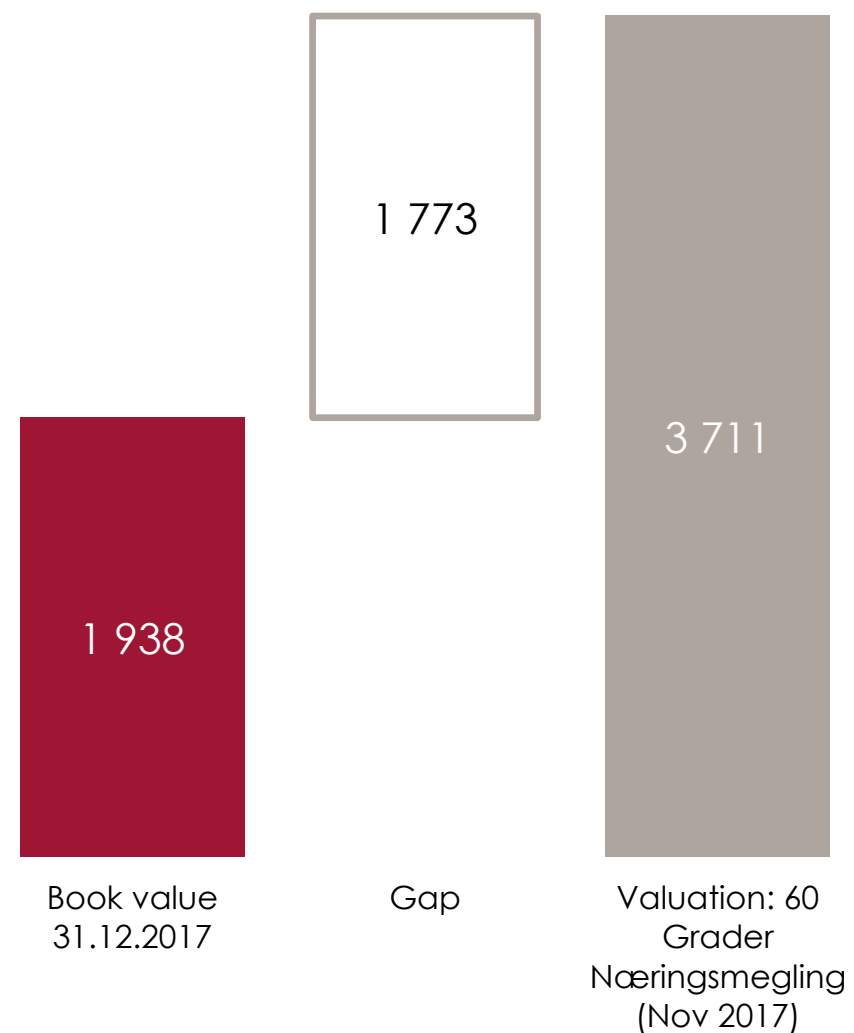
Q4 2016

NOK million

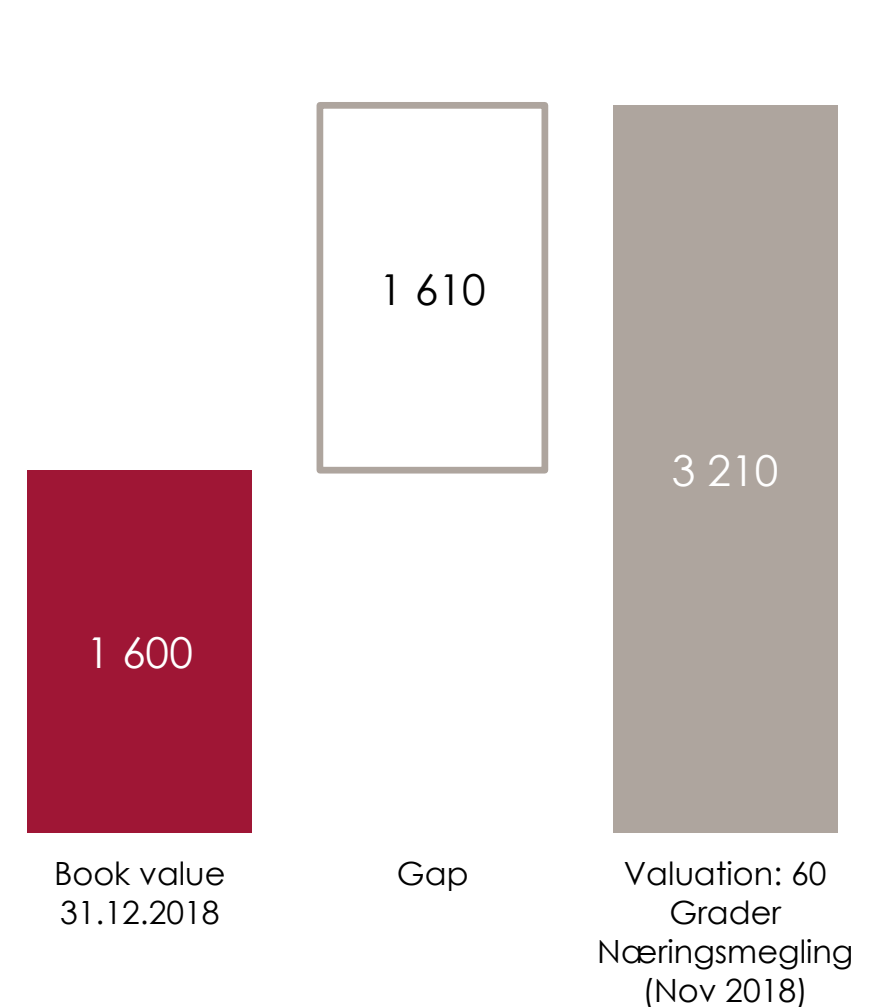


Q4 2017

NOK million

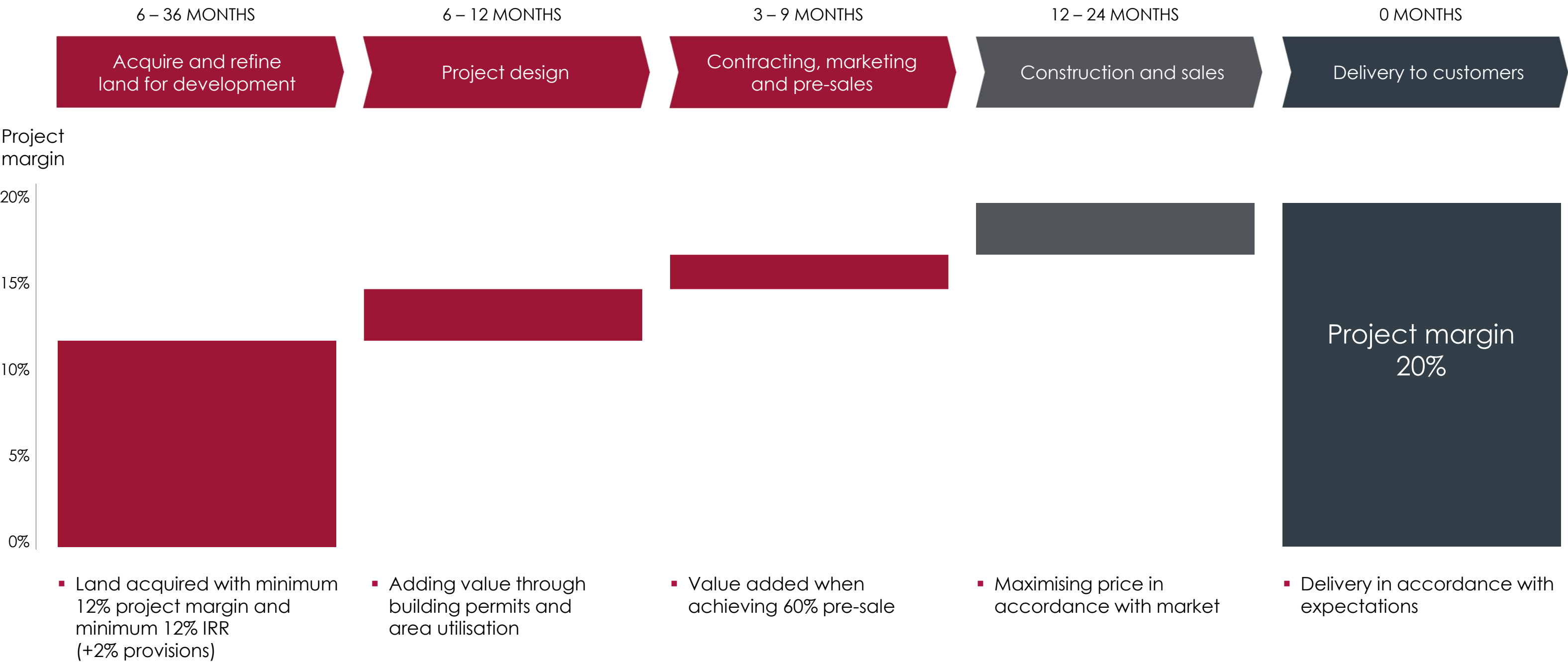


Q4 2018



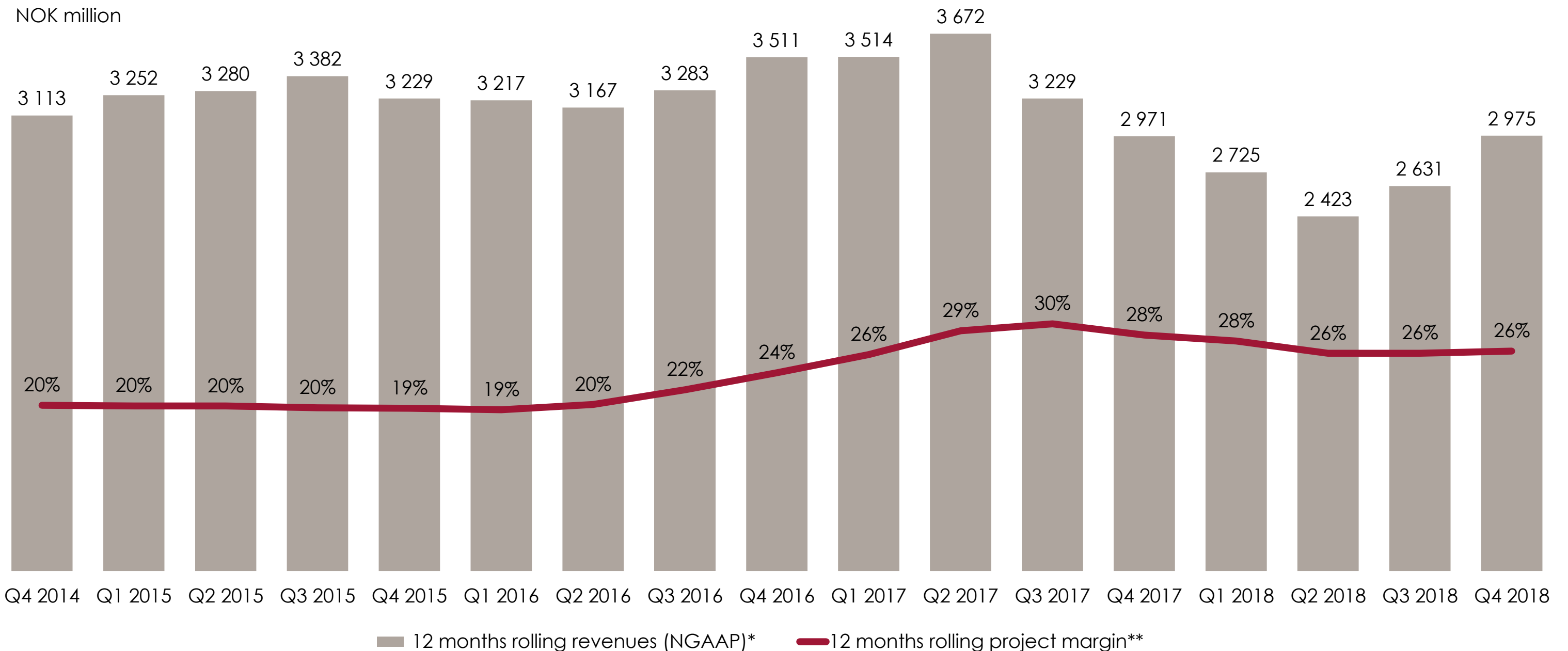
Note: Joint ventures and land options not included in the valuation

Margin development through project stages*



* Assuming flat market development

Project margin development



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

** Project margins are exclusive of overhead costs

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

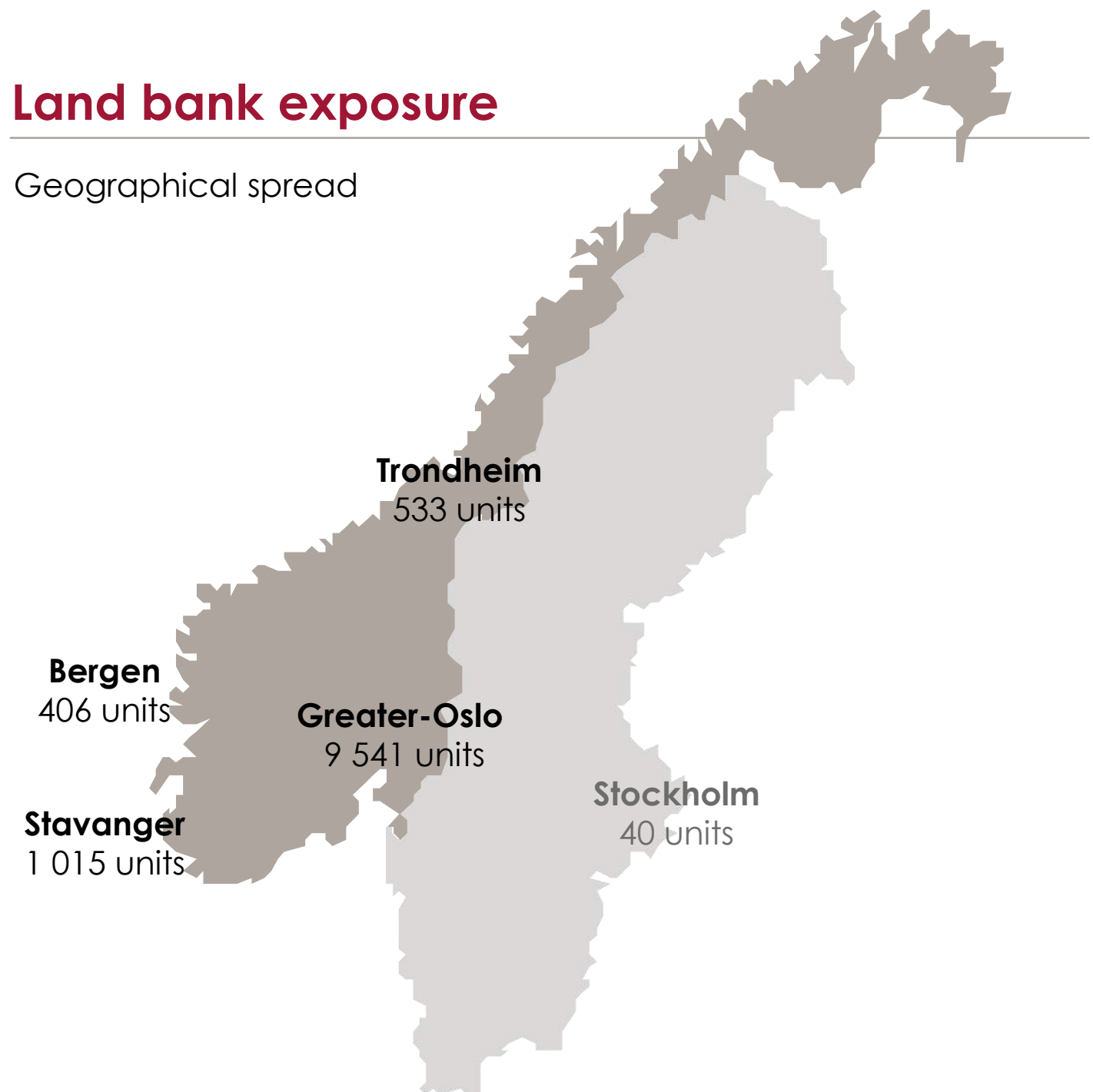
Land-bank strategy

- Acquire the right mix of zoned and unzoned land in suitable locations
- Land acquisitions in defined core areas
- High degree of site utilization 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 31 December 2018. 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 ~5 600 residential units, whereof the company has purchasing obligations for ~5 100 and purchasing options for ~500 units.

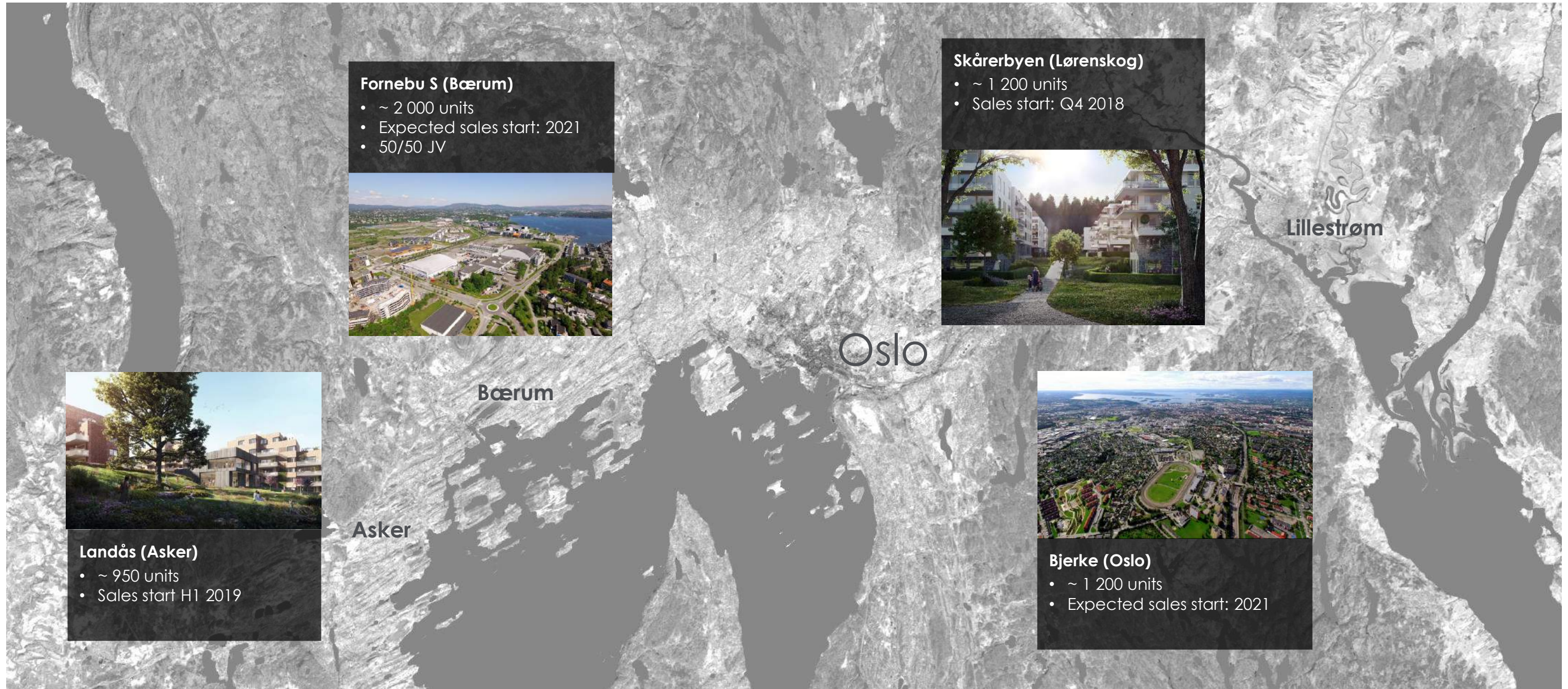
Land bank exposure

Geographical spread



Large upcoming projects

Selected upcoming projects in Oslo Metropolitan Area



LØRENSKOG STASJONSBY

- Oslo Metropolitan Area
- Total 2 000 units
 - ~ 1 500 units remaining
- First sales start: 2013





LANDÅS ASKER

- Oslo Metropolitan Area
- ~ 1 000 units
- Sales start: Q1 2019

An architectural rendering of a modern residential development named Skårerbyen. The scene shows two multi-story apartment buildings with white facades and balconies, situated on a hillside. A gravel path leads through a landscaped area with green lawns, hedges, and trees. In the foreground, a woman in a purple dress is pushing a stroller with a child. The background features a dense forest of tall evergreen trees. The sun is shining brightly from the top left, creating a warm, golden light. A semi-transparent text box in the upper right corner contains project information.


SKÅRERBYEN

- Oslo Metropolitan Area
- ~ 1 200 units
- Sales start: Q4 2018

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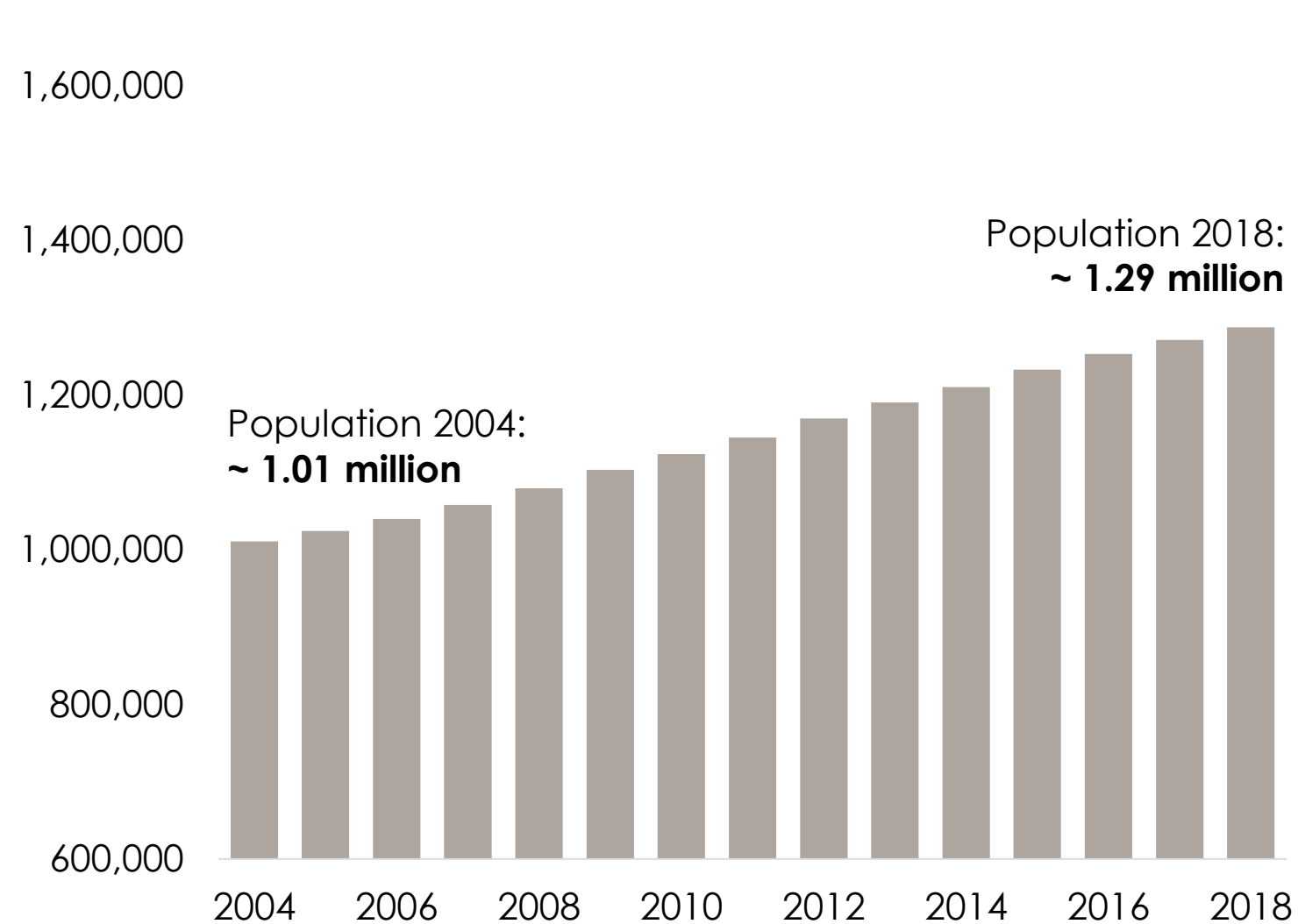


Now 1,3 million
people living in
Greater Oslo

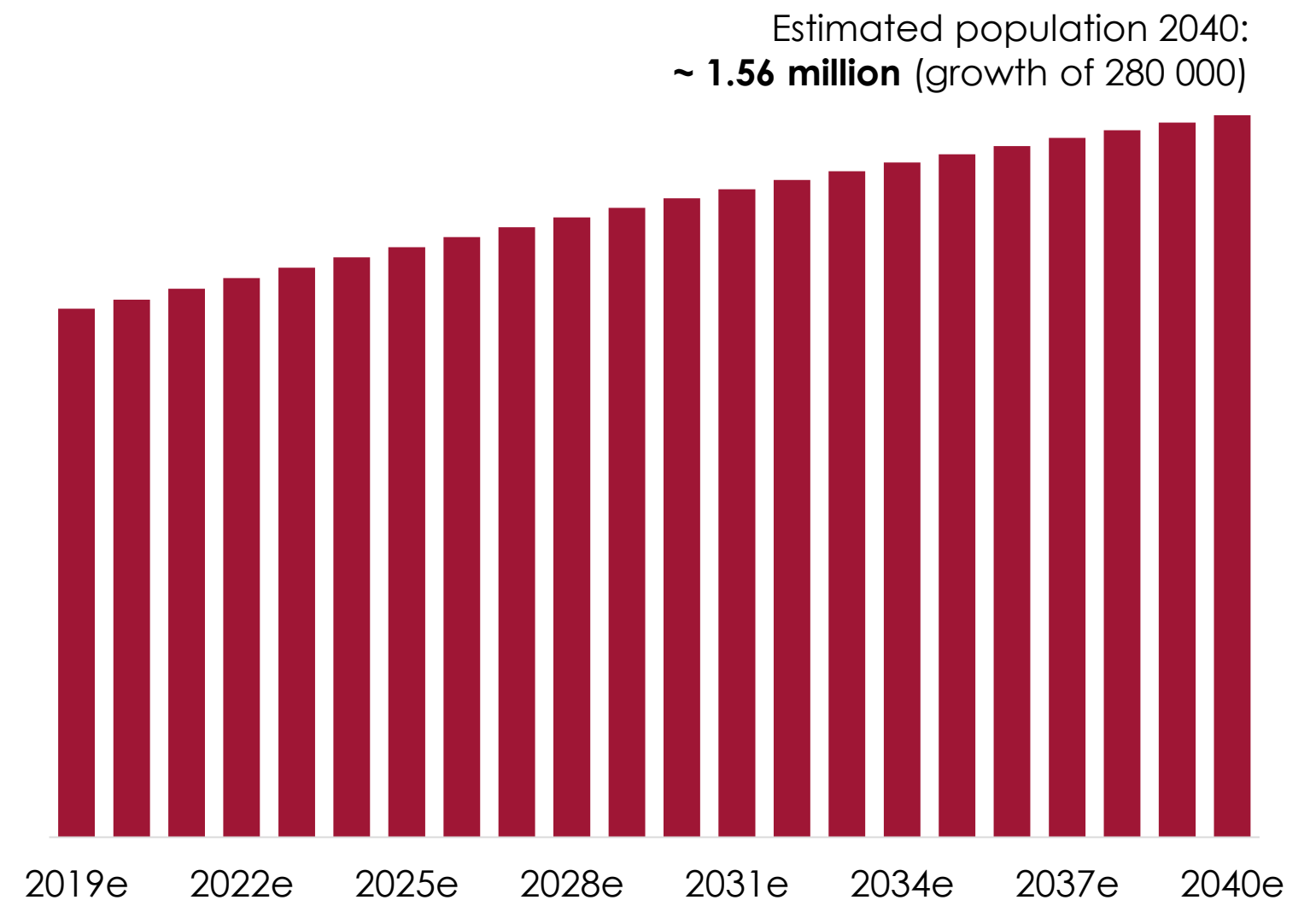
Source: Statistics Norway

Stable population growth in Greater Oslo...

Population in Greater Oslo*

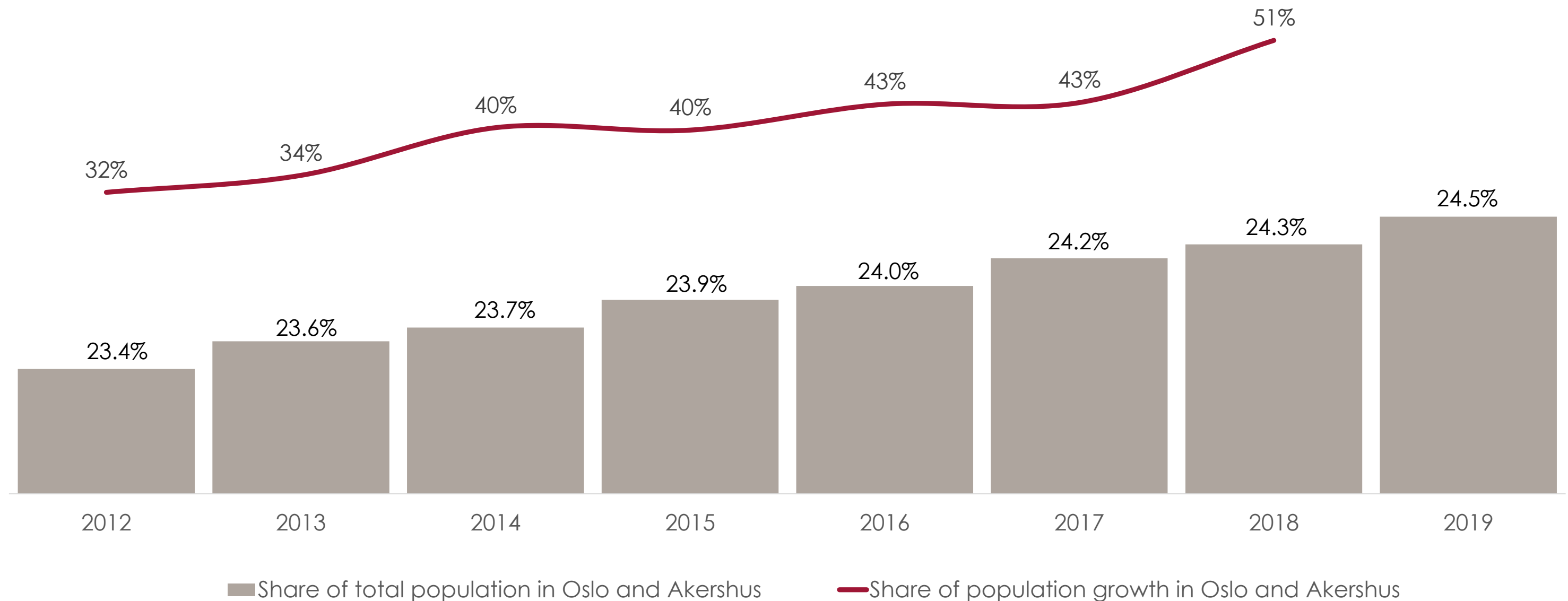


Estimated population in Greater Oslo*



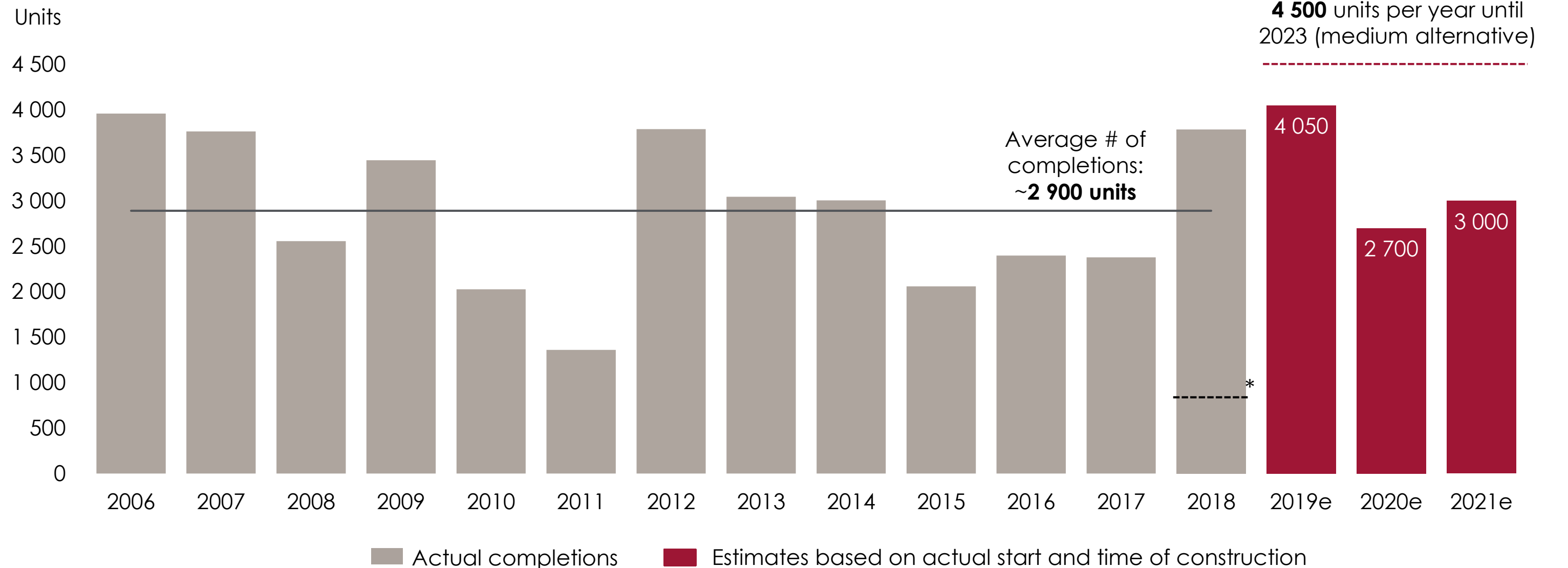
*Greater Oslo = Oslo and Akershus
Source: Statistics Norway (medium alternative)

Increasing share of population growth in Oslo and Akershus



Expected completions lower than forecasted housing demand in Oslo

Number of units completed in Oslo, 2006-2018



Source: Ny Analyse, Oslo kommune, Statistics Norway (SSB), Prognosesenteret (Forecasted housing need)

Note: Number of persons per household in Oslo: 1.90

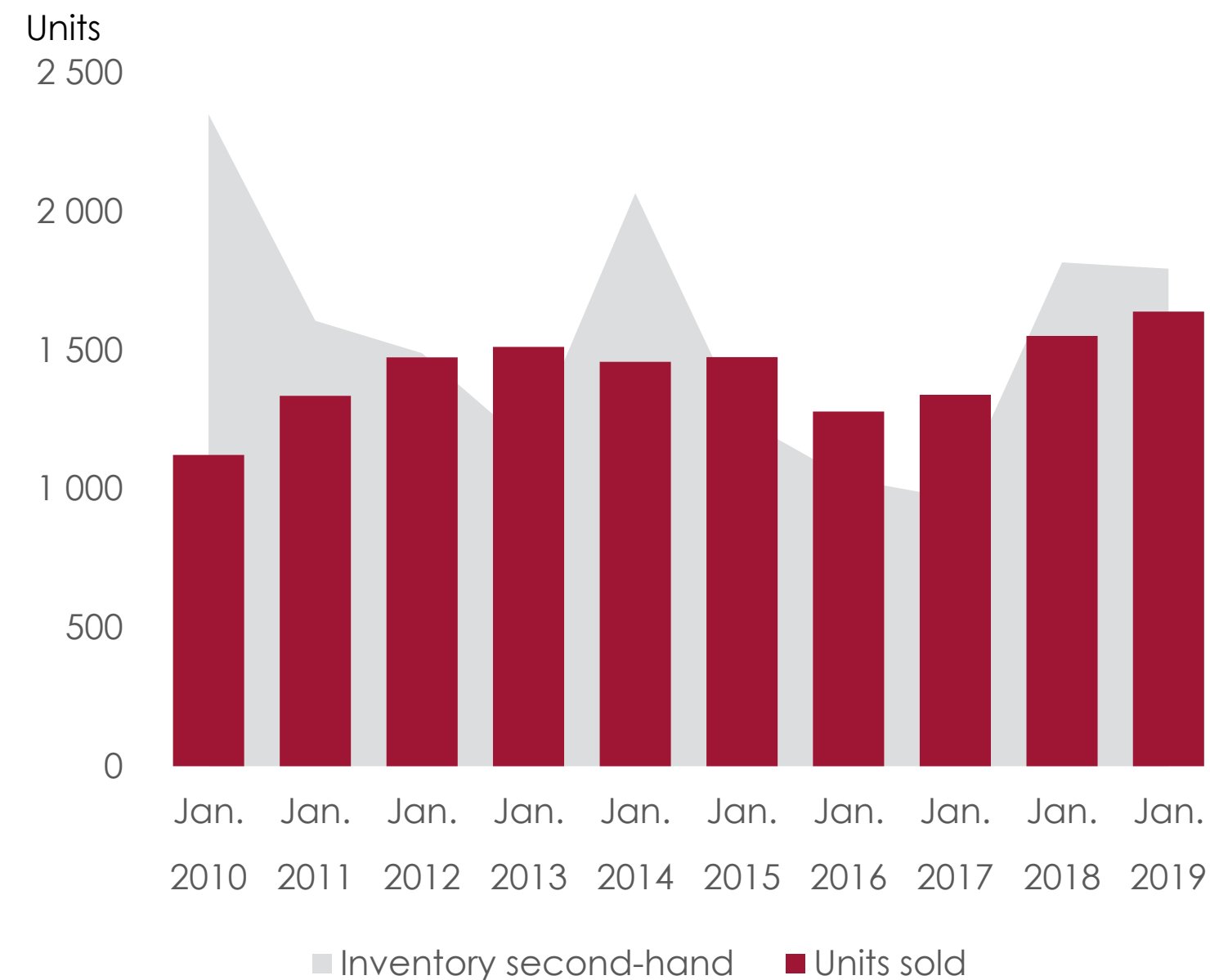
Note: Housing demand calculated on parameters such as number of persons per household, lag on housing development, housing demolition

Note: Completions exclusive of student- and senior housing

* Only 800 units zoned for housing in 2018

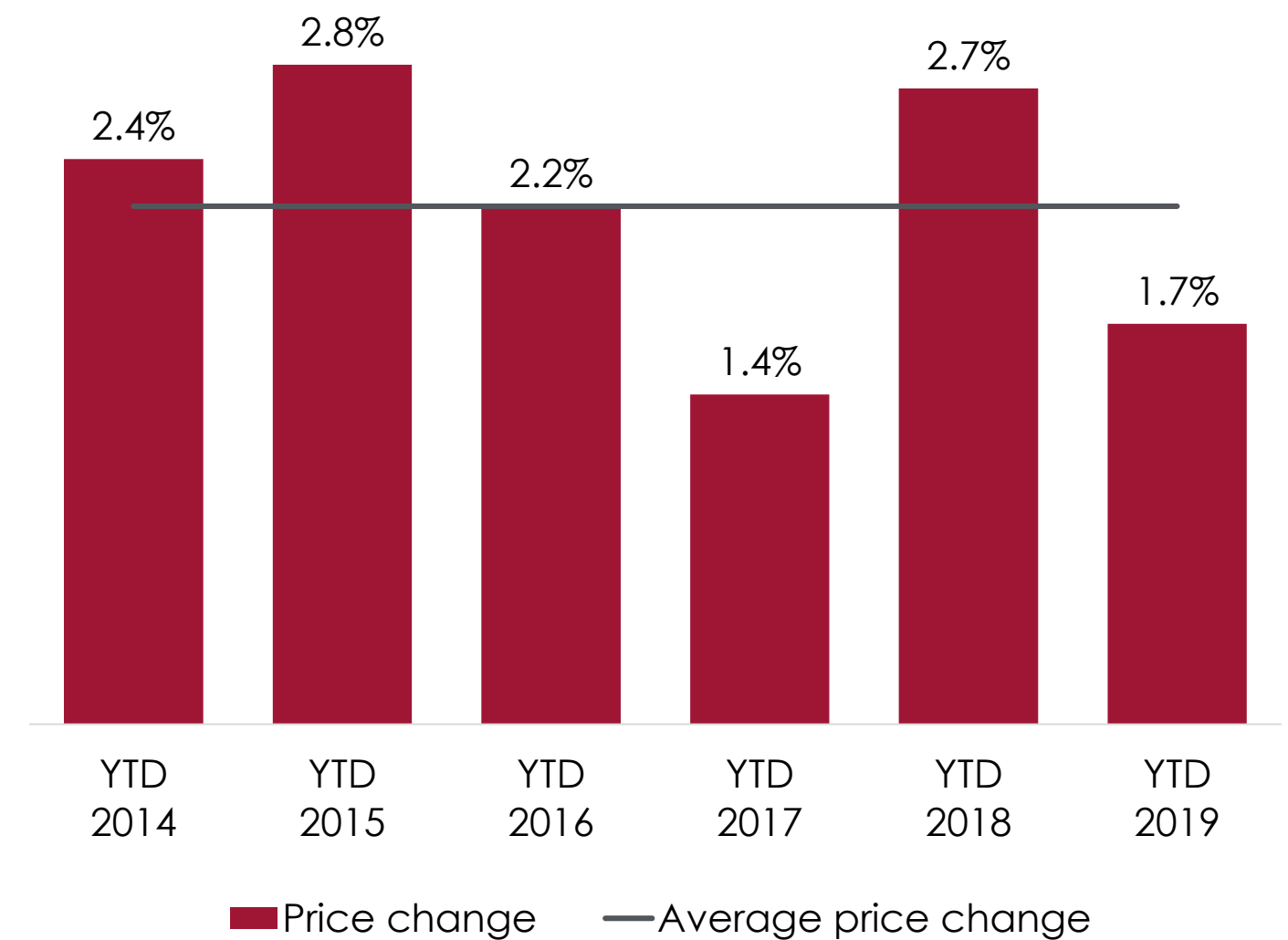
Second-hand market update Oslo

Oslo, January*



Price change Oslo, January 2014-2019

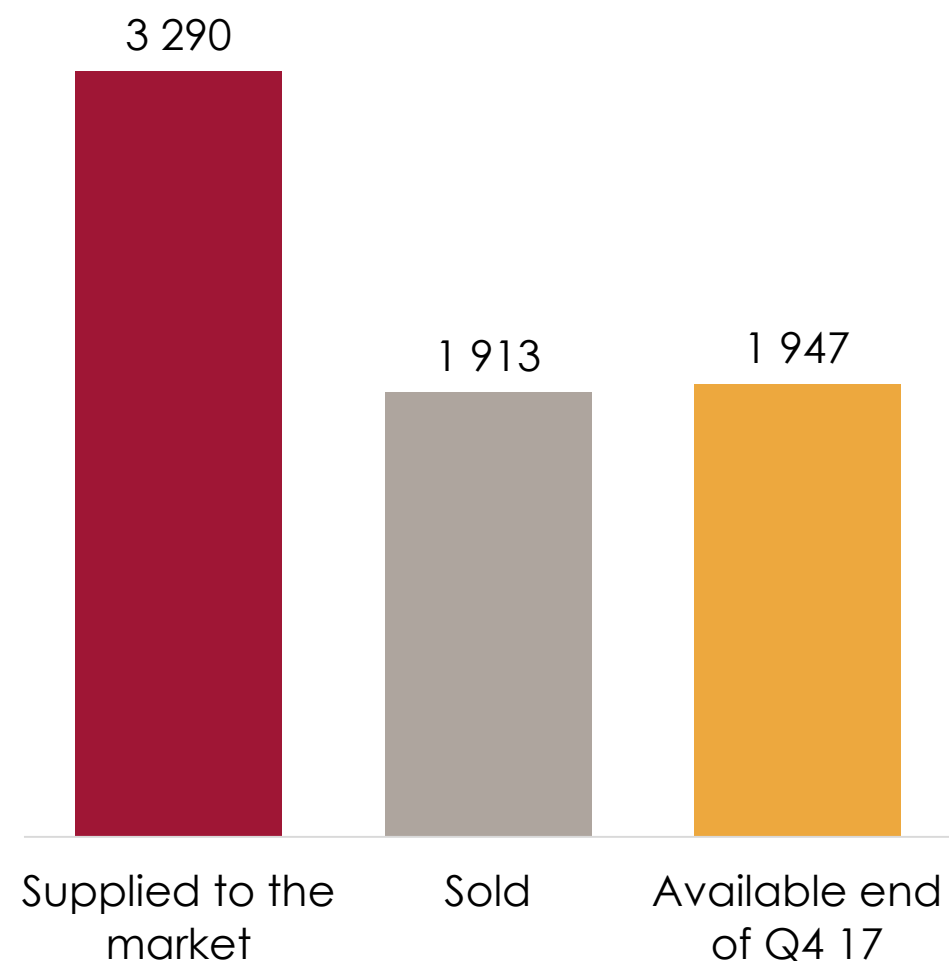
(Price increase last 12 months of 5.0%)



*Unsold units that have been withdrawn from the market are marked as inventory for 6 months before being removed
Sources: Eiendomsverdi, Eiendom Norge, Ny Analyse and Selvaag Bolig

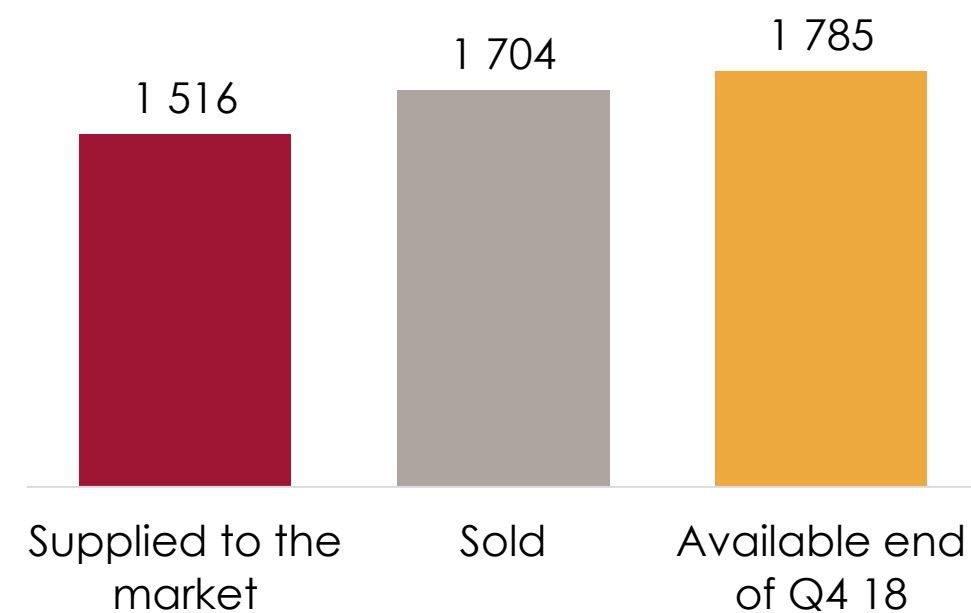
Newbuild market update

2017 H2 (Oslo)



Source: Røisland

2018 H2 (Oslo)



Status at 12 February 2019

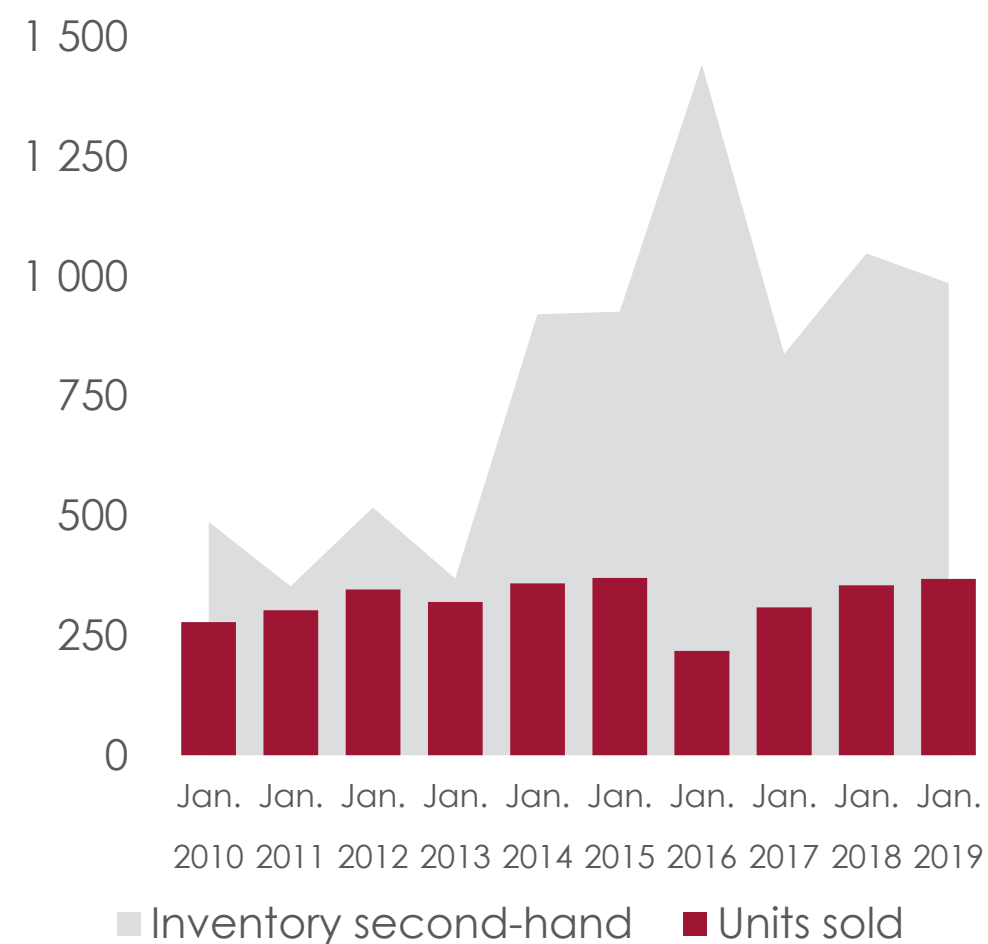
New homes (not built) available for sale

- Oslo: ~ 1 700 units
 - 55% of total inventory
- Bergen: ~ 1 100
 - 65% of total inventory
- Trondheim: ~ 1 050
 - 60% of total inventory
- Stavanger: ~ 400
 - 39% of total inventory

Source: Finn.no

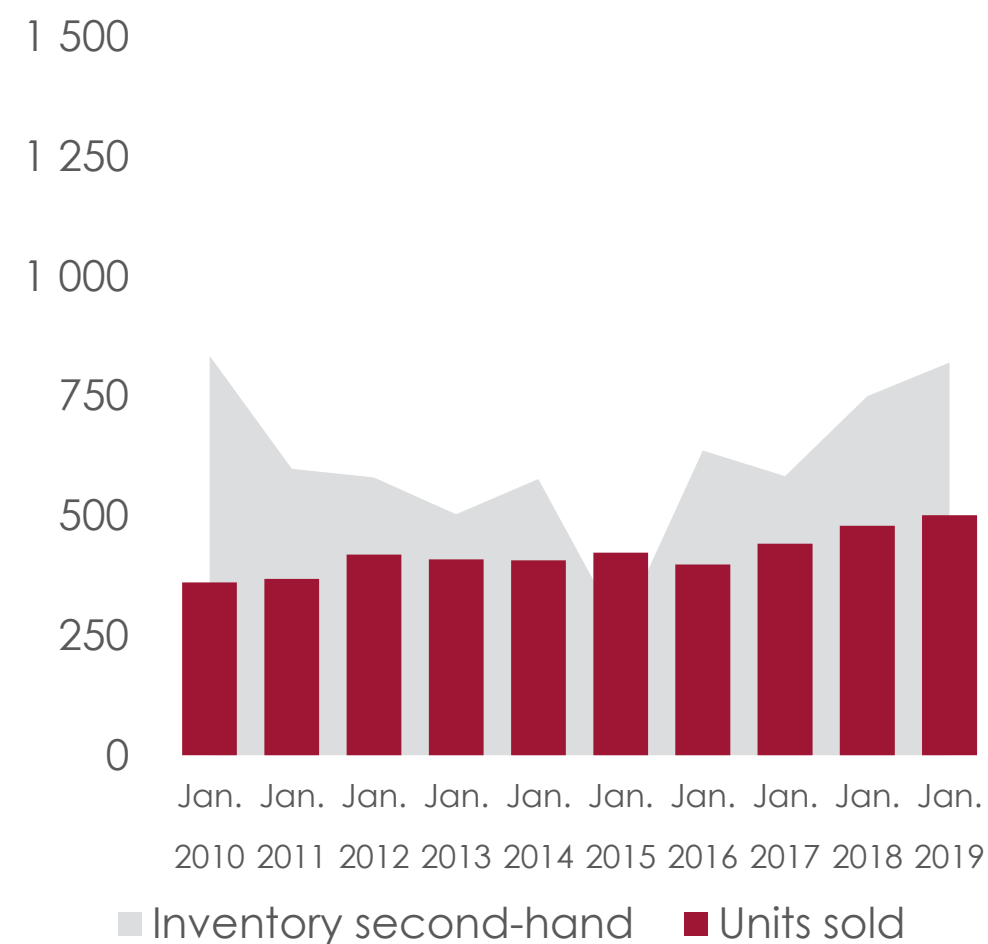
Second-hand market update other core markets

Stavanger, January *



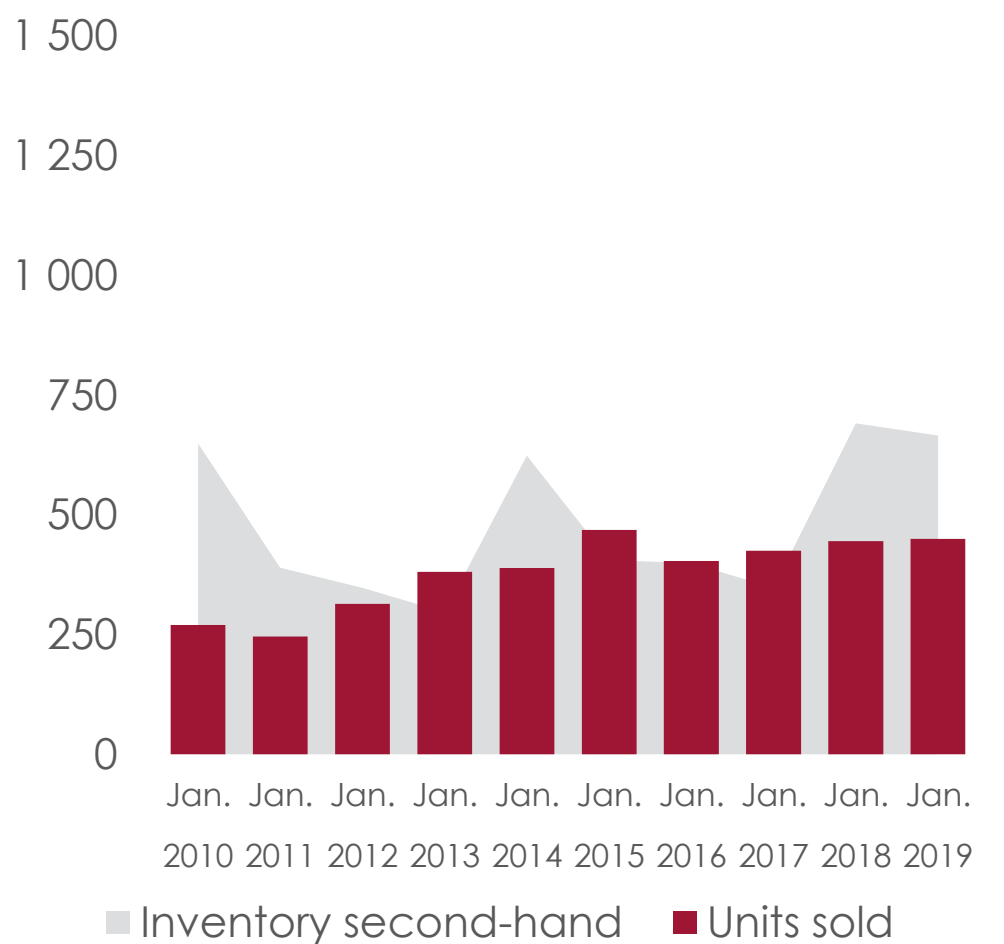
Price increase of 2.8% year to date

Bergen, January *



Price increase of 5.3% year to date

Trondheim, January*



Price increase of 3.9% year to date

* Unsold units that have been withdrawn from the market are marked as inventory for 6 months before being removed
Sources: Eiendomsverdi and Eiendom Norge

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Summary

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- Dividend proposal of NOK 2.50 per share for H2'18 - NOK 4.50 for FY 2018
- External land bank valuation of NOK 3.2bn vs. book value of NOK 1.6bn

Thank you for your attention – follow us online!

Next event:
1st quarter 2019
15 May 2019



@SelvaagAksjen

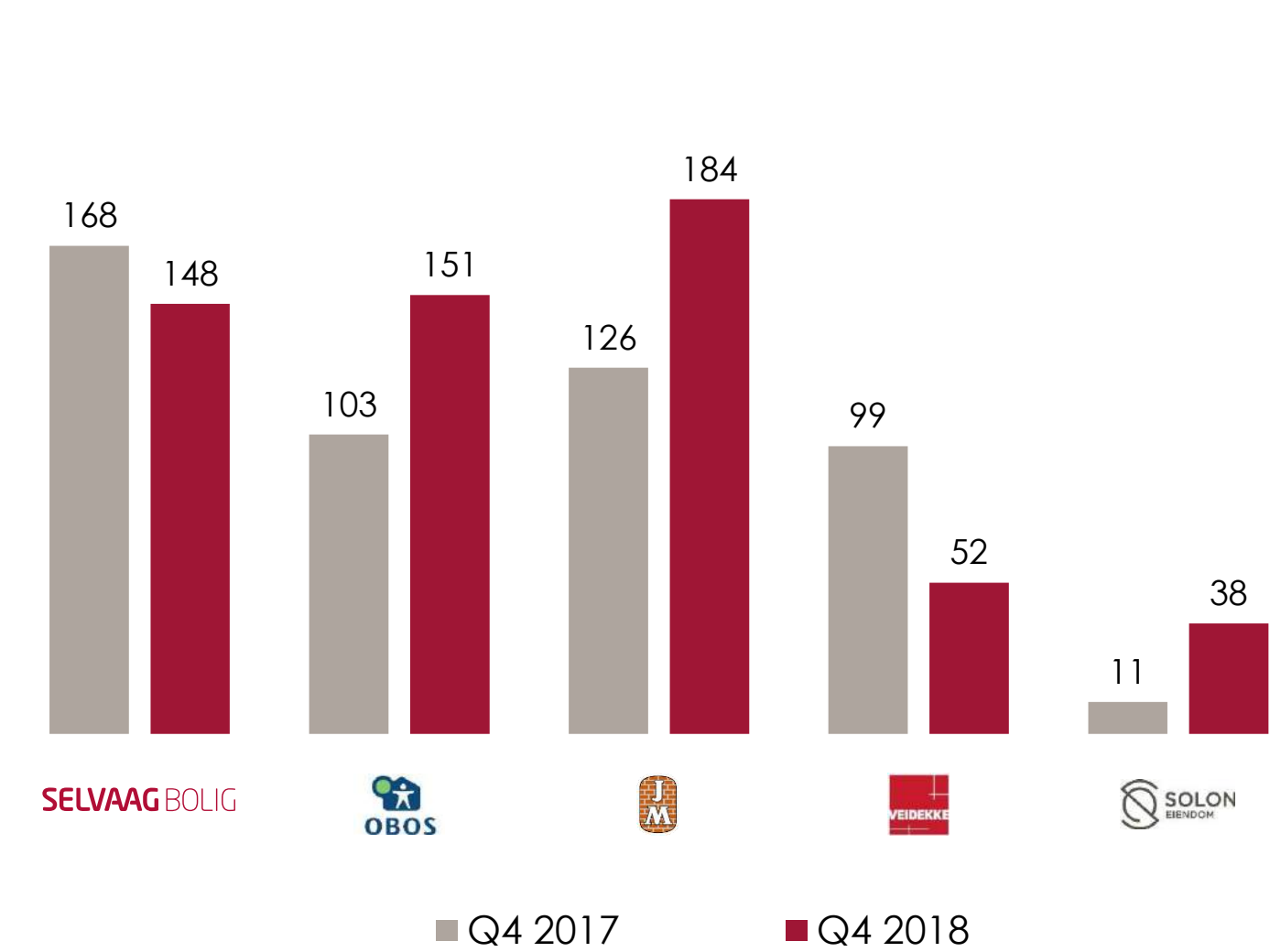
A photograph of a modern multi-story building with a mix of brick, white, and red facades and glass balconies. The building is set against a clear blue sky. A semi-transparent white box with a red border is overlaid on the left side of the image, containing the word "Appendix" in red text.

Appendix

Peers

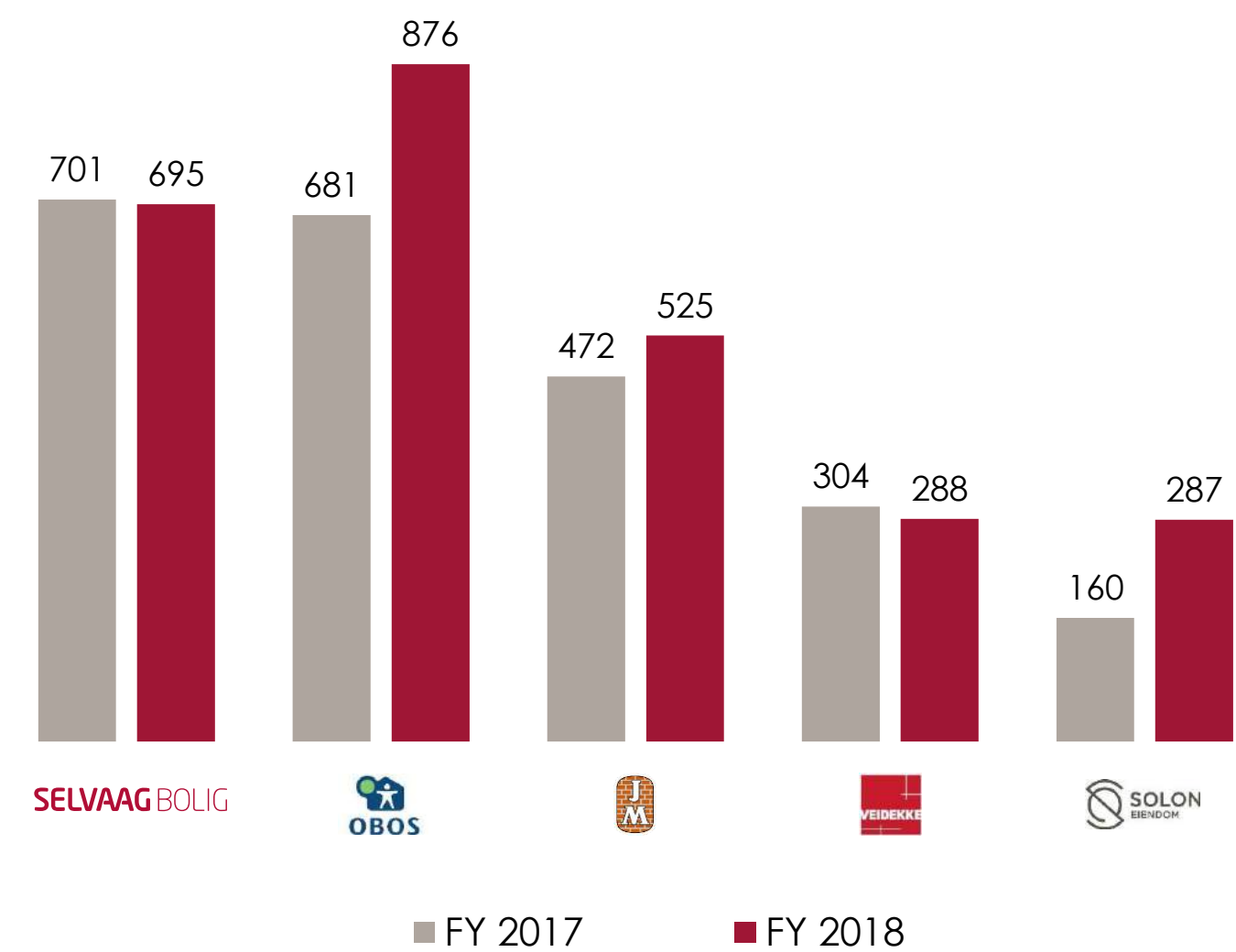
Quarterly sales activity vs. peers

Units



Full year sales activity vs. peers

Units



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

Dividend policy

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

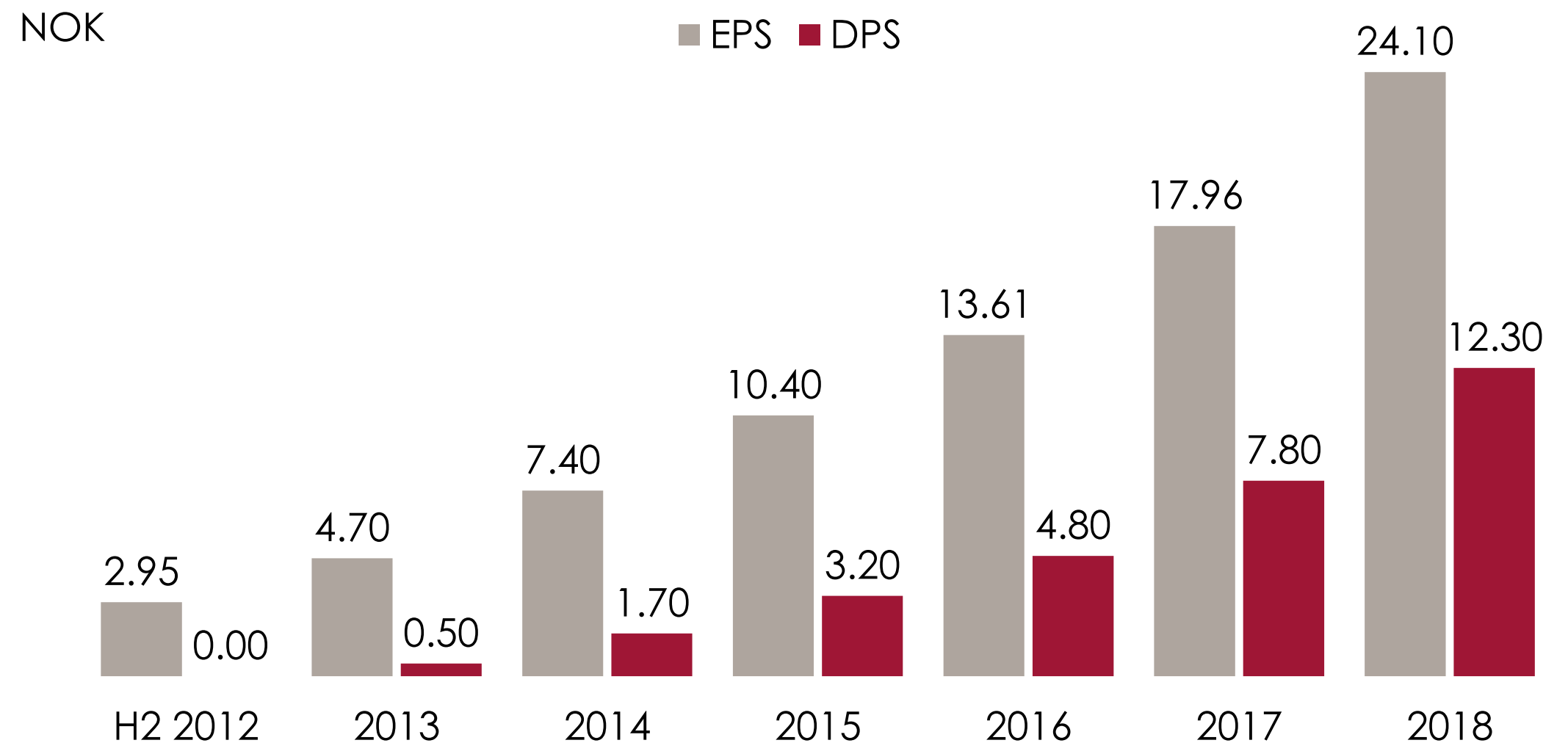
The company aims to pay dividends of minimum 40 per cent of net annual profit, paid in two instalments over the year. However, the size of the dividend will be weighed against the company's liquidity forecasts and capital adequacy.

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

Earnings and dividend per share since IPO

Accumulated dividend per share since IPO in June 2012

- 2018 EPS of NOK 6.14
 - H2'18 EPS of NOK 4.54
- 2018 DPS of NOK 4.50
 - H2'18 dividend of NOK 2.50 per share



Share performance since IPO in June 2012

NOK



Source: Oslo Børs

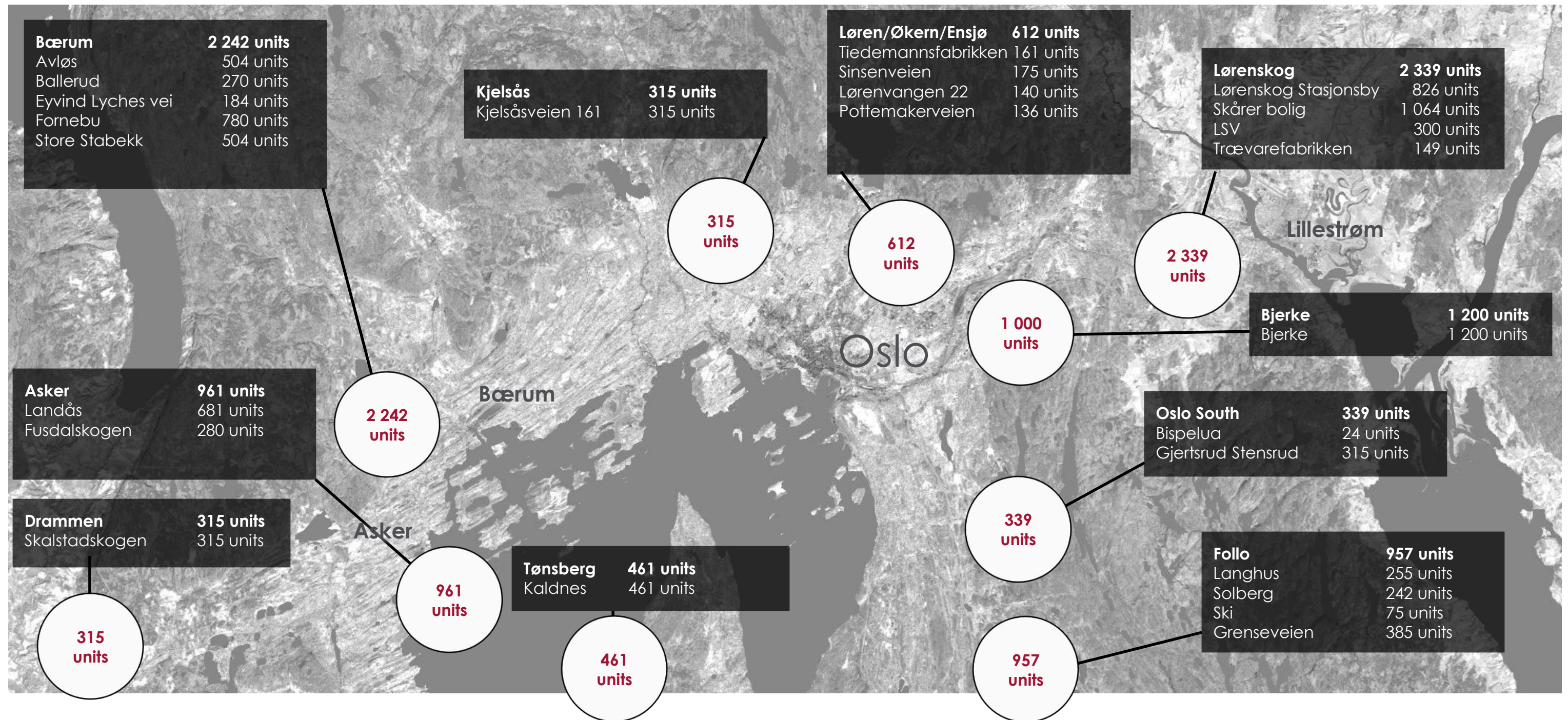
Largest shareholders at 31 December 2018

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5%
LANDSFORSÅKRINGAR FASTIGHETSFOND	5 653 788	6.0%
Morgan Stanley & Co. Int. Plc. *)	2 744 671	2.9%
PARETO INVEST AS	2 065 624	2.2%
SEB PRIME SOLUTIONS SISSENER CANOP	1 600 000	1.7%
VERDIPAPIRFONDET PARETO INVESTMENT	1 596 366	1.7%
State Street Bank and Trust Comp *)	1 006 629	1.1%
JPMorgan Chase Bank, N.A., London *)	966 761	1.0%
FLPS - GL S-M SUB	940 800	1.0%
HOLBERG NORGE	936 553	1.0%
HOLTA INVEST AS	846 619	0.9%
SELVAAG BOLIG ASA **)	837 068	0.9%
Baard Schumann	777 127	0.8%
J.P. Morgan Bank Luxembourg S.A. *)	774 862	0.8%
BANAN II AS	600 000	0.6%
State Street Bank and Trust Comp *)	590 520	0.6%
STOREBRAND NORGE I VERDIPAPIRFOND	581 069	0.6%
Morgan Stanley & Co. International	579 538	0.6%
SPARHANS AS	476 221	0.5%
GEMSCO AS	460 400	0.5%
Total 20 largest shareholders	74 214 703	79.1%
Other shareholders	19 550 985	20.9%
Total number of shares	93 765 688	100.0%

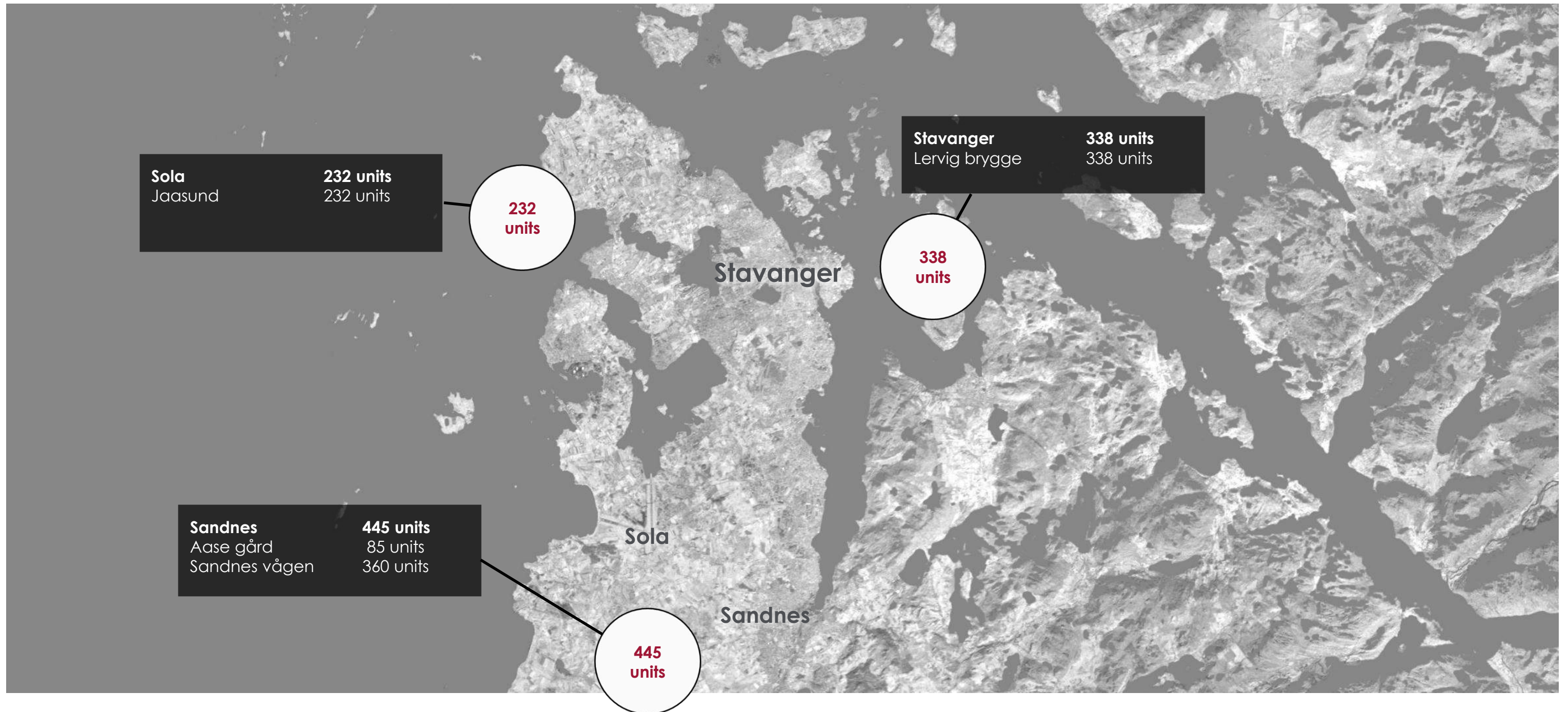
* Further information regarding shareholders is presented at: <http://sboasa.no/en>

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

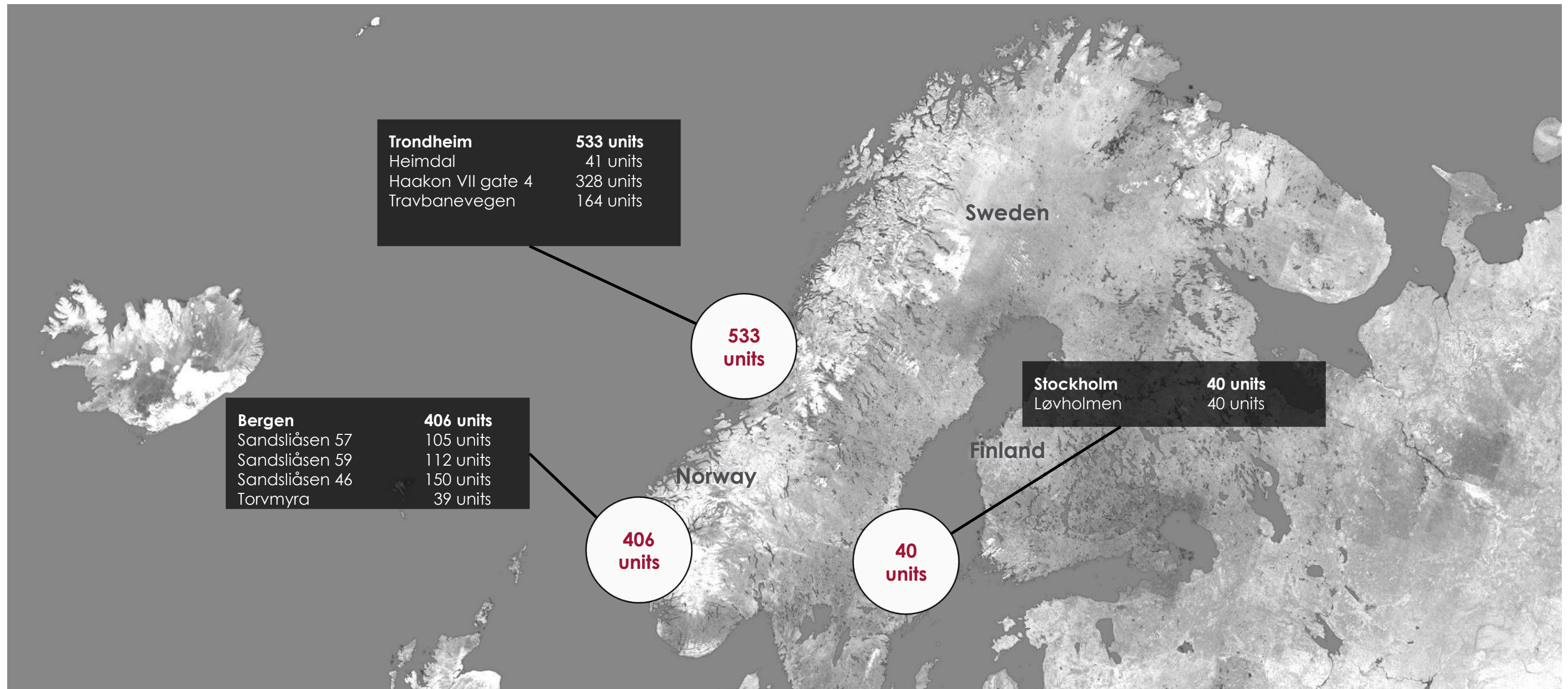
Land bank in Oslo Metropolitan Area



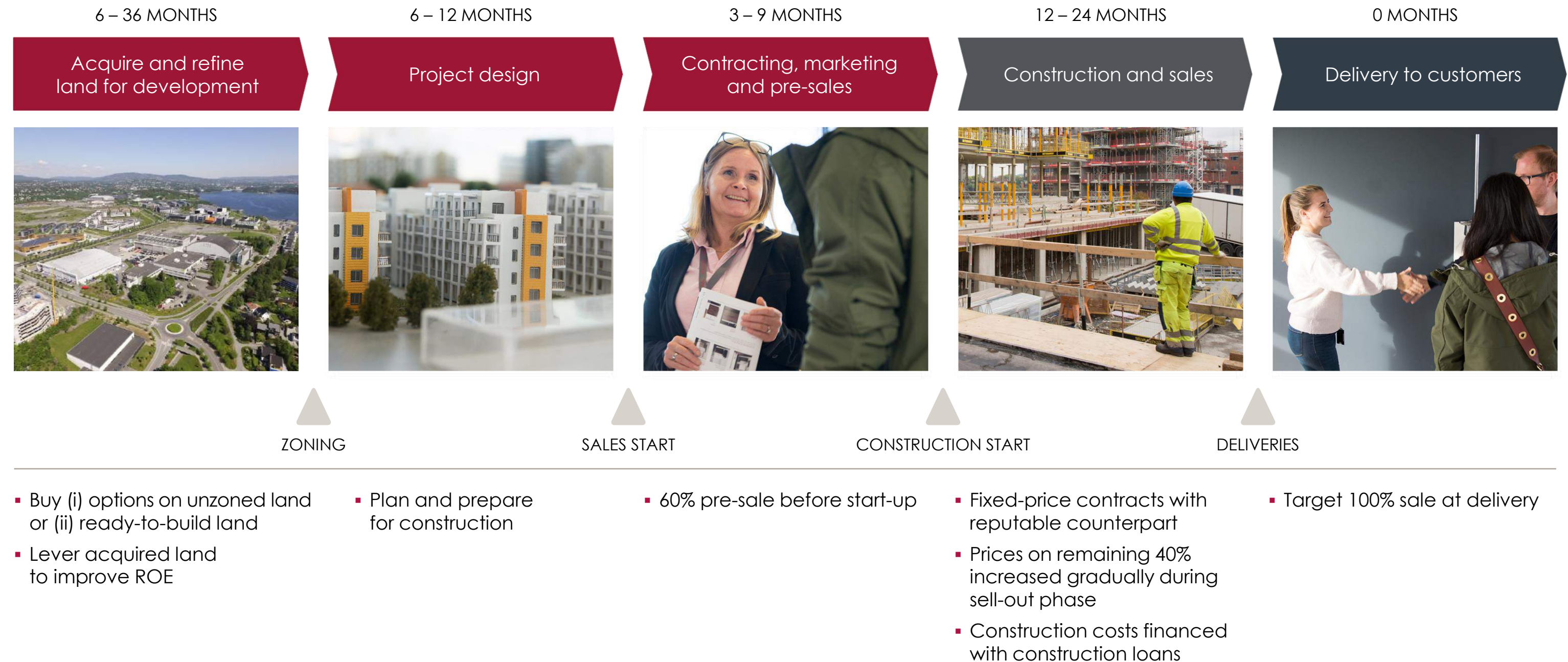
Land bank in Stavanger area



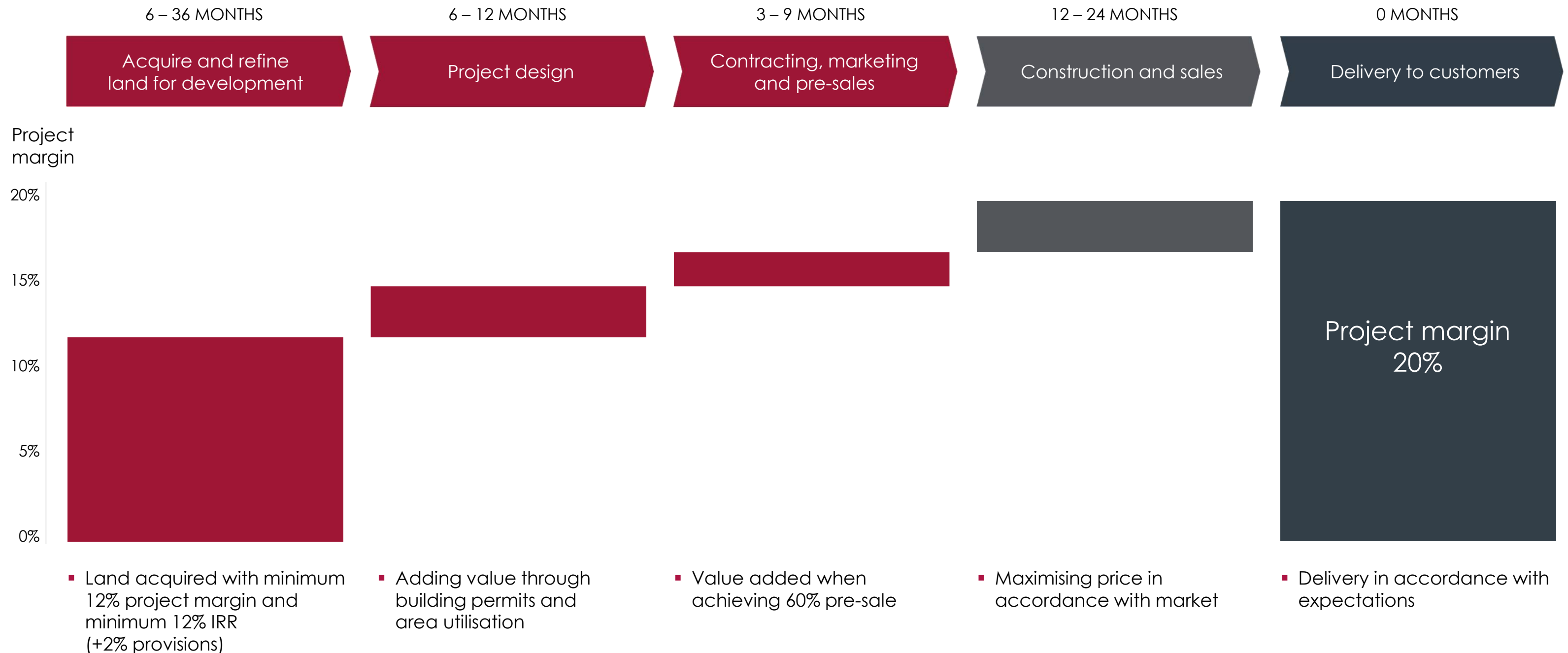
Land bank in Bergen, Trondheim and Stockholm



Efficient and flexible value chain



Margin development through project stages*



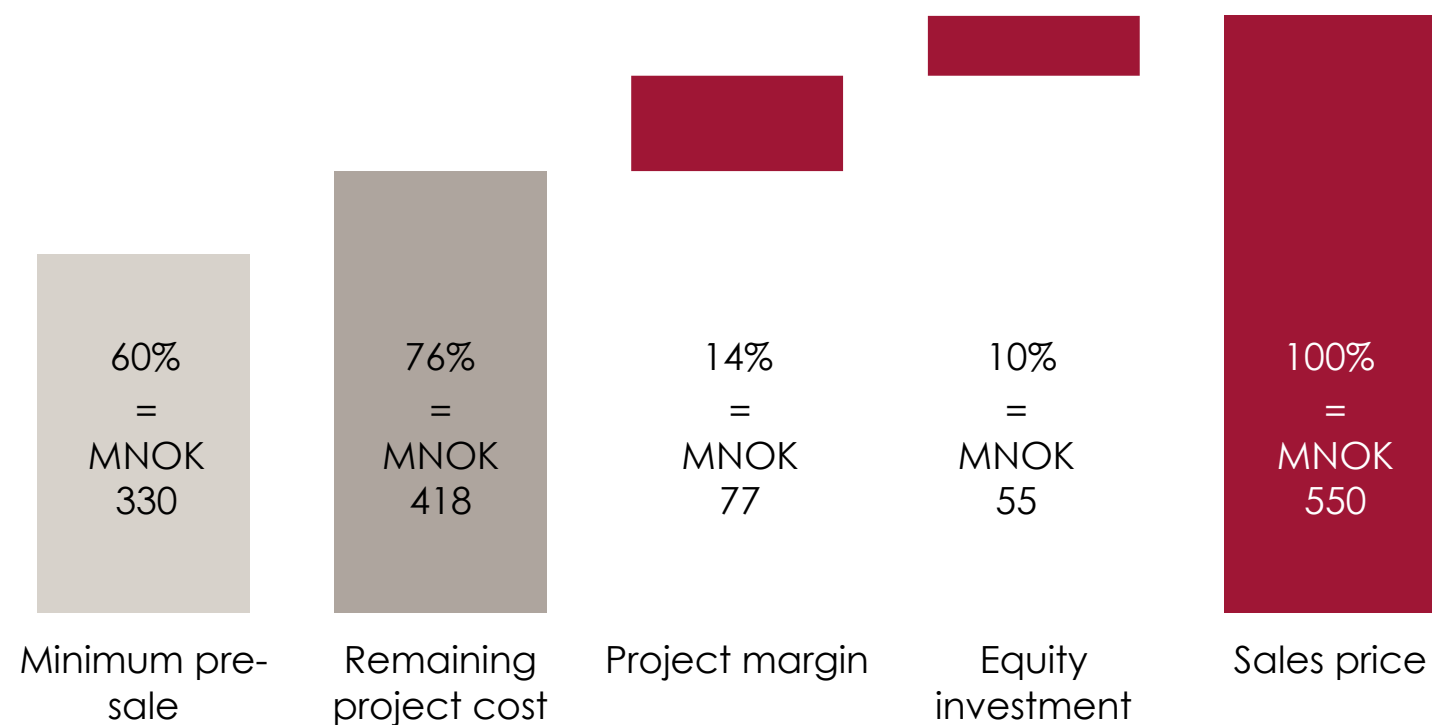
* Assuming flat market development

Norwegian housing market

- Low risk for housebuilders
 - Advance sales: banks require that 50-70% of homes are sold before construction starts
 - Binding offers: offer to purchase is a binding sales contract, and requires a minimum 10% cash deposit
- High level of home ownership
 - 85% (one of the world's highest)
- Economic benefits for home owners
 - 23% of mortgage loan interest payments are tax deductible
 - Transfer stamp duty for new houses is lower than for second-hand homes
- Strong population growth
 - Norway's urban areas are among the fastest growing in Europe
 - Good demand for new homes

Low-risk business model

Risk profile at start of a MNOK 550 project



- Selvaag's equity investment in a project and project margin bring the remaining project cost down to 74%-78%
- With minimum 60% pre-sale there is limited remaining project risk. For the the remaining 40% a price reduction of 35% would recover equity
- 74% of units in production are sold at end Q3'18

De-risking in key stages of projects

- 1 Land purchase conditional on zoning approval**
 - Purchase and payment of land takes place after zoning plan approval. If this is not obtained, the purchase is cancelled
 - SBO is in charge of the zoning process
- 2 Land purchase price based on market value at time of zoning approval**
 - Purchase price is decided by a land appraisal made by three external consultants at the time of zoning approval
 - The median valuation is used as purchase price
- 3 Minimum sales rate of 60% before construction**
 - Pre-sales of minimum 60% secures the majority of revenue before construction
 - 10% of purchase price paid by the buyer at point of sale, and proof of financing for the remaining amount is required
- 4 Fixed price construction contract**
 - Construction contracts with solid counterparties are made with fixed price
 - Project costs are secured before construction starts

Low-risk business model creates healthy profits

Strategy

**Competitive housing offering,
targeting growth regions**

**Large, actively-managed
land bank**

**Efficient and flexible
cost structure**

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

Value drivers

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

Income statement IFRS

(figures in NOK million)	Q4 2018	Q4 2017	2018	2017
Total operating revenues	1 624.7	1 258.8	3 342.1	3 228.8
Project expenses	(1 127.4)	(982.9)	(2 421.6)	(2 432.8)
Other operating expenses	(82.1)	(65.1)	(268.1)	(234.7)
Associated companies and joint ventures	56.8	3.7	101.8	(13.6)
EBITDA	471.992	214.486	754.187	547.737
Depreciation and amortisation	(0.9)	(1.0)	(3.7)	(4.1)
EBIT	471.1	213.5	750.5	543.7
Net financial expenses	(2.1)	(2.6)	(18.0)	(39.9)
Profit/(loss) before taxes	469.0	210.9	732.5	503.8
Income taxes	(105.7)	(48.7)	(165.6)	(102.7)
Net income	363.2	162.2	566.8	401.1
Net income for the period attributable to:				
Non-controlling interests	(0.0)	(0.0)	(0.1)	0.1
Shareholders in Selvaag Bolig ASA	363.3	162.2	566.9	401.0

Cash flow statement

(figures in NOK million)	Q4 2018	Q4 2017	2018	2017
Net cash flow from operating activities	675.1	506.3	427.0	303.2
Net cash flow from investment activities	(59.2)	29.6	20.6	(114.1)
Net cash flow from financing activities	(381.0)	(289.5)	(276.1)	(589.8)
Net change in cash and cash equivalents	234.9	246.4	171.5	(400.6)
Cash and cash equivalents at start of period	422.1	239.1	485.6	886.2
Cash and cash equivalents at end of period	657.0	485.6	657.0	485.6

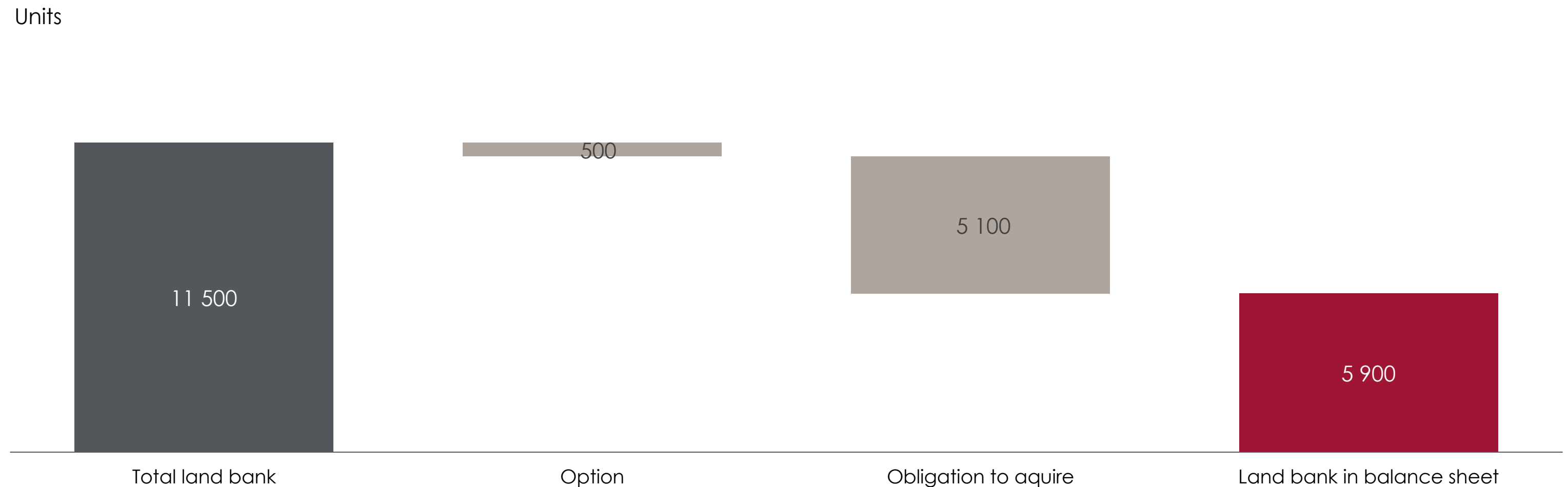
Balance sheet

(figures in NOK million)	Q4 2018	Q3 2018	Q3 2017
Intangible assets	383.4	383.4	383.4
Property, plant and equipment	8.6	9.4	8.5
Investments in associated companies and joint ventures	415.3	305.2	307.6
Other non-current assets	445.4	348.3	372.1
Total non-current assets	1 252.6	1 046.3	1 071.5
Inventories (property)	4 306.3	4 944.8	4 778.8
- Land	1 600.3	1 905.9	1 682.4
- Work in progress	2 539.8	2 942.4	2 866.5
- Finished goods	166.2	96.5	229.9
Other current receivables	275.2	257.6	247.9
Cash and cash equivalents	657.0	422.1	239.1
Total current assets	5 238.5	5 624.5	5 265.8
TOTAL ASSETS	6 491.1	6 670.8	6 337.4
Equity attributed to shareholders in Selvaag Bolig ASA	3 106.8	2 722.3	2 679.2
Non-controlling interests	9.4	9.3	9.4
Total equity	3 116.1	2 731.7	2 688.7
Non-current interest-bearing liabilities	1 795.8	1 897.1	1 923.0
Other non-current non interest-bearing liabilities	148.2	147.2	167.5
Total non-current liabilities	1 944.0	2 044.3	2 090.4
Current interest-bearing liabilities	520.5	797.9	573.7
Other current non interest-bearing liabilities	910.4	1 097.0	984.6
Total current liabilities	1 430.9	1 894.9	1 558.3
TOTAL EQUITY AND LIABILITIES	6 491.1	6 670.8	6 337.4

* Corresponding to a book value of NOK 33.1 per share

Substantial portfolio for development

Total land bank portfolio at 31 December 2018



Operational highlights – key operating figures

	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
Number of units sold	168	185	181	182	148
Number of construction starts	217	102	234	102	402
Number of units completed	336	54	242	117	441
Number of units delivered	355	59	243	126	421
Number of units under construction	1 463	1 511	1 503	1 488	1 449
Proportion of sold units under construction	73 %	73 %	72 %	74 %	66 %
Number of completed unsold units	23	19	18	12	26
Sales value of units under construction (NOK million)	6 994	7 032	7 076	6 908	6 712
Number of employees	100	100	95	91	91

EBITDA Q4 2018

(figures in NOK million)	Property development	Other	Total
Operating revenues	1 018.4	14.4	1 032.8
Project expenses	(754.9)	(0.3)	(755.2)
Other operating expenses	(23.3)	(58.7)	(82.1)
EBITDA (percentage of completion)	240.1	(44.6)	195.5

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

IFRS EBITDA for the quarter, per segment

Operating revenues	1 610.2	14.4	1 624.7
Project expenses	(1 127.0)	(0.3)	(1 127.4)
Other operating expenses	(23.3)	(58.7)	(82.1)
Share of income (losses) from associated companies and joint ventures	56.8	-	56.8
EBITDA	516.6	(44.6)	472.0

Note: EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

EBITDA FY 2018

(figures in NOK million)	Property development	Other	Total
Operating revenues	2 928.7	46.1	2 974.8
Project expenses	(2 093.6)	(0.7)	(2 094.3)
Other operating expenses	(64.4)	(203.7)	(268.1)
EBITDA (percentage of completion)	770.7	(158.3)	612.4

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

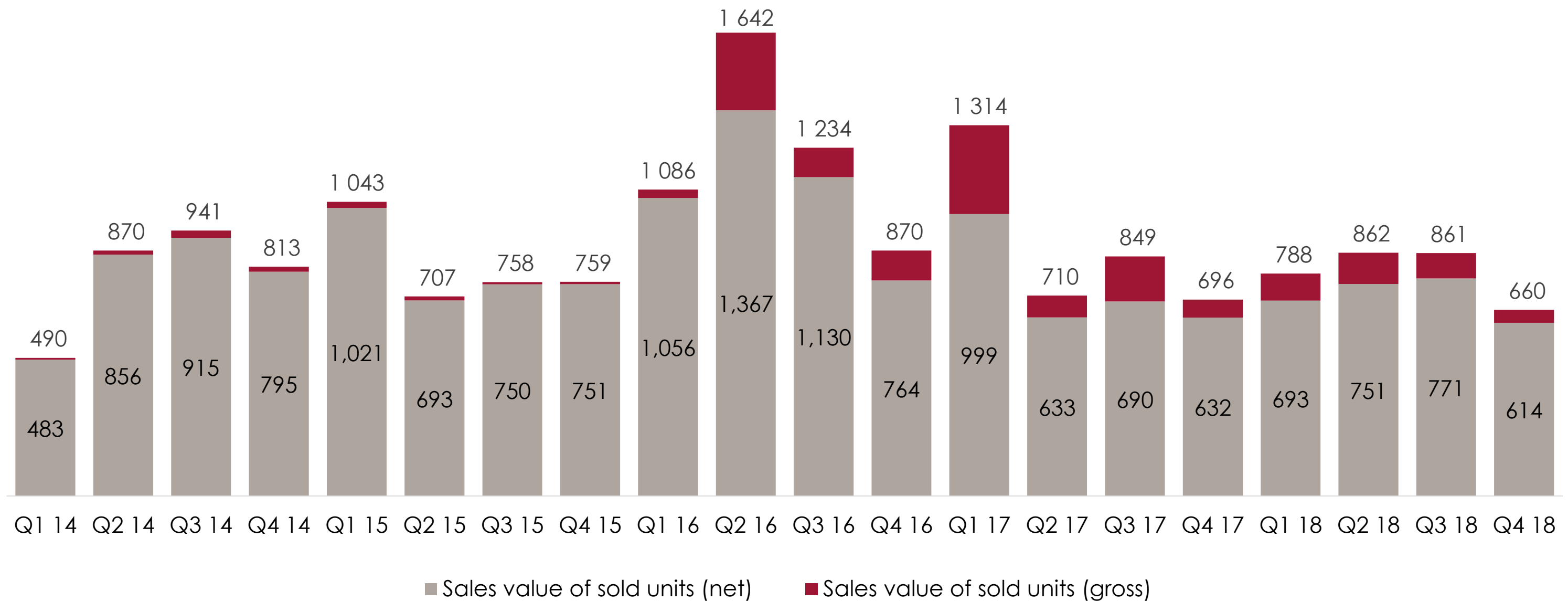
IFRS EBITDA full year per segment

Operating revenues	3 296.0	46.1	3 342.1
Project expenses	(2 421.0)	(0.7)	(2 421.6)
Other operating expenses	(64.4)	(203.7)	(268.1)
Share of income (losses) from associated companies and joint ventures	101.8	-	101.8
EBITDA	912.5	(158.3)	754.2

Note: EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

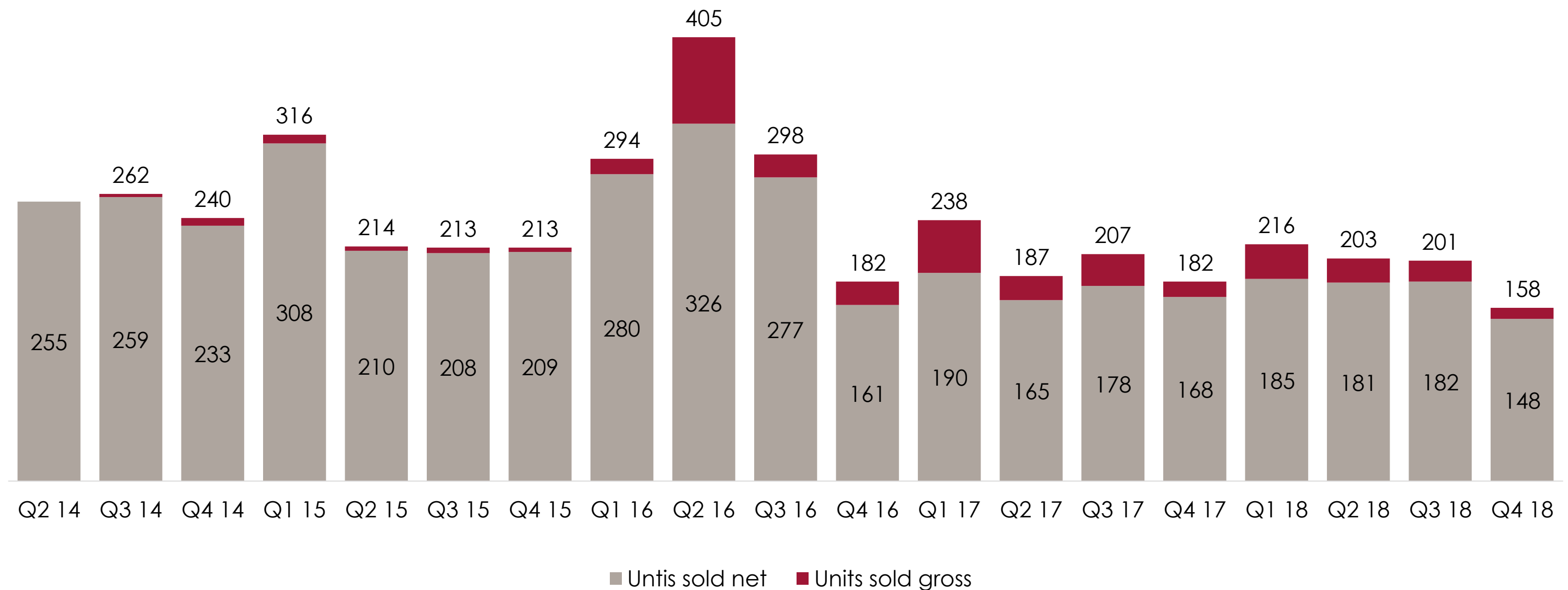
Share of sales from joint ventures

Sales value of units sold



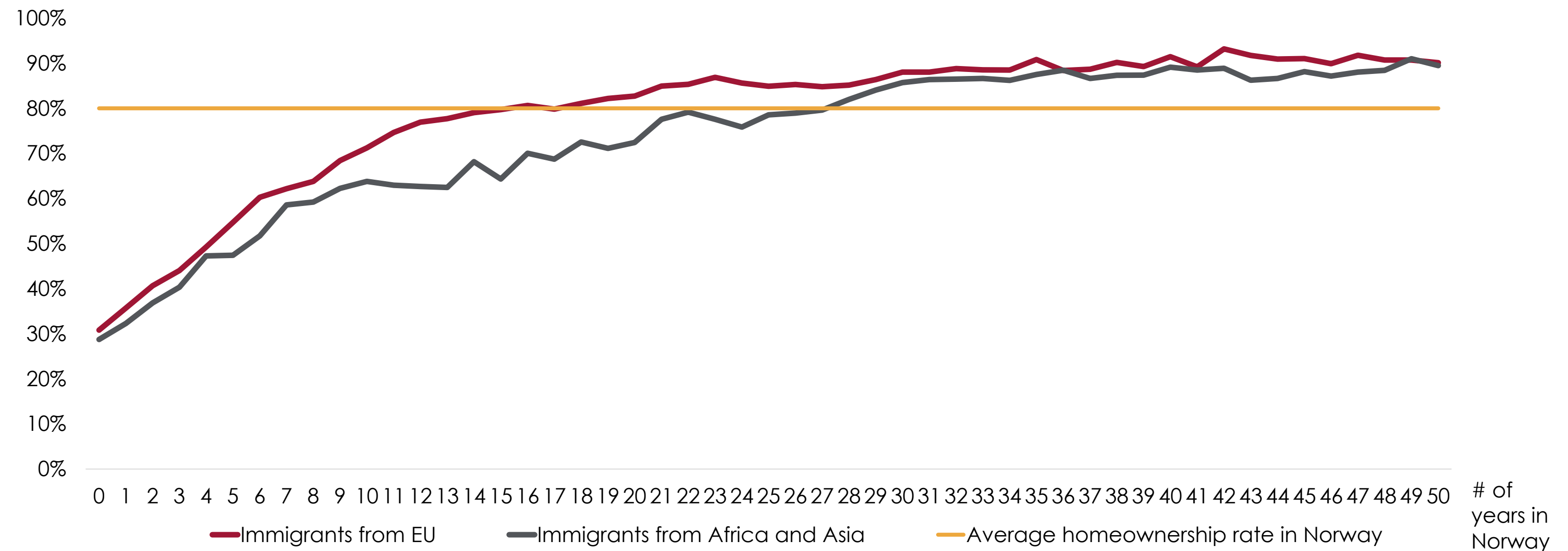
Share of sales from joint ventures

Number of units sold



Immigration increases demand over time

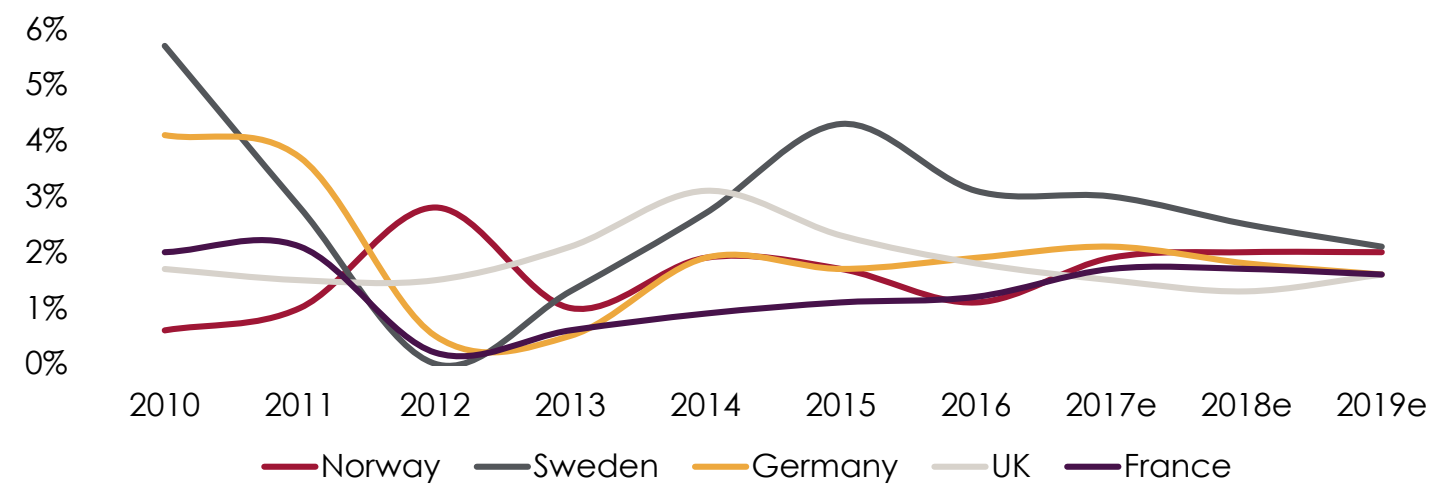
Homeownership rate among immigrants in Norway (per year living in Norway)



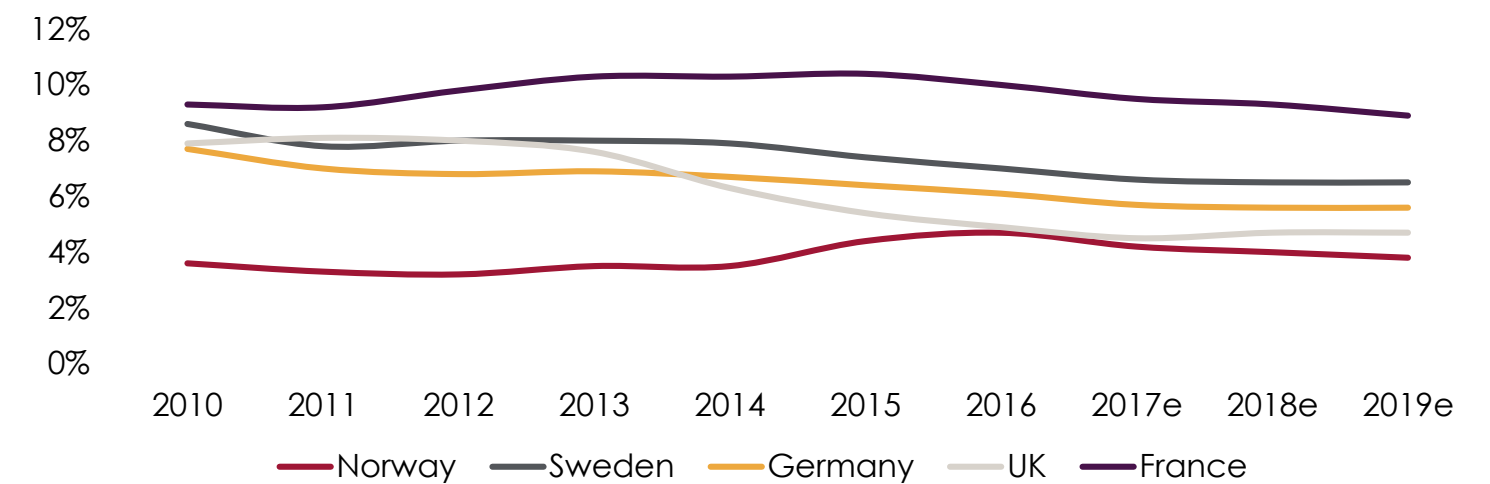
Source: Statistics Norway

Norway – robust economic conditions

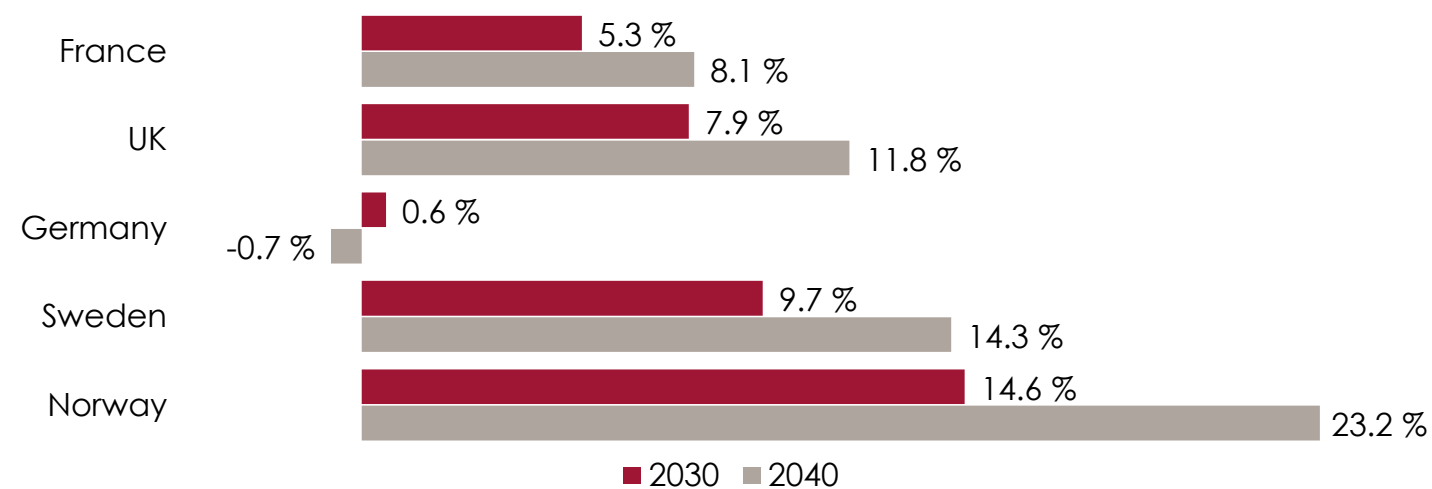
GDP growth 2010 - 2019e



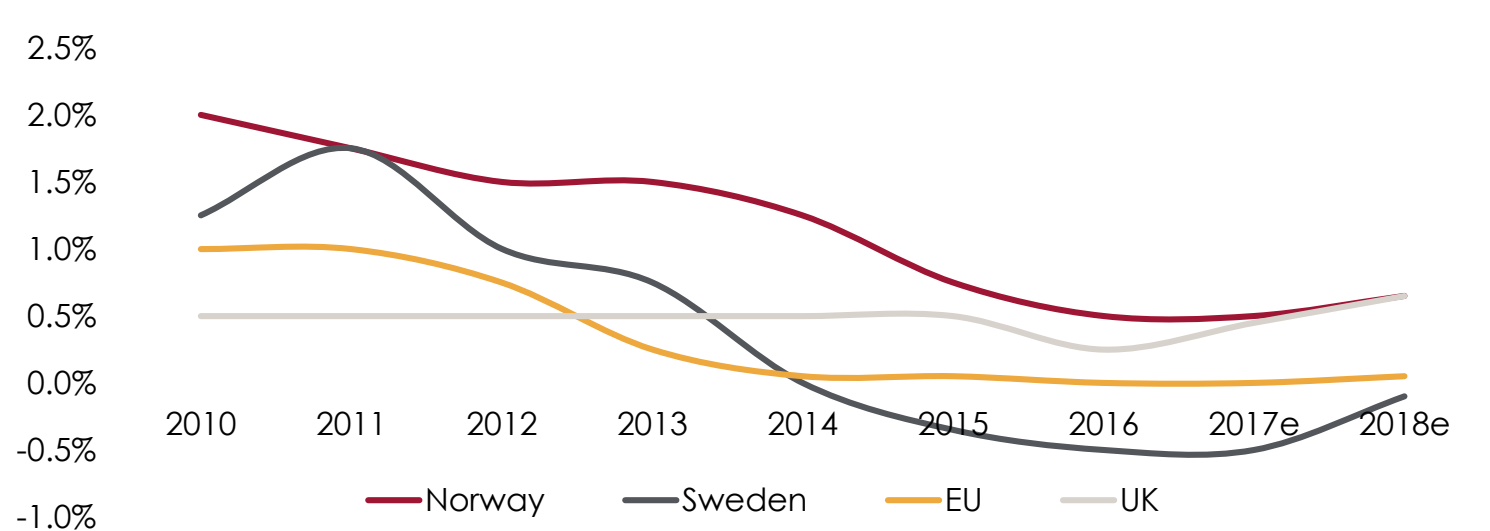
Unemployment 2010 - 2019e



Population growth 2015 - 2030e and 2040e

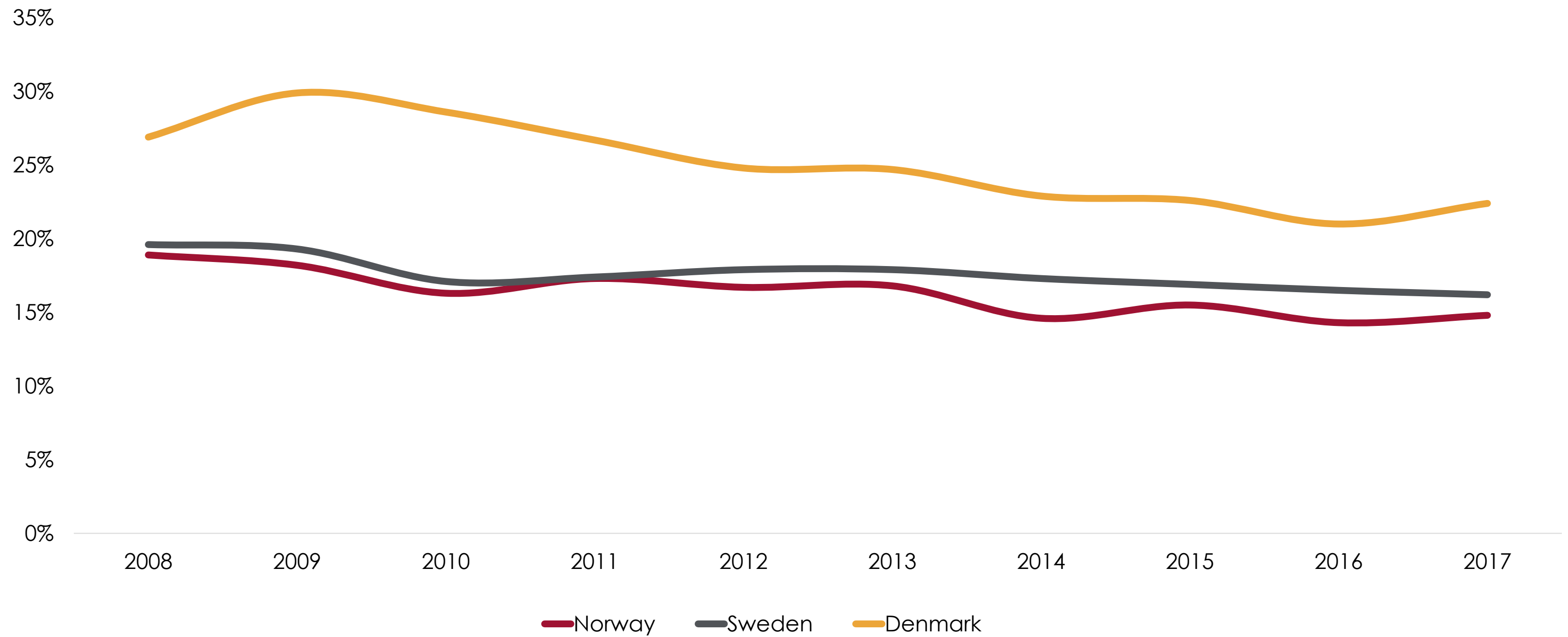


Interest rates 2010 - 2018e



Low share of income spent on housing in Norway

Housing cost/income



Total household debt and homeownership

