

Q1 2019

Oslo 15 May 2019

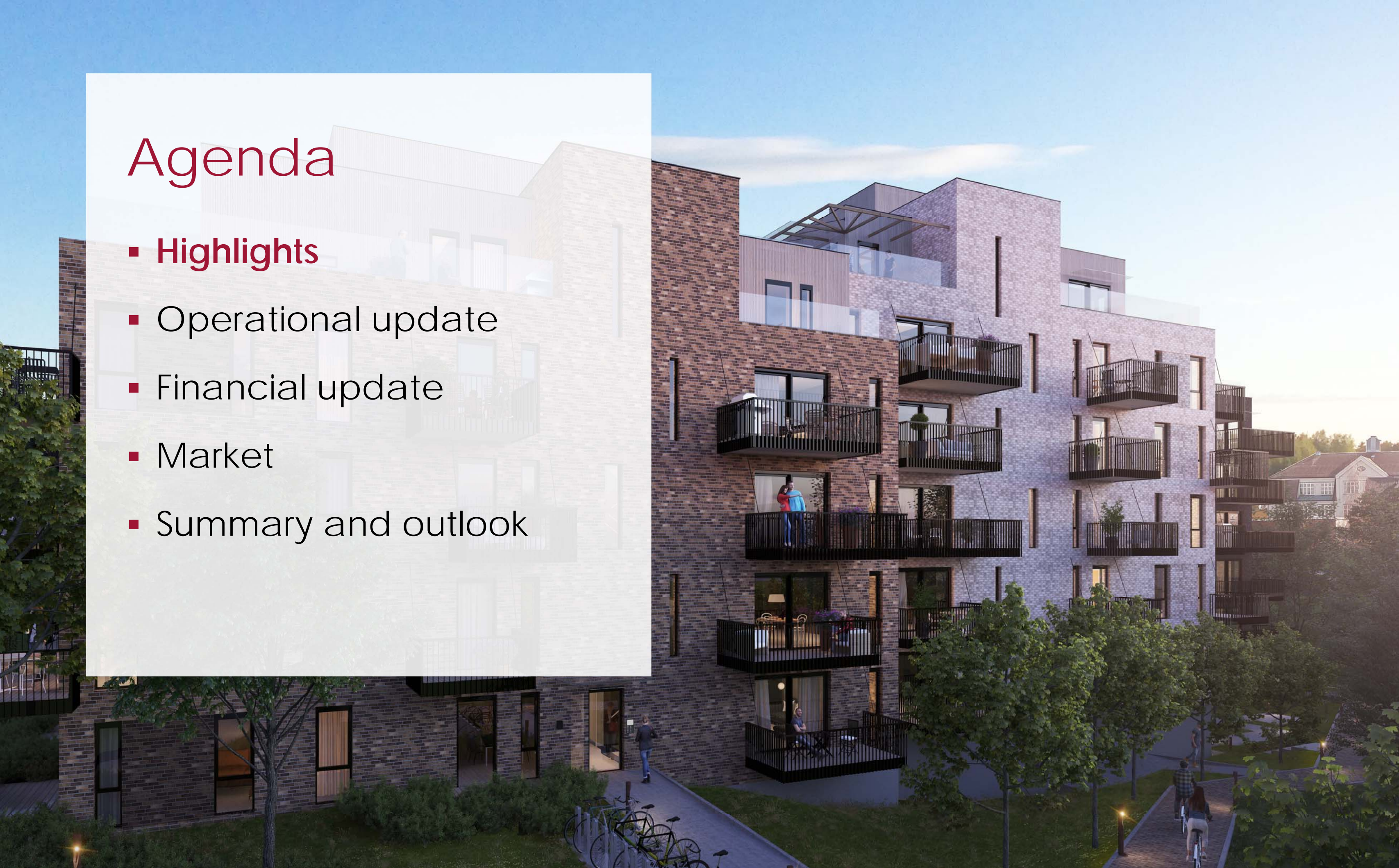
Olav H. Selvaag, acting CEO

Sverre Molvik, CFO

SELVAAG BOLIG

Agenda

- Highlights
- Operational update
- Financial update
- Market
- Summary and outlook



HIGHLIGHTS

Highlights Q1 2019

- Strong operational performance with EBITDA-margin (NGAAP) of 23%
- High sales in Q1
- All time high value of units under construction
- Fundamentals support strong long-term demand in core markets



HIGHLIGHTS

Key financials Q1 2019

Operating revenues

109

NOK million

Adjusted EBITDA* margin

-8.2

per cent

Operating revenues (NGAAP)

680

NOK million

EBITDA** margin (NGAAP)

22.7

per cent

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

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

Agenda

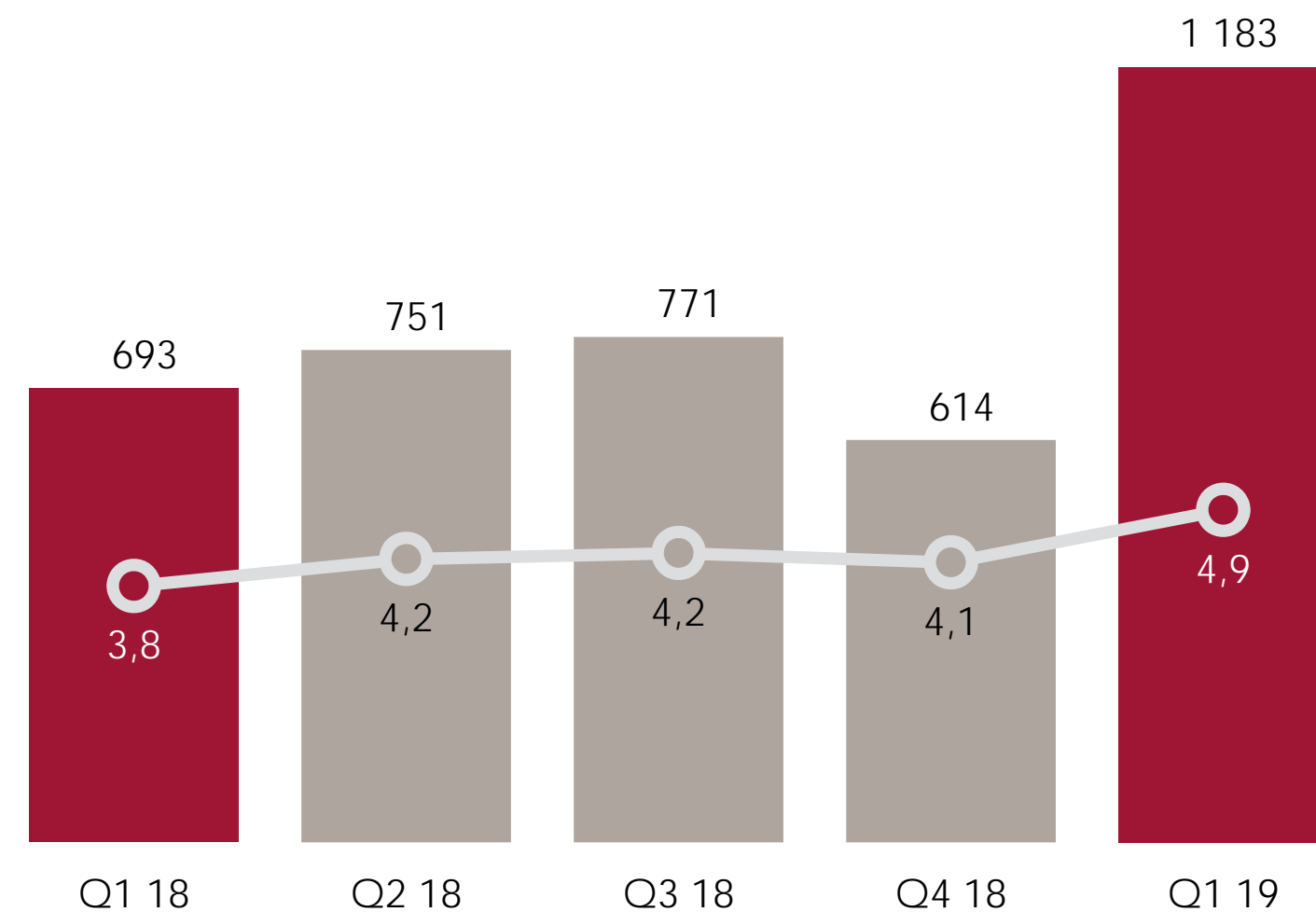
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Sales value and units sold

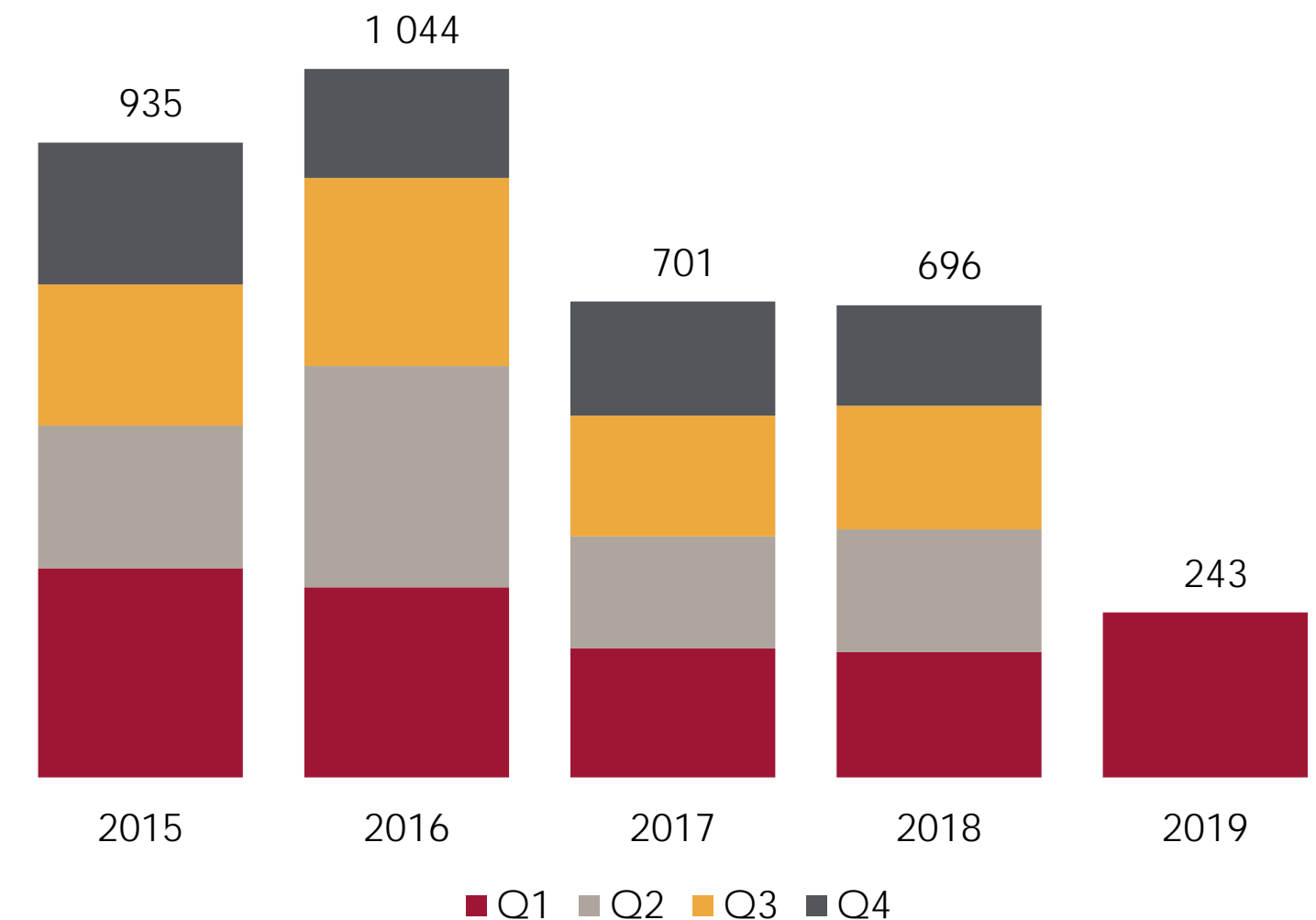
Total and average sales value

NOK million



Number of units sold per quarter

Units

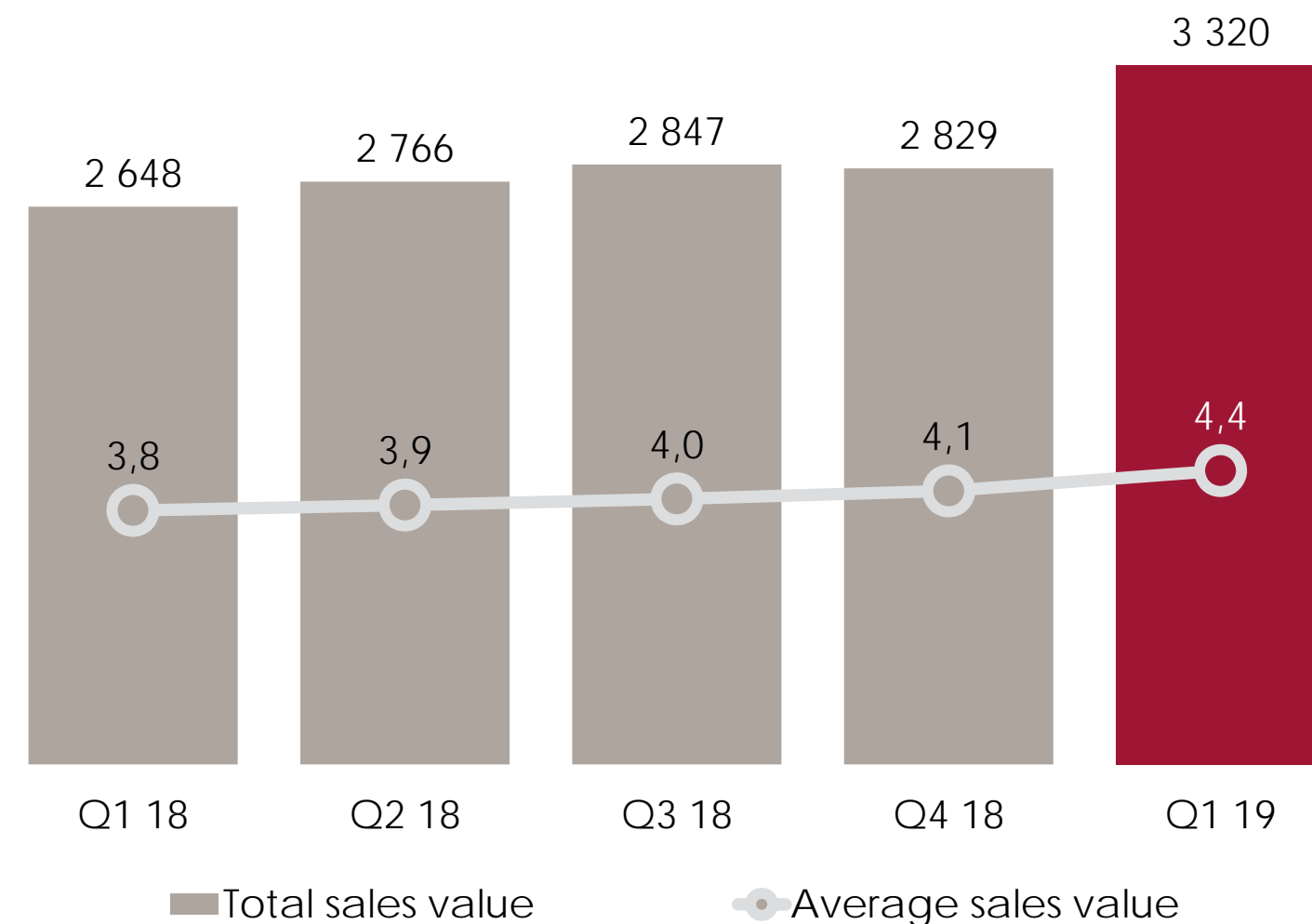


Note: All numbers are adjusted for Selvaag Bolig's share in joint ventures

Rolling sales value and units sold

Sales value: 12 months rolling

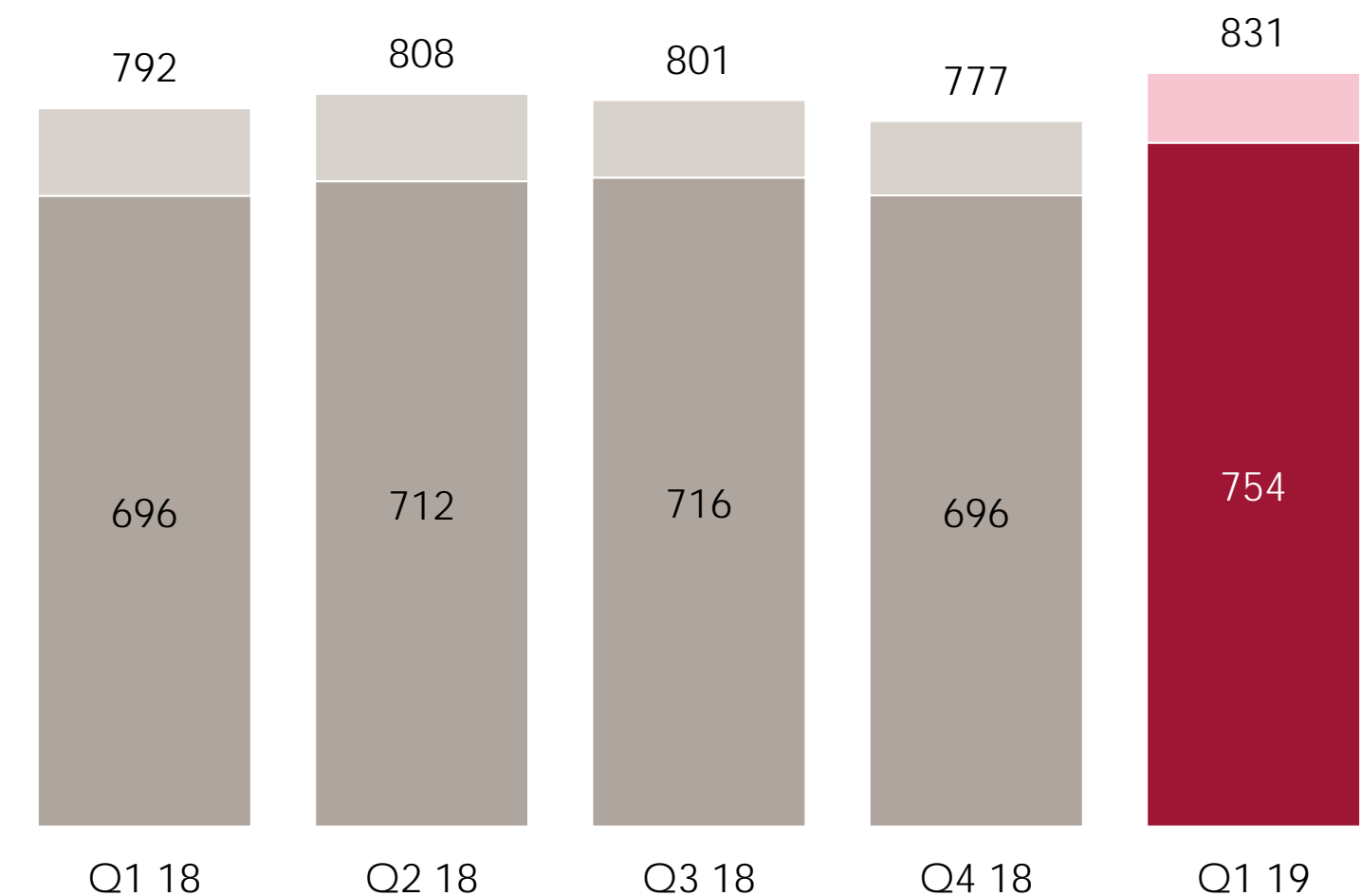
NOK million



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

Units sold: 12 months rolling

Units



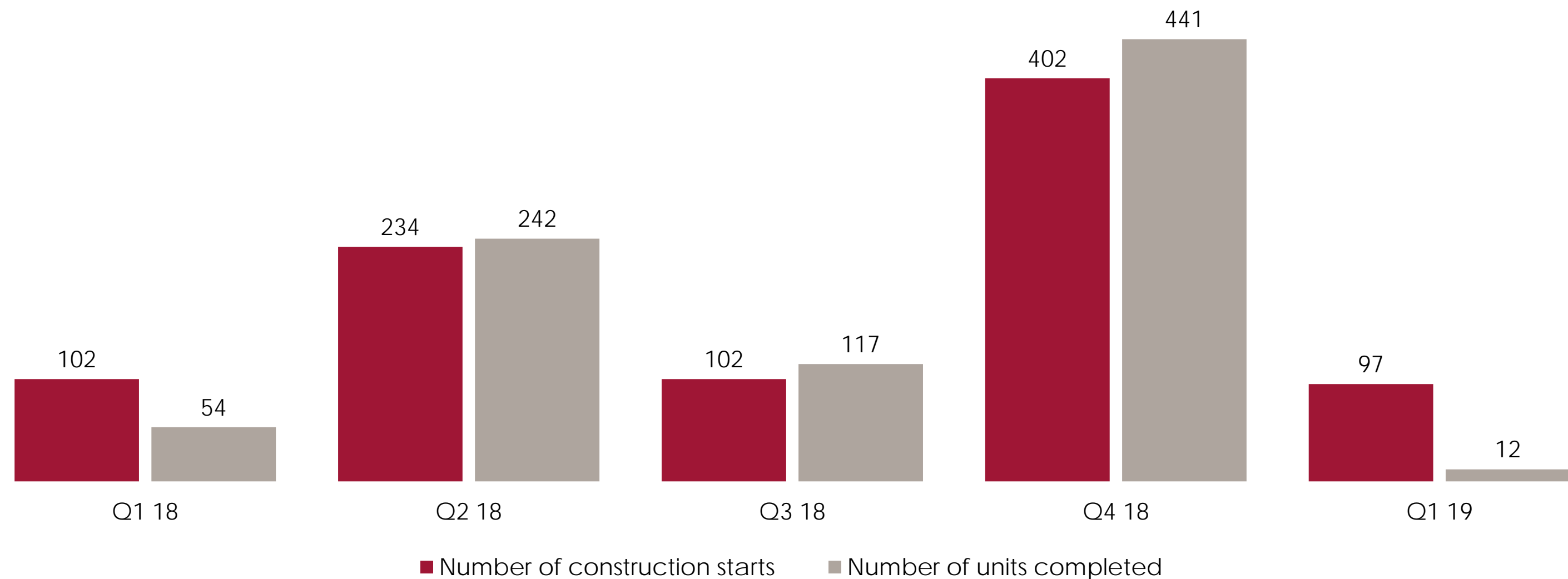
*Total columns show Selvaag Bolig's gross sales

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

Construction starts and completions

Construction starts and completions per quarter

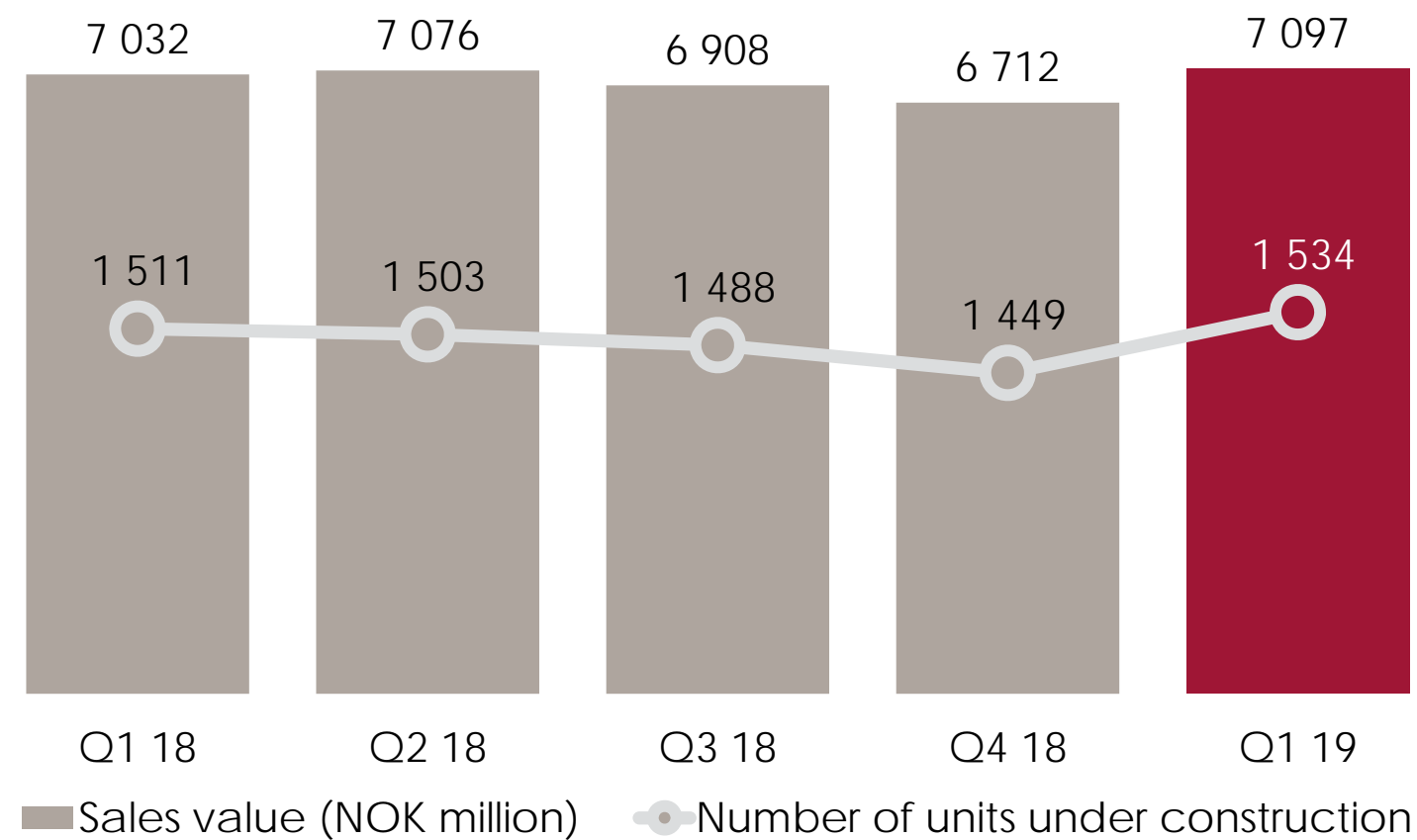
Units



Units under construction and completions

Sales value units under construction

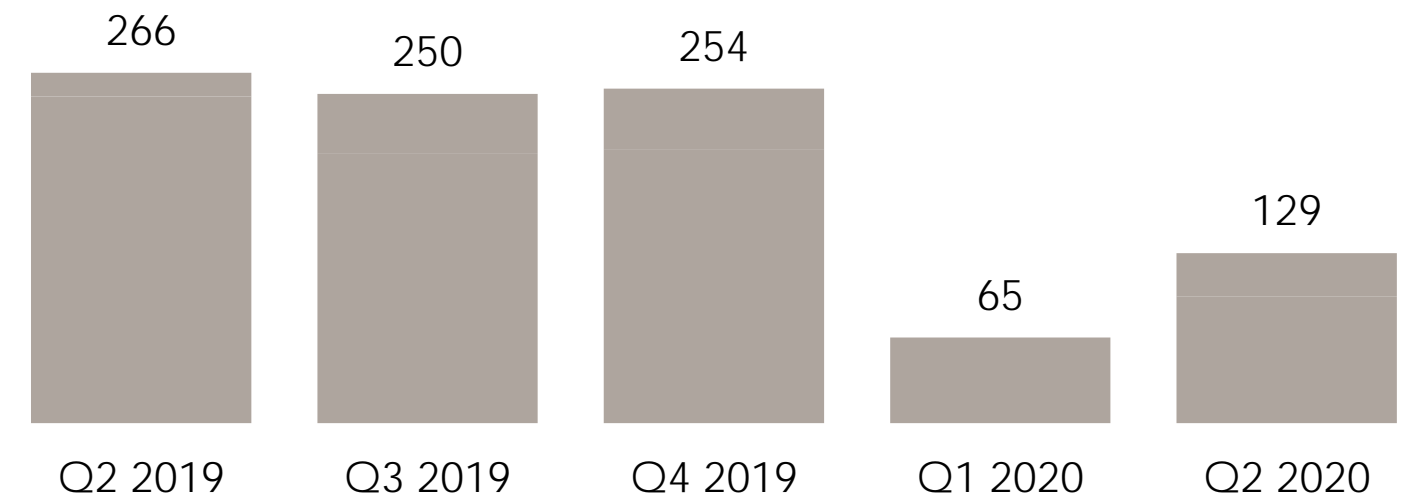
NOK million



- Q1 2019: 70% of units under construction sold by Q1 2019
- Q1 2019: 78% of construction volume in Oslo Metropolitan Area

Expected completions per quarter

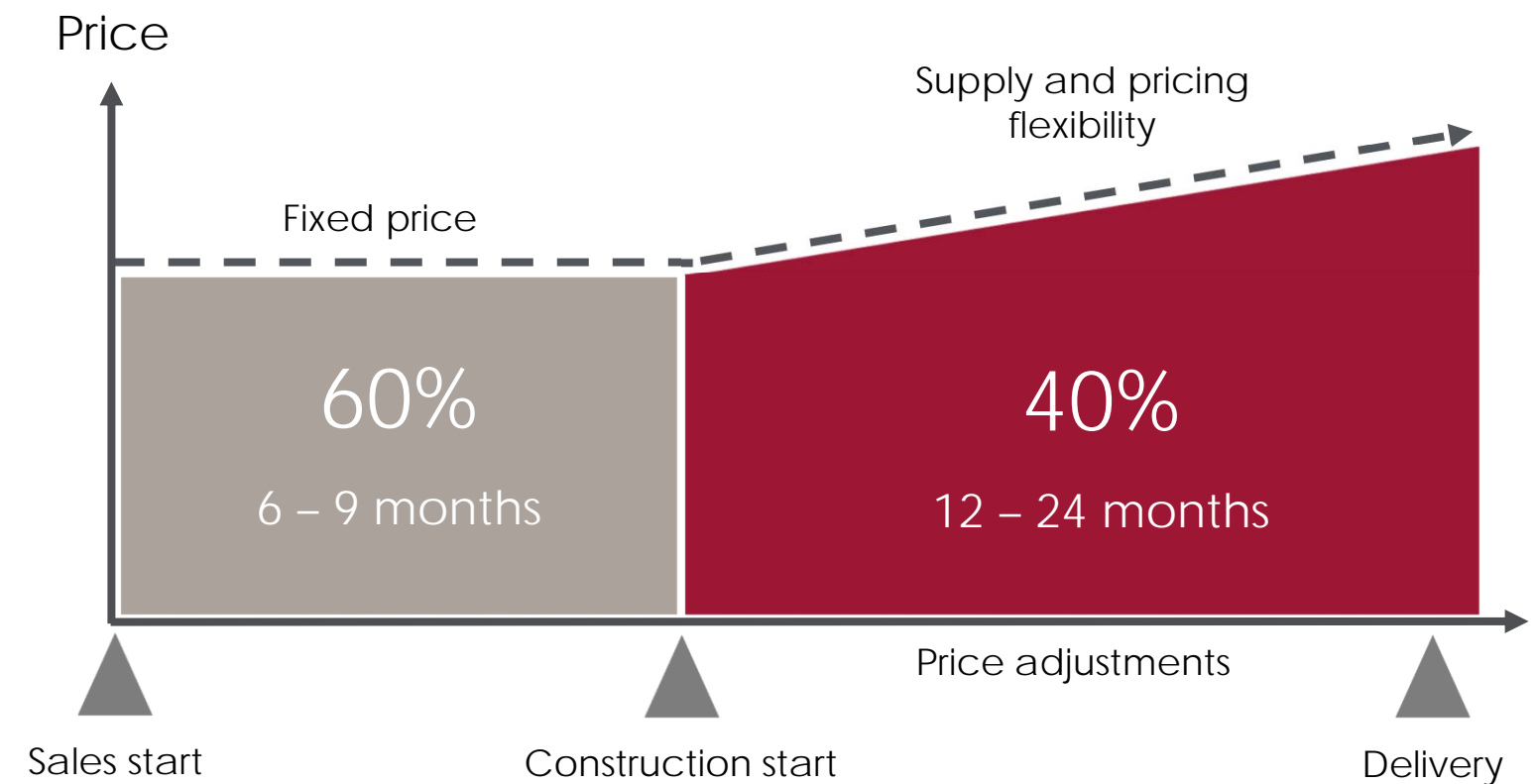
Units



- Expected completions for the full year 2019: 782 units
- 77% of 2019 completions sold by Q1 2019

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



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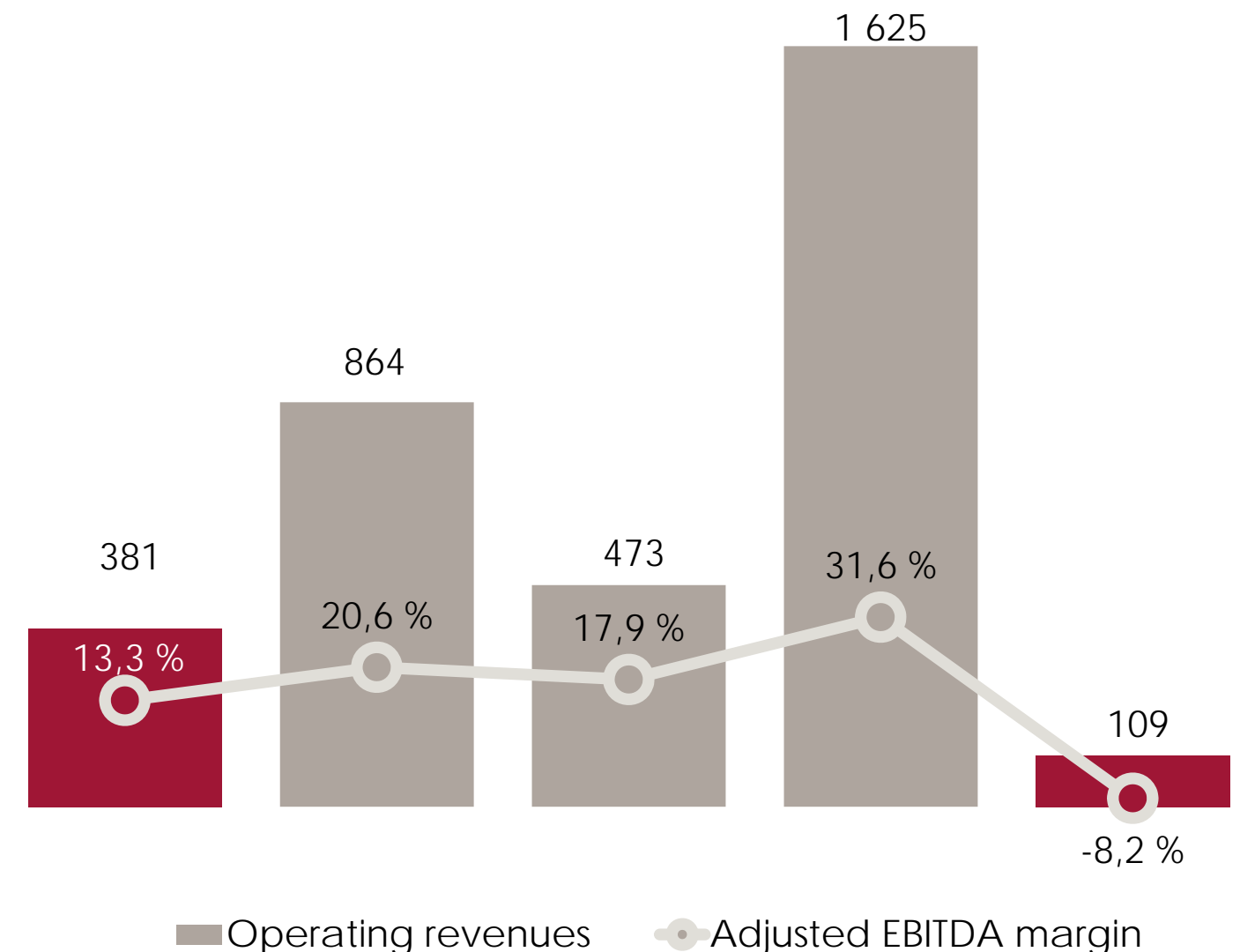


Income statement highlights Q1 2019 (IFRS)

- 29 units delivered (59)
- Revenues NOK 109m (381)
 - Units delivered NOK 93m (323)
 - Other revenues NOK 16m (15)
- Project costs NOK 70m (276)
 - Of which NOK 3m is interest (5)
- Other costs NOK 60m (58)
 - Salaries, sales and marketing
- Adjusted EBITDA NOK -9m (51)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK -12m (45)
- EPS in the quarter NOK -0.16 (0.34)

Revenues and adjusted EBITDA margin (IFRS)

NOK million

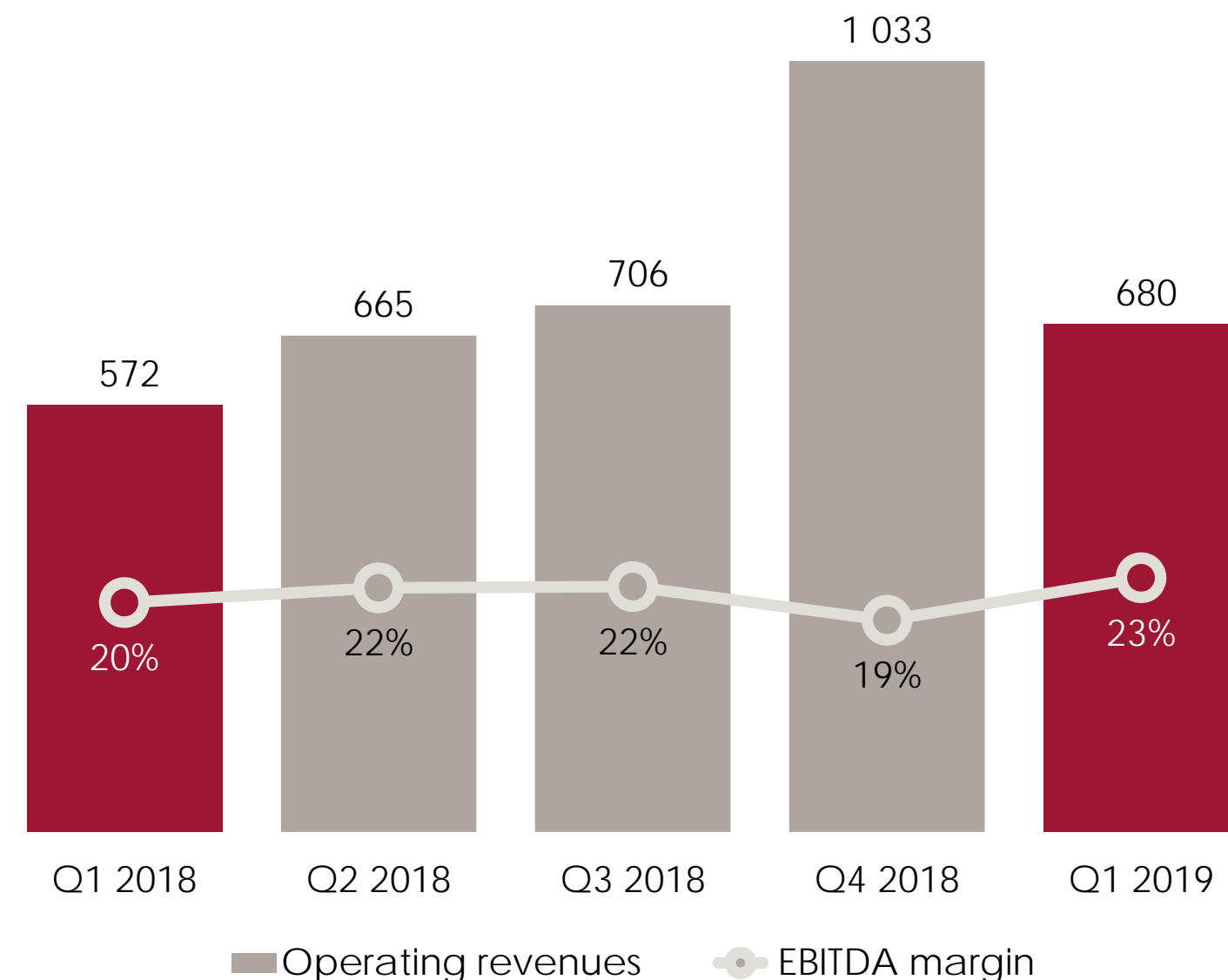


Note: EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs

Income statement highlights Q1 2019 (NGAAP)

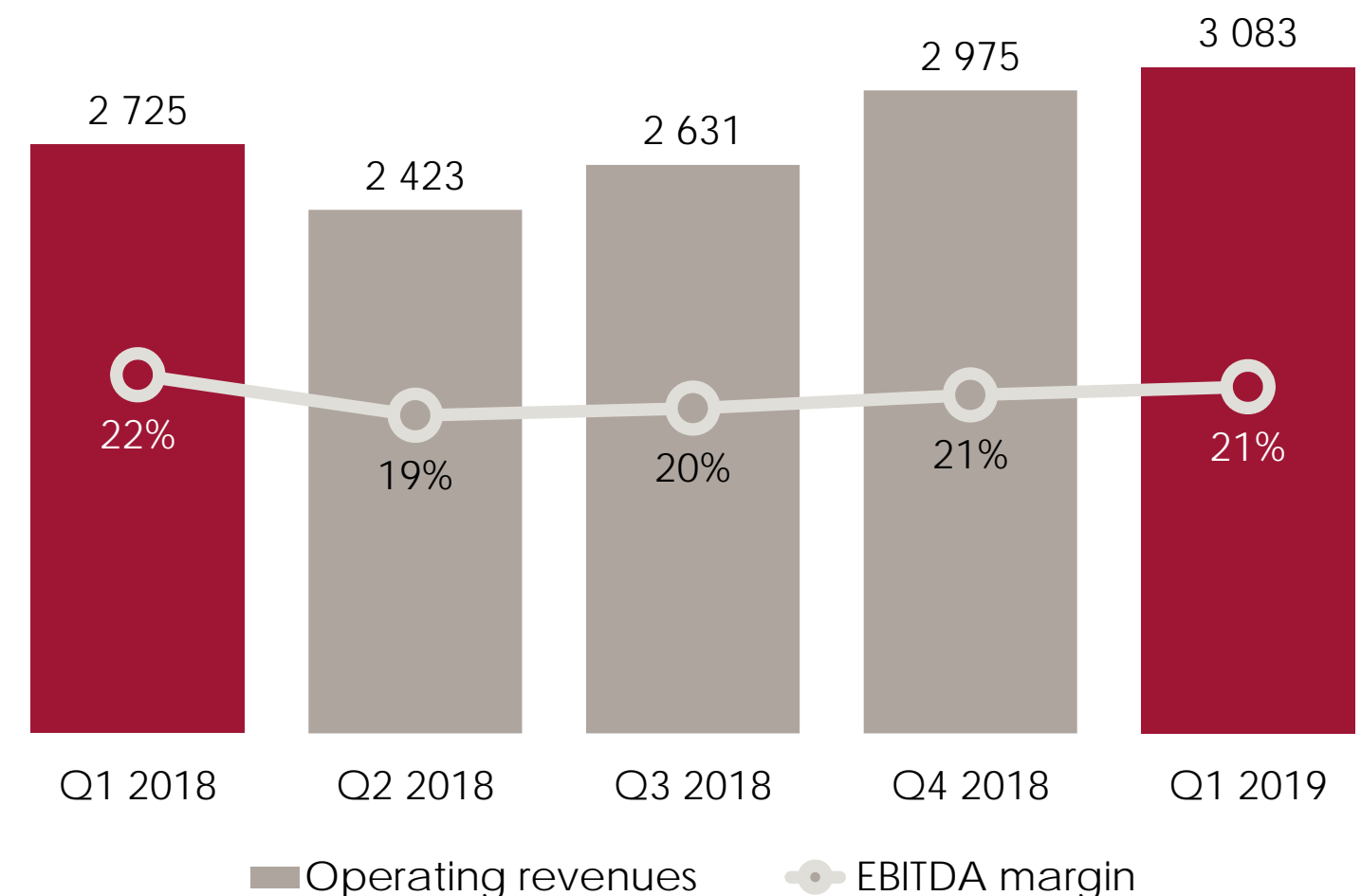
Revenues and EBITDA margin (NGAAP)*

NOK million



12 months rolling revenues (NGAAP)*

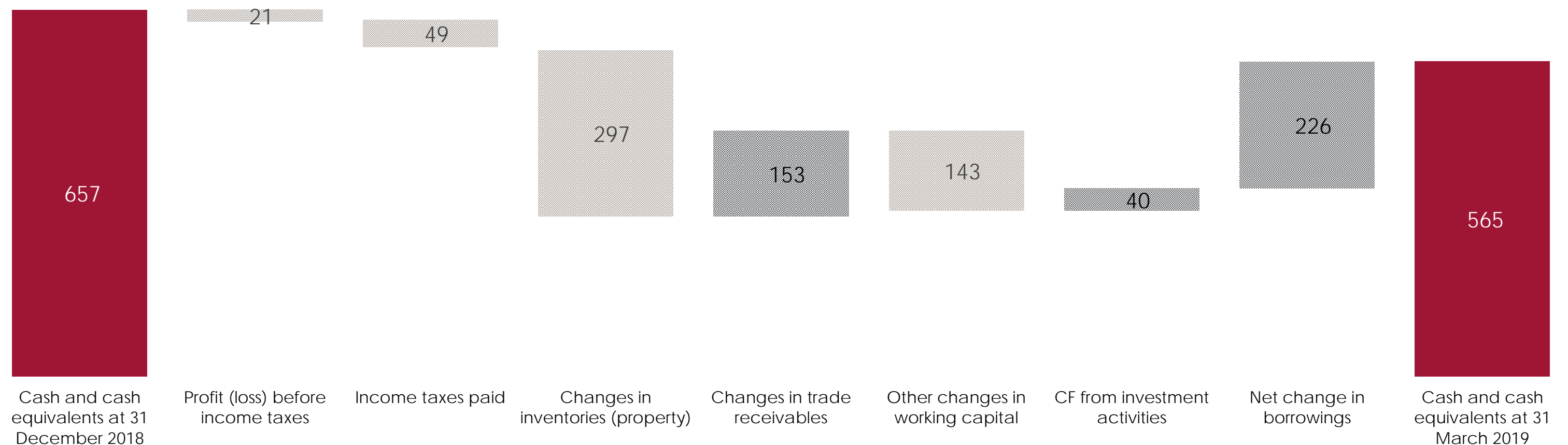
NOK million



* 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 Q1 2019

NOK million



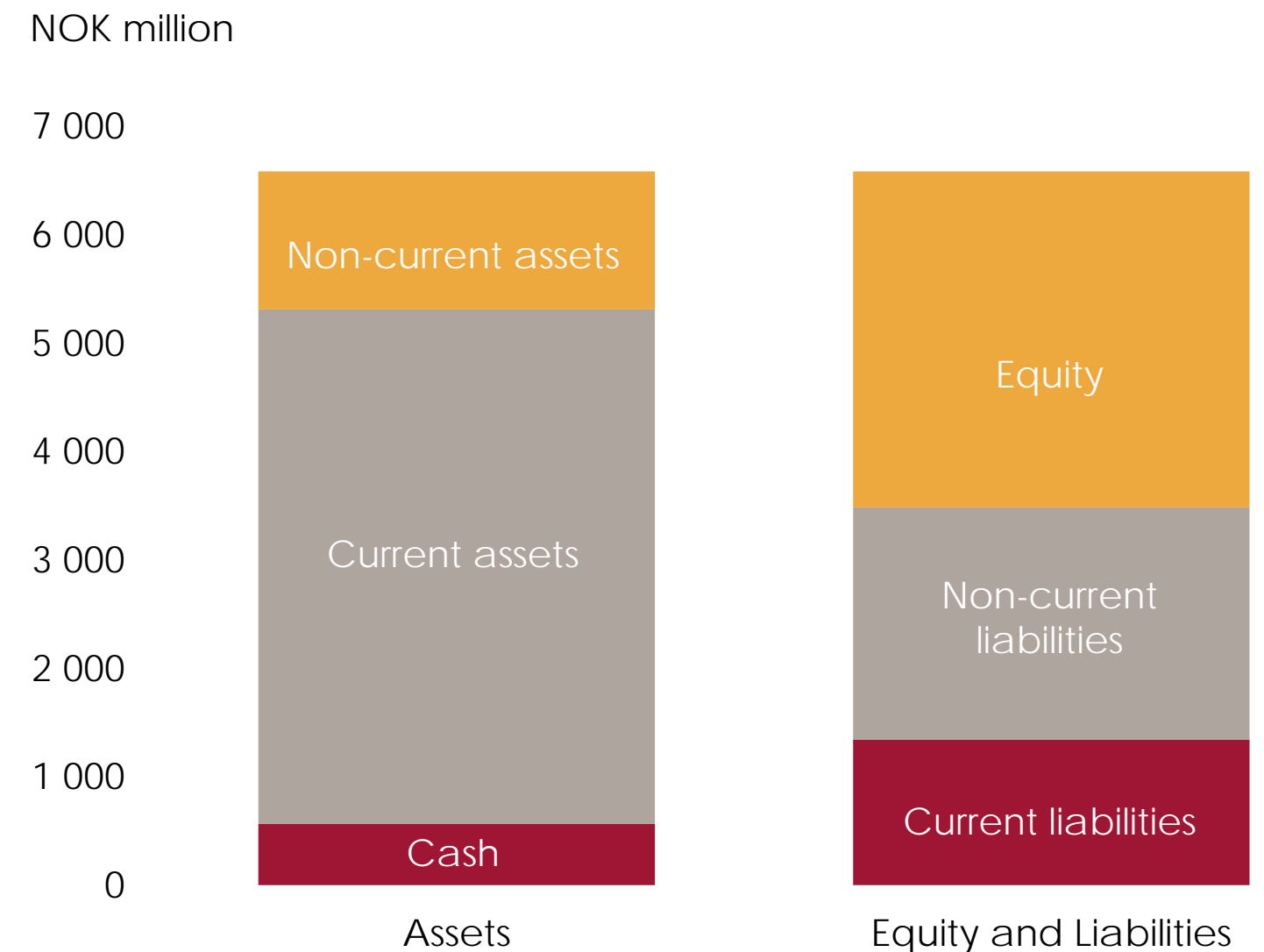
- Cash flow from operations negative at NOK 358m mainly explained increased inventory (property)
- Cash flow from investment activities positive at NOK 40m mainly due to dividends from associated companies and proceeds from repayments of loans and trade credits.
- Cash flow from financing activities positive at NOK 226m mainly due to net increase in loans

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

Balance sheet highlights Q1 2019

- Book value of equity slightly down to NOK 33.00 per share
 - Equity ratio 47.1%
- Changes from Q4 2018:
 - Inventories increased by NOK 309m
 - Trade receivables decreased by NOK 153m
 - Cash decreased by NOK 92m
- Prepayments from customer's accounts for NOK 269m of other current non-interest-bearing liabilities

Balance sheet composition

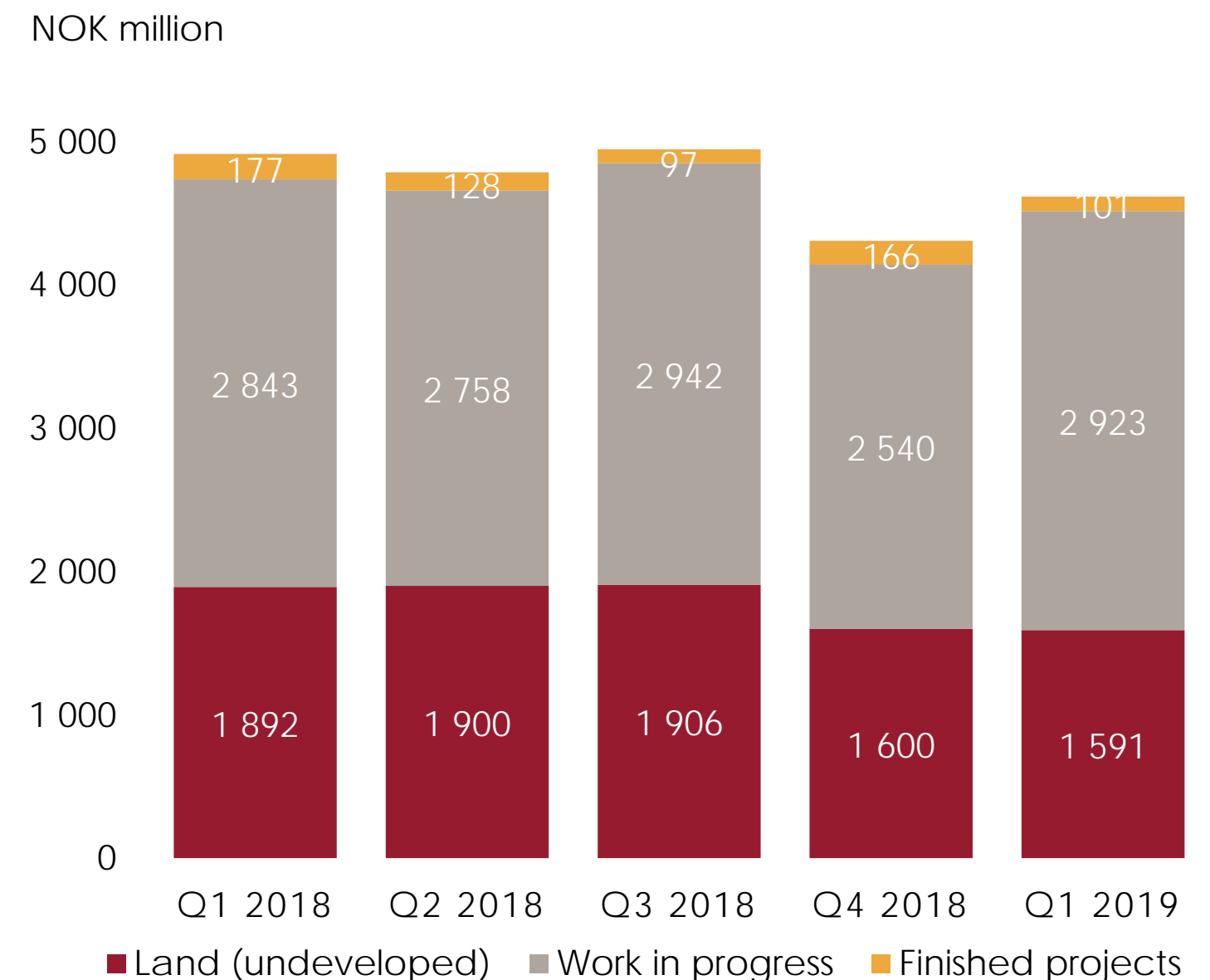


Inventories (property) Q1 2019

Q1 19 vs Q4 18

- Land value down NOK 10m
 - Due to construction starts
- Work in progress up NOK 383m
 - Due to high volume of units under construction relative to units completed.
- Finished goods down NOK 65m
 - Mainly due to delivery of units completed last year

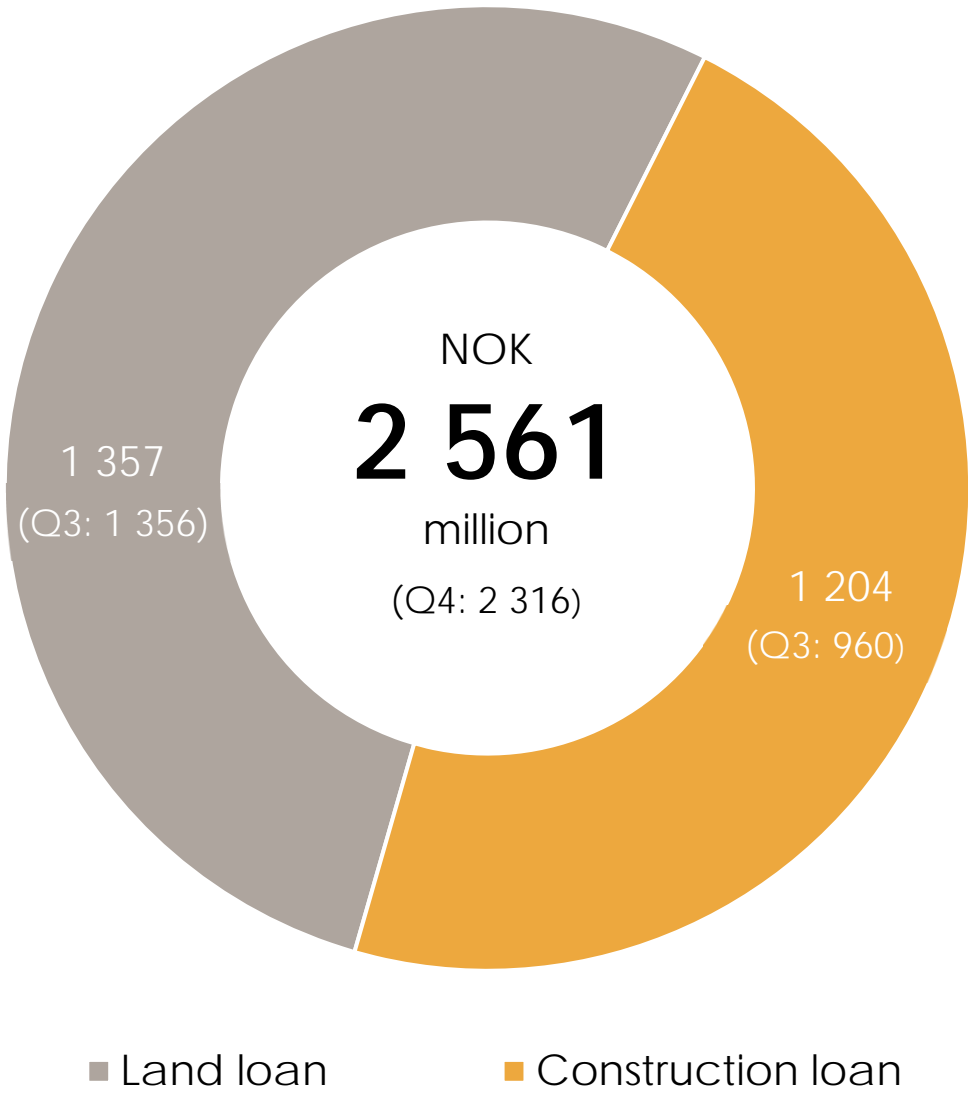
Inventory value development



Debt structure

Interest-bearing debt as at 31 March 2019

NOK million



	Loan facility	Drawn at 31 Mar. (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	1 357	2.00% - 2.50%
4	Construction loan facilities from a range of Nordic credit institutions	1 204	1.75% - 2.60%

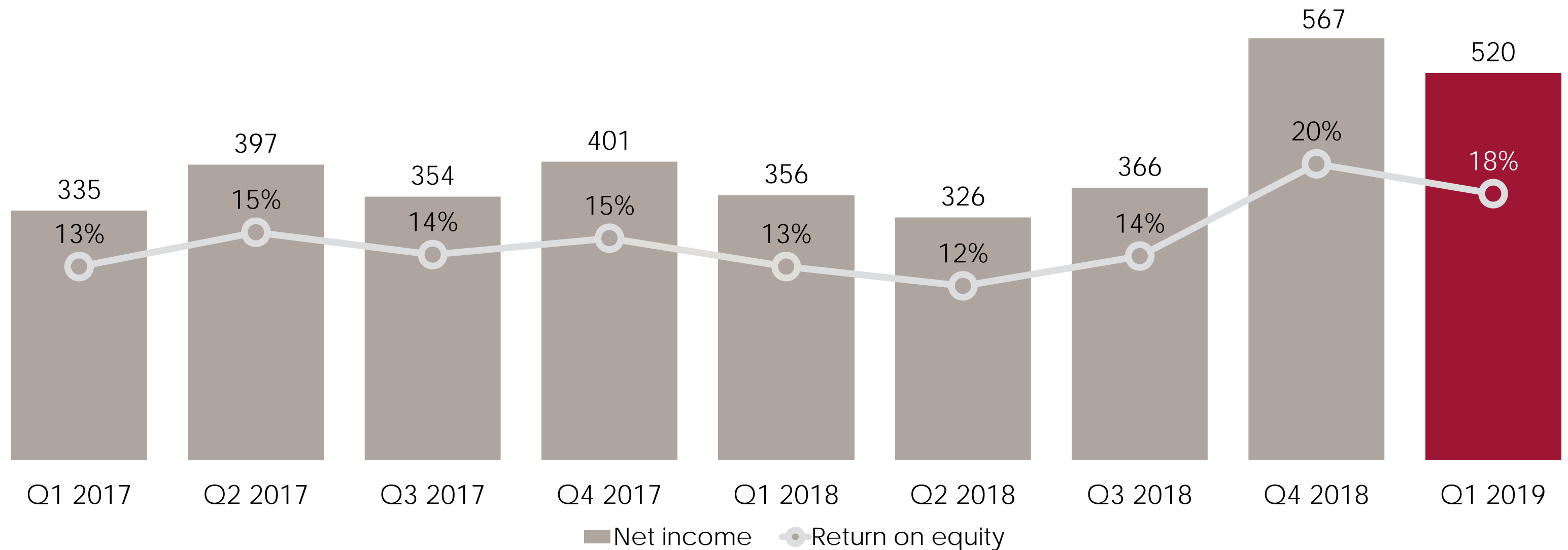
Total Q1 2019 net interest-bearing debt NOK 1 996 million

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

Return on equity (IFRS)

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

NOK million

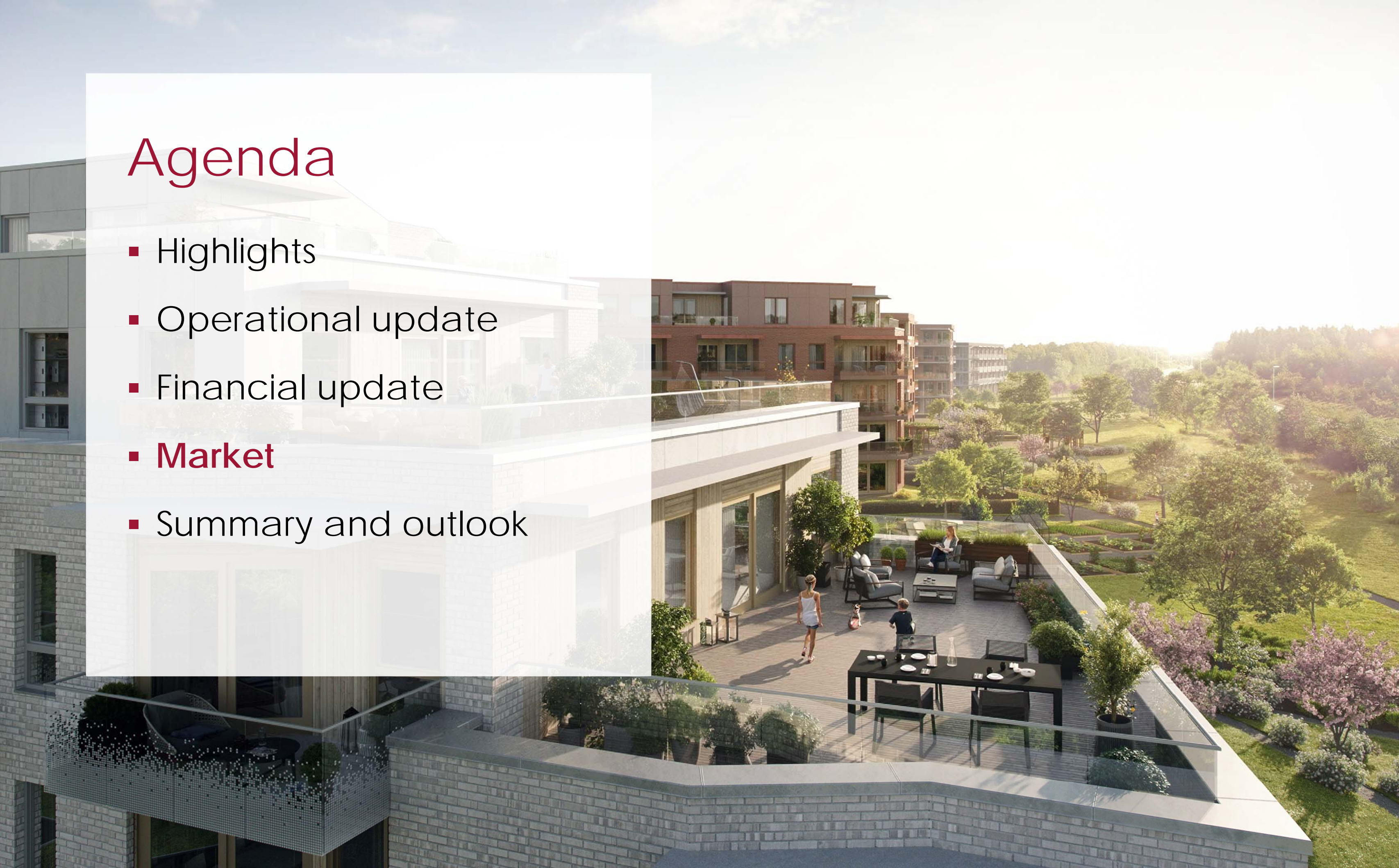


* Net income attributable to shareholders in Selvaag Bolig ASA

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

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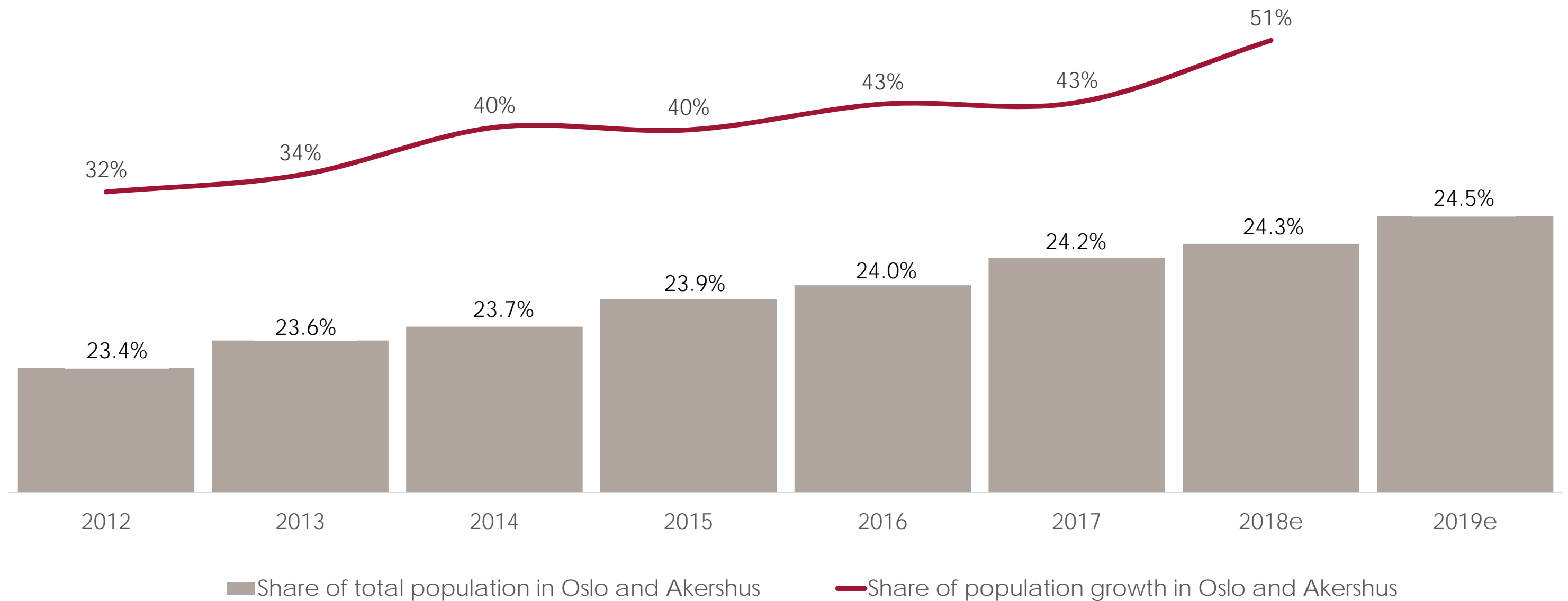


Population growth in Oslo and Akershus



Source: Statistics Norway

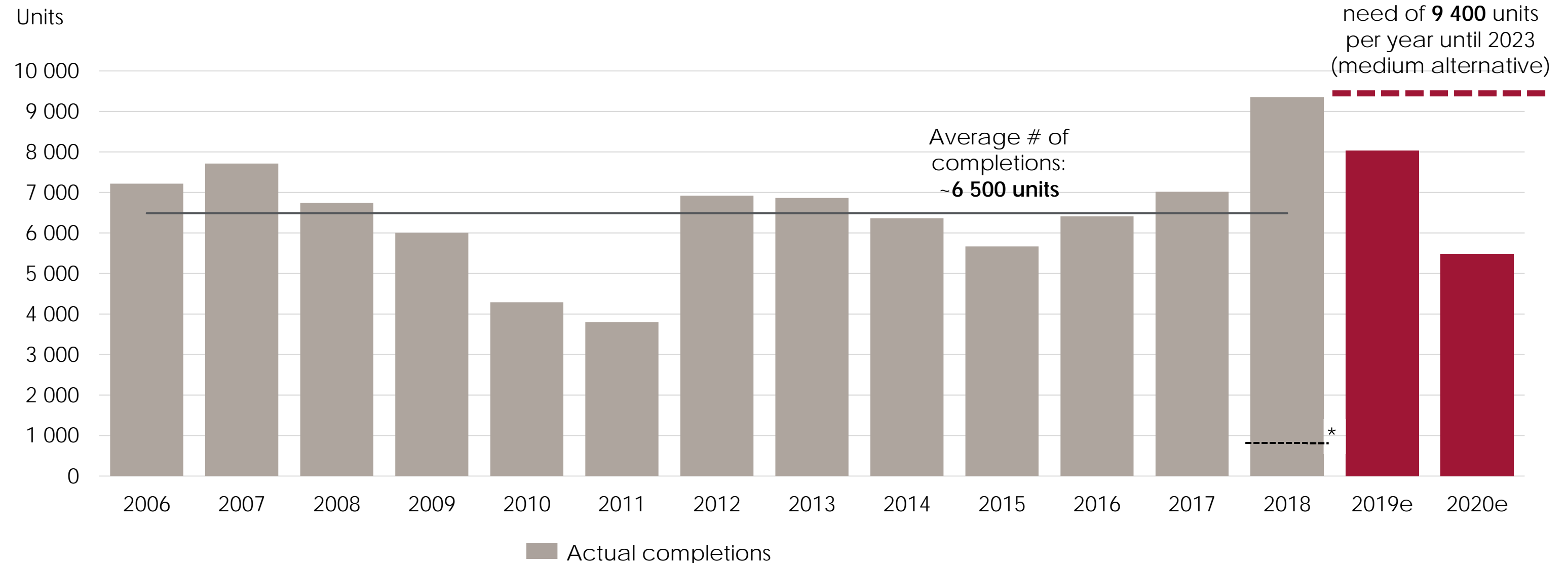
Increasing share of population growth in Oslo and Akershus



Source: Statistics Norway (medium alternative)

Expected completions lower than forecasted housing demand in Oslo and Akershus

Number of units completed in Oslo and Akershus, 2006-2018



Source: Statistics Norway (Actual completions), Prognosesenteret (Forecasted housing need based on Statistics Norway low immigration alternative), Ny Analyse (Forecasted completions)

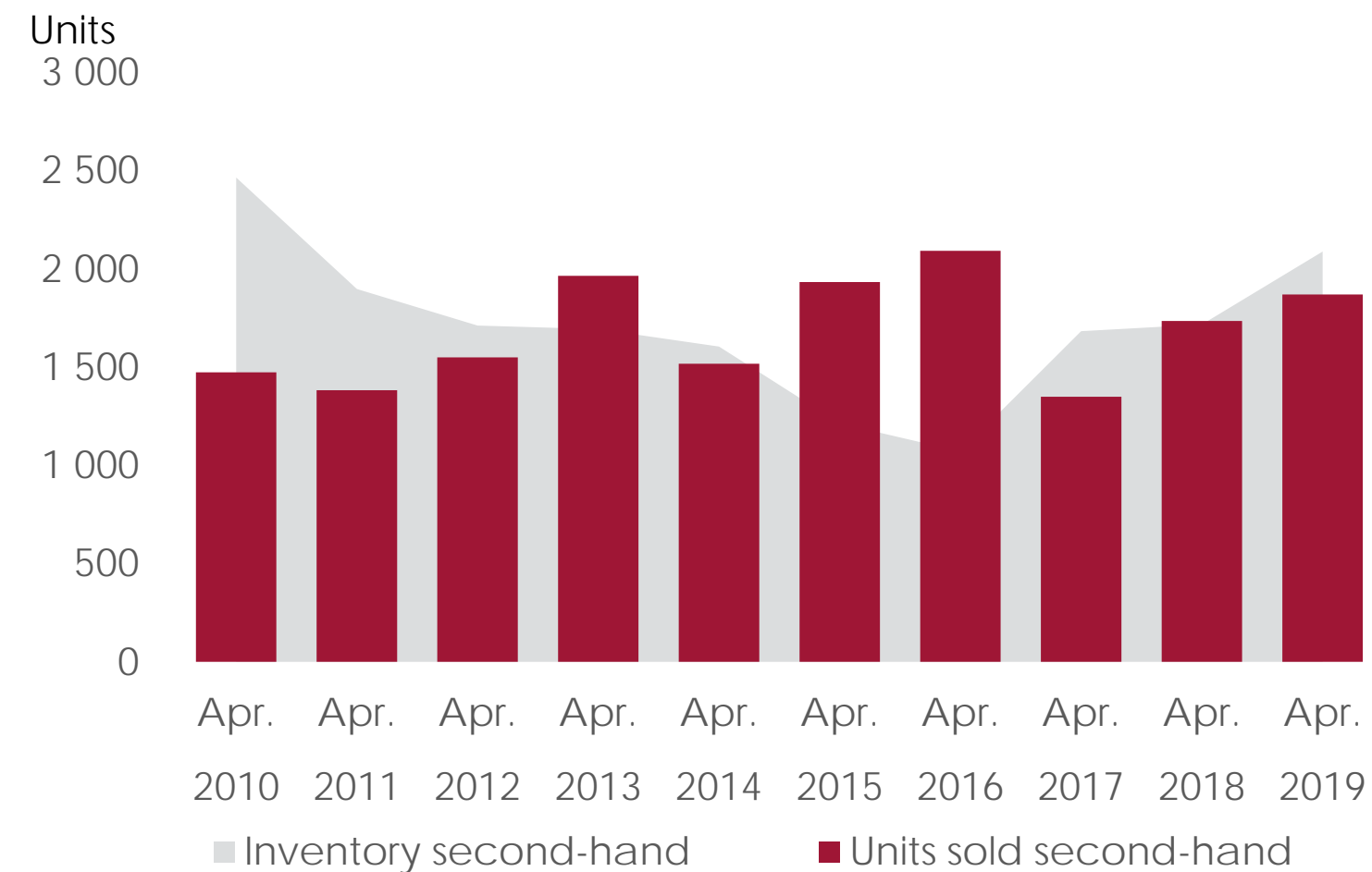
Note: Housing demand calculated on parameters such as number of persons per household, lag on housing development, housing demolition

Note: Completions exclusive of student- and senior housing

* Only 800 units zoned in Oslo in 2018

Second-hand market update Oslo

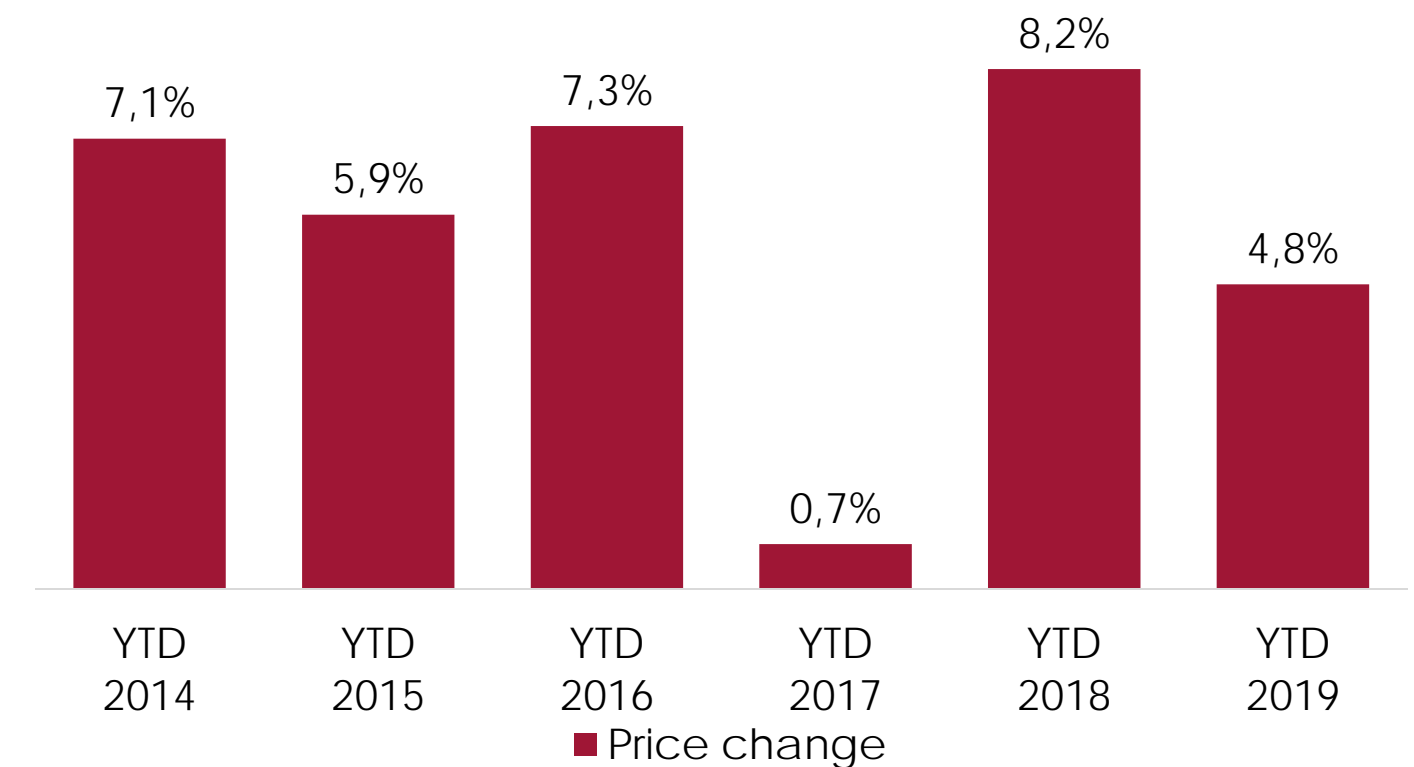
Oslo, April 2019



- **New homes available for sale as of 13 May 2019: 1 760 units**
 - 48% of total inventory

Price change Oslo, YTD (Jan-Apr) 2014-19

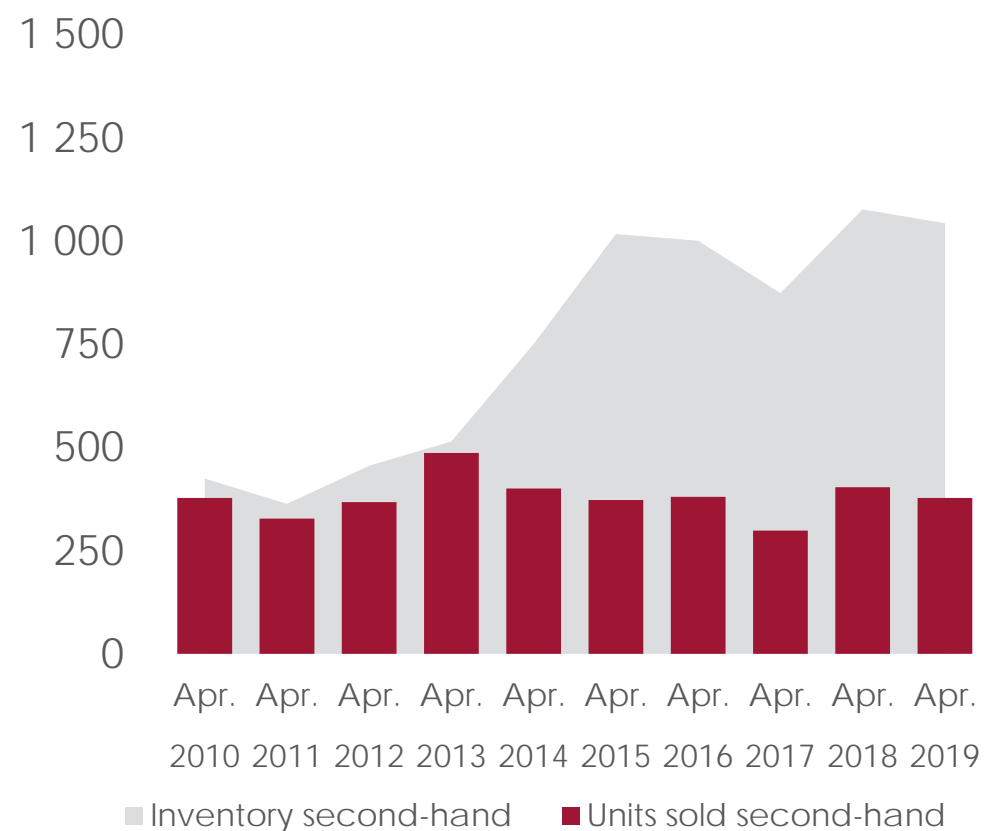
(Price increase last 12 months of 5%)



Sources: Eiendomsverdi, Eiendom Norge and finn.no

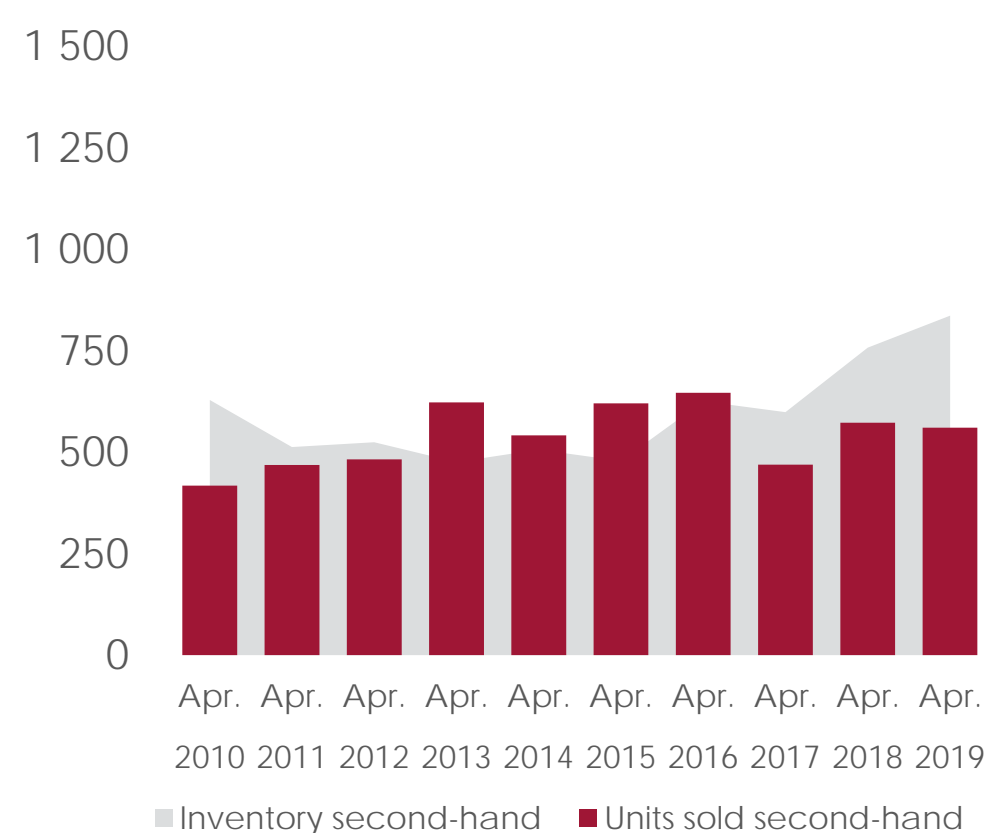
Second-hand market update other core markets

Stavanger-area*, April 2019



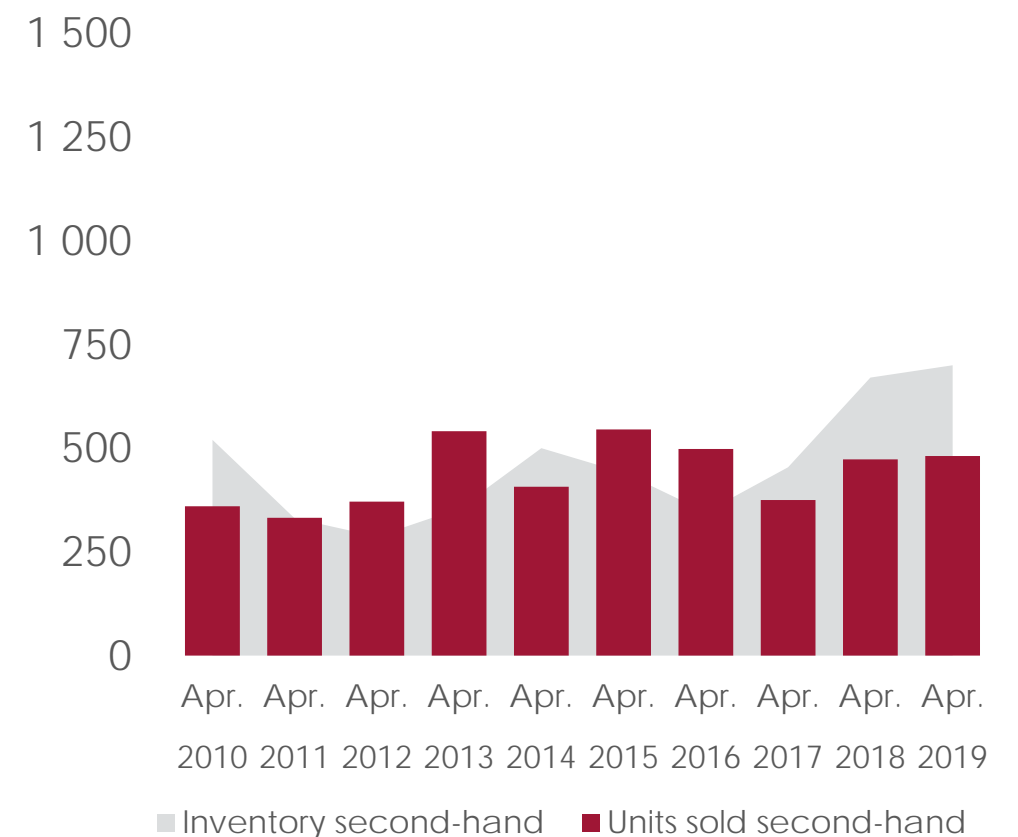
- Price increase of 4.1% year to date (3,2%)
- New homes available for sale as of 13 May 2019: 1 125 units
 - 45% of total inventory

Bergen, April 2019



- Price increase of 6.2% year to date (7.0%)
- New homes available for sale as of 13 May 2019: 1 030 units
 - 56% of total inventory

Trondheim, April 2019

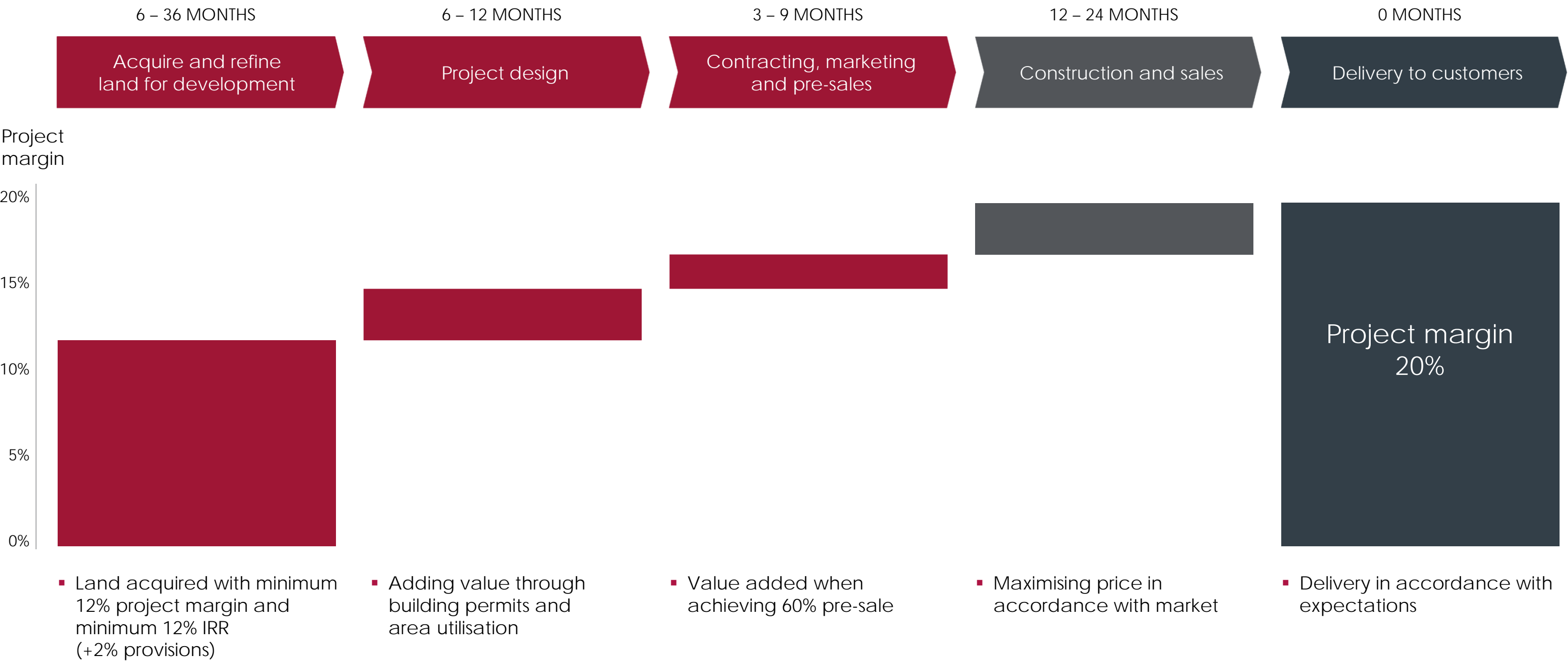


- Price increase of 5.8% year to date (5.6%)
- New homes available for sale as of 13 May 2019: 990 units
 - 56% of total inventory

Sources: Eiendomsverdi, Eiendom Norge and finn.no

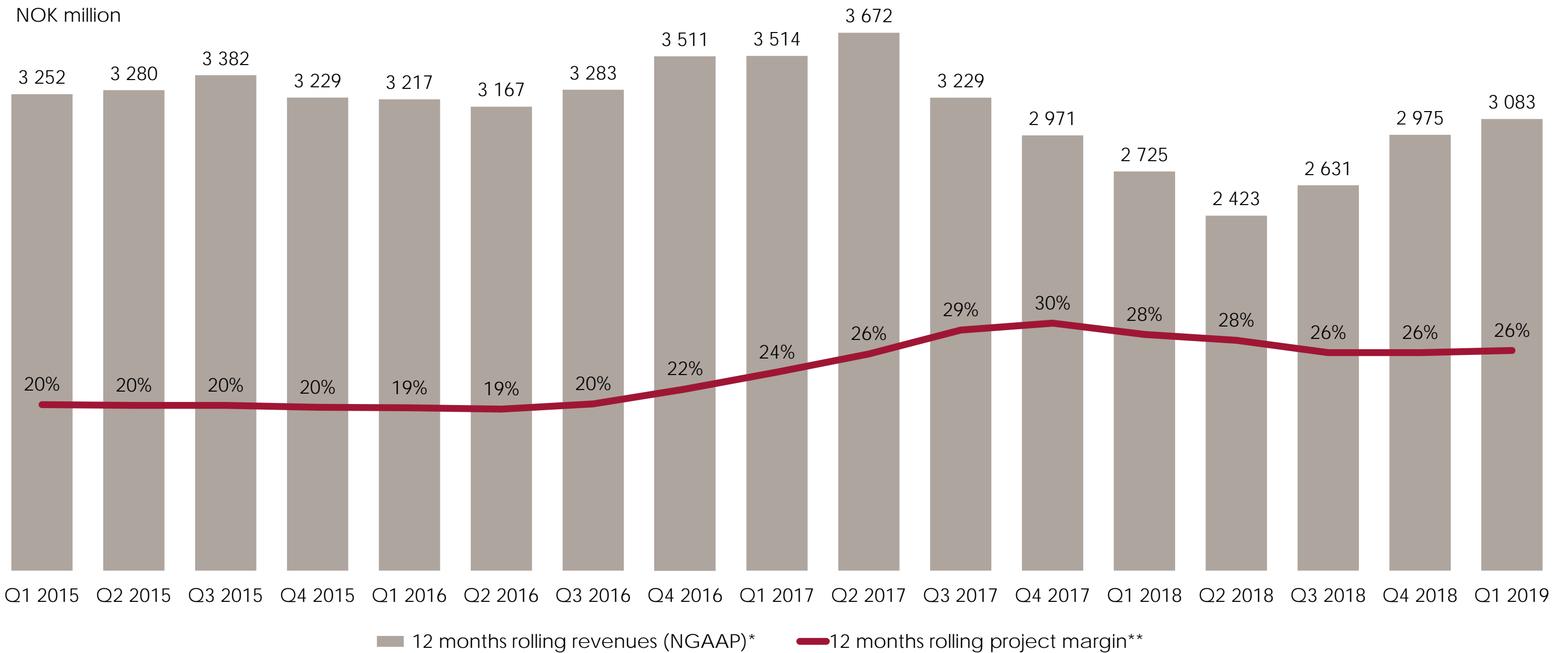
* Stavanger-area include: Stavanger, Sola, Randaberg and Sandnes

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

LØRENSKOG STASJONSBY – 2013



LØRENSKOG STASJONSBY – TODAY

Total 2 000 units

- ~ 1 500 units remaining

First sales start: 2013

- Sales price 2013: NOK 35 000 m²
- Sales price 2019: NOK 75 000 m²

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Outlook

- Stable and moderate interest rates
- High employment
- Balanced supply and demand
- Urbanization and population growth
- Possible supply deficit in Oslo in 2021

 **Stable market with moderate price increase going forward**

Summary

- Strong operational performance with EBITDA-margin (NGAAP) of 23%
- High sales in Q1
- All time high value of units under construction
- Fundamentals support strong long-term demand in core markets

SELVAAG BOLIG

Thank you for your attention – follow us online!

Next event:
2nd quarter 2019
14 August 2019



@SelvaagAksjen

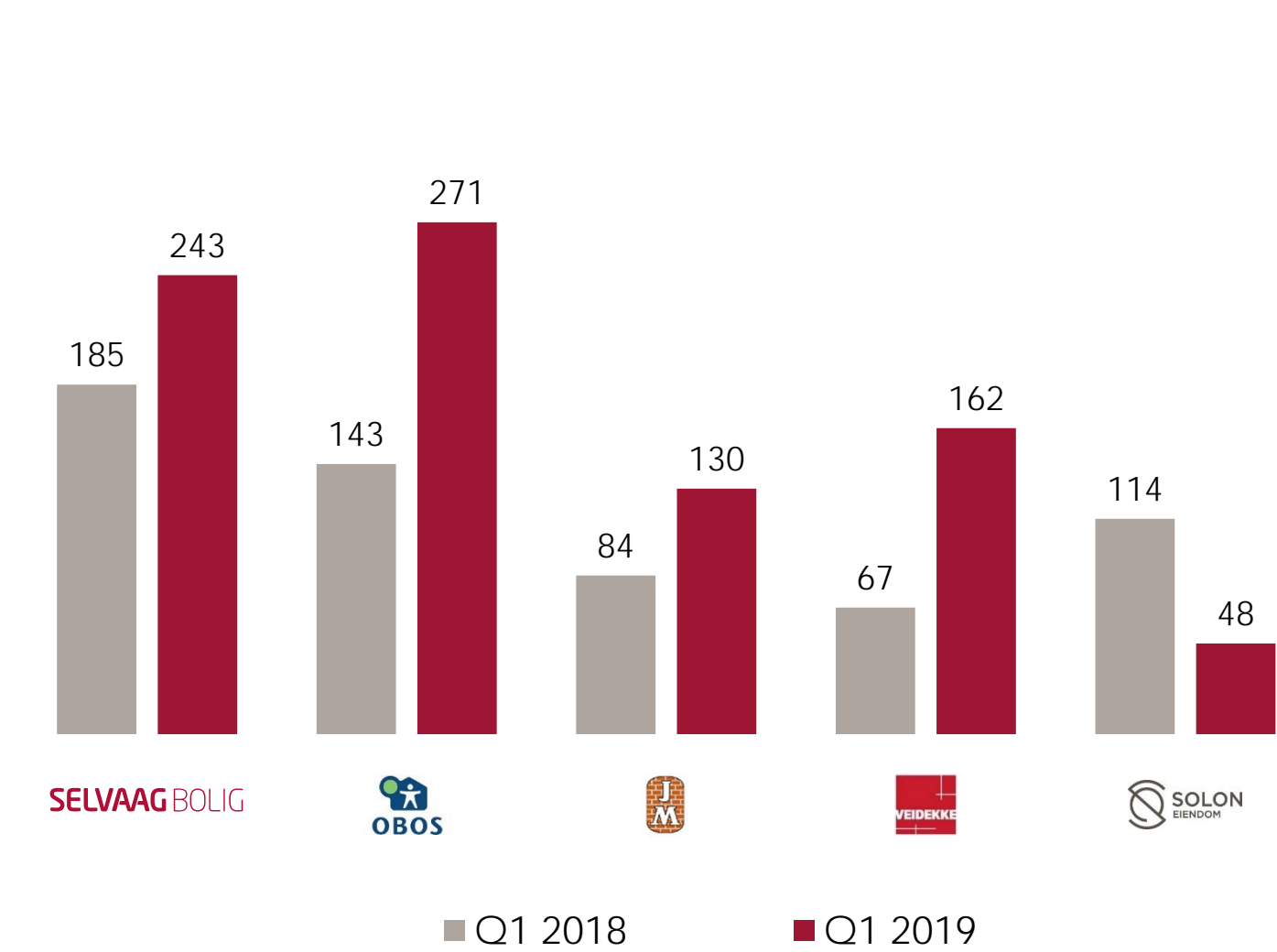
Appendix



Peers

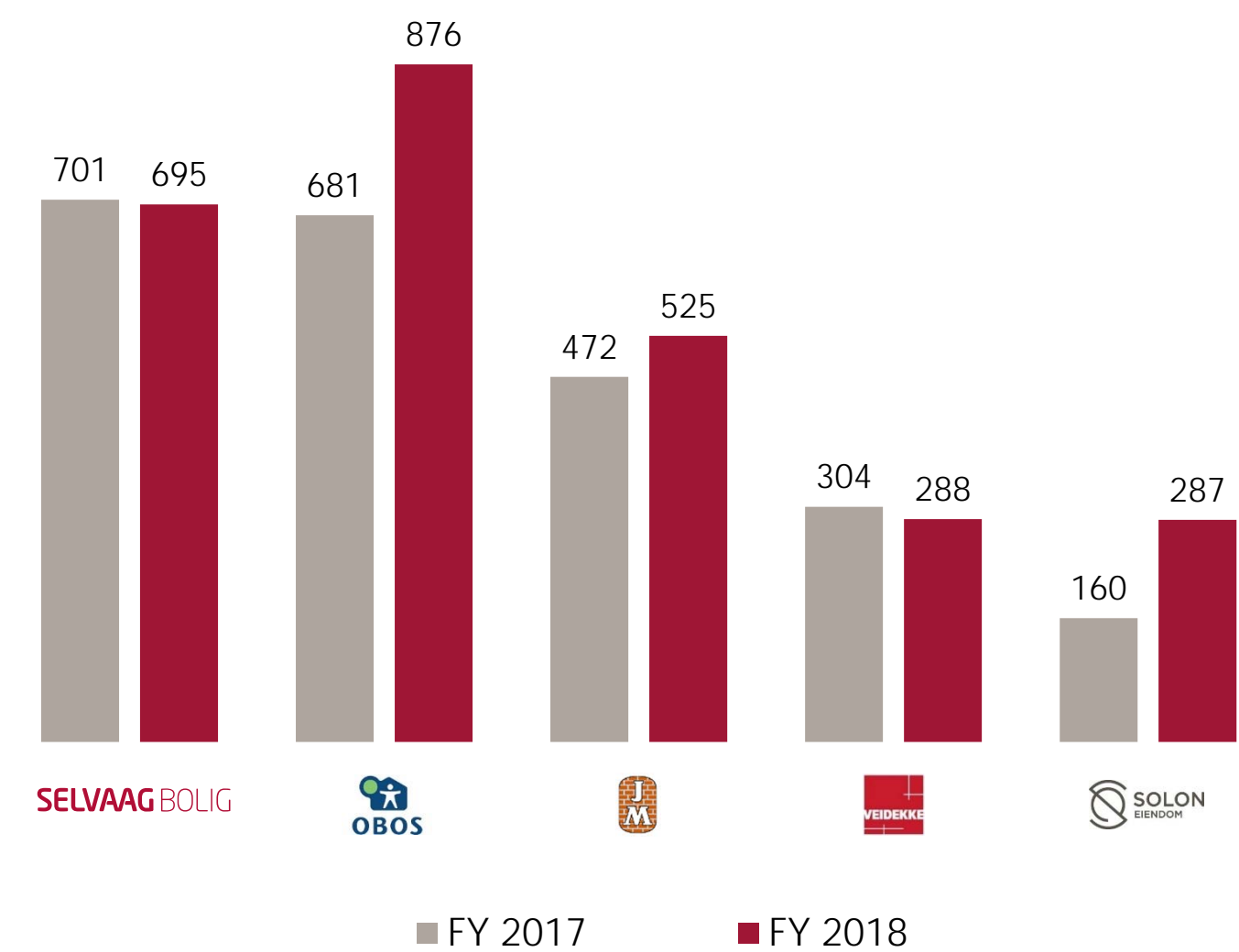
Quarterly sales activity vs. peers

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.

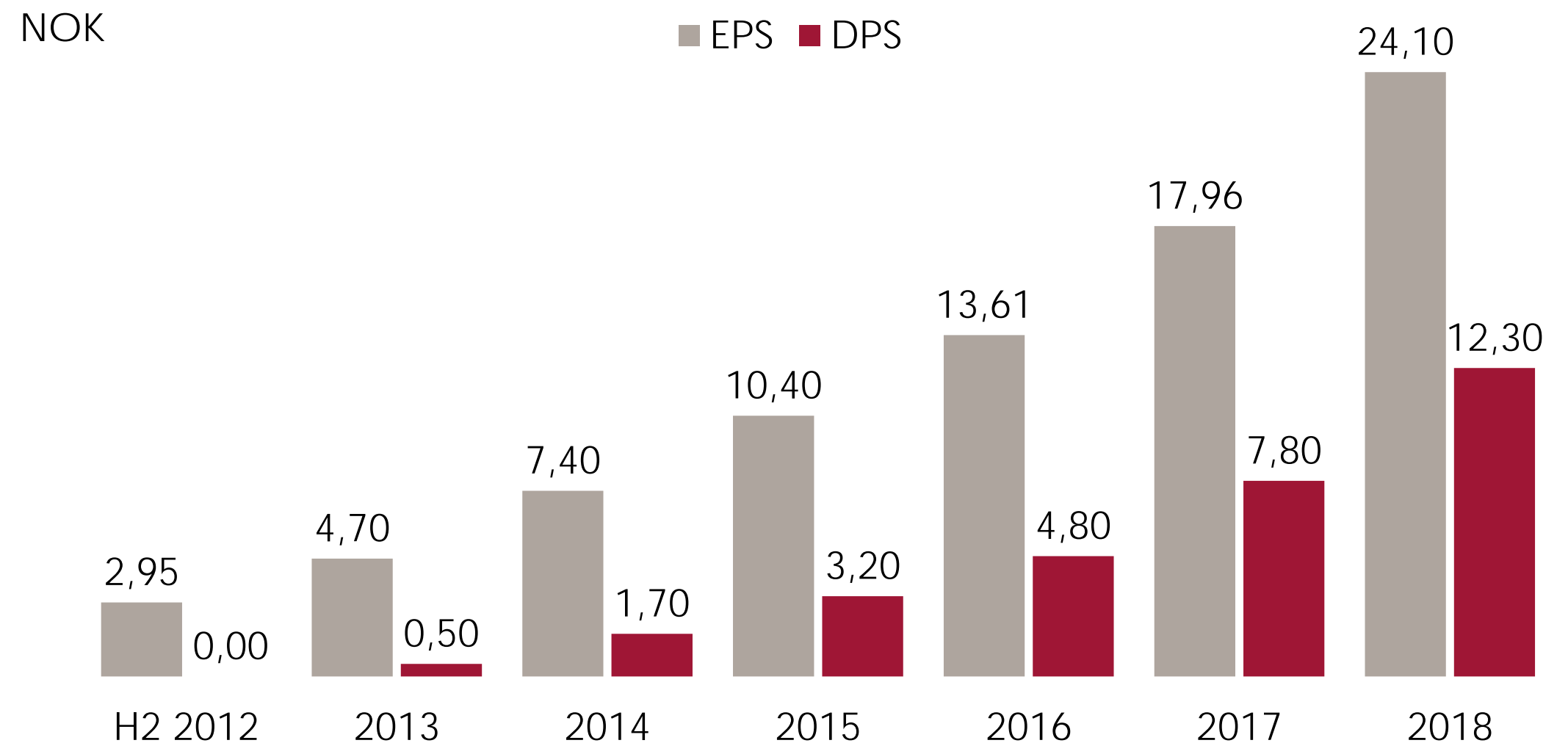
The company aims to pay dividends of minimum 40 per cent of net annual profit, paid in two instalments over the year. However, the size of the dividend will be weighed against the company's liquidity forecasts and capital adequacy.

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

Earnings and dividend per share since IPO

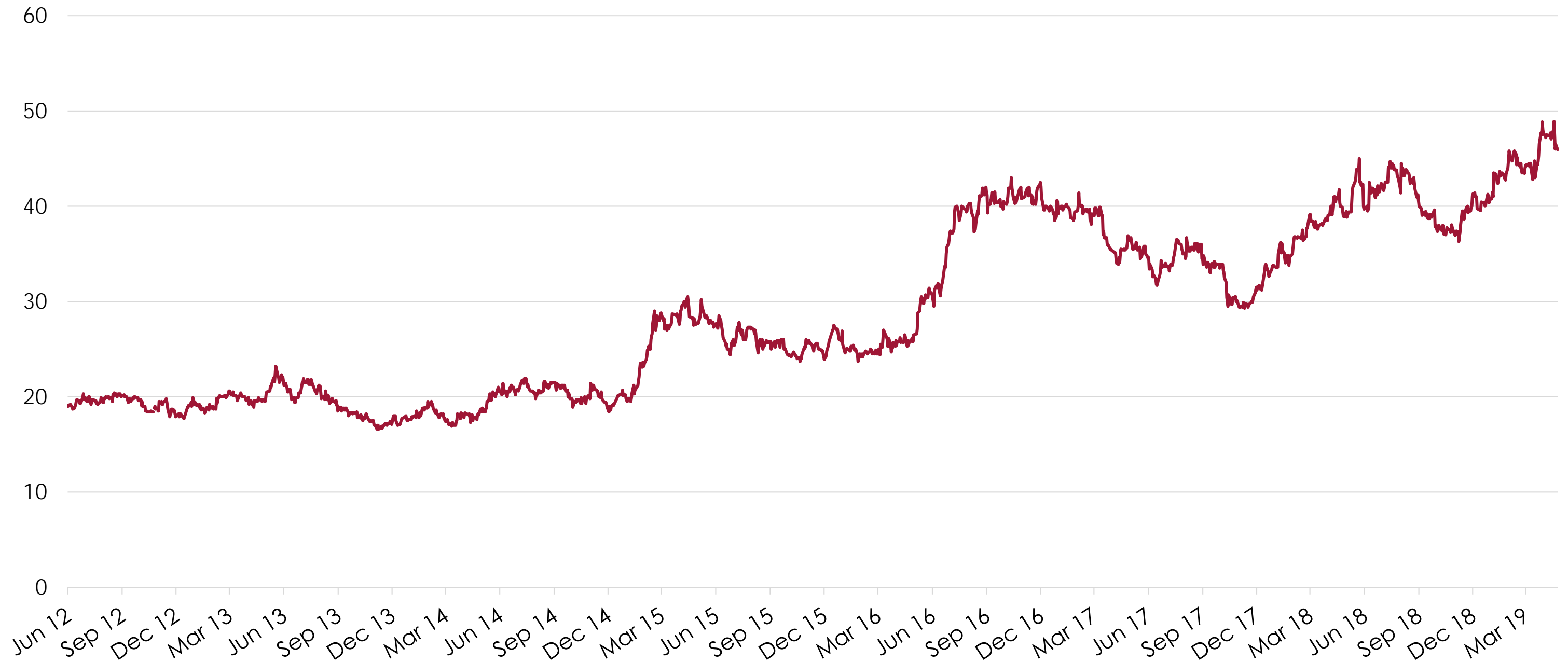
Accumulated dividend per share since IPO in June 2012

- 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 March 2019

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5%
LANDSFORSÅKRINGAR FASTIGHETSFOND	5 653 788	6.0%
Morgan Stanley & Co. Int. Plc. *)	2 746 221	2.9%
PARETO INVEST AS	2 065 624	2.2%
VERDIPAPIRFONDET PARETO INVESTMENT	1 596 366	1.7%
SEB PRIME SOLUTIONS SISSENER CANOP	1 400 000	1.5%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 059 567	1.1%
JPMorgan Chase Bank, N.A., London *)	966 761	1.0%
State Street Bank and Trust Comp	959 071	1.0%
FLPS - GL S-M SUB	940 100	1.0%
HOLBERG NORGE	880 000	0.9%
HOLTA INVEST AS	841 619	0.9%
SELVAAG BOLIG ASA **)	837 068	0.9%
BANAN II AS	600 000	0.6%
STOREBRAND NORGE I VERDIPAPIRFOND	581 069	0.6%
Baard Schumann	565 127	0.6%
MUSTAD INDUSTRIER AS	559 324	0.6%
Morgan Stanley & Co. International	495 977	0.5%
SPARHANS AS	476 221	0.5%
State Street Bank and Trust Comp *)	470 401	0.5%
Total 20 largest shareholders	73 874 391	78.8%
Other shareholders	19 891 297	21.2%
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

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

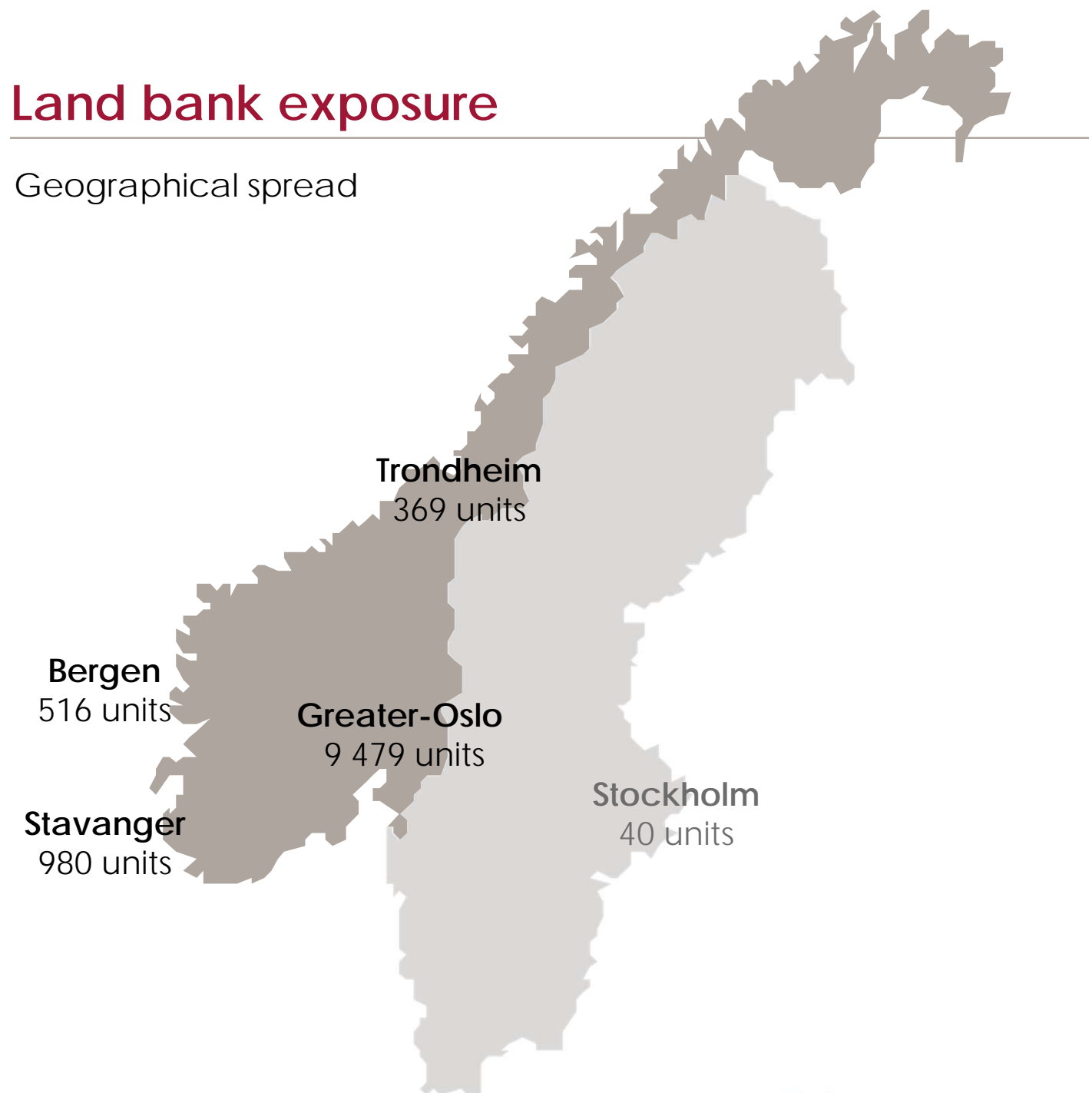
Land-bank strategy

- 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 March 2019. 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 ~5 400 residential units, whereof the company has purchasing obligations for ~4 900 and purchasing options for ~500 units.

Land bank exposure

Geographical spread

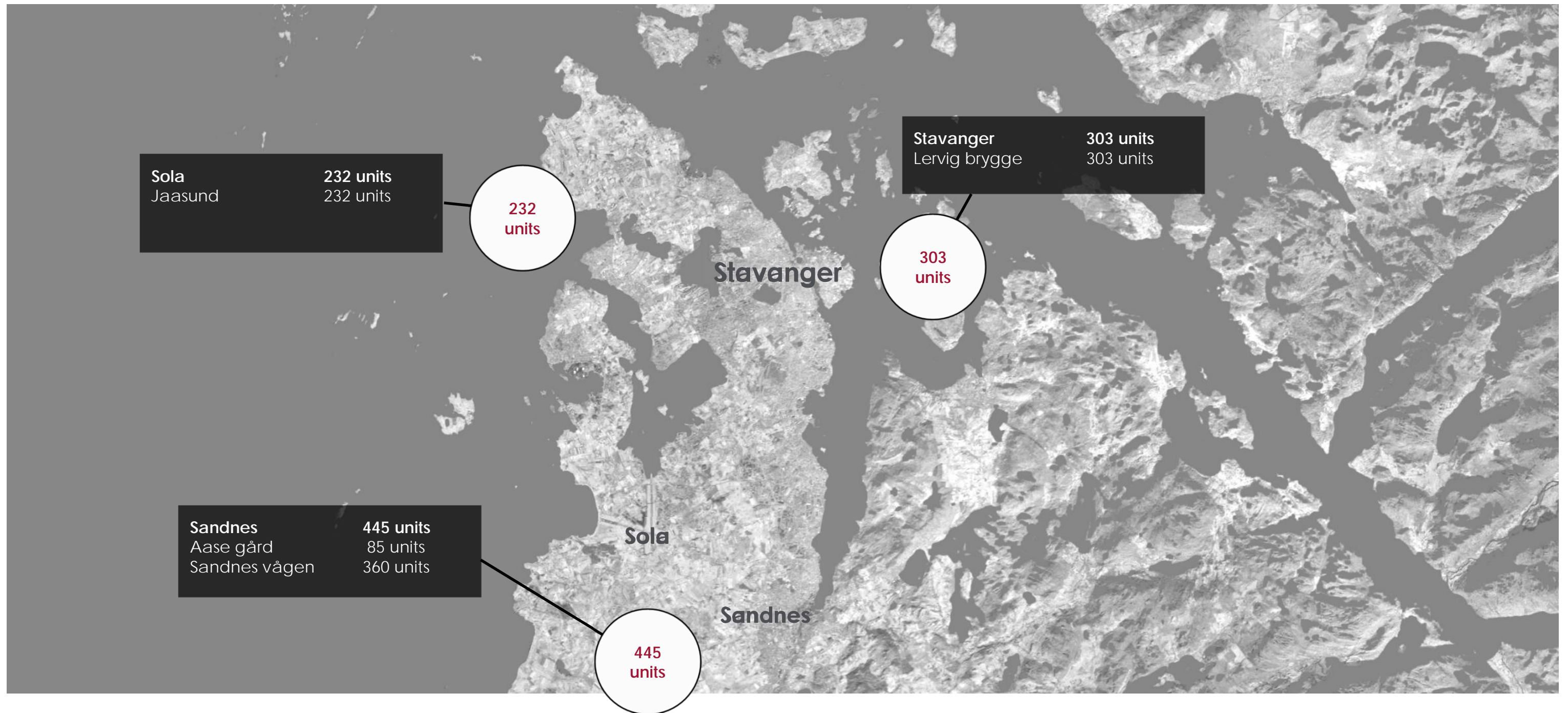


Land bank in Oslo and Greater Oslo

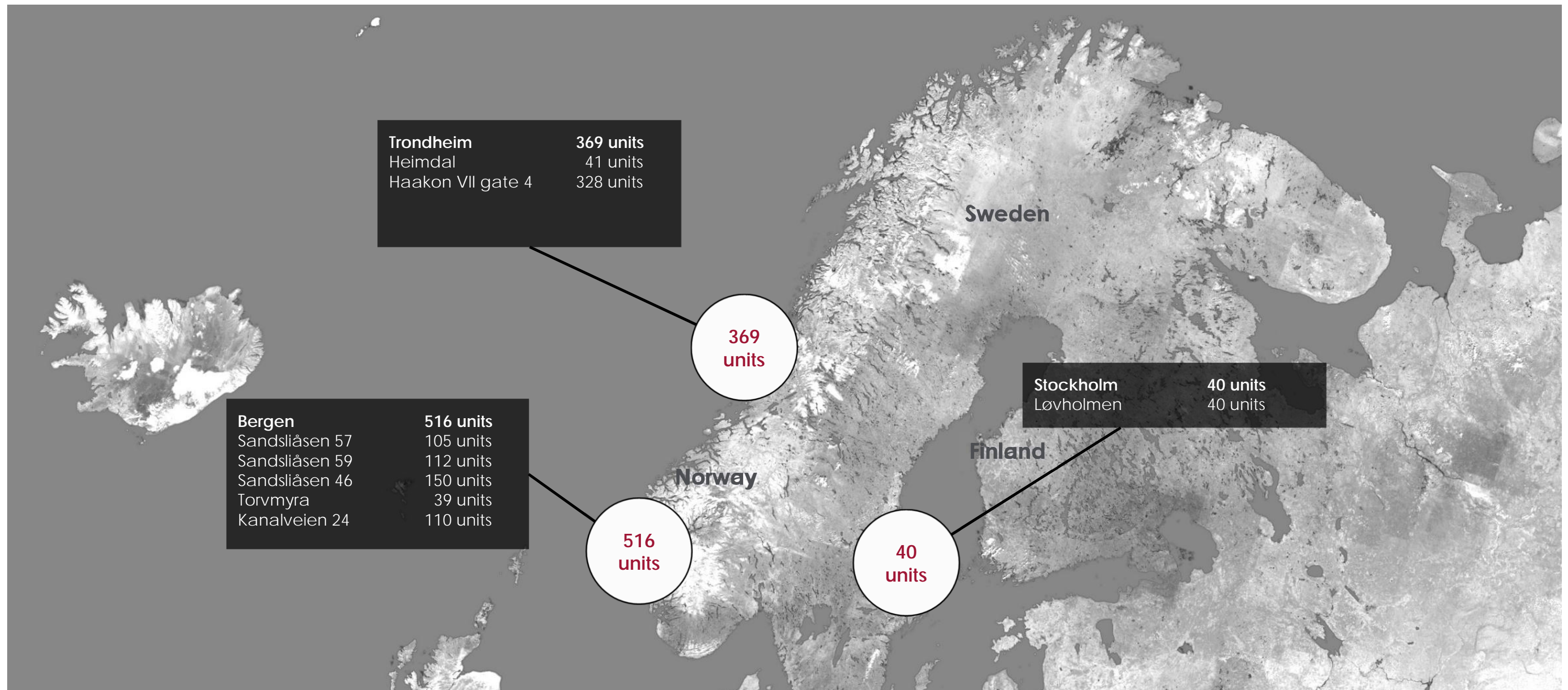


*The numbers are adjusted for Selvaag Bolig's share in joint ventures

Land bank in Stavanger area

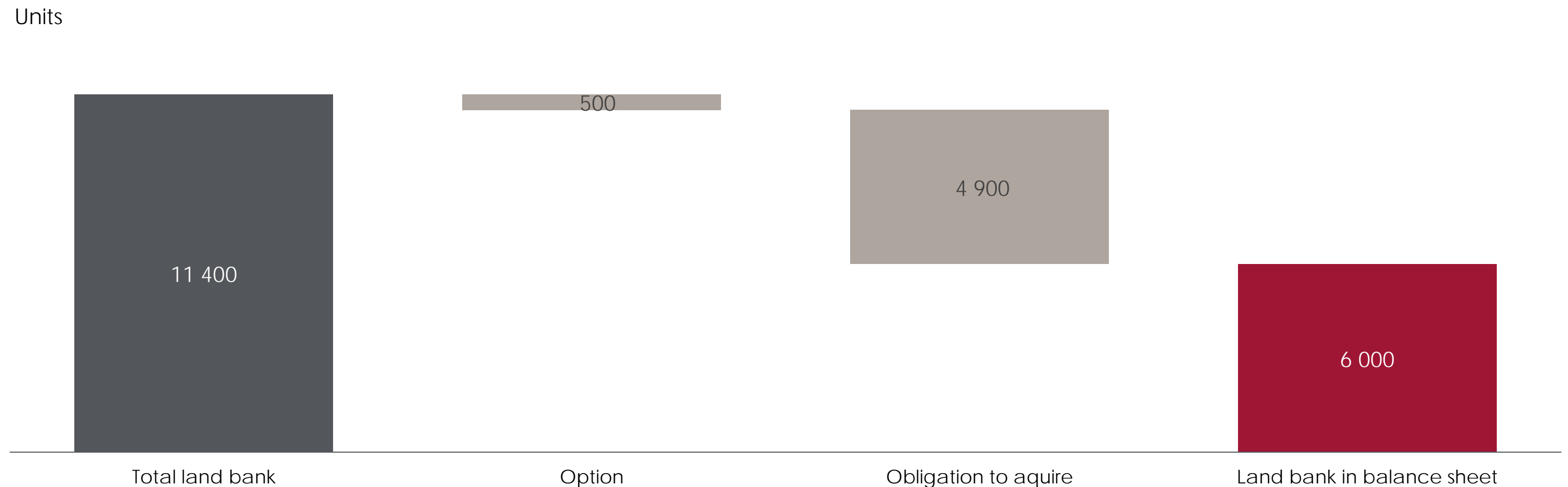


Land bank in Bergen, Trondheim and Stockholm



Substantial portfolio for development

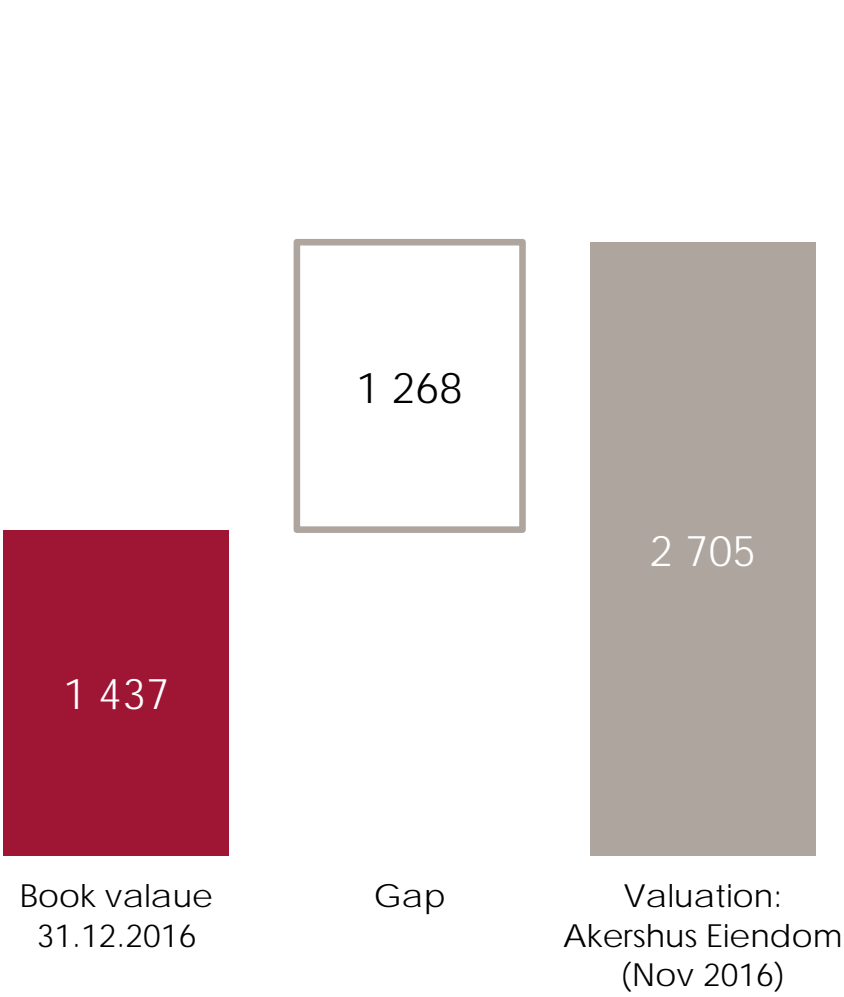
Total land bank portfolio at 31 March 2019



Land bank book value vs. external valuation

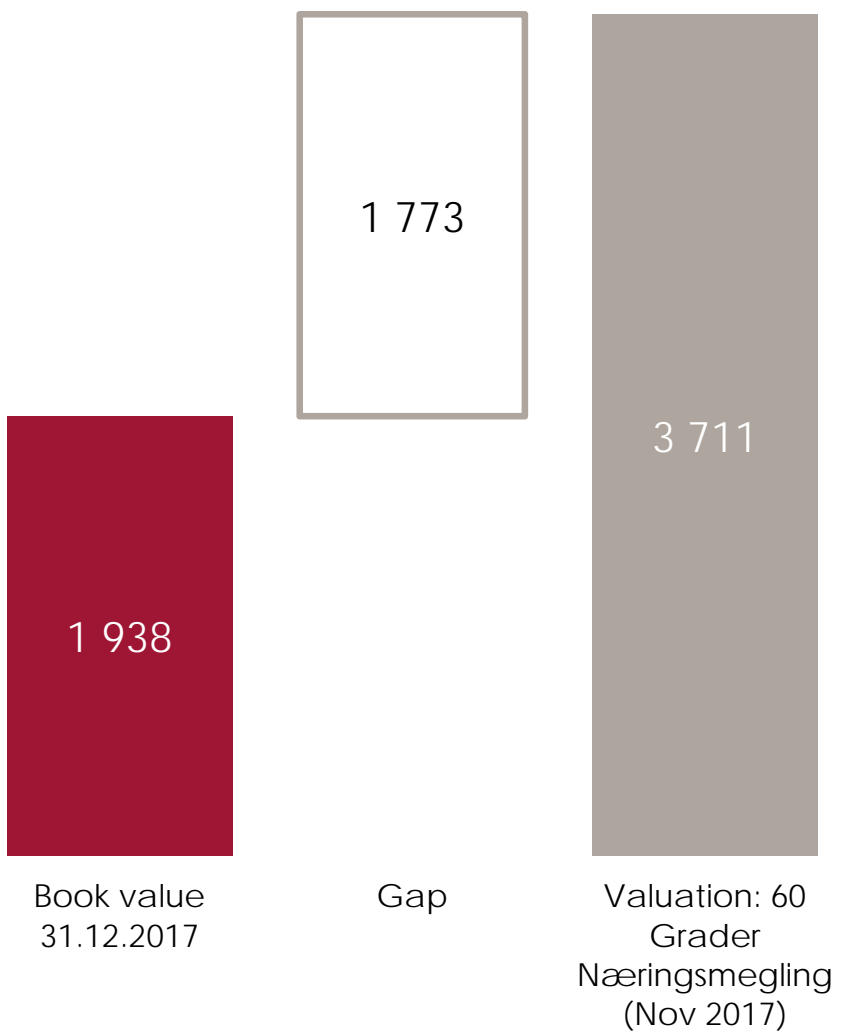
Q4 2016

NOK million

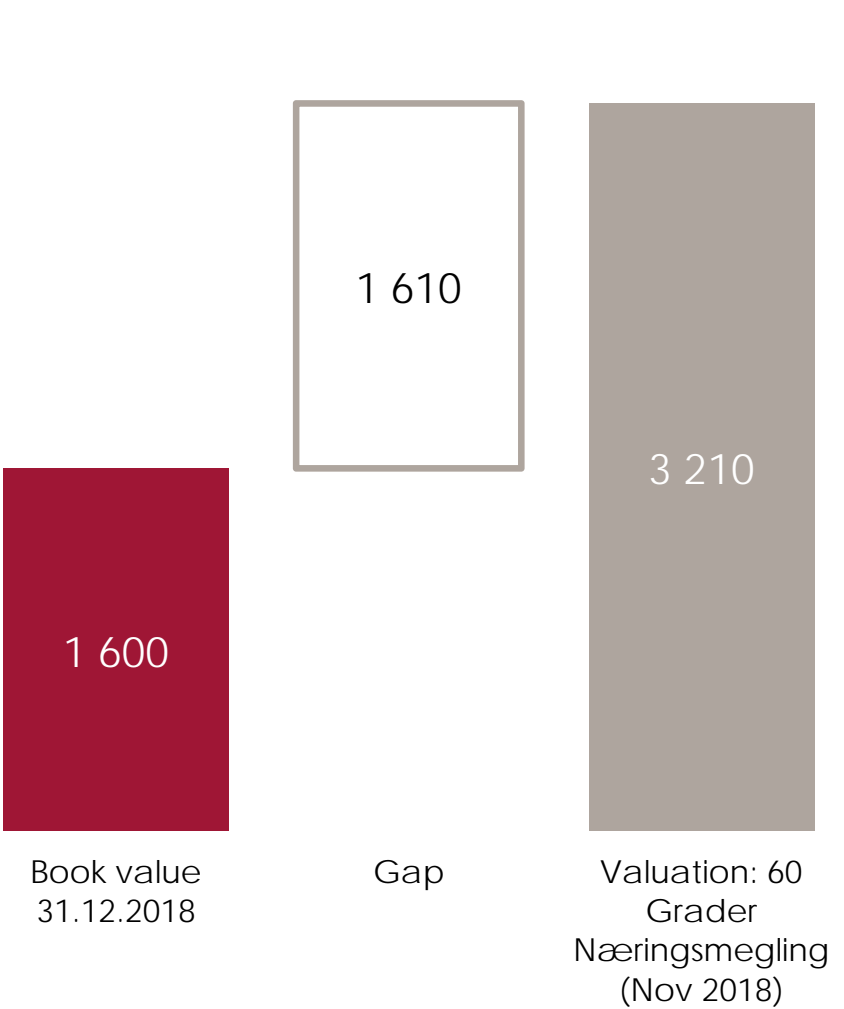


Q4 2017

NOK million

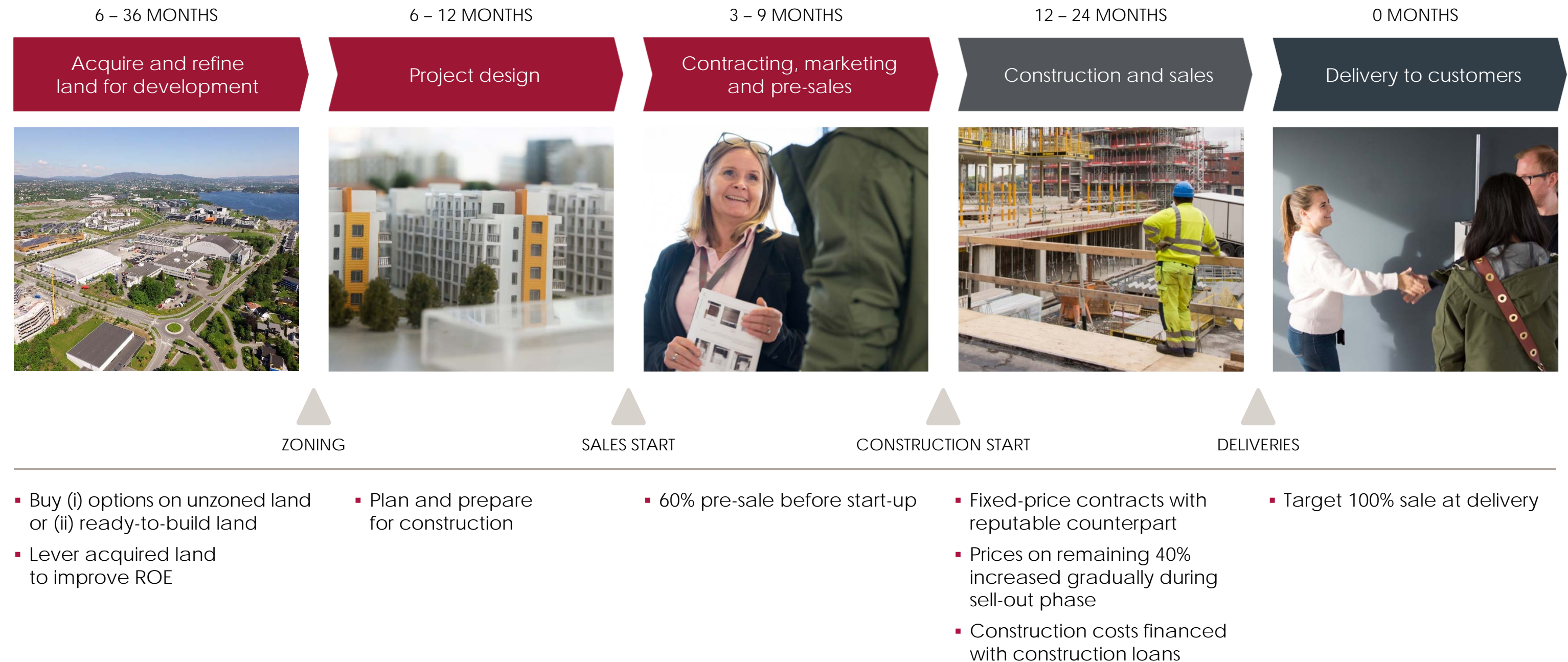


Q4 2018

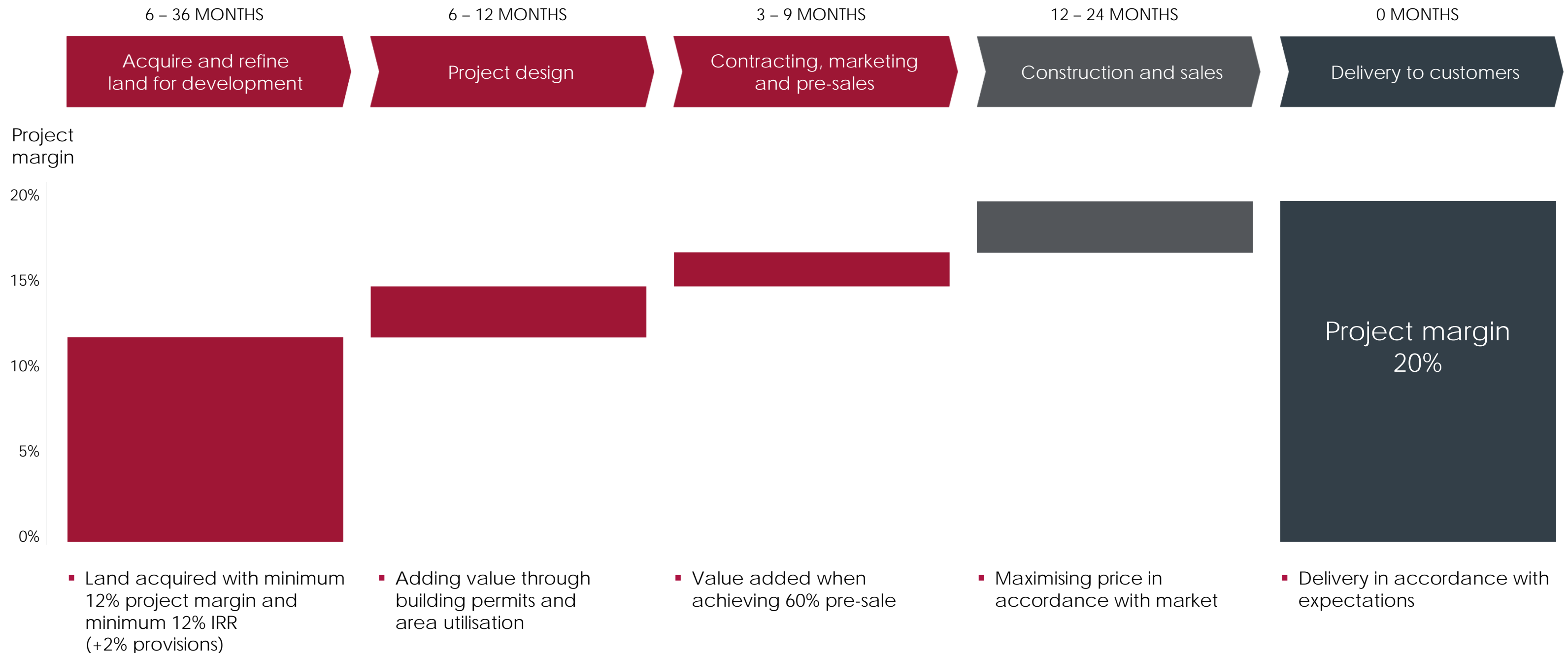


Note: Joint ventures and land options not included in the valuation

Efficient and flexible value chain



Margin development through project stages*



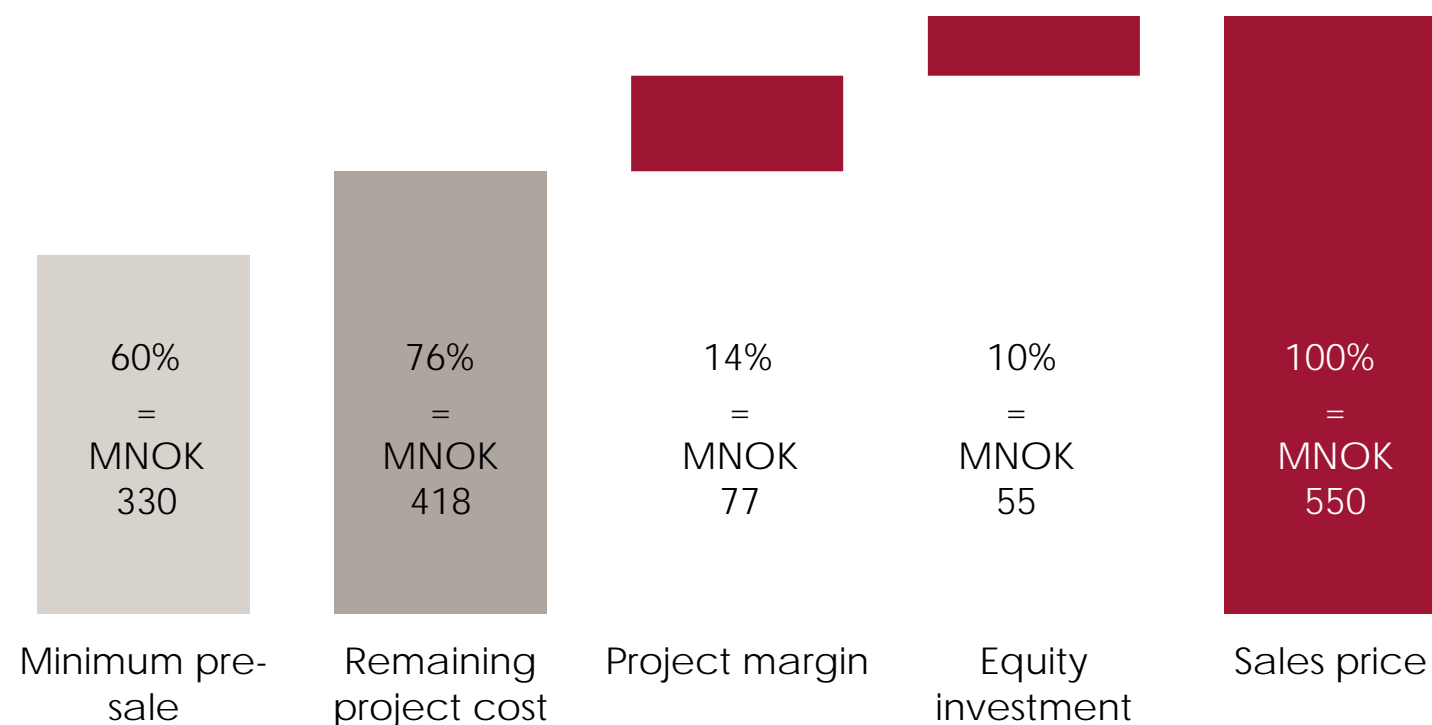
* Assuming flat market development

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
- 70% of units in production are sold at end Q1'19

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)	Q1 2019	Q1 2018	2018
Total operating revenues	109.2	380.6	3 342.1
Project expenses	(69.5)	(275.9)	(2 421.6)
Other operating expenses	(56.7)	(57.4)	(268.1)
Other gains (loss)	-	-	-
Associated companies and joint ventures	5.6	(1.9)	101.8
EBITDA	(11.5)	45.4	754.2
Depreciation and amortisation	(3.3)	(0.9)	(3.7)
EBIT	(14.8)	44.5	750.5
Net financial expenses	(5.8)	(3.6)	(18.0)
Profit/(loss) before taxes	(20.6)	40.9	732.5
Income taxes	5.3	(9.6)	(165.6)
Net income	(15.2)	31.3	566.8
Net income for the period attributable to:			
Non-controlling interests	-	(0.0)	(0.1)
Shareholders in Selvaag Bolig ASA	(15.2)	31.3	566.9

Cash flow statement

<u>(figures in NOK million)</u>	<u>Q1 2019</u>	<u>Q1 2018</u>	<u>2018</u>
Net cash flow from operating activities	(358.1)	(311.7)	427.0
Net cash flow from investment activities	39.7	34.0	20.6
Net cash flow from financing activities	226.4	131.6	(276.1)
Net change in cash and cash equivalents	(92.0)	(146.1)	171.5
Cash and cash equivalents at start of period	657.0	485.6	485.6
Cash and cash equivalents at end of period	565.0	339.5	657.0

Balance sheet

(figures in NOK million)	Q1 2019	Q1 2018	2018
Intangible assets	383.4	383.4	383.4
Property, plant and equipment	7.6	10.5	8.6
Investments in associated companies and joint ventures	398.9	300.3	415.3
Other non-current assets	482.2	318.0	445.4
Total non-current assets	1 272.0	1 012.2	1 252.6
Inventories (property)	4 614.9	4 912.8	4 306.3
- Land	1 590.7	1 892.4	1 600.3
- Work in progress	2 922.8	2 843.1	2 539.8
- Finished goods	101.4	177.3	166.2
Other current receivables	131.5	163.7	275.2
Cash and cash equivalents	565.0	339.5	657.0
Total current assets	5 311.4	5 415.9	5 238.5
TOTAL ASSETS	6 583.5	6 428.1	6 491.1
Equity attributed to shareholders in Selvaag Bolig ASA*	3 091.5	2 902.7	3 106.8
Non-controlling interests	7.9	9.4	9.4
Total equity	3099.4	2 912.2	3 116.1
Non-current interest-bearing liabilities	1 942.8	1 998.8	1 795.8
Other non-current non interest-bearing liabilities	197.7	147.3	156.9
Total non-current liabilities	2 140.5	2 146.1	1 952.7
Current interest-bearing liabilities	618.1	359.7	520.5
Other current non interest-bearing liabilities	725.5	1 010.1	901.8
Total current liabilities	1 343.6	1 369.8	1 422.3
TOTAL EQUITY AND LIABILITIES	6 583.5	6 428.1	6 491.1

* Corresponding to a book value of NOK 33.0 per share

Operational highlights – key operating figures

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
Number of units sold	185	181	182	148	243
Number of construction starts	102	234	102	402	97
Number of units completed	54	242	117	441	12
Number of units delivered	59	243	126	421	29
Number of units under construction	1 511	1 503	1 488	1 449	1 534
Proportion of sold units under construction	73 %	72 %	74 %	66 %	70 %
Number of completed unsold units	19	18	12	26	13
Sales value of units under construction (NOK million)	7 032	7 076	6 908	6 712	7 097
Number of employees	100	95	91	91	91

EBITDA Q1 2019

(figures in NOK million)	Property development	Other	Total
Operating revenues	671.0	9.5	680.5
Project expenses	(466.7)	(0.1)	(466.8)
Other operating expenses	(15.8)	(43.6)	(59.4)
EBITDA (percentage of completion)	188.5	(34.2)	154.3

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

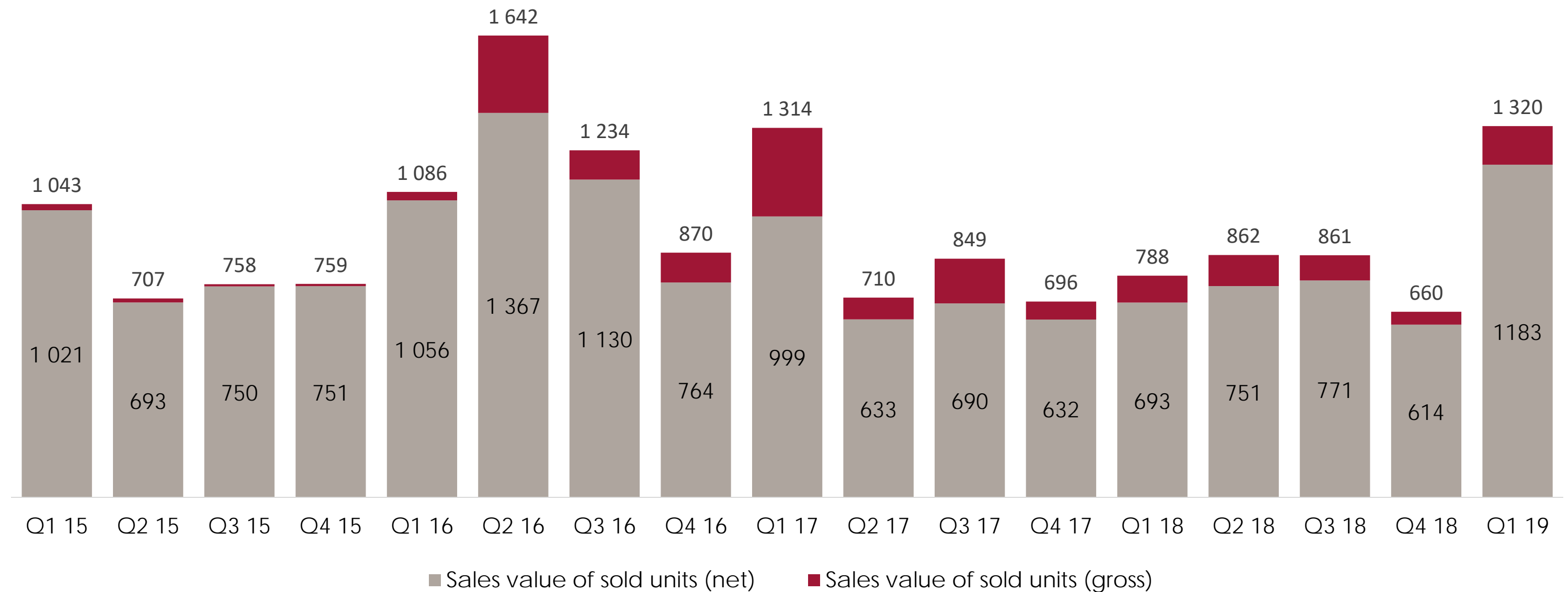
IFRS EBITDA for the quarter, per segment

Operating revenues	99.7	9.5	109.2
Project expenses	(69.4)	(0.1)	(69.5)
Other operating expenses	(13.2)	(43.6)	(56.7)
Share of income (losses) from associated companies and joint ventures	5.6	-	5.6
Other gain (loss), net	-	-	-
EBITDA	22.7	(34.2)	(11.5)

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

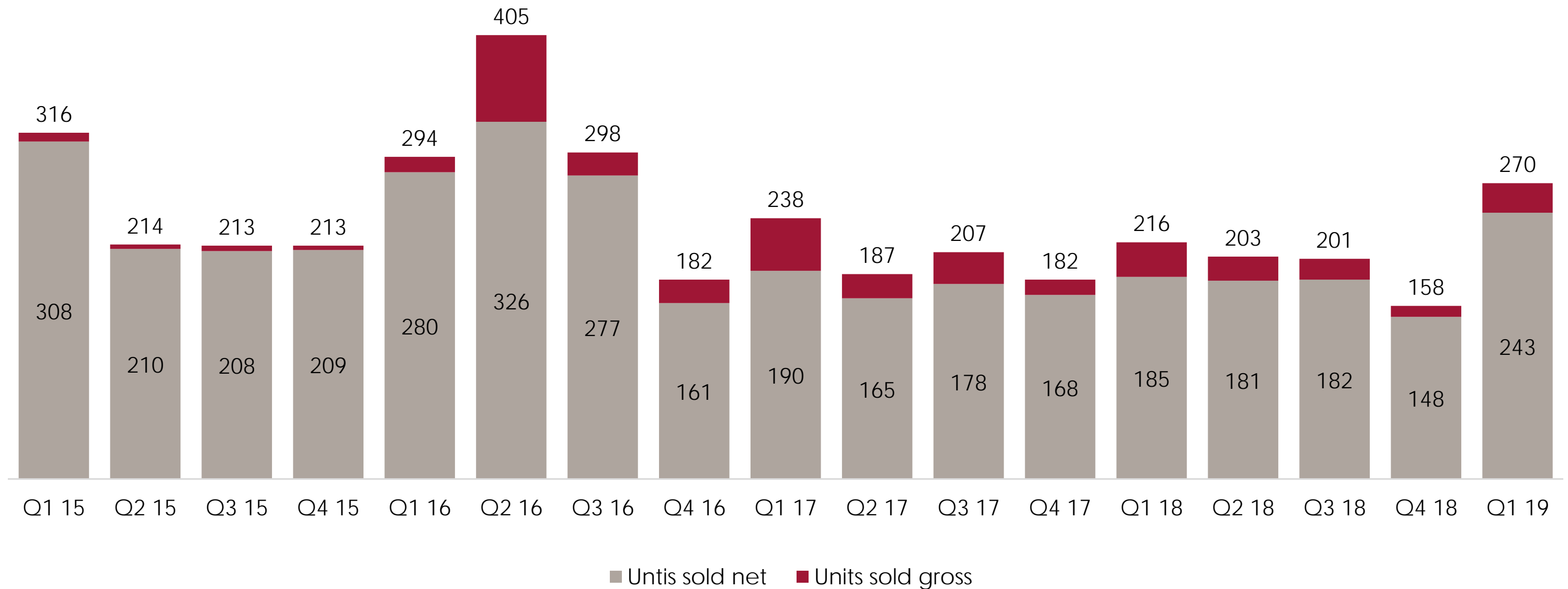
Share of sales from joint ventures

Sales value of units sold



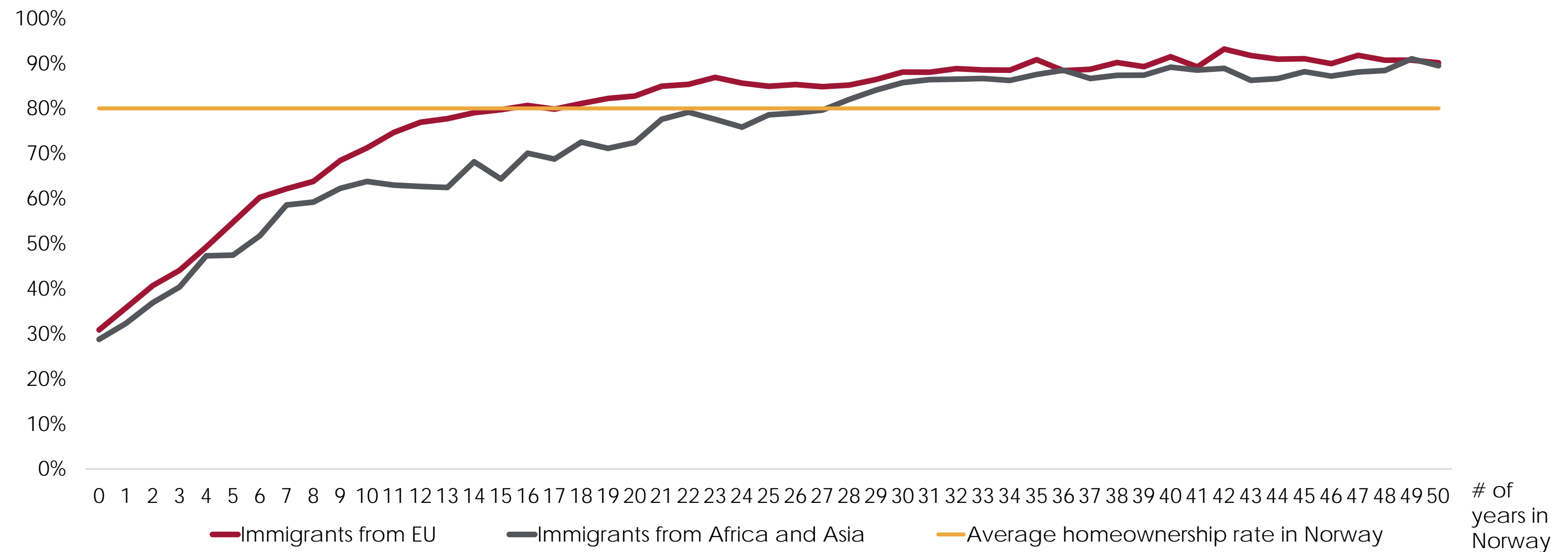
Share of sales from joint ventures

Number of units sold



Immigration increases demand over time

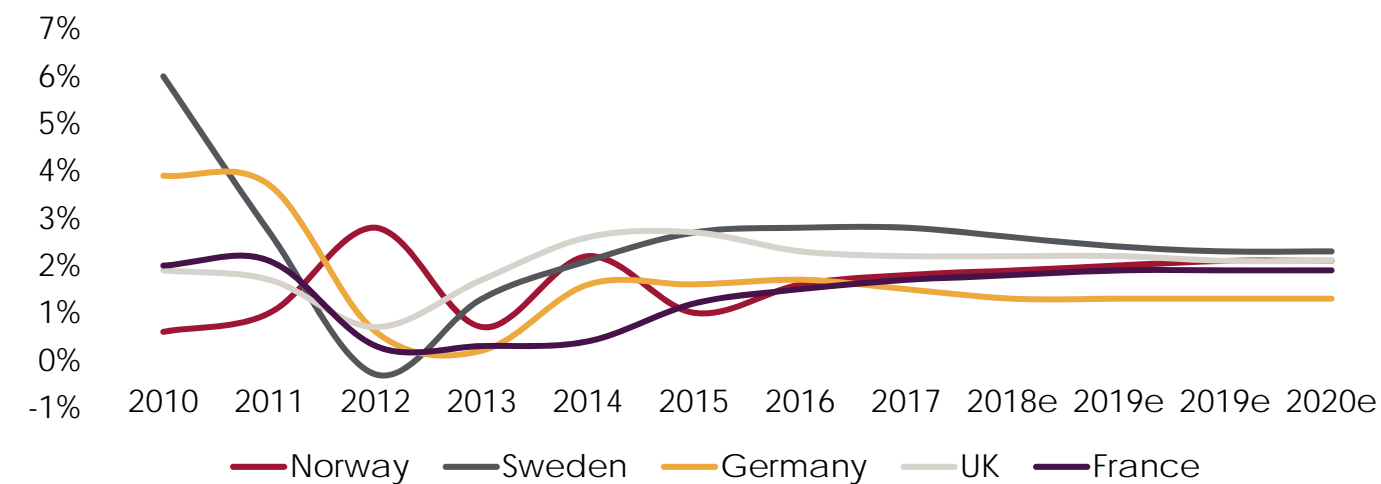
Homeownership rate among immigrants in Norway (per year living in Norway)



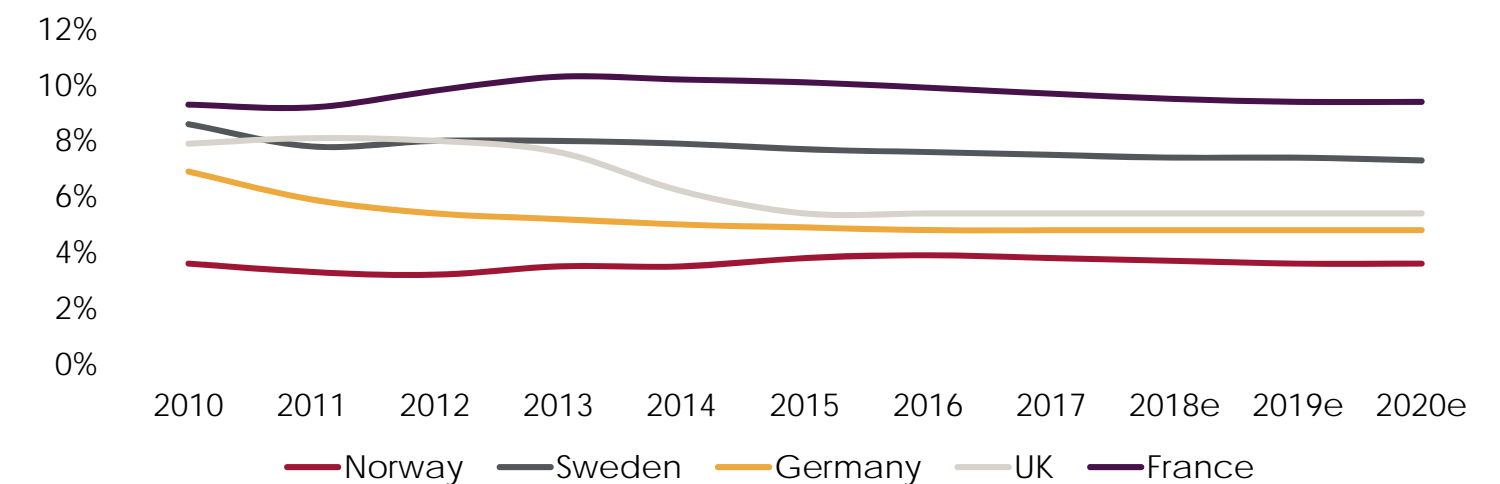
Source: Statistics Norway

Norway – robust economic conditions

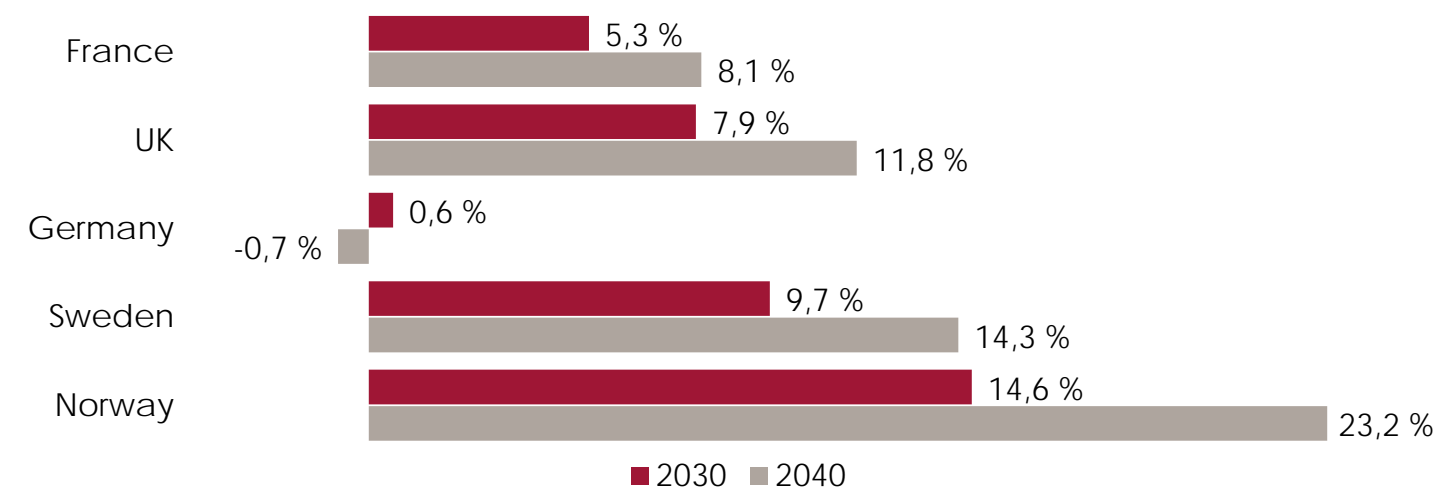
GDP growth 2010 - 2020e



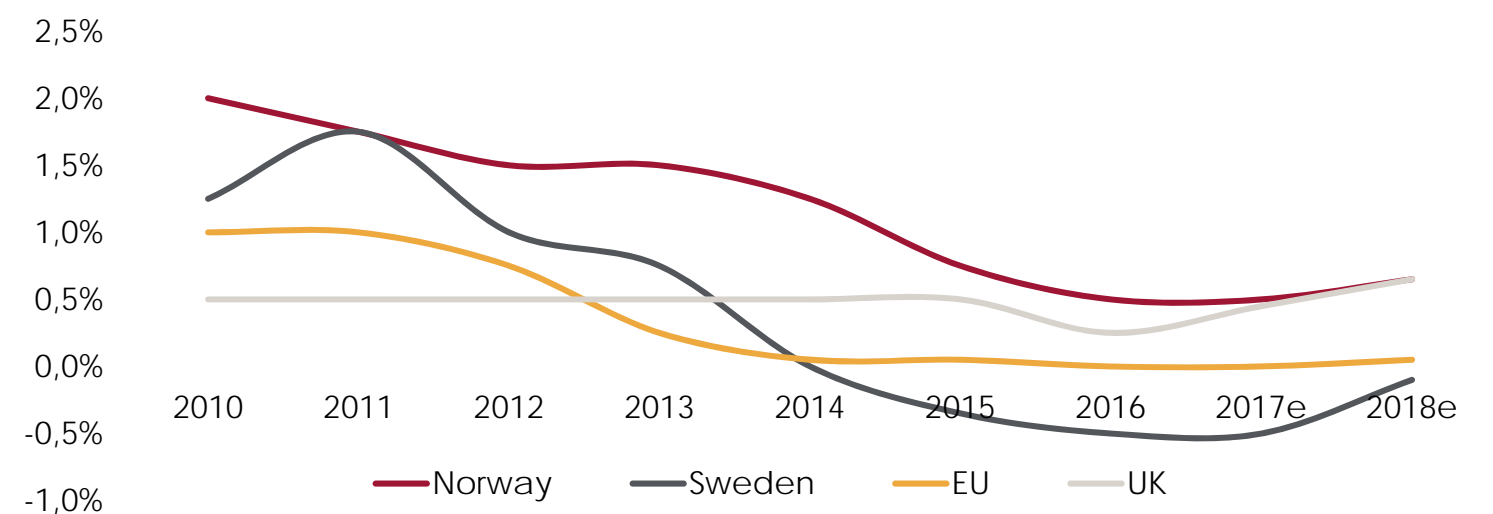
Unemployment 2010 - 2020e



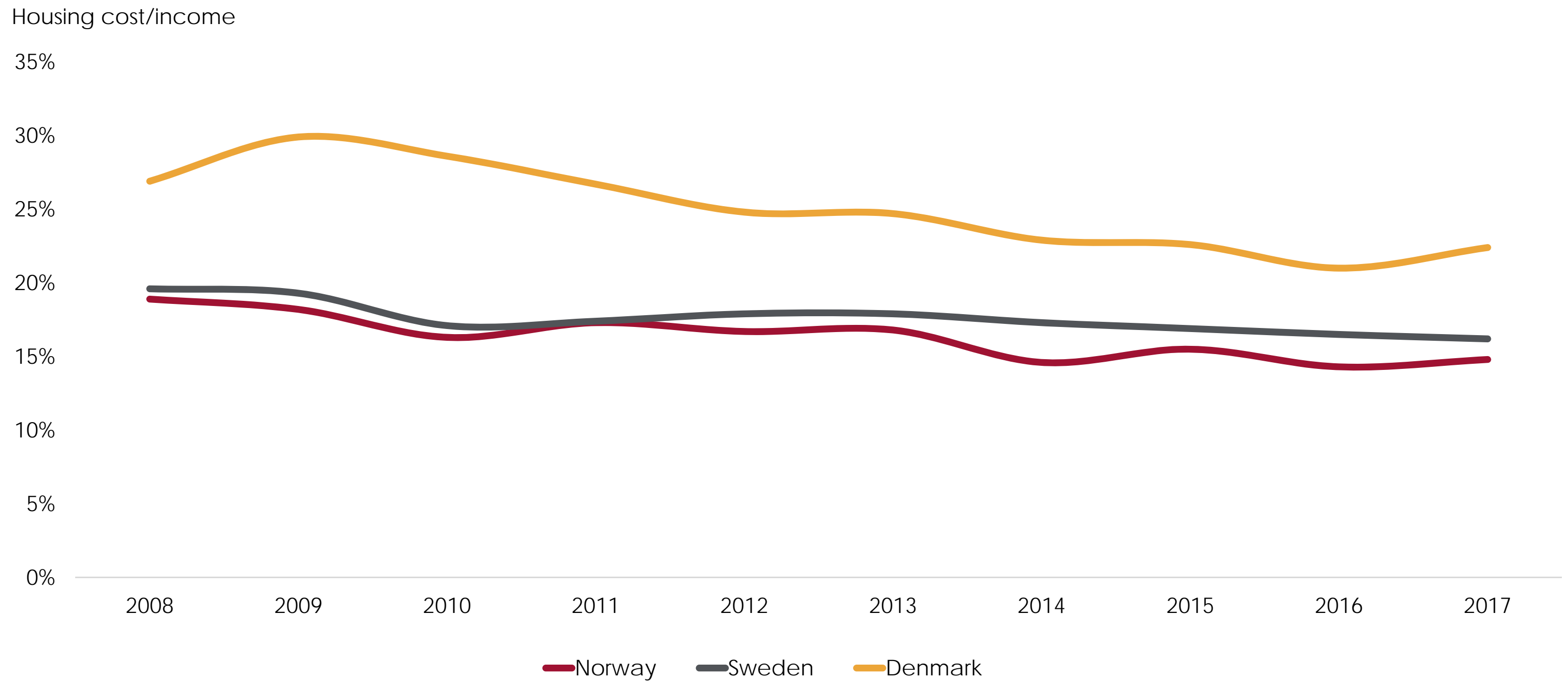
Population growth 2015 - 2030e and 2040e



Interest rates 2010 - 2018e



Low share of income spent on housing in Norway



Total household debt and homeownership

