



Interim report Q3 2019



Q3 2019 HIGHLIGHTS

- Revenue totalled NOK 9.4 (8.8) billion.
- Pre-tax profit amounted to NOK 494 (460) million.
- Earnings per share (IFRS) were NOK 2.8 (3.3).
- The order intake in the construction operations totalled NOK 5.4 billion, resulting in an order backlog of NOK 33.4 (32.8) billion.
- A total of 220 residential units were sold during the quarter, of which Veidekke's share amounted to 170. At quarter-end 2,377 residential units were under construction, of which Veidekke is entitled to 1,676. The sales ratio for projects under construction was 81%.
- Net interest-bearing debt was NOK 4.9 (1.8) billion at the close of the third quarter of 2019.

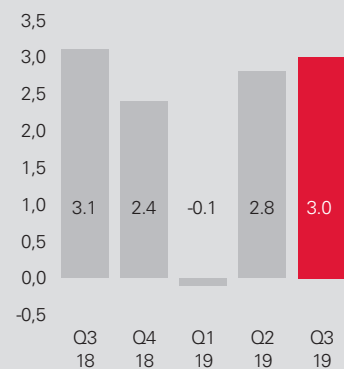
REVENUE
NOK BILLION



PRE-TAX PROFIT
NOK MILLION



EARNINGS PER SHARE
NOK



The charts above are based on the segment accounts.

KEY FIGURES¹⁾

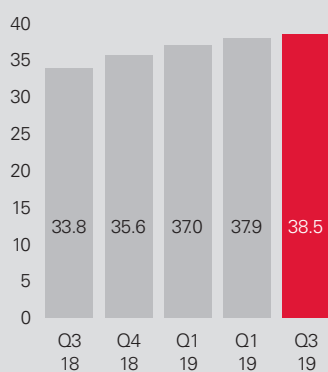
Figures in NOK million	Q3 2019	Q3 2018	At 30.09.19	At 30.09.18	2018
Revenue, segment	9 393	8 782	27 987	25 038	35 584
Pre-tax profit, segment	494	460	925	250	591
Construction	195	208	594	32	219
Property Development	79	65	248	226	388
Industrial	248	195	154	44	40
Other	-28	-8	-71	-52	-56
Earnings per share, segment	3.0	3.1	5.6	1.6	4.0
Profit margin, segment (%)	5.3	5.2	3.3	1.0	1.7
Revenue, IFRS ²⁾	9 130	8 684	27 492	25 172	35 667
EBITDA, IFRS	700	621	1 484	688	1 174
Pre-tax profit, IFRS	454	483	810	270	602
Earnings per share, IFRS (NOK) ³⁾	2.8	3.3	4.9	1.7	4.0
Net interest-bearing debt	4 860	1 818	4 860	1 818	1 470
Total order backlog	34 642	33 769	34 642	33 769	34 640

1) The comments in the report relate to figures taken from the segment accounts. Comments on the IFRS accounts are specified in the text.

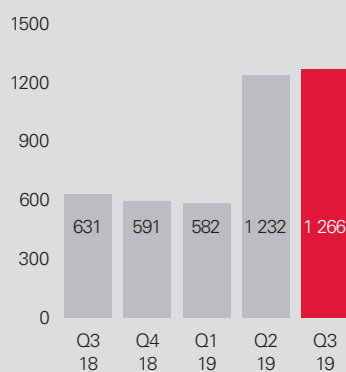
2) In accordance with IFRS, revenue from residential sales in Norway is not recognised until a residential unit is taken over by the buyer. In segment reporting, revenue is recognised using the following formula: estimated final profit x sales ratio x stage of completion.

3) No dilutive effect.

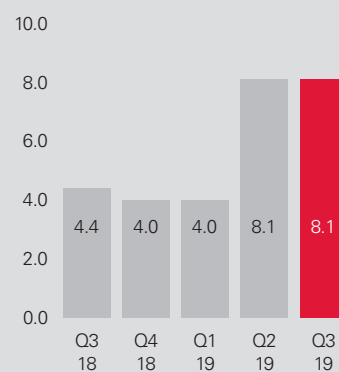
REVENUE
12-MONTH ROLLING
NOK BILLION



PRE-TAX PROFIT
12-MONTH ROLLING
NOK MILLION



EARNINGS PER SHARE
12-MONTH ROLLING
NOK



The charts above are based on the segment accounts.

A WORD FROM THE GROUP CEO

Veidekke's third quarter results are naturally somewhat overshadowed by the news that we have decided to split the group into two separate, strong entities. The decision is the result of a thorough evaluation of the group's composition and opportunities for growth and development. Since its inception, the property development operation has evolved into a unique platform for growth, with an attractive portfolio of plots for future residential development. Now is the time to give this business better conditions for further growth and value creation.

Over the next months we are going to decide how to complete a split of the group – and which will be the property development operation's future ownership structure. The options include anything from listing the property development operation to selling all or part of the operation.

After the split, Veidekke will be purely a construction and industrial enterprise. Over the next quarters, we will carry out a strategic review and evaluation of the construction and industrial operations, to formulate clear and targeted strategies for the business going forward.

Concurrently, we present a steady third quarter – with progress, as well as some disappointments. We know that we can do better, and we are continuing work on the improvement measures presented at the capital market update in May. We see very gratifying progress in the industrial operation, which, together with the Norwegian property development operation, stands out with good results. We are also pleased to see that the civil engineering business in Norway is developing according to plan. However, a challenging residential market in Stockholm produces poor results for both the property development and building construction operations in Sweden, and other Swedish construction activities show varying profitability.

The group's injury rate has stabilised, but our projects still have too many injuries. To further reduce the number of injuries, we are now introducing new and important group-wide initiatives.

While activity levels remained high through the past quarter, the era of strong growth is probably over for now. However, there are bright spots: The residential market is more stable, and the urbanisation trend, which clearly continues in many



A handwritten signature in black ink, which appears to read 'Jimmy Bengtsson'.

Jimmy Bengtsson, Group CEO

target groups, aligns well with our focus on metropolitan regions and a diversified project portfolio. In the short term, measures to ensure results will be prioritised. We still have extensive and important work ahead of us to strengthen profitability in most of Veidekke's operations. High profitability is achieved when we take on manageable project risk and succeed in exploiting the opportunities offered by the projects.

I am optimistic about the future. Veidekke is well positioned in terms of product mix, segments and geography. My faith in the future is further strengthened by our recently completed employee survey, which shows commitment and motivation in Veidekke to rank well above the industry average and above business and industry in general.

I look forward to a committed and strong onwards journey together.

THE VEIDEKKE GROUP



Fantoftparken, Veidekke's new regional offices in Bergen.

Veidekke generated revenues of NOK 9.4 billion in the third quarter, an increase of 7% on NOK 8.8 billion in Q3 2018. Revenues increased in all three business areas, with the greatest increase occurring in construction operations.

The pre-tax profit amounted to NOK 494 million, compared to NOK 460 million in the third quarter of last year. The property development operation achieved a robust profit driven by development gains and high activity in the Norwegian operation, while the profit performance of the Swedish operation was weak. The industrial operation demonstrated a significant profit improvement compared to the corresponding quarter of last year, driven primarily by increased profitability in the asphalt operation. In the construction operations, profits were somewhat weaker than in the third quarter of 2018. While the building construction operations in Oslo and Copenhagen performed strongly, a drop in residential new-build revenue in Stockholm and reduced profitability in the civil engineering operation contributed to a weaker result for the Swedish operation. The third-quarter profit in accordance with IFRS was NOK 454 million. The difference between the IFRS and segment result is attributable to a combination of high residential production and few deliveries of completed residential units by the Norwegian operation.

In Q3, the construction order intake totalled NOK 5.4 billion, compared to NOK 6.4 billion in the same quarter last year. As at quarter-end, the construction order book amounted to NOK 33.4 billion. Approximately two-thirds of the order book will be converted into revenue over the next 12 months. The order book fell somewhat during the quarter, primarily as a

result of a more selective approach to project tendering in the Norwegian civil engineering operation.

Net interest-bearing debt totalled NOK 4.9 billion at quarter-end, compared to NOK 4.3 billion at the beginning of the quarter and NOK 1.5 billion at the beginning of the year. The increase in interest-bearing debt thus far in 2019 is attributable to payments under previously signed contracts for the purchase of building plots and weaker cash flow in the construction operations.

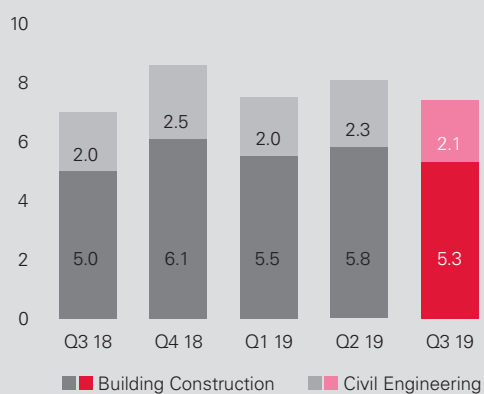
Jimmy Bengtsson took up the post of Veidekke Group CEO on 1 September, replacing Arne Giske. Jimmy Bengtsson previously led both the Swedish construction operation and Veidekke's operations in Sweden overall.

Following a strategic review of the group's composition, and assessment of the growth and development opportunities for Veidekke's various business areas, a decision has been made to split the group into two separate entities and to establish the property development operations under a new ownership structure. The board of directors has mandated the group management to prepare a plan for how a split of Veidekke into two entities can be carried out in order to provide the best possible basis for growth and development in the entities and to optimise shareholder value over time. In the board's opinion, Veidekke's current valuation does not fully reflect the value of today's operations, and a split is assessed to contribute to increase the company's shareholder value. The mandate from the board implies that both a stock exchange listing and the sale of all or part of the property development operations will be considered.

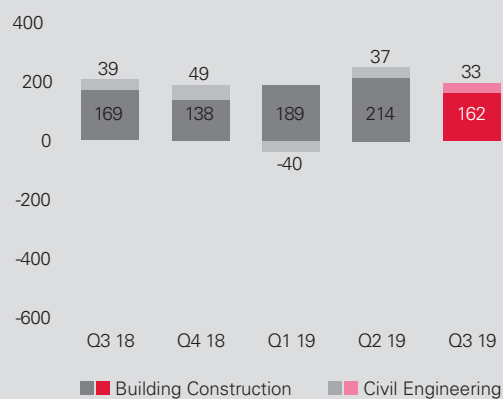
KEY FIGURES CONSTRUCTION OPERATIONS

NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
Revenue	7 418	6 997	23 066	20 966	29 569
Profit before tax	195	208	594	32	219
Profit margin (%)	2.6	3.0	2.6	0.2	0.7
Order backlog	33 377	32 787	33 377	32 787	33 708

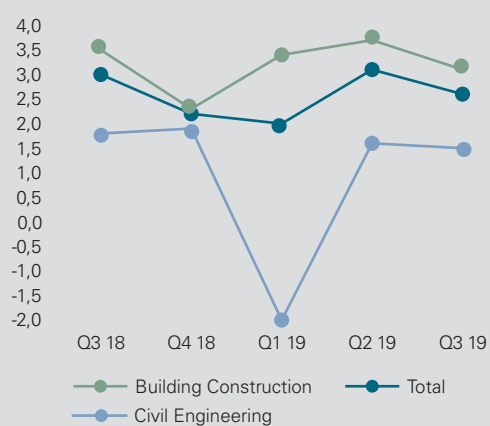
REVENUE
NOK BILLION



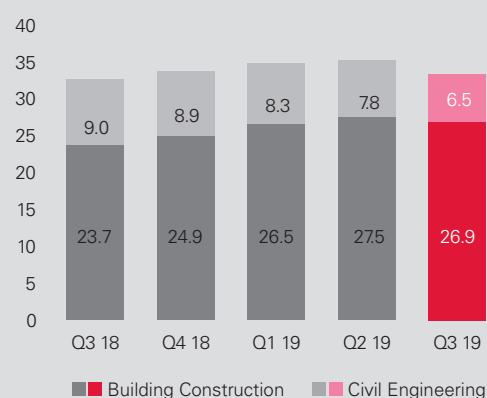
PROFIT BEFORE TAX
NOK MILLION



PROFIT MARGIN¹⁾
PER CENT



ORDER BACKLOG
NOK BILLION



CONSTRUCTION OPERATIONS



Veidekke's construction operations achieved revenues of NOK 7.4 billion in Q3, compared to NOK 7.0 billion in Q3 2018. The revenue increase is primarily attributable to the Norwegian building construction operation. The pre-tax profit totalled NOK 195 million, compared to NOK 208 million in the third quarter of last year. The profit margin was 2.6%, compared to 3.0% in Q3 2018.

The Q3 order intake of NOK 5.4 billion brought the order book to NOK 33.4 billion at quarter-end, compared to NOK 35.3 billion at the beginning of the quarter and NOK 32.8 billion at the end of Q3 2018.

Building Construction Norway

NOK million	Q3 2019	Q3 2018	At 30.09 2019	At 30.09 2018	2018
Revenue	3 304	3 000	10 212	9 467	13 070
Profit before tax	112	111	352	334	443
Profit margin %	3.4	3.7	3.5	3.5	3.4
Order backlog	16 705	13 896	16 705	13 896	14 223

The Norwegian building construction operation generated revenues of NOK 3.3 billion in the third quarter of 2019, up 10% on the same quarter in 2018. This growth is primarily attributable to increased activity in the Oslo region.

The Q3 pre-tax profit totalled NOK 112 million, on a par with Q3 2018. The profit margin was 3.4%, compared to 3.7% last year. The bulk of the profits were generated by projects in and around Oslo, where profitability is good. The profitability of several operations in southern and western Norway has improved considerably, but remains unsatisfactory. The operation in northern Norway, which is currently being wound up, was loss-making during the quarter.

The order intake amounted to NOK 3.0 billion in the third quarter.

Major projects signed during the quarter:

- Middelthunet, Oslo. Apartments for M17 Utvikling AS (owned 50/50 by OBOS and Veidekke Property Development). Contract value NOK 980 million.
- Kilen, Bergen. Office building for Frydenbø Property Development. Contract value NOK 135 million.
- Midsund school for Midsund municipality, Møre og Romsdal County. Contract value NOK 95 million.

At quarter-end, the Norwegian building construction order book totalled NOK 16.7 billion, compared to NOK 17.1 billion at the beginning of the quarter and NOK 13.9 billion one year ago. Overall, order coverage is good.

Civil Engineering Norway

NOK million	Q3 2019	Q3 2018	At 30.09 2019	At 30.09 2018	2018
Revenue	1 134	1 095	3 535	3 033	4 427
Profit before tax	11	-	2	-559	-584
Profit margin %	1.0	-0.0	0.0	-18.4	-13.2
Order backlog	3 012	5 419	3 012	5 419	5 056

The Norwegian civil engineering operation achieved revenues of NOK 1.1 billion in the third quarter, on a par with the same quarter last year. Despite a drop in the order book, the operation is successfully maintaining its revenue volume thanks to high production in major ongoing transport infrastructure projects.

The quarterly profit of NOK 11 million compares to a break-even result in Q3 2018. The quarterly result reflects strong contributions by projects completed during the quarter, although profitability is low in much of the remaining project portfolio.

Since making project write-downs last year, and following implementation of the new strategy, the operation has focused on cost and capital efficiency. This includes the development of a plan to reduce staff and support functions by approximately 50 full-time equivalents. Any restructuring costs occasioned by the staff reduction will be expensed in the fourth quarter. A further measure is to reduce the operation's tied-up capital, including through rationalisation of the machinery fleet.

The third-quarter order intake totalled NOK 445 million. Most of the new orders relate to supplementary and change works in the existing portfolio. As at the end of Q3 2019, the civil engineering order book stood at NOK 3.0 billion, compared to NOK 3.8 billion at the beginning of the quarter and NOK 5.4 billion one year ago. The civil engineering operation has sought to reduce portfolio risk, including through a much more selective approach to project tendering. This has reduced the order book thus far this year. Since quarter-end, the civil engineering operation has won two major contracts with Bane Nor related to the Vestfold Line, and has signed a collaboration agreement with the Norwegian Directorate of Public Construction and Property (Statsbygg) related to the construction of a basement complex in the government quarter in Oslo.

Construction Sweden

NOK million	Q3 2019	Q3 2018	At 30.09 2019	At 30.09 2018	2018
Revenue	2 417	2 290	7 588	6 769	9 855
Profit before tax	35	55	140	147	214
Profit margin %	1.5	2.4	1.8	2.2	2.2
Order backlog	11 447	10 736	11 447	10 736	11 880

The Swedish construction operation recorded revenues of NOK 2.4 billion in the third quarter, compared to NOK 2.3 billion in the same quarter of last year. The revenue increase is primarily attributable to the civil engineering operation, while residential construction activity has dropped by almost 40% compared to 2018. Lower residential production, particularly in Stockholm, has intensified competition for contracts in other building construction segments.

The Q3 2019 pre-tax profit amounted to NOK 35 million, compared to NOK 55 million in the third quarter of last year. The profit margin was 1.5%, compared to 2.4% in 2018. The drop in profits and the profit margin is mainly attributable to reduced profitability in the civil engineering operation, with a number of major projects failing to generate positive results.

The order intake for the third quarter was NOK 1.8 billion.

Major contracts signed during the quarter:

- Kv Lysosomen, Stockholm. Apartments for Stockholms Kooperativa Bostadsförening. Contract value NOK 274 million.
- Arenaparken, Lund. Apartments for HSB. Contract value NOK 113 million.

At the end of Q3 2019, the Swedish construction order book stood at NOK 11.5 billion, and comprised 75% building construction projects and 25% civil engineering projects. The order book totalled NOK 11.9 billion at the beginning of the quarter and NOK 10.7 billion one year ago.

Construction Denmark

NOK million	Q3 2019	Q3 2018	At 30.09 2019	At 30.09 2018	2018
Revenue	563	611	1 732	1 697	2 218
Profit before tax	37	43	100	110	146
Profit margin %	6.5	7.0	5.7	6.5	6.6
Order backlog	2 213	2 736	2 213	2 736	2 548

The Danish construction operation achieved revenues of NOK 563 million in the third quarter of 2019, compared to NOK 611 million in the corresponding quarter last year. Activity was high in the non-residential sector in Copenhagen, while sales in Jutland remain low.

The third-quarter pre-tax profit was NOK 37 million, compared to NOK 43 million in Q3 2018. The project portfolio remains robustly profitable with a quarterly profit margin of 6.5%, compared to 7.0% last year.

The quarterly order intake totalled NOK 207 million. The operation is working with customers on commercial projects which will help boost the order book in future quarters. The order book amounted to NOK 2.2 billion as at quarter-end, compared to NOK 2.5 billion at the beginning of the quarter and NOK 2.7 billion one year ago.

KEY FIGURES PROPERTY DEVELOPMENT OPERATIONS

NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
Revenue	590	460	2 059	1 875	2 899
Profit before tax	79	65	248	226	388
Capital invested	6 647	4 142	6 647	4 142	4 748

PROFIT BEFORE TAX
NOK MILLION



RETURN ON INVESTED CAPITAL, 12-MONTH ROLLING¹⁾
PER CENT



KEY FIGURES RESIDENTIAL UNITS, VEIDEKKE'S SHARE

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	2017	2018
Number of units sold	170	206	274	161	153	979	567
Norway	68	75	162	52	73	304	288
Sweden	102	131	112	109	79	645	271
Construction starts	192	190	135	185	122	1 374	680
Norway	174	190	44	109	50	320	385
Sweden	18		91	76	72	1 054	295
Number of units under construction	1 676	2 144	2 214	2 116	2 189	2 620	2 116
Norway	932	785	643	599	576	557	599
Sweden	744	1 359	1 571	1 517	1 613	1 948	1 517
Sales ratio, units under construction (%)	81	84	84	80	80	83	80
Norway	72	71	75	70	75	80	70
Sweden	92	91	88	84	82	84	84
Number of units in land bank	15 100	14 700	14 800	15 100	15 340	14 050	15 100
Norway	5 000	5 200	5 300	5 400	5 350	5 300	5 400
Sweden	10 100	9 500	9 500	9 700	9 990	8 750	9 700

PROPERTY DEVELOPMENT OPERATIONS



The third-quarter revenues of Veidekke's property development operation totalled NOK 590 million, compared to NOK 460 million in Q3 2018. The pre-tax profit amounted to NOK 79 million, up from NOK 65 million in 2018. The Norwegian operation delivered a robust performance, characterised by high activity and a development gain from the sale of an office building. The Swedish operation's quarterly performance was negatively impacted by significantly lower production than in previous quarters.

Veidekke sold 220 residential units – including partner units – in Q3 2019, compared to 275 in Q2 2019 and 197 in Q3 2018. Veidekke's share of sales during the quarter was 170 units.

The number of residential units under construction fell to 1,676 by quarter-end, from 2,144 at the beginning of the quarter and 2,189 at the end of Q3 2018. The decline is attributable to the Swedish operation, as production increased in Norway. The sales ratio for the portfolio was 81%, compared to 84% in Q2 2019.

As at the end of the third quarter, the group's land bank encompassed approximately 18,200 potential residential units, with Veidekke's share amounting to 15,100 units.

The capital invested in the property development operation totalled NOK 6.6 billion at quarter-end. The 12-month rolling return on invested capital was 10.1%.

Veidekke has decided to separate the property development operations from the group and establish the business under a new ownership structure, where both a separate stock exchange listing and the sale of all or part of the property development operations will be considered. To facilitate this process, Veidekke has retained ABG Sundal Collier as advisors. Please refer to additional information in Veidekke's third quarter presentation materials. See also note 3 for financial information about Veidekke's property development segment.

Property Development Norway

NOK million	Q3 2019	Q3 2018	At 30.09 2019	At 30.09 2018	2018
Revenue	298	119	855	429	735
Profit before tax	73	30	184	92	163
No. of units under construction ¹⁾	932	576	932	576	599
No. of units sold ¹⁾	68	73	305	236	288

1) A significant portion of Veidekke's Norwegian property development operations takes place in joint ventures. The figures in the table illustrate Veidekke's share.

The Norwegian property development operation achieved third-quarter revenues of NOK 298 million, compared to NOK 119 million in the same quarter of last year. The pre-tax profit amounted to NOK 73 million, up from NOK 30 million in Q3 2018. The increase is attributable to strong sales in ongoing projects and a development gain of NOK 22 million on the sale of a completed office project in Trondheim. A further gain of NOK 16 million will be recognised as the office building is fully leased.

The Norwegian property development operation sold 104 residential units in Q3 2019 – including partner units – compared to 120 in Q2 2019 and 115 in Q3 2018. Veidekke's share amounted to 68 residential units. While all regions reported steady sales activity, projects in Oslo accounted for the majority of sales made during the quarter. Only one project – a smaller-scale small-house development – was released for sale in Q3.

Veidekke had 932 residential units under construction at quarter-end, compared to 785 at the beginning of the quarter and 576 one year ago. The sales ratio for residential units under construction was 72%, on par with the preceding quarter. In Q3, production started on the Middelthunet project in Oslo, which totals 165 residential units. In addition, the Norwegian property development operation is engaged in an office project totalling 6,000 m², currently under construction in Bergen. Veidekke owns 50% of the project, and 70% of the office space has already been leased. The office building will be completed in 2021.

At quarter-end, the Norwegian operation's land bank encompassed approximately 7,150 potential residential units, of which Veidekke's share amounted to 5,000 units.

The invested capital amounted to NOK 4.3 billion at quarter-end, up from NOK 3.0 billion the previous year. Adjusted for tax costs arising in associated and jointly controlled companies, the return on invested capital over the preceding 12 months was 10.4%.

Property Development Sweden

NOK million	Q3 2019	Q3 2018	At 30.09 2019	At 30.09 2018	2018
Revenue	293	341	1 203	1 446	2 165
Profit before tax	7	35	64	134	225
No. of units under construction	744	1 613	744	1 613	1 517
No. of units sold	102	79	345	162	271

1) The figures in the table illustrate Veidekke's share.

The third-quarter revenues amounted to NOK 293 million, compared to NOK 341 million in the same period last year. The pre-tax profit totalled NOK 7 million, compared to NOK 35 million in Q3 2018.

After 2017, declining residential markets have resulted in fewer project start-ups and declining residential production. This trend has primarily been prevalent in Stockholm, where no new projects have been initiated over the past 18 months. The decline in profits for the quarter is an effect of the decline in residential production. Veidekke is giving priority to launching new projects for sale, with adjustment of project designs and pricing being key factors in this context. In addition, transactional opportunities for the project portfolio and necessary cost level adjustments are subject to continuous assessment.

The Swedish property development operation sold 116 residential units in Q3 2019, compared to 155 units in Q2 2019 and 81 units in Q3 2018. Veidekke's share of sales during the quarter amounted to 102 units. The majority of sales occurred in projects in and around Gothenburg and Malmö, while Veidekke currently has very few residential units for sale in Stockholm. No new projects were released for sale in the third quarter.

As at quarter-end, Veidekke had 744 residential units under construction in Sweden, compared to 1,359 units at the beginning of the quarter and 1,613 at the end of Q3 2018. Numerous residential units were delivered in Q3, but there were no new project starts. Overall, the operation has few residential units for sale, and the sales ratio for residential units under construction was some 92%, compared to 91% in Q2 2019 and 82% one year ago. As at quarter-end, the operation had 28 completed but unsold residential units, compared to four units in Q2.

The Swedish property development operation's land bank encompassed 11,000 potential residential units at the end of Q3, with Veidekke's share amounting to 10,100 units. In the third quarter, Veidekke acquired a small-house project totalling 28 residential units in Enköping, and signed a purchase-option agreement related to a building plot with space for almost 500 housing cooperative and rental apartments in Akalla, north of Stockholm.



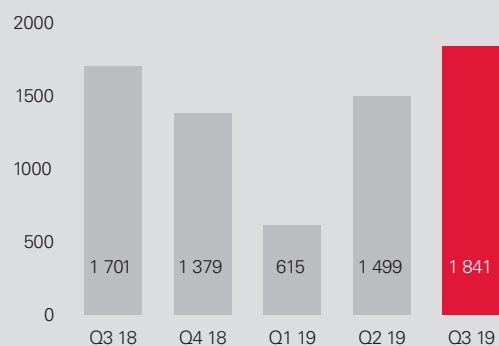
The property development project Lysgården in Trondheim was sold to Campus Sluppen AS in September.

The invested capital amounted to NOK 2.4 billion at the end of the third quarter, up from NOK 1.2 billion at the end of Q3 2018. The return on invested capital over the preceding 12 months was 9.3%.

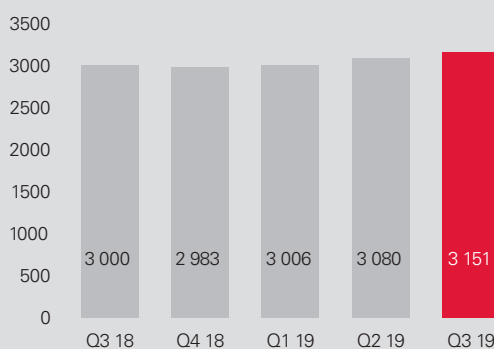
KEY FIGURES INDUSTRIAL

NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
Revenue	1 841	1 701	3 954	3 515	4 894
Profit before tax	248	195	154	44	40
Profit margin (%)	13.5	11.5	3.9	1.3	0.8
Order backlog	1 266	982	1 266	982	933

REVENUE
NOK MILLION



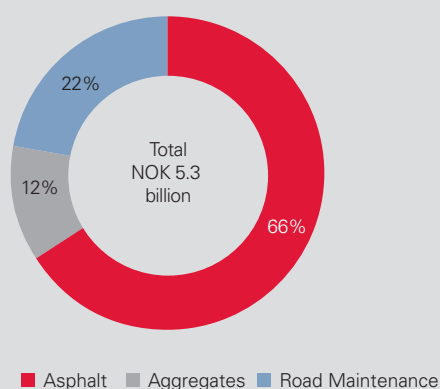
ASPHALT VOLUME, 12-MONTH ROLLING
THOUSAND TONNES



PROFIT AND MARGIN, 12-MONTH ROLLING
NOK MILLION



REVENUE BY BUSINESS AREA, LAST 12 MONTHS



INDUSTRIAL



Road surfacing of E18 Rugtvedt -Dørdal. Photo: Veidekke

The industrial operation generated revenues of NOK 1.8 billion in Q3 2019, compared to NOK 1.7 billion in the same period last year. All three business areas contributed to the 8% increase in total revenue.

The quarterly pre-tax profit totalled NOK 248 million, up from NOK 195 million last year. The improvement is largely due to the increased profitability of the asphalt operation.

The asphalt operation achieved revenues of NOK 1.4 billion in Q3, up 4% on last year. The quarterly profit was NOK 201 million, compared to NOK 164 million last year. Asphalt volume was 8% higher than in the same period last year. The profit improvement is attributable to higher prices for some of the volume and strong capacity utilisation.

The road maintenance operation generated revenues of NOK 278 million in the third quarter, compared to NOK 208 million in the same quarter last year. The quarterly profit totalled NOK 4 million, up from NOK -7 million in Q3 2018. The increased profits are the result of operational improvements and contractual adjustments.

The aggregates operation achieved revenues of NOK 182 million in Q3 2019, up from NOK 168 million in Q3 2018. The quarterly profit increased to NOK 43 million, from NOK 39 million last year. The profit improvement is attributable to higher prices and changes to the product mix.

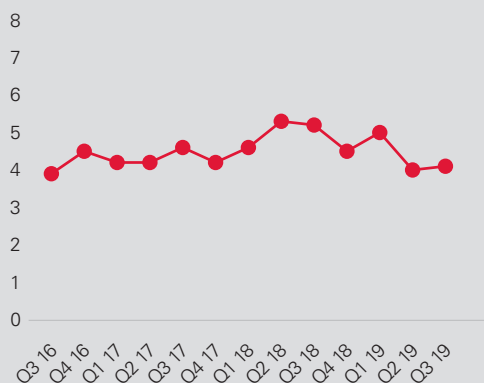
OCCUPATIONAL HEALTH AND SAFETY

A total of 90 injuries were reported in the third quarter, including one classed as serious. In comparison, 66 injuries were reported in Q2 2019, and 87 in Q3 2018. In 2015, Veidekke set a target of zero serious injuries by the end of 2020. Since then, the number of serious injuries has been reduced substantially, but the pace of reduction has tapered off over the past three years. To secure further reductions in the number of injuries, the group has therefore reinforced its safety efforts through various group-wide measures designed to ensure standardisation, improved risk management and knowledge transfer.

The third-quarter LTI (lost time injury) rate was 4.1, on a par with the preceding quarter and down from 5.2 in Q3 2018.

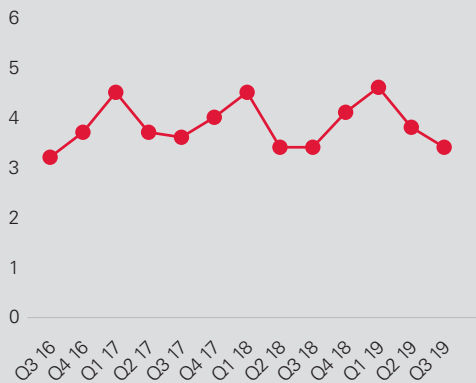
Veidekke's sick leave rate was 3.4% in the third quarter, down from 3.8% in the second quarter and unchanged compared to the third quarter of last year. Employees in the building construction and civil engineering industries are vulnerable to muscular and wear-and-tear injuries, and Veidekke seeks to prevent sick leave due to such injuries by providing training, preventive physical exercise and facilitation.

LTI RATE



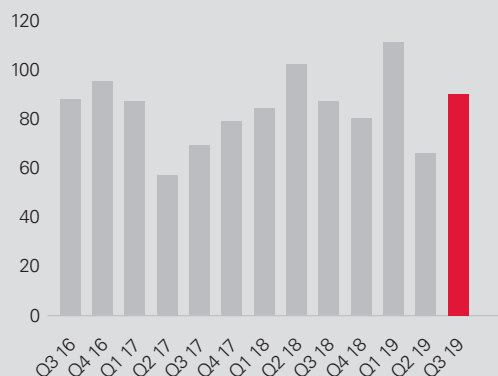
LTI rate: Lost-time injuries per million hours worked, own employees.

SICKNESS ABSENCE



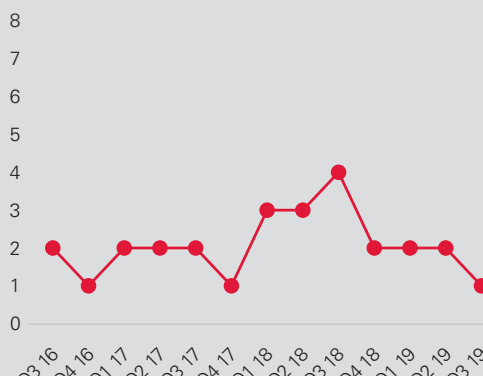
Sickness absence, own employees, per cent.

TOTAL NUMBER OF INJURIES



Number of injuries, own employees and subcontractors.

SERIOUS INJURIES



Number of injuries, own employees and subcontractors.

OTHER OPERATIONS

Other operations consist of unallocated costs associated with the group's corporate administration and financial management, the group's ownership role in Public-Private Partnerships (PPP) and the elimination of intra-group profits. The result for the third quarter was a loss of NOK 28 million.

FINANCIAL SITUATION

At the end of the third quarter, net interest-bearing debt amounted to NOK 4,860 million, up from NOK 1,470 million at year-end 2018 and NOK 1,818 million one year ago. The increase since the beginning of the year is primarily attributable to payments for previously agreed plot purchases totalling NOK 1.4 billion. Work is continuing on the sale of a large plot in Oslo which was due to complete in the autumn of 2019 but will now be finalised in 2020. The construction operations have generated negative cash flow thus far in 2019, primarily due to increased working capital as a result of changes in portfolio composition and negative cash flow from projects for which loss allocations have been made previously. The industrial operation generated strong cash flow during the quarter, and a good cash flow is also expected for Q4. The group's total investments in operating assets amounted to NOK 370 million, compared to NOK 660 million at the same time last year. As at 30 September, net interest-bearing debt/EBITDA (12-month) was 2.5, compared to 2.3 at the beginning of the quarter.

At quarter-end, unutilised borrowing capacity amounted to NOK 1.1 billion. Veidekke has a NOK 3.6 billion borrowing facility with a maturity date of November 2020. Veidekke has also issued two bond loans: a NOK 600 million loan maturing in March 2025 and a NOK 1.0 billion loan maturing in May 2023. In the second quarter of 2019, the group also arranged a short-term loan of NOK 1.0 billion repayable in the first quarter of 2020.

SHAREHOLDER INFORMATION

Largest shareholders as at 30 September 2019		Ownership share in %
OBOS BBL		18.1%
FOLKETRYGDFONDET		10.4%
IF SKADEFORSÄKRING AB		5.1%
HANDELSBANKEN NORDEN SELEKTIV		3.0%
VERDIPAPIRFONDET DNB NORGE (IV)		2.4%
DANSKE INVEST NORSKE INSTIT. II.		2.3%
MUST INVEST AS		2.2%
MP PENSJON PK		2.1%
ODIN NORGE		1.9%
LANDSFORSÄKRINGAR FASTIGHETSFOND		1.6%
Foreign shareholders		26.0%
Employees, total ownership		14.2%

A total of 8.0 million Veidekke shares were traded in the third quarter of 2019. The share price ranged from NOK 79.10 to NOK 102.10, and was NOK 102.10 at 30 September 2019. In connection with a sale of shares to employees, and pursuant to an authorisation approved by the general meeting, Veidekke's board of directors has decided to implement a private placing of up to 1.5 million shares to employees. The placing will be made at a 20% discount to the average stock-exchange price during the subscription period. The subscription period is scheduled for the end of November.

RELATED PARTY TRANSACTIONS

Veidekke has ongoing transactions with related parties during the course of its ordinary operations, including contracts for the development of specific projects. There were no significant related party transactions in the third quarter of 2019 beyond this. For a more detailed description of related party transactions, see Veidekke's 2018 Annual Report.

RISKS

Risk management is an important aspect of Veidekke's business, which primarily involves the execution of individual projects. The projects vary greatly in terms of complexity, size, duration and risk, and systematic risk management in all parts of the business and during all project phases is of crucial importance. This encompasses matters such as project selection, processes, tender quality, project follow-up and project execution. Having the necessary expertise to ensure optimal assignment execution is key when deciding which projects to tender for. At the tender preparation stage, risks are identified and assessed, and plans are made for managing risk during the execution phase. Veidekke's project portfolio is increasing in size and complexity, making risk management a very high priority for the group.

Certain forms of contract permit differing interpretations of contractual performance, giving room for disagreement between contractor and client regarding final payment. This applies particularly to transport infrastructure projects, in which the contractual sums are large. Although Veidekke seeks to reach agreement with clients through negotiations, some disputes do end up in the court system. Veidekke was involved in three sizable legal disputes as at the end of the third quarter, one of which was resolved through settlement after quarter-end.

The residential market is sensitive to cyclical fluctuations, and earnings in the property development operation are closely related to new project building starts. To reduce the risk associated with unsold residential units, Veidekke does not generally initiate construction work until a sales ratio of 50% has been achieved. As at the end of Q3 2019, the sales ratio for all residential production was 81%.

The Swedish residential market, particularly in the Stockholm region, has weakened considerably over the past few years. As at quarter-end, Veidekke had 25 unsold, completed residential units in Sweden, and 66 unsold units were under construction. Continuous consideration is given to new sales initiatives in projects nearing completion. New residential building starts are being deferred in response to hesitation among residential purchasers and price pressure. This will have a negative impact on profits going forward.

The Norwegian residential market is well-functioning, with satisfactory sales overall. New projects are being released for sale, and building starts are being approved on an ongoing basis as the sales ratio reaches 50%. As at quarter-end, the Norwegian property development operation had 14 unsold, completed residential units and 258 unsold units under construction. Veidekke's financial risks are primarily related to trade receivables and interest-bearing debt. These risks are classified as credit, market and liquidity risks. For a more detailed statement on the company's financial risks, see Note 28 to Veidekke's 2018 Annual Report.

MARKET OUTLOOK

PRODUCTION IN CONSTRUCTION AND CIVIL ENGINEERING

Current prices, NOK billion

	NORWAY				SWEDEN				DENMARK			
	2018 ¹⁾	2018 ¹⁾	2019 ²⁾	2020 ²⁾	2018 ¹⁾	2018 ¹⁾	2019 ²⁾	2020 ²⁾	2018 ¹⁾	2018 ¹⁾	2019 ²⁾	2020 ²⁾
		Growth	Growth	Growth		Growth	Growth	Growth		Growth	Growth	Growth
Apartments and small houses	68	6%	-6%	-5%	99	3%	-14%	-1%	42	7%	1%	-1%
Commercial buildings	45	4%	0%	3%	49	8%	6%	20%	46	-5%	-3%	-9%
Public buildings	27	-3%	10%	11%	35	12%	7%	0%	18	0%	3%	5%
Civil engineering	87	8%	2%	3%	81	13%	3%	4%	68	13%	3%	0%
Total contracting production	227	5%	0%	2%	264	8%	-2%	5%	174	6%	1%	-2%

1) Sources: Statistics Norway, Statistics Sweden, Statistics Denmark

2) Veidekke's forecasts

NORWAY

Production remains high in the Norwegian construction and civil engineering market, with high activity in the non-residential building and civil engineering segments compensating for a decline in residential production. While the stable pace of sales in the market for new residential units indicates modest growth in new apartment and small-house building starts going forward, a sharp drop in building starts in 2018 is expected to result in declining

apartment and small-house production in 2019 and 2020. In the non-residential buildings segment, strong growth is anticipated in the public sector, primarily driven by hospital construction. No material changes are forecast in the market for commercial buildings. Growth in the civil engineering market is expected to taper off at a high activity level in 2020. The fiscal budget proposal for 2020 confirms high activity in the transport infrastructure segment, with particularly strong growth linked to railways development.

The stable, positive development of the Norwegian economy can also be observed in the residential market, although future economic growth is vulnerable to weaker global economic prospects. The two interest rate rises implemented by Norges Bank in the past six months are likely to have a limited impact, and no further interest rate rises are expected based on the development of long interest rates.

SWEDEN

The Swedish construction and civil engineering market is clearly split between the Stockholm/Uppsala region, where production has declined and is approaching a cyclical low point, and other regions led by Gothenburg, where activity levels remain high.

The construction of housing cooperative apartments has declined sharply in the Stockholm region since peaking in 2017–2018. Activity levels remain high in other parts of the country, and Swedish residential production is expected to be significantly above normal historical levels throughout 2019 and 2020, even though fewer residential units are being built than in 2017–2018. As regards non-residential buildings, production is also expected to increase in 2020, driven primarily by Gothenburg. Despite strong short-term prospects for the construction and civil engineering market, it remains to be seen whether production can be maintained at such a high level when economic growth slows. Moderate growth is expected in the civil engineering market, driven mainly by higher investment in railways and power plants.

Following the global economic downturn, growth in the Swedish economy has shown signs of slowing, although the chances of continued strong economic growth are considered to be good. Interest rate projections have been reduced in response to weaker growth prospects, and in isolation this indicates continued strong demand in the construction and civil engineering market.

DENMARK

Following several years of strong growth, production in the Danish construction and civil engineering market is expected to taper off in 2019. Activity levels are clearly higher in the Copenhagen region than in the rest of the country. Production has fallen most in the apartment and small house sector, which has recorded the strongest growth in recent years. In the non-residential buildings segment, growth and prospects remain stable, although production forecasts for 2019 and 2020 have been reduced further since the preceding quarter based on lower-than-expected production in the first half of 2019.

The Danish economy is forecast to grow at a stable rate in the years ahead, and the labour market is expected to remain strong.

Oslo, 13 November 2019
The Board of Directors of Veidekke ASA

Svein Richard Brandtzæg
Chair

Hans von Uthmann

Gro Bakstad

Ingaliil Berglund

Ingolv Høyland

Daniel Kjørberg Siraj

Tone Hegland Bachke

Inge Ramsdal

Odd Andre Olsen

Arve Fludal

Jimmy Bengtsson
Group CEO

INCOME STATEMENT

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
Revenue	9 130	8 684	27 492	25 172	35 667
Operating expenses	-8 506	-8 133	-26 143	-24 629	-34 656
Share of net income from joint ventures	76	70	135	145	163
Operating profit before depreciation (EBITDA)	700	621	1 484	688	1 174
Impairment of non-current assets	-	-	-	-1	-1
Depreciation	-230	-147	-658	-427	-593
Operating profit (EBIT)	470	474	826	259	580
Financial income	7	21	64	59	88
Financial costs	-22	-13	-79	-48	-66
Pre-tax profit	454	483	810	270	602
Income tax expense	-68	-35	-122	-13	-28
Post-tax profit	386	448	689	256	574
Of which non-controlling interests	16	13	34	30	34
Earnings per share (NOK) ¹⁾	2.8	3.3	4.9	1.7	4.0

1) No dilutive effect.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
Post-tax profit	386	448	689	256	574
Revaluation of pensions	-	-	-	-	-7
Net items that will not be reclassified subsequently to profit or loss	-	-	-	-	-7
Currency translation differences	19	12	-85	-168	-48
Fair value adjustment of financial assets	-16	18	-22	21	-1
Net items that may be reclassified subsequently to profit or loss	3	30	-107	-147	-49
Total comprehensive income	389	478	582	110	518
of which non-controlling interests	17	13	33	27	34

STATEMENT OF FINANCIAL POSITION

Figures in NOK million	30.09.2019	30.09.2018	31.12.2018	31.12.2017
ASSETS				
Non-current assets				
Goodwill	1 777	1 714	1 807	1 401
Other intangible assets	165	117	149	129
Deferred tax assets	-	25	-	55
Land and buildings	1 296	684	646	615
Plant and machinery	2 682	2 541	2 694	2 286
Investments in joint ventures	1 402	1 404	1 433	1 489
Financial assets	516	538	508	508
Total non-current assets	7 837	7 023	7 238	6 482
Current assets				
Residential projects	5 844	3 660	4 309	3 941
Inventories	588	700	564	518
Trade and other receivables, contract assets	8 087	7 003	6 527	5 695
Cash and cash equivalents	190	434	197	392
Total current assets	14 709	11 798	11 597	10 546
Total assets	22 546	18 821	18 835	17 028
EQUITY AND LIABILITIES				
Equity				
Share capital	67	67	67	67
Other equity	3 751	3 525	3 892	4 131
Non-controlling interests	25	22	25	22
Total equity	3 842	3 614	3 983	4 220
Non-current liabilities				
Pensions and deferred tax liabilities	908	927	846	900
Bonds	1 600	1 600	1 600	-
Amounts due to credit institutions	2 588	852	248	613
Other non-current liabilities	1 034	344	414	173
Total non-current liabilities	6 130	3 723	3 108	1 686
Current liabilities				
Debt to credit institutions	1 038	23	36	10
Bonds	-	-	-	750
Trade payables and warranty provisions	6 618	6 670	6 989	5 710
Public duties and taxes payable	1 148	1 157	867	887
Other current liabilities and contract liabilities	3 771	3 633	3 852	3 766
Total current liabilities	12 574	11 483	11 744	11 122
Total equity and liabilities	22 546	18 821	18 835	17 028

STATEMENT OF CASH FLOWS

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
Pre-tax profit	454	483	810	270	602
Tax paid	-20	-11	-73	-64	-106
Depreciation/impairment	230	147	658	428	594
Other operational items	-1 124	246	-3 526	158	311
Cash flow from operating activities	-459	865	-2 130	792	1 400
Acquisition/disposal of property, plant and equipment	-118	-181	-372	-659	-938
Other investing activities	17	-16	-8	-274	-283
Change in interest-bearing receivables	13	4	41	-6	
Cash flow from investing activities	-88	-193	-339	-939	-1 221
Change in interest-bearing liabilities	582	-793	3 337	967	376
Dividend paid	-	-	-669	-668	-668
Change other non-current liabilities	9	-11	-94	-4	20
Other financial items	-34	-21	-109	-79	-92
Cash flow from financing activities	557	-824	2 465	216	-365
Change in cash and cash equivalents	9	-152	-4	69	-185
Cash and cash equivalents, start of period	181	583	197	392	392
Exchange rate adjustment foreign cash balances	1	3	-3	-27	-10
Cash and cash equivalents, end of period	190	434	190	434	197

NET INTEREST-BEARING POSITION

Figures in NOK million	30.09.2019	30.09.2018	31.12.2018
Cash and cash equivalents	190	434	197
Interest-bearing assets (long-term)	175	223	216
Interest-bearing liabilities	-5 225	-2 475	-1 884
Net interest-bearing position	-4 860	-1 818	-1 470
Change in net interest-bearing position (from 1 Jan)	-3 389	-1 055	-706

OTHER KEY FIGURES

Figures in NOK million	30.09.2019	30.09.2018	31.12.2018
Order backlog (NOK million)	34 642	33 769	34 640
Equity ratio (%)	17	19	21
Number of employees	8 619	8 531	8 568

BUSINESS SEGMENTS

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
CONSTRUCTION (specification page 27)					
Revenue	7 418	6 997	23 066	20 966	29 569
Operating expenses	-7 077	-6 707	-22 073	-20 714	-29 057
Share of net income from joint ventures	-2	-4	3	5	8
Depreciation/impairment	-149	-90	-418	-263	-365
Operating profit (EBIT)	190	195	578	-7	156
Net financial items	5	13	16	39	63
Pre-tax profit (EBT)	195	208	594	32	219
Total assets, segment	13 227	12 214	13 227	12 214	12 442
PROPERTY (specification page 28)					
Revenue	590	460	2 059	1 875	2 899
Operating expenses	-572	-427	-1 925	-1 750	-2 603
Share of net income from joint ventures	71	37	140	128	126
Depreciation/impairment	-1	-	-2	-1	-6
Operating profit (EBIT)	88	69	271	252	416
Net financial items	-9	-4	-24	-26	-28
Pre-tax profit (EBT)	79	65	248	226	388
Total assets, segment	8 209	5 859	8 209	5 859	6 885
INDUSTRIAL					
Revenue	1 841	1 701	3 954	3 515	4 894
Operating expenses	-1 518	-1 448	-3 588	-3 300	-4 617
Share of net income from joint ventures	6	3	11	4	6
Depreciation/impairment	-66	-54	-195	-155	-211
Operating profit (EBIT)	263	203	182	63	72
Net financial items	-14	-7	-28	-19	-32
Pre-tax profit (EBT)	248	195	154	44	40
Total assets, segment	3 359	3 166	3 359	3 166	2 467
OTHER OPERATIONS¹⁾					
Revenue	-	-	1	-	2
Operating expenses	-25	-19	-69	-77	-88
Share of net income from joint ventures	5	7	17	17	25
Depreciation/impairment	-14	-3	-43	-9	-12
Operating profit (EBIT)	-34	-15	-94	-69	-73
Net financial items	7	7	31	16	22
Pre-tax profit (EBT)	-27	-8	-63	-53	-51

1) Other operations include the group's central unassigned costs and net financial items, plus Veidekke's involvement in public-private partnerships (PPP).

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
GROUP ELIMINATIONS					
Revenue	-456	-375	-1 093	-1 318	-1 780
Operating expenses	459	375	1 096	1 319	1 779
Share of net income from joint ventures	-	-	-	-	-
Depreciation/impairment	-	-	-	-	-
Operating profit (EBIT)	2	-	3	1	-2
Net financial items	-3	-	-11	-	-4
Pre-tax profit (EBT)	-1	-	-8	1	-6
TOTAL VEIDEKKE GROUP					
SEGMENT ACCOUNTS					
Revenue	9 393	8 782	27 987	25 038	35 584
Operating expenses	-8 734	-8 226	-26 559	-24 522	-34 586
Share of net income from joint ventures	81	43	171	152	165
Depreciation/impairment	-230	-147	-658	-428	-594
Operating profit (EBIT)	510	452	941	240	570
Net financial items	-15	9	-15	10	21
Pre-tax profit (EBT)	494	460	925	250	591
Total assets	22 824	18 974	22 824	18 974	18 999

RECONCILIATION OF SEGMENT ACCOUNTS AND FINANCIAL ACCOUNTS

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
TOTAL VEIDEKKE GROUP SEGMENT ACCOUNTS					
Revenue	9 393	8 782	27 987	25 038	35 584
Operating expenses	-8 734	-8 226	-26 559	-24 522	-34 586
Share of net income from joint ventures	81	43	171	152	165
Depreciation/impairment	-230	-147	-658	-428	-594
Operating profit (EBIT)	510	452	941	240	570
Net financial items	-15	9	-15	10	21
Pre-tax profit (EBT)	494	460	925	250	591
Total assets, segment	22 824	18 974	22 824	18 974	18 999
IFRS 15 ADJUSTMENTS, DEVELOPMENT OF RESIDENTIAL UNITS IN NORWAY ^{1) 2)}					
Revenue	-262	-98	-495	134	83
Operating expenses	227	93	416	-107	-71
Share of net income from joint ventures	-5	27	-35	-8	-2
Depreciation/impairment	-	-	-	-	-
Operating profit (EBIT)	-40	23	-115	20	10
Net financial items	-	-	-	-	-
Pre-tax profit (EBT)	-40	23	-115	20	10
Total assets, segment	-278	-154	-278	-154	-163

1) Under IFRS, income and earnings from completed residential units in Norway are not recognised until the date on which a unit is delivered to the buyer. In the internal monitoring of residential projects, the reporting occurs on a percentage of completion basis, meaning that revenue and expenses are recognised based on the following formula: estimated final outcome x stage of completion x sales ratio.

2) See also Note 2 Accounting policies.

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
TOTAL VEIDEKKE GROUP FINANCIAL ACCOUNTS					
Revenue	9 130	8 684	27 492	25 172	35 667
Operating expenses	-8 506	-8 133	-26 143	-24 629	-34 656
Share of net income from joint ventures	76	70	135	145	163
Depreciation/impairment	-230	-147	-658	-428	-594
Operating profit (EBIT)	470	474	826	259	580
Net financial items	-15	9	-15	10	21
Pre-tax profit (EBT)	454	483	810	270	602
Total assets, segment	22 546	18 821	22 546	18 821	18 835

CONSTRUCTION OPERATIONS BY COUNTRY

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
BUILDING CONSTRUCTION NORWAY					
Revenue	3 304	3 000	10 212	9 467	13 070
Operating expenses	-3 165	-2 888	-9 788	-9 127	-12 615
Share of net income from joint ventures	-	-	-	-	-
Depreciation/impairment	-36	-17	-108	-50	-70
Operating profit (EBIT)	102	95	316	289	386
Net financial items	10	15	37	45	57
Pre-tax profit (EBT)	112	111	353	334	443
CIVIL ENGINEERING NORWAY					
Revenue	1 134	1 095	3 535	3 033	4 427
Operating expenses	-1 055	-1 038	-3 337	-3 428	-4 798
Share of net income from joint ventures	-	-	-	-	3
Depreciation/impairment	-55	-49	-168	-144	-193
Operating profit (EBIT)	24	8	30	-539	-561
Net financial items	-12	-8	-28	-20	-23
Pre-tax profit (EBT)	11	-	2	-559	-584
TOTAL CONSTRUCTION NORWAY					
Revenue	4 438	4 095	13 747	12 500	17 497
Operating expenses	-4 221	-3 926	-13 125	-12 555	-17 413
Share of net income from joint ventures	-	-	-	-	3
Depreciation/impairment	-91	-67	-276	-194	-263
Operating profit (EBIT)	126	103	345	-250	-175
Net financial items	-3	7	9	25	35
Pre-tax profit (EBT)	123	111	354	-225	-141
Total assets, segment	8 475	7 228	8 475	7 228	7 628

CONSTRUCTION OPERATIONS BY COUNTRY, CONTINUED

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
CONSTRUCTION SWEDEN					
Revenue	2 417	2 290	7 588	6 769	9 855
Operating expenses	-2 337	-2 215	-7 336	-6 576	-9 566
Share of net income from joint ventures	-2	-4	3	5	5
Depreciation/impairment	-49	-21	-119	-62	-93
Operating profit (EBIT)	28	49	136	136	201
Net financial items	7	5	5	11	13
Pre-tax profit (EBT)	35	55	140	147	214
Total assets, segment	3 372	3 603	3 372	3 603	3 487
CONSTRUCTION DENMARK					
Revenue	563	611	1 732	1 697	2 218
Operating expenses	-519	-567	-1 612	-1 583	-2 079
Share of net income from joint ventures	-	-	-	-	-
Depreciation/impairment	-9	-2	-23	-7	-9
Operating profit (EBIT)	36	42	98	107	130
Net financial items	1	1	2	3	16
Pre-tax profit (EBT)	37	43	100	110	146
Total assets, segment	1 380	1 383	1 380	1 383	1 326
TOTAL CONSTRUCTION OPERATIONS					
Revenue	7 418	6 997	23 066	20 966	29 569
Operating expenses	-7 077	-6 707	-22 073	-20 714	-29 057
Share of net income from joint ventures	-2	-4	3	5	8
Depreciation/impairment	-149	-90	-418	-263	-365
Operating profit (EBIT)	190	195	578	-7	156
Net financial items	5	13	16	39	63
Pre-tax profit (EBT)	195	208	594	32	219
Total assets, segment	13 227	12 214	13 227	12 214	12 442

PROPERTY DEVELOPMENT BY COUNTRY

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
PROPERTY DEVELOPMENT NORWAY					
Revenue	298	119	855	429	735
Operating expenses	-283	-113	-781	-406	-653
Share of net income from joint ventures	69	29	137	96	116
Depreciation/impairment	-1	-	-2	-1	-4
Operating profit (EBIT)	83	35	209	118	194
Net financial items	-10	-5	-26	-26	-31
Pre-tax profit (EBT)	73	30	184	92	163
Total assets, segment	4 751	3 530	4 751	3 530	3 599
PROPERTY DEVELOPMENT SWEDEN					
Revenue	293	341	1 203	1 446	2 165
Operating expenses	-289	-314	-1 144	-1 344	-1 949
Share of net income from joint ventures	2	8	3	32	9
Depreciation/impairment	-	-	-	-	-3
Operating profit (EBIT)	6	35	62	133	222
Net financial items	1	-	2	-	3
Pre-tax profit (EBT)	7	35	64	134	225
Total assets, segment	3 458	2 328	3 458	2 328	3 287
TOTAL PROPERTY DEVELOPMENT					
Revenue	590	460	2 059	1 875	2 899
Operating expenses	-572	-427	-1 925	-1 750	-2 603
Share of net income from joint ventures	71	37	140	128	126
Depreciation/impairment	-1	-	-2	-1	-6
Operating profit (EBIT)	88	69	271	252	416
Net financial items	-9	-4	-24	-26	-28
Pre-tax profit (EBT)	79	65	248	226	388
Total assets, segment	8 209	5 859	8 209	5 859	6 885

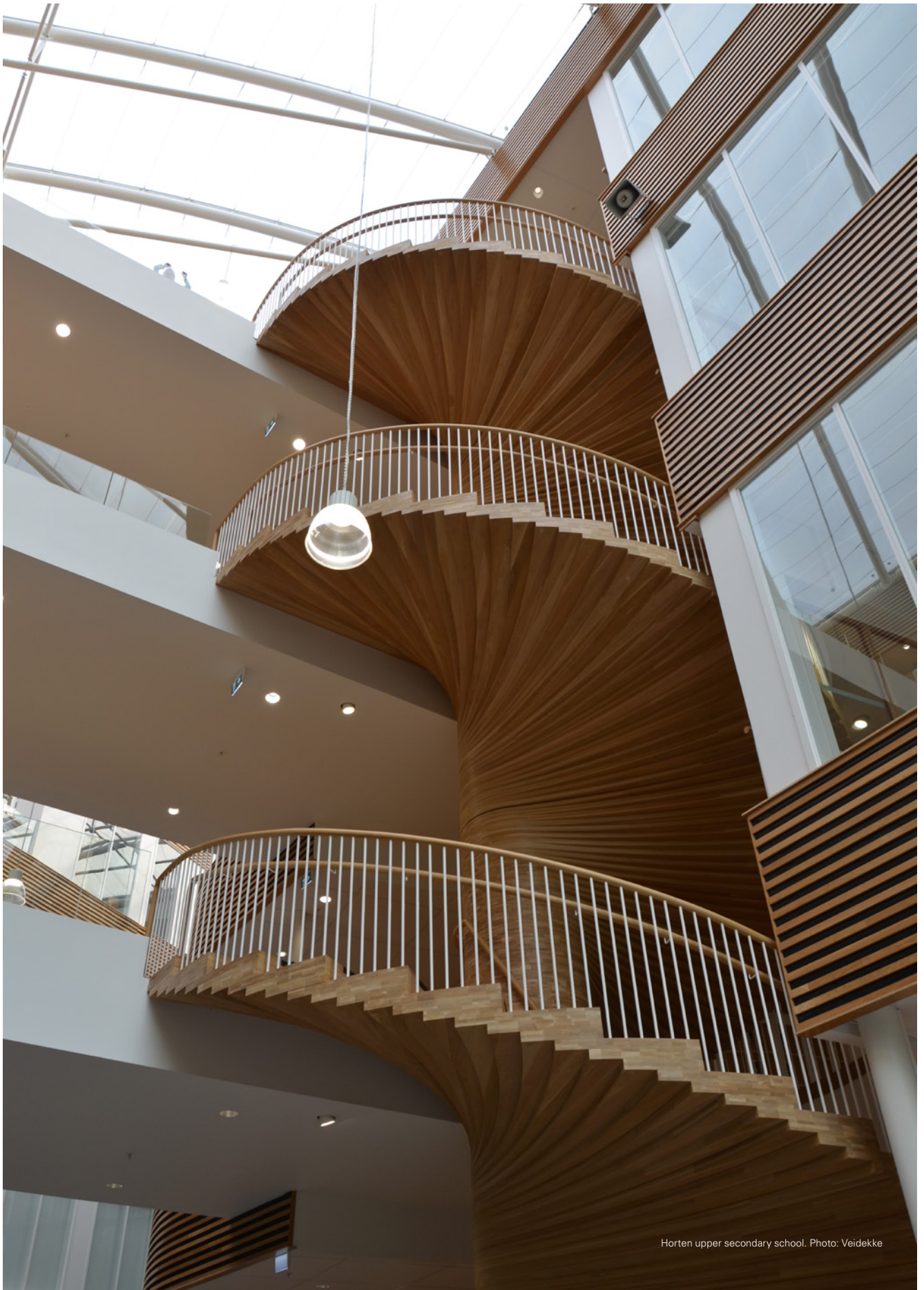
STATEMENT OF CHANGES IN EQUITY

Figures in NOK million	EQUITY HOLDERS OF VEIDEKKE ASA						MINORITY	
	Share capital	Other paid-in capital ¹⁾	Re-evaluation of pensions	Currency translation differences	Other retained earnings	Fair value adjustment ²⁾	Total	Non-controlling interests
Equity at 1 January 2018	67	305	-22	107	3 843	-101	4 199	22
Profit for the period					226		226	30
Other comprehensive income				-164	-3	24	-143	-4
IFRS 2 – share-based transactions employees					-12		-12	
Transactions, non-controlling interests					-9		-9	-74
Additions, acquisitions of operations, non-controlling interests								70
Dividend					-668		-668	-22
Equity at 30 September 2018	67	305	-22	-57	3 376	-77	3 592	22
Equity at 1 January 2018	67	305	-22	107	3 843	-101	4 199	22
Profit for the year					540		540	34
Other comprehensive income			-7	-48		-1	-56	
IFRS 2 – share-based transactions employees					-23		-23	
Additions, acquisitions of operations, non-controlling interests								77
Transactions, non-controlling interests					-33		-33	-85
Dividend					-668		-668	-23
Equity at 31 December 2018	67	305	-30	60	3 658	-101	3 959	25
Equity at 1 January 2019	67	305	-30	60	3 658	-101	3 959	25
Profit for the period					655		655	34
Other comprehensive income				-84		-22	-106	-1
Transactions, non-controlling interests					-21		-21	-10
Dividend					-669		-669	-23
Equity at 30 September 2019	67	305	-30	-24	3 623	-123	3 818	25

1) Paid-in capital over and above nominal value of shares.

2) Change in fair value of available-for-sale shares and hedging instruments that qualify for hedge accounting.

There have been no purchases of own shares in 2019.



Horten upper secondary school. Photo: Veidekke

NOTE 1. GENERAL INFORMATION

Veidekke is a Scandinavian construction and property development company headquartered in Oslo. The consolidated accounts for Q3 2019 include Veidekke ASA and its subsidiaries and the group's investments in

associates and joint ventures. At the end of Q3 2019, the group comprised essentially the same entities as described in the 2018 annual report. The interim financial statements are unaudited.

NOTE 2. ACCOUNTING PRINCIPLES

The group's financial reports are prepared in accordance with international accounting standards (IFRS) approved by the EU. The quarterly accounts have been prepared in accordance with IAS 34 on interim financial reporting, and comply with applicable stock-exchange rules. The quarterly accounts were prepared in accordance with the same accounting principles as the annual accounts for 2018, with the exception of the new IFRS 16 standard on the accounting treatment of leases, which became effective on 1 January 2019.

IFRS 16 Leases

IFRS 16 Leases was implemented on 1 January 2019, and requires the recognition of leases (the right to use an asset) and associated lease obligations in the balance sheet. The former classification of leases, as either operational or financial leases, has been eliminated. Short-term leases (with a duration of less than 12 months) and leases relating to low-value assets are exempt from the balance-sheet recognition requirement. When a lease is recognised as an asset in the balance sheet, the group also recognises a corresponding debt in respect of future lease obligations. In the profit and loss account, this entails an increase in depreciation and interest costs and a reduction in other operating costs, thus improving EBITDA compared to accounts prepared under the old principle.

Veidekke owns few of the commercial buildings from which it operates its business, and the new standard has therefore entailed a substantial increase in assets linked to leases for office premises (Property). Veidekke leases equipment in connection with construction and civil engineering projects. Many of these agreements have a duration of less than 12 months, although leases for e.g. workmen's huts and cranes normally have a longer duration and therefore require recognition of future lease liabilities in the balance sheet.

Implementation of IFRS 16 has inflated the balance sheet item Property by NOK 747 million, and Machinery, etc. by NOK 198 million, as at 1 January 2019. An average interest rate of 3.3% has been used in calculating the present

value of the lease obligation. Depreciation is expected to increase by approximately NOK 260 million annually, and interest costs by approximately NOK 30 million a year, with an approximately equivalent reduction in other operating costs. Implementation has been effected using the modified retrospective method, meaning that the accounts for earlier years have not been restated.

Reference is made to note 18, which presents the accounting effects of implementing IFRS 16.

Residential projects in property development operations

In the financial accounts, revenue from the sale of residential units in Sweden and Denmark is recognised on an ongoing basis in accordance with the final forecast, completion ratio and sales ratio, whereas in the case of Norwegian residential projects revenue is only recognised at the time of contractual delivery to the purchaser. This difference in the revenue recognition approach is due to differences in national legislation governing residential construction and sales.

In the segment accounts, revenue from residential projects forming part of the property development operation is reported in accordance with the principle of ongoing revenue recognition, regardless of the country in which the activity takes place. This is considered to provide the best picture of value creation in the residential development segment, and is consistent with Veidekke's management reporting.

Possible future changes to accounting principles

The Financial Supervisory Authority of Sweden (Finansinspektionen) has investigated selected listed Swedish property developers in 2019 with the aim of clarifying their accounting treatment of residential developments organised as housing cooperatives. A question of particular interest was whether residential developers have accounting control over housing cooperatives. Veidekke's sale and production of residential units in Sweden occurs primarily through the establishment of housing cooperatives. Once project development is

completed, an agreement is entered into between a newly established housing cooperative and Veidekke relating to project follow-up. The agreement obliges Veidekke to sell the residential units to end customers on behalf of the housing cooperative, and Veidekke undertakes to complete the residential units for a fixed price. Veidekke also undertakes to purchase residential units which are not sold within six months of completion. Veidekke assumes no other obligations and makes no other guarantees to the housing cooperatives. The boards of the housing cooperatives comprise three persons, including two external, independent board members. Veidekke has proceeded on the basis that it does not have control over the housing cooperatives and that they should therefore not be incorporated into Veidekke's accounts.

As far as Veidekke is aware, Finansinspektionen has not communicated its conclusions to the affected listed companies. Veidekke's business model is fairly similar to the one used by these companies, and Finansinspektionen's conclusions may therefore impact on Veidekke's accounts. A final assessment will be conducted once the conclusions are available. If it is concluded that Veidekke should have consolidated the housing cooperatives, this will mean that income from the sale of residential units will no longer be recognised as income on an ongoing basis, and will instead be recognised on the date of contractual delivery of each residential unit to the purchaser, as under the principles governing sales in Norway. For Veidekke, this would mean a positive profit contribution of approximately NOK 0.4 billion in the profit and loss account pursuant to IFRS for 2019, since a considerable number of completed residential units have been delivered during the course of the year and residential production has fallen significantly. The group's interest-bearing debt would increase by NOK 1.0 billion at the end of 2019, the balance sheet would increase by NOK 1.2 billion and the group's equity would be reduced by NOK 0.1 billion. For further details of Veidekke's accounting principles, please see Note 1 Accounting principles in the 2018 Annual Report.

The quarterly accounts do not include all information required in a complete set of annual accounts, and should therefore be read in conjunction with the group's annual accounts for 2018, which are available on veidekke.com/en.

3. SEGMENT INFORMATION

BUSINESS AREAS

	Construction		Property Development	
Figures in NOK million	At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18
INCOME STATEMENT				
Revenue	23 066	20 966	2 059	1 875
Operating expenses	-22 073	-20 714	-1 925	-1 750
Share of net income from joint ventures	3	5	140	128
Depreciation	-418	-263	-2	-1
Operating profit	578	-7	271	252
Financial income	54	56	17	13
Financial costs	-38	-17	-41	-39
Profit before tax	594	32	248	226
STATEMENT OF FINANCIAL POSITION				
Non-current assets	4 202	3 683	1 534	1 451
Current assets	6 636	6 050	6 643	4 374
Cash and cash equivalents	2 389	2 481	31	34
Total assets	13 227	12 214	8 209	5 859
Equity	2 898	1 929	1 853	1 731
Non-current liability	1 550	1 265	4 847	2 448
Current liabilities	8 779	9 020	1 509	1 679
Total equity and liabilities	13 227	12 214	8 209	5 859
KEY FIGURES				
Operational cash flow	-348	834	-1 540	214
Cash flow from investments	-165	-623	-25	9
Capital invested ²⁾	-	-	6 647	4 142
Investments in joint ventures	86	54	1 364	1 366
Number of employees	7 229	7 169	168	170
Order backlog	33 377	32 787	-	-
- due for completion within 12 months	22 218	22 562	-	-

1) Capital invested is only listed for the two capital-intensive business areas Property Development and Industrial.

	Industrial		Other operations		Eliminations		Group	
	At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18
	3 954	3 515	1	-	-1 093	-1 318	27 987	25 038
	-3 588	-3 300	-69	-77	1 096	1 319	-26 559	-24 522
	11	4	17	17	-	-	171	152
	-195	-155	-43	-9	-	-	-658	-428
	182	63	-94	-69	3	1	941	240
	5	5	100	66	-113	-81	64	59
	-33	-24	-68	-50	102	81	-79	-48
	154	44	-63	-53	-8	1	925	250
	1 673	1 561	2 520	1 951	-1 979	-1 539	7 950	7 106
	1 677	1 599	77	55	-183	-644	14 684	11 434
	9	5	1 176	868	-3 581	-2 954	190	434
	3 359	3 166	3 773	2 873	-5 743	-5 137	22 824	18 974
	628	507	823	1 096	-2 118	-1 517	4 084	3 746
	1 462	1 384	1 858	1 715	-3 552	-3 066	6 165	3 745
	1 269	1 275	1 091	62	-74	-554	12 574	11 483
	3 359	3 166	3 773	2 873	-5 743	-5 137	22 824	18 974
	-142	-146	-101	-110	-	-	-2 130	792
	-126	-303	-23	-21	-	-	-339	-939
	1 879	1 786	-	-	-	-	9 272	6 193
	46	37	19	31	-	-	1 515	1 488
	1 174	1 143	48	49	-	-	8 619	8 531
	1 266	982	-	-	-	-	34 642	33 769
	904	741	-	-	-	-	23 122	23 303

CONSTRUCTION

	Building Construction Norway		Civil Engineering Norway		Total Norway	
Figures in NOK million	At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18
INCOME STATEMENT						
Revenue	10 212	9 467	3 535	3 033	13 747	12 500
Operating expenses	-9 788	-9 127	-3 337	-3 428	-13 125	-12 555
Share of net income from joint ventures	-	-	-	-	-	-
Depreciation	-108	-50	-168	-144	-276	-194
Operating profit	316	289	30	-539	345	-250
Net financial items	37	45	-28	-20	9	25
Profit before tax	353	334	2	-559	354	-225
STATEMENT OF FINANCIAL POSITION						
Non-current assets	1 443	1 022	1 075	1 147	2 519	2 169
Current assets	2 514	1 952	2 236	1 955	4 750	3 907
Cash and cash equivalents	2 370	2 844	-1 164	-1 692	1 206	1 153
Total assets	6 328	5 818	2 147	1 410	8 475	7 228
Equity	1 544	908	113	-108	1 658	800
Non-current liability	730	689	257	51	987	740
Current liabilities	4 054	4 221	1 777	1 467	5 830	5 688
Total equity and liabilities	6 328	5 818	2 147	1 410	8 475	7 228
KEY FIGURES						
Profit margin	3.5%	3.5%	0.1%	-18.4%	2.6%	-1.8%
Share of revenue, building construction	10 212	9 467	-	-	10 212	9 467
Share of revenue, civil engineering	-	-	3 535	3 033	3 535	3 033
Investments in joint ventures	-	-	11	10	11	10
Number of employees	3 177	3 065	1 301	1 397	4 478	4 462
Order backlog	16 705	13 896	3 012	5 419	19 717	19 315
- due for completion within 12 months	10 866	9 650	2 365	3 119	13 231	12 769

Sweden		Denmark		Total Construction	
At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18
7 588	6 769	1 732	1 697	23 066	20 966
-7 336	-6 576	-1 612	-1 583	-22 073	-20 714
3	5	-	-	3	5
-119	-62	-23	-7	-418	-263
136	136	98	107	578	-7
5	11	2	3	16	39
140	147	100	110	594	32
1 426	1 293	257	221	4 202	3 683
1 743	1 713	143	430	6 636	6 050
203	597	980	731	2 389	2 481
3 372	3 603	1 380	1 383	13 227	12 214
756	649	484	480	2 898	1 929
512	489	52	37	1 550	1 265
2 105	2 466	844	866	8 779	9 020
3 372	3 603	1 380	1 383	13 227	12 214
1.8%	2.2%	5.7%	6.5%	2.6%	0.2%
4 708	4 394	1 732	1 697	16 652	15 558
2 880	2 375	-	-	6 415	5 408
75	44	-	-	86	54
2 261	2 141	490	566	7 229	7 169
11 447	10 736	2 213	2 736	33 377	32 787
7 367	8 162	1 620	1 631	22 218	22 562

PROPERTY DEVELOPMENT

Figures in NOK million	Norway		Sweden		Total Property Development	
	At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18	At 30.09.19	At 30.09.18
INCOME STATEMENT						
Revenue	855	429	1 203	1 446	2 059	1 875
Operating expenses	-781	-406	-1 144	-1 344	-1 925	-1 750
Share of net income from joint ventures	137	96	3	32	140	128
Depreciation	-2	-1	-	-	-2	-1
Operating profit	209	118	62	133	271	252
Net financial items	-26	-26	2	-	-24	-26
Profit before tax	184	92	64	134	248	226
STATEMENT OF FINANCIAL POSITION						
Non-current assets	1 206	1 230	328	221	1 534	1 451
Current assets	3 514	2 267	3 130	2 107	6 643	4 374
Cash and cash equivalents	31	34	-	-	31	34
Total assets	4 751	3 530	3 458	2 328	8 209	5 859
Equity	1 018	835	835	896	1 853	1 731
Non-current liability	3 249	2 261	1 633	188	4 847	2 448
Current liabilities	484	434	990	1 244	1 509	1 679
Total equity and liabilities	4 751	3 530	3 458	2 328	8 209	5 859
KEY FIGURES						
Capital invested	4 252	3 031	2 395	1 112	6 647	4 142
Return on invested capital	10%	7%	9%	18%	10%	11%
Investments in joint ventures	1 157	1 201	208	165	1 364	1 366
Number of employees	62	64	106	106	168	170

NOTE 4. ESTIMATES

Construction and property development projects represent a large part of Veidekke's operations. Accounting for project activities is largely based on estimates. Significant judgements used in applying the group's accounting policies and the main sources of estimate uncertainty at the end of Q3 2019 are unchanged from those in the 2018 annual report.

NOTE 5. OPERATIONS WITH SIGNIFICANT SEASONAL FLUCTUATIONS

The group's asphalt and aggregates operations, which are reported under the Industrial business area, are subject to seasonal fluctuations as a result of climatic conditions. Most of the production takes place between May and October, and the majority of the revenues from operations accrues during these months. However, expenses related to administrative staff, maintenance of production equipment and depreciation are spread over the full year. This means that there will normally be significant fluctuations in the quarterly accounts for Veidekke's industrial operations.

Figures in NOK million	12-month rolling at 30.9.2019	12-month rolling at 30.9.2018	2018
INDUSTRIAL¹⁾			
Revenue	5 333	4 858	4 894
Pre-tax profit	150	131	40
GROUP¹⁾			
Revenue	38 533	33 783	35 584
Pre-tax profit	1 266	631	591

1) The figures are taken from the segment accounts.

NOTE 6. NON-CURRENTS ASSETS

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS					
Carrying amount at start of period	4 235	3 315	3 489	3 029	3 029
Implementation of IFRS 16 Leases at 01.01.2019			945		
Additions	163	210	458	725	1 139
Additions from acquisitions of operations	-	-15	4	104	105
Depreciation and amortisation	-230	-147	-658	-428	-594
Currency translation differences, etc.	4	38	-37	-6	-6
Disposals of non-current assets	-30	-60	-57	-82	-184
Carrying amount at end of period	4 143	3 342	4 143	3 342	3 489
Other intangible assets	165	117	165	117	149
Land and buildings	1 296	684	1 296	684	646
Plant and machinery	2 682	2 541	2 682	2 541	2 694
Carrying amount at end of period	4 143	3 342	4 143	3 342	3 489

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
GOODWILL					
Carrying amount at start of period	1 768	1 702	1 807	1 401	1 401
Additions	-	12	3	359	402
Impairment	-	-	-	-	-
Currency translation differences	8	-	-34	-46	4
Disposals	-	-	-	-	-
Carrying amount at end of period	1 777	1 714	1 777	1 714	1 807

NOTE 7. RESIDENTIAL PROJECTS

Figures in NOK million	Q3 2019	Q3 2018	2018
Units under construction	921	297	459
Completed units for sale	58	84	67
Residential sites for development	4 861	3 238	3 776
Non-residential projects	3	42	7
Total residential and non-residential projects	5 844	3 660	4 309
Joint-venture residential projects	1 166	1 217	1 214
Units under construction ¹⁾	1 676	2 189	2 116
Sale rate, units under construction ¹⁾	81%	80%	80%
Unsold, completed units ¹⁾	42	20	30

1) Including Veidekke's share in joint ventures.

NOTE 8. ACQUISITIONS, SALES OF OPERATIONS

No acquisitions or sales of operations have been made in 2019.

NOTE 9. SHORT-TERM DEBT TO CREDIT INSTITUTIONS

A short-term loan of NOK 1 billion was arranged with a financial institution in Q2 2019 to finance substantial investments in the land bank. The loan falls due for repayment in Q1 2020.

NOTE 10. FINANCIAL INSTRUMENTS

There were no significant changes relating to financial risk or the group's use of financial instruments during the period. Further details can be found in the 2018 Annual Report.

NOTE 11. SPECIAL ITEMS

In Q2 2019, Property Development Norway sold a development plot in eastern Norway. The accounting gain of NOK 43 million generated on the sale was recognised in the accounts in Q2. Property Development Norway sold its share in a commercial project in Trondheim in the third quarter, generating a gain of NOK 40 million. NOK 22 million was recognised as income on delivery of the building, while the remainder will be recognised once the premises are fully leased.

NOTE 12. DIVIDEND

A dividend of NOK 5.0 per share, totalling NOK 669 million, has been paid for for the 2018 financial year. The dividend was approved by the Annual General Meeting on 8 May 2019 and recognised in the accounts in Q2 2019.

NOTE 13. LOAN AGREEMENT COVENANTS

On 28 October 2015 Veidekke signed a five-year loan agreement with DNB ASA, with a credit limit of NOK 3.6 billion. The loan matures on 2 November 2020. During the quarter, the group also took up a short-term loan of NOK 1.0 billion which falls due for repayment in Q1 2020. At 30 September 2019, unutilised borrowing facilities amounted to NOK 1.1 billion.

The following covenants are contained in the loan agreement with DNB Bank ASA:

1. Net interest-bearing debt divided by EBITDA for the previous four quarters shall not exceed 3.5. At 30 September 2019, the ratio was 2.5.
2. The group's own projects shall not exceed 75% of the group's book equity. At 30 September 2019, the share of the group's own projects was 26%.

Definitions:

Net interest-bearing debt is defined as the group's current and non-current interest-bearing liabilities minus the group's cash and cash equivalents and interest-bearing receivables.

EBITDA is the group's operating profit plus depreciation and impairment.

Share of own projects is the value of started, unsold residential units and commercial buildings in projects implemented under the control of the borrower or another group company, and is calculated based on the expected sales price, albeit no less than cost price.

NOTE 14. EVENTS AFTER THE REPORTING DATE

After the close of the quarter, the board of directors has decided to split the group into two separate entities, and that the property development operation is to be established under a new ownership structure. The mandate from the board implies that both a stock exchange listing and the sale of all or part of the property development operations will be considered. See the board of directors' report for more information.

NOTE 15. DEFERRED REVENUE RECOGNITION IN ACCOUNTING FOR SALES OF COMPLETED RESIDENTIAL UNITS

Revenue from sales of completed residential projects in Sweden and Denmark are recognised in the financial accounts on an ongoing basis in accordance with the final forecast, completion ratio and sales ratio. In the case of Norwegian residential projects, revenue is only recognised at the time residential units are delivered to purchasers. The differential treatment is due to differences in the legislation of the three countries.

In Veidekke's internal follow-up of residential projects, measurement is undertaken in tandem with rolling revenue recognition. Accordingly, income and profits are recognised in the accounts in line with the final forecast, sales ratio and completion ratio of each project. This principle is also followed in segment reporting.

EARNED INCOME AND PROFIT FROM RESIDENTIAL PROJECTS UNDER CONSTRUCTION IN NORWAY

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
REVENUE					
Accumulated revenue from non-delivered projects at start of period	515	133	282	365	365
+ Revenue from non-delivered projects during the period	264	98	657	335	497
- Revenue from delivered projects during the period	-2	-	-161	-470	-580
Net IFRS 15 adjustments to revenues	262	98	495	-134	-83
Accumulated revenue from non-delivered projects at end of period	777	231	777	231	282

Figures in NOK million	Q3 2019	Q3 2018	At 30.09.2019	At 30.09.2018	2018
PRE-TAX PROFIT					
Accumulated pre-tax profit from non-delivered projects at start of period	238	176	163	174	174
+ Pre-tax profit from non-delivered projects during the period	96	59	287	211	296
- Pre-tax profit from delivered projects during the period	-56	-81	-172	-231	-306
Net IFRS 15 adjustments to pre-tax profit	40	-23	115	-20	-10
Accumulated pre-tax profit from non-delivered projects at end of period	278	154	278	154	163

At 30 September 2019, revenues of NOK 777 million and pre-tax profit of NOK 278 million had accrued on sold residential units under construction in Norway. These amounts are recognised as revenue in the segment reporting, but are not recognised under IFRS until the homes are handed over. A significant portion of Veidekke's Norwegian property development operations take place in joint ventures and thus does not generate revenue in the company's consolidated accounts. The profit from joint ventures is recognised on a post-tax basis in the income statement.

NOTE 16. CALCULATION OF RETURN ON CAPITAL INVESTED IN PROPERTY DEVELOPMENT, LAST 12 MONTHS

Figures in NOK million	Average invested capital	Pre-tax profit	At 30.09.2019		At 30.09.2018	
			Financial costs ¹⁾	Taxes in joint ventures	Return	Return
Norway	3 691	255	85	45	10.4%	7.4%
Sweden	1 821	151	18	-	9.3%	21.7%
Denmark	42	4	-	-	10.7%	-12.0%
Total	5 553	411	103	45	10.1%	10.6%

The statement has been prepared on the basis of the segment accounts.

1) The item "financial costs" is the year's accrued interest expenses. Interest expenses are classified in the comprehensive income statement under both financial costs and cost of materials (operating expenses).

NOTE 17. ALTERNATIVE PERFORMANCE MEASURES

Veidekke generally reports its financial results in line with International Financial Reporting Standards (IFRS). In addition, the following alternative performance measures are also reported:

Net interest-bearing debt

This key figure expresses the group's financial position and is determined on the basis of the group's capitalised interest-bearing debt on the date of calculation, less bank deposits and interest-bearing receivables, both current and non-current. This key figure is also included in the calculation of covenants in the loan agreement.

Order backlog

The order backlog provides an indication of future activity in the group's construction operations. The order backlog is defined as contracted and signed contracts on the measurement date. This key figure also includes road maintenance contracts in Industrial's Road Maintenance unit, but only those parts of the contracts that will be executed during the next 18 months.

Capital invested in property development operations

Capital invested is defined as the sum of book equity and net interest-bearing debt and is an expression of the capital tied up in property development operations.

Return on invested capital in Property Development

Property Development's performance is measured by return on invested capital, calculated using the following formula:

$$\frac{\text{Pre-tax profit} + \text{interest expenses} + \text{tax in joint ventures}}{(\text{Opening balance invested capital} + \text{Closing balance invested capital}) / 2}$$

The figures used in the formula are taken from the segment reporting. Interest expenses include all expensed interest expenses, both those classified as interest expenses and those classified as cost of materials (operating expenses) in the accounts. The calculation is adjusted to take account of the fact that the profit reported by joint ventures has already been taxed.

Sales ratio in Property Development

Sales rate indicates the risk that units under construction will not be sold and is calculated using the following formula:

$$\frac{\text{Sales value of signed contracts for sold residential units}}{\text{Total sales value of all projects under construction}}$$

For projects carried out in associates or joint ventures, only Veidekke's share of the project is included.

Number of unsold units under construction

This figure is the number of units under construction that has not been sold on the reporting date.

Site portfolio

The site portfolio provides an expression of possible future activity in the various markets in Property Development. The site portfolio consists of sites owned by Veidekke on the measurement date, sites for which there is a binding contract for transfer in the future, and signed options here it is expected that Veidekke will exercise the option. How many units the sites can be converted into is calculated as a best estimate.

NOTE 18. IMPLEMENTATION OF NEW ACCOUNTING STANDARD, IFRS 16 LEASES

EFFECTS ON THE STATEMENT OF FINANCIAL POSITION 31.12.2018

Figures in NOK million	31.12.2018	Implementation of IFRS 16	01.01.2019
ASSETS			
Land and buildings	646	747	1 393
Plant and machinery	2 694	198	2 892
Other assets	3 898	-	3 898
Total non-current assets	7 238	945	8 183
Current assets	11 597	-	11 597
Total current assets	11 597	-	11 597
Total assets	18 835	945	19 780
EQUITY AND LIABILITIES			
EQUITY	3 983	-	3 983
Pensions and deferred tax liabilities	846	-	846
Bond debts and debt to credit institutions	1 848	-	1 848
Other non-current liabilities	414	685	1 099
Total non-current liabilities	3 108	685	3 793
Bond debts and debt to credit institutions	36	-	36
Trade payables and warranty provisions	6 989	-	6 989
Public duties and taxes payable	867	-	867
Other current liabilities and contract liabilities	3 853	260	4 113
Total current liabilities	11 744	260	12 004
Total equity and liabilities	18 835	945	19 780

INCOME STATEMENT: EFFECTS ON THE QUARTERLY ACCOUNTS

FINANCIAL ACCOUNTS

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q3 2019	Implementation of IFRS 16	Q3 2019		At Q3 2019	Implementation of IFRS 16	At Q3 2019	
GROUP								
Revenue	9 130	-	9 130		27 492	-	27 492	
Operating expenses	-8 586	79	-8 506		-26 349	206	-26 143	
Share of net income from associates and joint ventures	76	-	76		135	-	135	
Operating profit before depreciation (EBITDA)	621	79	700		1 278	206	1 484	
Depreciation	-156	-75	-230		-464	-194	-658	
Operating profit (EBIT)	465	5	470		814	12	826	
Financial income	7	-	7		57	-	64	
Financial costs	-15	-7	-22		-58	-21	-79	
Pre-tax profit	457	-3	454		820	-9	810	

SEGMENT ACCOUNTS

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q3 2019	Implementation of IFRS 16	Q3 2019		At Q3 2019	Implementation of IFRS 16	At Q3 2019	
GROUP								
Revenue	9 393	-	9 393		27 987	-	27 987	
Operating expenses	-8 813	79	-8 734		-26 765	206	-26 559	
Share of net income from associates and joint ventures	81	-	81		171	-	171	
Depreciation and amortisations	-156	-75	-230		-464	-194	-658	
Operating profit (EBIT)	505	5	510		928	12	941	
Net financial items	-8	-7	-15		6	-21	-15	
Pre-tax profit (EBT)	497	-3	494		934	-9	925	

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q3 2019	Implementation of IFRS 16	Q3 2019		At Q3 2019	Implementation of IFRS 16	At Q3 2019	
CONSTRUCTION NORWAY								
Revenue	4 438	-	4 438		13 747	-	13 747	
Operating expenses	-4 247	27	-4 221		-13 204	79	-13 125	
Share of net income from associates and joint ventures	-	-	-		-	-	-	
Depreciation and amortisations	-66	-25	-91		-203	-73	-276	
Operating profit (EBIT)	124	2	126		339	6	345	
Net financial items	-	-3	-3		19	-10	9	
Pre-tax profit (EBT)	124	-1	123		359	-4	354	

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q3 2019	Implementation of IFRS 16	Q3 2019	At Q3 2019	Q3 2019	At Q3 2019	Implementation of IFRS 16	At Q3 2019
CONSTRUCTION SWEDEN								
Revenue	2 417	-	2 417	7 588	-	7 588	-	7 588
Operating expenses	-2 362	25	-2 337	-7 385	49	-7 336	49	-7 336
Share of net income from associates and joint ventures	-2	-	-2	3	-	3	-	3
Depreciation and amortisations	-25	-24	-49	-71	-48	-119	-48	-119
Operating profit (EBIT)	28	1	28	134	1	136	1	136
Net financial items	8	-1	7	7	-2	5	-2	5
Pre-tax profit (EBT)	36	-	35	141	-1	140	-1	140

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q3 2019	Implementation of IFRS 16	Q3 2019	At Q3 2019	Q3 2019	At Q3 2019	Implementation of IFRS 16	At Q3 2019
CONSTRUCTION DENMARK								
Revenue	563	-	563	1 732	-	1 732	-	1 732
Operating expenses	-525	7	-519	-1 628	16	-1 612	16	-1 612
Share of net income from associates and joint ventures	-	-	-	-	-	-	-	-
Depreciation and amortisations	-2	-6	-9	-7	-16	-23	-16	-23
Operating profit (EBIT)	36	-	36	97	-	98	-	98
Net financial items	1	-	1	3	-1	2	-1	2
Pre-tax profit (EBT)	37	-	37	100	-	100	-	100

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q3 2019	Implementation of IFRS 16	Q3 2019	At Q3 2019	Q3 2019	At Q3 2019	Implementation of IFRS 16	At Q3 2019
INDUSTRIAL								
Revenue	1 841	-	1 841	3 954	-	3 954	-	3 954
Operating expenses	-1 529	11	-1 518	-3 619	32	-3 588	32	-3 588
Share of net income from associates and joint ventures	6	-	6	11	-	11	-	11
Depreciation and amortisations	-56	-10	-66	-166	-29	-195	-29	-195
Operating profit (EBIT)	262	1	263	179	2	182	2	182
Net financial items	-13	-1	-14	-24	-4	-28	-4	-28
Pre-tax profit (EBT)	249	-1	248	156	-2	154	-2	154

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q3 2019	Implementation of IFRS 16	Q3 2019	At Q3 2019	Implementation of IFRS 16	At Q3 2019	At Q3 2019	At Q3 2019
OTHER OPERATIONS								
Revenue	-	-	-	1	-	1	-	1
Operating expenses	-35	10	-25	-99	30	-69	-99	-69
Share of net income from associates and joint ventures	5	-	5	17	-	17	-	17
Depreciation and amortisations	-5	-9	-14	-15	-28	-43	-15	-43
Operating profit (EBIT)	-35	1	-34	-96	2	-94	-96	-94
Net financial items	8	-1	7	36	-4	31	36	31
Pre-tax profit (EBT)	-27	-1	-27	-61	-2	-63	-61	-63

STATEMENT OF CASH FLOWS

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q3 2019	Implementation of IFRS 16	Q3 2019	At Q3 2019	Implementation of IFRS 16	At Q3 2019	At Q3 2019	At Q3 2019
Pre-tax profit	457	-3	454	820	-9	810	-9	810
Tax paid	-20	-	-20	-73	-	-73	-	-73
Depreciation/impairment	156	75	230	464	194	658	464	658
Other operational items	-1 153	29	-1 124	-3 570	44	-3 526	-3 570	-3 526
Cash flow from operating activities	-561	101	-459	-2 359	228	-2 130	-2 359	-2 130
Acquisition/disposal of property, plant and equipment	-68	-50	-118	-280	-92	-372	-280	-372
Other investing activities	17	-	17	-8	-	-8	-8	-8
Change in interest-bearing receivables	13	-	13	41	-	41	41	41
Cash flow from investing activities	-38	-50	-88	-247	-92	-339	-247	-339
Change in interest-bearing liabilities	582	-	582	3 337	-	3 337	3 337	3 337
Dividend paid	-	-	-	-669	-	-669	-669	-669
Change other non-current liabilities	53	-44	9	21	-115	-94	21	-94
Other financial items	-27	-7	-34	-87	-21	-109	-87	-109
Cash flow from financing activities	608	-51	557	2 602	-137	2 465	2 602	2 465
Change in cash and cash equivalents	9	-	9	-4	-	-4	-4	-4
Cash and cash equivalents, start of period	181	-	181	197	-	197	197	197
Exchange rate adjustment foreign cash balances	1	-	1	-3	-	-3	-3	-3
Cash and cash equivalents, end of period	190	-	190	190	-	190	190	190

INFORMATION ABOUT THE COMPANY

Veidekke ASA

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E-mail: firmapost@veidekke.no

Business registration number: 917103801
Founded: 1936
Head office: Skabos vei 4, Skøyen, 0278 Oslo

The Company's articles of association and corporate governance policy are available at:
veidekke.com/en/corporate-governance

Board of Directors:

Svein Richard Brandtzæg (Chair)
Gro Bakstad
Hans von Uthmann
Ingall Berglund
Ingolv Høyland
Daniel Kjørberg Siraj
Tone Hegland Bachke
Inge Ramsdal, employee-elected
Odd Andre Olsen, employee-elected
Arve Fludal, employee-elected

Executive Management:

Jimmy Bengtsson	Group CEO
Hans Olav Sørli	Executive Vice President, responsible for building construction operations in Norway
Øivind Larsen	Executive Vice President, responsible for civil engineering operations in Norway
Mats Nyström	Executive Vice President, responsible for Veidekke Sweden,
Jørgen Wiese Porsmyr	Executive Vice President, responsible for residential, commercial and project development in Scandinavia and for construction operations in Denmark
Catharina Bjerke	Executive Vice President, responsible for industrial operations in Norway
Terje Larsen	CFO and Executive Vice President, responsible for Accounting & Finance, IT, Strategy and Legal
Anne Thorbjørnsen	Interim Executive Vice President, responsible for HR and HSE
Lars Erik Lund	Executive Vice President, responsible for Communications and Public Affairs

Investor Relations:

Financial Director Jørgen G. Michelet
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Financial calendar:

Fourth quarter: 11 February 2020

TOGETHER, WE ARE BUILDING THE FUTURE

Veidekke is one of Scandinavia's largest construction and property development companies. The company undertakes all types of building construction and civil engineering contracts, maintains public roads and produces asphalt and aggregates. The company is characterised by involvement and local knowledge. Turnover is NOK 36 billion, and half of the 8,600 employees own shares in the company. Veidekke is listed on the Oslo Stock Exchange and has always posted a profit since it was founded in 1936.

Veidekke – local presence,
Scandinavian strength.

veidekke.com/en
