



Interim report Q1 2020



Illustration: SPINN Arkitekter / KONTUR Arkitekter

Veidekke has been commissioned by Undervisningsbygg Oslo KF to build Voldsløkka school in Oslo.

Q1 2020 HIGHLIGHTS

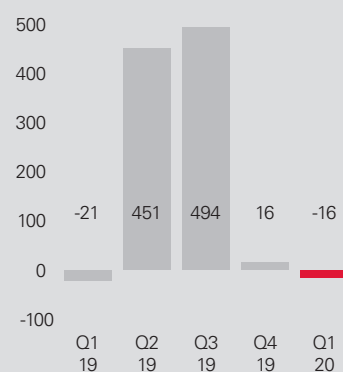
- Revenue totalled NOK 9.0 (8.5) billion.
- Pre-tax profit amounted to NOK -16 (-21) million.
- Earnings per share for continued operations and operations held for sale¹⁾ (IFRS) were NOK -0.7 (0.2).
- The order intake in the construction operations totalled NOK 7.2 billion, resulting in an order book of NOK 35.0 (34.9) billion.
- A total of 299 residential units were sold during the quarter, of which Veidekke's share amounted to 214. At quarter-end 1,916 residential units were under construction, of which Veidekke is entitled to 1,366. The sales ratio for projects under construction was 77%.
- Net interest-bearing debt was NOK 2.6 (3.4) billion at the close of the first quarter of 2020 and NOK 3.4 billion including debt in housing cooperatives.
- Veidekke is maintaining its long-term objectives, but in view of the considerable prevailing uncertainty about the economic effects of the pandemic, the previously communicated profit forecast for 2020 has been withdrawn.

1) Following the Board of Directors' decision to demerge the property development operation, this operation is presented as held for sale in the financial accounts. The other operations are presented as continued operations.

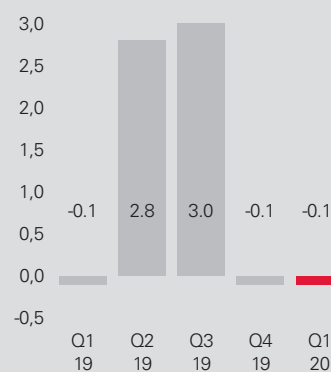
REVENUE
NOK BILLION



PRE-TAX PROFIT
NOK MILLION



EARNINGS PER SHARE
NOK



The charts above are based on the segment accounts.

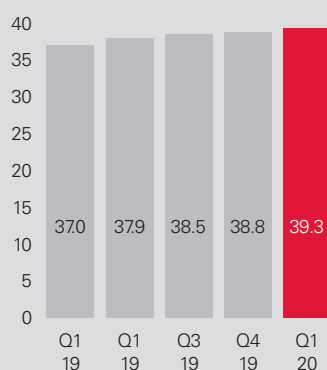
KEY FIGURES¹⁾

Figures in NOK million	Q1 2020	Q1 2019	2019
Revenue, segment	9 029	8 531	38 779
Pre-tax profit, segment	-16	-21	941
Construction	194	148	516
Property Development	101	57	344
Industrial	-222	-202	183
Other	-90	-24	-102
Earnings per share, segment	-0.1	-0.1	5.5
Profit margin, segment (%)	-0.2	-0.2	2.4
Revenue IFRS ²⁾ , continued operations	8 443	8 076	36 569
EBITDA IFRS, continued operations	117	94	1 468
Pre-tax profit IFRS, continued operations	-165	-115	582
Earnings per share IFRS (NOK), continued operations	-1.1	-0.8	2.9
Earnings per share IFRS, continued operations and operations held for sale	-0.7	0.2	6.8
Net interest-bearing debt	2 605	3 440	2 653
Total order book	36 173	35 875	35 515

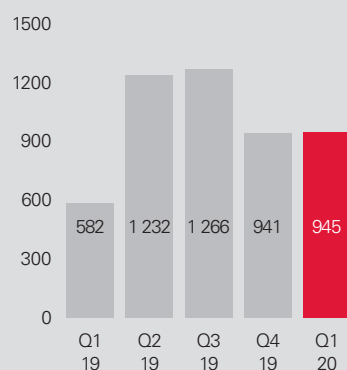
1) The comments in the report relate to figures taken from the segment accounts for all operations (continued operations and operations held for sale). Comments on the IFRS accounts are specified in the text.

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.

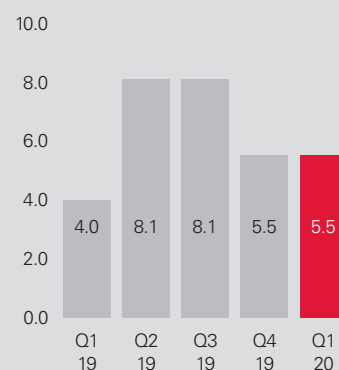
REVENUE
12-MONTH ROLLING
NOK BILLION



PRE-TAX PROFIT
12-MONTH ROLLING
NOK MILLION



EARNINGS PER SHARE
12-MONTH ROLLING
NOK



The charts above are based on the segment accounts.

OUR RESPONSIBILITY

We are experiencing challenging times, with the coronavirus outbreak causing a confused global situation. When the pandemic reached Scandinavia in March, Veidekke launched a number of measures. Our top priorities were to limit the spread of the virus and to ensure that we had capacity to execute our 500+ ongoing projects. Maintaining momentum has also been a high priority, so that we can continue to make agreed deliveries to customer, protect jobs and safeguard the assets of our fellow shareholders and society at large.

The construction and civil engineering sector is at a later stage of the economic cycle than many other industries which were hit hard earlier on. Accordingly, even though the virus has had a limited effect on the progress of Veidekke's construction and civil engineering projects and residential sales in the first quarter, it seems clear that uncertainty will remain for some time to come. We are doing all we can to find solutions to keep our industry moving forward.

Our primary responsibility is to protect staff working on projects, on construction sites and at our offices, as well as the staff of our numerous partners, suppliers and customers, against infection and health risks. We are meeting this responsibility through compliance with official infection control rules in Norway, Sweden and Denmark, tailoring advice and guidelines to our industry and work operations.

The industry as a whole is cooperating to advise the authorities on short-term and longer term measures to keep the Scandinavian markets moving. While it is important that these measures take effect as quickly as possible, it is also essential that economic stimulus measures take broad effect both geographically and throughout the supply chain – from developer to tradesman.

Along with our suppliers and sub-contractors, we have a clear responsibility to make deliveries as agreed, whether to end customers who have bought a residential unit in one of our projects or to clients who have chosen us as their partner and supplier. We intend to deliver on that promise.

As a major contractor, we also have a responsibility to the many suppliers, tradesmen and sub-contractors in our delivery model – a model which is based on confidence that deliveries will be made as agreed and that payments and liquidity will filter through to all links in the supply chain.



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

Jimmy Bengtsson, Group CEO

Even when times are tough, we have to keep an eye on the future of our important industry, so that young people and students continue to see construction and civil engineering as an attractive career choice. We will therefore continue to prioritise the recruitment of apprentices from among this year's school-leavers, and continue to recruit newly graduated engineers. This represents an investment in both the future of our industry and a competitive and profitable Veidekke group.

Veidekke's financial position is robust, and we have satisfactory financial capacity. However, in response to the prevailing uncertainty, we have taken the precaution of suspending all planned investment temporarily, and the board has cancelled the proposed dividend for the 2019 financial year.

Thanks to the fantastic commitment of our staff and the measures we have implemented, Veidekke has been able to achieve a relatively strong performance in the first quarter of the year. As summer approaches, Veidekke has a strong order book and the operational flexibility to adapt its organisational structure and cost levels to different scenarios for the future.

THE VEIDEKKE GROUP¹⁾

The COVID-19 pandemic had a limited impact on production in construction and civil engineering projects and residential sales in the first quarter.

Veidekke achieved revenues of NOK 9.0 billion in Q1, and a pre-tax loss of NOK 16 million. In comparison, the group generated NOK 8.5 billion in revenue and a pre-tax loss NOK 21 million in the same period last year. A charge of NOK 65 million has been included in the pre-tax profit/loss calculation in response to substantial financial market movements resulting from the pandemic. The charge relates to unrealised losses linked to changes in the value of financial assets held by Veidekke ASA, as well as an unrealised foreign exchange loss linked to the industrial operation. NOK 20 million in costs related to the demerger of the property development operation have also been taken into account in calculating the quarterly loss.

The operations reported satisfactory activity levels in the first quarter, with high production in the construction and civil engineering business and strong residential sales in ongoing property development projects. Both of these operational areas have achieved a robust improvement in profits compared to last year. The asphalt operation is experiencing a seasonal downturn which is impacting profits in the industrial operation.

As of 2020, Veidekke has amended its accounting treatment of housing cooperatives in the Swedish property development operation, having decided to apply the same principles as the majority of listed residential development companies in Sweden. As a result of the change, revenue from residential sales is recognised as income pursuant to the same principles as apply to the Norwegian property development operation (see Note 2 to this report). In Q1, the pre-tax loss in accordance with IFRS was NOK 114 million for the operation as a whole, comprising a loss of NOK 165 million on continued operations and a profit of NOK 51 million on operations held for sale.

The change in the accounting treatment of Swedish housing cooperatives means that housing cooperative debt will be consolidated into Veidekke's group accounts from 2020 onwards. Including housing cooperative debt of NOK 835 million, net interest-bearing debt amounted to NOK 3.4 billion at the end of the first quarter. Recalculated figures for 2019 show that net interest-bearing debt is on a par with year-end 2019.

The industrial operation and parts of the civil engineering operation reported normal, low activity levels and weak cash flow in the first quarter. This year, however, very strong project liquidity in Denmark and Sweden, and foreign exchange effects, contributed to a positive cash flow for continued operations in the first quarter.

Veidekke has decided that the property development operation is to be demerged and given a new ownership structure. The process is continuing, with the choice of ownership structure due to be made in the first half of 2020.

Although activity levels were largely unaffected by the pandemic in the first quarter, the start of the second quarter has brought low residential sales in Norway and somewhat reduced demand in Sweden. Project progress remains satisfactory, and further developments will depend primarily on the scale and duration of extraordinary infection control measures, which may disrupt the group's operations and reduce demand. Longer term developments depend on the pandemic's economic impact and investment and consumption levels, primarily in the private sector. Veidekke's long-term objectives remain unchanged, and the group is working actively to improve profitability across the board. However, given the substantial present uncertainty about the economic consequences of the pandemic, the profit forecast communicated at the capital markets day in May 2019 has been withdrawn.

Thanks to its strong order book and considerable operational flexibility, Veidekke can adapt its organisational structure and cost level to different market development scenarios. The group's finances are robust, and it has satisfactory financial capacity. As at quarter-end, equity totalled NOK 3.9 billion, while unutilised credit facility and unrestricted cash amounted to NOK 4.7 billion. Veidekke has reduced its future investment level through the temporary suspension of planned new investments, and the liquidity reserve has been further increased through the board's decision to cancel the proposed dividend distribution in respect of the 2019 financial year. Veidekke is thus well-positioned to manage the effects of the pandemic and any future market-related challenges.

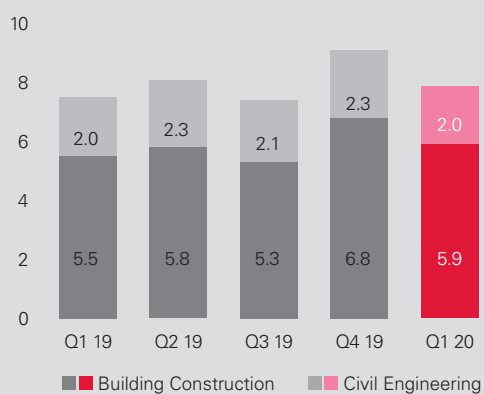
After quarter-end, the decision was made to merge Veidekke's Norwegian civil engineering and industrial operations into a new operational unit named Veidekke Infrastructure. The process will be completed by the end of 2020.

1) The comments in the report relate to figures taken from the segment accounts unless otherwise is spesified in the text.

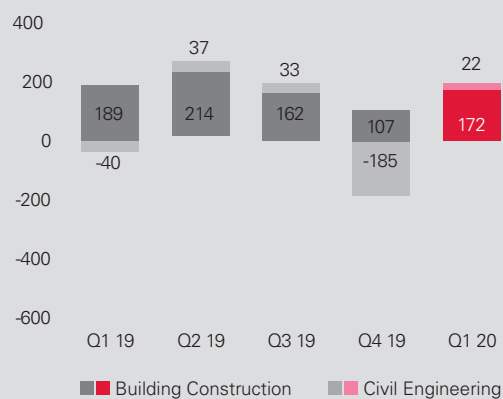
KEY FIGURES CONSTRUCTION OPERATIONS

NOK million	Q1 2020	Q1 2019	2019
Revenue	7 930	7 510	32 158
Profit before tax	194	148	516
Profit margin (%)	2.4	2.0	1.6
Order backlog	34 996	34 851	34 286

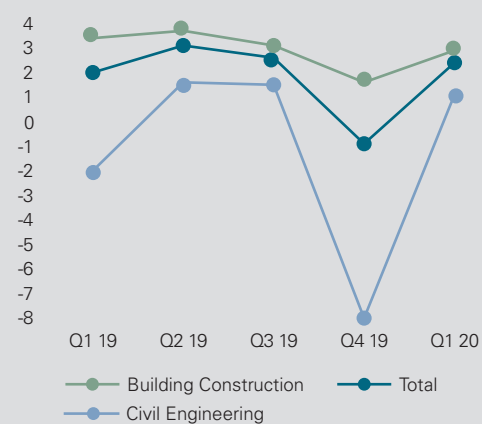
REVENUE
NOK BILLION



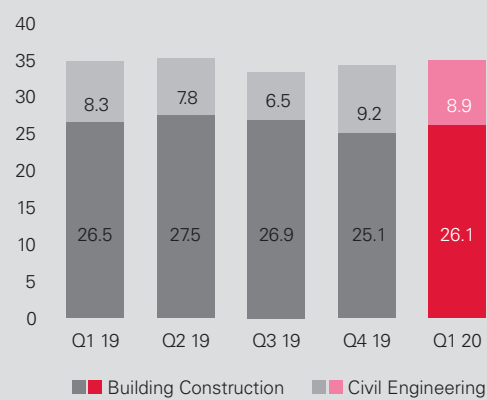
PROFIT BEFORE TAX
NOK MILLION



PROFIT MARGIN¹⁾
PER CENT



ORDER BACKLOG
NOK BILLION



CONSTRUCTION OPERATIONS



Veidekke's construction operations achieved revenues of NOK 7.9 billion in Q1, compared to NOK 7.5 billion in Q1 2019. The quarterly revenue increase is primarily attributable to the Swedish civil engineering operation and the Norwegian building construction operation.

The pre-tax profit for the first quarter totalled NOK 194 million, compared to NOK 148 million in the first quarter of last year. The profit margin was 2.4%, up on 2.0% in the same quarter of last year. The profit improvement is primarily attributable to the Norwegian civil engineering operation.

The quarterly order intake of NOK 7.2 billion brought the order book to NOK 35.0 billion at the end of the first quarter, on a par with the same time last year. Due to the COVID-19 pandemic, the future order intake is uncertain, particularly in the private sector.

Building Construction Norway

NOK million	Q1 2020	Q1 2019	2019
Revenue	3 563	3 390	14 356
Profit before tax	119	110	387
Profit margin %	3.3	3.2	2.7
Order backlog	13 999	15 799	14 762

The Norwegian building construction operation generated revenues of NOK 3.6 billion in the first quarter of 2020, up 5% on NOK 3.4 billion in the same quarter of 2019. Growth occurred primarily in the Oslo region and Bergen.

The Q1 pre-tax profit totalled NOK 119 million, compared to NOK 110 million in Q1 2019. The profit margin was 3.3%, compared to 3.2% last year.

The order intake amounted to NOK 2.8 billion in the first quarter.

Major projects signed during the quarter:

- Voldsløkka School in Oslo for Undervisningsbygg Oslo KF. Contract value NOK 478 million.
- Sandefjord Upper Secondary School for Vestfold and Telemark County Authority. Contract value NOK 422 million.
- Vollebekk C1B in Oslo. Residential project for OBOS Nye Hjem AS. Contract value NOK 372 million.
- Torpa Primary and Lower Secondary School. Construction and refurbishment for Nordre Land municipality. Contract value NOK 150 million.
- Optimera in Vestby. Logistics building for Anthon B Nilsen Eiendom. Contract value NOK 129 million.
- Oslo K in Kværnerbyen, Oslo. Installation work in an office building for Obos Eiendom. Contract value NOK 125 million.
- Stord Health Park. Commercial building including health services in Leirvik, for Borggata Futurum AS. Contract value NOK 100 million.

At quarter-end, the Norwegian building construction order book totalled NOK 14.0 billion, down from NOK 14.8 billion at the end of the preceding quarter and NOK 15.8 billion one year ago. Overall, order coverage in the construction operation is satisfactory.

Civil Engineering Norway

NOK million	Q1 2020	Q1 2019	2019
Revenue	1 119	1 143	4 641
Profit before tax	15	-25	-16
Profit margin %	1.3	-2.2	-0.3
Order backlog	5 448	4 657	6 036

The Norwegian civil engineering operation achieved revenues of NOK 1.1 billion in the first quarter, on a par with the same quarter last year.

The quarterly profit totalled NOK 15 million, up from a loss of NOK 25 million in Q1 2019. The profit improvement is primarily attributable to an improvement in portfolio profitability following the conclusion of several major loss-making projects. While activity in early-phase projects was high, profit outtake in these projects is low due to potential risk, and they do not make a significant profit contribution. Furthermore, the civil engineering portfolio still includes several projects with a written-down final value, which will not make a profit contribution.

The first-quarter order intake totalled NOK 577 million, and no major contracts were signed during the quarter. As at the end of Q1 2020, the civil engineering order book stood at NOK 5.5 billion, compared to NOK 6.0 billion at the beginning of the year and NOK 4.7 billion one year ago.

Construction Sweden

NOK million	Q1 2020	Q1 2019	2019
Revenue	2 596	2 409	10 803
Profit before tax	28	33	-25
Profit margin %	1.1	1.4	-0.2
Order backlog	12 695	11 493	11 504

The Swedish construction operation recorded revenues of NOK 2.6 billion in the first quarter, compared to NOK 2.4 billion in the same quarter of last year. The civil engineering operation and the building construction operations in Gothenburg and Skåne achieved increased revenues, while building construction activity fell by 25% year-on-year in the Stockholm region.

The Q1 2020 pre-tax profit amounted to NOK 28 million, compared to NOK 33 million in the first quarter of last year. The civil engineering operation achieved a significant increase in profits, improving both revenues and profitability. However, reduced building construction activity in Stockholm had a negative impact on profits.

The order intake for the first quarter was NOK 2.6 billion.

Major contracts signed during the quarter:

- FUJIREBIO's R&D and office premises in Mölndal, for GoCo Health Innovation City. Contract value NOK 179 million.
- Strömshuset, Gothenburg. Office premises for Vasakronan. Contract value NOK 175 million.
- Sickla Stationshus in Stockholm. Metro station and ticket hall for Region Stockholm/Atrium Ljungberg AB. Contract value NOK 169 million.
- Atmosfären in Malmö. Residential units for Veidekke Eiendom. Contract value NOK 138 million.
- Åby Ängar outside Stockholm. Residential units for Veidekke Eiendom. Contract value NOK 137 million.

At the end of Q1 2020, the Swedish construction order book stood at NOK 12.7 billion, compared to NOK 11.5 billion at the beginning of the year. Measured in the local currency, the value of the order book is unchanged since the beginning of the year.

Construction Denmark

NOK million	Q1 2020	Q1 2019	2020
Revenue	653	569	2 358
Profit before tax	33	30	169
Profit margin %	5.0	5.3	7.2
Order backlog	2 854	2 902	1 983

The Danish construction operation achieved revenues of NOK 653 million in the first quarter of 2020, compared to NOK 569 million in the corresponding quarter last year. This corresponds to growth of 7% in the local currency, and is attributable to high construction activity in Copenhagen.

The first-quarter pre-tax profit was NOK 33 million, compared to NOK 30 million in Q1 2019. The project portfolio remains robustly profitable, with a profit margin of 5.0%, compared to 5.3% in the first quarter of last year.

The quarterly order intake totalled NOK 1.2 billion.

Major contracts signed during the quarter:

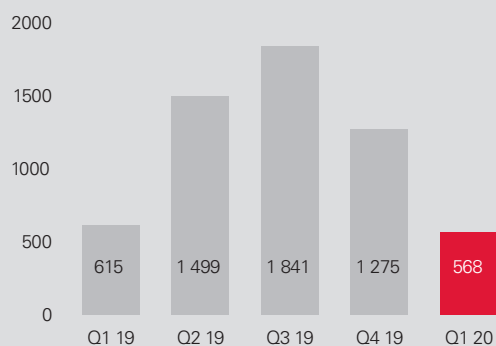
- Hines. Office building in Copenhagen, for Hines. Contract value NOK 839 million.
- Novo Spraydryer in Copenhagen. Technical installation for Novo Nordisk. Contract value NOK 136 million.

At the end of the first quarter, the order book stood at NOK 2.9 billion, compared to NOK 2.0 billion at year-end 2019. Measured in the local currency, the value of the order book increased by 23%.

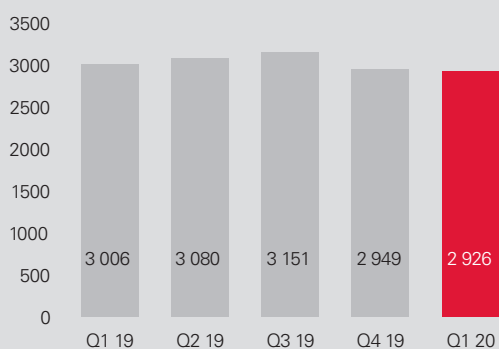
KEY FIGURES INDUSTRIAL

NOK million	Q1 2020	Q1 2019	2019
Revenue	568	615	5 229
Profit before tax	-222	-202	183
Profit margin (%)	-39.0	-32.9	3.5
Order backlog	1 177	1 025	1 229

REVENUE
NOK MILLION



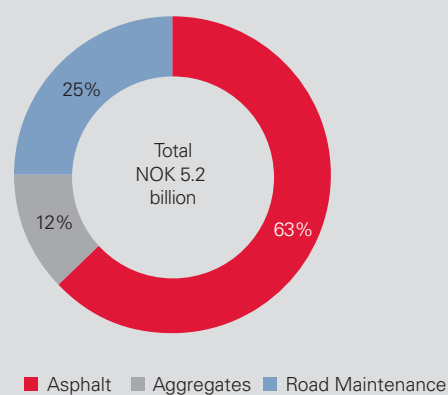
ASPHALT VOLUME, 12-MONTH ROLLING
THOUSAND TONNES



PROFIT AND MARGIN, 12-MONTH ROLLING
NOK MILLION



REVENUE BY BUSINESS AREA, LAST 12 MONTHS



INDUSTRIAL



The industrial operation generated revenues of NOK 568 million in Q1 2020, compared to NOK 615 million in the same period last year. The quarterly pre-tax loss totalled NOK 222 million, compared to a loss of NOK 202 million last year. The result is affected by the seasonal downturn in the asphalt operation, with maintenance work, seasonal preparations and fixed costs contributing to the negative result. An unrealised foreign exchange loss of NOK 30 million also contributed to the asphalt operation's drop in profits compared to last year.

The asphalt operation achieved revenues of NOK 89 million in Q1, compared to NOK 124 million in Q1 2019. The quarterly loss totalled NOK 230 million, compared to a loss of NOK 201 million last year. The asphalt operation has faced a number of challenges ahead of this year's asphaltting season. Demand from counties and the Norwegian Public Roads Administration has been highly uncertain prior to the annual tendering round. Thus far, contracts for 1,376,000 tonnes have been announced, corresponding to a drop of 35% compared to 2019. However, competitive tenders are ongoing, and volumes may therefore change substantially. Thus far, Veidekke has won around 32% of the available volumes.

As well as raising uncertainty about public-sector demand for asphalt, the COVID-19 pandemic may also affect private-sector demand for the raw material. The asphalt operation is therefore preparing for volumes to be substantially lower in 2020 than in previous years.

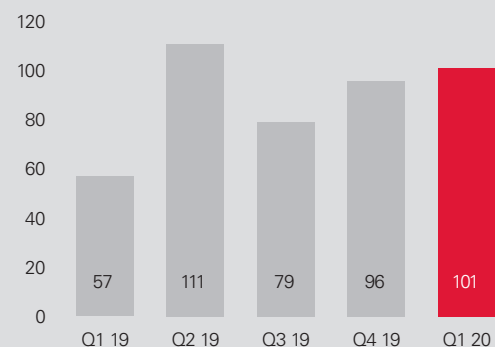
The road maintenance operation generated revenues of NOK 360 million in the first quarter, on a par with the same quarter last year. The quarterly profit totalled NOK 10 million, up from a loss of NOK 6 million in Q1 2019. The increase since last year is attributable to improvement in the portfolio's contract composition. Six of 23 ongoing maintenance contracts are due to terminate in 2020. Thus far, the road maintenance operation has won four new contracts in this year's tendering round, including three extensions of existing contracts.

The aggregates operation achieved revenues of NOK 124 million in Q1 2020, compared to NOK 136 million in the same quarter last year. The quarterly loss amounted to NOK 2 million, compared to a profit of NOK 1 million in Q1 2019.

KEY FIGURES PROPERTY DEVELOPMENT OPERATIONS

NOK million	Q1 2020	Q1 2020	2019
Revenue	761	718	3 059
Profit before tax	101	57	344
Capital invested	7 033	6 106	6 885

PROFIT BEFORE TAX
NOK MILLION



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



KEY FIGURES RESIDENTIAL UNITS, VEIDEKKE'S SHARE

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019	2020
Number of units sold	214	200	170	206	274	567	850
Norway	85	73	68	75	162	288	378
Sweden	129	127	102	131	112	271	472
Construction starts	149	154	192	190	135	680	671
Norway	35	1	174	190	44	385	409
Sweden	114	153	18	-	91	295	262
Number of units under construction	1 366	1 575	1 676	2 144	2 214	2 116	1 575
Norway	728	818	932	785	643	599	818
Sweden	638	757	744	1 359	1 571	1 517	757
Sales ratio, units under construction (%)	77	80	81	84	84	80	80
Norway	74	71	72	71	75	70	71
Sweden	81	89	92	91	88	84	89
Number of units in land bank	15 400	15 200	15 100	14 700	14 800	15 100	15 200
Norway	5 200	5 000	5 000	5 200	5 300	5 400	5 000
Sweden	10 200	10 200	10 100	9 500	9 500	9 700	10 200

PROPERTY DEVELOPMENT OPERATIONS



The first-quarter revenues of Veidekke's property development operation totalled NOK 761 million, up from NOK 718 million last year. The pre-tax profit amounted to NOK 101 million, compared to NOK 57 million in Q1 2019. The quarterly profit is attributable to strong residential sales in both countries, high production in Norway and development gains in Sweden.

Including partner units, Veidekke sold 299 residential units valued at NOK 1.7 billion in Q1 2020, compared to totals sales of 256 in Q4 2019 and 404 in Q1 2019. Veidekke's share of sales during the quarter was 214 units.

Veidekke had 1,366 residential units under construction at the end of the first quarter, compared to 2,214 at the end of Q1 2019. The sales ratio of the portfolio was 77%. As at quarter-end, the group's land bank encompassed approximately 18,800 potential residential units, with Veidekke's share amounting to 15,400 units.

The total capital invested in the property development operation amounted to NOK 7.0 billion at the end of the first quarter, compared to NOK 6.9 billion at the beginning of the year and NOK 6.1 billion one year ago. The 12-month rolling return on invested capital was 8.6%, compared to 10.2% at the same time last year.

Property Development Norway

NOK million	Q1 2020	Q1 2019	2019
Revenue	252	242	1 135
Pre-tax profit	56	39	226
Units under construction ¹⁾	728	643	818
Units sold ¹⁾	85	162	378

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 first-quarter revenues of NOK 252 million, compared to NOK 242 million in the same quarter of last year. The pre-tax profit amounted to NOK 56 million, compared to NOK 39 million in Q1 2019. High residential production in Oslo boosted profits compared to the first quarter of last year.

The Norwegian property development operation sold 132 residential units in Q1 2020 – including partner units – compared to 99 in Q4 2019 and 288 in Q1 2019. Veidekke's share amounted to 85 residential units. Some 113 units were released for sale in the first quarter, with Veidekke's share totalling 56 units.

Veidekke's share of residential production stood at 728 units under construction at quarter-end, compared to 818 at the beginning of the year and 643 one year ago. Four projects totalling 248 residential units were delivered during the quarter, with Veidekke's share amounting to 124 units. Two further projects totalling 69 residential units were launched in Trondheim. Veidekke's share of these totals 35 units. The sales ratio for residential units under construction was 74%, compared to 71% in the preceding quarter and 75% one year ago. As at quarter-end, the operation had 21 completed but unsold residential units, compared to 14 at the beginning of the year.

At quarter-end, the Norwegian operation's land bank encompassed approximately 7,250 potential residential units, of which Veidekke's share amounted to 5,200 units.

Veidekke's commercial property portfolio includes development projects focused on office premises and logistics facilities. Together with partners, Veidekke is currently executing a 6,000 m2 commercial property project in Bergen. The building will be ready for occupation by tenants in the first quarter of 2021, and is almost fully rented.

The invested capital amounted to NOK 4.3 billion at quarter-end, compared to NOK 4.1 billion at the same time last year. Adjusted for tax costs arising in associated and jointly controlled companies, the return on invested capital over the preceding 12 months was 9.4%.

Property Development Sweden

NOK million	Q1 2020	Q1 2019	2019
Revenue	509	476	1 924
Resultat før skatt	46	19	118
Units under construction ¹⁾	638	1 571	757
Units sold ¹⁾	129	112	472

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

The Swedish property development operation achieved first-quarter revenues of NOK 509 million, compared to NOK 476 million in the same period last year. The pre-tax profit totalled NOK 46 million, compared to NOK 19 million in Q1 2019. The profit improvement is primarily attributable to higher sales in ongoing projects and higher prices, particularly in Stockholm. The quarterly profit includes a development gain of NOK 11 million on the sale of a project in Gothenburg.

The Swedish property development operation sold 167 residential units in Q1 2020, compared to 157 units in Q4 2019 and 116 units in Q1 2019. Veidekke's share of sales during the quarter amounted to 129 units. The first quarter was the operation's best since the last sales peak in 2016. In the first quarter, four projects totalling 308 residential units were released for sale, with Veidekke's share amounting to 229 units. Three of the projects were situated in Mälardalen, and one in Gothenburg.

As at quarter-end, Veidekke had 823 residential units under construction in Sweden, of which Veidekke's share amounted to 638 units. In comparison, 942 residential units were under construction at the beginning of the quarter, and 1,795 at the end of Q1 2019. The portfolio's sales ratio was 81%, compared to 89% in Q4 2019 and 88% one year ago. Three projects totalling 114 residential units started during the quarter, while two projects totalling 233 units were completed. As at quarter-end, the operation had 18 completed but unsold residential units, compared to 30 units at the end of Q4 2019.

The Swedish property development operation's land bank encompassed 11,500 potential residential units at the end of Q1, with Veidekke's share amounting to 10,200 units.

The invested capital amounted to NOK 2.8 billion at the end of the first quarter, up from NOK 1.9 billion one year ago. The return on invested capital over the preceding 12 months was 7.1%.

Illustration: General Architecture



Cederhusen in Hagastaden in Stockholm

OCCUPATIONAL HEALTH AND SAFETY

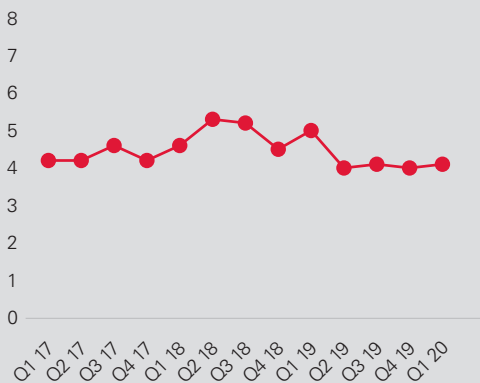
Veidekke aims to reduce the number of serious injuries to zero by the end of 2020, and has launched an ambitious programme to improve and standardise key health and safety processes in the group. The first quarter of 2020 represents the group's first ever quarter without any recorded serious injuries.

Overall, 57 injuries were reported in the first quarter – an historically low number for one quarter. None of the injuries were classed as serious. In comparison, 87 injuries were reported in Q4 2019, and 111 in Q1 2019.

The first-quarter LTI (lost time injury) rate was 4.0, as in the preceding quarter. The LTI rate was 5.0 in Q1 2019.

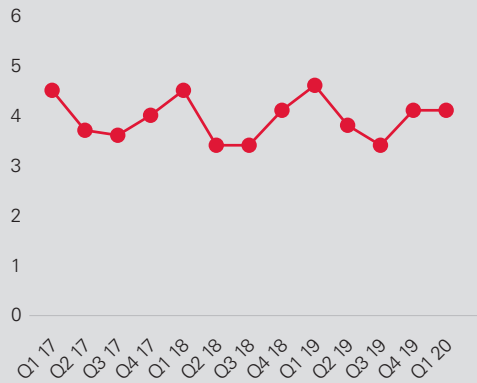
Veidekke's sick leave rate was 4.1% in the first quarter, compared to 4.0% in Q4 2019 and 4.6% in Q1 2019. Thus far, the COVID-19 outbreak has not increased Veidekke's rate of sick leave. Strict infection control requirements, including social distancing, hygiene measures and increase use of remote working, may have helped in this regard. Veidekke has registered five cases of COVID-19 infection among its staff, and 62 employees have been quarantined.

LTI RATE



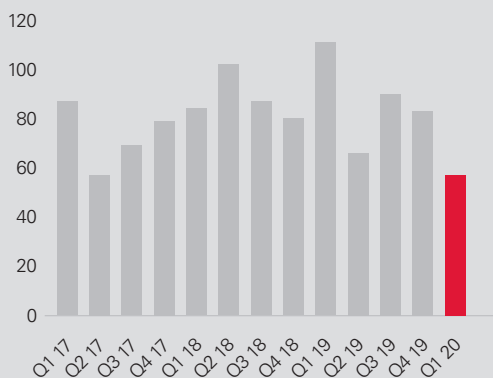
LTI rate: Lost-time injuries per million hours worked, own employees.

SICKNESS ABSENCE



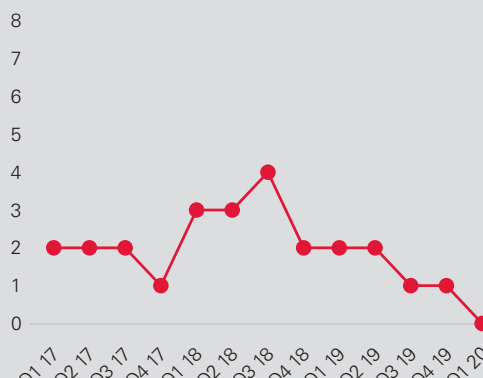
Sickness absence, own employees, per cent.

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 first quarter was a loss of NOK 90 million. The quarterly profit calculation includes an unrealised loss of NOK 35 million linked to a change in the value of a fund investment, as well as NOK 20 million in costs linked to the ongoing process of demerging the property development operation.

FINANCIAL SITUATION

Net interest-bearing debt amounted to NOK 2.6 billion at quarter-end, compared to NOK 2.7 billion at the beginning of the year. Including housing cooperative debt of NOK 835 million, net interest-bearing debt amounted to NOK 3.4 billion. Cash flow is normally weak in the first quarter of the year due to low activity in the industrial operation and parts of the civil engineering operation. However, cash flow was positive in Q1 2020 thanks to very high project liquidity in Denmark and Sweden, and foreign exchange effects. Uncertainty about the further impact of the COVID-19 pandemic led Veidekke's board of directors to cancel the proposed dividend distribution for the 2019 financial year, and Veidekke's management has temporarily suspended planned investments in machinery.

In December 2019, Veidekke entered into a new two-year loan agreement with DNB. The new loan agreement matures in 2021, and is subject to the same credit limit as the previous loan agreement. In addition, Veidekke has signed a NOK 2.3 billion credit facility with SEB which also matures in 2021 but includes an option to extend for a further 12 months. As at 31 March 2020, unutilised credit facility and unrestricted cash amounted to NOK 4.7 billion.

SHAREHOLDER INFORMATION

Largest shareholders as at 31 March 2020		Ownership share in %
OBOS BBL		18.1%
FOLKETRYGDFONDET		10.5%
IF SKADEFORSÄKRING AB		3.7%
LANDSFORSÄKRINGAR FASTIGHETSFOND		3.5%
STATE STREET BANK AND TRUST COMP		3.0%
DANSKE INVEST NORSKE INSTIT. II.		2.3%
HANDELSBANKEN NORDEN SELEKTIV		2.3%
MUST INVEST AS		2.2%
MP PENSJON PK		2.0%
ODIN NORGE		2.0%
Foreign shareholders		38.2%
Employees, total ownership		13.3%

A total of 13.7 million Veidekke shares were traded in the first quarter of 2020. The share price ranged from NOK 73.30 to NOK 127.20, and was NOK 87.15 at 31 March.

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 first quarter of 2020 beyond this. For a more detailed description of related party transactions, see Veidekke's 2019 Annual Report.

RISKS

The risk profile is currently dominated by the COVID-19 pandemic, which is expected to affect growth prospects for the year ahead. Thus far, the pandemic has had a limited impact on Veidekke's production, but the extraordinary infection control measures which have been implemented may affect both production capacity and deliveries of important goods and components. The pandemic is expected to have significant economic consequences, potentially taking the form of reduced demand and a lower number of new projects, particularly in the private sector. This may reduce Veidekke's revenues towards the end of the year and into 2021. Veidekke is operationally flexible, and has sufficient financial capacity to manage a challenging market situation.

Veidekke's business 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 therefore 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 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. As at the end of the first quarter, Veidekke was involved in two major disputes currently before the courts.

The construction and civil engineering operation order book totalled NOK 35.0 billion at quarter-end, providing a strong foundation for future activity. In the current situation, however, the future order inflow is increasingly uncertain, particularly as regards private-sector demand.

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 quarter-end, the sales ratio for residential production as a whole was high, at 77%. The property development operation achieved a robust activity level and strong sales throughout Q1 2020, but there is uncertainty about the economic consequences of the COVID-19 pandemic in terms of sales in future quarters, and about whether production barriers will affect planned deliveries.

As at quarter-end, Veidekke had 39 completed but unsold residential units, of which 18 were situated in Sweden and 21 in Norway. There were 310 unsold residential units under construction – 121 in Sweden and 189 in Norway. Veidekke is continuously evaluating possible sales promotion measures for projects which have been completed or are approaching completion.

Access to the raw material bitumen is critical for the industrial operation, due its central role in the production of asphalt. Veidekke's bitumen supplier, Nynäs, is under financial pressure, and uncertainty has arisen with respect to the company's delivery capacity in 2020. Nynäs operates a depot in Drammen, and is the only supplier of bitumen in eastern Norway. Any bankruptcy or reduced delivery capacity on the part of Nynäs would affect the entire

asphalt industry in eastern Norway. Veidekke is therefore monitoring Nynäs' situation closely, and has established various alternatives to ensure continued raw material supply if Nynäs becomes unable to deliver.

For further discussion of the company's financial risk, climate risk and other risk factors, see Note 29 to Veidekke's 2019 annual report.

MARKET OUTLOOK

The COVID-19 pandemic has created uncertainty about future developments, with respect to both the progress of ongoing projects and how the pandemic will affect private-sector demand. The Scandinavian countries had strong public finances before the pandemic, and the authorities are expected to introduce market stimulus measures. However, the scope and form of these measures remains uncertain.

While experience from recent decades indicates that construction, civil engineering and residential markets recover relatively quickly following a financial shock, the scale of current infection control measures and their economic effects may trigger a prolonged market downturn. Veidekke has developed a range of scenarios for private-sector investment levels and the effect of public stimulus measures on the construction and civil engineering market. Veidekke anticipates a varying impact on different construction and civil engineering segments, and in different geographical regions, and will seek to adapt its operations to limit negative consequences.

NORWAY

Production in the Norwegian construction and civil engineering market was at a very high level at the beginning of 2020, with strong, stable demand for new residential units. Based on experience of previous market shocks, demand is expected to decline in private segments such as residential housing and commercial buildings in the next few quarters. Prior to the COVID-19 pandemic and the sharp downturn in prospects for the oil industry, Norway's macroeconomic outlook was very robust. The Norwegian authorities are likely to stimulate demand in both the civil engineering sector and construction segments such as schools, care facilities, etc.

SWEDEN

Two opposing trends were observable in the Swedish construction and civil engineering market at the beginning of 2020. Following a substantial decline in production, the Stockholm/Uppsala region was approaching a cyclical low point, although growth prospects were strong. In the Gothenburg region, however, the construction market has remained strong until now. In 2019, numerous projects were started which will ensure high activity well into 2020. In the civil engineering market, increased transport infrastructure investment kept production high in 2019, and will continue to do so in 2020. The economic measures taken by the Swedish authorities are more general in nature, and to date no major, targeted initiatives have been launched in relation to the construction and civil engineering sector.

DENMARK

Following several years of strong growth driven by high residential activity, production in the Danish construction and civil engineering market was expected to decline in 2020. The exception was the Copenhagen region, which still had strong growth prospects at the beginning of the year. Veidekke primarily has exposure to the private sector in Denmark, in which the group expects demand to be weak in the quarters ahead. While public stimulus packages to boost demand in the construction and civil engineering industry have been limited in scope thus far, some measures have been launched, including in the civil engineering segment.

Oslo, 6 May 2020
The Board of Directors of Veidekke ASA

Svein Richard Brandtzæg
Chair

Hans von Uthmann

Gro Bakstad

Ingalill Berglund

Ingolv Høyland

Tone Hegland Bachke

Inge Ramsdal

Odd Andre Olsen

Arve Fludal

Jimmy Bengtsson
Group CEO

INCOME STATEMENT¹⁾

Figures in NOK million	Q1 2020	Q1 2019 restated	2019 restated
Revenue	8 443	8 076	36 569
Operating expenses	-8 331	-7 990	-35 034
Share of net income from joint ventures	5	8	-67
Operating profit before depreciation (EBITDA)	117	94	1 468
Depreciation/impairment	-226	-214	-887
Operating profit (EBIT)	-109	-120	581
Financial income	16	20	56
Financial costs	-72	-15	-54
Pre-tax profit, operations held for sale	-165	-115	582
Tax expenses	37	15	-142
Post-tax profit, continued operations	-128	-99	440
of which non-controlling interests	14	2	48
Post-tax profit, operations held for sale	48	134	522
of which non-controlling interests	-	-	-
Post-tax profit for the period	-79	35	962
Profit per share (NOK), continued operations	-1.1	-0.8	2.9
Profit per share (NOK), operations held for sale	0.4	1.0	3.9
Profit per share (NOK), continued operations and operations held for sale	-0.7	0.2	6.8

1) The post-tax profit/loss in respect of operations held for sale is presented on a separate line in the income statement, while continued operations are presented exclusive of operations held for sale. Operating income and pre-tax profit/loss items relate solely to continued operations. See Note 2 Accounting principles for further details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in NOK million	Q1 2020	Q1 2019 restated	2019 restated
Post-tax profit	-79	35	962
Revaluation of pensions			14
Net items that will not be reclassified subsequently to profit or loss			14
Currency translation differences	200	-53	-36
Fair value adjustment of financial assets	-47	-7	11
Net items that may be reclassified subsequently to profit or loss	153	-60	-25
Total comprehensive income	74	-25	951
of which non-controlling interests	17	1	48

STATEMENT OF FINANCIAL POSITION¹⁾

Figures in NOK million	31.03.2020	31.03.2019 restated	31.12.2019 restated	01.01.2019 restated ²⁾	31.12.2018
ASSETS					
Non-current assets					
Goodwill	1 852	1 774	1 790	1 807	1 807
Other intangible assets	87	150	94	149	149
Deferred tax assets	7	-	8	-	-
Land and buildings	1 321	1 346	1 253	1 393	646
Plant and machinery	2 575	2 815	2 644	2 892	2 694
Investments in joint ventures	196	1 355	219	1 286	1 433
Financial assets	468	503	535	508	508
Total non-current assets	6 506	7 943	6 542	8 036	7 238
Current assets					
Residential projects	62	6 331	53	7 430	4 309
Inventories	630	593	544	564	564
Trade and other receivables, contract assets	5 769	6 377	5 683	6 343	6 527
Cash and cash equivalents	725	194	241	341	197
Total current assets	7 186	13 494	6 522	14 678	11 597
Total assets held for sale	9 147	-	8 920	-	-
Total assets	22 839	21 438	21 985	22 714	18 835
EQUITY AND LIABILITIES					
Equity					
Share capital	74	67	67	67	67
Other equity	3 806	3 375	3 740	3 411	3 892
Non-controlling interests	55	20	142	779	25
Total equity	3 935	3 462	3 949	4 257	3 983
Non-current liabilities					
Pensions and deferred tax liabilities	862	846	915	849	846
Bonds	1 600	1 600	1 600	1 600	1 600
Amounts due to credit institutions	1 944	2 190	1 507	248	248
Other non-current liabilities	1 154	1 046	1 161	1 099	414
Total non-current liabilities	5 560	5 682	5 184	3 795	3 108
Current liabilities					
Debt to credit institutions	11	890	12	2 505	36
Trade payables and warranty provisions	6 260	6 114	6 957	6 989	6 989
Public duties and taxes payable	1 084	1 068	751	867	867
Other current liabilities and contract liabilities	3 494	4 222	2 800	4 301	3 852
Total current liabilities	10 848	12 293	10 520	14 662	11 744
Total liabilities related to assets held for sale	2 496	-	2 331	-	-
Total equity and liabilities	22 839	21 438	21 985	22 714	18 835

1) In the balance sheet as at 31 December 2019 and 31 March 2020, all items relating to the property development operation are presented as assets and liabilities held for sale.

2) New principles on the consolidation of housing cooperatives in Sweden have been implemented. Figures have been restated from 01.01.19. The figures also include IFRS 16 Leases. Reference is made to Note 35 in the 2019 annual report.

STATEMENT OF CASH FLOWS

Figures in NOK million	Q1 2020	Q1 2019 restated	2019 restated
Pre-tax profit, continued operations	-165	-115	582
Tax paid	-33	-46	-79
Depreciation/impairment	226	214	887
Other operational items	202	-437	344
Cash flow from operating activities	230	-385	1 735
Acquisition/disposal of property, plant and equipment	-123	-113	-493
Other investing activities	33	-34	-94
Change in interest-bearing receivables	8	13	21
Cash flow from investing activities	-82	-134	-567
Change in interest-bearing liabilities	411	1 943	1 282
Dividend paid	-	-	-669
Capital increase	-	-	115
Change in liabilities, operations held for sale	-79	-1 424	-1 758
Other financial items	-1	-18	-51
Cash flow from financing activities	331	502	-1 080
Total cash flow from continued operations	479	-17	88
Cash flow from operations held for sale	8	-122	-105
Change in cash and cash equivalents	487	-139	-16
Cash and cash equivalents, start of period	318	341	341
Exchange rate adjustment foreign cash balances	5	-9	-6
Cash and cash equivalents, end of period	809	194	318
Cash and cash equivalents, continued operations	725	133	241
Cash and cash equivalents, operations held for sale	85	61	77
Total cash and cash equivalents	809	194	318

NET INTEREST-BEARING POSITION

Figures in NOK million	31.03.2020	31.03.2019	31.12.19	01.01.2019	31.12.2018
Cash and cash equivalents	770	182	283	197	197
Interest-bearing assets (long-term)	187	204	195	216	216
Interest-bearing liabilities	-3 563	-3 826	-3 131	-1 884	-1 884
Net interest-bearing position	-2 605	-3 440	-2 653	-1 470	-1 470
Cash in housing cooperatives in Sweden	39	12	35	143	-
Interest bearing debt, housing cooperatives in Sweden	-835	-854	-678	-2 469	-
Net interest-bearing position including housing cooperatives in Sweden	-3 401	-4 283	-3 296	-3 796	-1 470

OTHER KEY FIGURES

Figures in NOK million	31.03.2020	31.03.2019	31.12.19
Order backlog (NOK million)	36 173	35 875	35 515
Equity ratio (%)	17	16	18
Number of employees	8 499	8 461	8 557

BUSINESS SEGMENTS

Figures in NOK million	Q1 2020	Q1 2019	2019
CONSTRUCTION (specification page 28)			
Revenue	7 930	7 510	32 158
Operating expenses	-7 609	-7 232	-30 989
Share of net income from joint ventures	1	3	-103
Depreciation/impairment	-147	-136	-568
Operating profit (EBIT)	175	145	498
Net financial items	19	4	18
Pre-tax profit (EBT)	194	148	516
Total assets, segment	14 545	13 285	13 864
INDUSTRIAL			
Revenue	568	615	5 229
Operating expenses	-686	-748	-4 758
Share of net income from joint ventures	-1	-	12
Depreciation/impairment	-64	-64	-262
Operating profit (EBIT)	-183	-197	222
Net financial items	-39	-5	-38
Pre-tax profit (EBT)	-222	-202	183
Total assets, segment	2 457	2 444	2 452
PROPERTY (specification page 30)			
Revenue	761	718	3 059
Operating expenses	-720	-692	-2 852
Share of net income from joint ventures	68	39	175
Depreciation/impairment	-2	-1	-6
Operating profit (EBIT)	108	64	375
Net financial items	-6	-7	-32
Pre-tax profit (EBT)	101	57	344
Total assets, segment	8 920	7 884	8 704
OTHER OPERATIONS¹⁾			
Revenue	-	-	1
Operating expenses	-40	-20	-92
Share of net income from joint ventures	6	5	24
Depreciation/impairment	-15	-14	-58
Operating profit (EBIT)	-49	-28	-124
Net financial items	-50	11	38
Pre-tax profit (EBT)	-99	-18	-86

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	Q1 2020	Q1 2019	2019
GROUP ELIMINATIONS			
Revenue	-231	-312	-1 668
Operating expenses	225	309	1 662
Share of net income from joint ventures	-	-	-
Depreciation/impairment	-	-	-
Operating profit (EBIT)	-6	-3	-6
Net financial items	15	-4	-10
Pre-tax profit (EBT)	9	-6	-16
TOTAL VEIDEKKE GROUP			
SEGMENT ACCOUNTS			
Revenue	9 029	8 531	38 779
Operating expenses	-8 830	-8 383	-37 028
Share of net income from joint ventures	73	47	108
Depreciation/impairment	-228	-214	-893
Operating profit (EBIT)	44	-20	965
Net financial items	-61	-1	-24
Pre-tax profit (EBT)	-16	-21	941
Total assets	22 467	21 153	21 608

RECONCILIATION OF SEGMENT ACCOUNTS AND FINANCIAL ACCOUNTS

Figures in NOK million	Q1 2020	Q1 2019	2019
TOTAL VEIDEKKE GROUP SEGMENT ACCOUNTS			
Revenue	9 029	8 531	38 779
Operating expenses	-8 830	-8 383	-37 028
Share of net income from joint ventures	73	47	108
Depreciation/impairment	-228	-214	-893
Operating profit (EBIT)	44	-20	965
Net financial items	-61	-1	-24
Pre-tax profit (EBT)	-16	-21	941
Income tax expenses	13	3	-155
Post-tax profit	-4	-18	786
Total assets, segment	22 467	21 153	21 608
IFRS 15 ADJUSTMENTS, DEVELOPMENT OF RESIDENTIAL UNITS IN NORWAY AND SWEDEN^{1) 2)}			
Revenue	-316	490	653
Operating expenses	220	-415	-524
Share of net income from joint ventures	-2	-40	26
Depreciation/impairment	-	-	-
Operating profit (EBIT)	-97	34	155
Net financial items	-	-	-
Pre-tax profit (EBT)	-97	34	155
Income tax expense	22	19	21
Post-tax profit	-75	53	176
Total assets	372	285	377

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	Q1 2020	Q1 2019	2019
SEPARATION OF OPERATIONS HELD FOR SALE			
Revenue	-271	-945	-2 862
Operating expenses	279	808	2 518
Share of net income from joint ventures	-66	2	-201
Depreciation/impairment	2	1	6
Operating profit (EBIT)	-56	-134	-539
Net financial items	5	6	26
Pre-tax profit (EBT)	-51	-128	-513
Income tax expense	3	-6	-9
Post-tax profit	-48	-134	-522

Figures in NOK million	Q1 2020	Q1 2019	2019
TOTAL VEIDEKKE GROUP			
FINANCIAL ACCOUNTS, CONTINUED OPERATIONS			
Revenue	8 443	8 076	36 569
Operating expenses	-8 331	-7 990	-35 034
Share of net income from joint ventures	5	8	-67
Depreciation/impairment	-226	-214	-887
Operating profit (EBIT)	-109	-120	581
Net financial items	-56	5	2
Pre-tax profit (EBT)	-165	-115	582
Income tax expenses	37	15	-142
Post-tax profit	-128	-99	440
Total assets group	22 839	21 438	21 985

CONSTRUCTION OPERATIONS BY COUNTRY

Figures in NOK million	Q1 2020	Q1 2019	2019
BUILDING CONSTRUCTION NORWAY			
Revenue	3 563	3 390	14 356
Operating expenses	-3 414	-3 254	-13 866
Share of net income from joint ventures	-	-	-
Depreciation/impairment	-42	-35	-150
Operating profit (EBIT)	107	101	341
Net financial items	12	9	46
Pre-tax profit (EBT)	119	110	387
CIVIL ENGINEERING NORWAY			
Revenue	1 119	1 143	4 641
Operating expenses	-1 054	-1 104	-4 406
Share of net income from joint ventures	-	-	5
Depreciation/impairment	-51	-57	-221
Operating profit (EBIT)	15	-18	19
Net financial items	1	-7	-35
Pre-tax profit (EBT)	15	-25	-16
TOTAL CONSTRUCTION NORWAY			
Revenue	4 682	4 533	18 997
Operating expenses	-4 467	-4 358	-18 271
Share of net income from joint ventures	-	-	5
Depreciation/impairment	-93	-92	-371
Operating profit (EBIT)	121	82	360
Net financial items	12	2	11
Pre-tax profit (EBT)	134	85	371
Total assets, segment	8 679	8 494	8 794

CONSTRUCTION OPERATIONS BY COUNTRY, CONTINUED

Figures in NOK million	Q1 2020	Q1 2019	2019
CONSTRUCTION SWEDEN			
Revenue	2 596	2 409	10 803
Operating expenses	-2 528	-2 341	-10 558
Share of net income from joint ventures	1	3	-108
Depreciation/impairment	-46	-38	-166
Operating profit (EBIT)	22	33	-29
Net financial items	6	1	4
Pre-tax profit (EBT)	28	33	-25
Total assets, segment	4 104	3 372	3 679
CONSTRUCTION DENMARK			
Revenue	653	569	2 358
Operating expenses	-613	-533	-2 160
Share of net income from joint ventures	-	-	-
Depreciation/impairment	-8	-6	-31
Operating profit (EBIT)	31	30	167
Net financial items	1	1	2
Pre-tax profit (EBT)	33	30	169
Total assets, segment	1 762	1 419	1 391
TOTAL CONSTRUCTION OPERATIONS			
Revenue	7 930	7 510	32 158
Operating expenses	-7 609	-7 232	-30 989
Share of net income from joint ventures	1	3	-103
Depreciation/impairment	-147	-136	-568
Operating profit (EBIT)	175	145	498
Net financial items	19	4	18
Pre-tax profit (EBT)	194	148	516
Total assets, segment	14 545	13 285	13 864

PROPERTY DEVELOPMENT BY COUNTRY

Figures in NOK million	Q1 2020	Q1 2019	2019
PROPERTY DEVELOPMENT NORWAY			
Revenue	252	242	1 135
Operating expenses	-229	-236	-1 038
Share of net income from joint ventures	40	41	165
Depreciation/impairment	-1	-1	-4
Operating profit (EBIT)	63	46	259
Net financial items	-7	-7	-33
Pre-tax profit (EBT)	56	39	226
Total assets, segment	4 778	4 663	4 832
PROPERTY DEVELOPMENT SWEDEN			
Revenue	509	476	1 924
Operating expenses	-491	-456	-1 813
Share of net income from joint ventures	28	-2	9
Depreciation/impairment	-1	-	-3
Operating profit (EBIT)	45	18	117
Net financial items	1	1	1
Pre-tax profit (EBT)	46	19	118
Total assets, segment	4 143	3 221	3 872
TOTAL PROPERTY DEVELOPMENT			
Revenue	761	718	3 059
Operating expenses	-720	-692	-2 852
Share of net income from joint ventures	68	39	175
Depreciation/impairment	-2	-1	-6
Operating profit (EBIT)	108	64	375
Net financial items	-6	-7	-32
Pre-tax profit (EBT)	101	57	344
Total assets, segment	8 920	7 884	8 704

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⁾	Other comprehensive income, operations held for sale	Total	Non-controlling interests
Equity at 31.12.2018	67	305	-30	60	3 658	-101		3 959	25
Restatement, consolidation of housing cooperatives in Sweden					-481			-481	755
Equity at 01.01.2019	67	305	-30	60	3 177	-101		3 478	779
Profit for the period					33			33	2
Other comprehensive income				-52		-7		-59	-1
Transactions, non-controlling interests					-10			-10	5
Change, non-controlling interests, housing cooperatives in Sweden									-755
Dividend									-10
Equity at 31.03.2019	67	305	-30	8	3 201	-109		3 442	20
Equity at 01.01.2019	67	305	-30	60	3 177	-101		3 478	779
Operations held for sale			5	-45			40		
Profit for the year					915			915	48
Other comprehensive income			16	-32	3	8	-6	-10	-
Capital increase	1	114						115	
IFRS 2 – share-based transactions employees					10			10	
Transactions, non-controlling interests					-33			-33	-23
Change, non-controlling interests, housing cooperatives in Sweden									-636
Dividend					-669			-669	-25
Equity at 31.12.2019	67	419	-9	-17	3 405	-93	34	3 807	142
Equity at 01.01.2020	67	419	-9	-17	3 405	-93	34	3 807	142
Profit for the period					-94			-94	14
Other comprehensive income				99		-47	99	151	2
Transactions, non-controlling interests					16			16	-20
Change, non-controlling interests, housing cooperatives in Sweden									-85
Equity at 31.03.2020	67	419	-9	82	3 327	-140	133	3 880	55

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

2) Hedging instruments that qualify for hedge accounting.

NOTE 1. GENERAL INFORMATION

At a board meeting on 13 November 2019, Veidekke's board of directors decided to split the group into two separate operations, and to amend the ownership structure of the property development operation. This has influenced the presentation of both the profit and loss account and the balance sheet. Reference is made to Note 2 Accounting principles and the presentation of the effects in Note 4 Operations held for sale.

Veidekke is a Scandinavian construction and property development company headquartered in Oslo. The consolidated accounts for Q1 2020 include Veidekke ASA and its subsidiaries and the group's investments in associates and joint ventures. At the end of Q1 2020, the group comprised essentially the same entities as described in the 2019 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 2019, with the exception of the implementation of a new accounting standard for consolidation of housing cooperatives in Sweden.

IFRS 5 Non-current assets held for sale

The decision has been made to split the group into two separate operations, and to amend the ownership structure of the property development operation.

Veidekke presents a disposal group as being held for sale if the balance sheet value will largely be recovered through a sale transaction and such a transaction is highly likely to occur within one year. The disposal group is valued at the lower of balance sheet value and actual value, less sale costs. An operation held for sale is an operational unit which has been disposed of or which is classified as held for sale and represents a separate and material operation. The post-tax profit/loss of an operation held for sale is presented on a separate line in the profit and loss account, recalculated for earlier periods. Internal transactions between continued operations and operations held for sale are eliminated on the line in the accounts entitled Post-tax profit/loss, operations held for sale. This ensures that continued operations reflect, to the greatest possible degree, the position of this part after completion of the sale.

Assets and related liabilities are presented separately in the balance sheet for the current period. See Note 4 for further discussion.

Amendment of accounting principle – housing cooperatives in Sweden

Veidekke's sale and construction of residential units in Sweden is generally organised in the form of housing cooperatives. Veidekke has previously proceeded on the basis that the housing cooperatives are independent entities which are not under Veidekke's control, and such cooperatives have therefore not been consolidated into the group's accounts.

Finansinspektionen (the Swedish financial supervisory authority) has investigated a number of listed Swedish property development companies for the purpose of clarifying their accounting treatment of residential developments organised as housing cooperatives. One of the main questions was whether residential developers have accounting control of housing cooperatives in the period before end customers take over units in the housing cooperative, where the residential developers control primary activities.

Veidekke does not know whether Finansinspektionen has communicated its conclusions to affected Swedish residential development companies, but notes that several major industry players have amended their accounting practice as of 2020.

In order to practise the greatest possible accounting transparency and comply with industry practice, Veidekke has amended its accounting principle as of 1 January 2020, such that Swedish housing cooperatives are now consolidated into the group's financial statements. In line with the amended principle, income is now recognised at the time of contractual delivery to end customers, in accordance with the sale principles followed in Norway. Comparative figures for 2019 have been recalculated accordingly.

For Veidekke, this change of practice entails a negative post-tax profit contribution of NOK 21 million to the Q1 2020 income statement in accordance with IFRS, compared to the position under the formerly applied principle. The group's interest-bearing debt has increased by NOK 835 million and the statement of financial position by NOK 745 million, while the group's equity has been reduced by NOK 173 million as at 31 March 2020.

The effect on the annual accounts 2019 is greater, as the recalculated annual profit pursuant to the new principle is NOK 295 million higher than before. See further information in Note 17 Implementation of new accounting principle for housing cooperatives in Sweden.

The property development operation's residential projects

In the financial accounts, profits from residential projects are not recognised until the date of contractual delivery of each unit to the purchaser. This is consistent with IFRS. In the segment accounts, income from the property development operation's residential projects is reported in accordance with the principle of ongoing income recognition. This is considered to provide the best picture of value creation in the residential development segment, and corresponds to Veidekke's internal reports.

The quarterly accounts do not contain all information which complete annual accounts have to include, and should therefore be read in conjunction with the group's 2019 annual accounts, which are available on veidekke.com/en.

3. SEGMENT INFORMATION

BUSINESS AREAS

	Construction		Industrial	
Figures in NOK million	At 31.03.20	At 31.03.19	At 31.03.20	At 31.03.19
INCOME STATEMENT				
Revenue	7 930	7 510	568	615
Operating expenses	-7 609	-7 232	-686	-748
Share of net income from joint ventures	1	3	-1	-
Depreciation	-147	-136	-64	-64
Operating profit	175	145	-183	-197
Financial income	33	19	1	5
Financial costs	-13	-15	-40	-10
Profit before tax	194	148	-222	-202
STATEMENT OF FINANCIAL POSITION				
Non-current assets	4 288	4 312	1 683	1 711
Current assets	5 967	6 465	763	728
Cash and cash equivalents	4 290	2 508	11	5
Total assets	14 545	13 285	2 457	2 444
Equity	2 588	2 401	249	264
Non-current liability	1 759	1 533	1 196	1 449
Current liabilities	10 198	9 350	1 013	731
Total equity and liabilities	14 545	13 285	2 457	2 444
KEY FIGURES				
Capital invested ¹⁾	-	-	1 450	1 500
Investments in joint ventures	135	89	47	36
Number of employees	7 063	7 129	1 158	1 078
Order backlog	34 996	34 851	1 177	1 025
- due for completion within 12 months	22 386	23 081	829	615

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

[illegible]

CONSTRUCTION

	Building Construction Norway		Civil Engineering Norway		Total Norway	
Figures in NOK million	At 31.03.20	At 31.03.19	At 31.03.20	At 31.03.19	At 31.03.20	At 31.03.19
INCOME STATEMENT						
Revenue	3 563	3 390	1 119	1 143	4 682	4 533
Operating expenses	-3 414	-3 254	-1 054	-1 104	-4 467	-4 358
Share of net income from joint ventures	-	-	-	-	-	-
Depreciation	-42	-35	-51	-57	-93	-92
Operating profit	107	101	15	-18	121	82
Net financial items	12	9	1	-7	12	2
Profit before tax	119	110	15	-25	134	85
STATEMENT OF FINANCIAL POSITION						
Non-current assets	1 302	1 372	1 021	1 249	2 324	2 620
Current assets	2 383	2 150	1 618	2 645	4 002	4 795
Cash and cash equivalents	2 908	2 881	-555	-1 802	2 354	1 079
Total assets	6 594	6 403	2 085	2 091	8 679	8 494
Equity	1 307	1 303	147	97	1 454	1 400
Non-current liability	771	742	262	264	1 033	1 006
Current liabilities	4 516	4 359	1 676	1 730	6 192	6 089
Total equity and liabilities	6 594	6 403	2 085	2 091	8 679	8 494
KEY FIGURES						
Profit margin	3.3%	3.2%	1.3%	-2.2%	2.9%	1.9%
Share of revenue, building construction	3 563	3 390	-	-	3 563	3 390
Share of revenue, civil engineering	-	-	1 119	1 143	1 119	1 143
Investments in joint ventures	-	-	13	10	13	10
Number of employees	3 092	3 054	1 245	1 354	4 337	4 408
Order backlog	13 999	15 799	5 448	4 657	19 447	20 456
- due for completion within 12 months	9 719	10 332	2 262	3 073	11 981	13 405

Sweden		Denmark		Total Construction	
At 31.03.20	At 31.03.19	At 31.03.20	At 31.03.19	At 31.03.20	At 31.03.19
2 596	2 409	653	569	7 930	7 510
-2 528	-2 341	-613	-533	-7 609	-7 232
1	3	-	-	1	3
-46	-38	-8	-6	-147	-136
22	33	31	30	175	145
6	1	1	1	19	4
28	33	33	30	194	148
1 682	1 429	282	262	4 288	4 312
1 943	1 492	22	177	5 967	6 465
480	450	1 457	979	4 290	2 508
4 104	3 372	1 762	1 419	14 545	13 285
667	597	467	404	2 588	2 401
629	471	97	57	1 759	1 533
2 808	2 304	1 198	957	10 198	9 350
4 104	3 372	1 762	1 419	14 545	13 285
1.1%	1.4%	5.0%	5.3%	2.4%	2.0%
1 675	1 578	653	569	5 890	5 537
921	830	-	-	2 040	1 973
122	78	-	-	135	89
2 247	2 207	479	514	7 063	7 129
12 695	11 493	2 854	2 902	34 996	34 851
8 412	7 712	1 993	1 964	22 386	23 081

PROPERTY DEVELOPMENT

Figures in NOK million	Norway		Sweden		Total Property Development	
	At 31.03.20	At 31.03.19	At 31.03.20	At 31.03.19	At 31.03.20	At 31.03.19
INCOME STATEMENT						
Revenue	252	242	509	476	761	718
Operating expenses	-229	-236	-491	-456	-720	-692
Share of net income from joint ventures	40	41	28	-2	68	39
Depreciation	-1	-1	-1	-	-2	-1
Operating profit	63	46	45	18	108	64
Net financial items	-7	-7	1	1	-6	-7
Profit before tax	56	39	46	19	101	57
STATEMENT OF FINANCIAL POSITION						
Non-current assets	1 077	1 309	427	303	1 504	1 612
Current assets	3 669	3 323	3 716	2 999	7 385	6 322
Cash and cash equivalents	31	30	-	-	31	30
Total assets	4 778	4 663	4 143	3 302	8 920	7 965
Equity	1 076	861	989	874	2 065	1 735
Non-current liability	3 235	3 232	1 805	947	5 000	4 177
Current liabilities	466	569	1 349	1 481	1 856	2 052
Total equity and liabilities	4 778	4 663	4 143	3 302	8 920	7 965
KEY FIGURES						
Capital invested	4 260	4 136	2 773	1 969	7 033	6 106
Return on invested capital	9%	9%	7%	15%	9%	10%
Investments in joint ventures	1 025	1 258	318	203	1 343	1 461
Number of employees	71	62	119	142	190	204

NOTE 4. OPERATIONS HELD FOR SALE

At a board meeting on 13 November 2019, Veidekke's board decided to split the group into two separate operations, and to amend the ownership structure of the property development operation. The decision is the result of a strategic review of the group's composition and an assessment of the growth and development opportunities available for Veidekke's various operational areas.

Veidekke's board has mandated group management to prepare a plan for the split of Veidekke into two separate operations. The objectives are to secure the best possible foundation for growth and development of the units and to optimise shareholder value over time. In the board's view, Veidekke's current valuation does not fully reflect the value of the current operation, and a split is expected to boost the company's shareholder value.

The value creation drivers of the property development

operation differ from those of other Veidekke operations. A revised organisational and ownership structure will provide increased operational and financial room for action. The mandate from the board states that consideration must be given to stock-exchange listing, distribution to Veidekke's shareholders and the sale of all or part of the property development operation. The board of directors will make a decision on the transaction model in the second quarter of 2020.

Management considers it highly likely that a sale or distribution will be completed within one year of the decision to split the group into two separate operations.

The property development operation is presented as held for sale in the accounts as at 31 December 2019 and 31 March 2020.

The post-tax profit/loss of an operation held for sale is presented on a separate line in the income statement, recalculated for earlier periods. Assets and related liabilities are presented separately in the statement of financial position for the current period.

Note 3 Segment information provides information on segments subject to a reporting obligation as reviewed by the chief operating decision maker. Classification of the property development operation as an asset held for sale has not altered the information which is reported to and reviewed by the chief operating decision maker. As in earlier years, therefore, the segment information in Note 3 includes the property development operation.

The profit/loss of the property development operation held for sale is presented below. The implementation of the new accounting standard for housing cooperatives in Sweden has been taken into account.

Figures in NOK million	Q1 2020				Q1 2019 restated			
	Property, segment accounts	IFRS adjust-ment ¹⁾	Operations held for sale, adjustments	Total operations held for sale, restated	Property, segment accounts	IFRS adjust-ment ¹⁾	Operations held for sale, adjustments	Total operations held for sale
Revenue	761	-316	-175	271	718	490	-263	945
Operating expenses	-720	264	177	-279	-692	-381	265	-808
Share of net income from joint ventures	68	-2	-	66	39	-40	-	-2
Depreciation/impairment	-2	-	-	-2	-1	-	-	-1
Operating profit (EBIT)	108	-53	2	56	64	68	2	134
Net financial items	-6	-	1	-5	-7	-	1	-6
Pre-tax profit (EBT)	101	-53	3	51	57	68	2	128
Income tax expense	-5	11	-8	-3	-2	8	-	6
Post-tax profit	96	-43	-5	48	55	76	3	134

Figures in NOK million	2019 restated			
	Property, segment accounts	IFRS adjust-ment ¹⁾	Operations held for sale, adjustments	Total operations held for sale
Revenue	3 059	653	-849	2 862
Operating expenses	-2 852	-510	844	-2 518
Share of net income from joint ventures	175	26	-	201
Depreciation/impairment	-6	-	-	-6
Operating profit (EBIT)	375	169	-5	539
Net financial items	-32	-	6	-26
Pre-tax profit (EBT)	344	169	1	513
Income tax expense	-12	18	3	9
Post-tax profit	332	187	4	522

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.

Assets held for sale and associated liabilities are presented below;

Figures in NOK million	31.03.2020				31.12.2019			
	Property, segment accounts	IFRS adjust-ment ¹⁾	Operations held for sale, adjustments	Total operations held for sale	Property, segment accounts	IFRS adjust-ment ¹⁾	Operations held for sale, adjustments	Total operations held for sale
Other intangible assets	95		-14	81	89		-13	76
Deferred tax assets	8			8	7			7
Machinery, buildings etc.	28			28	27			27
Investments in joint ventures	1 343	-204		1 139	1 418	-193		1 225
Financial assets	30		-25	5	29		-25	4
Residential projects	5 300	1 728		7 028	5 247	1 456		6 703
Trade and other receivables, contract assets	1 896	-1 122		774	1 665	-863		802
Cash and cash equivalents	45	39		85	76			76
Total assets held for sale	8 745	441	-39	9 147	8 559	400	-38	8 920
Pension liabilities and deferred tax liabilities	72	-43		29	68	-32		36
Debt to credit institutions	8	835		843	12	678		690
Trade payables and warranty provisions	614		-303	312	786		-228	558
Other current liabilities, contract liabilities	1 225	87		1 312	1 000	48		1 048
Total liabilities, assets held for sale	1 920	879	-303	2 496	1 866	693	-228	2 331

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. The figures include consolidation of housing cooperatives in Sweden.

The "Operations held for sale adjustments" column shows eliminations between the property development operation and the rest of the Veidekke group, as well as assets and liabilities which are excluded from the transaction.

The segment accounts for the property development operation show the operation as a separate unit; see Note 3 Segment information. The difference between Note 3 and the balance sheet above is largely related to the group accounts scheme, under which Veidekke ASA has financed the property development operation through intra-group loans.

See note 17 for further information on the accounting effects of the implementation of new accounting standard for housing cooperatives in Sweden.

Figures in NOK million	31.03.2020	31.12.2019 restated
Units under construction	1 968	945
Units under construction, housing cooperatives in Sweden	893	790
Completed units for sale	68	104
Residential sites for development	4 098	4 864
Non-residential projects	1	1
Total residential and non-residential projects	7 028	6 703
Joint-venture residential projects	1 139	1 225
Units under construction ¹⁾	1 366	1 575
Sale rate, units under construction ¹⁾	77%	80%
Unsold, completed units ¹⁾	39	44

1) Including Veidekke's share in joint ventures.

NOTE 5. 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 Q1 2020 are unchanged from those in the 2019 annual report.

NOTE 6. 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 31.03.2020	12-month rolling at 31.03.2019	2019
INDUSTRIAL¹⁾			
Revenue	5 183	5 033	5 229
Pre-tax profit	164	35	183
GROUP¹⁾			
Revenue	39 277	37 007	38 779
Pre-tax profit	945	582	941

1) The figures are taken from the segment accounts.

NOTE 7. NON-CURRENTS ASSETS

Figures in NOK million	Q1 2020	Q1 2019	2019
PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS			
Carrying amount at start of period	3 990	3 489	3 489
Implementation of IFRS 16 Leases at 01.01.2019		945	945
Additions	179	145	718
Additions from acquisitions of operations	-	-	4
Depreciation	-228	-214	-893
Currency translation differences, etc.	95	-35	-20
Disposals of non-current assets	-47	-19	-149
Separation of non-current assets held for sale	-5	-	-103
Carrying amount at end of period	3 983	4 311	3 990
Other intangible assets	87	150	94
Land and buildings	1 321	1 346	1 253
Plant and machinery	2 575	2 815	2 644
Carrying amount at end of period	3 983	4 311	3 990

Figures in NOK million	Q1 2020	Q1 2019	At 31.12.2019
GOODWILL			
Carrying amount at start of period	1 790	1 807	1 807
Additions	-	2	3
Impairment	-	-	-
Currency translation differences	94	-35	-20
Disposals	-31	-	-
Carrying amount at end of period	1 852	1 774	1 790

NOTE 8. ACQUISITIONS, SALES OF OPERATIONS

Veidekke sold two smaller operations in the first quarter.

NOTE 9. FINANCIAL INSTRUMENTS

The COVID-19 pandemic has impacted the group and its financial instruments in the form of an increased focus on liquidity, including monitoring of outstanding receivables. The credit risk associated with outstanding receivables is still deemed to be low. Further details of financial risks and the group's use of financial instruments can be found in the 2019 annual report.

NOTE 10. SPECIAL ITEMS

In the first quarter, an unrealised loss of NOK 35 million was recognised in the accounts under Other, in connection with fund investments. To hedge accrued pension liabilities in respect of pay exceeding 12G (the national insurance base amount), Veidekke has invested in bond funds and, to some degree, equity funds. The value of these funds fell in the first quarter, and Veidekke's loss has been recognised in the accounts on the line relating to finance expenses.

The industrial operation recorded a loss of NOK 31 million in connection with unrealised foreign exchange positions in the first quarter. The loss has been recognised in the accounts on the line relating to finance expenses.

In Q1, the Norwegian property development operation sold its 50% shareholding in the residential development venture Sinsenveien Holding AS. An option agreement has been signed for the repurchase of the shares, meaning that no gain on the sale has been recognised in the accounts. The sale price achieved for the shares is NOK 74 million, which has been recorded in the statement of financial position on the line "Other current liabilities". The transaction was implemented for strategic reasons related to the development of new financing solutions for residential development projects.

NOTE 11. EQUITY TRANSACTIONS

In the Q4 2019 accounts, the board of directors proposed the distribution of a dividend of NOK 5 per share, or NOK 675 million in total. The board has subsequently reviewed its decision in response to the uncertain situation resulting from the COVID-19 pandemic and decided that no dividend should be distributed in respect of the 2019 financial year.

The 2019 annual accounts were approved at the company's annual general meeting on 6 May. If warranted in view of the prevailing circumstances, an extraordinary general meeting may be called in the autumn of 2020 for the purpose of approving a dividend distribution.

NOTE 12. LOAN AGREEMENT COVENANTS

Veidekke has a two-year overdraft facility with DNB totalling NOK 3.6 billion, maturing in November 2021. It also has a NOK 2.3 billion credit facility with SEB which matures in June 2021 and includes a 12-month extension option. As at 31 March 2020, unutilised credit amounted to NOK 4.7 billion.

The following covenant is contained in the loan agreements with DNB Bank and SEB:

Net interest-bearing debt divided by EBITDA for the previous four quarters shall not exceed 3.5. At 31 March 2020 the ratio was 1,7.

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.

NOTE 13. EVENTS AFTER THE REPORTING DATE

No events have occurred after the balance sheet date which would have had a material effect on the issued accounts.

NOTE 14. DEFERRED REVENUE RECOGNITION IN ACCOUNTING FOR SALES OF COMPLETED RESIDENTIAL UNITS

Sales of completed residential units in Norway and Sweden are only recognised as income on the date of delivery to the end customer. Veidekke's internal monitoring of residential projects includes evaluation based on ongoing income recognition. Income and profits are therefore recognised in the accounts in accordance with each project's estimated final profit, sales ratio and completion

ratio. This principle is followed in the segment reports. As at 31 March 2020, accrued income linked to sold residential units under construction totalled NOK 1,755 million, and the related pre-tax profit NOK 584 million. These figures are included in the segment reports, but cannot be recognised as income or profits pursuant to IFRS until the residential units have been delivered.

NOTE 15. CALCULATION OF RETURN ON CAPITAL INVESTED IN PROPERTY DEVELOPMENT, LAST 12 MONTHS

Figures in NOK million	Average invested capital	Pre-tax profit	At 31.03.2020		Return	At 31.03.2019
			Financial costs ¹⁾	Taxes in joint ventures		Return
Norway	4 179	243	104	47	9.4%	8.6%
Sweden	2 361	139	29	-	7.1%	15.0%
Denmark	17	5	-	-	28.7%	-7.3%
Total	6 556	386	133	47	8.6%	10.2%

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 16. 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 17. IMPLEMENTATION OF NEW ACCOUNTING STANDARD, HOUSING COOPERATIVES IN SWEDEN

INCOME STATEMENT	31.03.2020			31.03.2019		
	Previous standard	New standard		Previous standard	New standard	
		Consolidation of housing cooperatives			Consolidation of housing cooperatives	
Figures in NOK million						
Revenue	8 443	-	8 443	36 569	-	36 569
Operating expenses	-8 322	-9	-8 331	-35 020	-14	-35 034
Share of net income from associates and joint ventures	5	-	5	-67	-	-67
Operating profit before depreciation (EBITDA)	126	-9	117	1 482	-14	1 468
Depreciation	-226	-	-226	-887	-	-887
Operating profit (EBIT)	-100	-9	-109	595	-14	581
Financial income	16	-	16	56	-	56
Financial costs	-72	-	-72	-54	-	-54
Pre-tax profit, continued operations	-155	-9	-165	596	-14	582
Tax expenses	35	2	37	-145	3	-142
Post-tax profit, continued operations	-120	-7	-128	451	-11	440
of which non-controlling interests	14	-	14	48	-	48
Post-tax profit, operations held for sale	62	-14	48	217	269	486
of which non-controlling interests	-	-	-	-	-	-
Post-tax profit for the period	-58	-21	-79	667	258	926

DETAILS REGARDING THE ACCOUNTING ENTRY POST-TAX PROFIT, OPERATIONS HELD FOR SALE

	31.03.2020			31.12.2019		
	Previous standard	New standard		Previous standard	New standard	
	Total operations held for sale	Consolidation of housing cooperatives	Total operations held for sale	Total operations held for sale	Consolidation of housing cooperatives	Total operations held for sale
Figures in NOK million						
Revenue	371	-100	271	1 652	1 211	2 862
Operating expenses	-375	96	-279	-1 552	-966	-2 518
Share of net income from associates and joint ventures	76	-10	66	141	60	201
Depreciation/impairment	-2	-	-2	-6	-	-6
Operationing profit (EBIT)	70	-14	56	235	304	539
Net financial items	-5	-	-5	-26	-	-26
Pre-tax profit (EBT)	65	-14	51	209	304	513
Tax expenses	-3	-	-3	7	1	9
Post-tax profit	62	-14	48	217	306	522

BALANCE SHEET	31.03.2020			31.12.2019		
	Previous standard		New standard	Previous standard		New standard
		Consolidation of housing cooperatives			Consolidation of housing cooperatives	
Figures in NOK million						
ASSETS						
Total non-current assets	6 506		6 506	6 542		6 542
Trade and other receivables, contract assets	5 790	-20	5 769	5 688	-9	5 679
Other non-current assets	1 417		1 417	843		843
Total current assets	7 207	-20	7 186	6 531	-9	6 522
Total assets held for sale	8 382	765	9 147	8 236	685	8 920
Total assets	22 095	745	22 839	21 309	674	21 985
EQUITY AND LIABILITIES						
Share capital	74		74	67		67
Other equity	4 013	-207	3 806	3 907	-169	3 740
Non-controlling interests	21	34	55	24	119	142
Equity	4 108	-173	3 935	3 998	-50	3 949
Pension liabilities and deferred tax	866	-4	862	917	-2	915
Other non-current liabilities	4 698		4 698	4 269		4 269
Total non-current liabilities	5 565	-4	5 560	5 186	-2	5 184
Total current liabilities	10 848		10 848	10 520		10 520
Total liabilities related to assets held for sale	1 574	922	2 496	1 605	726	2 331
Total equity and liabilities	22 095	745	22 839	21 309	674	21 985

DETAILS REGARDING THE ACCOUNTING ENTRY ASSETS HELD FOR SALE
AND TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE

Figures in NOK million	Effects on the balance sheet 31.03.2020			Effects on the balance sheet 31.12.2019		
	Previous standard		New standard	Previous standard		New standard
	Total operations held for sale	Consolidation of housing cooperatives	Total operations held for sale	Total operations held for sale	Consolidation of housing cooperatives	Total operations held for sale
Other intangible assets	81		81	76		76
Deferred tax assets	8		8	7		7
Land, machinery etc.	28		28	27		27
Investments in joint ventures	1 240	-101	1 139	1 307	-82	1 225
Financial assets	5		5	4		4
Residential projects	6 135	893	7 028	5 913	790	6 703
Trade and other receivables, contract assets	840	-66	774	859	-58	802
Cash and cash equivalents	45	39	85	42	33	76
Total assets held for sale	8 382	765	9 147	8 236	685	8 920
Non-controlling interests		34	34		119	119
Pension liabilities and deferred tax	29		29	36		36
Debt to credit institutions	8	835	843	12	678	690
Trade payables and warranty provisions	312		312	558		558
Other current liabilities and contract liabilities	1 225	87	1 312	1 000	48	1 048
Total liabilities related to assets held for sale	1 574	922	2 496	1 605	726	2 331

INFORMATION ABOUT THE COMPANY

Veidekke ASA

Postboks 505 Skøyen
0214 Oslo

Telephone: +47 21 05 50 00
Website: <http://veidekke.com/en>
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
Ingalill Berglund
Ingolv Høyland
Daniel Kjørberg Siraj (temporarily retired from the board of directors)
Tone Hegland Bachke
Inge Ramsdal, employee-elected
Odd Andre Olsen, employee-elected
Arve Fludal, employee-elected

Corporate 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 Veidekke Infrastructure
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
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
Telephone: +47 917 43 856
E-mail: jorgen.michelet@veidekke.no

Financial calendar:

Second quarter: 13 August
Third quarter: 12 November

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 39 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
