



Presentation Q4 2020

12 February 2020

Jimmy Bengtsson, CEO
Jørgen Wiese Porsmyr, CFO



Occupational health and safety

Our primary priority

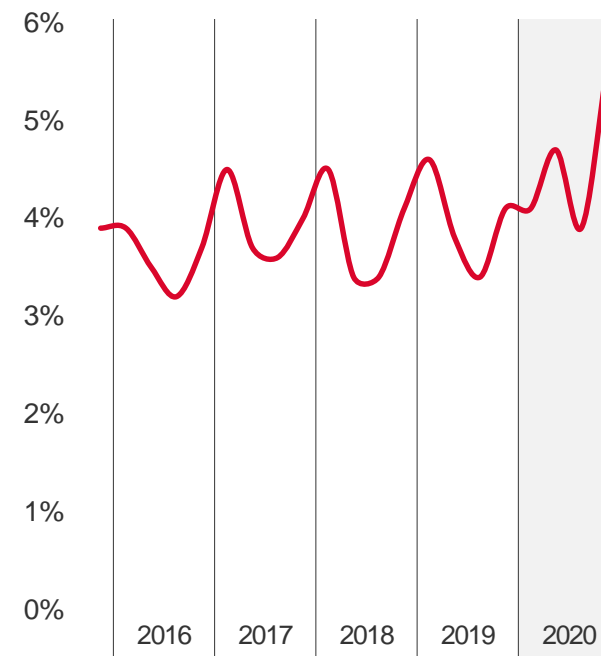
Number of serious injuries

12-month rolling, Veidekke employees, hired staff and sub-contractors



Sickness absence

Veidekke employees

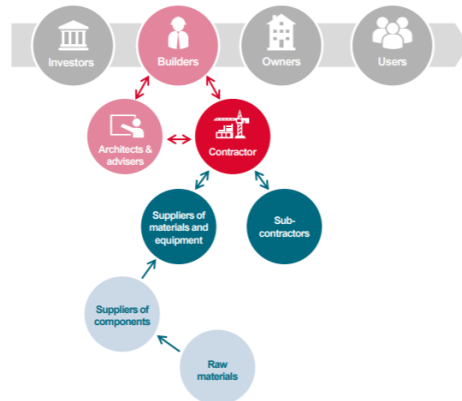


A risk profile impacted by the Covid-19 pandemic

Value and supply chains

Different challenges on the supply and demand side

- 1 Challenges in ongoing projects (short term)**
 - Strict national infection control measures can cause operational disruptions and increased absence from work
- 2 Supply chain constraints (medium term)**
 - Global measures to limit infection can reduce or delay supply of components and equipment
 - Curtailed transport capacity can cause supply chain disruptions
- 3 Market consequences (private and public)**
 - A weaker economic development may negatively impact demand for Veidekke's services and products
 - Amplified by oil price drop and weaker currency
 - Measures to stimulate demand may have a positive effect on public builders



4 Veidekke ASA: 1st quarter 2020

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- Limited impact on Veidekke's fourth-quarter production
- Extraordinary infection-control measures, including travel restrictions, may affect production capacity and deliveries of goods and services
- Uncertainty about further market developments

Facsimile from Veidekke's Q1 2020 presentation

Highlights Q4 2020

- Revenues on a par with 2019
- Strong profits and improved profitability
- Satisfactory quarterly order intake
- Proposed dividend of NOK 5.75/share for 2020



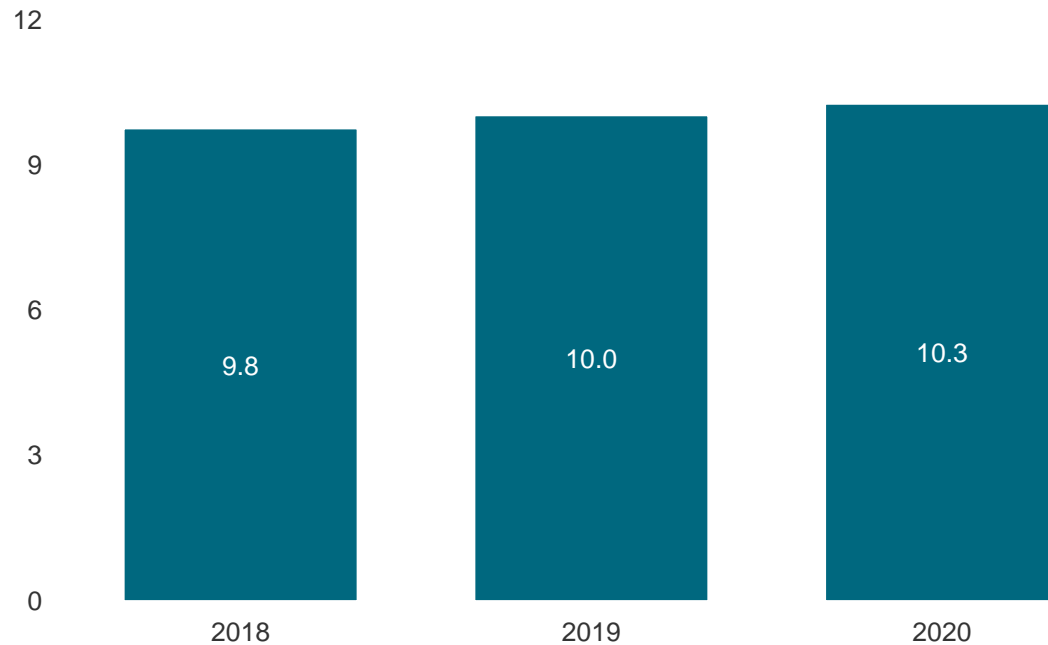
Veidekke will be building a new care centre at Fosslia in Stjørdal, including 76 residential units and a service building, under a design and build contract valued at around NOK 250 million.

Key financial figures

Q4 revenue and profits

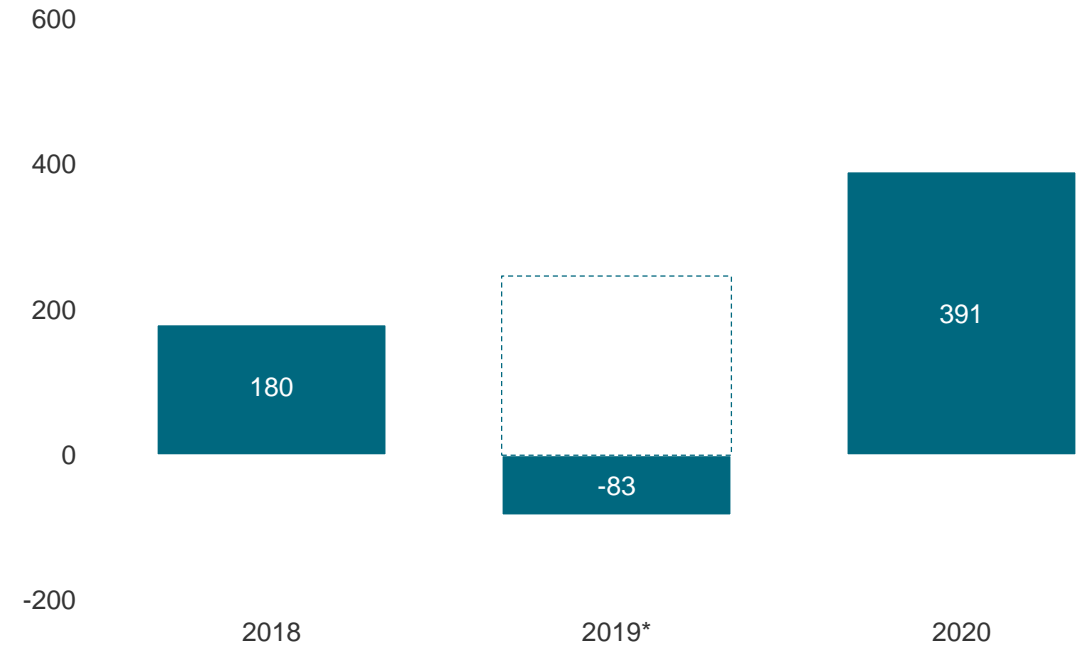
Q4 revenue

NOK billion



Q4 pre-tax profit

NOK million



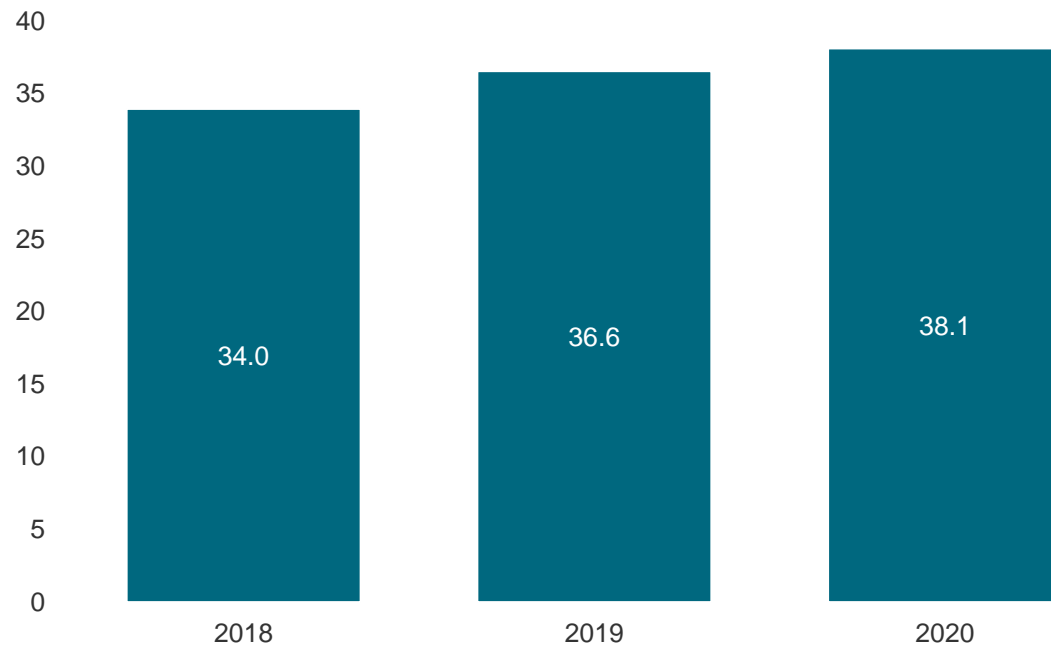
* Project allocations and restructuring costs in the construction operation totalled NOK 330 million in 2019.

Key financial figures

Full-year revenue and profits

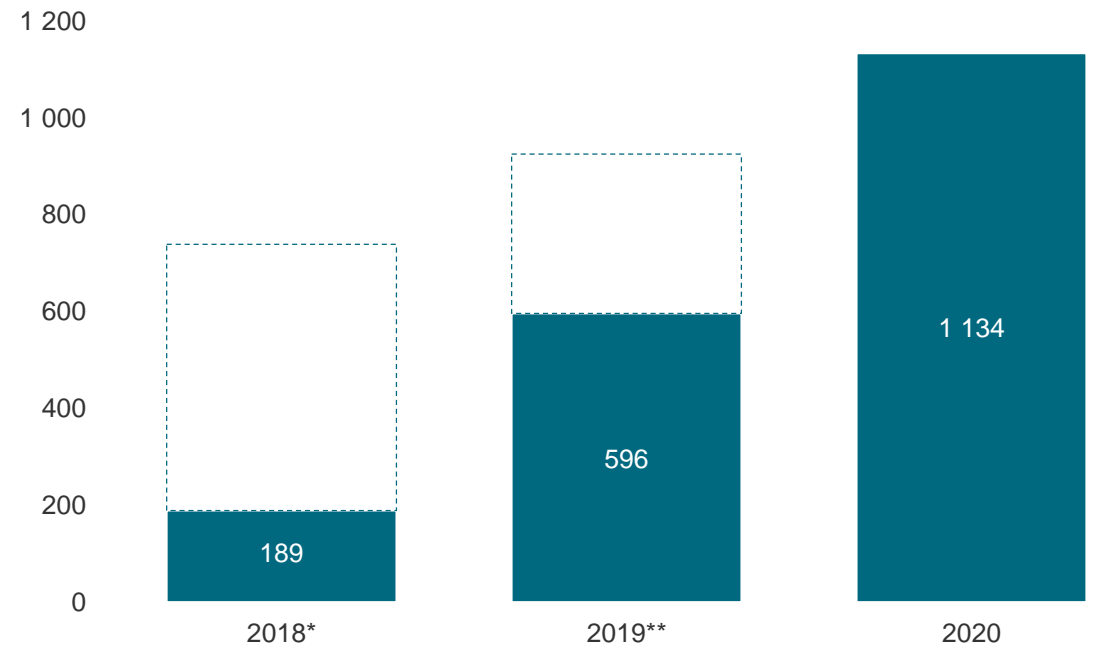
Revenue

NOK billion, continued operations



Pre-tax profit

NOK million, continued operations



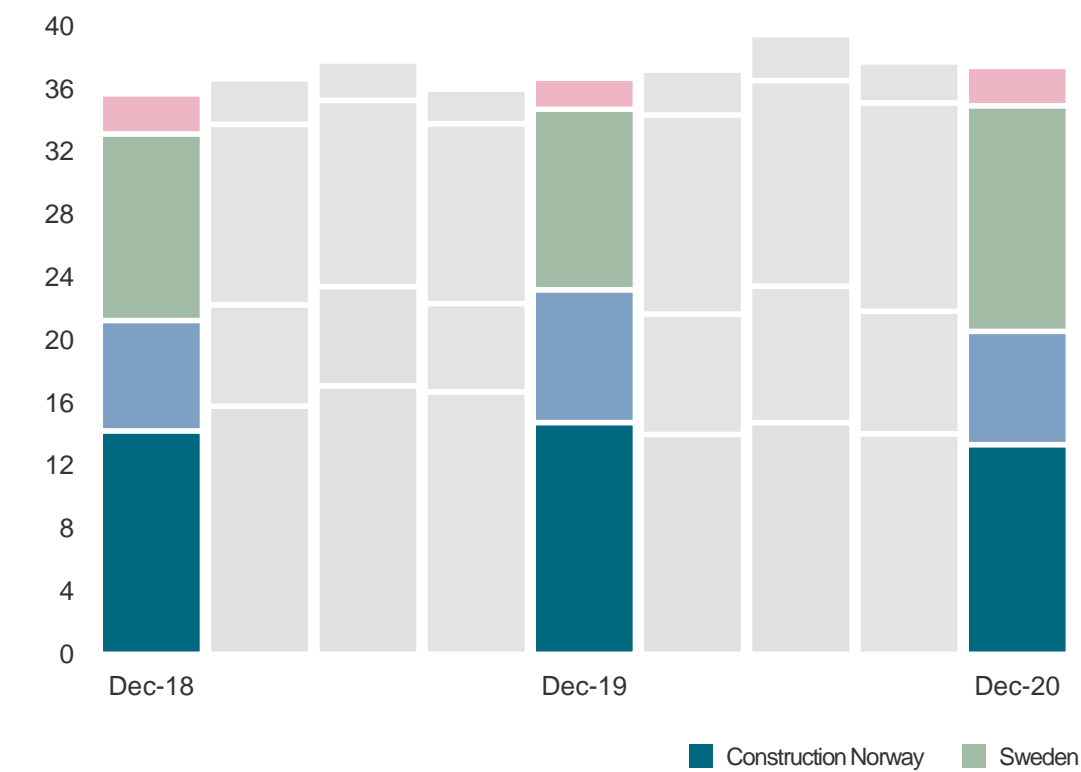
* Impairment of the civil engineering portfolio in Norway by NOK 550 million in 2018.

** Project allocations and restructuring costs in the construction operation totalled NOK 330 million in 2019.

Strong order book

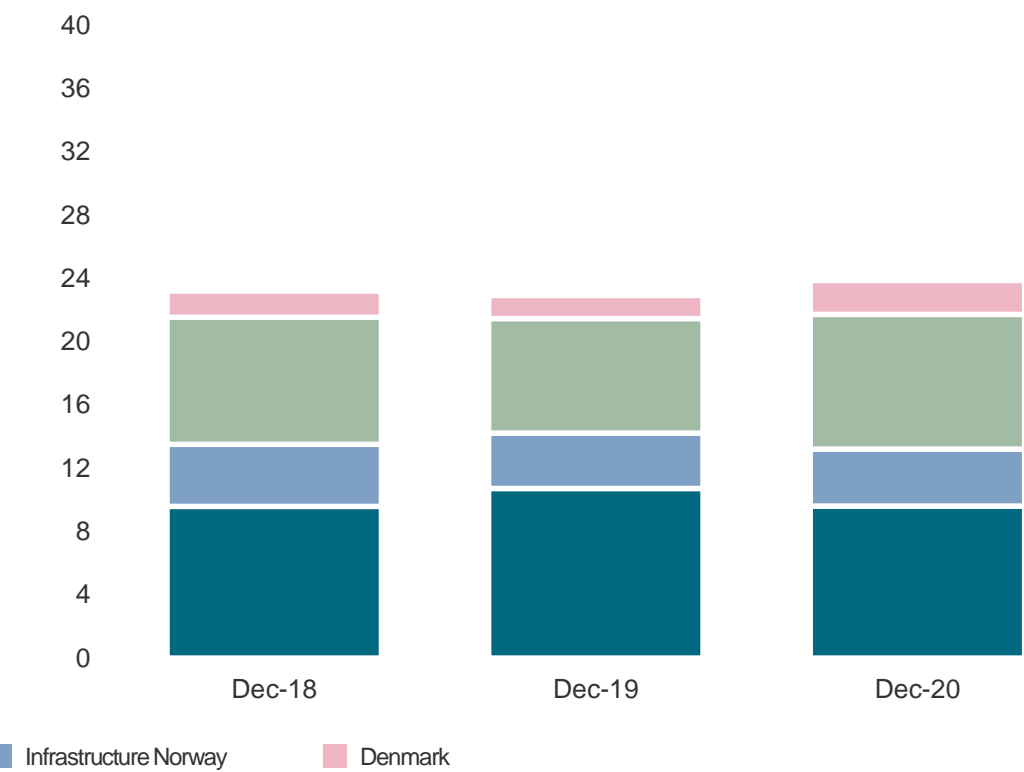
Order book

NOK billion



Converted into revenue, next 12 months

NOK billion



ESG: Sustainability and climate

Solution-focused and taking responsibility



Veidekke has laid Norway's first kilometre of asphalt made with a plant-based adhesive on a stretch of road in Trøndelag County.



Veidekke has signed an agreement with SEB on a credit facility with terms linked to achievement of two sustainability targets.



Veidekke was awarded top rating from CDP for its climate reporting and climate risk work for 3rd consecutive year.



Results Group and segments

Jørgen Wiese Porsmyr, CFO
Q4 2020



Revenue, profits and margins

Group and segments

Amounts in NOK million	Q4 2020			Q4 2019		
	Revenue	Pre-tax profit	Margin	Revenue	Pre-tax profit	Margin
Construction Norway	4 076	155	3.8%	4 178	34	0.8%
Infrastructure Norway	2 049	82	3.6%	2 115	12	0.6%
Sweden	3 525	98	2.8%	3 215	-165	-5.1%
Denmark/Hoffmann	686	78	11.4%	626	70	11.2%
Other	-61	-22		-95	-34	
Group	10 274	391	3.8%	10 039	-83	-0.8%

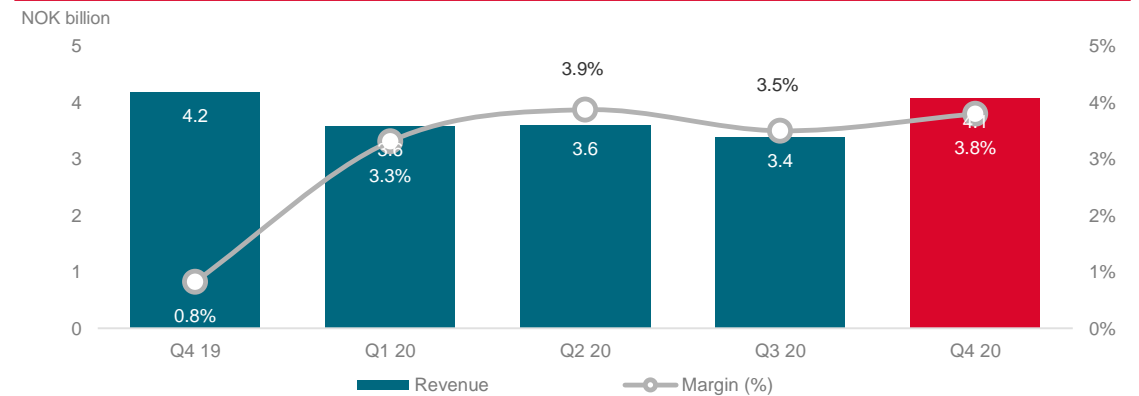
Construction Norway

Q4 2020

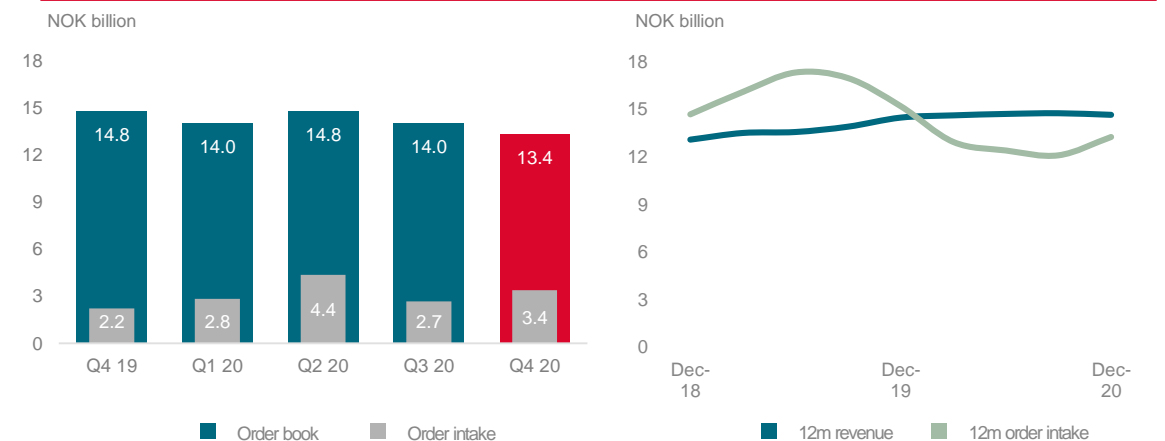
- Stable revenues, with local variations
 - Growth in Bergen, decline in the Trondheim region
- Profits and margins above last year's levels
 - Profit margin 3.8%, compared to 2.5%* in 2019
 - Completed discontinuation and restructuring of unprofitable entities
 - Improved profitability in large parts of the business
- Order book
 - Order book reduced by 10% since the beginning of 2020
 - Increase in public buildings, reduction in residential units and commercial buildings
 - Somewhat lower activity levels expected in 2021

* Q4 2019 profit margin adjusted for restructuring allocations.

REVENUE AND MARGIN BY QUARTER



ORDER BOOK, ORDER INTAKE AND BOOK-TO-BILL (12M)

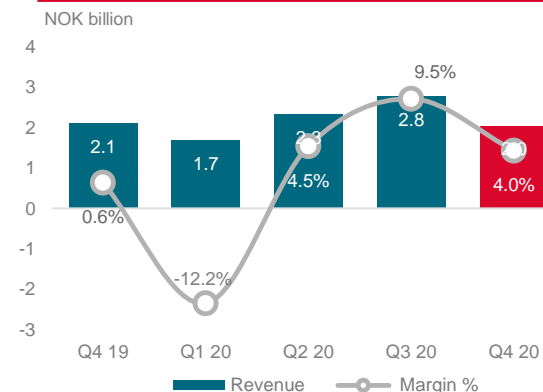


Infrastructure Norway

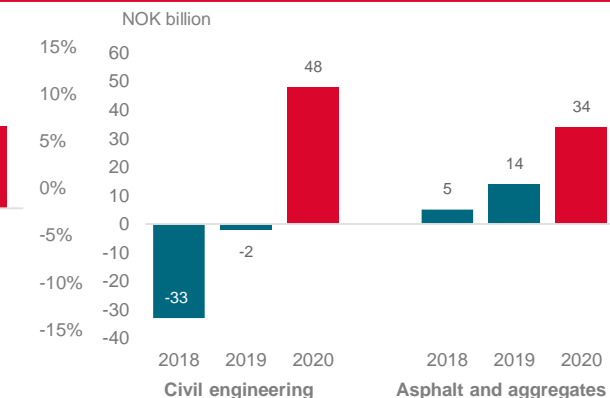
Q4 2020

- High activity, but a 3% drop in revenues
 - Stable revenues for the civil engineering operation and a decline for asphalt and aggregates
- Increased profits and improved profitability compared to last year
 - Civil engineering: profit margin of 3.6%. Considerable profit improvement in the road maintenance operation.
 - Asphalt and aggregates: profit margin of 4.9%. High private-sector demand and beneficial raw material price development contributed to strong profitability
- Improvement efforts are continuing
 - Asphalt is making investment and capacity adjustments in preparation for the new season
- Market situation
 - High civil engineering demand
 - Increased asphalt volume in the 2021 national budget

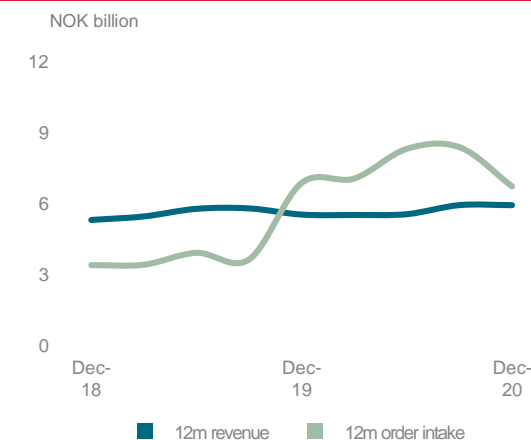
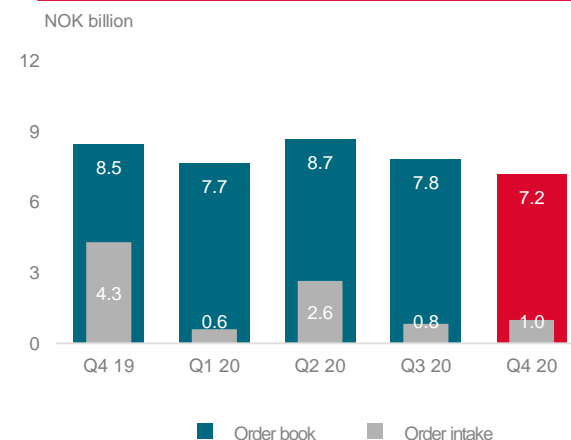
REVENUE AND MARGIN BY QUARTER



Q4 PRE-TAX PROFIT



ORDER BOOK, ORDER INTAKE AND BOOK-TO-BILL (12M)¹⁾



1) The order book includes civil engineering projects and road maintenance contracts.

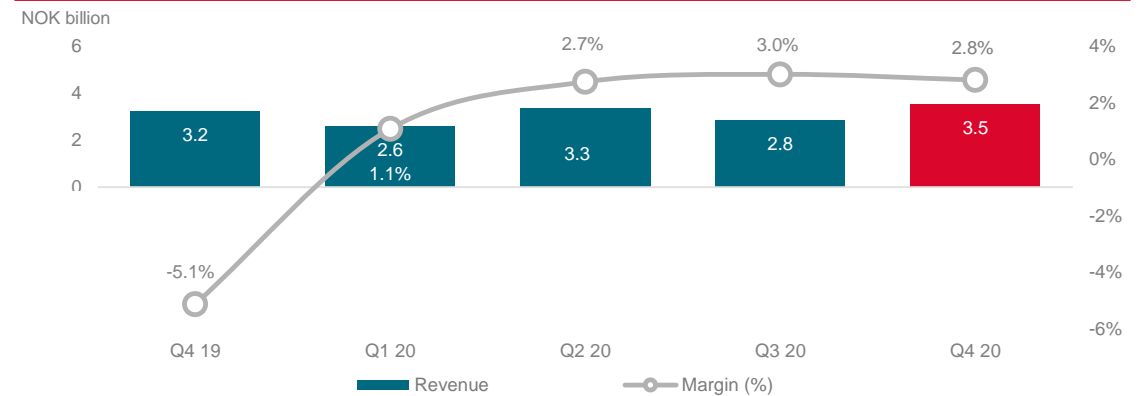
Sweden

Q4 2020

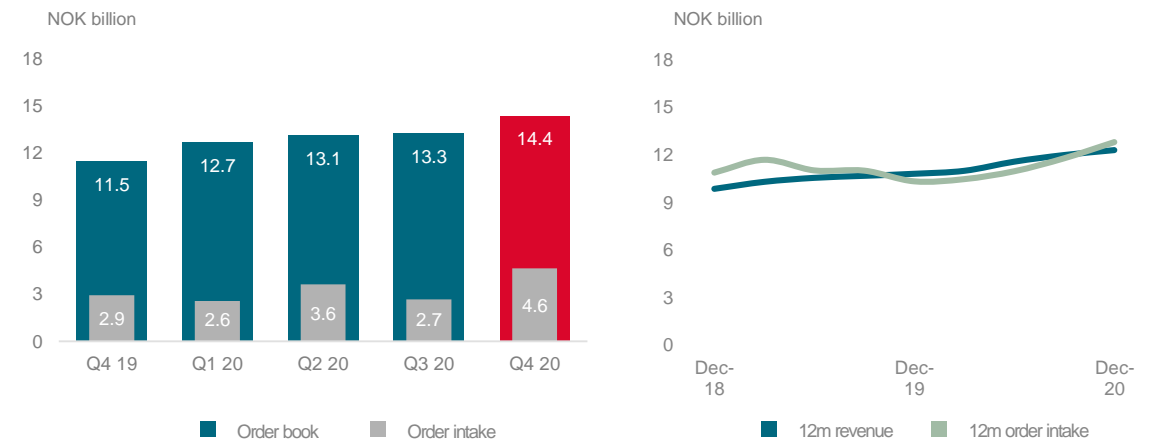
- Revenues increased by 4%, measured in local currency
 - Higher revenues for the construction operation, particularly in Gothenburg and Skåne
 - Stable revenues for the infrastructure operation
- Improved profits and margins for the construction and infrastructure operations
 - Construction: profit margin of 2.1%, compared to 1.2%* last year. Improvement in Stockholm
 - Infrastructure: profit margin of 3.9%, compared to 2.5%* last year
- Strong order intake during the quarter
 - Order book growth of 13% over the year, measured in local currency
 - Increased demand for public buildings and residential units; reduced demand for commercial buildings

* The Q4 2019 profit margin has been adjusted for loss/restructuring allocations.

REVENUE AND MARGIN BY QUARTER



ORDER BOOK, ORDER INTAKE AND BOOK-TO-BILL (12M)

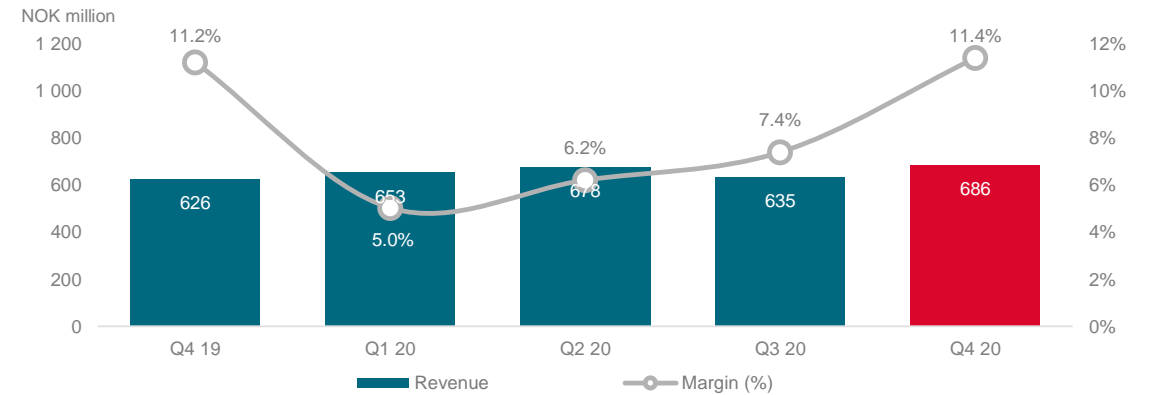


Denmark/Hoffmann

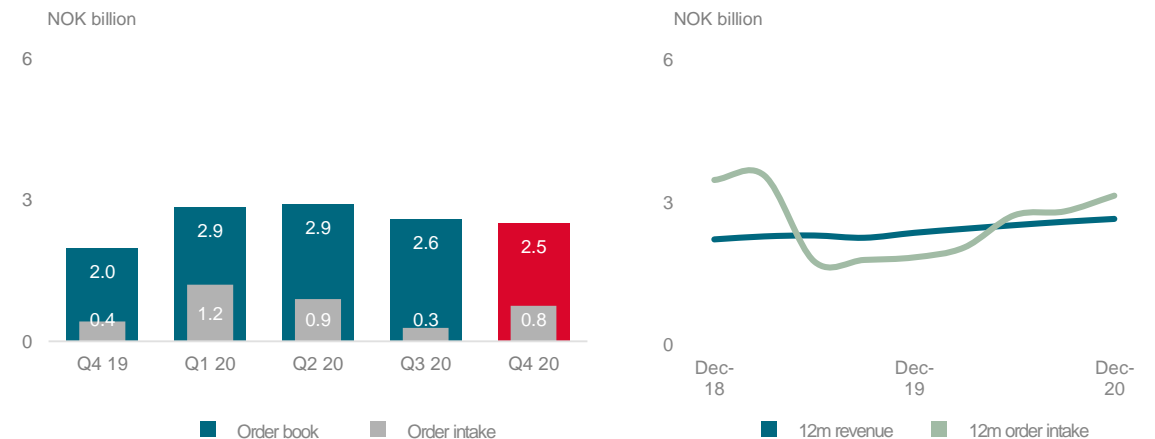
Q4 2020

- Revenue growth of 3% measured in local currency
- Strong quarterly profit
 - Generally strong project profitability
- Order book
 - Strong quarterly order intake
 - Order book growth of 20% over the year, measured in local currency
 - Reorientation towards public-sector clients

REVENUE AND MARGIN BY QUARTER



ORDER BOOK, ORDER INTAKE AND BOOK-TO-BILL (12M)



Financial position

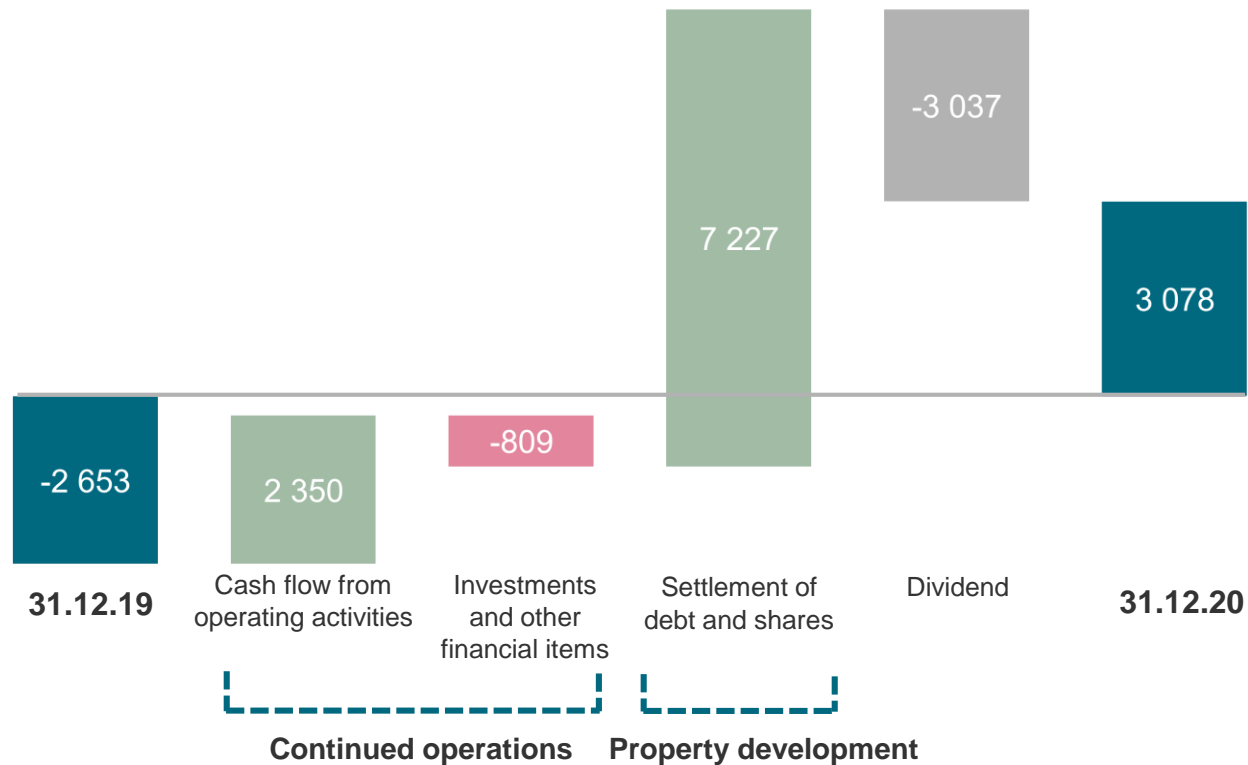
Balance sheet

Amounts in NOK million	31 Dec. 2020	31 Dec. 2019
Fixed assets	6 452	6 535
Current assets (excluding cash, cash equivalents and financial investments)	7 330	6 281
Cash, cash equivalents and financial investments	3 759	241
Assets held for sale	-	8 920
Assets	17 541	21 977
Equity	2 877	3 949
Long-term debt	3 031	5 177
Short-term debt	11 633	10 520
Liabilities held for sale	-	2 331
Equity and debt	17 541	21 977
Equity ratio	16.4%	18.0%
Return on equity (12m)	53%	25%
Net interest-bearing assets	3 078	-2 653

Financial position

Change in net interest-bearing assets

NOK million



Key points

- Strong operational cash flow throughout 2020
- Net investment in current assets totalling NOK 682 million
- New bank financing agreements signed
 - Main banking relationship with DNB (NOK 1.75 billion)
 - Credit facility with SEB (NOK 0.75 billion) with terms linked to achievement of sustainability targets

Distributing 100% of the profit per share

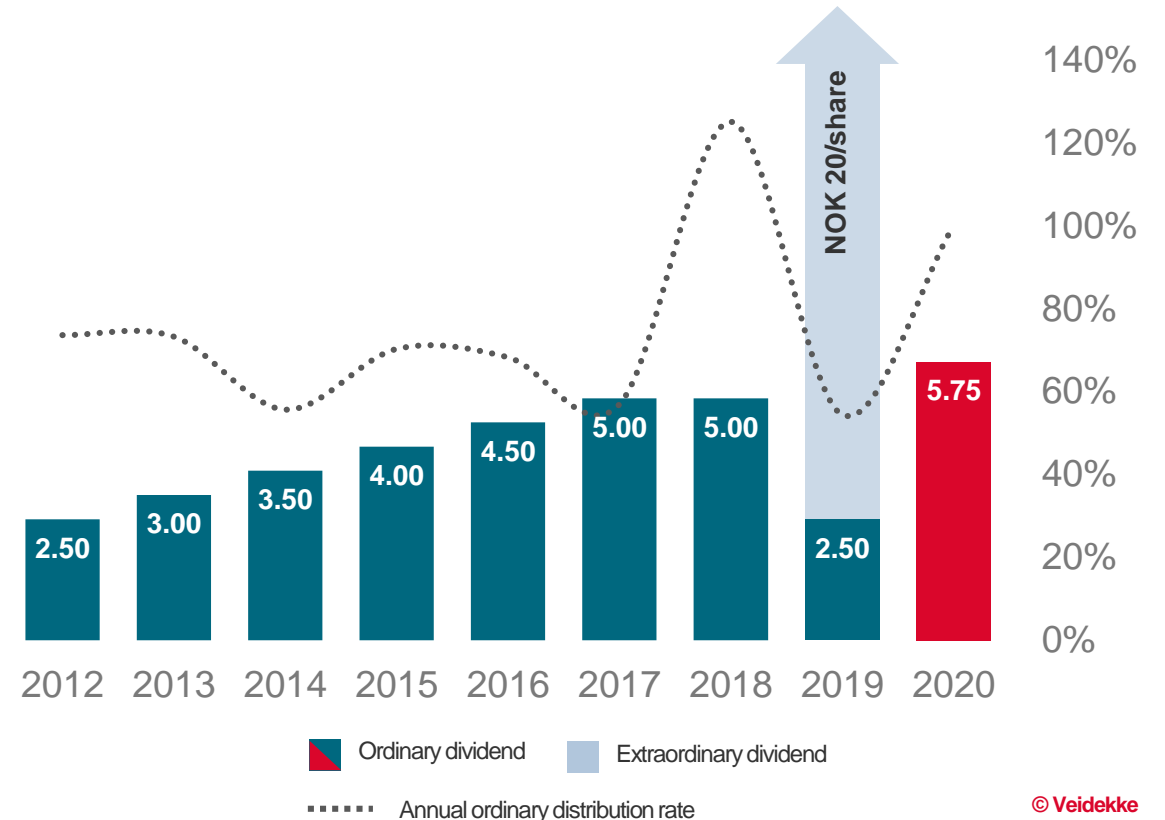
Proposed dividend of NOK 5.75 per share for 2020

- Proposed dividend*: NOK 5.75 (2.5)
- Profit per share**: NOK 5.8 (4.6)
- Dividend ratio: 100% (54%)

* Proposed for the 2020 financial year.

** The profit per share for 2020 relates to continued operations.
Figures in brackets relate to 2019.

Dividend
NOK per share





Closing comments

Jimmy Bengtsson, CEO

Veidekke as a streamlined construction company

Our main priorities remain unchanged

1 Increase profitability

- Organisation, priorities and strategies under assessment
- The 2022 margin target of >4% is maintained

2 Selective growth in our main markets

- Commercial and residential buildings in population centres
- Well-balanced infrastructure project types and sizes

3 Attractive dividends and optimised financial structure







- Aim to pay out a large share of post-tax profit as dividends
- Emphasis on balance sheet structure and return on capital



1

2019 CMU : Targeting increased profitability

Strong development in most operations

		Norway			Sweden		Denmark
		Construction	Civil eng.	Industrial	Construction	Civil eng.	Hoffmann
2018		3.4%	-13.2%	0.8%	1%	4%	6.6%
2020	CMU	4%	1.5%	3.5%	2%	4%	>5%
	Actual	 3.6%	 1.6%	 3.8%	 2.2%	 3.0%	 7.5%
2022	CMU	>5%	4%	5%	3.5%	4%	>5%

The civil engineering and industrial operations in Norway merged in 2020 to form Veidekke Infrastructure

- The initiated improvement projects are contributing to improved profitability in most entities
- The profits of Construction Norway and Civil Engineering Sweden were slightly below target
- Profitability before growth, uncertainty management and selectivity
- The margin target of >4% for 2022 stands

1

Priority areas for improvement efforts

Focus on profitability over growth

	Construction Norway	Infrastructure Norway	Veidekke Sweden	Hoffmann
From 2018 to 2020	<ul style="list-style-type: none">• Restructuring of operations with low profitability• From generalist to specialist	<ul style="list-style-type: none">• Selective project strategy• Reduce tied-up capital and shared costs• Safeguarding result and turnaround	<ul style="list-style-type: none">• Profitability before growth• Building expertise and management capacity• Strengthening competitiveness	<ul style="list-style-type: none">• Selective customer strategy• Refine cooperation model• Investment in technology and service
From 2020 to 2022	Profitability before growth ● Uncertainty management ● Cost reductions			
	<ul style="list-style-type: none">• Implementation of standardised processes	<ul style="list-style-type: none">• Investment and capacity adjustments in the asphalt operation	<ul style="list-style-type: none">• Selective customer strategy	<ul style="list-style-type: none">• Reorientation of client portfolio towards public-sector clients

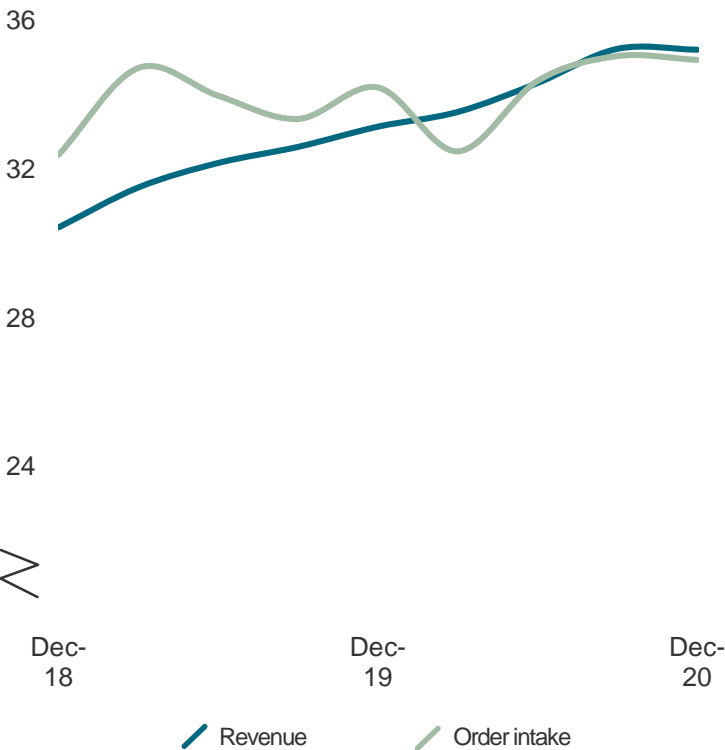
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Balanced order situation

Weaker growth – reorientation towards residential and public buildings

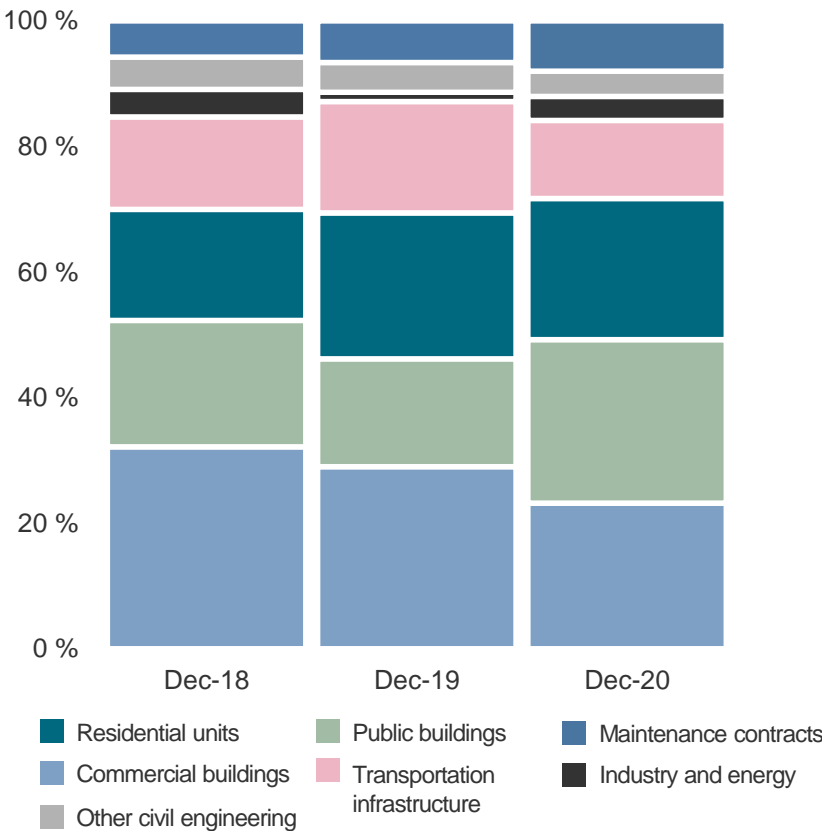
Revenue and order intake

12-month rolling, NOK billion



Order book by segment

Percentage



Construction

- Stable non-residential buildings – public replacing private
- Increasing residential production

Infrastructure

- Balanced portfolio and high visibility

3 Increasing dividend capacity by reducing tied-up capital

Streamlined and lightly capitalised contractor

Optimisation of financial structure

- As a streamlined contractor, Veidekke will reduce its tied-up capital and optimise its financial structure over time
- Priorities:
 - Efficiently capitalised business models
 - Profitable growth
 - Secure bank financing
 - Robustness relative to customer claims and risks

High dividend capacity

- Veidekke is prioritising capital distributions and giving its shareholders a competitive return comprising dividends and share price growth
- Veidekke will maintain high dividend capacity going forward, and will prioritise distribution of a large proportion of earnings per share (EPS) in the form of dividends
- Emphasis on balance sheet structure and return on capital

Closing comments

- Robust profits and increased profitability
- Strong quarterly order intake
- Proposed dividend of NOK 5.75/share for 2020
- Profitability initiatives are continuing



Veidekke has been contracted to build the ALO office building at Sluppen in Trondheim – likely to be the first project in Norway to be doubly certified as BREEAM Outstanding (highest level) and WELL Gold. The design and build contract is valued at in excess of NOK 300 million.

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Full-year figures for business areas

	2020			2019		
Amounts in NOK million	Revenue	Pre-tax profit	Margin	Revenue	Pre-tax profit	Margin
Construction Norway	14 638	532	3.6%	14 464	387	2.7%
Infrastructure Norway	8 847	244	2.8%	9 905	168	1.7%
Sweden	12 293	303	2.5%	10 803	-25	-0.2%
Denmark	2 652	200	7.5%	2 358	169	7.2%
Other/elimination	-290	-145		-960	-104	
Total group	38 140	1 134	3.0%	36 569	596	1.6%

Order book as at 31 December 2020

Amounts in NOK million	Construction Norway	Infrastructure Norway	Sweden	Denmark	Total
Residential units	4 735	-	3 533	125	8 393
Commercial buildings	3 577	-	3 542	1 545	8 664
Public buildings	5 027	-	4 019	693	9 739
Transportation infrastructure	-	3 408	1 082	-	4 490
Industry and energy	-	770	753	-	1 524
Other civil engineering	-	50	1 451	-	1 500
Road maintenance contracts*	-	2 978	-	-	2 978
Other	19	-	-	153	171
Total group	13 358	7 206	14 380	2 516	37 460

* Total order book for Veidekke's portfolio of road maintenance contracts in Norway.