



2ND QUARTER 2017

Investor presentation

17 August 2017

THE GROWTH CONTINUES

- + Revenue growth
- + High number of residential units under construction
- + Good order intake provides high order backlog
- + Weak profitability in parts of Construction



Construction start of 212 units in Barkarbystaden, Stockholm in the second quarter

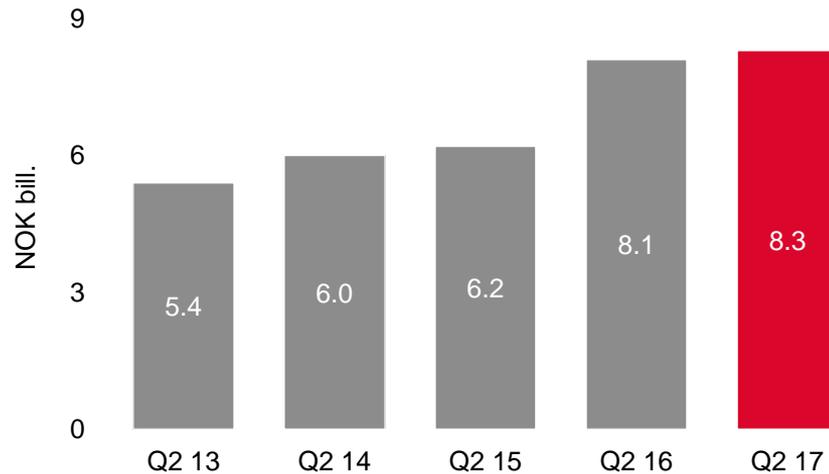
CONTENTS

- + Highlights
CEO Arne Giske
- + Results – segments and Group
CFO Terje Larsen
- + Construction Norway
EVP Dag Andresen
- + Summing up
CEO Arne Giske

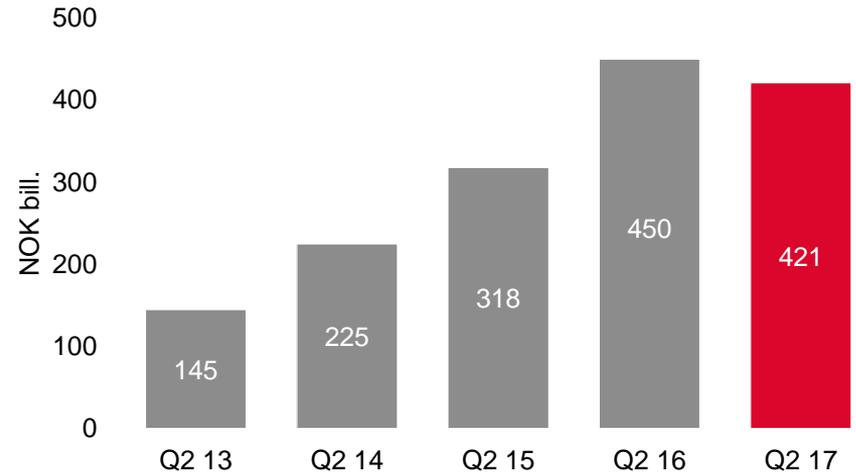


REVENUE AND EARNINGS – 2ND QUARTER

REVENUE

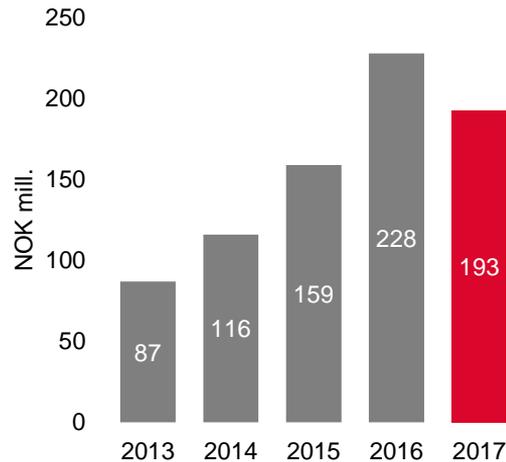


PROFIT BEFORE TAX

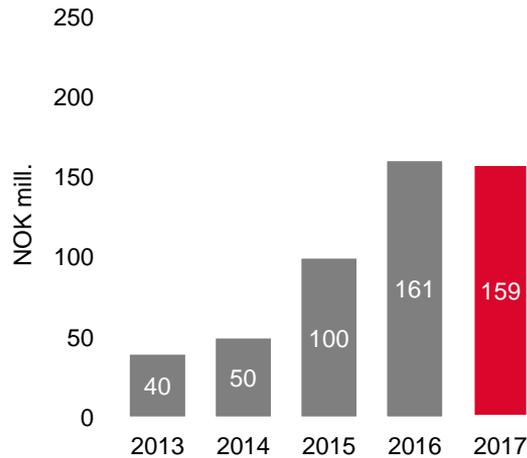


PROFIT BEFORE TAX – 2ND QUARTER

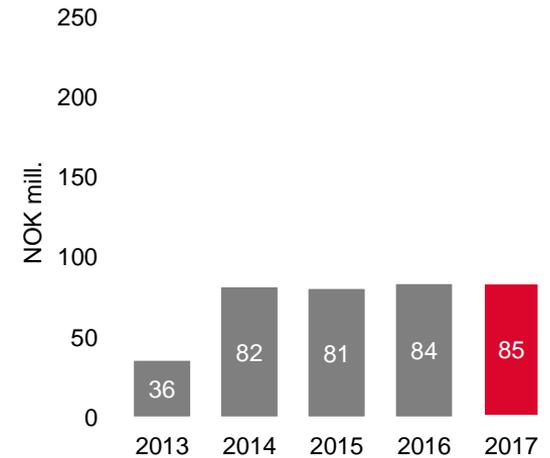
2ND QUARTER: CONSTRUCTION



2ND QUARTER: PROPERTY DEVELOPMENT

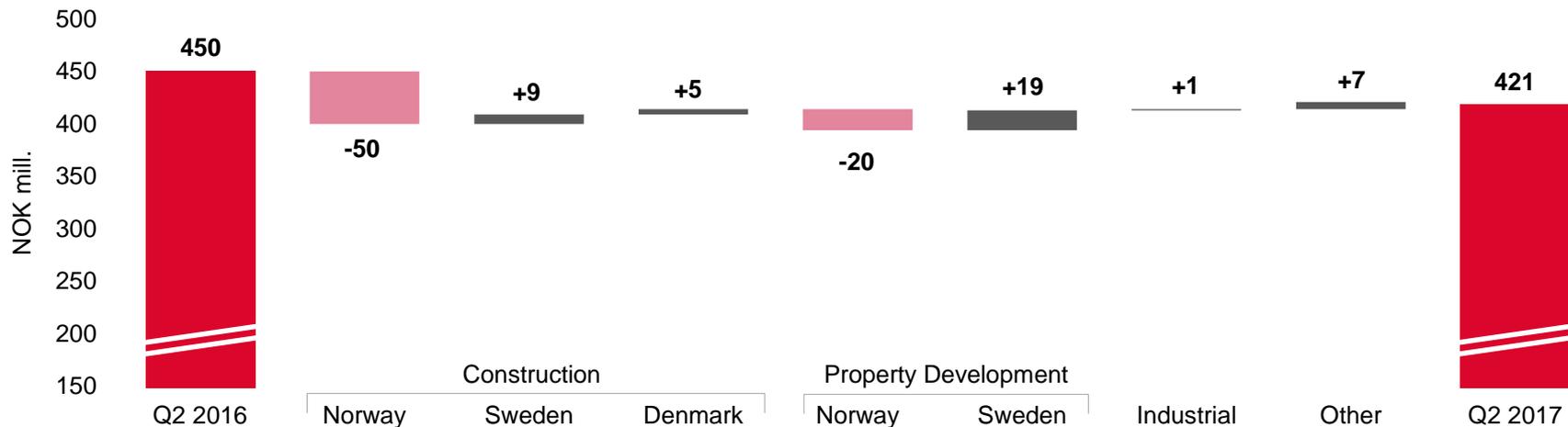


2ND QUARTER: INDUSTRIAL



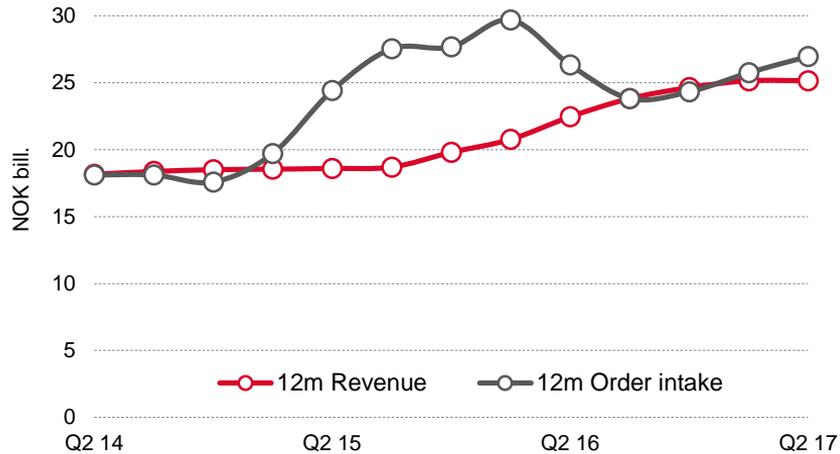
CHANGES IN PROFIT BEFORE TAX

PROFIT BEFORE TAX

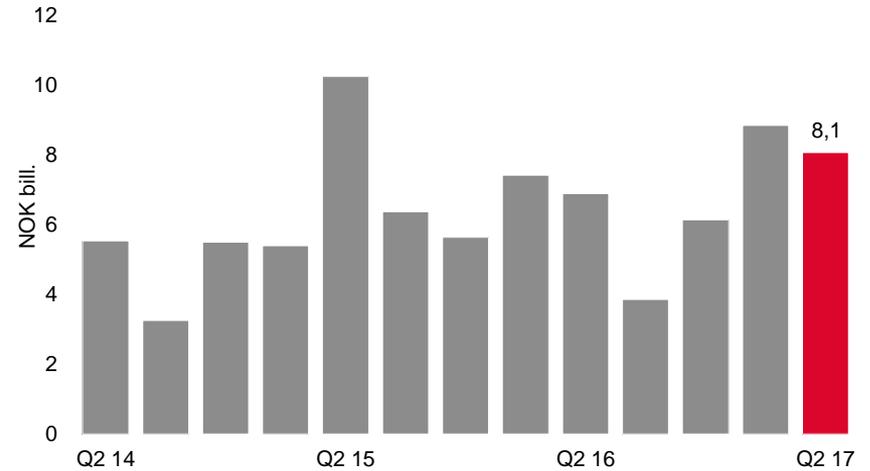


SOLID ORDER INTAKE

REVENUE AND ORDER INTAKE ("BOOK-TO-BILL" 1.07)

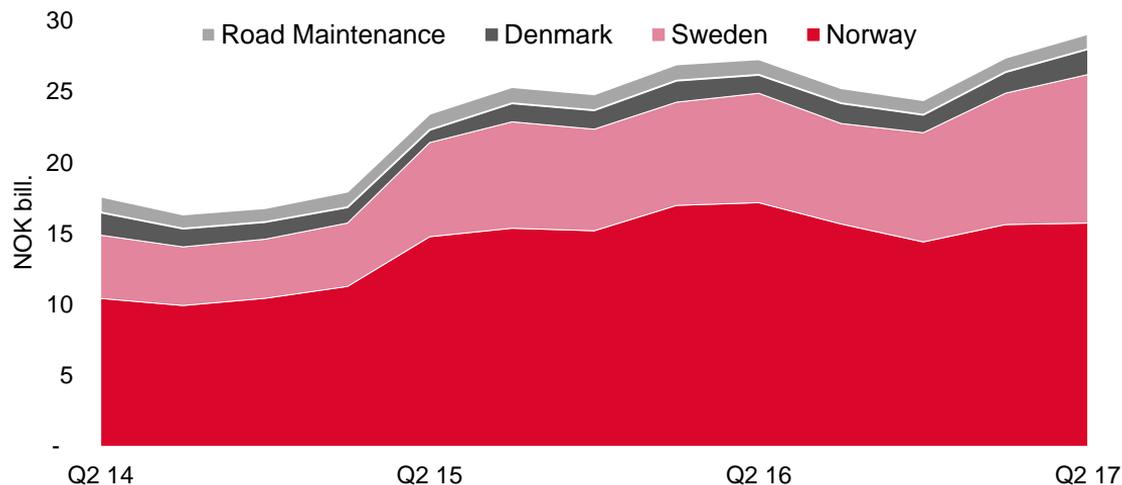


ORDER INTAKE PER QUARTER, CONSTRUCTION

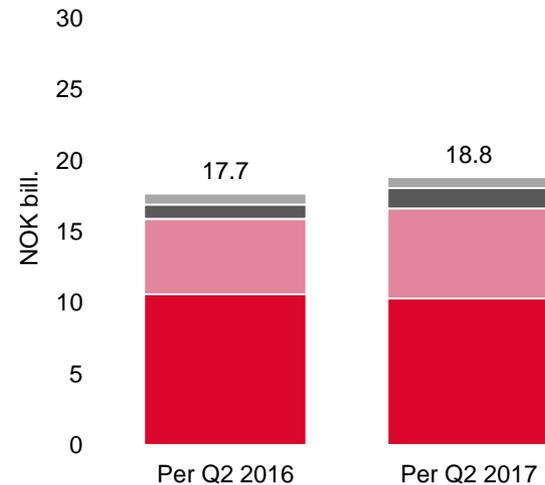


INCREASED ORDER BACKLOG

ORDER BACKLOG CONSTRUCTION AND INDUSTRIAL



ORDERS IN REVENUE NEXT 12 MONTHS



Order backlog for Industrial is presented as Road Maintenance next 18 months

BEST BID FOR NEW E6 ARNKVERN-MOELV

- + Veidekke has submitted the best bid for the construction of the new E6 Arnkvern-Moelv road section
 - Lowest price: NOK 2.04 billion
 - Best score on the quality criterias
- + The road section is 24 km in length and is scheduled for completion in 2021
- + Signing the design and build contract is planned for in October 2017

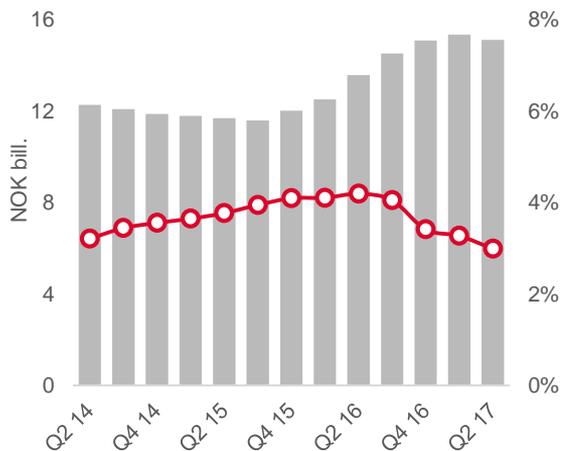


E6 between Arnkvern-Moelv is located in Ringsaker commune, Norway.
The contract is not included in Veidekke's order backlog per 30 June 2017

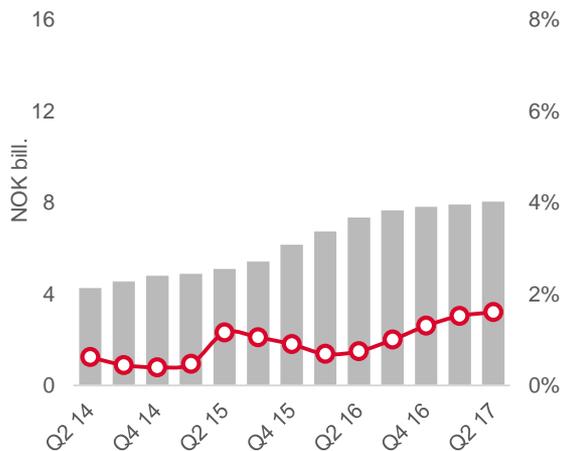


PROFIT MARGIN CONSTRUCTION

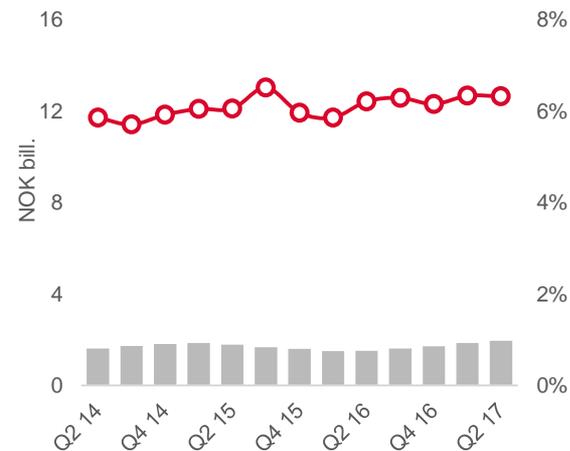
NORWAY*



SWEDEN*



DENMARK (HOFFMANN)*

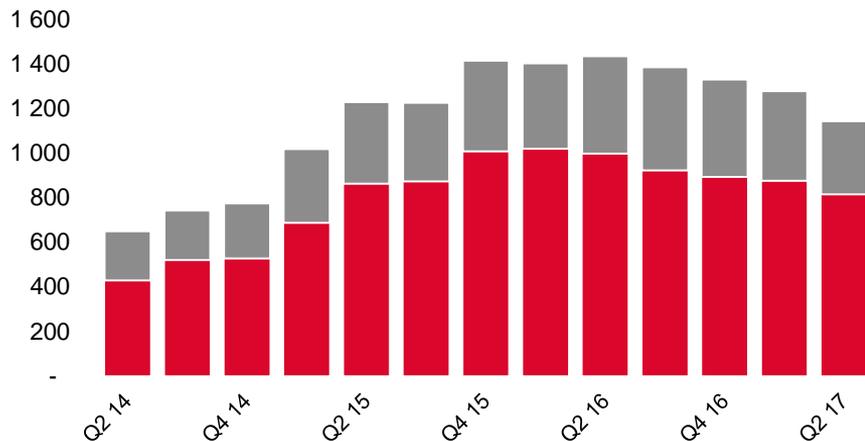


■ Revenue —○— Margin (%)

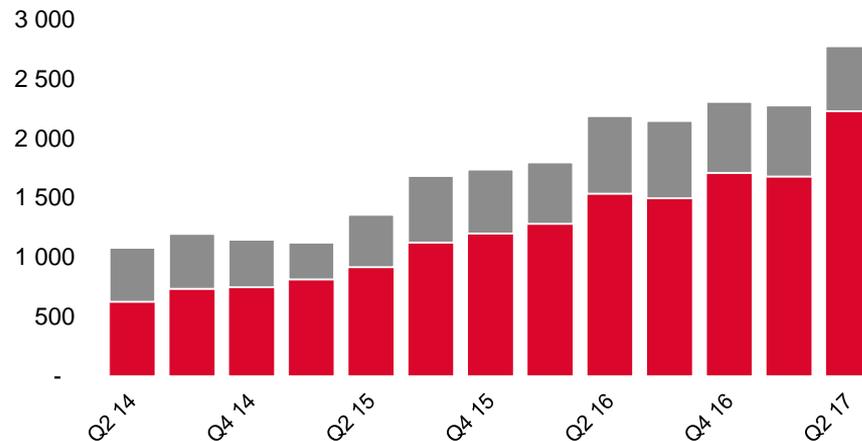
* 12-month rolling. Adjusted for positive one-off effects from changes in the pension scheme in Norway in 2016

RESIDENTIAL SALES AND PRODUCTION

NO. OF UNITS SOLD*



NO. OF UNITS UNDER CONSTRUCTION

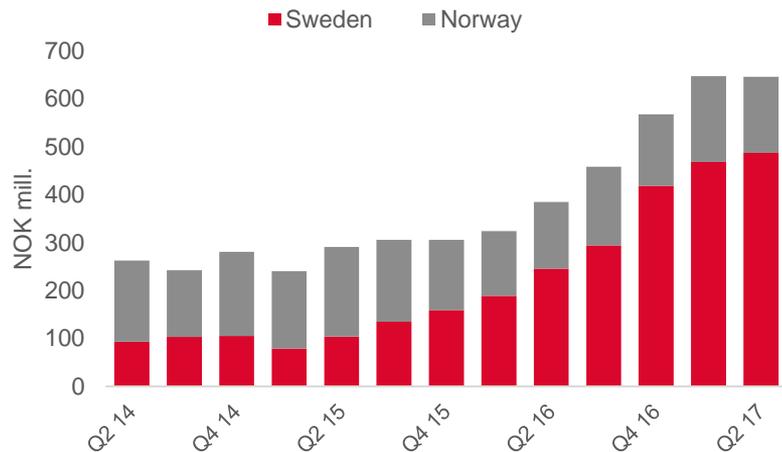


■ Sweden ■ Norway

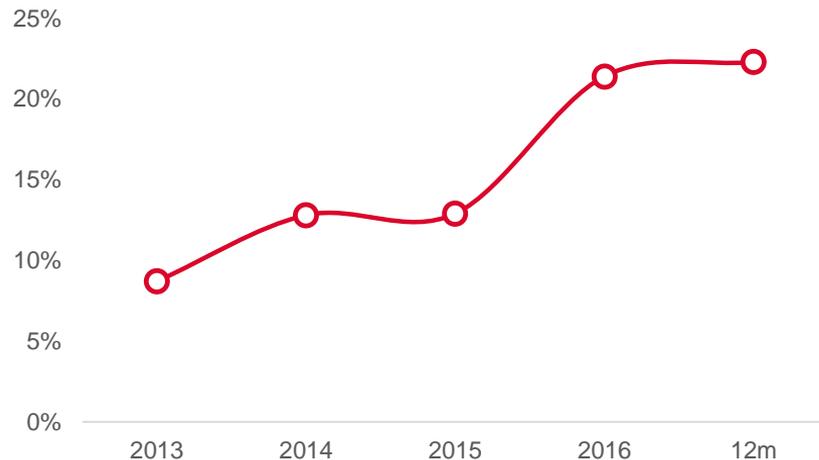
* 12-month rolling, Veidekke's share

RESULTS PROPERTY DEVELOPMENT

PROFIT BEFORE TAX*



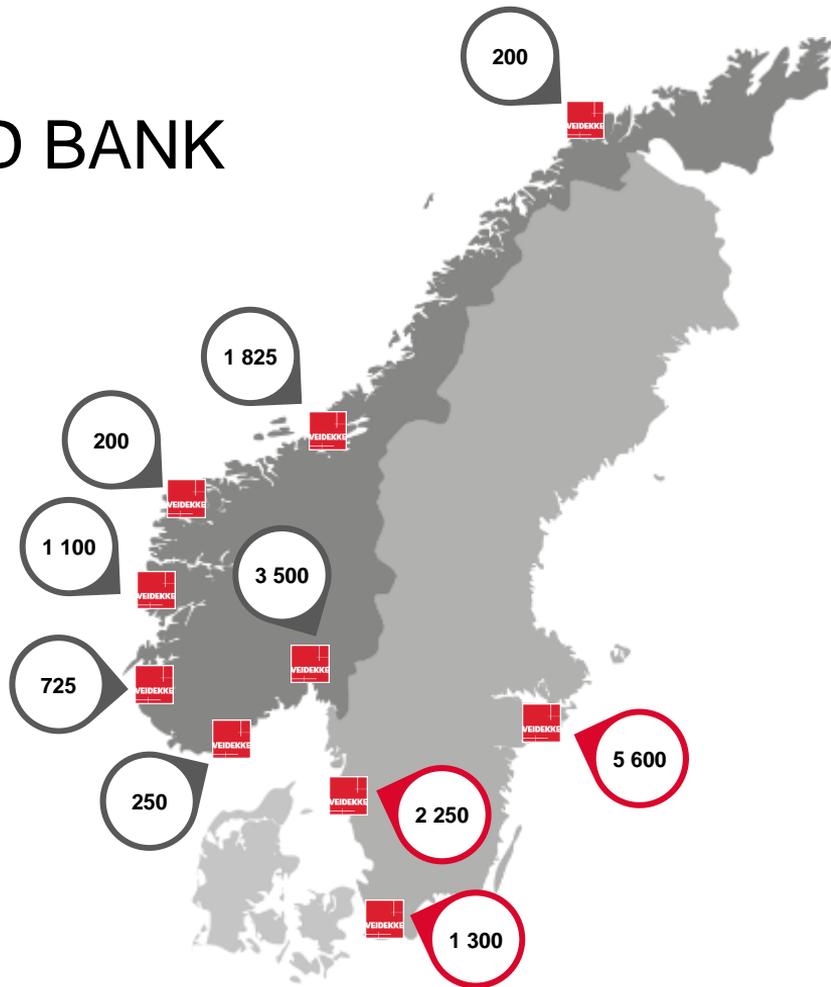
RETURN ON CAPITAL INVESTED



* 12-month rolling. Adjusted for positive one-off effects from changes in the pension scheme in Norway in 2016

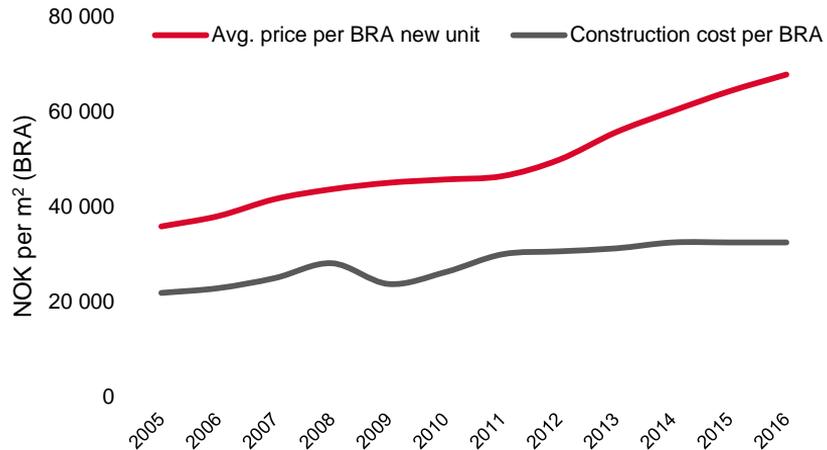
EXPLOIT OUR GOOD LAND BANK

- + Industrial and long-term residential developer
- + The land bank provides flexibility
 - Offer residential units with attractive location
 - ... in the most important regions
 - ... at a price the market is willing to pay
- + A total of 17 100 residential units
 - Veidekke's share: 13 700
 - Average price: < NOK 9 000 per m²
- + Minimum 50% pre-sale ahead of construction start



ROBUST RESIDENTIAL PROJECTS

EXAMPLE OSLO - PRICE AND CONSTRUCTION COST PER UNIT



- + Price increase has led to high profitability
- + Relatively stable construction costs
- + Robust profitability calculations
- + Offer the right project at the right price

THE RESIDENTIAL DEVELOPMENT CYCLE



Status:

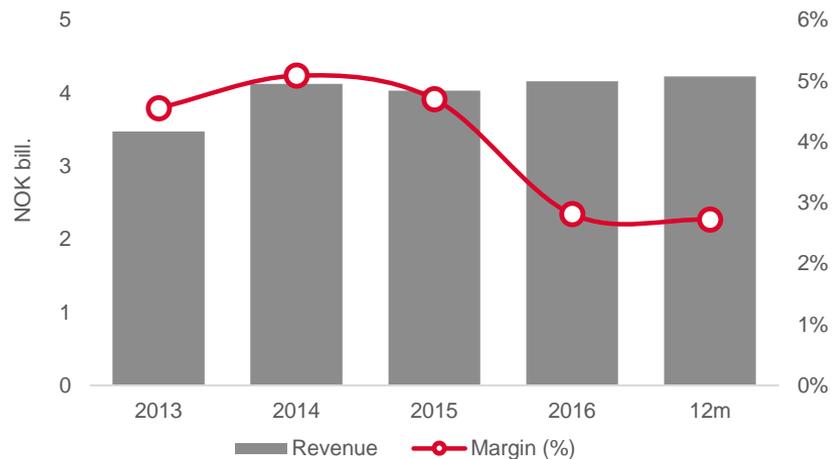
13 700 units in the land bank	2 600 units sold the last two years	2 800 units in production
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Segment reporting:

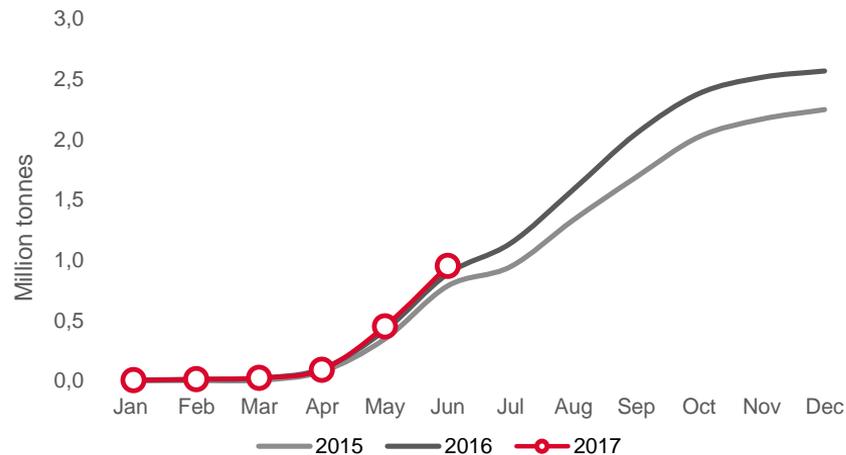
Result = project result x sales ratio x stage of completion
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INDUSTRIAL

REVENUE AND MARGIN BEFORE TAX



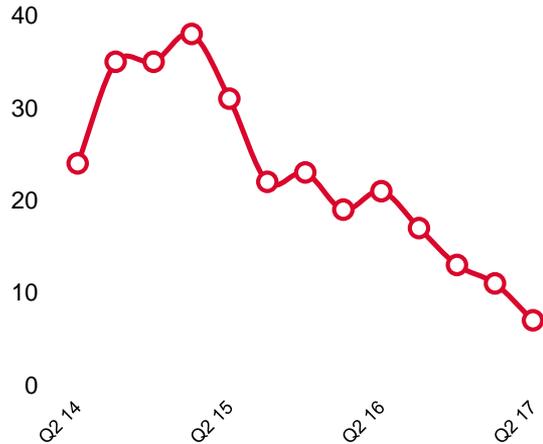
ASPHALT PRODUCTION



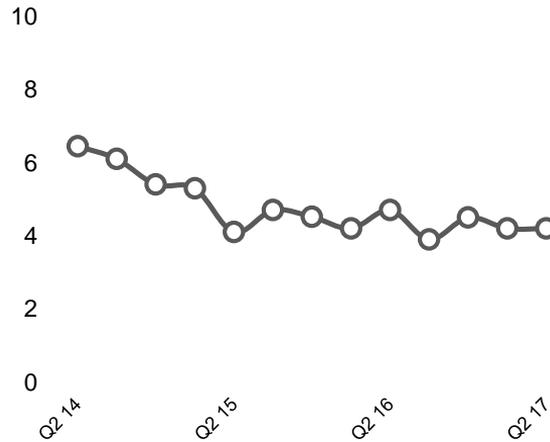
* 12-month rolling. Adjusted for positive one-off effects from changes in the pension scheme in Norway in 2016

OCCUPATIONAL HEALTH AND SAFETY

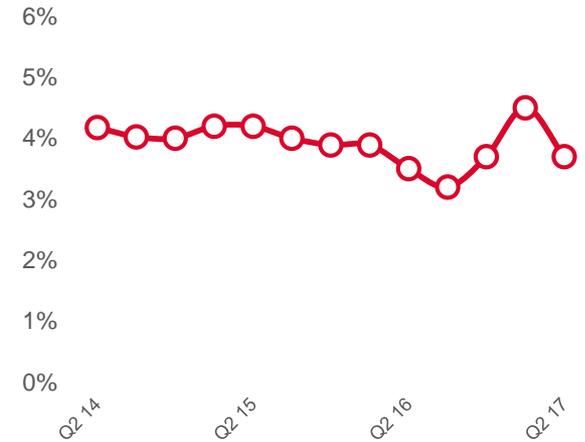
SERIOUS INJURIES* #



LTI RATE*



SICKNESS ABSENCE



Veidekke employees, hired staff and sub-contractors *12-month rolling (LTI = Number of lost-time injuries per million hours worked for Veidekke employees)



Veidekke to build 169 units in the first stage of Frysjaparken in Oslo

BUSINESS AREAS

TERJE LARSEN, CFO



BUSINESS AREAS, 2ND QUARTER

Amounts in NOK million	2 nd quarter 2017			2 nd quarter 2016		
	Revenue	Profit	Margin	Revenue	Profit	Margin
Construction Norway	3 783	120	3.2%	4 010	170	4.2%
Construction Sweden	2 217	44	2.0%	2 090	35	1.7%
Construction Denmark	487	29	6.0%	390	24	6.0%
Total Construction	6 487	193	3.0%	6 490	228	3.5%
Property Development Norway	263	46	-	101	66	-
Property Development Sweden	920	113	-	762	94	-
Total Property Development	1 183	159	-	863	161	-
Industrial	1 246	85	6.8%	1 221	84	6.9%
Other	-594	-16	-	-463	-23	-
Total Group	8 322	421	5.1%	8 111	450	5.6%

CONSTRUCTION NORWAY

- + Revenue decrease in the quarter
- + Lower results
 - Building C.: Good profitability in most units, but low in the Southern and Western regions of Norway
 - Civil Eng.: Low profitability in parts of the project portfolio and high capacity- and tendering costs
 - Measures implemented to lift profitability
- + High order backlog
 - Stable order backlog in the quarter, but 8% decrease compared to last year
 - The decrease came mainly in Civil Engineering

	2 nd quarter		YTD	
Amounts in NOK million	2017	2016	2017	2016
Revenue	3 783	4 010	7 252	7 218
Operating profit (EBIT)	111	163	181	245
Net financial items	10	7	19	17
Profit before tax (EBT)	120	170	200	263
Profit margin	3.2%	4.2%	2.8%	3.6%
Order backlog	15 738	17 177	15 738	17 177

CONSTRUCTION SWEDEN

- + Increased revenues
 - Increase in both Building Construction and Civil Engineering
- + Improved profitability
 - Result and margin improvement in both Building Construction and Civil Engineering
 - Continued focus on lifting profitability
- + Historically high order backlog
 - Solid order intake in both Building Construction and Civil Engineering

	2 nd quarter		YTD	
Amounts in NOK million	2017	2016	2017	2016
Revenue	2 217	2 090	4 094	3 863
Operating profit (EBIT)	45	34	65	38
Net financial items	-1	1	-2	-2
Profit before tax (EBT)	44	35	63	36
Profit margin	2.0%	1.7%	1.5%	0.9%
Order backlog	10 467	7 710	10 467	7 710

CONSTRUCTION DENMARK

- + Significant revenue growth
 - Higher level of activity in most units
- + A strong result
 - High profitability in the project portfolio
- + Order backlog increased by 38% the last year
 - Two large building contracts signed in the quarter

	2 nd quarter		YTD	
Amounts in NOK million	2017	2016	2017	2016
Revenue	487	390	987	740
Operating profit (EBIT)	28	22	53	35
Net financial items	1	1	2	2
Profit before tax (EBT)	29	24	56	37
Profit margin	6.0%	6.0%	5.6%	5.0%
Order backlog	1 790	1 296	1 790	1 296

PROPERTY DEVELOPMENT IN NORWAY

- + A good result
 - Fewer units under construction and lower property development gains than last year
 - Tax-adjusted EBT at NOK 60 mill. (NOK 86 mill.)
- + High sales ratio
 - Six projects with a total of 257 units were released for sale, majority outside the Oslo region
- + Return on invested capital of 11.0%*
- + Strengthened position in Trondheim
 - Purchased land (220 units)
 - Commercial building started (50% ownership)

Amounts in NOK million	2 nd quarter		YTD	
	2017	2016	2017	2016
Revenue	263	101	359	135
Operating profit (EBIT)	53	76	97	79
Net financial items	-7	-9	-13	-5
Profit before tax (EBT)	46	66	84	74
Invested capital	2 833	2 053	2 833	2 053
Veidekke's share				
Number of units sold	88	162	158	266
Numbers of units started	9	272	67	272
Units under construction	546	655	546	655
Sales ratio (under construction)	89%	82%	89%	82%

*12-month rolling

PROPERTY DEVELOPMENT SWEDEN

- + Strong results
 - High residential production
- + High residential sales and high sales ratio
- + High number of units under construction
 - Four projects with a total of 299 units were released for sale
 - Nine projects with 647 units in total started
- + Return on invested capital of 55.3%*
- + Strengthened land bank with 800 units
 - Purchased land in Stockholm, Gothenburg and Helsingborg
 - Purchased 50% of Folkhem Trä

Amounts in NOK million	2 nd quarter		YTD	
	2017	2016	2017	2016
Revenue	920	762	1 550	1 279
Operating profit (EBIT)	112	94	209	140
Net financial items	1	0	2	1
Profit before tax (EBT)	113	94	211	141
Invested capital	710	946	710	946
Veidekke's share				
Number of units sold	259	320	470	549
Numbers of units started	647	391	817	611
Units under construction	2 229	1 534	2 229	1 534
Sales ratio (under construction)	85%	95%	85%	95%

*12-month rolling

INDUSTRIAL

- + Result at par with last year
- + Asphalt
 - High level of activity
 - Lower results due to higher capacity cost and portfolio mix
- + Road Maintenance
 - Improved results compared with second quarter 2016, low profitability in the project portfolio
 - Ongoing consolidation
- + Aggregates
 - Good results, margins at a stable and high level

Amounts in NOK million	2 nd quarter		YTD	
	2017	2016	2017	2016
Revenue	1 246	1 221	1 723	1 661
Operating profit (EBIT)	92	91	-87	-85
Net financial items	-8	-6	-12	-10
Profit before tax (EBT)	85	84	-98	-96
Profit margin	6.8%	6.9%	-5.7%	-5.8%
Order backlog*	1 072	1 104	1 072	1 104

Amounts in NOK million (Q2 2017)	Asphalt	Maintenance	Aggregates
Revenue	892	195	159
Profit before tax (EBT)	66	-11	29

*Order backlog for Industrial is presented as Road Maintenance next 18 months





Veidekke added 927 000 tonnes of asphalt on Norwegian roads in the quarter

FINANCIAL STATEMENTS

IFRS

INCOME STATEMENT

Amounts in NOK million	2 nd quarter		YTD	
	2017	2016	2017	2016
Revenue	7 927	7 955	14 202	13 444
Operating expenses	-7 483	-7 494	-13 726	-13 048
Share of net income from associates and JVs	57	71	91	95
Depreciation/impairment	-125	-111	-249	-219
Operating profit	375	420	318	272
Net financial income	4	-3	5	30
Profit before tax	380	417	324	302
Income tax expense	-66	-83	-57	-60
Profit after tax	313	333	267	242
Of which non-controlling interests	12	19	14	24
Profit after tax (net)	302	314	253	217
Earnings per share (NOK)	2.3	2.4	1.9	1.6
Profit before tax, segment	421	450	481	435

BALANCE SHEET – ASSETS

Amounts in NOK million	30.06.2017	30.06.2016	31.12.2016
Goodwill and other intangible assets	1 419	1 348	1 385
Deferred tax assets	65	65	65
Land and buildings	563	555	560
Plant and machinery	2 042	1 889	1 954
Investments in associates and joint ventures	1 247	1 216	1 363
Financial assets	572	517	649
Total non-current assets	5 909	5 591	5 975
Non-residential and residential projects	5 870	3 910	4 877
Inventories	514	370	455
Trade and other receivables	7 173	6 405	5 494
Cash and cash equivalents	412	415	644
Total current assets	13 969	11 101	11 470
Total assets	19 877	16 692	17 445

BALANCE SHEET – EQUITY AND LIABILITIES

Amounts in NOK million	30.06.2017	30.06.2016	31.12.2016
Equity	3 171	2 827	3 465
Pensions and deferred tax liabilities	866	928	877
Bonds	-	750	750
Amounts due to credit institutions	570	1 379	212
Other non-current liabilities	139	117	136
Total non-current liabilities	1 575	3 174	1 975
Current interest-bearing debt	1 195	113	44
Trade payables and warranty provisions	5 658	5 134	5 097
Public duties and taxes payable	1 057	917	784
Other current liabilities	7 221	4 526	6 080
Total current liabilities	15 131	10 691	12 005
Total equity and liabilities	19 877	16 692	17 455
Net interest-bearing debt	977	1 519	0

STATEMENT OF CASH FLOWS

Amounts in NOK million	YTD 2017					YTD 2016
	Construction	Property Development	Industrial	Other ¹⁾	Group	Group
Profit before tax	319	295	-98	-191	324	302
Depreciation/impairment	154	1	88	6	249	219
Other working capital	-26	-450	-322	113	-685	-501
Cash flow from operating activities	446	-155	-332	-73	-113	20
Acquisition/disposal of PPE	-161	-	-114	-32	-307	-358
Other investing activities	-1	18	-1	-103	-88	-241
Cash flow from investing activities	-162	18	-115	-135	-395	-599
Dividend paid	-	-	-	-602	-602	-535
Other financial items	-17	-28	-13	190	132	201
Cash flow from financing activities	-17	-28	-13	-412	-470	-334
Change in net interest-bearing debt	267	-165	-460	-620	-978	-913
Invested capital at 30.06²⁾		3 665	1 502		5 664	5 031

*1) Includes IFRS adjustments and Group eliminations

2) Invested capital is calculated only for the capital-intensive business segments Property Development and Industrial



CONSTRUCTION NORWAY

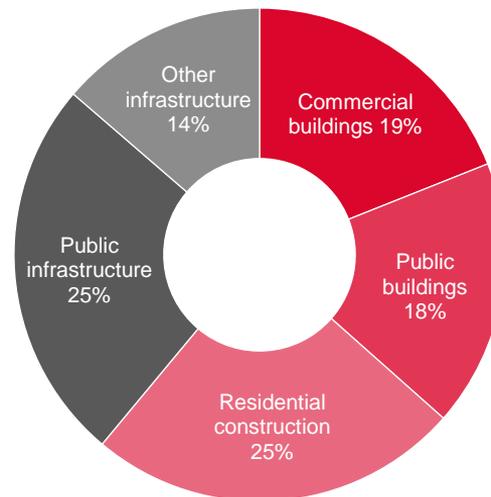
DAG ANDRESEN, EVP

NATIONWIDE CONSTRUCTION COMPANY

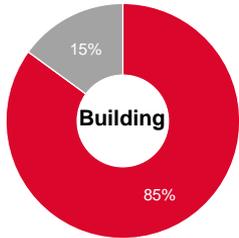
STRONG POSITION AND COMPETENCE

- + Annual revenue of NOK 15 billion
- + Order backlog of NOK 16 billion
- + Large share of repeat customers and negotiated contracts
- + 4 000 employees
 - 1 600 engineers/white-collar workers
 - 2 150 skilled workers
 - 100 trainees and 150 apprentices

DISTRIBUTION OF VOLUME - ONGOING PROJECTS

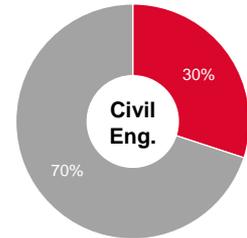


CONTRACTS- AND COLLABORATION FORMS



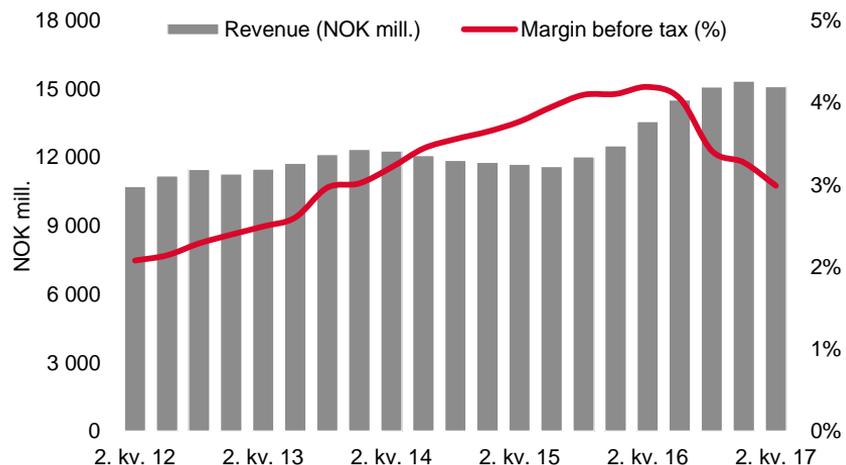
Design and build contract

Execution contract



PROFITABILITY CHALLENGE

REVENUE AND PROFITABILITY*

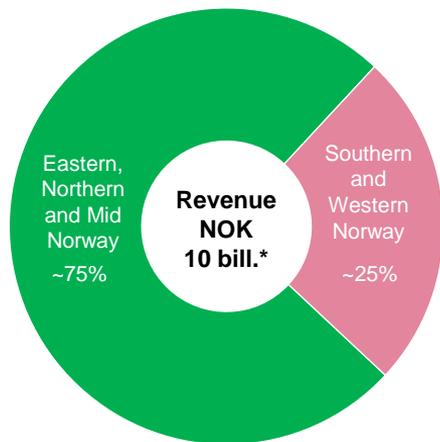


- + Half of the business with above-target margins of 5%
- + **Building:** High level of activity and good profitability in the majority of the business, except in Southern and Western Norway
- + **Civil Engineering:** Large variation in profitability within public infrastructure

* 12-month rolling. Adjusted for positive one-off effects from changes in the pension scheme in Norway in 2016

BUILDING CONSTRUCTION

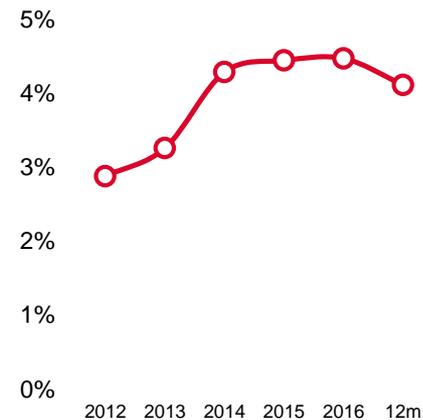
REGIONAL DISTRIBUTION



Good profitability Low profitability

- + Good profitability in the majority of the business
- + Weak markets and low profitability in Southern and Western Norway

MARGIN CONSTRUCTION



* Last 12 months

PROFITABILITY MEASURES IN THE SOUTH AND WEST

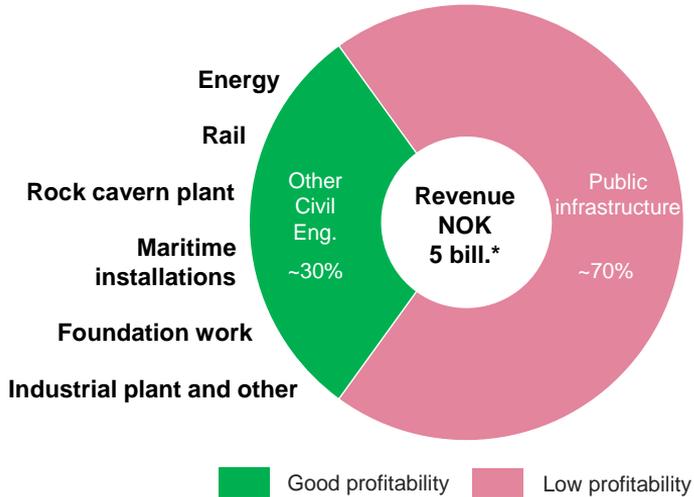
- + The business in Stavanger
 - Carve out the production of concrete concept solutions (Block Berge Bygg)
 - New product- and customer segments
- + Remaining organisation adjusted to the reduced level of activity
- + Strengthened organisation and management



Block Berge Bygg's concrete element production facility at Klepp

CIVIL ENGINEERING

PROJECT DISTRIBUTION

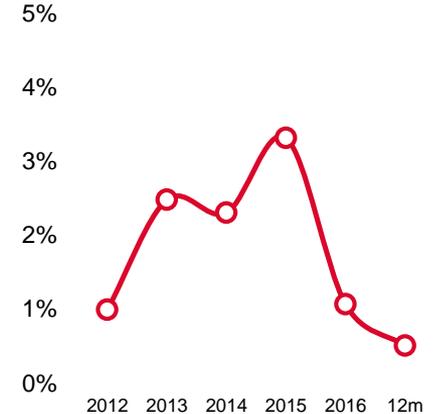


* Last 12 months

PUBLIC INFRASTRUCTURE:

- + Large variation in project profitability
- + High capacity- and tendering cost
- + Challenging to get compensation for variation orders

MARGIN CIVIL ENGINEERING



THE KEY TO A SUCCESSFUL PROJECT

WIN PROJECTS



The right project

- Market strategy
- Creating the right project mix for the organisation's skills and goals

Correct pricing

- Right cost, risk and margin
- Each project is treated uniquely
- Feasibility

EXECUTE PROJECTS



Good production

- Highly performing team
- Good start-up processes
- Participative planning
- Overview, management and control

Completion and handover

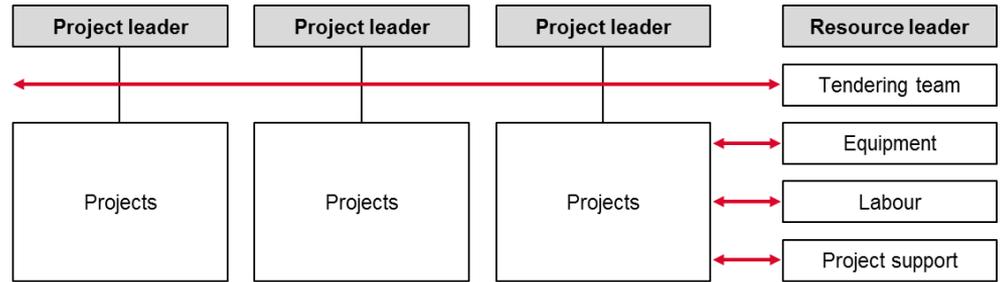
- Satisfied customers and good handover processes
- Good results, both financial and OHS

= Identified improvement areas within public infrastructure

PROFITABILITY MEASURES IN CIVIL ENGINEERING

Organisation and management

- Organisation for large projects and design and build contracts
- Focused project organisation
- Keep and develop strong special units
- New management

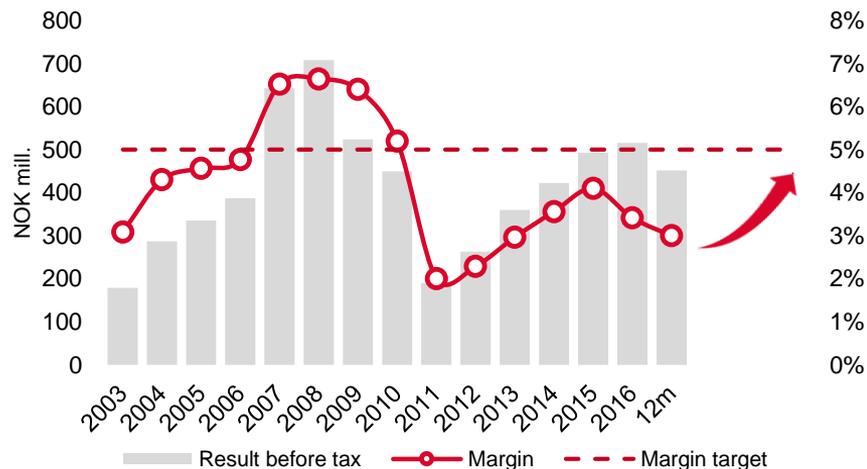


Focus areas

- Prioritise projects where we have the best prerequisites
- Uncertainty management
- Project development and customer collaboration

LIFTING PROFITABILITY

FOCUS ON INCREASED MARGINS* IN CONSTRUCTION NORWAY



- + 3% margin last 12 months
- + 5% margin target
- + Measures and continuous improvement to lift profitability
- + Good market position, solid project portfolio and a good total market

* Based on profit before tax adjusted for positive one-off effects from changes in the pension scheme in Norway in 2012 and 2016



Veidekke is cooperation partner in the bike race *Arctic Race of Norway*

SUMMING UP

ARNE GISKE, CEO



SUMMING UP

- + The growth continues
- + Strengthened positions and high level of activity
- + Measures to lift profitability



Veidekke was in the quarter awarded the contract to build Trondheim's new sports and multi-purpose hall at Nidarø



APPENDIX

BUSINESS AREAS, YEAR TO DATE

Amounts in NOK million	First 6 months 2017			First 6 months 2016		
	Revenue	Profit	Margin	Revenue	Profit	Margin
Construction Norway	7 252	200	2.8%	7 218	263	3.6%
Construction Sweden	4 094	63	1.5%	3 863	36	0.9%
Construction Denmark	987	56	5.6%	740	37	5.0%
Total Construction	12 333	319	2.6%	11 821	336	2.8%
Property Development Norway	359	84	-	135	74	-
Property Development Sweden	1 550	211	-	1 279	141	-
Total Property Development	1 909	295	-	1 414	216	-
Industrial	1 723	-98	-5.7%	1 661	-96	-5.8%
Other	-1 110	-34	-	-930	-20	-
Total Group	14 854	481	3.2%	13 966	435	3.1%

HOUSING PORTFOLIO

Property Development Housing portfolio - Veidekke's share	Under construction 31.12.2015	Completed 2016	Start-up 2016	Under construction 31.12.2016	Completed 2017	Start-up 2017	Under construction 30.06.2017
Construction - number of units							
Norway	541	-293	352	600	-121	67	546
Sweden	1 198	-439	948	1 707	-295	817	2 229
Total under construction	1 739	-732	1 300	2 307	-416	884	2 775
Of which sold							
Norway	383			517			488
Sweden	1 176			1 604			1 898
Total sold under construction	1 559			2 121			2 386
Sales rate %	90 %			92 %			86 %
Completed unsold units							
Norway	16			16			11
Sweden	2			4			1
Total completed unsold units	18			20			12
Number of projects under construction							
Norway	21	-14	15	22	-6	4	20
Sweden	20	-10	13	23	-5	13	30
Total projects under construction	41	-24	28	45	-11	17	50

In addition comes one own-account project in Copenhagen with 115 units under construction. The project is reported in the accounts under Construction Denmark.