



Veidekke - Property Scandinavia

ABG Sundal Collier's Nordic Property Tour

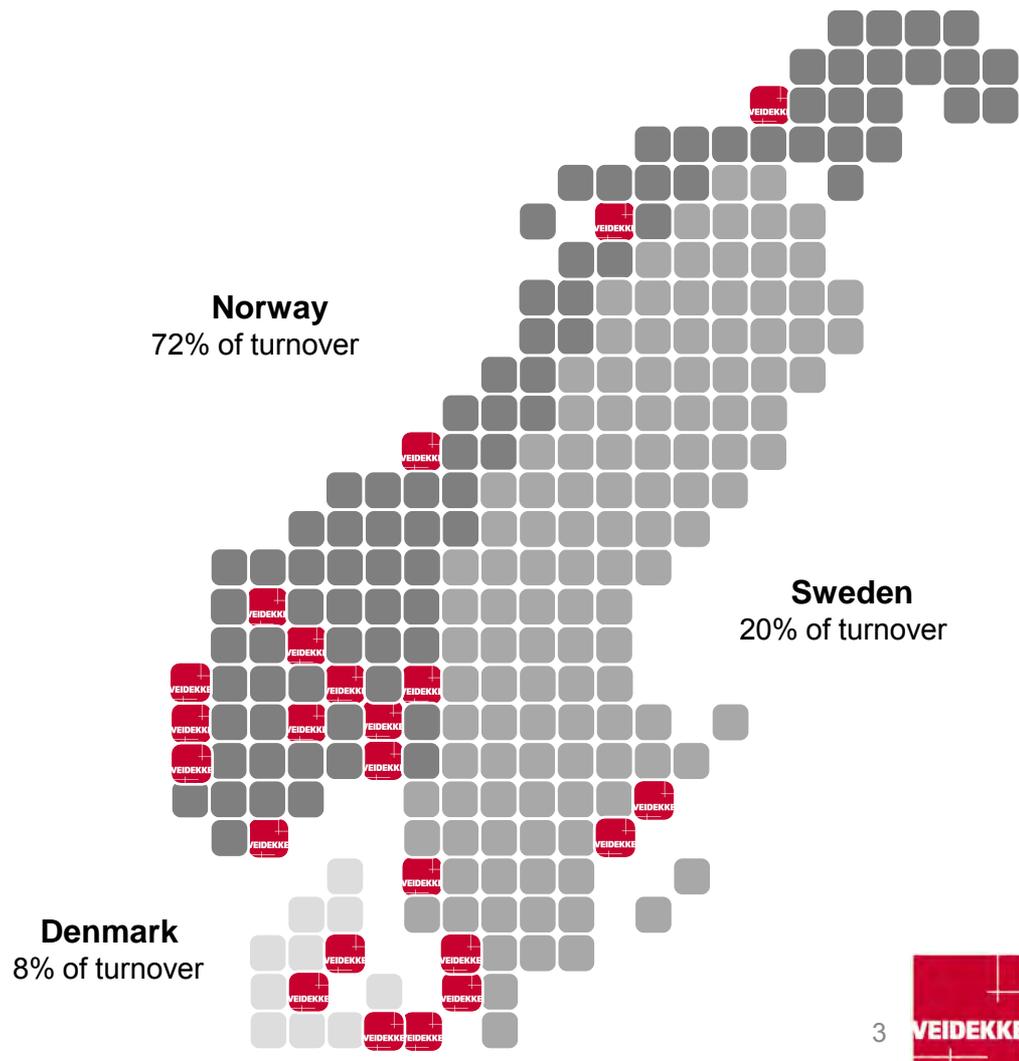
Oslo, May 23., 2012
Terje R. Venold
Arne Giske



Welcome to Veidekke

Today's Veidekke

- Scandinavian player
- BNOK 350 total market
- 5-6% market share
- 6,100 employees
- BNOK 18 in turnover





Non-residential 35% | **20% Housing**
Heavy construction 30% | **15% Asphalt, Road maintenance, Aggregates**



Building/Construction is a Business in Growth

Demographics

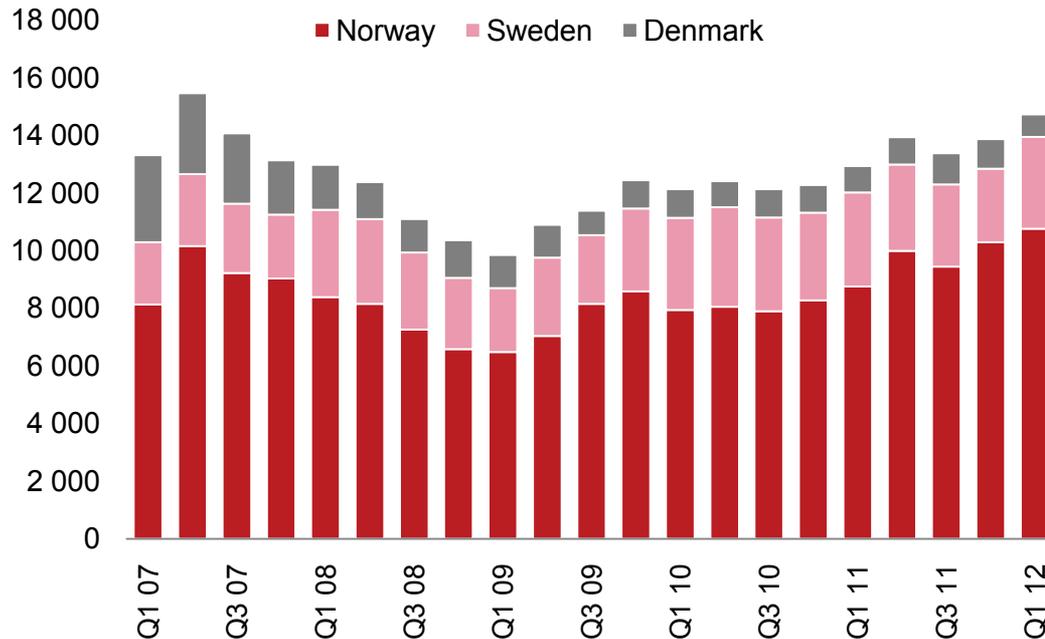
Urbanisation

Infrastructure

Environment & energy



Order Backlog



- Increased by 6% in quarter
- Record high in Norway
- Increasing level in heavy construction
- Stable level in building

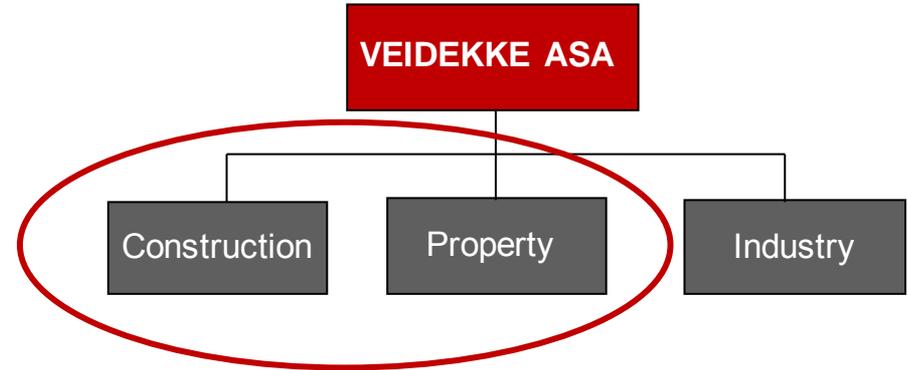


Property Scandinavia

Background

Utilises the Group's resources

- Independent business area
- Utilises Group's resources
 - Competence
 - Capital
- Work closely with our construction operations - results in high value creation



Background

Veidekke – Property Scandinavia

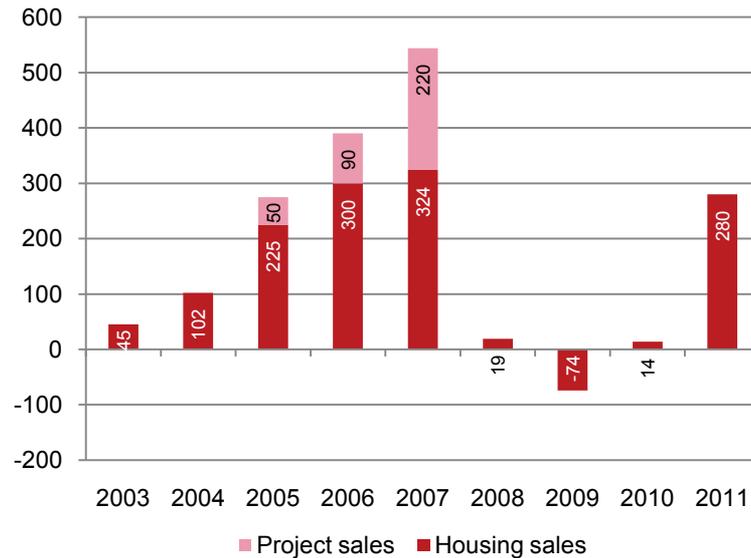
Veidekke Property Scandinavia focuses primarily on housing development in - and around - larger cities

- Operations consist of 7 regions
 - Sweden; Stockholm/Mälardalen, Skåne and Gothenburgh
 - Norway; Oslo, East (Greater Oslo), North (Trondheim, Tromsø) and South West (Kristiansand, Stavanger, Bergen)
- Resources
 - 100 employees
 - Business developers, project leaders and support staff
 - Total capital invested of 3 BNOK

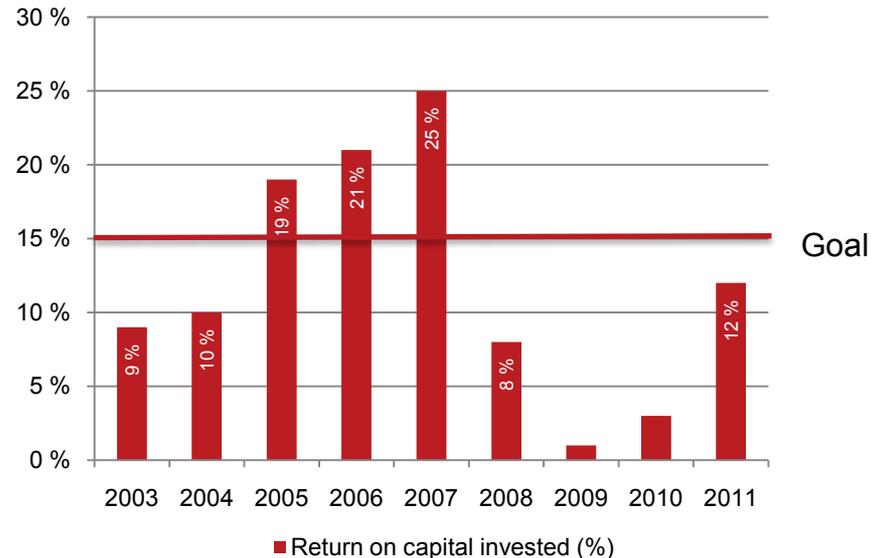
Background

Financial performance

Profits before tax (EBT)



Return on capital invested



Background

Current performance - Q1 2012

- Good results in Norway
 - High number of pre-sales in ongoing and new projects
 - Strong market in and around major cities
- Weak results in Sweden
 - Weak sales in second half of 2011 resulted in postponement of construction starts
 - Increasing sales towards end of quarter

Figures in MNOK	Q1 2012	Q1 2011	2011
Operating revenues	394.4	377.1	1,525.7
Operating profit (EBIT)	26.4	25.7	108.3
Profit, associated companies	3.2	21.1	181.2
Net financial items	8.3	-1.9	-8.5
Profit before tax (EBT)	37.9	44.9	281.0

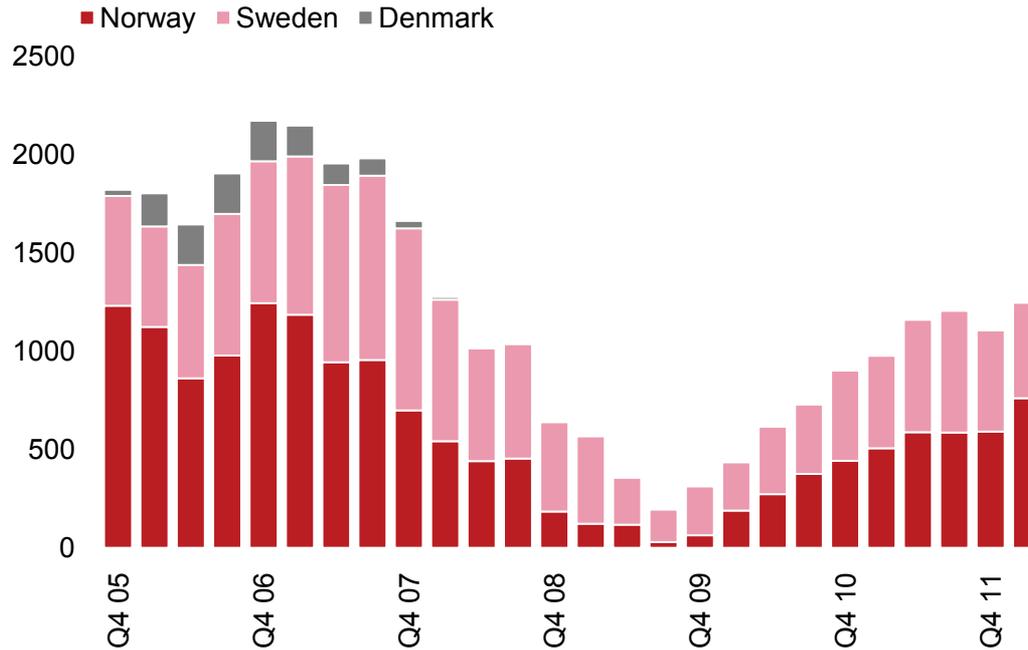
Investert kapital	2,894	2,220	2,641
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Result per Q1 2012	NO	SE	DK
Operating revenues	281	108	5
Profit before tax (EBT)	45	-5	-2

Background

Residential Units under Production

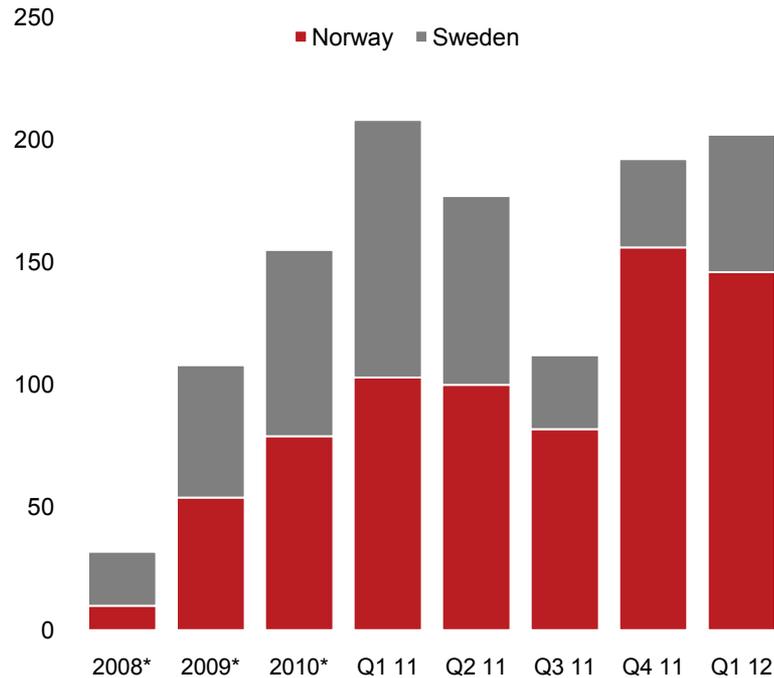
Units under production, Veidekke's share
Housing units



- 1,245 residential units under production
 - 78% sales ratio
- 192 units started, all in Norway
- 51 units handed over
- Expected production level at year-end of approx. 1,300 units

Background

Residential Sales – Quarterly Trend



*Average during quarter



Kvillebäcken, the Cyklisten housing cooperation

Background

Projects started this year



Konfektfabrikken ,stage 3

- The former production facilities of Freia at Rodeløkka in Oslo
- 63 residential units
- 2,500 m² outdoor premises
- Total of 201 residential units over 4 construction stages



Marienfyrd, stage 3

- Situated between Lille Tøyen Hageby and the Tiedemann Park in Oslo
- 60 residential units
- A courtyard of 3,000 m²
- Total of 381 residential units over 6 construction stages



Hagebyen, 1

- Situated at Fornebu in Bærum
- Ownership share 50%, along with Fornebu Utvikling ASA
- 109 residential units
- Total of 347 residential units over 3 construction stages

Our business model

Strategy and market

Veidekke has strong presence in housing development

Where?

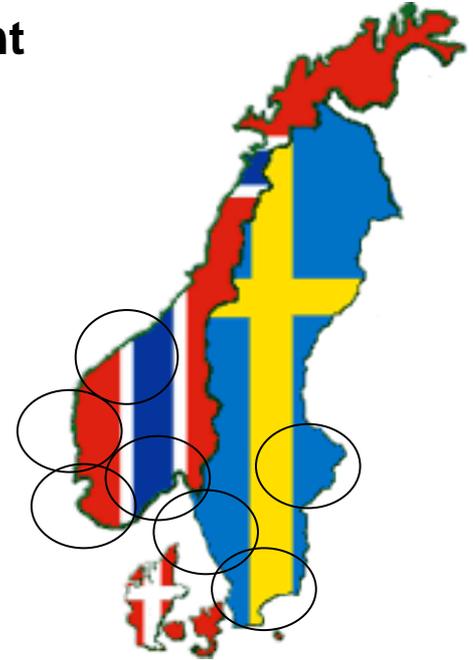
- Main focus is on capital cities and growth areas

What?

- Prospect sales ("dream house" based on drawings)

Product?

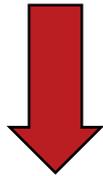
- Priority 1: Residential development
 - Blocks - prefer larger projects
 - Row/small - take a larger share of market
- Priority 2: Commercial development
 - Selective projects mainly in combination with residential



Our business model

Demographic trends

- Population growth in Scandinavia
- Urbanisation – relocation to larger cities
- Aging population with resources



- Underpins large housing need ahead



Our business model

Risk assessment

Property risk connected to:

- Market risk
- Cost risk (secured through turnkey contracts)
- Price risk - land and unsold apartments

Means

- Only engage in robust properties
- Avoid extreme positions
- Have optimal sales ratio in portfolio (min 50% pre-sales before building starts)

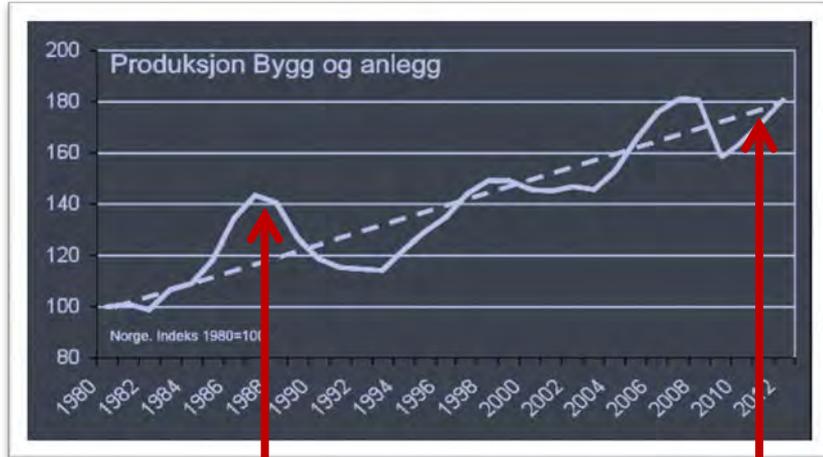
Measurement

- Covenants in bank agreement and internal risk assessments

We performed ok during the financial crisis – model is reasonably robust

Our business model

Risk assessment and economic downturns



Norway.
Index1980
=100

Acquired

Completed



Årvollbrinken, Oslo (1987-2011)

- We must see "through" recessionary periods
- Take into account long regulation periods

Our business model

Growth is challenging

- Main limitations
 - Good sites
 - Good developmental resources
 - Long regulation periods
- Our model – mix of
 - Wholly-owned projects
 - Joint ventures 50/50
 - Options on land bank

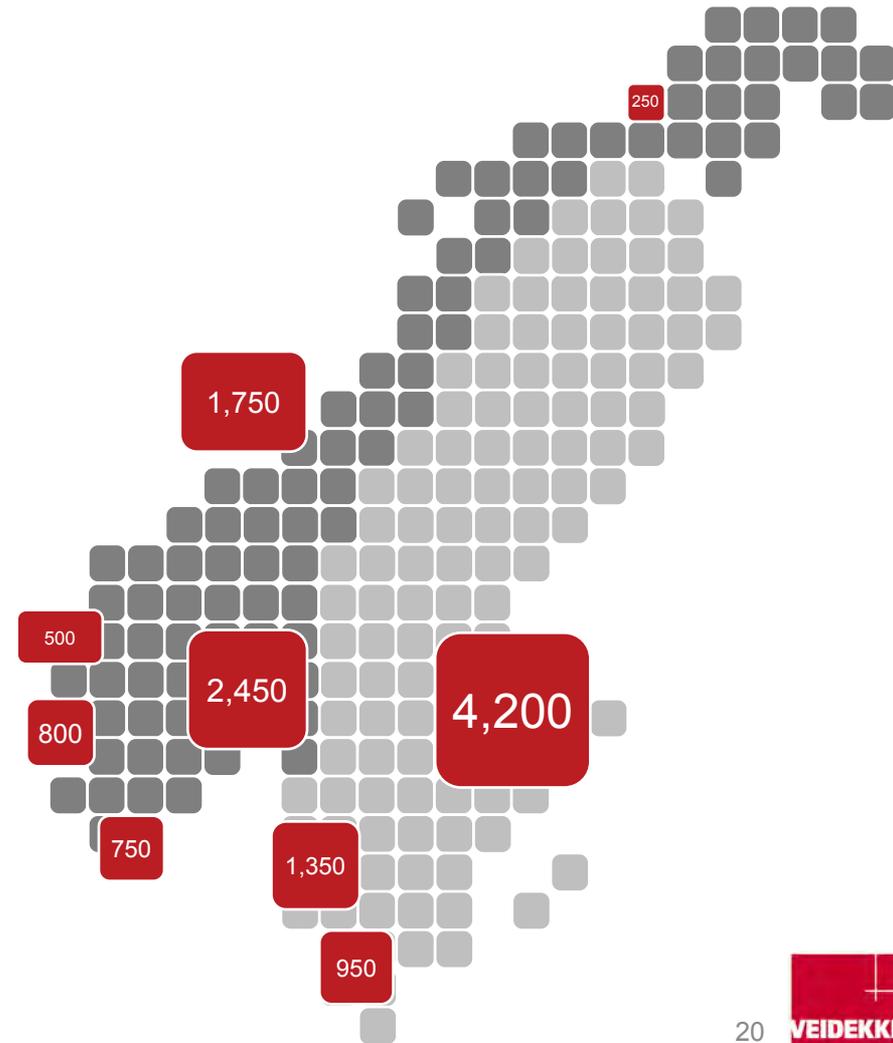


Persaunet, Trondheim

Our business model

Land Bank

- Totalling 13,000 residential units
 - Veidekke's share: 10,500
- In Norway:
 - 6,500 residential units
 - Including 2,500 jointly-owned projects
- In Sweden
 - 6,500 residential units
 - Approx. 70 per cent are options



Our business model

50/50-Joint Venture

Hagebyen, Fornebu (Bærum)

- 50/50 with Fornebu Utvikling
- 350 apartments and townhouses
- Building start Q1 - Pre-sales 60%



” Young family dwellings”

Our business model

Options and 50/50-Joint Venture



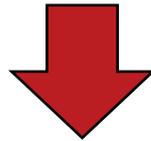
Sädesärlan, Stockholm

- High-standard project
 - Upper Östermalm
- Options with Stockholm municipality 2006
- 50/50 joint venture with Selvaag Pluss
- 74 apartments
- Building start Q2

Our business model

Financial capacity

- Veidekke is virtually debt-free and has good financial capacity
- Renewed loan agreement with new credit framework with DNB for 3.1 BNOK
- 2.2 BNOK in available credit facilities according to 31 January 2012 agreement



Veidekke has the financial muscle to consider most possibilities within residential development in Norway and Sweden

Our business model

Financial capacity

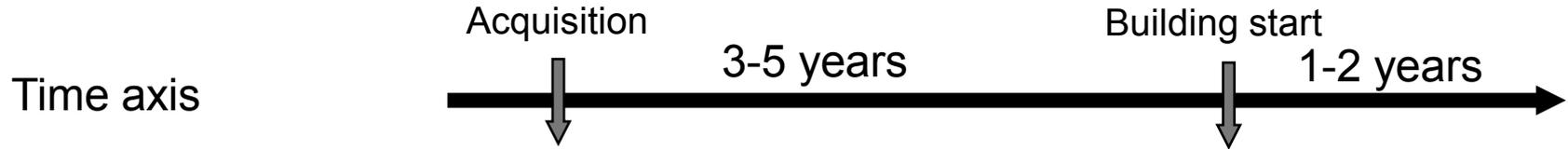
Middelthunsgate 17, Oslo



- One of Oslo's best location
- Purchase price 700 MNOK
- 50/50 with OBOS
- Takeover March 2012
- Tenants cover costs until 2016
- Parallel assignment with 2-3 architects in March-April 2012
- Regulation begins Q2 2012

Our business model

Value-Creating Partnership



Value creation	Land acquisition	Idea/ Concept	Regulation	Sale	Building	Hand-over
Property development	X	X	X	X	(X)	(X)
	Location Price Opportunities Risks	What For Whom Design	Utilisation	Pricing	Quality Costs	0-defect delivery
Construction	(X)	(X)			X	X

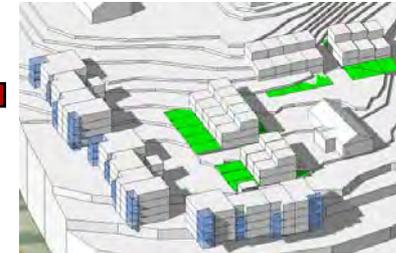
Our business model

Value-Creating Partnership

Calculation basis

Veidekke Property	Total	Per Unit	Per SQM
Turnover			
Sales revenue	275 000 000	4 400 000	55 000
Sales parking spaces	18 750 000	300 000	3 750
Total turnover	293 750 000	4 700 000	58 750
Costs			
Land costs	55 000 000	880 000	11 000
Planning	15 000 000	240 000	3 000
Building costs	150 000 000	2 400 000	30 000
Unexpected	7 500 000	120 000	1 500
Financial costs	22 000 000	352 000	4 400
Total costs	249 500 000	3 992 000	49 900
Client margin in NOK	44 250 000	708 000	8 850
Client margin in %	15 %	15 %	15 %

Volume study	
SQM	6250
SQM salable	5000
No. Apartments	63
Average size	80
No. parking/unit	1



Veidekke Construction	
Turnkey projects	150 000 000
Costs	132 000 000
Margin in NOK	18 000 000
Margin in %	12 %

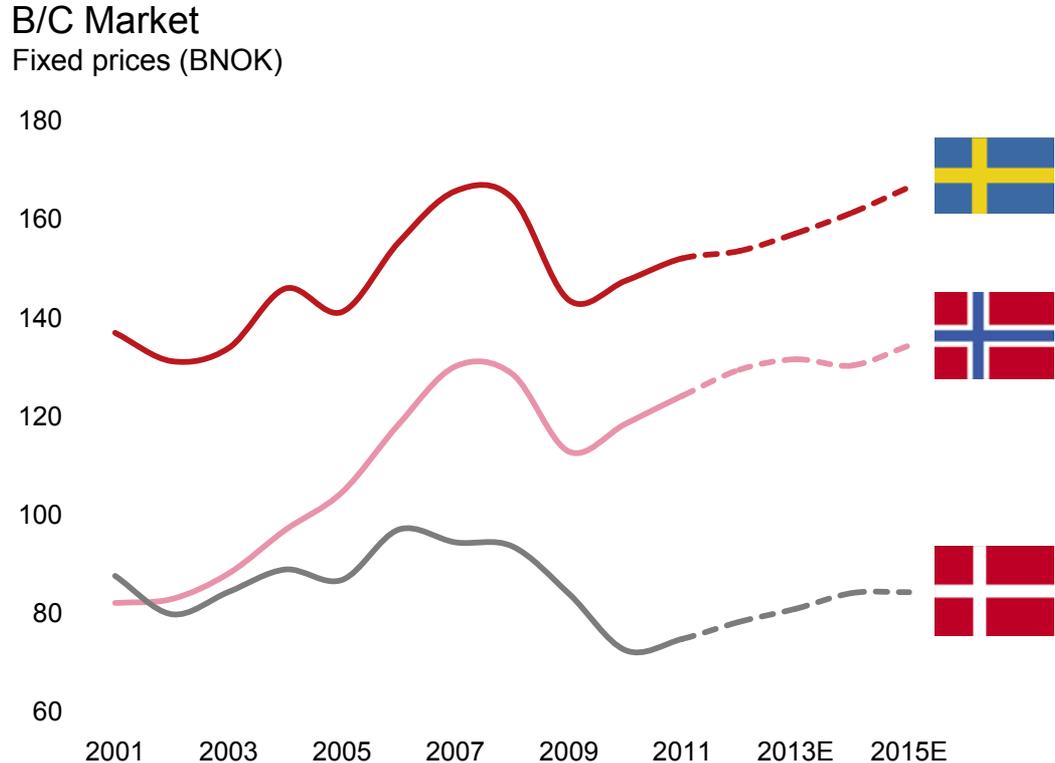
Margin pressure
Regulatory requirements:
standard, environment,
universal design, etc..

Veidekke Group	
Revenues	293 750 000
Margin Veidekke Property	44 250 000
Margin Veidekke	
Construction	18 000 000
Veidekke Group in NOK	62 250 000
Veidekke Group in %	21,2 %

The road ahead

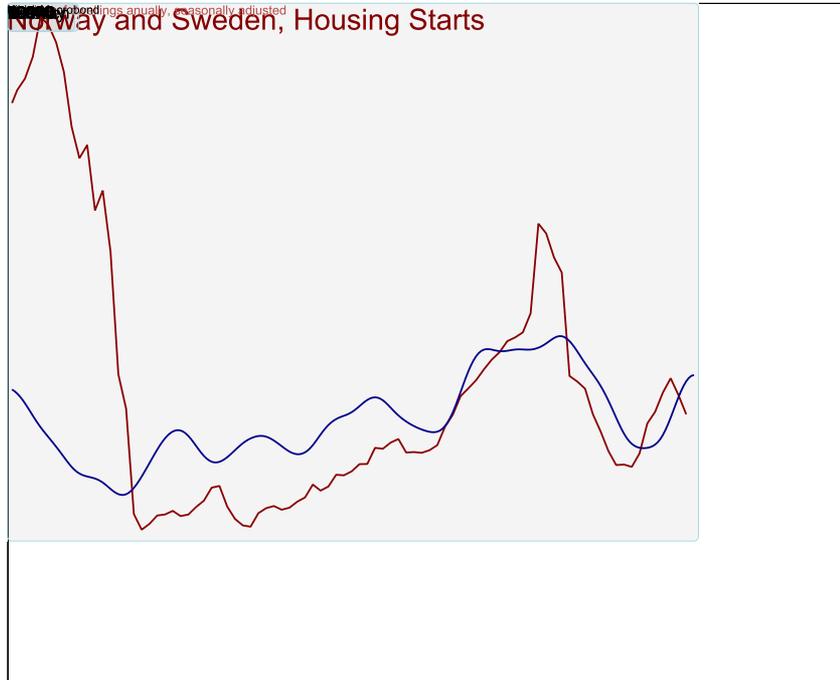
B/C Markets in Scandinavia

- 4% growth in 2012
- 2-3% growth in 2013-2015
- **Norway**: Slower growth from a high level
- **Sweden**: Steady, high activity
- **Denmark**: Improving from a low level



The road ahead

Residential markets in Norway and Sweden



- Good residential market in Norway and Sweden in 2012
 - 28 000 dwellings in Norway
 - 24 000 dwellings in Sweden
- Large and growing residential needs around large cities
 - 20 000 dwellings for greater Stockholm
 - 10 000 dwellings yearly in Oslo/Akershus
- Good financial outlook
 - 2,5% GDP growth in Norway
 - 1,5% GDP growth in Sweden
 - 2-3% real wage growth in both countries
 - Lower unemployment in Norway
 - Unchanged unemployment in Sweden

The road ahead

Residential prices in Norway and Sweden

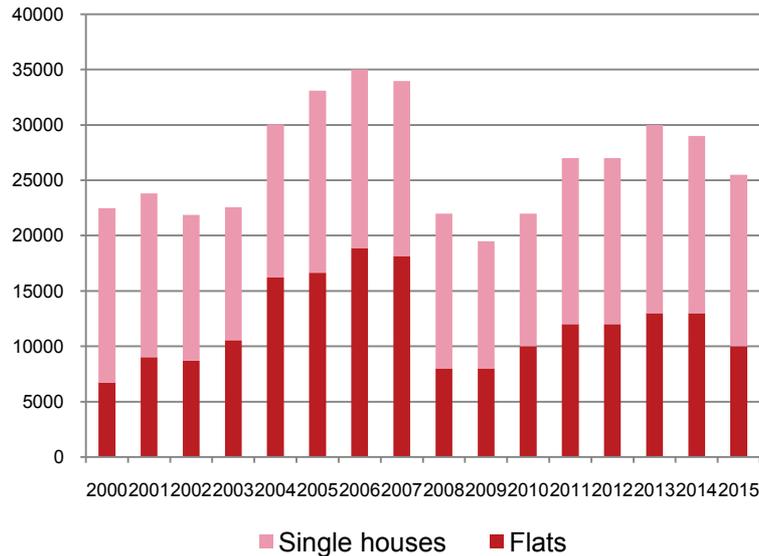


The road ahead

Market outlook

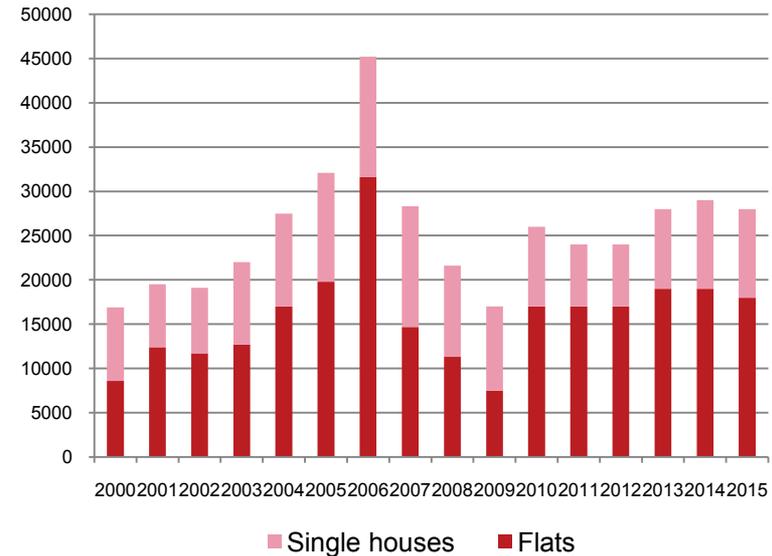
Prognosis: 27 000 - 30 000 new-starts in both countries

Norway (Per capita 0.6%)



Source: SSB, own estimates

Sweden (Per capita 0.3%)

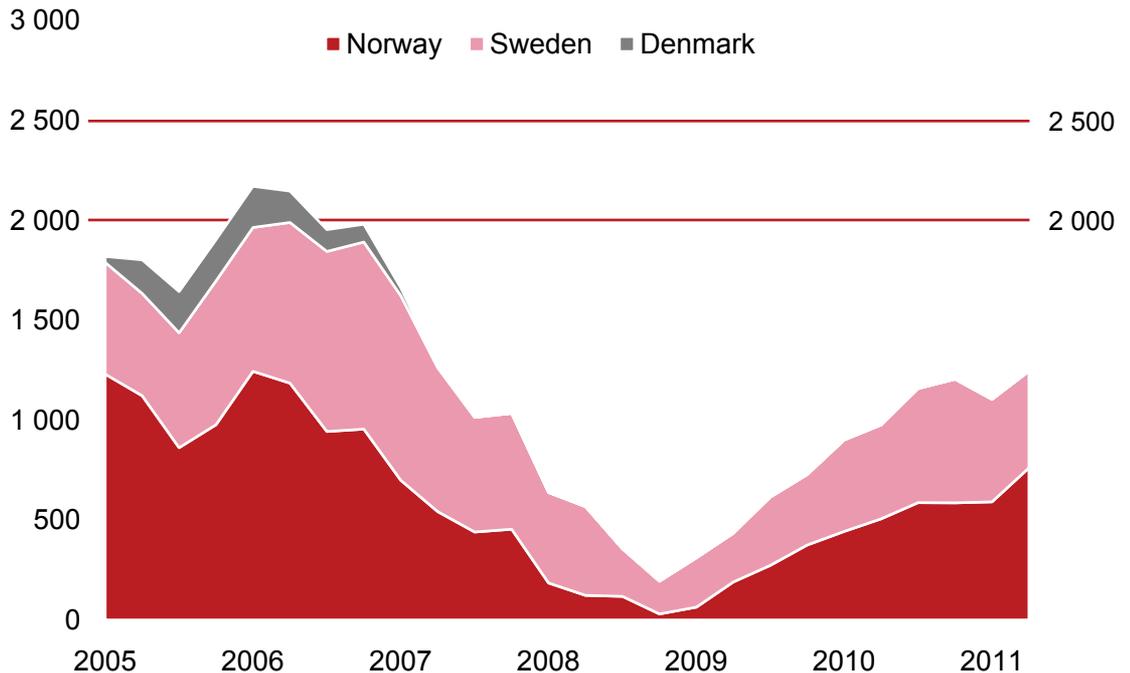


Source: SSB, own estimates

Towards 2,000-2,500 Units per Year in 2015

- Important profitability driver for Veidekke
- Cooperation with construction units
 - Project development
 - Risk assessment
 - Utilisation of capacity and competence

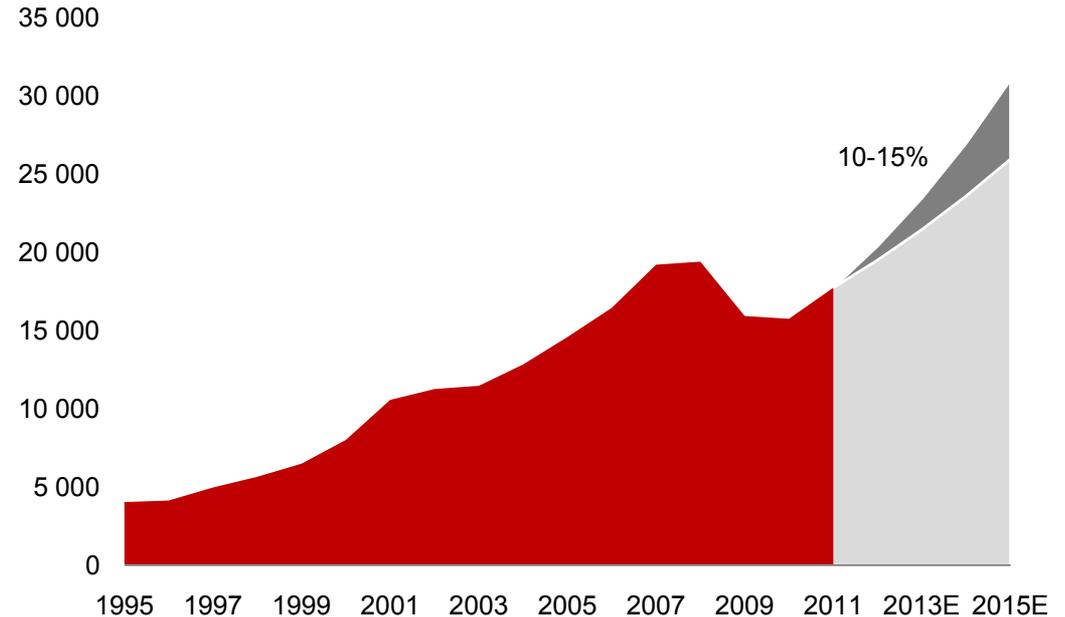
Housing units under production, Veidekke's share
Annual rate



Growth Targets

- We will continue to deliver an annual growth rate of 10-15% in the run-up to 2015
- Main drivers will be Property and Construction in Norway and Sweden

Turnover development 1995-2015E
MNOK



Earnings Targets

	Targets	2011	Last 5 years	Parameter
Construction	5%	2.1%	4.0%	Profit margin
Property	15%	12.2%	8.6%	Return on invested capital
Industry	6,5%	7.1%	3.4%	Profit margin
Group	→7%	4.2%	4.3%	Profit margin

We Shall Create ...

Value for our shareholders

Profitable projects for our customers

Through our engaged and enthusiastic employees



We Continue to Build on the Veidekke-House

