



The leading Nordic residential developer

Presentation at SEB Enskilda, Copenhagen 11 January 2011

Lars Nilsen, CEO, BWG Homes ASA

Agenda

- Company overview
- Finance
- Products and operations
- Market and competitors
- Key drivers 2011 ->



BWG Homes – a Nordic player

→ The business:

- Affordable quality housing in least cyclical markets
- Residential projects in the outskirts of the larger cities. Broad diversity in project portfolio
- Production of single homes for customers with own plot of land
- Streamlined construction processes
- Long-term profitability at moderate risks

→ Operations in Norway and Sweden

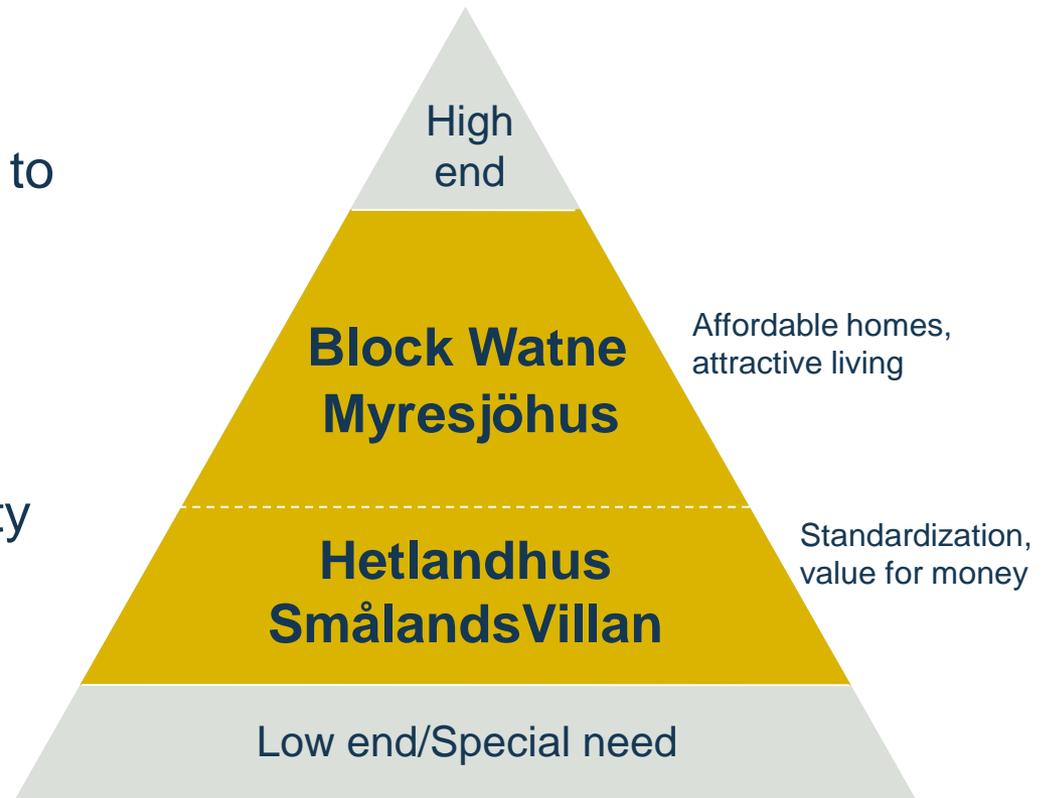
→ 960 employees including 575 carpenters and production workers

→ Operating revenue 30.09.2010: NOK 2.1 billion Operating revenue 2009: NOK 2.5 billion

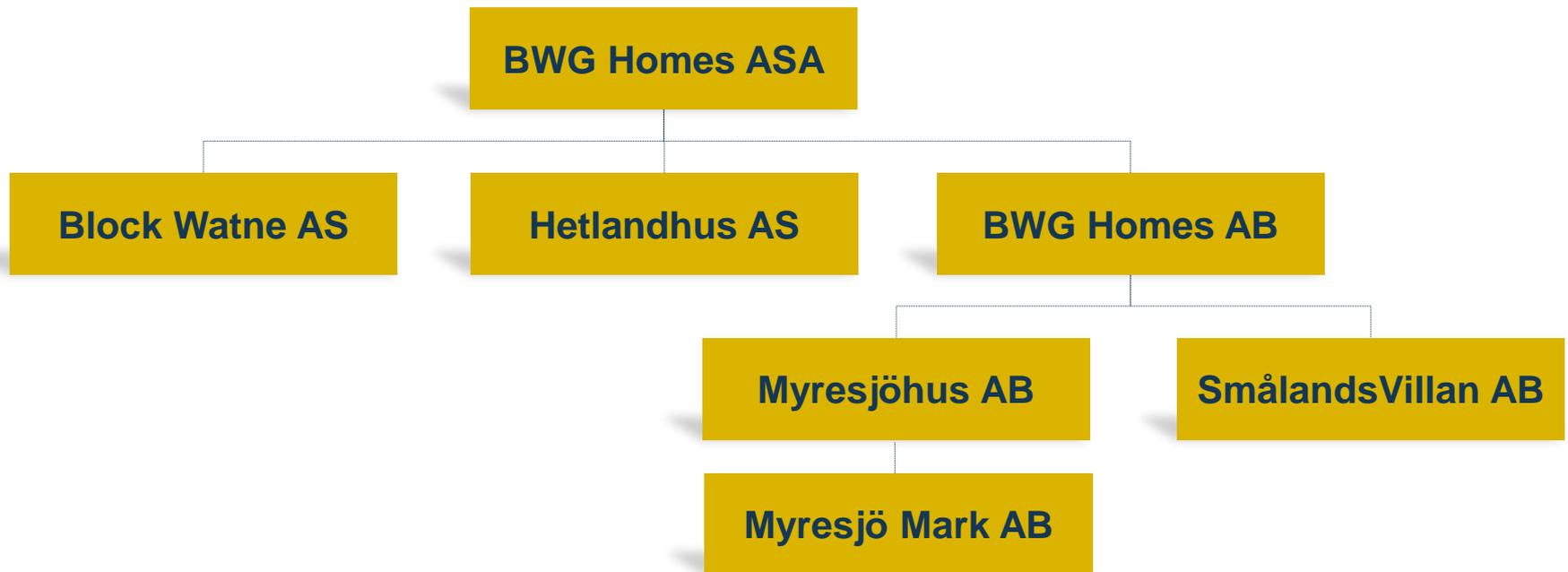


Core market: The "affordable homes" segment

- Focus on the "affordable homes" segment as it tends to be less affected by market fluctuations
- Continue to stay away from downtown, recreational and housing co-ops ("zero" equity projects)



BWG Homes: Legal structure



Shareholder information

10 largest shareholders per 10 January 2011:

SHAREHOLDER	% TOTAL
Lani Industrier AS, Lani Development AS, Lagulise AS	32.52%
Rasmussengruppen AS	12.01%
Vital Forsikring ASA	2.83%
Ojada AS	2.55%
Staff-Gruppen	2.54%
State Street Bank and Trust Co. OMD	2.41%
Skandinaviska Enskilda Banken	2.34%
DnB NOR SMB VPF	2.22%
State Street Bank and Trust Co. OMF	2.14%
MP Pensjon PK	2.04%

- 1 549 shareholders
- 96 international shareholders own 14.5 mill shares, corresponding to an ownership share of 15%
- CEO Lars Nilsen has a 32.52% holding

Share price development 2006 – 2010:



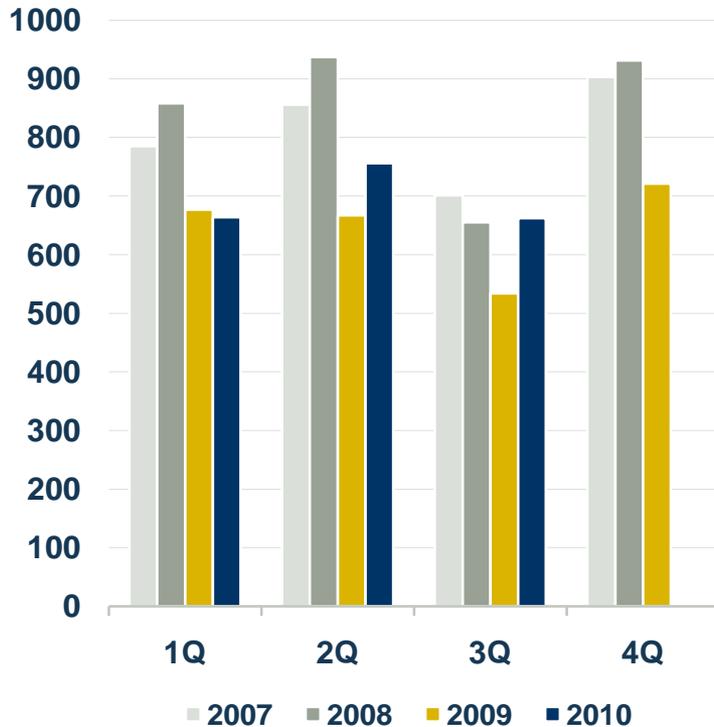
- 36.7 million shares sold during 2010
- Closing price on 31 December 2010: NOK 21.20



Finance

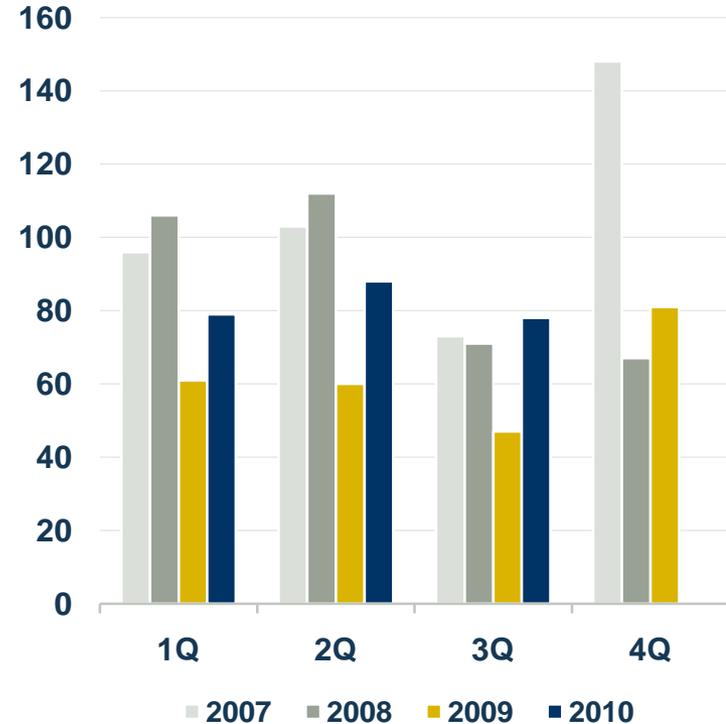
Quarterly development:

Revenues: +23.9% Q3 y/y



Revenue Q3-2010: NOK 662 million.
Revenue Q3-2009: NOK 534 million.

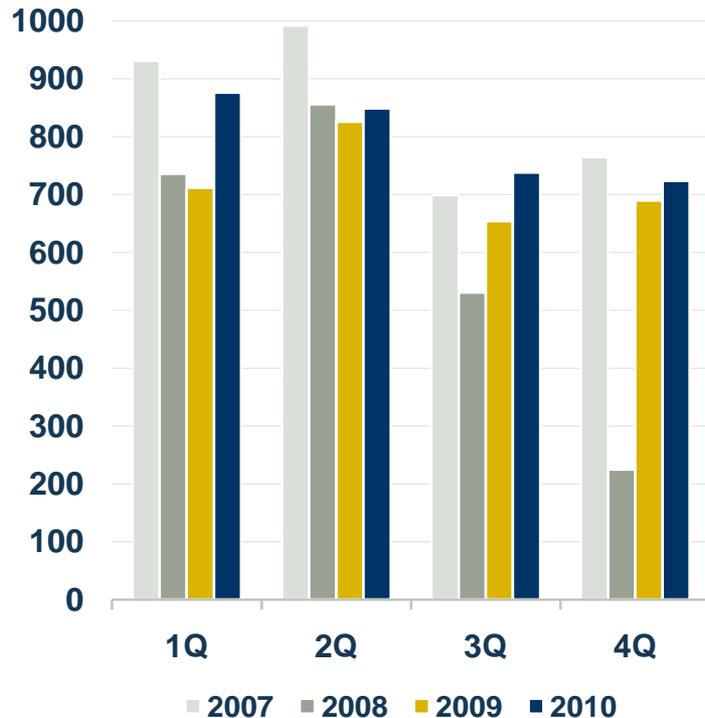
EBIT: +66.7% Q3 y/y



EBIT Q3-2010: NOK 78 million, 11.8% margin.
EBIT Q3-2009: NOK 47 million, 8.8% margin.

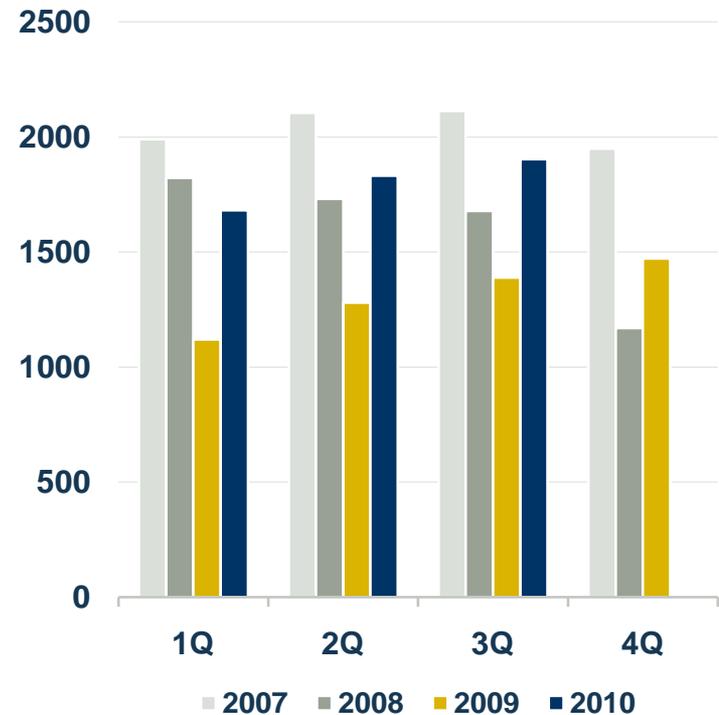
Quarterly development:

New orders: +5% Q4 y/y



New orders Q4-2010: 724 million.
New orders Q4-2009: 690 million.

Order backlog: NOK 1.9 billion



Order backlog Q3-2010: NOK 1 903 million.
Order backlog Q3-2009: NOK 1 388 million.

Operational key figures 30.09.2010:

Based on operating results from the segments

NOK million	30.09.2010		30.09.2009		Y/Y	2009
Operating revenues	2 082		1 878		10.9%	2 534
EBITDA	258	12.4%	189	10.1%	36.6%	274
EBIT	245	11.7%	168	9.0%	45.4%	250
Cash flow from operations after interest and tax	110		169			301
New orders	2 462		2 192		12.3%	2 882

- Revenue growth and improved margins
- Increased number of employees and production capacity will give further growth in turnover going forward



Products and operations

The Norwegian operation: Block Watne in brief



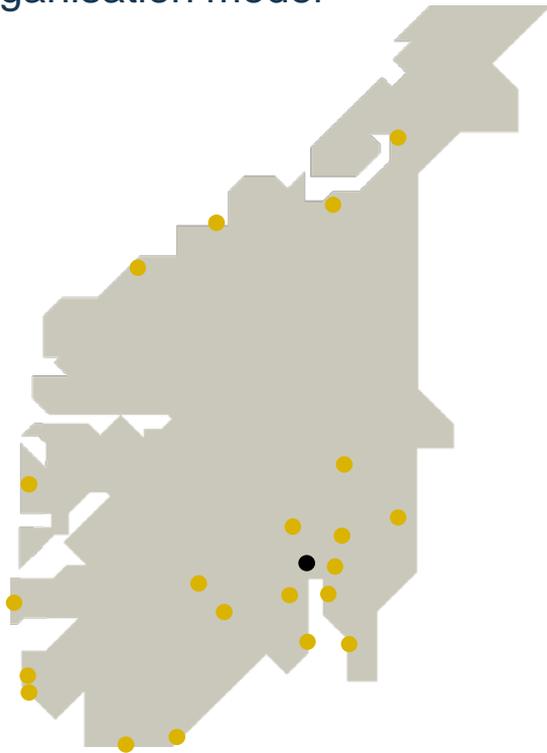
- Residential project development at affordable prices in the outskirts of larger cities and pressure areas
- The strongest brand in the Norwegian market
- No downtown construction or vacation homes
- 21 regional offices from Trøndelag and southwards
- Single home portfolio of 43 house models
- Multi-dwellings and low-rise apartments
- Approx. 90% of operation and revenues from own residential projects
- 550 employees; including 350 carpenters



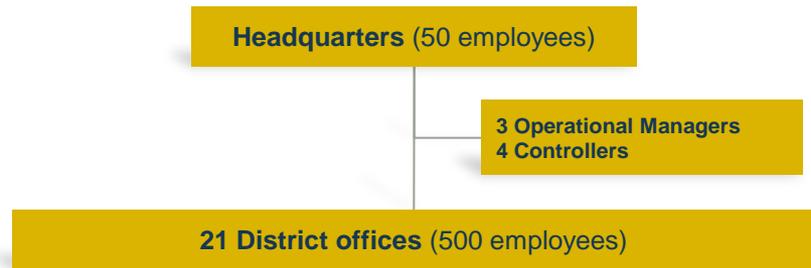
Operation conducted in 21 district offices from Trøndelag and southwards



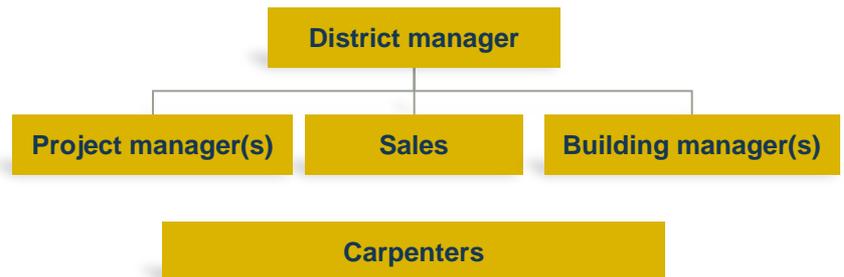
21 local district offices with identical organisation model



Organisation model



District office organisation



Same construction methods for all types of products



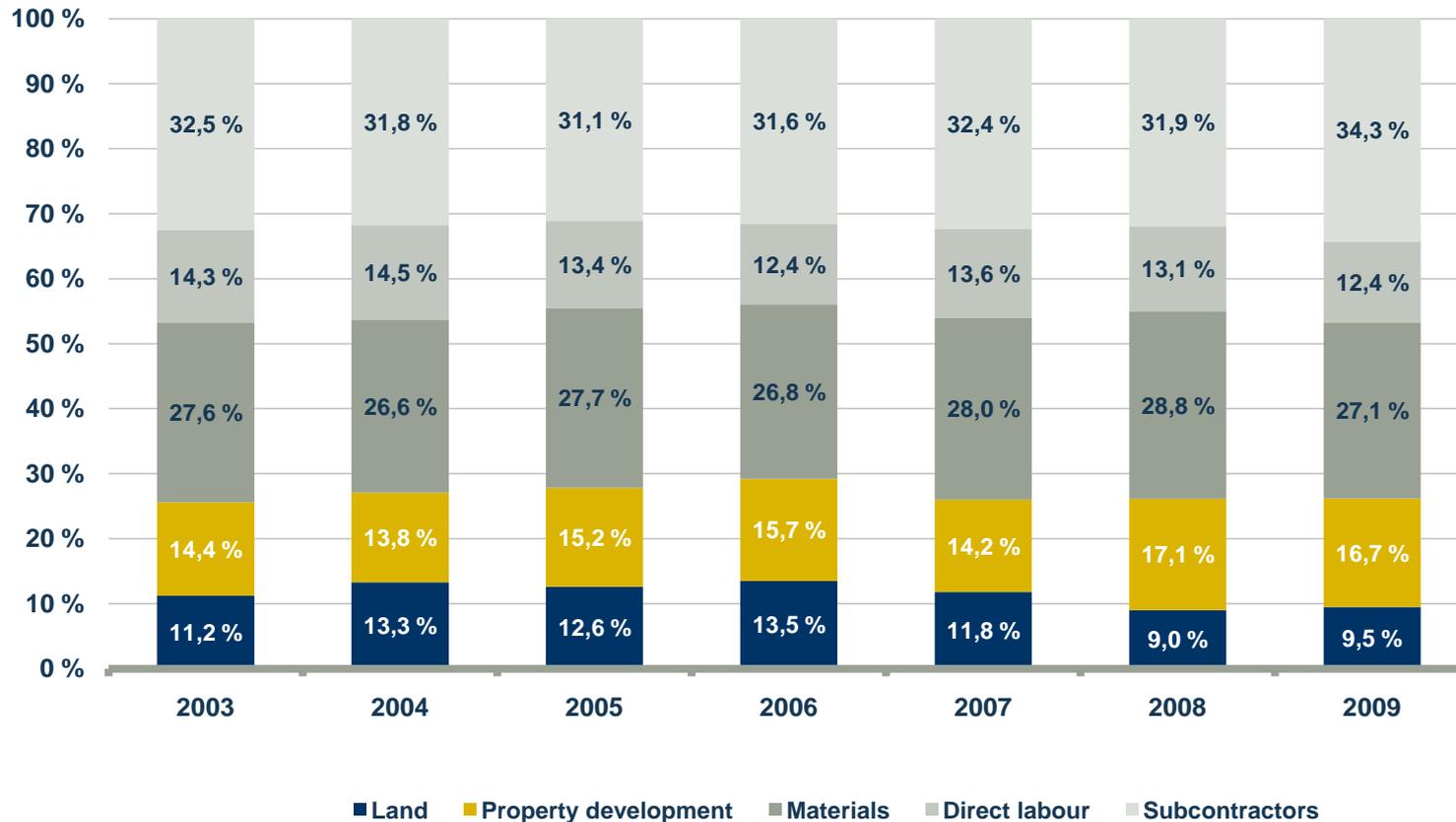
- ➔ Residential projects. 90% of revenues.
Land bank capacity of approx. 14,000 units
- ➔ Single home portfolio of 43 house models for private customers with own plot of land. 7% of revenues
- ➔ Professional customers. 3% of revenues



All construction at the building site by own employees

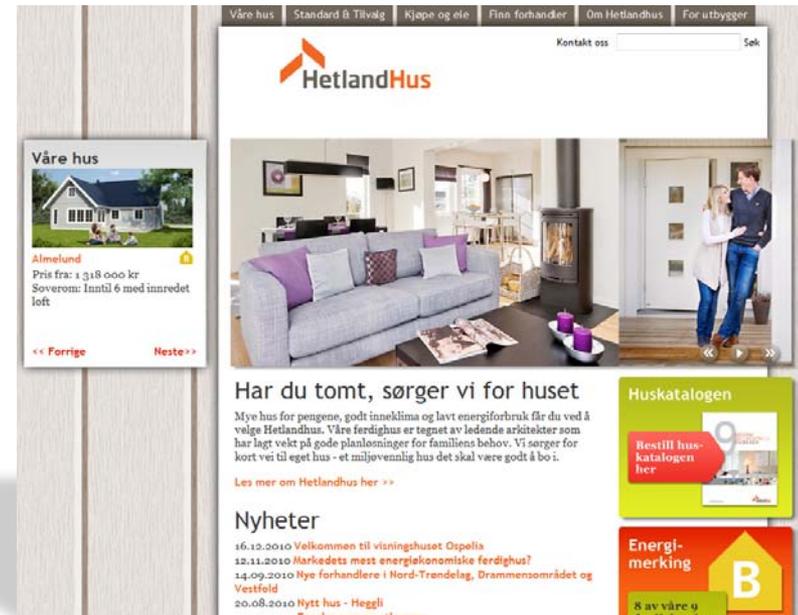


Share of costs based on completed projects



The Norwegian operation: Hetlandhus brand

- Nine highly standardized houses in the “value for money” segment, based on SmålandsVillan modules
- Sale to private customers with own plot of land, through 10 independent agents
- Sale to the professional market as private brand
- Agreement with the Norwegian builder chain Mestergruppen
- 50 contracts signed in 2010



www.hetlandhus.no

The Swedish operation: BWG Homes AB in brief

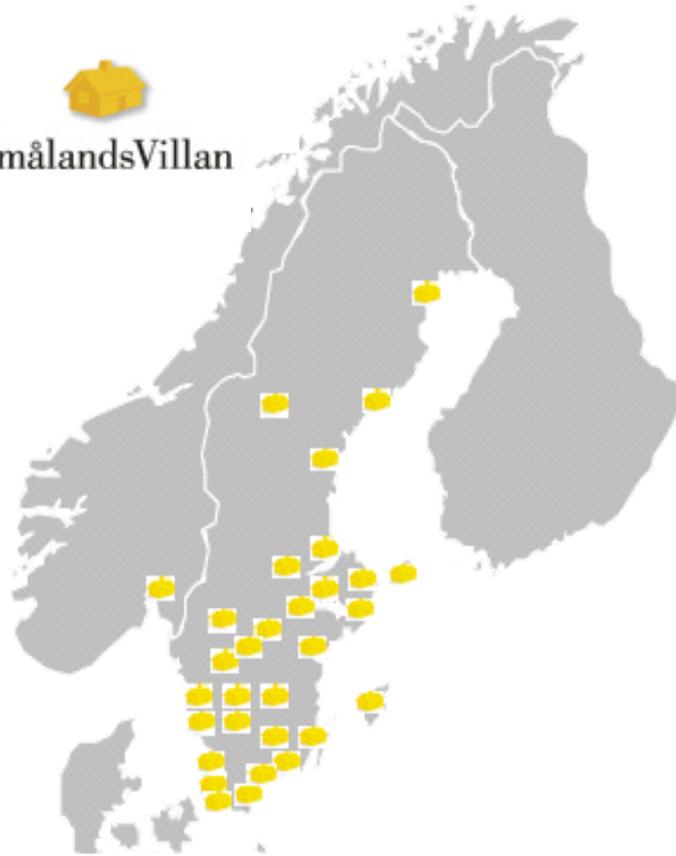


- Production of prefabricated single and multi family homes
- Two strong brands – Myresjöhus and SmålandsVillan. Nationwide representation
- No downtown construction or vacation homes. Focus on the outskirts of the larger cities
- Modern production facilities in Myresjö, Vrigstad and Sundsvall producing volume panels and box units
- Single home portfolio of 49 Myresjöhus house models and 12 SmålandsVillan house models
- 410 employees, incl. 225 production workers

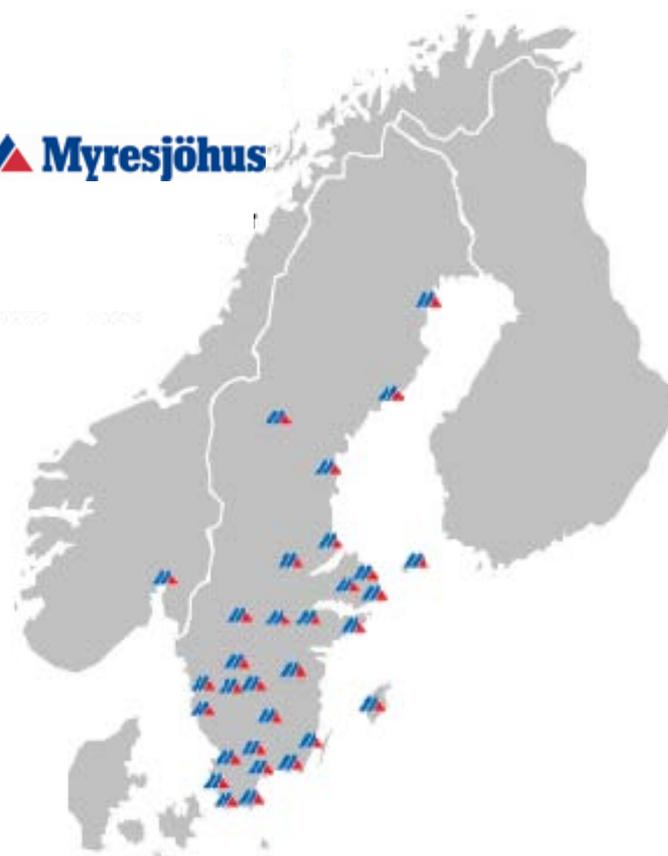


Nationwide representation of both brands: Employed sales personnel and agents


SmålandsVillan



 Myresjöhus



Myresjöhus brand



- Single home portfolio of 49 house models for private customers with own plot of land. 72% of revenues
- Residential projects 14% of revenues. Land bank capacity of ~ 1,400 units
- Professionals and partners 14% of revenues



Panel based production at Myresjö production site



Assembling at the building site



SmålandsVillan brand



- Single home portfolio of 12 house models for private customers with own plot of land
- 84% of revenues from private customers with own plot of land
- 16 % of revenues from residential projects, professionals and partners



Box units produced at production sites in Vrigstad and Sundsvall



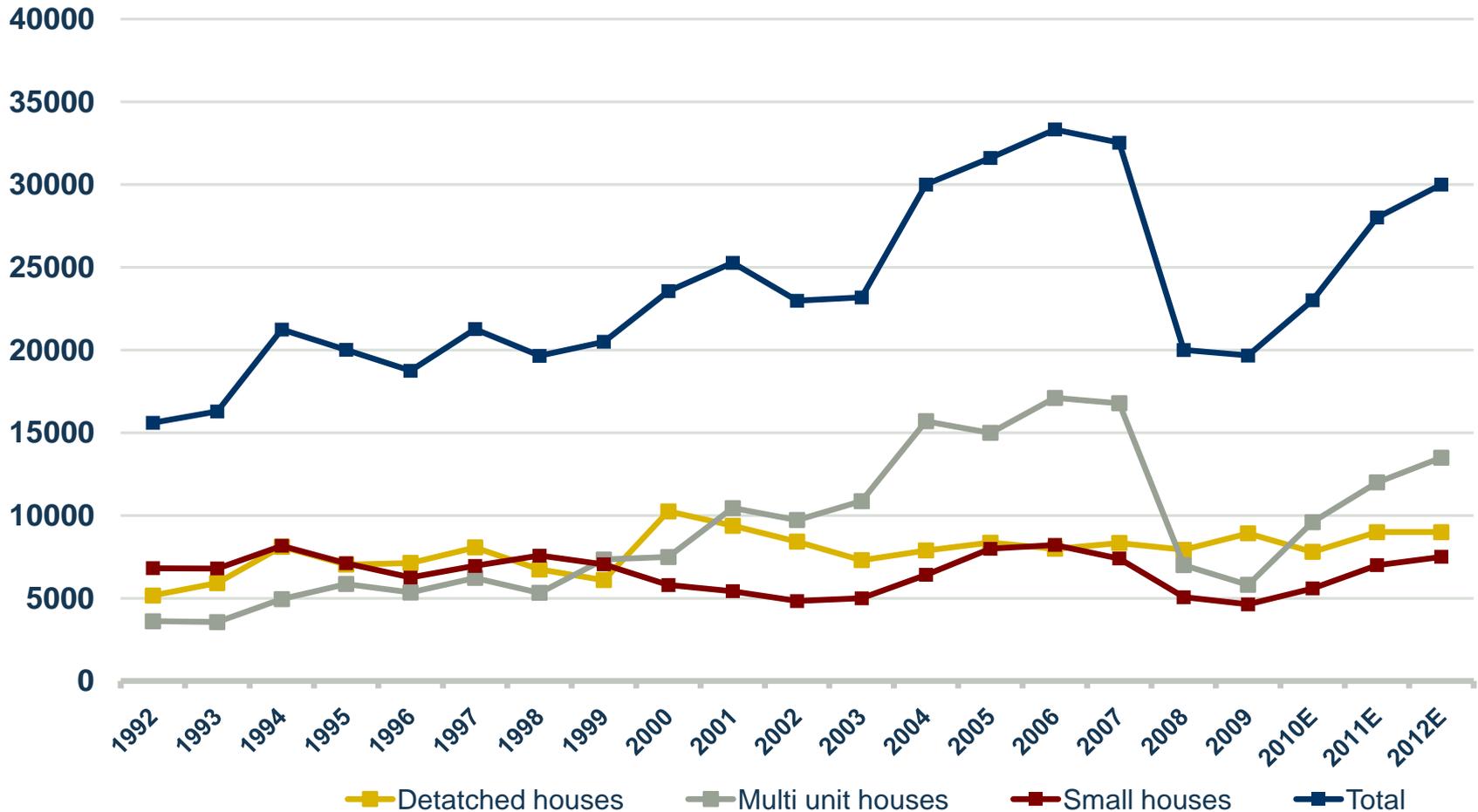
Completed at the building site





Market and competitors

Housing starts in Norway 1992–2012



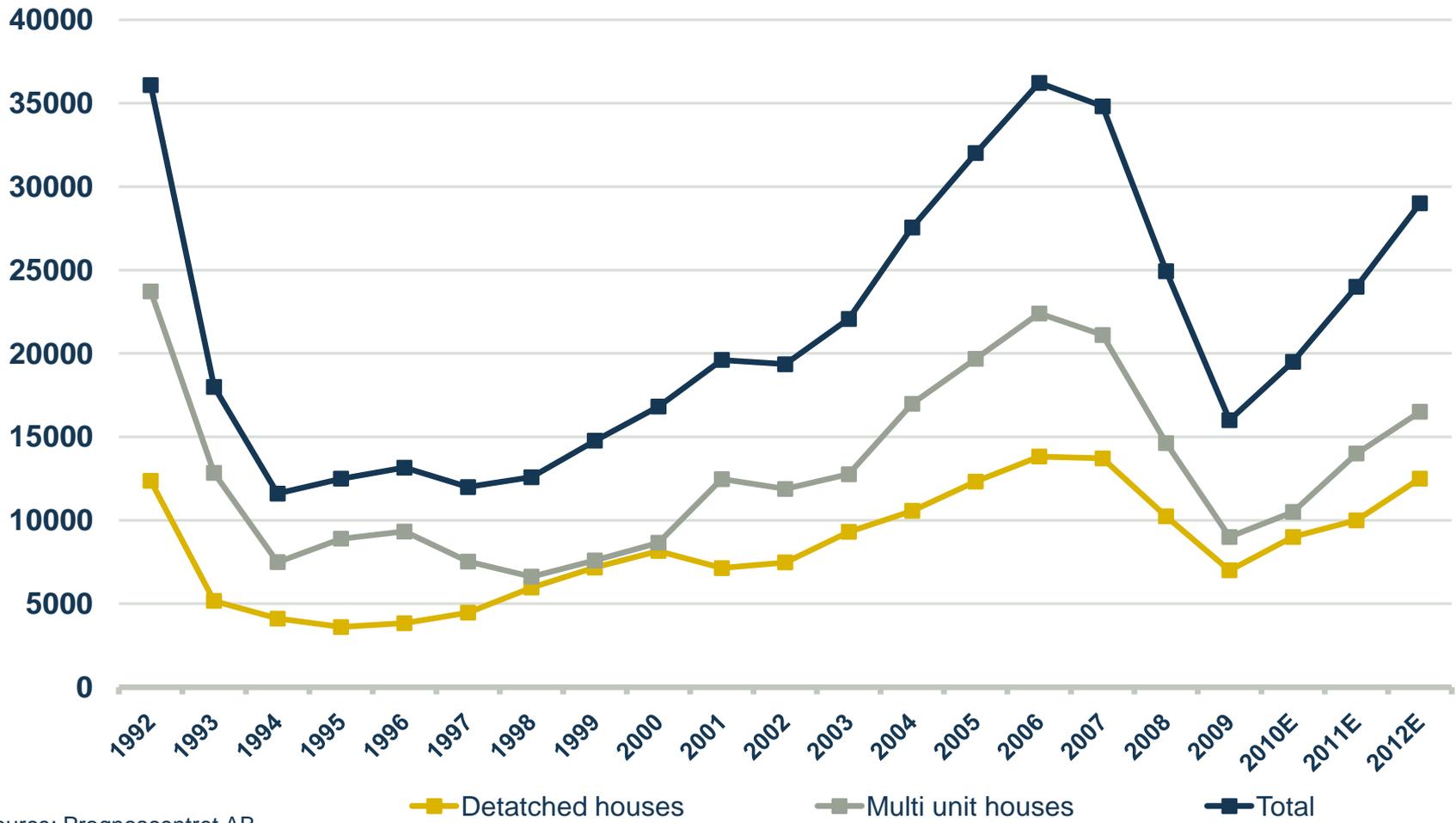
Source: Prognosesenteret AS

10 largest players in Norway: Fragmented market dominated by chains

Rank 2009 (2008)	Company	Units started	Market share	Ownership
1 (1)	Mesterhus	1 024	6.4 %	Chain
2 (4)	Blink-Hus	815	5.1 %	Chain
3 (2)	Nordbohus	814	5.1 %	Chain
4 (6)	Norgeshus	699	4.4 %	Chain
5 (5)	Block Watne	475	3.0 %	BWG
5 (7)	Østerhus Gruppen	475	3,0 %	Chain
6 (10)	Boligpartner	393	2.5 %	Chain
7 (-)	JM Byggholt	359	2.3 %	JM AB
8 (3)	Byggmann Gruppen	289	1.8 %	Chain
9 (8)	Hellvik Hus	288	1.8 %	Chain
10 (9)	Systemhus Norge	281	1.8 %	Chain
Total 10 largest players		5 534	35 %	

Source: Prognosesenteret

Housing starts in Sweden 1992–2012



Source: Prognoscentret AB

10 largest players of the single family homes market segment in Sweden

Rank Nov 2010 (Nov 2009)	Company *	Building permits applications	Market share
1 (1)	Custom stick players	1 456	24.7 %
2 (3)	Myresjöhus + SmålandsVillan	691	11.0%
3 (2)	Älvsbyhus	633	10.0 %
4 (4)	Fiskarheden	463	7.3 %
5 (5)	Trivselhus	367	5.8 %
6 (7)	Eksjöhus	285	4.5 %
7 (6)	LB Hus	228	3.6 %
8 (11)	Anebyhus	174	2.8 %
9 (12)	Modulenthus	166	2.6 %
10 (8)	A-hus	158	2.5 %
Total 10 largest players		4 961	78.6 %

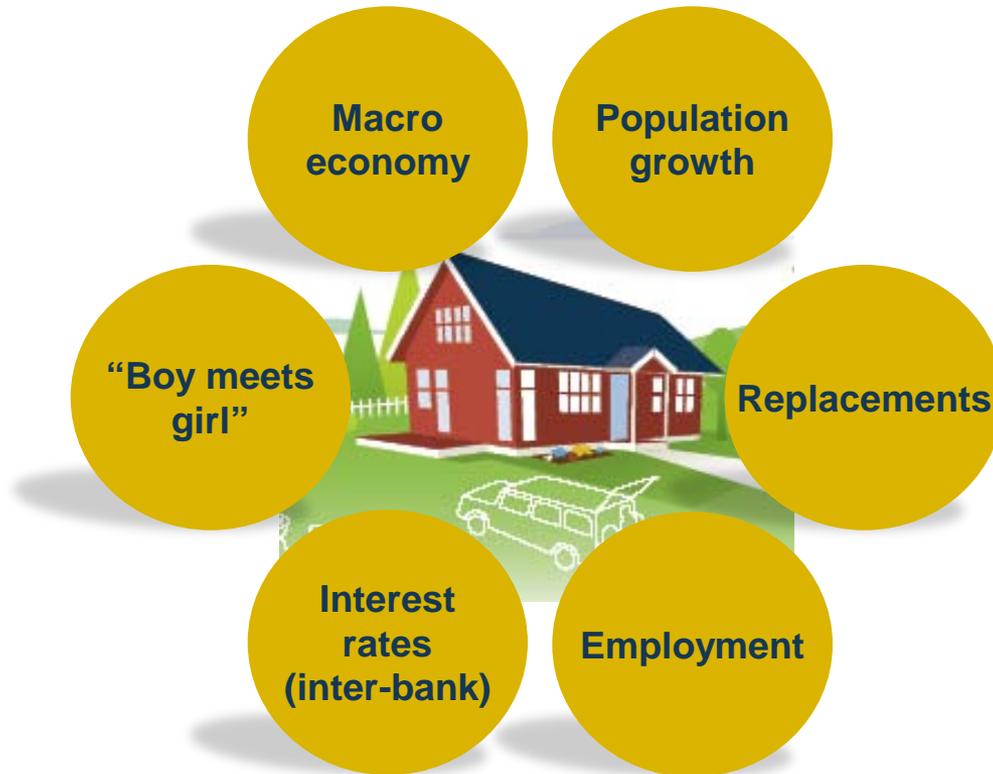
Source: Byggfakta, November 2010.

* Excluding the large construction companies

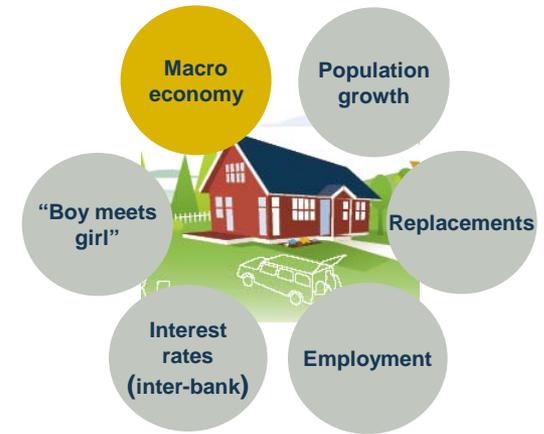


Key drivers going forward

Key drivers going forward



Macro – positive development



→ GDP recovery

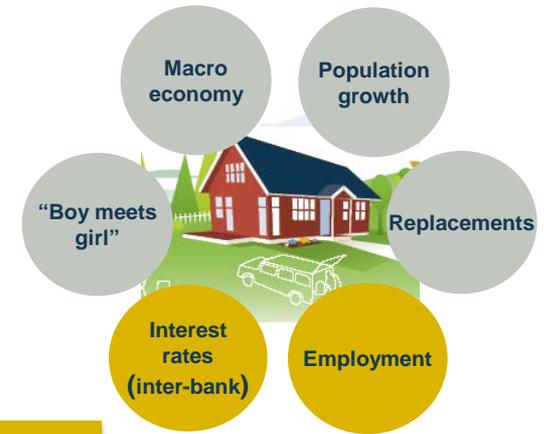
	2007	2008	2009	E2010	E2011	E2012
Norway	2.7%	0.8%	-1.4%	1.0%	2.4%	2.2%
Sweden	2.5%	-0.4%	-5.1%	5.5%	4.4%	2.3%

→ Inflation

	2007	2008	2009	E2010	E2011	E2012
Norway	0.8%	3.8%	2.1%	2.5%	1.5%	2.1%
Sweden	2.2%	3.4%	-0.3%	1.1%	1.6%	2.1%

Sources: SSB, Konjunkturinstitutet, Riksbanken

Stable, low unemployment and historical low interest rates



→ Development unemployment

	2007	2008	2009	E2010	E2011	E2012
Norway	2.5%	2.6%	3.2%	3.6%	3.7%	3.8%
Sweden	6.1%	6.2%	8.3%	8.2%	7.5%	7.0%

→ Development inter-bank interest rates

	2007	2008	2009	2010	E2011	E2012
Norway	5.25%	3.0%	1.75%	2.0%	3.7%	3.8%
Sweden	4.0%	2.0%	0.25%	1.0%	2.0%	2.9%

Sources: SSB, Konjunkturinstitutet, Riksbanken

Technical demand -> undersupply

→ **Technical demand**
 (population growth/2.1 person per house)
 vs **housing starts**



	2008		2009		E2010		E2011		E2012	
	Norway	Sweden	Norway	Sweden	Norway	Sweden	Norway	Sweden	Norway	Sweden
Technical demand	29 500	35 000	28 000	40 100	28 000	38 800	28 600	36 700	28 700	33 800
Housing starts	20 000	21 800	19 700	16 800	23 000	22 000	28 000	24 500	30 000	28 000
Under-supply	-9 500	-13 200	-8 300	-23 300	-5 000	-16 800	-600	-12 200		-5 800

Sources: SSB, SCB, Prognosesenteret

Bostadsministern om bopriserna: "Det är något som inte fungerar"



Gör det förmånligare att hyra ut delar av bostaden. Det är den nye ministern Stefan Attefalls snabba recept mot bostadsbristen. **Men det måste också bli fart på byggandet. Det under många år låga byggandet i Sverige jämfört med andra länder betraktar han som osunt för prisutvecklingen. ...**

"Jag vill att vi skapar en attraktiv miljö för att bygga nya bostäder, så att vi får en större rörlighet på bostadsmarknaden. Då får vi lättare tillväxt i ekonomin för människor kan komma till jobben lättare", säger han utan att vilja sätta en siffra på ambitionerna.

Source: di.se, 24.10.2010

"Bostadsbristen bort för 19 miljarder"



Ny kalkyl från Statens Bostadskreditnämnd **Det skulle kosta 19 miljarder kronor att bygga bort bostadsbristen i Sverige. 35 000 nya lägenheter per år behövs, 7 000 fler än vad som byggs.**

Beräkningen har gjorts av Statens Bostadskreditnämnd. I dag investeras totalt cirka 115 miljarder kronor per år i bostäder.

Source: byggnyheter.se, 27.10.2010

”- Skrikende behov for boliger”



-Vi er nødt til å ha betydelig økt aktivitet på nybyggsiden i 2011. Det må bygges 30.000-35.000 nye boliger de neste årene for å møte behovet, sier Christian Dreyer, leder i Norges Eiendomsmeglerforbund (NEF) til E24.

- Urealistisk

Partner i prognosesenteret, Bjørn-Erik Øye mener at selv om markedet trenger 35.000 nye boliger, er dette urealistisk å få til. Han mener etterslepet er en tung trend å snu. Dersom befolkningsveksten fortsetter vil Norge trenge 50.000 nye boliger i 2020.

- Det paradoksale er at det ikke er nok byggeklare tomter til priskonkurranse, sier han og mener å ta tilstrekkelig areal byggeklart og at myndighetene må se på selvpålagte krav, som markagrensa, for å bedre situasjonen.

Source: e24.no, 03.01.2011

”Frykter ny boligboble”



Prognosesenteret, som lager markedsrapporten Boligmeteret for Eiendomsmegler 1-kjeden, anslår en vekst på syv prosent det kommende året. I bakgrunnen truer en mulig boligboble.

Odd Nymark, administrerende direktør for Eiendomsmegler 1 Oslo og Akershus peker på at det over tid er bygget for få boliger for å møte etterspørselsøkningen, som kommer som følge av økt tilflytting til byene og økt innvandring til landet.

-Det er for lite boliger i markedet, og etterspørselen kan bli så kraftig at prisene skyter i været.

Source: dn.no, 30.12.2010

Summary outlook 2011

- Still undersupply of new homes both in Norway and Sweden
- Interest rates are expected to be stable at low levels. Unemployment to stabilize in Norway and fall in Sweden
- Key drivers look favourable for BWG products and operations
- Focus in 2011 on increased production, more cost-effective construction processes and improved quality
- Main strategic direction to be continued
- We are well positioned and prepared



Thank you for your attention!

