



Second quarter 2017



Sergelhuset in Stockholm

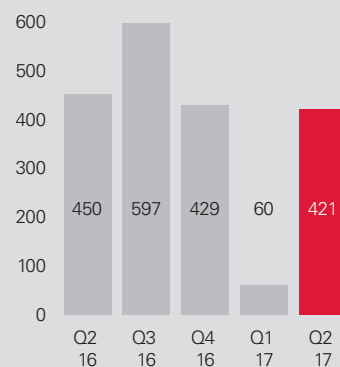
HIGHLIGHTS SECOND QUARTER 2017

- Revenues were NOK 8.3 billion, 3% higher than the corresponding quarter last year. The growth is attributed to increased residential production in the property development operations.
- Profit before tax was NOK 421 million, compared with NOK 450 million in the second quarter of 2016. The decline in profit is attributed to lower profitability in parts of the Norwegian construction operations.
- The order intake for the quarter was NOK 8.4 billion, which gave an historically high order backlog of NOK 29.1 billion at the end of the quarter.
- A total of 442 residential units were sold during the quarter, and Veidekke's share was 355 residential units. A total of 825 residential units have been sold year to date, and Veidekke's share was 650.
- Residential production increased, and there were 3,564 residential units under construction at the end of the quarter. Veidekke's share amounted to 2,890 units.

REVENUE
NOK BILLION



PROFIT BEFORE TAX ¹⁾
NOK MILLION



EARNINGS PER SHARE
NOK



1) The profit for the third and fourth quarters of 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 108 million.

KEY FIGURES ¹⁾

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016 ²⁾
Revenue, segment	8 322	8 111	14 854	13 966	30 137
Profit before tax, segment	421	450	481	435	1 460
Segment Construction	193	228	319	336	804
Segment Property Development	159	161	295	216	567
Segment Industrial	85	84	-98	-96	136
Segment Other	-16	-23	-34	-20	-47
Earnings per share, segment	2.5	2.6	2.9	2.4	9.3
Profit margin, segment (%)	5.1	5.6	3.2	3.1	4.8
Revenue, IFRS ³⁾	7 927	7 955	14 202	13 444	28 613
EBITDA, IFRS	501	532	567	491	1 520
Profit before tax, IFRS	380	417	324	302	1 092
Earnings per share, IFRS (NOK) ⁴⁾	2.3	2.4	1.9	1.6	6.6
Net interest-bearing debt	977	1 519	977	1 519	0
Total order backlog	29 067	27 287	29 067	27 287	24 404

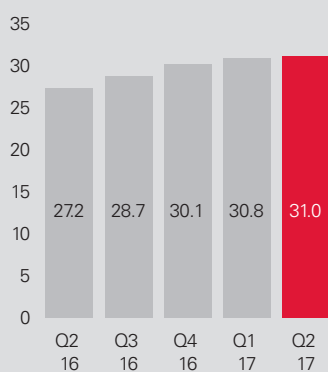
1) The comments in the report relate to figures taken from the segment accounts. Comments to the IFRS accounts are specified in the text.

2) The profit for 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 108 million, with the following distribution: NOK 81 million in Construction Norway, NOK 19 million in Industrial, NOK 4 million in Property Norway and NOK 4 million in Other operations.

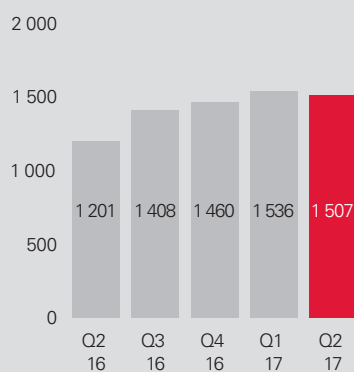
3) According to IFRS, revenue from residential sales is not recognised until the residential unit is taken over by the buyer. In segment reporting, revenue is recognised using the formula: estimated final profit x sales ratio x stage of completion.

4) No dilutive effect.

REVENUE
12-MONTH ROLLING
NOK BILLION



PROFIT BEFORE TAX
12-MONTH ROLLING ¹⁾
NOK MILLION



EARNINGS PER SHARE
12-MONTH ROLLING
NOK



1) The profit for 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 108 million.

A WORD FROM THE PRESIDENT AND CEO

Veidekke can look back on a quarter with a high level of activity. Order intake was strong and residential production was high. The Group reported solid earnings, driven by a high level of activity in the property development operations, where residential production increased sharply this quarter. Veidekke's residential projects have experienced good sales and we have a high sales ratio in our projects. We have initiated several residential projects during the quarter, primarily in Sweden. After a long period of rapidly rising prices and measures taken by the authorities to slow this down, as well as an increased supply of new residential units, we are now seeing a normalization of the market with a levelling off of prices.

The asphalt season started in the second quarter, and a high volume of orders has contributed to revenues and earnings in the industrial operations on par with last year.

Solid results were reported for most parts of the construction operations. The operations in Denmark are maintaining good profitability, and profitability is improving gradually in Sweden.

In Norway, earnings were lower due to a decline in economic activity in Southern and Western Norway and low profitability in the civil engineering operations. We have implemented measures to improve our profitability and manage the market and capacity situation.

The many orders received during the quarter have resulted in our largest ever order backlog of NOK 29.1 billion. Veidekke Entreprenør submitted the best bid for the construction of the new E6 Arnkvern-Moelv road section. The contract is valued at over NOK 2 billion. It will be Veidekke's first for Nye Veier, and it is expected that it will be signed in the second half of the year.



A handwritten signature in black ink, which appears to read 'Arne Giske'.

Arne Giske, President and CEO

VEIDEKKE GROUP

A high level of activity in the second quarter resulted in revenue growth compared with the previous year. Residential production increased significantly, and a good order intake in all three countries resulted in a historically high order backlog at the end of the quarter. The Group's profit was somewhat lower than the same period last year due to the lower profitability in parts of the Norwegian construction operations.



The profit for the second quarter was NOK 421 million, compared with NOK 450 million in the second quarter of 2016. Residential production increased by a substantial 32% compared to the second quarter of 2016, which provided the property development operations with a good result. The extent of the development gains from the sale of projects were, however, lower in this quarter compared to the second quarter of last year. Veidekke's Swedish and Danish construction operations improved their earnings compared to the second quarter of last year, while earnings in the Norwegian construction operations declined as a result of a lower level of activity in the building construction operations in Southern and Western Norway and low profitability in the civil engineering operations. The industrial operations reported earnings corresponding to the previous year.

Revenues in the second quarter increased 3% to NOK 8.3 billion from NOK 8.1 billion for the same quarter in the previous year.

The growth was attributed to the property development operations, where increased residential production resulted in higher revenues in the Swedish operations, and a greater share of projects for own account resulted in higher revenues in the Norwegian operations.

Order intake in the second quarter amounted to NOK 8.4 billion. The order backlog thus increased to NOK 29.1 billion at the end of the quarter, which is a historically high level.

Cash flow for the quarter was marked by the distribution of a dividend of NOK 602 million, acquisition of new sites and the normal seasonal variations in the asphalt operations. At the end of the second quarter of 2017, Veidekke reported net interest-bearing debt of NOK 977 million.

Profit for the first half of the year was NOK 481 million, compared with profit of NOK 435 million for the first half of 2016. Earnings increased in the property development operations, while earnings in the construction operations were lower as a result of low profitability in parts of the Norwegian construction operations.

Revenues for the first half of the year were NOK 14.9 billion, an increase of 6% from NOK 14.0 billion for the first half of 2016. The increase is attributed to an increase in residential production.

Veidekke reports in accordance with IFRS. The construction and sale of a property are accordingly not recognised as income until the property has been handed over to the buyer. Profit before tax in accordance with IFRS amounted to NOK 380 million in the second quarter. Earnings for the first half of the year were NOK 324 million, which is NOK 157 million lower than the profit in the segment accounts. The difference is due to increased residential production and relatively fewer hand-overs of completed residential projects.

CONSTRUCTION OPERATIONS

Revenues were high in the construction operations in the second quarter, and with a good order intake in all three countries, the order backlog increased 6% over the previous quarter. There are good results in most parts of the construction operations, but the economic downturn in Southern and Western Norway and poor profitability in parts of the civil engineering operations contributed to lower earnings for Construction Norway.



Revenues in Veidekke's construction operations amounted to NOK 6.5 billion in the second quarter, which is on a par with the corresponding quarter in 2016. Growth was reported for both the Swedish and Danish operations, while lower revenues were reported for the Norwegian operations. The economic downturn in Southern and Western Norway has contributed to a low order intake over time, which affects Veidekke's level of activity in this region.

Profit before tax was NOK 193 million, compared with NOK 228 million for the same quarter last year. The profit in the Swedish and Danish operations increased, while the profit in the Norwegian operations was lower than the corresponding quarter last year. The decline in profit in Norway is linked to the market developments in Southern and Western Norway,

as well as low profitability in the civil engineering operations. The profit margin for the quarter was 3.0%, compared with 3.5% for the second quarter of 2016.

The order intake for the quarter was NOK 8.1 billion, and there were several new projects in all three countries. The distribution between construction and civil engineering projects was 75% and 25%, respectively. The order backlog for Construction increased 20% from the beginning of the year to NOK 28.0 billion. The increase was greatest in the Swedish operations. After the end of the quarter, Veidekke was nominated by Nye Veier to build E6 Arnkvern – Moelv. The contract is valued at NOK 2.0 billion, and it is expected that the contract will be signed in the second half of the year.

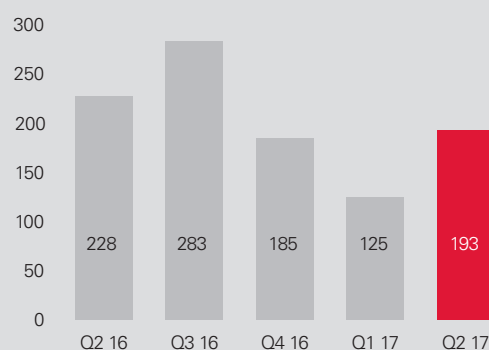
CONSTRUCTION OPERATIONS

NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016	2016
Revenue	6 487	6 490	12 333	11 821	24 629
Profit before tax	193	228	319	336	804
Profit margin (%)	3.0	3.5	2.6	2.8	3.3
Order backlog	27 995	26 183	27 995	26 183	23 368

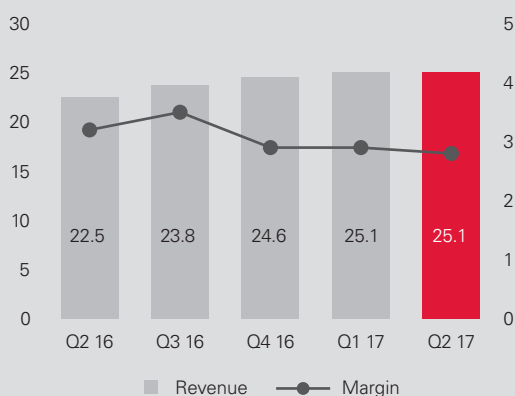
REVENUE
NOK BILLION



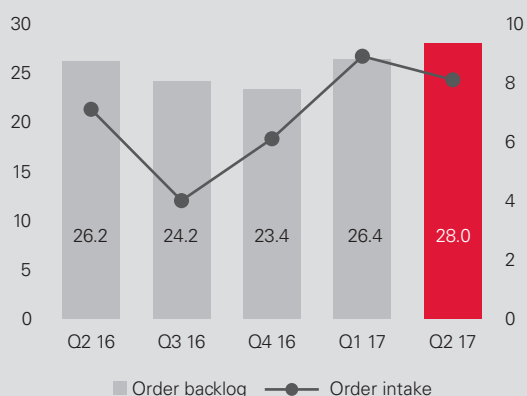
PROFIT BEFORE TAX ¹⁾
NOK MILLION



REVENUE AND MARGIN, 12-MONTH ROLLING ²⁾
NOK BILLION



ORDER BACKLOG AND ORDER INTAKE
NOK BILLION



1) The profit for the third and fourth quarters of 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 81 million.

2) The profit has been adjusted for the non-recurring effect as a result of changes to disability pensions in Norway in 2016.

Construction Norway

NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016	2016
Revenue	3 783	4 010	7 252	7 218	15 096
Profit before tax	120	170	200	263	596
Profit margin %	3.2	4.2	2.8	3.6	4.0
Order backlog	15 738	17 177	15 738	17 177	14 408

The Norwegian construction operations reported revenues of NOK 3.8 billion for the second quarter, a decline of 6% from NOK 4.0 billion for the corresponding quarter last year. The decline in revenues is primarily attributed to a lower level of activity in the construction operations in Southern and Western Norway, where the market is weak.

Profit before tax was NOK 120 million in the second quarter of 2017, down from NOK 170 million for the same period last year. The profit margin for the quarter was 3.2%, compared with 4.2% for the second quarter of 2016. The 12-month profit margin at the end of the quarter was 3.0%, adjusted for pension effects in 2016. Profitability is good in the parts of the construction operations that are not affected by the economic downturn in Southern and Western Norway. There is low profitability in the civil engineering operations in portions of the portfolio and high capacity and tender costs. Measures have been implemented in both the construction and civil engineering operations to increase profitability and manage the market and capacity situation.

The order intake for the quarter was NOK 3.9 billion, down from NOK 4.2 billion in the second quarter of 2016.

Major projects awarded in the second quarter:

- Frysjaiparken, construction phase I. Residential project in Oslo for Stor-Oslo Eiendom and OBOS Nye Hjem. Contract value NOK 413 million.
- Cable tunnel Smestad-Sogn in Oslo. Tunnel, ground and concrete work for Statnett. Contract value NOK 370 million
- Nye Nidarøhallen in Trondheim. Multi-purpose hall for sports, fairs and concerts for Trondheim Spektrum. Contract value NOK 318 million.
- Vollebekk, construction phase I. Residential project in Oslo for OBOS Nye Hjem. Contract value NOK 242 million.
- Vestre Toten Lower Secondary School for Vestre Toten Municipality. Contract value NOK 173 million.

At the end of the second quarter, the order backlog for the operations totalled NOK 15.7 billion, compared with NOK 14.4 billion at the beginning of the year and NOK 17.2 billion at the end of the second quarter of 2016. In 2017, the order backlog has increased primarily for the construction operations in Eastern Norway.

In the second quarter, Veidekke signed a letter of intent to acquire 73% of the shares in Båsum Boring AS, which is Norway's largest geothermal drilling actor. Annual revenues are approximately NOK 150 million, and the company has 60 employees. It is expected that the final acquisition agreement will be signed in September.

Construction Sweden

NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016	2016
Revenue	2 217	2 090	4 094	3 863	7 819
Profit before tax	44	35	63	36	102
Profit margin %	2.0	1.7	1.5	0.9	1.3
Order backlog	10 467	7 710	10 467	7 710	7 698

The Swedish construction operations reported revenues of NOK 2.2 billion for the second quarter. Measured in local currency, this represents an increase of 11%, compared with the second quarter of 2016. Revenue growth was attributed primarily to civil engineering operations.

Profit before tax increased to NOK 44 million, from NOK 35 million in the second quarter of 2016. The profit margin was 2.0%, compared with 1.7% for the corresponding period last year. Improved earnings and margins emerged first and foremost in the construction operations. Efforts are being made to boost the profitability further.

The order intake for the quarter was NOK 3.5 billion, up from NOK 2.6 billion in the second quarter of 2016.

Major projects awarded in the second quarter:

- Sergelhuset in Stockholm. Remodelling of offices for Vasakronan. Contract value NOK 472 million.
- Riddaren-kvartalet in Stockholm. Combined commercial and residential project for Humlegården Fastigheter AB. Contract value NOK 399 million.
- Hägerneholmskolan in Stockholm for Täby Municipality. Contract value NOK 290 million.
- Hägernäs-Ullna Kvarnväg in Stockholm. Railway line for AB Storstockholms Lokaltrafik. Contract value NOK 286 million.
- Katedralskolan in Uppsala for Uppsala Skolfastigheter. Contract value NOK 246 million.
- Hökarängsskolan in Stockholm for SISAB. Contract value NOK 189 million.

At the end of the second quarter, the order backlog totalled NOK 10.5 billion, which is at an historically high level. In comparison, the order backlog totalled NOK 7.7 billion at the beginning of the year and at the end of the second quarter of 2016.

Construction Denmark

NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016	2016
Revenue	487	390	987	740	1 713
Profit before tax	29	24	56	37	105
Profit margin %	6.0	6.0	5.6	5.0	6.2
Order backlog	1 790	1 296	1 790	1 296	1 262

Veidekke's Danish construction operations, Hoffmann A/S, reported revenues of NOK 487 million in the second quarter, which is an increase of 24% in local currency compared with the corresponding quarter of 2016. Growth emerged first and foremost in technical installations.

Profit before tax was NOK 29 million, compared with NOK 24 million for the same quarter last year. The increase in earnings is attributed to higher revenues and good project profitability. The profit margin was 6.0%, which is on a par with the second quarter of 2016.

The order intake for the quarter increased to NOK 821 million, from NOK 192 million in the second quarter of 2016.

Major projects awarded in the second quarter:

- Carlsberg Hotel. New hotel in Copenhagen for Carlsberg Byen BA 3 P/S. Contract value NOK 283 million.
- International Business Academy, Kolding. New educational facility in Kolding for Kolding Municipality. Contract value NOK 159 million.

At the end of the quarter, the order backlog for the operations totalled NOK 1.8 billion, compared with NOK 1.3 billion at the beginning of the year and end of the second quarter of 2016.

PROPERTY DEVELOPMENT OPERATIONS

Residential production was high in the second quarter, and the number of residential units under construction has increased by 19% to date this year. Residential sales increased compared with the previous quarter, but declined somewhat compared with the second quarter last year. Profit for the second quarter in the property development operations was on par with the corresponding quarter in 2016.



Veidekke sold a total of 442 residential units in the second quarter. The company's share of the sales was 355 units, which is an increase from the previous quarter, but a decline from the second quarter of 2016.

Profit before tax in the property development operations was NOK 159 million, compared with NOK 161 million in the second quarter of 2016. The contribution from ongoing residential projects increased compared with the previous year, while development gains from the sale of projects were lower and amounted to NOK 29 million, compared with NOK 60 million in the second quarter of 2016. Veidekke's residential projects are selling well, but a long period of rapidly rising prices, a greater supply of new residential units and the measures of the authorities to slow down the growth in residential housing

prices has contributed to normalization of the market with a levelling off of prices. There is still good demand and a high sales ratio in Veidekke's projects.

The number of residential units under construction increased 21% over the previous quarter and 32% over the second quarter last year, and totalled 3,564 at the end of the quarter. Veidekke's share amounted to 2,890 units. The sales ratio for residential units under construction was high at 86%. At the end of the quarter, Veidekke had a total land bank equivalent to 17,100 residential units, of which the company's share was 13,700 residential units.

Capital invested in property development operations totalled NOK 3.7 billion as at 30 June. The return on invested capital over the last 12 months was 22.2%.

PROPERTY DEVELOPMENT OPERATIONS

NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016	2016
Revenue	1 183	863	1 909	1 414	3 202
Profit before tax	159	161	295	216	567
Capital invested	3 665	3 163	3 665	3 163	3 115

PROFIT BEFORE TAX ¹⁾
NOK MILLION



RETURN ON INVESTED CAPITAL, 12-MONTH ROLLING
PER CENT



KEY FIGURES RESIDENTIAL UNITS, VEIDEKKE'S SHARE

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	2016	Last 12M
Number of units sold	355	295	297	286	482	1 397	1 233
Norway	88	70	83	84	162	433	325
Sweden	259	211	206	135	320	889	811
Denmark ²⁾	8	14	8	67	0	75	97
Construction starts	656	228	407	115	663	1 405	1 406
Norway	9	58	30	40	272	342	137
Sweden	647	170	262	75	391	948	1 154
Denmark ²⁾	0	0	115	0	0	115	115
Number of units under construction	2 890	2 393	2 422	2 146	2 189	2 422	
Norway	546	601	600	649	655	600	
Sweden	2 229	1 677	1 707	1 497	1 534	1 707	
Denmark ²⁾	115	115	115	0	0	115	
Sales ratio, units under construction (%)	86	91	91	93	91	91	
Norway	89	89	86	86	82	86	
Sweden	85	91	94	96	95	94	
Denmark	84	74	65				
Land bank	13 700	13 650	13 550	13 250	12 500	13 550	
Norway	5 400	5 500	5 250	4 900	4 950	5 250	
Sweden	8 300	8 150	8 300	8 350	7 550	8 300	

1) The profit for the third and fourth quarters includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 4 million.

2) One own-account project in Copenhagen with 115 units. The project is reported in the accounts under Construction Denmark.

Property Development Norway

NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016	2016
Revenue	263	101	359	135	338
Profit before tax	46	66	84	74	149
No. of units under construction ¹⁾	546	655	546	655	600
No. of units sold ¹⁾	88	162	158	266	433

1) A significant portion of Veidekke's Norwegian property development operations take place in joint ventures. The figures in the table illustrate Veidekke's share.

Veidekke's residential projects in Norway sold well in the second quarter. A total of 151 residential units were sold, of which Veidekke's share was 88 units. Six projects with a total of 257 units were released for sale: two in Oslo, one in Sandnes and three in Trondheim. These projects achieved a high sales ratio during the quarter.

Revenues totalled NOK 263 million, compared with NOK 101 million for the same quarter last year. The increase in revenues compared with the second quarter of last year is attributable to increased production in wholly-owned projects. Most of the projects are, however, carried out as joint ventures, which do not generate accounting revenues in Veidekke's consolidated financial statements.

Profit before tax was NOK 46 million, compared with NOK 66 million in the second quarter of 2016. The decline in profit from the previous year is attributed to a combination of lower development gains from the sale of projects and somewhat lower residential production.

At the end of the quarter, the operations in Norway had 546 residential units under construction, down from 601 units in the previous quarter and 655 at the end of the second quarter of 2016. The sales ratio for residential units under construction was high at 89%. One small project for nine residential units in Lillehammer started construction during the quarter.

At the end of the quarter, the Norwegian operations had a total land bank of 7,950 residential units, of which Veidekke's share was 5,400 units. The land bank is distributed among approximately 40 projects. The land bank grew during the quarter through the acquisition of a site in Trondheim jointly with Reitan Eiendom and Dora Holding. The site can accommodate approximately 220 residential units.

The invested capital amounted to NOK 2.8 billion as at 30 June. The return on invested capital on a 12-month basis was 11.0%, adjusted for taxes in associates and joint ventures.

Property Development Sweden

NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016	2016
Revenue	920	762	1 550	1 279	2 864
Profit before tax	113	94	211	141	418
No. of units under construction ¹⁾	2 229	1 534	2 229	1 534	1 707
No. of units sold ¹⁾	259	320	470	549	889

1) Veidekke's share.

Residential sales in Veidekke's Swedish property development operations in the second quarter increased compared with the previous quarter. Compared with the second quarter of 2016, however, the residential sales declined somewhat. A total of 283 residential units were sold, of which Veidekke's share was 259 units. Four new projects with a combined total of 299 residential units were released for sale during the quarter: one in Stockholm, two in Gothenburg and one in Malmö. These projects achieved a high sales ratio during the quarter.

Revenues in the second quarter totalled NOK 920 million, compared with NOK 762 million in the second quarter last year. Profit before tax was NOK 113 million, up from NOK 94 million in the second quarter of 2016. The increase in both earnings and revenues compared with last year is attributable to higher residential production. Last year's profit included a development gain of NOK 24 million.

Residential production totalled 2,229 residential units at the end of the quarter, which is an increase of 33% over the previous quarter and 45% over the second quarter of 2016. The construction of nine residential projects with a total of 633 units started during the quarter: three in Stockholm, four in the Gothenburg area, one in Helsingborg and one in Landskrona. The sales ratio for residential units under construction was 85%.

At the end of the quarter, the Swedish property development operations had a total land bank that can yield 9,200 residential units, of which Veidekke's share was 8,300. The land bank is distributed among approximately 100 projects. The land bank grew further during the quarter with the acquisition of three sites in Stockholm, Gothenburg and Helsingborg, which can yield 400 residential units combined.

In the second quarter, Veidekke Bostad acquired 50% of the company Folkhem Trä, which builds wooden multi-dwelling houses. In total, this company has a portfolio of sites that can yield 1,000 residential units. The acquisition provides opportunities in a new segment for Veidekke Bostad.

The invested capital amounted to NOK 0.7 billion at the end of the second quarter, while the return on invested capital on a 12-month basis was 55.3%, compared with 26.5% at the end of the second quarter of 2016.

SERGELHUSET, STOCKHOLM



FRYSJAPARKEN, OSLO



VOLLEBEKK, OSLO

INDUSTRIAL

In the industrial operations, there was a high level of activity in the second quarter, with revenues and earnings on par with the corresponding period last year.



Revenues totalled NOK 1.2 billion, which is on par with the second quarter last year. Profit before tax was NOK 85 million, compared with NOK 84 million for the second quarter of 2016. The profit margin was 6.8%.

In the asphalt operations, higher capacity and maintenance costs contributed to a lower profit than in the second quarter of 2016. The outlook for the year, however, is good due to the large amount of work for the Norwegian Public Roads Administration and a good civil engineering market.

Road Maintenance has low profitability in the project portfolio and a negative result for the quarter. Low project margins do not cover the fixed costs. This business unit has undergone a restructuring process and is focused on improving profitability through enhancing the efficiency of the operations and winning new, profitable contracts. Earnings in the second

quarter increased compared with the second quarter of 2016.

Aggregates reported a good result for the quarter due to good sales and higher prices compared with the corresponding quarter last year.

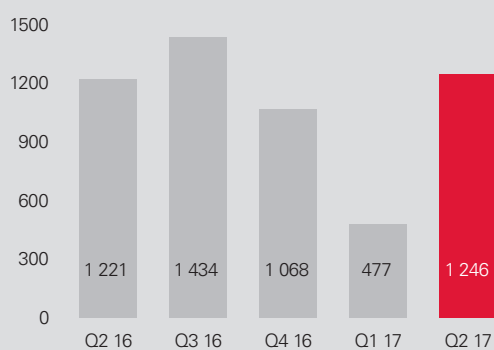
At the end of the second quarter of 2017, Road Maintenance had an order backlog of NOK 1.1 billion for the next 18 months, which is on par with the level for the previous year. The project portfolio consists of 24 contracts.

After the end of the quarter, Veidekke Industrial signed a letter of intent with Sirumi Holding AS for the acquisition of the remaining 50% of the shares in the asphalt contractor Asfaltverket Mo. It is expected that the final agreement will be signed and transfer carried out in August. After the acquisition, Veidekke will have a 100% ownership interest in the company.

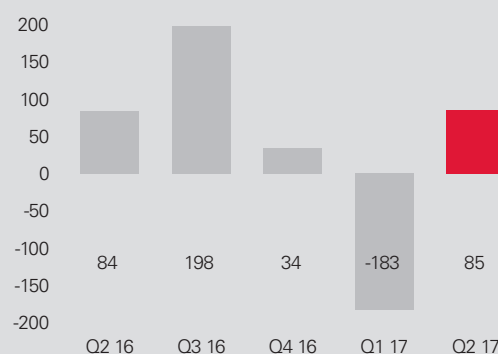
INDUSTRIAL

NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016	2016
Revenue	1 246	1 221	1 723	1 661	4 162
Profit before tax	85	84	-98	-96	136
Profit margin (%)	6.8	6.9	-5.7	-5.8	3.3
Order backlog	1 072	1 104	1 072	1 104	1 035

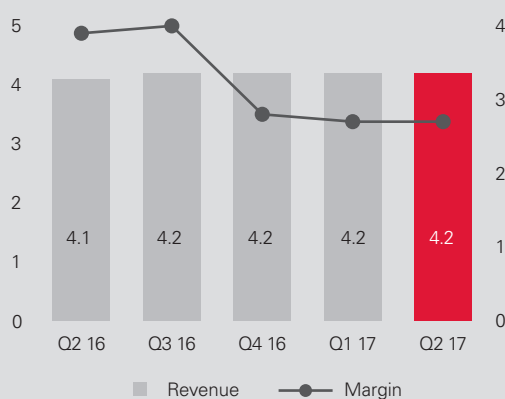
REVENUE
NOK MILLION



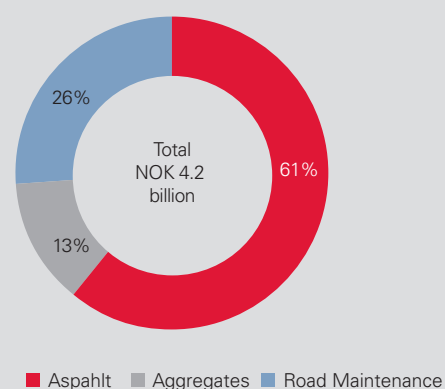
PROFIT BEFORE TAX ¹⁾
NOK MILLION



REVENUE AND MARGIN, 12-MONTH ROLLING ²⁾
NOK BILLION



REVENUE BY BUSINESS AREA, LAST 12 MONTHS



1) The profit for the third and fourth quarters of 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 19 million.

2) The profit has been adjusted for the non-recurring effect as a result of changes to disability pensions in Norway in 2016.

OCCUPATIONAL HEALTH AND SAFETY

Systematic work over time to prevent accidents has shown results. The number of serious injuries has declined, and the Group has seen the total number of injuries reduced by half over the last year.

A total of 58 injuries were reported in the second quarter, two of which were serious. This is down from 87 injuries during the previous quarter and a reduction by half in relation to the second quarter of 2016.

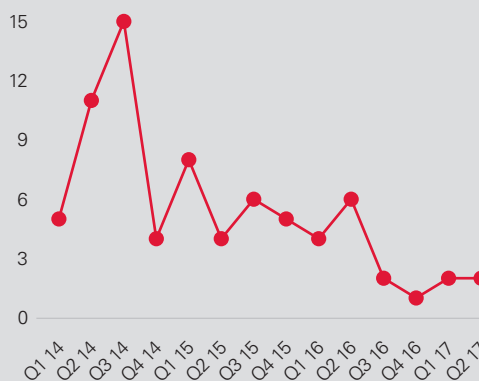
The LTI rate for the second quarter was 4.2, which is on par with the previous quarter and down from 4.7 in the second quarter of 2016.

Sickness absence was 3.7%, which is a decline from 4.5% in the first quarter of 2017, but up from 3.5% for the same quarter in 2016.

Attitude-changing work is one of the most important means of reducing the number of injuries and achieving the principal goal of zero serious injuries and an annual reduction in the number of injuries of 20%. During Veidekke's annual, Scandinavian OHS Week in June, it was precisely attitudes that was the theme, since responsibility for one's own safety and the safety of others was stressed under the motto "Show that you care – speak up".

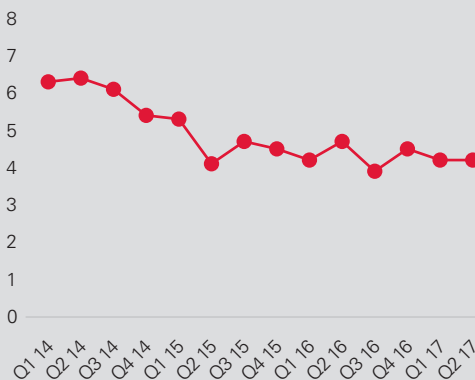
In April, an employee of one of our subcontractors lost his life while working on one of Veidekke's projects in Norway. The investigation of the accident is still ongoing.

SERIOUS INJURIES



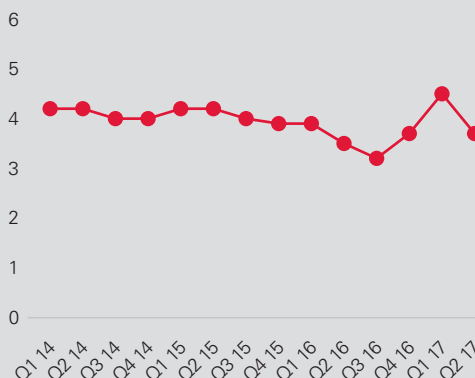
Number of injuries, own employees and subcontractors.

LTI RATE



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

SICKNESS ABSENCE



Sickness absence, own employees.

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 second quarter was a loss of NOK 16 million, compared with a loss of NOK 23 million for the second quarter of 2016. The result for the quarter included a gain on the sale of assets to two PPP school projects totalling NOK 7 million.

FINANCIAL SITUATION

Net interest-bearing debt was NOK 978 million at the end of the quarter, compared with NOK 0 million at the beginning of the year and NOK 1,519 million at the end of the second quarter of 2016.

The cash flow from operating activities was negative NOK 113 million at the end of June, compared with positive NOK 20 million for the same period last year. The cash flow from industrial operations is normally weak for the first half of the year due to normal seasonal variations in the asphalt operations. Cash flow from property development operations was negative for the first half of the year due to several payments for the acquisition of sites, and the completion and handover of few residential projects in the Norwegian operations.

The dividend for the 2016 financial year of NOK 602 million was distributed in the second quarter.

Veidekke's financial position is regarded as good, and the Group has considerable financial capacity. The Group has a borrowing facility of NOK 3.6 billion with DNB. At the end of the quarter, unused borrowing facilities amounted to NOK 3.1 billion. Veidekke has a bond loan of NOK 750 million that matures in June 2018 and a commercial paper loan of NOK 400 million that matures in December 2017.

SHAREHOLDER INFORMATION

Largest shareholders at 30 June 2017	Ownership share in %
OBOS BBL	17.8
FOLKETRYGDFONDET	11.6
IF SKADEFORSÄKRING AB	6.9
VERDIPAPIRFONDET DNB NORGE (IV)	2.7
HANDELSBANKEN NORDEN SELEKTIV	2.7
MUST INVEST AS	2.1
DANSKE INVEST NORSKE INSTIT. II.	2.1
MP PENSJON PK	2.0
ODIN NORGE	1.3
MORGAN STANLEY & CO. INT. PLC. (NOM)	1.1
Foreign shareholders	24.1
Employees, total ownership	14.7

A total of 6.4 million Veidekke shares were traded in the second quarter 2017. The share price ranged from NOK 117.50 to NOK 107.00, and was NOK 109.00 at 30 June 2017.

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 second quarter of 2017 beyond this.

RISKS

Veidekke's operations are largely based on the execution of individual projects. The projects vary greatly in terms of complexity, size, duration and risk, meaning that systematic risk management in all parts of the business is of crucial importance. Veidekke analyses and assesses risk at the tendering stage, and risk is followed up closely throughout the execution phase.

Correct expertise is an important success factor for good operational efficiency and project execution. To ensure that the Group has sound and updated knowledge, Veidekke invests significant resources in skills development for employees through its internal courses and training programmes and continuously works on recruitment throughout the Group.

Transport infrastructure projects are challenging and allow different interpretations of what constitutes proper fulfilment of the contract. As a result, disagreement may arise about the final settlement between the contractor and the contracting client. At the end of the quarter, Veidekke had several unresolved final settlements related to transport infrastructure projects. Outstanding claims after deductions for recognised provisions and uncertain project revenues were in the range of NOK 400 million as at 30 June 2017. The outcome of the individual disputes, positive or negative, may have an effect on the profit.

The residential market is cyclical, and property development earnings are closely related to new project start-ups. To reduce the risk associated with unsold projects, Veidekke will not, as a general principle, initiate new residential projects until a sales ratio of 50% has been achieved. Consequently, slow residential sales may delay residential projects. The sales ratio for residential units under construction was 86% as at 30 June 2017.

Veidekke is primarily exposed to financial risks related to trade receivables and interest-bearing liabilities. These risks are classified as credit, market and liquidity risks. For a more detailed description of the company's financial risk, see note 28 in Veidekke's 2016 Annual Report.

MARKET OUTLOOK

The Scandinavian construction and civil engineering market has shown a positive development to date this year, and the forecast shows continued growth until the end of 2018. The residential market will continue to be the strongest growth driver in 2017, but a decline in residential sales will result in a flattening out of the construction and civil engineering market in both Norway and Sweden in 2018.

	NORWAY			SWEDEN			DENMARK		
	2016 ¹⁾ NOK bn	2017 ²⁾ Growth	2018 ²⁾ Growth	2016 ¹⁾ NOK bn	2017 ²⁾ Growth	2018 ²⁾ Growth	2016 ¹⁾ NOK bn	2017 ²⁾ Growth	2018 ²⁾ Growth
Homes	139	9%	0%	171	18%	1%	52	17%	18%
Commercial buildings	59	3%	-1%	101	4%	3%	16	8%	16%
Public buildings	36	-1%	0%	43	5%	7%	22	-1%	7%
Civil engineering	78	7%	5%	81	3%	3%	40	-7%	3%
Total construction and civil engineering	312	6%	1%	397	10%	2%	130	6%	10%

1) Source: Statistics Norway

2) Veidekke's prognosis

NORWAY

The outlook for the construction and civil engineering market in 2017 is good, but there are regional differences with a lower level of activity in Southern and Western Norway. Growth in the total market is expected to decline in 2018. The forecast shows a 9% increase in residential production this year, but due to the falling residential prices in the second quarter of 2017, and the cooldown of the Oslo market in particular, a slowdown in residential investments is expected next year. The level of residential investments will nevertheless be high in 2018. A weak decline is expected this year in the public buildings segment to a level that is expected to last until the end of 2018. The growth forecast for commercial buildings has been adjusted marginally upwards this year, but this will change to a weak decline in 2018. There is still a high level of activity in the civil engineering market, but there is strong competition for major transport infrastructure contracts. Even if many major road and railway projects are starting up this year and next year, growth in the civil engineering market is expected to decline due to lower growth for residential infrastructure.

SWEDEN

The outlook for the total market is still positive for this year and next year. After a long period of strong growth in the residential market, a slight decline in the sale of new residential units is expected, but the residential investments are expected nonetheless to remain at a high level. Due to strong growth in the number of building starts last year, residential production will continue to increase in 2017 before it flattens out and declines somewhat in 2018. A stable and positive trend is still expected for commercial buildings, with somewhat stronger growth in the investments in public buildings rather than commercial buildings. Modest growth in the civil engineering market this year and next year, when a decline in infrastructure related to residential construction will be counterbalanced by investment growth in transport infrastructure and energy. Competition for transport infrastructure contracts is, however, strong, from both new and established actors.

DENMARK

The Danish economy is performing well, and growth of 6% is expected for the construction and civil engineering market in 2017, and growth of 9% in 2018. Residential production in particular is driving the growth. Veidekke's primary market in Denmark is commercial buildings, and growth of 8% and 16% is expected for 2017 and 2018, respectively, but the level of investment is still low. The growth estimates for both public buildings and civil engineering have been adjusted upwards for 2018.

CONSOLIDATED INTERIM FINANCIAL STATEMENT (UNAUDITED)

- A. FINANCIAL STATEMENT SECOND QUARTER
- B. BUSINESS SEGMENTS
- C. STATEMENT OF CHANGES IN EQUITY
- D. NOTES TO THE INTERIM FINANCIAL STATEMENTS

DECLARATION BY THE BOARD OF DIRECTORS AND PRESIDENT & CEO

The Board and CEO have today reviewed and approved the condensed consolidated financial statements and Board of Directors' report for the six-month period that ended 30 June 2017. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and the additional disclosure requirements of the Norwegian Securities Trading Act.

To the best of our knowledge, the interim financial statements give a true and fair view of the Group's assets, liabilities, financial position and performance, while the interim management report provides a true and fair overview of important events in the reporting period and their impact on the financial statements, describes the principal risks and uncertainties associated with the next reporting period and describes related party transactions.

Oslo, 16 August 2017

The Board of Directors of Veidekke ASA

Martin Mæland
Chair

Per Otto Dyb
Deputy chair

Gro Bakstad

Ingalill Berglund

Ann-Christin Andersen

Hans von Uthmann

Ingolv Høyland

Inge Ramsdal

Odd Andre Olsen

Arve Fludal

Arne Giske
President and CEO

INCOME STATEMENT

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
Revenue	7 927	7 955	14 202	13 444	28 613
Operating expenses	-7 483	-7 494	-13 726	-13 048	-27 284
Share of net income from joint ventures	57	71	91	95	190
Operating profit before depreciation (EBITDA)	501	532	567	491	1 520
Impairment of non-current assets	-	-	-	-	-
Depreciation	-125	-111	-249	-219	-466
Operating profit (EBIT)	375	420	318	272	1 053
Financial income	22	8	35	57	98
Financial costs	-18	-12	-30	-27	-60
Profit before tax	380	417	324	302	1 092
Income tax expense	-66	-83	-57	-60	-170
Profit after tax	313	333	267	242	922
Of which non-controlling interests	12	19	14	24	35
Earnings per share (NOK) ¹⁾	2.3	2.4	1.9	1.6	6.6

1) No dilutive effect.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
Profit after tax	313	333	267	242	922
Revaluation of pensions	-	-	-	-	4
Net items that will not be reclassified subsequently to profit or loss	-	-	-	-	4
Currency translation differences	51	-41	67	-69	-102
Fair value adjustment of financial assets	-	4	3	-2	8
Net items that may be reclassified subsequently to profit or loss	51	-37	70	-71	-93
Total comprehensive income	364	296	338	171	832
of which non-controlling interests	13	18	16	23	31

STATEMENT OF FINANCIAL POSITION AT 30 JUNE

Figures in NOK million	30.06.2017	30.06.2016	31.12.2016
ASSETS			
Non-current assets			
Goodwill	1 272	1 216	1 248
Other intangible assets	147	132	136
Deferred tax assets	65	65	65
Land and buildings	563	555	560
Plant and machinery	2 042	1 889	1 954
Investments in joint ventures	1 247	1 216	1 363
Financial assets	572	517	649
Total non-current assets	5 909	5 591	5 975
Current assets			
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
EQUITY AND LIABILITIES			
Equity			
Share capital	67	67	67
Other equity	2 929	2 588	3 219
Non-controlling interests	175	172	179
Total equity	3 171	2 827	3 465
Non-current liabilities			
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 liabilities			
Certificate debt and debt to credit institutions	445	113	44
Bonds	750	-	-
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	17 445

STATEMENT OF CASH FLOWS

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
Profit before tax	380	417	324	302	1 092
Tax paid	-10	-11	-30	-31	-79
Depreciation/impairment	125	111	249	219	466
Other operational items	177	34	-655	-470	402
Cash flow from operating activities	672	551	-113	20	1 880
Acquisition/disposal of property, plant and equipment	-177	-205	-307	-358	-659
Other investing activities	-30	-107	-88	-241	-341
Change in interest-bearing receivables	-22	-21	-13	-7	-
Cash flow from investing activities	-229	-333	-408	-606	-1 000
Change in interest-bearing liabilities	282	386	906	1 210	-20
Dividend paid	-602	-535	-602	-535	-535
Change other non-current liabilities	12	-	12	-	3
Other financial items	-32	-51	-42	-70	-74
Cash flow from financing activities	-339	-200	274	606	-627
Change in cash and cash equivalents	104	18	-247	20	253
Cash and cash equivalents, start of period	298	402	644	402	402
Exchange rate adjustment foreign cash balances	11	-4	15	-7	-12
Cash and cash equivalents, end of period	412	415	412	415	644

NET INTEREST-BEARING POSITION

Figures in NOK million	30.06.2017	30.06.2016	31.12.2016
Cash and cash equivalents	412	415	644
Interest-bearing assets (long-term)	376	309	363
Interest-bearing liabilities	-1 766	-2 243	-1 007
Net interest-bearing position	-977	-1 519	0
Change in net interest-bearing position (from 1 Jan)	-978	-913	606

OTHER KEY FIGURES

Figures in NOK million	30.06.2017	30.06.2016	31.12.2016
Order backlog (NOK million)	29 067	27 287	24 404
Equity ratio (%)	16	17	20
Number of employees	7 562	7 309	7 399

BUSINESS SEGMENTS

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
CONSTRUCTION (specification page 27)					
Revenue	6 487	6 490	12 333	11 821	24 629
Operating expenses	-6 227	-6 205	-11 884	-11 372	-23 587
Share of net income from joint ventures	2	4	4	7	16
Depreciation/impairment	-78	-70	-154	-138	-295
Operating profit (EBIT)	183	219	299	318	763
Net financial items	10	9	19	18	41
Profit before tax (EBT)	193	228	319	336	804
Total assets, segment	11 437	10 144	11 437	10 144	10 682
PROPERTY (specification page 15)					
Revenue	1 183	863	1 909	1 414	3 202
Operating expenses	-1 064	-750	-1 736	-1 282	-2 827
Share of net income from joint ventures	46	57	133	88	216
Depreciation/impairment	-	-	-1	-	-1
Operating profit (EBIT)	165	170	305	220	589
Net financial items	-5	-9	-10	-4	-23
Profit before tax (EBT)	159	161	295	216	567
Total assets, segment	5 552	4 591	5 552	4 591	4 987
INDUSTRIAL					
Revenue	1 246	1 221	1 723	1 661	4 162
Operating expenses	-1 112	-1 097	-1 720	-1 671	-3 860
Share of net income from joint ventures	3	7	-1	3	15
Depreciation/impairment	-44	-41	-88	-79	-167
Operating profit (EBIT)	92	91	-87	-85	151
Net financial items	-8	-6	-12	-10	-14
Profit before tax (EBT)	85	84	-98	-96	136
Total assets, segment	2 607	2 483	2 607	2 483	1 969
OTHER OPERATIONS ¹⁾					
Revenue	-	-	-	-	1
Operating expenses	-24	-32	-49	-69	-108
Share of net income from joint ventures	5	4	10	7	17
Depreciation/impairment	-3	-1	-6	-1	-3
Operating profit (EBIT)	-22	-28	-45	-63	-94
Net financial items	8	2	8	26	33
Profit before tax (EBT)	-14	-26	-37	-36	-61

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
GROUP ELIMINATIONS					
Revenue	-594	-463	-1 110	-930	-1 856
Operating expenses	592	465	1 113	945	1 870
Share of net income from joint ventures	-	-	-	-	-
Depreciation/impairment	-	-	-	-	-
Operating profit (EBIT)	-2	2	3	15	13
Net financial items	-	-	-	1	1
Profit before tax (EBT)	-2	2	3	16	14
TOTAL VEIDEKKE GROUP					
SEGMENT ACCOUNTS					
Revenue	8 322	8 111	14 854	13 966	30 137
Operating expenses	-7 836	-7 618	-14 276	-13 449	-28 512
Share of net income from joint ventures	56	72	146	106	263
Depreciation/impairment	-125	-111	-249	-219	-466
Operating profit (EBIT)	417	454	476	404	1 422
Net financial items	4	-3	5	30	38
Profit before tax (EBT)	421	450	481	435	1 460
Total assets, segment	17 330	15 431	17 330	15 431	15 484

1) Other operations include the Group's central unassigned costs and net financial items, plus Veidekke's PPP role (Public-Private Partnership).

RECONCILIATION OF SEGMENT ACCOUNTS AND FINANCIAL ACCOUNTS

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
TOTAL VEIDEKKE GROUP SEGMENT ACCOUNTS					
Revenue	8 322	8 111	14 854	13 966	30 137
Operating expenses	-7 836	-7 618	-14 276	-13 449	-28 512
Share of net income from joint ventures	56	72	146	106	263
Depreciation/impairment	-125	-111	-249	-219	-466
Operating profit (EBIT)	417	454	476	404	1 422
Net financial items	4	-3	5	30	38
Profit before tax (EBT)	421	450	481	435	1 460
Total assets, segment	17 330	15 431	17 330	15 431	15 484
IFRIC 15 ADJUSTMENTS ^{1) 2)}					
Revenue	-395	-156	-653	-523	-1 523
Operating expenses	353	124	550	401	1 228
Share of net income from joint ventures	1	-1	-55	-11	-73
Depreciation/impairment	-	-	-	-	-
Operating profit (EBIT)	-41	-34	-157	-133	-369
Net financial items	-	-	-	-	-
Profit before tax (EBT)	-41	-34	-157	-133	-369
Total assets, segment	2 548	1 261	2 548	1 261	1 961

1) Under IFRS, income and earnings from completed residential units are not recognised until the date on which the apartment is delivered to the buyer. In the internal monitoring of residential projects, the reporting is on a percentage of completion basis, which means that revenue and expenses are recognised by reference to the project's estimated final outcome x stage of completion x sales ratio.

2) See also the accompanying notes, item 2 Accounting policies.

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
TOTAL VEIDEKKE GROUP					
Revenue	7 927	7 955	14 202	13 444	28 613
Operating expenses	-7 483	-7 494	-13 726	-13 048	-27 284
Share of net income from joint ventures	57	71	91	95	190
Depreciation/impairment	-125	-111	-249	-219	-466
Operating profit (EBIT)	375	420	318	272	1053
Net financial items	4	-3	5	30	38
Profit before tax (EBT)	380	417	324	302	1 092
Total assets, segment	19 877	16 692	19 877	16 692	17 445

CONSTRUCTION OPERATIONS BY COUNTRY

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
CONSTRUCTION NORWAY					
Revenue	3 783	4 010	7 252	7 218	15 096
Operating expenses	-3 615	-3 798	-6 958	-6 875	-14 322
Share of net income from joint ventures	-	-	-	-	8
Depreciation/impairment	-57	-50	-113	-98	-212
Operating profit (EBIT)	111	163	181	245	570
Net financial items	10	7	19	17	26
Profit before tax (EBT)	120	170	200	263	596
Total assets, segment	7 585	6 931	7 585	6 931	7 195
CONSTRUCTION SWEDEN					
Revenue	2 217	2 090	4 094	3 863	7 819
Operating expenses	-2 155	-2 042	-3 996	-3 796	-7 664
Share of net income from joint ventures	2	4	4	7	8
Depreciation/impairment	-19	-18	-37	-36	-72
Operating profit (EBIT)	45	34	65	38	91
Net financial items	-1	1	-2	-2	11
Profit before tax (EBT)	44	35	63	36	102
Total assets, segment	2 727	2 282	2 727	2 282	2 312
CONSTRUCTION DENMARK					
Revenue	487	390	987	740	1 713
Operating expenses	-457	-365	-930	-701	-1 601
Share of net income from joint ventures	-	-	-	-	-
Depreciation/impairment	-2	-2	-4	-5	-10
Operating profit (EBIT)	28	22	53	35	102
Net financial items	1	1	2	2	4
Profit before tax (EBT)	29	24	56	37	105
Total assets, segment	1 125	931	1 125	931	1 175
TOTAL CONSTRUCTION					
Revenue	6 487	6 490	12 333	11 821	24 629
Operating expenses	-6 227	-6 205	-11 884	-11 372	-23 587
Share of net income from joint ventures	2	4	4	7	16
Depreciation/impairment	-78	-70	-154	-138	-295
Operating profit (EBIT)	183	219	299	318	763
Net financial items	10	9	19	18	41
Profit before tax (EBT)	193	228	319	336	804
Total assets, segment	11 437	10 144	11 437	10 144	10 682

PROPERTY DEVELOPMENT BY COUNTRY

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
PROPERTY DEVELOPMENT NORWAY					
Revenue	263	101	359	135	338
Operating expenses	-247	-82	-352	-144	-349
Share of net income from joint ventures	37	57	90	88	185
Depreciation/impairment	-	-	-	-	-
Operating profit (EBIT)	53	76	97	79	174
Net financial items	-7	-9	-13	-5	-25
Profit before tax (EBT)	46	66	84	74	149
Total assets, segment	3 072	2 227	3 072	2 227	2 639
PROPERTY DEVELOPMENT SWEDEN					
Revenue	920	762	1 550	1 279	2 864
Operating expenses	-817	-668	-1 384	-1 138	-2 478
Share of net income from joint ventures	9	-	43	-	30
Depreciation/impairment	-	-	-	-	-1
Operating profit (EBIT)	112	94	209	140	416
Net financial items	1	-	2	1	3
Profit before tax (EBT)	113	94	211	141	418
Total assets, segment	2 480	2 364	2 480	2 364	2 348
TOTAL PROPERTY DEVELOPMENT					
Revenue	1 183	863	1 909	1 414	3 202
Operating expenses	-1 064	-750	-1 736	-1 282	-2 827
Share of net income from joint ventures	46	57	133	88	216
Depreciation/impairment	-	-	-1	-	-1
Operating profit (EBIT)	165	170	305	220	589
Net financial items	-5	-9	-10	-4	-23
Profit before tax (EBT)	159	161	295	216	567
Total assets, segment	5 552	4 591	5 552	4 591	4 987

STATEMENT OF CHANGES IN EQUITY

Figures in NOK million	EQUITY HOLDERS OF VEIDEKKE ASA					MINORITY		
	Share capital	Other paid-in capital ¹⁾	Currency translation differences	Other retained earnings	Fair value adjust-ment ²⁾	Total	Non-controlling interests	Total
Equity at 1 January 2016	67	305	122	2 674	-94	3 073	145	3 218
Profit for the period	-	-	-	217	-	-217	24	242
Other comprehensive income	-	-	-67	-	-2	-69	-2	-71
IFRS 2 - share-based transactions employees	-	-	-	-11	-	-11	-	-11
Transactions with non-controlling interests	-	-	-	-20	-	-20	-	-20
Additions, aquisition of operations, non-controlling interests	-	-	-	-	-	-	20	20
Dividend	-	-	-	-535	-	-535	-16	-551
Equity at 30 June 2016	67	305	54	2 325	-96	2 655	172	2 827
Equity at 1 January 2017	67	305	24	2 976	-86	3 286	179	3 465
Profit for the period	-	-	-	253	-	253	14	267
Other comprehensive income	-	-	65	-	3	69	2	70
IFRS 2 - share-based transactions employees	-	-	-	-10	-	-10	-	-10
Changes in non-controlling interests	-	-	-	-	-	-	-1	-1
Dividend	-	-	-	-602	-	-602	-19	-621
Equity at 30 June 2017	67	305	89	2 617	-82	2 996	175	3 171

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

2) Change in fair value of available-for-sale shares and hedging instruments that qualify for hedge accounting.

There have been no purchases of own shares in 2017.

NOTE 1. GENERAL INFORMATION

Veidekke is a Scandinavian construction and property development company headquartered in Oslo. The consolidated accounts for Q2 2017 include Veidekke ASA and its subsidiaries and the Group's investments in associates and joint ventures. At the

end of Q2 2017, the Group comprised essentially the same entities as described in the 2016 annual report. The interim financial statements are unaudited.

NOTE 2. ACCOUNTING POLICIES

The Group presents its financial reports in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The quarterly accounts have been prepared in accordance with IAS 34 Interim Financial Reporting and are in line with the Stock Exchange Rules.

The quarterly accounts have been prepared using the same accounting policies as in the annual accounts for 2016.

The interpretation IFRIC 15 deals with the sale of completed residential units and plays a significant role in clarifying the Group's accounting. There are no changes in the accounting treatment of this area compared with previous years. The interpretation clarifies whether an arrangement comes under the scope of construction contracts (IAS 11) or sale of goods (IAS 18). The interpretation also clarifies when revenue and profit from property development projects are recognised in

the accounts. This means that revenue and profit from the sale of completed residential units are recognised when a unit is contractually delivered to the buyer.

In its segment reporting, Veidekke recognises revenue on a percentage of completion basis, by reference to the project's estimated final outcome, stage of completion and sales rate. This is done to provide as correct a picture as possible of current value creation in the area of residential development and to ensure conformity with the Group's internal management reporting.

The interim financial statements do not include all the disclosures required in a full annual report and should therefore be read in connection with the Group's 2016 annual report, which is available online at veidekke.com/en.

NOTE 3. SEGMENT REPORTING

The Group consists of three segments: Construction, Property Development and Industrial. The segment results for Q2 2017 are presented in the table on page 24.

NOTE 4. 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 Q2 2017 are unchanged from those in the 2016 annual report.

NOTE 5. 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 production takes place between May and October, and the majority of the revenues from operations accrue 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 30.06.2017	12-month rolling at 30.06.2016	2016
INDUSTRIAL ¹⁾			
Revenue	4 225	4 129	4 162
Profit before tax	134	161	136
GROUP ¹⁾			
Revenue	31 025	27 243	30 137
Profit before tax	1 507	1 201	1 460

1) The figures are taken from the segment accounts.

NOTE 6. NON-CURRENTS ASSETS

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS					
Carrying amount at start of period	2 665	2 448	2 651	2 349	2 349
Additions	191	223	332	381	718
Additions from acquisitions of operations	16	37	16	98	118
Depreciation and amortisation	-125	-111	-249	-219	-466
Currency translation differences etc.	15	-12	20	-23	-36
Disposals of non-current assets	-10	-8	-18	-9	-32
Carrying amount at end of period	2 752	2 577	2 752	2 577	2 651
Other intangible assets	147	132	147	132	136
Land and buildings	563	555	563	555	560
Plant and machinery	2 042	1 889	2 042	1 889	1 954
Carrying amount at end of period	2 752	2 577	2 752	2 577	2 651

Figures in NOK million	Q2 2017	Q2 2016	At 30.6.2017	At 30.6.2016	2016
GOODWILL					
Carrying amount at start of period	1 254	1 183	1 248	1 151	1 151
Additions	-	46	-	90	140
Impairment	-	-	-	-	-
Currency translation differences	19	-14	24	-25	-42
Disposals	-	-	-	-	-
Carrying amount at end of period	1 272	1 216	1 272	1 216	1 248

NOTE 7. RESIDENTIAL PROJECTS

Figures in NOK million	Q2 2017	Q2 2016	2016
Units under construction	3 141	1 655	2 423
Completed units for sale	28	69	32
Residential sites for development	2 688	2 177	2 410
Non-residential projects	12	9	12
Total residential projects	5 870	3 910	4 877
Residential projects in joint ventures	1 016	1 018	1 155
Units under construction ¹⁾	2 890	2 189	2 422
Sale rate, units under construction ¹⁾	86%	91%	91%
Unsold, completed units ¹⁾	11	35	20

1) Including Veidekke's share in joint ventures.

NOTE 8. ACQUISITIONS, SALES OF OPERATIONS

Veidekke acquired one small business in the first half of 2017.

NOTE 9. SPECIAL ITEMS

Property Development Norway sold several minor development projects in Q2 2017, which together generated a gain in the financial statements of NOK 27 million.

NOTE 10. FINANCIAL INSTRUMENTS

There were no significant changes relating to financial risk or the Group's use of financial instruments during the period. Further details can be found in the 2016 Annual Report.

NOTE 11. BOND DEBT

Veidekke has a five-year bond loan of NOK 750 million, which matures in June 2018. Since it is less than one year until maturity, the bond loan was reclassified from a long-term to a current liability on the balance sheet in the second quarter of 2017.

NOTE 12. DIVIDEND

A dividend of NOK 4.5 per share, totalling NOK 602 million, was paid for the 2016 financial year. The dividend was adopted by the Annual General Meeting on 10 May 2017 and was recognised in Q2 2017.

NOTE 13. COVENANTS ASSOCIATED WITH LOAN AGREEMENTS

On 28 October 2015 Veidekke signed a new five-year loan agreement with DNB ASA, with a credit limit of NOK 3.6 billion. This loan matures on 2 November 2020. At 30 June 2017, unutilised borrowing facilities amounted to NOK 3.1 billion.

The following covenants are associated with the loan agreement with DNB Bank ASA:

1. Net interest-bearing debt divided by EBITDA for the previous four quarters shall not exceed 3.5. At 30 June 2017, the ratio was 0.6.
2. The Group's own projects shall not exceed 75% of the Group's book equity. At 30 June 2017, the share of the Group's own projects was 39%.

Definitions:

Net interest-bearing debt is 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.

Share of own projects is the value of started, unsold homes and commercial buildings in projects implemented under the control of the borrower or another Group company, and is calculated based on the expected sales price, albeit no less than cost price.

NOTE 14. EVENTS AFTER THE REPORTING DATE

No events have occurred after the reporting date that would have any significant effect on the submitted accounts.

NOTE 15. DEFERRED REVENUE RECOGNITION IN ACCOUNTING FOR SALES OF COMPLETED HOMES UNDER IFRIC 15

The interpretation IFRIC 15, Agreements for the Construction of Real Estate, does not allow entities to recognise revenues and profit from the sale of completed homes until the property has been contractually delivered to the buyer. In its internal

monitoring, Veidekke recognises revenue for these projects on a percentage of completion basis by reference to the project's estimated final outcome, stage of completion and sales ratio. Segment reporting follows these principles.

EARNED INCOME AND PROFIT FROM RESIDENTIAL PROJECTS UNDER CONSTRUCTION

Figures in NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016
REVENUE				
Accumulated revenue from non-delivered projects at start of period	2 999	1 685	2 710	1 352
+ Revenue from non-delivered projects during the period	1 197	549	1 809	1 045
- Revenue from delivered projects during the period	-802	-393	-1 156	-522
Net IFRIC 15 adjustments to revenues during the period	395	156	653	523
+/- Currency translation differences	101	-55	134	-89
Accumulated revenue from non-delivered projects at end of period	3 496	1 786	3 496	1 786

Figures in NOK million	Q2 2017	Q2 2016	At 30.6 2017	At 30.6 2016
PROFIT BEFORE TAX				
Accumulated profit before tax from non-delivered projects at start of period	792	423	669	330
+ Profit before tax from non-delivered projects during the period	254	203	455	344
- Profit before tax from delivered projects during the period	-212	-169	-298	-211
Net IFRIC 15 adjustments to profit before tax during the period	41	34	157	133
+/- Currency translation differences	19	-10	26	-15
Accumulated profit before tax from non-delivered projects at end of period	852	447	852	447

At 30 June 2017, revenues of NOK 3 496 million and profit before tax of NOK 852 million had accrued on sold units under construction. These amounts are recognised as revenue in the segment reporting, but under IFRS are not recognised until the homes are handed over.

NOTE 16. CALCULATION OF RETURN ON CAPITAL INVESTED IN PROPERTY DEVELOPMENT LAST 12 MONTHS

Figures in NOK million	Average invested capital	Profit before tax	At 30.06.2017 Financial costs	Taxes in joint ventures	Return	At 30.06.2016 Return
Norway (NOK)	2 392	158	47	57	11.0%	11.7%
Sweden (SEK)	920	507	2	-	55.3%	26.5%
Denmark (DKK)	111	-	1	-	1.5%	0.8%
Currency translation differences	-31	-19	-	-	-	-
Total (NOK)	3 392	646	50	57	22.2%	15.8%

The statement has been prepared on the basis of segment reporting.

NOTE 17. 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:

$$\frac{\text{Profit before tax + interest expenses} + \text{tax in joint ventures}}{(\text{Opening balance invested capital} + \text{Closing balance invested capital}) / 2}$$

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 have 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 where it is expected that Veidekke will exercise the option. How many units the sites can be converted into is calculated as a best estimate.

INFORMATION ABOUT THE COMPANY

Veidekke ASA

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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:
<http://veidekke.com/en/corporate-governance/>

The Board of Directors consists of:

Martin Mæland (Chair)
Per Otto Dyb (Deputy chair)
Gro Bakstad
Ingalill Berglund
Ann-Christin Andersen
Hans von Uthmann
Ingolv Høyland
Odd Andre Olsen, employee representative
Inge Ramsdal, employee representative
Arve Fludal, employee representative

Executive Management consists of:

Arne Giske	President and CEO
Dag Andresen	Executive Vice President, responsible for construction operations in Norway
Jimmy Bengtsson	Executive Vice President, responsible for the Group's operations in Sweden
Jørgen Wiese Porsmyr	Executive Vice President, responsible for Industrial, Property Development Norway and for construction operations in Denmark
Terje Larsen	CFO and Executive Vice President, responsible for Accounting & Finance, IT, Procurement and Strategy
Hege Schøyen Dillner	Executive Vice President, responsible for HR, HSE, Environment and Legal
Lars Erik Lund	Executive Vice President, responsible for Communications and Public Affairs

Investor Relations:

Financial Director Jørgen G. Michelet
Telephone: +47 21 05 77 22
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Financial calendar:

Third quarter: 9 November 2017
Fourth quarter: 8 February 2018

TOGETHER, WE BUILD 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 30 billion, and half of the 7,400 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
