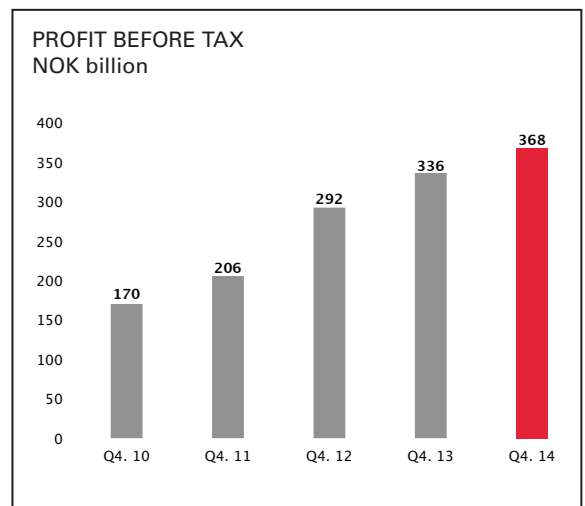
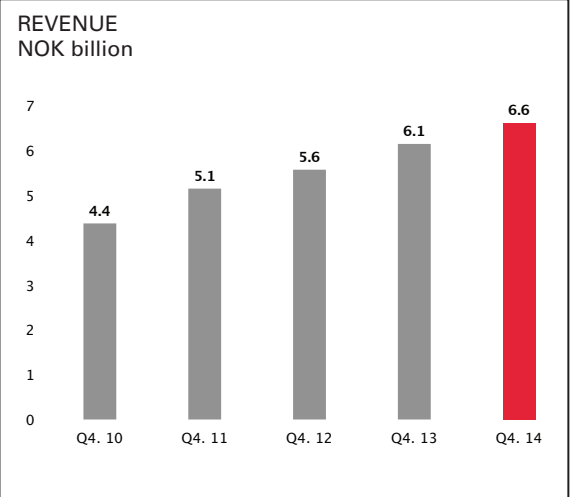


## HIGHLIGHTS FOURTH QUARTER

- Revenue NOK 6.6 billion
- Profit before tax NOK 368 million
- Order backlog NOK 17.1 billion
- Net interest-bearing position NOK 274 million
- Earnings per share NOK 2.5 (IFRS)
- Proposed dividend NOK 3.5 per share for 2014



Pyramiden in Stockholm



**Profit before tax NOK 368 million**  
**Earnings per share NOK 2.5 (IFRS)**



**FROM THE PRESIDENT  
AND CEO**

Arne Giske



Veidekke ended the year 2014 with a solid fourth quarter that was marked by growth and improved profits. All our three business areas had a strong quarter and showed good results.

Construction operations have had a high level of activity in all countries during 2014. Norway and Denmark show consistently good margins. Profitability needs to be improved in Sweden, and with a satisfactory order situation, a good position in commercial and residential buildings, and large infrastructure projects coming to the market, everything is in place for higher earnings.

The fourth quarter has also been good for our property development operations, with strong residential sales in both Norway and Sweden in addition to realised development gains. The good housing market appears to be continuing in 2015 in both countries. This has been a good year for our industrial operations, with the end of the year having been particularly strong. Our strategic positions in asphalt, aggregates and road maintenance have paid off extremely well.

Despite the increasing uncertainty arising from the fall in oil prices, we enter 2015 with a satisfactory order backlog and solid market positions in most areas. We have a strong and competent organisation, which I am confident will once again build value together with customers and suppliers in 2015.



Lilleby in Trondheim

## BOARD OF DIRECTORS' REPORT FOR Q4 2014

### KEY FIGURES<sup>1)</sup>

NOK million	Q4 2014	Q4 2013	2014	2013
Revenue, segment	6 619	6 146	23 863	21 191
Profit before tax, segment	368	336	967	776
Segment Construction	199	185	549	446
Segment Property	117	79	280	221
Segment Industrial	76	84	210	158
Segment Other	-25	-13	-73	-49
Earnings per share segment	2.3	2.0	5.8	4.5
Profit margin (%)	5.6	5.5	4.1	3.7
Revenue IFRS <sup>3)</sup>	6 719	6 582	24 027	21 781
EBITDA, IFRS	512	444	1 383	1 013
Profit before tax, IFRS	399	354	1 055	718
Earnings per share, IFRS (NOK) <sup>2)</sup>	2.5	2.0	6.3	4.1
Net interest-bearing position	274	-396	274	-396
Total order backlog	17 085	18 273	17 085	18 273

<sup>1)</sup> The figures are taken from the segment accounts, which provide the most accurate reflection of the continuing value creation in the period.

<sup>2)</sup> Under 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.

<sup>3)</sup> No dilutive effect

## HIGHLIGHTS, Q4 AND THE FULL YEAR 2014

Veidekke achieved revenue growth of 8% in Q4 2014 compared with the same quarter the previous year. The growth was a result of high activity in several units and the acquisition of Arcona in Sweden. Veidekke's revenue for the full year increased by 13% to NOK 24 billion.

Veidekke's profit before tax for the quarter was NOK 368 million, up from NOK 336 million in Q4 2013. The increase in profit is attributable to high activity and improved project margins in construction operations and development gains in property development operations. Industrial operations reported seasonally strong results for the quarter.

Profit before tax for 2014 increased to NOK 967 million from NOK 776 million in 2013. There was profit growth in all business areas and this was essentially due to a combination of higher activity and improved profitability. Profitability in the Swedish construction operations remained weak.

Profit before tax according to IFRS was NOK 399 million for Q4 and NOK 1,055 million for the year. IFRS profit before tax was higher than profit before tax in the segment accounts, both for the quarter and the year, due to the handover of several large residential projects.

The Group's order backlog showed a slight increase from the previous quarter, which was attributable to construction operations in Norway. The order backlog for 2014 fell by 7%, and the decline was mainly related to civil engineering operations in Norway and construction operations in Denmark. Overall, the level of the order backlog is satisfactory, and the project portfolio is considered to be of good quality.

Veidekke had a positive net interest-bearing position of NOK 274 million at the end of Q4, an improvement of NOK 669 million from Q4 2013. Generally good project liquidity in construction operations, the handover of residential projects and project sales in property development operations are the main reasons for the Group's positive liquidity growth.

Based on Veidekke's dividend policy and strong financial position, the Board proposes an ordinary dividend of NOK 3.5 per share for the financial year 2014. This corresponds to a dividend payout ratio of 55%.

## BUSINESS AREAS

### CONSTRUCTION OPERATIONS

NOK million	Q4 2014	Q4 2013	2014	2013
Revenue	5 034	4 902	18 502	16 968
Profit before tax	199	185	549	446
Profit margin (%)	4.0	3.8	3.0	2.6
Order backlog	15 810	16 728	15 810	16 728

Veidekke's construction operations showed revenue growth of 3% in Q4 compared with the same quarter the previous year. Sweden and Denmark were responsible for the growth, which was largely related to the acquisition of Arcona in Sweden and high production levels for large commercial building projects in the Danish construction operations. The Norwegian construction operations experienced a decline in revenue compared with the same quarter the previous year.

Profit before tax increased by 8% from the same quarter the previous year. The profit margin was 4.0%, an increase from 3.8% in Q4 2013. The Norwegian and Danish operations were responsible for the increase in profit, while Sweden's profit is on the same level as in Q4 2013.

The order backlog was 6% lower than in the same quarter the previous year, but overall, the level is considered satisfactory.

#### Construction Norway

NOK million	Q4 2014	Q4 2013	2014	2013
Revenue	3 196	3 413	11 878	12 132
Profit before tax	145	139	423	360
Profit margin (%)	4.5	4.1	3.6	3.0
Order backlog	10 437	10 769	10 437	10 769

The Norwegian construction operations showed a 6% decline in revenue compared with Q4 2013. The decline was attributable to civil engineering operations, as a result of few major transport contracts being signed in the past year.

Profit before tax increased to NOK 145 million, compared with NOK 139 million for the same quarter the previous year, while the profit margin rose from 4.1% to 4.5%. The margin improvement was mainly attributable to contributions from building construction projects. Overall building construction operations generated a profit margin of 4.2% for the year, compared with 3.2% in 2013, while the profit margin for civil engineering operations was in line with the previous year.

There is a high level of activity in the building construction and civil engineering market in Norway, but with regional variations. The residential market has strengthened, while the market for commercial buildings is stable. There is still a positive outlook for the civil engineering market as a result of major planned public transport investments, and increased activity is expected in 2015.

The order intake for the quarter was NOK 3.8 billion, compared with NOK 2.9 billion in Q4 2013, with the orders evenly spread between building construction projects and civil engineering projects.

Major projects awarded in Q4:

- New main road on classified road 80 to Bodø for NPRA (contract value NOK 894 million).
- Apartment building in Kristiansand for Kjøita Bolig AS (contract value NOK 245 million).
- Landslide securing of secondary road 7 Lussandberget in Hardanger for NPRA (contract value NOK 206 million).
- Sjøkanten Senter in Harstad for Coop Nord (contract value NOK 162 million).
- New Lillehammer upper secondary school for Oppland County Council (contract value NOK 150 million).

At the end of the quarter, the operations had an order backlog of NOK 10.4 billion, compared with NOK 10.8 billion at the end of 2013.

#### Construction Sweden

NOK million	Q4 2014	Q4 2013	2014	2013
Revenue	1 353	1 097	4 804	3 499
Profit before tax	8	9	19	11
Profit margin (%)	0.6	0.9	0.4	0.3
Order backlog	4 164	4 250	4 164	4 250

Swedish construction operations showed a 23% increase in revenue in Q4 compared with the same quarter the previous year. The revenue growth, which amounted to NOK 256 million, was attributable to the acquisition of Arcona on 31 December 2013. Civil engineering operations showed a decline in revenue compared with the same quarter the previous year as a result of significantly lower activity in tunnel operations.

Profit before tax was NOK 8 million, which was in line with the same quarter the previous year. Profit for the quarter was affected by individual project write-downs in building construction operations, as well as losses in tunnel operations due to a weak market and low capacity utilisation.

As a consequence of low activity in the tunnel market in the last few years, which has been behind the lack of profitability in Veidekke's tunnel operations, the Swedish civil engineering operations have been reorganised with effect from 2015. Building construction activities in Stockholm have undergone a restructuring process, and the implemented measures will take some time to produce effects.

There was stable, high activity in the building construction and civil engineering market in Q4, with the residential market and the market for public and private commercial buildings contributing to the good growth. The order intake for the quarter was NOK 1.3 billion, compared with NOK 1.5 billion for Q4 2013. The majority of the order intake consisted of commercial building projects, while the other orders were evenly spread between residential projects and civil engineering projects.

Major projects awarded in Q4:

- Torvågen, remodelling of business quarter in Stockholm for AxFast (contract value NOK 216 million).
- Lomma Läge, residential project in Skåne for Veidekke Bostad (contract value NOK 100 million).
- Tegelbruket, residential project in Skåne for CA Fastigheter (contract value NOK 76 million).

In November 2014, the Group signed a letter of intent with the property company Faberge to build new offices for SEB in Stockholm. Planning is now in progress and the final contract is expected to be signed in the early part of Q2, with a contract value of NOK 1.7 billion.

The operations had an order backlog of NOK 4.2 billion at the end of Q4, compared with NOK 4.3 billion at the previous year-end.

### Construction Denmark

NOK million	Q4 2014	Q4 2013	2014	2013
Revenue	485	392	1 820	1 336
Profit before tax	46	37	108	74
Profit margin (%)	9.5	9.4	5.9	5.6
Order backlog	1 209	1 709	1 209	1 709

Veidekke's Danish construction operations, Hoffmann A/S, showed an increase in revenue of 18% in local currency in Q4 compared with Q4 2013. In Norwegian kroner, the increase was 24%. The increase is due to high production levels in certain large commercial building projects.

Profit before tax increased to NOK 46 million, compared with NOK 37 million for the same quarter the previous year. The profit margin was 9.5%, compared with 9.4% for Q4 2013. The good margin level comes from high activity and good capacity utilisation, as well as high profits from projects in the final phase.

The order intake for the quarter was NOK 0.4 billion, compared with NOK 0.9 billion for Q4 2013. At the end of the quarter, the operations had an order backlog of NOK 1.2 billion, compared with NOK 1.7 billion at the start of the year. This means that the order backlog was reduced by 35% during 2014, measured in local currency. The market is demanding, but Hoffmann is maintaining its strategy to prioritise profitability ahead of growth. The lack of major new contracts in the order backlog means that volumes are expected to be lower in 2015.

### PROPERTY DEVELOPMENT

NOK million	Q4 2014	Q4 2013	2014	2013
Revenue	766	496	2 276	1 783
Profit before tax	117	79	280	221
Number of apartments under construction <sup>1)</sup>	1 149	1 469	1 149	1 469
Number of apartments sold <sup>1)</sup>	164	135	770	689

<sup>1)</sup> Veidekke's share

Property development operations showed revenue growth of 54% compared with the same quarter the previous year. Profit before tax increased to NOK 117 million from NOK 79 million in Q4 2013. The effect of lower residential production in Norway was offset by development gains in both the Norwegian and Swedish operations.

A total of 226 residential units, including joint venture projects, were sold in Q4. This is an increase from 157 in Q4 2013, but a decline from 326 units in Q3 2014. Veidekke's share of units sold was 164, compared with 135 in Q4 2013.

At the end of the quarter, there were 1,540 units under construction. Veidekke's share was 1,149 units, which is a decline of 47 units from the end of Q3 2014. The sales ratio in the portfolio was 82%.

At the end of the quarter, the Group had a total land bank of 14,100 residential units, of which Veidekke's share was 10,900 units.

Capital invested in property operations was NOK 3.0 billion at 31 December 2014. The return on invested capital (12 months rolling) was 13.0% (8.7%) at the end of the quarter, adjusted for taxes in associates and joint ventures.

### Property Development Norway

NOK million	Q4 2014	Q4 2013	2014	2013
Revenue	198	244	747	1 070
Profit before tax	82	46	175	170
Number of apartments under construction <sup>1)</sup>	399	749	399	749
Number of apartments sold <sup>1)</sup>	59	35	246	307

<sup>1)</sup> Veidekke's share

The Norwegian property development operations reported revenue of NOK 198 million for Q4, which is a decline of 19%. The decline was largely due to lower residential production as a result of weak residential sales and few project start-ups in the second half of 2013 and first half of 2014. In addition, several projects were conducted in joint venture operations, which do not generate accounting revenues.

Profit before tax was NOK 82 million, compared with NOK 46 million in the same quarter the previous year. Lower residential production resulted in a lower contribution from residential projects than in the same quarter the previous year, but development gains of NOK 52 million boosted profit for the quarter. The number of residential units under construction was 399 (Veidekke's share) at the end of Q4, compared with 749 in Q4 2013. The decline was due to fewer construction starts as a result of low residential sales in 2013 and the first part of 2014. Production started on three projects in eastern Norway during the quarter.

Sales of new homes were at the same level as the previous quarter. Veidekke sold a total of 120 homes in Q4, including joint venture projects, in Norway, which is an increase from 56 units in Q4 2013. Veidekke's share of Q4 sales was 59 units, compared with 35 units in Q4 2013 and 72 units in the previous quarter. The sales ratio for residential units under construction was 68%, compared with 71% in Q4 2013.

At the end of the quarter, the land bank contained 7,000 residential units, of which Veidekke's share was 4,250 units.



Invested capital amounted to NOK 1.9 billion at the end of the quarter, compared with NOK 2.0 billion at the end of Q4 2013. At the end of the quarter, the return on invested capital (12 months rolling) was 14.1%, adjusted for taxes in associates and joint ventures, which is an increase from 10.8% at the end of Q4 2013.

### Property Development Sweden

NOK million	Q4 2014	Q4 2013	2014	2013
Revenue	569	252	1 529	713
Profit before tax	35	33	105	50
Number of apartments under construction <sup>1)</sup>	750	720	750	720
Number of apartments sold <sup>1)</sup>	105	100	524	387

<sup>1)</sup> Veidekke's share

Revenue for the Swedish property operations more than doubled compared with Q4 2013. The revenue growth was primarily attributable to the sale of units in one residential project.

Profit before tax was NOK 35 million, compared with NOK 33 million in the same quarter the previous year. Net development gains made a positive contribution of NOK 20 million in the quarter.

At the end of the quarter, there were 750 residential units under construction (Veidekke's share), compared with 720 at the same point the previous year. Construction of two projects – one in the Stockholm area and one in Skåne – was initiated in Q4. Activity in the residential market continues at a high level, and the market is good in all Veidekke's regions.

A total of 106 homes were sold in Q4, including joint venture projects, which means that residential sales showed a slight increase from 101 homes in Q4 2013. Veidekke's share of residential sales in the quarter was 105, compared with 199 in the previous quarter and 100 in the same quarter the previous year. Sales are scheduled to start in several new projects in the first half 2015, and residential sales are expected to increase. The sales ratio for residential units under construction was 89%, compared with 76% in Q4 2013.

At the end of the quarter, the land bank contained 7,100 residential units, of which Veidekke's share was 6,650 units.

Invested capital was NOK 0.9 billion at the end of the quarter, compared with NOK 1.0 billion at the end of Q4 2013. The return on invested capital (12 months rolling) was 12.8% at the end of the quarter, up from 6.3% at the end of Q4 2013.

### INDUSTRIAL

NOK million	Q4 2014	Q4 2013	2014	2013
Revenue	1 114	1 050	4 127	3 476
Profit before tax	76	84	210	158
Order backlog	1 274	1 545	1 274	1 545

For Veidekke Industrial, this was another quarter marked by high activity and capacity utilisation. Revenue for the quarter increased by 6% and amounted to NOK 1,114 million, compared with NOK 1,050 million for Q4 2013. Revenue growth was primarily related to high activity in Road Maintenance due to more operating contracts than in the same quarter the previous year.

Profit for the quarter was seasonally strong, even though profit before tax fell to NOK 76 million from NOK 84 million in the same quarter the previous year. The profit margin fell from 8.0% to 6.7% as a result of a change to the portfolio composition in the asphalt operations.

In the asphalt operations, the quarter was marked by good activity as a result of high demand combined with a long asphalt season. Road Maintenance continued its positive growth, with both revenue and profit higher than in Q4 2013. The operations had a total of 23 contracts in the portfolio at the end of the quarter, compared with 18 contracts a year ago. Aggregates reported high, stable revenue and profit for the quarter.

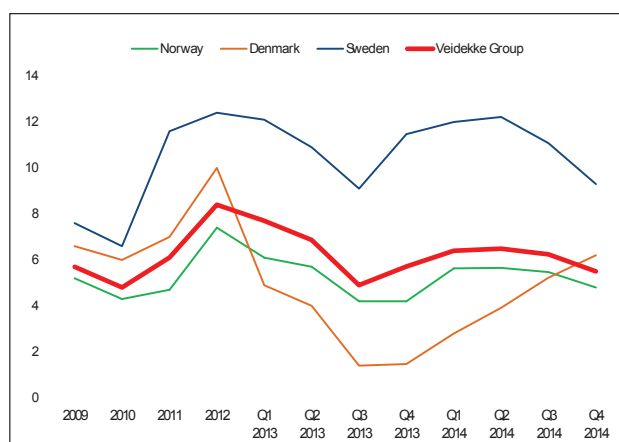
Industrial operations are closely tied in with developments in the civil engineering market in general and the transport market in particular, where a high level of activity is expected to continue both for new investments and maintenance in the coming years. The National Budget for 2015 shows an increased commitment within the transport sector and this provides good market opportunities for industrial operations.

The order backlog for the next 18 months was NOK 1.3 billion at the end of Q4, compared with NOK 1.5 billion at the same point the previous year. The decline is due to fewer contracts for asphaltting of new road projects, while at the same time there has been an increase in road maintenance contracts.

### OCCUPATIONAL HEALTH AND SAFETY (OHS)

In November, there was a fatal accident at one of Veidekke's quarries, and an employee of a subcontractor lost his life. An investigation group was appointed after the accident, and necessary measures will be implemented to prevent similar accidents from happening again.

A total of 62 injuries were reported in Q4 2014, 26 of which were lost-time injuries. This is a reduction from 75 injuries in the previous quarter and 109 injuries in Q4 2013.



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

The main measures implemented to reduce the number of injuries are consistent risk assessment from planning to production, basic OHS training for all employees and stricter requirements on the use of safety equipment.

The Group's LTI rate was 5.5 in Q4 2014. The LTI rate has been stable at around 5 in recent years.

LTI rate <sup>1)</sup>

Own employees 12-month rolling	Q4 2014	Q3 2014	Q4 2013
Norway	4.8	5.4	4.2
Sweden	9.3	11.1	11.7
Denmark	6.2	5.2	1.5
Veidekke	5.5	6.2	5.2

<sup>1)</sup> Lost-time injuries per million hours worked, own employees

Prevention of sickness absence is a high priority at Veidekke, and good procedures for monitoring employees' absence have been established. At Veidekke, the aim is to maintain close and productive dialogue with employees on sick leave, in order to facilitate the fastest possible return to work for the person in question. The majority of long-term sick leave is due to musculoskeletal disorders.

Sickness absence, % 12-month rolling	Q4 2014	Q3 2014	Q4 2013
Norway	4.3	4.3	4.4
Sweden	3.7	3.4	3.6
Denmark	1.5	1.3	1.3
Veidekke	4.0	3.9	4.2

## FINANCIAL SITUATION

The net interest-bearing position at the end of the quarter was NOK 274 million, which is an improvement of NOK 849 million from the previous quarter. The change in the net interest-bearing position for the full year 2014 was NOK 669 million. Cash flow from operations in the quarter was seasonally strong, and the improved financial position was largely due to the handover of some large property projects and consistently good project liquidity in construction operations.

Veidekke's financial position is considered good, and the Group has considerable financial capacity. The Group has a borrowing facility of NOK 3.1 billion with DNB. NOK 51 million of this facility had been utilised at 31 December 2014. In addition to the borrowing facility, Veidekke has completed a bond issue of

NOK 750 million. A commercial paper loan totalling NOK 450 million was settled during the quarter, which means there were no commercial papers outstanding at the end of the year.

## 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 Q4 2014 other than these. Note 34 to the 2013 annual financial statements provides further information on the sizes and types of transactions during the previous year.

## SHAREHOLDER INFORMATION

Largest shareholders 30 September 2014	Ownership share %
OBOS BBL	23.0
Folketrygdfondet	9.6
IF Skadeforsikring AB	9.1
Skandinaviska Enskilda Banken (Nom)	3.2
MP Pensjon PK	2.2
Verdipapirfondet DNB Norge (IV)	2.2
JP Morgan Chase Bank (Nom)	1.9
Must Invest AS	1.9
Danske Invest Norske Instit. II	1.2
JP Morgan Chase Bank (Nom)	1.1
Foreign shareholders	28.4
Employees, total ownership	17.2

The share price ranged from NOK 60.75 to NOK 74.25 during the quarter and was NOK 73.75 at 31 December 2014. A total of 6.2 million Veidekke shares were traded in Q4 2014.

## RISKS

Veidekke's operations are largely based on implementing individual projects. The projects vary greatly in terms of complexity, size, duration and risk, which means that systematic risk management in all parts of the business is of crucial importance. Veidekke conducts a risk analysis as early as in the tendering stage, and continues efficient and professional risk management during the implementation phase. Proper expertise is a critical success factor for good operational efficiency and project implementation. To ensure that the Group has sound and updated knowledge, Veidekke devotes significant resources to skills development for employees through its internal training centre Veidekke School, and continuously works on recruitment initiatives throughout the Group.

As a result of demanding contract terms in transport projects, there was, at 31 December 2014, a significant level of disputes in a number of projects where the Norwegian Public Roads Administration is the builder. Total revenue recognition from the relevant projects has been assessed cautiously, but positive and negative outcomes of individual disputes may have an effect on the quarterly results.

The residential market is cyclical, and property development earnings are highly 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% is achieved. Consequently, lower residential sales may delay residential projects.

Veidekke is primarily exposed to financial risks associated with financial instruments such as trade receivables, liquidity 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 29 in Veidekke's 2013 annual report.

## MARKET OUTLOOK

International economies showed positive growth in 2014, but the EU's growth was weak and there were further interest rate cuts. Recent turmoil in the currency and commodity markets will affect economic growth in the period ahead.

### Norway

Growth in the Norwegian economy in 2014 was at the same level as the previous year. However, the sharp fall in oil prices has brought a clearly weaker outlook for the Norwegian economy than previously predicted, and new calculations put GDP growth at 1.0–1.5% for mainland Norway in 2015.

The weakening of the Norwegian economy is expected to affect overall activity in the building construction and civil engineering sector in 2015. How much weaker the market growth will be depends on the extent and duration of the fall in oil prices, and this will have a greater effect in regions that are highly vulnerable to the oil sector decline. Low interest rates, stronger competitiveness and a growing willingness to invest in traditional industries and tourism as a result of the weakened krone may contribute positively as a counterweight to the slowdown. Building construction and civil engineering is expected to show total growth of 2.5% in 2015, which will be driven mainly by the transport segment (7–8%) and public commercial buildings segment (4%). The market for private commercial buildings and new homes is expected to remain unchanged in 2015.

### Sweden

GDP growth in Sweden was weaker than expected in 2014 due to low export growth. At the same time, domestic demand was strong, particularly from households. The economy is expected to improve in 2015, with GDP growth forecast at 2.0–2.5%. The Swedish building construction and civil engineering market is expected to grow by 3.5% in 2015, driven primarily by growth in the residential and private commercial buildings segments. Because of a tightening in the municipal sector, there is expected to be a levelling off or slight decline in growth for the public commercial buildings segment in 2015. The civil engineering market is expected to show moderate, positive development over the next year, while growth in transport investments is likely to level off during 2015. The start-up of The Stockholm Bypass transport Project will provide growth in activity in the civil engineering market towards the end of 2015.

### Denmark

GDP growth was also weaker than expected in Denmark in 2014. This also applies to market growth in building construction and civil engineering during the last year. Growth in the Danish economy is expected to be moderate in 2015, with a GDP growth of 1.0–1.5%. Until now, growth has been confined to the Copenhagen region, but estimates from the residential market and other analysts indicate an economic upturn in other parts of the country too.

Total growth in the building construction and civil engineering market next year is expected to be 4%, although from a low level. Danish authorities have presented plans that point to a decline in public investments in 2015, after several years of growth, and this will adversely affect both the civil engineering and public commercial buildings markets. However, private demand is expected to increase, and will generate growth in the residential and private commercial buildings segments.

Oslo, 11 February 2015  
Board of VEIDEKKE ASA

Martin Mæland  
*Chairman*

Per Otto Dyb   Gro Bakstad   Annika Billström   Ann Christin Gjerdseth   Hans von Uthmann  
*Deputy Chairman*

Odd Andre Olsen   Inge Ramsdal   Lars Skaare

Arne Giske  
*President and CEO*





Pyramiden in Stockholm

## **CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

- A. Financial accounts for fourth 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 AND CEO**

We hereby confirm that to the best of our knowledge the following interim financial statements have been prepared in accordance with applicable accounting standards and that the disclosures in the accounts give a true and fair view of the consolidated entity's assets, liabilities, financial position and operational results.

Oslo, 11 February 2015  
Board of VEIDEKKE ASA

Martin Mæland  
*Chairman*

Per Otto Dyb   Gro Bakstad   Annika Billström   Ann Christin Gjerdsæth   Hans von Uthmann  
*Deputy Chairman*

Odd Andre Olsen   Inge Ramsdal   Lars Skaare

Arne Giske  
*President and CEO*

**A. FINANCIAL ACCOUNTS FOR FOURTH QUARTER 2014**

	NOK million			
<b>INCOME STATEMENT</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>2014</b>	<b>2013</b>
Revenue	6 719	6 582	24 027	21 781
Operating expenses	-6 290	-6 168	-22 861	-20 833
Share of net income from associates and joint ventures	83	30	217	65
<b>Operating profit before depreciation (EBITDA)</b>	<b>512</b>	<b>444</b>	<b>1 383</b>	<b>1 013</b>
Impairment of non-current assets	-	-11	-	-11
Depreciation	-91	-79	-338	-310
<b>Operating profit (EBIT)</b>	<b>421</b>	<b>355</b>	<b>1 045</b>	<b>692</b>
Financial income	24	26	93	81
Financial costs	-46	-27	-83	-54
<b>Profit before tax</b>	<b>399</b>	<b>354</b>	<b>1 055</b>	<b>718</b>
Income tax expense	-64	-81	-196	-163
<b>Profit after tax</b>	<b>335</b>	<b>273</b>	<b>859</b>	<b>556</b>
of which non-controlling interests	2	8	16	12
Earnings per share (NOK) <sup>1)</sup>	2.5	2.0	6.3	4.1

<sup>1)</sup> No dilutive effect

	NOK million			
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>2014</b>	<b>2013</b>
<b>Profit after tax</b>	<b>335</b>	<b>273</b>	<b>859</b>	<b>556</b>
Revaluation of pensions	-151	-4	-151	-4
<b>Net items that will not be reclassified subsequently to profit or loss</b>	<b>-151</b>	<b>-4</b>	<b>-151</b>	<b>-4</b>
Currency translation differences	94	15	43	91
Fair value adjustment of financial assets	-10	-8	-10	4
<b>Net items that may be reclassified subsequently to profit or loss</b>	<b>84</b>	<b>6</b>	<b>33</b>	<b>95</b>
<b>Total comprehensive income</b>	<b>267</b>	<b>276</b>	<b>741</b>	<b>647</b>
of which non-controlling interests	3	10	16	15

	NOK million			
<b>STATEMENT OF CASH FLOWS</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>2014</b>	<b>2013</b>
Profit before tax	399	354	1 055	718
Tax paid	-57	-13	-89	-18
Depreciation/impairment	91	90	338	321
Other operational items	646	1 116	448	627
<b>Cash flow from operating activities</b>	<b>1 079</b>	<b>1 547</b>	<b>1 753</b>	<b>1 648</b>
Acquisition/disposal of property, plant and equipment	-95	-9	-402	-137
Other investing activities	-423	62	-568	33
Change in interest-bearing receivables	671	-19	-	45
<b>Cash flow from investing activities</b>	<b>153</b>	<b>35</b>	<b>-969</b>	<b>-59</b>
Change in interest-bearing liabilities	-1 413	-910	-598	-597
Dividend paid	-	-	-401	-334
Acquisition of own shares	-	-	-	-
Change other non-current liabilities	-129	-14	-65	-17
Other financial items	8	-15	-49	-94
<b>Cash flow from financing activities</b>	<b>-1 535</b>	<b>-939</b>	<b>-1 114</b>	<b>-1 043</b>
<b>Change in cash and cash equivalents</b>	<b>-303</b>	<b>642</b>	<b>-330</b>	<b>547</b>
Cash and cash equivalents, start of period	728	120	764	206
Exchange rate adjustment foreign cash balances	10	1	2	12
Cash and cash equivalents, end of period	435	764	435	764

	NOK million	
<b>NET INTEREST-BEARING POSITION</b>	<b>As at 31.12 2014</b>	<b>As at 31.12 2013</b>
Cash and cash equivalents	435	764
Financial assets (short-term)	411	-
Interest-bearing assets (long-term)	305	317
Interest-bearing liabilities	-878	-1 476
<b>Net interest-bearing position</b>	<b>274</b>	<b>-396</b>
<b>Change in net interest-bearing position (from 1 January)</b>	<b>669</b>	<b>1 110</b>
<b>OTHER KEY FIGURES</b>	<b>As at 31.12 2014</b>	<b>As at 31.12 2013</b>
Order backlog (NOK million)	17 085	18 273
Equity ratio (%)	22	21
Number of employees	6 384	6 286
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>As at 31.12 2014</b>	<b>As at 31.12 2013</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	804	775
Other intangible assets	110	104
Deferred tax assets	54	55
Land and buildings	501	499
Plant and machinery	1 389	1 230
Investments in associates and joint ventures	1 151	908
Financial assets	408	417
<b>Total non-current assets</b>	<b>4 416</b>	<b>3 990</b>
<b>Current assets</b>		
Non-residential and residential projects	2 797	3 148
Inventories	255	308
Trade and other receivables	4 068	3 457
Financial assets	412	-
Cash and cash equivalents	435	764
<b>Total current assets</b>	<b>7 966</b>	<b>7 676</b>
<b>Total assets</b>	<b>12 382</b>	<b>11 666</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	67	67
Other equity	2 606	2 338
Non-controlling interests	71	62
<b>Total equity</b>	<b>2 744</b>	<b>2 466</b>
<b>Non-current liabilities</b>		
Pensions and deferred tax liabilities	744	558
Bonds	750	750
Amounts due to credit institutions	73	53
Other non-current liabilities	104	36
<b>Total non-current liabilities</b>	<b>1 671</b>	<b>1 398</b>
<b>Current liabilities</b>		
Commercial papers and debt to credit institutions	55	672
Trade payables and warranty provisions	3 957	3 769
Public duties and taxes payable	845	669
Other current liabilities	3 109	2 691
<b>Total current liabilities</b>	<b>7 967</b>	<b>7 802</b>
<b>Total equity and liabilities</b>	<b>12 382</b>	<b>11 666</b>

NOK million

**B. BUSINESS SEGMENTS**

	Q4 2014	Q4 2013	2014	2013
<b>CONSTRUCTION</b> <i>(specification page 14)</i>				
Revenue	5 034	4 902	18 502	16 968
Operating expenses	-4 797	-4 685	-17 823	-16 389
Share of net income from associates and joint ventures	2	3	2	3
Depreciation/impairment	-50	-43	-192	-169
<b>Operating profit (EBIT)</b>	<b>189</b>	<b>177</b>	<b>489</b>	<b>412</b>
Net financial items	10	8	60	33
<b>Profit before tax (EBT)</b>	<b>199</b>	<b>185</b>	<b>549</b>	<b>446</b>
<b>Total assets, segment</b>	<b>8 236</b>	<b>7 365</b>	<b>8 236</b>	<b>7 365</b>
<b>PROPERTY</b> <i>(specification page 15)</i>				
Revenue	766	496	2 276	1 783
Operating expenses	-699	-451	-2 115	-1 657
Share of net income from associates and joint ventures	65	34	134	97
Depreciation/impairment	-	-5	-1	-8
<b>Operating profit (EBIT)</b>	<b>132</b>	<b>73</b>	<b>293</b>	<b>215</b>
Net financial items	-15	6	-13	6
<b>Profit before tax (EBT)</b>	<b>117</b>	<b>79</b>	<b>280</b>	<b>221</b>
<b>Total assets, segment</b>	<b>4 225</b>	<b>4 142</b>	<b>4 225</b>	<b>4 142</b>
<b>VEIDEKKE INDUSTRIAL</b>				
Revenue	1 114	1 050	4 127	3 476
Operating expenses	-1 001	-929	-3 762	-3 173
Share of net income from associates and joint ventures	7	8	19	19
Depreciation/impairment	-41	-41	-145	-144
<b>Operating profit (EBIT)</b>	<b>78</b>	<b>88</b>	<b>239</b>	<b>178</b>
Net financial items	-2	-3	-29	-20
<b>Profit before tax (EBT)</b>	<b>76</b>	<b>84</b>	<b>210</b>	<b>158</b>
<b>Total assets, segment</b>	<b>1 706</b>	<b>1 574</b>	<b>1 706</b>	<b>1 574</b>
<b>OTHER OPERATIONS</b> <sup>1)</sup>				
Revenue	1	-	2	1
Operating expenses	-11	-5	-71	-69
Share of net income from associates and joint ventures	3	4	12	13
Depreciation/impairment	-	-	-	-
<b>Operating profit (EBIT)</b>	<b>-7</b>	<b>-1</b>	<b>-57</b>	<b>-56</b>
Net financial items	-17	-11	-1	7
<b>Profit before tax (EBT)</b>	<b>-24</b>	<b>-12</b>	<b>-59</b>	<b>-49</b>
<sup>1)</sup> Other operations include the Group's net financial items and central unassigned costs.				
<b>GROUP ELIMINATIONS</b>				
Revenue	-296	-303	-1 044	-1 036
Operating expenses	293	302	1 037	1 036
Share of net income from associates and joint ventures	-	-	-	-
Depreciation/impairment	-	-	-	-
<b>Operating profit (EBIT)</b>	<b>-2</b>	<b>-1</b>	<b>-6</b>	<b>-</b>
Net financial items	1	-	-8	-
<b>Profit before tax (EBT)</b>	<b>-1</b>	<b>-1</b>	<b>-14</b>	<b>-</b>
<b>TOTAL VEIDEKKE GROUP SEGMENT ACCOUNTS</b>				
Revenue	6 619	6 146	23 863	21 191
Operating expenses	-6 215	-5 769	-22 734	-20 253
Share of net income from associates and joint ventures	77	49	167	132
Depreciation/impairment	-91	-90	-338	-321
<b>Operating profit (EBIT)</b>	<b>389</b>	<b>336</b>	<b>957</b>	<b>749</b>
Net financial items	-22	-	10	27
<b>Profit before tax (EBT)</b>	<b>368</b>	<b>336</b>	<b>967</b>	<b>776</b>
<b>Total assets, segment</b>	<b>11 818</b>	<b>11 378</b>	<b>11 818</b>	<b>11 378</b>

**RECONCILIATION OF SEGMENT ACCOUNTS AND FINANCIAL ACCOUNTS**

NOK million	Q4 2014	Q4 2013	2014	2013
<b>TOTAL VEIDEKKE GROUP SEGMENT ACCOUNTS</b>				
Revenue	6 619	6 146	23 863	21 191
Operating expenses	-6 215	-5 769	-22 734	-20 253
Share of net income from associates and joint ventures	77	49	167	132
Depreciation/impairment	-91	-90	-338	-321
<b>Operating profit (EBIT)</b>	<b>389</b>	<b>336</b>	<b>957</b>	<b>749</b>
Net financial items	-22	-	10	27
<b>Profit before tax (EBT)</b>	<b>368</b>	<b>336</b>	<b>967</b>	<b>776</b>
<b>Total assets, segment</b>	<b>11 818</b>	<b>11 378</b>	<b>11 818</b>	<b>11 378</b>
<b>IFRIC 15 ADJUSTMENTS <sup>1) 2)</sup></b>				
Revenue	100	436	165	590
Operating expenses	-75	-399	-127	-581
Share of net income from associates and joint ventures	6	-19	50	-67
Depreciation/impairment	-	-	-	-
<b>Operating profit (EBIT)</b>	<b>31</b>	<b>19</b>	<b>88</b>	<b>-57</b>
Net financial items	-	-	-	-
<b>Profit before tax (EBT)</b>	<b>31</b>	<b>19</b>	<b>88</b>	<b>-57</b>
<b>Total assets, segment</b>	<b>564</b>	<b>289</b>	<b>564</b>	<b>289</b>

<sup>1)</sup> Under IFRS, income and earnings for 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 profit x stage of completion x sales rate.

<sup>2)</sup> See also the accompanying notes, item 2 Accounting policies.

NOK million	Q4 2014	Q4 2013	2014	2013
<b>TOTAL VEIDEKKE GROUP</b>				
Revenue	6 719	6 582	24 027	21 781
Operating expenses	-6 290	-6 168	-22 861	-20 833
Share of net income from associates and joint ventures	83	30	217	65
Depreciation/impairment	-91	-90	-338	-321
<b>Operating profit (EBIT)</b>	<b>421</b>	<b>355</b>	<b>1 045</b>	<b>692</b>
Net financial items	-22	-	10	27
<b>Profit before tax (EBT)</b>	<b>399</b>	<b>354</b>	<b>1 055</b>	<b>718</b>
<b>Total assets, segment</b>	<b>12 382</b>	<b>11 666</b>	<b>12 382</b>	<b>11 666</b>



**Construction operations by country**

NOK million	Q4 2014	Q4 2013	2014	2013
<b>CONSTRUCTION NORWAY</b>				
Revenue	3 196	3 413	11 878	12 132
Operating expenses	-3 038	-3 251	-11 396	-11 678
Share of net income from associates and joint ventures	-	2	-	2
Depreciation/impairment	-31	-30	-125	-122
<b>Operating profit (EBIT)</b>	<b>127</b>	<b>134</b>	<b>356</b>	<b>334</b>
Net financial items	18	5	67	26
<b>Profit before tax (EBT)</b>	<b>145</b>	<b>139</b>	<b>423</b>	<b>360</b>
<b>Total assets, segment</b>	<b>5 511</b>	<b>5 126</b>	<b>5 511</b>	<b>5 126</b>
<b>CONSTRUCTION SWEDEN</b>				
Revenue	1 353	1 097	4 804	3 499
Operating expenses	-1 320	-1 076	-4 712	-3 447
Share of net income from associates and joint ventures	2	1	3	1
Depreciation/impairment	-17	-11	-60	-40
<b>Operating profit (EBIT)</b>	<b>18</b>	<b>10</b>	<b>35</b>	<b>13</b>
Net financial items	-10	-1	-16	-1
<b>Profit before tax (EBT)</b>	<b>8</b>	<b>9</b>	<b>19</b>	<b>11</b>
<b>Total assets, segment</b>	<b>1 648</b>	<b>1 379</b>	<b>1 648</b>	<b>1 379</b>
<b>CONSTRUCTION DENMARK</b>				
Revenue	485	392	1 820	1 336
Operating expenses	-440	-358	-1 714	-1 264
Share of net income from associates and joint ventures	-	-	-	-
Depreciation/impairment	-2	-2	-7	-7
<b>Operating profit (EBIT)</b>	<b>43</b>	<b>32</b>	<b>98</b>	<b>66</b>
Net financial items	2	5	10	9
<b>Profit before tax (EBT)</b>	<b>46</b>	<b>37</b>	<b>108</b>	<b>74</b>
<b>Total assets, segment</b>	<b>1 078</b>	<b>860</b>	<b>1 078</b>	<b>860</b>
<b>TOTAL CONSTRUCTION</b>				
Revenue	5 034	4 902	18 502	16 968
Operating expenses	-4 797	-4 685	-17 823	-16 389
Share of net income from associates and joint ventures	2	3	2	3
Depreciation/impairment	-50	-43	-192	-169
<b>Operating profit (EBIT)</b>	<b>189</b>	<b>177</b>	<b>489</b>	<b>412</b>
Net financial items	10	8	60	33
<b>Profit before tax (EBT)</b>	<b>199</b>	<b>185</b>	<b>549</b>	<b>446</b>
<b>Total assets, segment</b>	<b>8 236</b>	<b>7 365</b>	<b>8 236</b>	<b>7 365</b>

**Property development by country**

NOK million	Q4 2014	Q4 2013	2014	2013
<b>PROPERTY DEVELOPMENT NORWAY</b>				
Revenue	198	244	747	1 070
Operating expenses	-172	-214	-687	-974
Share of net income from associates and joint ventures	66	19	126	71
Depreciation/impairment	-	-5	-1	-7
<b>Operating profit (EBIT)</b>	<b>92</b>	<b>44</b>	<b>185</b>	<b>160</b>
Net financial items	-10	2	-10	10
<b>Profit before tax (EBT)</b>	<b>82</b>	<b>46</b>	<b>175</b>	<b>170</b>
<b>Total assets, segment</b>	<b>2 197</b>	<b>2 265</b>	<b>2 197</b>	<b>2 265</b>
<b>PROPERTY DEVELOPMENT SWEDEN</b>				
Revenue	569	252	1 529	713
Operating expenses	-527	-237	-1 428	-683
Share of net income from associates and joint ventures	-2	15	8	26
Depreciation/impairment	-	-	-1	-1
<b>Operating profit (EBIT)</b>	<b>40</b>	<b>30</b>	<b>108</b>	<b>54</b>
Net financial items	-5	4	-3	-4
<b>Profit before tax (EBT)</b>	<b>35</b>	<b>33</b>	<b>105</b>	<b>50</b>
<b>Total assets, segment</b>	<b>2 028</b>	<b>1 877</b>	<b>2 028</b>	<b>1 877</b>
<b>TOTAL PROPERTY DEVELOPMENT</b>				
Revenue	766	496	2 276	1 783
Operating expenses	-699	-451	-2 115	-1 657
Share of net income from associates and joint ventures	65	34	134	97
Depreciation/impairment	-	-5	-1	-8
<b>Operating profit (EBIT)</b>	<b>132</b>	<b>73</b>	<b>293</b>	<b>215</b>
Net financial items	-15	6	-13	6
<b>Profit before tax (EBT)</b>	<b>117</b>	<b>79</b>	<b>280</b>	<b>221</b>
<b>Total assets, segment</b>	<b>4 225</b>	<b>4 142</b>	<b>4 225</b>	<b>4 142</b>

**C. STATEMENT OF CHANGES IN EQUITY****Equity holders of Veidekke ASA**

NOK million

	<b>Share capital</b>	<b>Other paid-in capital <sup>1)</sup></b>	<b>Currency translation differences</b>	<b>Other retained earnings</b>	<b>Fair value adjustment <sup>2)</sup></b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total</b>
<b>Equity at 1 January 2013</b>	<b>67</b>	<b>305</b>	<b>-105</b>	<b>1 939</b>	<b>-88</b>	<b>2 118</b>	<b>65</b>	<b>2 183</b>
Profit for the year	-	-	-	544	-	544	12	556
Other comprehensive income	-	-	88	-4	4	88	3	91
IFRS 2 – share-based transactions (employees)	-	-	-	-13	-	-13	-	-13
Transactions with non-controlling interests	-	-	-	1	-	1	-	1
Changes in non-controlling interests	-	-	-	-	-	-	-7	-7
Dividend	-	-	-	-334	-	-334	-10	-344
<b>Equity at 31 December 2013</b>	<b>67</b>	<b>305</b>	<b>-17</b>	<b>2 134</b>	<b>-84</b>	<b>2 404</b>	<b>62</b>	<b>2 466</b>
<b>Equity at 1 January 2014</b>	<b>67</b>	<b>305</b>	<b>-17</b>	<b>2 134</b>	<b>-84</b>	<b>2 404</b>	<b>62</b>	<b>2 466</b>
Profit for the year	-	-	-	843	-	843	16	859
Other comprehensive income	-	-	43	-151	-10	-118	-	-118
IFRS 2 – share-based transactions (employees)	-	-	-	-13	-	-13	-	-13
Options – non-controlling interests	-	-	-	-42	-	-42	-	-42
Changes in non-controlling interests	-	-	-	-	-	-	1	1
Dividend	-	-	-	-401	-	-401	-8	-410
<b>Equity at 31 December 2014</b>	<b>67</b>	<b>305</b>	<b>26</b>	<b>2 369</b>	<b>-94</b>	<b>2 673</b>	<b>71</b>	<b>2 744</b>

<sup>1)</sup> Paid-in capital over and above nominal value of shares.<sup>2)</sup> Change in fair value of available-for-sale shares and hedging instruments that qualify for hedge accounting.

There were no purchases of own shares during 2014.

## D. NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

Veidekke is a Scandinavian construction and property development company headquartered in Oslo. The consolidated accounts for Q4 2014 include Veidekke ASA and its subsidiaries and the Group's investments in associates and joint ventures. At the end of Q4 2014, the Group comprised essentially the same entities as described in the 2013 annual report. Details of business combinations in 2014 can be found in note 8. The interim financial statements are unaudited.

### 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.

On 1 January 2014, Veidekke implemented IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and amendments to IAS 28 Investments in Associates and Joint Ventures. The implementation of these standards has had little effect on Veidekke's accounts, and in other respects the interim report has been prepared in accordance with the same accounting policies used for the 2013 annual report.

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

### 6. Non-currents assets

#### PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

	Q4 2014	Q4 2013	2014	2013
NOK million				
<b>Carrying amount at start of period</b>	<b>1 952</b>	<b>1 805</b>	<b>1 834</b>	<b>1 793</b>
Additions	123	72	489	267
Additions from acquisition of operations	-2	73	55	143
Depreciation and amortisation	-91	-79	-338	-310
Currency translation differences etc.	33	-1	13	33
Disposals and sales of operations	-16	-38	-53	-92
<b>Carrying amount at end of period</b>	<b>1 999</b>	<b>1 834</b>	<b>1 999</b>	<b>1 834</b>
Other intangible assets	110	104	110	104
Land and buildings	501	499	501	499
Plant and machinery	1 389	1 230	1 389	1 230
<b>Carrying amount at end of period</b>	<b>1 999</b>	<b>1 834</b>	<b>1 999</b>	<b>1 834</b>

#### GOODWILL

	Q4 2014	Q4 2013	2014	2013
<b>Carrying amount at start of period</b>	<b>768</b>	<b>656</b>	<b>775</b>	<b>631</b>
Additions	1	125	42	125
Impairment	-	-11	-	-11
Currency translation differences	35	5	9	30
Disposals	-	-	-23	-
<b>Carrying amount at end of period</b>	<b>804</b>	<b>775</b>	<b>804</b>	<b>775</b>

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 2013 annual report, which can be obtained from the company or online at [www.veidekke.com/no](http://www.veidekke.com/no).

### 3. Segment reporting

The Group consists of three segments: Construction, Property Development and Industrial. The segment results for Q4 2014 are presented in the table on page 11.

### 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 Q4 2014 are unchanged from those in the 2013 annual report.

### 5. Operations with significant seasonal fluctuations

The Group's asphalt and aggregate 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 associated with 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.

**7. Non-residential and residential projects**

NOK million	2014	2013
Units under construction	840	1 005
Completed units for sale	64	68
Residential sites for development	1 865	1 991
Non-residential projects	28	84
<b>Total non-residential and residential projects</b>	<b>2 797</b>	<b>3 148</b>
<b>Residential projects in joint ventures</b>	<b>951</b>	<b>694</b>
Units under construction <sup>1)</sup>	1 149	1 469
Sale rate, units under construction <sup>1)</sup>	82 %	74 %
Unsold, completed units <sup>1)</sup>	41	22

<sup>1)</sup> Including Veidekke's share in joint ventures.

**8. Acquisitions, sales of operations**

On 31 December 2013, Veidekke purchased the Stockholm-based contractor Arcona AB. In 2014, Arcona reported revenues of NOK 1.1 billion and profit before tax of NOK 26 million. The purchase price was NOK 165 million, and was paid in Q1 2014. The acquired operations had bank deposits of NOK 74 million at the acquisition date. The net cash effect of the purchase was NOK -91 million. The acquisition generated an excess value of NOK 131 million, with NOK 120 million of this amount attributable to goodwill, NOK 19 million to trademarks, NOK -5 million to guarantee provisions and NOK -3 million to deferred tax. The acquisition of Arcona AB also included the wholly-owned subsidiary BSK Arkitekter AB. On 30 June 2014, Veidekke sold 49% of the company to the employees of BSK Arkitekter. Following the sale, BSK Arkitekter AB is regarded as a jointly-controlled entity. Consequently, BSK Arkitekter AB was deconsolidated on 30 June 2014, and the goodwill from Arcona AB was adjusted down to NOK 88 million. A gain of NOK 1 million on the sale of the shares in BSK Arkitekter AB was recognised.

On 27 June 2014, Veidekke acquired 70% of the shares in the Swedish concrete element factory Recess V-Prefab AB. The factory is located outside Stockholm and manufactures prefabricated concrete elements and modules. Veidekke has worked closely with Recess to develop modules that will provide higher efficiency and bring cost savings in residential projects. The purchase price was NOK 53 million. NOK 19 million has been allocated to excess value attributable to production technology. NOK 42 million has been allocated to goodwill, NOK -4 million to deferred tax and NOK -4 million to non-controlling interests. Goodwill arises from synergies with Veidekke's residential activities. The acquisition analysis is preliminary. A purchase option for the remaining 30% of the shares has been entered into, as well as a sales option for the seller. This has been recognised as a liability of NOK 42 million in the financial statements.

**9. Special items**

Property Development Sweden sold 50% of the Svea Fanfar project, phase 2, in Q1 2014. The transaction is included in the Q1 financial statements, contributing NOK 202 million to revenue and NOK 35 million to profit before tax. Phase 3 of the Svea Fanfar project was sold in Q4. This is included in the Q4 financial statements, contributing NOK 300 million to revenue and NOK 52 million to profit before tax.

Property Development Norway sold a plot in the 50%-owned Lilleby project in Q4. The transaction generated a gain of NOK 40 million, which is reported in the Q4 financial statements under investments in joint ventures.

**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 2013 Annual Report.

Veidekke had NOK 412 million invested in a diversified low-risk bond fund as at Q4 2014.

**11. Dividend**

A dividend of NOK 3.0 per share, totalling NOK 401 million, was paid for the 2013 financial year. The dividend was adopted by the Annual General Meeting on 7 May 2014 and was recognised in Q2 2014.

It is proposed that a dividend of NOK 3.5 per share, totalling NOK 468 million, be paid for the 2014 financial year.

**12. Covenants associated with loan agreements**

Veidekke has available borrowing facilities of NOK 3.1 billion, which expire on 2 November 2015. At 31 December 2014, unutilised borrowing facilities amounted to NOK 3.0 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 3.0, with the exception of Q2 and Q3 of each year, when the ratio shall not exceed 3.5. At 31 December 2014, the ratio was 0.0.
2. The Group's own projects shall not exceed 60% of the Group's book equity. At 31 December 2014, the share of the Group's own projects was 14%.

**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, with a minimum cost price.

**13. Events after the reporting date**

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

**14. 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 earnings 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.



**Summary of revenue and profit before tax recognised in segment reporting:**

NOK million

<b>REVENUE</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>2014</b>	<b>2013</b>
Accumulated revenue from non-delivered projects at start of period	1 006	1 545	1 103	1 645
+ Revenue from non-delivered projects during the period	357	367	1 286	1 496
- Revenue from delivered projects during the period	-457	-803	-1 451	-2 086
<b>Net IFRIC 15 adjustments to revenue</b>	<b>-100</b>	<b>-436</b>	<b>-165</b>	<b>-590</b>
+/- Currency translation differences	50	-6	17	49
<b>Accumulated revenue from non-delivered projects at end of period</b>	<b>956</b>	<b>1 103</b>	<b>956</b>	<b>1 103</b>

NOK million

<b>PROFIT BEFORE TAX</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>2014</b>	<b>2013</b>
Accumulated profit before tax from non-delivered projects at start of period	240	321	304	247
+/- Additions/disposals on purchase/sale of companies	-	-	-	-9
+ Profit before tax from non-delivered projects during the period	108	165	400	384
- Profit before tax from delivered projects during the period	-140	-184	-488	-326
<b>Net IFRIC 15 adjustments to profit before tax</b>	<b>-31</b>	<b>-19</b>	<b>-88</b>	<b>57</b>
+/- Currency translation differences	10	2	2	9
<b>Accumulated profit before tax from non-delivered projects at end of period</b>	<b>219</b>	<b>304</b>	<b>219</b>	<b>304</b>

At 31 December 2014, revenues of NOK 956 million and profit before tax of NOK 219 million had accrued on sales of homes under construction. These amounts are recognised as revenue in the segment reporting, but under IFRS are not recognised until the homes are handed over.

**15. Calculation of return on capital invested in property development, 12 months rolling**

NOK million

	<b>Average invested capital</b>	<b>Profit before tax</b>	<b>At 31.12 2014 Financial costs</b>	<b>Taxes in associates and joint ventures</b>	<b>12-month return</b>	<b>At 31.12 2013 Return</b>
Norway	1 900	175	47	46	14.1%	10.8%
Sweden	936	106	14	-	12.8%	6.3%
Denmark	171	-1	3	-	1.3%	-1.4%
<b>Total Property</b>	<b>3 008</b>	<b>280</b>	<b>64</b>	<b>46</b>	<b>13.0%</b>	<b>8.7%</b>

## INFORMATION ABOUT THE COMPANY

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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://en.veidekke.com/investor-relations/corporate\\_governance/](http://en.veidekke.com/investor-relations/corporate_governance/)

### **The Board of Directors consists of:**

Martin Mæland (Chairman)  
Per Otto Dyb (Deputy Chairman)  
Gro Bakstad  
Annika Billström  
Ann Christin Gjerdseth  
Hans von Uthmann  
Odd Andre Olsen, employee representative  
Inge Ramsdal, employee representative  
Lars Skaare, employee representative

### **Executive Management consists of:**

Arne Giske	President and CEO
Dag Andresen	Executive Vice President, responsible for construction operations in Norway
Per-Ingemar Persson	Executive Vice President, responsible for construction operations in Sweden and Denmark
Jørgen Wiese Porsmyr	Executive Vice President, responsible for Industry and Property Norway.
Terje Larsen,	CFO and Executive Vice President, responsible for Economy & Finance, IT, Procurement and Strategy
Hege Schøyen Dillner	Executive Vice President, responsible for HR, HSE, Environment, Communications and Legal

### **Investor Relations:**

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