



# Q1 2014

Investor presentation  
Thursday, 8 May 2014

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- **Highlights**  
Chief Executive Officer Arne Giske
- **Profit and loss, segments and Group**  
Vice President Terje Larsen, CFO
- **Areas of focus**  
Chief Executive Officer Arne Giske



Lista wind power plant

# Picking up the pace moving into 2014



Maria Strøm Nakstad

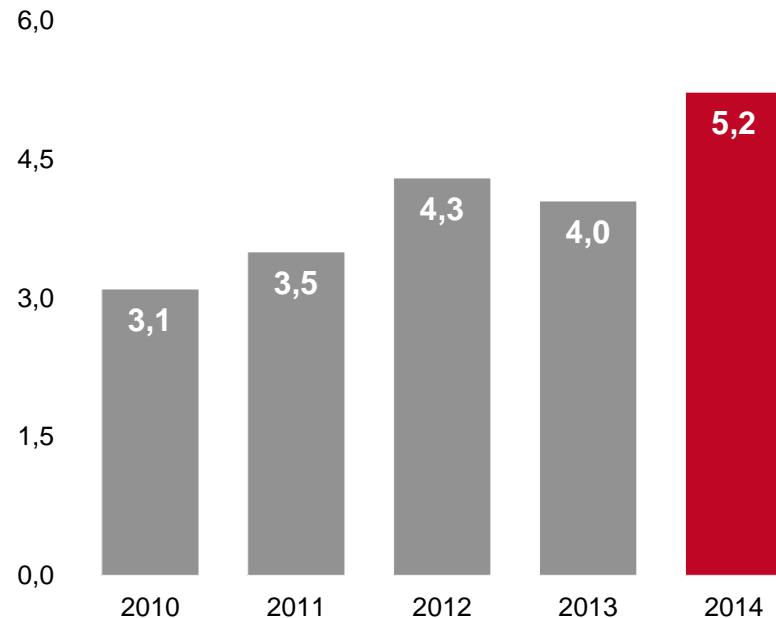
# Positive trend continues in Q1

- Strong growth in sales
- Considerable improvement in profits
- Good backlog of orders

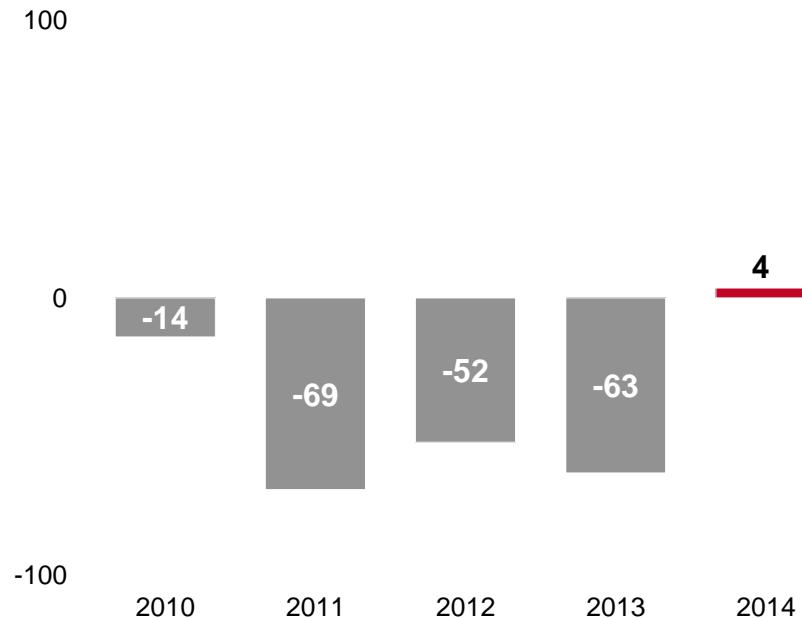


# Key figures

Q1 sales  
NOK billion

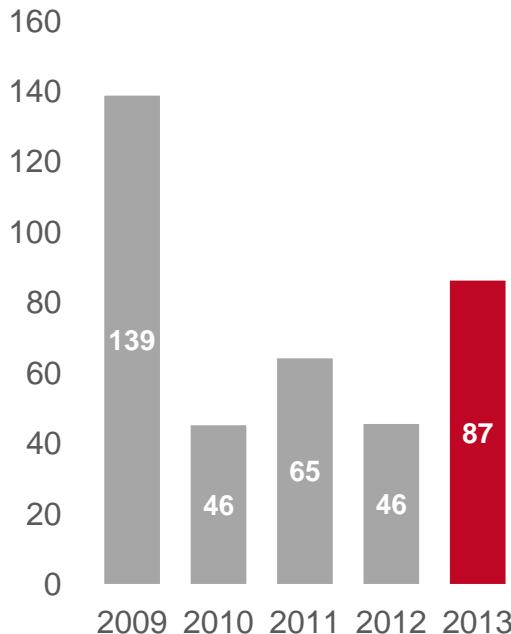


Q1 earnings before tax  
MNOK

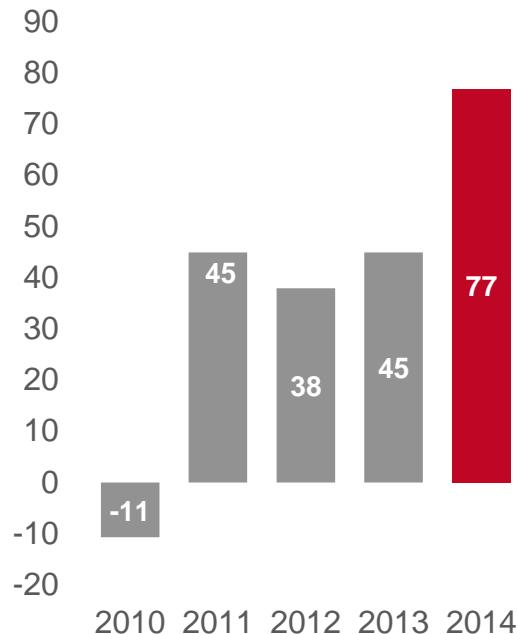


# Strong in all segments

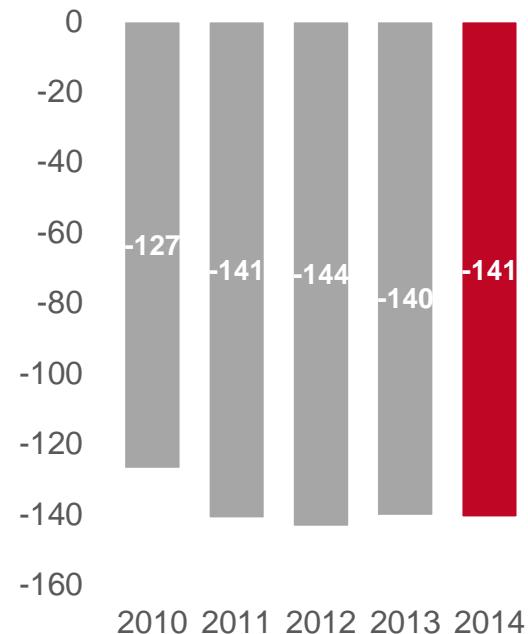
EBT: Construction  
Q1 MNOK



EBT: Property  
Q1 MNOK



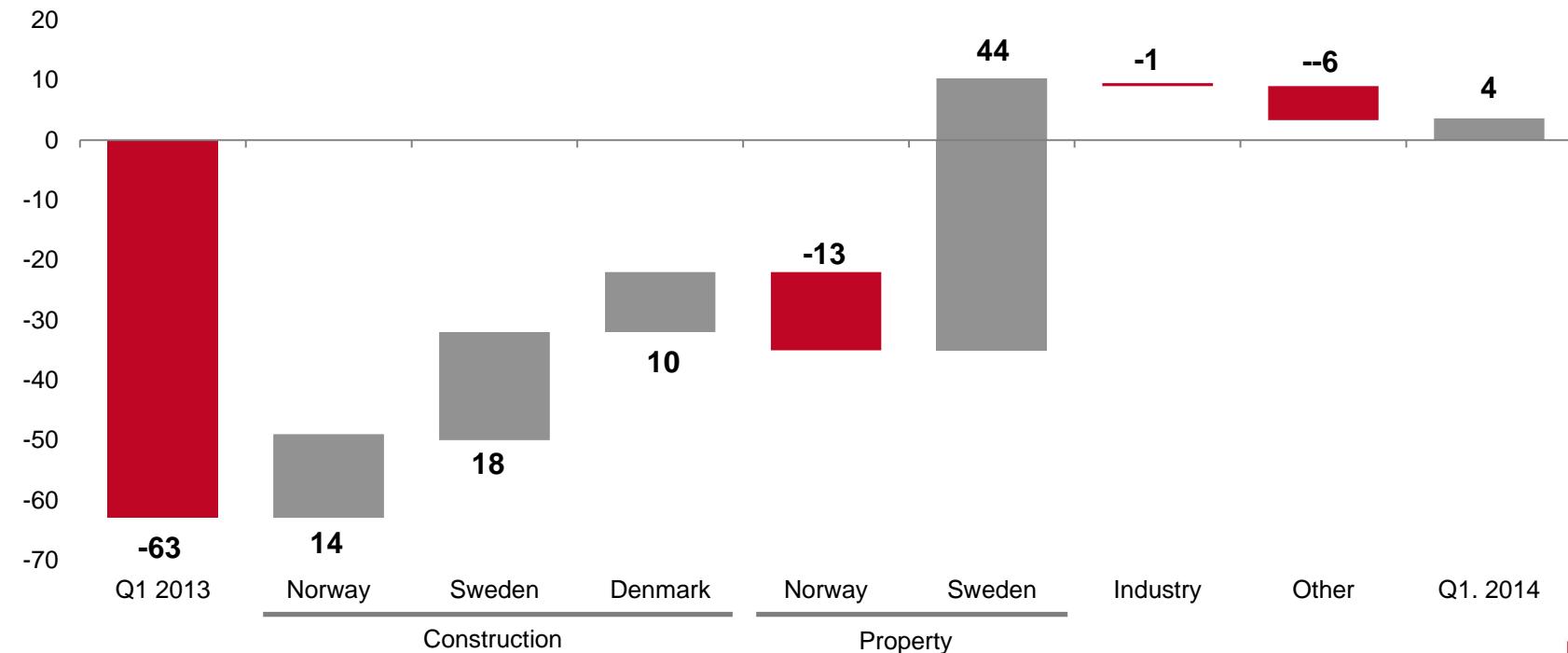
EBT: Industry  
Q1 MNOK



# Change in earnings before tax

Earnings before tax

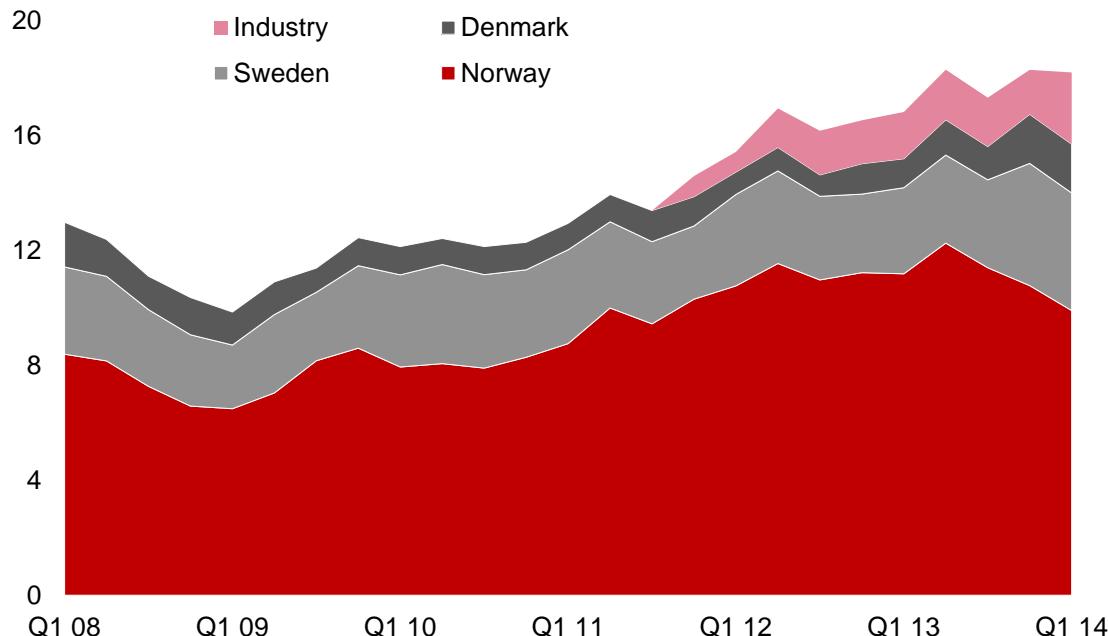
MNOK



# Good order backlog

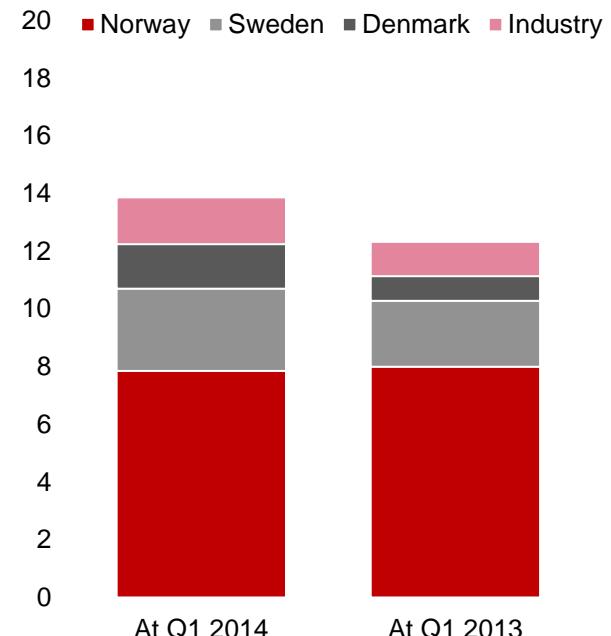
Order backlog

MNOK



Order coverage next 12 months

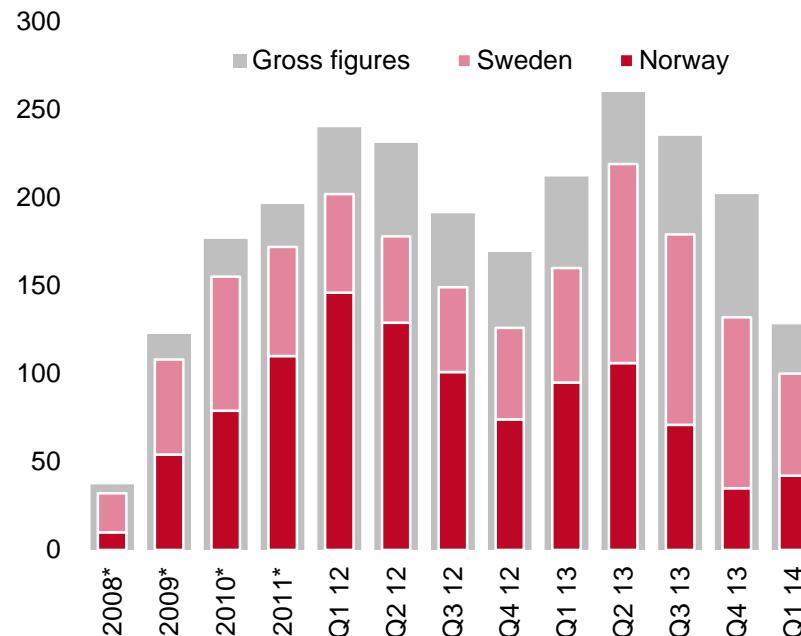
MNOK



# Lower sales in Property

Sales during the quarter

Number of units

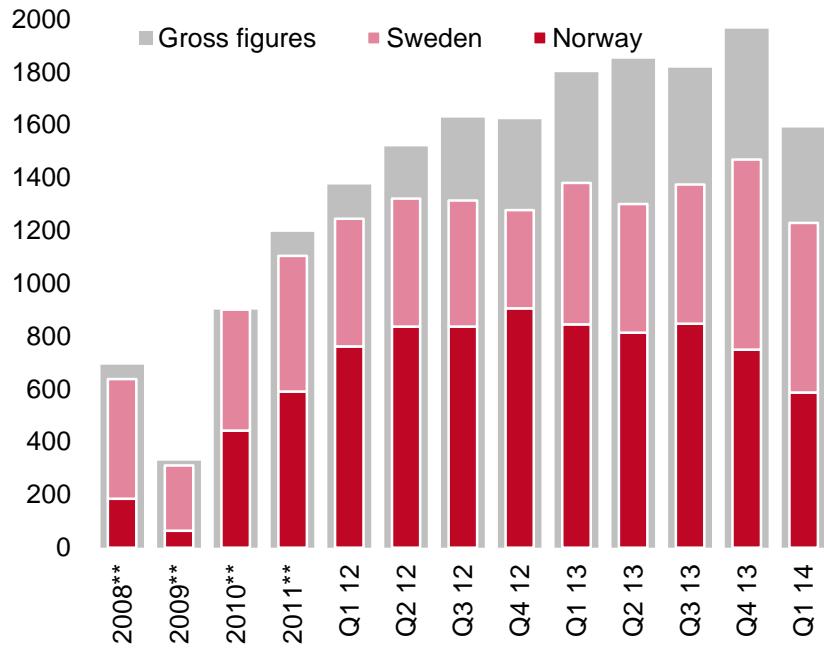


\*Quarterly average

\*\*Year end

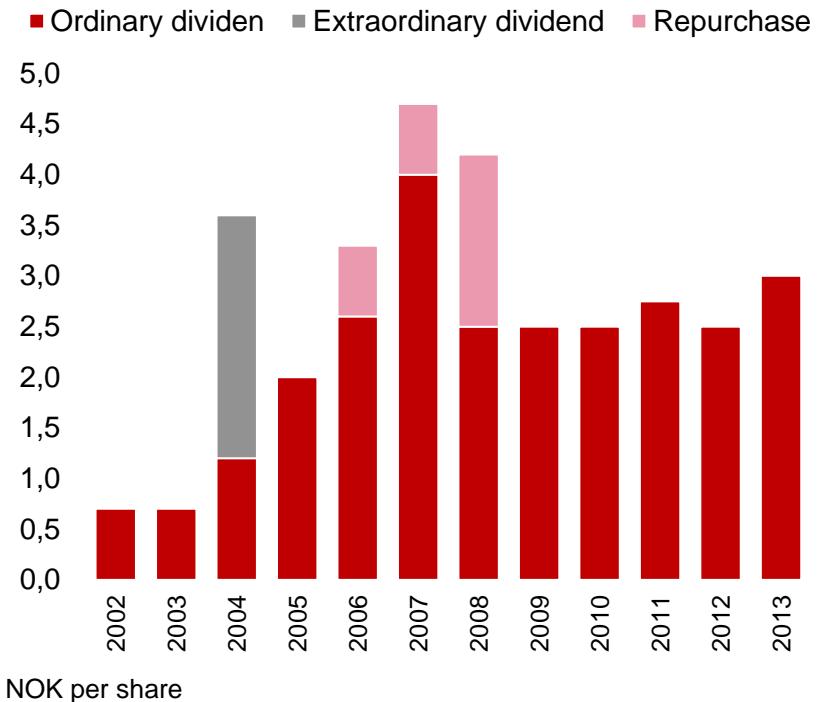
Under production at end quarter

Number of units



# General Meeting held on 7 May 2014

- Dividend of NOK 3.00 per share adopted
  - Total dividends of MNOK 401
  - To be paid out on 23 May
- Authorisation for the buy-back of shares and share issue continued
- No changes in the composition of the Board



# Health, Safety and the Environment

## Lost time injury rate (LTI)

Number of lost time injuries per million hours worked

Accumulated*	At Q1 14	At Q4 13	At Q1 13
Norway	5.5	4.2	6.1
Sweden	12.5	11.7	12.1
Denmark	2.8	1.5	4.9
Scandinavia	6.3	5.2	6.9

## Absence due to illness

Per cent

Accumulated*	At Q1 14	At Q4 13	At Q1 13
Norway	4.7	4.4	4.8
Sweden	4.4	3.6	3.6
Denmark	1.1	1.3	1.7

\*12-month rolling



Robust start to 2014

Good quality order backlog

Strong financial position





Vänerbanen and E45, Gothenburg

# Business areas

# Business Areas Q1

Figures in MNOK	Q1 2014			Q1 2013		
	Operating rev.	EBT	Margin	Operating rev.	EBT	Margin
Construction Norway	2 806.0	63.8	2.3%	2 572.6	50.3	2.0%
Construction Sweden	1 093.1	5.9	0.5%	735.0	-11.6	-1.6%
Construction Denmark	419.4	17.0	4.0%	282.8	7.3	2.6%
<b>Total Construction</b>	<b>4 318.4</b>	<b>86.7</b>	<b>2.0%</b>	<b>3 590.4</b>	<b>46.0</b>	<b>1.3%</b>
Property Norway	210.8	33.1	15.7%	290.1	46.4	16.0%
Property Sweden	539.3	43.8	8.1%	115.5	-1.5	-1.3%
<b>Total Property</b>	<b>750.1</b>	<b>76.9</b>	<b>10.3%</b>	<b>405.6</b>	<b>44.9</b>	<b>11.1%</b>
<b>Veidekke Industry</b>	<b>403.4</b>	<b>-140.9</b>	<b>-34.9%</b>	<b>287.5</b>	<b>-140.4</b>	<b>-48.8%</b>
Other	-244.3	-19.1	-	-234.4	-13.4	-
<b>Total Group</b>	<b>5 227.6</b>	<b>3.6</b>	<b>0.1%</b>	<b>4 049.1</b>	<b>-62.9</b>	<b>-1.6%</b>

# Construction Operations in Norway

- High level of activity
  - Sales up 9%
  - Construction with fastest growth 18%
- Higher profit margin, 2.3%
  - Improved margins in Building, stable in Construction
- Good cash flow
  - Certain disputes were resolved during the period, but the level of disputes is still too high in transport infrastructure projects
- Decline in order backlog, but good overall order coverage
  - Slower activity in housing
  - Better project mix in Construction
  - Good quality backlog of orders

Figures in MNOK	Q1 2014	Q1 2013	2013
Operating income	2 806.0	2 572.6	12 131.7
<b>Operating profit (EBIT)</b>	<b>47.0</b>	<b>42.0</b>	<b>333.8</b>
Net financial items	16.8	8.3	26.0
<b>Earnings before tax (EBT)</b>	<b>63.8</b>	<b>50.3</b>	<b>359.9</b>
<b>Profit margin (%)</b>	<b>2.3</b>	<b>2.0</b>	<b>3.0</b>
<b>Order backlog</b>	<b>9,902</b>	<b>11 179</b>	<b>10 769</b>

# Construction operations in Sweden

- Rapid growth in sales 40%
  - Arcona traded for MNOK 250 during the quarter
  - Good production in Construction
- Negative performance trend turned around
  - Continued weak profitability in certain units
- Business developing favourably
  - The acquisition of Arcona has met expectations, development of projects jointly
  - Key people in place
- Order backlog stable
  - New orders primarily in Building
- Positive outlook
  - Housing
  - Infrastructure

Figures in MNOK	Q1 2014	Q1 2013	2013
Operating income	1 093.1	735.0	3 499.4
<b>Operating profit (EBIT)</b>	<b>5.9</b>	<b>-12.6</b>	<b>12.8</b>
Net financial items	0.0	0.9	-1.4
<b>Earnings before tax (EBT)</b>	<b>5.9</b>	<b>-11.6</b>	<b>11.4</b>
<b>Profit margin (%)</b>	<b>0.5</b>	<b>-1.6</b>	<b>0.3</b>
<b>Order backlog</b>	<b>4 089</b>	<b>2 995</b>	<b>4 250</b>

# Construction operations in Denmark

- Increased operating income by 49%
  - High production in the largest projects
- Strong profitability
  - Continued generally good margins
- The 'participative collaboration' concept a success factor
  - '2013 Process Prize' awarded to Hoffmann
- Selectivity in choice of projects/ customers
- Good order backlog

Figures in MNOK	Q1 2014	Q1 2013	2013
Operating income	419.4	282.8	1 336.5
<b>Operating profit (EBIT)</b>	<b>14.7</b>	<b>6.0</b>	<b>65.7</b>
Net financial items	2.3	1.3	8.6
<b>Earnings before tax (EBT)</b>	<b>17.0</b>	<b>7.3</b>	<b>74.3</b>
<b>Profit margin (%)</b>	<b>4.0</b>	<b>2.6</b>	<b>5.6</b>
<b>Order backlog</b>	<b>1 700</b>	<b>1 007</b>	<b>1 709</b>

# Property development in Norway

- Lower sales and profits
  - Reduced production and sales, especially in eastern Norway
  - More projects in collaboration with others
- Moderate increase in sales from preceding quarter, signs of market recovery
- Several smaller projects ready for sale in Q2 and Q3
- Land bank of 3 900 units divided among 41 projects

	Q1 2014	Q1 2013	2013
Operating income	210.8	290.1	1 069.8
<b>Operating profit (EBIT)</b>	<b>32.6</b>	<b>41.6</b>	<b>160.0</b>
Net financial items	0.5	4.8	10.0
<b>Earnings before tax (EBT)</b>	<b>33.1</b>	<b>46.4</b>	<b>170.1</b>

Capital invested	1 867	1 998	2 017
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	Q1 14	Q4 13	Q1 13	2013
Number of project starts	1	3	2	12
Number of units under production	537	749	845	749
Number of units sold	42	35	95	307
Sales ratio	66%	71%	78%	71%

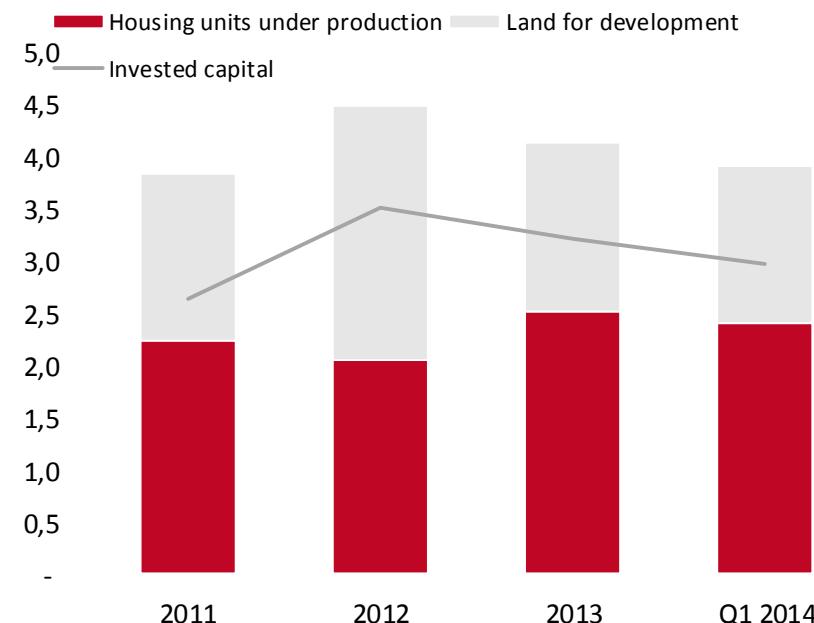
# Property development in Sweden

- Rapid growth in operating income
  - Housing production on the rise
  - Project starts
- Substantial improvement in profits
  - Higher contribution from housing projects
  - Gains on project sales
- Decline in sales from preceding quarter, good sales of central projects
- Land bank of 7 100 units divided among 80 different projects
- Good housing market
  - Continued low interest rate
  - Political will to build more housing

	Q1 2014	Q1 2013	2013
Operating income	539.3	115.5	712.8
<b>Operating profit (EBIT)</b>	<b>47.4</b>	<b>1.8</b>	<b>54.5</b>
Net financial items	-3.5	-3.2	-4.0
<b>Earnings before tax (EBT)</b>	<b>43.8</b>	<b>-1.5</b>	<b>50.5</b>
<b>Capital invested</b>	<b>1 102</b>	<b>1 305</b>	<b>1 207</b>
	Q1 14	Q4 13	Q 1 13
Number of project starts	3	3	3
Number of units under production	642	720	536
Number of units sold	58	97	65
Sales ratio	81%	76%	76%

# Capital tied up in Property

Capital in Property  
NOK billion



- Invested capital: NOK 3.0 bill.
  - Norway: NOK 1.9 bill.
  - Sweden: NOK 1.1 bill.
- Total assets: NOK 3.9 bill.
  - Housing units under construction NOK 1.5 bill.
    - 75% sales ratio
  - Land NOK 2.4 bill.
    - Norway NOK 1.2 bill.
    - Sweden NOK 1.2 bill.
- Capital framework: Invested capital NOK 3.5 bill.

# Industry operations

- Seasonally low activity
  - Increased sales linked to Operations and Maintenance
  - Performance on a par with preceding year
- High percentage of Public Roads Administration's asphalt tenders
  - Order backlog NOK 1.4 billion
- Net four new contracts in Operations and Maintenance
  - Order backlog NOK 1.1 billion (next 18 months.)
- Good demand for Crushed stone and Gravel

	Q1 2014	Q1 2013	2013
Operating income	403.4	287.5	3 475.9
<b>Operating profit (EBIT)</b>	<b>-134.4</b>	<b>-135.3</b>	<b>178.0</b>
Net financial items	-6.5	-5.2	-19.8
<b>Earnings before tax (EBT)</b>	<b>-140.9</b>	<b>-140.4</b>	<b>158.2</b>

Profit margin (%)	-34.9	-48.8	4.6
Capital invested	1 055	919	982
Order backlog	2 492	1 627	1 545

Earnings Q1 2014	Asphalt	Stone	Road Maint.
Operating income	78.4	74.6	250.4
<b>Earnings before tax (EBT)</b>	<b>-133.4</b>	<b>-13.8</b>	<b>6.3</b>



Raggovidda Wind Farm

# Consolidated Financial Statement (IFRIC 15)

# Income statement

	Q1 2014	Q1 2013	2013
<b>Operating revenues</b>	<b>5 306.2</b>	<b>4 234.2</b>	<b>21 780.9</b>
Operating expenses	-5 218.6	-4 247.5	-20 833.3
Profit, associated companies	21.5	2.3	65.2
Depreciation	-81.3	-73.2	-321.1
<b>Operating profit (EBIT)</b>	<b>27.9</b>	<b>-84.2</b>	<b>691.7</b>
Net financial items	11.7	8.4	26.6
<b>Earnings before tax (EBT)</b>	<b>39.6</b>	<b>-75.8</b>	<b>718.3</b>
Tax	-8.9	17.1	-162.6
<b>Profit for the year</b>	<b>30.7</b>	<b>-58.7</b>	<b>555.8</b>
Of which, non-controlling interests	1.7	-3.7	12.1
<b>Net profit for the period</b>	<b>29.0</b>	<b>-55.0</b>	<b>543.7</b>
 <b>Earnings per share (NOK)</b>	 <b>0.2</b>	 <b>-0.4</b>	 <b>4.1</b>
 <b>Earnings before tax (EBT), segment</b>	 <b>3.6</b>	 <b>-62.9</b>	 <b>775.8</b>

# Balance sheet – Assets

Figures in MNOK (IFRIC 15)	31 March 2014	31 March 2013	2013
Goodwill and intangible assets	863.3	687.2	879.7
Deferred tax asset	55.5	62.4	55.5
Buildings/land	494.2	512.3	499.5
Machinery, etc.	1 239.4	1 210.4	1 229.6
Investments in associated companies	951.2	748.1	908.3
Financial items	407.6	414.8	417.4
<b>Total fixed assets</b>	<b>4 011.2</b>	<b>3 635.3</b>	<b>3 990.0</b>
Non-residential and residential projects (sites included)	2 856.1	3 465.1	3 147.7
Inventories	325.5	358.2	307.9
Accounts receivable	3 354.7	3 412.9	3 457.2
Cash and cash equivalents	868.8	138.5	763.6
<b>Total current assets</b>	<b>7 405.1</b>	<b>7 374.6</b>	<b>7 676.3</b>
<b>Total assets</b>	<b>11 416.4</b>	<b>11 009.9</b>	<b>11 666.4</b>

# Balance Sheet - Equity and liabilities

Figures in MNOK (IFRIC 15)	31 March 2014	31 March 2013	2013
<b>Equity</b>	<b>2 470.0</b>	<b>2 150.0</b>	<b>2 466.4</b>
Pension liability and deferred tax	558.9	461.3	557.6
Bonds	750.0	-	750.0
Liabilities to credit institutions etc.	344.2	1 198.1	53.4
Other non-current liabilities	40.4	28.3	36.5
<b>Total non-current liabilities</b>	<b>1 693.5</b>	<b>1 687.6</b>	<b>1 397.5</b>
Commercial papers and liabilities to credit institutions	471.9	616.9	672.4
Trade payables and warranty provisions	3 442.9	3 450.7	3 769.1
Public duties and tax payable	760.9	433.7	669.5
Other current liabilities	2 577.2	2 671.0	2 691.4
<b>Total current liabilities</b>	<b>7 252.9</b>	<b>7 172.3</b>	<b>7 802.4</b>
<b>Total equity and liabilities</b>	<b>11 416.4</b>	<b>11 009.9</b>	<b>11 666.4</b>
<b>Net interest-bearing position</b>	<b>-396.6</b>	<b>-1 358.4</b>	<b>-395.7</b>
<b>Equity ratio (%)</b>	<b>21.6</b>	<b>19.5</b>	<b>21.1</b>

# Statement of cash flows

Amounts in MNOK (IFRIC 15)	Q1 2014					Q1 2013	
	Construction /Other	Property	Industry	Dividend	Group	Group	
Earnings before tax	103.6	76.9	-140.9	-	39.6	-75.8	
Depreciation and write-downs	46.0	1.6	33.8	-	81.3	73.2	
Other working capital, etc.	1.1	172.1	-60.2	-	113.0	208.2	
<b>Cash flow, operating activities</b>	<b>150.6</b>	<b>250.5</b>	<b>-167.3</b>	-	<b>233.8</b>	<b>205.6</b>	
Investments production equipment, net	-28.2	-0.5	-43.4		-72.0	-34.9	
Changes in other investments, etc.	-170.4	24.8	0.3	-	-145.3	-16.8	
<b>Cash flow, investing activities</b>	<b>-198.6</b>	<b>24.3</b>	<b>-43.1</b>	-	<b>-217.4</b>	<b>-51.7</b>	
Dividend paid	-	-	-				
Change, other financing	0.3	-8.7	-9.0	-	-17.4	-6.5	
<b>Cash flow, financing activities</b>	<b>0.3</b>	<b>-8.7</b>	<b>-9.0</b>	-	<b>-17.4</b>	<b>-6.5</b>	
<b>Change, interest-bearing liabilities</b>	<b>-47.7</b>	<b>266.1</b>	<b>-219.4</b>	-	<b>-0.9</b>	<b>147.3</b>	
<b>Invested capital at 31 March 2014</b>	<b>11</b>	<b>2 970</b>	<b>1 055</b>		<b>4 036</b>	<b>3 978</b>	



Motorway 73 between Stockholm and Nynäshamn

# Focus on the tasks at hand

# Veidekke's main responsibilities

## SECURE ASSIGNMENTS



## PERFORM ASSIGNMENTS



### STRATEGY

- In keeping with Veidekke's expertise and capacity
- Appropriate margin and risk profile
- Ensuring that HSE is taken into account

### TARGET FIGURES

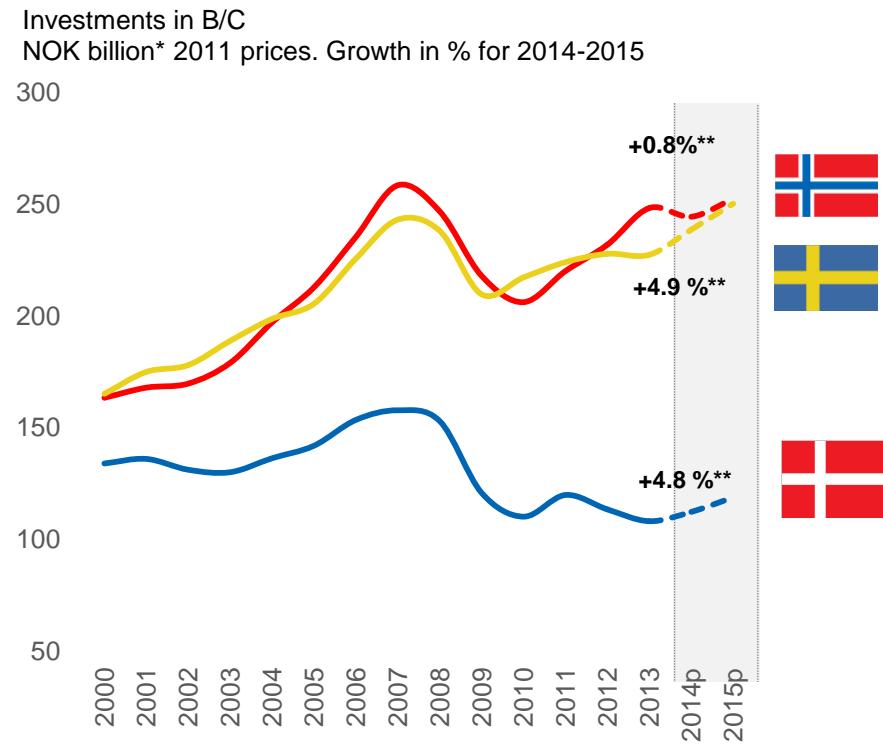
- Orders received
- Quality of the order backlog; margin and risk
- Order coverage

- Participative collaboration
- Good production
- Injury-free Veidekke

- Project and profit margin
- Customer satisfaction
- Lost time injury rate (LTI)

# The B/C markets in Scandinavia

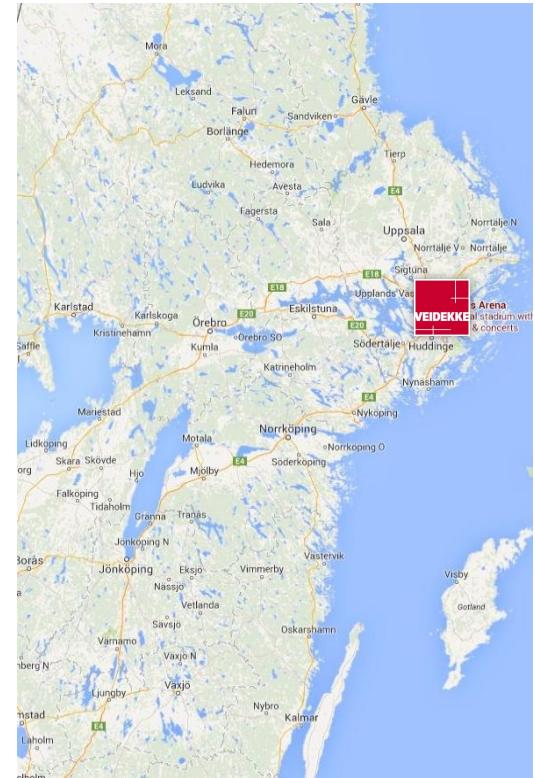
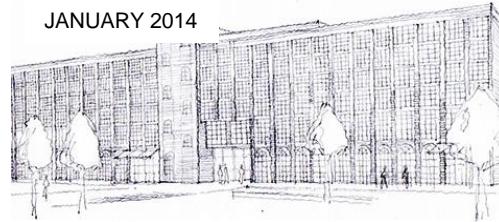
- Norway: Continued positive outlook
  - B/C investments flattening out
- Sweden: Economic trends picking up
  - B/C investments on the rise
- Denmark: Gradual improvement
  - Growth in B/C, but a lot of room for improvement



Source: Veidekke, SCB, DST and Statistics Norway

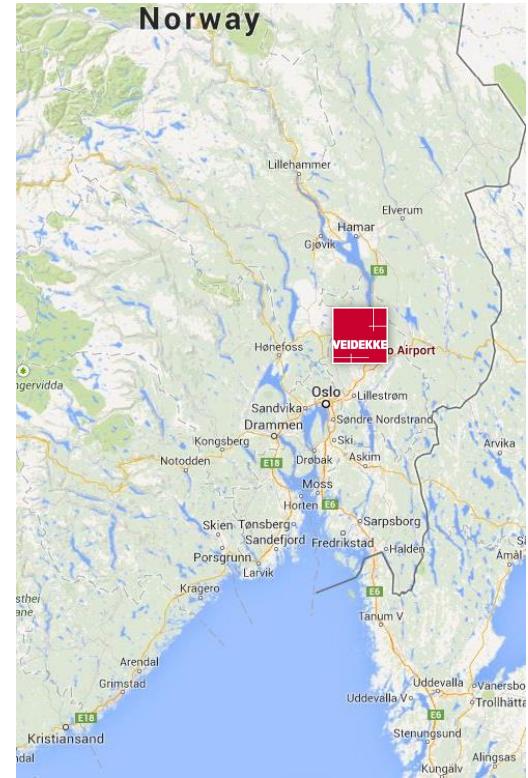
# The Winery Hotel in Stockholm

- Turnkey project for building a new concept hotel for Fabege
- Contract value of SEK 200 million
- Cooperation between Building Stockholm and Arcona



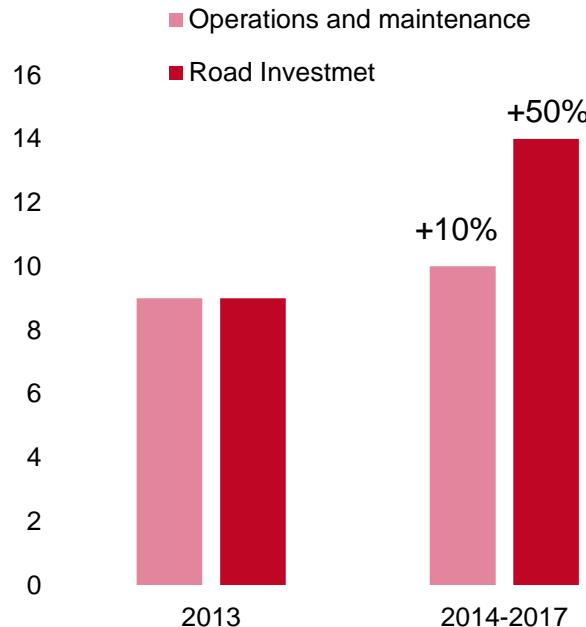
# OSL Gardermoen

- Three new assignments for Oslo Lufthavn AS (OSL) worth a total of roughly NOK 700 million
- 120-metre extension of the bridge outside the main terminal at OSL
- Building and construction works in connection with extension of taxi runway Tango and construction of new taxi runway Bravo
- Completion in July 2016

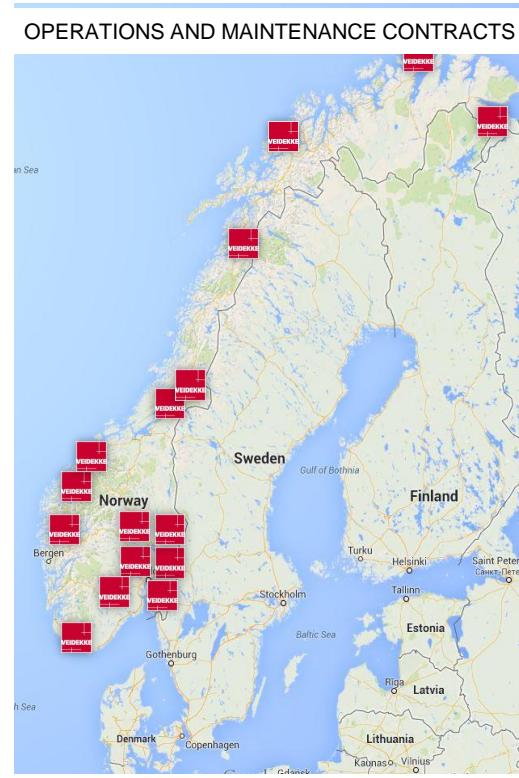


# Industry advancing in a growing market

## National Transport Plan NOK billion per year



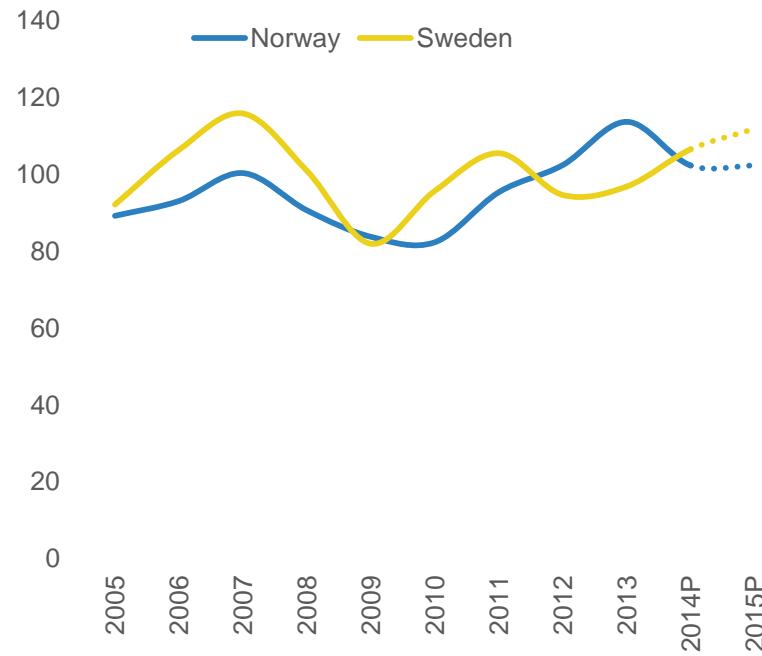
Source: National Transport Plan



# Housing market

- A large and long-term need for housing in both Norway and Sweden
  - Population growth
  - Immigration
  - Urbanisation
- The fundamental premises are present for Veidekke:
  - Land bank
  - Competence
  - Capital

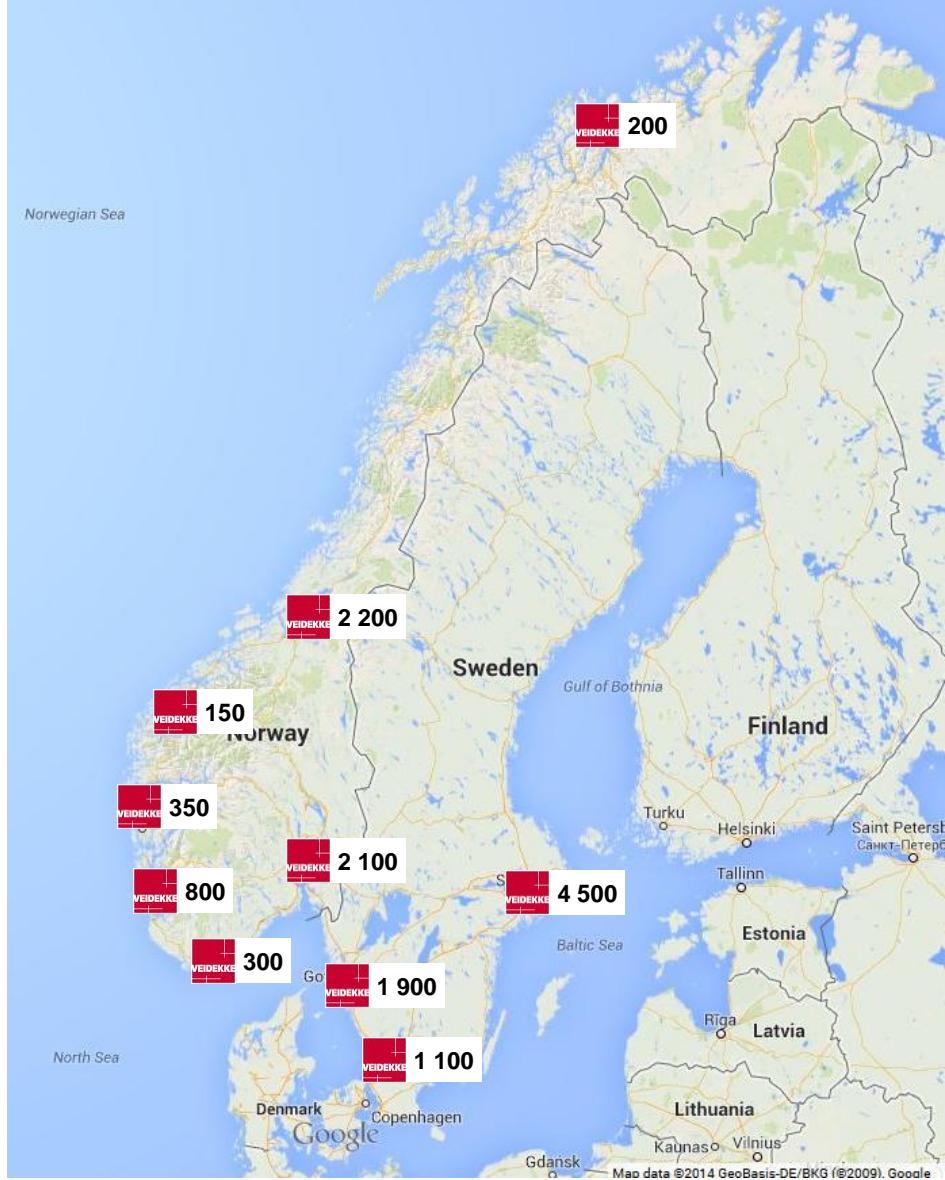
Investments in housing  
SEK and NOK billion (2011 values)



Source: Veidekke

# Land bank

- A total of 13 600 units
  - Veidekke's share 11 000
- In Norway:
  - 6 100 units
  - Veidekke's share 3 900
- In Sweden
  - 7 500 units
  - Veidekke's share 7 100
  - 70% options



# Veidekke's main responsibilities

STRATEGY	TARGET FIGURES
<ul style="list-style-type: none"><li>■ In keeping with Veidekke's expertise and capacity</li><li>■ Appropriate margin and risk profile</li><li>■ Ensuring that HSE is taken into account</li></ul>	<ul style="list-style-type: none"><li>■ Orders received</li><li>■ Quality of the order backlog; margin and risk</li><li>■ Order coverage</li></ul>

## SECURE ASSIGNMENTS



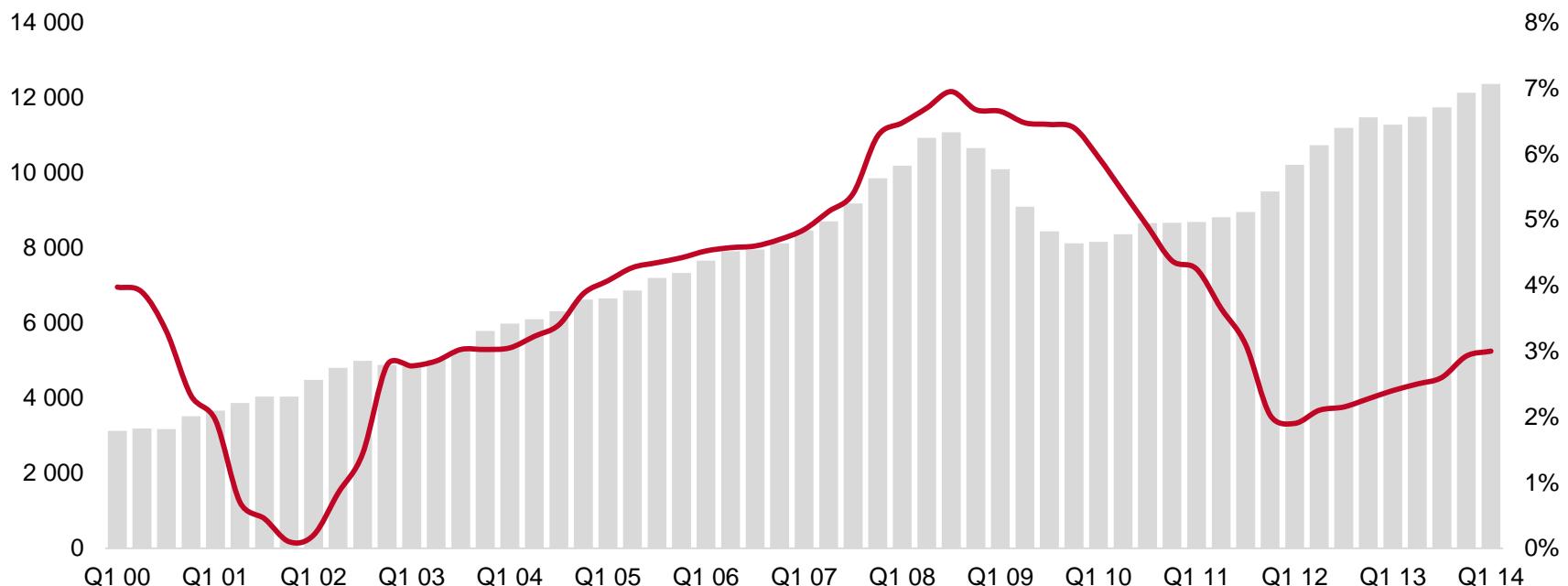
## PERFORM ASSIGNMENTS



# Improved margins

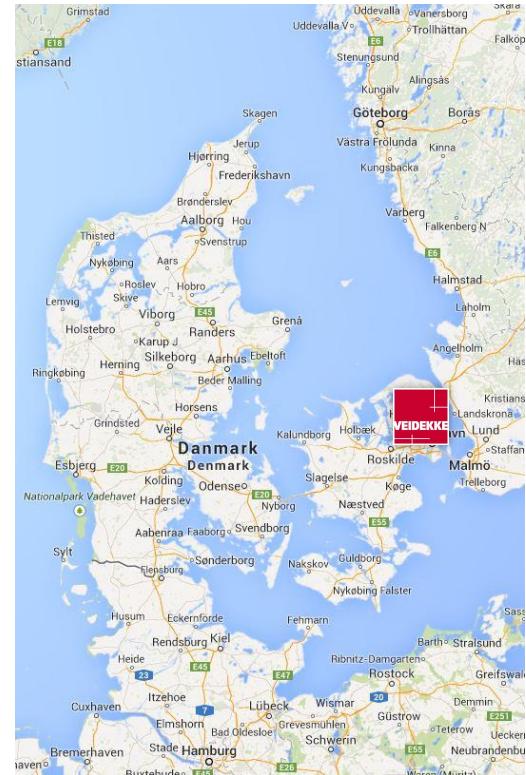
12-month rolling sales and profit margin in Construction Norway

Percentage and MNOK



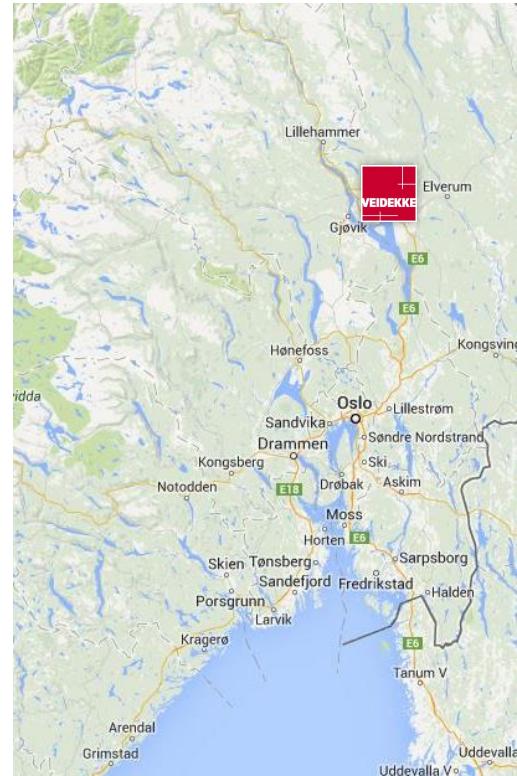
# Microsoft's head office in Denmark

- The contract is a turnkey project worth DKK 450 million
- 18 000 m<sup>2</sup> of office space and a parking facility covering 12 000 m<sup>2</sup>
- The project is a result of teamwork between all areas of expertise



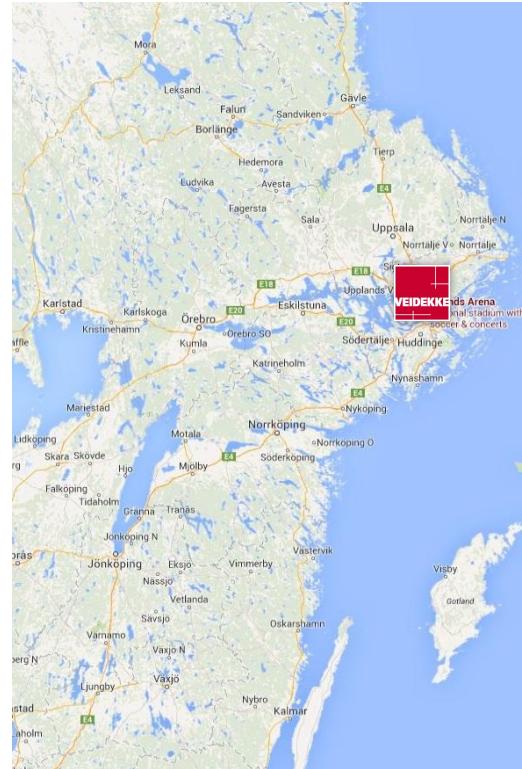
# CC Hamar Stadium

- The project is a turnkey project with a total value of NOK 900 million
- Shops, offices, parking facilities and more
- The private housing part of the project is developed together with OBOS/Veidekke Property (53 units)
- The project consists of about 65 000 m<sup>2</sup> of new buildings



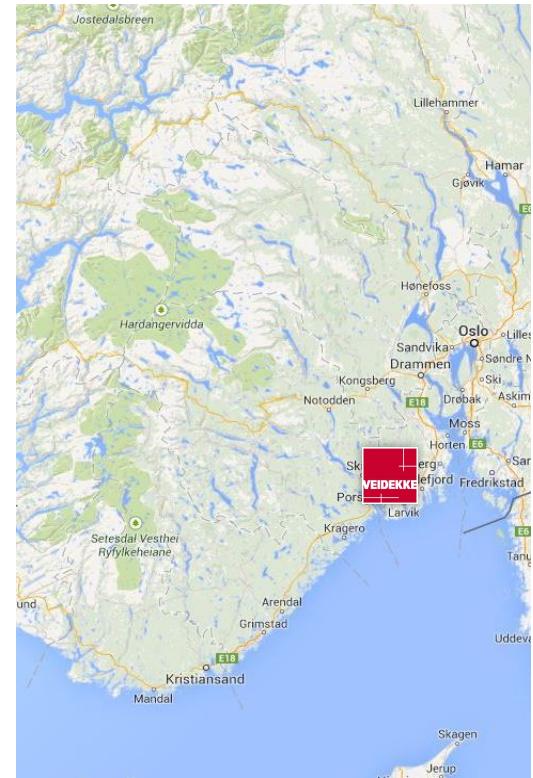
# Svea Fanfar

- Veidekke is developing and constructing a new housing area
- Unique location on Östermalm in Stockholm
- 360 apartments with a high standard
- Development in several steps over the period 2013-2020



# UFP 05 Skillingsmyr

- A new line on the Vestfold Line
- Contract value of NOK 960 millioner
- 5,75 km double tracks between Farriseidet – Porsgrunn
- The project includes two tunnels and two bridges



# Areas of focus



**CONSTRUCTION**



**PROPERTY**



**INDUSTRY**

## Improvement in profitability

- Continuing to strengthen the organisation and position in weak units
- Selective in the choice of projects
- Project margins, smooth operations and HSE
- Exploit available capacity in tunnel operations in Sweden

## Focus on sales and products

- Get projects ready for sale
- Optimise the land bank
- Enhance the turnaround time from project to sold housing unit

## Focus on operations

- Implementation capacity and cost awareness
- Taking part in the growing market for investments in the road network

# Summary

## 2014 off to a good start

- Improved margins in Norway
- Sweden is on the road to recovery
- Denmark delivering robust results

## Areas of focus

- Focus on units with weak profitability
- Selective when choosing projects
- Get housing projects ready for sale

## Positive outlook

- The markets are on the road to recovery in Sweden
- Housing crisis 'called off' in Norway
- Large public investments planned

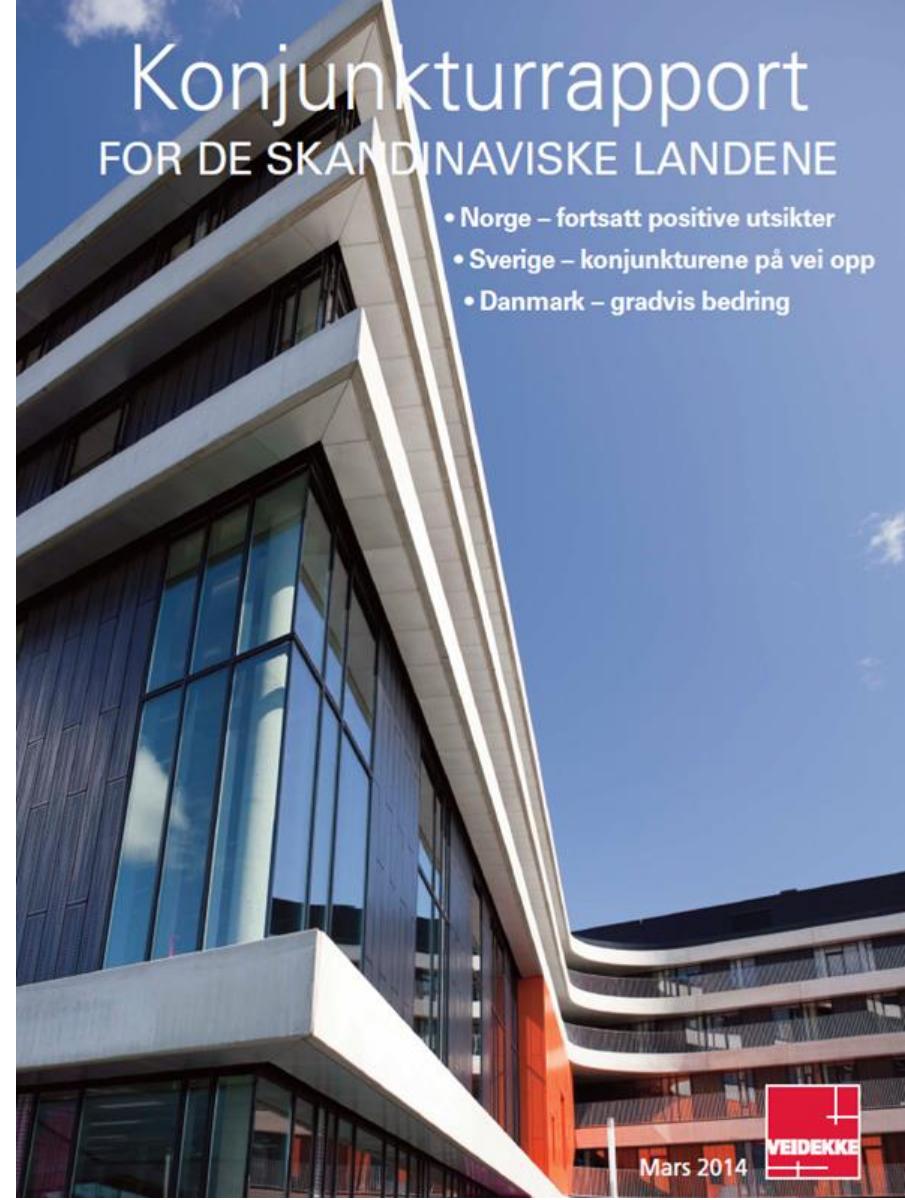
**Q2 2014**

14 August 2014

## **Economic Activity Report**

15 September 2014

# Welcome back



Mars 2014

# APPENDICES

# Business areas

Figures in MNOK	2013			2012		
	Operating rev.	EBT	Margin	Operating rev.	EBT	Margin
Construction Norway	12 131,7	359,9	3,0 %	11 480,2	356,7	3,1 %
Construction Sweden	3 499,4	11,4	0,3 %	3 555,6	87,7	2,5 %
Construction Denmark	1 336,5	74,3	5,6 %	1 275,1	52,3	4,1 %
<b>Total Construction</b>	<b>16 967,5</b>	<b>445,6</b>	<b>2,6 %</b>	<b>16 310,9</b>	<b>496,7</b>	<b>3,0 %</b>
Property Norway	1 069,8	170,1	15,9 %	1 341,1	173,8	13,0 %
Property Sweden	712,8	50,5	7,1 %	769,6	-0,8	-0,1 %
<b>Total Property</b>	<b>1 782,6</b>	<b>220,5</b>	<b>12,4 %</b>	<b>2 110,7</b>	<b>172,9</b>	<b>8,2 %</b>
<b>Veidekke Industry</b>	<b>3 475,9</b>	<b>158,2</b>	<b>4,6 %</b>	<b>3 192,5</b>	<b>38,3</b>	<b>1,2 %</b>
Other	-1 035,1	-48,5	-	-1 154,0	-27,6	-
<b>Total Group</b>	<b>21 190,8</b>	<b>775,8</b>	<b>3,7 %</b>	<b>20 460,1</b>	<b>680,4</b>	<b>3,3 %</b>

# Housing portfolio

Property Housing portfolio - Net	In production at 31 Dec. 2012	Completed 2013	Start-up 2013	In production at 31 Dec. 2013	Completed 2014	Start-up 2014	In production at 31. March 2014
<b>Production - number of homes</b>							
Norway	906	-500	343	749	-231	19	537
Sweden	371	-135	485	720	-142	64	642
<b>Total in the production</b>	<b>1 277</b>	<b>-635</b>	<b>828</b>	<b>1 469</b>	<b>-373</b>	<b>83</b>	<b>1 179</b>
<b>Of which sold</b>							
Norway	722			533			361
Sweden	293			548			519
<b>Total sold in the production</b>	<b>1 015</b>			<b>1 081</b>			<b>880</b>
Sales rate %	80 %			74 %			75 %
<b>Finished unsold dwellings</b>							
Norway	10			16			33
Sweden	13			6			7
Denmark	-			-			-
<b>Total done unsold dwellings</b>	<b>23</b>			<b>22</b>			<b>40</b>
<b>Number of projects under production</b>							
Norway	25	-14	12	23	-6	1	18
Sweden	7	-2	9	14	-2	5	17
<b>Total of projects under production</b>	<b>32</b>	<b>-16</b>	<b>21</b>	<b>37</b>	<b>-8</b>	<b>6</b>	<b>35</b>