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Translation from the original Norwegian, which remains the definitive version

Corporate participants

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Presentation

Olav H Selvaag, acting CEO, Selvaag Bolig ASA

Welcome to the Q2 presentation for Selvaag Bolig. My name is Olav Selvaag and I am the acting CEO of the company. I am accompanied by Sverre Molvik, who is the CFO, and many of you know him from before.

We intend to review highlights, the operational update and the financial update, say a little about the market and then provide a brief summary. And we will then also naturally provide an opportunity for questions after that.

As many of you will be aware, the board has resolved to pay a dividend of NOK 2.00 per share for the first half of 2018. This is the highest dividend for a half-year in the company's history, and sends a good signal about how we regard the company's position and says something about the future.

We have good results, which are characterised by very healthy margins – particularly in the projects. The market improved during the first half. As many know, 2017 was a rather weaker year for house sales as a result of the introduction of the residential mortgage regulations. The market has recovered well during the first half of 2018, as was actually expected. We are well positioned in our core markets, which are the big urban centres in Norway with the main emphasis on Oslo.

The event in the first half which attracted perhaps the greatest attention immediately before the summer was, of course, the change of CEO. What I can say is that the mood in the organisation is good today. We are operating normally – business as usual – and we are well under way with the search for a new CEO.

I do not intend to say much about the key figures, because Sverre will soon provide a detailed review. But let me direct your attention to two figures – they are our margins, on both the adjusted EBITDA and the NGAAP EBITDA, which applies the percentage of completion method. These can indicate, in any event, that we believe the margins are not a temporary flash in the pan but a signal that the future also looks pretty good.

If we turn to a brief summing-up of our strategy, that is unchanged. We remain a competitive housing developer concentrating on ordinary people in Norway's major regional urban areas. We have a big land bank which we manage to the best of our ability and supplement where we need to, and this remains more or less unchanged. That means we add and subtract roughly the same amounts in the markets where we are present.

We have an efficient and flexible cost structure, and no production capacity of our own. That gives us flexibility to handle upturns and downturns in the market. And we have a capital-efficient business model, which is also supported by a strong balance sheet.

I will then hand over to Sverre.

Sverre Molvik, CFO, Selvaag Bolig ASA

I will start by looking at operations and sales. We sold 181 homes in the second quarter with a value of NOK 751 million. As you can see, that was the best quarter in sales terms since the first quarter of 2017. As Olav noted, this was the best for a long time. And the market reversed, as expected, during the first half, also with regard to the number of units.

Rolling 12-monthly sales also show the same trend. They appear to have bottomed out in the previous quarter, at NOK 2 648 million, and are up now to NOK 2 766 million. The average price has also risen a little, which suggests that we're selling a little more in Oslo and central urban areas than we've done in the past three-four quarters. Twelve-monthly rolling unit prices have also risen a little.

We started construction of 234 units during the second quarter, and completed 242. That means we're maintaining roughly the same steerageway on the ship. The construction starts are priced a little higher than those we completed, so that the value of the pipeline has risen somewhat to NOK 7 076 million while the number of units has fallen by eight to 1 503.

Seventy-two per cent of these units were sold at 30 June. That percentage is naturally higher now, with sales during July and half of August. So the sales ratio is higher today than at 30 June. Those of you who have kept up-to-date with our website can just count the sales there. In overall terms, the ratio is 83 per cent here in Greater Oslo of which 77 per cent is in Oslo. It will be very interesting to see how things develop in Bergen and Stavanger when we get going there, which will have some effect on the geographical distribution.

If we look at future completions, our guidance remains 854 units in 2018 – unchanged from the previous quarter. What has changed is that we have a rather larger number of completions in the third quarter than in the fourth. We have brought forward 26 units, which is the only change since the previous quarter. This has no significance. The third quarter will be somewhat better, but the effect on the fourth quarter will not be large. Viewed overall for the half-year, our course remains the same one we've guided on earlier. Ninety-one per cent of completions for 2018 were sold at 30 June and, as I say, that proportion is higher now.

The third quarter of 2019 has entered our forecasts with 250 units, which is actually an unusually large number for that period of the year. We have a tendency to see few deliveries in the first and third quarters, while many occur in the second and fourth.

Turning to the financial results, we can start by looking at the figures pursuant to the IFRS. We delivered 243 units with a value of NOK 847 million. Other revenues came to NOK 16 million, giving total revenues of NOK 864 million for the quarter compared with NOK 1 135 million for the same period of last year. We sold a commercial property at Løren in 2017 for NOK 265 million, which actually accounts for the whole difference. In other words, a one-off last year explains the variation in turnover.

Project costs came to NOK 646 million, which is in line with expectations. As I usually observe, we're very good at managing our contracts. We enter into good turnkey contracts based on good descriptions, and then sell what we've bought from the contractor. No changes therefore occur and there are no cost overruns either. NOK 16 million of these costs are previously capitalised interest charges on land and construction loans.

Other costs came to NOK 73 million, including sales, payroll and marketing expenses. This was up by NOK 13 million from the same period of last year, owing to structuring costs, provisions for termination payments in connection with the former CEO, and other organisational changes.

Over the past four years, we have reported an adjusted EBITDA. We do this in order to highlight the significant interest expense element which forms part of project costs, and thereby obtain an EBITDA without financial expenses. This came to NOK 178 million for the quarter, corresponding to a margin of 21 per cent. That was down slightly from the same period of last year but, after correcting for these increased payroll expenses and the one-off, it will be entirely comparable for the core business viewed in isolation. Earnings per share came to NOK 1.26.

Where the first half is concerned, deliveries were fairly similar to the same period of last year – 302 units compared with 307. Revenues came to NOK 1 244 million compared with NOK 1 591 million. The whole difference is explained by two extraordinary sales in 2017. One was the property at Løren in Oslo, the other involved a logistics property at Grorud in Oslo.

Adjusted EBITDA came to NOK 299 million, compared with NOK 338 million in 2017. The margin is again explained by the large one-offs as well as the extraordinary expenses I mentioned earlier. Where operations viewed in isolation – the core business – are concerned, the margin is very good. Earnings per share for the first half came to NOK 1.60.

As Olav mentioned, we have decided to pay a dividend of NOK 2.00 per share. This is higher than the net profit for the first half viewed in isolation, but that reflects, of course, that we are confident about our forthcoming performance for the rest of the year. As you have seen, we have many completions up to 31 December and given our view of the market along with the sales ratio and our expectations for the future, paying NOK 2.00 now which slightly more than EPS will be an accrual matter.

If we look at results pursuant to the percentage of completion method, the figures also provide an indication of what the future holds. We take the view that percentage of completion gives a much better illustration of value creation in the company than the IFRS, by taking account of the sales ratio and the degree of completion in the projects so that value is recognised continuously from the start of construction until completion. Under the IFRS, by contrast, the whole profit is recognised when the home is delivered to the end customer. Given that we have such a big spread in the number of deliveries, the results would also show frequent large fluctuations under the IFRS.

In this quarter, we had revenues of NOK 665 million with a margin of 22 per cent. That is good. What it indicates is that the sales ratio element incorporated in the percentage of completion results helps to raise these revenues.

The 12-month rolling revenues declined fairly substantially. This is because, as I mentioned, a first quarter included a number of one-offs so that the second quarter was naturally reduced. The margin is good and high, in line with our earlier guidance.

Turning to cash flow, we had an opening balance of NOK 339 million. Cash flow from operations was negative at NOK 139 million, largely because deliveries in a couple of projects occurred late in the quarter while the payment was recognised in the accounts at the beginning of the third quarter rather than at the end of June.

That sort of thing can happen. There's nothing dramatic about it. The money has been received, but was postponed. This just serves to illustrate how important it is to keep attention concentrated on this and how quickly things fluctuate unless everything is in place. In addition come holidays and reluctance to move in immediately before them, both in the summer and at Christmas, which can make it difficult to get everything to work out. As I've said, this money is now in the accounts so there's nothing dramatic about it.

Cash flow from investment is flat. And there's a positive cash flow from the financing side – drawdown of loans – and we paid a dividend of NOK 166 million during the quarter. We thereby ended up with an outgoing balance of NOK 433 million.

If we look at the balance sheet, the book value of equity is now down to NOK 30.40 per share after declining by NOK 0.60 during the quarter. Profit at NOK 1.26 and a dividend of NOK 1.80 account for this reduction. We then have an equity ratio after that of NOK 41.9 per cent, which is very solid.

Other changes included a decrease of NOK 128 million in inventories, which I'll come back to. As I mentioned, trade receivables were up by NOK 390 million because of a large number of deliveries late in the quarter and sluggish payment processing. And cash in hand increased by NOK 94 million. Prepayments by customers amounted to NOK 356 million of other current non-interest-bearing liabilities.

Turning to inventories, land holdings are by and large unchanged from the previous quarter. Work in progress fell by NOK 86 million. In other words, the value of units delivered was somewhat higher than the costs incurred in work under way. And finished goods were down by NOK 50 million. That we have managed to reduce finished goods – in other words, fewer completed but unsold units – throughout the difficult times we have experienced is a pretty strong performance. This indicates that we are good at sticking to our strategy of selling out projects through to completion.

Looking at debt, we have once again made no drawdowns on our top-up financing. This helps to confirm that we took a wise decision to redeem our bond loan last year. Land loans are virtually unchanged, while construction loans increased from NOK 1 107 million in the previous quarter to NOK 1 530 million. Again, we have extended the construction loans ever so slightly longer because of these trade receivables. If they had not been present, we would have been fairly flat – a little down from the previously quarter.

So even though revenues are rising and we're maintaining our tempo, debt is not escalating. It's actually more the case that we're achieving better and better financing solutions which use less equity on a project rather than more. That's the trend.

I mentioned dividend previously. We are, as I said, paying a dividend slightly in excess of the profit for the first half. There is no reason to believe that we're completely out of our senses. We have a very high equity ratio. I thought I'd just quickly present the historical development. Since our IPO, our cumulatively pay-out – after this NOK 2.00 now – has been roughly half of earnings per share to date. That's about NOK 20, and we've paid out roughly NOK 10. This is a good performance. So the equity position is very sound. As Olav also mentioned and as I said earlier, this is of course because we are pretty confident about what we'll be making in the way of future profits.

Return on equity was down to 12 per cent in the quarter. Minor factors explain why it came to be lying there. If we remove the trade receivables I mentioned earlier, it would have been 13 per cent. It's very a fortuitous position for the quarter.

We'll take a little look at the market, starting with the demand side. First of all, we'll address population growth, particularly in the area where we have our biggest involvement. The population of Greater Oslo – Oslo and Akershus county – grew from one million people in 2003 to 1.27 million in 2017. This was a pretty massive increase, characterised naturally by immigration and urbanisation. Statistics Norway (SSB) has produced a projection which predicts that this region's population will increase by a further 280 000 people by 2040. That is probably a somewhat lower growth rate than in the past. SSB assumes that urbanisation will continue at the same high rate, and other basic factors such as births and aging have changed to a

lesser extent. Its greatest scepticism is reserved for the development net immigration, and a reduction in this area explains the prediction of a slower growth rate.

If we look at Oslo in isolation, its population grew by 150 000 people, and the SSB anticipates an increase of 140 000 up to 2040. As noted, the growth rate will be somewhat slower because net immigration is assumed to be lower.

So what does this mean if we look at potential demand. Prognosesenteret has developed various scenarios. In a middle-of-the-road scenario, which takes account of such factors as the population growth I have just presented, how many homes exit Oslo's housing stock and so forth, Prognosesenteret arrives at a calculation which shows future demand to be 4 500 units per annum up to 2033. Completions over the next three years total 3 650, 3 900 and 2 500 units respectively, so demand will definitely be higher than supply.

It has been claimed that huge numbers of homes are due for completion, particularly in 2018 and 2019, but we don't see that. If we also look at the average number of completions over the past 10-11 years, this figure has lain at 2 800 units per annum. The difference between 2 800 and 3 600/3 900 is not huge.

Looking a little further at the effect of this, other know-it-alls also maintain that every new home sold or completed puts another second-hand home on the market. We have asked all our customers how many of them will be selling a residence as a result of buying one, and have thereby arrived at 43 per cent. In other words, roughly 50 per cent of those buying a new home have a second-hand property to sell. If you then calculate on that basis, the average number of 2 800 completions will produce 1 400 second-hand home sales – as you can see here.

If we now look at this year's case, when rather more new homes – 3 650 – were completed, about 1 800 additional residences will be added to the second-hand market. The difference between the average addition and the "high" case is 400 units. Second-hand house sales in Oslo are fairly steady at about 19-22 000 units per year. In our view, 400 units will not exert any downward pressure on prices worth mentioning.

The second-hand market is buoyant. You can also see here what I was saying about very stable turnover. Even though the newspapers devote big headlines to asserting the opposite, the annual volume sold in Oslo's second-hand market is still relatively steady. Prices go up and down, of course, but roughly the same number of homes are sold – plus/minus five to 10 per cent.

Just to illustrate the position in Oslo's second-hand market again, you can see that sales have been good. You've also undoubtedly read about this in the press. July, viewed in isolation, had good and stable sales but rather more in 2017. However, the inventory is on the way down, and that's naturally important. Price trends show an increase for 2018 to date of almost 10 per cent. That's very strong. The rise in the second-hand market over the past 12 months was just under five per cent.

So you could begin to wonder what we think about newbuild prices. I'll try to illustrate this a little here. Newbuild prices have actually been completely flat since the residential mortgage regulations came into force at the start of 2017. A number of mortgage offers were still valid in the first quarter of 2017, which therefore also provided a good sales market. But second hand prices then dropped throughout the year. Our newbuild prices have lain at NOK 74 400 in this example, which illustrates that they have been flat. This only presents an average price per square metre for a four-room flat we have at Løren. The price is quite fortuitously chosen – simply to show that our prices for newbuilds are flat.

Where the second-hand market is concerned, you can see how average prices for second-hand flats in Oslo have developed in the same period. They have both declined and recovered. Having fallen almost 10 per cent to NOK 67 100 per square metre, prices are now almost back at their peak. A premium for newbuild is usually involved. All other factors being equal, you pay more for a newbuild than you do for a second-hand home. The latter usually has to be renovated. With a newbuild, you have a five-year guarantee. In my experience, the premium is 10-15 per cent – perhaps even 10-20 per cent, if we take Norway as a whole. That premium is small right now after the recent increase in second hand prices.

We can therefore conclude that there is at least no downward pressure on newbuild prices. We don't think that prices are going to take off, either, but pressure on them is more upwards than downwards. We believe in and expect a fairly flat trend for newbuild prices in the immediate future – also because interest rate rises are being taken into account. But we don't believe in any downturn.

So what is the supply side? What has been put on offer in Oslo? And what has been sold during the first half compared with the same period of last year? A great many homes were put on offer in 2017, roughly 2 500 units. Again, as I briefly mentioned earlier, many players put homes on offer and newbuild

sales were actually good in the first quarter of 2017 because a lot of people had secured mortgage offers in December 2016. A total of 1 390 units were sold and at 30 June 2017 1 600 units were on offer.

Very little has been put on offer this year. That's not very surprising, because quite a lot of newbuilds have been for sale. Only 650 units have been put on offer and 710 have been sold. There were just over 1 900 new homes on the market in Oslo at 30 June 2018.

While editing this presentation, we looked at the Finn website and saw there were 1 680 new homes for sale in Oslo on 14 August. That's roughly 45 per cent of the total supply on sale in the city, including new and second-hand.

If we look at Bergen, and Trondheim as well, newbuilds account for more than 50 per cent of the homes on sale there. Relatively speaking, a substantial number of new units are therefore for sale in these two cities compared with Oslo in relation to the populations. Stavanger has a relatively small number of newbuilds on offer and correspondingly many second-hand units.

But the newbuild offer is at least not unreasonably high. It's virtually the same. If you have 1 680-1 600, that's roughly the same supply of newbuilds now, and demand in my view is higher. Oslo has a healthy market and a good supply, I'd say – a fairly suitable balance at the moment.

Let's look at our other core markets. In my view, Stavanger, even if the supply of newbuilds is low, has plenty of second-hand homes available. The positive aspect is that this number is on the way down and sales are good. Price growth is naturally low with that kind of supply, so that's to be expected. Where our view of Stavanger is concerned, we are very confident that this will be a coming market. As the oil price in particular becomes entrenched at a good level, employment will eventually rise in this region. We're fairly sure of that, and the newbuild market will then arrive. We started up a new project last year, of course, have two stages under way and are managing to tick ahead. It's no bonanza, but we're selling steadily.

In Bergen, we have one completed unit unsold, so we don't have much volume to speak of. We've had difficulties securing planning permission for a couple of the properties we have there but that's coming now. We'll be unveiling projects early in the new year, so it'll be interesting to see what happens. Prices have risen substantially in Bergen so far this year, even though the supply side there is actually very good.

Trondheim is a market where the city council has been very good at providing planning permission for a lot of property, so that the supply side is huge. We're doing well in that market, and have done so for a number of years, but it's important here to choose the right project and the right concept in order to differentiate oneself and quite simply be competitive. Competition in Trondheim is sharp. We're working there on a big Pluss project. We have a couple of concepts, of course, which mean we can stand out from our competitors. That includes this Pluss concept, which we'll be unveiling in the fairly near future.

If we compare ourselves with our competitors, we have sold well both in the first half and in the quarter – more than in 2017. What's fine, of course, is to see that our competitors have also done this. That's perhaps the best indication that the market is improving. If only one player had sold more than last year, you could have said that conditions weren't good. But when everyone does so, it's difficult to avoid that assertion. So that's good to see.

Obos has sold extremely well, if we correct for the "abnormalities" it has faced. Of these sales, 100-140 come from the Ulven project where it presented its new financing model, which is actually not quite comparable and involves selling at a big discount. But generally good. Solon has also sold well, particularly with Ski Magasinleir.

Will you sum up, Olav?

Olav H Selvaag, acting CEO, Selvaag Bolig ASA

To sum up, we have a very good dividend of NOK 2.00 for the first half of 2018, we have good results underpinned by operations and by very healthy margins in the projects. As Sverre has reported, the market has improved during the first half and recovered, we see good sales figures by all our competitors, and we feel that we are well positioned in our core markets, both with goods on the shelf and good land banks for strengthening our position in all our core markets.

That was actually the summing up. We are then open for questions.

Questions and answers

Sigmund Mortensen, DNB

I see the operating profit pursuant to the percentage of completion method shows revenue down by 32 per cent for revenue, 33 per cent for EBIT. How much of this can be attributed to the direct effects of sales which you talked about?

Molvik

Yes. Virtually the whole difference can be attributed to one off sales of commercial properties in 2017.

Mortensen

The sales ratio of units under construction also falls a little in the quarter to 72 per cent, and we also see that 91 per cent of this year's production has been sold. Applying some elementary mathematics, this means that roughly 61 per cent of what's completed in 2019 and later has been sold.

Molvik

We have a fixed sales strategy. What we do is to sell on a straight-line basis from the start of construction until completion and then, if the market is difficult, you don't push things out but let them accumulate a little until the time is right – as we've experienced now for the past couple of quarters.

Mortensen

So what's completed from 2019 and beyond has a 61 per cent sales ratio. You work, of course, on the basis that you're not going to start anything before you've sold 60 per cent.

Molvik

Yes, that's right. We haven't done that.

Mortensen

No. And how are projects under construction selling compared with new projects in today's market?

Molvik

They're selling well. The point is again that we're sticking to that strategy. We have demonstrated over many quarters that we reduce our inventory of finished goods – we sell out the projects up to completion.

Mortensen

How much price adjustment do you use, do you think?

Molvik

We use the price elasticity which applies. So if the price has to be reduced to sell out, the price must be reduced. Is there scope to screw the price up, it's screwed up.

Mortensen

The land bank. We see that it has increased a good deal year by year, and is back to levels we've seen a couple of years ago. What is your view of the cost of buying land? What do you pay compared with what we see in in the p&l effect?

Selvaag

It varies, of course, a good deal from market to market. And Oslo have become fairly expensive. But we have good financing solutions for a number of the sites we've bought over the past year. Our usual practice is to pay market price when planning permission is secured, so we follow the market price trend for land.

Mortensen

And how has that gone recently?

Selvaag

Price developments, particularly in the Oslo area, have been fairly substantial.

Mortensen

So the increase we see for undeveloped land carried on the balance sheet is the price effect? Or how much volume is there?

Selvaag

It depends. We haven't seen the same development in Bergen and Stavanger. Nor has Trondheim displayed the same trend. Oslo, in particular, is where it's been. This varies a little according to where we have bought land.

Molvik

We have, of course, a development in prices for these sites – a value increase which occurs from the purchase of the land until completion throughout the life of the project, independently of the market, you could say. And then we buy at prices prevailing throughout the business cycle, both in booms and recessions, so that the average price in our land bank is good.

If you look at our results, which you follow closely, it's actually the case that the sites we've bought in competition during boom conditions are those which deliver the exceptional returns – at Løren and Hovinenga in Oslo, for example, which we bought from competing companies. The prices were high – these weren't cheap – we bought land with planning permission from our competitor Stor-Oslo in 2015. We buy in all markets.

Selvaag

Some of the best and most profitable projects have been bought in recent years and realised at present.

Mortensen

How much of the added value you reported in the fourth quarter is the effect we see in profit and loss? We see a margin of almost 29 per cent in the percentage of completion accounts on housing development. How much of that actually derives from the added value of land in relation to what you have to pay today in the market?

Molvik

There will naturally always be something. You'll get a growth in property prices, of course ...

Mortensen

Because it's exceptionally high in the percentage of completion accounts for this quarter.

Selvaag

You're asking whether this reflects former good times. There's little of that in those results.

Molvik

To chew over what I said before, this involves creating value by massaging our projects in order to obtain efficient solutions and squeeze in many square metres. This is the main explanation of how we create value and it is presented on our website. And that's unchanged. We buy property – say in today's market, then – at 12 per cent plus a two per cent provision. That's a margin of 14 per cent, and the price will then be what it is. If the freeholder demands too high a price, we don't buy that property.

Mortensen

You say you're guiding at a 14 per cent margin?

Molvik

We calculate 14 per cent. Twelve per cent plus two per cent contingency for a fall in the market price. We've utilised that since we started more or less 10 years ago.

Mortensen

So that's where you buy today?

Molvik

Yes. We do that today. We never buy land at a lower margin. That's a dealbreaker. Then others will have to buy. That incorporates income and costs in today's market.

Mortensen

How long duration do you have with today's land bank?

Molvik

That's a very long stick. We have a property portfolio which has been built up in relation to land with and without planning permission to avoid taking risk, and we then, as Olav mentioned, buy sites which have a market price at the point when planning permission is obtained. Some of these properties are in Bærum outside of Oslo – sites which will perhaps secure planning permission in 2023, some in 2025. So we have a land bank which gradually reduces up to 2030.

Selvaag

These are projects which will run for 10 or 15 years into the future.

Molvik

We guide now that the land bank currently contains 11-12 000 units. That's very difficult to say, because we have no idea about many of the projects. What will the politicians in Bærum decide about utilisation at Ballerud, for example? Will there be 200 terraced houses or 1 000 flats?

Mortensen

Finally, the cost increase in other costs. Is everything related to the CEO change?

Molvik

Not everything. But by and large.

Selvaag

For the quarter.

Mortensen

Yes. For the quarter. A big increase there.

Fredrik Steinslien, Pareto

We saw a positive development in the NGAAP figures compared with the previous quarter. What can you say about future expectations there? Is this in a way a trend we'll see continue?

Molvik

The way the NGAAP figures work is that these are the sum of 20 projects, so they're the sum of the margins reported by the project managers. It's not in their interest to report a higher margin than the one they manage to deliver. That's the whole business model. So we can expect it to remain at least at this level. In addition, as I mentioned earlier, there is an item for unexpected costs of two per cent in each project.

This represents a considerable number of millions of NOK forming a buffer intended to take account of possible market downturns, which will not show up in that margin. But you get some one-off adjustments and so forth, so it fluctuates a little from quarter to quarter, but there has been a ballpark of around 22 per cent over time. So the answer to your question is yes.

Where withdrawals are concerned, it's the case – as Simen asked a bit about – with what we sell now from things under way compared with projects where sales have just started, that a larger share of the sales is on what's under way. And since we have had a slightly lower sales ratio earlier and costs continue to be incurred, each sale has a bigger effect as completion approaches. This has a bigger and bigger effect on turnover when it is recorded in the NGAAP accounts.

Steinslien

At the previous presentation, you shared a little about how sales had been that far in the quarter. We're now halfway into the third quarter. Can you reveal anything about Oslo and average prices?

Molvik

I think it's sensible to look at our website, because it could be that when we look back on what we said in the previous quarter, some of you analysts naturally took this a bit literally. What happened in the previous quarter was that, almost from the day we reported and up to the end of the quarter, we suddenly sold a number of cheaper units again – so the average price for the quarter was lower. And that was probably the main reason why some of you got sales in this quarter a bit wrong. So we don't feel up to giving an average price, but those of you who keep track of us will see that things are moving forward steadily with what we have in production at the moment.

Question from shareholder

Does the high dividend also reflect that it is difficult to find good investments in land for the future?

Molvik

No. It's not more difficult to find good investments in land now than it has been in recent quarters. The opposite is perhaps the case – there have been more people looking to sell development properties the last 12 months than before. It was more difficult in late 2016 and early 2017. So now that it's been a bit calmer for a period, more has become available on the supply side. No, that's not a result of this.

I hinted a little earlier that our project financing model is getting better rather than poorer so that it's less capital-intensive now, despite high land prices, than it has been. That's also because we've demonstrated over many years that we deliver what we promise and can thereby obtain more favourable financing. Without going into details here, we are getting that.

Selvaag

Thank you for attending.

Molvik

We'll see each other again, then, for the third quarter on 14 November.