

Q2
2019

Second
quarter
results



SELVAAG BOLIG

Highlights of the second quarter 2019

- Operating revenues of NOK 1 035 million (NOK 864 million)
- Adjusted EBITDA** NOK 316 million (NOK 178 million) and ordinary EBITDA* at NOK 282 million (NOK 162 million)
- 210 units sold (181)
- Construction started on 311 units (234)
- 307 units completed (242) and 246 delivered (243)
- A total of 1 538 units (1 503) under construction at 30 June, with a combined sales value of NOK 7 039 million (NOK 7 076 million)
- 71 per cent of units under construction are sold (72 per cent). 83 per cent of units due for completion in 2019 are sold.
- In accordance with its mandate from the most recent AGM, the board has approved a dividend of NOK 2.00 per share for first half (NOK 2.00)
- Rolf Thorsen took over as CEO

(Figures in brackets relate to the same period of the year before)

Key figures

(figures in NOK 1 000)	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
IFRS main figures					
Operating revenues	1 035 185	863 608	1 144 344	1 244 177	3 342 075
EBITDA*	282 007	161 950	270 502	207 342	754 187
EBITDA adjusted**	316 126	178 330	307 175	229 060	827 328
Operating profit/(loss)	278 710	161 022	263 908	205 483	750 480
Profit/(loss) before taxes	274 931	152 680	254 341	193 581	732 470
Cash flow from operating activities	(128 078)	(139 187)	(486 179)	(450 903)	427 017
Net cash flow	34 853	93 701	(57 141)	(52 408)	171 473
Interest-bearing liabilities	2 964 984	2 755 148	2 964 984	2 755 148	2 316 306
Total assets	7 179 634	6 824 914	7 179 634	6 824 914	6 491 129
Equity	3 075 342	2 860 256	3 075 342	2 860 256	3 116 136
Equity ratio	42.8%	41.9%	42.8%	41.9%	48.0%
Earnings per share in NOK	2.24	1.26	2.08	1.60	6.14
Segment reporting (NGAAP****):					
Operating revenues	867 559	664 549	1 548 043	1 236 412	2 974 801
EBITDA***	211 369	145 169	365 685	262 273	612 419
EBITDA margin	24.4%	21.8%	23.6%	21.2%	20.6%
Key figures:					
Number of units sold	210	181	453	366	696
Number of construction starts	311	234	408	336	840
Number of units delivered	246	243	275	302	849
Number of units completed	307	242	319	296	854

* EBITDA is operating profit before interest, taxes, depreciation and amortisation.

** EBITDA adjusted is excluding financial expenses included in project costs, see note 6 for details.

*** EBITDA is operating profit before interest, tax, depreciation, amortisation and profit from associated companies.

**** NGAAP accounts utilise the percentage of completion method, i.e. percentage of completion multiplied by the sales ratio.

Financial review

Summary of overall results

(figures in NOK 1 000)	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Total operating revenues	1 035 185	863 608	1 144 344	1 244 177	3 342 075
Project expenses	(705 177)	(646 349)	(774 687)	(922 269)	(2 421 633)
Other operating expenses, salaries and personnel cost, depreciation and amortisation	(63 439)	(72 661)	(123 472)	(130 946)	(271 758)
			-	-	-
Total operating expenses	(768 616)	(719 010)	(898 159)	(1 053 215)	(2 693 391)
Associated companies and joint ventures	12 141	16 424	17 723	14 521	101 796
Operating profit	278 710	161 022	263 908	205 483	750 480
Net financial expenses	(3 779)	(8 342)	(9 567)	(11 902)	(18 010)
Profit before taxes	274 931	152 680	254 341	193 581	732 470
Income taxes	(66 663)	(36 842)	(61 315)	(46 464)	(165 626)
Net income	208 268	115 838	193 026	147 117	566 844

Results for the second quarter of 2019

(Figures in brackets relate to the corresponding period of 2018. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 1 035.2 million (NOK 863.6 million) in the second quarter. Revenues from units delivered accounted for NOK 1 012 million (NOK 847.2 million) of this total. Other revenues derived from non-core activities, mainly rental of commercial premises.

A total of 246 units (243) were delivered in the quarter, including 229 (204) from consolidated project companies and 17 (39) from joint ventures.

Project costs for the quarter totalled NOK 705.2 million (NOK 646.3 million), of which NOK 34.1 million (NOK 16.4 million) represented previously capitalised financial expenses. Total project expenses primarily represented construction costs for units delivered as well as costs in projects which did not qualify for capitalisation as inventory.

Operating costs excluding project costs totalled NOK 63.4 million (NOK 72.7 million) for the period. Payroll costs accounted for NOK 25 million (NOK 42.5 million) of this figure. The decline from last year primarily reflected the fact that 2018 included provisions for termination payments and compensation related to efficiency improvement processes and terminated employment. In addition, NOK 5.6 million (NOK 5.2 million) in payroll costs related to housing under construction was capitalised during the quarter and will be expensed as project costs on future delivery.

Other operating costs came to NOK 35.2 million (NOK 29.2 million) for the quarter, including NOK 16.5 million (NOK 7.4 million) for sales and marketing.

The share of results from associates came to NOK 12.1 million (NOK 16.4 million) for the quarter. This decline reflected a smaller number of deliveries in joint ventures.

Reported EBITDA was NOK 282 million (NOK 162 million), corresponding to a margin of 27.2 per cent (18.8 per cent). The increase in EBITDA primarily reflected higher margins for projects delivered during 2019. EBITDA adjusted for financial expenses included in project costs came to NOK 316.1 million (NOK 178.3 million), corresponding to a margin of 30.5 per cent (20.6 per cent). See the section on interest-bearing debt below and note 6 to the financial statements for more information.

Consolidated depreciation and amortisation totalled NOK 3.3 million (NOK 0.9 million). This increase reflects the introduction with effect from 1 January 2019 of a new accounting standard for leases, IFRS 16, where part of the lease expenses is classified as depreciation. Operating profit thereby came to NOK 278.7 million (NOK 161 million).

Net financial expenses amounted to NOK 3.8 million (NOK 8.3 million). The pre-tax profit for the quarter came to NOK 274.9 million (NOK 152.7 million).

Tax expense for the period came to NOK 66.7 million (NOK 36.8 million). Comprehensive income for the second quarter consequently came to NOK 208.3 million (NOK 115.8 million). NOK 208.3 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 115.9 million), and NOK 0 (negative at NOK 0.1 million) to non-controlling shareholders.

Results for the first half of 2019

(Figures in brackets relate to the corresponding period of 2018. The figures are unaudited.)

Selvaag Bolig had operating revenues of NOK 1 144.3 million (NOK 1 244.2 million) in the first half. Revenues from units delivered accounted for NOK 1 104.8 million (NOK 1 170.3 million) of this total. Other revenues related to non-core activities, mainly rental of commercial premises.

A total of 275 units (302) were delivered in the quarter, including 246 (263) from consolidated project companies and 29 (39) from joint ventures.

Project costs for the first half totalled NOK 774.7 million (NOK 922.3 million). They primarily represented construction costs for units delivered as well as costs from other projects which did not qualify for capitalisation as inventory.

Operating costs excluding project costs and joint ventures totalled NOK 123.5 million (NOK 130.9 million) for the period. Payroll costs accounted for NOK 52.1 million (NOK 69.4 million) of this figure. The decline from last year primarily reflected the fact that 2018 included provisions for termination payments and compensation related to efficiency improvement processes and terminated employment. In addition, NOK 11.1 million (NOK 10.7 million) in payroll costs related to housing under construction was capitalised and will be expensed as project costs on future delivery.

Other operating costs came to NOK 64.7 million (NOK 59.7 million), including NOK 29 million (NOK 13.3 million) for sales and marketing.

The share of results from associates and joint ventures came to NOK 17.7 million (NOK 14.5 million) for the first half. This improvement reflected the fact that deliveries in joint ventures for 2019 have been in projects with higher margins.

Reported EBITDA for the first half was NOK 270.5 million (NOK 207.3 million), corresponding to a margin of 23.6 per cent (16.7 per cent). The increase primarily reflected higher margins for projects delivered during 2019. EBITDA adjusted for financial expenses included in project costs came to NOK 307.2 million (NOK 229.1 million), corresponding to a margin of 26.8 per cent (18.4 per cent).

Consolidated operating profit for the first half came to NOK 263.9 million (NOK 205.5 million). Net financial expenses were NOK 9.6 million (NOK 11.9 million).

Pre-tax profit came to NOK 254.3 million (NOK 193.6 million). Tax expense for the first half came to NOK 61.3 million (NOK 46.5 million). Comprehensive income for the first half consequently came to NOK 193 million (NOK 147.1 million). NOK 193 million of the profit was attributable to the shareholders of Selvaag Bolig ASA (NOK 147.2 million), and NOK 0 (negative at NOK 0.1 million) to non-controlling shareholders.

Cash flow

Consolidated net cash flow from operational activities was negative at NOK 128.1 million (NOK 139.2 million) for the second quarter. The negative cash flow primarily reflected the negative effect of increased accounts receivable for delivered units. See the section on accounts receivable below and note 5 on inventories for more information.

During the first half, consolidated cash flow from operational activities was negative at NOK 486.2 million (NOK 450.9 million). The negative cash flow primarily reflected the negative effect of increased accounts receivable for delivered units and settlement for land purchases.

Net cash flow from investing activities came to NOK 9.6 million (negative at NOK 1.6 million) for the quarter. The change from 2018 represents increased dividend from joint ventures.

In the first half, net cash flow from investing activities came to NOK 49.3 million (NOK 32.4 million). Receipts primarily

represented settlement of seller credits and dividend from joint ventures, while payments took the form of capital provided to joint ventures.

Net cash flow from financing activities was NOK 153.3 million (NOK 234.5 million) for the quarter. The change from the same period of 2018 primarily reflected increased payment of dividend in 2019.

For the first half, net cash flow from financing activities was NOK 379.7 million (NOK 366.1 million). The change from the same period of 2018 primarily reflected increased draw-down of land and construction loans, partly offset by increased payment of dividend in 2019.

The group's holding of cash and cash equivalents at 30 June totalled NOK 599.9 million (NOK 433.2 million), up by NOK 34.9 million from 31 March and by NOK 166.7 million from a year earlier.

Cash flow summary

(figures in NOK 1 000)	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Profit before taxes	274 931	152 680	254 341	193 581	732 470
Net cash flow from operating activities	(128 078)	(139 187)	(486 179)	(450 903)	427 017
Net cash flow from investment activities	9 611	(1 592)	49 311	32 398	20 558
Net cash flow from financing activities	153 321	234 479	379 727	366 097	(276 102)
Net change in cash and cash equivalents	34 853	93 701	(57 141)	(52 408)	171 473
Cash and cash equivalents at start of period	565 040	339 452	657 034	485 561	485 561
Cash and cash equivalents at end of period	599 893	433 153	599 893	433 153	657 034

Financial position

The carrying amount of Selvaag Bolig's total inventory (land, units under construction and completed units) at 30 June was NOK 4 801.2 million, compared with NOK 4 614.9 million at 31 March and NOK 4 784.8 million a year earlier. The increase during the second quarter primarily reflected the acquisition of new land. See note 5 for a further specification of inventory.

Consolidated accounts receivable totalled NOK 434.2 million at 30 June, compared with NOK 61.5 million at 31 March and NOK 483.6 million a year earlier. The increase reflects the delivery of many units at the end of the quarter, so that settlement was received in the following month. This is regarded as normal fluctuations and involves no credit risk,

since the funds are placed in client accounts at settlement agents from delivery of the unit until settlement is received.

Equity was NOK 3 075.3 million (NOK 2 860.3 million) at 30 June, corresponding to an equity ratio of 42.8 per cent (41.9 per cent). Selvaag Bolig AS paid NOK 232.3 million (NOK 166.4 million) in dividend in the second quarter, based on results for the second half of 2018. Non-controlling interests amounted to NOK 7.9 million (NOK 9.3 million) of equity.

Other current non-interest-bearing liabilities for the group totalled NOK 713.6 million (NOK 884.1 million) at 30 June, of which NOK 218.7 million (NOK 356.1 million) represented advance payments from customers.

At 30 June, consolidated interest-bearing debt amounted to NOK 2 965 million (NOK 2 755.1 million), of which NOK 1 932.7 million (NOK 2 172.1 million) was non-current and NOK 1 032.3 million (NOK 583.1 million) was current. The increase in current debt primarily reflected construction loans for projects approaching completion.

The group had land loans totalling NOK 1 606.2 million (NOK 1 225 million) at 30 June. This increase reflects the takeover of new land. These loans are normally converted to

construction loans in line with the progress of the respective construction projects.

Selvaag Bolig ASA has a credit facility agreement of NOK 500 million with DNB, which matures in April 2022. This facility was increased by NOK 100 million in 2018. The company also has an annually renewed overdraft facility of NOK 150 million with DNB. No drawings had been made against any of these facilities at 30 June.

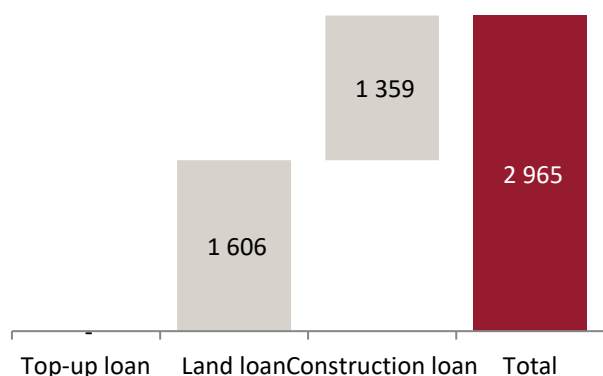
Net interest-bearing debt

(figures in NOK 1 000)	Q2 2019	Q1 2019	Q2 2018	2018
Non-current interest-bearing debt	1 932 672	1 942 798	2 172 087	1 795 798
Current interest-bearing debt	1 032 312	618 091	583 061	520 508
Cash and cash equivalents	(599 893)	(565 040)	(433 153)	(657 034)
Net interest-bearing debt	2 365 091	1 995 849	2 321 995	1 659 272

The group's interest-bearing debt falls primarily into three categories: 1) top-up loans, which are liabilities in parent company Selvaag Bolig ASA, 2) land loans and 3) construction loans. At 30 June, the group had no top-up loans, land loans of NOK 1 606 million and total construction loans of NOK 1 359 million.

Interest costs on land loans are normally recognised in profit and loss until the site secures planning permission. They are capitalised against the site from the day the project secures planning permission and recognised in profit and loss as part of the cost of sales when the units are delivered. Interest charges on construction loans are capitalised during the construction period and recognised under cost of sales in the same way.

Interest-bearing debt at 30 June 2019 (NOK mill)



At 30 June, interest on NOK 1 241 million in land loans had been capitalised, while interest charges of NOK 365 million relating to in land loans spread over three projects were recognised in profit and loss.

Operational reporting

Each project is followed up individually in daily operations, and operational reporting accordingly comprises one main segment - housing development. Reporting also comprises the "other business" segment. The latter primarily includes service deliveries in completed Pluss projects as well as group administration not allocated to the main segment. Operational reporting utilises the percentage of completion method for recognising revenues and profit, which differs from the IFRS where profit is recognised on delivery. Note 4 to the financial statements presents segment information reconciled with the financial reporting figures (IFRS).

Segments second quarter 2019

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	Q2 19	Q2 18	Q2 19	Q2 18	Q2 19	Q2 18
Property development	853 394	652 641	236 256	192 888	263 052	214 791
Other	14 165	11 908	(24 887)	(47 719)	(25 820)	(48 628)
IFRS adjustments	167 626	199 059	70 638	16 781	41 478	(5 141)
Total group	1 035 185	863 608	282 007	161 950	278 710	161 022

Segments first half 2019

(figures in NOK 1 000)	Operating revenues		EBITDA		Operating profit/loss	
	6M 19	6M 18	6M 19	6M 18	6M 19	6M 18
Property development	1 524 398	1 214 449	424 793	344 163	473 234	380 415
Other	23 645	21 963	(59 108)	(81 890)	(60 973)	(83 720)
IFRS adjustments	(403 699)	7 765	(95 183)	(54 931)	(148 353)	(91 212)
Total group	1 144 344	1 244 177	270 502	207 342	263 908	205 483

Housing Development

This segment comprises all Selvaag Bolig's projects regardless of geographical location, since each project is followed up individually.

Operating revenues for the second quarter were NOK 853.4 million (NOK 652.6 million). They derived from 21 projects (20) currently in production. The increase from the same period of last year reflected a higher sales ratio in the projects.

Operating costs, primarily for construction and sales, are directly related to the projects and amounted to NOK 617.1 million (NOK 459.8 million) for the second quarter. Construction costs in the segment reporting are exclusive of directly-related financial expenses (interest on construction loans). This differs from the IFRS accounts, where financial expenses are included in project costs on delivery.

EBITDA presents operating profit (loss) before depreciation, gain (loss), and share of profit (loss) from associates. It came to NOK 236.3 million (NOK 192.9 million) for the quarter, corresponding to a profit margin of 27.7 per cent (29.6 per cent)

Other business - unallocated

The other business segment comprises a number of activities in the group which are not regarded as part of the core business on a stand-alone basis. It also includes administration and management which cannot be attributed directly to the projects and are accordingly not allocated to the housing development segment.

Operating revenues for the segment in the second quarter came to NOK 14.2 million (NOK 11.9 million), while operating costs amounted to NOK 39 million (NOK 59.6 million). Costs relate largely to remuneration for the administration and management, as well as to central marketing. EBITDA was thereby negative at NOK 24.9 million (NOK 47.7 million).

Review of operations

Operations

The positive trend, with a good balance between supply and demand in the housing market, continued in the second quarter, and sales were good. The market was particularly buoyant in Oslo and Akershus.

A total of 276 units with a combined value of NOK 1 393 million were sold during the quarter. Selvaag Bolig's share amounted to 210 units sold with a combined value of NOK 1 106 million.

Good sales in both first and second quarters have increased the level of activity in the group. Work started on constructing 311 units during the second quarter, so that 1 538 units worth some NOK 7 billion were under construction

at 30 June. A total of 307 units were completed during the quarter.

To manifest value creation in the group, segment reporting shows revenue and costs in the various projects using the percentage of completion method as its accounting principle

Projects

The company has projects in Oslo, Bærum, Asker, Lørenskog, Moss, Ski, Stavanger, Sandnes, Sola, Tønsberg, Trondheim, Bergen and Stockholm. However, no projects were under construction in Asker, Bærum, Ski or Sandnes during the second quarter.

Quarterly development in the project portfolio

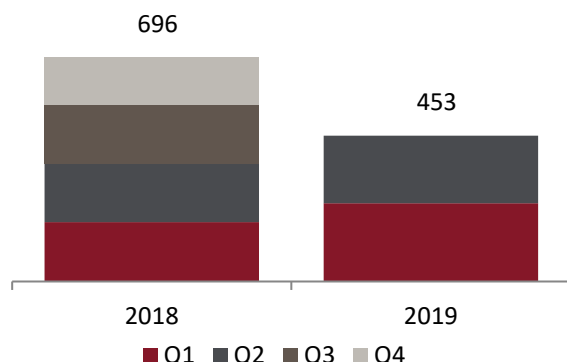
	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
Number of units sold	181	182	148	243	210
Number of construction starts	234	102	402	97	311
Number of units completed	242	117	441	12	307
Number of units delivered	243	126	421	29	246
Number of units under construction	1 503	1 488	1 449	1 534	1 538
Proportion of sold units under construction	72 %	74 %	66 %	70 %	71 %
Number of completed unsold units	18	12	26	13	48
Sales value of units under construction (NOK million)	7 076	6 908	6 712	7 097	7 039

Purchase and sale of land

The group entered into one agreement during the quarter on the purchase of a site in Lørenskog local authority which is expected to yield some 290 units.

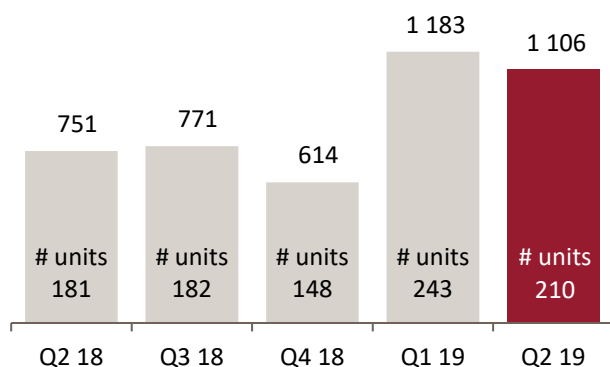
Sales developments and progress

Units sold



Total housing sales during the second quarter, including Selvaag Bolig's relative share of joint ventures, amounted to 210 units with a combined sales value of NOK 1 106 million. These sales comprise Selvaag Bolig's consolidated project companies as well as its relative share of units sold in joint-venture projects. Sales in the same period of 2018 totalled 181 units with a combined value of NOK 751 million. The increased value reflects more units sold and a higher average price per unit.

Value of units sold (NOK mill)



Selvaag Bolig started sales during the quarter in six projects, comprising a total of 363 residential units (179).

Sales starts in the quarter

Project	# of units	Category	Region
Landås Asker	75	Flat	Greater Oslo
Lørenskog Stasjonsby Silkeføret	40	Flat	Greater Oslo
Kaldnes Beddingen	13	Flat	Greater Oslo
Skårerløkka	119	Flat	Greater Oslo
Tiedemannsparken	88	Flat	Greater Oslo
Saga Park	29	Flat	Trondheim
Total	363		

Construction began on 311 (234) units during the quarter. Construction starts can vary substantially from quarter to quarter, since construction normally only begins when 60 per cent of the value in a project has been sold.

At 30 June, Selvaag Bolig had 1 538 (1 503) units under construction. They included 1 257 units in Greater Oslo, 217 in the rest of Norway and 65 abroad.

The order backlog at 30 June - in other words, the sales value of the 1 538 (1 503) units then under construction - was NOK 7 039 million (NOK 7 076 million).

A total of 307 (242) units were completed in the second quarter, and 246 (243) - including ones completed earlier - were delivered. The completed units were spread over five projects.

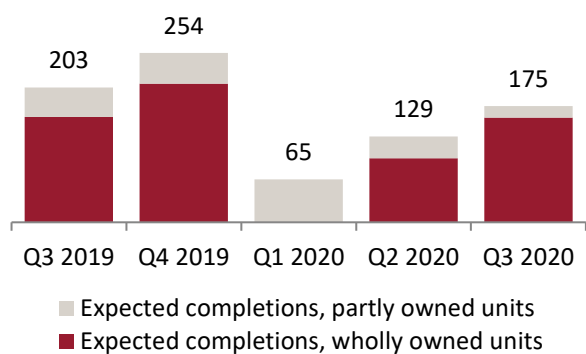
At 30 June, the group held 48 (18) completed but unsold units. Consolidated project companies accounted for 229 (204) of the units delivered, while 17 (39) were in part-owned project companies.

Units completed by project

Project	# units	Category	Region
Hovinenga	127	Flat	Greater Oslo
Lade Alle 65	60	Flat	Trondheim
Moss Glassverk	33	Flat	Greater Oslo
Nybyen Økern	69	Flat	Greater Oslo
Tiedemannsfabrikken	18	Flat	Greater Oslo
Total	307		

Based on expected progress for the projects, 203 units are expected to be completed in the third quarter of 2019. Estimated completions for 2019 as a whole amount to 776 units

Expected number of completions



Share information

The company had 93.77 million issued shares at 30 June, divided between 2 491 shareholders.

The 20 largest shareholders controlled 79.4 per cent of the total number of issued shares. The largest shareholder was Selvaag Gruppen, with a 53.5 per cent holding.

During the quarter, the Selvaag Bolig share varied in price from NOK 42.25 to NOK 48.90. The closing price at 30 June was NOK 44.00, compared with NOK 43.00 at 31 March. The share price accordingly rose by 2.3 per cent over the quarter.

A total of just under 3.5 million shares, or 3.7 per cent of the overall number outstanding, were traded during the period. Share turnover totalled NOK 157 million during the quarter, corresponding to an average daily figure of roughly NOK 2.7 million.

20 largest shareholders at 30 June 2019

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5%
LANDSFORSKRINGAR FASTIGHETSFOND	5 653 788	6.0%
TAIGA INVESTMENT FUNDS PLC-TAIGA F	2 741 751	2.9%
PARETO INVEST AS	2 065 624	2.2%
SEB PRIME SOLUTIONS SISSENER CANOP	1 900 000	2.0%
VERDIPAPIRFONDET PARETO INVESTMENT	1 588 000	1.7%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 079 763	1.2%
JPMorgan Chase Bank, N.A., London *)	1 000 000	1.1%
FLPS - GL S-M SUB	938 100	1.0%
HOLBERG NORGE	880 000	0.9%
HOLTA INVEST AS	841 619	0.9%
SELVAAG BOLIG ASA **)	837 068	0.9%
MUSTAD INDUSTRIER AS	729 340	0.8%
State Street Bank and Trust Comp *)	649 697	0.7%
STOREBRAND NORGE I VERDIPAPIRFOND	601 069	0.6%
Landkreditt Utbytte	600 000	0.6%
BANAN II AS	600 000	0.6%
Baard Schumann	565 127	0.6%
Morgan Stanley & Co. International	507 750	0.5%
SANDEN AS	500 000	0.5%
Total 20 largest shareholders	74 458 783	79.4%
Other shareholders	19 306 905	20.6%
Total number of shares	93 765 688	100.0%

*) Further information regarding shareholders is presented at:
<http://sboasa.no/en>

**) The shares were purchased for the company's share programmes for employees

Risk and uncertainty factors

As a housing developer, Selvaag Bolig is exposed to risks which could affect the group's business and financial position. Risk factors relate to land development, sales and the execution of housing projects, and can be divided into market, operational and financial categories. The group gives priority to work on managing and dealing with risk, and has established routines and control systems to limit and control risk exposure.

Macroeconomic conditions - particularly unemployment and interest rates - as well as demographic changes are factors which affect the group's progress. See the company's annual report, available on its website, for a more detailed explanation of the risk and uncertainty factors it faces.

Transactions with related parties

Selvaag Bolig conducted no significant transactions with related parties during the quarter. See note 23 to the group's

annual reports for detailed information on transactions with related parties in earlier years.

Housing market

According to Statistics Norway (SSB), seasonally adjusted Norwegian house prices at 30 June were on average one per cent higher than at 31 March and up by 2.1 per cent from 30 June 2018. Price developments differed between Selvaag Bolig's core areas during the quarter. Overall prices rose by 1.6 per cent during the quarter in Oslo including Bærum, and were 2.7 per cent higher than at 30 June 2018. In Akershus county excluding Bærum, prices rose by 1.5 per cent and were up by 2.2 per cent from 30 June 2018. Prices in

Stavanger increased by 0.9 per cent during the quarter and were 1.6 per cent higher than at 30 June 2018. Prices in Bergen were up by 0.1 per cent in the quarter and by one per cent from 30 June 2018. In Trondheim, prices fell by 0.4 per cent for the quarter and were two per cent lower than at 30 June 2018.

Outlook

Selvaag Bolig is well positioned, with large projects centrally located in and around Greater Oslo, Stavanger, Bergen and Trondheim. The newbuild market has been stable and normal during last year and so far in 2019. Sales for Selvaag Bolig have been particularly good in Oslo and Akershus.

Good macroeconomic conditions, high household purchasing power and demographic trends mean that Selvaag

Bolig expects a stable market for new housing in the time to come. According to SSB, urbanisation and population growth create a large and long-term demand for new housing in Selvaag Bolig's core areas.

Higher interest rates and the continuation of the residential mortgage rules have not resulted in lower sales so far. However, further interest rate rises could moderate demand somewhat in the short term.

Interim financial statements (IFRS)

Statement of comprehensive income

(figures in NOK 1 000, except earnings per share)	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Revenues	1 011 968	847 162	1 104 759	1 212 849	3 267 505
Other revenues	23 217	16 446	39 585	31 328	74 570
Total operating revenues	1 035 185	863 608	1 144 344	1 244 177	3 342 075
Project expenses	(705 177)	(646 349)	(774 687)	(922 269)	(2 421 633)
Salaries and personnel costs	(24 983)	(42 516)	(52 137)	(69 365)	(142 498)
Depreciation and amortisation	(3 297)	(928)	(6 594)	(1 859)	(3 707)
Other operating expenses	(35 159)	(29 217)	(64 741)	(59 722)	(125 553)
Other gains (losses), net	-	-	-	-	-
Total operating expenses	(768 616)	(719 010)	(898 159)	(1 053 215)	(2 693 391)
Associated companies and joint ventures	12 141	16 424	17 723	14 521	101 796
Operating profit	278 710	161 022	263 908	205 483	750 480
Financial income	2 312	1 113	5 148	2 882	10 219
Financial expenses	(6 091)	(9 455)	(14 715)	(14 784)	(28 229)
Net financial expenses	(3 779)	(8 342)	(9 567)	(11 902)	(18 010)
Profit/(loss) before taxes	274 931	152 680	254 341	193 581	732 470
Income taxes	(66 663)	(36 842)	(61 315)	(46 464)	(165 626)
Net income	208 268	115 838	193 026	147 117	566 844
Other comprehensive income/expenses					
Translation differences	3	(1 314)	2	(2 955)	317
Total comprehensive income/(loss) for the period	208 271	114 524	193 028	144 162	567 161
Net income for the period attributable to:					
Non-controlling interests	-	(72)	-	(75)	(95)
Shareholders in Selvaag Bolig ASA	208 268	115 910	193 026	147 192	566 939
Total comprehensive income/(loss) for the period attributable to:					
Non-controlling interests	-	(72)	-	(75)	(95)
Shareholders in Selvaag Bolig ASA	208 271	114 596	193 028	144 237	567 256
Earnings per share for net income/(loss) attributed to shareholders in Selvaag Bolig ASA:					
Earnings per share (basic and diluted) in NOK	2.24	1.26	2.08	1.60	6.14

The consolidated financial information has not been audited

Statements of financial position

(figures in NOK 1 000)	Note	Q2 2019	Q1 2019	Q2 2018	2018
ASSETS					
Non-current assets					
Goodwill		383 376	383 376	383 376	383 376
Other intangible assets		-	-	-	-
Property, plant and equipment		6 710	7 611	9 578	8 565
Right-of-use lease assets		48 929	51 284	-	-
Investments in associated companies and joint ventures		393 503	398 862	308 777	415 280
Loans to associated companies and joint ventures		133 101	124 670	127 138	119 290
Other non-current assets		307 033	306 235	231 086	326 074
Total non-current assets		1 272 652	1 272 038	1 059 955	1 252 585
Current assets					
Inventories (property)	5	4 801 230	4 614 891	4 784 762	4 306 304
Trade receivables		434 154	61 535	483 643	215 007
Other current receivables		71 705	69 975	63 401	60 199
Cash and cash equivalents		599 893	565 040	433 153	657 034
Total current assets		5 906 982	5 311 441	5 764 959	5 238 544
TOTAL ASSETS		7 179 634	6 583 479	6 824 914	6 491 129
EQUITY AND LIABILITIES					
Equity attributed to shareholders in Selvaag Bolig ASA		3 067 476	3 091 527	2 850 912	3 106 770
Non-controlling interests		7 866	7 866	9 344	9 366
Total equity		3 075 342	3 099 393	2 860 256	3 116 136
LIABILITIES					
Non-current liabilities					
Pension liabilities		379	277	643	277
Deferred tax liabilities		92 992	93 011	83 606	93 011
Provisions		60 373	60 373	60 373	60 373
Other non-current non interest-bearing liabilities		2 862	2 812	2 542	3 225
Non-current lease liabilities		39 224	41 204	-	-
Non-current interest-bearing liabilities		1 932 672	1 942 798	2 172 087	1 795 798
Total non-current liabilities		2 128 502	2 140 475	2 319 251	1 952 684
Current liabilities					
Current lease liabilities		9 188	9 821	-	-
Current interest-bearing liabilities		1 032 312	618 091	583 061	520 508
Trade payables		93 450	134 144	79 044	181 360
Current tax payables		127 197	60 534	99 250	158 110
Other current non interest-bearing liabilities		713 643	521 021	884 052	562 331
Total current liabilities		1 975 790	1 343 611	1 645 407	1 422 309
Total liabilities		4 104 292	3 484 087	3 964 658	3 374 993
TOTAL EQUITY AND LIABILITIES		7 179 634	6 583 479	6 824 914	6 491 129

The consolidated financial information has not been audited

Statement of changes in equity

	Share capital	Share premium account	Other paid-in capital	Cumulative translation differences	Other reserves	Retained earnings	Equity attributed to shareholders in Selvaag Bolig ASA	Non-controlling interests	Total equity
Equity as of 1 January 2019	185 857	1 394 857	700 629	5 792	3 528	816 106	3 106 772	9 366 *)	3 116 136
Transactions with owners:									
Dividend	-	-	-	-	-	(232 322)	(232 322)	-	(232 322)
Share buy back	-	-	-	-	-	-	-	-	-
Employee share programme	-	-	-	-	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	(1 500)	(1 500)

Total comprehensive income/(loss) for the period:

Net income/(loss) for the period	-	-	-	-	-	193 026	193 026	-	193 026
Other comprehensive income/(loss) for the period	-	-	-	2	-	-	2	-	2
Equity as of 30 June 2019	185 857	1 394 857	700 629	5 794	3 528	776 810	3 067 478	7 866 *)	3 075 342

Equity as of 1 January 2018	183 523	1 394 857	700 629	5 475	3 528	560 710	2 848 724	9 419 *)	2 858 142
Transactions with owners:									
Dividend	-	-	-	-	-	(166 425)	(166 425)	-	(166 425)
Share buy back	-	-	-	-	-	-	-	-	-
Employee share programme	1 393	-	-	-	-	22 984	24 377	-	24 377

Total comprehensive income/(loss) for the period:

Net income/(loss) for the period	-	-	-	-	-	147 192	147 192	(75)	147 117
Other comprehensive income/(loss) for the period	-	-	-	(2 955)	-	-	(2 955)	-	(2 955)
Equity as of 30 June 2018	184 916	1 394 857	700 629	2 520	3 528	564 461	2 850 914	9 344 *)	2 860 256

Transactions with owners:									
Dividend	-	-	-	-	-	(184 916)	(184 916)	-	(184 916)
Share buy back	-	-	-	-	-	-	-	-	-
Employee share programme	941	-	-	-	-	16 856	17 797	-	17 797
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-

Total comprehensive income/(loss) for the period:

Net income/(loss) for the period	-	-	-	-	-	419 747	419 747	(20)	419 727
Other comprehensive income/(loss) for the period	-	-	-	3 272	-	(42)	3 230	42	3 272
Equity as of 31 December 2018	185 857	1 394 857	700 629	5 792	3 528	816 106	3 106 772	9 366 *)	3 116 136

The consolidated financial information has not been audited

*) Non-controlling interests includes tax from profits in companies subject to partnership taxation. Income taxes in the Group does not include taxes from tax subjects outside the Selvaag Bolig Group.

Statement of cash flow

(figures in NOK 1 000)	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxes	274 931	152 680	254 341	193 581	732 470
Income taxes paid	-	-	(48 828)	(50 996)	(102 659)
Depreciation and amortisation	3 297	928	6 594	1 859	3 707
Other gains (losses), net	-	-	-	-	-
Share of profits/(losses) from associated companies and joint ventures	(12 141)	(16 424)	(17 723)	(14 521)	(101 796)
Changes in inventories (property)	(169 092)	138 955	(465 779)	(120 132)	283 732
Changes in trade receivables	(372 619)	(389 725)	(219 147)	(349 811)	(81 175)
Changes in trade payables	(40 694)	(35 356)	(131 310)	(87 435)	14 881
Changes in other operating working capital assets	(3 726)	(39 507)	(15 371)	(47 967)	(21 943)
Changes in other operating working capital liabilities	191 965	49 262	151 044	24 519	(300 201)
Net cash flow from operating activities	(128 078)	(139 187)	(486 179)	(450 903)	427 017
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchases of PPE and intangible assets	(39)	(10)	(39)	(20)	(842)
Purchases of businesses and subsidiaries, net of cash acquired	-	-	-	-	1 365
Purchases of associated companies and joint ventures	-	(15)	-	(15)	(53 405)
Proceeds from sale of other investments and repayment of loans	-	-	22 000	27 200	44 920
Purchases of other investments and loans	(7 850)	(9 567)	(12 150)	(16 767)	(43 612)
Dividends and disbursements from associated companies and joint ventures	17 500	8 000	39 500	22 000	72 132
Net cash flow from investment activities	9 611	(1 592)	49 311	32 398	20 558
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings	519 738	414 869	799 580	697 290	1 709 364
Repayments of borrowings	(131 840)	(29 279)	(181 549)	(180 400)	(1 662 034)
Repayments of lease liabilities	(2 613)	-	(5 227)	-	-
Dividends paid to equity holders of Selvaag Bolig ASA	(232 322)	(166 425)	(232 322)	(166 425)	(351 341)
Payment of profit sharing and dividends to non-controlling interests in subsidiaries	-	-	(1 500)	-	-
Proceeds from disposal of shares Selvaag Bolig ASA	358	15 314	745	15 632	27 909
Net cash flow from financing activities	153 321	234 479	379 727	366 097	(276 102)
Net change in cash and cash equivalents	34 853	93 701	(57 141)	(52 408)	171 473
Cash and cash equivalents at start of period	565 040	339 452	657 034	485 561	485 561
Cash and cash equivalents at end of period	599 893	433 153	599 893	433 153	657 034

The consolidated financial information has not been audited

Selected notes to the quarterly financial statements

1. General information and accounting policies

Selvaag Bolig ASA (the "company") and its subsidiaries (together "the group") is a property development group, involved in the construction of residential property for sale in the ordinary course of business. The condensed consolidated interim financial information consists of the group and the group's interest in associated companies and jointly controlled entities.

The group's consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information and disclosures required for annual financial statements and should be read in conjunction with the group's consolidated financial statements for 2018.

IFRS 15 Revenue from Contracts with Customers is a standard for income recognition introduced on 1 January 2018. It replaces IAS 18, which applies in part to sales of goods and services, and IAS 11 on construction contracts, as well as IFRIC 15, which has been the prevailing interpretation of the income recognition rules for residential property sales. Earlier practice for income recognition related to property development projects for own account in Norway will not change with the implementation of IFRS 15. The matter was considered by the International Financial Reporting Interpretations Committee (IFRIC) and a final decision issued in March 2018.

IFRS 16 Leases is a new standard introduced on 1 January 2019. It will mean that almost all leases must be recognised in the balance sheet. The standard removes the distinction between operating and financing leases and requires recognition of a right to use (the right to use the leased asset) and a financial liability which represents the present value of rental payments for the right to use. An exemption from this solution can be chosen for short-term and low-value leases. The income statement will also be affected because operating expenses are replaced by interest and depreciation, so key metrics such as EBITDA will change. Operating cash flows will be higher since cash payments for the principal part of the lease liability are classified as a financing activity. The effects are not considered to be material.

The accounting policies applied in preparing these interim condensed consolidated financial statements are otherwise consistent with those applied in the group's consolidated financial statements for the year ended 31 December 2018.

2. Accounting judgements, estimates and assumptions

The preparation of interim financial information requires management to make judgements, estimates and assumptions which affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were largely the same as those which applied in the consolidated financial statements for the year ended 31 December 2018.

3. Transactions with related parties

See note 23 to the consolidated financial statements for 2018 for detailed information on related-party transactions in previous years.

4. Segment information

The main segment is defined as property development. In addition, the other segment consists of services and estate agent as well as unallocated revenues and costs.

The group utilises the percentage of completion method in its internal reporting for which the degree of completion is estimated on the basis of expenses incurred relative to total estimated costs and sales rate. Operating profit (loss) under the percentage of completion method also includes an estimated profit element. The consolidated income statement is based on the completed contract method, in which revenue is recognised at the time of transfer of risk and control, being the point of delivery of the property. A reconciliation of this effect (from stage of completion to completed contract) can be found in the segment reporting under "Reconciliation EBITDA to operating profit (loss)".

Group management considers segment results based on the percentage of completion method for determining EBITDA. The method of measurement is defined as operating profit (loss) before "Depreciation and amortisation", "Other gain (loss), net", and "Share of income (losses) from disposals from associated companies and joint ventures". Financial income and expenses are not allocated to operating segments since this type of activity is managed by a central finance function focused on managing the group's liquidity.

Second quarter 2019**(figures in NOK 1 000)**

Operating revenues	853 394	14 165	867 559
Project expenses	(593 238)	(197)	(593 435)
Other operating expenses	(23 900)	(38 855)	(62 755)
EBITDA (percentage of completion)	236 256	(24 887)	211 369

Reconciliation EBITDA to operating profit (loss):

EBITDA (percentage of completion)	236 256	(24 887)	211 369
Sales revenues (adjustment effect of percentage of completion)	(823 415)	-	(823 415)
Sales revenues (completed contract)	991 042	-	991 042
Project expenses (adjustment effect of percentage of completion)	572 403	-	572 403
Project expenses (completed contract)	(684 146)	-	(684 146)
Lease liabilities			
Depreciation and amortisation	-	(3 297)	(3 297)
Share of income (losses) from associated companies and joint ventures	12 141	-	12 141
Other gain (loss), net	-	-	-
Operating profit (loss)	306 894	(28 184)	278 710

Units under construction	1 538	N/A	N/A
Units delivered	246	N/A	N/A

Second quarter 2018

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	652 641	11 908	664 549
Project expenses	(447 244)	(403)	(447 647)
Other operating expenses	(12 509)	(59 224)	(71 733)
EBITDA (percentage of completion)	192 888	(47 719)	145 169

Reconciliation EBITDA to operating profit (loss):

EBITDA (percentage of completion)	192 888	(47 719)	145 169
Sales revenues (adjustment effect of percentage of completion)	(645 229)	-	(645 229)
Sales revenues (completed contract)	844 287	-	844 287
Project expenses (adjustment effect of percentage of completion)	445 167	-	445 167
Project expenses (completed contract)	(643 869)	-	(643 869)
Lease liabilities			
Depreciation and amortisation	-	(928)	(928)
Share of income (losses) from associated companies and joint ventures	16 425	-	16 425
Other gain (loss), net	-	-	-
Operating profit (loss)	209 669	(48 647)	161 022

Units under construction	1 503	N/A	N/A
Units delivered	243	N/A	N/A

At 30 June 2019

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	1 524 398	23 645	1 548 043
Project expenses	(1 059 913)	(340)	(1 060 253)
Other operating expenses	(39 692)	(82 413)	(122 105)
EBITDA (percentage of completion)	424 793	(59 108)	365 685
Reconciliation EBITDA to Operating profit (loss):			
EBITDA (percentage of completion)	424 793	(59 108)	365 685
Sales revenues (adjustment effect of percentage of completion)	(1 487 267)	-	(1 487 267)
Sales revenues (completed contract)	1 083 569	-	1 083 569
Project expenses (adjustment effect of percentage of completion)	1 039 014	-	1 039 014
Project expenses (completed contract)	(753 449)	-	(753 449)
Lease liabilities			
Depreciation and amortisation	-	(6 594)	(6 594)
Share of income (losses) from associated companies and joint ventures	17 723	-	17 723
Operating profit (loss)	329 610	(65 702)	263 908
Units under construction	1 538	N/A	N/A
Units delivered	275	N/A	N/A

At 30 June 2018

(figures in NOK 1 000)	Property development	Other	Total
Operating revenues	1 214 449	21 963	1 236 412
Project expenses	(844 515)	(537)	(845 052)
Other operating expenses	(25 771)	(103 316)	(129 087)
EBITDA (percentage of completion)	344 163	(81 890)	262 273
Reconciliation EBITDA to operating profit (loss):			
EBITDA (percentage of completion)	344 163	(81 890)	262 273
Sales revenues (adjustment effect of percentage of completion)	(1 156 491)	-	(1 156 491)
Sales revenues (completed contract)	1 164 256	-	1 164 256
Project expenses (adjustment effect of percentage of completion)	805 986	-	805 986
Project expenses (completed contract)	(883 203)	-	(883 203)
Depreciation and amortisation	-	(1 859)	(1 859)
Share of income (losses) from associated companies and joint ventures	14 521	-	14 521
Operating profit (loss)	289 232	(83 749)	205 483
Units under construction	1 503	N/A	N/A
Units delivered	302	N/A	N/A

5. Inventory - property

The group has property that is land and buildings intended for sale in the ordinary course of business or which is in the process of construction or development for such sale. Inventories thus comprise land, property held for resale,

and property under development and construction. Inventories are measured at the lower of cost and net realisable value.

(figures in NOK 1 000)	Q2 2019	Q1 2019	Q2 2018	2018
Land (undeveloped)	1 656 492	1 590 653	1 899 533	1 600 290
Work in progress	2 856 304	2 922 818	2 757 503	2 539 828
Completed units	288 434	101 420	127 726	166 186
Carrying amount	4 801 230	4 614 891	4 784 762	4 306 304

6. Project expenses and EBITDA

The group expenses all directly attributable costs in construction projects as project expenses. This includes financial expenses. Below is a specification showing the

project cost and EBITDA including and excluding financial expenses.

(figures in NOK 1 000)	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Project expenses	(705 177)	(646 349)	(774 687)	(922 269)	(2 421 633)
Finance expenses	(34 119)	(16 380)	(36 673)	(21 718)	(73 141)
Other project expenses	(671 058)	(629 969)	(738 014)	(900 551)	(2 348 492)

(figures in NOK 1 000)	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
EBITDA*	282 007	161 950	270 502	207 342	754 187
EBITDA-margin	27.2%	18.8%	23.6%	16.7%	22.6%
EBITDA adjusted**	316 126	178 330	307 175	229 060	827 328
EBITDA-margin adjusted	30.5%	20.6%	26.8 %	18.4%	24.8%

* EBITDA is operating profit before interest, taxes, depreciation and amortisation.

** EBITDA adjusted is excluding financial expenses included in project costs, see note 6 for details.

Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, the interim financial statements for the period from 1 January to 30 June 2019 have been prepared in accordance with IAS 34 on interim reporting, and that the information in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and profit or loss taken as a whole.

We also confirm that, to the best of our knowledge, the interim report for the first half gives a true and fair view of important events in the accounting period and their influence on the interim report for the first half, as well as the principal risks and uncertainties facing the business in the next accounting period.

The board of directors for Selvaag Bolig ASA
Oslo, 13 August 2019

Olav Hindahl Selvaag
Chair

Sissel Kristensen
Director

Rune Thomassen
Director

Peter Groth
Director

Tore Myrvold
Director

Anne Sofie Bjørkholt
Director

Gisele Marchand
Director

Rolf Thorsen
President and CEO

SELVAAG BOLIG

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About Selvaag Bolig

Selvaag Bolig ASA is a residential property developer controlling entire value chain from acquisition of land to sale of homes. The company has several thousand homes under development at any given time and focuses on the growth areas in and around Greater Oslo, Bergen, Stavanger and Trondheim. Selvaag bolig represents a continuation of Selvaag`s 70-year history and experience, and offers a broad variety of property types. The company is headquartered at Ullern in Oslo.

www.selvaagboligasa.no