



# 3rd Quarter 2010 presentation

4 November 2010  
Lars Nilsen, CEO and Arnt Eriksen, CFO

# Q3-2010 Highlights – Group

## Strong and improved operational key figures

- ➔ Positive development in both segments
- ➔ Production ramp-up continues
- ➔ Operating revenues and results are increased.  
Operational EBITDA margin at 12.5%
- ➔ Good sales and strong order backlog reflect demand for new homes in our markets

## Strong financial situation

- ➔ Positive cash flow in spite of production growth
- ➔ Net interest bearing debt further reduced
- ➔ Currency conversion of debt secured profit at NOK 51.2 million
- ➔ Dividend restrictions lifted for fiscal year 2010

## Market conditions

- ➔ Positive key drivers in Norway and Sweden





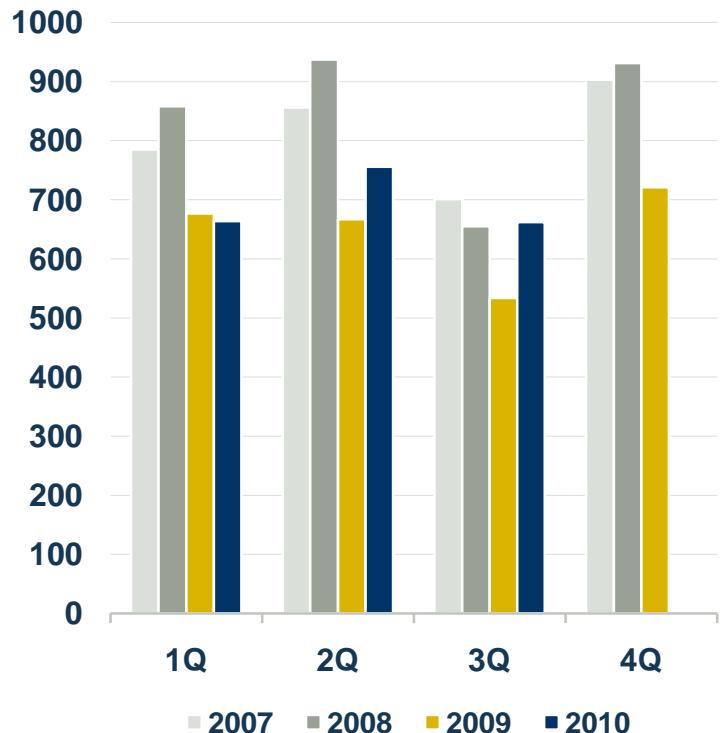
# Financials

# Operational key figures Q3-2010: Based on operating results from the segments

NOK million	Q3-2010		Q3-2009		Y/Y	2009
<b>Operating revenues</b>	<b>662</b>		534		23.9%	2 534
<b>EBITDA</b>	<b>83</b>	<b>12.5%</b>	52	9.7%	59.3%	274
<b>EBIT</b>	<b>78</b>	<b>11.8%</b>	47	8.8%	66.7%	250
<b>Cash flow from operations after interest and tax</b>	<b>32</b>		116			301
<b>New orders</b>	<b>738</b>		654		12.8%	2 882
<b>Order backlog</b>	<b>1 903</b>		1 388		37.1%	1 471
<b>Number of employees</b>	<b>936</b>		814		14.9%	826

# Quarterly development:

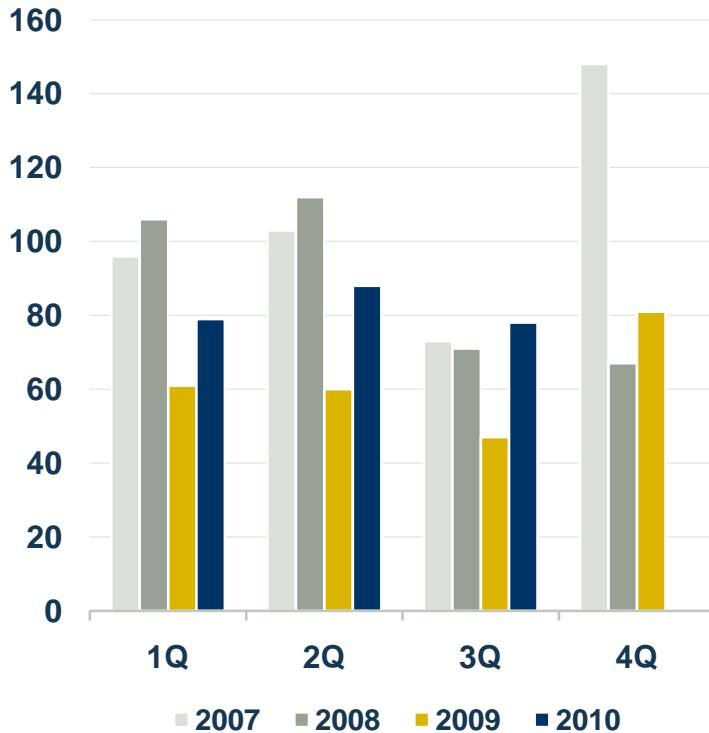
Revenues: +23.9%



Revenue Q3-2010: NOK 662 million.

Revenue Q3-2009: NOK 534 million.

EBIT: +66.7%

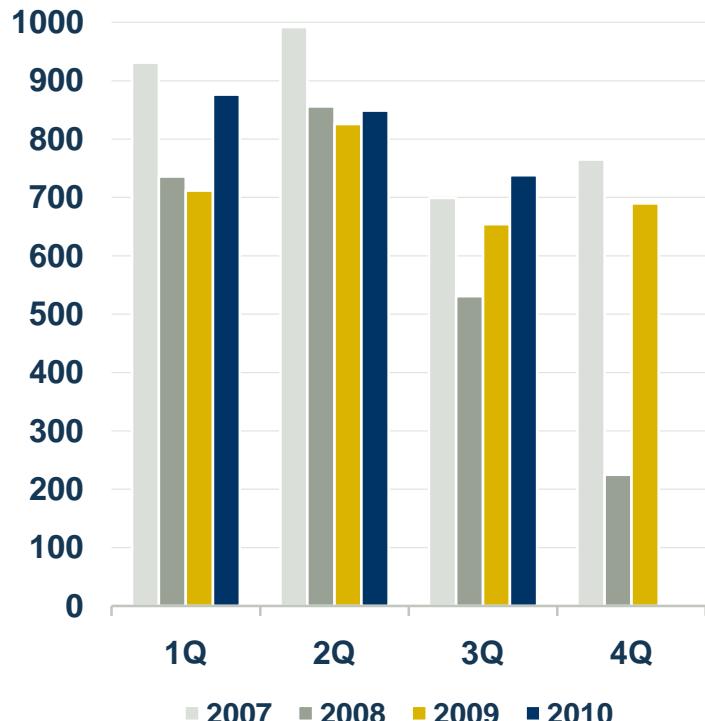


EBIT Q3-2010: NOK 78 million, 11.8% margin.

EBIT Q3-2009: NOK 47 million, 8.8% margin.

# Quarterly development:

New orders: +12.8%



New orders Q3-2010: 738 million.

New orders Q3-2009: 654 million.

Order backlog: NOK 1.9 billion



Order backlog Q3-2010: NOK 1 903 million.

Order backlog Q3-2009: NOK 1 388 million.

# Cash flow and Net interest-bearing debt

NOK million	Q3-2010	Q3-2009	2009
Net cash flow from operating activities	32	116	301
Net cash flow from investing activities	-6	18	32
Net cash flow from financing activities	-60	-138	-292
Change in cash in period	-33	-4	41
Net interest-bearing debt	1 381	1 632	1 483

- ➔ Net cash flow from operations are positive in both segments in spite of volume growth. Reduced by NOK 84 million y/y due to lower activity levels in 2009
- ➔ Net interest-bearing debt reduced by NOK 251 million y/y
  - Ordinary and extraordinary instalments of NOK 85.0 million in total y/d
  - Strong cash flow
- ➔ All covenants fulfilled for Q3-2010

# Operational key figures 30.09.2010: Based on operating results from the segments

NOK million	30.09.2010		30.09.2009		Y/Y	2009
<b>Operating revenues</b>	<b>2 082</b>		1 878		10.9%	2 534
<b>EBITDA</b>	<b>258</b>	<b>12.4%</b>	189	10.1%	36.6%	274
<b>EBIT</b>	<b>245</b>	<b>11.7%</b>	168	9.0%	45.4%	250
<b>Cash flow from operations after interest and tax</b>	<b>110</b>		169			301
<b>New orders</b>	<b>2 462</b>		2 192		12.3%	2 882

- Strong results and improved margins
- Increased number of employees and production capacity will give further growth in turnover going forward

# Balance sheet (IFRS)

NOK million	30.09.10	30.09.09	31.12.09
<b>Total non-current assets</b>	<b>2 598</b>	<b>2 517</b>	<b>2 480</b>
Total inventory and land	1 574	1 719	1 612
Total receivables	195	171	129
Bank deposits and cash	50	117	102
<b>Total current assets</b>	<b>1 820</b>	<b>2 007</b>	<b>1 843</b>
<b>Total assets</b>	<b>4 418</b>	<b>4 523</b>	<b>4 323</b>
<b>Total equity</b>	<b>1 804</b>	<b>1 663</b>	<b>1 654</b>
Total provisions	214	234	225
Long term interest-bearing debt	1 094	1 233	1 138
Short term interest-bearing debt	361	537	470
Total current liabilities	944	855	837
<b>Total equity and liabilities</b>	<b>4 418</b>	<b>4 523</b>	<b>4 323</b>

# IFRS key figures Q3-2010 and 30.09.2010

NOK million	Q3-2010		Q3-2009		30.09.2010		30.09.2009		2009	
<b>Operating revenues</b>	<b>578</b>		580		<b>1 905</b>		1 895		2 496	
<b>EBITDA</b>	<b>42</b>	<b>7.3%</b>	74	12.8%	<b>161</b>	<b>8.4%</b>	219	11.5%	246	9.9%
<b>EBIT</b>	<b>37</b>	<b>6.5%</b>	69	11.7%	<b>147</b>	<b>7.7%</b>	198	10.4%	222	8.9%
<b>EBT</b>	<b>60</b>		45		<b>144</b>		96		89	
<b>Earnings in the period</b>	<b>43</b>		35		<b>104</b>		69		70	
<b>EPS (NOK)</b>	<b>0.43</b>		0.36		<b>1.06</b>		0.75		0.75	

# Pre-acceptance for possible payment of dividend for fiscal year 2010

- ➔ As part of the loan agreement established in the 1st quarter of 2009, it was agreed that any dividend proposals in the loan period could only be made if pre-accepted by the lender
- ➔ The loan period extends to January 2012
- ➔ The lender has now accepted that up to 50% of the Group's net profit for 2010 could be paid as dividend in 2011
- ➔ The Board of BWG Homes ASA will decide whether to propose to the General Meeting to pay dividend and the amount of such
- ➔ Any proposal from the Board will be reflected in the Q4-2010 report



## The Norwegian operation

# Norway: Q3-2010 Financials



- New orders up 7.2% on Q3-2009
- Increasing order backlog. Up 37.3% on Q3-2009
- Improved profitability in operations and strong margins in Q3-2010
- Increasing manpower and production capacity backed by sales and order backlog

NOK million	Q3-2010		Q3-2009		Y/Y	2009	
Operating revenues	378		315		20.1%	1 479	
Gross profit	127	33.5%	97	30.8%	30.7%	452	30.6%
EBITDA	67	17.6%	41	12.9%	63.5%	212	14.3%
EBIT	65	17.1%	39	12.3%	66.6%	205	13.9%
Number of employees	538		474		13.5%	474	

# Norway: Q3-2010 Highlights



- ➔ Strong development in results and strong margins in the quarter
- ➔ Still low interest rates and available credit facilities for customers
- ➔ 37 unsold finished units by end of Q3-2010
- ➔ Target approx. 20% increase in production staff through 2010
- ➔ Ongoing improvement programmes to further streamlining the operations
- ➔ Focus on contracting of land and start-up of new housing projects





## The Swedish operation

# Sweden: Q3-2010 Financials



**Myresjöhus** SmålandsVillan

- ➔ New orders up 19.7% on Q3-2009
- ➔ Order backlog growth. Up 36.9% on Q3-2009
- ➔ Improved results and margins; thus still pressure from ramp-up costs
- ➔ Volume growth improves the turnover, but increases costs until the target capacity is reached
- ➔ Increased sales and order backlog basis for continued increase in production capacity

NOK million	Q3-2010		Q3-2009		Y/Y	2009	
Operating revenues	283		219		29.2%	1 057	
Gross profit	79	27.9%	64	29.1%	23.9%	299	28.2%
EBITDA	22	7.6%	16	7.2%	36.6%	85	8.1%
EBIT	19	6.6%	13	5.7%	48.7%	68	6.4%
Number of employees	393		336		16.9%	346	

# Sweden: Q3-2010 Highlights

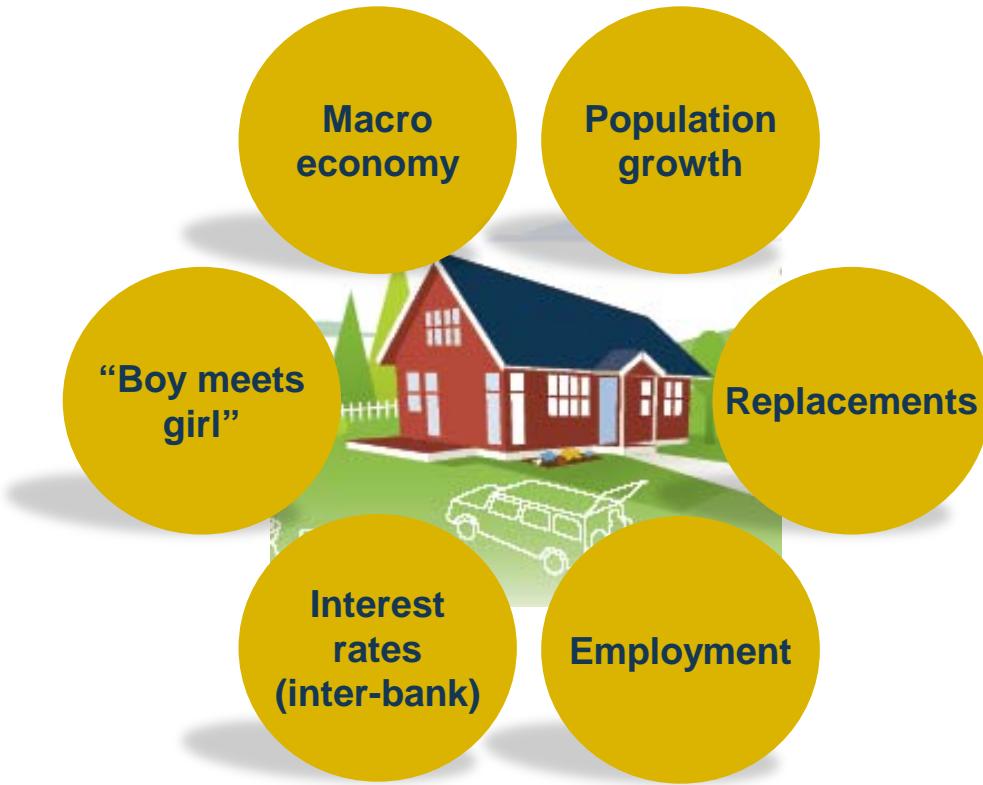
- ➔ No 1 player in its segment according to Byggfakta statistics. 11.6% market share Myresjöhus and SmålandsVillan combined
- ➔ Low interest rates and falling unemployment
- ➔ Improving sales for both brands
- ➔ Order backlog growth
- ➔ 19 unsold finished units by end of Q3-2010. 6 of these are show houses
- ➔ Ongoing improvement programmes for further utilization of the production capacity. The production line in Vrigstad facility was re-built in the summer. Further commissioning until year-end
- ➔ Increased focus on contracting of land and development of housing projects



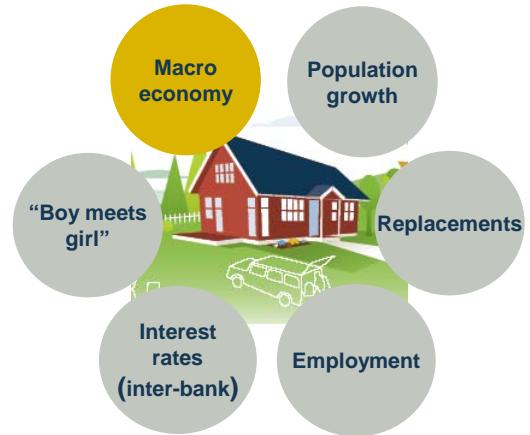


## Key drivers into 2011

# Key drivers going forward



# Macro – positive development



## → GDP recovery

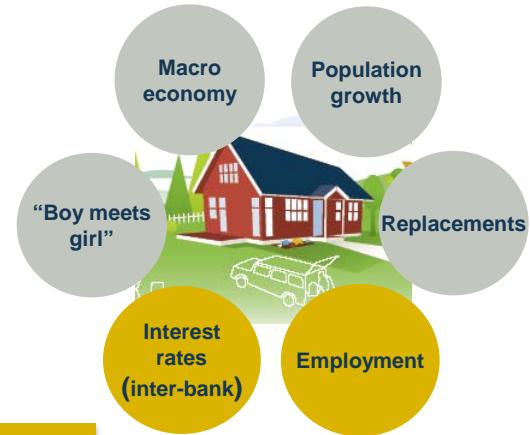
	2007	2008	2009	E2010	E2011	E2012
Norway	2.7%	0.8%	-1.4%	1.0%	2.4%	2.2%
Sweden	2.5%	-0.4%	-5.1%	4.3%	3.4%	3.0%

## → Inflation

	2007	2008	2009	E2010	E2011	E2012
Norway	0.8%	3.8%	2.1%	2.5%	1.5%	2.1%
Sweden	2.2%	3.4%	-0.3%	1.1%	1.6%	2.1%

Sources: SSB, Konjunkturinstitutet

# Stable, low unemployment and historical low interest rates



## ➔ Development unemployment

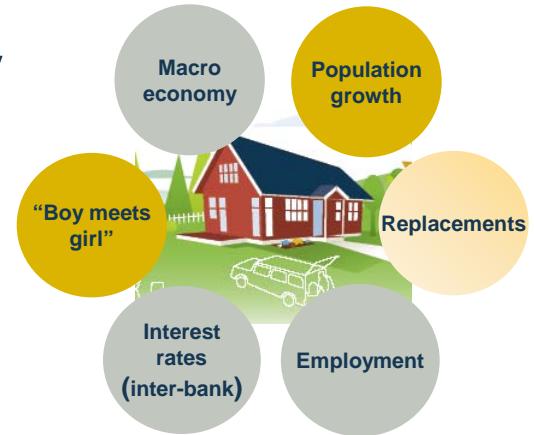
	2007	2008	2009	E2010	E2011	E2012
Norway	2.5%	2.6%	3.2%	3.6%	3.7%	3.8%
Sweden	6.1%	6.2%	8.3%	8.5%	8.2%	8.0%

## ➔ Development inter-bank interest rates

	2007	2008	2009	2010	E2011	E2012
Norway	5.25%	3.0%	1.75%	2.0%	3.7%	3.8%
Sweden	4.0%	2.0%	0.25%	1.0%	2.0%	2.9%

Sources: SSB, Konjunkturinstitutet, Riksbanken

# Technical demand -> undersupply



→ **Technical demand**  
 (population growth/2.1 person per house)  
 vs housing starts

	2008		2009		E2010		E2011		E2012	
	Norway	Sweden	Norway	Sweden	Norway	Sweden	Norway	Sweden	Norway	Sweden
Technical demand	29 500	35 000	28 000	40 100	28 000	38 800	28 600	36 700	28 700	33 800
Housing starts	20 000	21 800	19 700	16 800	23 000	22 000	28 000	24 500	30 000	28 000
Under-supply	-9 500	-13 200	-8 300	-23 300	-5 000	-16 800	-600	-12 200		-5 800

Sources: SSB, SCB, Prognosesenteret

# Summary outlook 2011

- ➔ Still undersupply of new homes both in Norway and Sweden
- ➔ Key drivers look favourable for BWG products and operations
- ➔ The on-going improvement programmes are expected to yield positive effects into 2011
- ➔ The market situation for affordable homes is positive



**Welcome back 4th Quarter 2010:  
15 February 2011 at 11:00 hrs**



# Appendix 1

## Shareholder Information

### 10 largest shareholders per 1 November 2010

SHAREHOLDER	% TOTAL
Lani Industrier AS	28.70%
Rasmussengruppen AS	12.01%
State Street Bank and Trust Co.	4.59%
Lani Development AS	3.51%
Vital Forsikring ASA	3.01%
Ojada AS	2.55%
Staff-Gruppen	2.54%
Skandinaviska Enskilda Banken	2.34%
DnB NOR SMB VPF	2.09%
MP Pensjon	2.04%

### Share price development 2006 - Nov. 2010



CEO Lars Nilsen owns 32.52%

## Appendix 2

### Bostadsministern om bopriserna: "Det är något som inte fungerar"



Gör det förmånligare att hyra ut delar av bostaden. Det är den nye ministern Stefan Attefalls snabba recept mot bostadsbristen. Men det måste också bli fart på byggandet. Det under många år låga byggandet i Sverige jämfört med andra länder betraktar han som osunt för prisutvecklingen. ...

"Jag vill att vi skapar en attraktiv miljö för att bygga nya bostäder, så att vi får en större rörlighet på bostadsmarknaden. Då får vi lättare tillväxt i ekonomin för mäniskor kan komma till jobben lättare", säger han utan att vilja sätta en siffra på ambitionerna.

Source: di.se, 24.10.2010

### Bostadsbristen bort för 19 miljarder



Ny kalkyl från Statens Bostadskreditnämnd Det skulle kosta 19 miljarder kronor att bygga bort bostadsbristen i Sverige. 35 000 nya lägenheter per år behövs, 7 000 fler än vad som byggs.

Beräkningen har gjorts av Statens Bostadskreditnämnd. I dag investeras totalt cirka 115 miljarder kronor per år i bostäder.

Source: byggnyheter.se, 27.10.2010