



**BWGHOMES**

# 4th Quarter 2012 presentation

14 February 2013

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# Q4-2012 Highlights – Group

## Strong results in Norway, still slow in Sweden

- Positive development in revenues and strong results in the Norwegian segment
- Improved revenues and sales in the Swedish segment, but still on low levels
- Improved production efficiency and quality
- Operational EBITDA-margin for the Group at 15.2%

## Market conditions

- Continued strong market in Norway
- Continued demanding market in Sweden. Still long sale processes for new and used homes. Uncertain housing market going forward; it will take some time to see growth
- Underlying demand for new homes in Norway and Sweden

## Write-down

- Write-down of goodwill of NOK 404 million in the Swedish operations



# Financials



# Operational key figures Q4-2012:

Based on operating results from the segments

| NOK million   | Q4-2012     | Q4-2011 | Y/Y   |
|---|-------------|---------|-------|
| <b>Operating revenues</b>                               | <b>961</b>  | 913     | 5.2%  |
| <b>EBITDA</b>   | <b>146</b>  | 126     | 15.9% |
| <i>EBITDA margin</i>                                    | 15.2%       | 13.8%   |       |
| <b>EBIT before write-down of goodwill</b>               | <b>146</b>  | 119     | 22.2% |
| <i>EBIT margin</i>                                      | 15.2%       | 13.1%   |       |
| Write-down of goodwill                                  | -404        | 0       |       |
| <b>EBIT after write-down of goodwill</b>                | <b>-258</b> | 119     |       |
| <b>Cash flow from operations after interest and tax</b> | <b>-30</b>  | -31     | -3.8% |
| <b>New orders</b>                                       | <b>800</b>  | 634     | 26.1% |

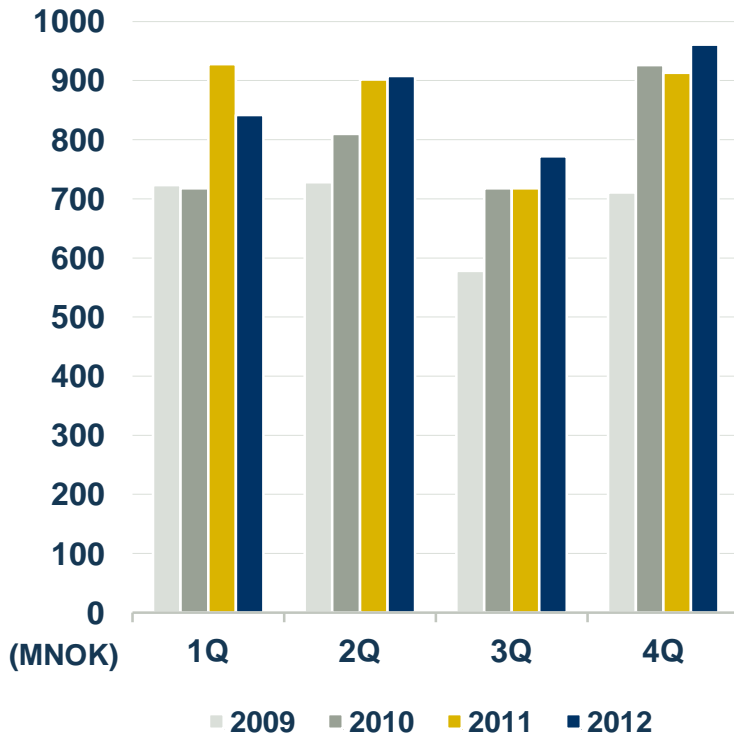
# Operational key figures 2012:

Based on operating results from the segments

| NOK million                                      | 2012  |       | 2011  |       | Y/Y   |
|--|-------|-------|-------|-------|-------|
| Operating revenues                               | 3 483 |       | 3 461 |       | 0.6%  |
| EBITDA   | 457   | 13.1% | 408   | 11.8% | 12.0% |
| EBIT before write-down of goodwill               | 446   | 12.8% | 386   | 11.2% | 15.6% |
| Write-down of goodwill                           | -404  |       | 0     |       |       |
| EBIT after write-down of goodwill                | 43    |       | 386   |       |       |
| Cash flow from operations after interest and tax | -281  |       | -150  |       |       |
| New orders                                       | 3 374 |       | 3 199 |       | 5.5%  |
| Order backlog                                    | 1 455 |       | 1 613 |       | -9.8% |
| Number of employees                              | 1 014 |       | 978   |       | 3.7%  |

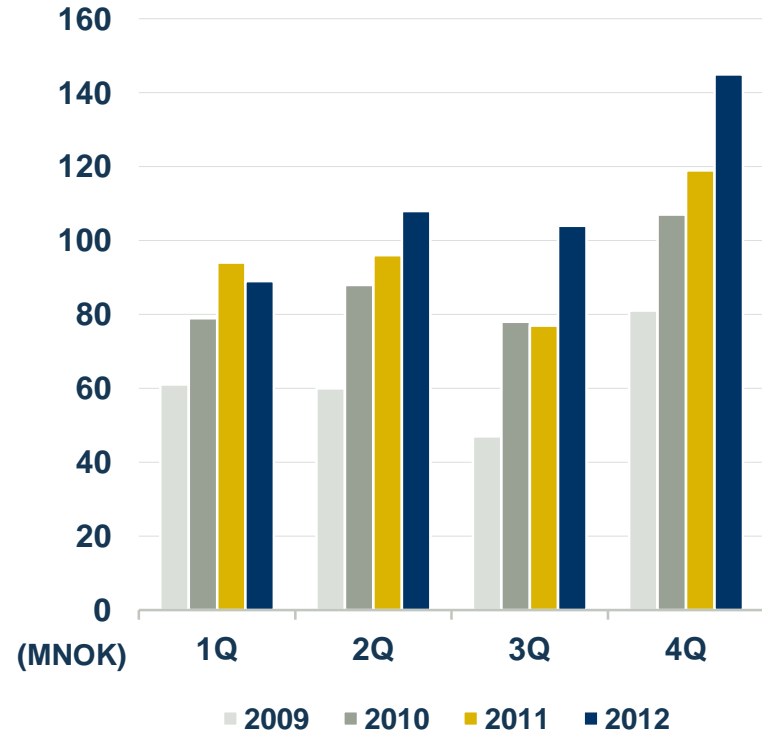
# Improved revenues and strong results

## Revenues: +5.2%



Revenue Q4-2012: NOK 961 million.  
Revenue Q4-2011: NOK 913 million.

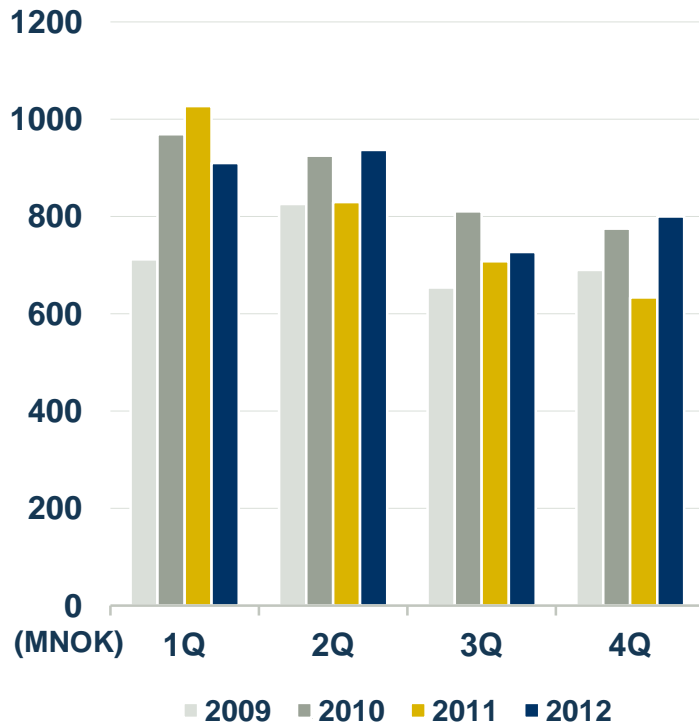
## EBIT: +22.2% (before write-down)



EBIT Q4-2012: NOK 146 million, 15.2% margin.  
EBIT Q4-2011: NOK 119 million, 13.1% margin.

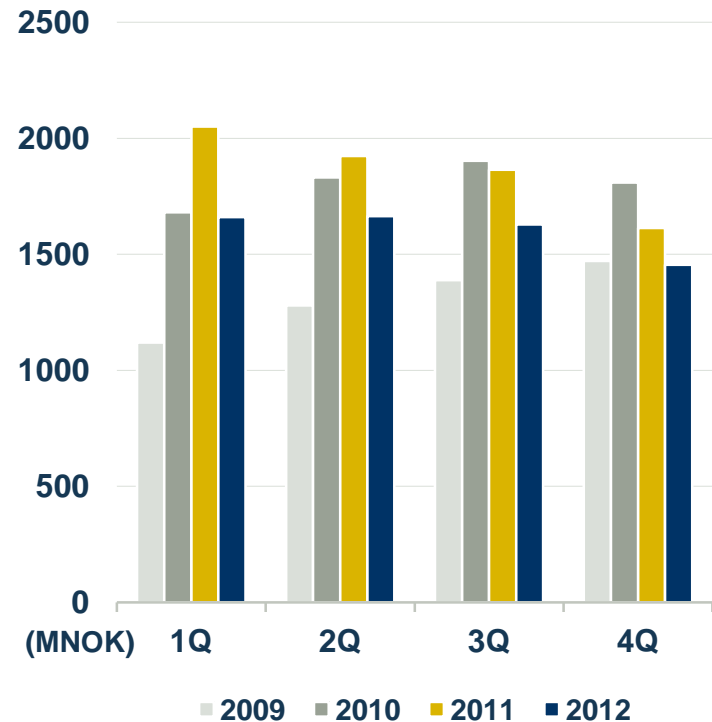
# Positive development in sales

## New orders: +26.1%



New orders Q4-2012: 800 million.  
New orders Q4-2011: 634 million.

## Order backlog: NOK 1.5 billion



Order backlog Q4-2012: NOK 1 455 million.  
Order backlog Q4-2011: NOK 1 613 million.

# Cash flow and Net interest-bearing debt

| NOK million                             | Q4-2012      | Q4-2011 | 2012  | 2011  |
|---|--------------|---------|-------|-------|
| Net cash flow from operating activities | <b>-30</b>   | -31     | -281  | -150  |
| Net cash flow from investing activities | <b>-13</b>   | -3      | -12   | 16    |
| Net cash flow from financing activities | <b>-78</b>   | 89      | 231   | 190   |
| Change in cash in period                | <b>-121</b>  | 55      | -62   | 56    |
| Net interest-bearing debt               | <b>1 474</b> | 1 603   | 1 474 | 1 603 |

- Net cash flow from operations is negative due to increased volume of projects and tied-up working capital
- Payments related to purchase of land totalling NOK 162.5 million in Q4 2012
- Loan terms renegotiated, repaid NOK 125 million of long-term debt
- Net interest-bearing debt down by NOK 129 million from year-end 2011, and increased by NOK 42 million from Q3 2012
- All covenants fulfilled for year 2012

# Impairment write-down of goodwill in Sweden with NOK 404 million

- Uncertainty related to Swedish economy and European economy
- Uncertainty related to timing and strength of recovery
- Applying a more pessimistic view when estimating the development in profits for the Swedish operations in the impairment testing
- Diminishing the risk of having to make write-downs in any later stage
- Equity ratio after write-down is 41.2 %

# Financial position (IFRS)

| NOK million                         | 31.12.12     | 30.09.12     | 31.12.11     |
|-------------------------------------|--------------|--------------|--------------|
| <b>Total non-current assets</b>     | <b>2 167</b> | <b>2 589</b> | <b>2 567</b> |
| Total inventory and land            | 2 884        | 2 794        | 2 366        |
| Total receivables                   | 138          | 192          | 124          |
| Bank deposits and cash              | 104          | 225          | 166          |
| <b>Total current assets</b>         | <b>3 126</b> | <b>3 212</b> | <b>2 656</b> |
| <b>Total assets</b>                 | <b>5 293</b> | <b>5 800</b> | <b>5 223</b> |
| <b>Total equity</b>                 | <b>2 182</b> | <b>2 503</b> | <b>1 946</b> |
| Total provisions                    | 218          | 235          | 249          |
| Long-term interest-bearing debt     | 784          | 892          | 939          |
| Short-term interest-bearing debt    | 794          | 766          | 830          |
| Total current liabilities           | 1 316        | 1 404        | 1 259        |
| <b>Total equity and liabilities</b> | <b>5 293</b> | <b>5 800</b> | <b>5 223</b> |
| <b>Equity ratio</b>                 | <b>41.2%</b> | <b>43.2%</b> | <b>37.3%</b> |

# IFRS key figures Q4-2012 and 2012

| NOK million                          | Q4-2012      | Q4-2011      | Y/Y   | 2012         | 2011         | Y/Y   |
|--------------------------------------|--------------|--------------|-------|--------------|--------------|-------|
| <b>Operating revenues</b>            | <b>966</b>   | 961          | 0.5%  | <b>3 475</b> | 3 245        | 7.1%  |
| <b>EBITDA</b>                        | <b>135</b>   | 136          | -0.3% | <b>414</b>   | 338          | 22.5% |
| <i>EBITDA margin</i>                 | <i>14.0%</i> | <i>14.1%</i> |       | <i>11.9%</i> | <i>10.4%</i> |       |
| <b>EBIT before write-down</b>        | <b>135</b>   | 129          | 4.7%  | <b>403</b>   | 316          | 27.7% |
| <i>EBIT margin before write-down</i> | <i>14.0%</i> | <i>13.5%</i> |       | <i>11.6%</i> | <i>9.7%</i>  |       |
| <b>Write-down of goodwill</b>        | <b>-404</b>  | 0            |       | <b>-404</b>  |              |       |
| <b>EBIT after write-down</b>         | <b>-268</b>  | 129          |       | <b>-641</b>  | 316          |       |
| <b>EBT</b>                           | <b>-301</b>  | 112          |       | <b>-114</b>  | 221          |       |
| <b>Earnings in the period</b>        | <b>-309</b>  | 80           |       | <b>-174</b>  | 159          |       |
| <b>EPS (NOK)</b>                     | <b>-2.27</b> | 0.81         |       | <b>-1.36</b> | 1.62         |       |

→ Growth in IFRS revenues and results (before write-down of goodwill) due to increased number of house deliveries

# The Swedish operation



# Sweden: Q4-2012

- Positive development in Q4 isolated, though still on low levels due to low sales in 2011
- Write-down of goodwill of SEK 470 million (NOK 404 million) executed in Q4
- Increasing focus on residential projects in growth regions
- Improved efficiency, product development and production of row houses and low-rise apartments expected to give positive effect on volumes and results over the coming years

| NOK million            | Q4-2012 |       | Q4-2011 |       | Y/Y    |
|------------------------|---------|-------|---------|-------|--------|
| Operating revenues     | 319     |       | 283     |       | 12.9%  |
| Gross profit           | 86      | 26.9% | 71      | 25.2% | 20.5%  |
| EBITDA                 | 17      | 5.3%  | 9       | 3.3%  | 78.8%  |
| EBIT before write-down | 14      | 4.3%  | 6       | 2.1%  | 128.4% |
| Write-down of goodwill | -404    |       | 0       |       |        |
| EBIT after write-down  | -390    |       | 6       |       |        |
| Order intake           | 288     |       | 253     |       | 13.8%  |
| Order backlog          | 845     |       | 896     |       | -5.7%  |
| Number of employees    | 355     |       | 354     |       | 0.3%   |



Start Living –  
 module-based row house concept.  
 First row house constructed in Växjö

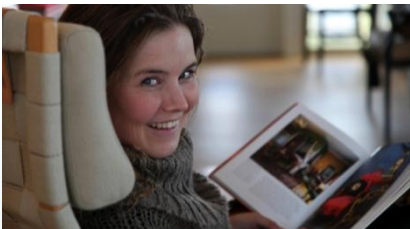
# 10 largest players in the single family homes market segment in Sweden

| Rank<br>Dec 2012<br>(Dec 2011)  | Company *                              | Building<br>permits<br>applications | Market<br>share of<br>total 3 780 |
|---------------------------------|--|-------------------------------------|-----------------------------------|
| 1 (1)                           | Custom stick players                   | 932                                 | 24.7 %                            |
| <b>2 (2)</b>                    | <b>Myresjöhus +<br/>SmålandsVillan</b> | <b>412</b>                          | <b>10.9%</b>                      |
| 3 (3)                           | Älvsbyhus                              | 393                                 | 10.4 %                            |
| 4 (4)                           | Fiskarheden                            | 335                                 | 8.9 %                             |
| 5 (6)                           | Eksjöhus                               | 278                                 | 7.4 %                             |
| 6 (5)                           | Trivselhus                             | 170                                 | 4.5 %                             |
| 7 (9)                           | A-hus                                  | 123                                 | 3.3 %                             |
| 8 (9)                           | Götenehus                              | 110                                 | 2.9 %                             |
| 9 (-)                           | Anebyhus                               | 74                                  | 2.0 %                             |
| 10 (-)                          | Hjältevadshus                          | 42                                  | 1.1 %                             |
| <b>Total 10 largest players</b> |  | <b>2 869</b>                        | <b>75.9%</b>                      |

Source: Byggfakta, December 2012.

\* Excluding the large construction companies

# The Norwegian operation



# Norway: Q4-2012

- Continued positive market situation
- Increased sales, strong margins and results
- Efficient production and strengthened capacity
- Order backlog at satisfactory level
- Geir Skoglund new CEO of Block Watne; takes up position in May 2013
- Ole Feet full-time COO from May 2013

| NOK million         | Q4-2012 |       | Q4-2011 |       | Y/Y    |
|---------------------|---------|-------|---------|-------|--------|
| Operating revenues  | 632     |       | 621     |       | 1.7%   |
| Gross profit        | 221     | 35.0% | 202     | 32.6% | 9.3%   |
| EBITDA              | 138     | 21.8% | 122     | 19.7% | 12.7%  |
| EBIT                | 141     | 22.4% | 120     | 19.3% | 18.2%  |
| Order intake        | 511     |       | 381     |       | 34.3%  |
| Order backlog       | 609     |       | 717     |       | -15.0% |
| Number of employees | 652     |       | 618     |       | 5.5%   |



Strandtunet, Buskerud

# Norwegian operation: Hetlandhus brand



- 56 houses sold during 2012
- 52 deliveries in 2012
- 4 show houses
- “Ospelia” and “Lønneberget” are the most popular house models



House model Lønneberget

# 10 largest players in Norway:

## Fragmented market dominated by chains

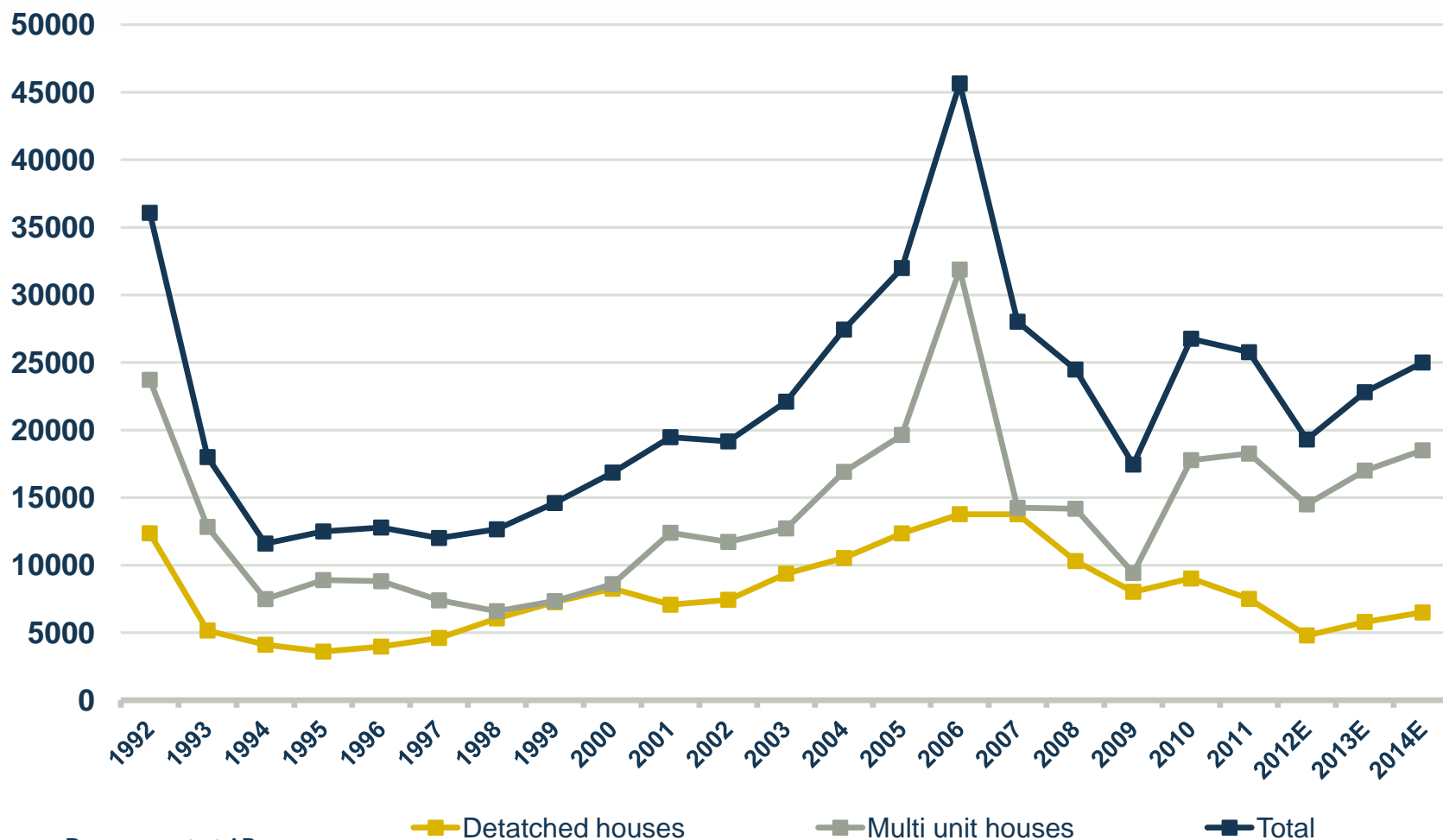
| Rank<br>2012<br>(2011)          | Company            | Units<br>Started 2012<br>(2011) | Market<br>share |
|---------------------------------|--------------------|---------------------------------|-----------------|
| 1 (1)                           | Mesterhus          | 1 348 (1 396)                   | 4.6 %           |
| 2 (2)                           | Nordbohus          | 1 097 (1 231)                   | 3.7 %           |
| 3 (5)                           | Blink-Hus          | 1 051 (901)                     | 3.6 %           |
| 4 (6)                           | Norgeshus          | 878 (757)                       | 3.0 %           |
| 5 (5)                           | Selvaag Bolig      | 845 (837)                       | 2.9 %           |
| <b>6 (4)</b>                    | <b>Block Watne</b> | <b>835 (864)</b>                | <b>2.8 %</b>    |
| 7 (8)                           | JM Norge AS        | 815 (640)                       | 2.7 %           |
| 8 (9)                           | Systemhus Norge    | 793 (616)                       | 2.7 %           |
| 9 (-)                           | OBOS               | 763 (-)                         | 2.6 %           |
| 10 (10)                         | Byggmann Gruppen   | 728 (540)                       | 2.5 %           |
| <b>Total 10 largest players</b> |                    | <b>9 153 (8 439)</b>            | <b>31 %</b>     |

Source: Prognosesenteret, January 2013.  
(Market share: % of 29 500 units started

# Outlook

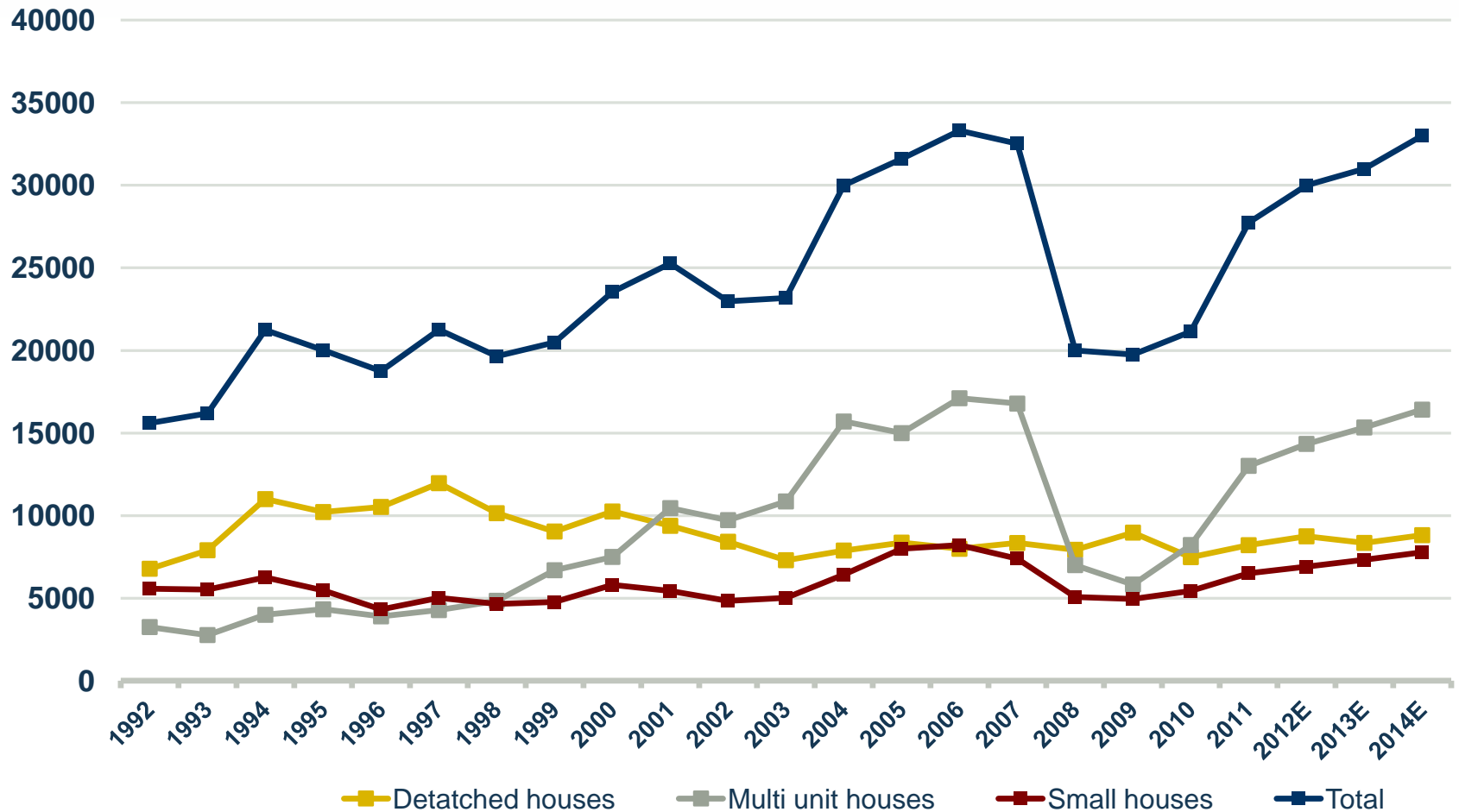


# Housing starts in Sweden 1992–2014



Source: Prognoscentret AB

# Housing starts in Norway 1992–2014



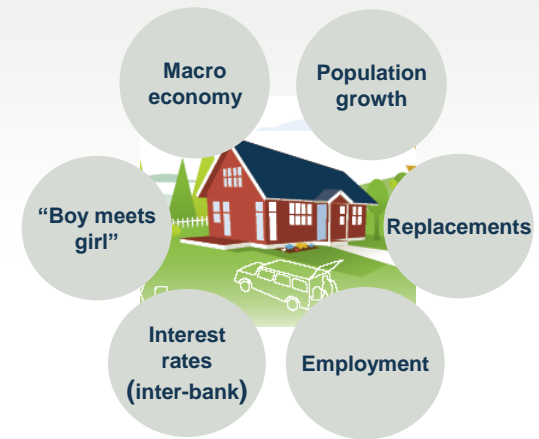
Source: Prognosesenteret AS

# Key drivers in the residential market

- Technical demand (population growth and replacement need) vs historically low housing starts 2008 – 2011 => large pent-up demand
- Low/reasonable interest rates
- Low unemployment

Factors that may dampen the demand:

- International financial turmoil
- Mortgage restrictions/rapidly increasing borrowing costs for home buyers
- Lack of available land for residential development and low handling capacity in local governments



Housing starts per 1,000 capita

|      | Norway | Sweden | Finland |
|------|--------|--------|---------|
| 2000 | 5.3    | 1.9    | 6.1     |
| 2001 | 5.6    | 2.2    | 5.2     |
| 2002 | 5.1    | 2.2    | 5.3     |
| 2003 | 5.1    | 2.5    | 5.9     |
| 2004 | 6.6    | 3.1    | 6.1     |
| 2005 | 6.9    | 3.5    | 6.5     |
| 2006 | 7.2    | 4.6    | 6.4     |
| 2007 | 6.9    | 3.8    | 5.7     |
| 2008 | 5.4    | 2.4    | 4.4     |
| 2009 | 4.1    | 1,7    | 4,3     |
| 2010 | 4.3    | 2.7    | 6.4     |
| 2011 | 5.7    | 2.3    | 5.9     |
| 2012 | 6.1    | 2.0    | 5.2     |

# Future outlook

- Mortgage financing costs and limits are still a challenge in Sweden. Uncertain effects of the international financial situation going forward
- Still low interest rates and available credit facilities for customers in Norway. Positive market situation going forward
- On going focus on improvement programs
- To expand market share and increase profitability with production-efficient affordable house-types for residential projects
- Continued focus on sales and production in running projects
- Still undersupply of new homes both in Norway and Sweden



Welcome back 1st Quarter 2013:  
7 May 2013 at 11:00 hrs



# Appendix 1

## Shareholder Information

### 10 largest shareholders per 11 February 2013

| SHAREHOLDER                   | % TOTAL |
|-------------------------------|---------|
| Oslo Bolig og Sparelag        | 19.46%  |
| Lani Industrier AS            | 15.57%  |
| Orkla ASA                     | 3.12%   |
| Odin Norge                    | 2.87%   |
| Skandinaviska Enskilda Banken | 2.79%   |
| Verdipapirfondet DNB SMB      | 2.76%   |
| Odin Norden                   | 2.66%   |
| Fondsfinans Spar              | 2.57%   |
| Storebrand Verdi              | 2.35%   |
| SHB Swedish Fonds Lending     | 2.21%   |

- 1 954 shareholders own 136,121,433 shares
- 117 international shareholders own 25.9 mill shares, corresponding to an ownership share of 19%
- CEO Lars Nilsen has a 15.87% holding

### Share price development 2006 – 2012



- 64.5 million shares have been traded in 2012
- Closing price on 11 February 2013: NOK 13.25