



Presentation 3rd quarter 2019

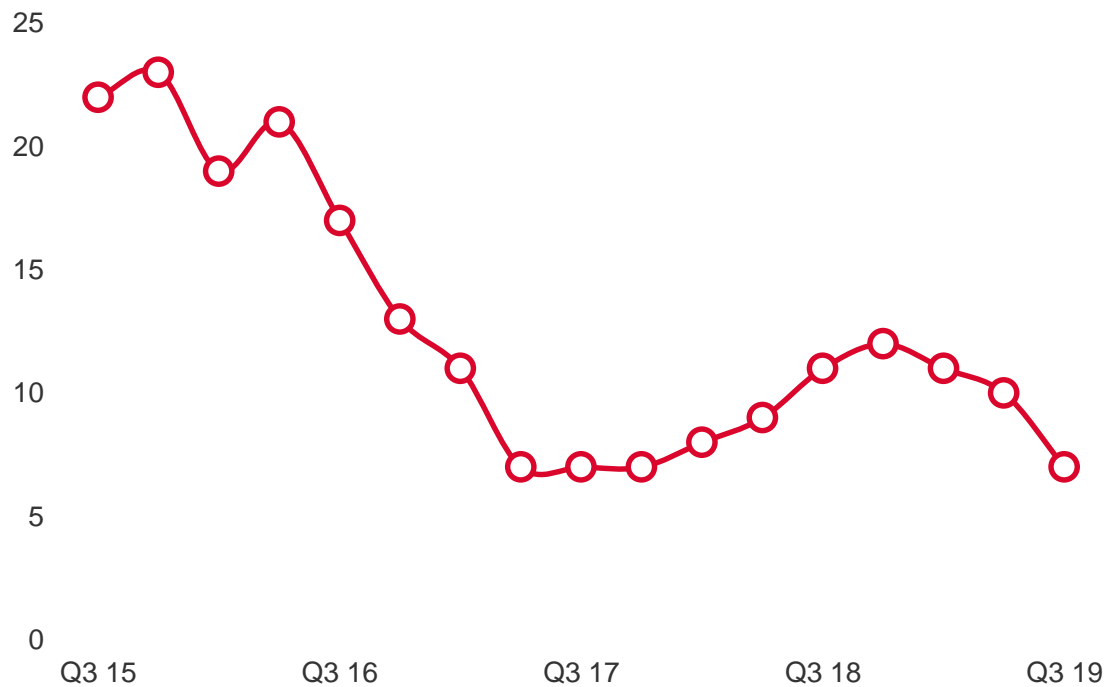
CEO Jimmy Bengtsson and EVP Jørgen Wiese Porsmyr
14 November 2019



Occupational health and safety

Number of serious injuries

12-month rolling; Veidekke employees, hired staff and sub-contractors



Highlights 3rd quarter 2019

- High activity level in Construction, but lower results
- Industrial's results strongly improved
- High activity level and good results in Property development in Norway, but lower production and weak results in Sweden
- Decision made to split the group into two separate entities and establish Property development under a new ownership structure



Veidekke is developing the Middelthunet residential project at Majorstua in Oslo in cooperation with OBOS and signed a contract in the quarter to build 329 apartments

Veidekke's composition

Strategic review of the company

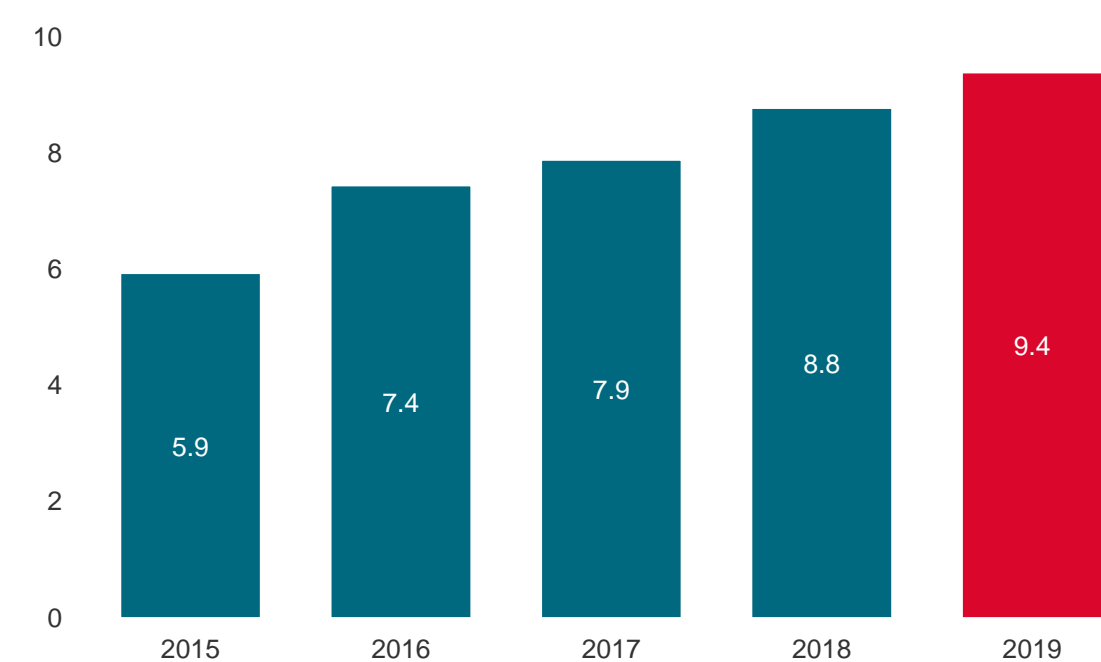
- Veidekke has undertaken a strategic review of the group's composition and an assessment of the business areas' growth and development opportunities
- A decision has been made to split the group into two separate entities and establish the property development operation under a new ownership structure
- The group management will prepare a plan for how a split can be carried out in order to optimise shareholder value over time
- Under consideration are a stock exchange listing, and hence distribution of the shares to Veidekke's shareholders, and divestment of all or part of the property development operation
- The board expects a final decision on the transaction model and execution to be made in the first half of 2020



Revenue and earnings 3rd quarter

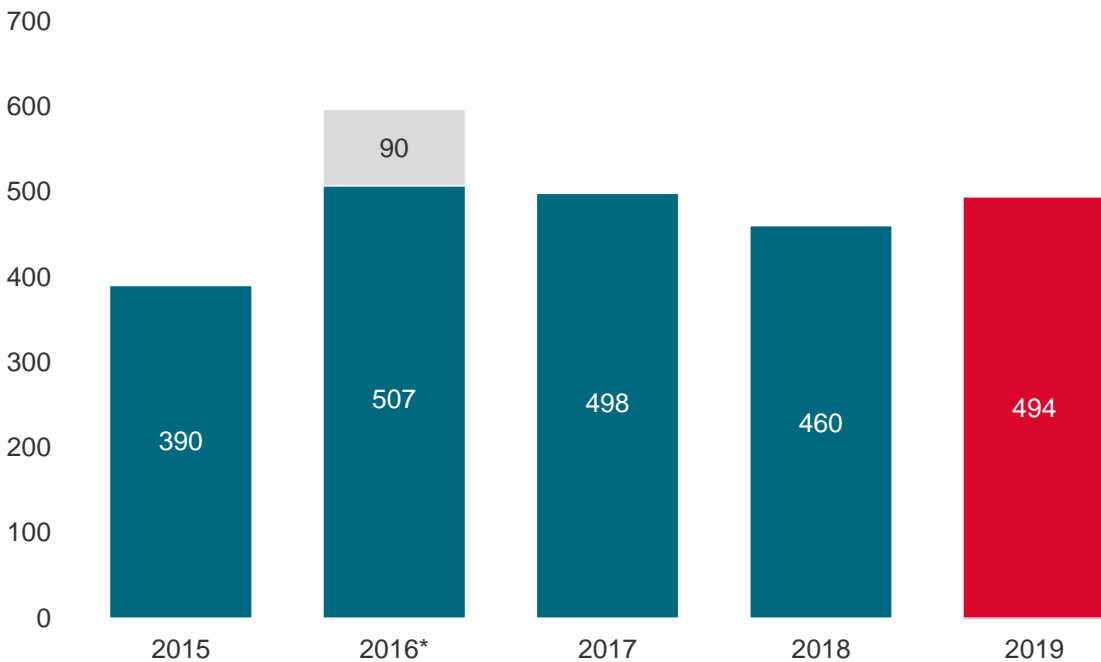
3rd quarter: Revenue

NOK billion



3rd quarter: Profit before tax

NOK million

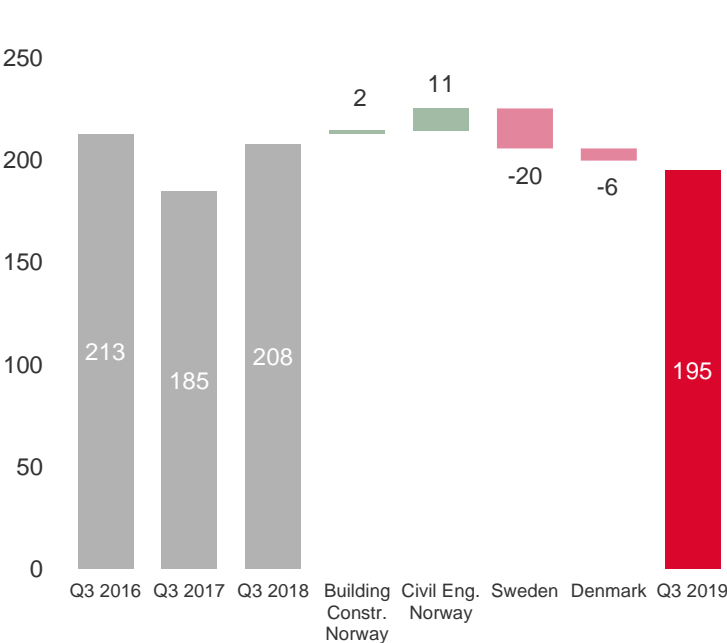


* Positive one-off effect of NOK 90 million from changes to the disability pension scheme in Norway
© Veidekke

Profit before tax 3rd quarter per business area

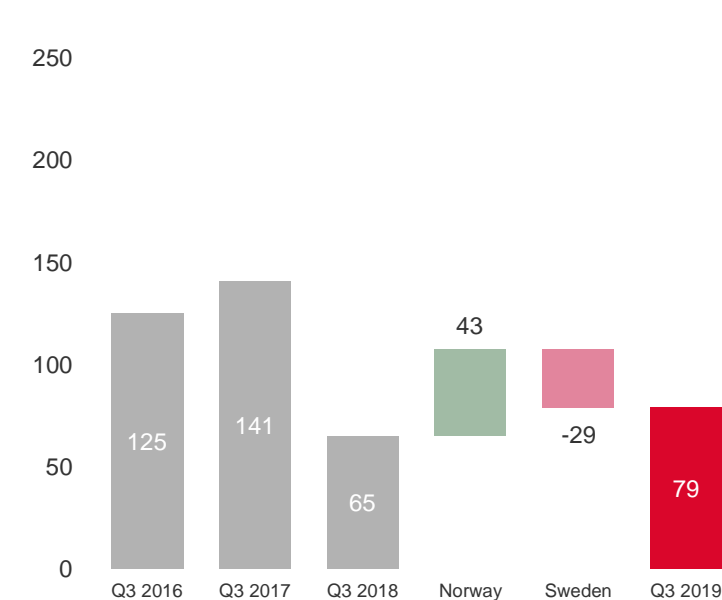
Construction

NOK million



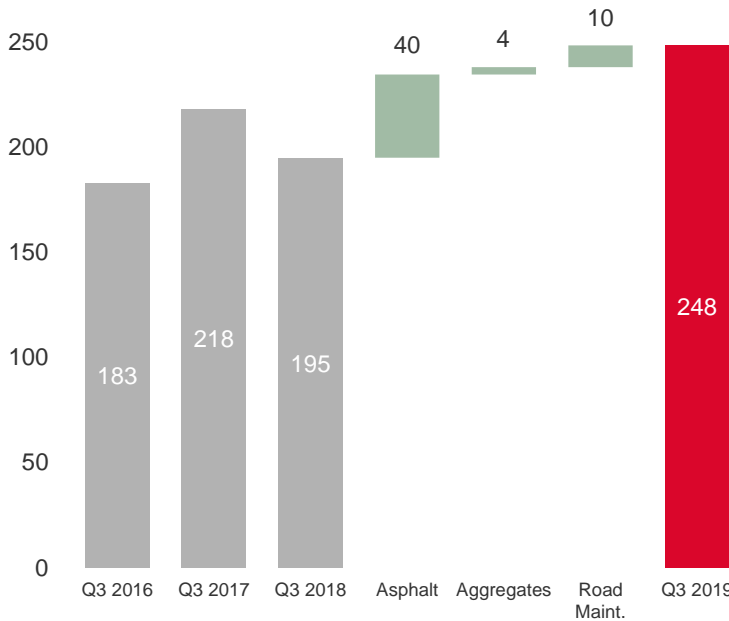
Property development

NOK million



Industrial

NOK million



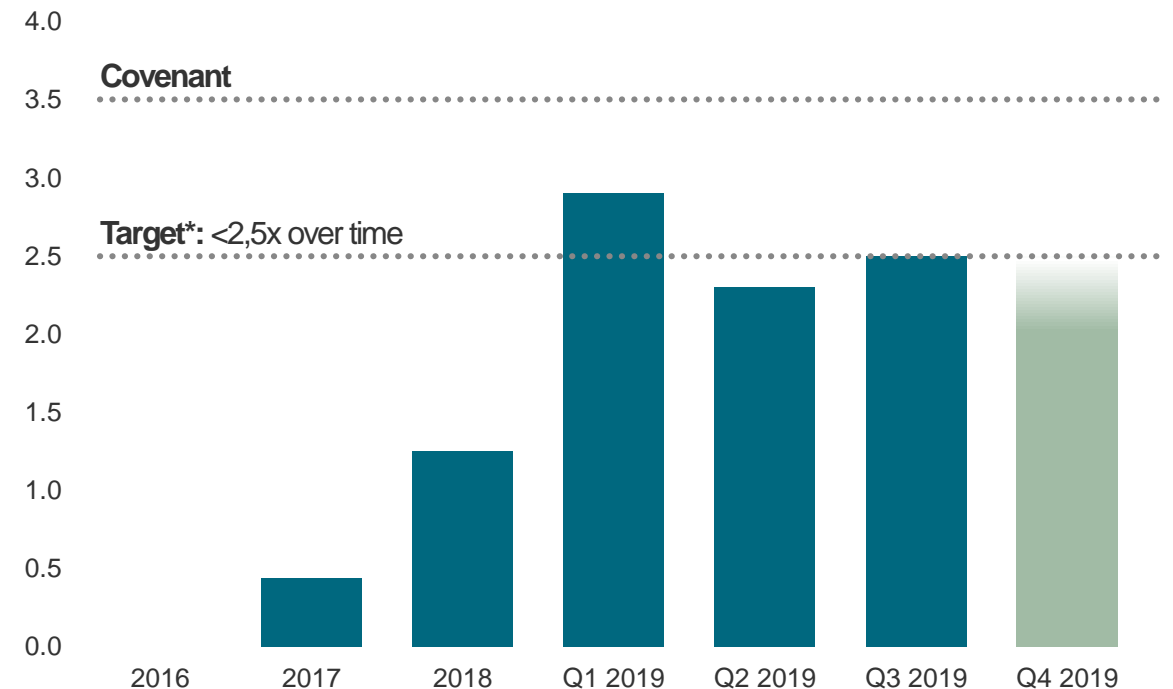
3rd quarter revenue and profit overview

Amounts in NOK million	3 rd quarter 2019			3 rd quarter 2018		
	Revenue	Profit	Margin	Revenue	Profit	Margin
Building construction Norway	3 304	112	3.4%	3 000	111	3.7%
Civil engineering Norway	1 134	11	1.0%	1 095	0	0%
Construction Sweden	2 417	35	1.5%	2 290	55	2.4%
Construction Denmark	563	37	6.5%	611	43	7.0%
Total Construction	7 418	195	2.6%	6 997	208	3.0%
Property development Norway	298	73		119	30	
Property development Sweden	293	7		341	35	
Total Property development	590	79		460	65	
Industrial	1 841	248	13.5%	1 701	195	11.5%
Other	-456	-28		-375	-8	
Total Group	9 393	494	5.3%	8 782	460	5.2%

Financial position

- Main reasons for debt increase in 2019
 - Property development
 - Settlement for land purchases and few construction starts in Sweden
 - Postponed sale of large plot in Oslo
 - Construction and Industrial
 - Increased working capital and normal seasonal variations
- Measures for improved capital efficiency implemented
- Working to establish a new financial framework that is flexible with regard to structural changes

Net interest bearing debt/EBITDA (12m)

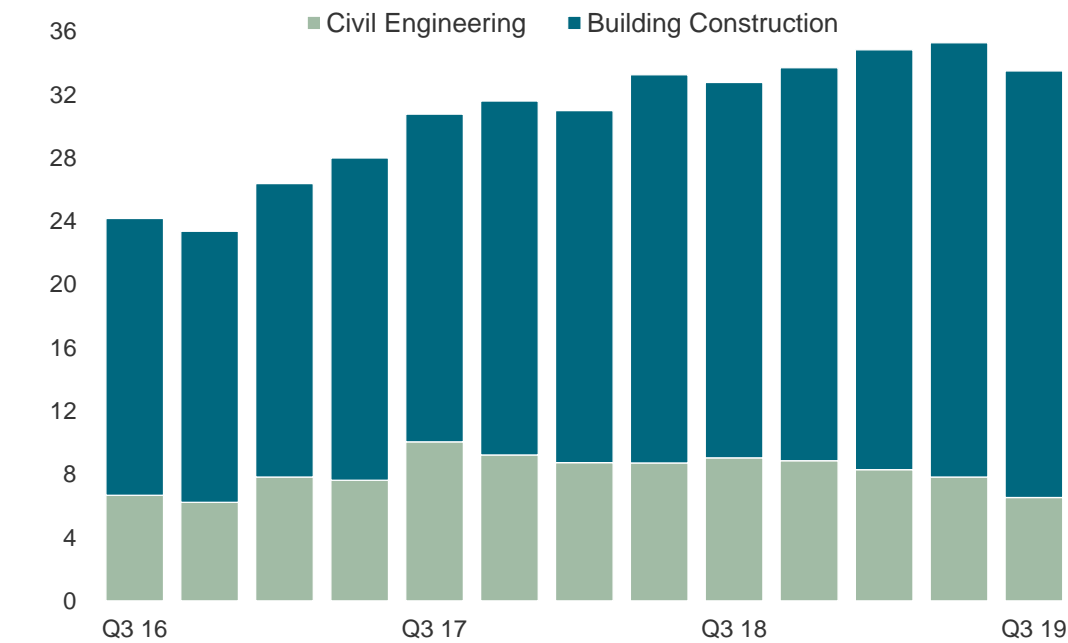


*Presumed level to reach "investment grade"

Order book Construction

Order book*

NOK billion



*Remaining revenue in projects not expected to generate profit comprises approx. NOK 2.8 billion of order book



Middelthunet, Oslo



Himmerfjærdsverket, Grödinge



Kvarteret Lysomen, Stockholm



UDK02, Drammen

After the close of the quarter, Veidekke signed two new EPC contracts with Bane NOR with a combined value of NOK 3.8 billion. The contracts include plans for the construction of a new double-track rock tunnel and a loose material tunnel as part of ongoing modernisation of the Vestfold Line.



Veidekke at a strategic crossroads

CEO Jimmy Bengtsson og EVP Jørgen Wiese Porsmyr

14 November 2019

Different businesses



 Business **cycles**

Short business cycles

Long business cycles

 Capital **requirements**

Limited capital requirements

High capital requirements

 Profit **margins**

Low margins

High margins

 Number of **employees**

Many employees

Few employees

 **Customers**

Few (public and large private)

Many small (private individuals)

Rationale for the split of Veidekke

Increased value creation as two separate entities



Different business models

- Different drivers for growth and development, input factors, risks, etc.
- The current financing model is challenged by strongly increased capital requirements



Increased flexibility

- Flexibility to explore growth strategies specifically suited for each entity's markets
- A new ownership structure will extend the financial scope for both businesses



Highlight value

- Will help highlight value in Veidekke that is not fully reflected in today's share price
- Will attract different investor types – and improve access to capital

An important strategic change

Will facilitate further growth

Enables **two separate and strong businesses** to maximise value creation for customers, society, shareholders and employees



Construction and Industrial

- Leading Scandinavian construction and industrial business
- Significant market position in and around the major Scandinavian population centres
- Implemented improvement programme and sharpened strategy provides large potential



Property development

- A platform for growth, with a large and attractive pipeline of plots for future residential development
- A well-established team with solid experience and proven results
- Optimised cost structure well aligned with the entity's business model



Platform for growth Property development

EVP Jørgen Wiese Porsmyr
14 November 2019

A unique platform for growth in Scandinavia

Overview of Property development

- One of Scandinavia's largest residential developers, with the goal of becoming the leading developer of neighborhoods
- Strong market position in the metropolitan areas and the largest population centres
- Focus on neighborhood development and major projects
- Established team with solid experience and proven results
- Established as two sister companies, in Norway and Sweden; reports as separate group segment

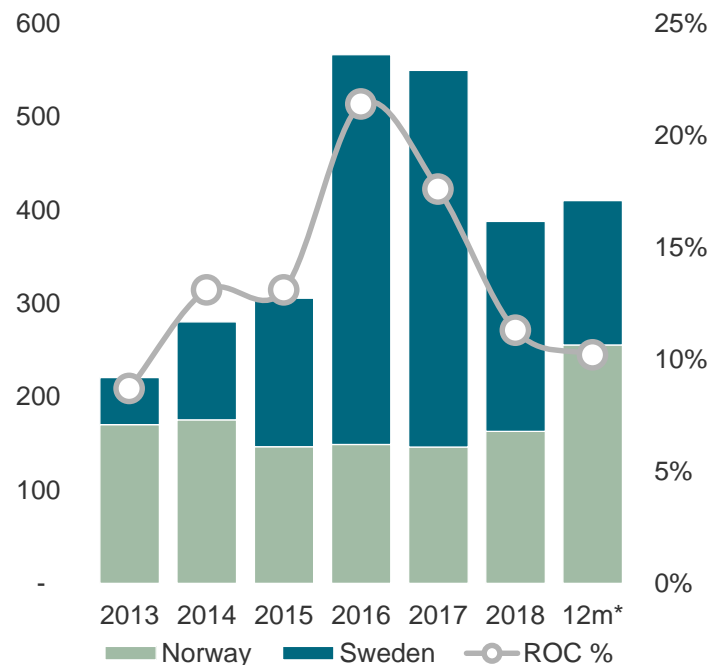


Results and activity in Property development

Good value creation over time

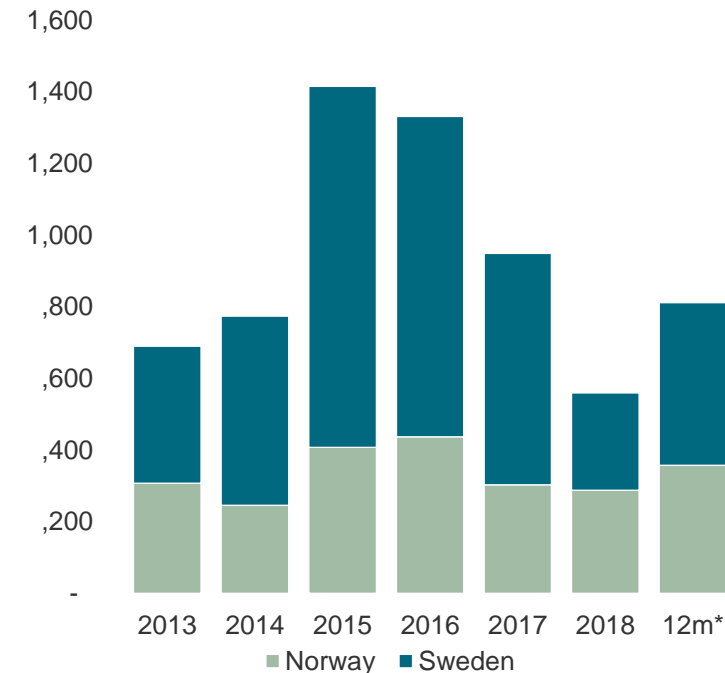
Profits and return on capital

NOK million



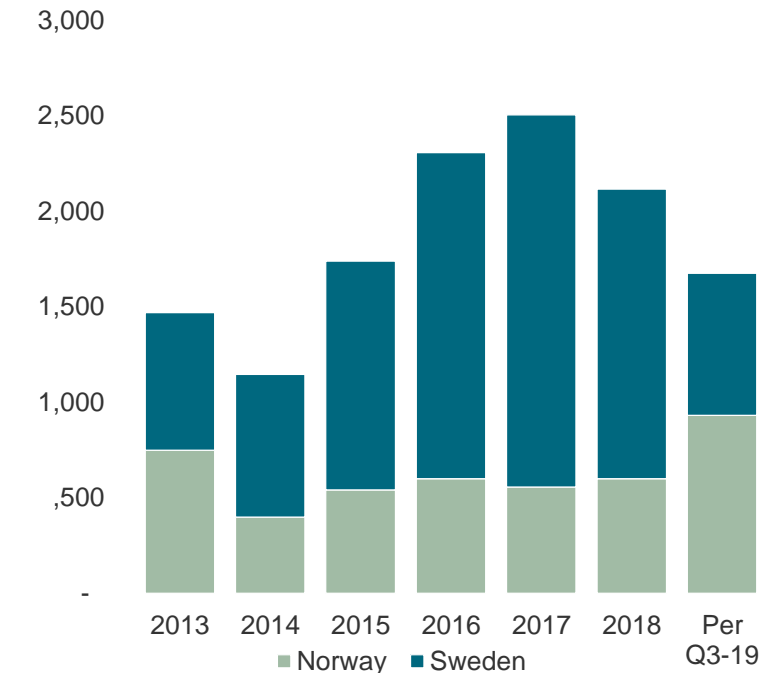
Units sold

Veidekke's share



Units under construction

Veidekke's share



* Per Q3 2019

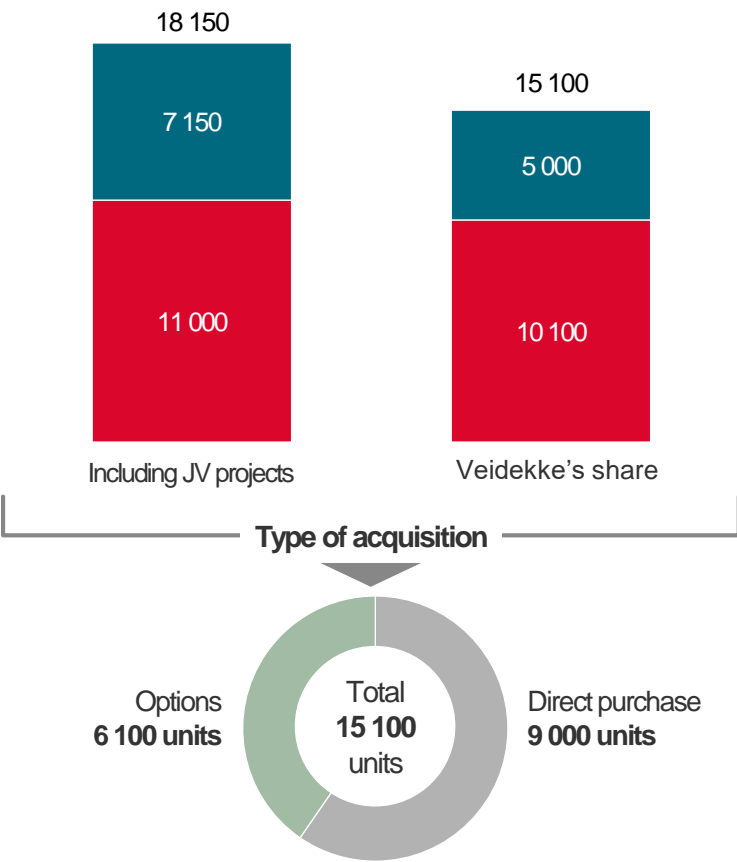
A well-positioned land bank

1. Geographical location

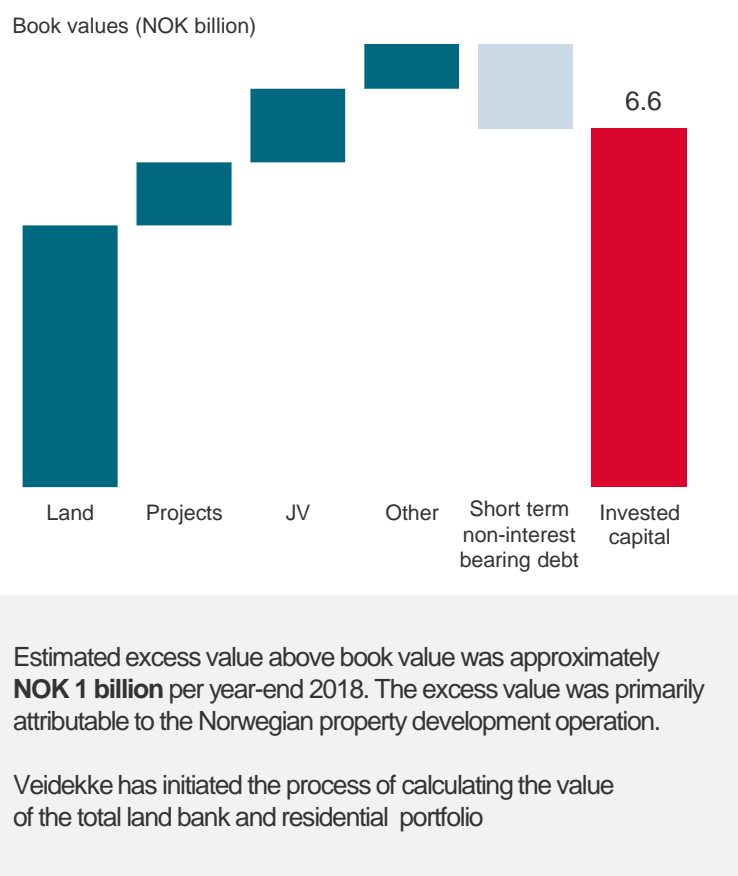


Region		Land bank*	Units in production*
 Mälardalen	Stockholm and Uppsala	6 800	116
 Eastern Norway	Oslo area	1 650	741
 South, West and Flex	Gothenburg and Skåne	3 300	628
 South and West	Stavanger and Bergen	1 500	46
 Mid-Norway	Trondheim	1 850	145
Total		15 100	1 676

2. Extent and number of units



3. Invested capital



Selected projects

Projects in Norway



Middelthunet (50%)

Majorstua, Oslo
No. of units: 329
Constr start: 2019



Nye Lilleby (50%)

Lade, Trondheim
No. of units: 624
Constr. start: 2020



Helsfyr

Oslo
No. of units: 401
Constr. start: 2021



Sinsenveien (50%)

Sinsen, Oslo
No. of units: 382
Constr. start: 2020



Nedre Skøyen vei

Skøyen, Oslo
No. of units: 176
Constr. start: 2021

Projects in Sweden



Hagastaden, kv. 6

Haga, Stockholm
No. of units: 302
Constr. start: 2020



Veddestad Gemensamt

Järfälla, Stockholm
No. of units: 1 200
Constr. start: 2020



Solnavägen

Solna, Stockholm
No. of units: 275
Constr. start: 2021



Skeppsbron

Gothenburg
No. of units: 149
Constr. start: 2022



Södra Hagalund

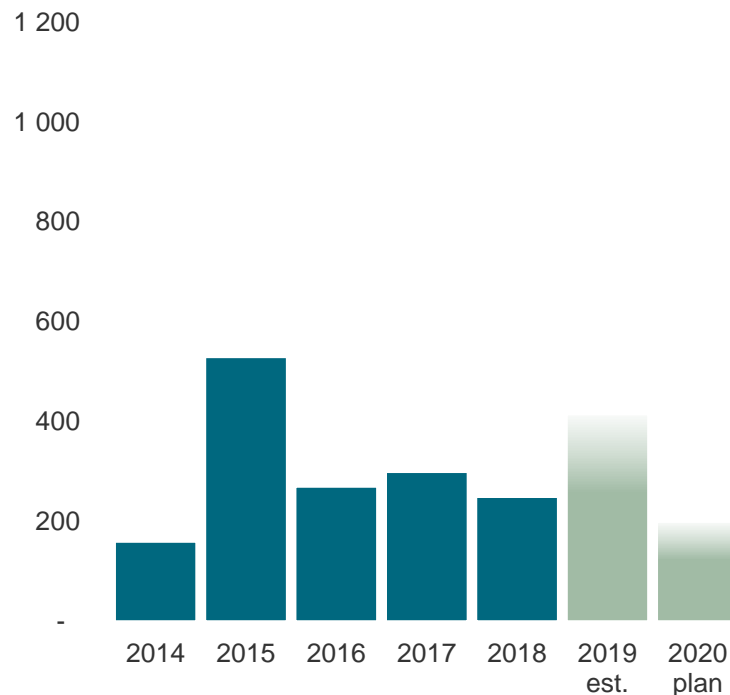
Solna, Stockholm
No. of units: 625
Constr. start: 2024

Increased activity expected

Several projects ready for sale, also in Stockholm

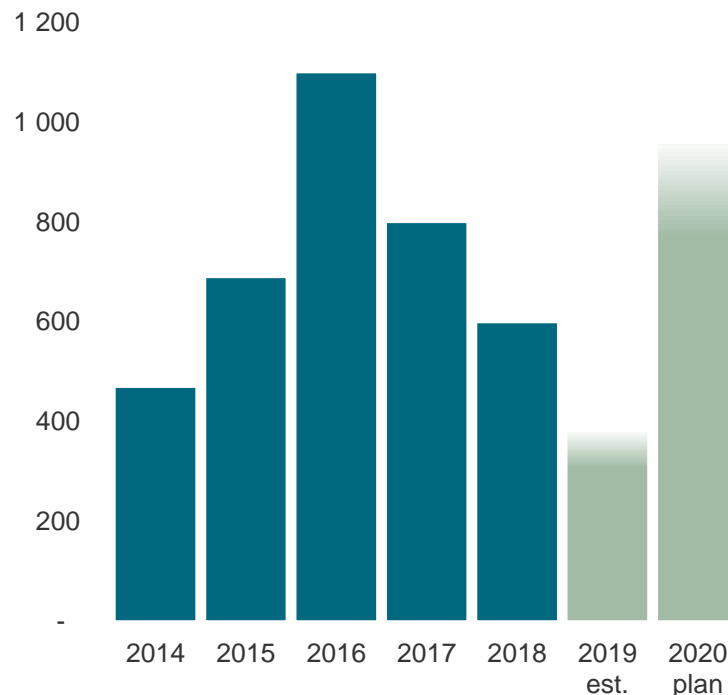
Sales starts residential units, Norway

Expectation of good sales in a healthy market



Sales starts residential units, Sweden

Expectation of increase in 2020



- Norway: Good fundamental market conditions
 - High activity in Oslo next year
- Sweden: Good sales in ongoing projects
 - The main priority is to launch new projects for sale in Stockholm, with the right design and price
- High transaction activity in residential and commercial projects continues
 - Gains of more than NOK 500 million realised since 2014

* Number of residential units, Veidekke's share



A focused industrial and construction business

CEO Jimmy Bengtsson
14 November 2019

A leading construction and industrial company

Veidekke's operations after the split

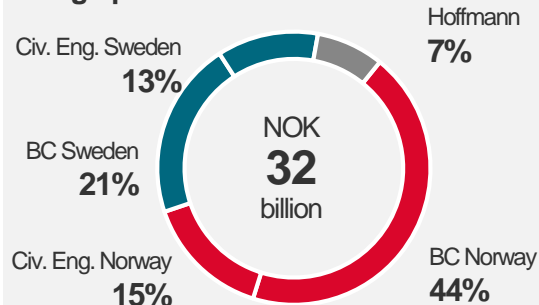


Construction

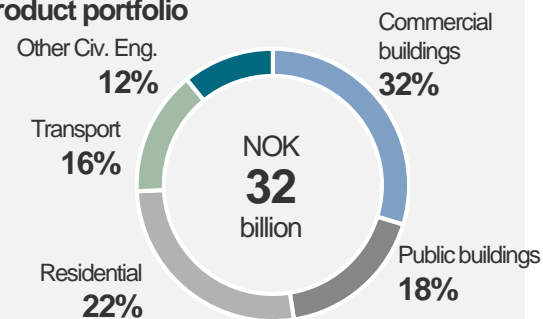
- A leading Scandinavian building constr. and civil engineering contractor
- Well positioned in major cities and growth centres in all three Scandinavian markets

Annual revenue	Profit before tax	Margin	No. of employees
NOK 32 billion	NOK 782 million	2.5%	7 200

Geographical distribution



Product portfolio

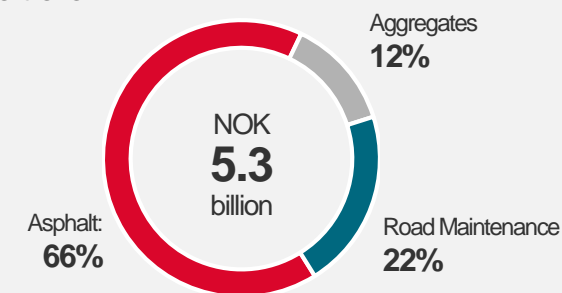


Industrial

- Market leader with a solid geographical footprint across Norway
- Emerging industrial position in Sweden

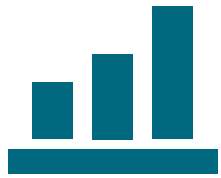
Annual revenue	Profit before tax	Margin	No. of employees
NOK 5.3 billion	NOK 150 million	2.8%	1 200

Product portfolio



Construction and industrial

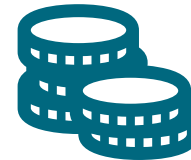
Solid platform for increased value creation



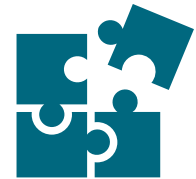
Improvement
initiatives
continue



Profitability goals
remain



Target of high
dividend pay-out



Strengthening
of strategy and
business model

Concluding remarks

- Decision made to split the group into two separate businesses and establish Property development under a new ownership structure
- A good overall 3rd quarter result, but profitability varies
- Improvement initiatives continue as planned; potential is still large

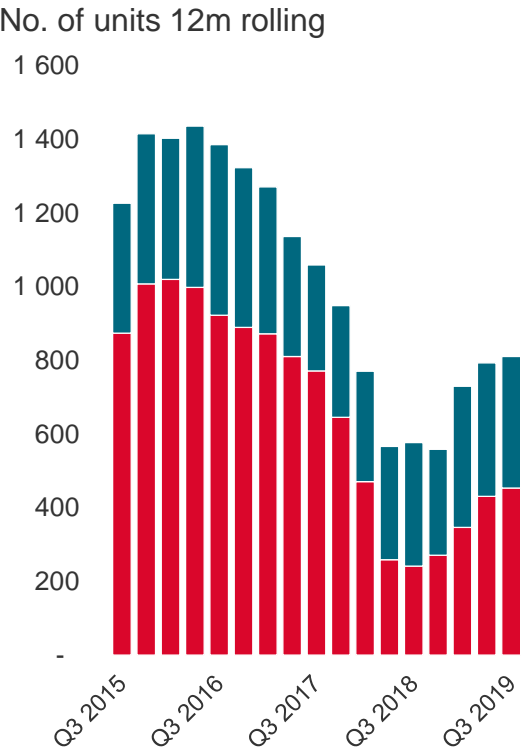


Veidekke develops Gartnerkvartalet housing project in Oslo together with OBOS and signed a contract in the quarter to build the fifth and final stage of the project

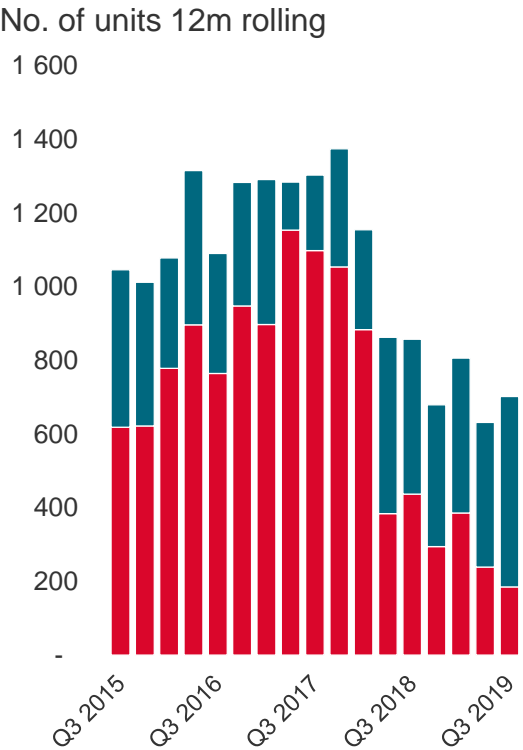
Appendix

Property development operational KPIs

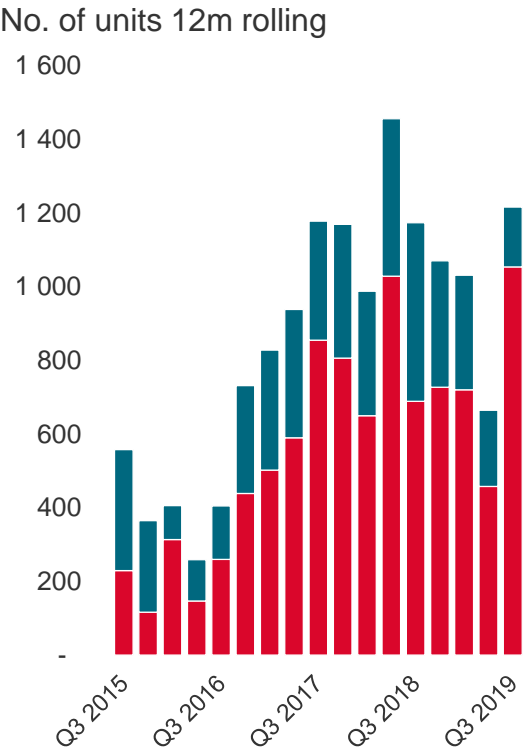
Units sold



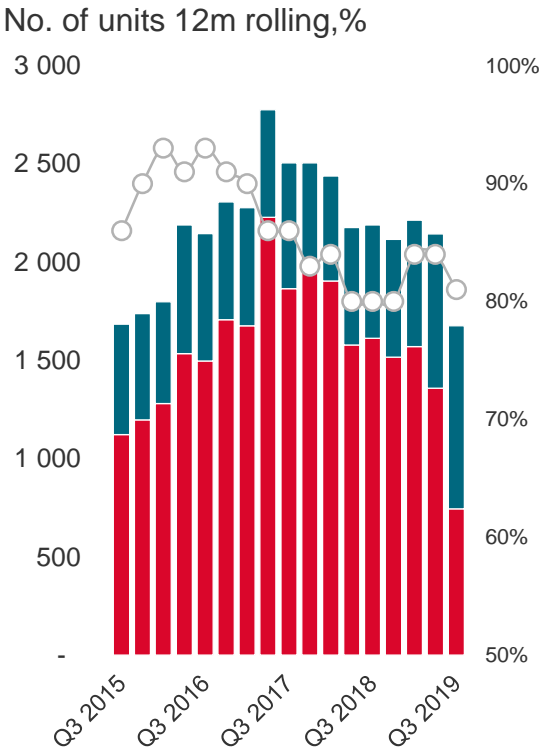
Construction starts



Units completed



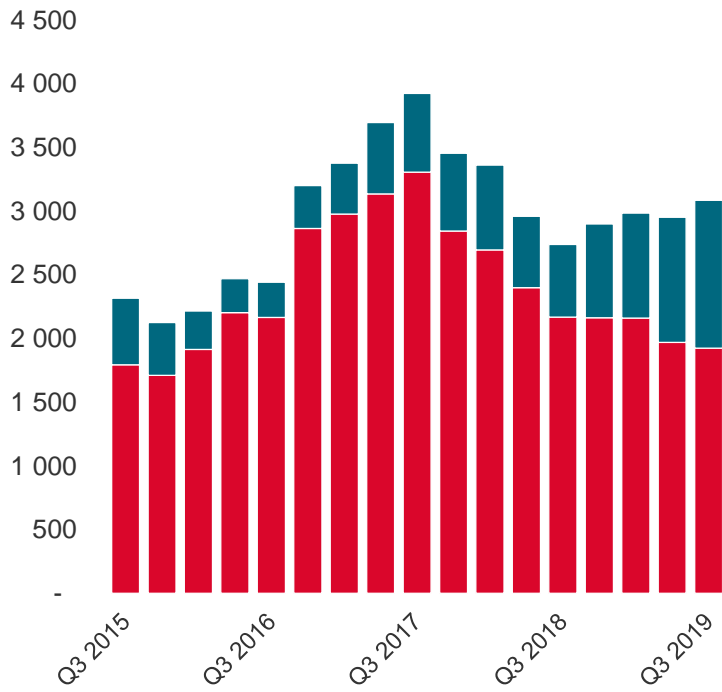
Units under construction and sales ratio



Property development financial KPIs

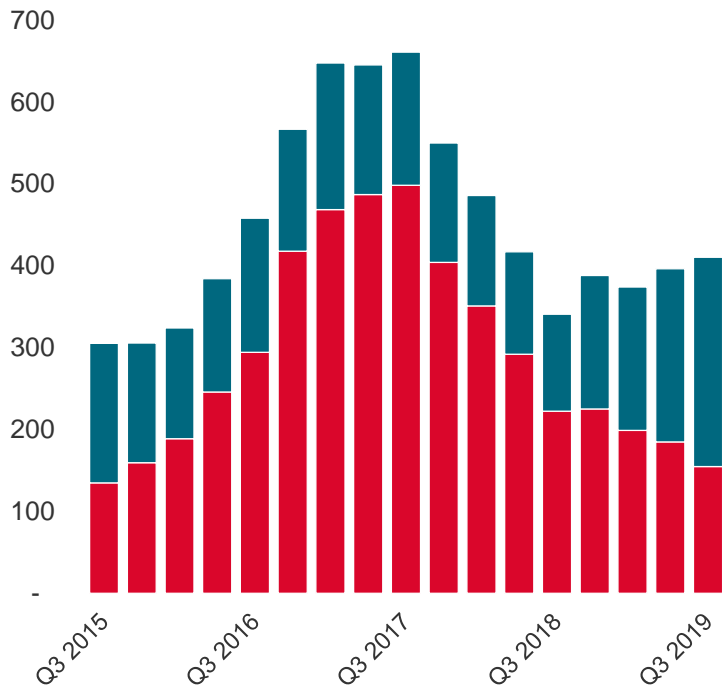
Revenues*

NOK million, 12m rolling



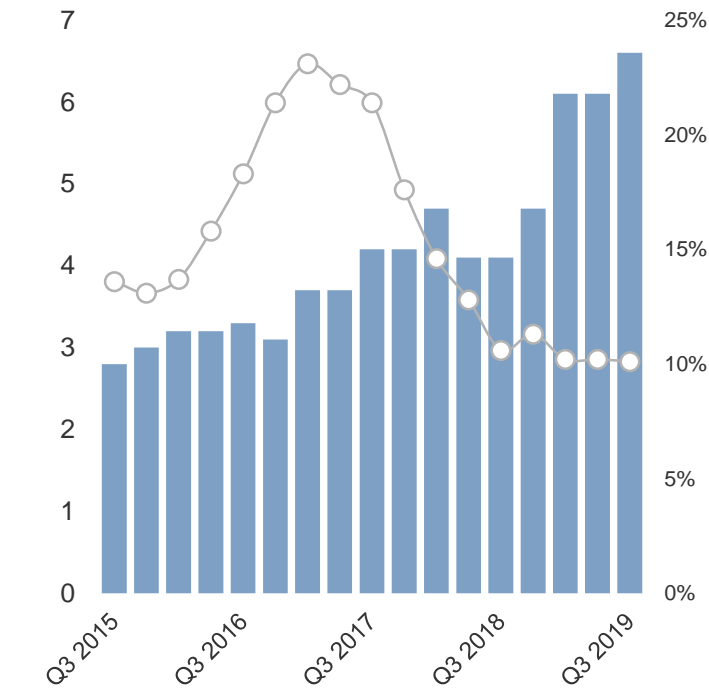
Profit before tax*

NOK million, 12m rolling



Invested capital

NOK billion, %



■ Norway ■ Sweden ■ Total invested capital ○ Return on capital %

*A large share of Veidekke's property development projects in Norway are conducted through joint ventures. Veidekke's share of net income from these projects are accounted for as part of the company's operational profit

Residential portfolio

Property Development Residential portfolio - Veidekke's share	Under construction 31.12.2017	Completed 2018	Building starts 2018	Under construction 31.12.2018	Completed 2019	Building starts 2019	Under construction 30.09.2019
Construction - number of units							
Norway	557	-343	385	599	76	409	932
Sweden	1 948	-726	295	1 517	904	131	744
Total under construction	2 505	-1 069	680	2 116	980	540	1 676
Of which sold							
Norway	445			421			674
Sweden	1 631			1 276			681
Total sold under construction	2 076			1 697			1 355
Sales rate %	83 %			80 %			81 %
Completed unsold units							
Norway	19			20			14
Sweden	1			2			28
Total completed unsold units	20			22			42
Number of projects under construction							
Norway	18	-11	9	16	5	10	21
Sweden	27	-10	2	19	10	3	12
Total projects under construction	45	-21	11	35	15	13	33

Business areas first nine months

Amounts in NOK million	First nine months 2019			Første nine months 2018		
	Revenue	Profit	Margin	Revenue	Profit	Margin
Building construction Norway	10 212	352	3.5%	9 467	334	3.5%
Civil engineering Norway	3 535	2	0.0%	3 033	-559	-18.4%
Construction Sweden	7 588	140	1.8%	6 769	147	2.2%
Construction Denmark	1 732	100	5.7%	1 697	110	6.5%
Total Construction	23 066	594	2.6%	20 966	32	0.2%
Property development Norway	855	184		429	92	
Property development Sweden	1 203	64		1 446	134	
Total Property development	2 059	248		1 875	226	
Industrial	3 954	154	3.9%	3 515	44	1.3%
Other	-1 092	-71		-1 318	-52	
Total Group	27 987	925	3.3%	25 038	250	1.0%

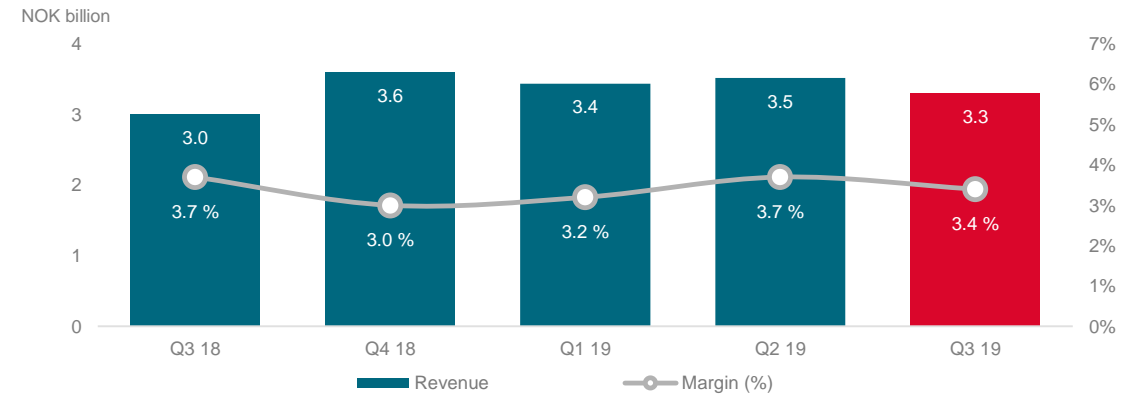
Building construction Norway

3rd QUARTER 2019

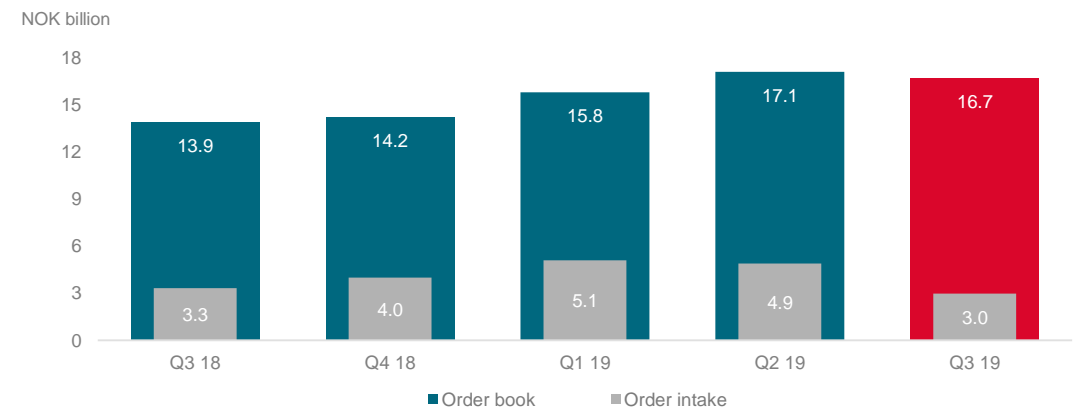
- Stable revenues compared to previous quarters
- Result at the level of same quarter last year
 - Projects in the profitable Oslo region generated the majority of profits
 - The profitability of several operations in southern and western Norway has improved considerably, but remains unsatisfactory
 - The operation in northern Norway, which is currently being wound up, was loss-making during the quarter
- Solid order book

	3rd quarter		YTD	
NOK million	2019	2018	2019	2018
Revenue	3 304	3 000	10 212	9 467
Profit before tax	112	111	352	334
Profit margin	3.4%	3.7%	3.5%	3.5%

REVENUE AND MARGIN



ORDER BOOK AND ORDER INTAKE



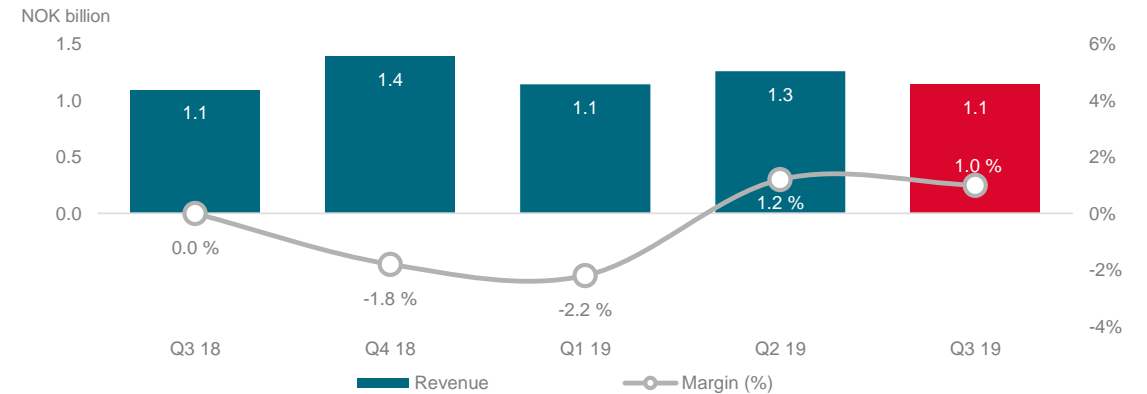
Civil engineering Norway

3rd QUARTER 2019

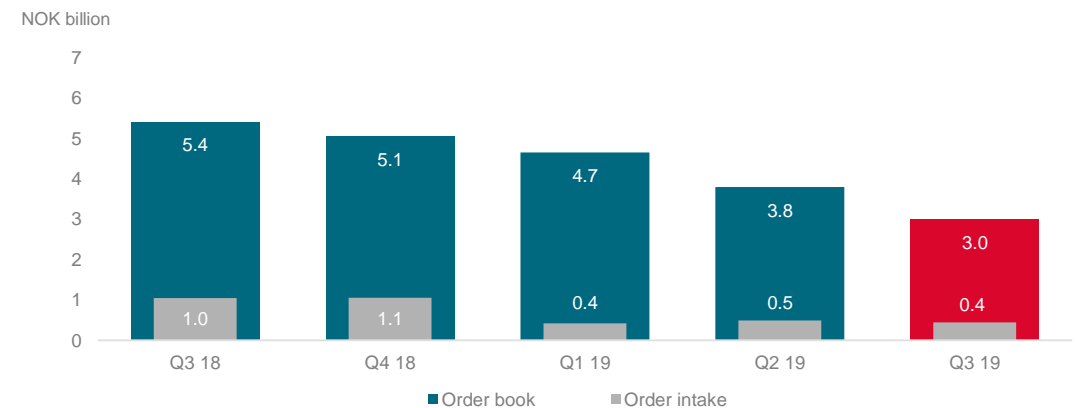
- Stable revenues compared to previous quarters
 - High production in major ongoing transport infrastructure projects.
- Weak profitability for project portfolio
 - Results were impacted by positive contribution from completed projects
 - Large projects are developing according to plan
 - Comprehensive improvement measures and structural changes have been initiated
- Selective bidding resulted in low order intake during the quarter
 - Since quarter-end, Veidekke signed two new contracts with Bane NOR with a total combined value of NOK 3.8 billion

	3rd quarter		YTD	
NOK million	2019	2018	2019	2018
Revenue	1 134	1 095	3 535	3 033
Profit before tax	11	0	2	-559
Profit margin	1.0%	0%	0%	-18.4%

REVENUE AND MARGIN



ORDER BOOK AND ORDER INTAKE



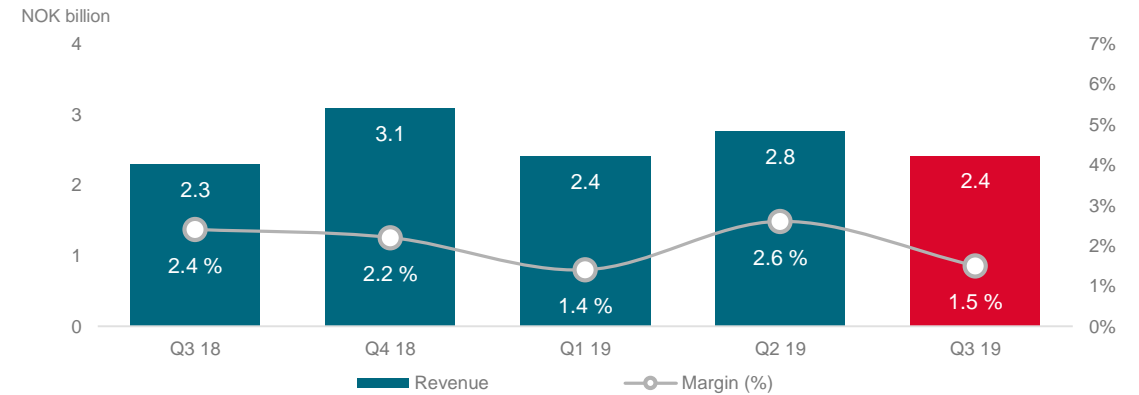
Construction Sweden

3rd QUARTER 2019

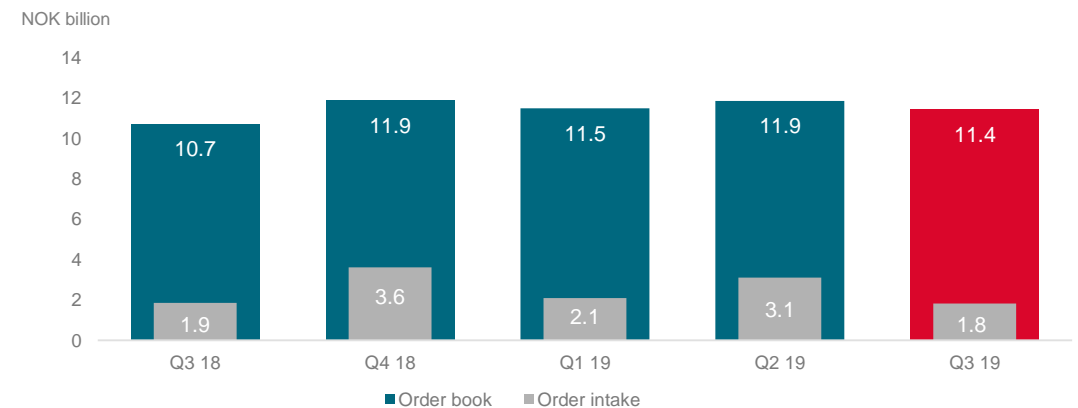
- Revenues decreased compared to previous quarter
 - Low activity levels within residential construction in Stockholm, high in South and West
- Decreased result
 - Lower profitability within Civil Engineering, in which some projects do not generate positive results
 - Continued weak profitability within residential construction in Stockholm
- Stable order book
 - Comprises around 75% building and 25% civil engineering
 - Poor real estate market results in increased competition in the Stockholm region

	3rd quarter		YTD	
NOK million	2019	2018	2019	2018
Revenue	2 417	2 290	7 588	6 769
Profit before tax	35	55	140	147
Profit margin	1.5%	2.4%	1.8%	2.2%

REVENUE AND MARGIN



ORDER BOOK AND ORDER INTAKE



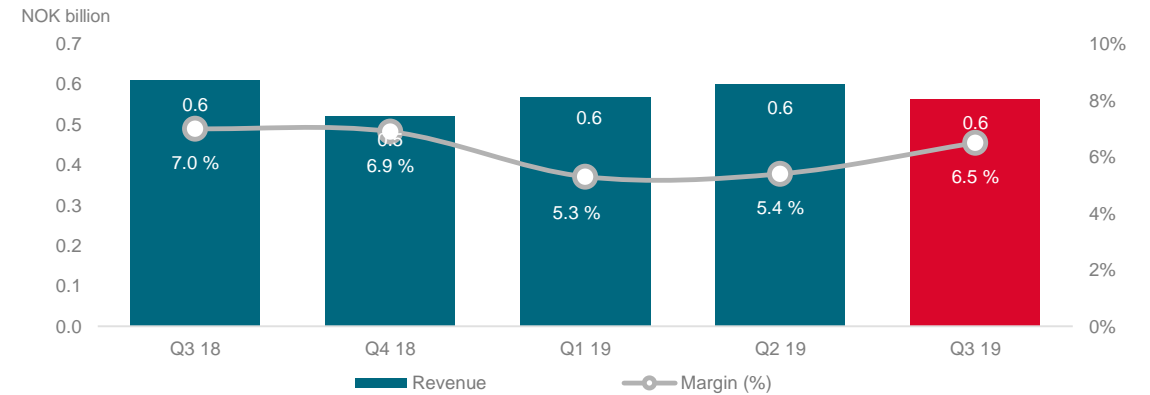
Construction Denmark

3rd QUARTER 2019

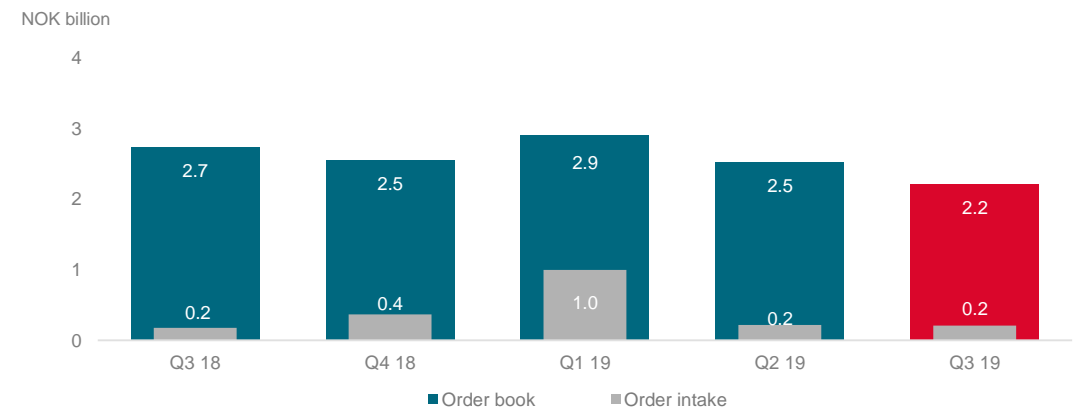
- Stable revenues
 - Continued high activity levels in the Copenhagen region
- Solid results and high profitability in project portfolio
- Decreased order book
 - Ongoing processes for commercial projects are expected to drive increased order book over the coming quarters

	3rd quarter		YTD	
NOK million	2019	2018	2019	2018
Revenue	563	611	1 732	1 697
Profit before tax	37	43	100	110
Profit margin	6.5%	7.0%	5.7%	6.5%

REVENUE AND MARGIN



ORDER BOOK AND ORDER INTAKE



Property Development Norway

3rd QUARTER 2019

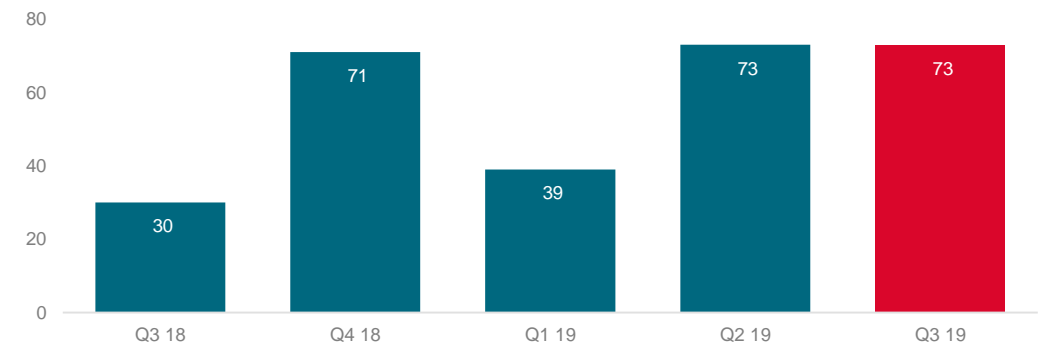
- Solid results
 - Strong sales for ongoing projects
 - NOK 22 million development gain from the sale of an office project in Trondheim
- Increased residential production
 - Construction started on 165 residential units at Middelthunet in Oslo
- Construction started on commercial building in Bergen
- Return on invested capital* 10.4%

	3 rd quarter		YTD	
	2019	2018	2019	2018
Profit before tax (NOK million)	73	30	184	92
Number of units sold	68	73	305	236
Numbers of units started	174	50	408	276
Units under construction	932	576	932	576
Sales ratio (units under construction)	72%	75%	72%	75%

Residential figures denote Veidekke's share *Last 12 months

PROFIT BEFORE TAX

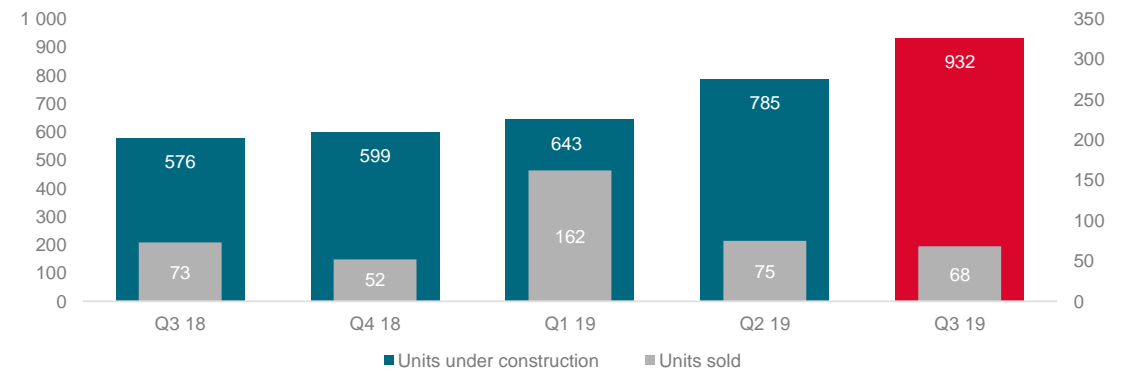
NOK million



RESIDENTIAL SALES & PRODUCTION, VEIDEKKE'S SHARE (NO. OF UNITS)

Residential production

Residential sales



Property Development Sweden

3rd QUARTER 2019

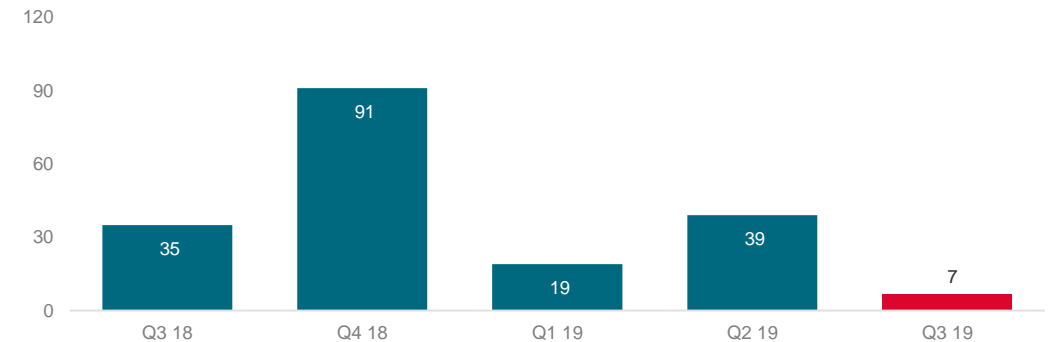
- Weak results
 - Significant drop in residential production
 - No residential projects initiated in Stockholm over the last 18 months
- Stable residential sales
 - Majority of sales from projects in the Gothenburg and Malmö areas. There are few residential units for sale in Stockholm
- No new projects released for sale in the quarter
- Return on invested capital* 9.3%

	3 rd quarter		YTD	
	2019	2018	2019	2018
Profit before tax (NOK million)	7	35	64	134
Number of units sold	102	79	347	162
Numbers of units started	18	72	109	219
Units under construction	744	1 613	744	1 613
Sales ratio (units under construction)	92%	82%	92%	82%

Residential figures denote Veidekke's share *Last 12 months

PROFIT BEFORE TAX

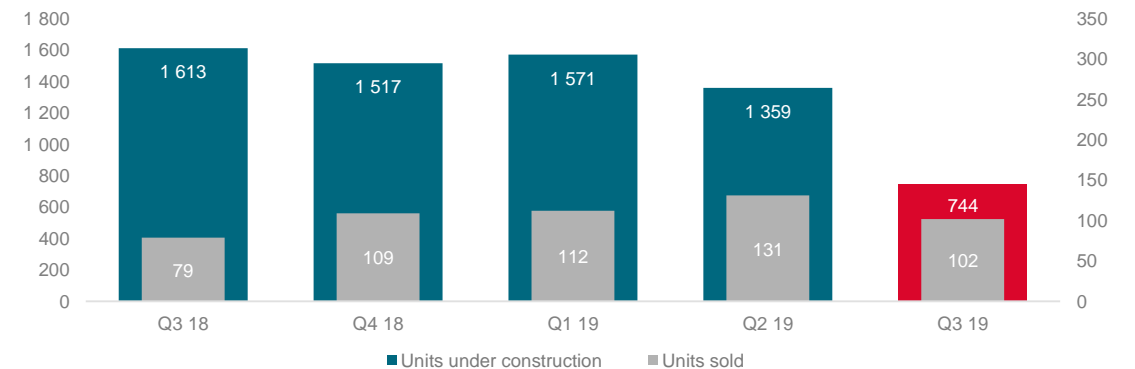
NOK million



RESIDENTIAL SALES & PRODUCTION, VEIDEKKE'S SHARE (NO. OF UNITS)

Residential production

Residential sales



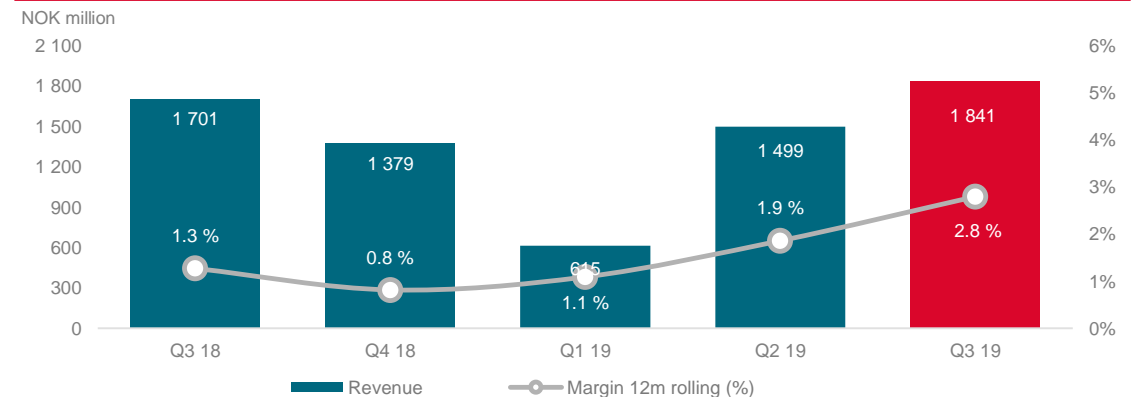
Industrial

3rd QUARTER 2019

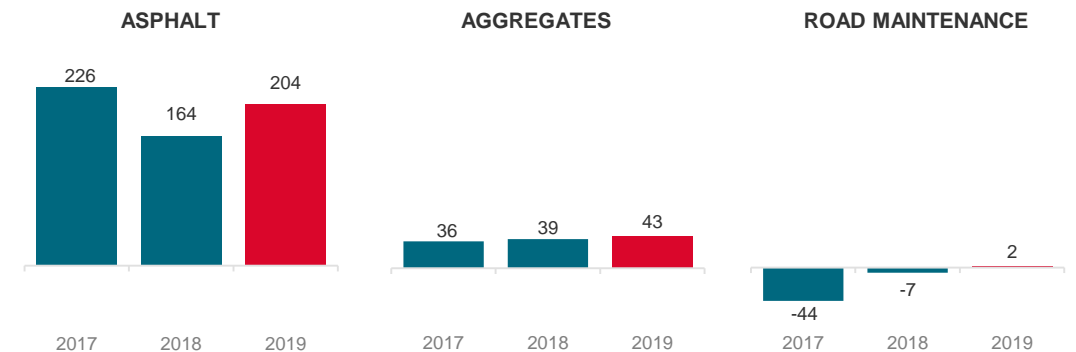
- Asphalt: considerably improved results
 - Higher prices for some of the volume and strong capacity utilization
 - Continuous improvement work underway
- Aggregates: a good result
 - Higher prices and changes to the product mix
- Road Maintenance: improved results
 - Operational improvements and contractual adjustments

	3 rd quarter		YTD	
NOK million	2019	2018	2019	2018
Revenue	1 841	1 701	3 954	3 515
Profit before tax	248	195	154	44
Profit margin	13.5%	11.5%	3.9%	1.3%

REVENUE AND 12M MARGIN*



PROFIT BEFORE TAX 2ND QUARTER



*12 m margin for Q3 2018 is exclusive of a development gain of NOK 70 million in Q4 2017

Income statement (IFRS)

	3 rd quarter		First nine months	
Amounts in NOK million	2019	2018	2019	2018
Revenue	9 130	8 684	27 492	25 172
Operating expenses	-8 506	-8 133	-26 143	-24 629
Share of net income from associates and JVs	76	70	135	145
Depreciation/impairment	-230	-147	-658	-428
Operating profit	470	474	826	259
Net financial income	-15	9	-15	10
Profit before tax	454	483	810	270
Income tax expense	-68	-35	-122	-13
Profit after tax	386	448	689	256
Of which non-controlling interests	16	13	34	30
Profit after tax (net)	370	435	655	226
Earnings per share (NOK)	2.8	3.3	4.9	1.7
Profit before tax, segment	494	460	925	250

IFRS 16 implemented as of 1 January 2019 and historical figures have not been adjusted. See note 18 in Veidekke's quarterly report for further details.

Balance sheet – Assets

Amounts in NOK million	30.09.2019	30.09.2018	31.12.2018
Goodwill and other intangible assets	1 941	1 831	1 957
Deferred tax assets	-	25	-
Land and buildings	1 296	684	646
Plant and machinery	2 682	2 541	2 694
Investments in associates and joint ventures	1 402	1 404	1 433
Financial assets	516	538	508
Total non-current assets	7 837	7 023	7 238
Non-residential and residential projects	5 844	3 660	4 309
Inventories	588	700	564
Trade and other receivables	8 087	7 003	6 527
Cash and cash equivalents	190	434	197
Total current assets	14 709	11 798	11 597
Total assets	22 546	18 821	18 835

IFRS 16 implemented as of 1 January 2019 and historical figures have not been adjusted. See note 18 in Veidekke's quarterly report for further details.

Balance sheet – Equity and liabilities

Amounts in NOK million

	30.09.2019	30.09.2018	31.12.2018
Equity	3 842	3 614	3 983
Pensions and deferred tax liabilities	908	927	846
Bonds	1 600	1 600	1 600
Amounts due to credit institutions	2 588	852	248
Other non-current liabilities	1 034	344	414
Total non-current liabilities	6 130	3 723	3 108
Debt to credit institutions	1 038	23	36
Trade payables and warranty provisions	6 618	6 670	6 989
Public duties and taxes payable	1 148	1 157	867
Other current liabilities	3 771	3 633	3 852
Total current liabilities	12 574	11 483	11 744
Total equity and liabilities	22 546	18 821	18 835
Net interest-bearing debt	-4 860	-1 818	-1 470

IFRS 16 implemented as of 1 January 2019 and historical figures have not been adjusted. See note 18 in Veidekke's quarterly report for further details.

Cash flow statement

Amounts in NOK million	Per Q3 2019					Per Q3 2018
	Entreprenør	Eiendom	Industri	Annet ¹⁾	Konsern	Konsern
Profit before tax	594	248	154	-185	810	270
Depreciation/impairment	418	2	195	43	658	428
Other working capital	-1 360	-1 790	-491	41	-3 599	94
Cash flow from operating activities	-348	-1 540	-142	-101	-2 130	792
Acquisition/disposal of PP&E	-211	-29	-128	-4	-372	-659
Other investing activities	19	17	-1	-43	-8	-274
Cash flow from investing activities	-192	-12	-128	-47	-380	-933
Dividend paid	-	-	-	-669	-669	-668
Other financial items	-98	-85	-46	18	-211	-246
Cash flow from financing activities	-98	-85	-46	-651	-879	-914
Change in net interest-bearing position	-638	-1 636	-316	-799	-3 389	-1 055
Invested capital at 30 September²⁾		6 647	1 879		9 030	6 061

¹⁾Includes IFRS adjustment and group eliminations

²⁾Invested capital only calculated for the capital-intensive business areas Property Development and Industrial

