



Interim report Q4 2019



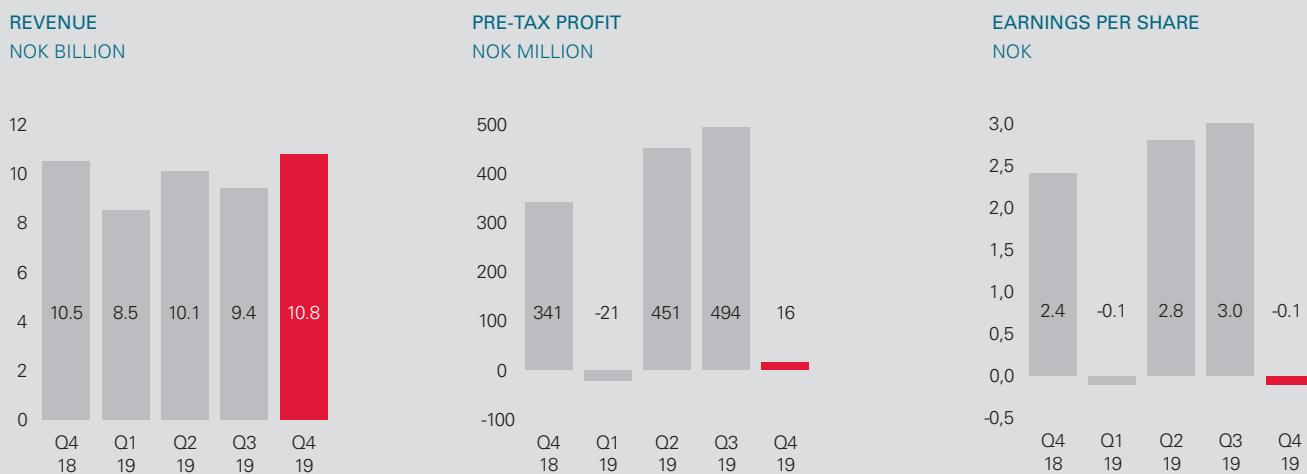
Illustration: MIR

Veidekke has been commissioned by Kjøpmannsgata Ung Kunst to construct an environmentally certified arts centre in Trondheim.

Q4 2019 HIGHLIGHTS

- Revenue totalled NOK 10.8 (10.5) billion.
- Pre-tax profit amounted to NOK 16 (341) million and was affected by allocations for project losses and restructuring costs in the construction operation.
- Earnings per share for continued operations and operations held for sale¹⁾ (IFRS) were NOK -0.3 (2.3).
- The order intake in the construction operations totalled NOK 9.8 billion, resulting in an order backlog of NOK 34.3 (33.7) billion.
- A total of 246 residential units were sold during the quarter, of which Veidekke's share amounted to 200. At quarter-end 2,215 residential units were under construction, of which Veidekke is entitled to 1,575. The sales ratio for projects under construction was 80%.
- Net interest-bearing debt was NOK 2.7 (1.5) billion at the close of the fourth quarter of 2019.

1) Following the Board of Directors' decision to spin out the property development operation, this operation is presented as held for sale in the financial accounts. The other operations are presented as continued operations.



The charts above are based on the segment accounts.

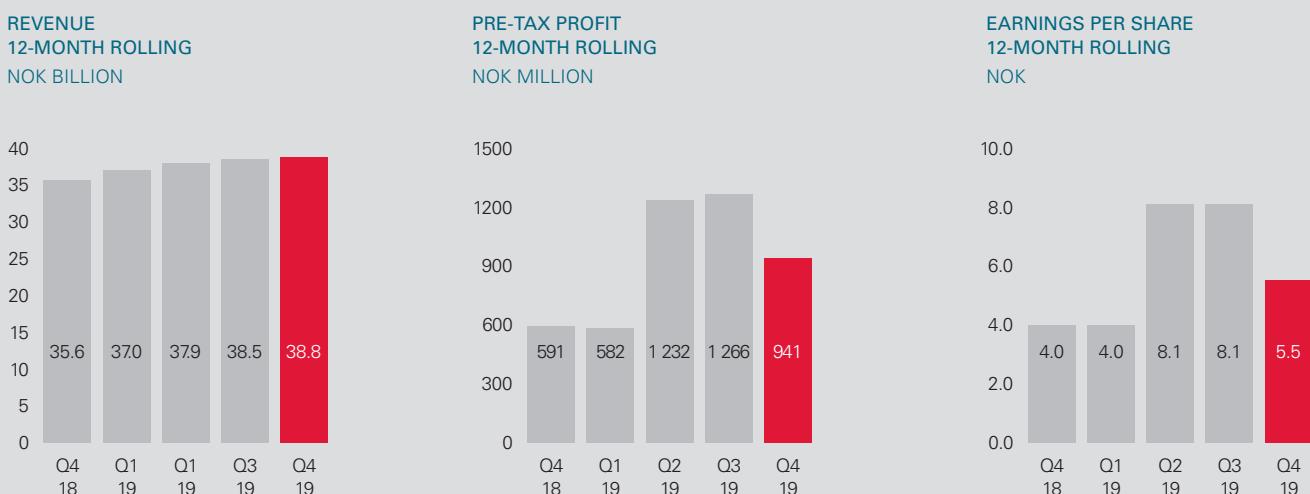
KEY FIGURES¹⁾

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
Revenue, segment	10 792	10 546	38 779	35 584
Pre-tax profit, segment	16	341	941	591
Construction	-78	187	516	219
Property Development	96	162	344	388
Industrial	30	-4	183	40
Other	-32	-5	-102	-56
Earnings per share, segment	-0.1	2.4	5.5	4.0
Profit margin, segment (%)	0.1	3.2	2.4	1.7
Revenue IFRS ²⁾ , continued operations	10 039	9 764	36 569	33 974
EBITDA IFRS, continued operations	157	321	1 482	740
Pre-tax profit IFRS, continued operations	-80	173	596	195
Earnings per share IFRS (NOK), continued operations	-0.8	1.0	3.0	0.9
Earnings per share IFRS, continued operations and operations held for sale	-0.3	2.3	4.6	4.0
Net interest-bearing debt	2 653	1 470	2 653	1 470
Total order backlog	35 515	34 640	35 515	34 640

1) The comments in the report relate to figures taken from the segment accounts for all operations (continued operations and operations held for sale).

Comments on the IFRS accounts are specified in the text.

2) In accordance with IFRS, revenue from residential sales in Norway is not recognised until a residential unit is taken over by the buyer. In segment reporting, revenue is recognised using the following formula: estimated final profit x sales ratio x stage of completion.



The charts above are based on the segment accounts.

A WORD FROM THE GROUP CEO

In 2019, Veidekke implemented significant improvement measures, and restructurings have been executed in the Norwegian and Swedish construction and civil engineering operations. Project portfolio risk has been reduced, and future projects will be approached with even higher risk awareness. At the same time, I am pleased to see that the improvement initiatives taken by the industrial operation are bearing fruit. These efforts are ongoing and will, in combination with the implemented measures, provide a robust foundation for good profitability going forward.

Veidekke continues to target a pre-tax profit margin of 3.0%–3.5% for the construction and industrial operations as a whole in 2020, as communicated at the capital markets day in May last year.

Work on establishing a revised ownership structure for the property development operation is proceeding on schedule. A decision regarding stock-exchange listing or sale of the operation – and on the transaction model – will be made in the first half of 2020. The activity level of the Scandinavian property development operation increased throughout 2019, and we have a positive outlook on 2020.

For the second year in a row, Veidekke's climate report was given the top 'A' rating in CDP Climate Change's investor survey. Our response to climate risk and the green shift is becoming increasingly important for achieving long-term profitability. Our inclusion in CDP's list of A-ranked companies confirms that we are on the right track.



A handwritten signature in black ink, appearing to read "J. B. J." or "J. B. J. Bengtsson".

Jimmy Bengtsson, Group CEO

THE VEIDEKKE GROUP

Veidekke generated revenues of NOK 10.8 billion in the fourth quarter, on a par with Q4 2018. While revenues increased in the construction operation, the industrial operation recorded a decline in turnover.

The pre-tax profit amounted to NOK 16 million, compared to NOK 341 million in the fourth quarter of last year. The quarterly profit was reduced by allocations in respect of future losses on certain construction projects in the portfolio and restructuring costs linked to the Norwegian and Swedish construction operations. Following a review of the construction operation's project portfolio, allocations totalling NOK 200 million in respect of future losses were expensed in the fourth quarter, primarily related to projects in Sweden. The construction operations in both Norway and Sweden made strategic adjustments in 2019, resulting in the expensing of NOK 130 million in restructuring costs in Q4. As a result of these expense items, the construction operations made a loss of NOK 78 million in the quarter.

The property development operation achieved a profit of NOK 96 million, compared to NOK 162 million in Q4 2018. Higher residential production in Norway contributed positively to profits, while lower residential production in Sweden had a negative effect. Reduced development gains on sales of projects also reduced profits compared to the same period last year. The industrial operation achieved a fourth-quarter profit of NOK 30 million, compared to NOK -4 million in 2018. This profit improvement is attributable to the asphalt and road maintenance operations.

Net interest-bearing debt totalled NOK 2.7 billion at quarter-end. The fourth-quarter cash flow of NOK 2.2 billion is linked to the strong seasonal liquidity of the industrial operation, the resolution of a number of legal disputes by the Norwegian civil engineering operation and strong liquidity in several major construction projects. Net interest-bearing debt increased by NOK 1.2 billion during the course of 2019, primarily as a result of land purchases.

In Q4, the construction order intake totalled NOK 9.8 billion, compared to NOK 9.2 billion in the same quarter last year. As at quarter-end, the construction order book amounted to NOK 34.3 billion, on a par with the end of Q4 2018. Approximately two-thirds of the order book will be converted into revenue over the next 12 months.

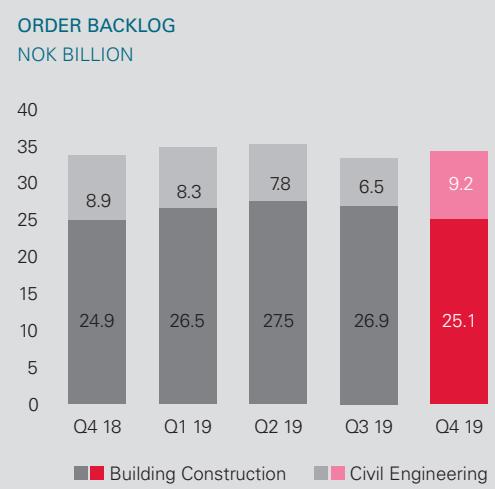
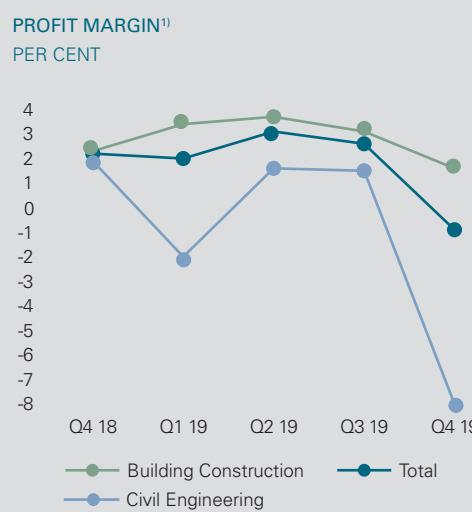
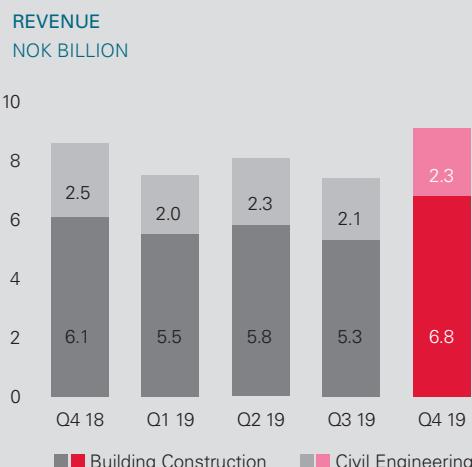
Annual revenues increased to NOK 39 billion in 2019, from NOK 36 billion in 2018. The 9% increase is primarily attributable to the construction operations, with revenue increases being achieved in all three countries. In Norway, revenues benefited from high activity in Oslo and western Norway, while the operation acquired in Gothenburg in 2018 boosted growth in Sweden. The revenues increase in Denmark is linked to high construction activity in Copenhagen. The industrial and property development operations achieved revenues on a par with last year.

The annual pre-tax profit for 2019 amounted to NOK 941 million, up from NOK 591 million in 2018. The primary reason for the profit improvement from 2018 to 2019 is that the 2018 profit included NOK 550 million in project write-downs linked to the Norwegian civil engineering operation. The profitability of the construction operations was weakened by allocations in respect of future project losses and restructuring allocations. Residential activity increased in Norway in 2019, and contributed to the profit improvement of the Norwegian property development operation, although a low number of building starts and the halving of residential production in Sweden somewhat reduced the profits of the property development operation as a whole compared to 2018. The increased profitability of all business areas, and the asphalt operation in particular, contributed to a considerable profit improvement for the industrial operation in 2019.

The profit per share of both continued operations and operations held for sale was NOK 4.6 for 2019 (IFRS). In view of the group's robust financial position and positive outlook, the board has proposed an ordinary dividend of NOK 5.0 per share for the financial year 2019.

KEY FIGURES CONSTRUCTION OPERATIONS

NOK million	Q4 2019	Q4 2018	2019	2018
Revenue	9 091	8 604	32 158	29 569
Profit before tax	-78	187	516	219
Profit margin (%)	-0,9	2,2	1,6	0,7
Order backlog	34 286	33 708	34 286	33 708



CONSTRUCTION OPERATIONS



Veidekke's construction operations achieved revenues of NOK 9.1 billion in Q4, compared to NOK 8.6 billion in Q4 2018. The quarterly revenue increase is primarily attributable to the Norwegian building construction operation. Annual revenues in 2019 totalled NOK 32.2 billion, up 9% from NOK 30 billion in 2018, with the operations in Norway accounting for over half of the increase.

The pre-tax loss for the fourth quarter totalled NOK 78 million, compared to a profit of NOK 187 million in the fourth quarter of last year. Following a thorough review of the project portfolio in both Norway and Sweden, it was decided to make allocations for future losses totalling NOK 200 million. The majority of this sum relates to the Swedish civil engineering operation. An additional allocation of NOK 130 million was made in respect of restructuring costs in Norway and Sweden. The Danish construction operation achieved a robust profit in Q4.

The construction operation achieved an annual profit of NOK 516 million in 2019, compared to NOK 219 million the previous year. The increase is primarily due to improved profitability in the Norwegian civil engineering operation.

The quarterly order intake of NOK 9.8 billion brought the order book to NOK 34.3 billion at the end of the fourth quarter. Transport infrastructure projects in Civil Engineering Norway accounted for the majority of the order intake, although new residential projects in both Norway and Sweden also contributed significantly. Compared to 2018, the proportion of residential projects in the order book increased by almost 40%, the proportion of transport infrastructure projects increased by 25% and the proportion of commercial buildings and public service buildings fell by approximately 7%.

Building Construction Norway

NOK million	Q4 2019	Q4 2018	2019	2018
Revenue	4 146	3 603	14 356	13 070
Profit before tax	34	109	387	443
Profit margin %	0.8	3.0	2.7	3.4
Order backlog	14 762	14 223	14 762	14 223

The Norwegian building construction operation generated revenues of NOK 4.1 billion in the fourth quarter of 2019, up 15% on NOK 3.6 billion in the same quarter of 2018. Annual revenues increased by 10%, to NOK 14.4 billion, up from NOK 13.1 billion the previous year. The metropolitan areas had the strongest growth.

The Q4 pre-tax profit totalled NOK 34 million, compared to NOK 109 million in Q4 2018. The profit margin was 0.8%, compared to 3.0% last year. In 2019, the operation decided to make a number of strategic adjustments to its structure, and expensed restructuring costs of NOK 70 million in the fourth quarter. The restructuring costs relate to the discontinuation of operations in northern Norway and reorganisation of the operation in Follo, Østfold county. Units undergoing restructuring made a negative profit contribution in Q4. For the year as a whole, the operation achieved profits of NOK 387 million, down from NOK 443 million in 2018.

The order intake amounted to NOK 2.2 billion in the fourth quarter.

Major projects signed during the quarter:

- Verdal residential and treatment centre for Verdal municipality. Contract value NOK 386 million.
- Vollebekk C2 B in Oslo. Fourth construction stage of a residential project for OBOS Nye Hjem AS. Contract value NOK 222 million.
- Verkstedgården 1 in Trondheim. Residential project for Lilleby Eiendom AS. Contract value NOK 119 million.
- Kjøpmannsgata Ung Kunst in Trondheim. Art centre for Kjøpmannsgata Ung Kunst AS. Contract value NOK 113 million.

At quarter-end, the Norwegian building construction order book totalled NOK 14.8 billion, down from NOK 16.7 billion at the end of the preceding quarter but up from NOK 14.2 billion one year ago. Overall, order coverage in the construction operation is satisfactory.

In December 2019, Veidekke sold the subsidiaries Leif Grimsrud AB (Sweden) and Hammerfest Entreprenør AS. These companies achieved total revenues of NOK 95 million in 2019.

Civil Engineering Norway

NOK million	Q4 2019	Q4 2018	2019	2018
Revenue	1 105	1 394	4 641	4 427
Profit before tax	-17	-25	-16	-584
Profit margin %	-1.6	-1.8	-0.3	-13.2
Order backlog	6 036	5 056	6 036	5 056

The Norwegian civil engineering operation achieved revenues of NOK 1.1 billion in the fourth quarter, compared to NOK 1.4 billion in the same quarter last year. In 2019 as a whole, revenues increased to NOK 4.7 billion, up from NOK 4.4 billion last year. The increase from 2018 to 2019 is linked to high production in major ongoing transport infrastructure projects.

The quarterly loss was NOK 17 million, compared to a loss of NOK 25 million in Q4 2018. The civil engineering operation has downsized its staff and support functions by approximately 50 full-time equivalents as part of a reorganisation. Costs totalling NOK 30 million and linked to the restructuring of the civil engineering operation were fully expensed in the fourth quarter.

The operation resolved several major legal disputes during the quarter. The outcome of the disputes was in line with previously reported results, but had a liquidity effect of NOK 300 million. The resolution of legal disputes and machinery sales materially reduced the operation's capital commitments and improved liquidity in 2019.

The annual loss totalled NOK 16 million, compared to a loss of NOK 584 million in 2018. The civil engineering portfolio still includes some projects with a written-down final value which will not make a profit contribution.

The fourth-quarter order intake totalled NOK 4.3 billion.

Major projects signed during the quarter:

- Vestfold Line, double-track mountain tunnel and day zone for Bane NOR. Contract value NOK 1.9 billion.
- Vestfold Line, culvert and uncompacted materials tunnel for Bane NOR. Contract value NOK 1.8 billion.
- Oslo Airport, anchor points at non-Schengen terminal. Contract value NOK 112 million.

As at the end of Q4 2019, the civil engineering order book stood at NOK 6.0 billion, compared to NOK 5.1 billion at the beginning of the year.

Construction Sweden

NOK million	Q4 2019	Q4 2018	2019	2018
Revenue	3 215	3 086	10 803	9 855
Profit before tax	-165	68	-25	214
Profit margin %	-5.1	2.2	-0.2	2.2
Order backlog	11 504	11 880	11 504	11 880

The Swedish construction operation recorded revenues of NOK 3.2 billion in the fourth quarter, on a par with the same quarter of last year. Annual revenues increased to NOK 10.8 billion, from NOK 9.9 billion in 2018. The civil engineering and non-residential building segments boosted revenues, while lower activity in the Stockholm residential market contributed to a drop in revenues from residential construction.

The Q4 2019 pre-tax loss amounted to NOK 165 million, compared to a profit of NOK 68 million in the fourth quarter of last year. The Q4 profit was reduced by allocations in respect of future losses totalling NOK 200 million, primarily linked to civil engineering projects. In addition, restructuring costs of NOK 30 million relating to the residential operation were expensed in the profit and loss account. The annual loss totalled NOK -25 million, compared to a profit of NOK 214 million in 2018.

The order intake for the fourth quarter was NOK 2.9 billion.

Major contracts signed during the quarter:

- Kv Triton in Malmö. Residential units and residential care units for Lantmännen Fastigheter AB. Contract value NOK 422 million.
- GreenHaus in Helsingborg. Office building for Castellum. Contract value NOK 217 million.
- Påsen15 in Stockholm. Alteration of hotel and office building for Ailon. Contract value NOK 179 million.
- Vattenbrynet in Malmö. Residential units for HSB. Contract value NOK 141 million.
- Gröna Lund in Lund. Residential project for Veidekke Eiendom. Contract value NOK 122 million.

At the end of Q4 2019, the Swedish construction order book stood at NOK 11.5 billion, compared to NOK 11.4 billion at the beginning of the quarter and NOK 11.9 billion at the beginning of the year. The proportion of residential projects in the order book has increased by approximately 25% since the same period last year, measured in the local currency.

Construction Denmark

NOK million	Q4 2019	Q4 2018	2019	2018
Revenue	626	520	2 358	2 218
Profit before tax	70	36	169	146
Profit margin %	11.2	6.9	7.2	6.6
Order backlog	1 983	2 548	1 983	2 548

The Danish construction operation achieved revenues of NOK 626 million in the fourth quarter of 2019, compared to NOK 520 million in the corresponding quarter last year. This corresponds to growth of 16% in the local currency, attributable to high construction activity on Zealand. The Danish operation increased its annual revenues to NOK 2.4 billion in 2019, from NOK 2.2 billion in 2018.

The fourth-quarter pre-tax profit was NOK 70 million, compared to NOK 36 million in Q4 2018. The project portfolio remains robustly profitable, with a profit margin of 11.2%, compared to 6.9% in the fourth quarter of last year. Profits were boosted by high activity and a large profit contribution from projects nearing completion. The annual profit amounted to NOK 169 million, up 16% from NOK 146 million in 2018. The operation achieved a robust quarterly profit margin of 7.2%.

The quarterly order intake totalled NOK 422 million. No major contracts were signed during the quarter, although a Phase 1 agreement was entered into for the construction of Nordal's holiday resort at Sønderborg in South Jutland.

At the end of the fourth quarter, the order book stood at NOK 2.0 billion, compared to NOK 2.2 billion at the beginning of the quarter and NOK 2.5 billion at year-end 2018.

KEY FIGURES PROPERTY DEVELOPMENT OPERATIONS

NOK million	Q4 2019	Q4 2018	2019	2018
Revenue	1 000	1 024	3 059	2 899
Profit before tax	96	162	344	388
Capital invested	6 885	4 748	6 885	4 748

PROFIT BEFORE TAX
NOK MILLION



RETURN ON INVESTED CAPITAL, 12-MONTH ROLLING¹⁾
PER CENT



KEY FIGURES RESIDENTIAL UNITS, VEIDEKKE'S SHARE

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	2018	2019
Number of units sold	200	170	206	274	161	567	850
Norway	73	68	75	162	52	288	378
Sweden	127	102	131	112	109	271	472
Construction starts	154	192	190	135	185	680	671
Norway	1	174	190	44	109	385	409
Sweden	153	18	-	91	76	295	262
Number of units under construction	1 575	1 676	2 144	2 214	2 116	2 116	1 575
Norway	818	932	785	643	599	599	818
Sweden	757	744	1 359	1 571	1 517	1 517	757
Sales ratio, units under construction (%)	80	81	84	84	80	80	80
Norway	71	72	71	75	70	70	71
Sweden	89	92	91	88	84	84	89
Number of units in land bank	15 200	15 100	14 700	14 800	15 100	15 100	15 200
Norway	5 000	5 000	5 200	5 300	5 400	5 400	5 000
Sweden	10 200	10 100	9 500	9 500	9 700	9 700	10 200

PROPERTY DEVELOPMENT OPERATIONS

The fourth-quarter revenues of Veidekke's property development operation totalled NOK 1.0 billion, on a par with last year. The pre-tax profit amounted to NOK 96 million, compared to NOK 162 million in Q4 2018. The quarterly profit includes NOK 40 million in development gains in Sweden, while the profit for the corresponding quarter of last year included development gains in both countries totalling NOK 91 million.

In 2019 overall, the property development operation achieved revenues of NOK 3.1 billion, up from NOK 2.9 billion in 2018. The annual profit totalled NOK 344 million, compared to NOK 388 million last year. The Norwegian operation improved its profits in 2019, but a significant drop in residential production in Sweden reduced profits year-on-year. Development gains accounted for NOK 110 million of profits, compared to NOK 112 million in 2018.

Veidekke sold 256 residential units – including partner units – in Q4 2019, compared to 220 in Q3 2019 and 200 in Q4 2018. Veidekke's share of sales during the quarter was 200 units. 276 residential units were released for sale during the quarter, comprising three projects in Sweden and two in Norway. In 2019 as a whole, 1,155 residential units were sold, up from 723 units in 2018. Veidekke's share of these residential sales amounted to 850 units. The residential sales were valued at NOK 6.3 billion. The majority of the sales increase was achieved in Norway, driven primarily by a successful sales start to a major residential project in Oslo. There was also strong demand for ongoing projects in both Oslo and Trondheim. In Sweden, strong demand for new residential units in Gothenburg and Skåne contributed to a slight increase in residential sales in 2019.

Veidekke's share of residential units under construction amounted to 1,575 units at the end of the fourth quarter, compared to 1,676 at the beginning of the quarter and 2,116 at the end of Q4 2018. Residential production in Sweden has fallen by 50% compared to the same period last year, while production in Norway has increased by approximately 35%. The sales ratio of the portfolio was 80%, compared to 81% in the preceding quarter and 80% in the same quarter of last year.

As at the end of the fourth quarter, the group's land bank encompassed approximately 18,550 potential residential units, with Veidekke's share amounting to 15,200 units. During the quarter, a new valuation was undertaken of the largest plots in Norway and Sweden. This revealed excess value above book value estimated at NOK 1.5 billion, of which NOK 1.0 billion relates to the Norwegian operation, and NOK 500 million to the Swedish operation. The excess value is related to purchased land, not land purchase options.

As a result of several land purchases in both Norway and Sweden in 2019 and a low number of building starts in Stockholm, the capital invested in the property development operation increased to NOK 6.9 billion, from NOK 4.7 billion. The 12-month rolling return on invested capital was 8.4%, compared to 11.3% one year ago.

Veidekke has decided to spin out the property development operation with an amended ownership structure. Consideration will be given to both stock-exchange listing and the sale of all or part of the property development operation. Veidekke has engaged ABG Sundal Collier to advise on the process. See Note 4 to this report for financial information on the property development operation.

Property Development Norway

NOK million	Q4 2019	Q4 2018	2019	2018
Revenue	280	306	1 135	735
Profit before tax	42	71	226	163
No. of units under construction ¹⁾	818	599	818	599
No. of units sold ¹⁾	73	52	378	288

1) A significant portion of Veidekke's Norwegian property development operations takes place in joint ventures. The figures in the table illustrate Veidekke's share.

The Norwegian property development operation achieved fourth-quarter revenues of NOK 280 million, compared to NOK 306 million in the same quarter of last year. The pre-tax profit amounted to NOK 42 million, compared to NOK 71 million in Q4 2018. The residential production operation increased its contribution compared to the fourth quarter of last year, when the quarterly profit included development gains on the sale of two projects totalling NOK 46 million.

Revenues totalled NOK 1,135 million in 2019, up from NOK 735 million in 2018. The pre-tax profit amounted to NOK 226 million, compared to NOK 163 million last year. An increase in residential production and high demand in ongoing projects contributed to improved profits in 2019. The operation sold one commercial project and one residential project in 2019, generating total development gains of NOK 61 million. In comparison, the 2018 profit included development gains of NOK 60 million.

The Norwegian property development operation sold 99 residential units in Q4 2019 – including partner units – compared to 104 in Q3 2019 and 89 in Q4 2018. Veidekke's share amounted to 73 residential units. Two new projects in Sandnes and Trondheim totalling 124 units were released for sale in the fourth quarter. In 2019 as a whole, 611 residential units – including jointly owned projects – were sold, compared to 437 in 2018.

Residential production has increased compared to last year. The Norwegian property development operation had 818 residential units under construction at quarter-end, compared to 932 at the end of Q3 and 599 one year ago. 114 residential units were delivered during the quarter, but no new projects were started. The sales ratio for residential units under construction was 71%, compared to 72% in the preceding quarter and 70% one year ago.

At quarter-end, the Norwegian operation's land bank encompassed approximately 7,200 potential residential units, of which Veidekke's share amounted to 5,000 units.

Veidekke's commercial property portfolio includes development projects focused on office premises and logistics facilities. Together with partners, Veidekke is currently executing a 6,000 m² commercial property project in Bergen. The building is already almost fully rented, and will be ready for occupation by tenants in the first quarter of 2021.

The invested capital amounted to NOK 4.3 billion at year-end, up from NOK 3.1 billion last year. Adjusted for tax costs arising in associated and jointly controlled companies, the return on invested capital over the preceding 12 months was 9.4%.

Property Development Sweden

NOK million	Q4 2019	Q4 2018	2019	2018
Revenue	721	719	1 924	2 165
Profit before tax	54	91	118	225
No. of units under construction ¹⁾	757	1 517	757	1 517
No. of units sold	127	109	472	271

1) The figures in the table illustrate Veidekke's share..

The Swedish property development operation achieved fourth-quarter revenues of NOK 721 million, compared to NOK 719 million in the same period last year. The pre-tax profit totalled NOK 54 million, compared to NOK 91 million in Q4 2018. This profit includes NOK 40 million in development gains on sales of plots and rental apartments. The decline in profits compared to same quarter last year is primarily attributable to lower residential production.

Total revenues in 2019 amounted to NOK 1.9 billion, compared to NOK 2.2 billion the previous year. The annual profit for 2019 was NOK 118 million, compared to NOK 225 million in 2018. A low number of building starts reduced residential production and profits compared to last year.

The Swedish property development operation sold 157 residential units in Q4 2019, compared to 116 units in Q3 2019 and 111 units in Q4 2018. Veidekke's share of sales during the quarter amounted to 127 units. In the fourth quarter, three projects totalling 152 residential units were released for sale, with Veidekke's share amounting to 136 units. Two of the projects were situated in Gothenburg, and one in Malmö. In total, 544 residential units were sold in 2019, of which Veidekke's share was 472.

As at year-end, Veidekke had 942 residential units under construction, of which Veidekke's share amounted to 757 units. In comparison, 744 residential units were under construction at the beginning of the quarter, and 1,517 at the end of Q4 2018. Production of five projects totalling 202 residential units started during the quarter, while two projects totalling 158 units were completed. The sales ratio for residential units under construction was 89%, compared to 92% in Q3 2019 and 84% one year ago. As at quarter-end, the operation had 30 completed but unsold residential units, compared to 28 units in Q3.

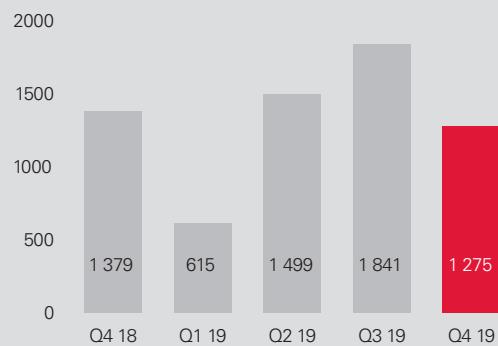
The Swedish property development operation's land bank encompasses 11,350 potential residential units, with Veidekke's share amounting to 10,200 units.

The invested capital amounted to NOK 2.6 billion at the end of the fourth quarter, up from NOK 1.6 billion at the end of Q4 2018. The return on invested capital over the preceding 12 months was 6.5%.

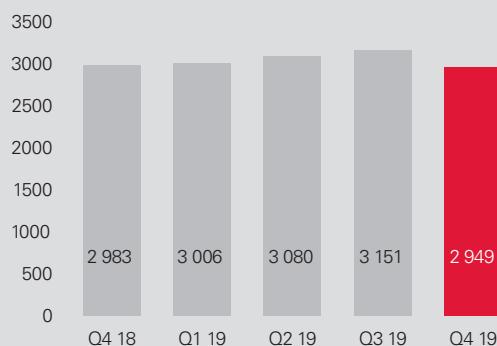
KEY FIGURES INDUSTRIAL

NOK million	Q4 2019	Q4 2018	2019	2018
Revenue	1 275	1 379	5 229	4 894
Profit before tax	30	-4	183	40
Profit margin (%)	2.3	-0.3	3.5	0.8
Order backlog	1 229	933	1 229	933

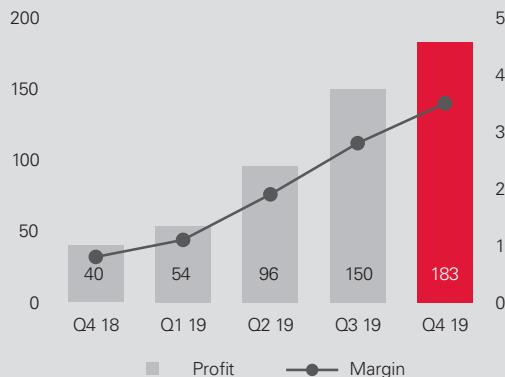
REVENUE
NOK MILLION



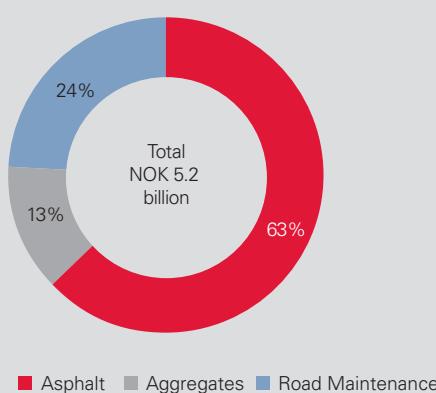
ASPHALT VOLUME, 12-MONTH ROLLING
THOUSAND TONNES



PROFIT AND MARGIN, 12-MONTH ROLLING
NOK MILLION



REVENUE BY BUSINESS AREA, LAST 12 MONTHS



INDUSTRIAL



The industrial operation generated revenues of NOK 1.3 billion in Q4 2019, compared to NOK 1.4 billion in the same period last year. The decrease in total revenue is primarily due to lower demand from the Norwegian Public Roads Administration. The quarterly pre-tax profit totalled NOK 30 million, and includes a one-off NOK 15 million effect linked to reimbursement of carbon tax for 2018.

Annual revenues totalled NOK 5.2 billion in 2019, compared to NOK 4.9 billion the previous year. The increase is primarily attributable to the road maintenance operation, which had a larger number of ongoing contracts than in 2018. Asphalt volumes were on a par with the preceding year. Profits rose to NOK 183 million in 2019, up from NOK 40 million last year. Profits improved in all business areas, primarily as a result of implemented operational improvements and price adjustments. The profit margin for 2019 totalled 3.5%, compared to 0.8% in 2018.

The asphalt operation achieved revenues of NOK 717 million in Q4, compared to NOK 911 million last year. The decline in revenues since 2018 is linked to lower demand from the Norwegian Public Roads Administration. The quarterly profit amounted to NOK 10 million. Revenues for the year as a whole totalled NOK 3.3 billion, on a par with 2018.

The pre-tax profit was NOK 83 million in 2019, compared to NOK 3 million in 2018. The operation initiated a broad

improvement programme in response to its weak performance in 2018. While the measures have had an effect, profitability remains unsatisfactory, and the improvement efforts will therefore continue in 2020.

The road maintenance operation generated revenues of NOK 402 million in the fourth quarter, compared to NOK 318 million in the same quarter last year. The quarterly profit totalled NOK 13 million, compared to a loss of NOK 8 million in Q4 2018. Revenues for the year as a whole amounted to NOK 1.3 billion, 20% higher than in 2018. This growth is attributable to an increase in the number of ongoing portfolio projects following the Norwegian Public Roads Administration's exercise of one-year extension options under three contracts due to conclude in 2019. The annual profit for 2019 was NOK 7 million, compared to a loss of NOK 35 million in 2018. The profit increase is the result of operational improvements and contractual adjustments.

The aggregates operation achieved revenues of NOK 156 million in Q4 2019, on a par with the same quarter last year. The quarterly profit amounted to NOK 7 million, compared to NOK 11 million in Q4 2018. The profit for 2019 as a whole was NOK 93 million, up from NOK 73 million in 2018. The profit margin for 2019 was 14.6%. The profit improvement is primarily attributable to the landfill operation.

OCCUPATIONAL HEALTH AND SAFETY

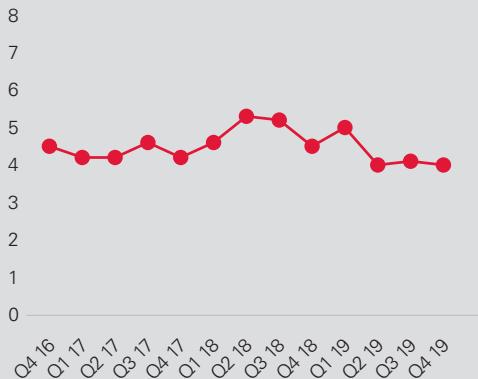
A total of 83 injuries were reported in the fourth quarter, including one classed as serious. In comparison, 90 injuries were reported in Q3 2019, and 80 in Q4 2018. In 2019 as a whole, six serious injuries were reported, compared to 13 in 2018. The total number of injuries registered in 2019 was 358, compared to 407 in 2018 – a reduction of 12%.

The fourth-quarter LTI (lost time injury) rate was 4.0, compared to 4.1 in the preceding quarter and 4.5 in Q4 2018.

Veidekke's sick leave rate was 4.1% in the fourth quarter, compared to 3.4% in the third quarter and 4.1% in Q4 2018. Employees in the building construction and civil engineering industries are vulnerable to muscular and wear-and-tear injuries, and Veidekke seeks to prevent sick leave due to such injuries by providing training, preventive physical exercise and facilitation.

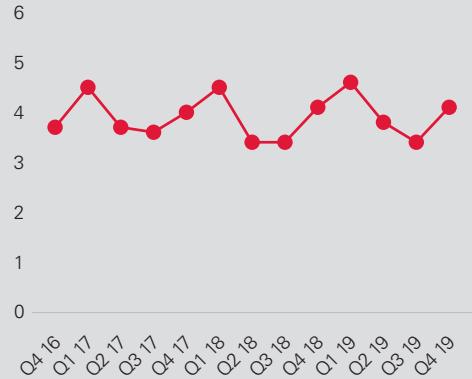
Veidekke's aim is to reduce the number of serious injuries to zero by the end of 2020. With this in mind, an ambitious programme to improve and standardise key health and safety processes in the group will be rolled out in 2020.

LTI RATE



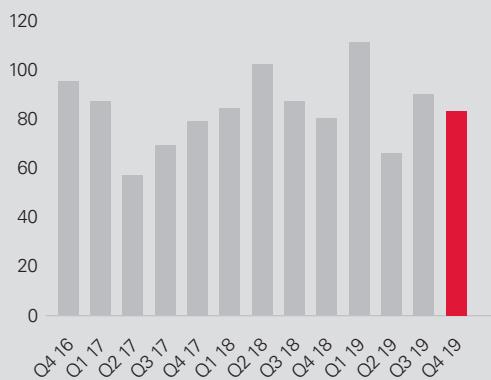
LTI rate: Lost-time injuries per million hours worked, own employees.

SICKNESS ABSENCE



Sickness absence, own employees, per cent.

TOTAL NUMBER OF INJURIES



Number of injuries, own employees and subcontractors.

SERIOUS INJURIES



Number of injuries, own employees and subcontractors.

OTHER OPERATIONS

Other operations consist of unallocated costs associated with the group's corporate administration and financial management, the group's ownership role in Public–Private Partnerships (PPP) and the elimination of intra-group profits. The result for the fourth quarter was a loss of NOK 32 million.

FINANCIAL SITUATION

As at year-end, net interest-bearing debt amounted to NOK 2,653 million, up from NOK 1,470 million as at year-end 2018. The increase over the course of the year is in accordance with the group's financial plan, and is primarily attributable to payments for previously agreed plot purchases. Cash flow from operational activities totalled NOK 115 million for the year as a whole, compared to NOK 1,400 million last year. Settlements in several major legal disputes and equipment and machinery sales had a positive liquidity effect of NOK 520 million in 2019. Investments in operating assets – less lease agreements pursuant to IFRS 16 – were halved and amounted to NOK 541 million, compared to NOK 1,141 million in the same period last year.

In December 2019, Veidekke entered into a new two-year loan agreement with DNB. The new loan agreement matures in 2021, and is subject to the same credit limit as the previous loan agreement. In addition, Veidekke has signed a NOK 2.3 billion credit facility with SEB which also matures in 2021 but includes an option to extend for a further 12 months. As at 31 December 2019, unutilised credit amounted to NOK 4.6 billion.

SHAREHOLDER INFORMATION

Largest shareholders as at 31 December 2019	Ownership share in %
OBOS BBL	18.1%
FOLKETRYGDFONDET	10.3%
IF SKADEFORSÄKRING AB	4.1%
LANDSFORSÄKRINGAR FASTIGHETSFOND	3.2%
HANDELSBANKEN NORDEN SELEKTIV	2.9%
VERDIPAPIRFONDET DNB NORGE	2.4%
DANSKE INVEST NORSKE INSTIT. II.	2.3%
MUST INVEST AS	2.2%
MP PENSJON PK	2.0%
ODIN NORGE	1.9%
Foreign shareholders	27.6%
Employees, total ownership	15.1%

A total of 8.3 million Veidekke shares were traded in the fourth quarter of 2019. The share price ranged from NOK 98.75 to NOK 121.00, and was NOK 119.50 at 31 December 2019.

Pursuant to a board resolution, Veidekke implemented a private placing to employees at the end of November, at a 20% discount to the average stock-exchange price during the subscription period. 1,251,325 new shares were issued, and following the placing the company's share capital now totals NOK 67,478,133.50, divided among 134,956,267 shares with a nominal value of NOK 0.50 each.

RELATED PARTY TRANSACTIONS

Veidekke has ongoing transactions with related parties during the course of its ordinary operations, including contracts for the development of specific projects. There were no significant related party transactions in the third quarter of 2019 beyond this. For a more detailed description of related party transactions, see Veidekke's 2018 Annual Report.

RISKS

Risk management is an important aspect of Veidekke's business, which primarily involves the execution of individual projects. The projects vary greatly in terms of complexity, size, duration and risk, and systematic risk management in all parts of the business and during all project phases is therefore of crucial importance. This encompasses matters such as project selection, processes, tender quality, project follow-up and project execution.

Having the necessary expertise to ensure optimal assignment execution is key when deciding which projects to tender for. At the tender preparation stage, risks are identified and assessed, and plans are made for managing risk during the execution phase. Veidekke's project portfolio is increasing in size and complexity, making risk management a high priority for the group. Certain forms of contract permit differing interpretations of contractual performance, giving room for disagreement between contractor and client regarding final payment. This applies particularly to transport infrastructure projects, in which the contractual sums are large. Although Veidekke seeks to reach agreement with clients through negotiations, some disputes do end up in the court system. As at the end of the fourth quarter, Veidekke was involved in two major disputes currently before the courts.

The residential market is sensitive to cyclical fluctuations, and earnings in the property development operation are closely related to new project building starts. To reduce the risk associated with unsold residential units, Veidekke does not generally initiate construction work until a sales ratio of 50% has been achieved. As at the end of 2019, the sales ratio for all residential production was 80%.

The Swedish residential market, particularly in the Stockholm region, has weakened considerably over the past couple of years. As at quarter-end, Veidekke had 30 completed but unsold residential units in Sweden, as well as 85 unsold residential units under construction. Continuous consideration is given to new sales initiatives in projects which have been completed or are nearing completion. Caution among buyers and price pressure are leading to the deferment of new residential project building starts.

The Norwegian residential market is well-functioning, with satisfactory sales overall. New projects are being released for sale, and building starts are being approved on an ongoing basis as the sales ratio reaches 50%. As at quarter-end, the Norwegian operation had 14 completed but unsold residential units and 254 unsold residential units under construction.

Access to the raw material bitumen is critical for the industrial operation, due its central role in the production of asphalt. Veidekke's bitumen supplier, Nynäs, is under financial pressure, and uncertainty has arisen with respect to the company's continued operation. Nynäs operates a depot in Drammen, and is the only supplier of bitumen in eastern Norway. Any bankruptcy on the part of Nynäs would affect the entire asphalt industry in eastern Norway. Veidekke is therefore monitoring Nynäs' situation closely, and has established various alternatives to ensure continued raw material supply if Nynäs becomes unable to deliver.

Veidekke's financial risks are primarily related to trade receivables and interest-bearing debt. These risks are classified as credit, market and liquidity risks. For a more detailed statement on the company's financial risks, see Note 28 to Veidekke's 2018 Annual Report.

Veidekke's overall risk profile also includes climate risk, which has the potential to influence the group's operational, financial and market risks. Veidekke is exposed to physical climate risk, i.e. physical damage resulting from climate change, and transitional risk, i.e. societal changes linked to the transition to a low-emission society. Examples of the latter include changes in market conditions, government policy, regulatory frameworks, technology and reputational factors. In 2019, Veidekke ran a pilot project to investigate climate risk in the industrial operation. As a second step, surveys and analyses will now be performed for all the operational areas.

MARKET OUTLOOK

PRODUCTION IN CONSTRUCTION AND CIVIL ENGINEERING

Current prices, NOK billion

	NORWAY					SWEDEN					DENMARK				
	2018 ¹⁾	2018 ¹⁾ Growth	2019 ²⁾	2021 ²⁾	2021 ²⁾ Growth	2018 ¹⁾	2018 ¹⁾ Growth	2019 ²⁾	2020 ²⁾	2021 ²⁾ Growth	2018 ¹⁾	2018 ¹⁾ Growth	2019 ²⁾	2020 ²⁾	2021 ²⁾ Growth
Apartments and small houses	68	6%	-6%	-1%	3%	99	2%	-13%	-1%	11%	42	8%	0%	-2%	-5%
Commercial buildings	45	4%	1%	1%	2%	49	9%	9%	21%	10%	46	-3%	-2%	-9%	3%
Public buildings	27	-3%	11%	13%	6%	35	14%	7%	-1%	2%	18	0%	3%	5%	5%
Civil engineering	87	8%	3%	2%	2%	81	10%	3%	4%	4%	68	13%	3%	0%	5%
Total contracting production	227	5%	1%	2%	3%	264	7%	-1%	5%	7%	174	6%	1%	-2%	2%

1) Sources: Statistics Norway, Statistics Sweden, Statistics Denmark

2) Veidekke's forecasts

NORWAY

Production in the Norwegian construction and civil engineering market is high, but is now slowing following a prolonged period of strong growth. Residential production was higher than expected throughout 2019, and the number of new project building starts increased following a correction in 2017 and 2018. In the public buildings segment, future growth is forecast as a result of nationwide investment in new hospitals. Assuming these projects are realised, production of health and care service buildings is expected to double by 2021. Growth in the civil engineering market is forecast to taper off at a high activity level in 2020. The draft fiscal budget for 2020 provides for continued high investment in transport infrastructure, with particularly strong growth in railways development, while the prospects for maintenance are more moderate. A considerable proportion of the maintenance budget has been earmarked for tunnel upgrades, and lower volumes are therefore anticipated in the road asphalt business. In 2020, the Norwegian economy is expected to grow strongly, and the labour market is forecast to be robust. Interest rates are expected to remain unchanged in the year ahead.

SWEDEN

The Swedish construction and civil engineering market is split between the Stockholm/Uppsala region – where production is low and approaching a cyclical low point

– and other regions, where activity levels are high. The decline in the residential market is expected to continue until mid-2020, with more positive prospects thereafter. Growth is anticipated in the commercial buildings segment, particularly in the Gothenburg region. In the civil engineering market, increased rail and energy investment will boost production in 2020. Growth in the Swedish economy is showing signs of slowing in response to weaker international economic growth, but economic prospects remain strong. While interest rates were raised somewhat in 2019, no further interest rate rises are expected this year.

DENMARK

Following several years of strong growth driven by high residential activity, production in the Danish construction and civil engineering market is expected to decline. Further growth is forecast for the Copenhagen region, where activity is significantly higher than in the rest of the country. In the non-residential buildings segment, growth and prospects remain stable, although production forecasts for 2020 have been reduced somewhat. Following a period of strong growth in the Danish economy, future developments will be impacted by a weakening international economy. However, the labour market is expected to remain stable in 2020.

Oslo, 10 February 2020
The Board of Directors of Veidekke ASA

Svein Richard Brandtzæg
Chair

Hans von Uthmann

Gro Bakstad

Ingall Berglund

Ingolv Høyland

Tone Hegland Bachke

Inge Ramsdal

Odd Andre Olsen

Arve Fludal

Jimmy Bengtsson
Group CEO

INCOME STATEMENT¹⁾

Figures in NOK million	Q4 2019	Q4 2018 restated	2019	2018 restated
Revenue	10 039	9 764	36 569	33 974
Operating expenses	-9 785	-9 457	-35 020	-33 273
Share of net income from joint ventures	-97	15	-67	39
Operating profit before depreciation (EBITDA)	157	321	1 482	740
Depreciation/impairment	-231	-160	-887	-587
Operating profit (EBIT)	-74	161	595	153
Financial income	9	25	56	72
Financial costs	-15	-13	-54	-30
Pre-tax profit, operations held for sale	-80	173	596	195
Tax expenses	-10	-40	-145	-42
Post-tax profit, continued operations	-89	133	451	153
of which non-controlling interests	14	4	48	34
Post-tax profit, operations held for sale	68	185	217	421
of which non-controlling interests	-	-	-	-
Post-tax profit for the period	-21	318	667	574
Profit per share (NOK), continued operations	-0.8	1.0	3.0	0.9
Profit per share (NOK), operations held for sale	0.5	1.4	1.6	3.1
Profit per share (NOK), continued operations and operations held for sale	-0.3	2.3	4.6	4.0

1) The post-tax profit/loss in respect of operations held for sale is presented on a separate line in the income statement, while continued operations are presented exclusive of operations held for sale. Operating income and pre-tax profit/loss items relate solely to continued operations. See Note 2 Accounting principles for further details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
Post-tax profit	-21	318	667	574
Revaluation of pensions	14	-7	14	-7
Net items that will not be reclassified subsequently to profit or loss	14	-7	14	-7
Currency translation differences	32	120	-53	-48
Fair value adjustment of financial assets	33	-22	11	-1
Net items that may be reclassified subsequently to profit or loss	65	98	-42	-49
Total comprehensive income	58	408	639	518
of which non-controlling interests	15	7	48	34

STATEMENT OF FINANCIAL POSITION¹⁾

Figures in NOK million	31.12.2019	01.01.2019	31.12.2018
ASSETS			
Non-current assets			
Goodwill	1 790	1 807	1 807
Other intangible assets	94	149	149
Deferred tax assets	8	-	-
Land and buildings	1 253	1 393	646
Plant and machinery	2 644	2 892	2 694
Investments in joint ventures	219	1 433	1 433
Financial assets	535	508	508
Total non-current assets	6 542	8 183	7 238
Current assets			
Residential projects	57	4 309	4 309
Inventories	544	564	564
Trade and other receivables, contract assets	5 755	6 527	6 527
Cash and cash equivalents	241	197	197
Total current assets	6 598	11 597	11 597
Total assets held for sale	8 169	-	-
Total assets	21 309	19 780	18 835
EQUITY AND LIABILITIES			
Equity			
Share capital	67	67	67
Other equity	3 907	3 892	3 892
Non-controlling interests	24	25	25
Total equity	3 998	3 983	3 983
Non-current liabilities			
Pensions and deferred tax liabilities	917	846	846
Bonds	1 600	1 600	1 600
Amounts due to credit institutions	1 507	248	248
Other non-current liabilities	1 161	1 099	414
Total non-current liabilities	5 186	3 793	3 108
Current liabilities			
Debt to credit institutions	12	36	36
Trade payables and warranty provisions	6 616	6 989	6 989
Public duties and taxes payable	751	867	867
Other current liabilities and contract liabilities	2 914	4 112	3 852
Total current liabilities	10 292	12 004	11 744
Total liabilities related to assets held for sale	1 833	-	-
Total equity and liabilities	21 309	19 780	18 835

1) In the balance sheet as at 31 December 2019, all items relating to the property development operation are presented as assets and liabilities held for sale.

STATEMENT OF CASH FLOWS

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
Pre-tax profit, continued operations	-80	173	596	195
Pre-tax profit, operations held for sale	75	159	209	406
Tax paid	-13	-42	-85	-106
Depreciation/impairment	235	165	893	594
Other operational items	2 028	153	-1 499	311
Cash flow from operating activities	2 245	608	115	1 400
Acquisition/disposal of property, plant and equipment	-165	-279	-537	-938
Other investing activities	-66	-10	-74	-284
Change in interest-bearing receivables	-20	7	21	-
Cash flow from investing activities	-251	-282	-590	-1 221
Change in interest-bearing liabilities	-2 074	-591	1 263	376
Dividend paid	-	-	-669	-668
Capital increase	115	-	115	-
Change other non-current liabilities	102	24	8	20
Other financial items	-46	-14	-155	-93
Cash flow from financing activities	-1 903	-581	563	-365
Change in cash and cash equivalents	91	-254	87	-185
Cash and cash equivalents, start of period	190	434	197	392
Exchange rate adjustment foreign cash balances	1	17	-2	-10
Cash and cash equivalents, end of period	283	197	283	197

NET INTEREST-BEARING POSITION

Figures in NOK million	31.12.2019	31.12.2018
Cash and cash equivalents	283	197
Interest-bearing assets (long-term)	195	216
Interest-bearing liabilities	-3 131	-1 884
Net interest-bearing position	-2 653	-1 470
Change in net interest-bearing position (from 1 Jan)	-1 183	-706

OTHER KEY FIGURES

Figures in NOK million	31.12.2019	31.12.2018
Order backlog (NOK million)	35 515	34 640
Equity ratio (%)	19	21
Number of employees	8 557	8 568

BUSINESS SEGMENTS

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
CONSTRUCTION (specification page 27)				
Revenue	9 091	8 604	32 158	29 569
Operating expenses	-8 916	-8 343	-30 989	-29 057
Share of net income from joint ventures	-106	4	-103	8
Depreciation/impairment	-149	-102	-568	-365
Operating profit (EBIT)	-80	163	498	156
Net financial items	2	25	18	63
Pre-tax profit (EBT)	-78	187	516	219
Total assets, segment	13 864	12 450	13 864	12 450
PROPERTY (specification page 28)				
Revenue	1 000	1 024	3 059	2 899
Operating expenses	-926	-853	-2 852	-2 603
Share of net income from joint ventures	34	-2	175	126
Depreciation/impairment	-4	-5	-6	-6
Operating profit (EBIT)	104	165	375	416
Net financial items	-8	-2	-32	-28
Pre-tax profit (EBT)	96	162	344	388
Total assets, segment	8 704	6 885	8 704	6 885
INDUSTRIAL				
Revenue	1 275	1 379	5 229	4 894
Operating expenses	-1 170	-1 317	-4 758	-4 617
Share of net income from joint ventures	2	2	12	6
Depreciation/impairment	-67	-55	-262	-211
Operating profit (EBIT)	40	9	222	72
Net financial items	-10	-13	-38	-32
Pre-tax profit (EBT)	30	-4	183	40
Total assets, segment	2 452	2 467	2 452	2 467
OTHER OPERATIONS¹⁾				
Revenue	-	1	1	2
Operating expenses	-23	-11	-92	-88
Share of net income from joint ventures	8	9	24	25
Depreciation/impairment	-15	-3	-58	-12
Operating profit (EBIT)	-30	-4	-124	-73
Net financial items	7	6	38	22
Pre-tax profit (EBT)	-23	2	-86	-51

1) Other operations include the group's central unassigned costs and net financial items, plus Veidekke's involvement in public-private partnerships (PPP).

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
GROUP ELIMINATIONS				
Revenue	-576	-462	-1 668	-1 780
Operating expenses	567	460	1 662	1 779
Share of net income from joint ventures	-	-	-	-
Depreciation/impairment	-	-	-	-
Operating profit (EBIT)	-9	-3	-6	-2
Net financial items	1	-4	-10	-4
Pre-tax profit (EBT)	-8	-7	-16	-6
TOTAL VEIDEKKE GROUP				
SEGMENT ACCOUNTS				
Revenue	10 792	10 546	38 779	35 584
Operating expenses	-10 469	-10 063	-37 028	-34 586
Share of net income from joint ventures	-63	13	108	165
Depreciation/impairment	-235	-165	-893	-594
Operating profit (EBIT)	25	330	965	570
Net financial items	-9	11	-24	21
Pre-tax profit (EBT)	16	341	941	591
Total assets	21 608	18 999	21 608	18 999

RECONCILIATION OF SEGMENT ACCOUNTS AND FINANCIAL ACCOUNTS

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
TOTAL VEIDEKKE GROUP SEGMENT ACCOUNTS				
Revenue	10 792	10 546	38 779	35 584
Operating expenses	-10 469	-10 063	-37 028	-34 586
Share of net income from joint ventures	-63	13	108	165
Depreciation/impairment	-235	-165	-893	-594
Operating profit (EBIT)	25	330	965	570
Net financial items	-9	11	-24	21
Pre-tax profit (EBT)	16	341	941	591
Income tax expenses	-16	-11	-155	-24
Post-tax profit	-	330	786	567
Total assets, segment	21 608	18 999	21 608	18 999
IFRS 15 ADJUSTMENTS, DEVELOPMENT OF RESIDENTIAL UNITS IN NORWAY¹⁾²⁾				
Revenue	-62	-51	-558	83
Operating expenses	40	36	456	-71
Share of net income from joint ventures	2	5	-34	-2
Depreciation/impairment	-	-	-	-
Operating profit (EBIT)	-21	-9	-135	10
Net financial items	-	-	-	-
Pre-tax profit (EBT)	-21	-9	-135	10
Income tax expense	-1	-3	17	-4
Post-tax profit	-21	-12	-119	7
Total assets	-299	-163	-299	-163

1) Under IFRS, income and earnings from completed residential units in Norway are not recognised until the date on which a unit is delivered to the buyer. In the internal monitoring of residential projects, the reporting occurs on a percentage of completion basis, meaning that revenue and expenses are recognised based on the following formula: estimated final outcome x stage of completion x sales ratio.

2) See also Note 2 Accounting policies.

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
SEPARATION OF OPERATIONS HELD FOR SALE				
Revenue	-690	-732	-1 652	-1 694
Operating expenses	644	570	1 552	1 384
Share of net income from joint ventures	-36	-3	-141	-123
Depreciation/impairment	4	5	6	6
Operating profit (EBIT)	-78	-160	-235	-427
Net financial items	3	1	26	20
Pre-tax profit (EBT)	-75	-159	-209	-406
Income tax expense	7	-26	-7	-14
Post-tax profit	-68	-185	-217	-421

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
TOTAL VEIDEKKE GROUP FINANCIAL ACCOUNTS, CONTINUED OPERATIONS				
Revenue	10 039	9 764	36 569	33 974
Operating expenses	-9 785	-9 457	-35 020	-33 273
Share of net income from joint ventures	-97	15	-67	39
Depreciation/impairment	-231	-160	-887	-587
Operating profit (EBIT)	-74	161	595	153
Net financial items	-6	12	2	42
Pre-tax profit (EBT)	-80	173	596	195
Income tax expenses	-10	-40	-145	-42
Post-tax profit	-89	133	451	153
Total assets group	21 309	18 835	21 309	18 835

CONSTRUCTION OPERATIONS BY COUNTRY

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
BUILDING CONSTRUCTION NORWAY				
Revenue	4 146	3 603	14 356	13 070
Operating expenses	-4 079	-3 488	-13 866	-12 615
Share of net income from joint ventures	-	-	-	-
Depreciation/impairment	-42	-19	-150	-70
Operating profit (EBIT)	25	96	341	386
Net financial items	9	12	46	57
Pre-tax profit (EBT)	34	109	387	443
CIVIL ENGINEERING NORWAY				
Revenue	1 105	1 394	4 641	4 427
Operating expenses	-1 068	-1 369	-4 406	-4 798
Share of net income from joint ventures	5	3	5	3
Depreciation/impairment	-52	-49	-221	-193
Operating profit (EBIT)	-11	-22	19	-561
Net financial items	-7	-3	-35	-23
Pre-tax profit (EBT)	-17	-25	-16	-584
TOTAL CONSTRUCTION NORWAY				
Revenue	5 251	4 998	18 997	17 497
Operating expenses	-5 146	-4 857	-18 271	-17 413
Share of net income from joint ventures	5	3	5	3
Depreciation/impairment	-94	-69	-371	-263
Operating profit (EBIT)	15	74	360	-175
Net financial items	2	10	11	35
Pre-tax profit (EBT)	17	84	371	-141
Total assets, segment	8 794	7 637	8 794	7 637

CONSTRUCTION OPERATIONS BY COUNTRY, CONTINUED

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
CONSTRUCTION SWEDEN				
Revenue	3 215	3 086	10 803	9 855
Operating expenses	-3 222	-2 990	-10 558	-9 566
Share of net income from joint ventures	-110	1	-108	5
Depreciation/impairment	-47	-31	-166	-93
Operating profit (EBIT)	-164	66	-29	201
Net financial items	-1	2	4	13
Pre-tax profit (EBT)	-165	68	-25	214
Total assets, segment	3 679	3 487	3 679	3 487
CONSTRUCTION DENMARK				
Revenue	626	520	2 358	2 218
Operating expenses	-548	-495	-2 160	-2 079
Share of net income from joint ventures	-	-	-	-
Depreciation/impairment	-8	-2	-31	-9
Operating profit (EBIT)	69	23	167	130
Net financial items	1	13	2	16
Pre-tax profit (EBT)	70	36	169	146
Total assets, segment	1 391	1 326	1 391	1 326
TOTAL CONSTRUCTION OPERATIONS				
Revenue	9 091	8 604	32 158	29 569
Operating expenses	-8 916	-8 343	-30 989	-29 057
Share of net income from joint ventures	-106	4	-103	8
Depreciation/impairment	-150	-102	-568	-365
Operating profit (EBIT)	-80	163	498	156
Net financial items	2	25	18	63
Pre-tax profit (EBT)	-78	187	516	219
Total assets, segment	13 864	12 450	13 864	12 450

PROPERTY DEVELOPMENT BY COUNTRY

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
PROPERTY DEVELOPMENT NORWAY				
Revenue	280	306	1 135	735
Operating expenses	-257	-248	-1 038	-653
Share of net income from joint ventures	28	21	165	116
Depreciation/impairment	-2	-3	-4	-4
Operating profit (EBIT)	49	76	259	194
Net financial items	-7	-4	-33	-31
Pre-tax profit (EBT)	42	71	226	163
Total assets, segment	4 832	3 599	4 832	3 599
PROPERTY DEVELOPMENT SWEDEN				
Revenue	721	719	1 924	2 165
Operating expenses	-669	-605	-1 813	-1 949
Share of net income from joint ventures	6	-23	9	9
Depreciation/impairment	-2	-2	-3	-3
Operating profit (EBIT)	55	89	117	222
Net financial items	-1	2	1	3
Pre-tax profit (EBT)	54	91	118	225
Total assets, segment	3 872	3 287	3 872	3 287
TOTAL PROPERTY DEVELOPMENT				
Revenue	1 000	1 024	3 059	2 899
Operating expenses	-926	-853	-2 852	-2 603
Share of net income from joint ventures	34	-2	175	126
Depreciation/impairment	-4	-5	-6	-6
Operating profit (EBIT)	104	165	375	416
Net financial items	-8	-2	-32	-28
Pre-tax profit (EBT)	96	162	344	388
Total assets, segment	8 704	6 885	8 704	6 885

STATEMENT OF CHANGES IN EQUITY

Figures in NOK million	EQUITY HOLDERS OF VEIDEKKE ASA							MINORITY		
	Share capital	Other paid-in capital ¹⁾	Re-evaluation of pensions	Currency translation differences	Other retained earnings	Fair value adjustment ²⁾	Other comprehensive income, operations held for sale	Total	Non-controlling interests	Total
Equity at 1.1.2018	67	305	-22	107	3 843	-101	-	4 199	22	4 220
Profit for the year					540			540	34	574
Other comprehensive income			-7	-48		-1		-56		-56
IFRS 2 – share-based transactions employees					-23			-23		-23
Additions, aquisitions of operations, non-controlling interests									77	77
Transactions, non-controlling interests					-33			-33	-85	-118
Dividend					-668			-668	-23	-691
Equity at 31.12.2018	67	305	-30	60	3 658	-101	-	3 959	25	3 983
Equity at 1.1.2019	67	305	-30	60	3 658	-101	-	3 959	25	3 983
Operations held for sale				5	-45		40	-		-
Profit for the year					619			619	48	667
Other comprehensive income			16	-32	3	8	-23	-28	-	-28
Capital increase	1	114						115		115
IFRS 2 – share-based transactions employees					10			10		10
Transactions, non-controlling interests					-33			-33	-23	-56
Dividend					-669			-669	-25	-694
Equity at 31.12.2019	67	419	-9	-17	3 589	-93	17	3 974	24	3 998

1) Paid-in capital over and above nominal value of shares.

2) Change in fair value of available-for-sale shares and hedging instruments that qualify for hedge accounting.

There have been no purchases of own shares in 2019.

NOTE 1. GENERAL INFORMATION

At a board meeting on 13 November 2019, Veidekke's board of directors decided to split the group into two separate operations, and to amend the ownership structure of the property development operation. This has influenced the presentation of both the profit and loss account and the balance sheet. Reference is made to Note 2 Accounting principles and the presentation of the effects in Note 4 Operations held for sale.

Veidekke is a Scandinavian construction and property development company headquartered in Oslo. The consolidated accounts for Q4 2019 include Veidekke ASA and its subsidiaries and the group's investments in associates and joint ventures. At the end of Q4 2019, the group comprised essentially the same entities as described in the 2018 annual report. The interim financial statements are unaudited.

NOTE 2. ACCOUNTING PRINCIPLES

The group's financial reports are prepared in accordance with international accounting standards (IFRS) approved by the EU. The quarterly accounts have been prepared in accordance with IAS 34 on interim financial reporting, and comply with applicable stock-exchange rules. The quarterly accounts were prepared in accordance with the same accounting principles as the annual accounts for 2018, with the exception of the new IFRS 16 standard on the accounting treatment of leases, which became effective on 1 January 2019.

IFRS 5 Non-current assets held for sale

The decision has been made to split the group into two separate operations, and to amend the ownership structure of the property development operation.

Veidekke presents a disposal group as being held for sale if the balance sheet value will largely be recovered through a sale transaction and such a transaction is highly likely to occur within one year. The disposal group is valued at the lower of balance sheet value and actual value, less sale costs. An operation held for sale is an operational unit which has been disposed of or which is classified as held for sale and represents a separate and material operation. The post-tax profit/loss of an operation held for sale is presented on a separate line in the profit and loss account, recalculated for earlier periods. Internal transactions between continued operations and operations held for sale are eliminated on the line in the accounts entitled Post-tax profit/loss, operations held for sale. This ensures that continued operations reflect, to the greatest possible degree, the position of this part after completion of the sale.

Assets and related liabilities are presented separately in the balance sheet for the current period. See Note 4 for further discussion.

IFRS 16 Leases

IFRS 16 Leases was implemented on 1 January 2019, and requires the recognition of leases (the right to use an asset) and associated lease obligations in the balance sheet. The former classification of leases, as either operational or financial leases, has been eliminated. Short-term leases (with a duration of less than 12 months) and leases relating to low-value assets are exempt from the balance-sheet recognition requirement. When a lease is recognised as an asset in the balance sheet, the group also recognises a corresponding debt in respect of future lease obligations. In the profit and loss account, this entails an increase in depreciation and interest costs and a reduction in other operating costs, thus improving EBITDA compared to accounts prepared under the old principle.

Veidekke owns few of the commercial buildings from which it operates its business, and the new standard has therefore entailed a substantial increase in assets linked to leases for office premises (Property). Veidekke leases equipment in connection with construction and civil engineering projects. Many of these agreements have a duration of less than 12 months, although leases for e.g. workmen's huts and cranes normally have a longer duration and therefore require recognition of future lease liabilities in the balance sheet.

Implementation of IFRS 16 has inflated the balance sheet item Property by NOK 747 million, and Machinery, etc. by NOK 198 million, as at 1 January 2019. An average interest rate of 3.3% has been used in calculating the present value of the lease obligation. Depreciation is expected to increase by approximately NOK 265 million annually, and interest costs by approximately NOK 30 million a year, with an approximately equivalent reduction in other operating costs. Implementation has been effected using the

modified retrospective method, meaning that the accounts for earlier years have not been restated.

Reference is made to note 18, which presents the accounting effects of implementing IFRS 16.

Residential projects in property development operations

In the financial accounts, revenue from the sale of residential units in Sweden and Denmark is recognised on an ongoing basis in accordance with the final forecast, completion ratio and sales ratio, whereas in the case of Norwegian residential projects revenue is only recognised at the time of contractual delivery to the purchaser. This difference in the revenue recognition approach is due to differences in national legislation governing residential construction and sales.

In the segment accounts, revenue from residential projects forming part of the property development operation is reported in accordance with the principle of ongoing revenue recognition, regardless of the country in which the activity takes place. This is considered to provide the best picture of value creation in the residential development segment, and is consistent with Veidekke's management reporting.

Possible future changes to accounting principles

The Financial Supervisory Authority of Sweden (Finansinspektionen) has investigated selected listed Swedish property developers in 2019 with the aim of clarifying their accounting treatment of residential developments organised as housing cooperatives. A question of particular interest was whether residential developers have accounting control over housing cooperatives. Veidekke's sale and production of residential units in Sweden occurs primarily through the establishment of housing cooperatives. Once project development is completed, an agreement is entered into between a newly established housing cooperative and Veidekke relating to project follow-up. The agreement obliges Veidekke to sell the residential units to end customers on behalf of the housing cooperative, and Veidekke undertakes to complete the residential units for a fixed price. Veidekke also undertakes to purchase residential units which are not sold within six months of completion. Veidekke assumes no other obligations and makes no other guarantees to the housing cooperatives. The boards of the housing cooperatives comprise three persons, including two external, independent board members. Veidekke has proceeded on the basis that it does not have control over the housing cooperatives and that they should therefore not be incorporated into Veidekke's accounts.

As far as Veidekke is aware, Finansinspektionen has not communicated its conclusions to the affected listed companies. Veidekke's business model is fairly similar to the one used by these companies, and Finansinspektionen's conclusions may therefore impact on Veidekke's accounts. A final assessment will be conducted once the conclusions are available. If it is concluded that Veidekke should have consolidated the housing cooperatives, this will mean that income from the sale of residential units will no longer be recognised as income on an ongoing basis, and will instead be recognised on the date of contractual delivery of each residential unit to the purchaser, as under the principles governing sales in Norway. For Veidekke, this would mean a positive revenue and profit contribution of approximately NOK 1.3 billion and NOK 300 million for 2019, since a considerable number of completed residential units have been delivered during the course of the year and residential production has fallen significantly. The group's interest-bearing debt would increase by NOK 480 million at the end of 2020, the balance sheet would increase by NOK 610 million and the group's equity would be reduced by NOK 120 million. For further details of Veidekke's accounting principles, please see Note 1 Accounting principles in the 2018 Annual Report.

The quarterly accounts do not include all information required in a complete set of annual accounts, and should therefore be read in conjunction with the group's annual accounts for 2018, which are available on veidekke.com/en.

3. SEGMENT INFORMATION

BUSINESS AREAS

Figures in NOK million	Construction		Property Development	
	At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18
INCOME STATEMENT				
Revenue	32 158	29 569	3 059	2 899
Operating expenses	-30 989	-29 057	-2 852	-2 603
Share of net income from joint ventures	-103	8	175	126
Depreciation	-568	-365	-6	-6
Operating profit	498	156	375	416
Financial income	74	95	21	17
Financial costs	-56	-32	-53	-45
Profit before tax	516	219	344	388
STATEMENT OF FINANCIAL POSITION				
Non-current assets	4 212	3 875	1 571	1 505
Current assets	5 757	5 768	7 102	5 352
Cash and cash equivalents	3 895	2 807	31	29
Total assets	13 864	12 450	8 704	6 885
Equity	2 167	2 309	1 988	1 720
Non-current liability	1 739	1 170	4 923	2 806
Current liabilities	9 958	8 972	1 792	2 360
Total equity and liabilities	13 864	12 450	8 704	6 885
KEY FIGURES				
Operational cash flow	1 316	1 400	-1 524	-163
Cash flow from investments	-335	-767	-24	-39
Capital invested ¹⁾	-	-	6 885	4 760
Investments in joint ventures	119	88	1 418	1 356
Number of employees	7 151	7 185	190	197
Order backlog	34 286	33 708	-	-
- due for completion within 12 months	21 929	22 196	-	-

1) Capital invested is only listed for the two capital-intensive business areas Property Development and Industrial.

Industrial		Other operations		Eliminations		Group	
At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18
5 229	4 894	1	2	-1 668	-1 780	38 779	35 584
-4 758	-4 617	-92	-88	1 662	1 779	-37 028	-34 586
12	6	24	25	-	-	108	165
-262	-211	-58	-12	-	-	-893	-594
222	72	-124	-73	-6	-2	965	570
3	3	136	83	-158	-111	77	88
-42	-36	-98	-61	148	107	-101	-66
183	40	-86	-51	-16	-6	941	591
1 671	1 553	2 516	2 376	-1 896	-1 993	8 075	7 316
772	908	782	555	-1 164	-1 098	13 249	11 485
9	5	291	878	-3 943	-3 522	283	197
2 452	2 467	3 590	3 809	-7 003	-6 613	21 608	18 999
453	473	1 563	1 557	-1 910	-1 931	4 261	4 128
947	1 023	1 864	1 760	-4 210	-3 632	5 264	3 127
1 052	971	163	492	-883	-1 050	12 082	11 744
2 452	2 467	3 590	3 809	-7 003	-6 613	21 608	18 999
446	265	-123	-102	-	-	115	1 400
-192	-345	-61	-70	-	-	-611	-1 221
1 366	1 408	-	-	-	-	7 392	5 972
48	36	52	31	-	-	137	1 511
1 162	1 139	54	47	-	-	8 557	8 568
1 229	933	-	-	-	-	35 515	34 640
860	675	-	-	-	-	22 789	22 872

CONSTRUCTION

Figures in NOK million	Building Construction Norway		Civil Engineering Norway		Total Norway	
	At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18
INCOME STATEMENT						
Revenue	14 356	13 070	4 641	4 427	18 997	17 497
Operating expenses	-13 866	-12 615	-4 406	-4 798	-18 271	-17 413
Share of net income from joint ventures	-	-	5	3	5	3
Depreciation	-150	-70	-221	-193	-371	-263
Operating profit	341	386	19	-561	360	-175
Net financial items	46	57	-35	-23	11	35
Profit before tax	387	443	-16	-584	371	-141
STATEMENT OF FINANCIAL POSITION						
Non-current assets	1 345	1 091	1 077	1 176	2 422	2 267
Current assets	2 321	2 097	1 541	1 841	3 861	3 938
Cash and cash equivalents	3 059	3 595	-548	-2 162	2 510	1 432
Total assets	6 725	6 782	2 069	854	8 794	7 637
Equity	1 189	2 103	131	-782	1 320	1 320
Non-current liability	763	560	269	137	1 033	696
Current liabilities	4 772	4 120	1 669	1 500	6 442	5 620
Total equity and liabilities	6 725	6 782	2 069	854	8 794	7 637
KEY FIGURES						
Profit margin	2.7%	3.4%	-0.3%	-13.2%	2.0%	-0.8%
Share of revenue, building construction	14 356	13 070	-	-	14 356	13 070
Share of revenue, civil engineering	-	-	4 641	4 427	4 641	4 427
Investments in joint ventures	-	-	10	9	10	9
Number of employees	3 150	3 070	1 262	1 368	4 412	4 438
Order backlog	14 762	14 223	6 036	5 056	20 798	19 280
- due for completion within 12 months	10 712	9 592	2 655	2 928	13 367	12 520

Sweden		Denmark		Total Construction	
At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18
10 803	9 855	2 358	2 218	32 158	29 569
-10 558	-9 566	-2 160	-2 079	-30 989	-29 057
-108	5	-	-	-103	8
-166	-93	-31	-9	-568	-365
-29	201	167	130	498	156
4	13	2	16	18	63
-25	214	169	146	516	219
1 534	1 376	256	232	4 212	3 875
1 752	1 558	144	273	5 757	5 768
394	553	991	822	3 895	2 807
3 679	3 487	1 391	1 326	13 864	12 450
479	603	369	385	2 167	2 309
623	436	84	38	1 739	1 170
2 578	2 449	938	903	9 958	8 972
3 679	3 487	1 391	1 326	13 864	12 450
-0.2%	2.2%	7.2%	6.6%	1.6%	0.7%
6 706	6 263	2 358	2 218	23 420	21 551
4 097	3 592	-	-	8 738	8 019
109	79	-	-	119	88
2 257	2 204	482	543	7 151	7 185
11 504	11 880	1 983	2 548	34 286	33 708
7 108	8 028	1 454	1 649	21 929	22 196

PROPERTY DEVELOPMENT

Figures in NOK million	Norway		Sweden		Total Property Development	
	At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18	At 31.12.19	At 31.12.18
INCOME STATEMENT						
Revenue	1 135	735	1 924	2 165	3 059	2 899
Operating expenses	-1 038	-653	-1 813	-1 949	-2 852	-2 603
Share of net income from joint ventures	165	116	9	9	175	126
Depreciation	-4	-4	-3	-3	-6	-6
Operating profit	259	194	117	222	375	416
Net financial items	-33	-31	1	3	-32	-28
Profit before tax	226	163	118	225	344	388
STATEMENT OF FINANCIAL POSITION						
Non-current assets	1 209	1 233	362	271	1 571	1 505
Current assets	3 592	2 337	3 510	3 015	7 102	5 352
Cash and cash equivalents	31	29	-	-	31	29
Total assets	4 832	3 599	3 872	3 287	8 704	6 885
Equity	1 024	827	964	893	1 988	1 720
Non-current liability	3 329	2 189	1 629	619	4 923	2 806
Current liabilities	479	583	1 280	1 774	1 792	2 360
Total equity and liabilities	4 832	3 599	3 872	3 287	8 704	6 885
KEY FIGURES						
Capital invested	4 305	3 094	2 580	1 666	6 885	4 760
Return on invested capital	9%	9%	6%	18%	8%	11%
Investments in joint ventures	1 156	1 182	262	175	1 418	1 356
Number of employees	67	63	123	134	190	197

NOTE 4. OPERATIONS HELD FOR SALE

At a board meeting on 13 November 2019, Veidekke's board decided to split the group into two separate operations, and to amend the ownership structure of the property development operation. The decision is the result of a strategic review of the group's composition and an assessment of the growth and development opportunities available for Veidekke's various operational areas.

Veidekke's board has mandated group management to prepare a plan for the split of Veidekke into two separate operations. The objectives are to secure the best possible foundation for growth and development of the units and to optimise shareholder value over time. In the board's view, Veidekke's current valuation does not fully reflect the value of the current operation, and a split is expected to boost the company's shareholder value.

The value creation drivers of the property development operation differ from those of other Veidekke operations. A revised organisational and ownership structure will provide increased operational and financial room for action. The mandate from the board states that consideration must be given to stock-exchange listing, distribution to Veidekke's shareholders and the sale of all or part of the property development operation.

Management considers it highly likely that a sale or distribution will be completed within one year of the decision to split the group into two separate operations.

The property development operation is presented as held for sale in the accounts as at 31 December 2019.

The post-tax profit/loss of an operation held for sale is presented on a separate line in the income statement, recalculated for earlier periods. Assets and related liabilities are presented separately in the statement of financial position for the current period.

Note 3 Segment information provides information on segments subject to a reporting obligation as reviewed by the chief operating decision maker. Classification of the property development operation as an asset held for sale has not altered the information which is reported to and reviewed by the chief operating decision maker. As in earlier years, therefore, the segment information in Note 3 includes the property development operation.

The profit/loss of the property development operation held for sale is presented below:

Figures in NOK million	Q4 2019				Q4 2018			
	Property, segment accounts	IFRS adjust- ment ¹⁾	Operations held for sale, adjustments	Total operations held for sale	Prperty, segment accounts	IFRS adjust- ment ¹⁾	Operations held for sale, adjustments	Total operations held for sale
Revenue	1 000	-62	-248	690	1 024	-51	-242	732
Operating expenses	-926	31	252	-644	-853	40	243	-570
Share of net income from joint ventures	34	2	-	36	-2	5	-	3
Depreciation/impairment	-4	-	-	-4	-5	-	-	-5
Operating profit (EBIT)	104	-30	4	78	165	-6	1	160
Net financial items	-8	-	5	-3	-2	-	1	-1
Pre-tax profit (EBT)	96	-30	9	75	162	-6	2	159
Income tax expense	-7	1	-1	-7	25	2	-1	26
Post-tax profit	89	-29	8	68	187	-4	1	185

Figures in NOK million	31.12.2019				31.12.2018			
	Property, segment accounts	IFRS adjust- ment ¹⁾	Operations held for sale, adjustments	Total operations held for sale	Prperty, segment accounts	IFRS adjust- ment ¹⁾	Operations held for sale, adjustments	Total operations held for sale
Revenue	3 059	-558	-849	1 652	2 899	83	-1 289	1 694
Operating expenses	-2 852	450	850	-1 552	-2 603	-74	1 293	-1 384
Share of net income from joint ventures	175	-34	-	141	126	-2	-	123
Depreciation/impairment	-6	-	-	-6	-6	-	-	-6
Operating profit (EBIT)	375	-142	1	235	416	7	4	427
Net financial items	-32	-	6	-26	-28	-	8	-20
Pre-tax profit (EBT)	344	-142	7	209	388	7	11	406
Income tax expense	-12	18	1	7	17	-3	-	14
Post-tax profit	332	-124	8	217	405	4	12	421

1) Under IFRS, income and earnings from completed residential units in Norway are not recognised until the date on which a unit is delivered to the buyer.

Assets held for sale and associated liabilities are presented below:

Figures in NOK million	31.12.2019				Comparison 31.12.2018 ²⁾			
	Property, segment accounts	IFRS adjustment ¹⁾	Operations held for sale, adjustments	Total operations held for sale	Property, segment accounts	IFRS adjustment ¹⁾	Operations held for sale, adjustments	Total operations held for sale
Other intangible assets	89	-	-13	76	56	-	-13	42
Deferred tax assets	7	-	-	7	39	-	-	39
Machinery, buildings etc.	27	-	-	27	24	-	-	24
Investments in joint ventures	1 418	-112	-	1 307	1 356	-78	-78	1 278
Financial assets	29	-	-25	4	29	-	-25	4
Residential projects	5 247	667	-	5 913	3 963	217	217	4 180
Trade and other receivables, contract assets	1 699	-840	-67	792	1 208	-282	-282	925
Cash and cash equivalents	42	-	-	42	44	-	-	44
Total assets held for sale	8 558	-285	-105	8 169	6 719	-143	-182	6 537
Pension liabilities and deferred tax liabilities	68	-32	-	36	64	-14	-14	50
Debt to credit institutions	12	-	-	12	35	-	-	35
Other non-current liabilities	-	-	-	-	-	-	-	-
Trade payables and warranty provisions	313	-	228	541	322	-	-	322
Other current liabilities, contract liabilities	1 244	-	-	1 244	1 488	-	-	1 488
Total liabilities, assets held for sale	1 638	-32	228	1 833	1 908	-14	-14	1 894

1) Under IFRS, income and earnings from completed residential units in Norway are not recognised until the date on which a unit is delivered to the buyer.

2) The presentation shows the balance sheet values as at 31 December 2018 of assets and liabilities linked to assets held for sale as at 31 December 2019.

The segment accounts for the property development operation show the operation as a separate unit; see Note 3 Segment information. The "Operations held for sale adjustments" column shows eliminations between the property development operation and the rest of the Veidekke group, as well as units which are excluded from the transaction. These eliminations largely relate to the group accounts scheme, under which Veidekke ASA has financed the property development operation through intra-group loans.

Figures in NOK million	Q4 2019	2018
Units under construction	945	388
Completed units for sale	104	67
Residential sites for development	4 864	3 721
Non-residential projects	1	4
Total residential and non-residential projects	5 913	4 180
Joint-venture residential projects	1 307	1 278
Units under construction ¹⁾	1 575	2 116
Sale rate, units under construction ¹⁾	80%	80%
Unsold, completed units ¹⁾	44	30

1) Including Veidekke's share in joint ventures.

NOTE 5. ESTIMATES

Construction and property development projects represent a large part of Veidekke's operations. Accounting for project activities is largely based on estimates. Significant judgements used in applying the group's accounting policies and the main sources of estimate uncertainty at the end of Q4 2019 are unchanged from those in the 2018 annual report.

NOTE 6. OPERATIONS WITH SIGNIFICANT SEASONAL FLUCTUATIONS

The group's asphalt and aggregates operations, which are reported under the Industrial business area, are subject to seasonal fluctuations as a result of climatic conditions. Most of the production takes place between May and October, and the majority of the revenues from operations accrues during these months. However, expenses related to administrative staff, maintenance of production equipment and depreciation are spread over the full year. This means that there will normally be significant fluctuations in the quarterly accounts for Veidekke's industrial operations.

NOTE 7. NON-CURRENTS ASSETS

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS				
Carrying amount at start of period	4 143	3 341	3 489	3 029
Implementation of IFRS 16 Leases at 01.01.2019	-	-	945	-
Additions	259	414	718	1 139
Additions from acquisitions of operations	-	1	4	105
Depreciation and amortisation	-235	-165	-893	-594
Currency translation differences, etc.	17	-	-20	-6
Disposals of non-current assets	-90	-101	-149	-184
Separation of non-current assets held for sale	-103	-	-103	-
Carrying amount at end of period	3 990	3 489	3 990	3 489
Other intangible assets	94	149	94	149
Land and buildings	1 253	646	1 253	646
Plant and machinery	2 644	2 694	2 644	2 694
Carrying amount at end of period	3 990	3 489	3 990	3 489

Figures in NOK million	Q4 2019	Q4 2018	2019	2018
GOODWILL				
Carrying amount at start of period	1 777	1 714	1 807	1 401
Additions	-	44	3	402
Impairment	-	-	-	-
Currency translation differences	14	50	-20	4
Disposals	-	-	-	-
Carrying amount at end of period	1 790	1 807	1 790	1 807

NOTE 8. ACQUISITIONS, SALES OF OPERATIONS

There were no material purchases or sales of operations in 2019..

NOTE 9. SHORT-TERM DEBT TO CREDIT INSTITUTIONS

A short-term loan of NOK 1 billion was arranged with a financial institution in Q2 2019 to finance substantial investments in the land bank. The loan was repaid in Q4 2019.

NOTE 10. FINANCIAL INSTRUMENTS

There were no significant changes relating to financial risk or the group's use of financial instruments during the period. Further details can be found in the 2018 Annual Report.

NOTE 11. SPECIAL ITEMS

In Q2 2019, Property Development Norway sold a development plot in eastern Norway. The accounting gain of NOK 43 million generated on the sale was recognised in the accounts in Q2. Property Development Norway sold its share in a commercial project in Trondheim in the third quarter, generating a gain of NOK 40 million. NOK 22 million was recognised as income on delivery of the building, while the remainder will be recognised as the premises are leased.

NOTE 12. EQUITY TRANSACTIONS

In the fourth quarter, Veidekke implemented a private placing to employees of the Veidekke group, through which 1,251,325 new shares were issued. The subscription price was NOK 91.96 per share, corresponding to the volume-weighted average share price during the subscription period less a 20% discount. The shares are subject to a two-year lock-in period. Following the placing, the company's share capital totals NOK 67,478,133.50, divided among 134,956,267 shares.

A dividend of NOK 5.0 per share (totalling NOK 669 million) has been paid for the financial year 2018. The dividend was approved at the general meeting on 8 May 2019, and was recognised in the accounts in Q2 2019.

NOTE 13. LOAN AGREEMENT COVENANTS

In December 2019, Veidekke refinanced a NOK 3.6 billion borrowing facility and a short-term credit facility, as both facilities had maturity dates in 2020. The borrowing facility with DNB has a credit limit of NOK 3.6 billion, and falls due in November 2021. The credit facility with SEB totals NOK 2.3 billion, and falls due in June 2021. It also includes a 12-month extension option. As at 31 December 2019, the unutilised credit totalled NOK 4.6 billion.

The following covenant is contained in the loan agreements with DNB Bank and SEB:

Net interest-bearing debt divided by EBITDA for the previous four quarters shall not exceed 3.5. At 31 December 2019, the ratio was 1.5.

Definitions:

Net interest-bearing debt is defined as the group's current and non-current interest-bearing liabilities minus the group's cash and cash equivalents and interest-bearing receivables.

EBITDA is the group's operating profit plus depreciation and impairment.

NOTE 14. EVENTS AFTER THE REPORTING DATE

No events have occurred after the balance sheet date which would have had a material effect on the issued accounts.

NOTE 15. DEFERRED REVENUE RECOGNITION IN ACCOUNTING FOR SALES OF COMPLETED RESIDENTIAL UNITS

Revenue from sales of completed residential projects in Sweden and Denmark are recognised in the financial accounts on an ongoing basis in accordance with the final forecast, completion ratio and sales ratio. In the case of Norwegian residential projects, revenue is only recognised at the time residential units are delivered to purchasers. The differential treatment is due to differences in the legislation of the three countries. In Veidekke's internal follow-up of residential projects, measurement is undertaken in tandem with rolling revenue recognition. Accordingly, income and profits are recognised in the accounts in line with the final forecast, sales ratio and completion ratio of each project. This principle is also followed in segment reporting.

At 31 December 2019, revenues of NOK 840 million and pre-tax profit of NOK 299 million had accrued on sold residential units under construction in Norway. These amounts are recognised as revenue in the segment reporting, but are not recognised under IFRS until the homes are handed over. A significant portion of Veidekke's Norwegian property development operations take place in joint ventures and thus does not generate revenue in the company's consolidated accounts. The profit from joint ventures is recognised on a post-tax basis in the income statement.

**NOTE 16. CALCULATION OF RETURN ON CAPITAL
INVESTED IN PROPERTY DEVELOPMENT, LAST 12 MONTHS**

Figures in NOK million	Average invested capital	At 31.12.2019			At 31.12.2018	
		Pre-tax profit	Financial costs ¹⁾	Taxes in joint ventures	Return	Return
Norway	3 945	226	97	47	9.4%	8.6%
Sweden	2 131	115	23	-	6.5%	19.7%
Denmark	25	4	-	-	15.5%	-7.2%
Total	6 101	344	121	47	8.4%	11.3%

The statement has been prepared on the basis of the segment accounts.

1) The item "financial costs" is the year's accrued interest expenses. Interest expenses are classified in the comprehensive income statement under both financial costs and cost of materials (operating expenses).

NOTE 17. ALTERNATIVE PERFORMANCE MEASURES

Veidekke generally reports its financial results in line with International Financial Reporting Standards (IFRS). In addition, the following alternative performance measures are also reported:

Net interest-bearing debt

This key figure expresses the group's financial position and is determined on the basis of the group's capitalised interest-bearing debt on the date of calculation, less bank deposits and interest-bearing receivables, both current and non-current. This key figure is also included in the calculation of covenants in the loan agreement.

Order backlog

The order backlog provides an indication of future activity in the group's construction operations. The order backlog is defined as contracted and signed contracts on the measurement date. This key figure also includes road maintenance contracts in Industrial's Road Maintenance unit, but only those parts of the contracts that will be executed during the next 18 months.

Capital invested in property development operations

Capital invested is defined as the sum of book equity and net interest-bearing debt and is an expression of the capital tied up in property development operations.

Return on invested capital in Property Development

Property Development's performance is measured by return on invested capital, calculated using the following formula:

$$\frac{\text{Pre-tax profit} + \text{interest expenses} + \text{tax in joint ventures}}{\text{(Opening balance invested capital} + \text{Closing balance invested capital}) /}$$

The figures used in the formula are taken from the segment reporting. Interest expenses include all expensed interest expenses, both those classified as interest expenses and those classified as cost of materials (operating expenses) in the accounts. The calculation is adjusted to take account of the fact that the profit reported by joint ventures has already been taxed.

Sales ratio in Property Development

Sales rate indicates the risk that units under construction will not be sold and is calculated using the following formula:

$$\frac{\text{Sales value of signed contracts for sold residential units}}{\text{Total sales value of all projects under construction}}$$

For projects carried out in associates or joint ventures, only Veidekke's share of the project is included.

Number of unsold units under construction

This figure is the number of units under construction that has not been sold on the reporting date.

Site portfolio

The site portfolio provides an expression of possible future activity in the various markets in Property Development. The site portfolio consists of sites owned by Veidekke on the measurement date, sites for which there is a binding contract for transfer in the future, and signed options here it is expected that Veidekke will exercise the option. How many units the sites can be converted into is calculated as a best estimate.

NOTE 18. IMPLEMENTATION OF NEW ACCOUNTING STANDARD, IFRS 16 LEASES

EFFECTS ON THE STATEMENT OF FINANCIAL POSITION 31.12.2018

Figures in NOK million	31.12.2018	Implementation of IFRS 16	01.01.2019
ASSETS			
Land and buildings	646	747	1 393
Plant and machinery	2 694	198	2 892
Other assets	3 898	-	3 898
Total non-current assets	7 238	945	8 183
Current assets	11 597	-	11 597
Total current assets	11 597	-	11 597
Total assets	18 835	945	19 780
EQUITY AND LIABILITIES			
EQUITY	3 983	-	3 983
Pensions and deferred tax liabilities	846	-	846
Bond debts and debt to credit institutions	1 848	-	1 848
Other non-current liabilities	414	685	1 099
Total non-current liabilities	3 108	685	3 793
Bond debts and debt to credit institutions	36	-	36
Trade payables and warranty provisions	6 877	-	6 877
Public duties and taxes payable	867	-	867
Other current liabilities and contract liabilities	3 965	260	4 225
Total current liabilities	11 744	260	12 004
Total equity and liabilities	18 835	945	19 780

INCOME STATEMENT: EFFECTS ON THE QUARTERLY ACCOUNTS

FINANCIAL ACCOUNTS

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q4 2019	Implementation of IFRS 16	Q4 2019	At Q4 2019	Implementation of IFRS 16	At Q4 2019	At Q4 2019	At Q4 2019
GROUP								
Revenue	10 039	-	10 039	36 569	-	36 569		
Operating expenses	-9 861	76	-9 785	-35 302	282	-35 020		
Share of net income from associates and joint ventures	-97	-	-97	-67	-	-67		
Operating profit before depreciation (EBITDA)	81	76	157	1 200	280	1 482		
Depreciation	-160	-71	-231	-622	-265	-887		
Operating profit (EBIT)	-79	5	-74	578	17	595		
Financial income	9	-	9	57	-	56		
Financial costs	-8	-8	-15	-25	-29	-54		
Pre-tax profit	-77	-3	-80	608	-12	596		

SEGMENT ACCOUNTS

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q4 2019	Implementation of IFRS 16	Q4 2019	At Q4 2019	Implementation of IFRS 16	At Q4 2019	At Q4 2019	At Q4 2019
GROUP								
Revenue	10 792	-	10 792	38 779	-	38 779		
Operating expenses	-10 545	76	-10 469	-37 310	282	-37 028		
Share of net income from associates and joint ventures	-63	-	-63	108	-	108		
Depreciation and amortisations	-164	-71	-235	-628	-265	-893		
Operating profit (EBIT)	20	5	25	948	17	965		
Net financial items	-1	-8	-9	5	-29	-24		
Pre-tax profit (EBT)	19	-3	16	953	-12	941		

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q4 2019	Implementation of IFRS 16	Q4 2019	At Q4 2019	Implementation of IFRS 16	At Q4 2019	At Q4 2019	At Q4 2019
CONSTRUCTION NORWAY								
Revenue	5 251	-	5 251	18 997	-	18 997		
Operating expenses	-5 174	28	-5 146	-18 379	107	-18 271		
Share of net income from associates and joint ventures	5	-	5	5	-	5		
Depreciation and amortisations	-68	-26	-94	-271	-100	-371		
Operating profit (EBIT)	13	2	15	352	8	360		
Net financial items	5	-3	2	24	-13	11		
Pre-tax profit (EBT)	18	-1	17	377	-5	371		

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q4 2019	Implementation of IFRS 16		Q4 2019	At Q4 2019		Implementation of IFRS 16	
		Implementation of IFRS 16	At Q4 2019		Implementation of IFRS 16	At Q4 2019	Implementation of IFRS 16	At Q4 2019
CONSTRUCTION SWEDEN								
Revenue	3 215	-	3 215	10 803	-	10 803		
Operating expenses	-3 241	19	-3 222	-10 626	68	-10 558		
Share of net income from associates and joint ventures	-110	-	-110	-108	-	-108		
Depreciation and amortisations	-29	-18	-47	-100	-66	-166		
Operating profit (EBIT)	-165	0	-164	-31	2	-29		
Net financial items		-1	-1	7	-3	4		
Pre-tax profit (EBT)	-165	0	-165	-24	-1	-25		

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q4 2019	Implementation of IFRS 16		Q4 2019	At Q4 2019		Implementation of IFRS 16	
		Implementation of IFRS 16	At Q4 2019		Implementation of IFRS 16	At Q4 2019	Implementation of IFRS 16	At Q4 2019
CONSTRUCTION DENMARK								
Revenue	626	-	626	2 358	-	2 358		
Operating expenses	-554	6	-548	-2 182	22	-2 160		
Share of net income from associates and joint ventures		-		0	-	0		
Depreciation and amortisations	-2	-6	-8	-9	-22	-31		
Operating profit (EBIT)	69	0	69	166	1	167		
Net financial items	1	0	1	3	-1	2		
Pre-tax profit (EBT)	70	0	70	170	0	169		

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q4 2019	Implementation of IFRS 16		Q4 2019	At Q4 2019		Implementation of IFRS 16	
		Implementation of IFRS 16	At Q4 2019		Implementation of IFRS 16	At Q4 2019	Implementation of IFRS 16	At Q4 2019
INDUSTRIAL								
Revenue	1 275	-	1 275	5 229	-	5 229		
Operating expenses	-1 183	13	-1 170	-4 802	45	-4 758		
Share of net income from associates and joint ventures	2	-	2	12	-	12		
Depreciation and amortisations	-56	-11	-67	-222	-40	-262		
Operating profit (EBIT)	38	2	40	218	4	222		
Net financial items	-7	-3	-10	-31	-7	-38		
Pre-tax profit (EBT)	31	-1	30	186	-3	183		

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q4 2019	Implementation of IFRS 16	Q4 2019	At Q4 2019	Implementation of IFRS 16	At Q4 2019	At Q4 2019	At Q4 2019
OTHER OPERATIONS								
Revenue	0	-	-	1	-	-	1	
Operating expenses	-36	10	-25	-109	41	-	-69	
Share of net income from associates and joint ventures	5	-	5	17	-	-	17	
Depreciation and amortisations	-4	-10	-14	-5	-38	-	-43	
Operating profit (EBIT)	-35	1	-34	-97	3	-	-94	
Net financial items	8	-1	7	37	-5	-	31	
Pre-tax profit (EBT)	-27	-1	-27	-60	-2	-	-63	

STATEMENT OF CASH FLOWS

Figures in NOK million	Previous standard		New standard		Previous standard		New standard	
	Q4 2019	Implementation of IFRS 16	Q4 2019	At Q4 2019	Implementation of IFRS 16	At Q4 2019	At Q4 2019	At Q4 2019
Pre-tax profit, continued operations								
Pre-tax profit, continued operations	-77	-3	-80	608	-12	-	596	
Pre-tax profit, operations held for sale	75	-	75	221	-	-	209	
Tax paid	-13	-	-13	-85	-	-	-85	
Depreciation/impairment	164	71	235	628	265	-	893	
Other operational items	2 037	-9	2 028	-1 533	34	-	-1 499	
Cash flow from operating activities	2 186	59	2 245	-173	288	-	115	
Acquisition/disposal of property, plant and equipment	-106	-59	-165	-386	-151	-	-537	
Other investing activities	-66	-	-66	-74	-	-	-74	
Change in interest-bearing receivables	-20	-	-20	21	-	-	21	
Cash flow from investing activities	-192	-59	-251	-439	-151	-	-590	
Change in interest-bearing liabilities	-2 074	-	-2 074	1 263	-	-	1 263	
Dividend paid	-	8	-	-669	-	-	-669	
Capital increase	115	-8	115	-	-	-	115	
Change other non-current liabilities	95	-	102	115	-108	-	8	
Other financial items	-39	-	-46	-126	-29	-	-155	
Cash flow from financing activities	-1 903	0	-1 903	699	-137	-	563	
Change in cash and cash equivalents	91	0	91	-12	0	-	87	
Cash and cash equivalents, start of period								
Cash and cash equivalents, start of period	190	0	190	197	0	-	197	
Exchange rate adjustment foreign cash balances	1	0	1	-2	0	-	-2	
Cash and cash equivalents, end of period	283	0	283	283	0	-	283	

INFORMATION ABOUT THE COMPANY

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Business registration number: 917103801
Founded: 1936
Head office: Skabos vei 4, Skøyen, 0278 Oslo

The Company's articles of association and corporate governance policy are available at:
veidekke.com/en/corporate-governance

Board of Directors:

Svein Richard Brandtzæg (Chair)
Gro Bakstad
Hans von Uthmann
Ingalill Berglund
Ingolv Høyland
Daniel Kjørberg Siraj (temporarily retired from the board of directors)
Tone Hegland Bachke
Inge Ramsdal, employee-elected
Odd Andre Olsen, employee-elected
Arve Fludal, employee-elected

Executive Management:

Jimmy Bengtsson	Group CEO
Hans Olav Sørlie	Executive Vice President, responsible for building construction operations in Norway
Øivind Larsen	Executive Vice President, responsible for civil engineering operations in Norway
Mats Nyström	Executive Vice President, responsible for Veidekke Sweden,
Jørgen Wiese Porsmyr	Executive Vice President, responsible for residential, commercial and project development in Scandinavia and for construction operations in Denmark
Catharina Bjerke	Executive Vice President, responsible for industrial operations in Norway
Terje Larsen	CFO and Executive Vice President, responsible for Accounting & Finance, IT, Strategy and Legal
Anne Thorbjørnsen	Interim Executive Vice President, responsible for HR and HSE
Lars Erik Lund	Executive Vice President, responsible for Communications and Public Affairs

Investor Relations:

Financial Director Jørgen G. Michelet
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Financial calendar:

First quarter: 7 May 2020
Second quarter: 13 August
Third quarter: 12 November

TOGETHER, WE ARE BUILDING THE FUTURE

Veidekke is one of Scandinavia's largest construction and property development companies. The company undertakes all types of building construction and civil engineering contracts, maintains public roads and produces asphalt and aggregates. The company is characterised by involvement and local knowledge. Turnover is NOK 39 billion, and half of the 8,600 employees own shares in the company. Veidekke is listed on the Oslo Stock Exchange and has always posted a profit since it was founded in 1936.

Veidekke – local presence,
Scandinavian strength.

veidekke.com/en