



Veidekke ASA Nordea's Annual Small & Mid Cap Days 2021

Streamlined construction business with ambitions

A

Streamlined and focused construction business



B

Profitability improvement through clear measures



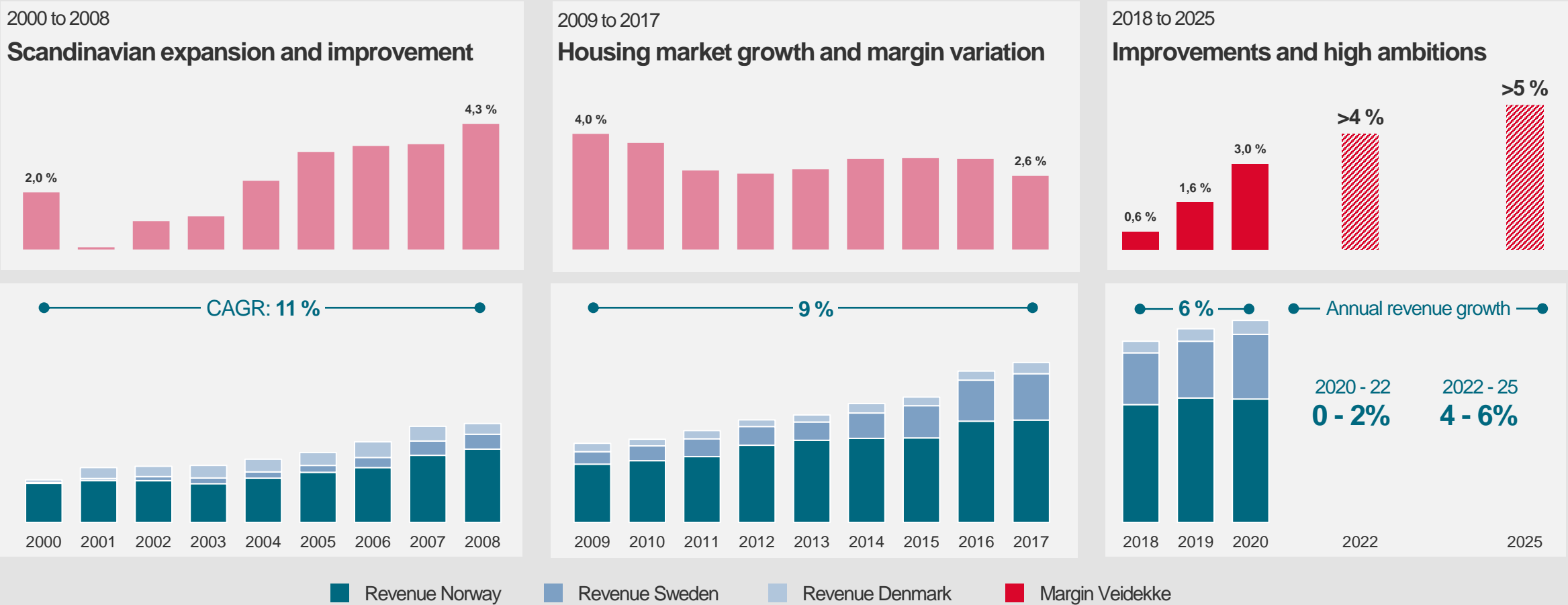
C

High ambitions and large potential



Growth, improvement and high ambitions

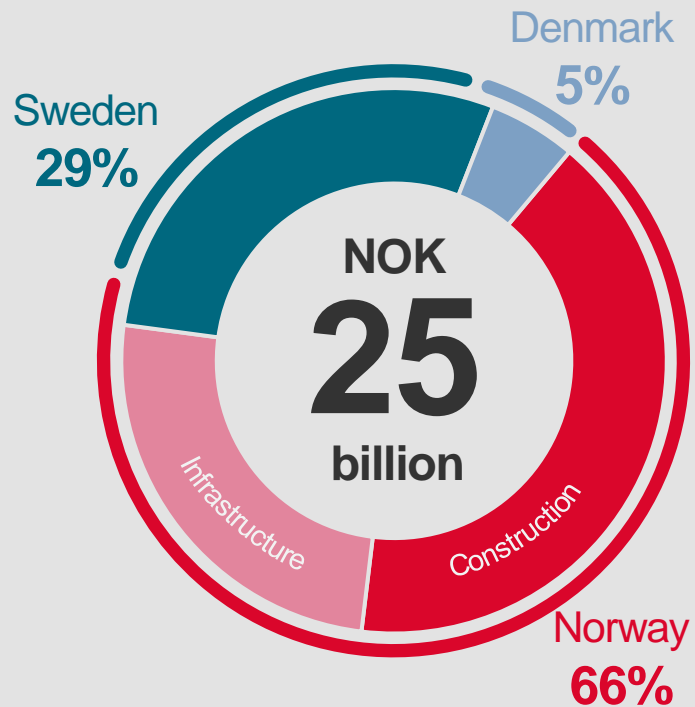
Historical development and future targets



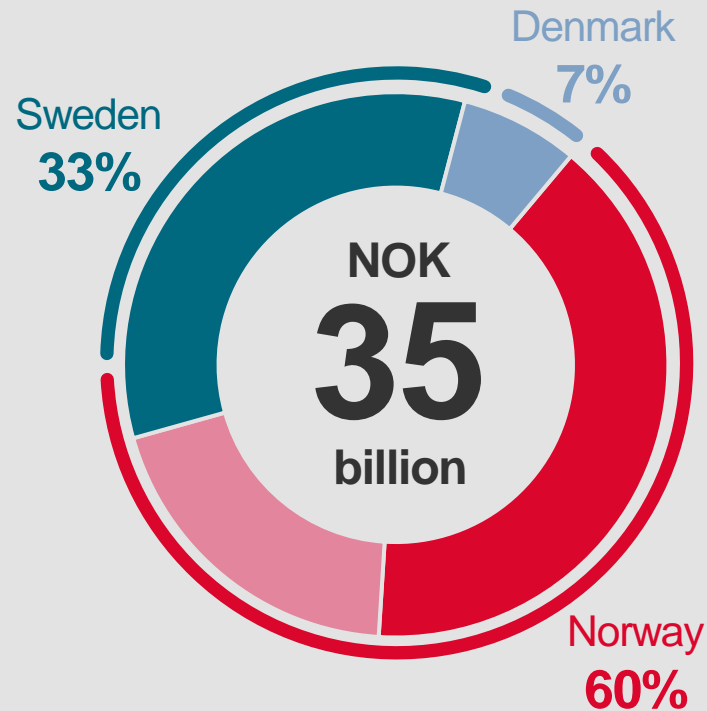
Clear order book development over past five years

From Norwegian to Scandinavian contractor

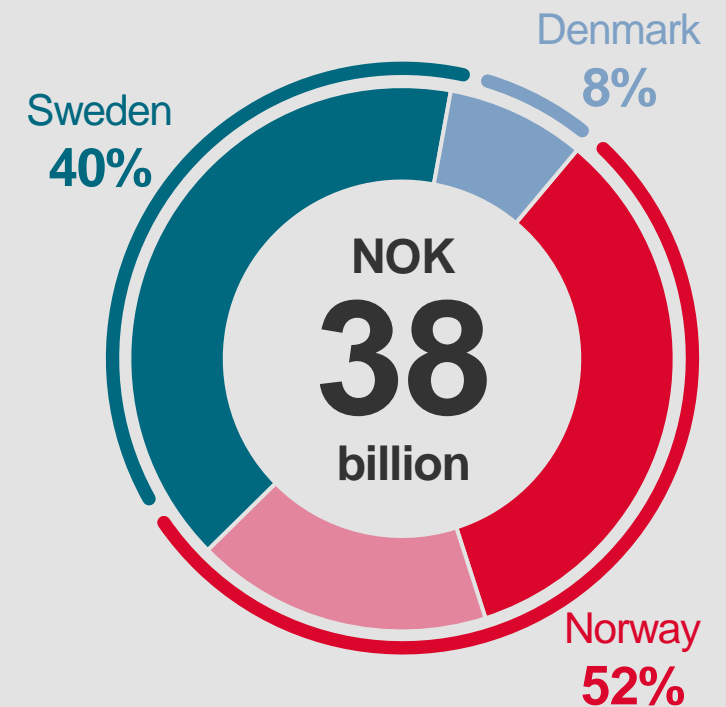
2015



2018



2021



Veidekke towards 2025

A streamlined contractor – with a clear focus

Project and customer



- A passionate relationship with the customer and their project
- Long-term customer relationships, early involvement and value-creating interaction

The green shift



- Play an active role in the transition to a low-emission society
- Contribute cutting-edge expertise and practical solutions

Risk management

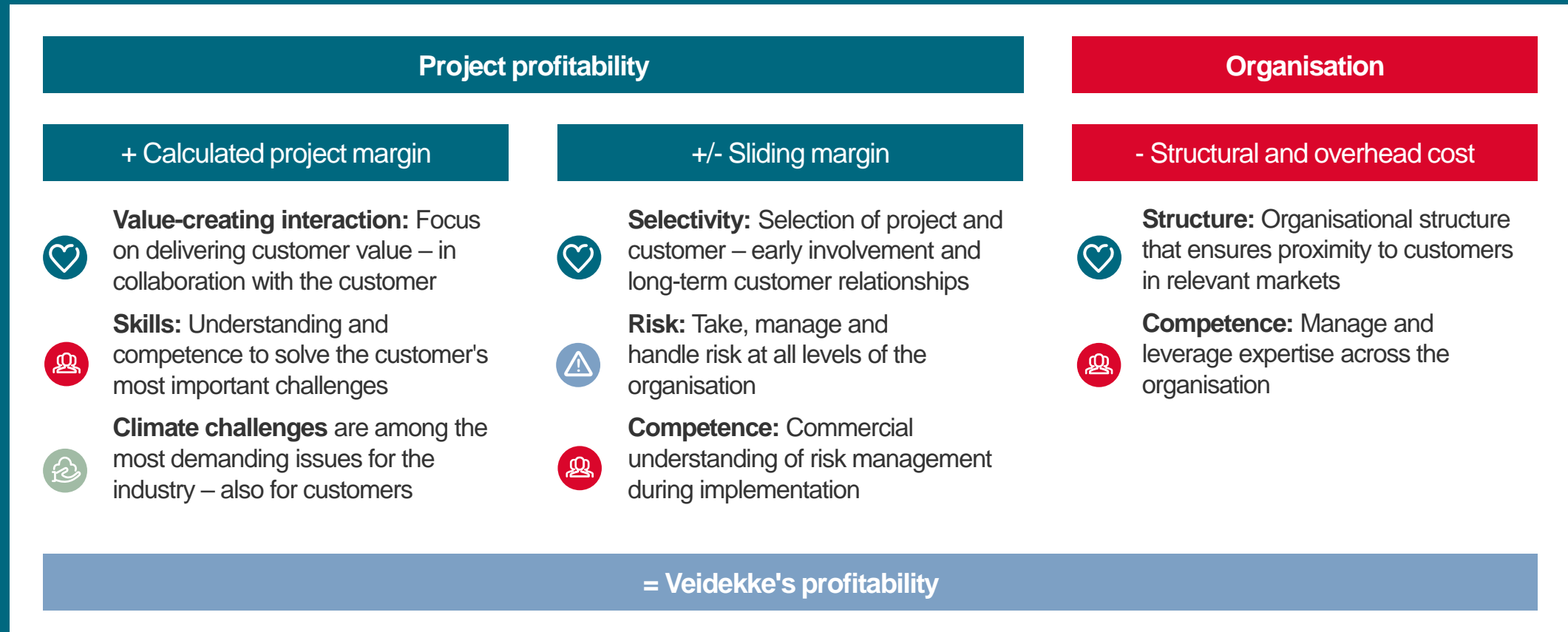


- Focus on taking, controlling and managing risk at all levels of the organisation
- Systematic risk management before and during project execution

Collaborative culture



- Involve customers, suppliers and employees in value-creating interaction
- Consistent efforts to develop work methods and competence to ensure safe and efficient execution



Measures and improvements 2018 to 2020

Many units on the right track – but with large potential

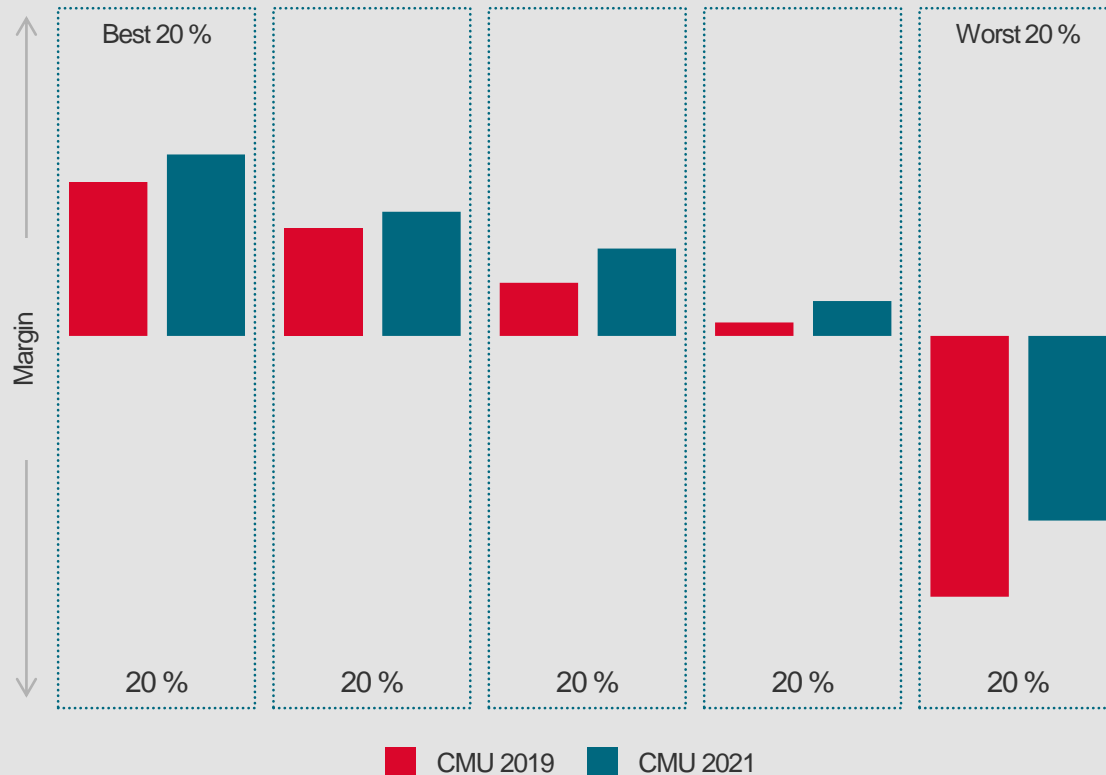
		Veidekke Construction	Veidekke Infrastructure		Veidekke Sweden		Hoffmann
			Civ. Engineering	Industrial	Construction	Civ. Engineering	
2018		3.4%	-13.2%	0.8%	1.0%	4.0%	6.6%
2020	CMU	4.0%	1.5%	3.5%	2.0%	4.0%	>5%
2020	Actual	<div><div></div></div> 3.6%	<div><div></div></div> 1.6%	<div><div></div></div> 3.6%	<div><div></div></div> 2.2%	<div><div></div></div> 3.0%	<div><div></div></div> 7.5%
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Clearly better portfolio composition than in 2019

About 2 percentage points higher portfolio margin

Fewer loss-making projects and improved margin

Project revenue in ongoing projects ranked by profitability, quintiles

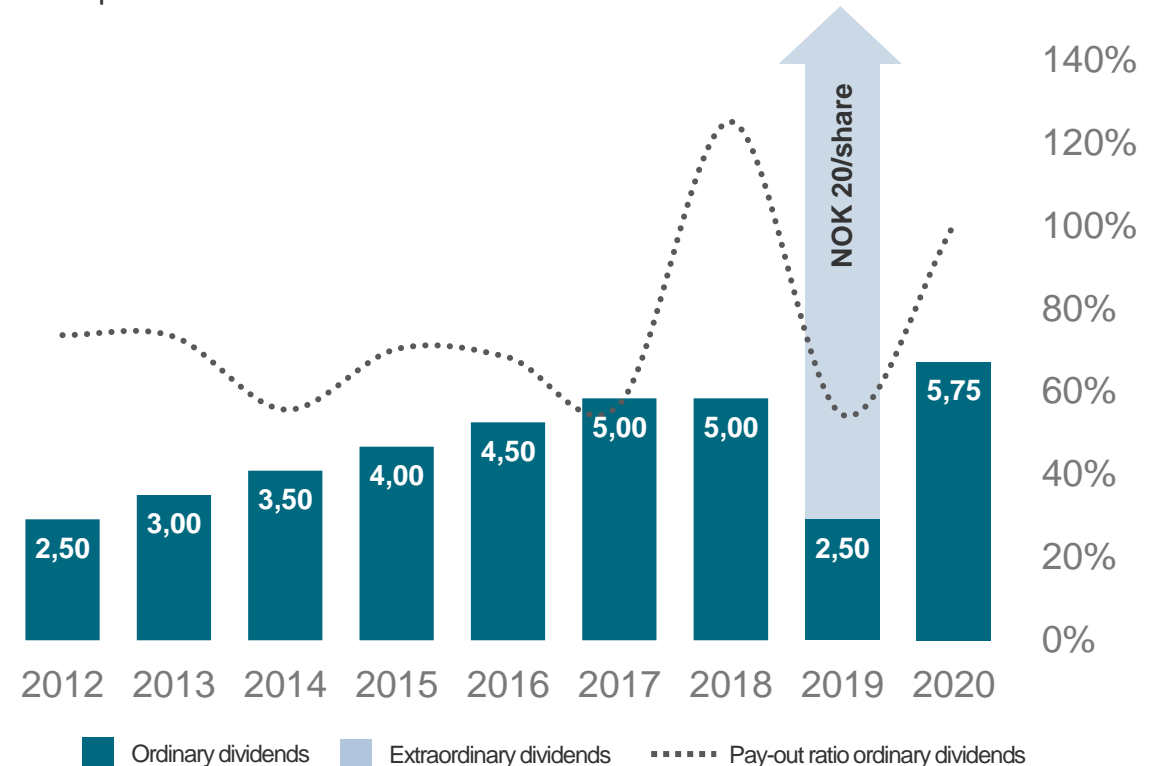


- Extensive improvement in portfolio composition over the past two years
- The improvement is expected to have a further effect on earnings in 2021 and 2022
- Large potential by further reducing the number of projects with low and negative margins
- Focus on core activities;
 - Selecting the right project
 - Understanding and managing risk
 - Effective execution

High and attractive dividends

- Veidekke's ambition is to provide shareholders with a competitive return, in the form of a combination of dividend and share price development
- Dividend target of above 70% of net result
- In the short term, the financial position indicates that Veidekke plans to pay out a higher than 70% share

Dividends
NOK per share



Q2-2021; Market development

On the tail end of a pandemic



- Vaccination signals the beginning of the end of the pandemic
- No significant impact on financial figures for the quarter



- Strong economic growth at home and among trading partners
- Uncertainty related to mutations and bottlenecks

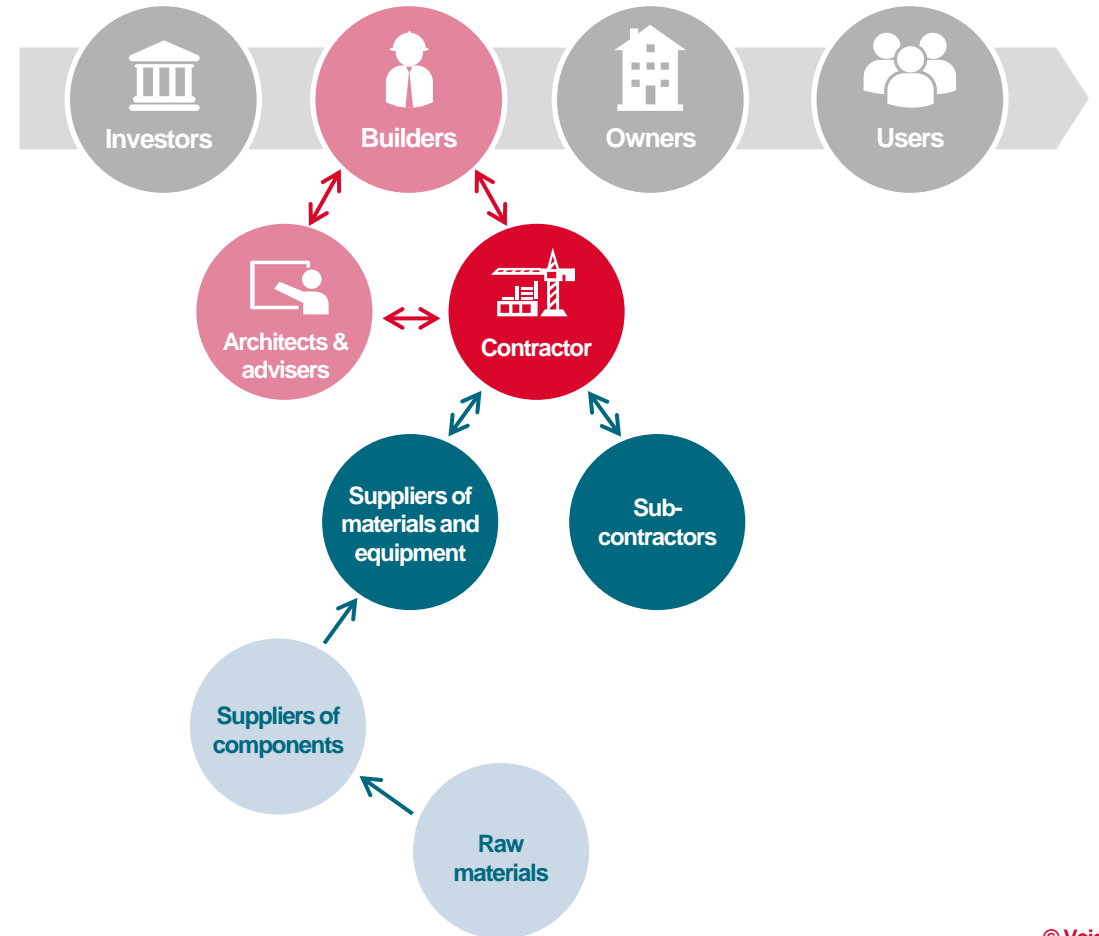


- Greatly varying prices of key raw materials such as steel, concrete and wood
- Challenging supply chain for technical components

Construction value and supply chains

Three challenges

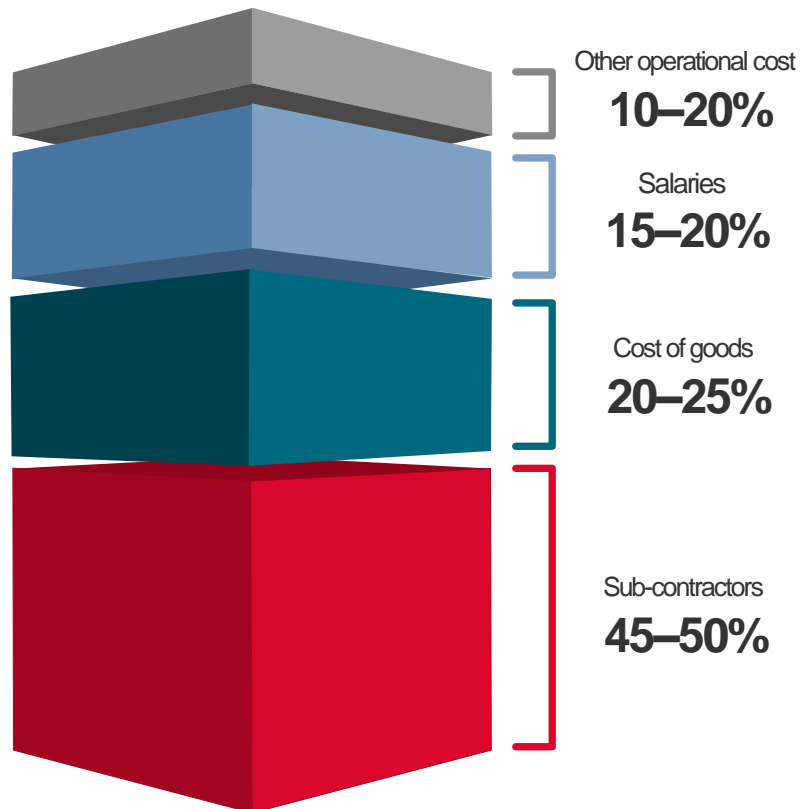
- 1 Raw material shortages resulting in price hikes or delays
- 2 Reduction or delays in the supply of components and equipment as result of production capacity
- 2 Curtailed transport capacity can cause supply chain disruptions



Operational flexibility

Capacity and cost

Share per cost category (illustration)



Veidekke has a flexible business model

- Operates between 450 and 600 projects across Scandinavia
- Large proportion of cost base is directly related to project deliveries
- Flexibility to adapt capacity and cost structure to expected demand
- Flexibility to serve different market segments

Tools related to short-term changes in demand

- Temporary layoffs and salary adjustments are applied in connection with short-term fluctuations

Digitalisation, productivity and mobility

- 1 Increased use of automation and digital construction tools
- 2 Digital twins and the use of digital development and design tools
- 3 Mobility and the use of video conferencing



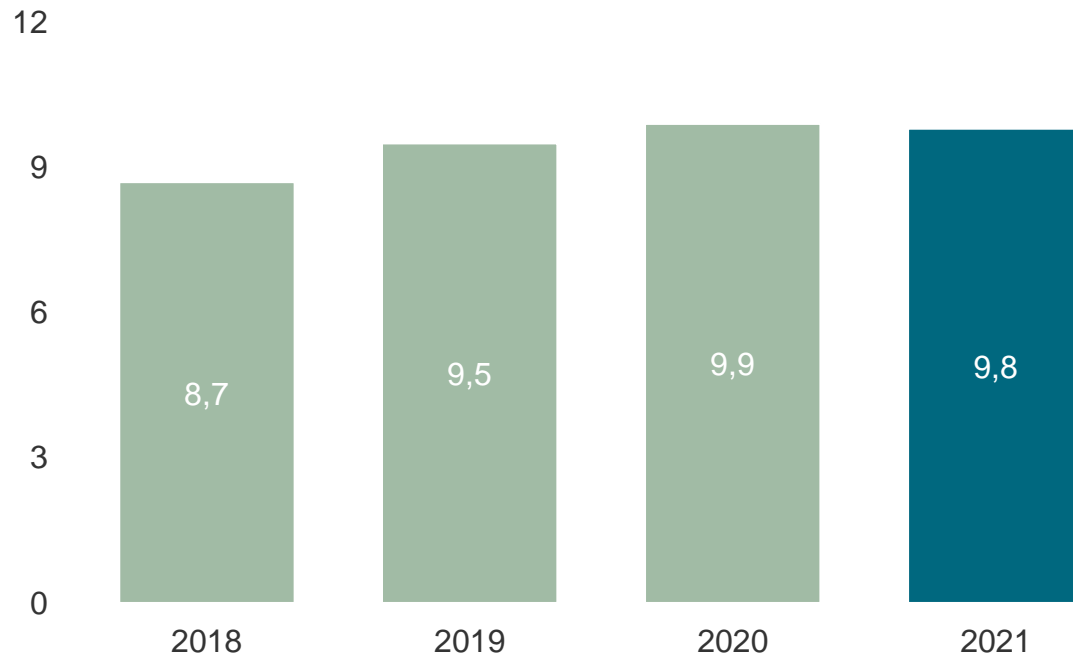
Source: @byggorsorlandet

Key financial figures

Q2 revenues and profits

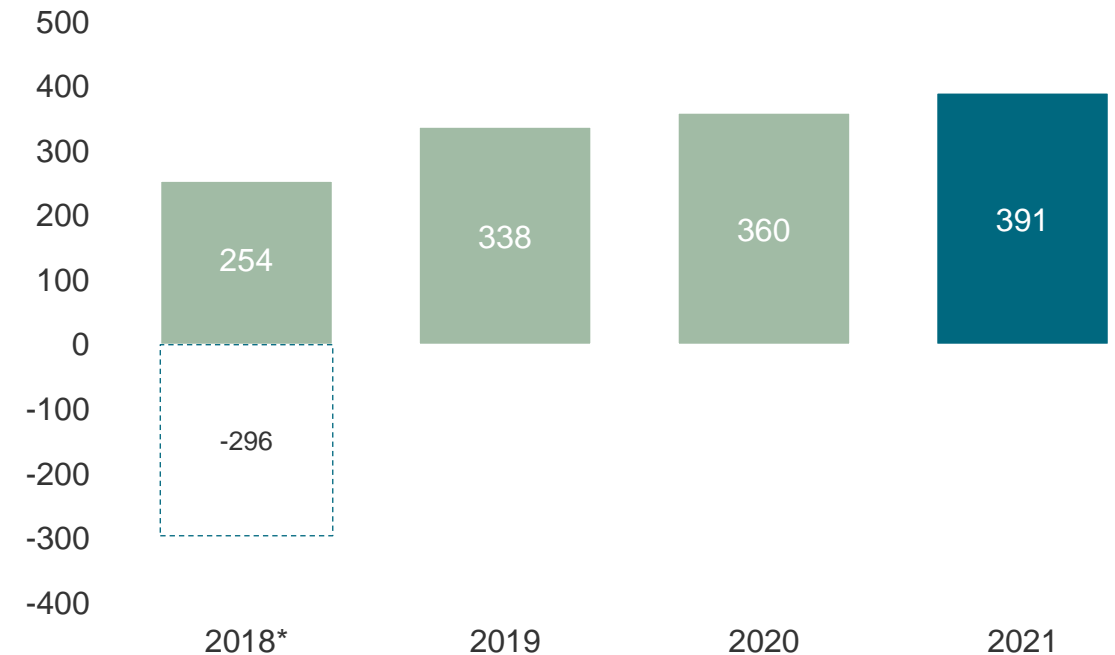
Q2 revenues

NOK billion



Q2 pre-tax profit

NOK million

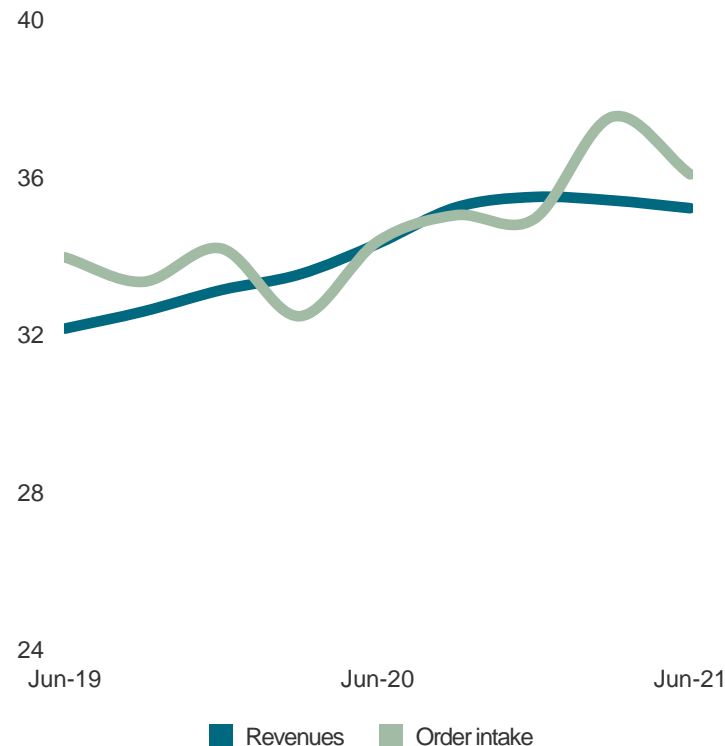


Strong order book

A shift towards public buildings

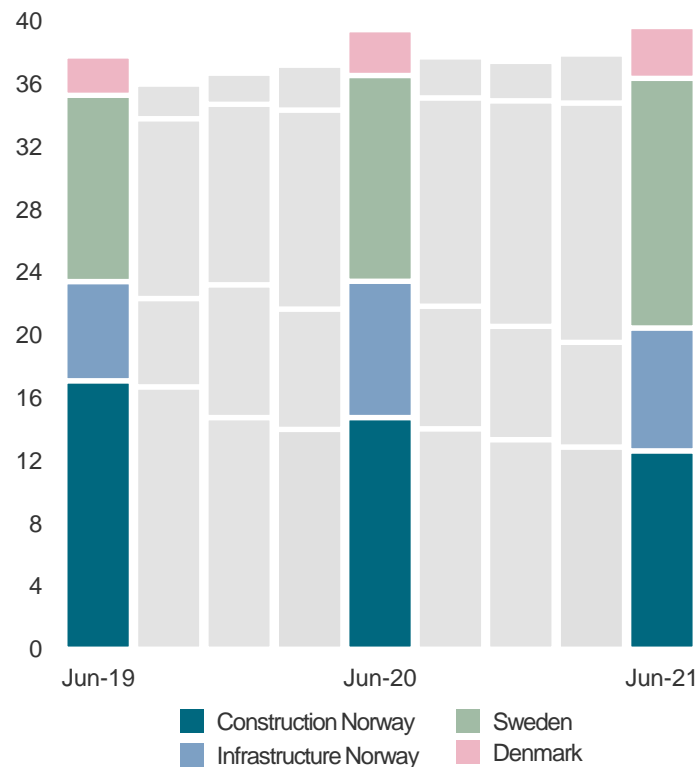
Revenues and order intake

12-month rolling, NOK billion



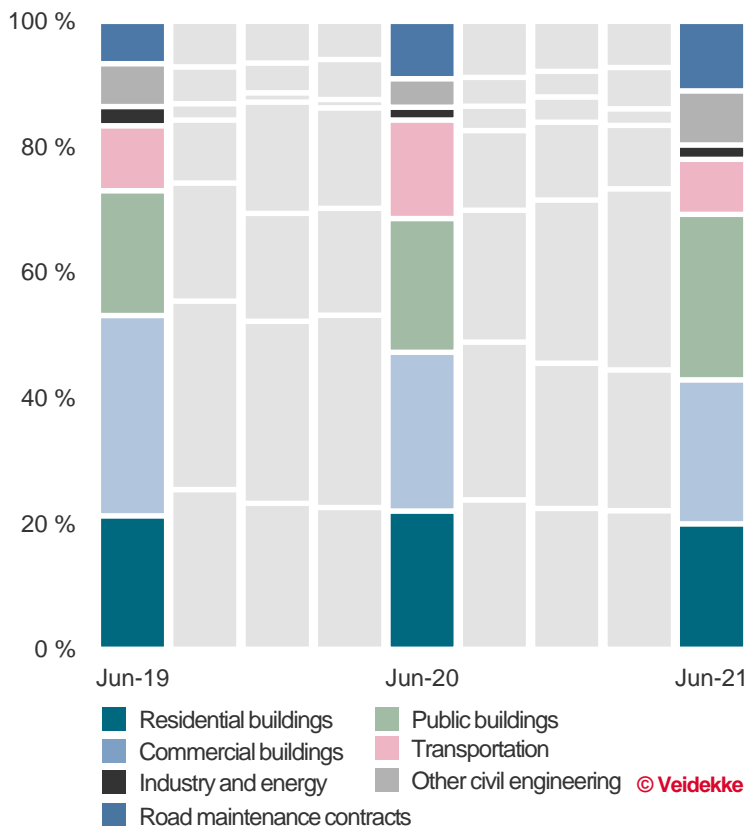
Order book

NOK billion



Order book per segment

Percent





Annual revenue growth 2022–2025

4-6%



Margin before tax in 2025

>5%



Dividend ratio

>70%