

Q1 2018

Oslo 23 May 2018

Baard Schumann, CEO

Sverre Molvik, CFO

SELVAAG BOLIG

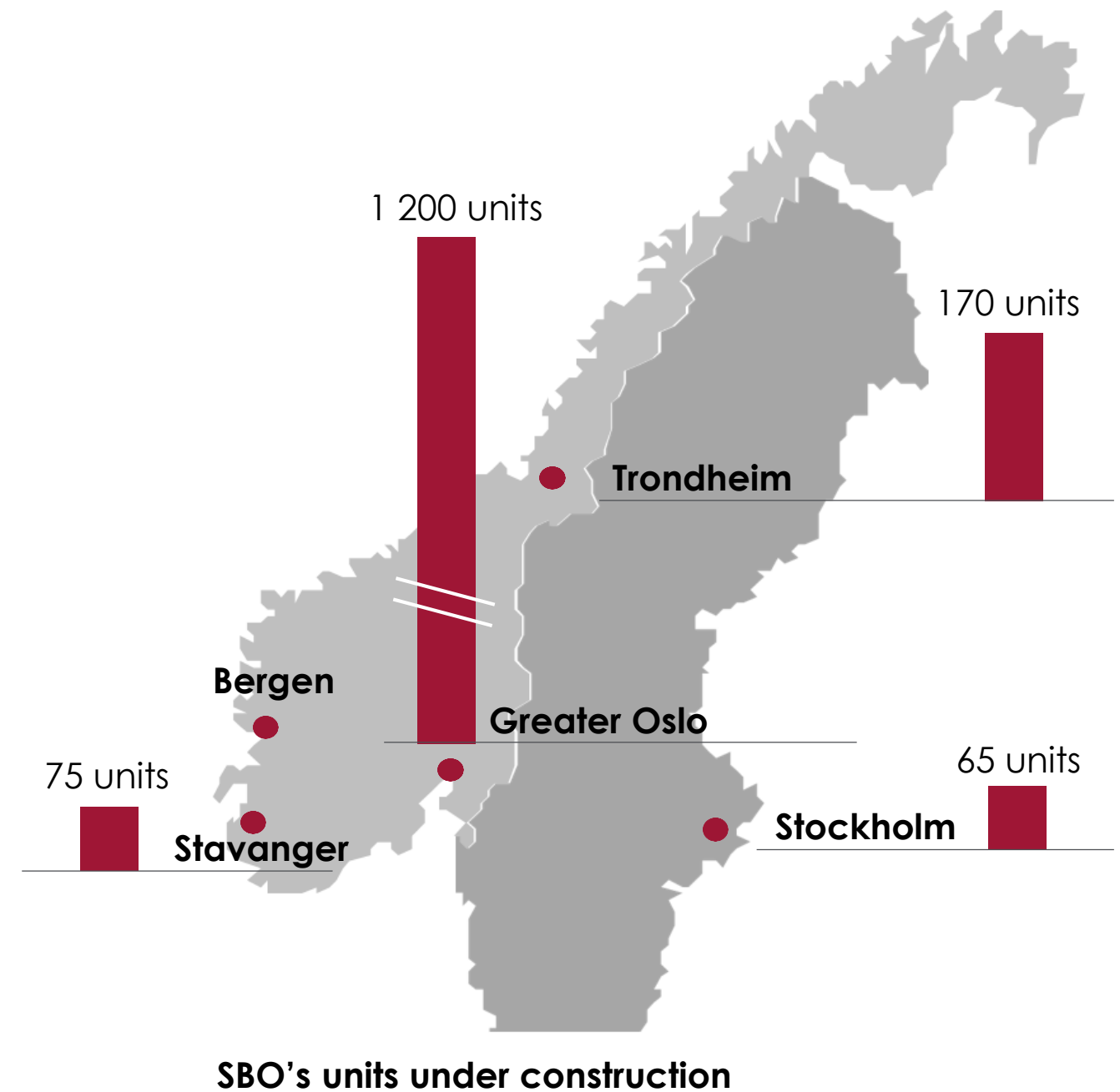
Agenda

- **Highlights**
- Operational update
- Financial update
- Market
- Summary



Highlights Q1 2018

- Strong results driven by healthy margins, reflecting value focus
- Market improving as expected
- Positioned with competitive housing offering and substantial capacity



HIGHLIGHTS

Key financials Q1 2018

Operating revenues

381

NOK million

Adjusted EBITDA* margin

13.3

per cent

Operating revenues (NGAAP)

572

NOK million

EBITDA** margin (NGAAP)

20.5

per cent

* EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs

** EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

Agenda

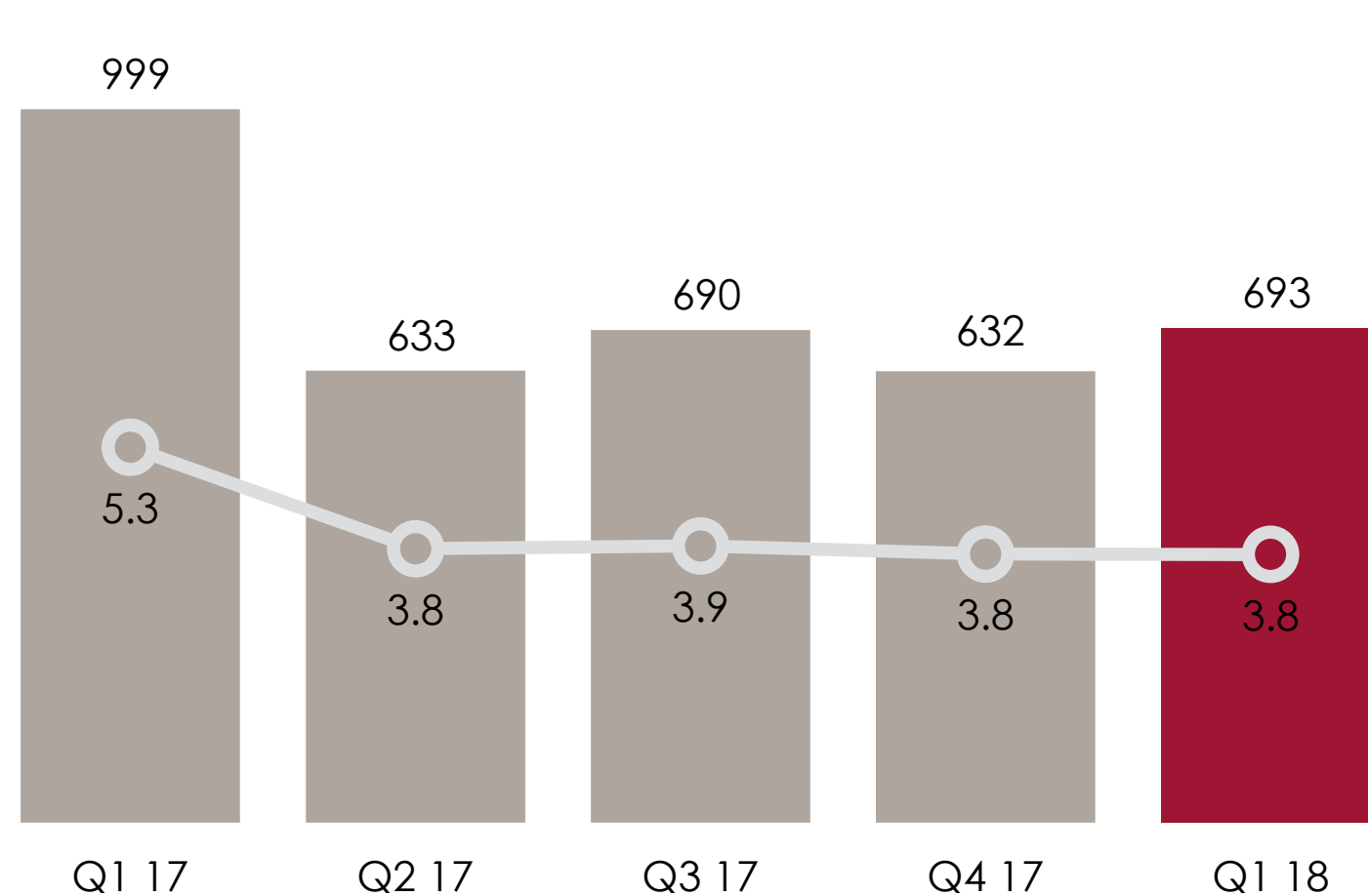
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Sales value and units sold

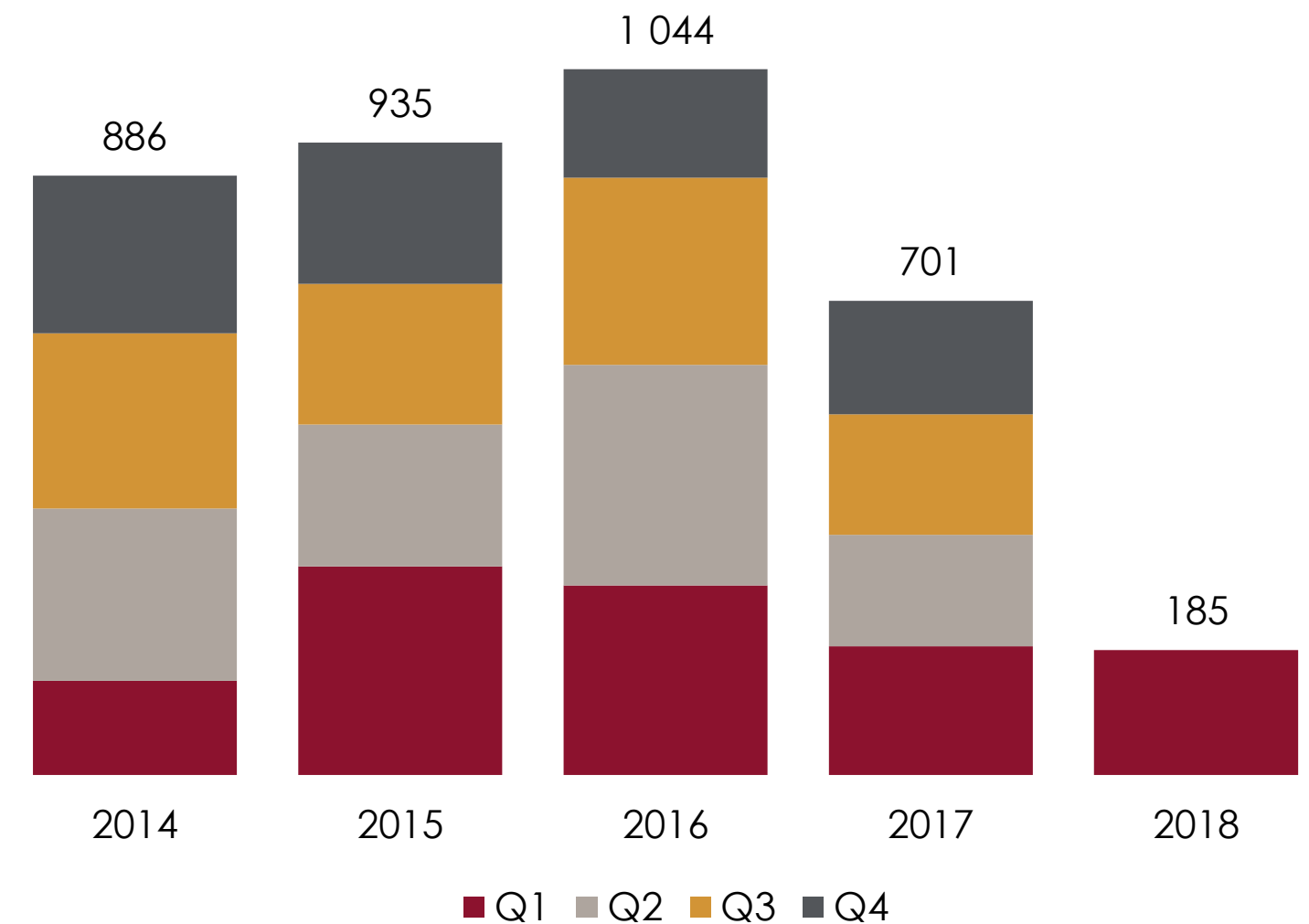
Total and average sales value

NOK million



Number of units sold per quarter

Units

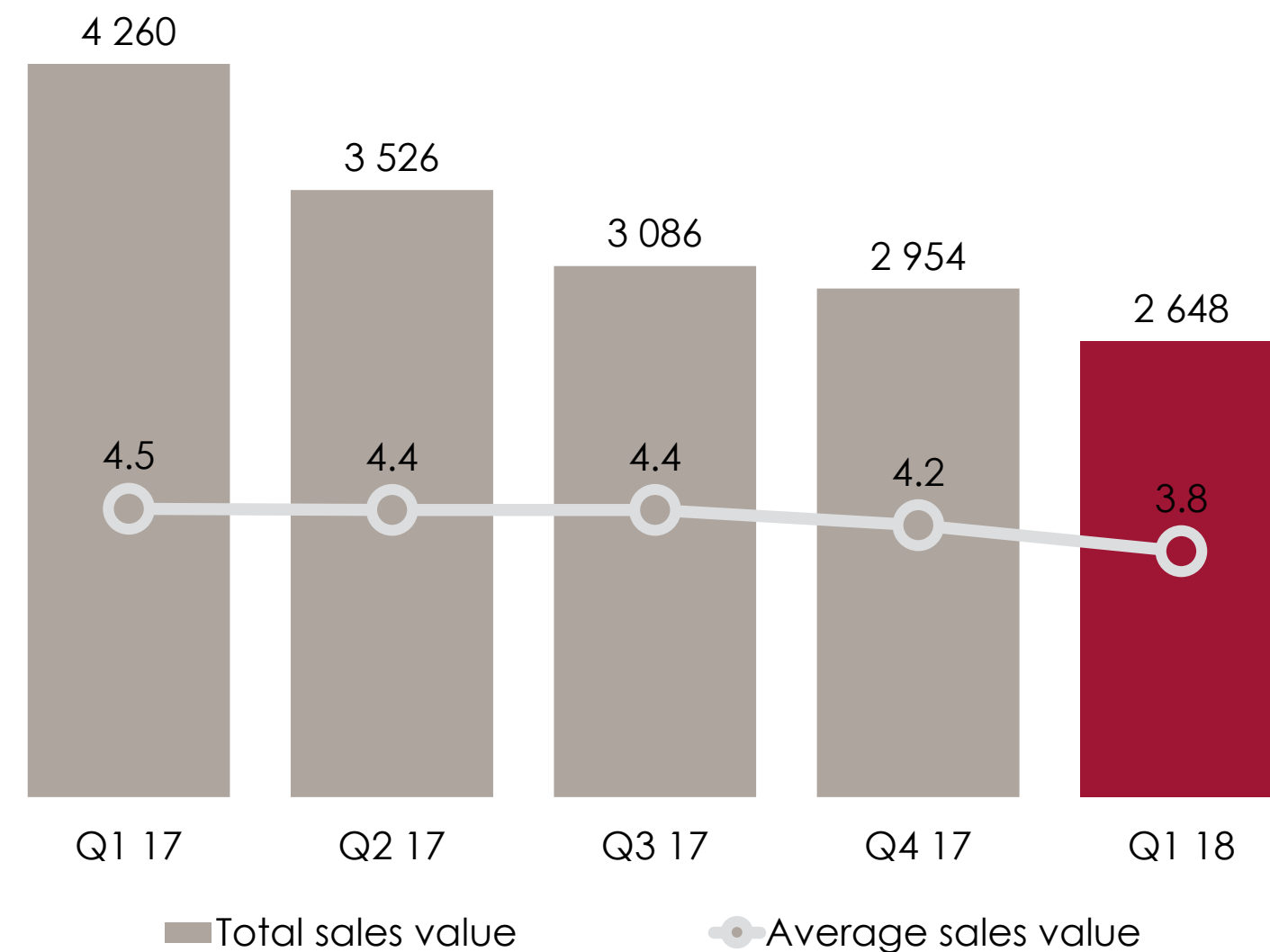


Note: All numbers are adjusted for Selvaag Bolig's share in joint ventures

Rolling sales value and units sold

Sales value: 12 months rolling

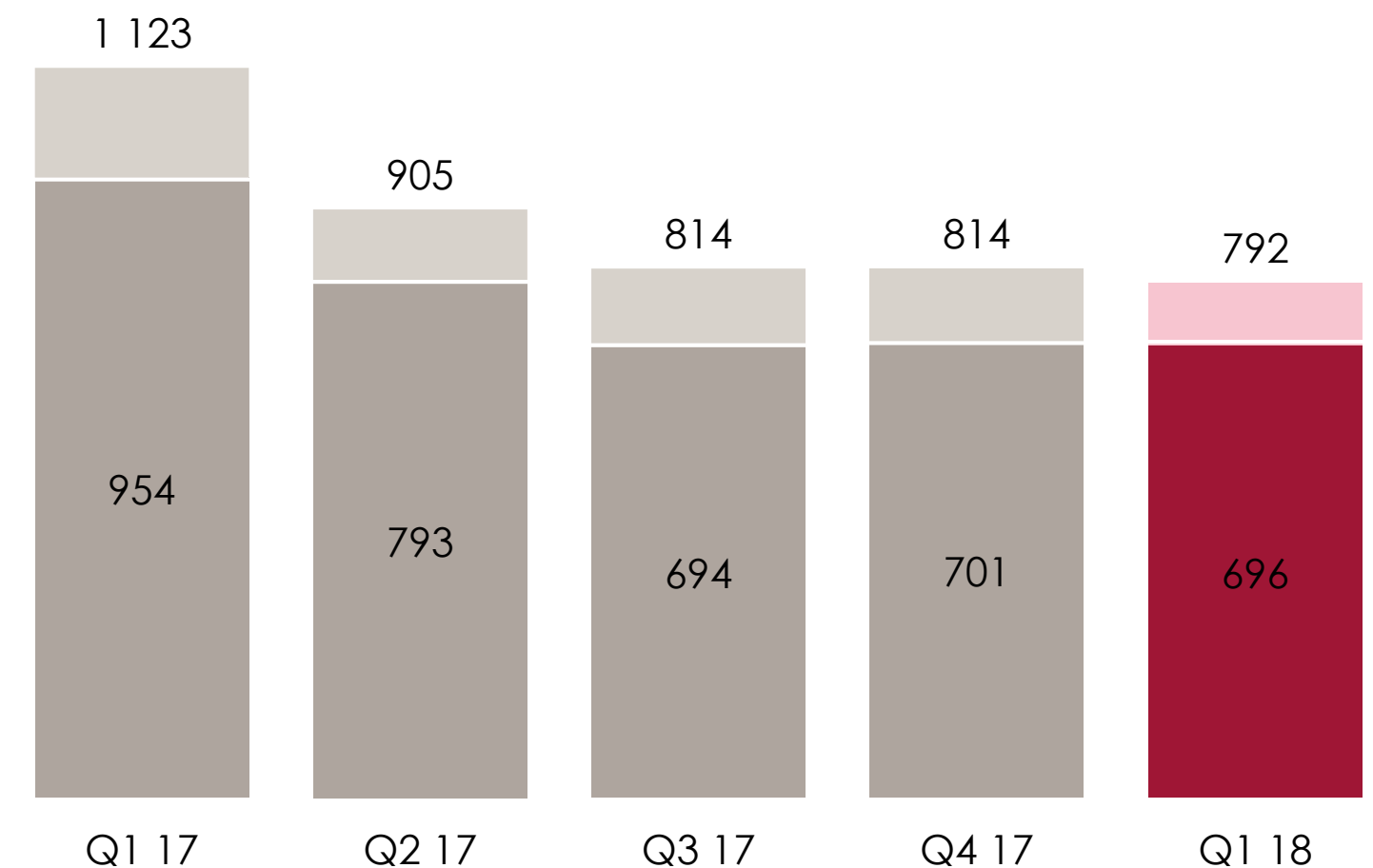
NOK million



Note: Sales value is adjusted for Selvaag Bolig's share in joint ventures

Units sold: 12 months rolling

Units



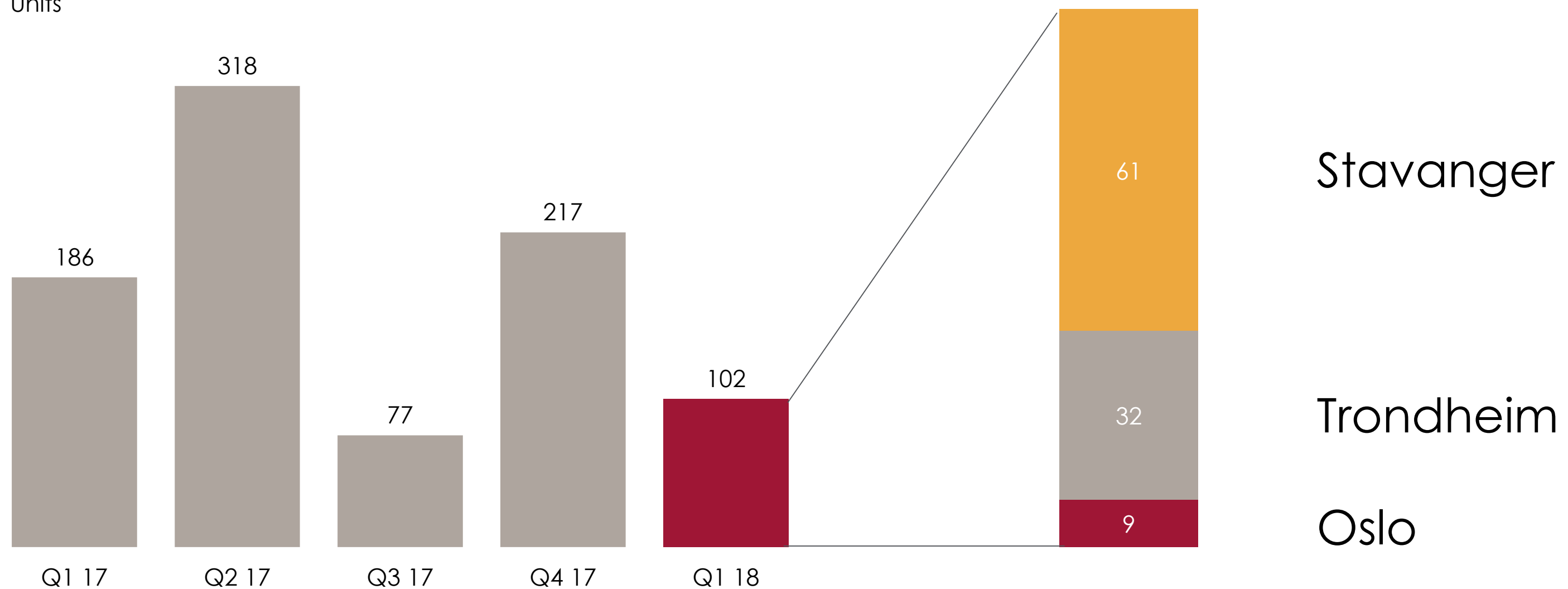
*Total columns show Selvaag Bolig's gross sales

**Columns excluding dotted areas show Selvaag Bolig's net sales

Construction starts

Construction starts per quarter

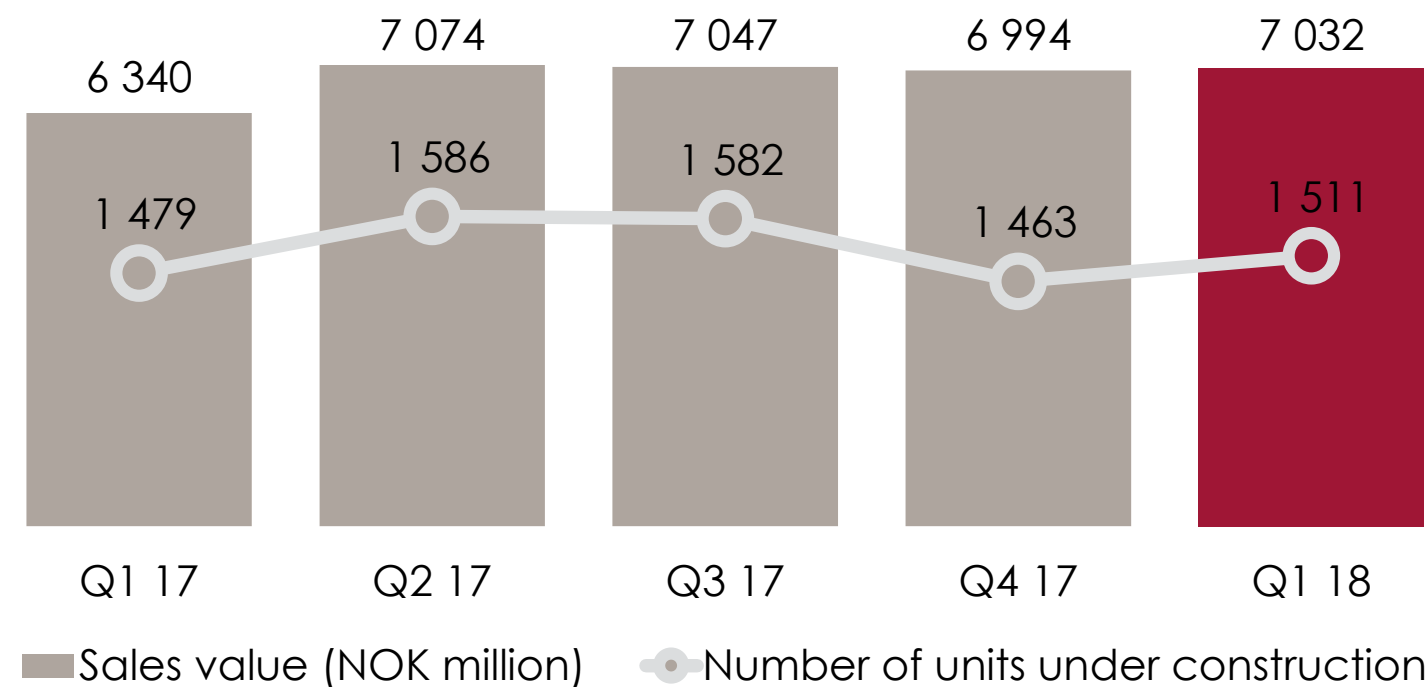
Units



Units under construction and completions

Sales value: Units under construction

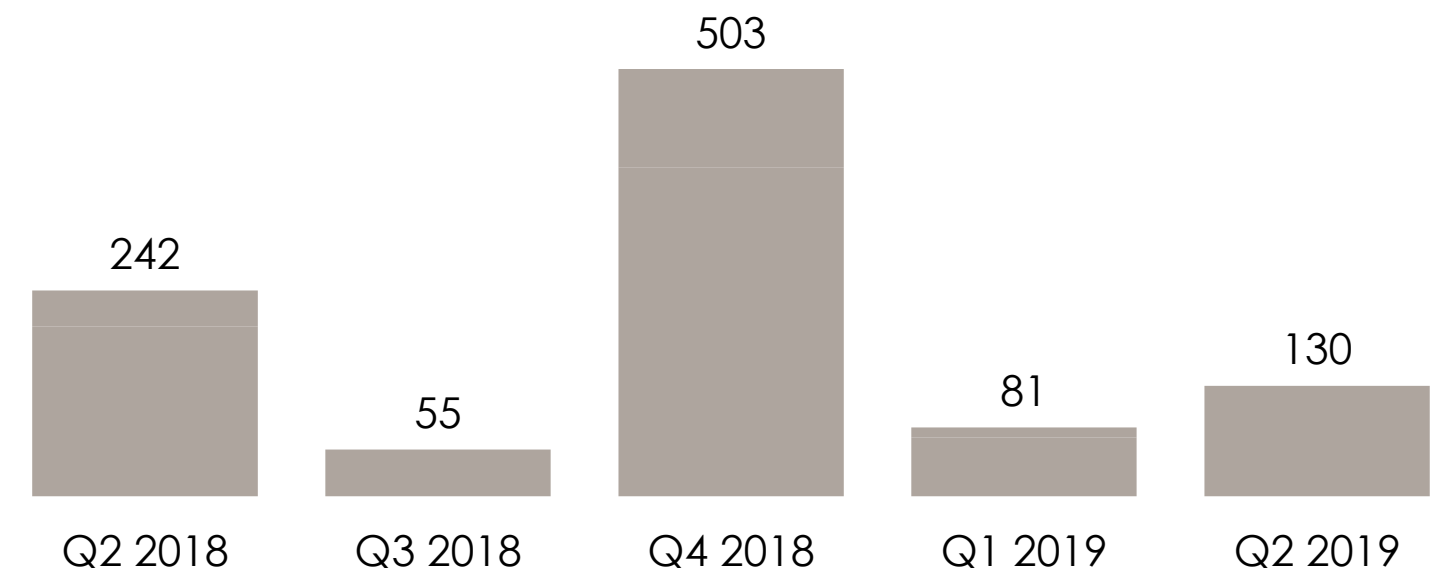
NOK million



- High value of units under construction
- Q1 2018: 73% of units under construction sold by Q1 2018
- Q1 2018: 80% of construction volume in Greater Oslo
 - Of which 80% in Oslo. Remaining in Bærum, Lørenskog, Moss and Tønsberg

Expected completions per quarter

Units



- Expected completions for 2018 as of Q1 18: 854 units
- 88% of 2018 completions sold by Q1 2018

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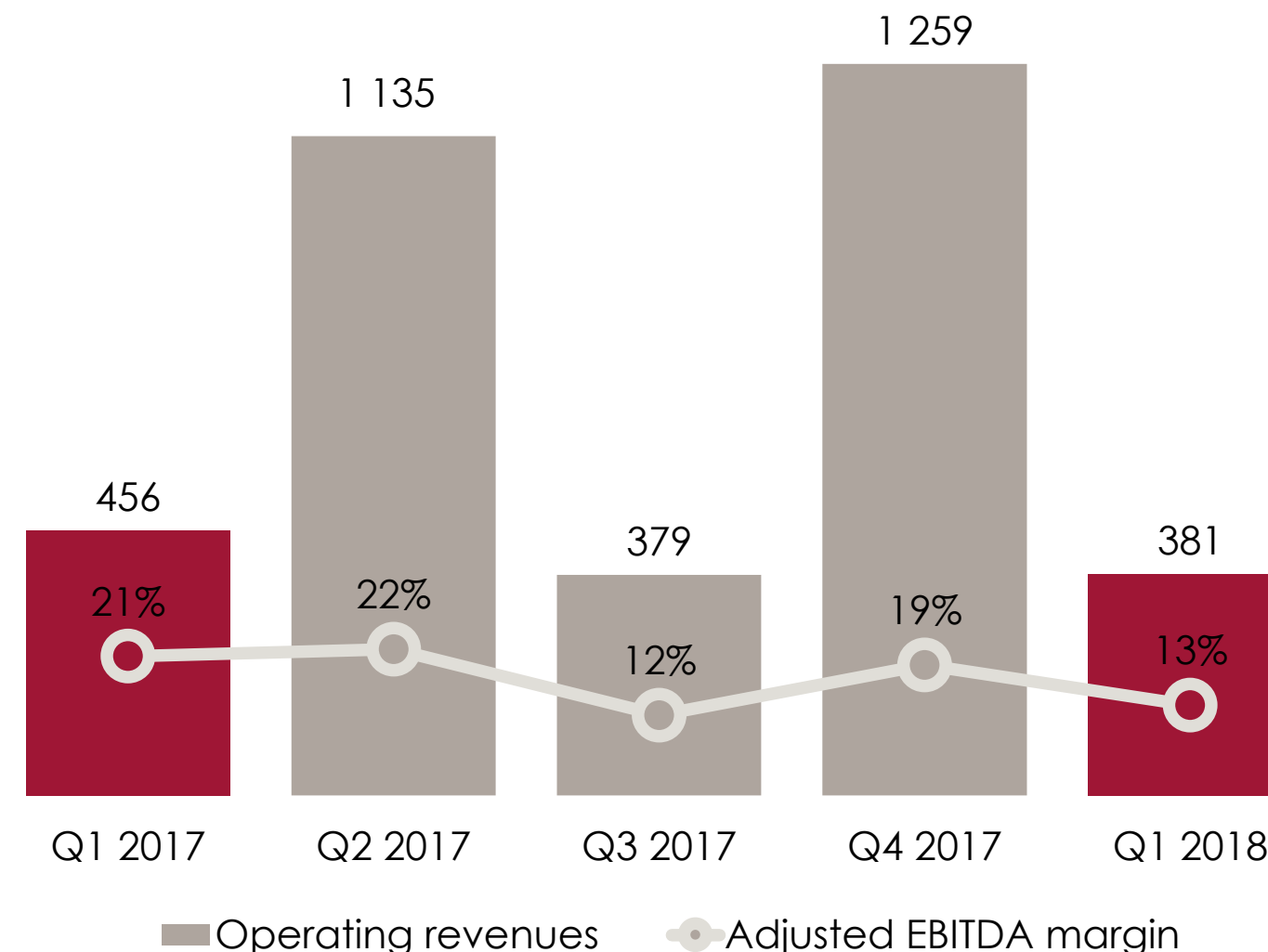


Income statement highlights Q1 2018 (IFRS)

- 59 units delivered (85)
- Revenues NOK 381m (456)
 - Units delivered NOK 323m (301)
 - Other revenues NOK 42.5m + NOK 15m (140+15)
- Project costs NOK 276m (312)
 - Of which NOK 5m is interest (12)
- Other costs NOK 58m (59)
 - Salaries, sales and marketing
- Adjusted EBITDA NOK 51m (94)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK 45m (82)
- EPS in the quarter NOK 0.34 (0.82)

Revenues and adjusted EBITDA margin (IFRS)

NOK million

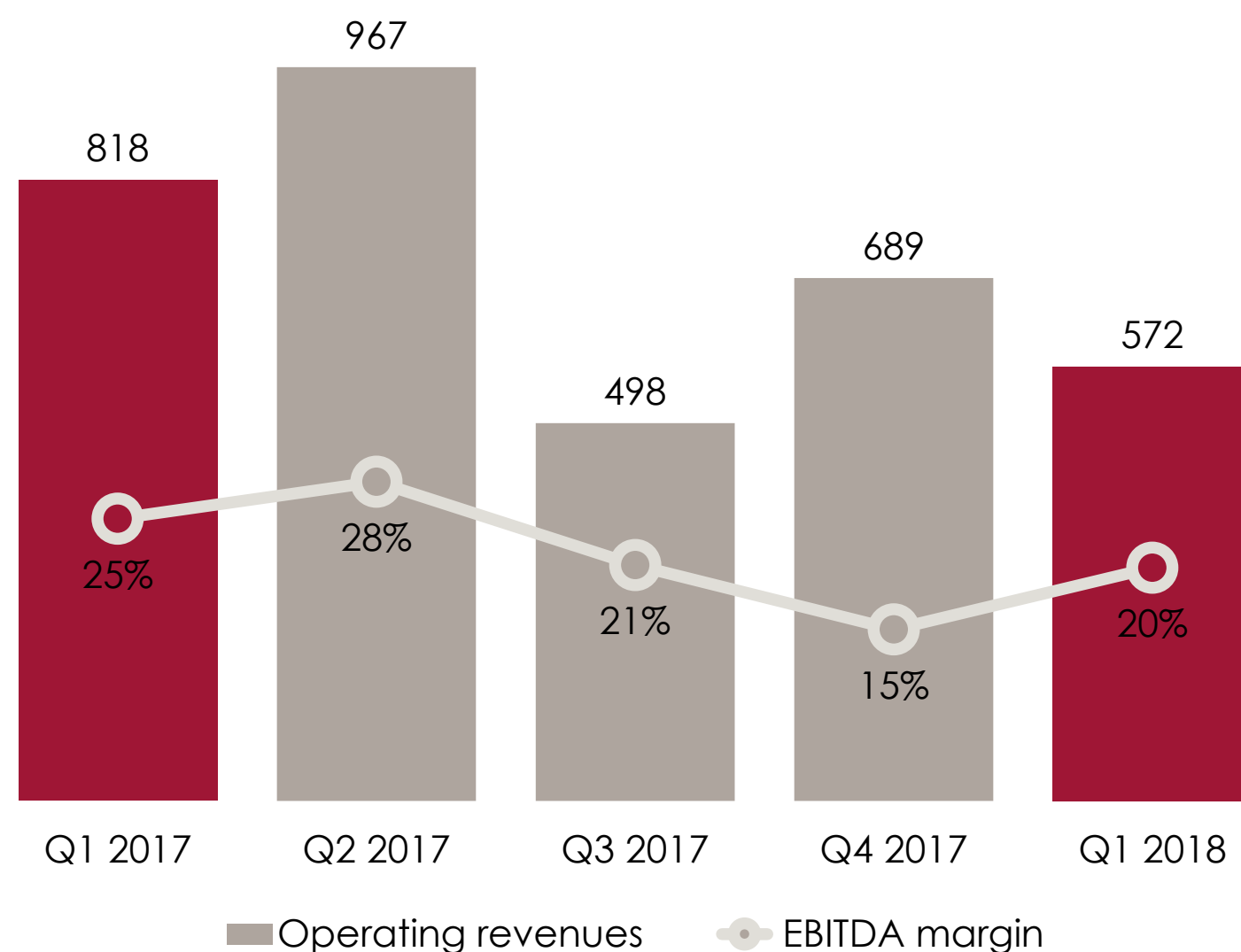


Note: EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs

Income statement highlights Q1 2018 (NGAAP)

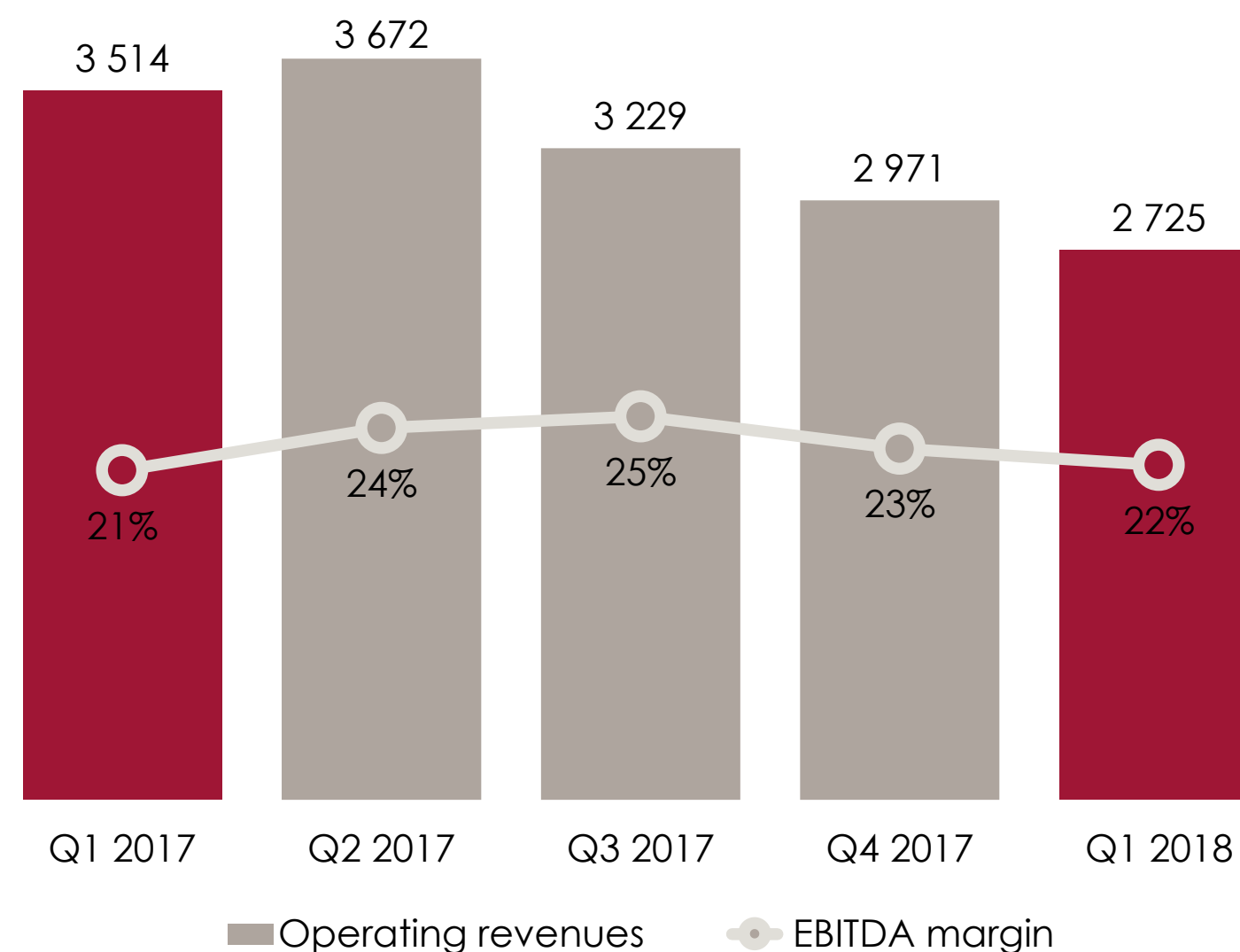
Revenues and EBITDA margin (NGAAP)*

NOK million



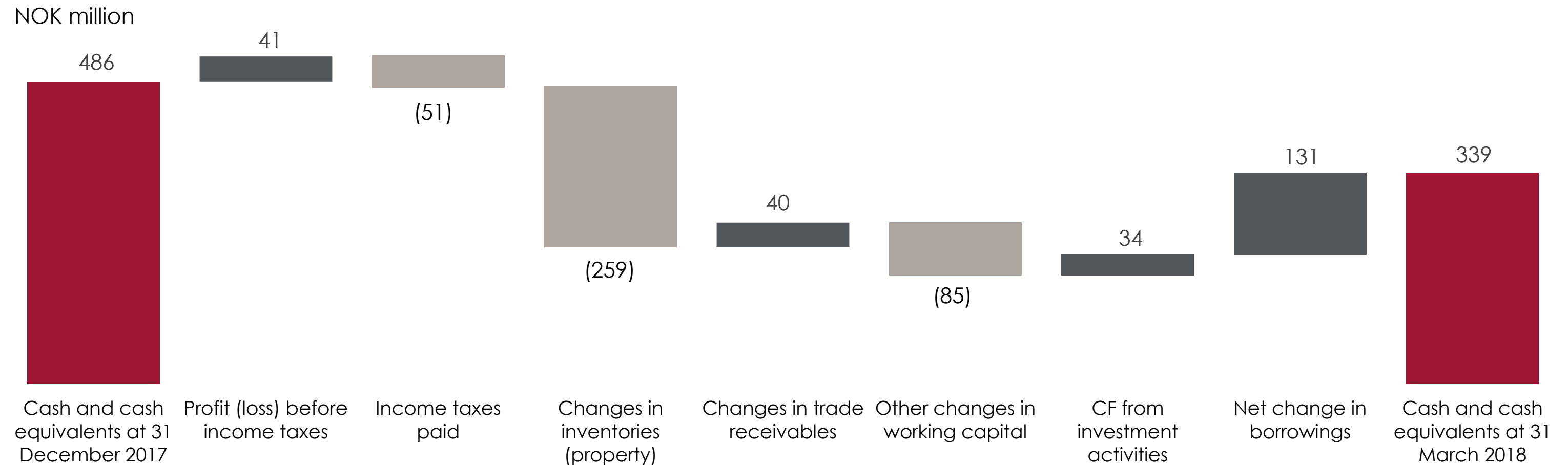
12 months rolling revenues (NGAAP)*

NOK million



* Construction costs are exclusive of financial expenses in the segment reporting (NGAAP)
 Note: EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

Cash flow development Q1 2018



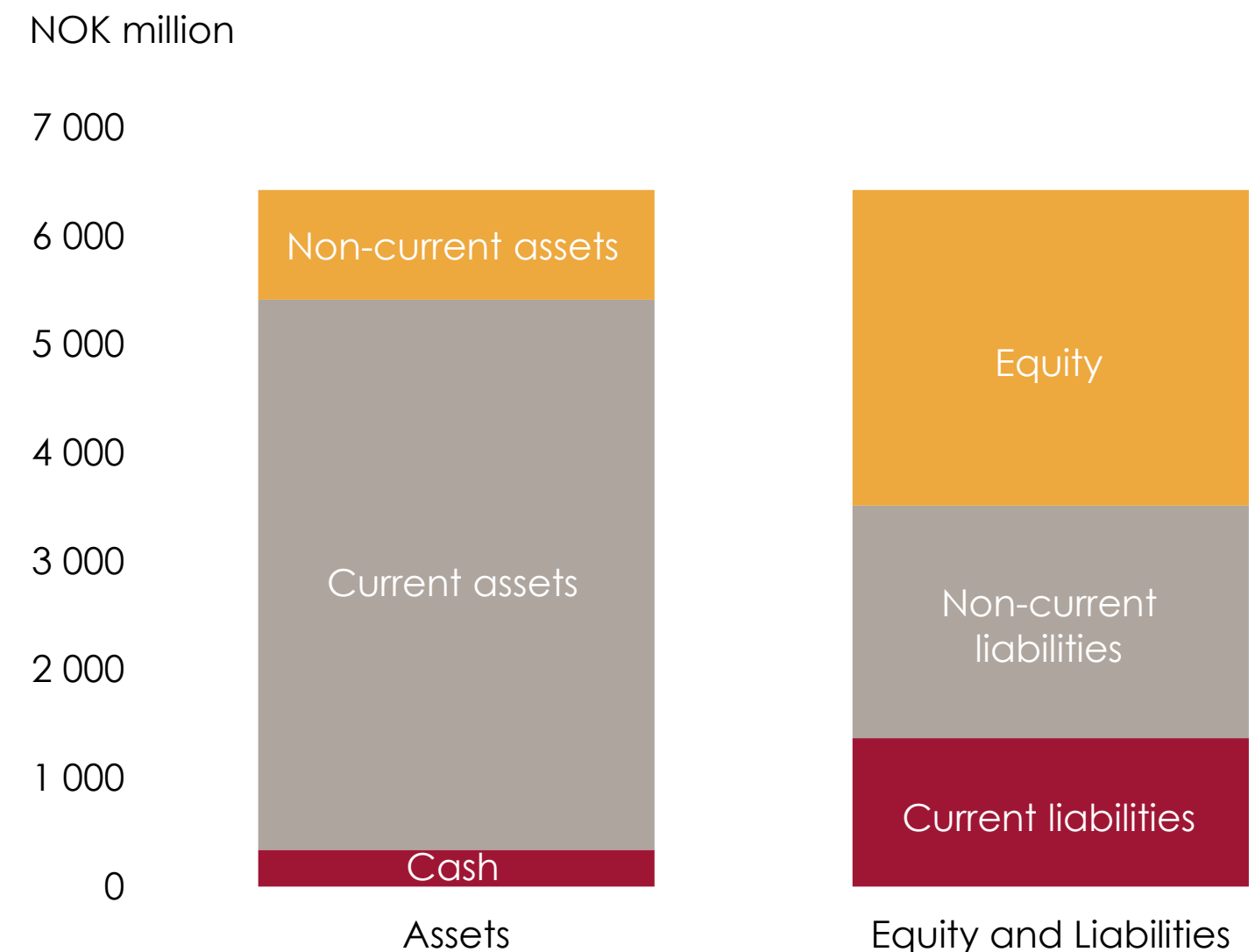
- Cash flow from operations negative at NOK 312m mainly explained by high construction activity
- Cash flow from investment activities positive at NOK 34m mainly explained by repayment of loans and dividend from associated companies
- Cash flow from financing activities positive at NOK 132m mainly due to net increase in loans

Note: Amounts below NOK 5m are excluded from the cash flow overview

Balance sheet highlights Q1 2018

- Book value increased by NOK 0.6 to NOK 31.0 per share
 - Equity ratio 45.3%
- Changes from Q4 2017:
 - Inventories increased by NOK 269m
 - Trade receivables decreased by NOK 40m
 - Cash decreased by NOK 146m
- Prepayments from customer's accounts for NOK 394m of other current non-interest-bearing liabilities

Balance sheet composition

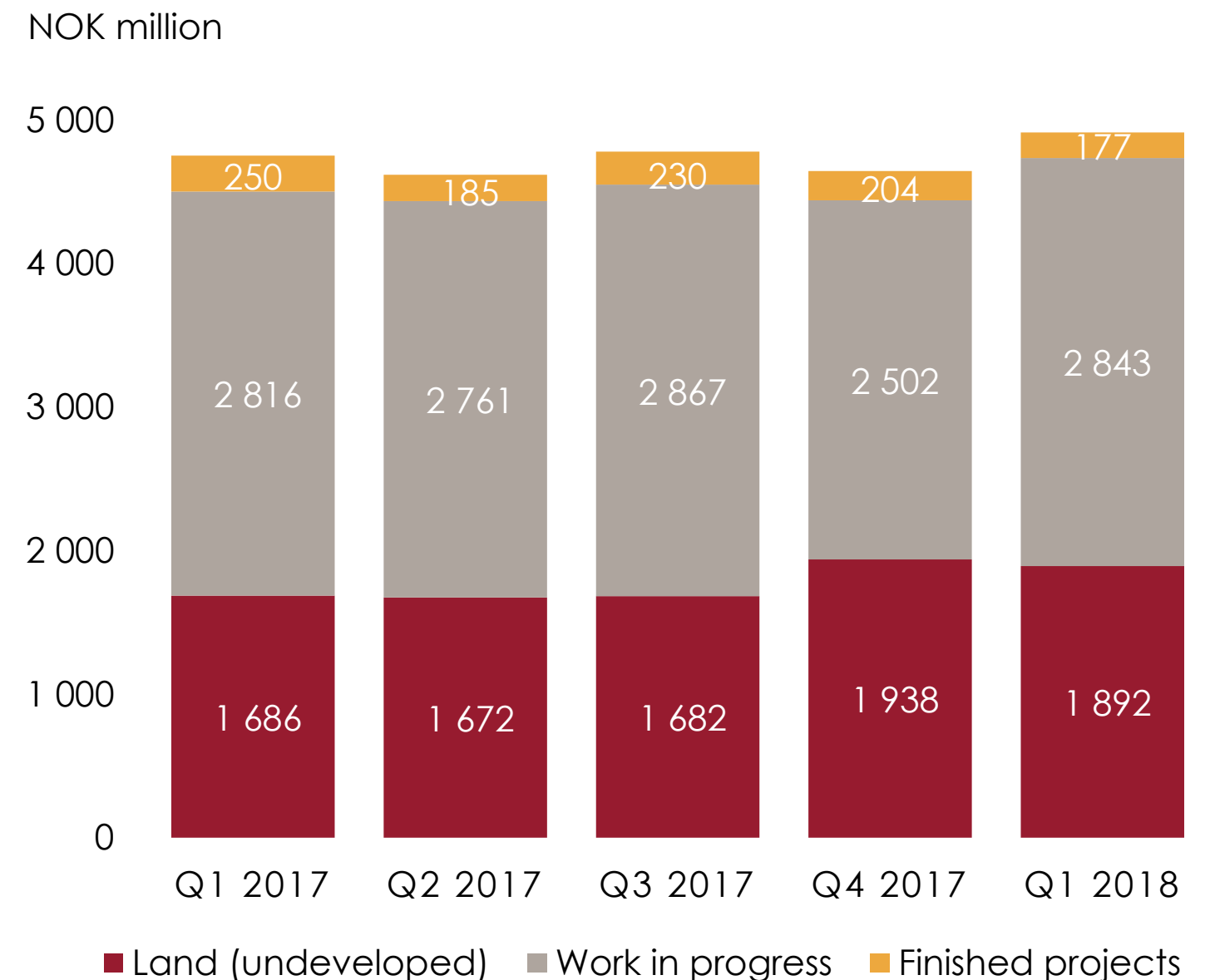


Inventories (property) Q1 2018

Q1 18 vs Q4 17

- Land value down NOK 46m
 - Mainly due to construction starts
- Work in progress up NOK 341m
 - Due to high construction activity
- Finished goods down NOK 27m
 - Due to units delivered

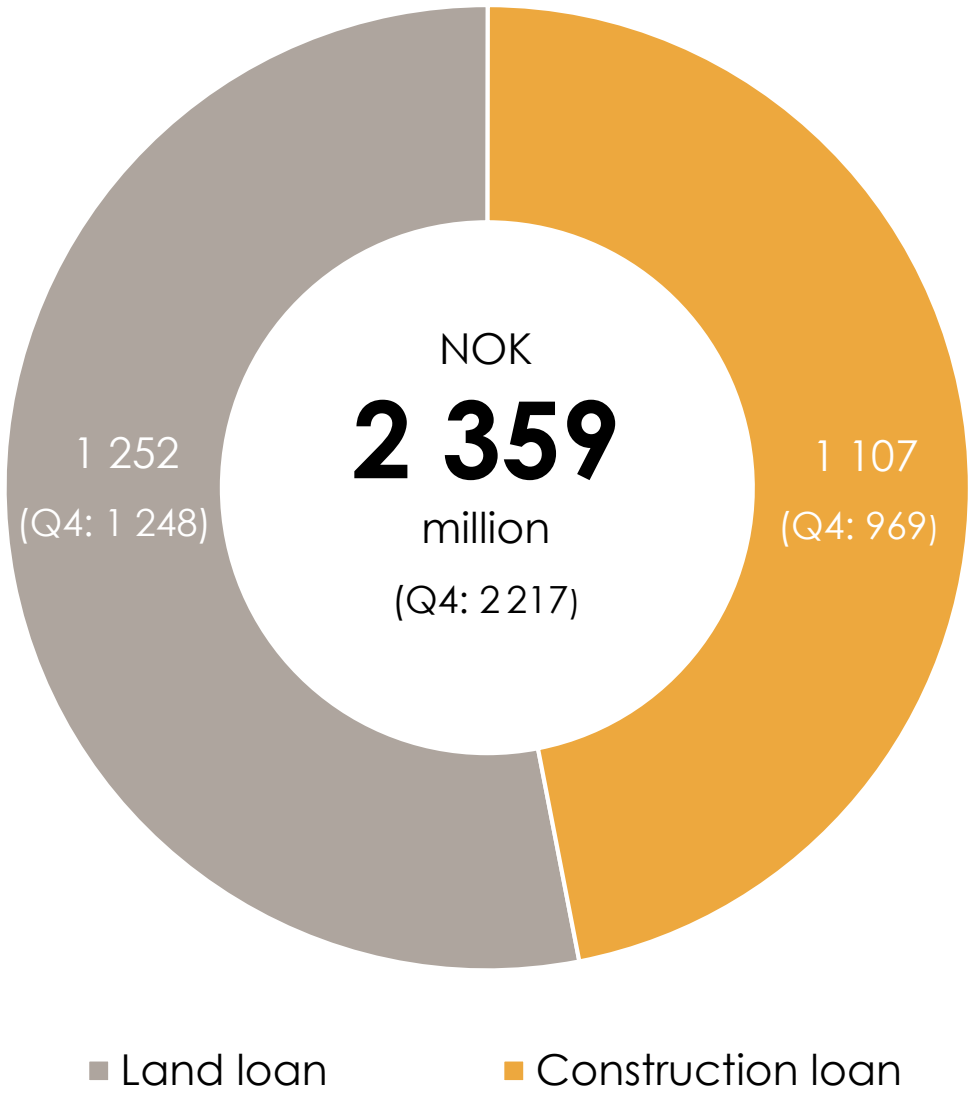
Inventory value development



Debt structure

Interest-bearing debt as at 31 March 2018

NOK million



Increased financing capacity and flexibility
Revolving credit facility from DNB extended to NOK 500 million from NOK 400 million

	Loan facility	Drawn at 31 Mar. (NOKm)	Interest rate margin
1	NOK 500 million revolving credit facility from DNB maturing in 2022	0	3.40%
2	NOK 150 million working capital facility from DNB maturing in 2018	0	2.00%
3	Land loan facilities from a range of Nordic credit institutions	1 252	2.00% - 2.50%
4	Construction loan facilities from a range of Nordic credit institutions	1 107	1.75% - 2.60%

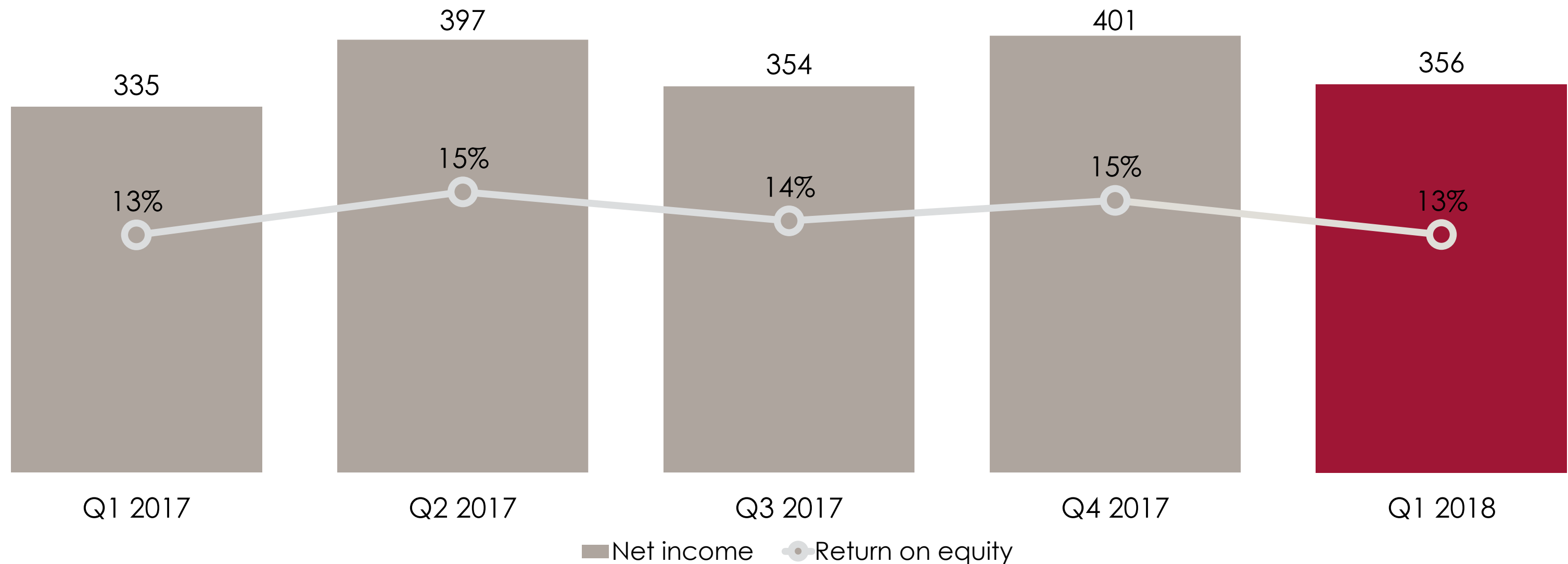
Total Q1 2018 net interest-bearing debt NOK 2 019 million

Total Q4 2017 net interest-bearing debt NOK 1 732 million

Return on equity (IFRS)

12 months rolling net income (IFRS)* and return on equity**

NOK million



* Net income attributable to shareholders in Selvaag Bolig ASA

** Based on equity at the start of the period (attributed to shareholders in Selvaag Bolig ASA)

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Market improving as expected

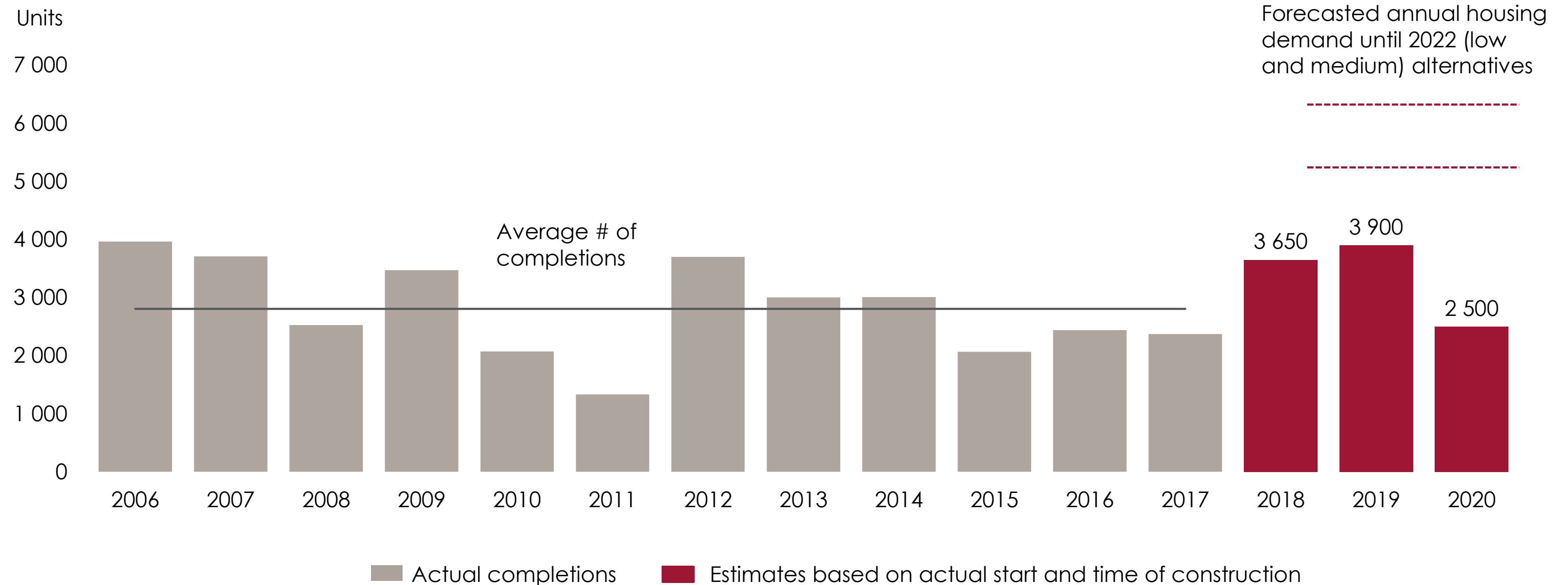
While the media sentiment was negative in H2 2017...

...SBO expected improving market in 2018



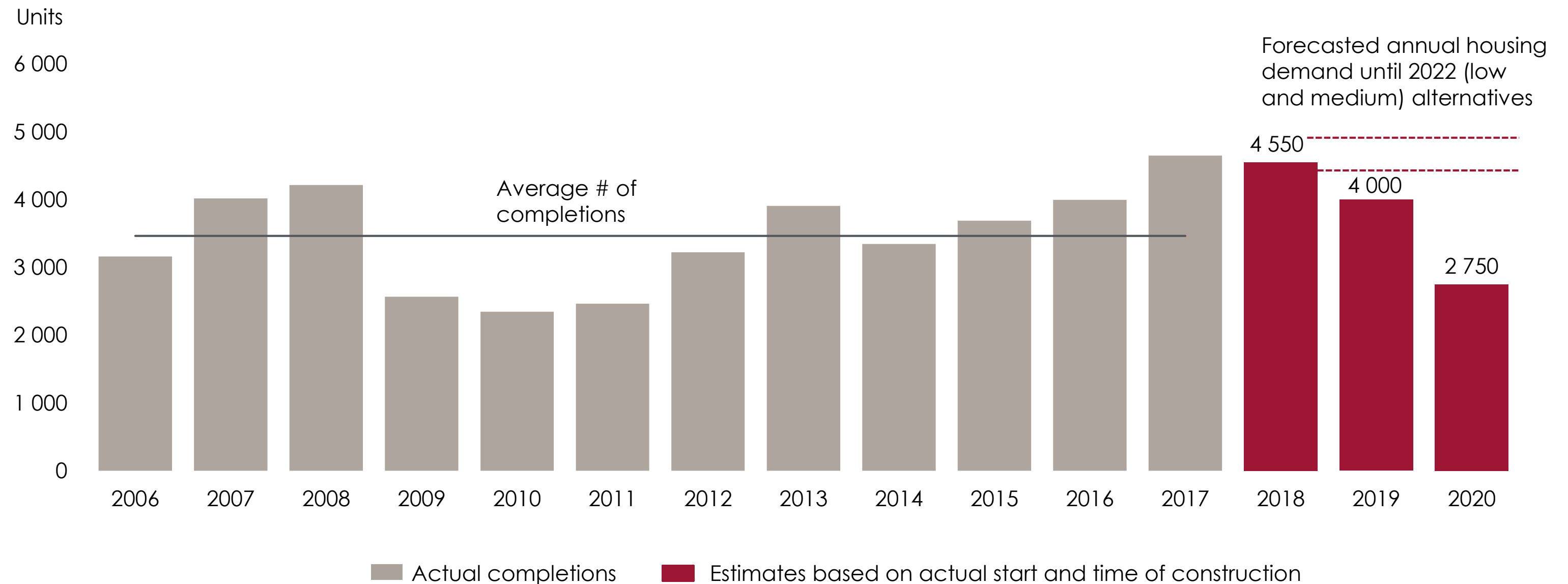
Low number of estimated completions for 2020 in Oslo...

Number of units completed in Oslo, 2006-2017



...and in areas surrounding Oslo

Number of units completed in Akershus, 2006-2017



Newbuild sales has limited effect on second-hand market

Why customers buy newbuilds

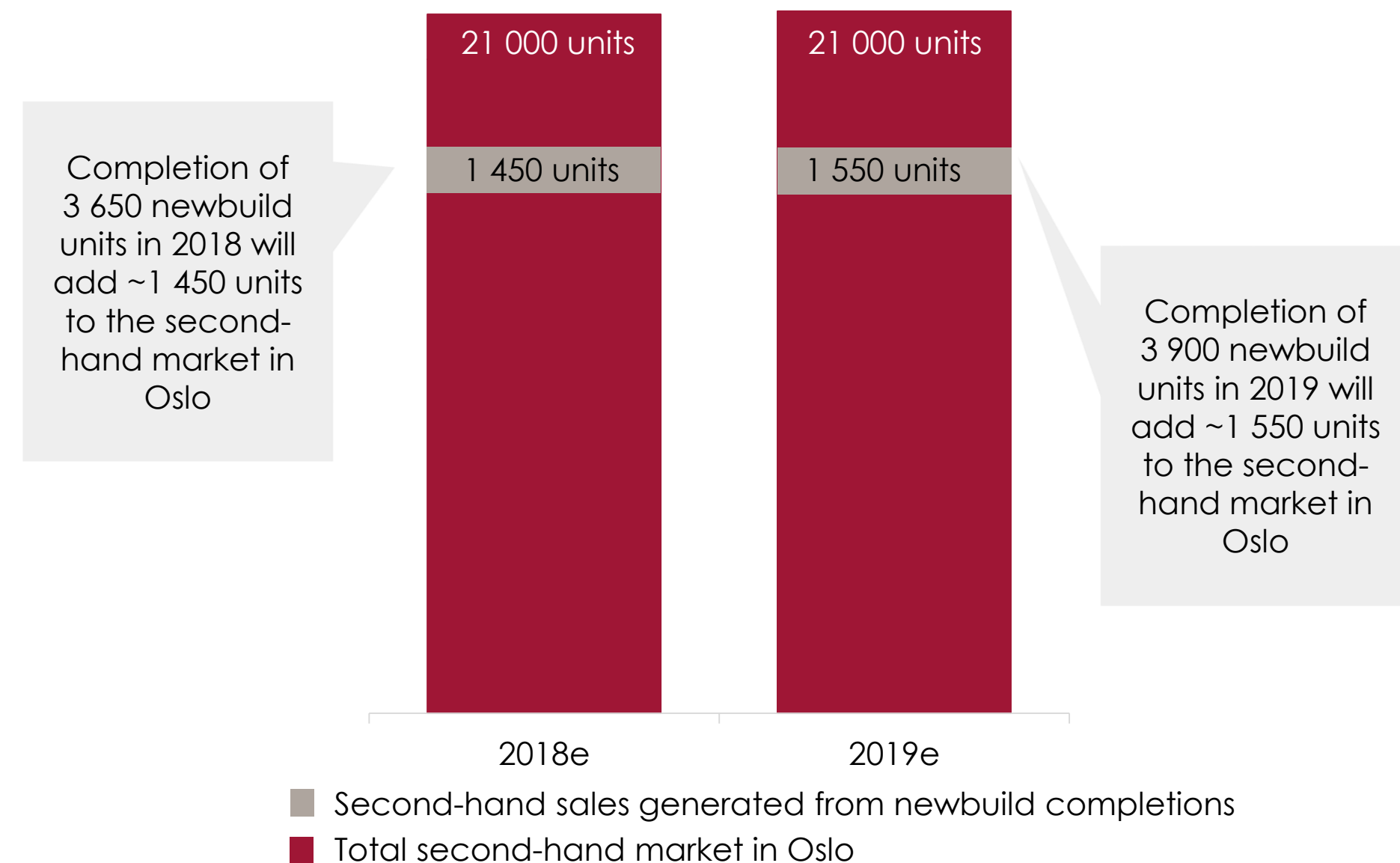
76.5% buying to live

17% buying to rent out

6.5% buying to sell

43% will sell their own home in secondary market before moving into a newbuild unit

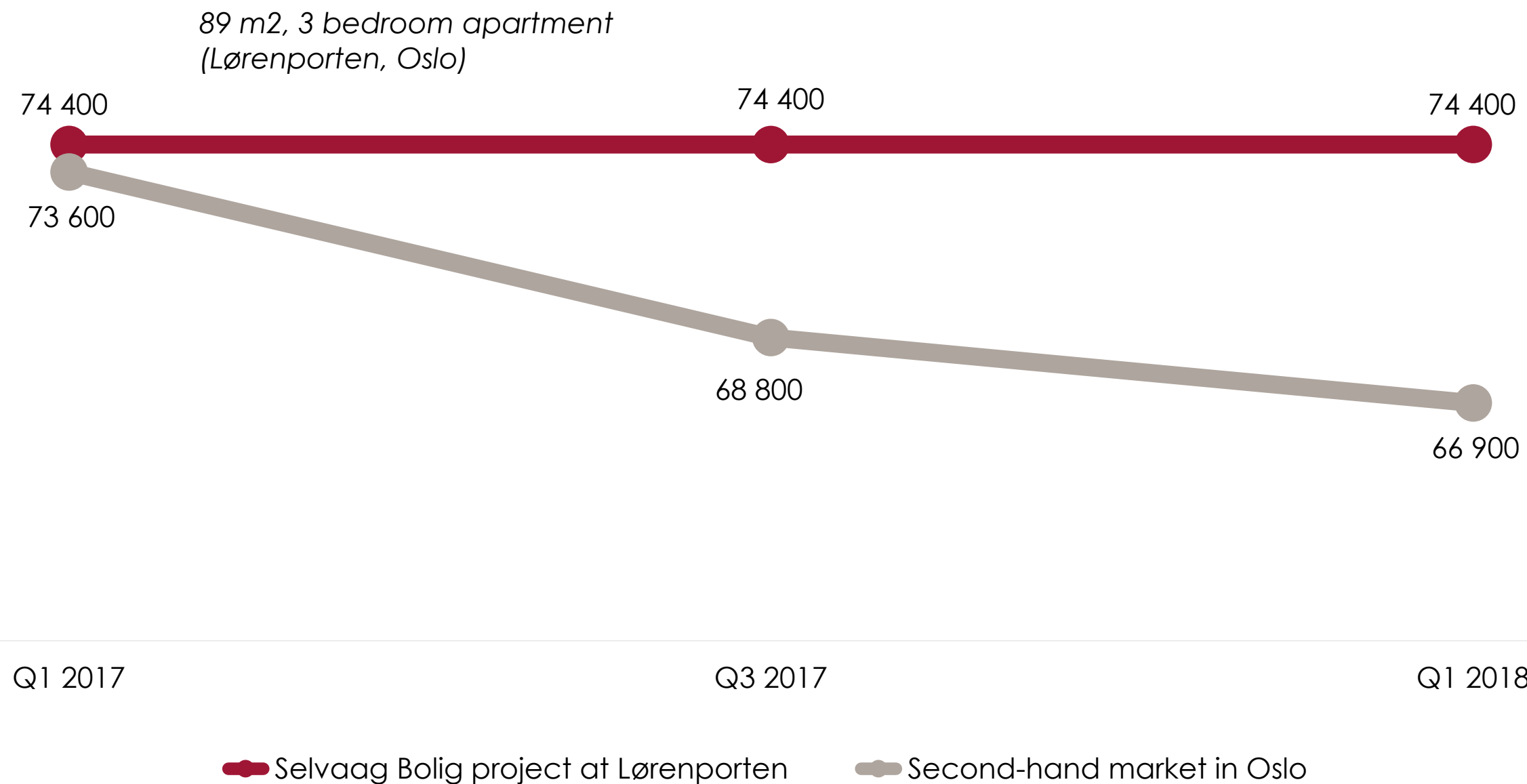
Newbuild effect on total second-hand market in Oslo



Resilient SBO newbuild prices

Price development SBO newbuild project at Lørenporten (Oslo) vs. second-hand market in Oslo

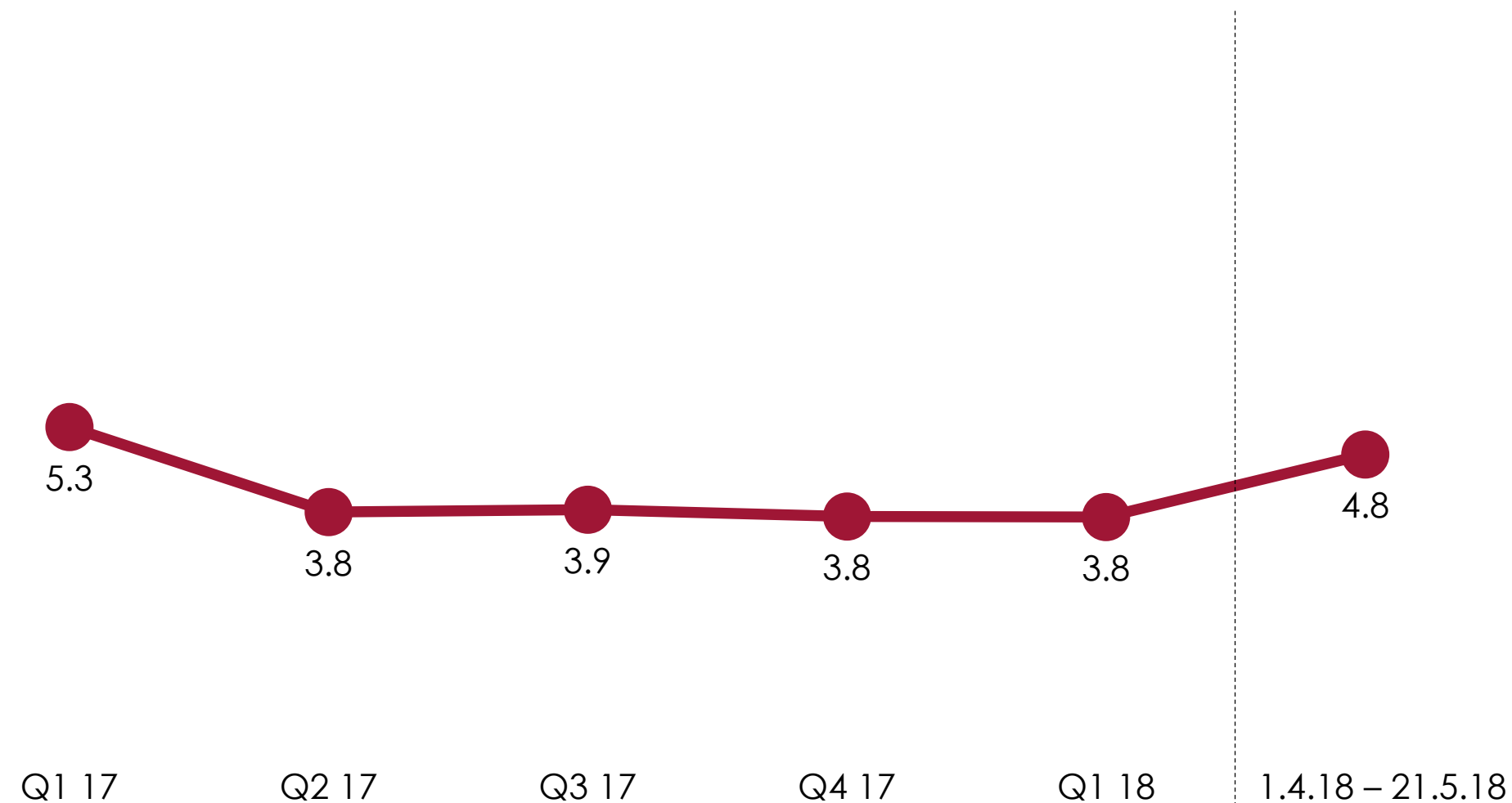
Prices in NOK per m2



Increasing average sales value for SBO

Average sales value for SBO units

NOK million



Increasing average sales value YTD in Q2 2018 driven by increased share of sales in Greater Oslo

Housing market update - April 2018

Norway

+1.8%

Nominal price increase, April 2018

0.9%

Price change in April adjusted for
seasonal variations

-1.0%

Price decrease last 12 months

Oslo

+2.4%

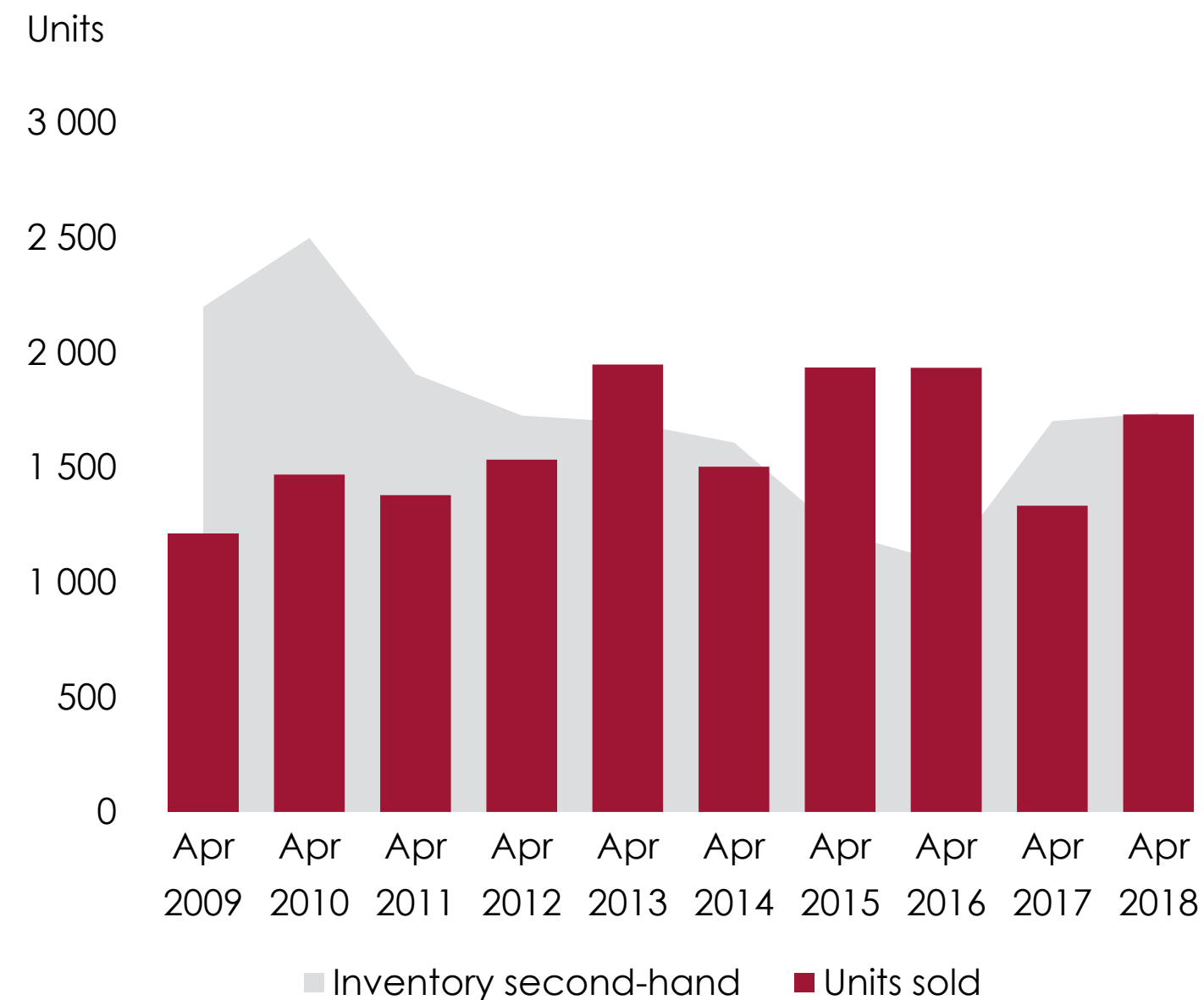
Nominal price increase, April 2018

-3.8%

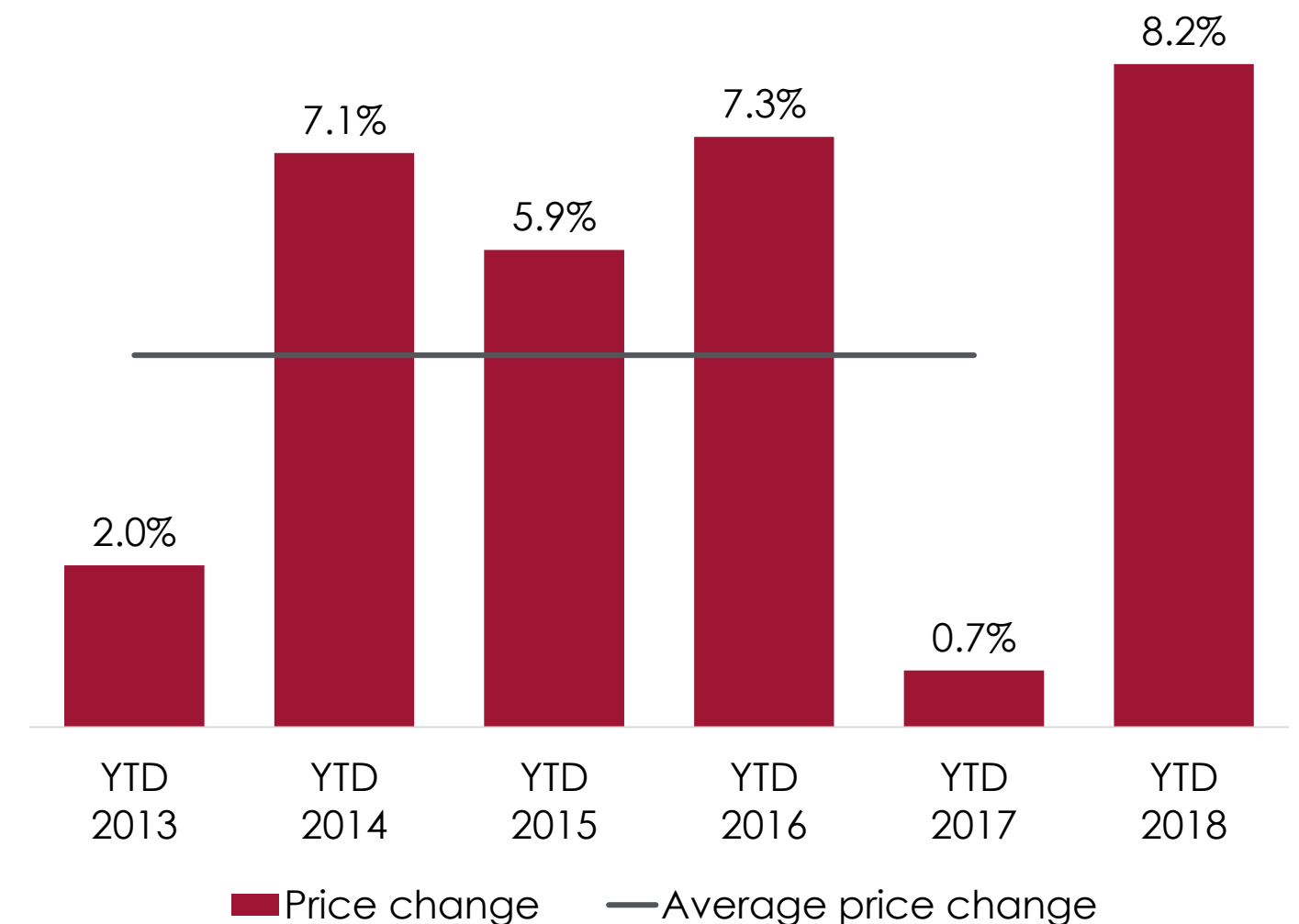
Price decrease last 12 months

Stronger second-hand market in Oslo

Oslo, April*



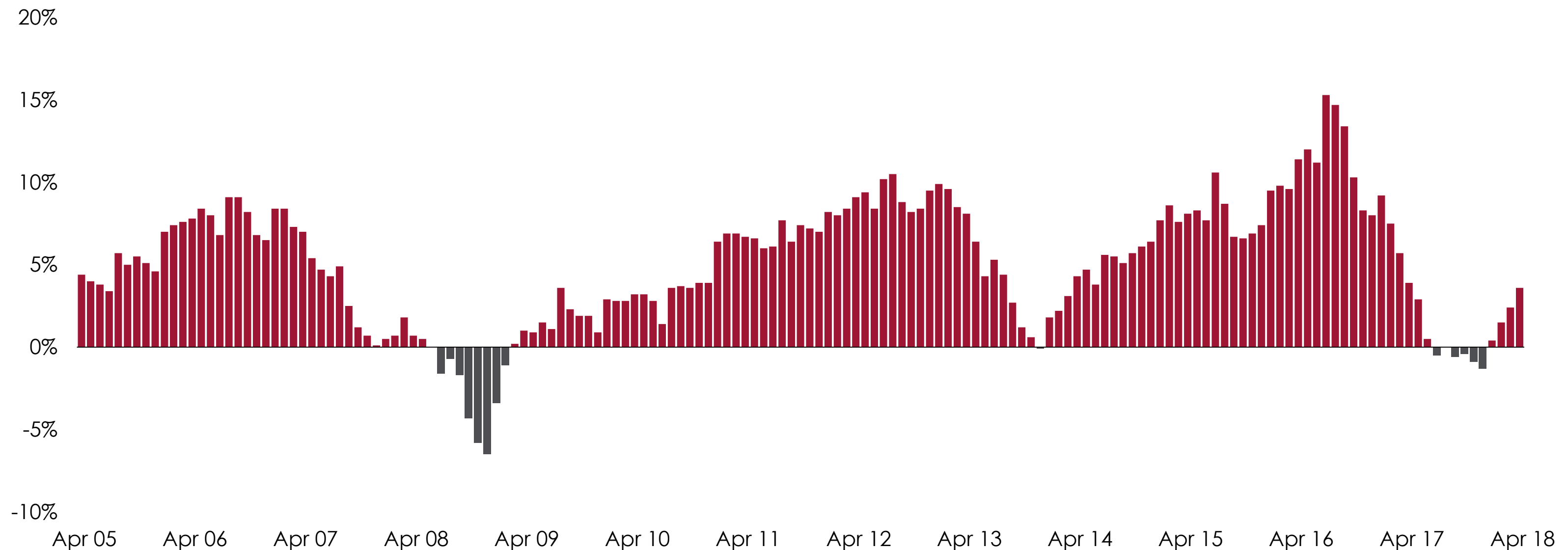
Price change Oslo, Jan.-Apr. (year to date)



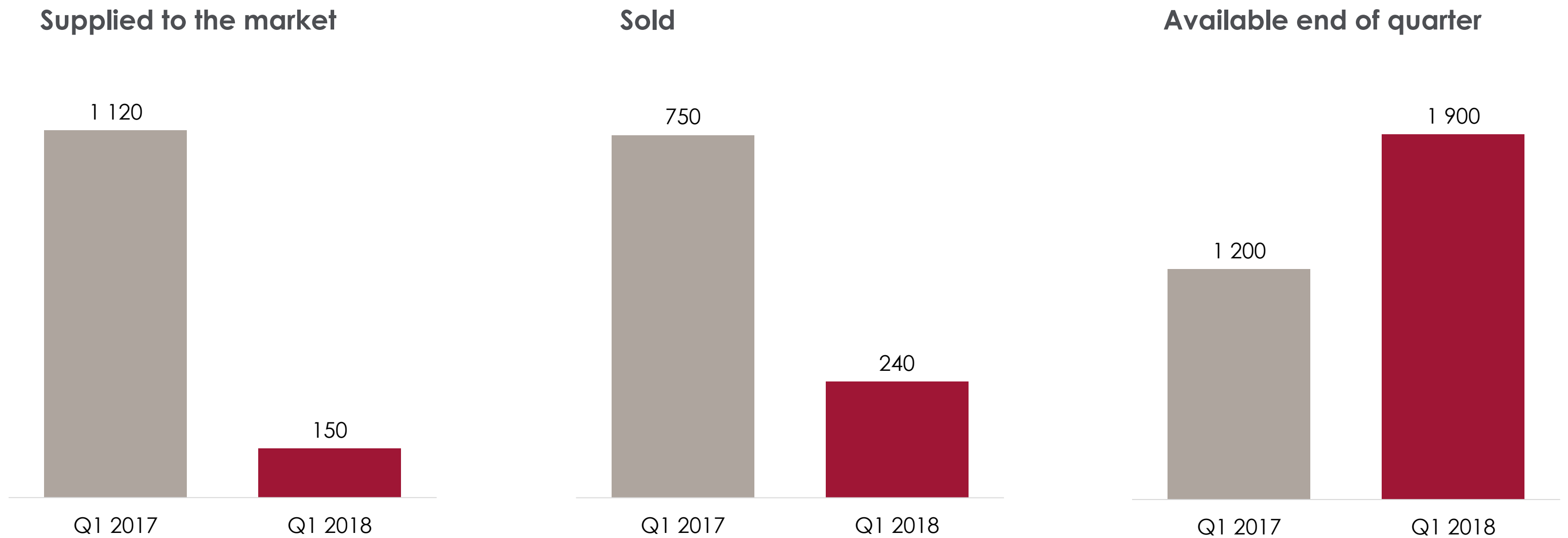
*Unsold units that have been withdrawn from the market are marked as inventory for 6 months before being removed
Sources: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

Price pressure returning to the Oslo market

Average monthly %-gap between initial asking price and final sales price, Oslo second-hand market

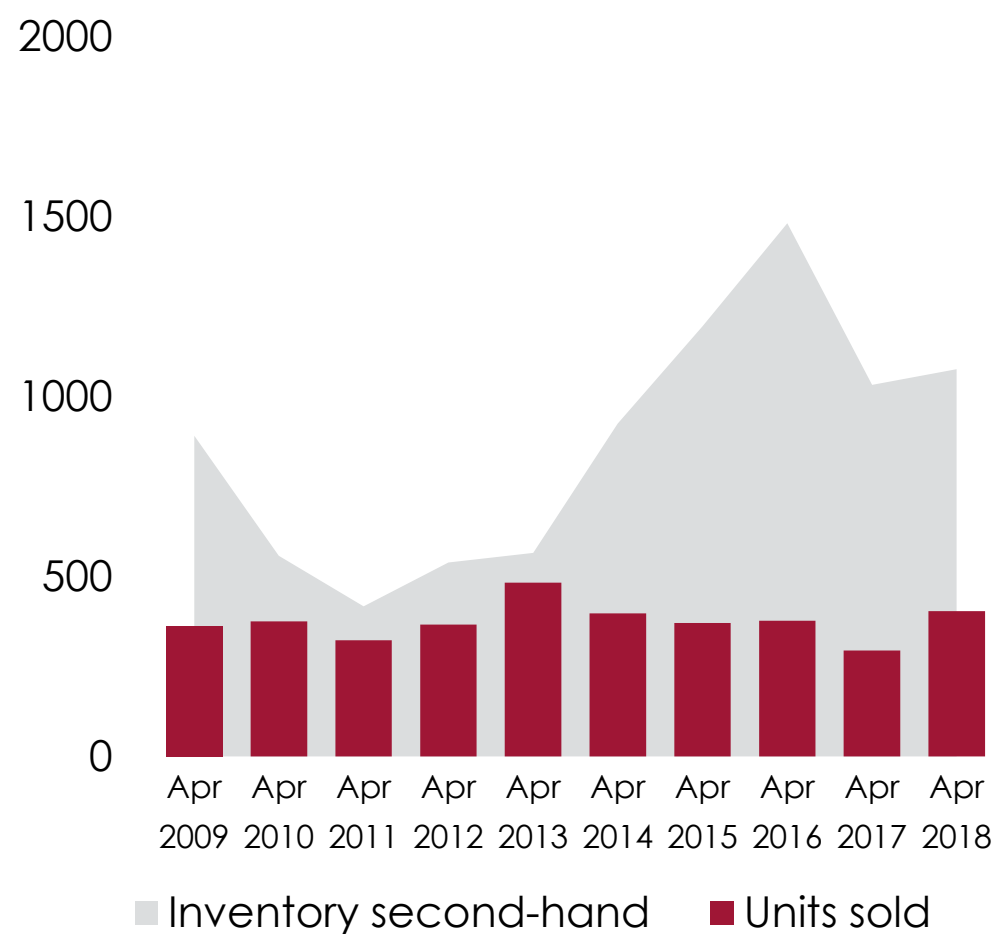


Newbuild market update - Oslo



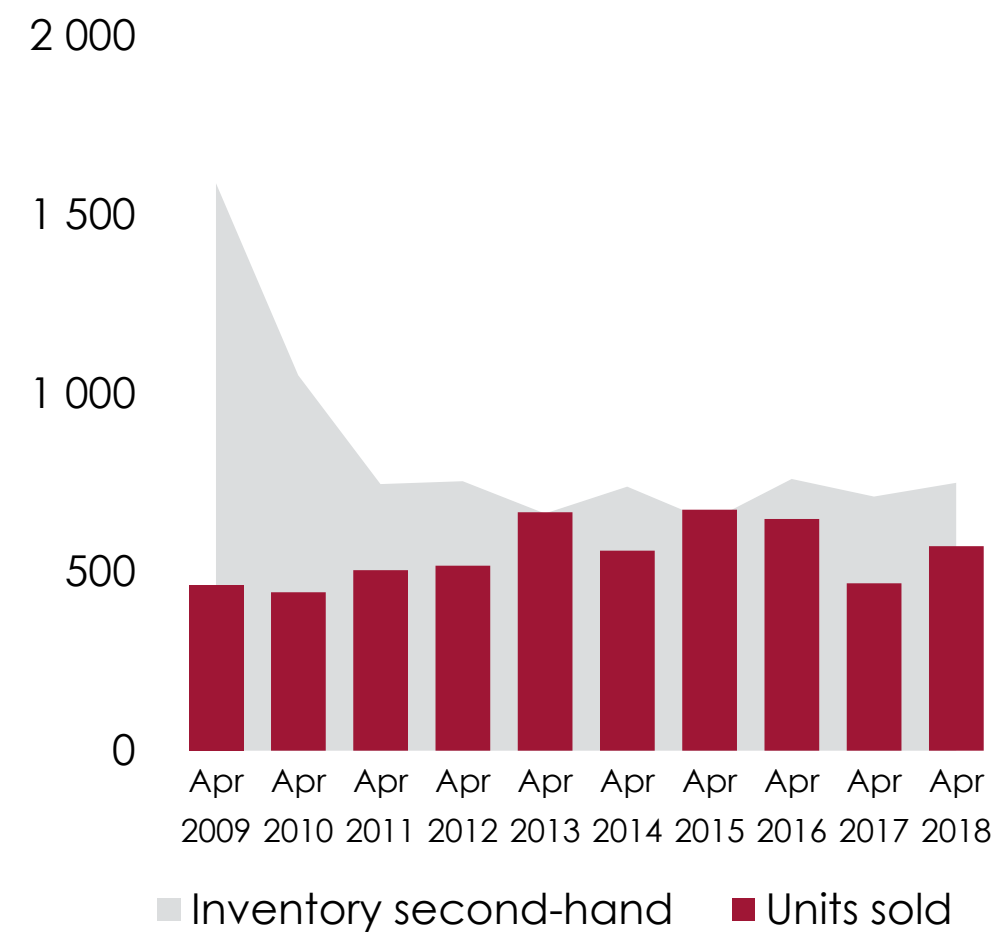
Second-hand market update other core markets

Stavanger, April*



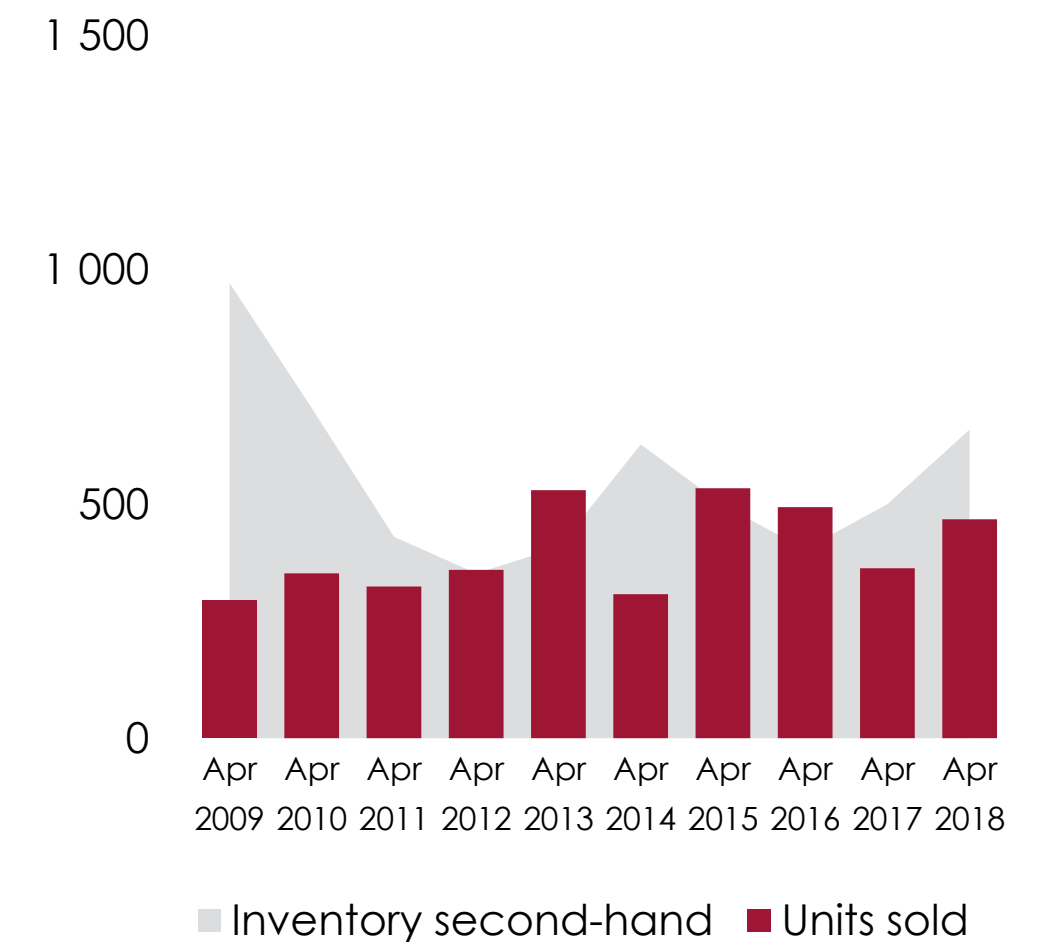
Price increase of 3.2% year to date

Bergen, April*



Price increase of 7.0% year to date

Trondheim, April*



Price increase of 5.6% year to date

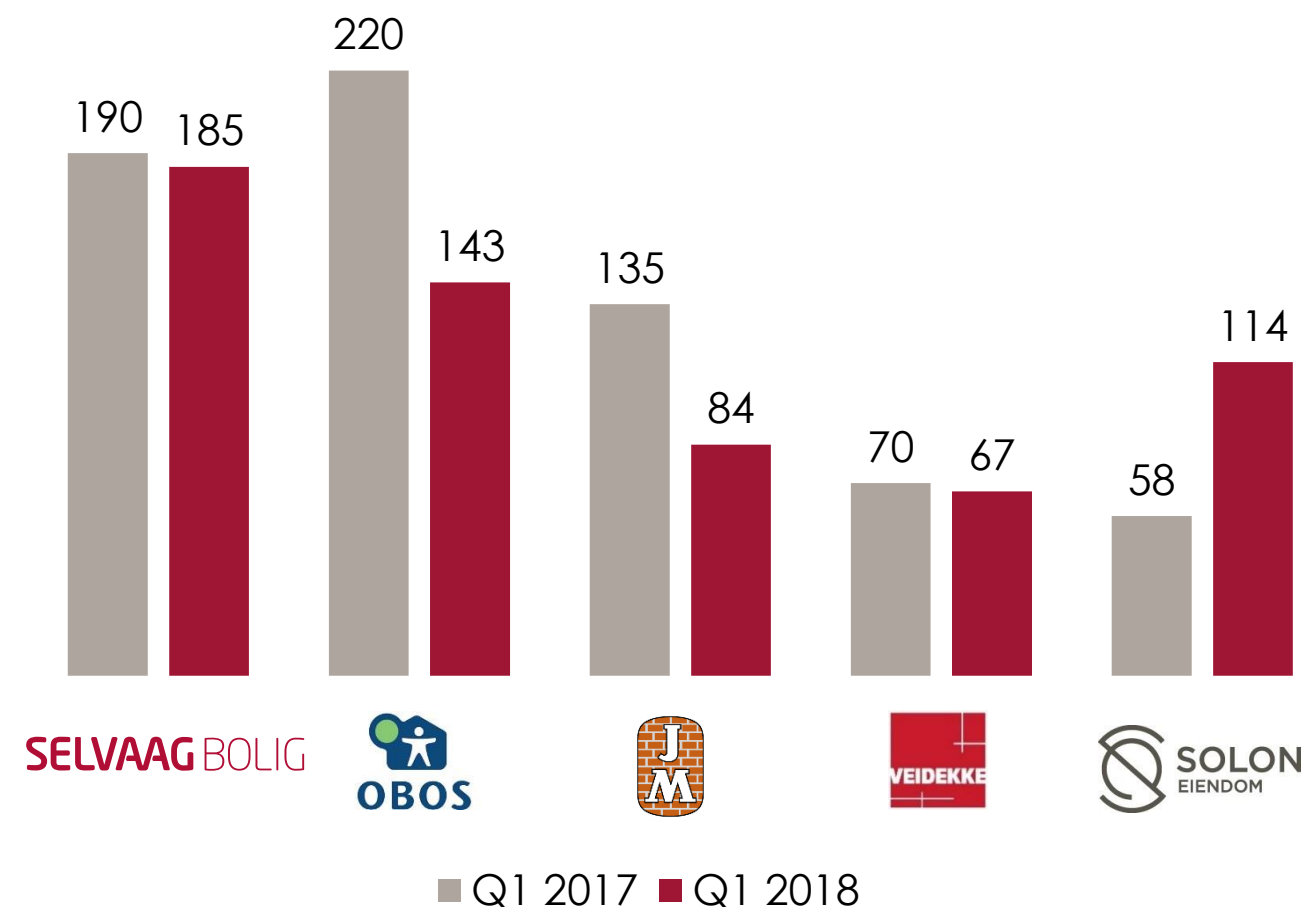
* Unsold units that have been withdrawn from the market are marked as inventory for 6 months before being removed
Sources: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

Stavanger: Stavanger, Sola, Randaberg and Sandnes

Strong Q1 2018 sales versus peers

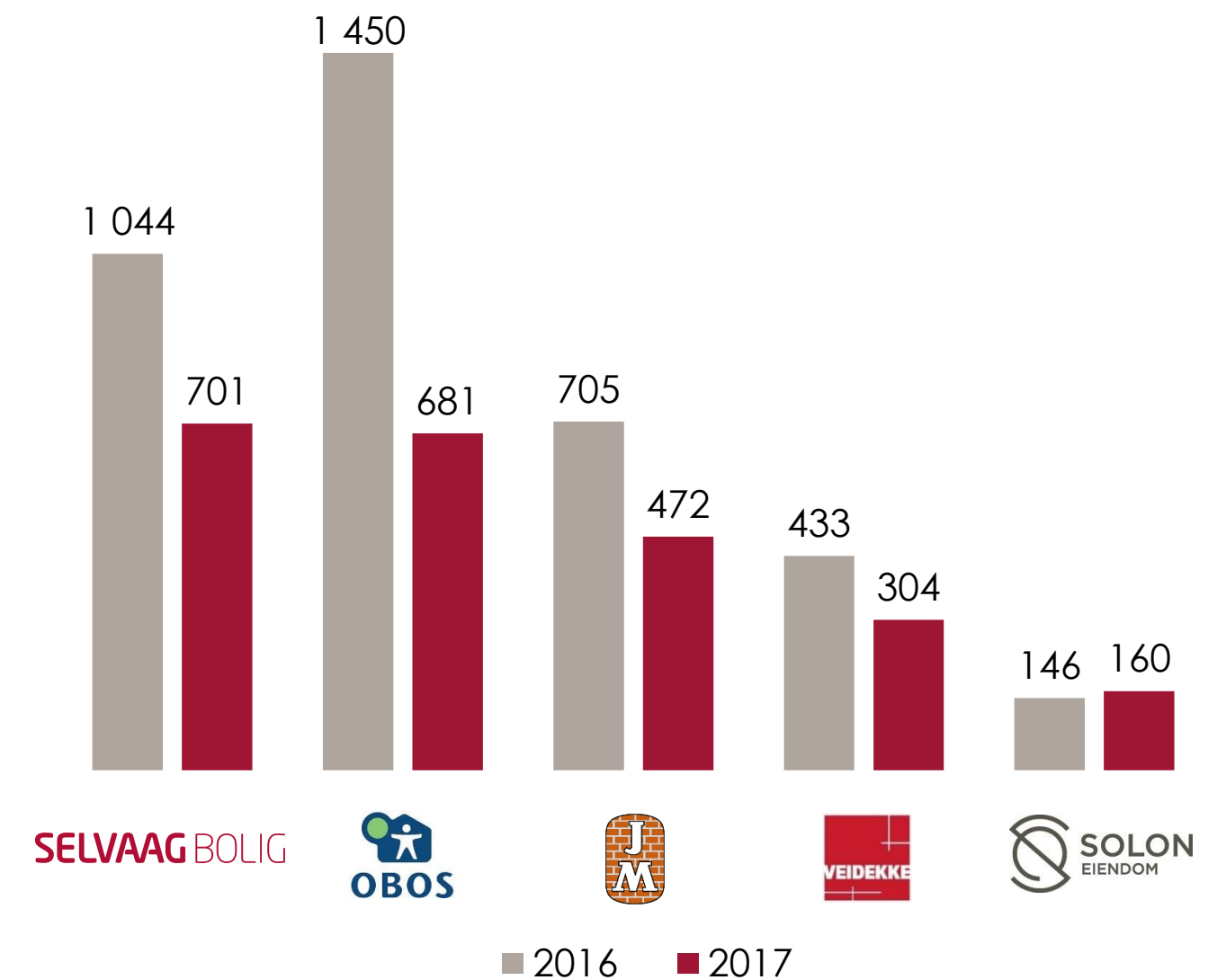
Quarterly sales activity vs. peers

Units



Annual sales activity vs. peers

Units



Housing types Selvaag Bolig: flats, semi-detached and terraced homes
Source: Eiendomsverdi, Eiendom Norge and Selvaag Bolig

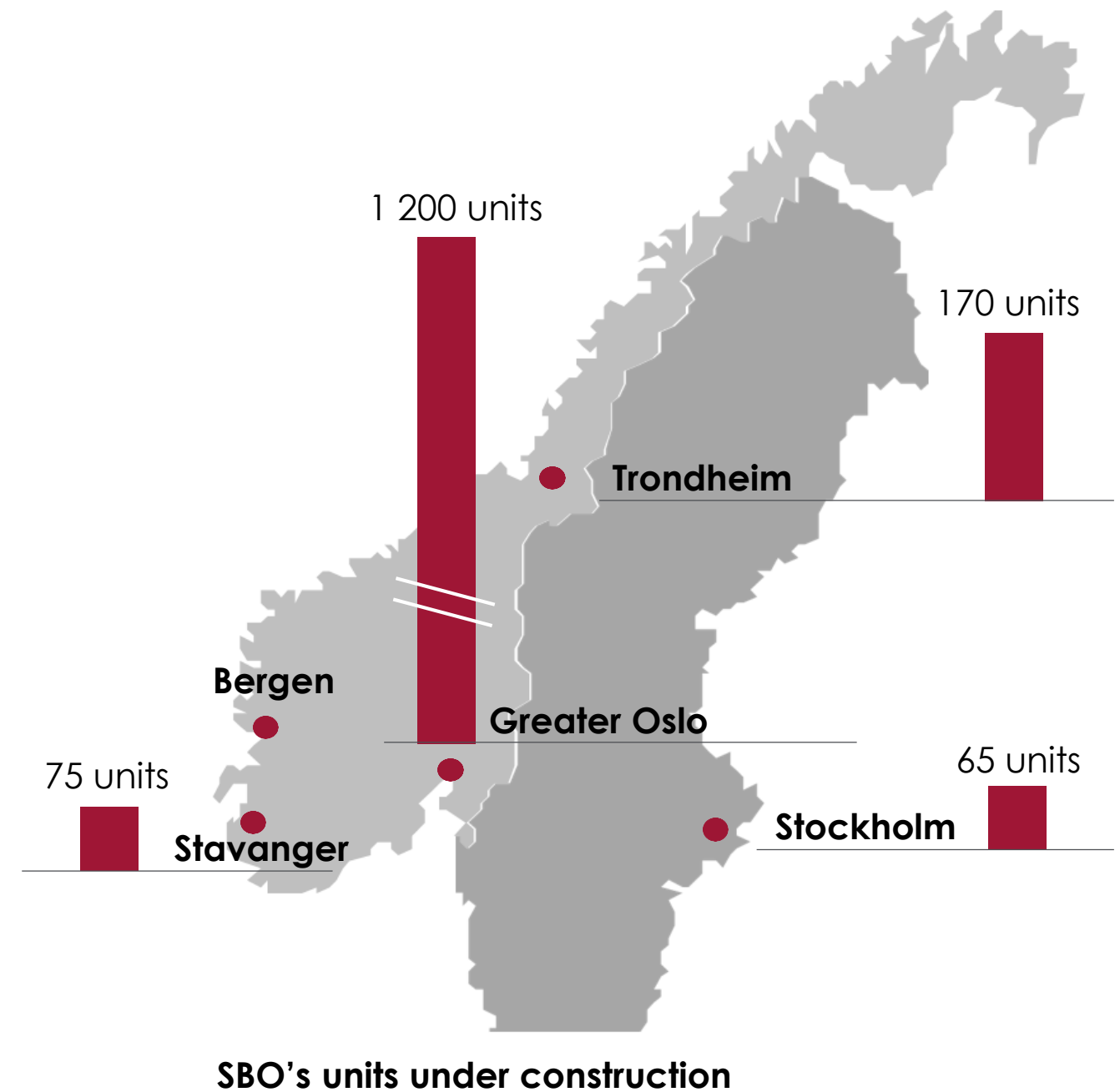
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Summary

- Strong results driven by healthy margins, reflecting value focus
- Market improving as expected
- Positioned with competitive housing offering and substantial capacity



Thank you for your attention – follow us online!

Next event:
2nd quarter 2018
15 August 2018



@SelvaagAksjen

A photograph of a modern multi-story building with a mix of brick, white, and red facades and glass balconies. The building is set against a clear blue sky. A semi-transparent white box with a red border is overlaid on the left side of the image, containing the word "Appendix" in red text.

Appendix

Dividend policy

Previous dividend policy

Selvaag Bolig's aim is to manage the group's resources so that shareholders secure a return in the form of dividend and the rise in the share price. This return will be competitive with other investments.

The company's goal is to pay dividends twice a year totalling up to 50 per cent of its net profit

New dividend policy

Selvaag Bolig's ambition is to pay high and stable dividends to its owners.

The company aims to pay dividends of minimum 40 per cent of net annual profit, paid in two instalments over the year. However, the size of the dividend will be weighed against the company's liquidity forecasts and capital adequacy.

The company will maintain an equity ratio of minimum 30 per cent

Share performance since IPO in June 2012

NOK



Source: Oslo Børs

Largest shareholders at 31 March 2018

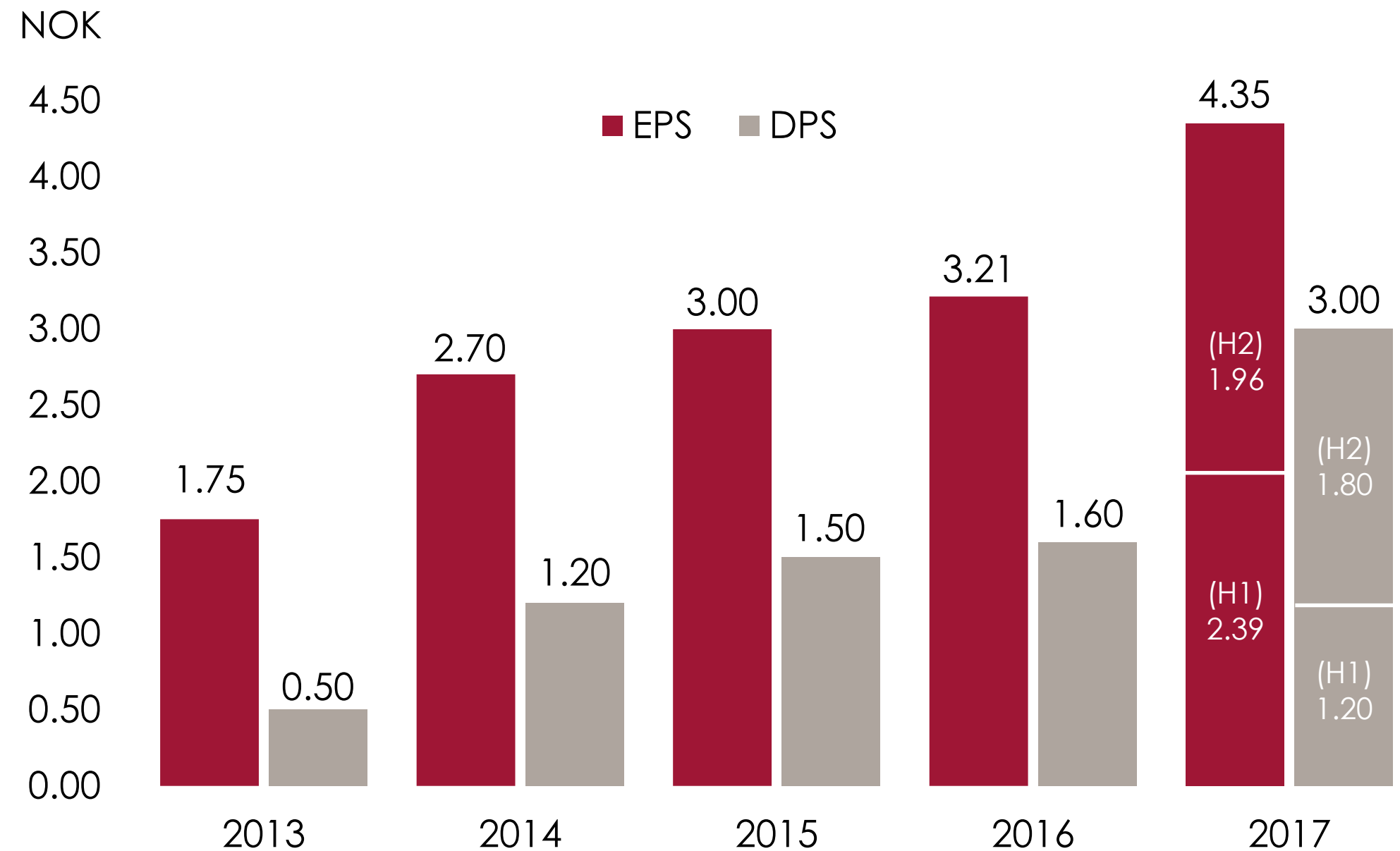
Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53.5%
LANDSFORSAKRINGAR FASTIGHETSFOND	5 323 017	5.7%
MORGAN STANLEY & CO. INT. PLC. *)	2 752 386	2.9%
PARETO AS	2 065 624	2.2%
SEB PRIME SOLUTIONS SISSENER CANOP	2 000 000	2.1%
HOLBERG NORGE	1 693 763	1.8%
VERDIPAPIRFONDET PARETO INVESTMENT	1 596 366	1.7%
SELVAAG BOLIG ASA **)	1 307 577	1.4%
FLPS - GL S-M SUB	1 172 900	1.3%
JPMORGAN CHASE BANK, N.A., LONDON *)	1 163 564	1.2%
HOLTA INVEST AS	1 000 000	1.1%
JPMORGAN CHASE BANK, N.A., LONDON *)	860 569	0.9%
STATE STREET BANK AND TRUST COMP *)	845 196	0.9%
BAARD SCHUMANN	777 127	0.8%
FIDELITY INT REAL ESTATE FUND	686 900	0.7%
REGENTS OF THE UNIVERSITY OF MICHIGAN	657 218	0.7%
HOLBERG NORDEN	608 279	0.6%
STOREBRAND NORGE I VERDIPAPIRFOND	603 364	0.6%
STATE STREET BANK AND TRUST COMP *)	584 637	0.6%
BANAN II AS	555 190	0.6%
Total 20 largest shareholders	76 433 764	81.5%
Other shareholders	17 331 924	18.5%
Total number of shares	93 765 688	100.0%

* Further information regarding shareholders is presented at: <http://sboasa.no/en>

** The shares were purchased for the company's share programmes for employees

Earnings and dividend per share

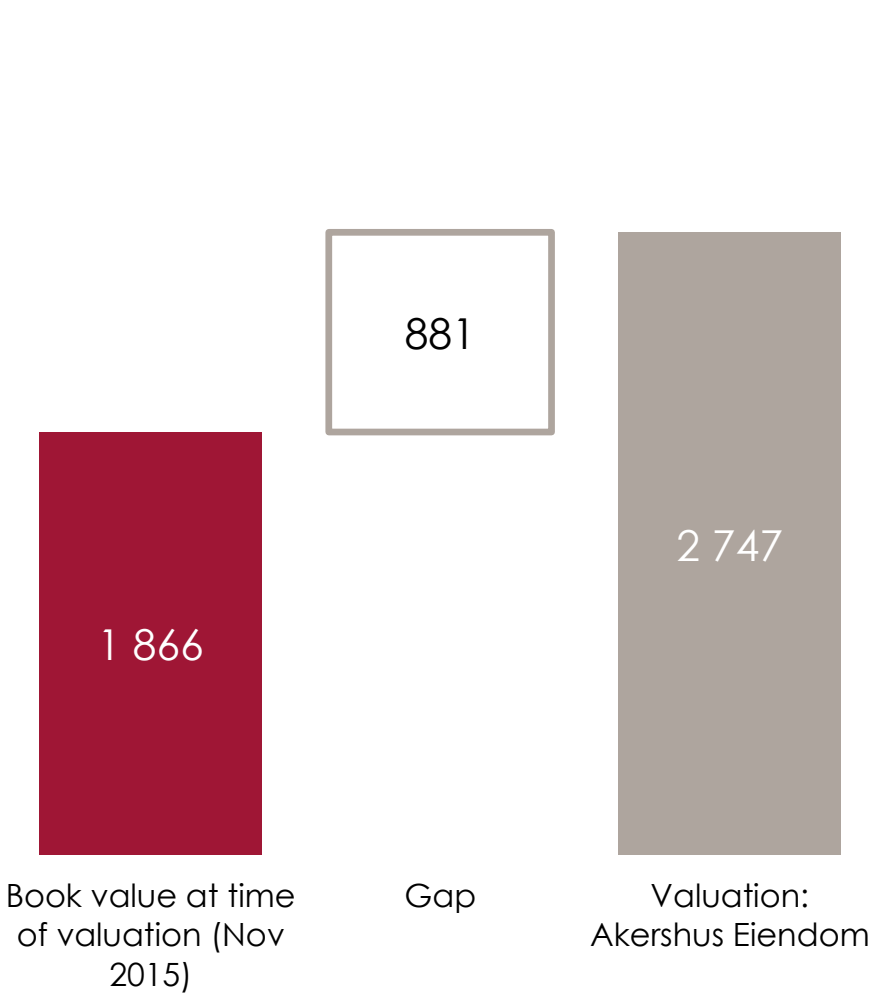
- FY'17 EPS NOK 4.35 (3.21)
- FY'17 dividend of NOK 3.00
 - H1'17 dividend of NOK 1.20 per share
 - H2'17 dividend of NOK 1.80 per share



Land bank book value vs. external valuation

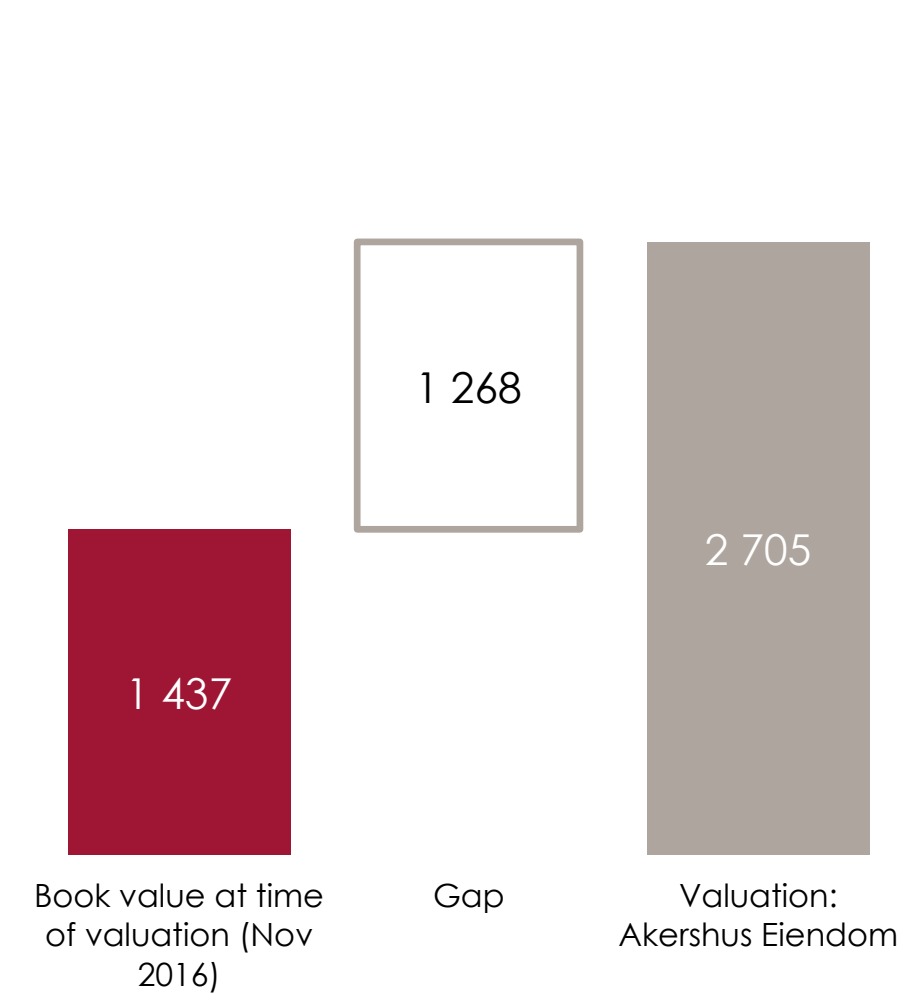
Q4 2015

NOK million



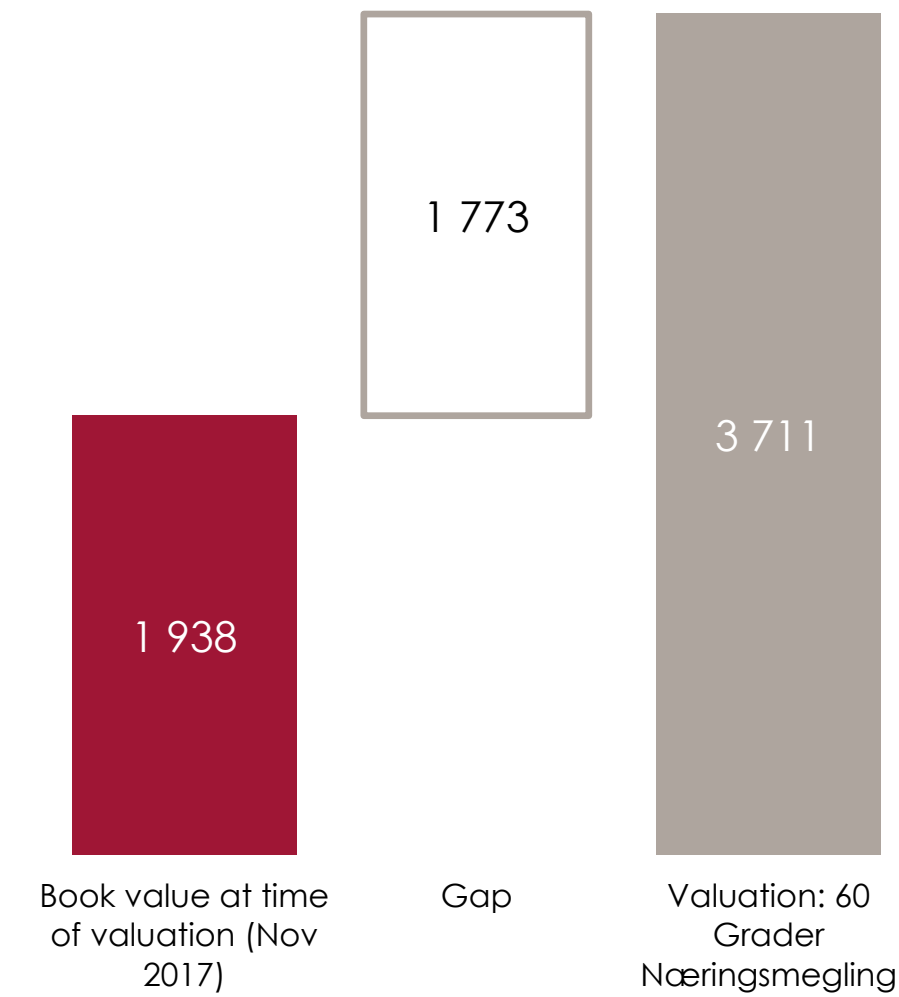
Q4 2016

NOK million



Q4 2017

NOK million



Note: Joint ventures and land options not included in the valuation

Substantial land bank in Norway's four largest growing urban areas

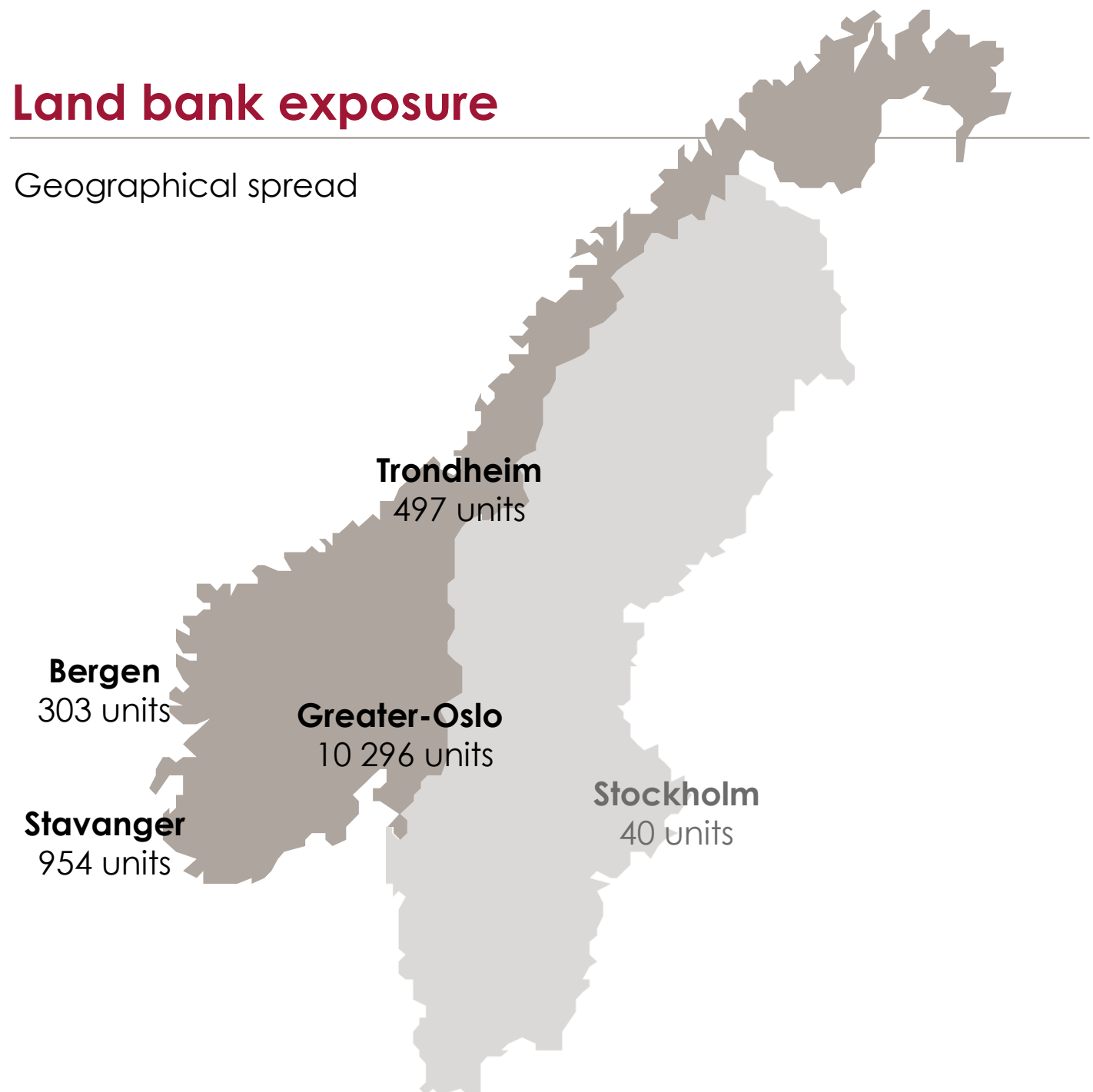
Land-bank strategy

- Acquire the right mix of zoned and unzoned land in suitable locations
- Land acquisitions in defined core areas
- High degree of site utilisation and strategic land development
- Substantial land bank to accommodate targets/growth in core areas
- Good infrastructure and public transport
- Joint ventures (JVs)

Note: The numbers represent the size of the land portfolio as at 31 March 2018. All numbers are adjusted for Selvaag Bolig's share in joint ventures. 1) Greater Oslo area: Oslo, Akershus, Buskerud, Vestfold and Østfold, 2) The residential property development portfolio consists of land plots that are to be paid for when planning permission is received. The portfolio has a development potential of ~6 100 residential units, whereof the company has purchasing obligations for ~5 600 and purchasing options for ~500 units.

Land bank exposure

Geographical spread



Land bank in Oslo and Greater Oslo

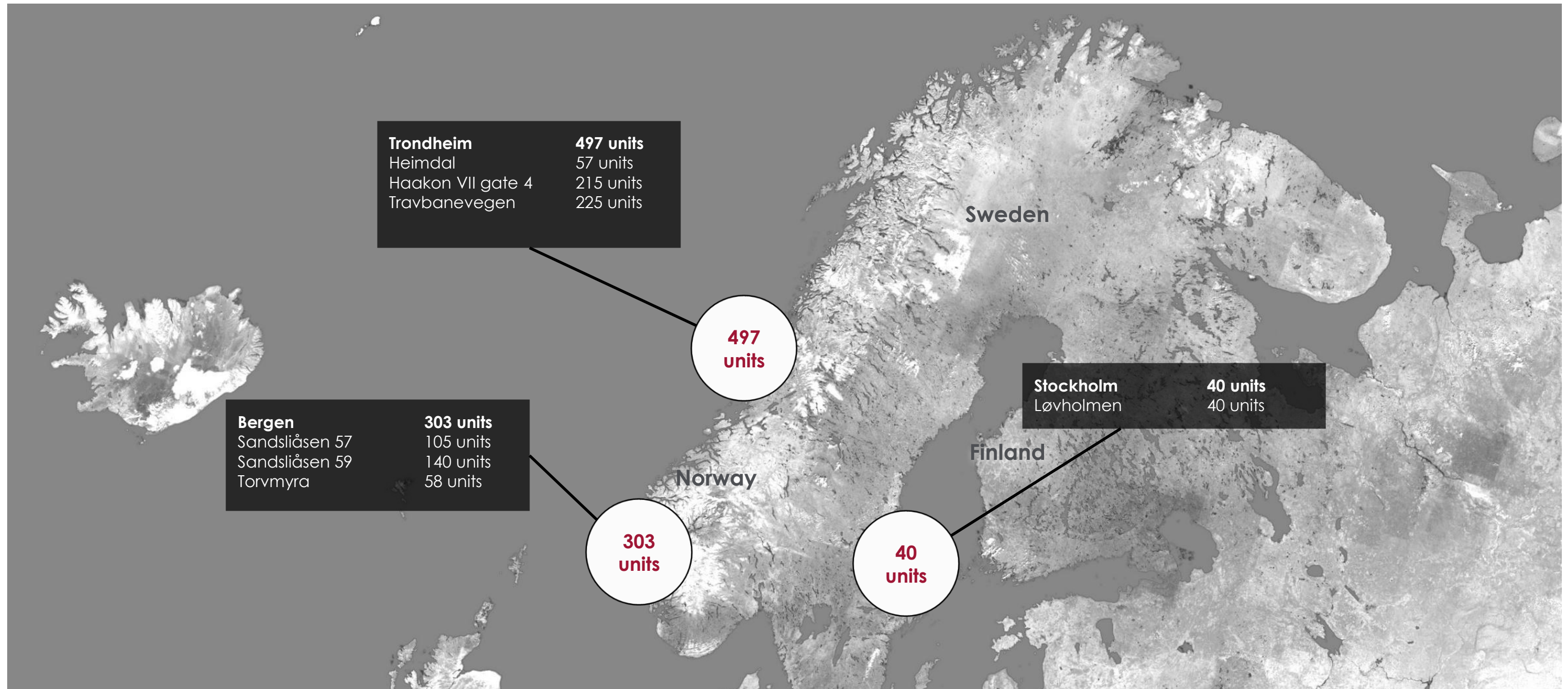


*The numbers are adjusted for Selvaag Bolig's share in joint ventures

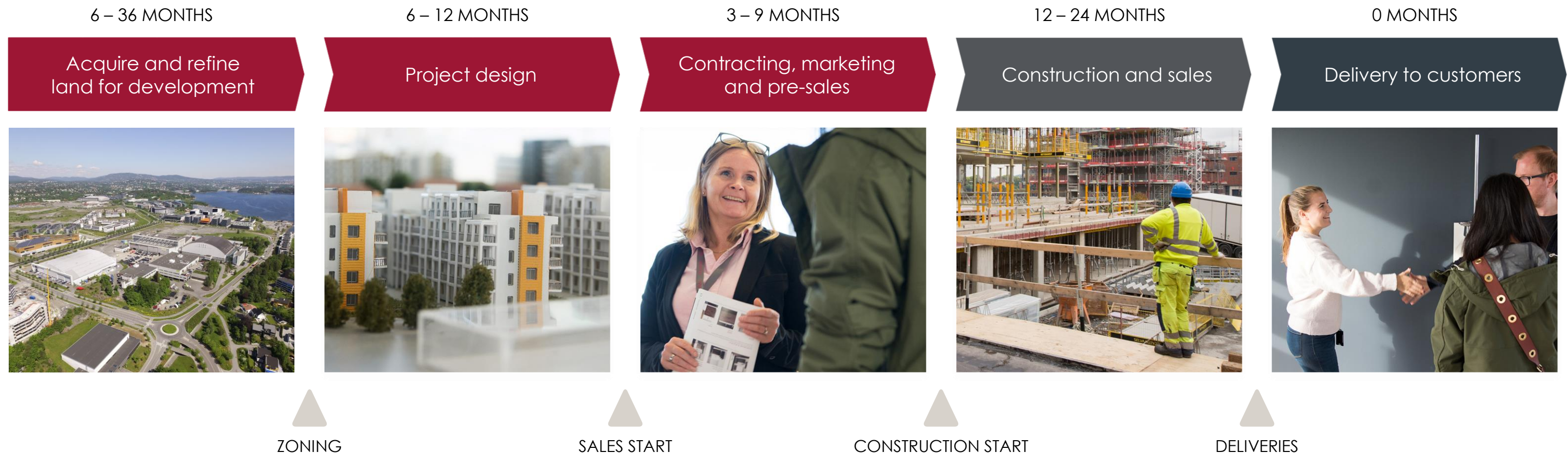
Land bank in Stavanger area



Land bank in Bergen, Trondheim and Stockholm



Efficient and flexible value chain



- Buy (i) options on unzoned land or (ii) ready-to-build land
- Lever acquired land to improve ROE

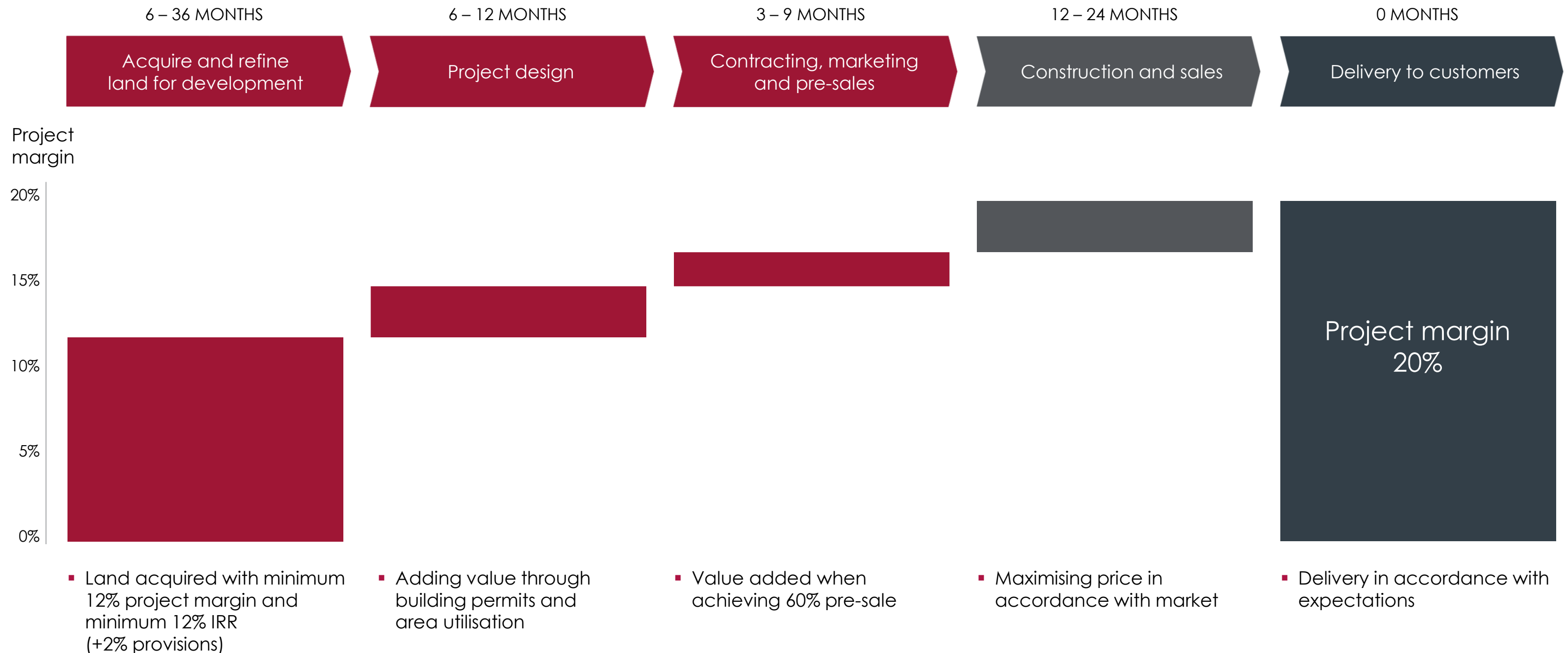
- Plan and prepare for construction

- 60% pre-sale before start-up

- Fixed-price contracts with reputable counterpart
- Prices on remaining 40% increased gradually during sell-out phase
- Construction costs financed with construction loans

- Target 100% sale at delivery

Margin development through project stages*



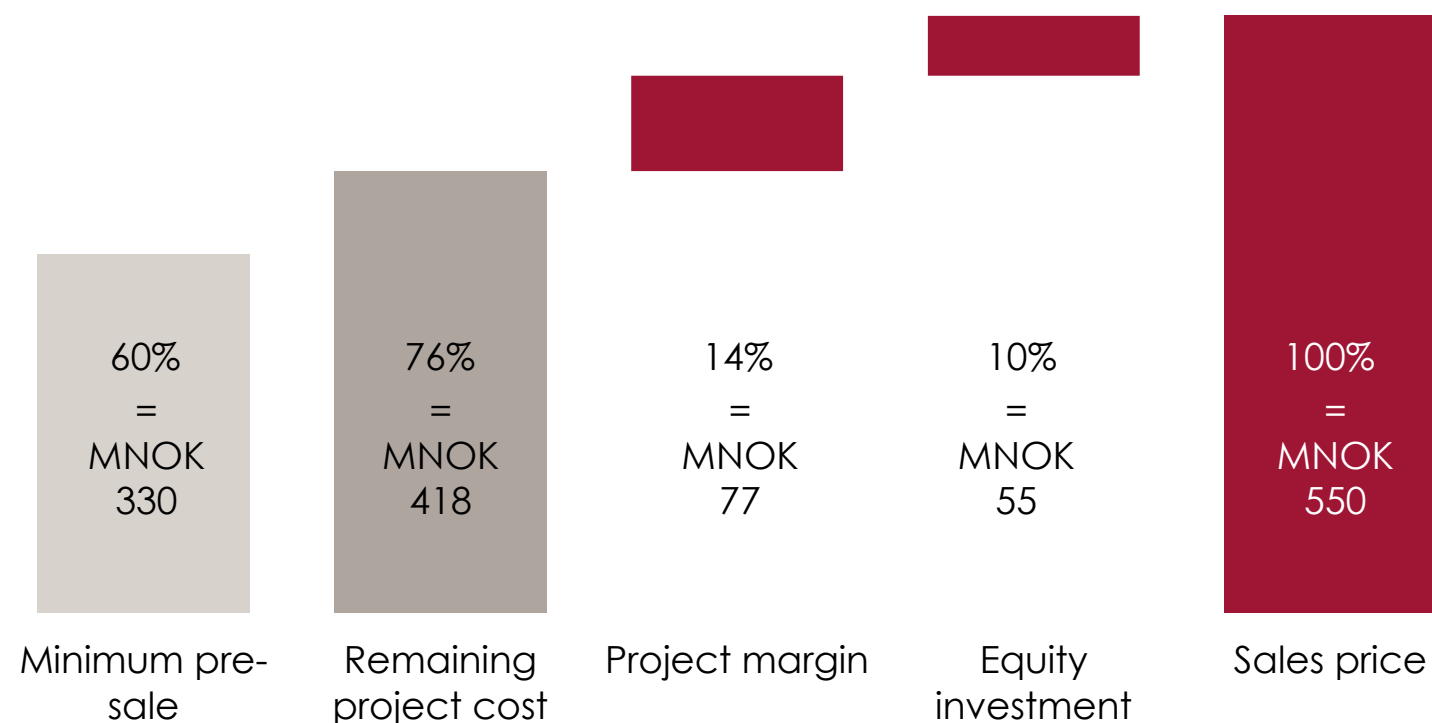
* Assuming flat market development

Norwegian housing market

- Low risk for housebuilders
 - Advance sales: banks require that 50-70% of homes are sold before construction starts
 - Binding offers: offer to purchase is a binding sales contract, and requires a minimum 10% cash deposit
- High level of home ownership
 - 85% (one of the world's highest)
- Economic benefits for home owners
 - 24% of mortgage loan interest payments are tax deductible
 - Transfer stamp duty for new houses is lower than for second-hand homes
- Strong population growth
 - Norway's urban areas are among the fastest growing in Europe
 - Good demand for new homes

Low-risk business model

Risk profile at start of a MNOK 550 project



- Selvaag's equity investment in a project and project margin bring the remaining project cost down to 74%-78%
- With minimum 60% pre-sale there is limited remaining project risk. For the the remaining 40% a price reduction of 35% would recover equity
- 73% of units in production are sold at end Q1'18

De-risking in key stages of projects

- 1 Land purchase conditional on zoning approval**
 - Purchase and payment of land takes place after zoning plan approval. If this is not obtained, the purchase is cancelled
 - SBO is in charge of the zoning process
- 2 Land purchase price based on market value at time of zoning approval**
 - Purchase price is decided by a land appraisal made by three external consultants at the time of zoning approval
 - The median valuation is used as purchase price
- 3 Minimum sales rate of 60% before construction**
 - Pre-sales of minimum 60% secures the majority of revenue before construction
 - 10% of purchase price paid by the buyer at point of sale, and proof of financing for the remaining amount is required
- 4 Fixed price construction contract**
 - Construction contracts with solid counterparties are made with fixed price
 - Project costs are secured before construction starts

Low-risk business model creates healthy profits

Strategy

**Competitive housing offering,
targeting growth regions**

**Large, actively-managed
land bank**

**Efficient and flexible
cost structure**

**Capital-efficient business model
backed by strong balance sheet**

Value drivers

- Presence in fast-growing urban regions with high demand and large market depth
- Competitive prices, addressing large customer base
- Defined housing concepts, aimed at wide range of consumers
- Value appreciation through refinement of land for housing development
- Flexibility to develop thousands of homes in growing urban regions
- Active asset management
- No in-house construction arm; improves flexibility and cost optimisation
- Project-based business model improves flexibility and reduces risk
- Economies of scale through large projects
- Lean organisation reduces overhead
- 60% pre-sale before construction start lowers project financing need and inventory risk
- Sound debt structure and financial flexibility

Income statement IFRS

(figures in NOK million)	Q1 2018	Q1 2017	2017
Total operating revenues	380.6	456.1	3 228.8
Project expenses	(275.9)	(312.0)	(2 432.8)
Other operating expenses	(57.4)	(58.0)	(234.7)
Other gains (loss)	-	-	-
Associated companies and joint ventures	(1.9)	(4.2)	(13.6)
EBITDA	45.4	81.8	547.7
Depreciation and amortisation	(0.9)	(1.1)	(4.1)
EBIT	44.5	80.7	543.7
Net financial expenses	(3.6)	(9.2)	(39.9)
Profit/(loss) before taxes	40.9	71.4	503.8
Income taxes	(9.6)	4.8	(102.7)
Net income	31.3	76.2	401.1
Net income for the period attributable to:			
Non-controlling interests	(0.0)	0.2	0.1
Shareholders in Selvaag Bolig ASA	31.3	76.1	401.0

Cash flow statement

(figures in NOK million)

	Q1 2018	Q1 2017	2017
Net cash flow from operating activities	(311.7)	(579.2)	303.2
Net cash flow from investment activities	34.0	(25.8)	(114.1)
Net cash flow from financing activities	131.6	93.3	(589.8)
Net change in cash and cash equivalents	(146.1)	(511.7)	(400.6)
Cash and cash equivalents at start of period	485.6	886.2	886.2
Cash and cash equivalents at end of period	339.5	374.5	485.6

Balance sheet

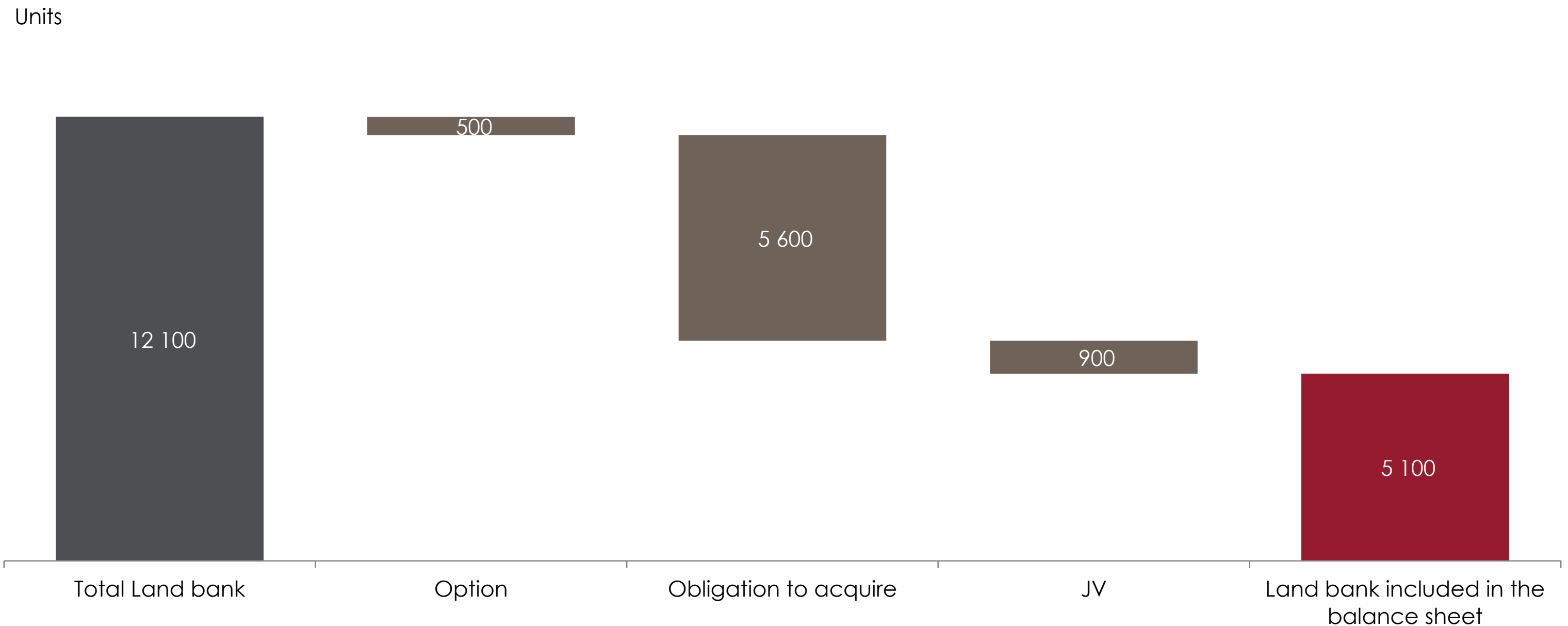
(figures in NOK million)

	Q1 2018	Q1 2017	2017
Intangible assets	383.4	383.4	383.4
Property, plant and equipment	10.5	9.9	11.4
Investments in associated companies and joint ventures	300.3	285.6	316.2
Other non-current assets	318.0	288.8	337.0
Total non-current assets	1 012.2	967.7	1 048.1
Inventories (property)	4 912.8	4 751.5	4 643.9
- Land	1 892.4	1 685.7	1 938.1
- Work in progress	2 843.1	2 816.3	2 501.7
- Finished goods	177.3	249.5	204.2
Other current receivables	163.7	303.0	174.5
Cash and cash equivalents	339.5	374.5	485.6
Total current assets	5 415.9	5 429.0	5 304.0
TOTAL ASSETS	6 428.1	6 396.7	6 352.0
Equity attributed to shareholders in Selvaag Bolig ASA	2 902.7	2 741.1	2 848.7
Non-controlling interests	9.4	9.5	9.4
Total equity	2 912.2	2 750.6	2 858.1
Non-current interest-bearing liabilities	1 998.8	1 795.7	1 836.8
Other non-current non interest-bearing liabilities	147.3	167.2	152.9
Total non-current liabilities	2 146.1	1 962.9	1 989.7
Current interest-bearing liabilities	359.7	845.9	380.6
Other current non interest-bearing liabilities	1 010.1	837.3	1 123.5
Total current liabilities	1 369.8	1 683.2	1 504.2
TOTAL EQUITY AND LIABILITIES	6 428.1	6 396.7	6 352.0

* Corresponding to a book value of NOK 31.0 per share

Substantial portfolio for development

Total land bank portfolio at 31 March 2018



Operational highlights – key operating figures

	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18
Number of units sold	190	165	178	168	185
Number of construction starts	186	318	77	217	102
Number of units completed	63	210	81	336	54
Number of units delivered	85	222	75	355	59
Number of units under construction	1 479	1 586	1 582	1 463	1 511
Proportion of sold units under construction	86%	78%	78%	73%	73%
Number of completed unsold units	32	24	30	23	19
Sales value of units under construction (NOK million)	6 340	7 074	7 047	6 994	7 032
Number of employees	100	100	100	100	100

IFRS EBITDA Q1 2018

(figures in NOK million)

	Property development	Other	Total
IFRS EBITDA for the quarter, per segment			
Operating revenues	370.5	10.1	380.6
Project expenses	(275.8)	(0.1)	(275.9)
Other operating expenses	(13.3)	(44.1)	(57.4)
Share of income (losses) from associated companies and joint ventures	(1.9)	-	(1.9)
Other gain (loss), net	-	-	-
EBITDA	79.6	(34.2)	45.4

Note: EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

Operational reporting Q1 2018

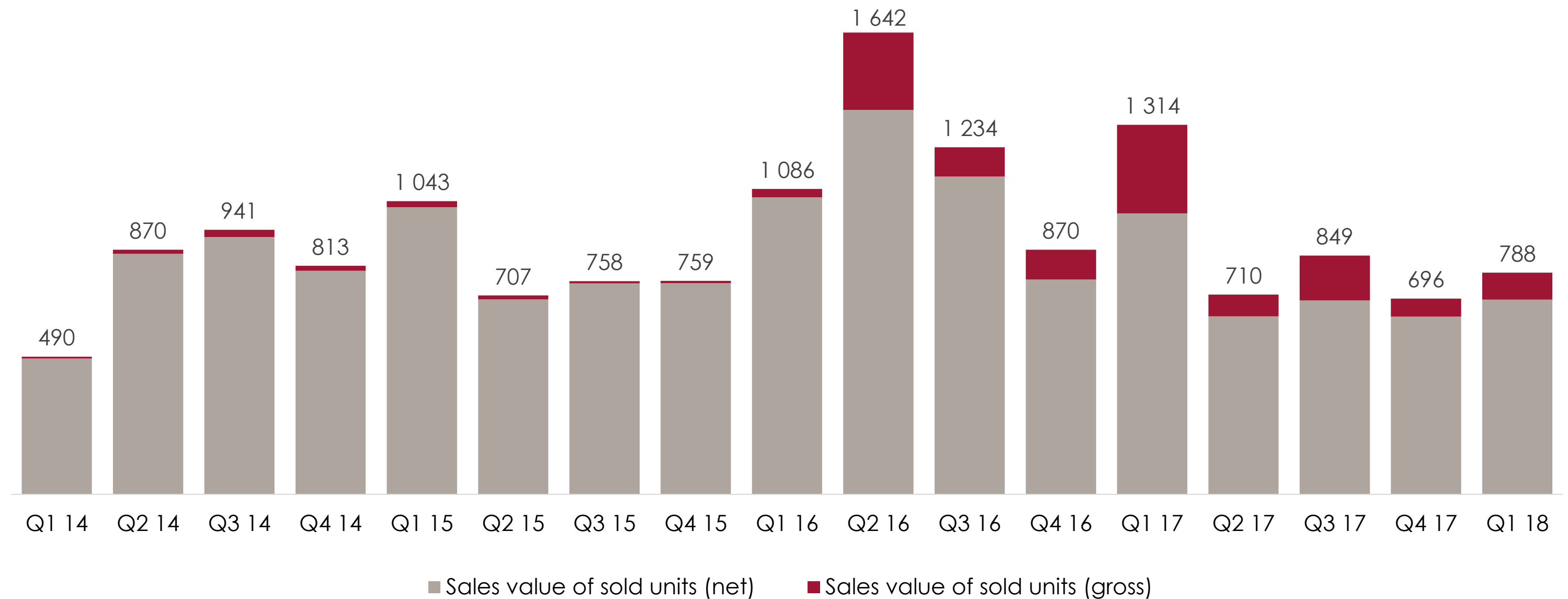
(figures in NOK million)	Property development	Other	Total
Operating revenues	561.8	10.1	571.9
Project expenses	(397.3)	(0.1)	(397.4)
Other operating expenses	(13.3)	(44.1)	(57.4)
EBITDA (percentage of completion)	151.3	(34.2)	117.1

Note: Construction costs are exclusive of financial expenses in the segment reporting.

Note: EBITDA is operating profit before depreciation, gains (losses) and profit from associated companies

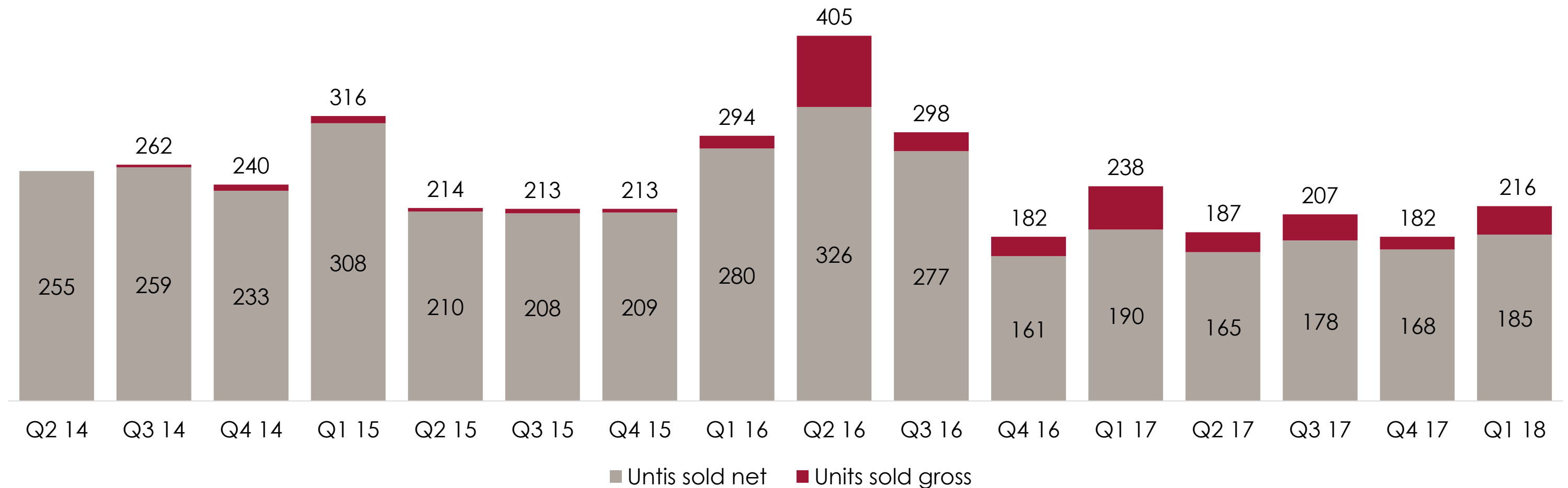
Share of sale from joint ventures

Sales value of units sold



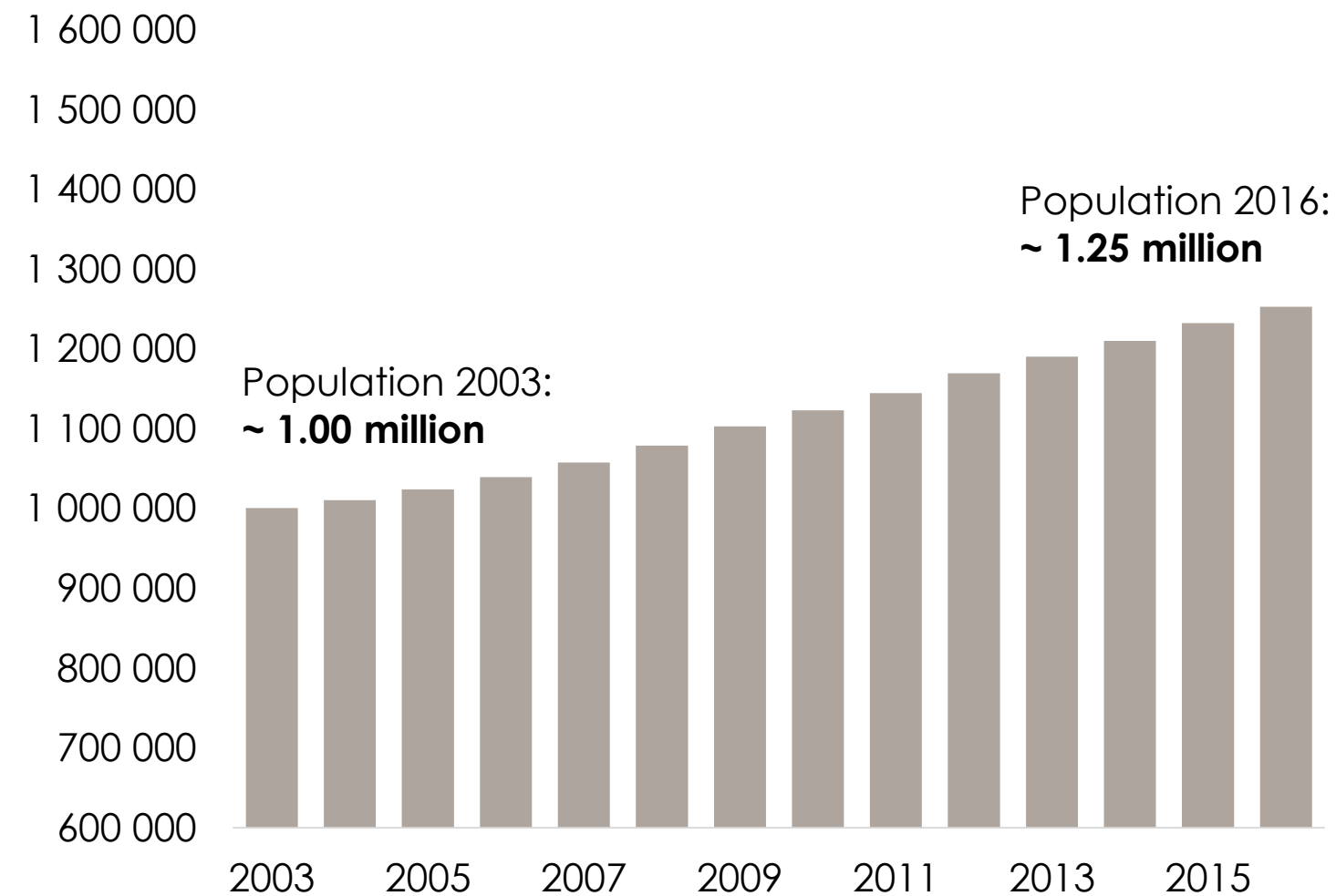
Share of sale from joint ventures

Number of units sold



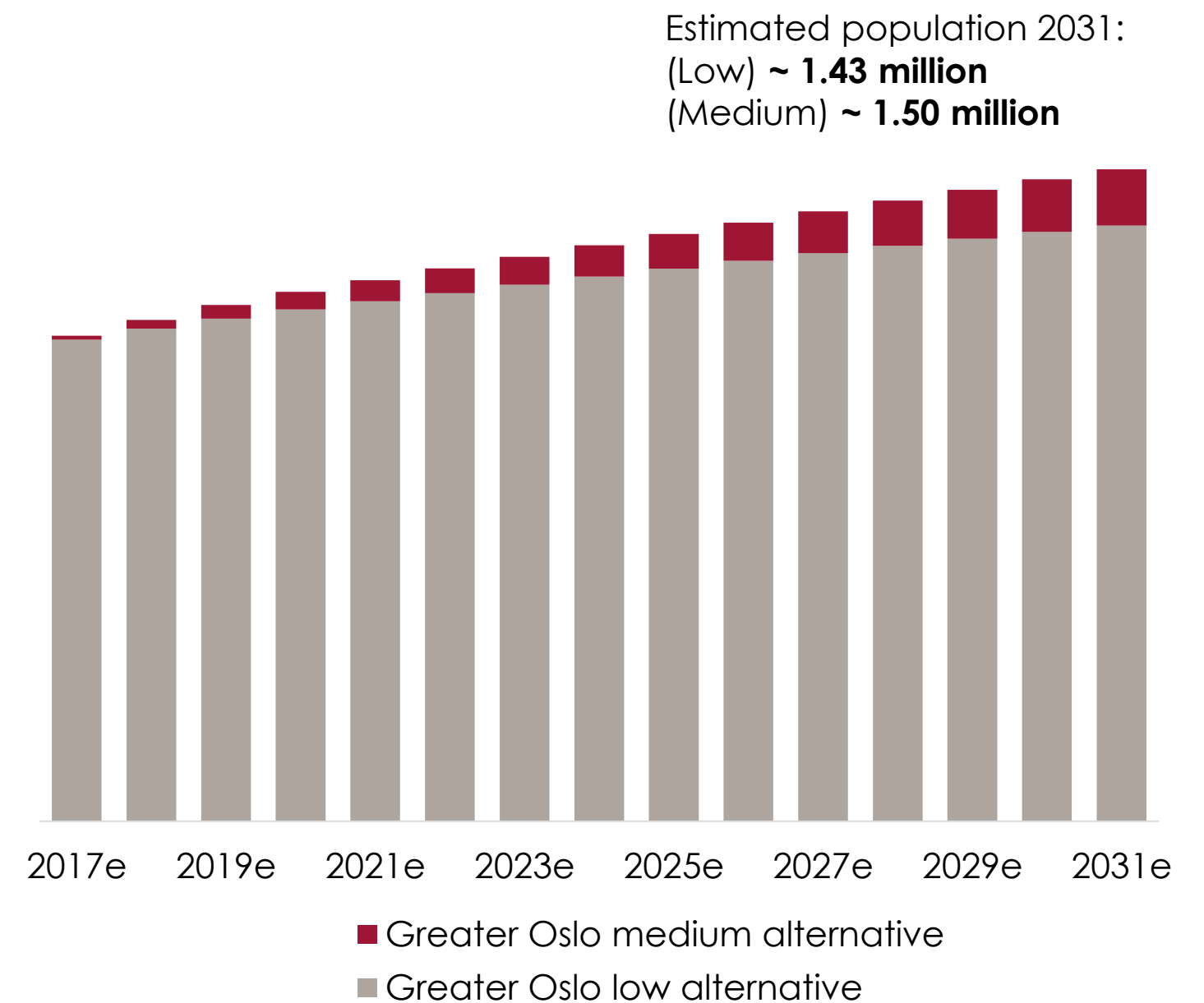
Stable population growth in Greater Oslo

Population in Greater Oslo*

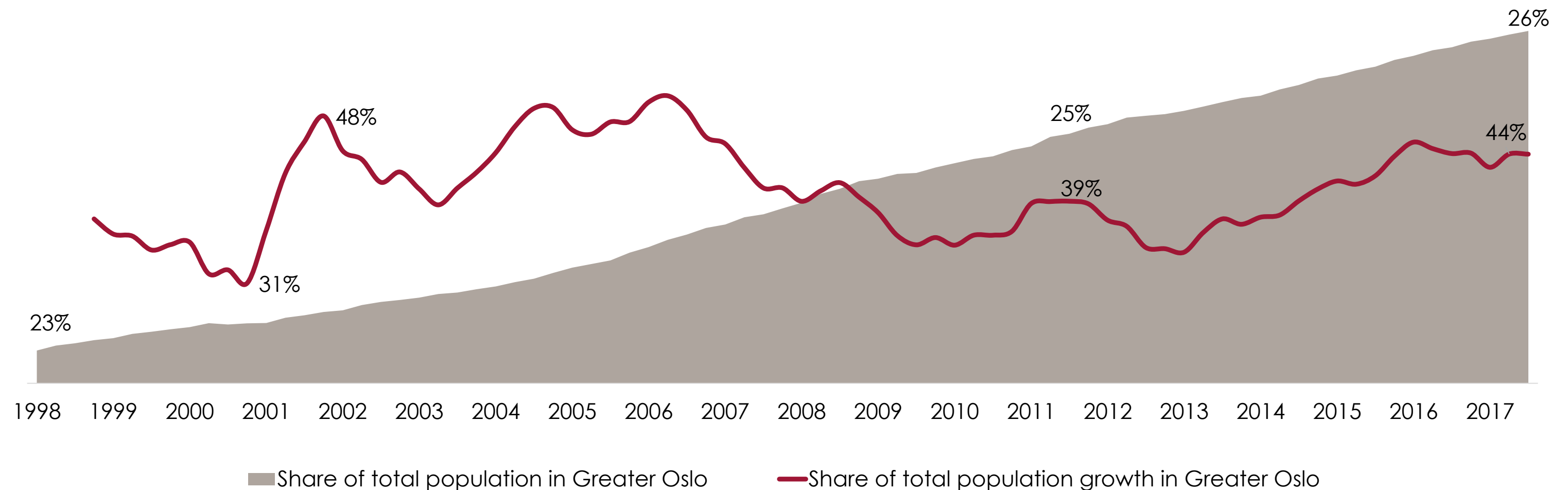


*Greater Oslo = Oslo and Akershus
Source: Statistics Norway, Akershus municipality, Oslo municipality

Estimated population in Greater Oslo*



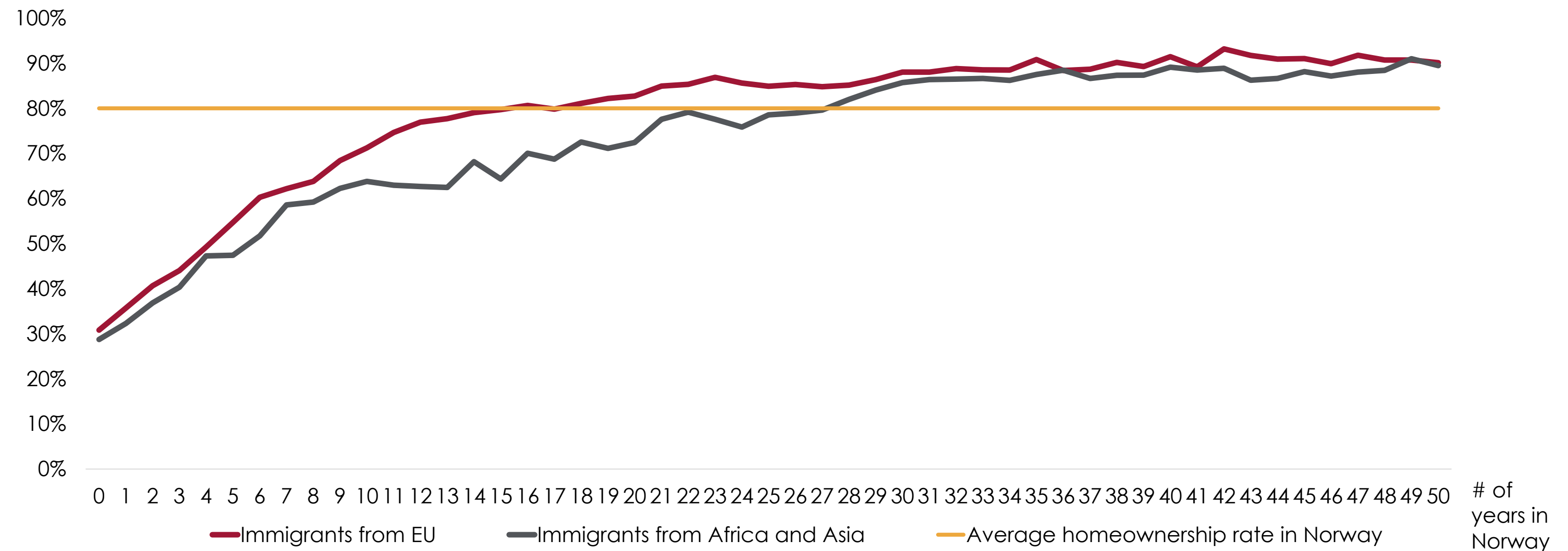
A larger share of Norway's population lives in Greater Oslo



Source: Statistics Norway

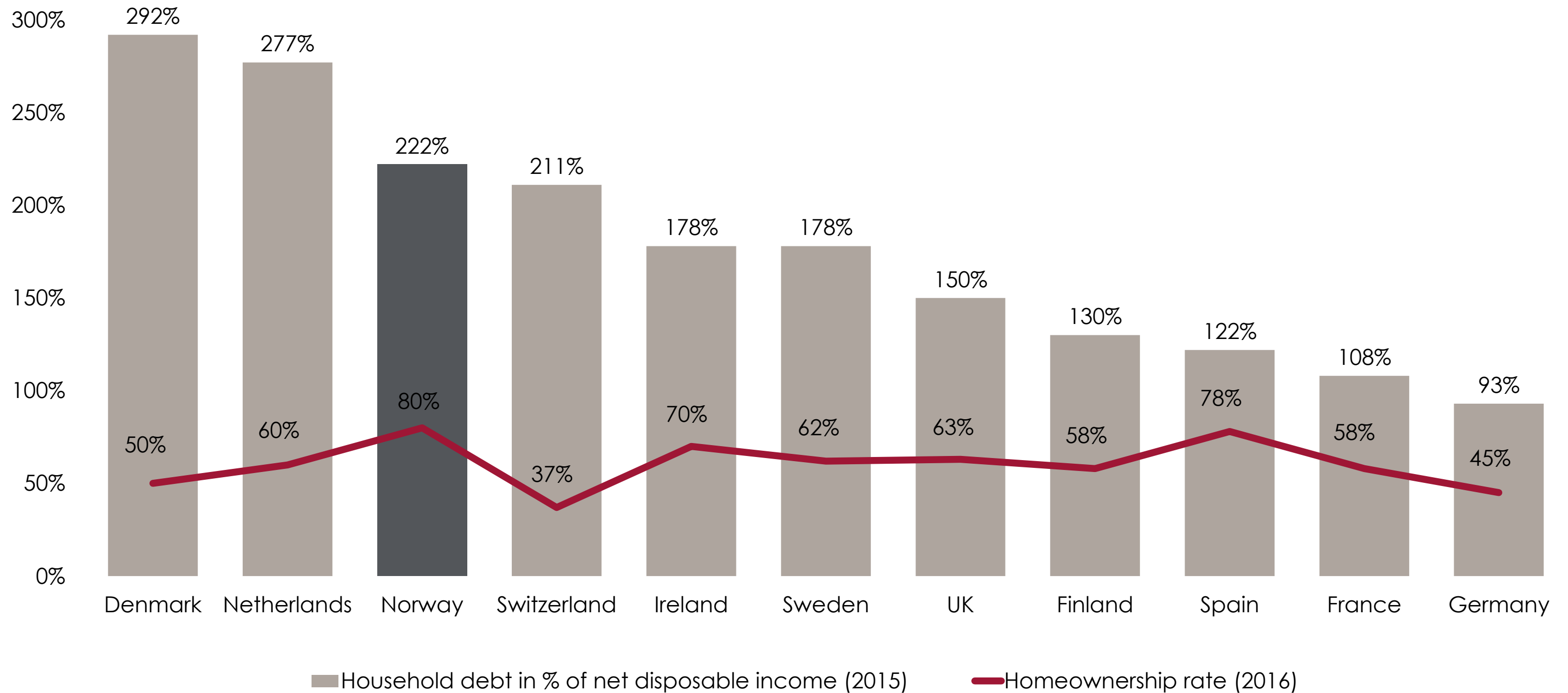
Immigration increases demand over time

Homeownership rate among immigrants in Norway (per year living in Norway)



Source: Statistics Norway

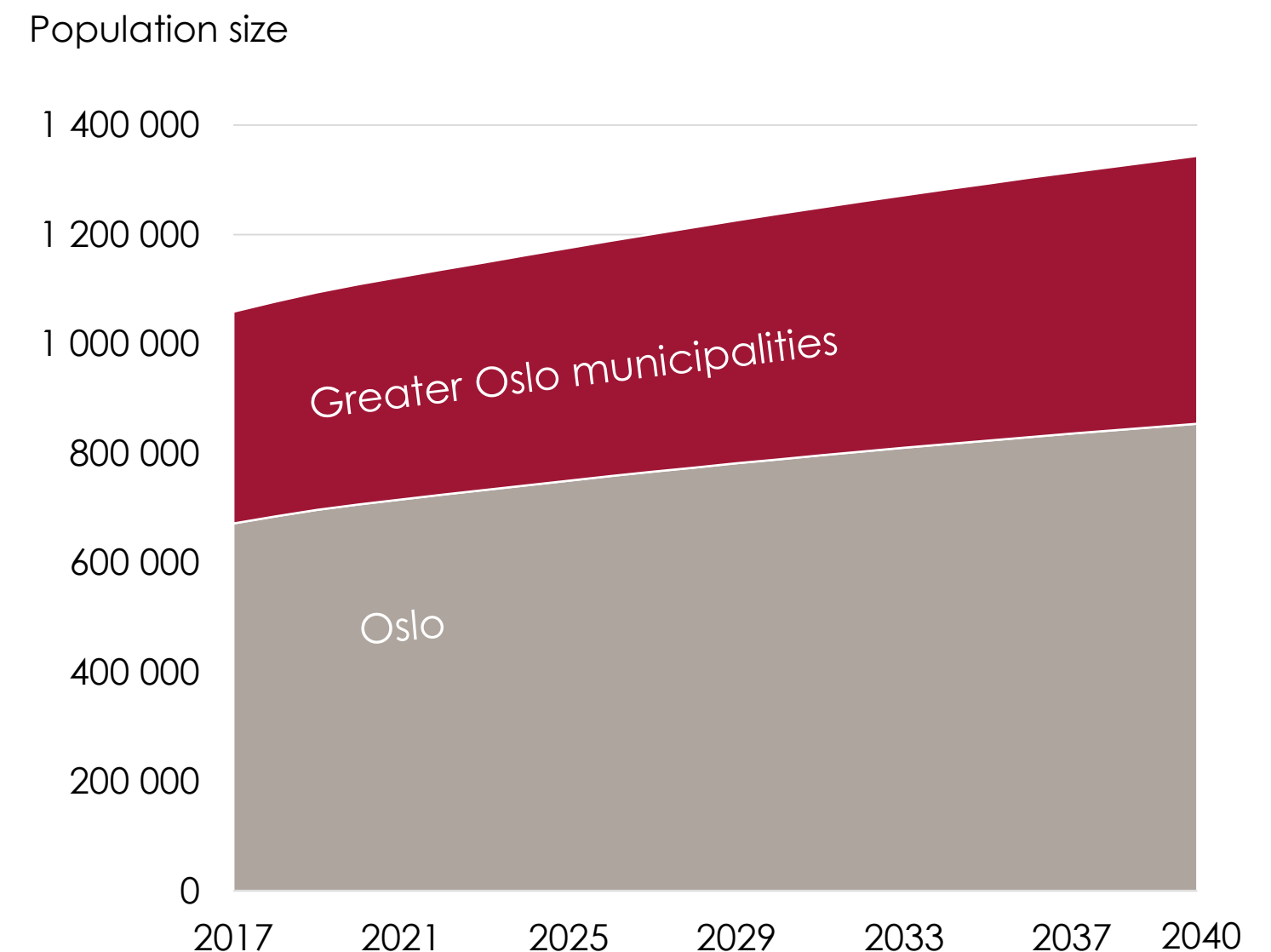
Total household debt and homeownership



Urbanisation in Greater Oslo towards 2040

> 80 000 next five years

- Rapid population growth in Oslo followed by stable development
 - 30% population growth expected from 2017 to 2040
- Stable population growth to municipalities surrounding Oslo
 - 28% population growth expected from 2017 to 2040

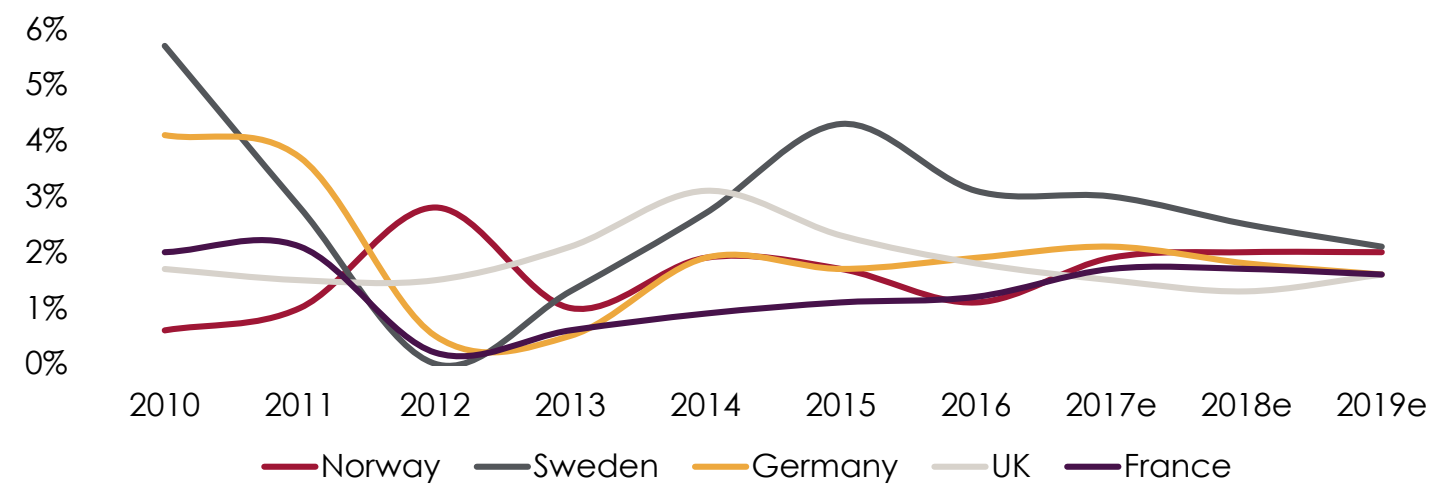


Greater Oslo municipalities include: Ski, Ås, Oppegård, Bærum, Asker, Lørenskog, Skedsmo, Ullensaker

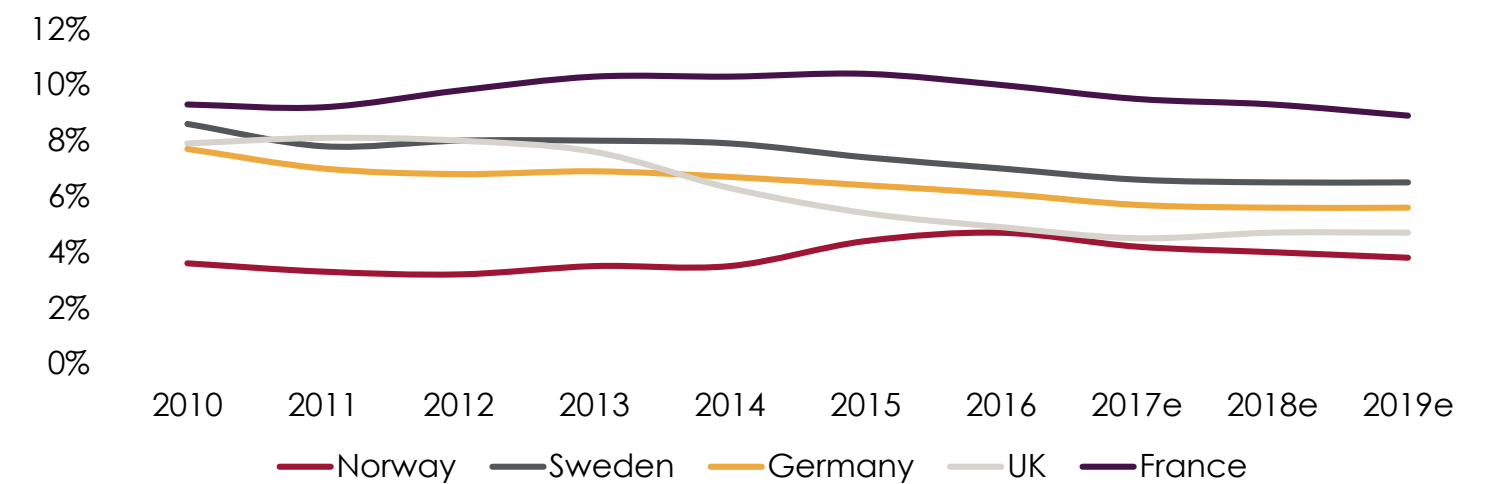
Source: Statistics Norway

Norway – robust economic conditions

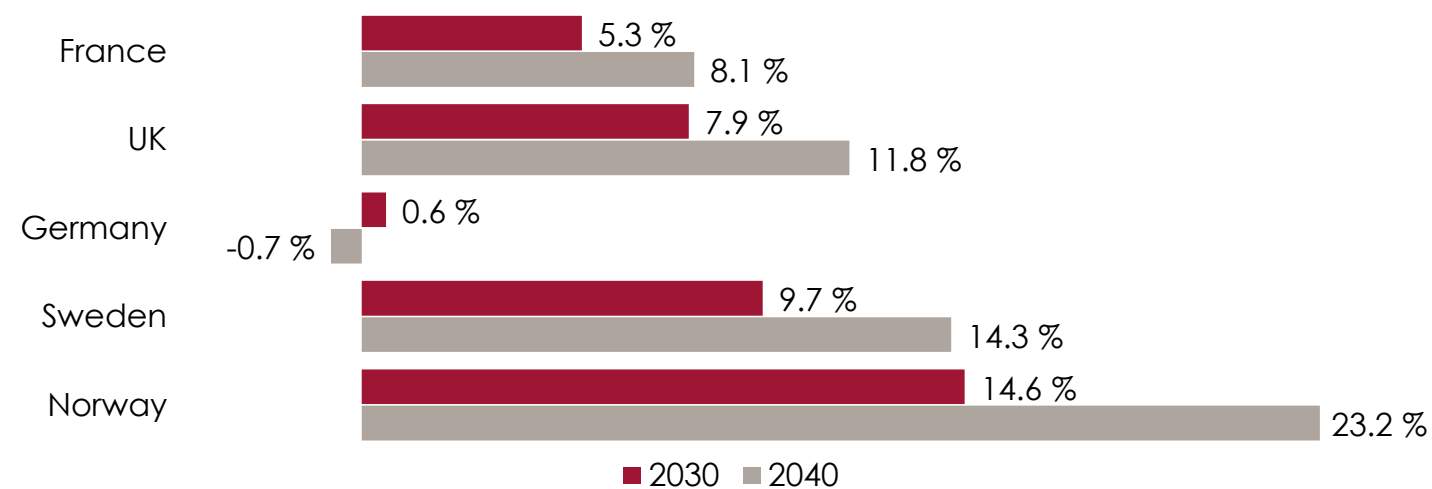
GDP growth 2010 - 2019e



Unemployment 2010 - 2019e



Population growth 2015 - 2030e and 2040e



Interest rates 2010 - 2018e

