

Q2 2014

Oslo 27 August 2014
Baard Schumann, CEO
Haavard Rønning, CFO

SELVAAG BOLIG

Start

Hjem

Pluss

Agenda

- **Highlights**

- Operational update
- Financial update
- Outlook and summary

Operational highlights second quarter

- Strong sales development, positive trend from last quarter continues
- Increased number of sales starts due to improved market
- High construction activity

Financial highlights

Operating revenues

810

million NOK

EBITDA margin

12.4

per cent

Equity ratio

35.8

per cent

EBITDA margin (NGAAP)

14.6

per cent

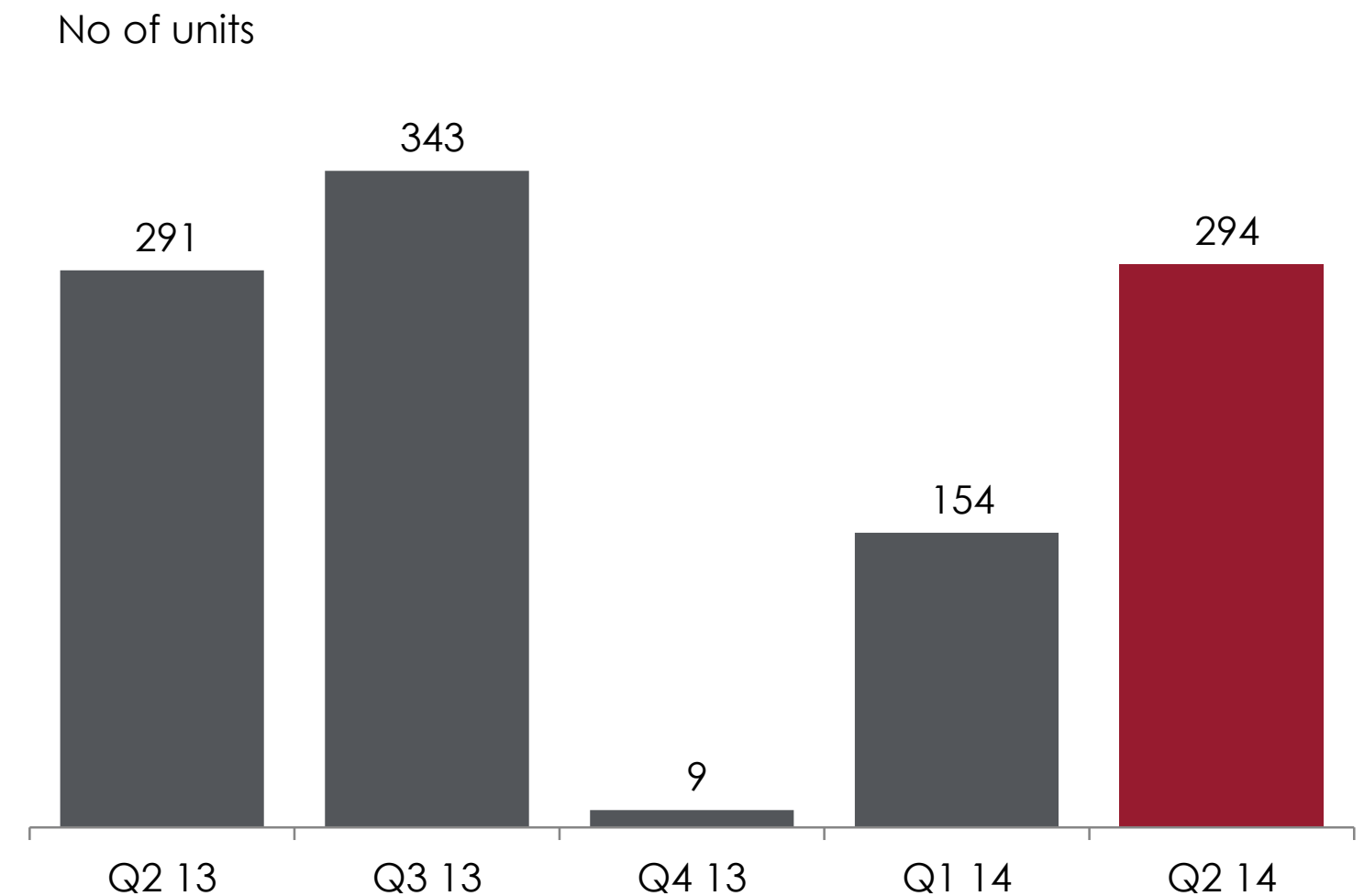
Agenda

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Sales starts driven by improved market conditions

- Sales starts on 10 projects
 - Vestparken, Lørenskog
 - Kaldnes, Tønsberg
 - Bjørnåsen Nord, Oslo
 - Kornmo, Oppegård
 - Nyhavn, Bergen
 - Sjøsia, Tromsø
 - Lade Allé, Trondheim
 - Jaasund (two projects), Sola
 - Aase Gaard, Sandnes

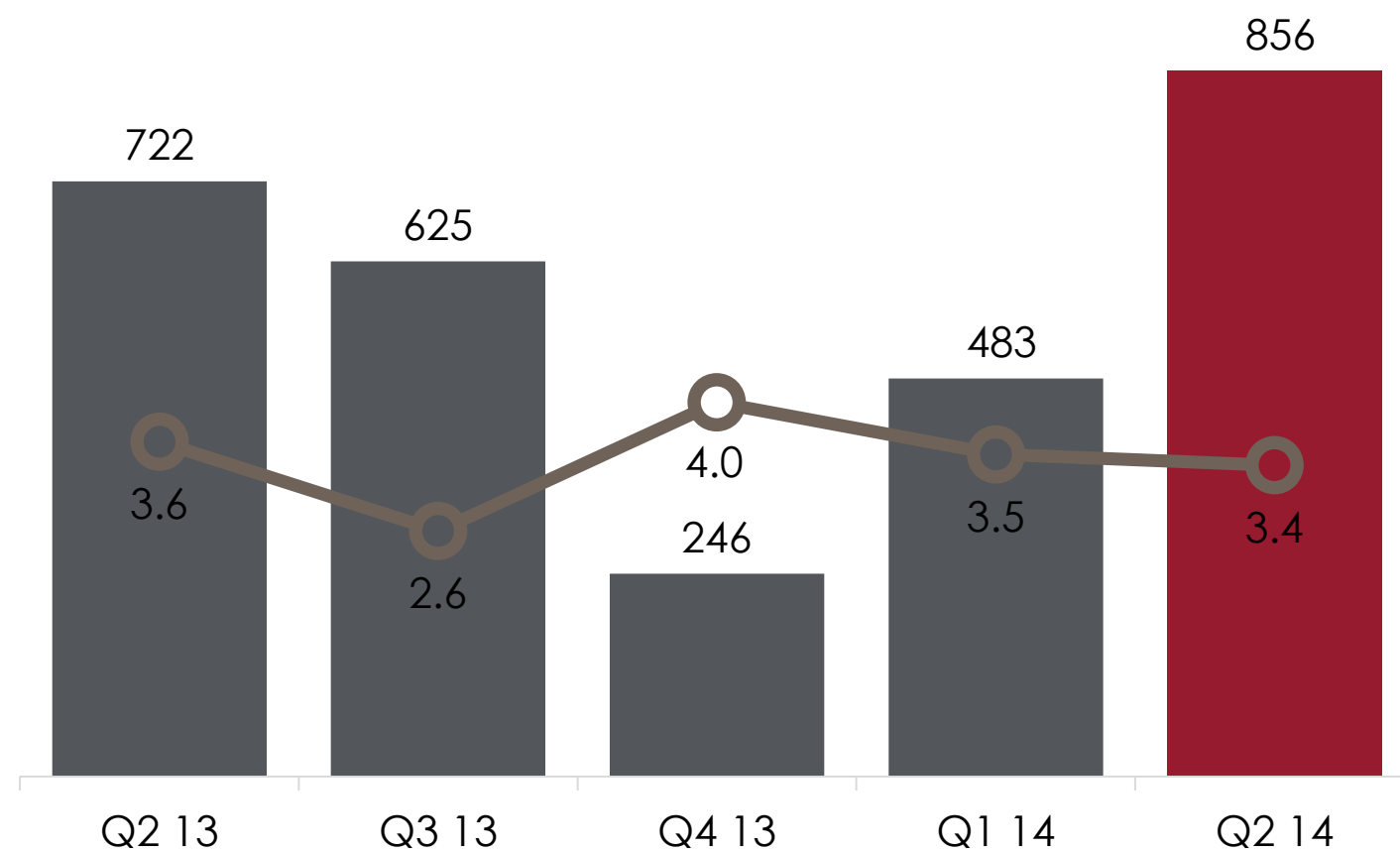
Sales starts per quarter



Sales back on healthy levels

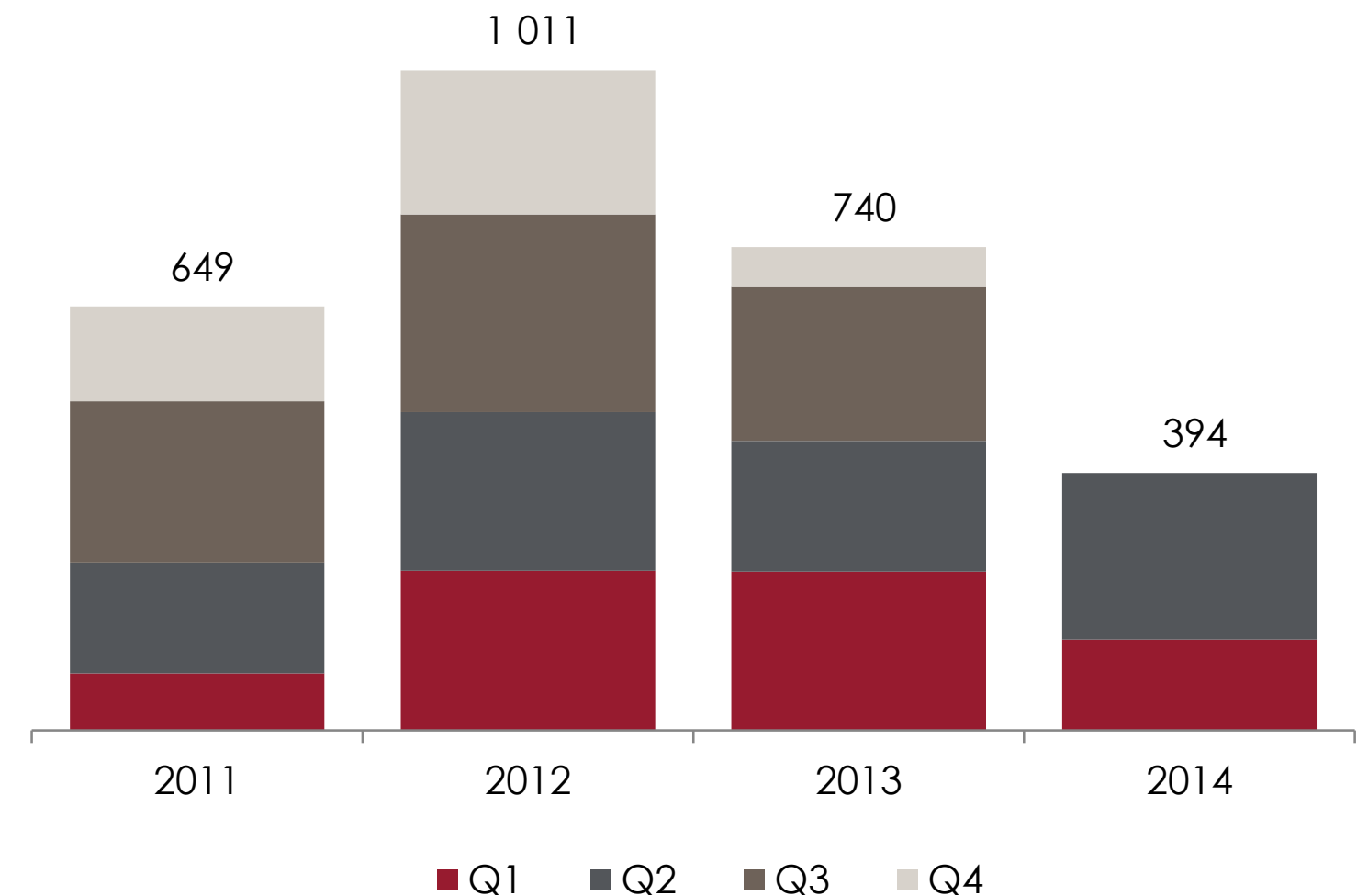
Total sales value and value per sold unit

NOKm



Residential units sold

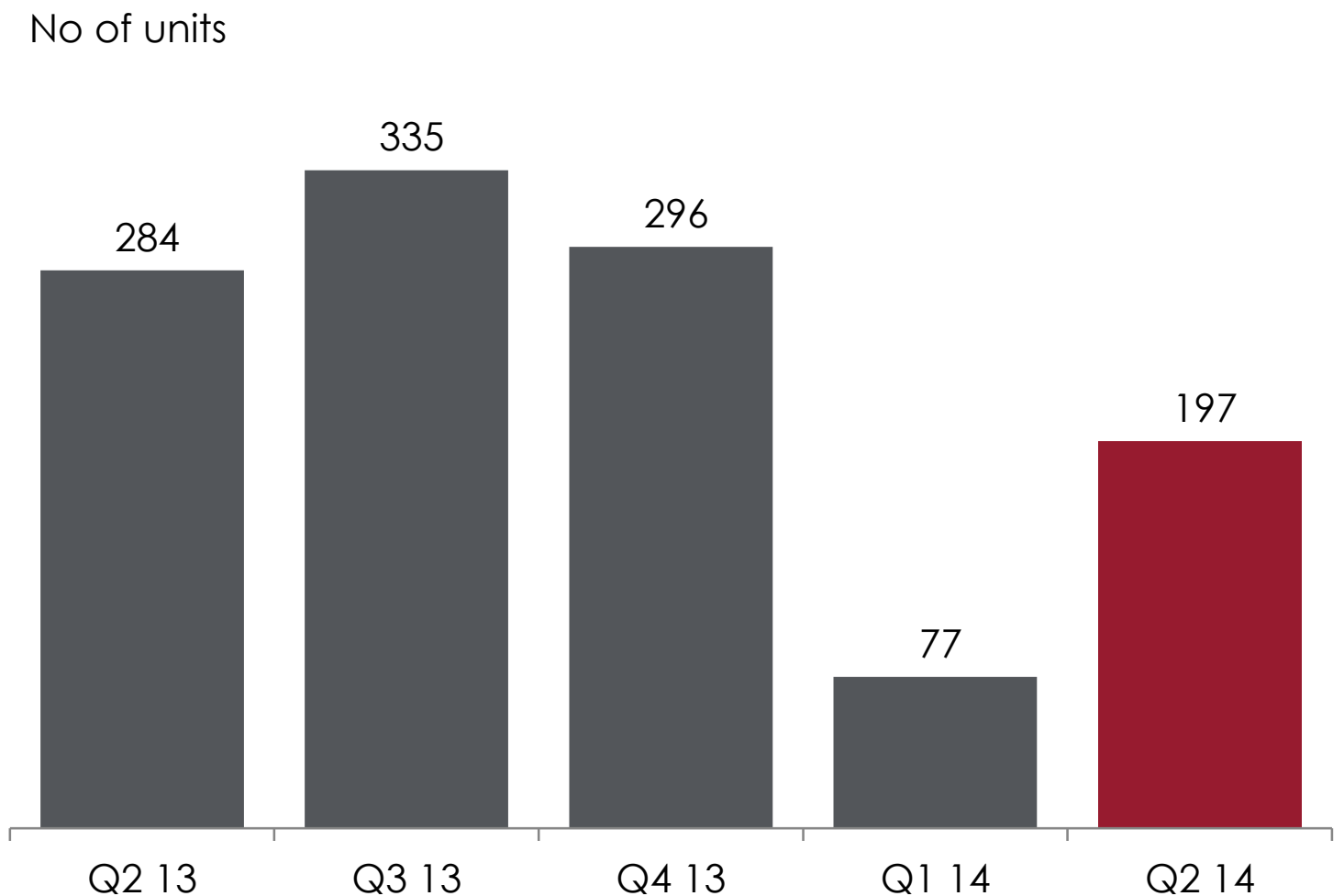
Units



Stronger sales lift construction starts

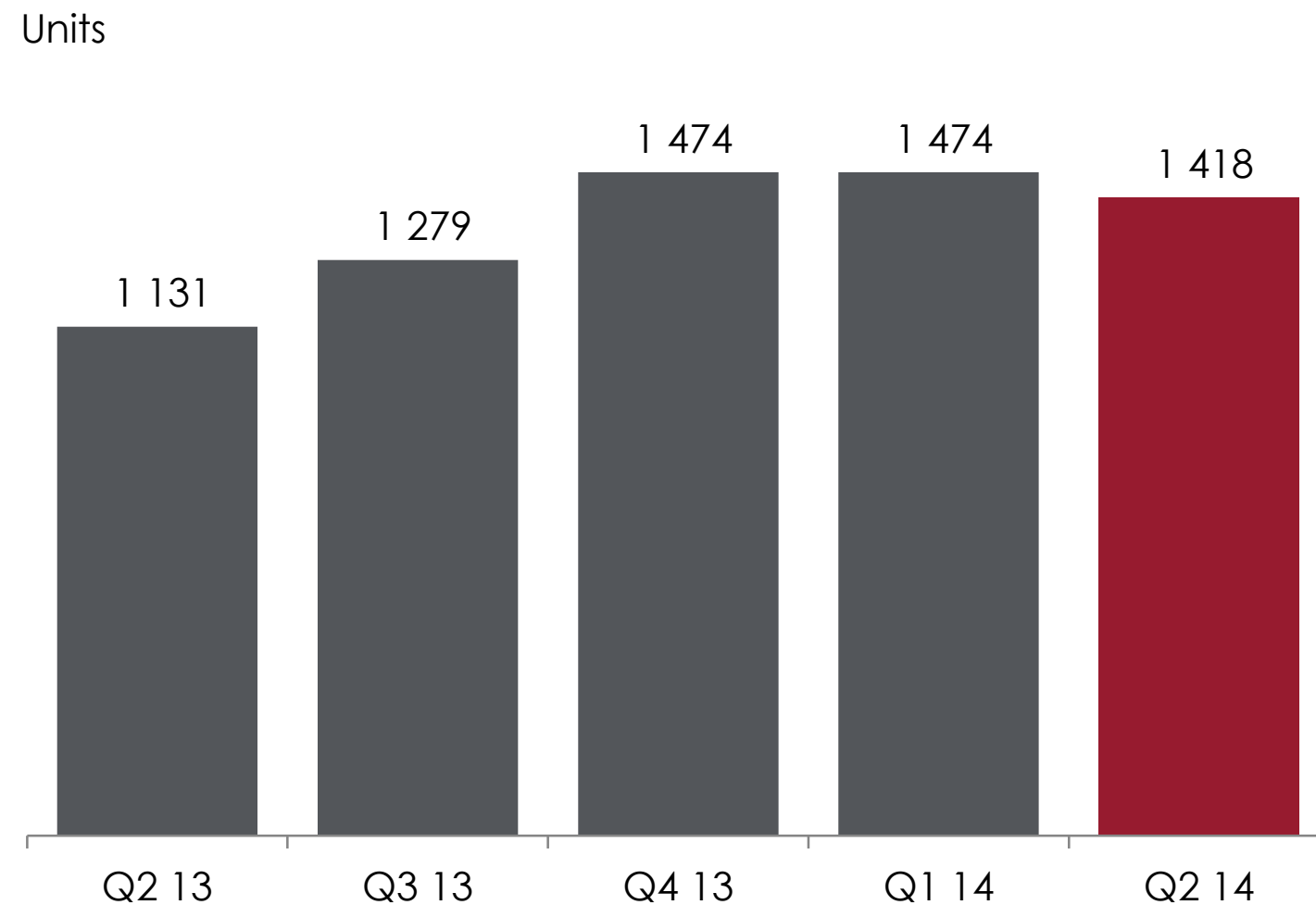
- Construction start on five projects
 - Lørenskog Stasjonsby, Lørenskog
 - Kornmo, Oppegård
 - Strandkanten, Tromsø
 - Lervig Brygge, Stavanger
 - Aase Gaard, Sandnes

Construction starts per quarter



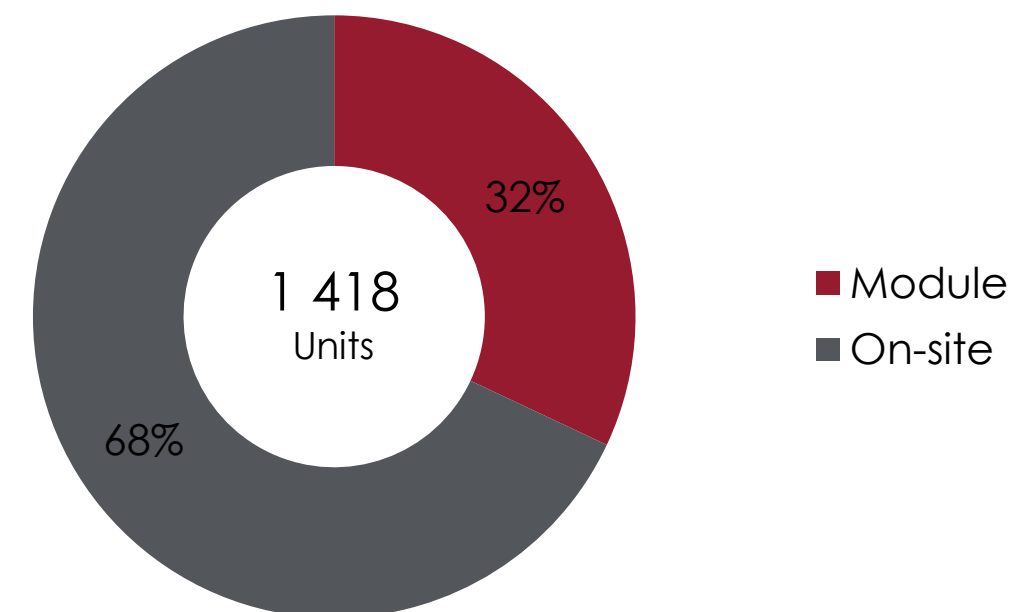
Stable production

Development units under construction



Note: All numbers are adjusted for Selvaag Bolig's ownership in joint ventures.
Measure point: decision of construction start. Selvaag Bolig has in joint venture project under construction. The joint venture partners' share amount to 32 residential units, implying that Selvaag Bolig currently manages 1450 residential units under construction

Production split

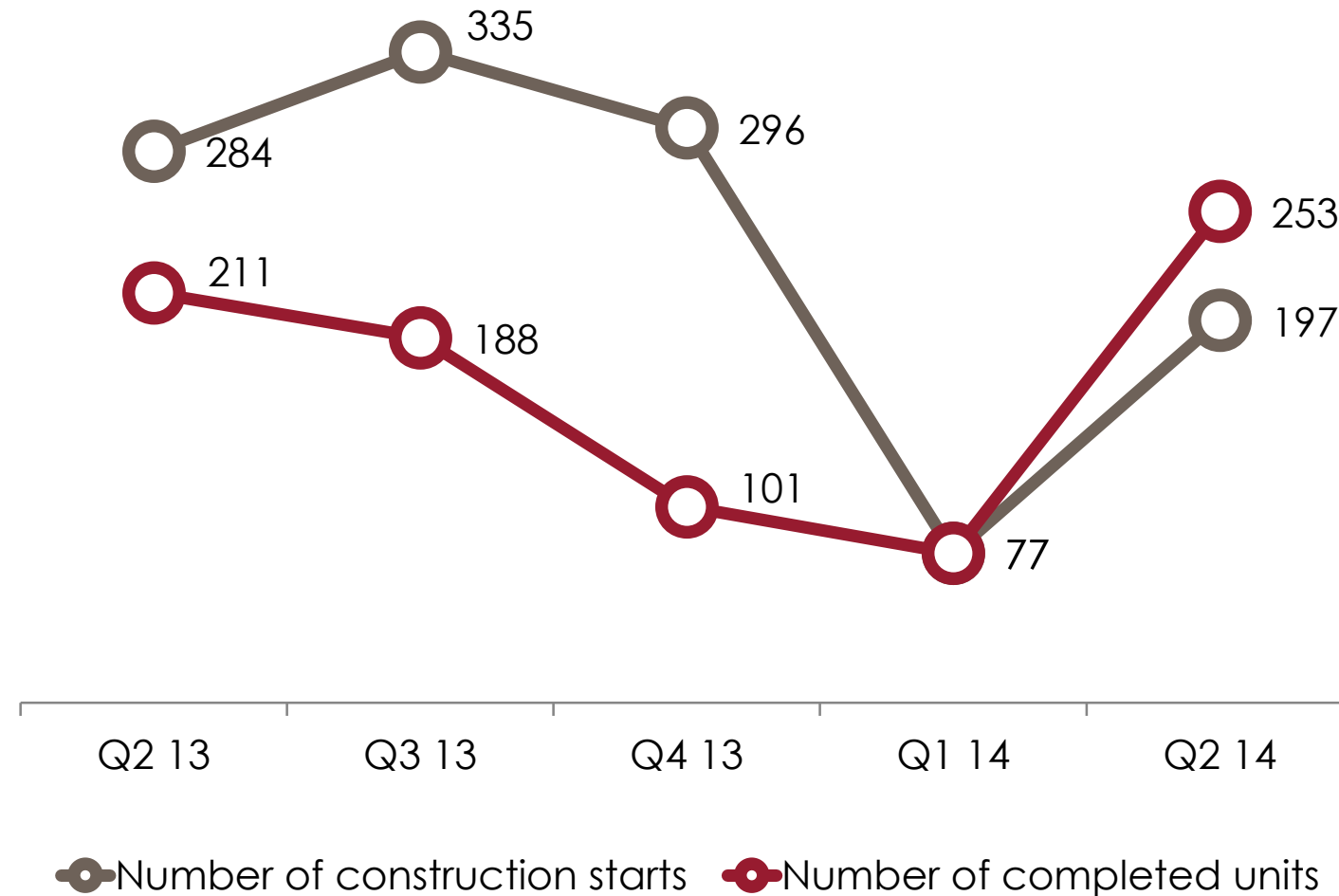


- Sales value of units under construction NOK 5 238 million
- 73% of production volume in Greater Oslo
- 76% of the units are sold

Starts and completions according to plan

Construction starts and completed units

No of units



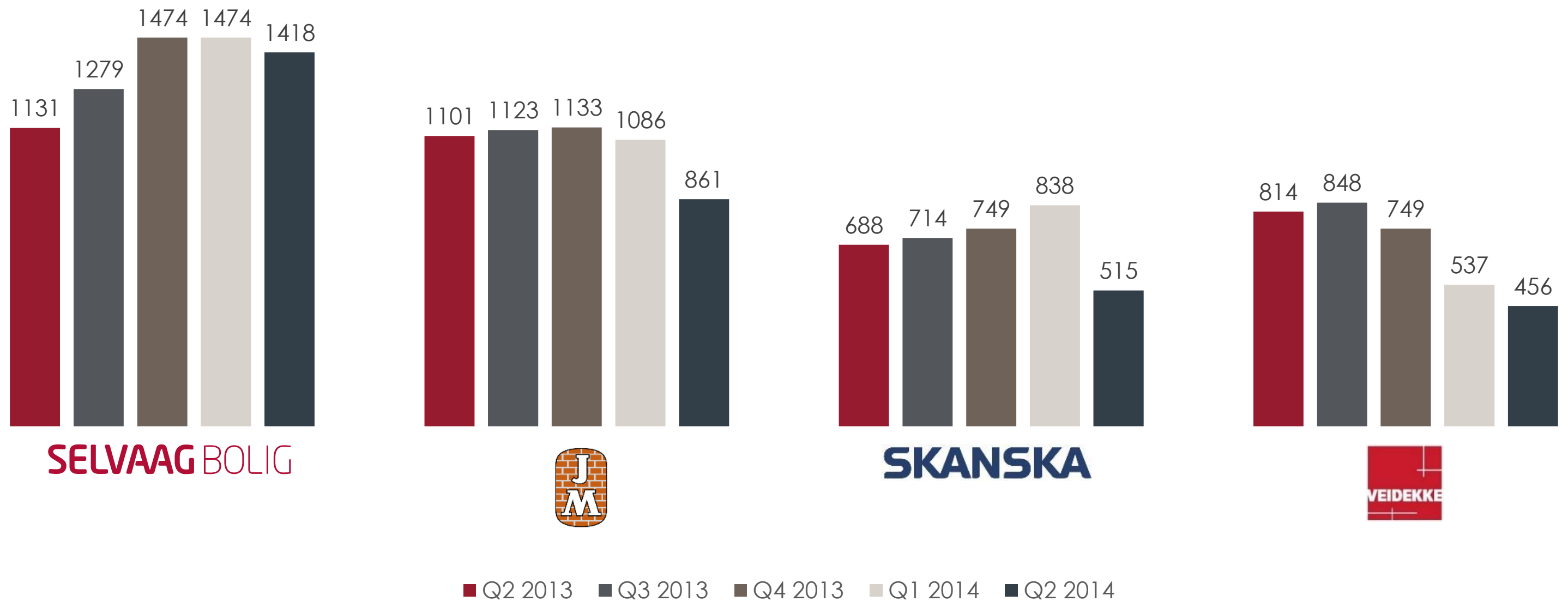
Lørenskog stasjonsby,
Lørenskog

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

Activity maintained during market slowdown

Units under construction vs. peers

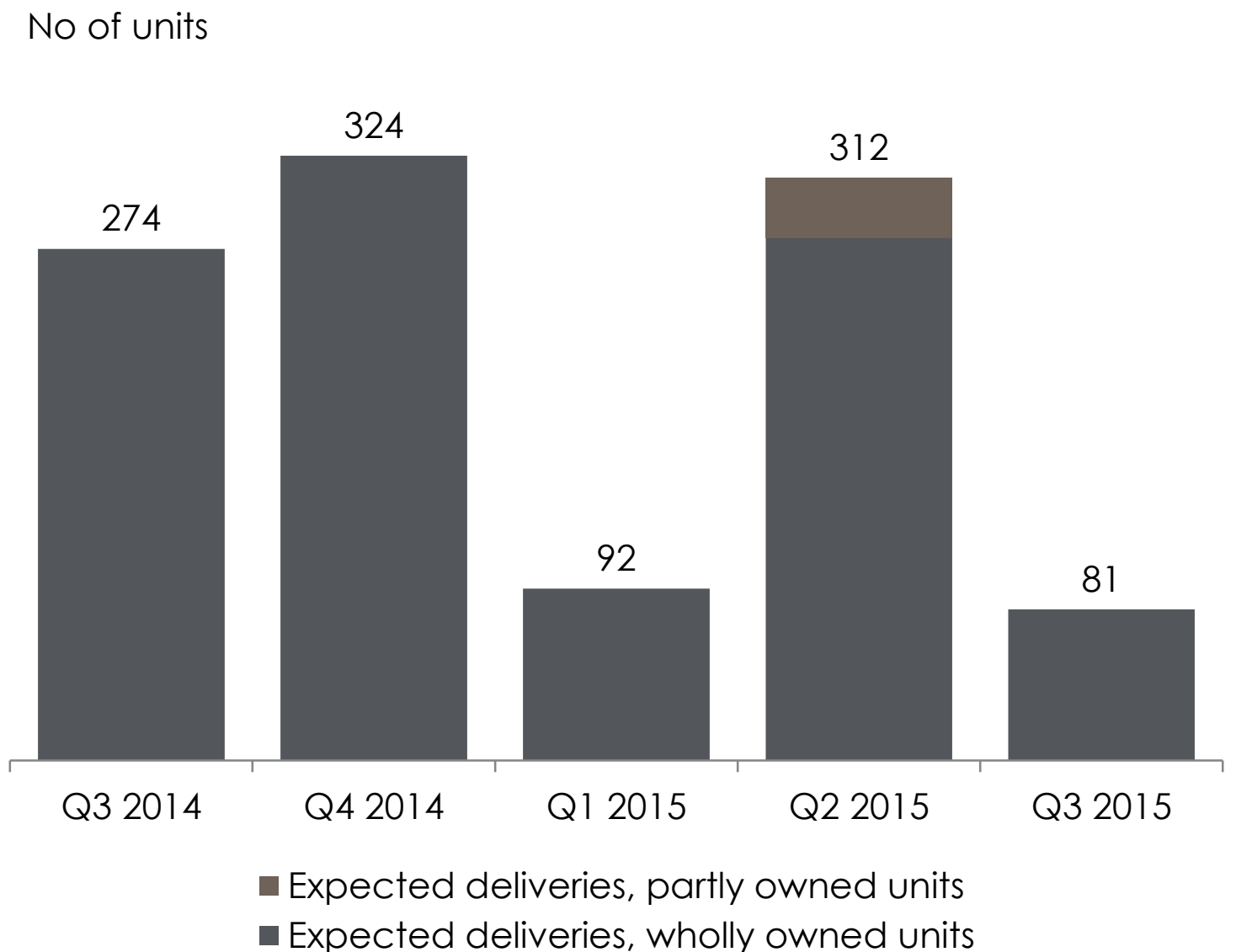
No of units



1 083 units for delivery next five quarters

- 93% of 2014 completions sold
- Advancements since last quarter
 - 4 units at Jaasund advanced from Q1 2015 to Q4 2014
 - 11 units at Kornmo advanced to Q2 2015
 - 12 units at Aase Gaard advanced to Q2 2015

Expected deliveries per quarter



Disposals

Sale of plots at two locations

- Jaasund in Sola (two plots)
 - Kindergarten plot NOK 12.5 million
 - School plot NOK 40.0 million
 - Both plots sold for approximate cost price
- Aase Gaard in Stavanger (several plots)
 - Total sales price NOK 24.0 million



Lørenpynten,
Oslo

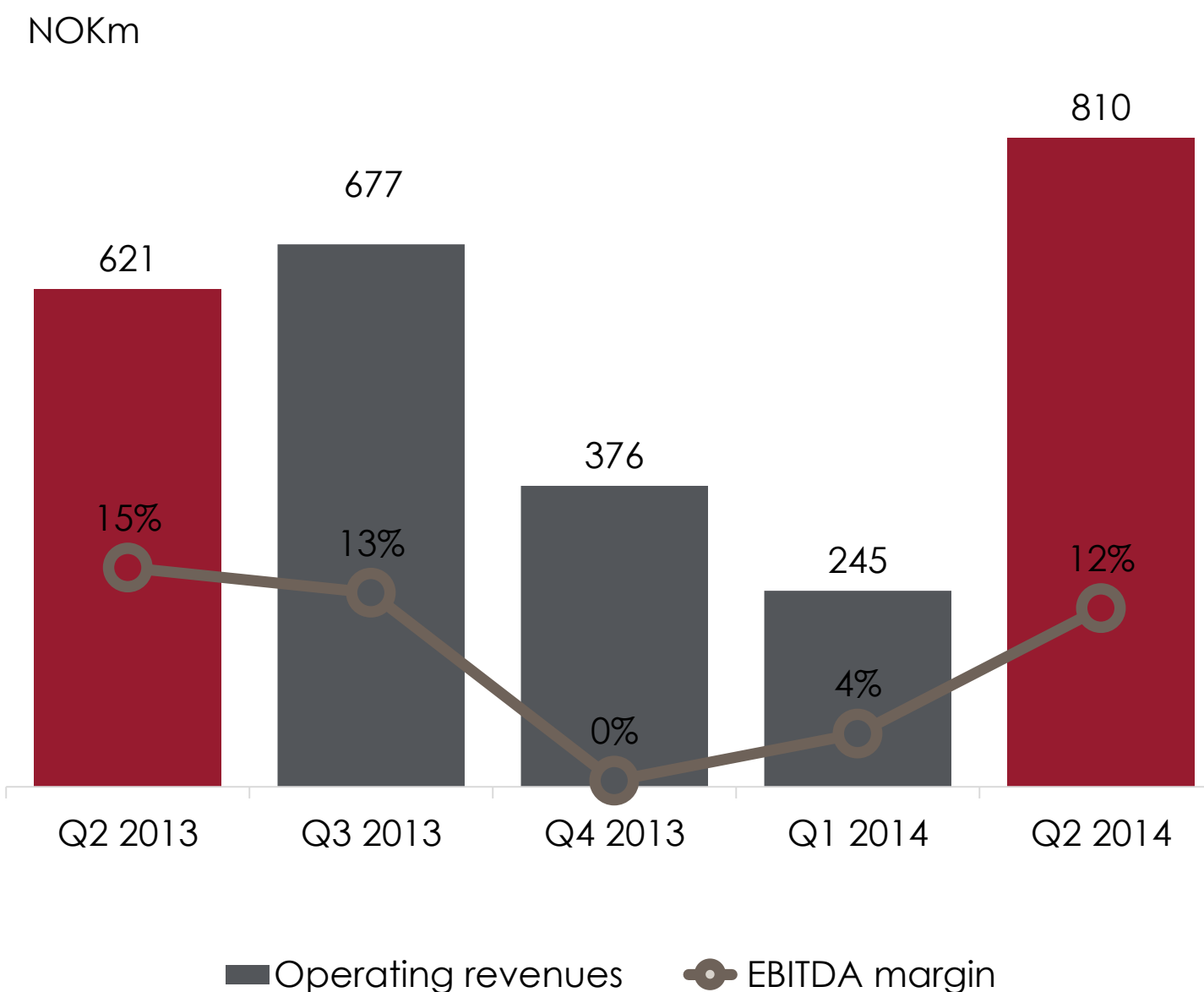
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Income statement highlights Q2 2014 (IFRS)

- Revenues NOK 810 million (621)
 - Delivery of 236 units (212)
- Project costs NOK 686 million (480)
- Provisions for bonus NOK 4 million
 - NOK 2 million salary cost
 - NOK 2 million project cost
 - In previous years all bonus provisions has been recognised in 2H

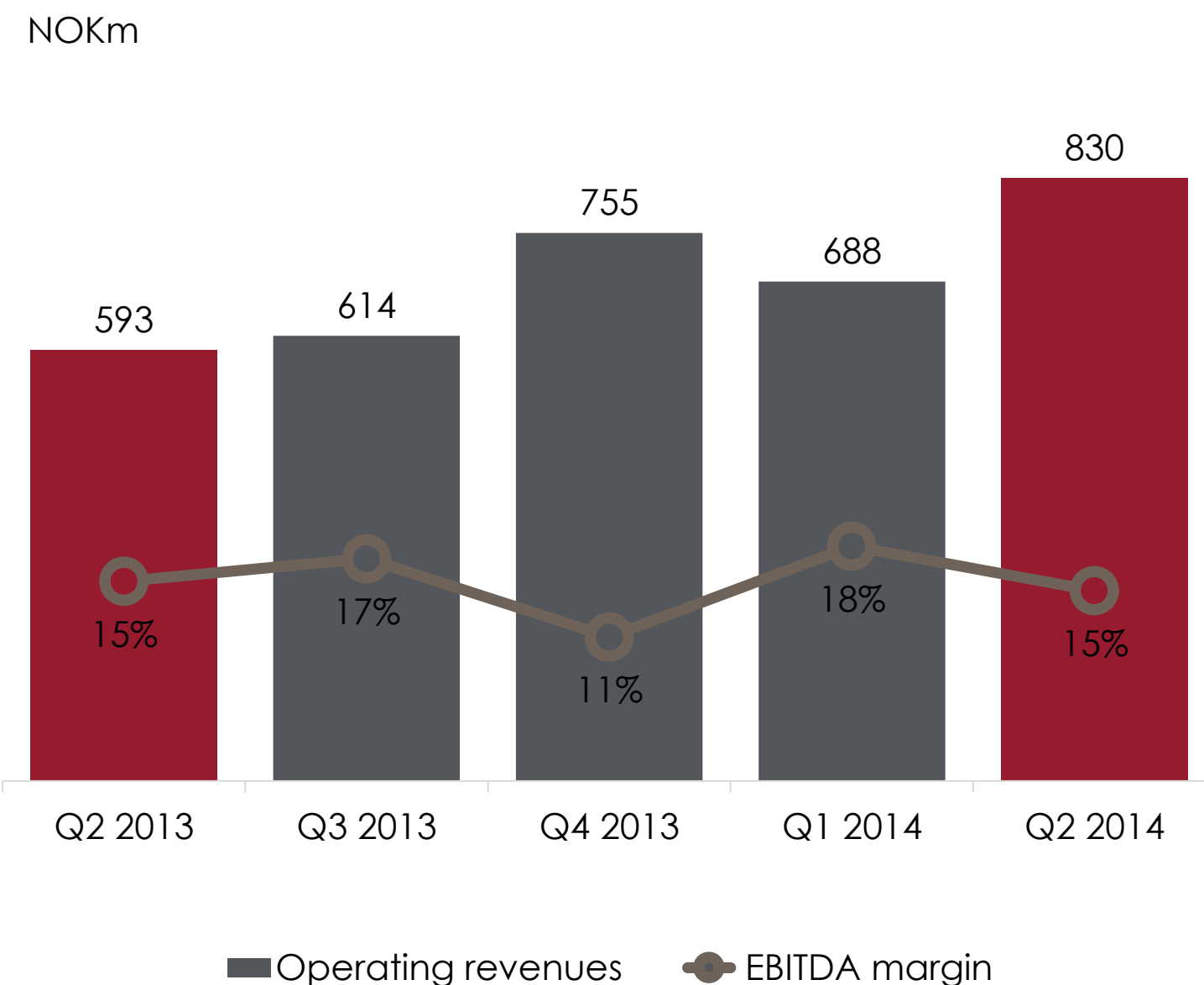
Revenue and EBITDA margin (IFRS)



Income statement highlights Q2 2014 (NGAAP)

- High production
- Good margins in projects under construction

Revenue and EBITDA margin (NGAAP)*

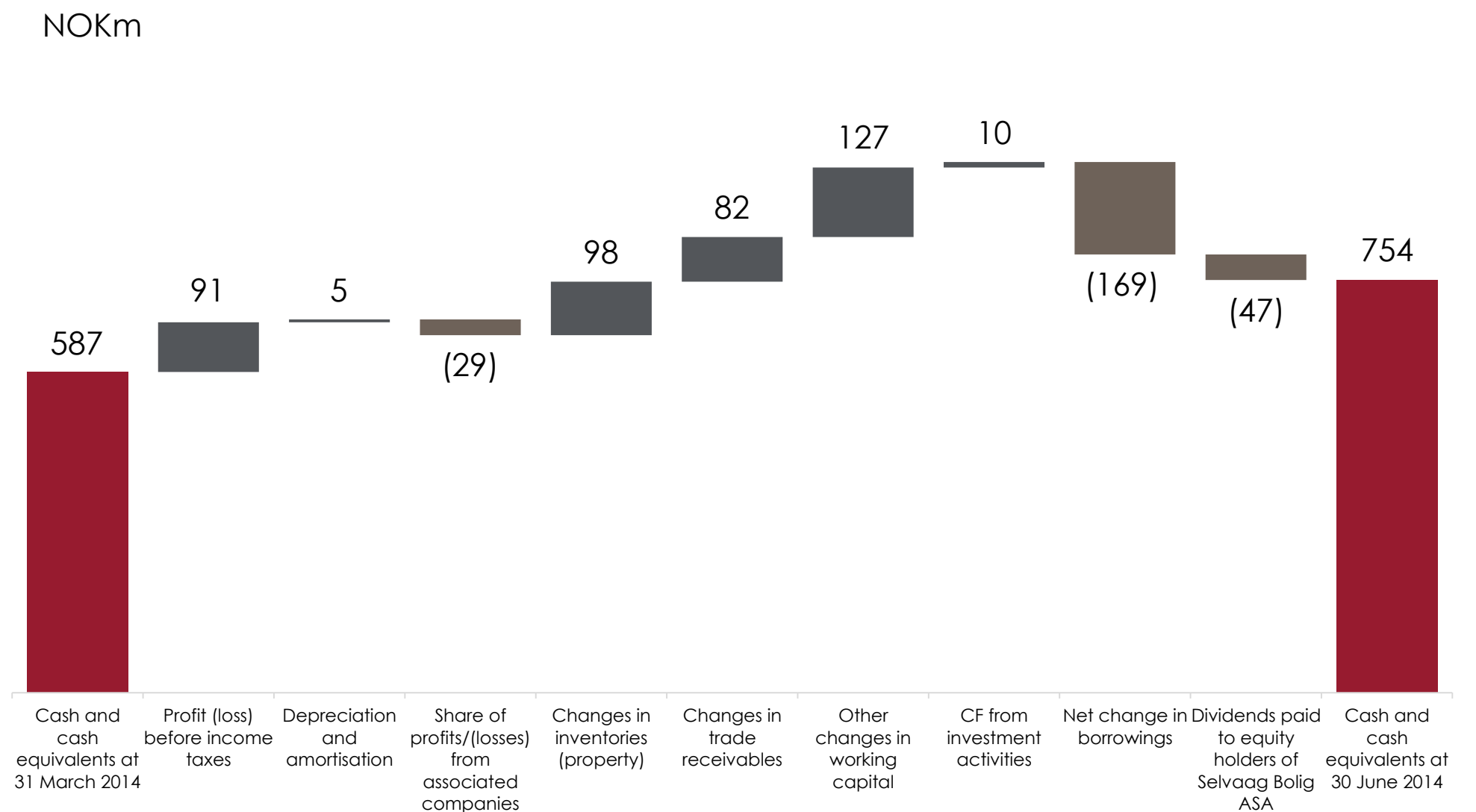


* Construction costs are exclusive of financial expenses in the segment reporting (NGAAP)

Cash flow development Q2 2014

- Payments for the majority of deliveries recognised in both Q1 and Q2 2014 had a cash effect in this quarter
- High activity in projects under construction

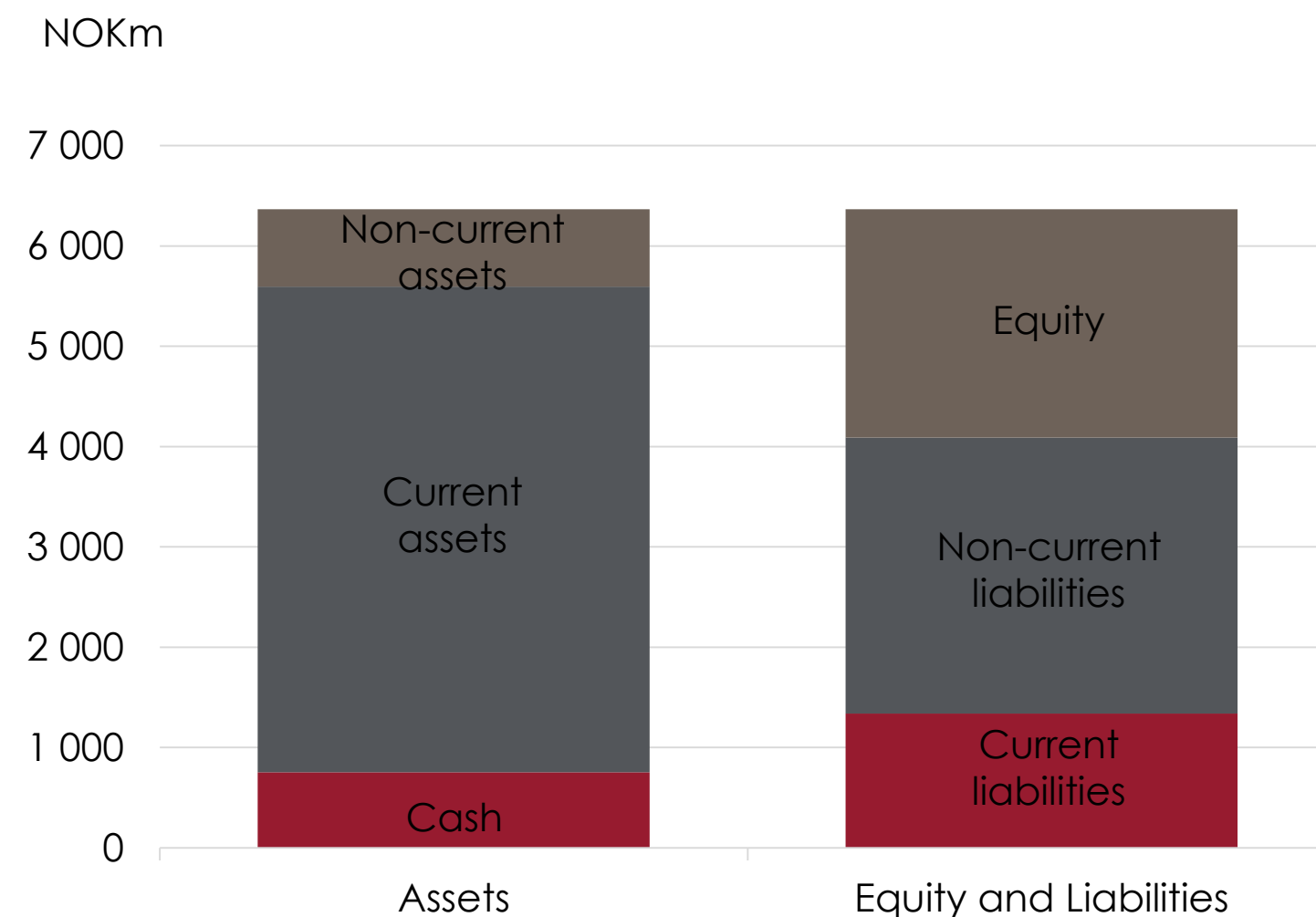
Condensed cash flow



Balance sheet highlights Q2 2014

- Book value per share NOK 24.0
- Changes from Q1 2014:
 - Trade receivables reduced by NOK 82 million
 - Inventories reduced by NOK 79 million
 - Net increase NOK 139 million in non current interest-bearing liabilities
 - Net reduction of NOK 291 million in current interest-bearing liabilities
- Prepayments from customers count for NOK 306 million of other current non interest-bearing liabilities

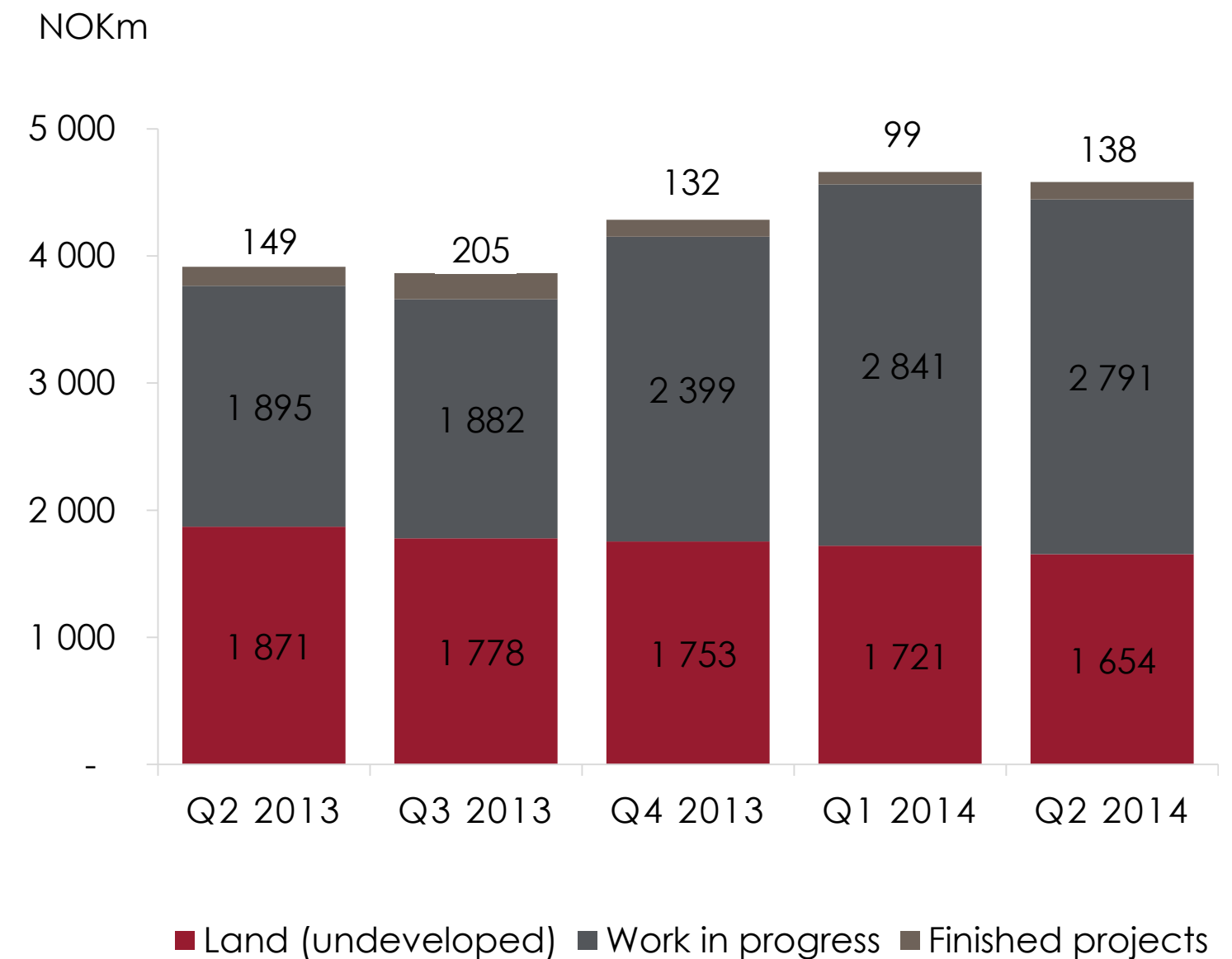
Balance sheet composition



Inventories (property)

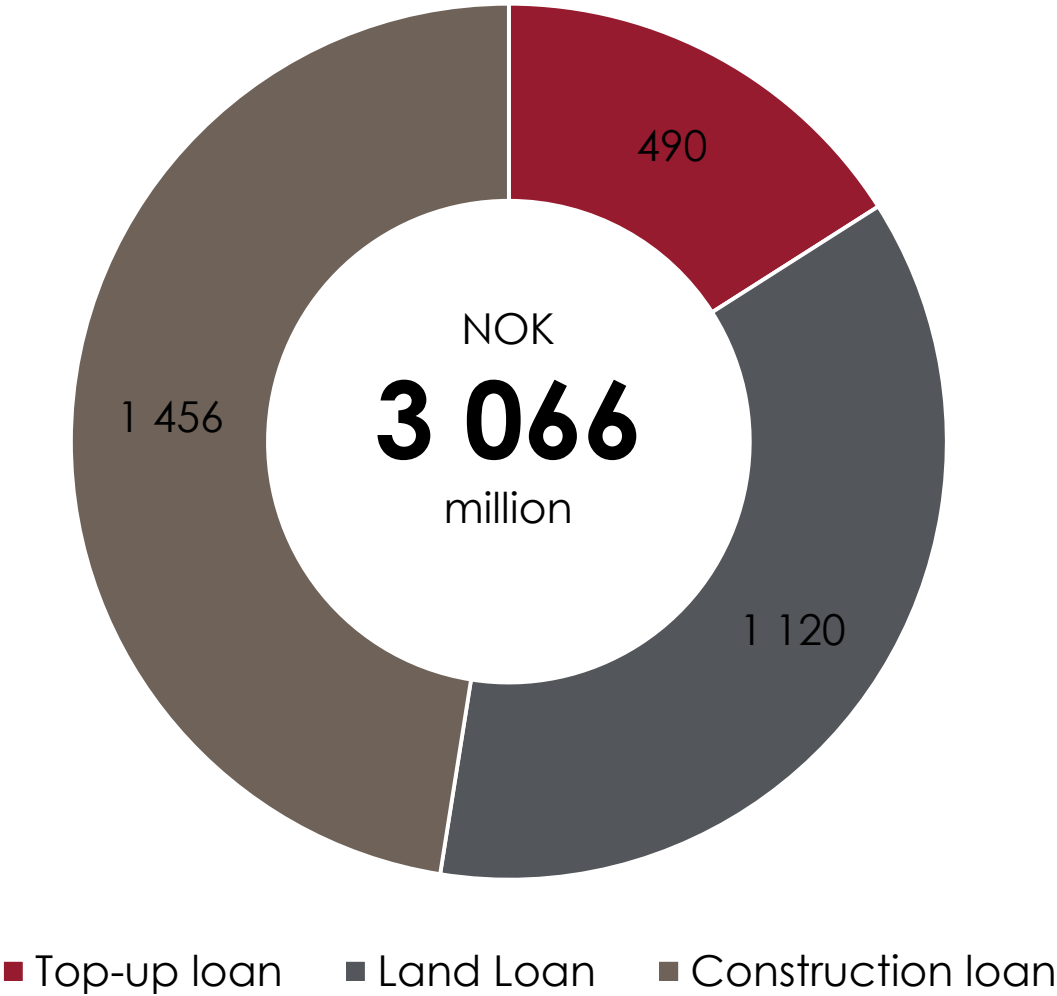
- Land value decreased NOK 67 million from last quarter
 - Due to construction starts
- Work in progress decreased by NOK 50 million from last quarter
 - Due to increase in units completed, partly offset by units under construction
- Finished goods increased by NOK 38 million from last quarter
 - Due to increase in completed undelivered units. The majority of them are sold.

Inventory value development



Sound debt structure

Interest bearing debt as at 30 Jun 2014

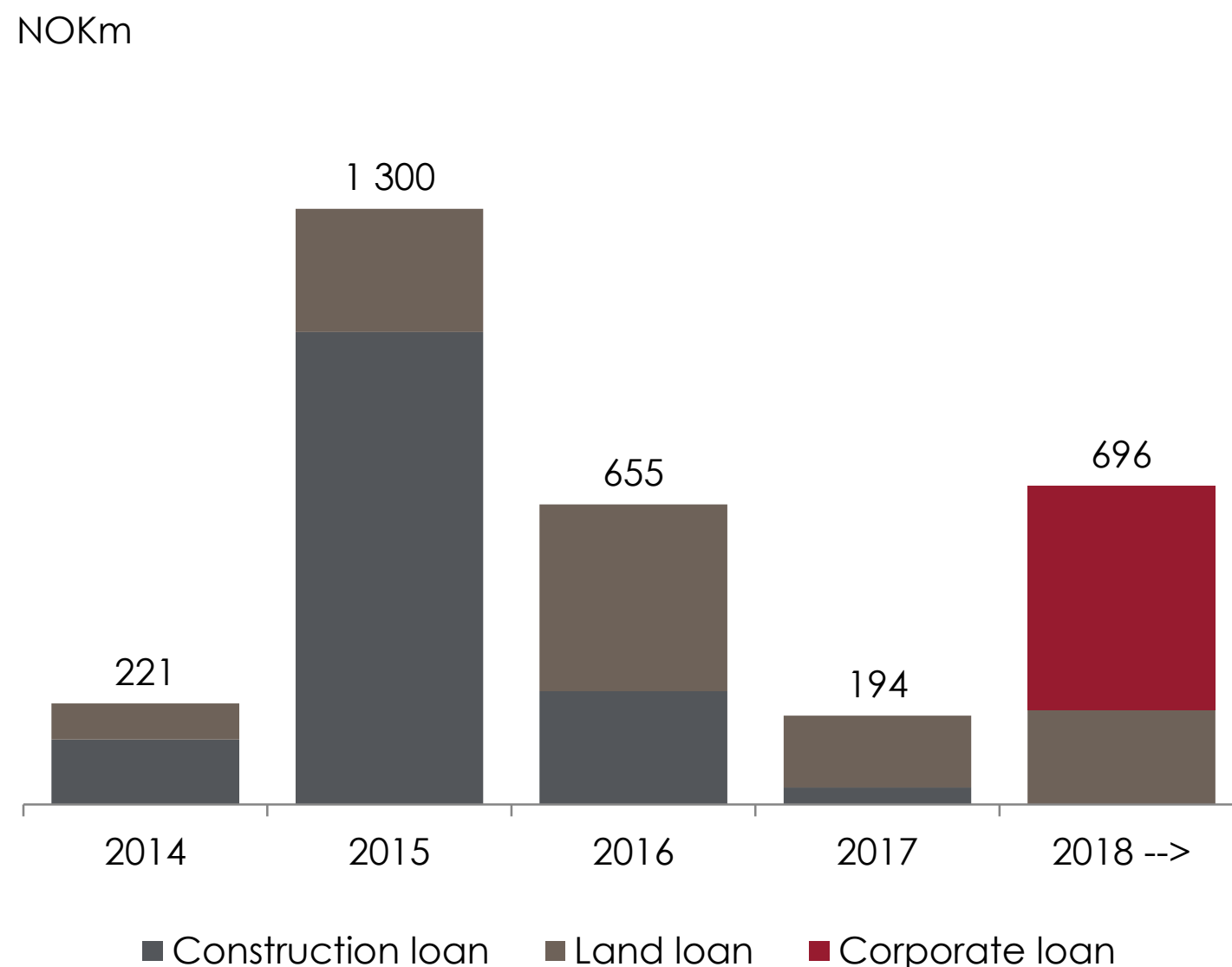


Note: Bond loan of NOK 500m differs from the summed up top up loan in the table (NOK 490m). The difference is due to NOK -10m in amortized cost which is not actual debt.

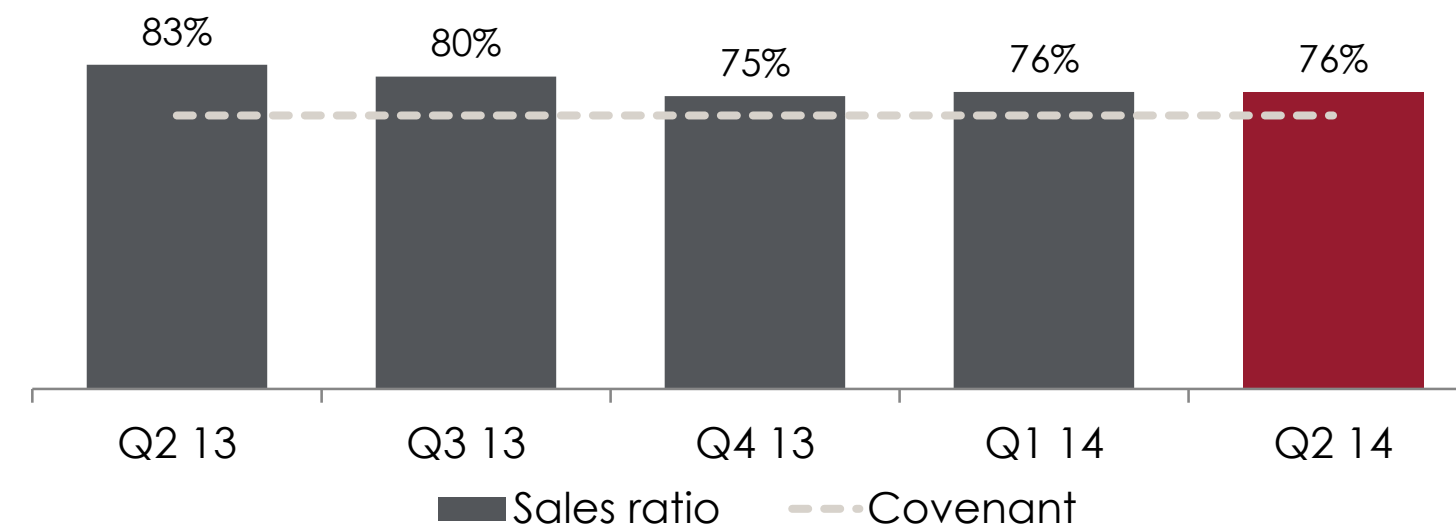
	Loan facility	Drawn per 30 Jun (NOKm)	Interest rate margin
1	NOK 500 million senior unsecured bond loan	500	4.75%
2	NOK 150 million revolving credit facility from DNB maturing in 2015	0	2.50%
3	NOK 150 million working capital facility from DNB maturing in 2014	0	2.50%
4	Land loan facilities from a range of Nordic credit institutions	1 120	2.20% - 3.15%
5	Construction loan facilities from a range of Nordic credit institutions	1 456	2.00% - 3.00%

In compliance with financial covenants

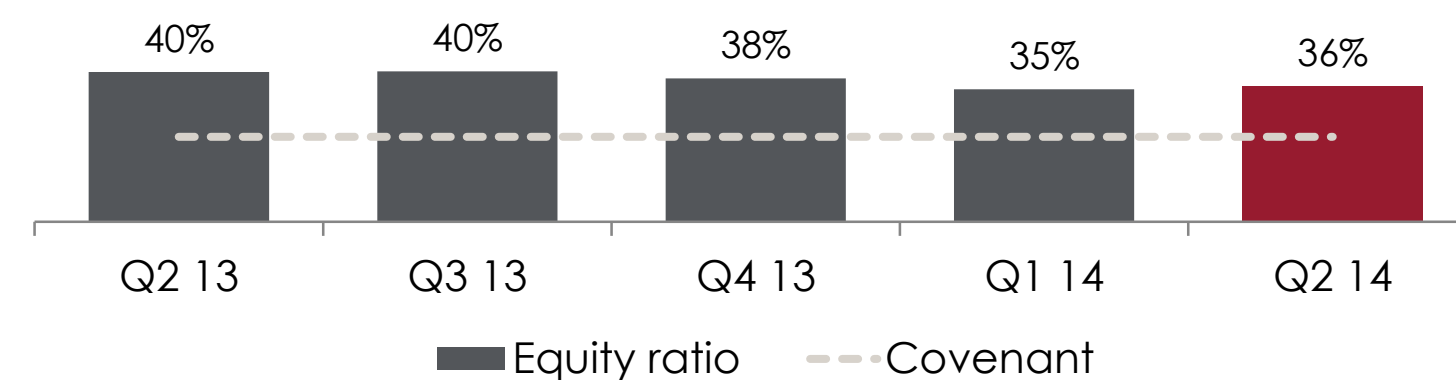
Debt maturity profile (30 Jun 2014)



Sales ratio covenant (minimum 70.0%)



Equity ratio covenant (minimum 22.5%)



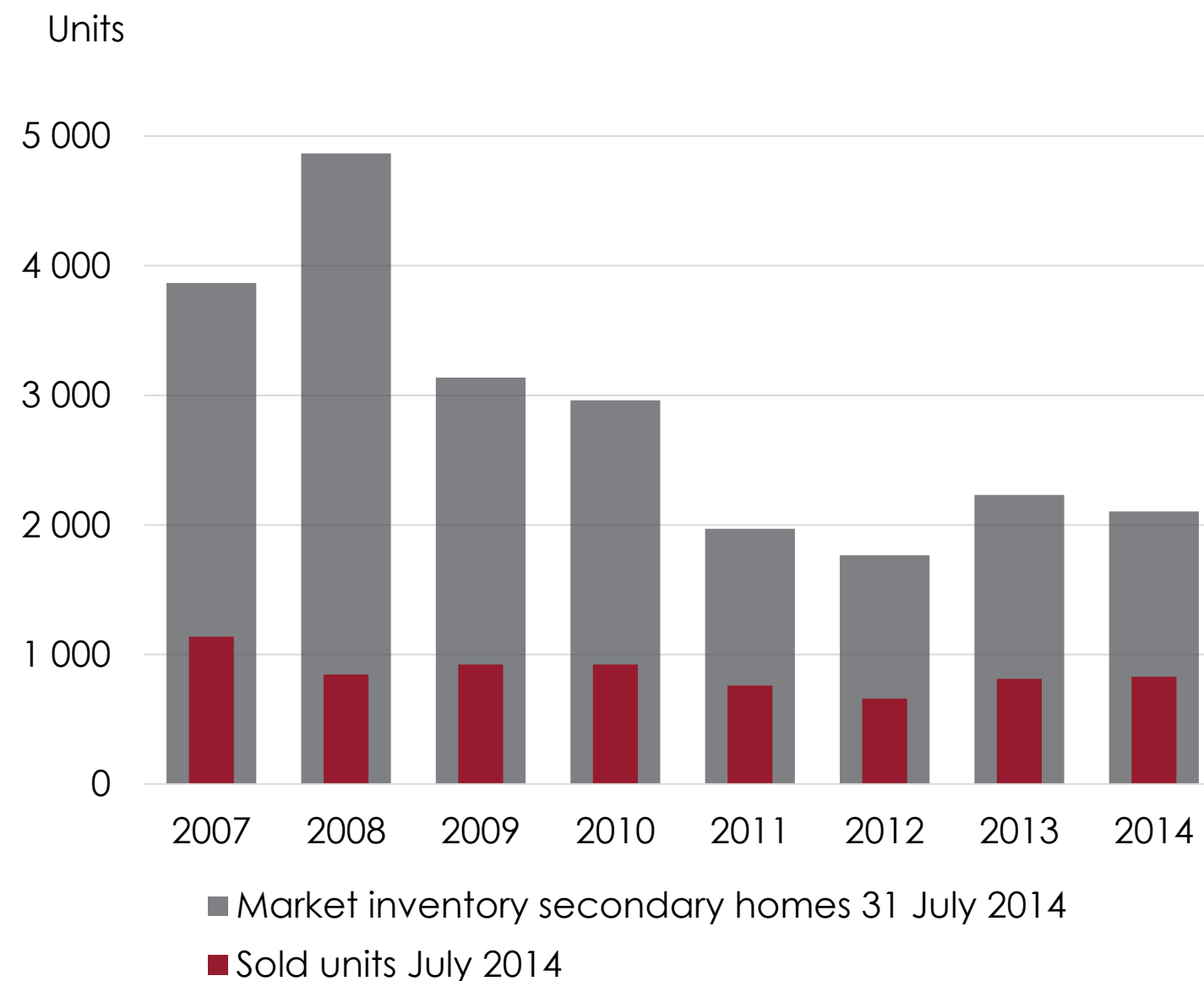
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Second-hand market:

Sound market in Oslo, challenging in Rogaland

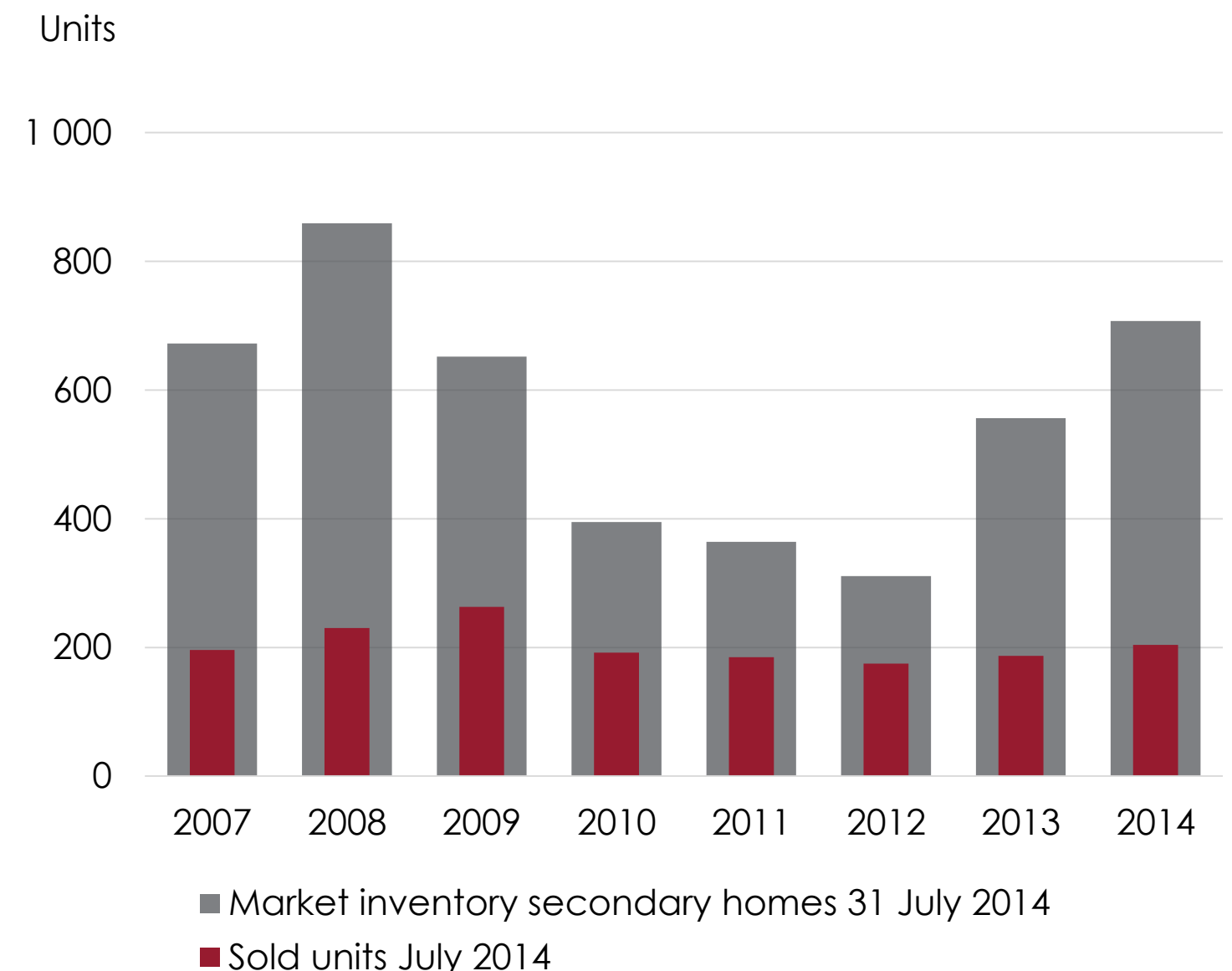
Oslo and Akershus, July 2007-2014



Selected areas: Oslo, Lørenskog, Ski, Oppgård, Bærum, Asker

Source: Eiendomsverdi

Rogaland, July 2007-2014

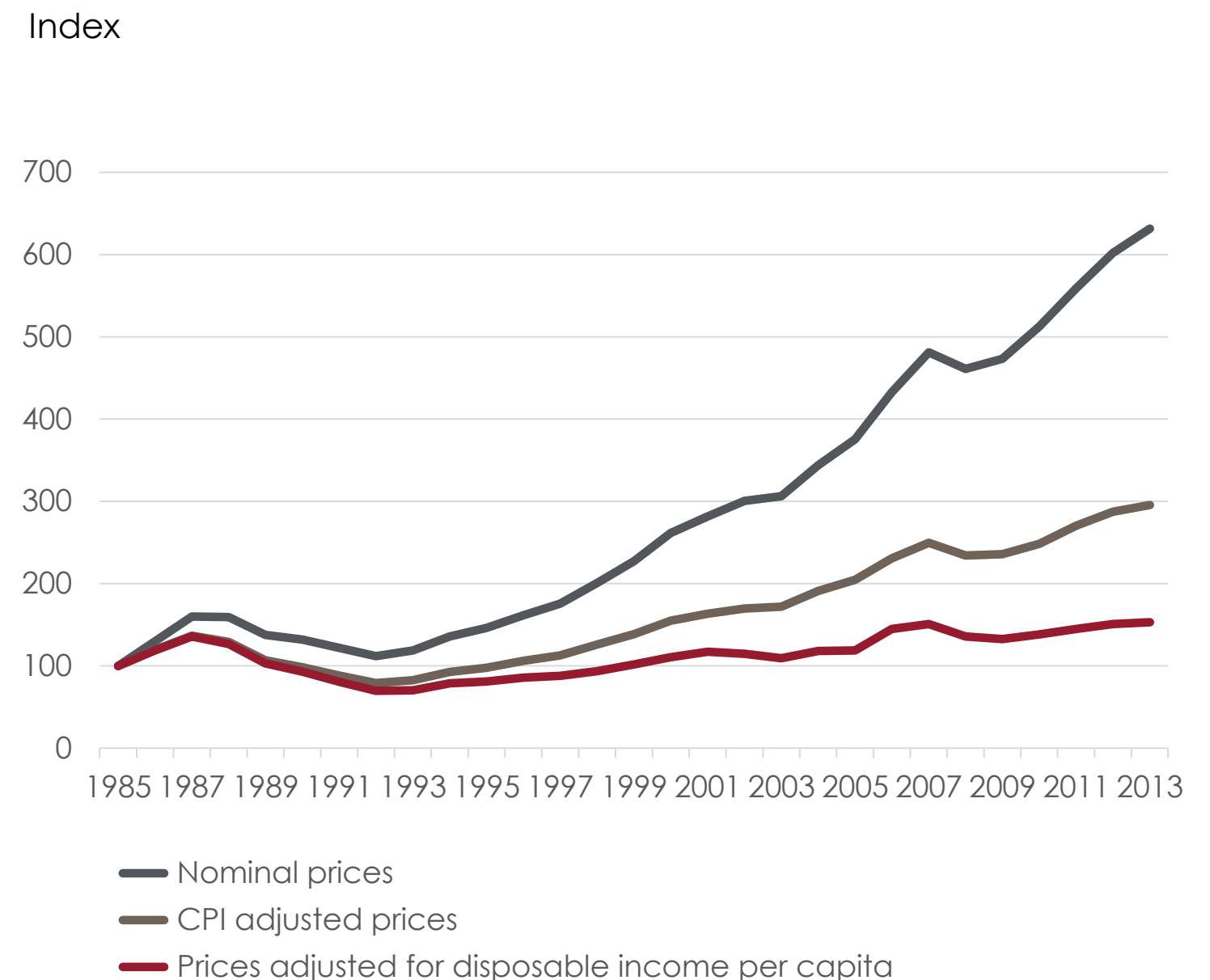


Selected areas: Stavanger, Sola, Randaberg, Sandnes

Price increase deflated by purchasing power

- High gap between nominal and real price development past ten years
- Price increase since 1985:
 - Nominal: 6.3x
 - Adjusted for CPI: 3.0x
 - Adjusted for disposable income: 1.5x
- The increase in purchasing power explains much of the nominal growth in housing prices

Housing price development in Norway

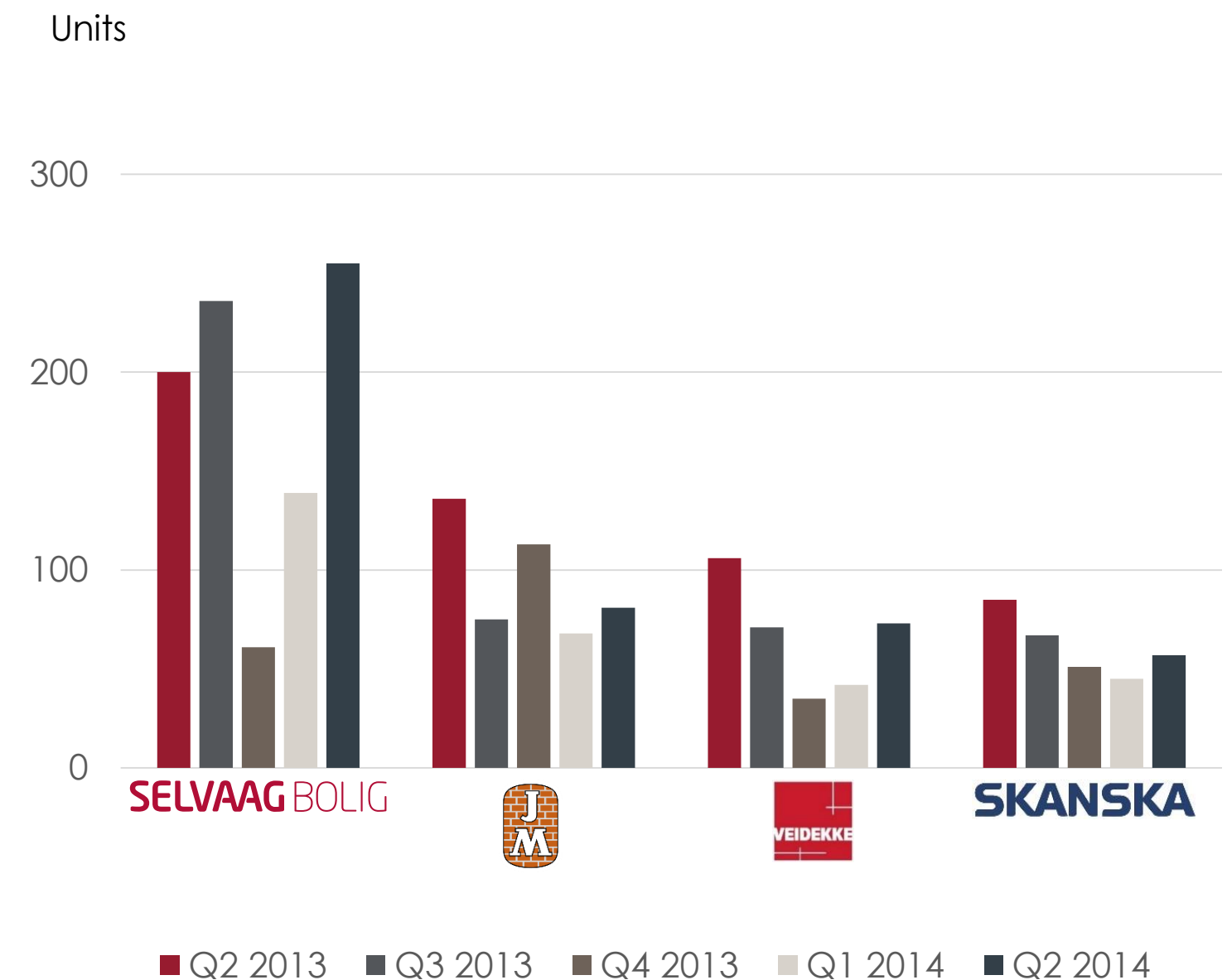


Source: Norges Bank

Market position strengthened

- Good sales development for all players this quarter
- Particularly strong sales for Selvaag Bolig
- Company strategy support market position:
 - Low-cost strategy
 - Average price Selvaag Bolig 1H 2014: NOK 3.4m *
 - Average price total market: NOK 4.0m+ *
 - No in-house construction arm
 - Defined housing concepts
 - Large land bank

Sales activity vs. peers



* Housing types: flats, semi-detached/terraced homes
Markets: Oslo, Akershus, Hordaland, Rogaland and Troms

Source: Selvaag Bolig

Selected upcoming projects

- Nyhavn, Bergen
 - Expected sales start on 70 units in Q3 2014
- Kornmo, Oppegård
 - Expected sales start on 18 units in Q3 2014
- Lørenpynten, Oslo
 - Expected sales start on 26 units in Q3 2014
- Lade, Trondheim
 - Expected sales start on 40 units in Q3 2014



Kornmo, Oppegård



Lørenpynten, Oslo

Well positioned in improving markets

- Good outlook for Selvaag Bolig in all core areas, given unchanged (or improved) market inventory levels and macro economic conditions
 - Rigged with a land bank allowing for future growth
 - Well positioned through low cost production and competitive products targeting broad consumer groups
- Sales and construction development indicate continued growth in market share



Strandkanten,
Tromsø

Summary

- Sales picking up in improving markets
- High construction activity
- Selvaag Bolig continued to improve its market position during the quarter
- Company strategy supports a strong position in a growing market going forward



Lervig Brygge,
Stavanger

Thank you for your attention – follow us online!



@SelvaagAksjen

Q3 2014:

14 Nov 2014



Appendix

Norwegian housing market

- Good demand for new homes and persistent population growth in urban areas
- 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 10% minimum cash deposit
- High level of home ownership
 - 85% (one of the world's highest)
- Economic benefits for home owners
 - 27% of mortgage loan interest payments are tax-deductible
 - Transfer stamp duty for new houses is lower than for second hand homes
- Attractive market outlook
 - Strong population growth
 - High level of purchasing power
 - Favourable macro-economic climate and low interest rates

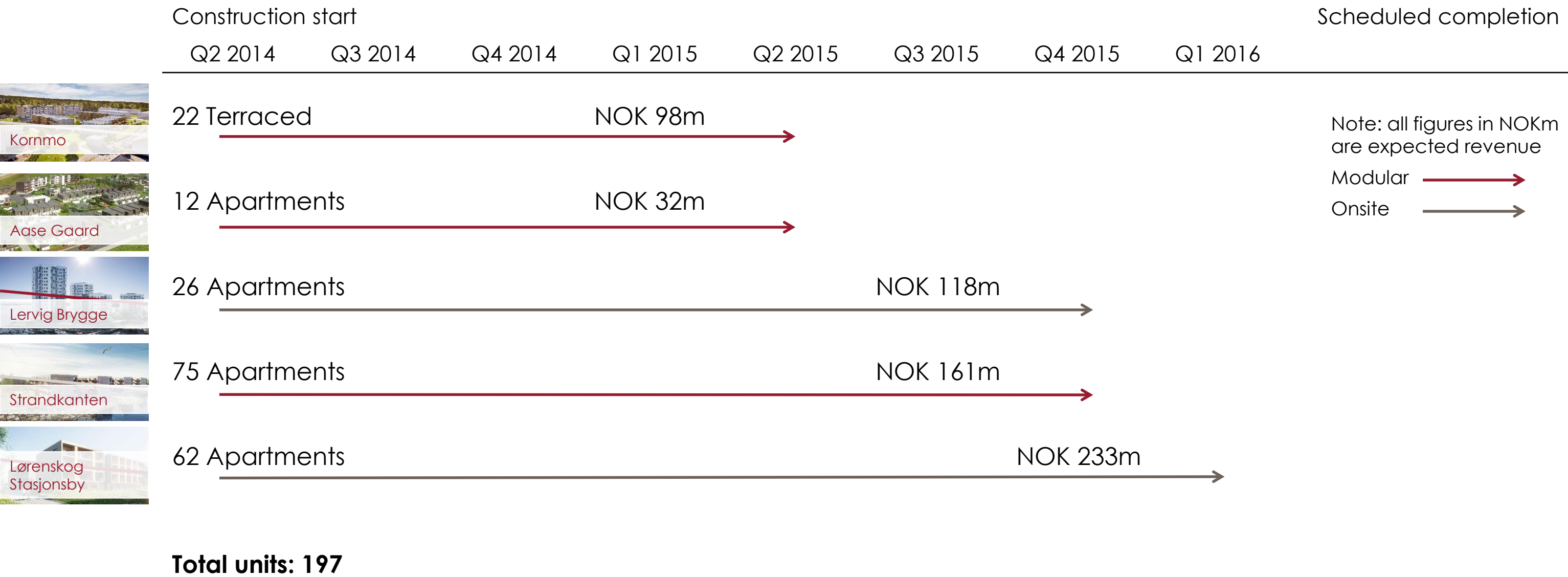
Source: Source Selvaag Bolig and Eurostat

Selvaag Bolig – value proposition

Selvaag Bolig ASA is a Norwegian residential property developer with no in-house construction arm, which controls the entire value chain from the acquisition of land to the sale of homes.

- Proven low-cost strategy
 - Very competitive prices ensure a broad customer base
- No in-house construction arm
 - low building costs
 - fixed construction price
 - reduced risk
 - smaller exposure to market fluctuations
- Defined housing concepts
 - Aimed at broad consumer categories
 - Profit maximisation in all projects
- Large land bank
 - Several thousand homes under development in Norway's four fastest growing urban regions

Construction start on existing projects



Income statement IFRS

(figures in NOK million)	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Total operating revenues	809.5	620.9	1 054.1	1 144.6	2 197.0
Project expenses	(685.8)	(479.9)	(878.8)	(857.8)	(1 709.6)
Other operating expenses	(52.2)	(56.9)	(93.5)	(100.4)	(208.8)
Other gains (loss)	-	-	-	-	(0.4)
Associated companies and joint ventures	28.7	10.2	27.5	10.0	10.9
EBITDA	100.2	94.3	109.2	196.5	289.1
Depreciation and amortisation	(5.2)	(5.7)	(10.4)	(11.2)	(22.1)
EBIT	95.0	88.6	98.8	185.2	267.0
Net financial expenses	(4.5)	(6.5)	(10.8)	(21.1)	(30.0)
Profit/(loss) before taxes	90.5	82.1	88.0	164.2	237.0
Income taxes	(23.9)	(23.4)	(23.3)	(44.0)	(51.4)
Net income	66.6	58.7	64.7	120.2	185.6
Net income for the period attributable to:					
Non-controlling interests	(0.0)	2.7	1.1	7.7	21.4
Shareholders in Selvaag Bolig ASA	66.6	55.9	63.6	112.4	164.1

Cash Flow statement

(figures in NOK million)	Q2 2014	Q2 2013	1H 2014	1H 2013	2013
Net cash flow from operating activities	373.2	152.4	(40.5)	471.9	104.0
Net cash flow from investment activities	9.8	17.8	7.2	38.1	48.8
Net cash flow from financing activities	(215.6)	(39.1)	200.3	(361.0)	(123.7)
Net change in cash and cash equivalents	167.4	131.1	166.9	149.0	29.1
Cash and cash equivalents at start of period	586.6	575.9	587.0	558.0	558.0
Cash and cash equivalents at end of period	754.0	707.0	754.0	707.0	587.0

Balance sheet

(figures in NOK million)

	Q2 2014	Q2 2013	2013
Intangible assets	425.0	449.9	434.5
Property, plant and equipment	4.0	6.2	4.9
Investments in associated companies and joint ventures	170.9	155.3	150.7
Other non-current assets	172.5	163.9	166.6
Total non-current assets	772.4	775.5	756.7
Inventories (property)	4 582.0	3 915.2	4 283.9
- Land	1 653.7	1 870.9	1 753.4
- Work in progress	2 790.8	1 895.0	2 398.8
- Finished goods	137.5	149.3	131.6
Other current receivables	257.1	184.7	342.3
Cash and cash equivalents	754.0	707.0	587.0
Total current assets	5 593.1	4 806.8	5 213.2
TOTAL ASSETS	6 365.5	5 582.3	5 969.8
Equity attributed to shareholders in Selvaag Bolig ASA*	2 253.0	2 184.6	2 236.3
Non-controlling interests	23.8	27.3	22.7
Total equity	2 276.8	2 211.9	2 259.0
Non-current interest-bearing liabilities	2 470.0	1 843.2	2 116.2
Other non-current non interest-bearing liabilities	279.3	257.2	258.1
Total non-current liabilities	2 749.4	2 100.4	2 374.3
Current interest-bearing liabilities	595.8	680.9	669.0
Other current non interest-bearing liabilities	743.5	589.0	667.5
Total current liabilities	1 339.3	1 269.9	1 336.6
TOTAL EQUITY AND LIABILITIES	6 365.5	5 582.3	5 969.8

* Corresponding to a book value of NOK 24.0 per share

Operational highlights – key operating figures

(number of residential units, unless otherwise stated)	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
Number of units sold	200	236	61	139	255
Number of commenced units	284	335	296	77	197
Number of units completed	211	188	101	77	253
Number of units under construction	1 131	1 279	1 474	1 474	1 418
Proportion of sold units under construction	83 %	80 %	75 %	76 %	76 %
Number of completed unsold units	23	22	8	8	17
Sales value of units under construction (NOK million)	4 163	4 657	5 421	5 547	5 238
Number of employees	100	101	97	98	99

IFRS EBITDA Q2 2014

(figures in NOK million)	Property development			Other	Total
	Greater Oslo	Rest of Norway	Other countries		
IFRS EBITDA for the quarter, per segment					
Operating revenues	647.0	159.0	0.3	3.3	809.5
Project expenses	(550.4)	(134.5)	-	(0.8)	(685.7)
Other operating expenses	(10.3)	(7.0)	(0.7)	(34.3)	(52.3)
Share of income (losses) from associated companies and joint ventures	(1.0)	3.1	26.5	-	28.7
Other gain (loss), net	-	-	-	-	-
EBITDA	85.3	20.5	26.2	(31.8)	100.2

Operational reporting Q2 2014

(figures in NOK million)	Property development			Other	Total
	Greater Oslo	Rest of Norway	Other countries		
Operating revenues	517.1	309.7	0.3	3.3	830.5
Project expenses	(407.9)	(248.5)	-	(0.8)	(657.2)
Other operating expenses	(10.3)	(7.0)	(0.7)	(34.3)	(52.3)
EBITDA (percentage of completion)	98.8	54.3	(0.4)	(31.8)	121.0

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

Land loan interests on the P&L

- Total land loans are NOK 1 120 million of which NOK 757 million are loans where interest cost are activated
- Land loan interests activated at regulation
- As at 30 June interests connected to land loans of NOK 363 million was charged on the P&L

Interest charged on the P&L as at 30.06.2014

