

Q2 2019

Oslo 14 August 2019

Rolf Thorsen, CEO

Sverre Molvik, CFO

SELVAAG BOLIG

Agenda

- **Highlights and sales**
- Operational and financial update
- Market
- Outlook and summary



Highlights Q2 2019

- Good operational performance driven by strong sales
- 1H 2019 dividend of NOK 2.00 per share
- Favourable market conditions, especially in the greater Oslo area
- Well positioned in all regions. Positive market expectations for the second half



Key financials Q2 and H1 2019

Q2 2019

Operating revenues

1 035

NOK million

Adjusted EBITDA margin

30.5

per cent

Operating revenues (NGAAP)

868

NOK million

EBITDA margin (NGAAP)

24.4

per cent

H1 2019

Operating revenues

1 144

NOK million

Adjusted EBITDA margin

26.8

per cent

Operating revenues (NGAAP)

1 548

NOK million

EBITDA margin (NGAAP)

23.6

per cent

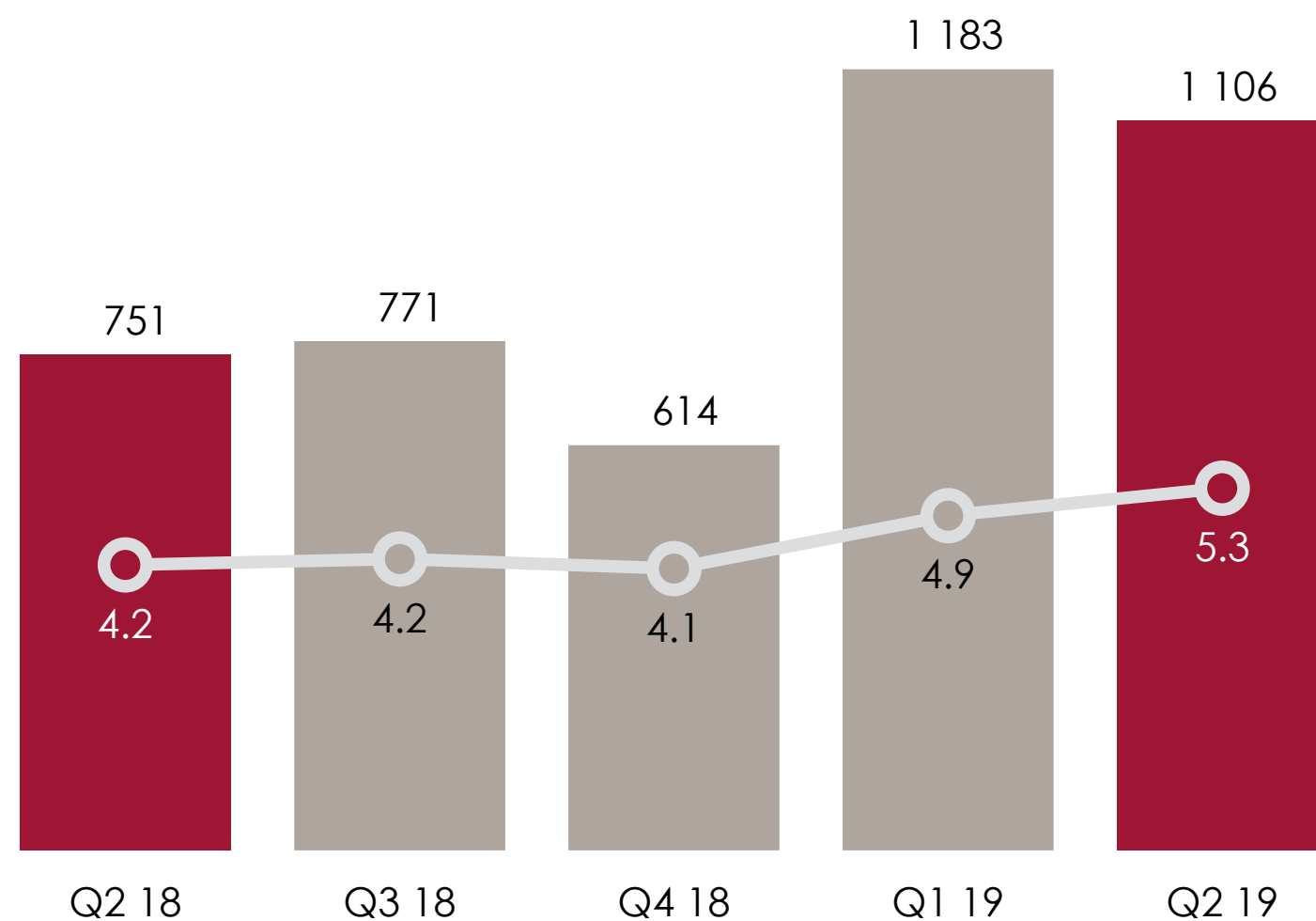
* EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs

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

Strong sales and increasing value per unit

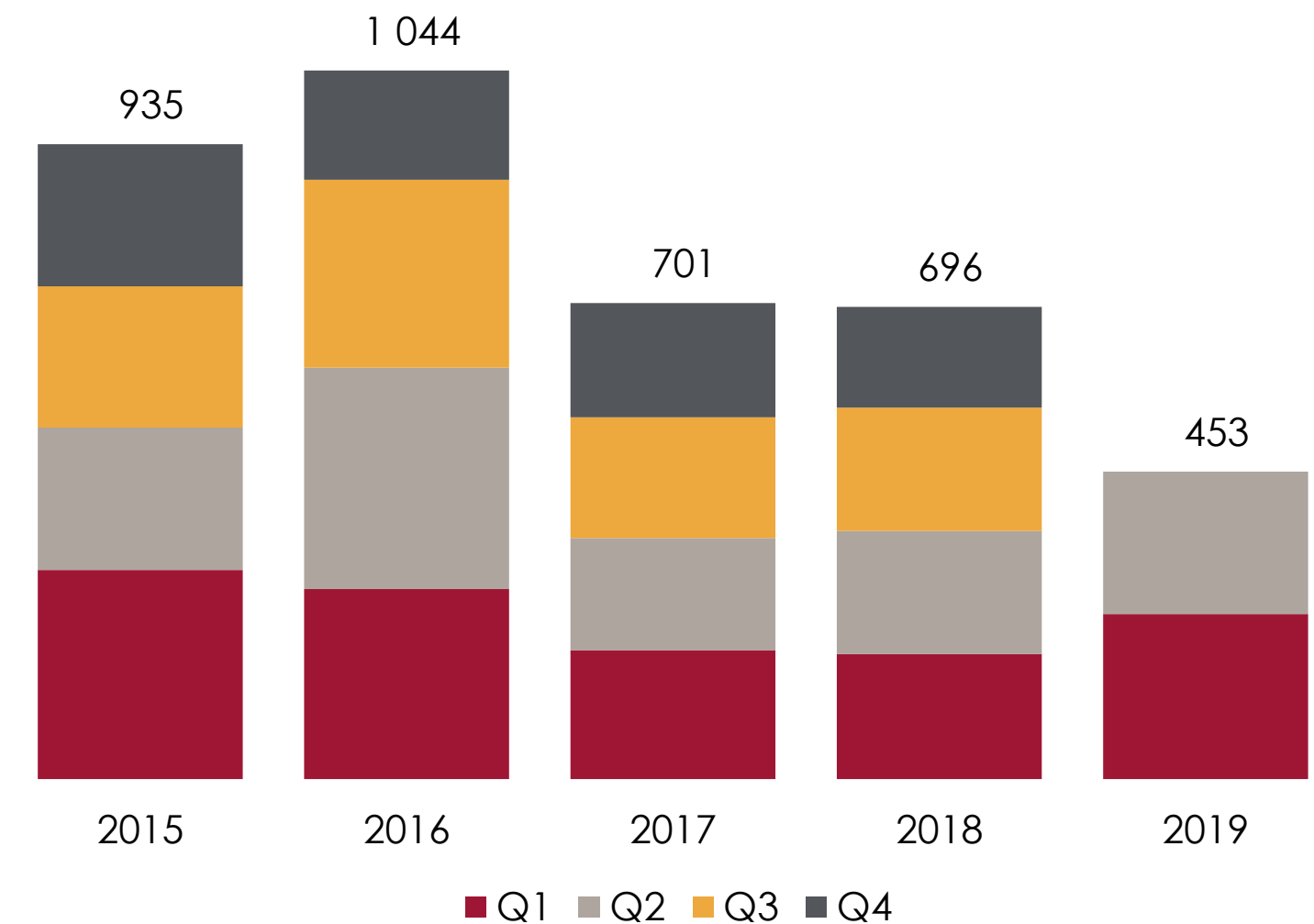
Total and average sales value

NOK million



Number of units sold per quarter

Units

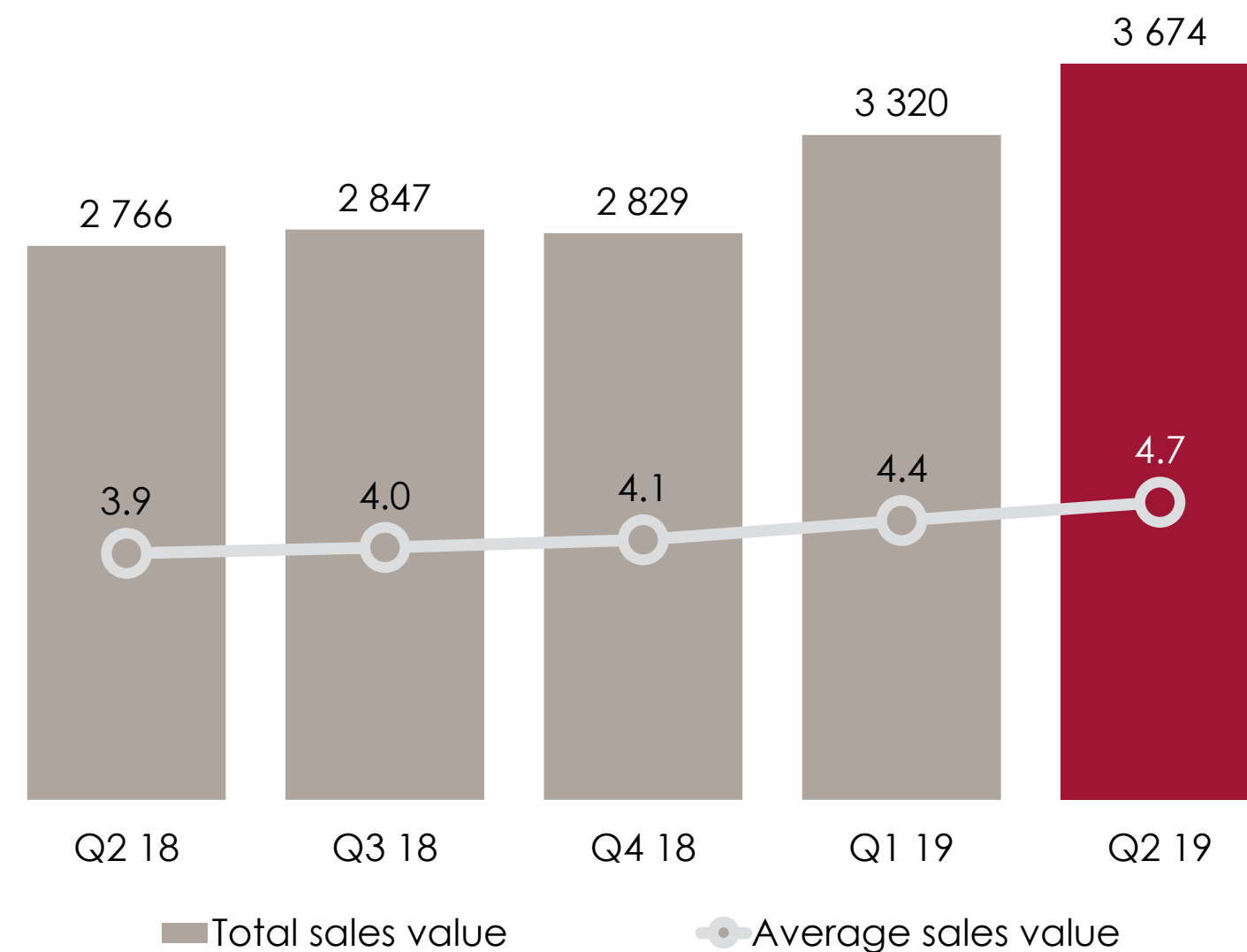


Note: All numbers are adjusted for Selvaag Bolig's share in joint ventures

Rolling sales value and units sold

Sales value: 12 months rolling

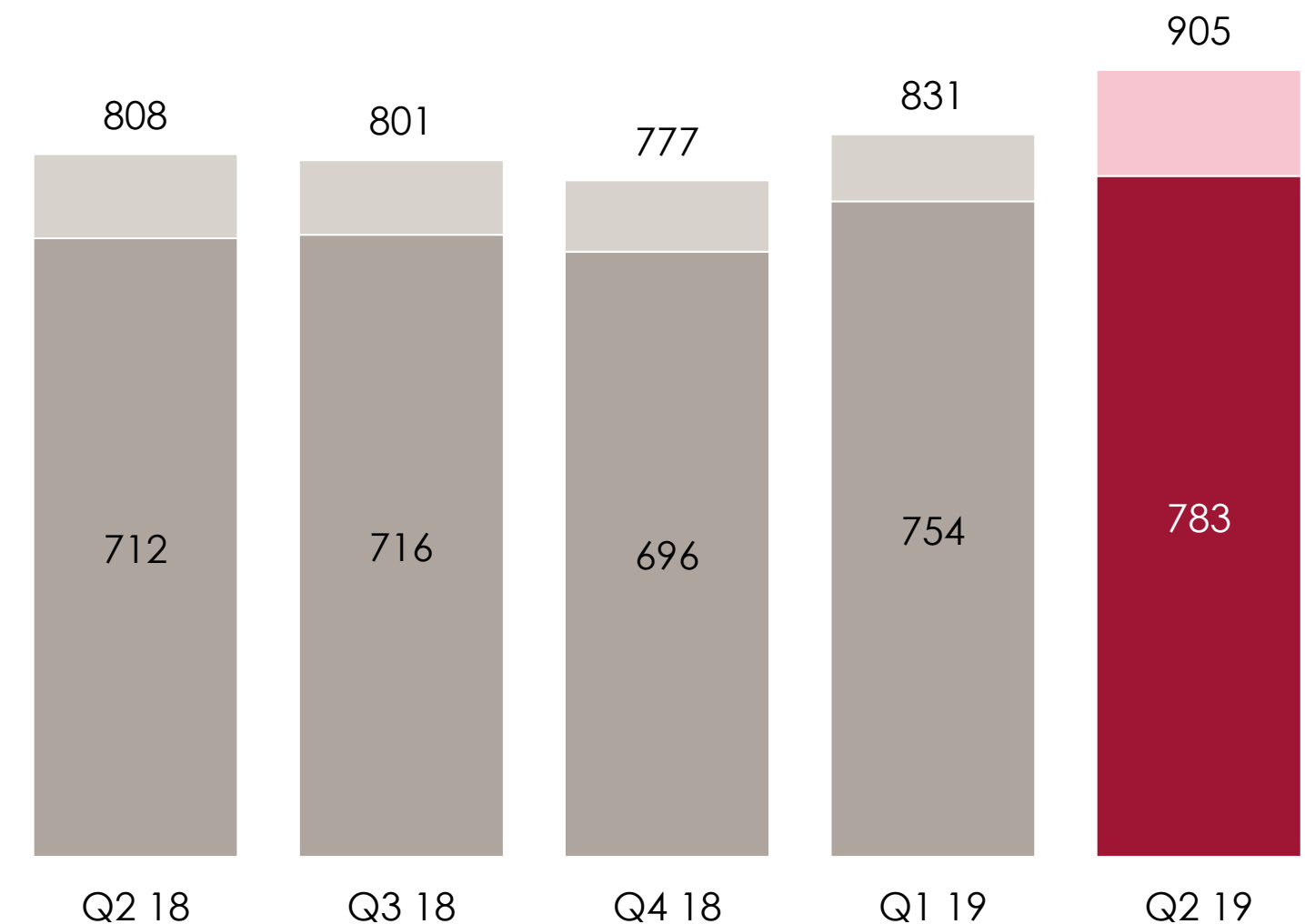
NOK million



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

Agenda

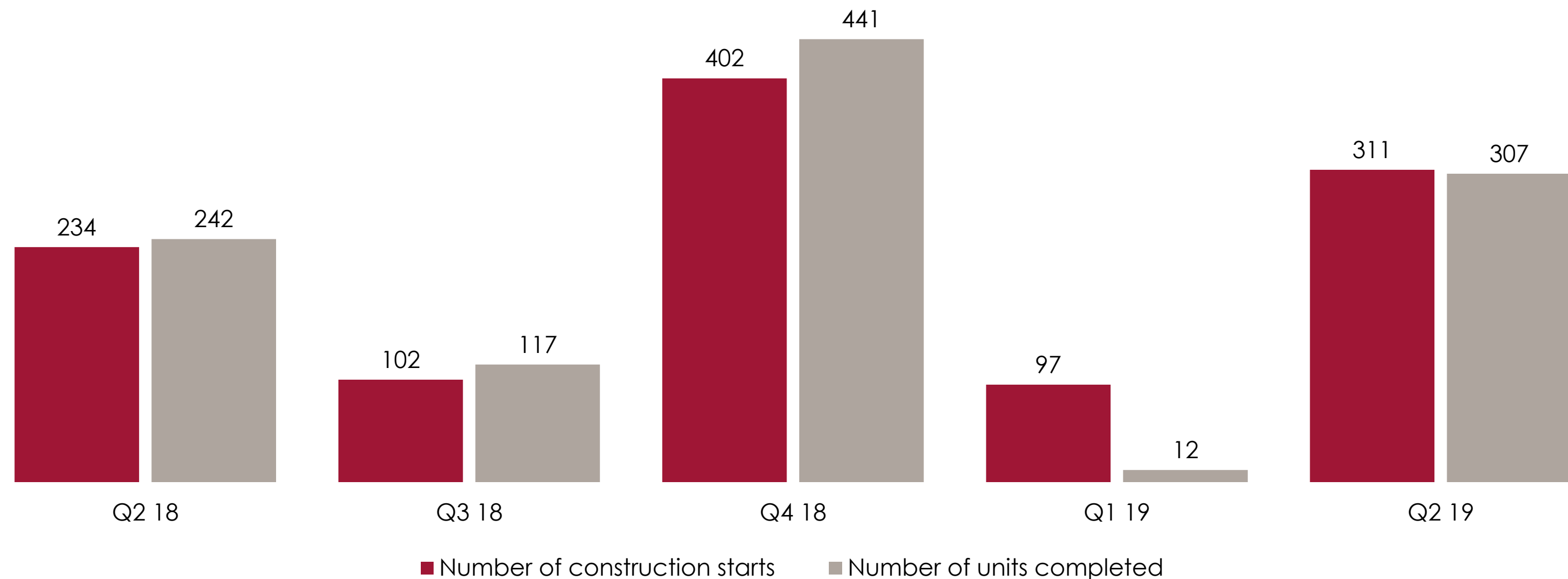
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Construction starts and completions

Construction starts and completions per quarter

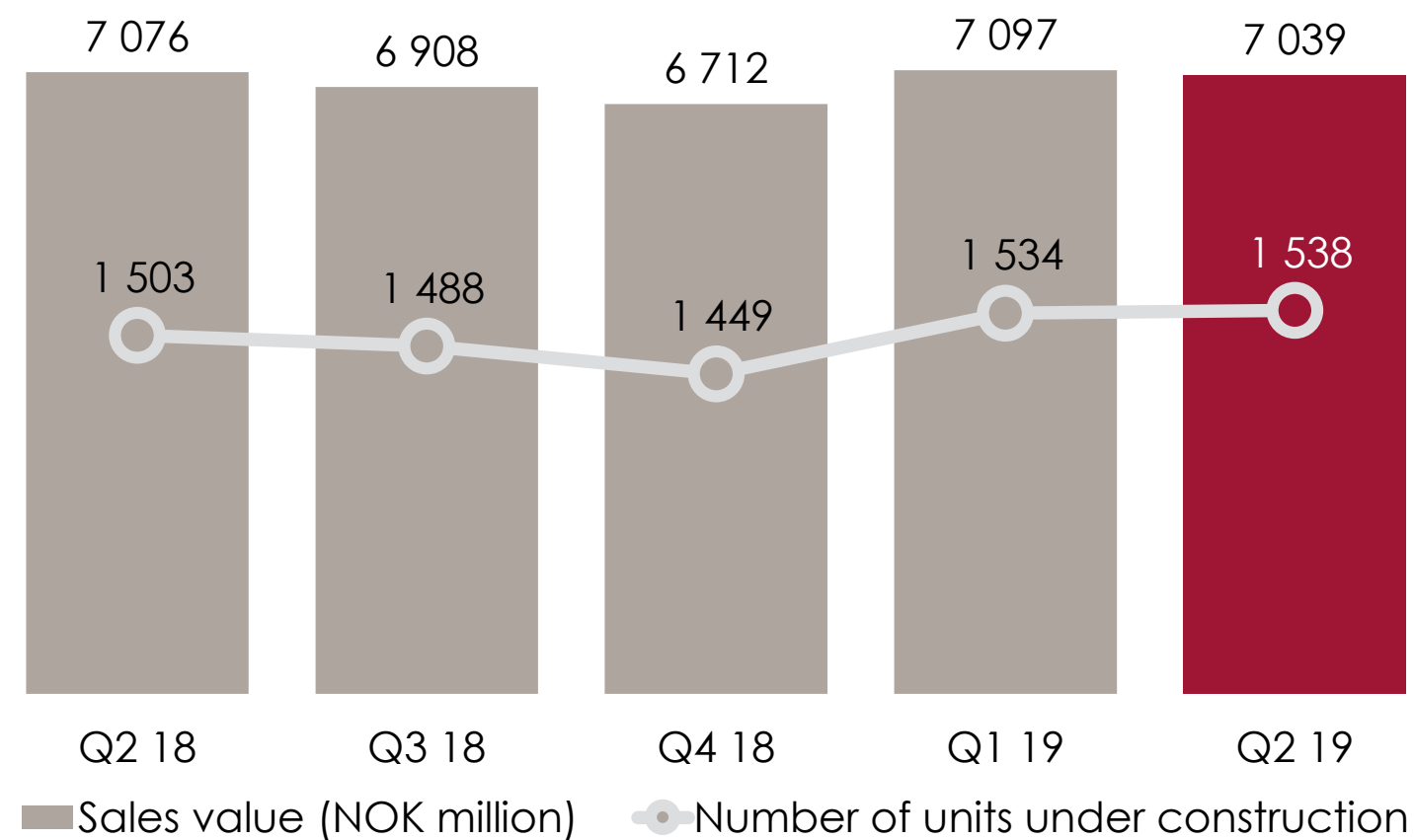
Units



Units under construction and completions

Sales value units under construction

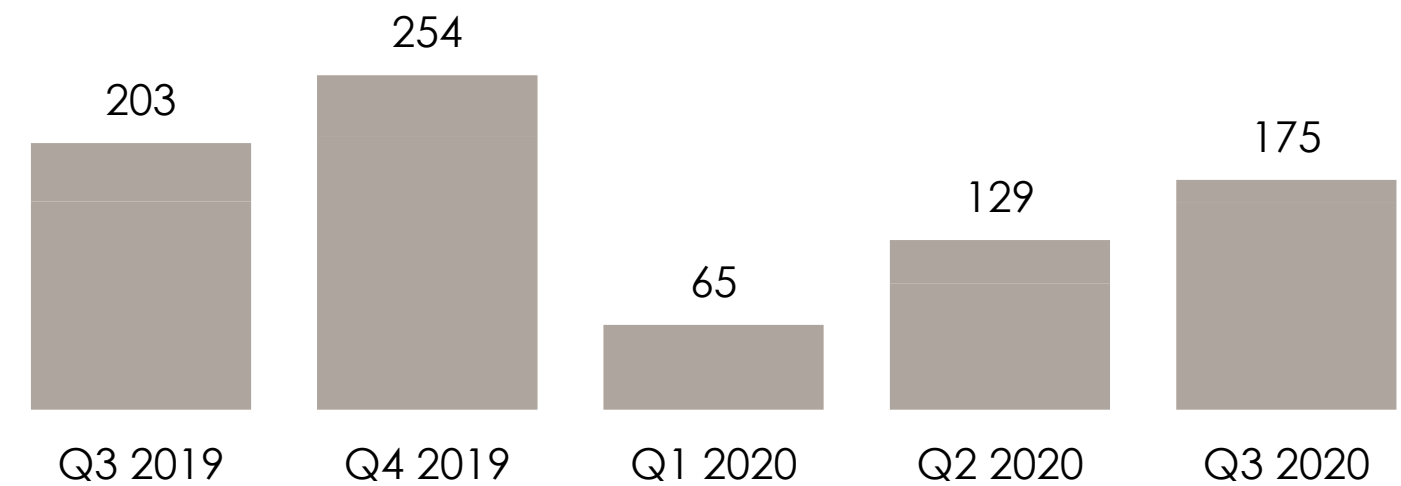
NOK million



- Q2 2019: 71% of units under construction sold by Q2 2019
- Q2 2019: 82% of construction volume in Oslo Metropolitan Area

Expected completions per quarter

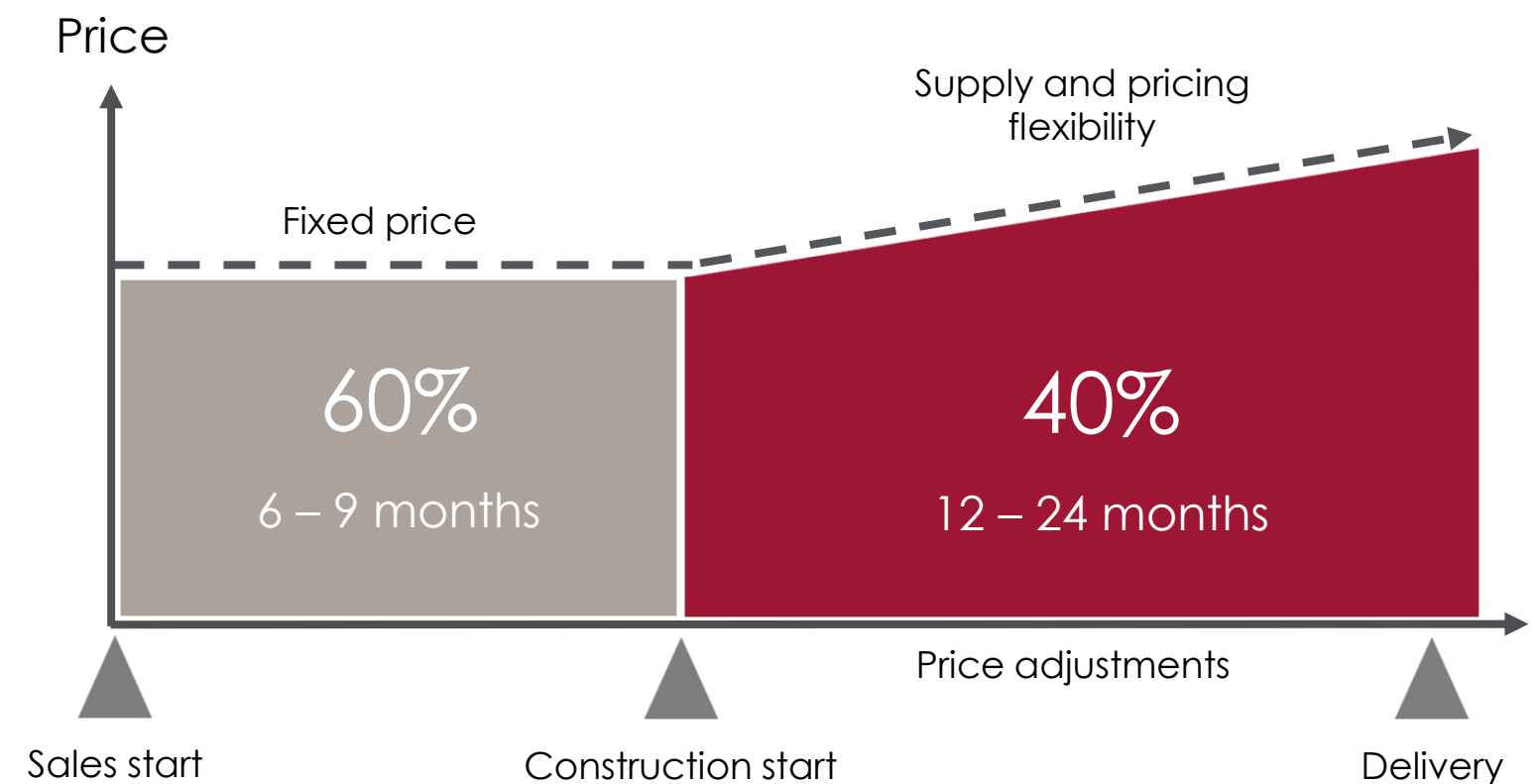
Units



- Expected completions for the full year 2019: 776 units
- 83% of 2019 completions sold by Q2 2019

Flexibility to optimize value creation

- Pre-sale condition: 60 % sold within 6-9 months
- Sales price adjustments at construction start
- Sales price adjustment during construction period according to market development
- Target: Last unit sold at project completion

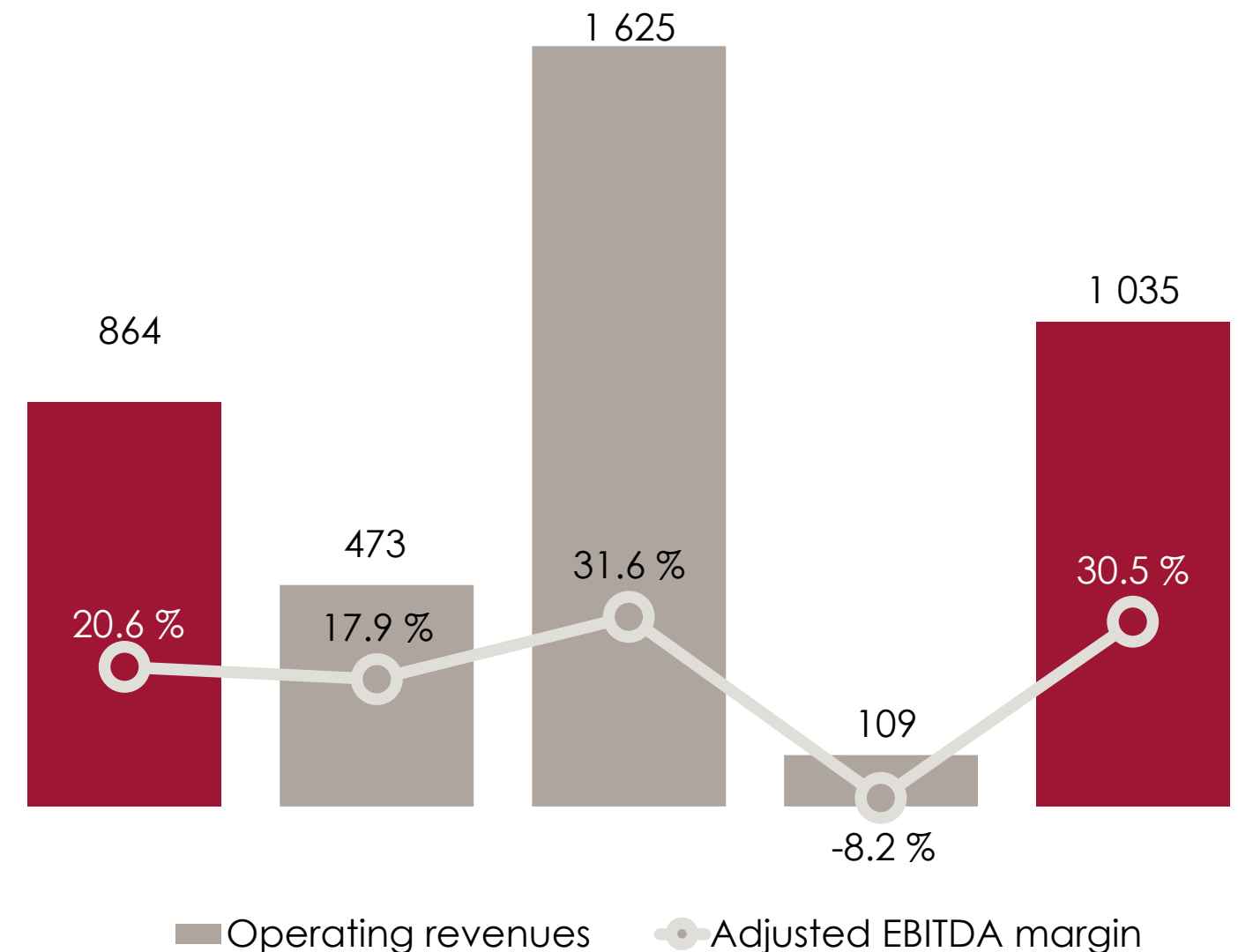


Income statement highlights Q2 2019 (IFRS)

- 246 units delivered (243)
- Revenues NOK 1 035m (864)
 - Units delivered NOK 1 012m (847)
 - Other revenues NOK 23m (16)
- Project costs NOK 705m (646)
 - Of which NOK 34m is interest (16)
- Other costs NOK 63m (73)
 - Salaries, sales and marketing
- Adjusted EBITDA NOK 316m (178)
 - Adjusted for financial expenses included in project costs
- EBITDA NOK 282m (162)
- EPS in the quarter NOK 2.24 (1.26)

Revenues and adjusted EBITDA margin (IFRS)

NOK million



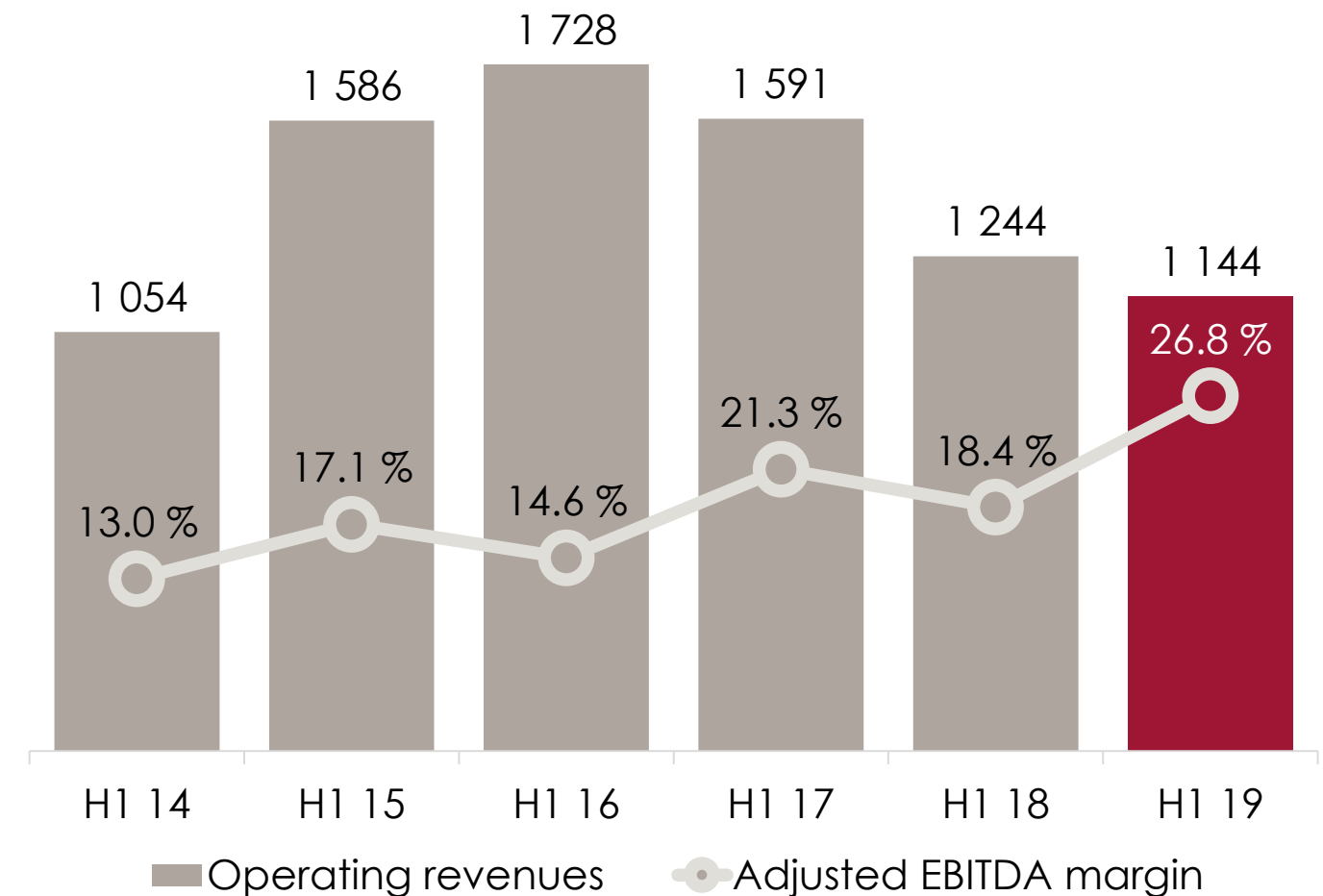
Note: EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs

Income statement highlights H1 2019 (IFRS)

- Delivery of 275 units (302)
- Revenues NOK 1 144m (1 244)
- EBITDA adjusted 307m (229)
 - Adjusted for financial expenses included in project costs
- Earnings per share H1 2019 NOK 2.08 (1.60)
- Dividend of NOK 2.00 per share for H1 2019

Revenues and adjusted EBITDA margin (IFRS)

NOK million

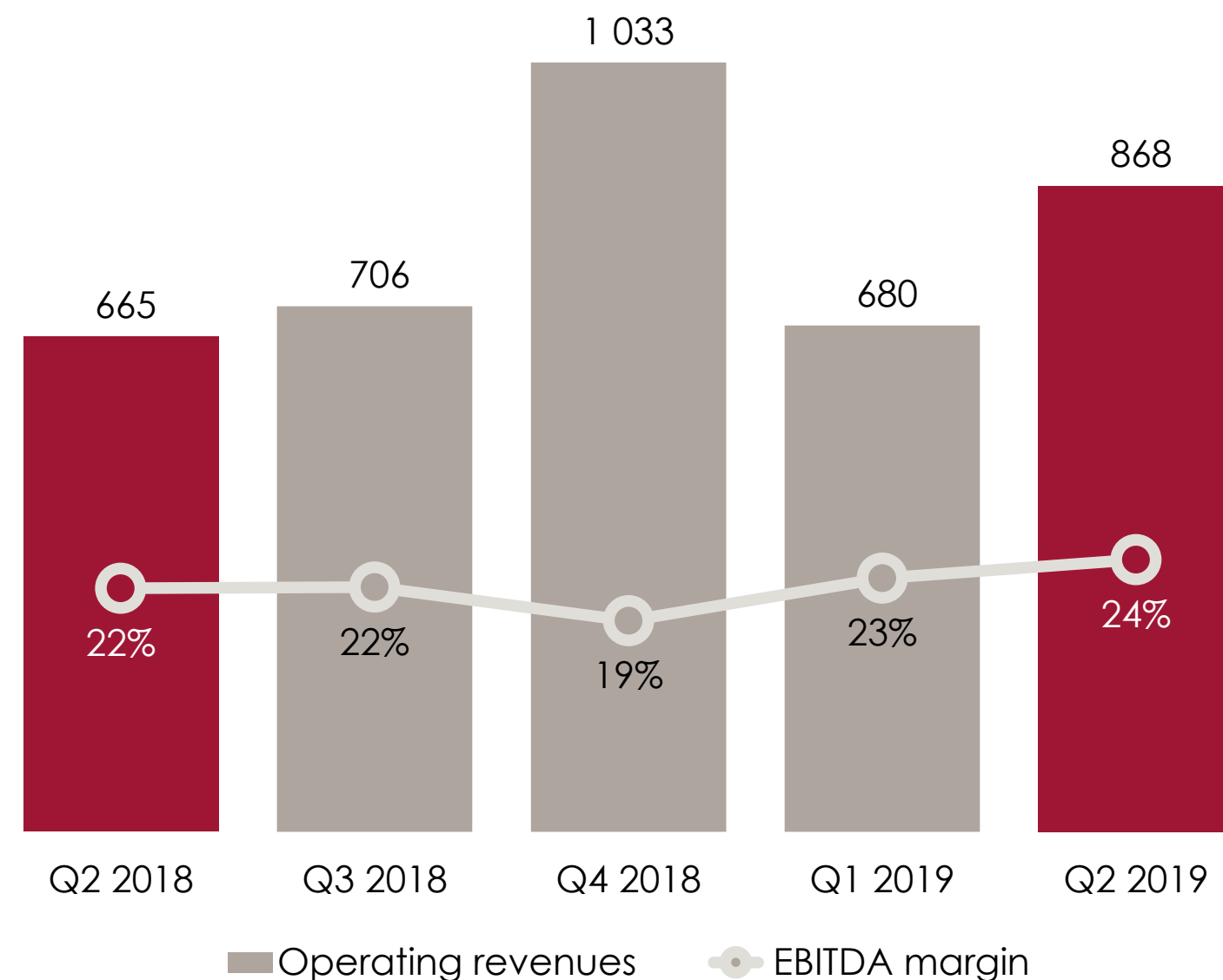


Note: EBITDA is profit before interest, taxes, depreciation and amortization. EBITDA adjusted is excluding financial expenses included in project costs

Income statement highlights Q2 2019 (NGAAP)

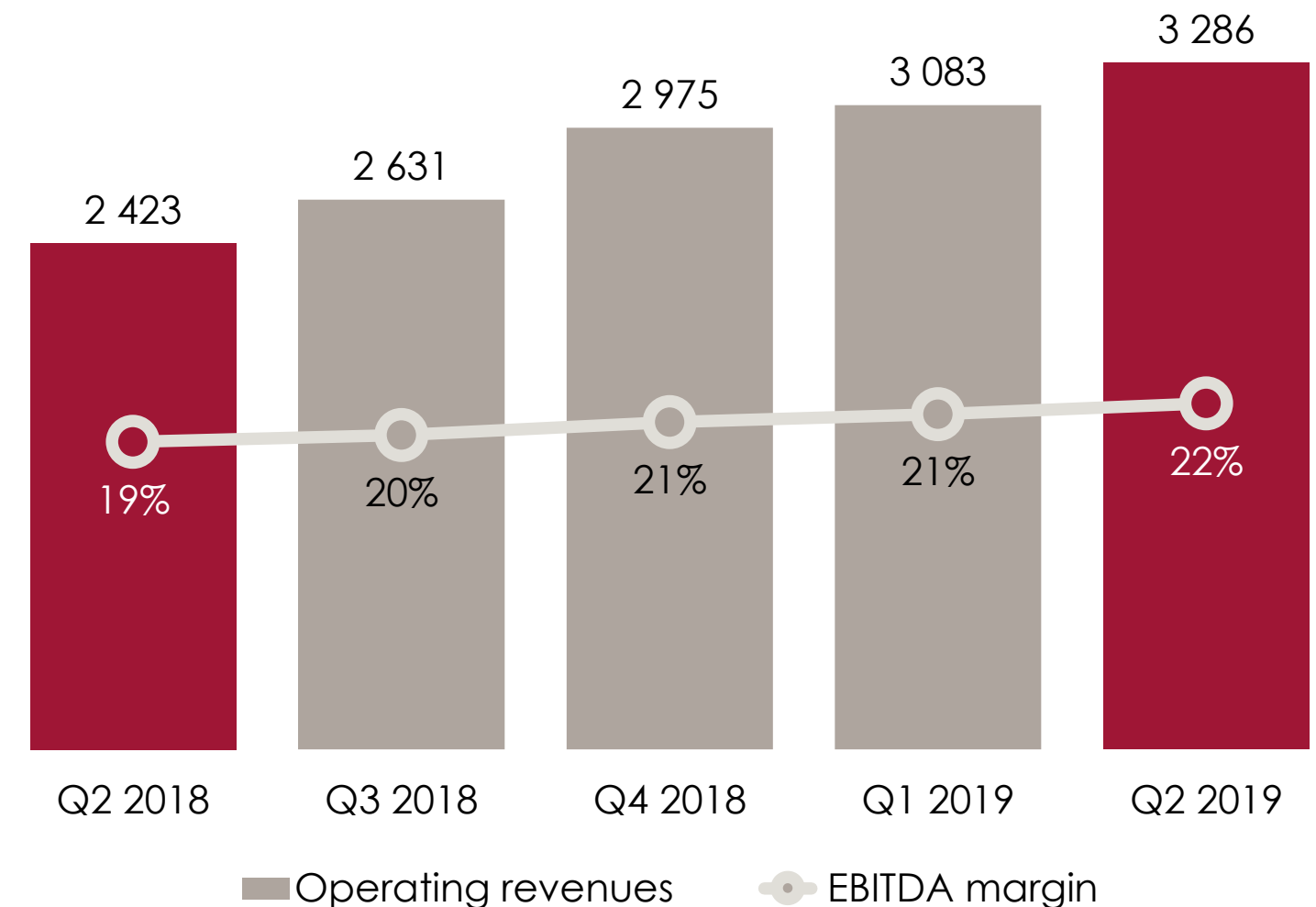
Revenues and EBITDA margin (NGAAP)*

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 Q2 2019



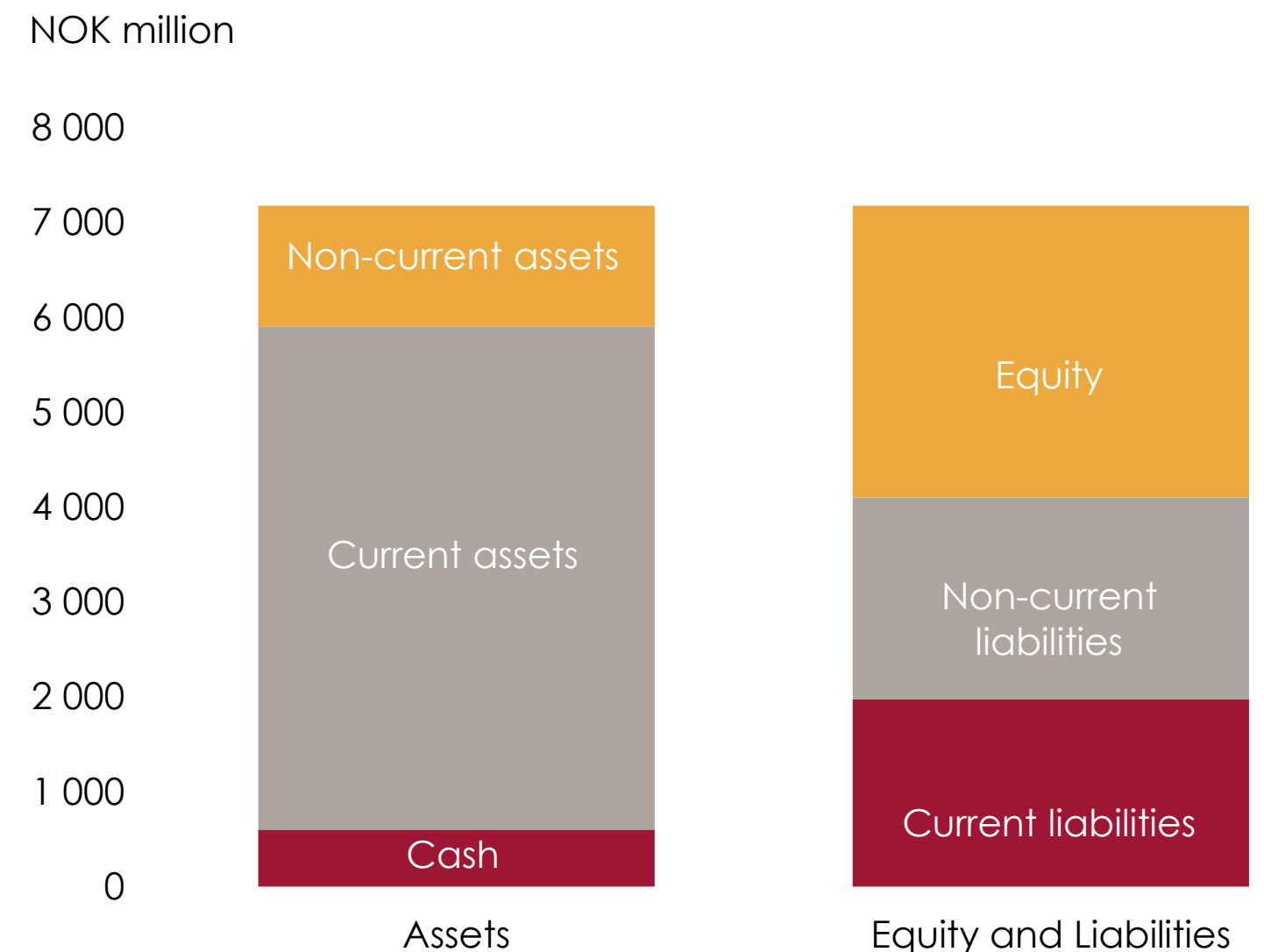
- Cash flow from operations negative at NOK 128m mainly explained by units delivered in June with payments received in July
- Cash flow from investment activities positive at NOK 10m mainly due to dividends from associated companies
- Cash flow from financing activities positive at NOK 153m mainly due to net increase in loans, partly offset by dividend payment of NOK 232m

Note: Amounts below NOK 15m are excluded from the cash flow overview

Balance sheet highlights Q2 2019

- Book value of equity slightly down to NOK 32.70 per share
 - Equity ratio down to 42.8% following dividend pay-out
- Changes from Q1 2019:
 - Inventories increased by NOK 186m
 - Trade receivables increased by NOK 372m
 - Cash increased by NOK 35m
- Prepayments from customer's accounts for NOK 219m of other current non-interest-bearing liabilities

Balance sheet composition

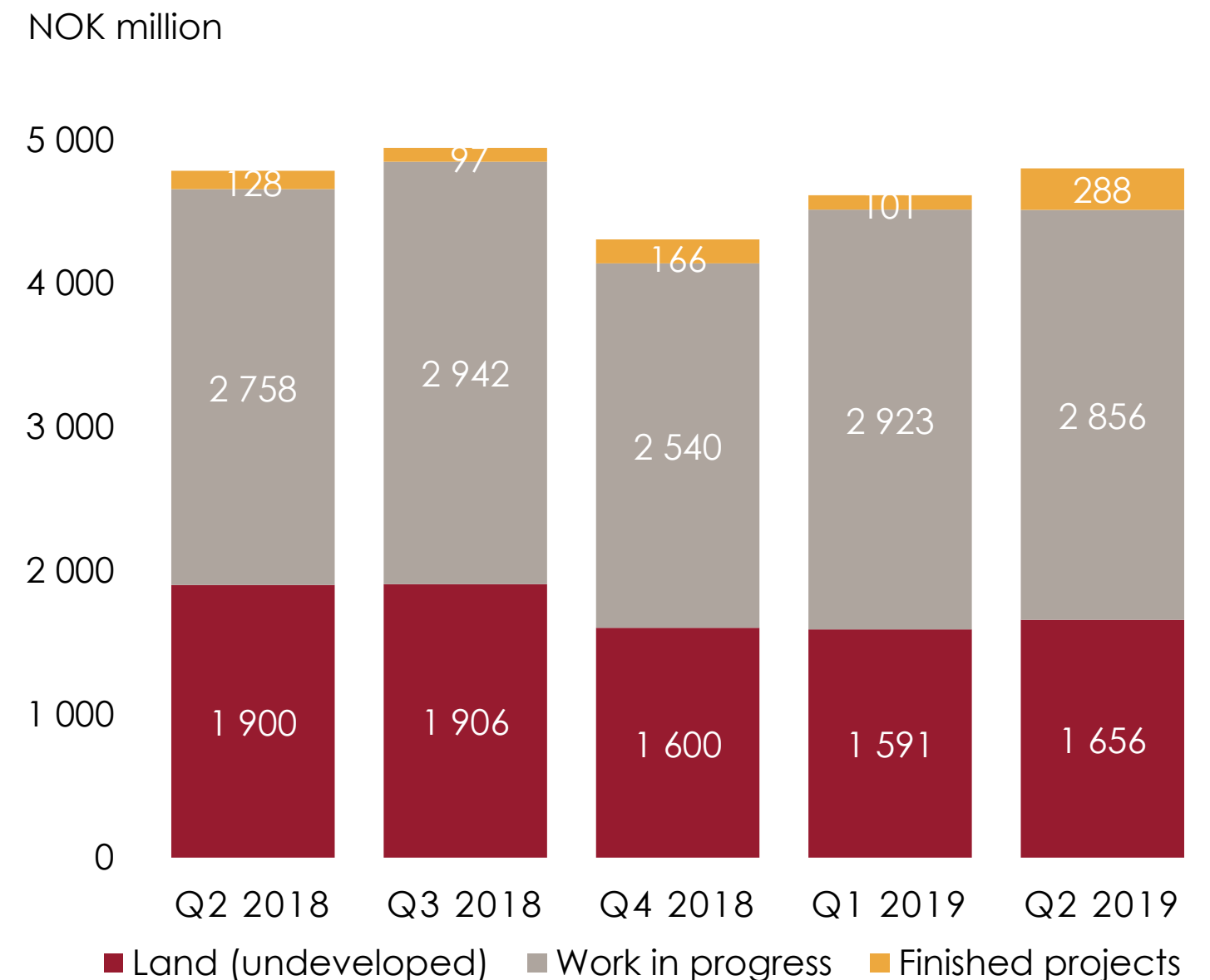


Inventories (property) Q2 2019

Q2 19 vs Q1 19

- Land value up NOK 66m
 - Due to land acquisitions, partly offset by constructions starts
- Work in progress down NOK 67m
 - Mainly due to units delivered
- Finished goods up NOK 187m
 - Due to high volume of units completed
 - 43% of finished projects sold

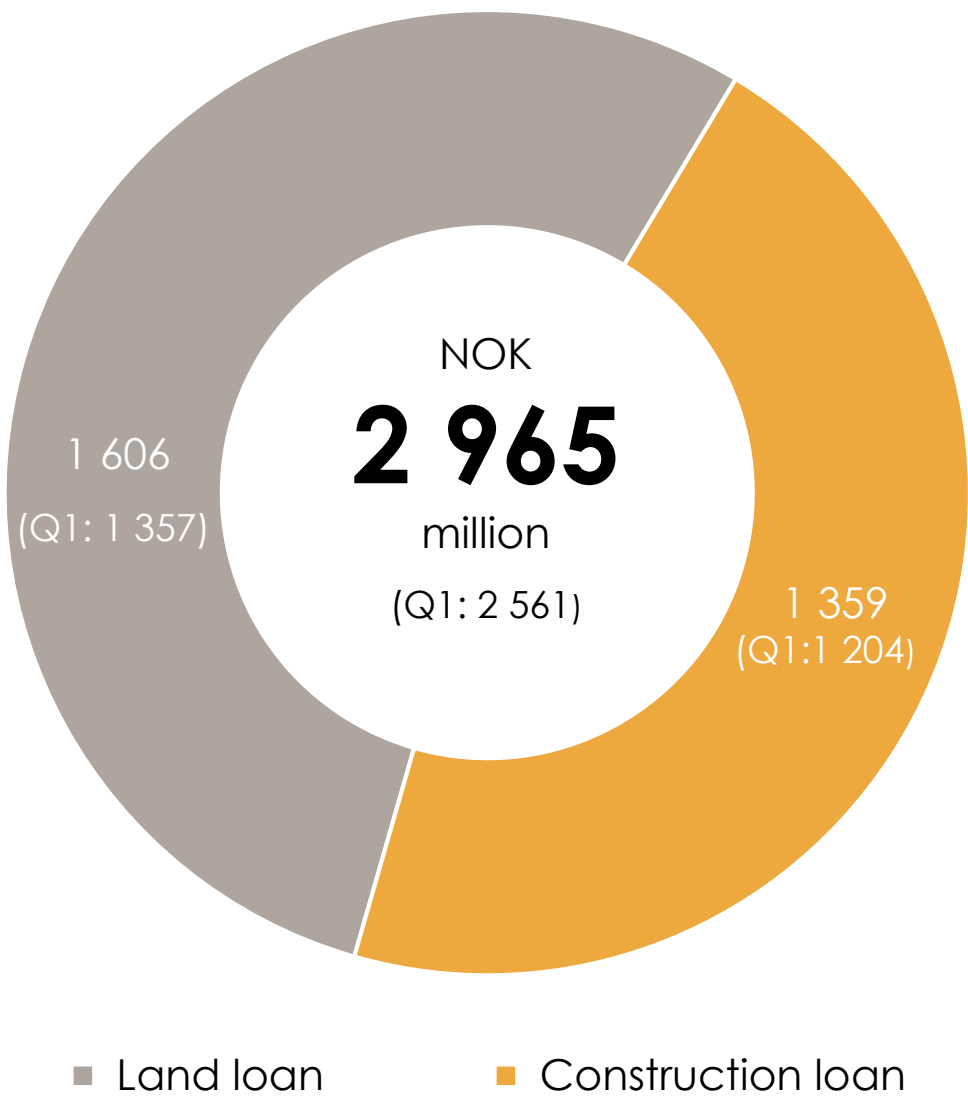
Inventory value development



Debt structure

Interest-bearing debt as at 30 June 2019

NOK million



	Loan facility	Drawn at 30 Jun. (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 2019	0	2.00%
3	Land loan facilities from a range of Nordic credit institutions	1 606	2.00% - 2.50%
4	Construction loan facilities from a range of Nordic credit institutions	1 359	1.75% - 2.60%

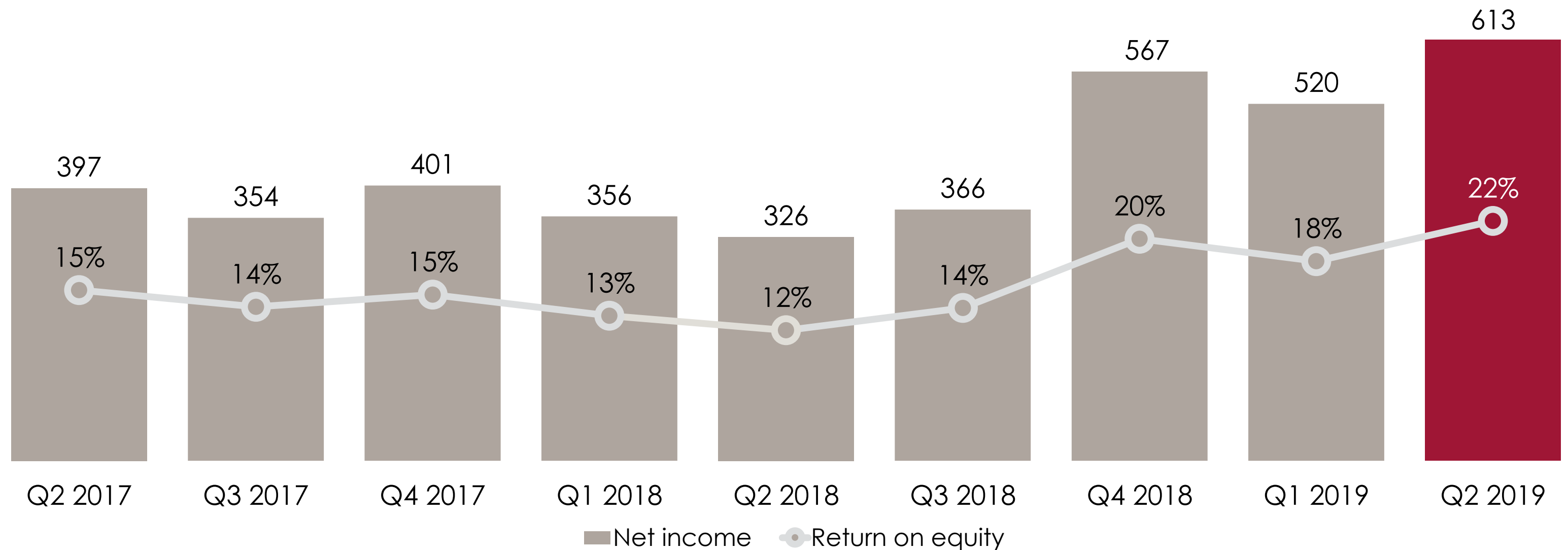
Total Q2 2019 net interest-bearing debt NOK 2 365 million

Total Q1 2019 net interest-bearing debt NOK 1 996 million

Return on equity (IFRS)

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

NOK million

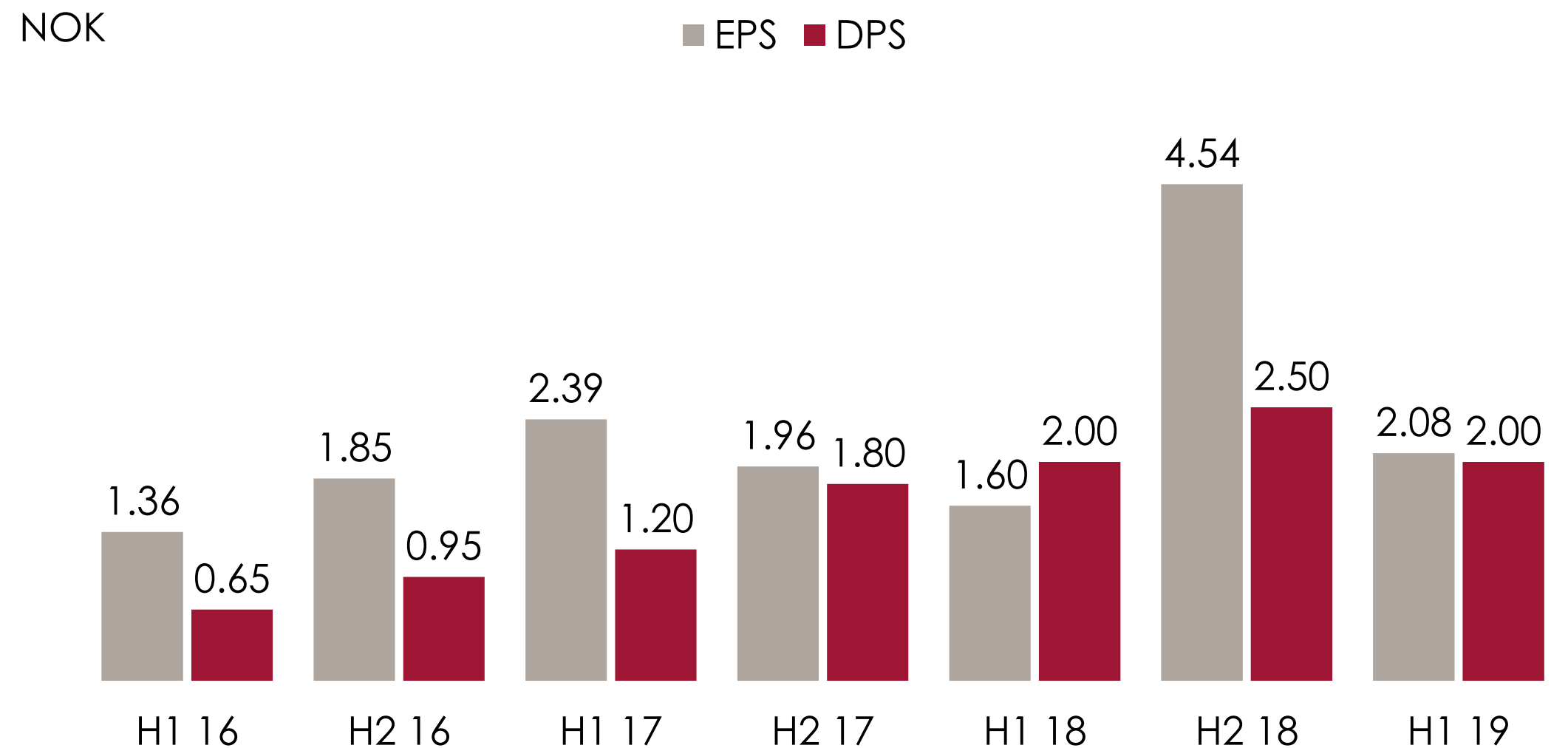


* Net income attributable to shareholders in Selvaag Bolig ASA

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

Earnings and dividend per share

Bi-annual dividend and earnings per share



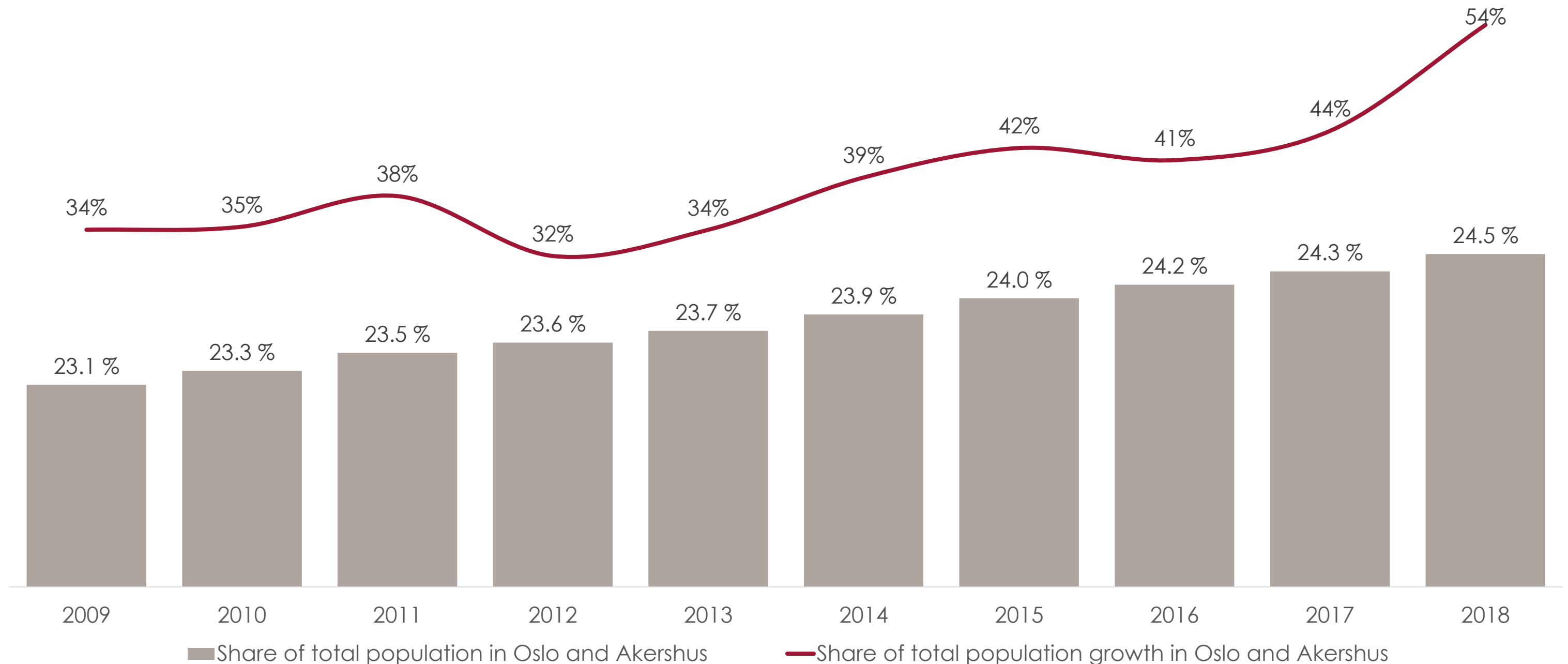
- H1 2019 EPS of NOK 2.08 (1.60)
- H1 2019 DPS of NOK 2.00 (2.00)

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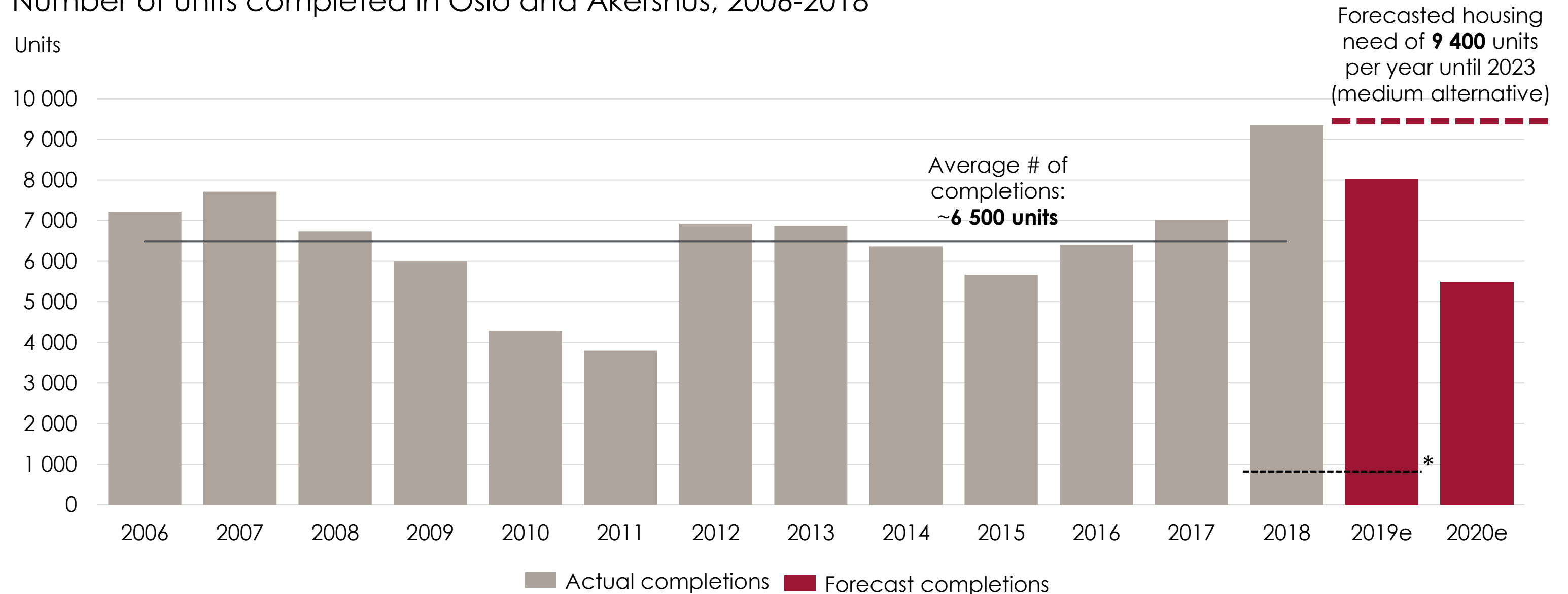
Increasing share of population growth in Oslo and Akershus



Source: Statistics Norway

Expected completions lower than forecasted housing demand in Oslo and Akershus

Number of units completed in Oslo and Akershus, 2006-2018



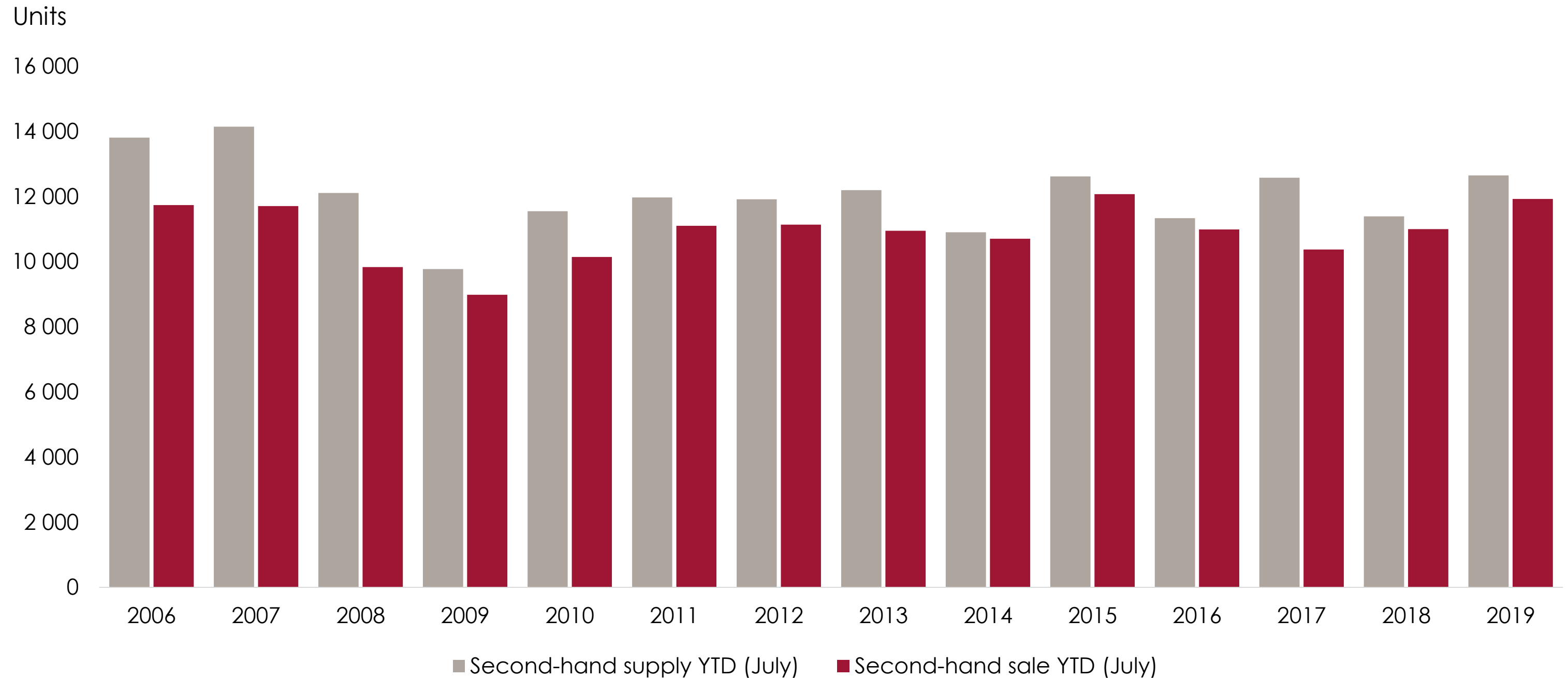
Source: Statistics Norway (Actual completions), Prognosesenteret (Forecasted housing need based on Statistics Norway low immigration alternative), Ny Analyse (Forecasted completions)

Note: Housing demand calculated on parameters such as number of persons per household, lag on housing development, housing demolition

Note: Completions exclusive of student- and senior housing

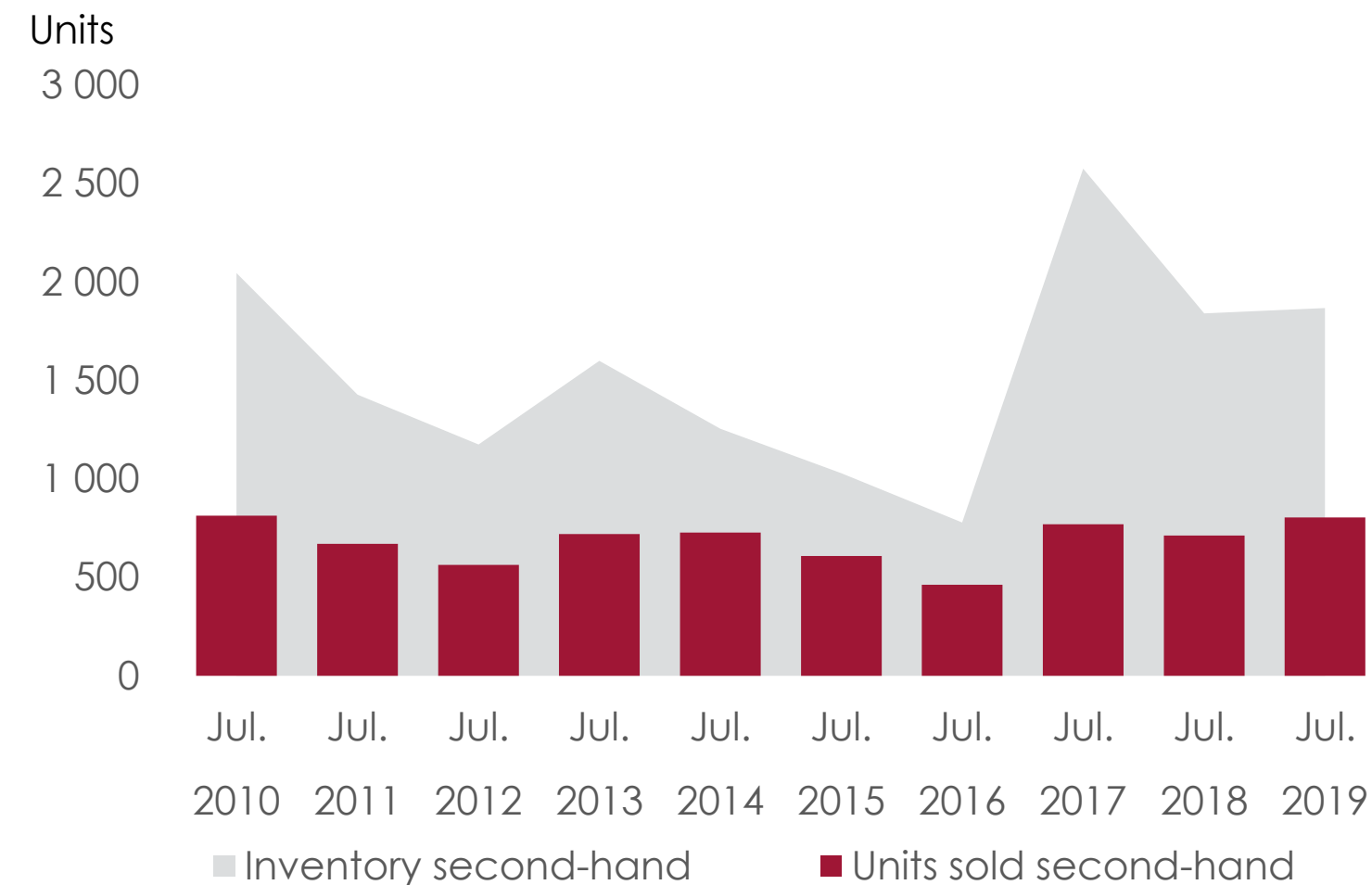
* Only 800 units zoned in Oslo in 2018 and 950 units YtD 2019

High activity in the second-hand market in Oslo



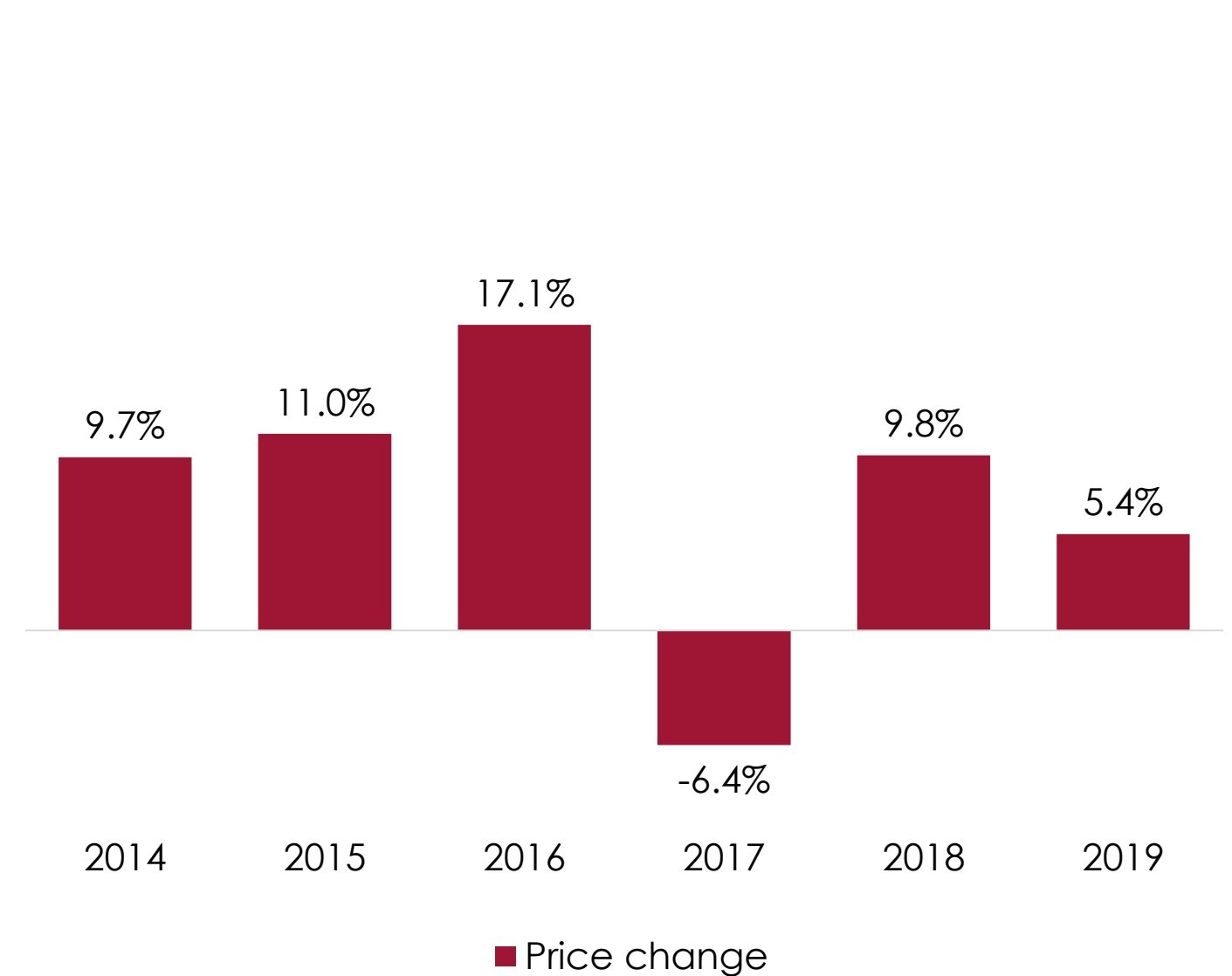
Second-hand market update Oslo

Oslo, July 2019



- **New homes available for sale at 7 August 2019: 1 628 units**
 - 50% of total inventory

Price change Oslo, January-July 2014-19

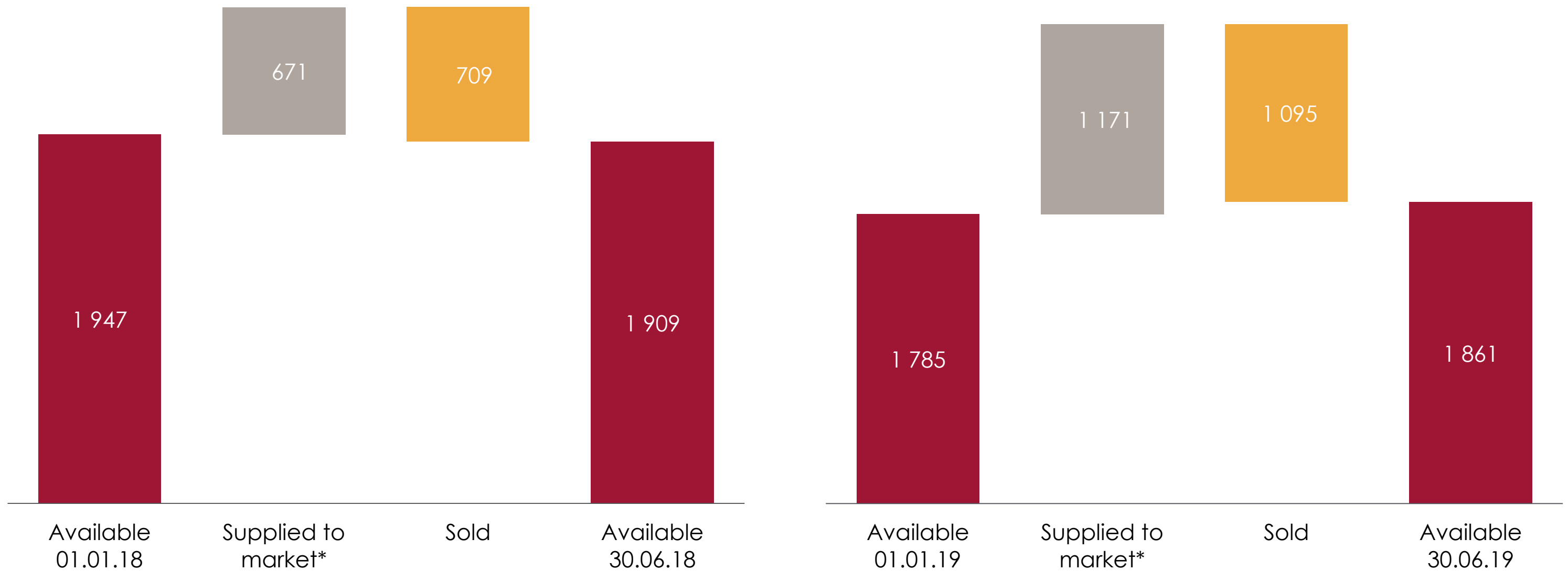


Sources: Eiendomsverdi, Eiendom Norge and finn.no

Newbuild market update

H1 2018 (Oslo)

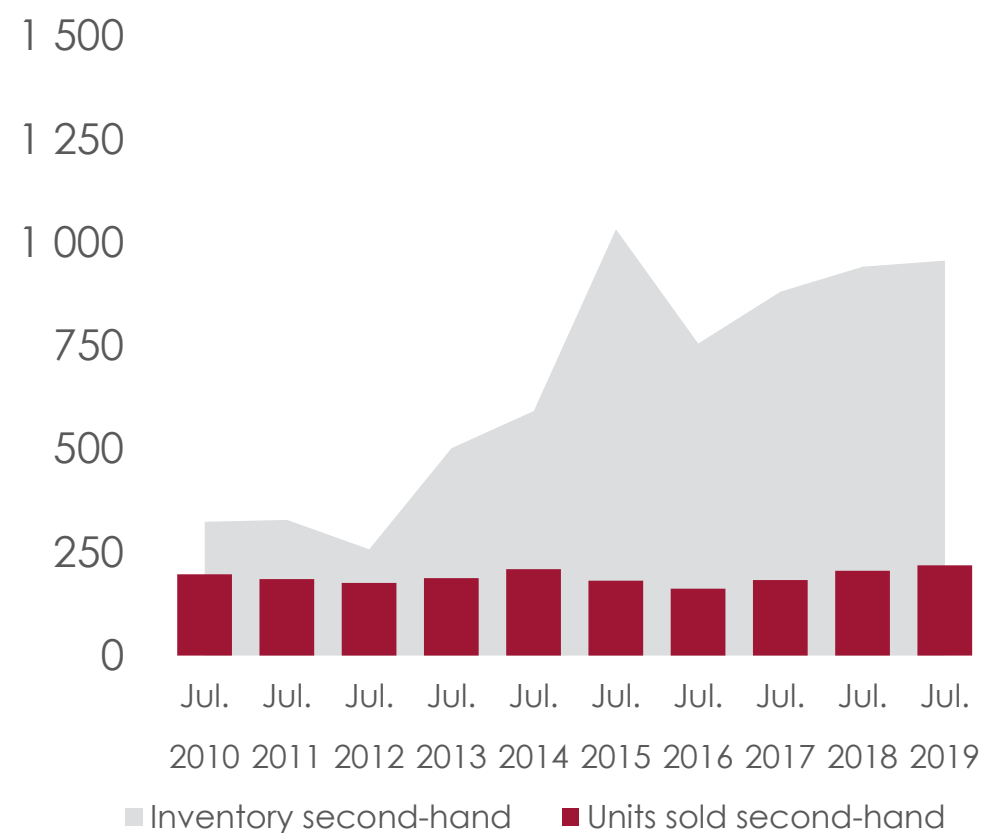
H1 2019 (Oslo)



Source: Røisland & Co

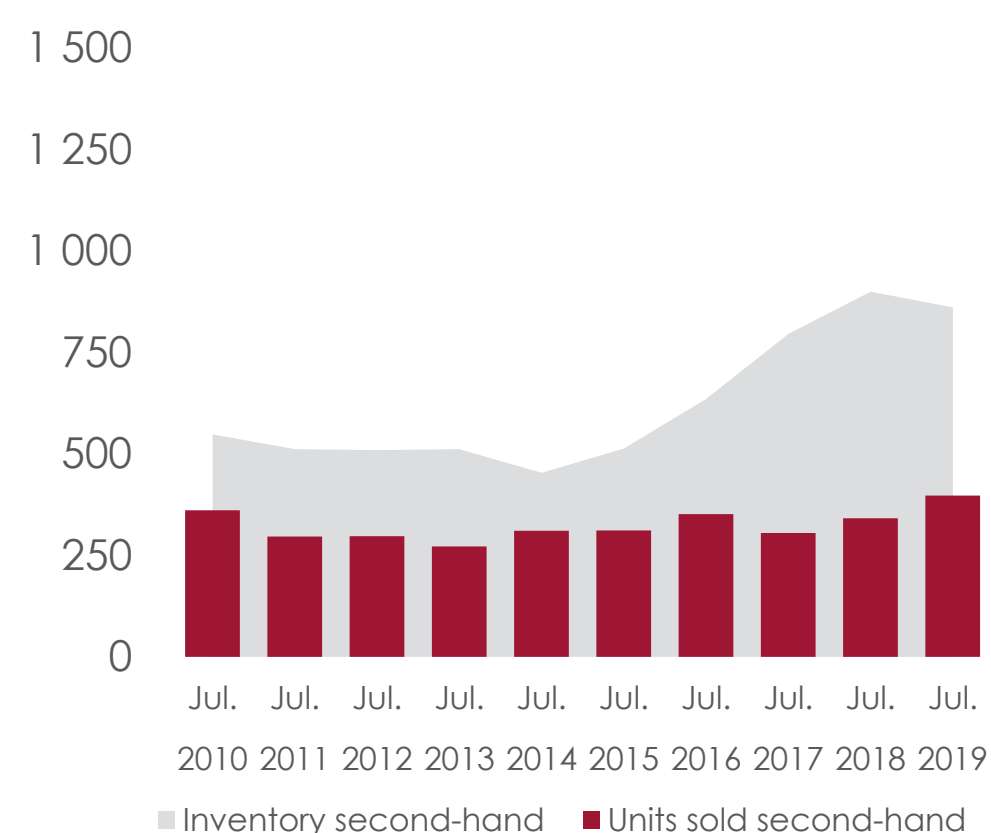
Second-hand market update other core markets

Stavanger-area*, July 2019



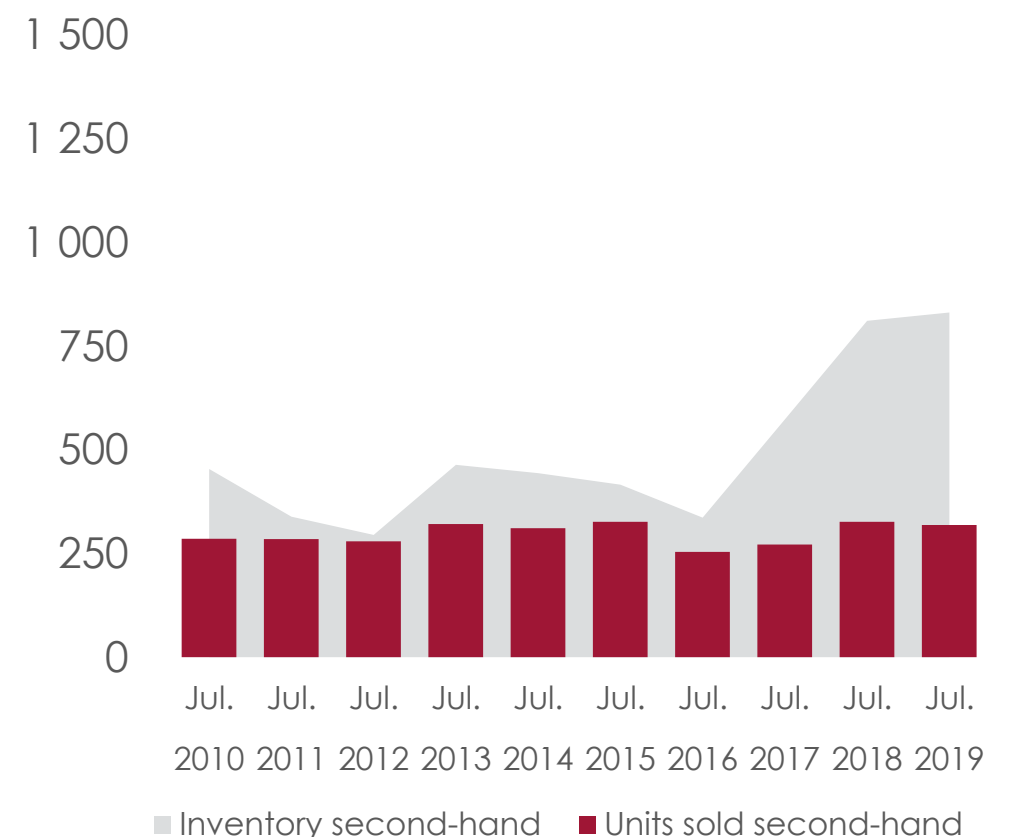
- **Price increase January-July: 2.3% (1.9%)**
- **New homes available for sale at 7 August 2019: 1 127 units**
 - 56% of total inventory

Bergen, July 2019



- **Price increase January-July: 7.2% (8.2%)**
- **New homes available for sale at 7 August 2019: 1 072 units**
 - 61% of total inventory

Trondheim, July 2019



- **Price increase January-July: 5.2% (3.3%)**
- **New homes available for sale at 7 August 2019: 1 114 units**
 - 59% of total inventory

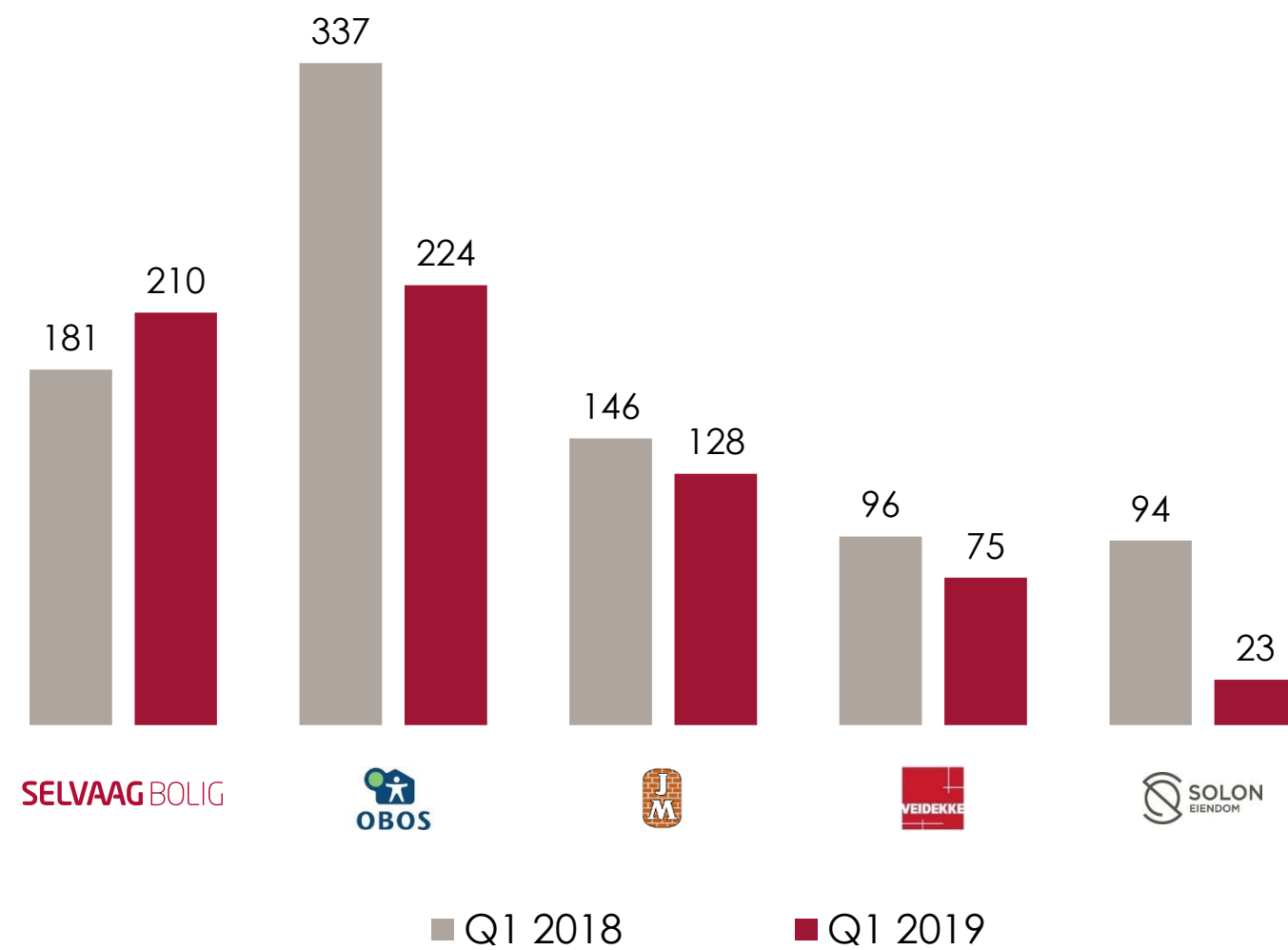
Sources: Eiendomsverdi, Eiendom Norge and finn.no

* Stavanger-area include: Stavanger, Sola, Randaberg and Sandnes

Peers

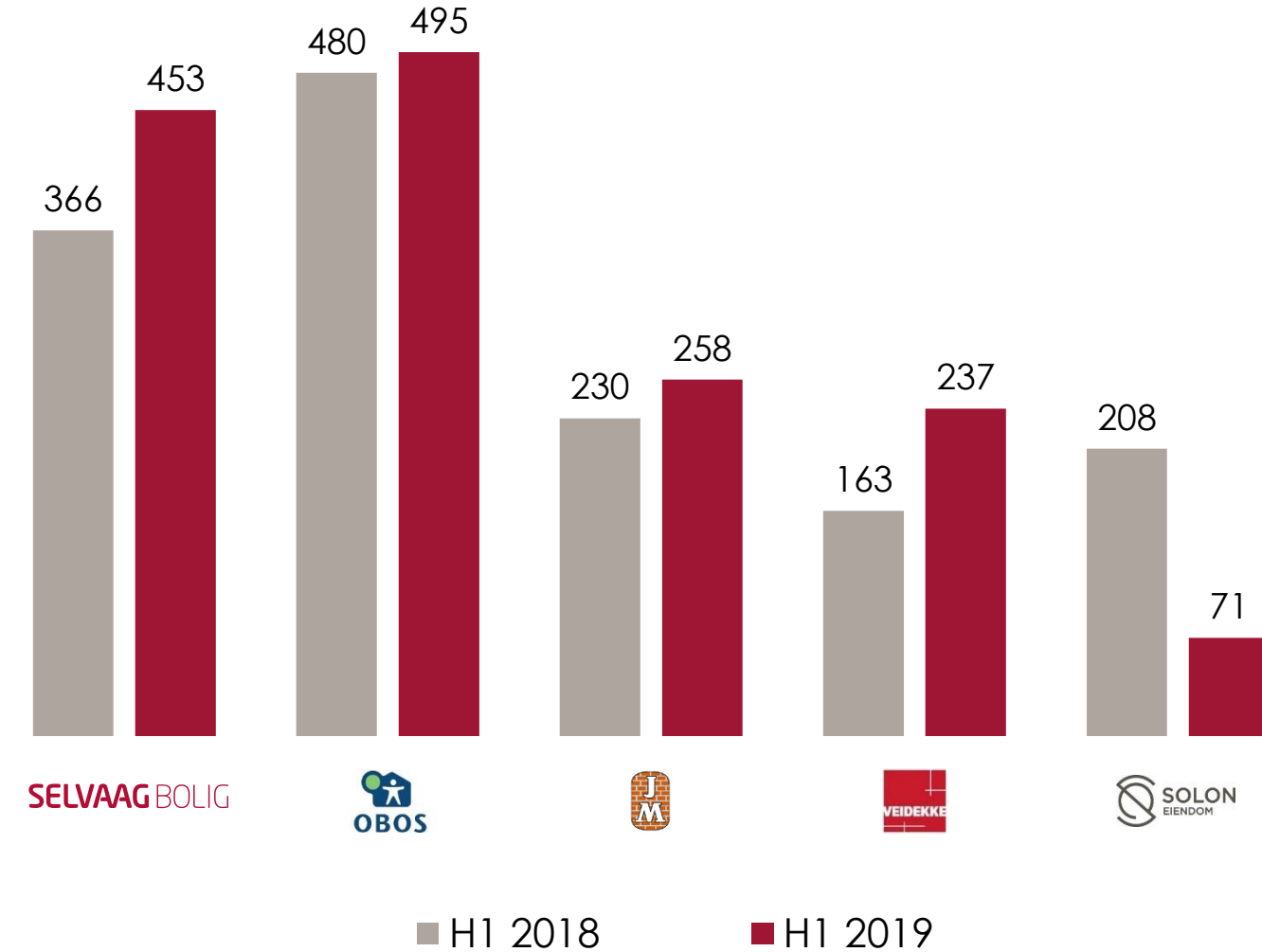
Quarterly sales activity vs. peers

Units



H1 2019 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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Outlook

- Stable and moderate interest rates
- High employment
- Balanced supply and demand
- Urbanization and population growth
- Possible supply deficit in Oslo in 2021



Stable market with moderate price increase going forward

Summary

- Good operational performance driven by strong sales
- 1H 2019 dividend of NOK 2.00 per share
- Favourable market conditions, especially in the greater Oslo area
- Well positioned in all regions where we operate, and positive market expectations for the second half

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Thank you for your attention – follow us online!

Next event:
3rd quarter 2019
13 November 2019

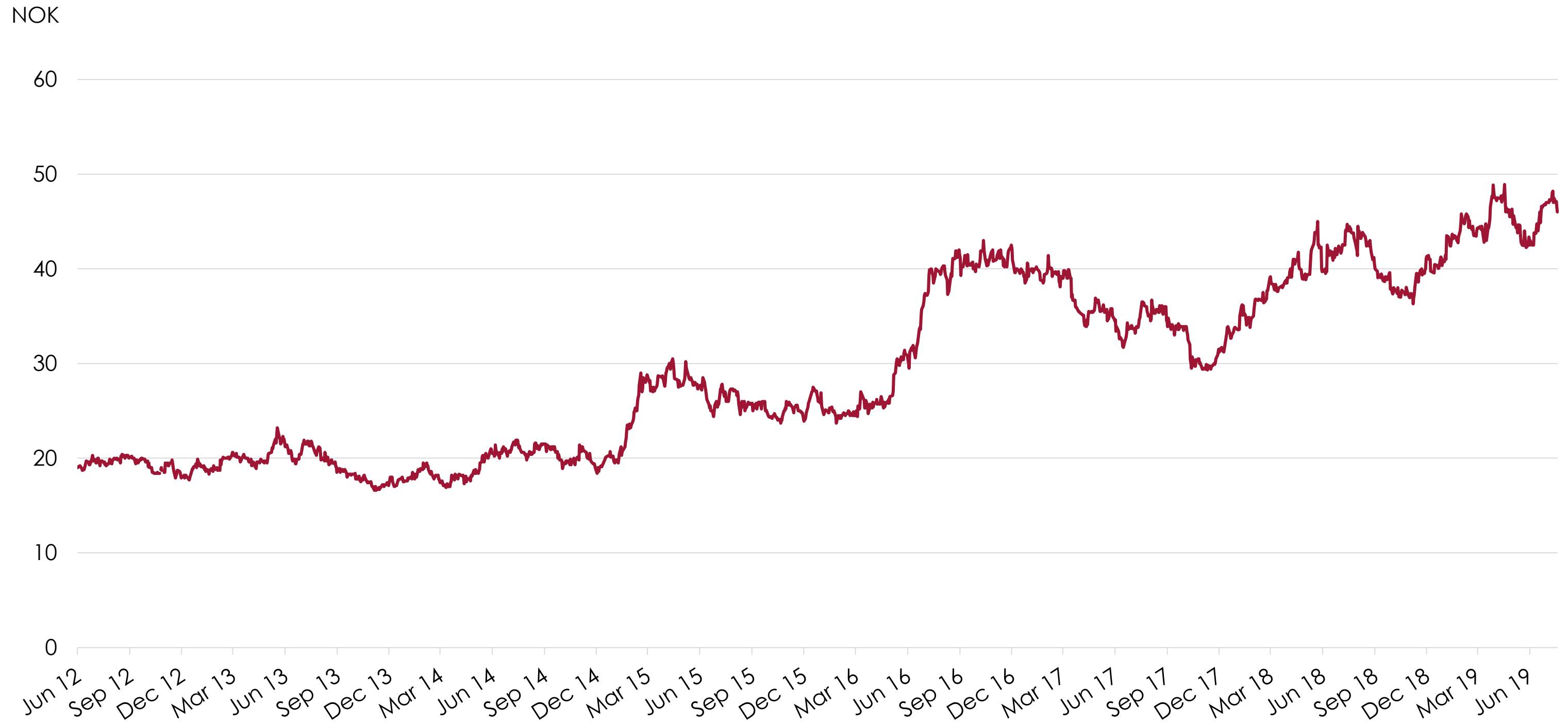


@SelvaagAksjen

Appendix



Share performance since IPO in June 2012



Source: Oslo Børs

Dividend policy

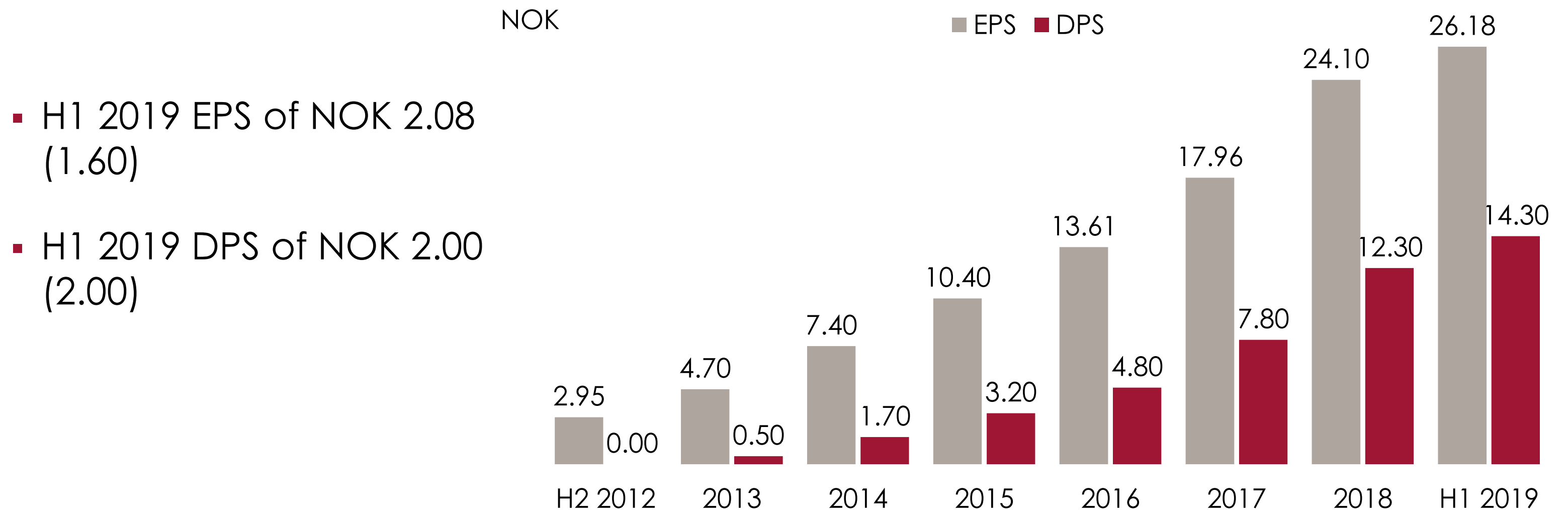
Selvaag Bolig's ambition is to pay high and stable dividends to its owners.

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

Earnings and dividend per share since IPO

Accumulated earnings and earnings per share



Largest shareholders at 30 June 2019

Shareholder	# of shares	% share
SELVAAG GRUPPEN AS	50 180 087	53,5%
LANDSFORSÅKRINGAR FASTIGHETSFOND	5 653 788	6,0%
TAIGA INVESTMENT FUNDS PLC-TAIGA F	2 741 751	2,9%
PARETO INVEST AS	2 065 624	2,2%
SEB PRIME SOLUTIONS SISSENER CANOP	1 900 000	2,0%
VERDIPAPIRFONDET PARETO INVESTMENT	1 588 000	1,7%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 079 763	1,2%
JPMorgan Chase Bank, N.A., London *)	1 000 000	1,1%
FLPS - GL S-M SUB	938 100	1,0%
HOLBERG NORGE	880 000	0,9%
HOLTA INVEST AS	841 619	0,9%
SELVAAG BOLIG ASA **)	837 068	0,9%
MUSTAD INDUSTRIER AS	729 340	0,8%
State Street Bank and Trust Comp *)	649 697	0,7%
STOREBRAND NORGE I VERDIPAPIRFOND	601 069	0,6%
Landkreditt Utbytte	600 000	0,6%
BANAN II AS	600 000	0,6%
Baard Schumann	565 127	0,6%
Morgan Stanley & Co. International	507 750	0,5%
SANDEN AS	500 000	0,5%
Total 20 largest shareholders	74 458 783	79,4%
Other shareholders	19 306 905	20,6%
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

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

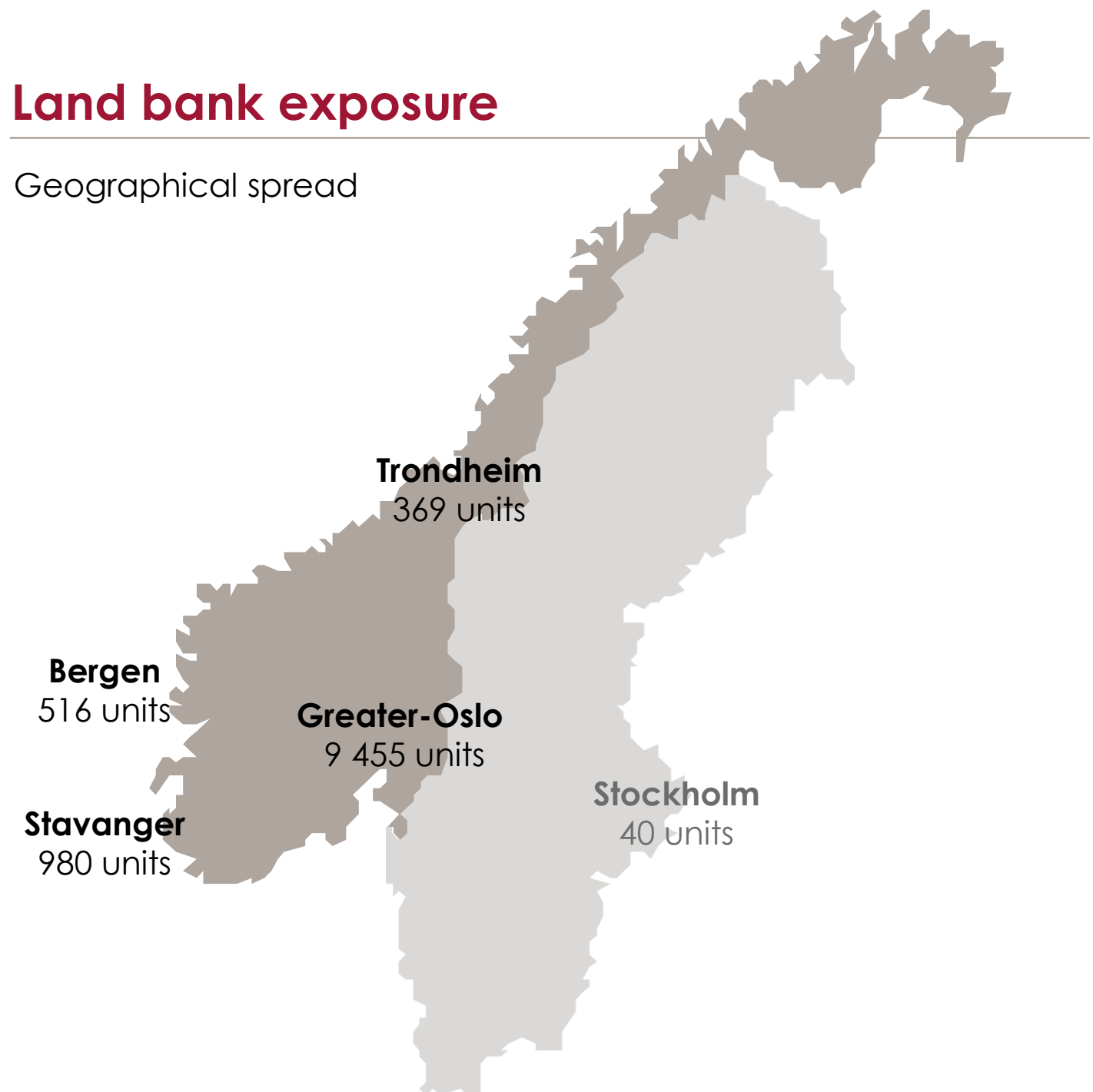
Land-bank strategy

- 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)

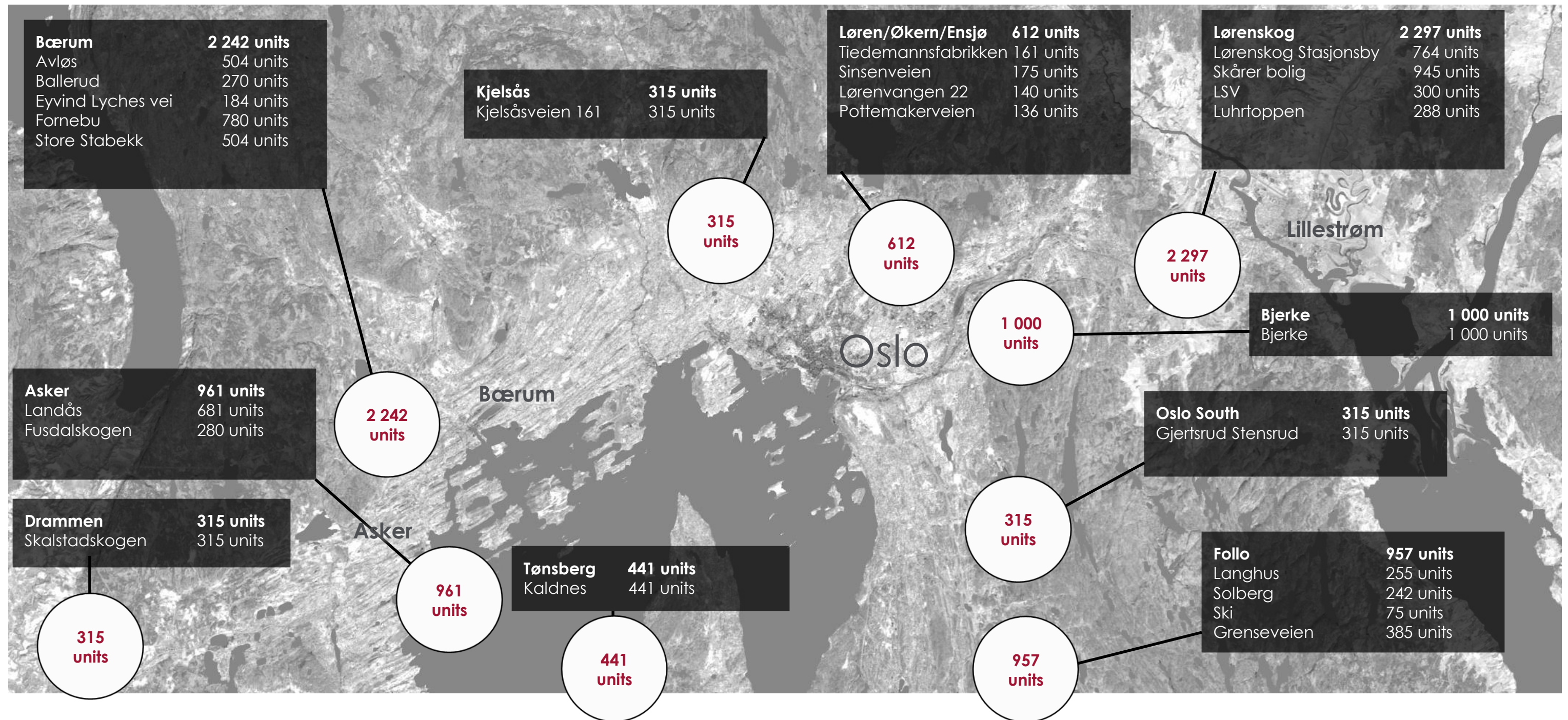
Note: The numbers represent the size of the land portfolio as at 31 March 2019. All numbers are adjusted for Selvaag Bolig's share in joint ventures. 1) Greater Oslo area: Oslo, Akershus, Buskerud, Vestfold and Østfold, 2) The residential property development portfolio consists of land plots that are to be paid for when planning permission is received. The portfolio has a development potential of ~5 400 residential units, whereof the company has purchasing obligations for ~4 900 and purchasing options for ~500 units.

Land bank exposure

Geographical spread

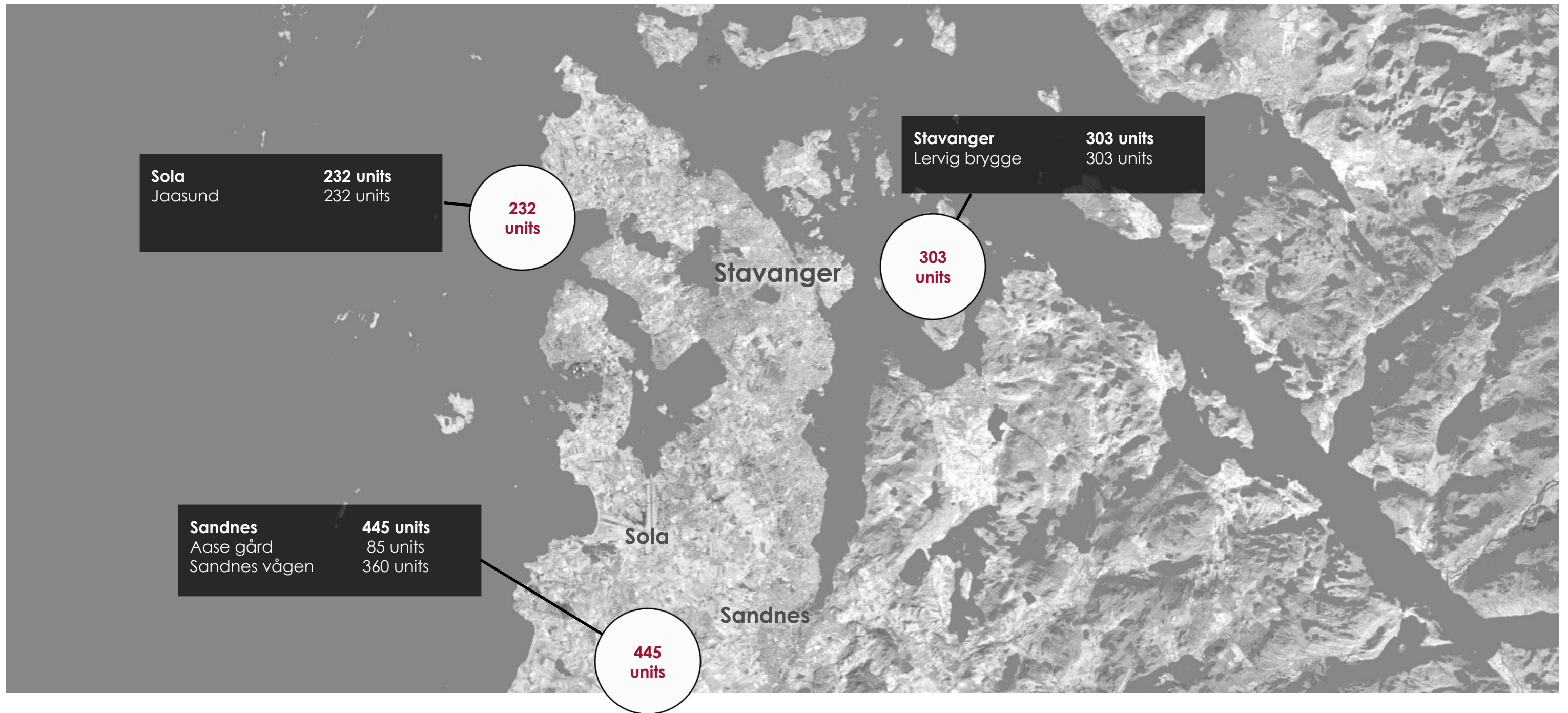


Land bank in Oslo and Greater Oslo

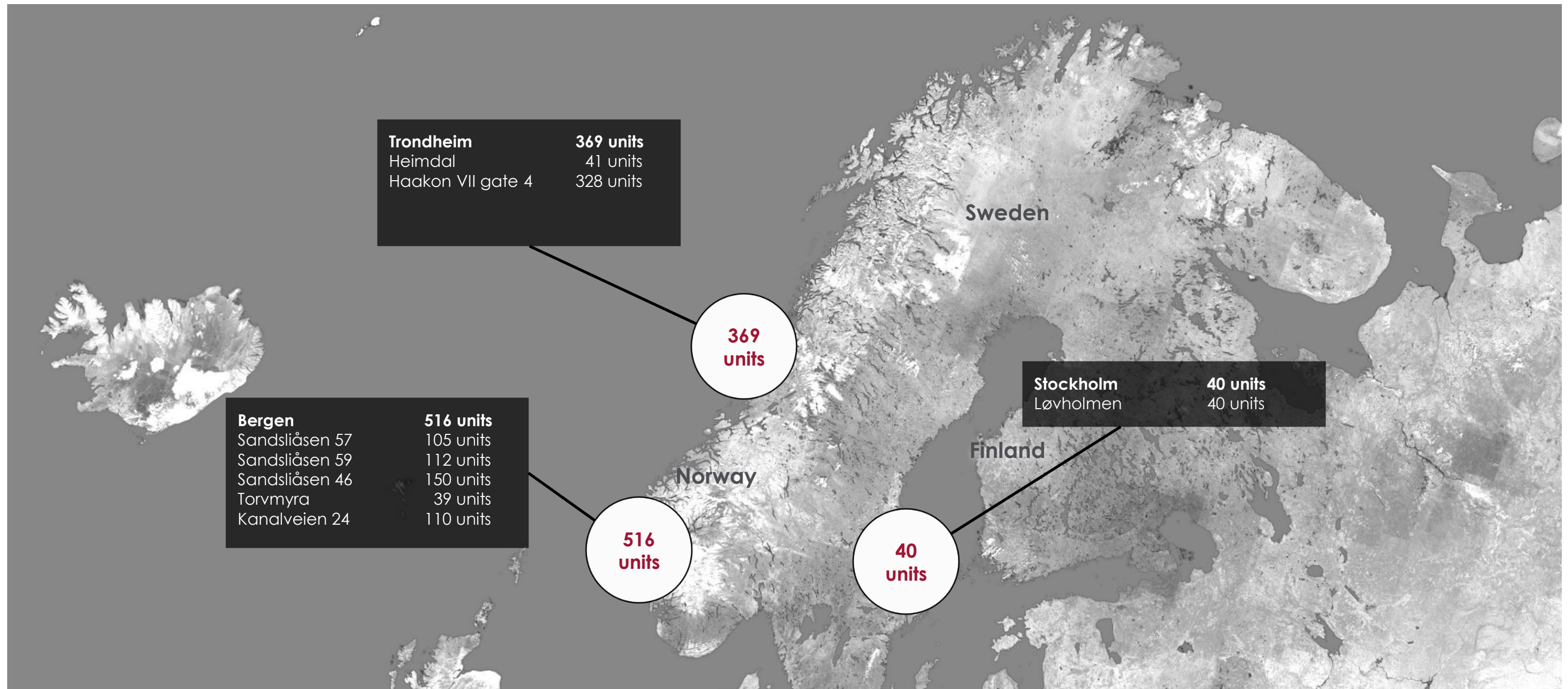


*The numbers are adjusted for Selvaag Bolig's share in joint ventures

Land bank in Stavanger area

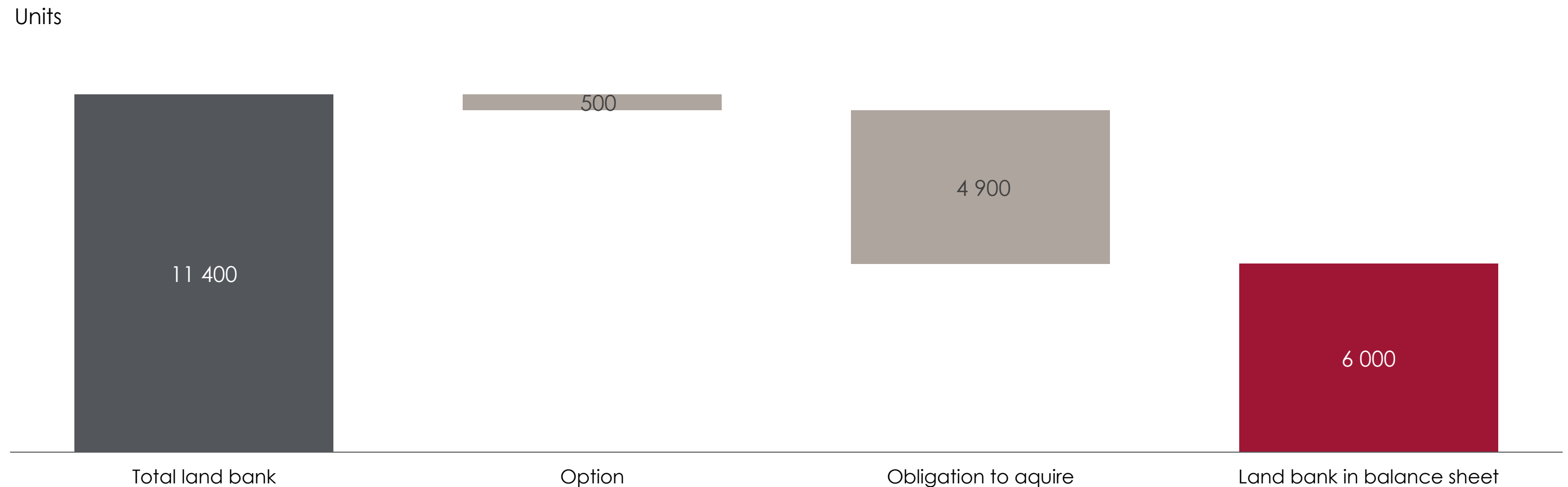


Land bank in Bergen, Trondheim and Stockholm

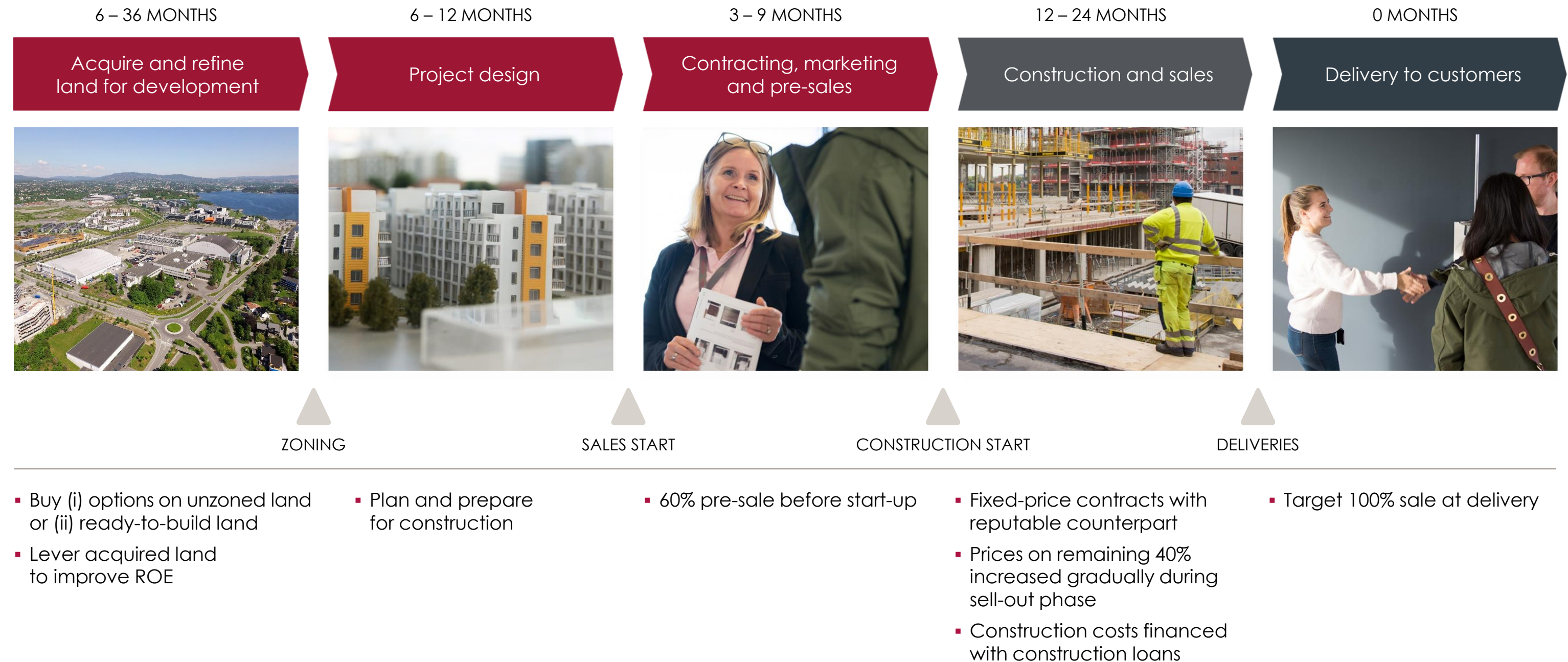


Substantial portfolio for development

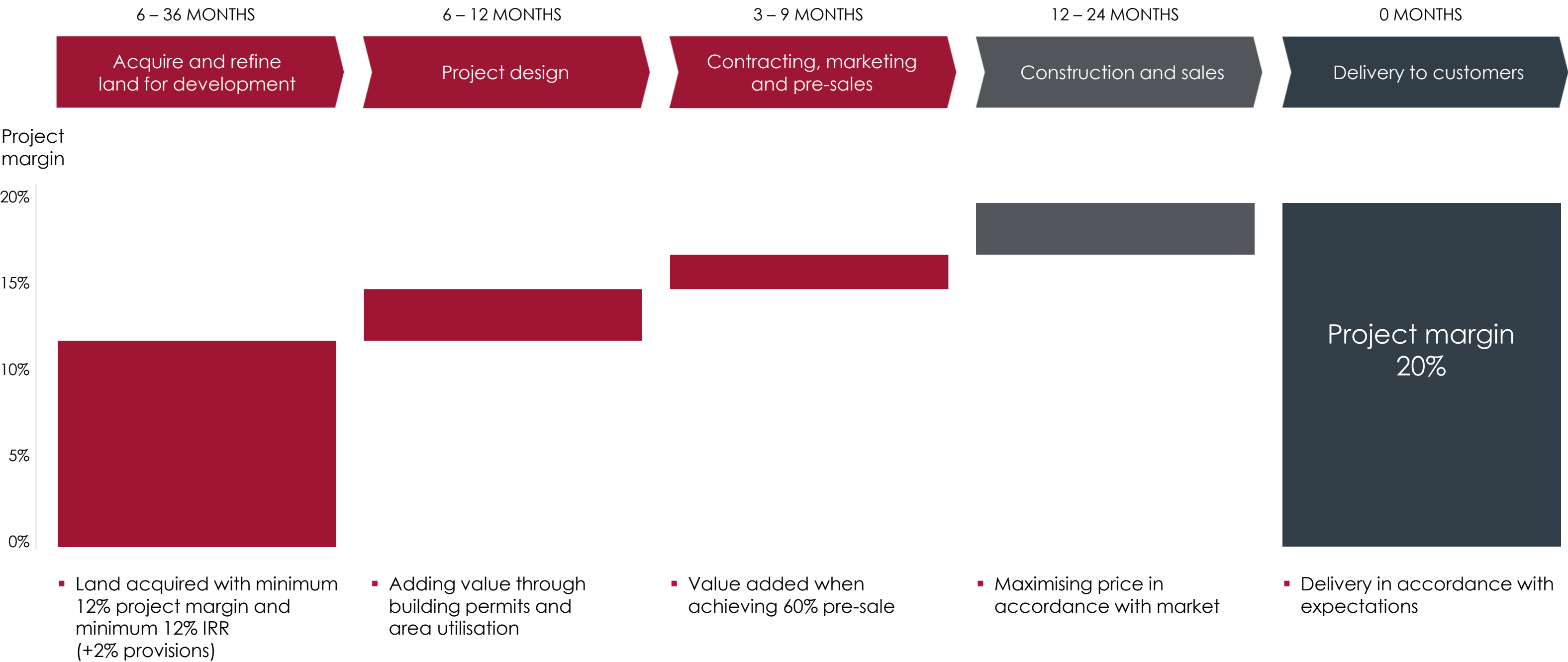
Total land bank portfolio at 30 June 2019



Efficient and flexible value chain

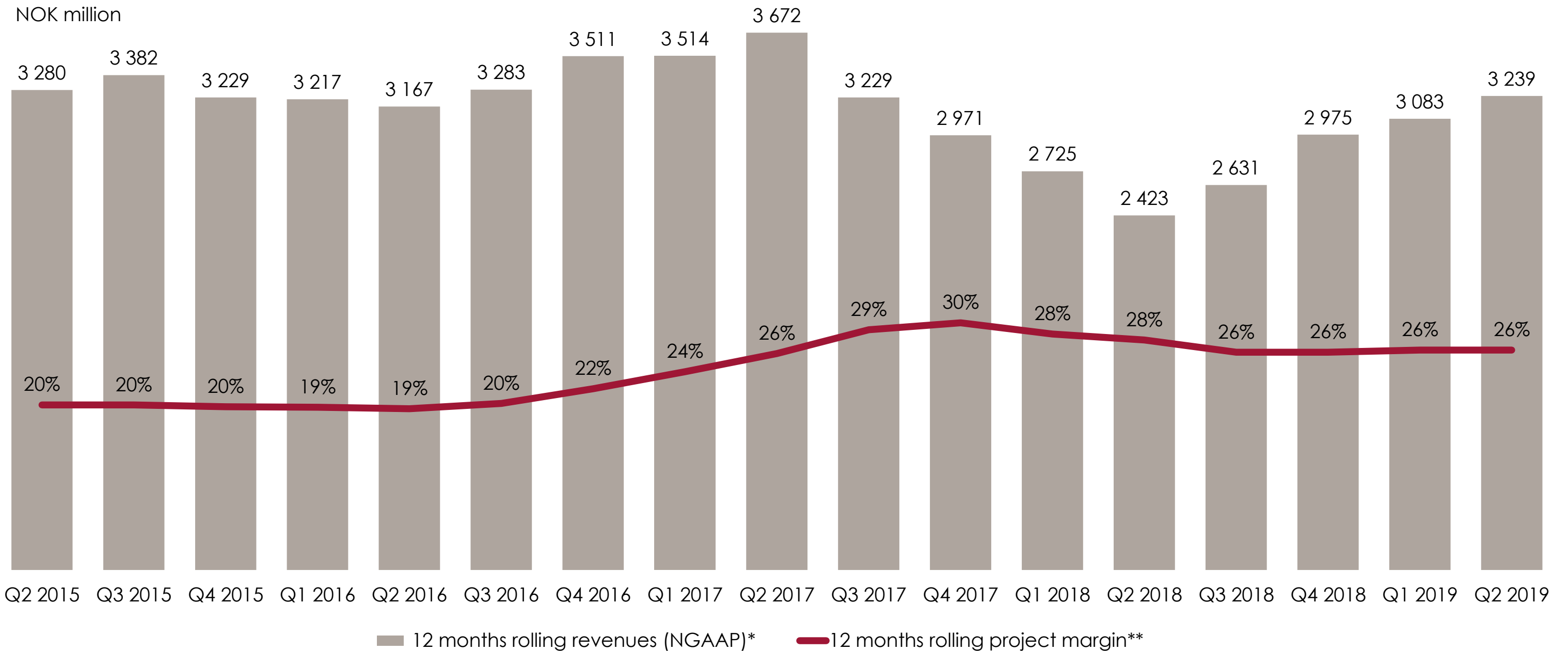


Margin development through project stages*



* Assuming flat market development

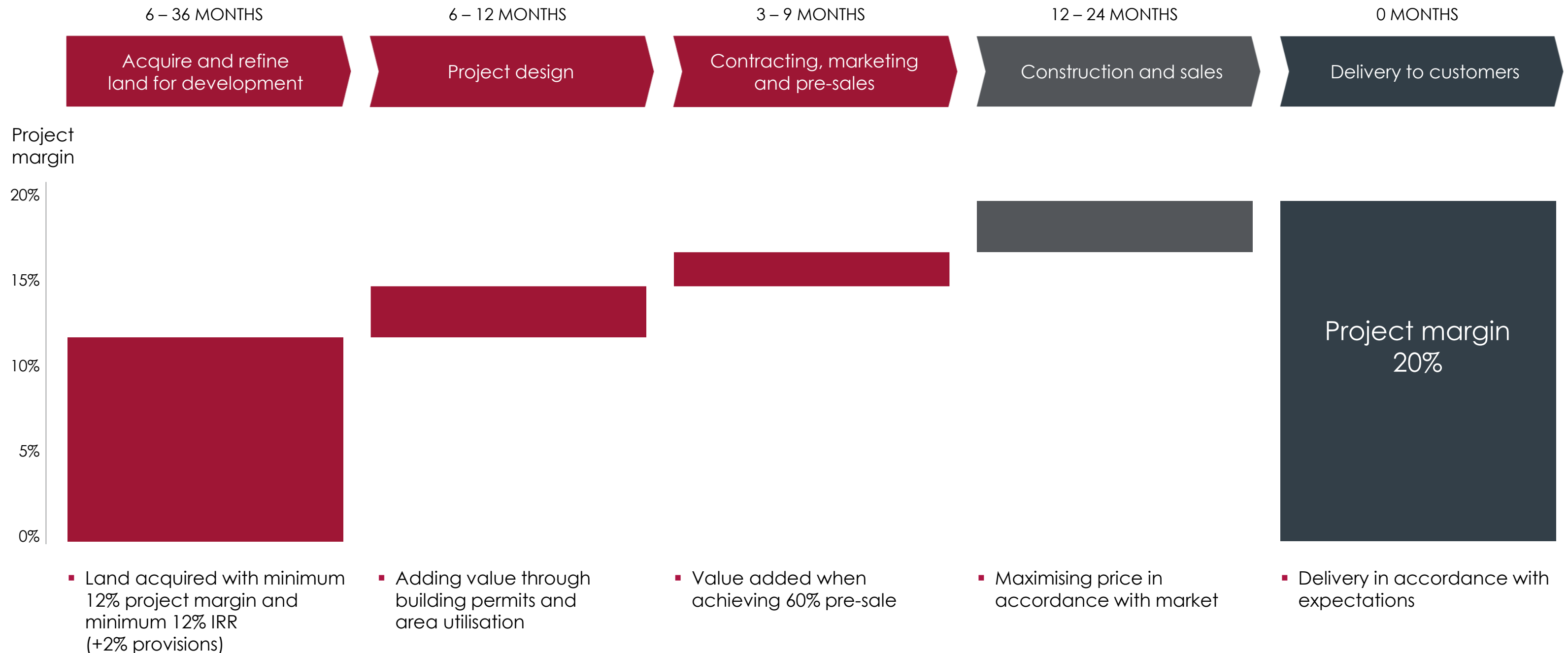
Project margin development



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

** Project margins are exclusive of overhead costs

Margin development through project stages*



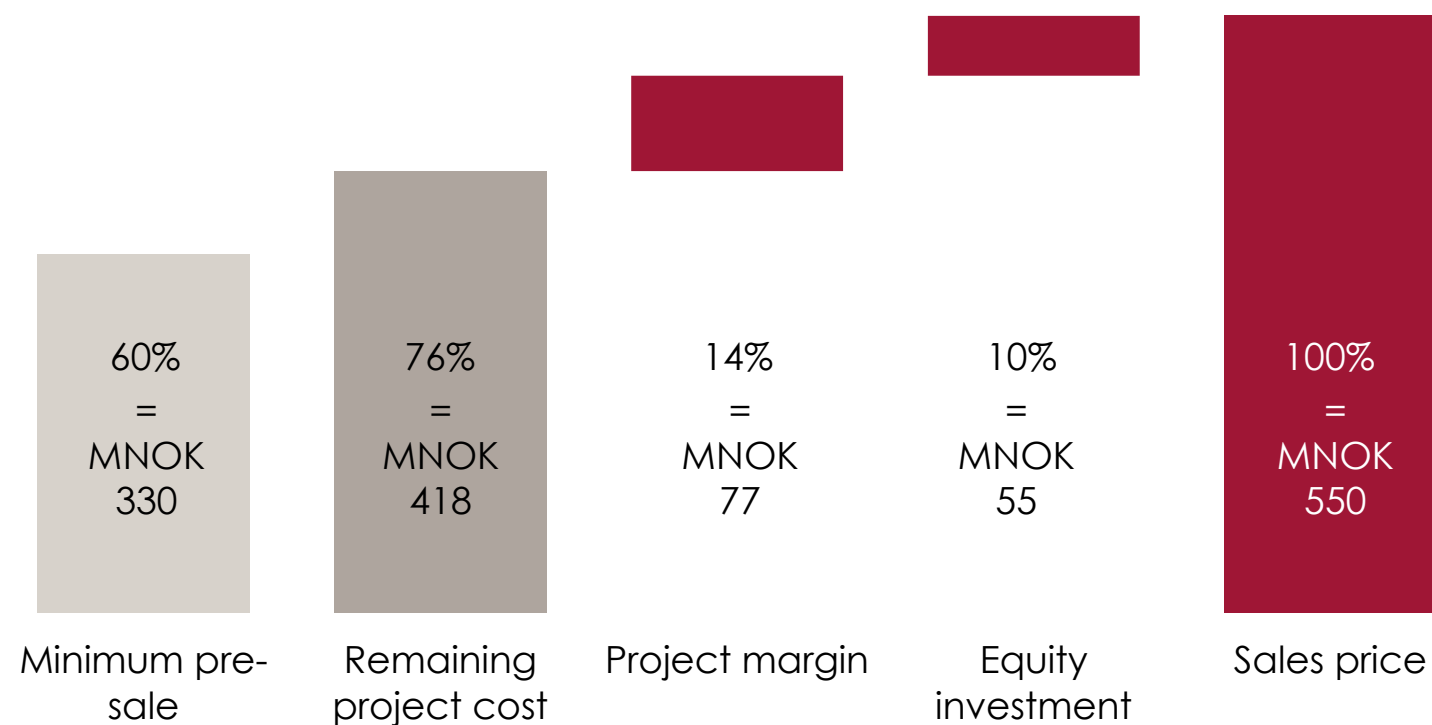
* Assuming flat market development

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
 - 23% 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
- 70% of units in production are sold at end Q1'19

De-risking in key stages of projects

- | | |
|---|---|
| 1
Land purchase conditional on zoning approval | <ul style="list-style-type: none"> ▪ 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 | <ul style="list-style-type: none"> ▪ 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 | <ul style="list-style-type: none"> ▪ 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 | <ul style="list-style-type: none"> ▪ 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)	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Total operating revenues	1 035.2	863.6	1 144.3	1 244.2	3 342.1
Project expenses	(705.2)	(646.3)	(774.7)	(922.3)	(2 421.6)
Other operating expenses	(60.1)	(71.7)	(116.9)	(129.1)	(268.1)
Other gains (loss)	-	-	-	-	-
Associated companies and joint ventures	12.1	16.4	17.7	14.5	101.8
EBITDA	282.007	161.950	270.502	207.342	754.187
Depreciation and amortisation	(3.3)	(0.9)	(6.6)	(1.9)	(3.7)
EBIT	278.7	161.0	263.9	205.5	750.5
Net financial expenses	(3.8)	(8.3)	(9.6)	(11.9)	(18.0)
Profit/(loss) before taxes	274.9	152.7	254.3	193.6	732.5
Income taxes	(66.7)	(36.8)	(61.3)	(46.5)	(165.6)
Net income	208.3	115.8	193.0	147.1	566.8
Net income for the period attributable to:					
Non-controlling interests	-	(0.1)	-	(0.1)	(0.1)
Shareholders in Selvaag Bolig ASA	208.3	115.9	193.0	147.2	566.9

Cash flow statement

(figures in NOK million)	Q2 2019	Q2 2018	1H 2019	1H 2018	2018
Net cash flow from operating activities	(128.1)	(139.2)	(486.2)	(450.9)	427.0
Net cash flow from investment activities	9.6	(1.6)	49.3	32.4	20.6
Net cash flow from financing activities	153.3	234.5	379.7	366.1	(276.1)
Net change in cash and cash equivalents	34.9	93.7	(57.1)	(52.4)	171.5
Cash and cash equivalents at start of period	565.0	339.5	657.0	485.6	485.6
Cash and cash equivalents at end of period	599.9	433.2	599.9	433.2	657.0

Balance sheet

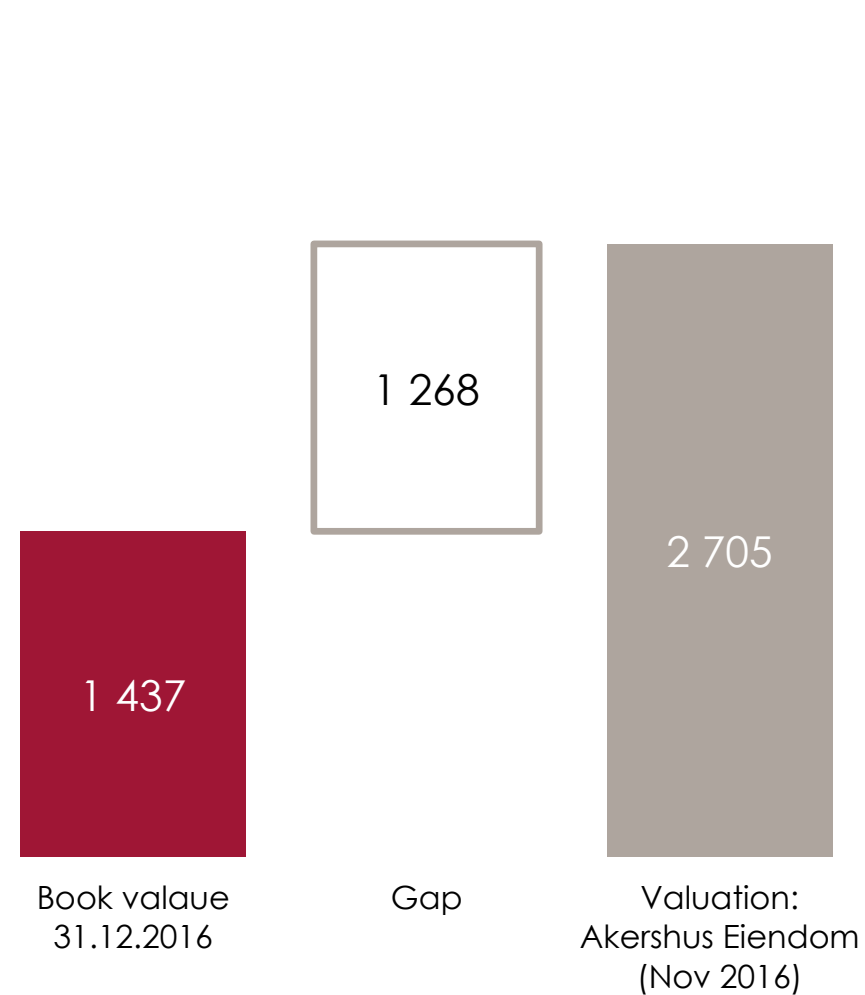
(figures in NOK million)	Q2 2019	Q1 2019	Q2 2018	2018
Intangible assets	383.4	383.4	383.4	383.4
Property, plant and equipment	6.7	7.6	9.6	8.6
Investments in associated companies and joint ventures	393.5	398.9	308.8	415.3
Other non-current assets	489.1	430.9	358.2	445.4
Total non-current assets	1 272.7	1 220.8	1 060.0	1 252.6
Inventories (property)	4 801.2	4 614.9	4 784.8	4 306.3
- Land	1 656.5	1 590.7	1 899.5	1 600.3
- Work in progress	2 856.3	2 922.8	2 757.5	2 539.8
- Finished goods	288.4	101.4	127.7	166.2
Other current receivables	505.9	131.5	547.0	275.2
Cash and cash equivalents	599.9	565.0	433.2	657.0
Total current assets	5 907.0	5 311.4	5 765.0	5 238.5
TOTAL ASSETS	7 179.6	6 532.2	6 824.9	6 491.1
Equity attributed to shareholders in Selvaag Bolig ASA*	3 067.5	3 091.5	2 850.9	3 106.8
Non-controlling interests	7.9	7.9	9.3	9.4
Total equity	3 075.3	3 099.4	2 860.3	3 116.1
Non-current interest-bearing liabilities	1 932.7	1 942.8	2 172.1	1 795.8
Other non-current non interest-bearing liabilities	195.8	156.5	147.2	156.9
Total non-current liabilities	2 128.5	2 099.3	2 319.3	1 952.7
Current interest-bearing liabilities	1 032.3	618.1	583.1	520.5
Other current non interest-bearing liabilities	943.5	715.7	1 062.3	901.8
Total current liabilities	1 975.8	1 333.8	1 645.4	1 422.3
TOTAL EQUITY AND LIABILITIES	7 179.6	6 532.5	6 824.9	6 491.1

* Corresponding to a book value of NOK 32.70 per share

Land bank book value vs. external valuation

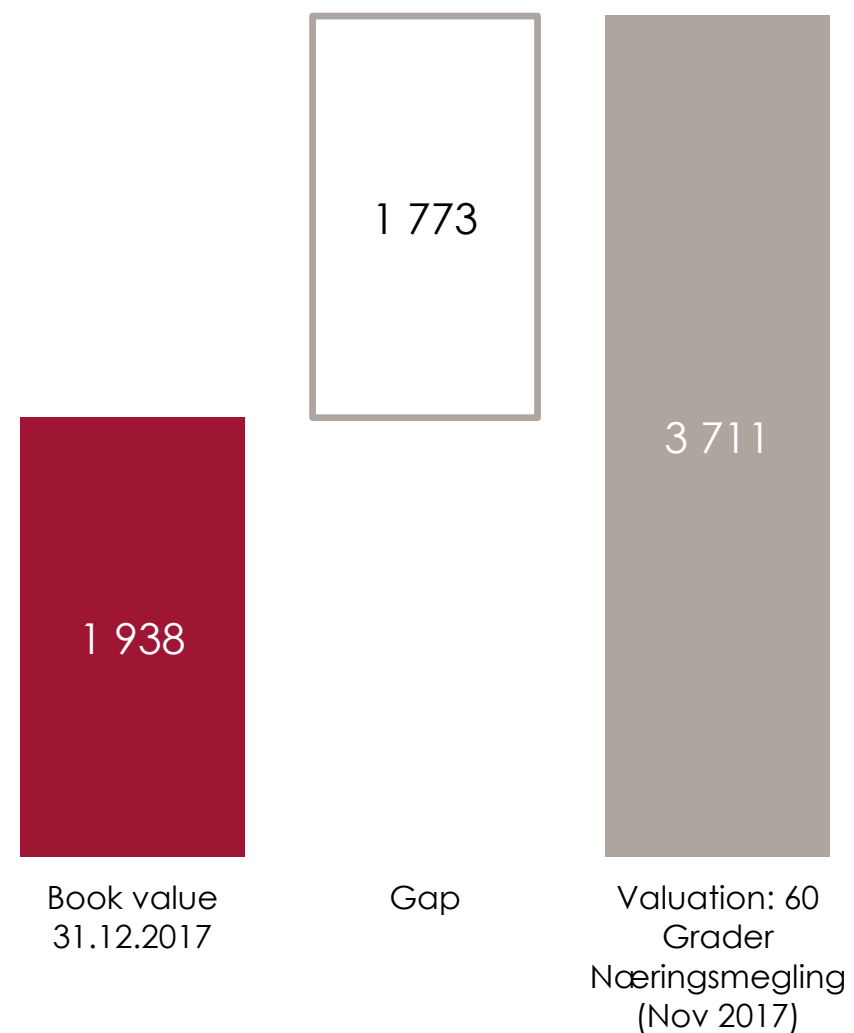
Q4 2016

NOK million

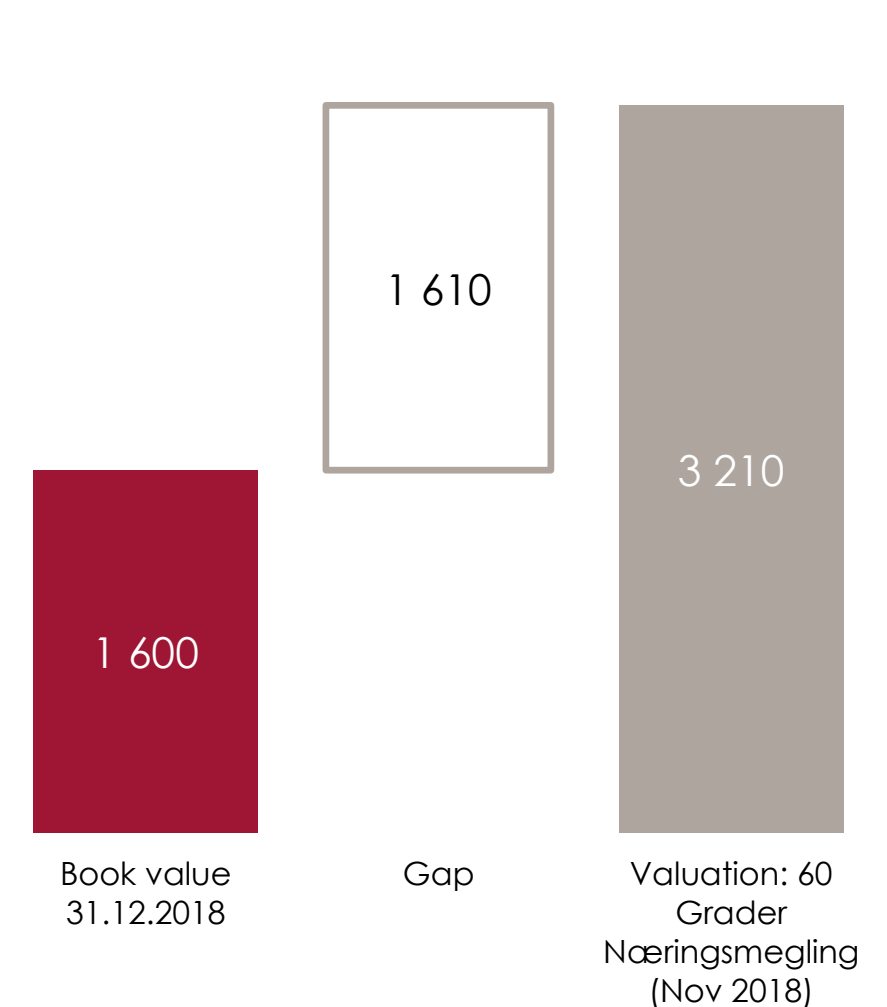


Q4 2017

NOK million



Q4 2018



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

Operational highlights – key operating figures

	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
Number of units sold	181	182	148	243	210
Number of construction starts	234	102	402	97	311
Number of units completed	242	117	441	12	307
Number of units delivered	243	126	421	29	246
Number of units under construction	1 503	1 488	1 449	1 534	1 538
Proportion of sold units under construction	72 %	74 %	66 %	70 %	71 %
Number of completed unsold units	18	12	26	13	48
Sales value of units under construction (NOK million)	7 076	6 908	6 712	7 097	7 039
Number of employees	95	91	91	91	91

EBITDA Q2 2019

(figures in NOK million)	Property development	Other	Total
Operating revenues	853.4	14.2	867.6
Project expenses	(593.2)	(0.2)	(593.4)
Other operating expenses	(23.9)	(38.9)	(62.8)
EBITDA (percentage of completion)	236.3	(24.9)	211.4

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

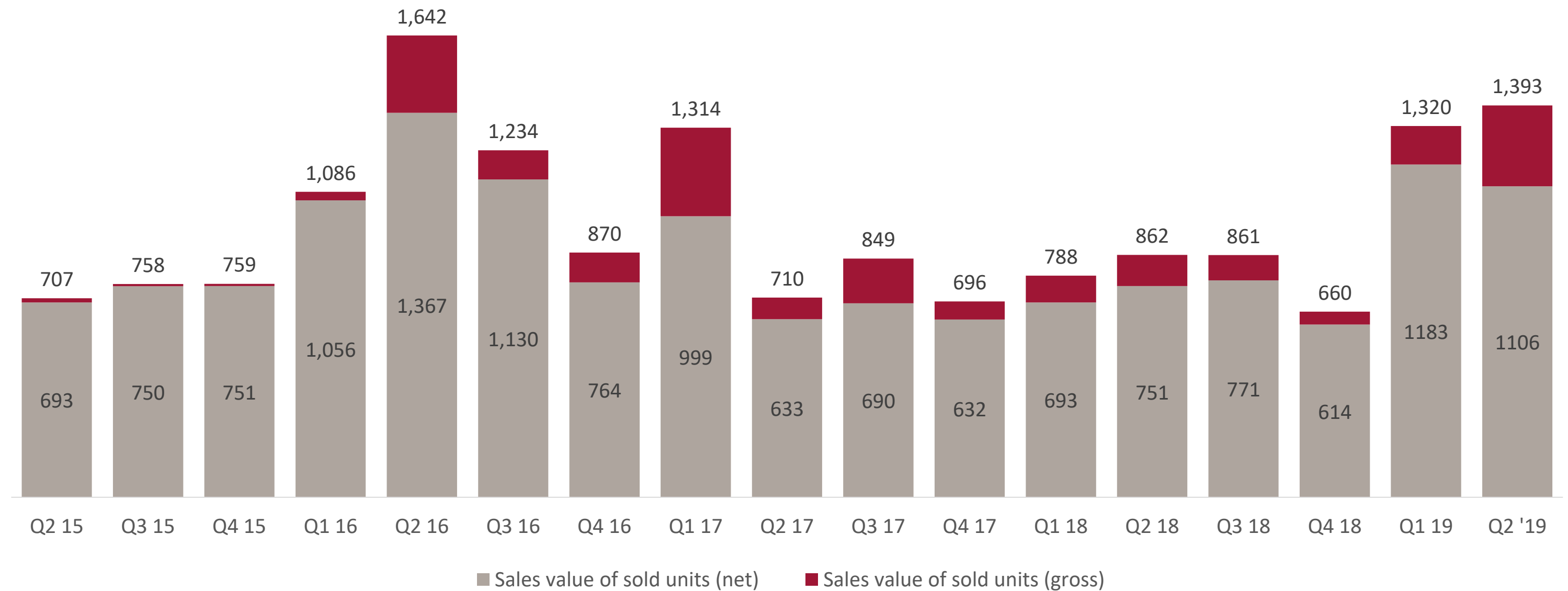
IFRS EBITDA for the quarter, per segment

Operating revenues	1 021.0	14.2	1 035.2
Project expenses	(705.0)	(0.2)	(705.2)
Other operating expenses	(21.3)	(38.9)	(60.1)
Share of income (losses) from associated companies and joint ventures	12.1	-	12.1
EBITDA	306.9	(24.9)	282.0

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

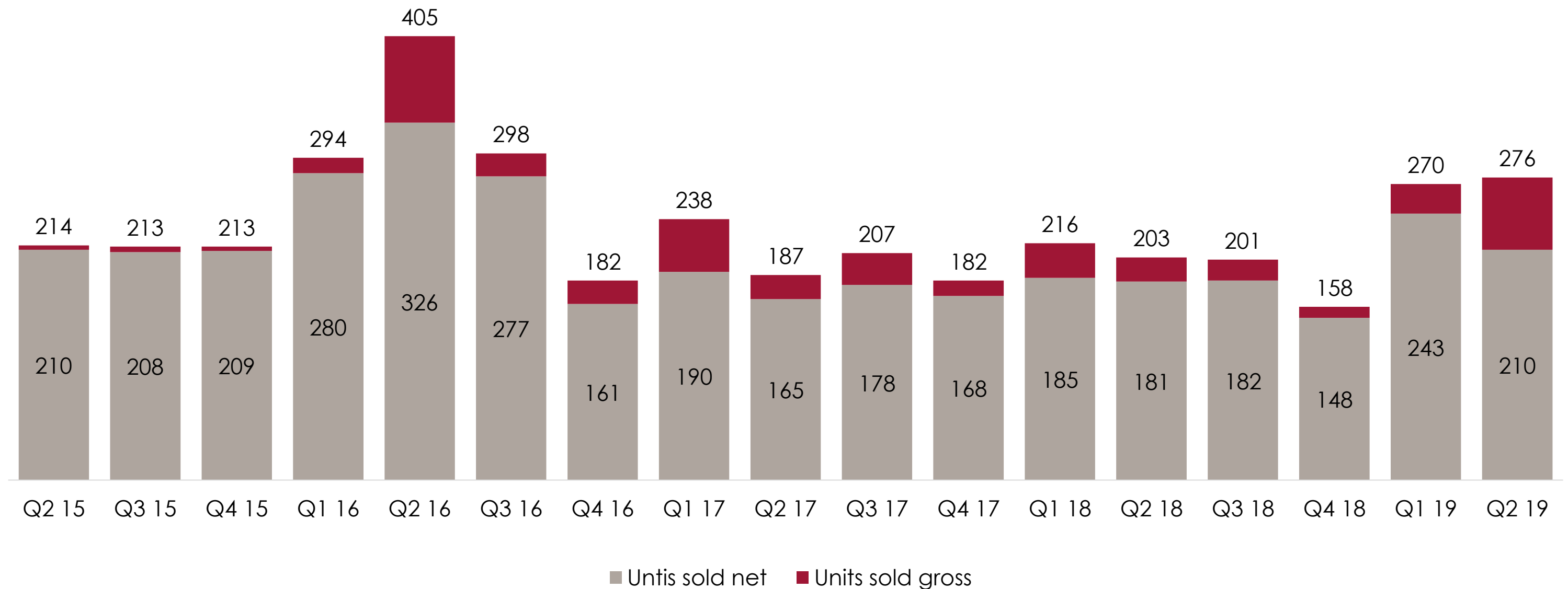
Value of units sold - gross and net

Sales value of units sold



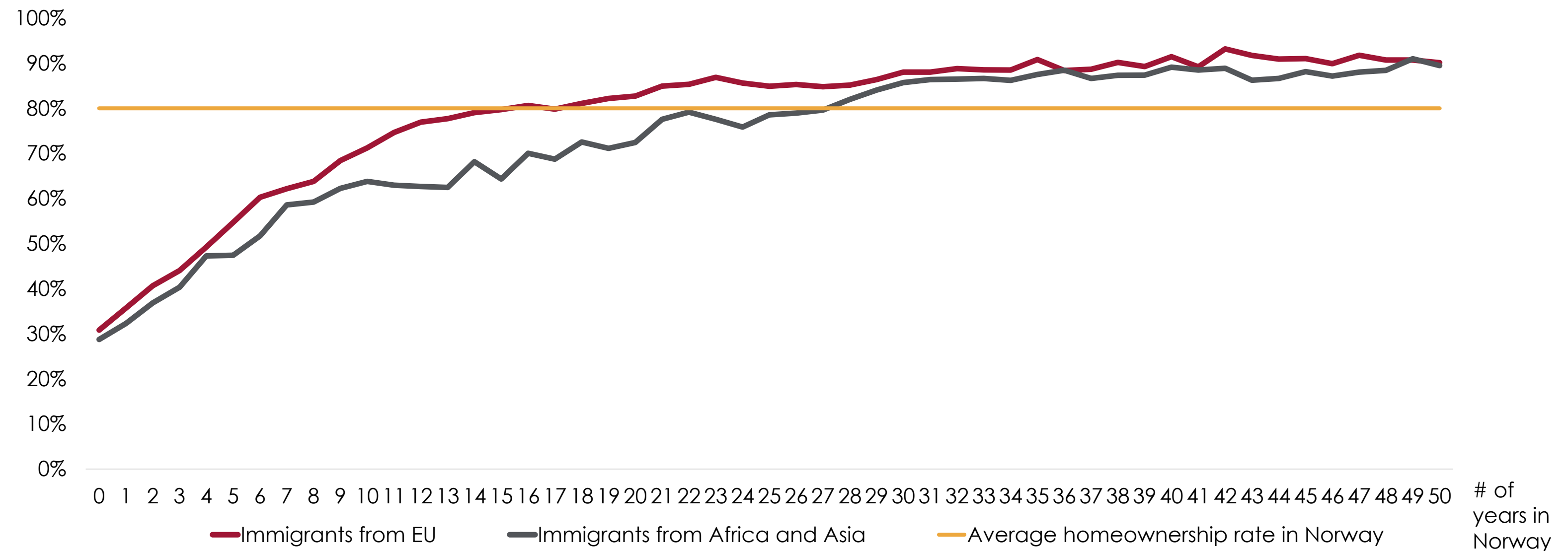
Number of units sold - gross and net

Number of units sold



Immigration increases demand over time

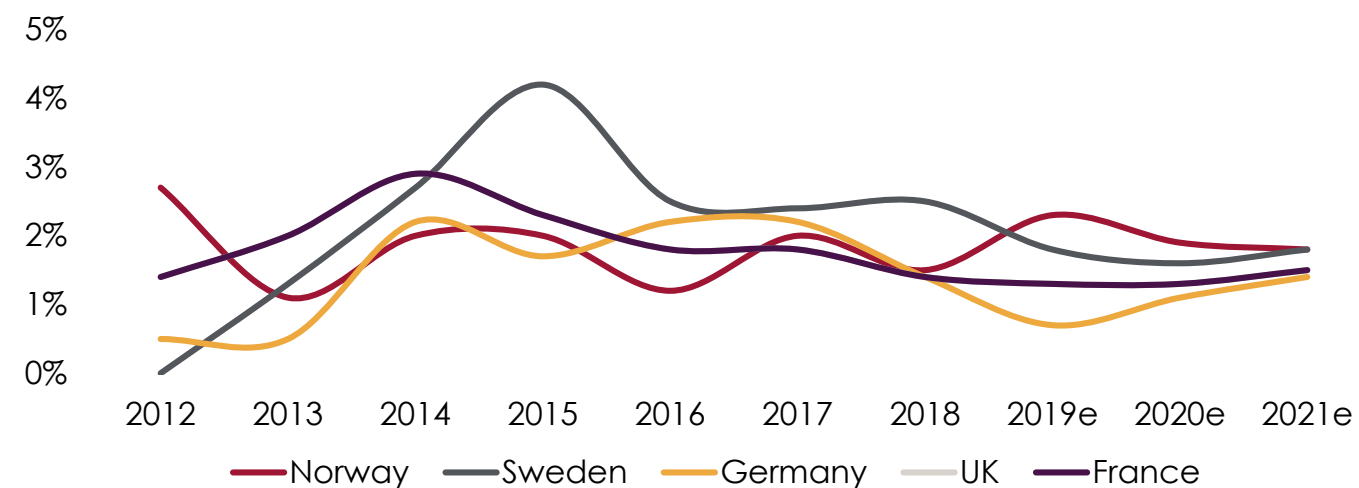
Homeownership rate among immigrants in Norway (per year living in Norway)



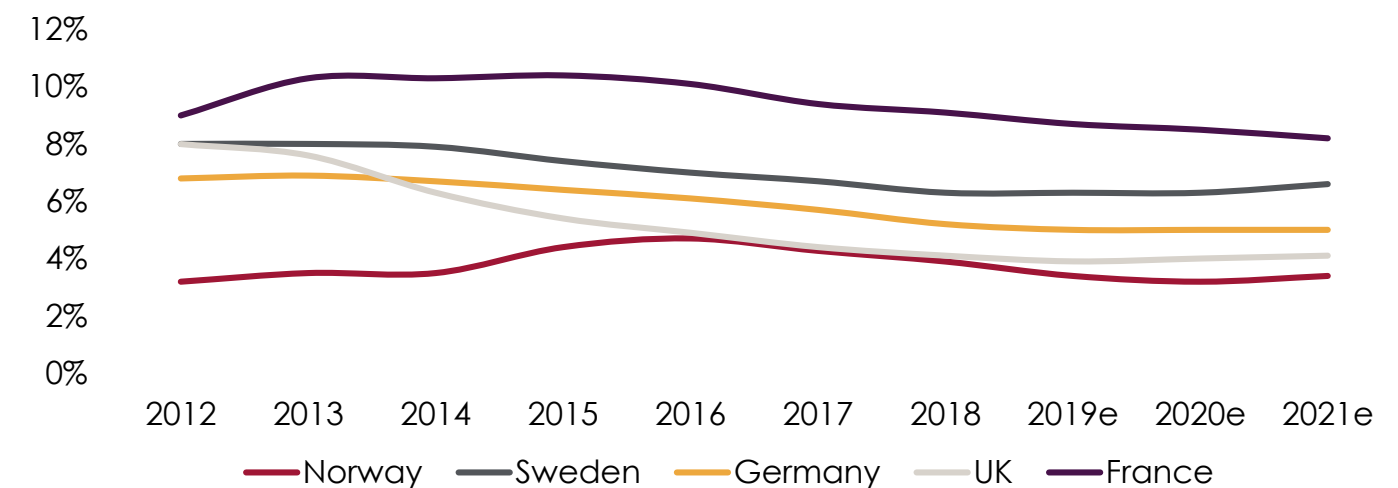
Source: Statistics Norway

Norway – robust economic conditions

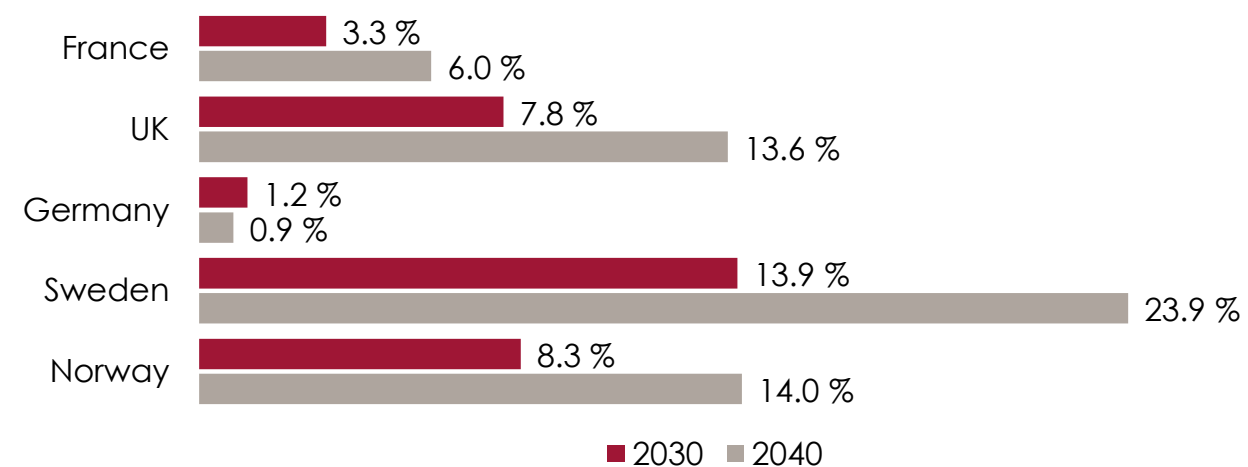
GDP growth 2012 - 2021e



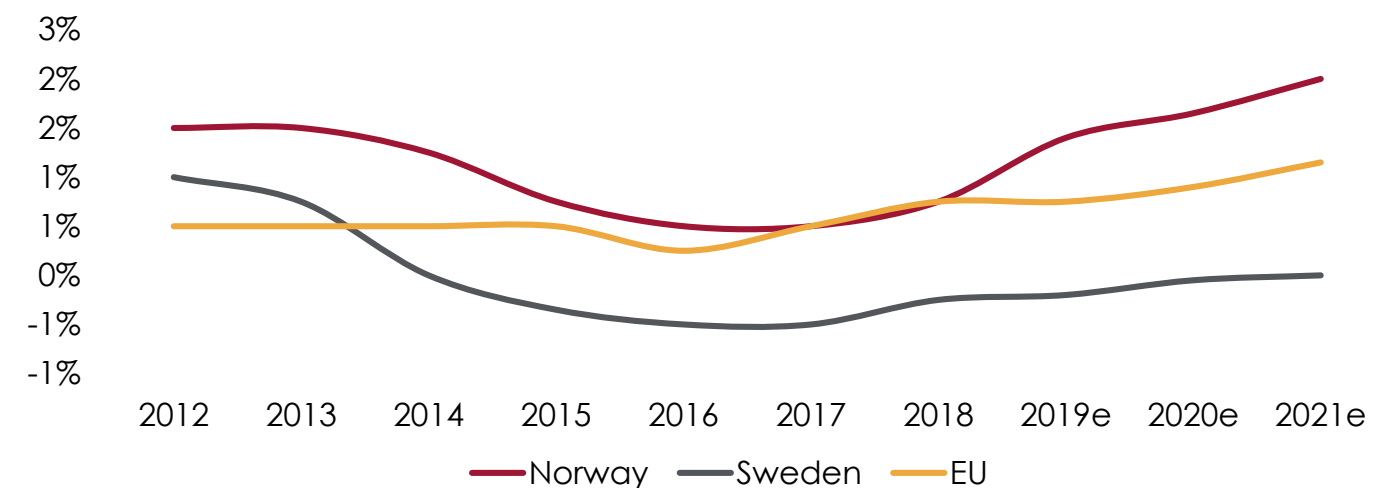
Unemployment 2012 - 2021e



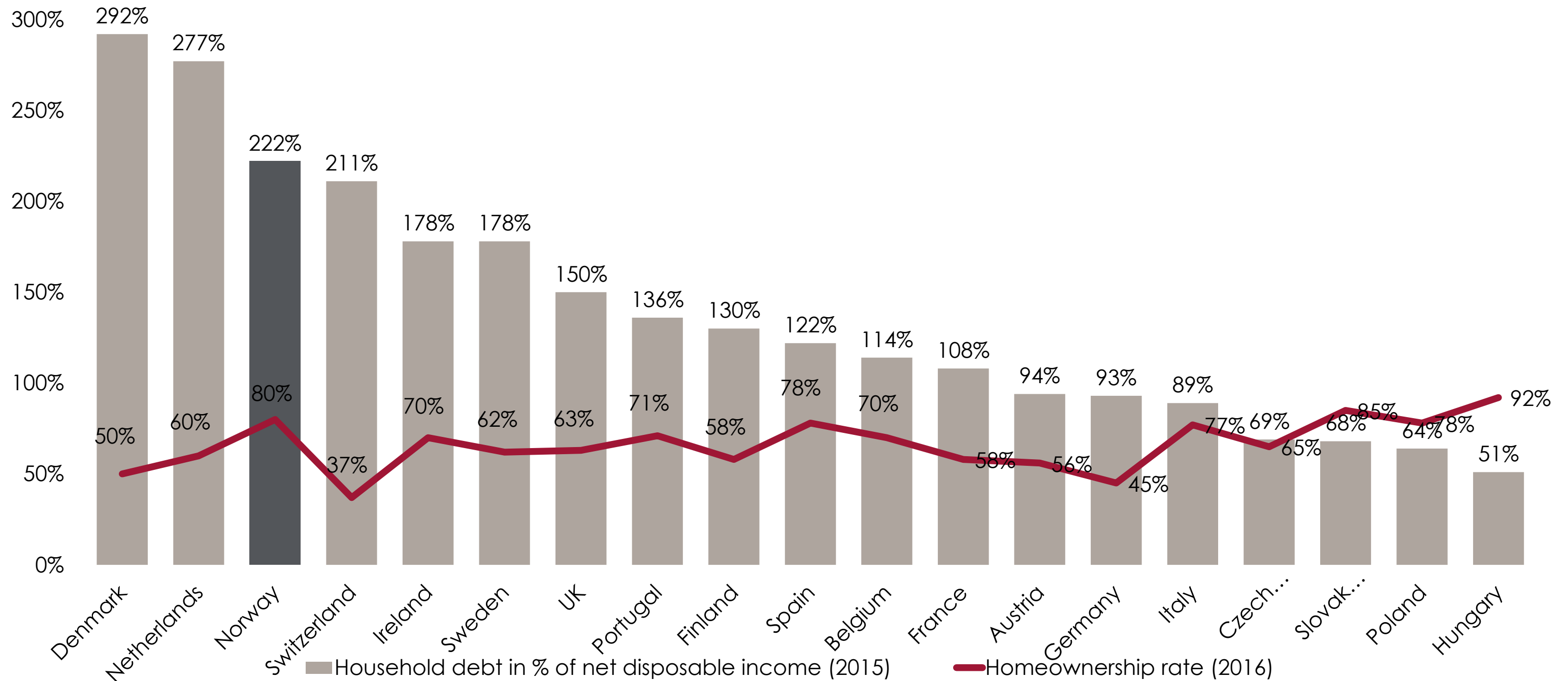
Population growth 2018 - 2030e and 2040e



Interest rates 2012 - 2021e



Total household debt and homeownership



SELVAAG BOLIG