



First quarter 2017



Svea Symfoni in Stockholm

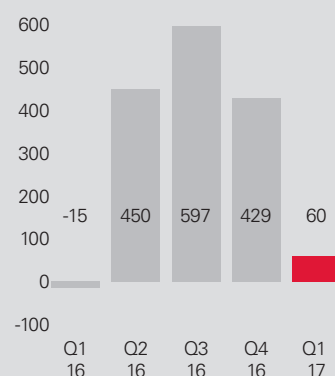
HIGHLIGHTS FIRST QUARTER 2017

- Revenue increased by 12% to NOK 6.5 billion, compared with the corresponding quarter of last year, with growth in all three business areas.
- Profit before tax was NOK 60 million, compared with NOK -15 the previous year. Most of the profit growth is attributable to Property Development.
- Order intake for the first quarter amounted to NOK 9.0 billion. The order backlog at the close of the quarter was NOK 27.4 billion, up 12% from year-end.
- Residential units sold totalled 397, of which Veidekke's share was 295.
- The number of residential units under construction was at a similar level as at year-end: 2,393.

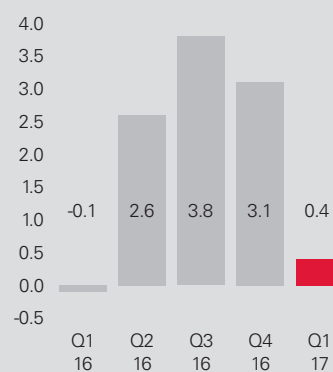
REVENUE
NOK BILLION



PROFIT BEFORE TAX ¹⁾
NOK MILLION



EARNINGS PER SHARE
NOK



1) The profit for the third and fourth quarters of 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 108 million.

KEY FIGURES ¹⁾

Figures in NOK million	Q1 2017	Q1 2016	2016 ²⁾	2015
Revenue, segment	6 533	5 855	30 137	24 509
Profit before tax, segment	60	-15	1 460	1 043
Segment Construction	125	107	804	644
Segment Property Development	135	55	567	306
Segment Industrial	-183	-180	136	190
Segment Other	-18	3	-47	-97
Earnings per share, segment	0.4	-0.1	9.3	6.5
Profit margin, segment (%)	0.9	-0.3	4.8	4.3
Revenue, IFRS ³⁾	6 275	5 489	28 613	24 225
EBITDA, IFRS	66	-41	1 520	1 316
Profit before tax, IFRS	-56	-114	1 092	950
Earnings per share, IFRS (NOK) ⁴⁾	-0.4	-0.7	6.6	5.7
Net interest-bearing debt	976	1 142	0	606
Total order backlog	27 397	26 924	24 404	24 814

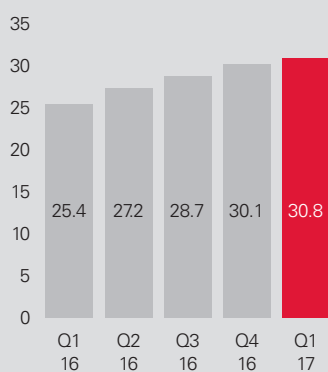
1) The comments in the report relate to figures taken from the segment accounts. Comments to the IFRS accounts are specified in the text.

2) The profit for 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 108 million, with the following distribution: NOK 81 million in Construction Norway, NOK 19 million in Industrial, NOK 4 million in Property Norway and NOK 4 million in Other operations.

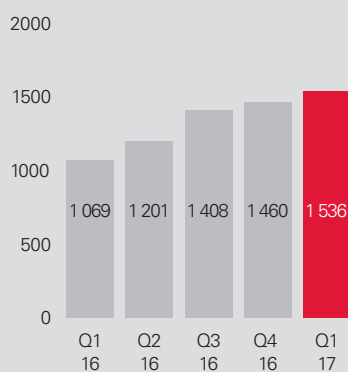
3) According to IFRS, revenue from residential sales is not recognised until the residential unit is taken over by the buyer. In segment reporting, revenue is recognised using the formula: estimated final profit x sales ratio x stage of completion.

4) No dilutive effect.

REVENUE
12-MONTH ROLLING
NOK BILLION



PROFIT BEFORE TAX
12-MONTH ROLLING ¹⁾
NOK MILLION



EARNINGS PER SHARE
12-MONTH ROLLING
NOK



1) The profit for 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 108 million.

A WORD FROM THE PRESIDENT AND CEO



The prognoses for the construction and civil engineering market in Scandinavia for the next few years are good. There is more obvious general optimism about developments in the current and coming years than a year ago.

A handwritten signature in black ink, which appears to be 'Arne Giske'.

Arne Giske, President and CEO

Veidekke has continued to perform well, with growth in both revenue and profit in the first quarter of the year. Most of the revenue growth is attributable to construction operations in Norway and Denmark and the Swedish property development operations. In the first quarter we sold homes for NOK 1.8 billion, and the high residential sales combined with a very good order intake of construction and civil engineering projects will ensure further activity for the Group in the coming quarters. Veidekke is also very proud of having recently won OBOS's innovation competition to develop and build a large residential project at Ulven in Oslo, in collaboration with good partners.

The residential markets in both Norway and Sweden have experienced strong growth in recent years, with high demand and high prices. Despite some uncertainty in the residential market, we expect continued high activity, but that prices will level off in both markets. We are experiencing good interest in our many residential projects and plan to list some 1,600 homes for sale in 2017.

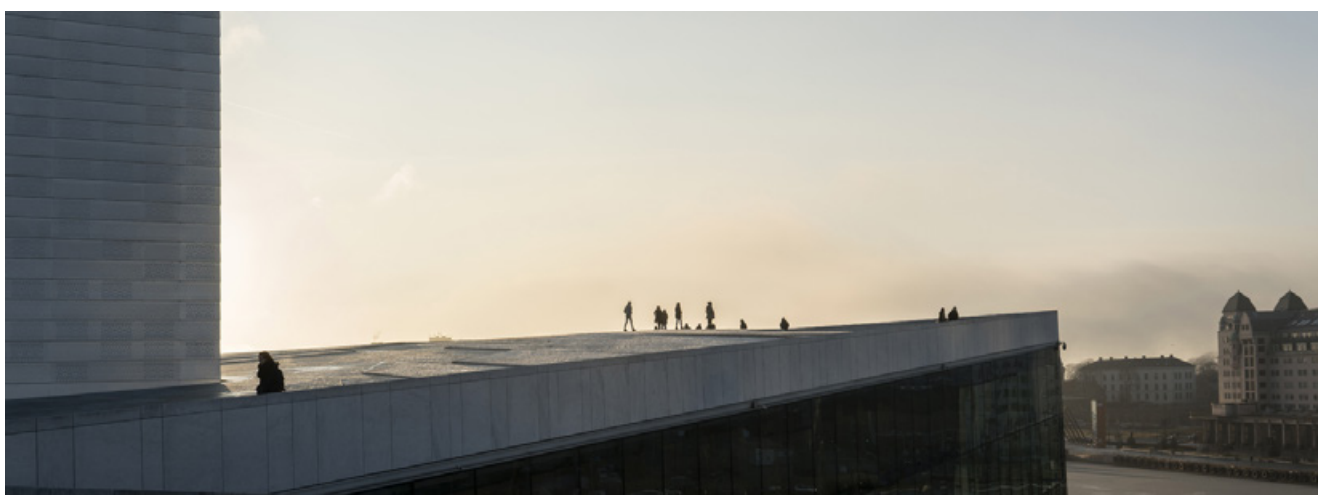
For the business area Industrial, the beginning of the year was characterised, as usual, by low activity and costs associated with preparations for the asphalt season. Veidekke's industrial operations did well in this year's competitive tendering for contracts for the Norwegian Public Roads Administration. This will contribute to Industrial getting off to a good start.

The prognoses for the construction and civil engineering market in Scandinavia for the next few years are good. There is still great variation between regions and market segments, but there is more obvious general optimism about developments in the current and coming years than a year ago.

On Friday 20 April we received the worst possible news: a person working for one of our subcontractors on a project in Karmøy had lost his life in a workplace accident. Fatalities shall not happen, and this accident is a serious reminder that safety must always come first for everyone who works on our construction sites.

VEIDEKKE GROUP

Veidekke started the year with revenue growth and a higher profit compared with the first quarter of last year. Residential sales were good in both Norway and Sweden, and there was high order intake in construction operations in all three countries.



The result for Q1 was a profit of NOK 60 million, up from NOK -15 million for the same quarter last year. The profit growth is primarily ascribed to increased residential production and higher project contributions from property development operations. Revenue came to NOK 6.5 billion for the first quarter, a 12% increase compared with the same quarter last year. All the business areas had revenue growth, with the greatest growth in construction operations in Norway and Denmark and property development operations in Sweden.

The order intake for the quarter was NOK 9.0 billion. The total order backlog was NOK 27.4 billion at the end of the first quarter, an increase of 12% from the end of the year. Overall, the level of the order backlog is good.

Cash flow from operations is seasonally negative in the first quarter due to low activity in industrial operations and parts of civil engineering operations. At the end of the quarter Veidekke had a net interest-bearing debt of NOK 1.0 billion.

According to IFRS, income and profit from residential projects are not recognised in the accounts until the property has been contractually delivered to the buyer.

The quarter's profit before tax in accordance with IFRS was NOK -56 million, which is NOK 116 million lower than the profit in the segment accounts. The difference is due to the high value of units under construction and the fact that few residential projects have been completed and handed over to the buyer. At the end of March, the earned, unrecognised contribution from units under construction amounted to NOK 792 million. This has been recognised in the segment accounts, but will not be recognised in the financial statements until the units are handed over to the buyer.

CONSTRUCTION OPERATIONS

Veidekke's construction operations had growth in both revenue and profit in the first quarter. However, profitability remains low in parts of the business area. High order intake in all three countries resulted in a 13% increase in the order backlog in the quarter.



Revenue in Veidekke's construction operations increased by 10% compared with the first quarter of last year, with growth in all three countries.

Profit before tax was NOK 125 million, compared with NOK 107 million for the same period one year earlier. The profit in the Swedish and Danish operations increased, while the profit in the Norwegian operations was lower than in the corresponding quarter last year. Parts of the business area still have insufficient profitability, primarily the Norwegian civil engineering operations, building construction operations in

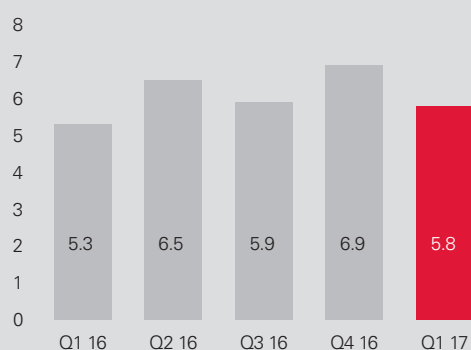
south western Norway and building construction operations in Sweden. The profit margin for the quarter amounted to 2.1%, which is on a par with the first quarter of 2016.

The order intake for the quarter was NOK 8.9 billion, with plenty of new projects in all three countries. Approximately 2/3 of the new orders were in building construction and 1/3 were civil engineering projects. The order backlog in the construction operations increased by 13% from the beginning of the year to NOK 26.4 billion.

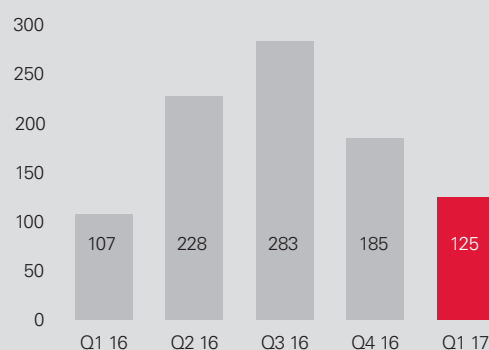
CONSTRUCTION OPERATIONS

NOK million	Q1 2017	Q1 2016	2016	2015
Revenue	5 846	5 331	24 629	19 795
Profit before tax	125	107	804	644
Profit margin (%)	2.1	2.0	3.3	3.3
Order backlog	26 379	25 776	23 368	23 686

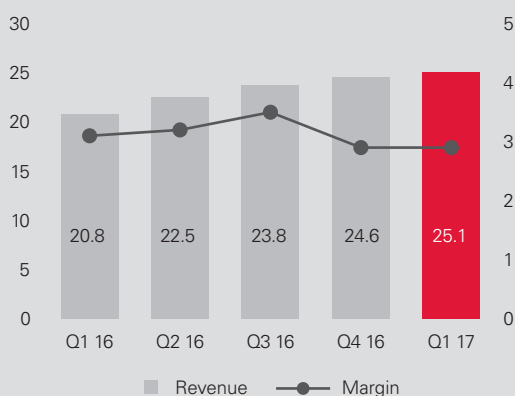
REVENUE
NOK BILLION



PROFIT BEFORE TAX ¹⁾
NOK MILLION



REVENUE AND MARGIN, 12-MONTH ROLLING ²⁾
NOK BILLION



ORDER BACKLOG AND ORDER INTAKE
NOK BILLION



1) The profit for the third and fourth quarters of 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 81 million.

2) The profit has been adjusted for the non-recurring effect as a result of changes to disability pensions in Norway in 2016.

Construction Norway

NOK million	Q1 2017	Q1 2016	2016	2015
Revenue	3 469	3 208	15 096	12 031
Profit before tax	80	93	596	493
Profit margin %	2.3	2.9	4.0	4.1
Order backlog	15 632	16 985	14 408	15 195

Revenue in the Norwegian construction operations increased by 8% compared with the corresponding quarter last year, and there was growth in both building construction and civil engineering operations. There are still regional differences with a weaker market in southern and western Norway.

Profit before tax for the first quarter of 2017 was NOK 80 million, compared with NOK 93 million for the same period last year. The profit margin for the quarter was 2.3%, compared with 2.9% for the first quarter of 2016. Lower activity and heightened competition for projects contributed to poor profitability in parts of Veidekke's building construction operations in western Norway, while building construction operations elsewhere largely had high activity and good profitability. Civil Engineering's profit is marked by poor profitability in some projects and higher capacity costs in connection with tenders.

The order intake for the quarter was NOK 4.7 billion.

Major projects awarded in Q1:

- Tiedemannsfabrikken. Residential project in Oslo for Tiedemannsfabrikken AS (Selvaag and Ferd). Contract value NOK 430 million.
- Storheia wind farm in Fosen, Sør-Trøndelag, for Fosen Vind DA. Contract value NOK 398 million.
- Støperiet in the Verket development in Moss. Residential project for Høegh Eiendom Øst AS. Contract value NOK 336 million.
- New Tverlandet School in Bodø for Bodø Municipality. Contract value NOK 240 million.
- Ensjøhøyden in Oslo. Residential project for Malerhaugen Prosjekt AS (Neptune Properties AS). Contract value NOK 238 million.

At the end of the first quarter, Construction Norway had an order backlog of NOK 15.6 billion, compared with NOK 14.4 billion at the beginning of the year. Most of the increase in the order backlog was in civil engineering operations, and in building construction operations in central eastern Norway.

Construction Sweden

NOK million	Q1 2017	Q1 2016	2016	2015
Revenue	1 877	1 773	7 819	6 156
Profit before tax	19	1	102	56
Profit margin %	1.0	0.1	1.3	0.9
Order backlog	9 262	7 275	7 698	7 160

The Swedish construction operations reported revenue of NOK 1.9 billion for the first quarter, which is an increase of 14% in local currency compared with the first quarter of 2016. There was growth in both building construction and civil engineering operations.

Profit before tax increased to NOK 19 million from NOK 1 million for the same quarter last year, at the same time as the profit margin increased to 1.0% from 0.1%. Most of the profit growth is attributable to building construction operations, while the profit from civil engineering operations was slightly weaker than in the same quarter last year.

The order intake for the quarter was NOK 3.4 billion.

Major projects awarded in Q1:

- Svea Serenad. Residential project with 129 units in Östermalm, Stockholm, for Veidekke Bostad AB. Contract value NOK 405 million.
- Hjulsta Södra. Road project in Stockholm in collaboration with Implenla for the Swedish Transport Administration. Veidekke's share of the contract value is NOK 354 million.
- Kv. Antikvarien and Kv. Arkeologen. Residential projects in Helsingborg for Magnolia. Combined contract value NOK 331 million.
- Sörredsmotet väg 155. Road project near Gothenburg for the Swedish Transport Administration. Contract value NOK 268 million.
- Lidingö Stadshus. New town hall for Lidingö Municipality. Contract value NOK 231 million.

At the end of the quarter, the order backlog was NOK 9.3 billion, compared with NOK 7.7 billion at the beginning of the year. Growth was highest in Building Construction.

Construction Denmark

NOK million	Q1 2017	Q1 2016	2016	2015
Revenue	500	350	1 713	1 608
Profit before tax	26	14	105	96
Profit margin %	5.3	3.9	6.2	6.0
Order backlog	1 485	1 516	1 262	1 331

Veidekke's Danish construction company, Hoffmann A/S, reported revenue of NOK 500 million for the first quarter, which is an increase of 51% in local currency compared with the first quarter of last year. There was growth in all units, and especially in technical installations, both as a result of an increase in the number of major ongoing projects and as a result of business acquisitions in 2016.

Profit before tax amounted to NOK 26 million, up from NOK 14 million last year. The increase in profits is attributable to higher activity. The profit margin was 5.3%, compared with 3.9% for the first quarter of 2016.

The order intake for the quarter was NOK 732 million.

Major projects awarded in Q1:

- Tivoli Hjørnet. A hotel, restaurants and shops in Copenhagen for Tivoli A/S. Contract value NOK 259 million.
- Dagmarhus. Extension and remodelling of existing office premises in Copenhagen for Katarina A/S. Contract value NOK 218 million.

At the close of the quarter, Hoffmann had an order backlog of NOK 1.5 billion, up from NOK 1.3 billion at the beginning of the year.

PROPERTY DEVELOPMENT OPERATIONS

There was high activity and profit growth in Veidekke's property development operations compared with the first quarter of last year. A total of 397 residential units were sold, including jointly-owned projects, for a total value of NOK 1.8 billion. Residential production was at the same level as at year-end.



Veidekke sold a total of 397 units in the first quarter. Veidekke's share of the residential sales was 295 units, which is on the same level as in the previous quarter. It is expected that the number of new projects ready for sale for the year will be at the same high level as last year.

Property Development's profit before tax was NOK 135 million, up from NOK 55 million for the first quarter of 2016. The profit growth is linked to an increased contribution from units under construction in both countries.

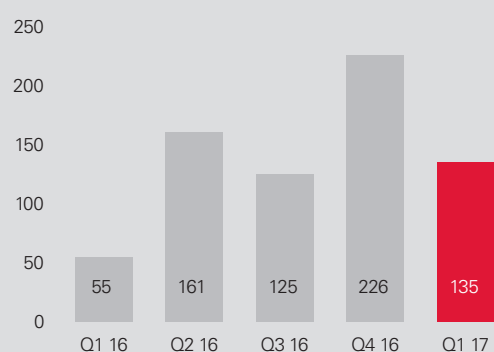
There were 2,393 residential units under construction at the close of the quarter, which is on a par with year-end. There were few unsold units under construction, and the sales ratio was high at 91%. At quarter-end Veidekke had a total land bank that can be converted into approximately 16,900 homes, of which the company's share is 13,650.

Capital invested in property development operations totalled NOK 3.7 billion at 31 March 2017. The return on invested capital was 23.1%, on a 12-month rolling basis.

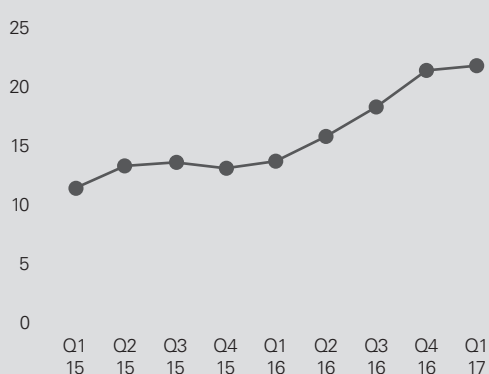
PROPERTY DEVELOPMENT OPERATIONS

NOK million	Q1 2017	Q1 2016	2016	2015
Revenue	725	551	3 202	2 126
Profit before tax	135	55	567	306
Capital invested	3 746	3 247	3 115	3 004

PROFIT BEFORE TAX ¹⁾
NOK MILLION



RETURN ON INVESTED CAPITAL, 12-MONTH ROLLING
PER CENT



KEY FIGURES RESIDENTIAL UNITS, VEIDEKKE'S SHARE

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	2016	Last 12M
Number of units sold	295	297	286	482	333	1 397	1 360
Norway	70	83	84	162	104	433	399
Sweden	211	206	135	320	229	889	872
Denmark ²⁾	14	8	67	0	0	75	89
Construction starts	228	407	115	663	220	1 405	1 522
Norway	58	30	40	272	0	342	458
Sweden	170	262	75	391	220	948	949
Denmark ²⁾	0	115	0	0	0	115	115
Number of units under construction	2 393	2 422	2 146	2 189	1 798	2 422	
Norway	601	600	649	655	517	600	
Sweden	1 677	1 707	1 497	1 534	1 281	1 707	
Denmark ²⁾	115	115	0	0	0	115	
Sales ratio, units under construction (%)	91	91	93	91	93	91	
Norway	89	86	86	82	81	86	
Sweden	91	94	96	95	98	94	
Denmark	74	65					
Land bank	13 650	13 550	13 250	12 500	12 700	13 550	
Norway	5 500	5 250	4 900	4 950	5 050	5 250	
Sweden	8 150	8 300	8 350	7 550	7 650	8 300	

1) The profit for the third and fourth quarters includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 4 million.

2) One own-account project in Copenhagen with 115 units. The project is reported in the accounts under Construction Denmark.

Property Development Norway

NOK million	Q1 2017	Q1 2016	2016	2015
Revenue	96	34	338	413
Profit before tax	38	8	149	146
No. of units under construction ¹⁾	601	517	600	541
No. of units sold ¹⁾	70	104	433	406

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

There is good interest in Veidekke's residential projects, and in the first quarter, Property Development Norway sold 145 units, of which Veidekke's share was 70. Two projects with a total of 89 units were listed for sale during the quarter: one in Oslo and one in Sandnes.

Revenue totalled NOK 96 million, compared with NOK 34 million in the same quarter last year. Most of the projects are carried out as joint ventures, which do not generate accounting revenues in Veidekke's consolidated financial statements. The revenue increase measured against the first quarter of last year is attributable to increased production in wholly-owned projects.

Profit before tax was NOK 38 million, up from NOK 8 million in the first quarter of 2016. The profit growth is attributable to increased contributions from units under construction. Profit adjusted for tax in joint ventures was NOK 55 million in Q1, compared with NOK 18 million in the first quarter of last year.

There were 601 units under construction at the end of the quarter, which is at the same level as at year-end. Compared with the first quarter of last year, residential production has increased by 16%. Construction started on three residential projects with a total of 116 units during the quarter (two in the Oslo area and one in Trondheim). The sales ratio for residential units under construction was 89%.

Property Development Norway had a total land bank that is expected to yield 8,200 units at the close of the first quarter, of which Veidekke's share was 5,500. The land bank is distributed among approximately 40 projects. The land bank was strengthened through the purchase of Grenseveien 9, a site in Helsefyr in Oslo, which is expected to yield about 200 homes.

Capital invested amounted to NOK 2.6 billion at 31 March 2017. The return on invested capital on a 12-month basis was 13.1%, adjusted for taxes in associates and joint ventures.

Property Development Sweden

NOK million	Q1 2017	Q1 2016	2016	2015
Revenue	629	517	2 864	1 712
Profit before tax	97	47	418	159
No. of units under construction ¹⁾	1 677	1 281	1 707	1 198
No. of units sold ¹⁾	211	229	889	1 010

1) Veidekke's share.

Residential sales in Veidekke's Swedish property development operations in the first quarter were on a par with the previous quarter. A total of 238 units (Veidekke's share 211) were sold during the quarter. Three new projects with a combined total of 223 units were listed for sale during the quarter: one in Stockholm, one in Gothenburg and one in Lund.

Revenue in the first quarter totalled NOK 629 million, compared with NOK 517 million in the same quarter last year. Profit before tax rose to NOK 97 million, from NOK 47 million in the first quarter of 2016. The increase in both profit and revenue compared with last year is attributable to higher residential production.

Residential production was 1,677 units at quarter-end, which is on a par with the previous quarter, but 31% higher than at the close of the first quarter of 2016. The construction of four residential projects with a total of 170 units started during the quarter (three in Stockholm and one in Helsingborg). The sales ratio for residential units under construction was 91%.

Property Development Sweden had a total land bank that is expected to yield 8,700 units, of which Veidekke's share was 8,150. The land bank is distributed among approximately 100 projects. Two new sites were bought during the quarter that together are expected to yield around 100 homes. The sites are in Skåne and Gothenburg.

Capital invested amounted to NOK 1.0 billion at the close of Q1, while the return on invested capital on a 12-month basis was 49.9%, compared with 20.2% at the end of the first quarter of 2016.

ULVEN, OSLO



TIEDEMANNSFABRIKEN, OSLO



HAGATERRASSEN, STOCKHOLM

INDUSTRIAL

The winter half of the year is low season in the business area Industrial, and revenue and profit are usually lower in the first quarter than in the other quarters. The profit for the quarter was in line with that for Q1 last year.



Revenue for the quarter amounted to NOK 477 million, compared with NOK 439 million in the first quarter of 2016. The result before tax was NOK -183 million, which was on a par with the corresponding quarter last year.

In Asphalt, slightly higher capacity and maintenance costs contributed to a lower profit than in the first quarter of 2016. The Norwegian Public Roads Administration's competitive tendering for the year was completed in the first quarter, and Veidekke has been awarded 47% of the total asphalt contracts, which amounts to 1.2 million tonnes of asphalt. By comparison, Veidekke's share of the asphalt contracts awarded last year amounted to 1.0 million tonnes, corresponding to 49% of the total asphalt contracts for the Norwegian Public Roads Administration.

Road Maintenance had low profitability in its project portfolio after write-downs in several contracts in recent years. This

business unit has undergone a restructuring process and is focused on improvement work aimed at increasing profitability.

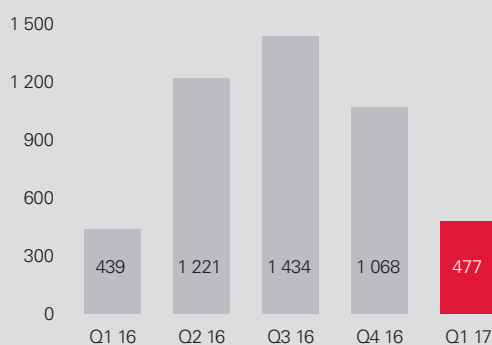
Aggregates had a good result in the quarter as a result of high sales and slightly lower costs than in the same quarter last year.

At the end of the first quarter of 2017, Road Maintenance had an order backlog of NOK 1.0 billion for the next 18 months, compared with NOK 1.1 billion at the same time last year. In the first quarter there were tendering processes for several new maintenance contracts for the Norwegian Public Roads Administration. Veidekke was lowest in price on two maintenance contracts, both of which are a continuation of existing contracts. Three maintenance contracts are ending in September 2017 and will not be continued. The order backlog will thus decrease somewhat. The project portfolio consists of 24 contracts.

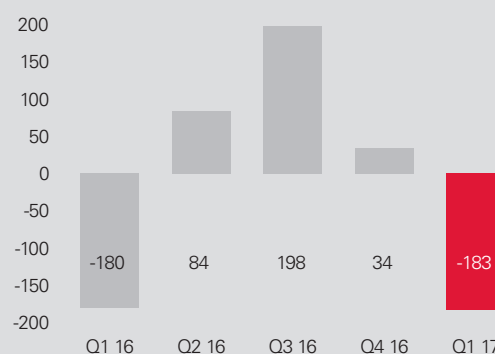
INDUSTRIAL

NOK million	Q1 2017	Q1 2016	2016	2015
Revenue	477	439	4 162	4 033
Profit before tax	-183	-180	136	190
Profit margin (%)	-38	-41	3.3	4.7
Order backlog	1 018	1 148	1 035	1 128

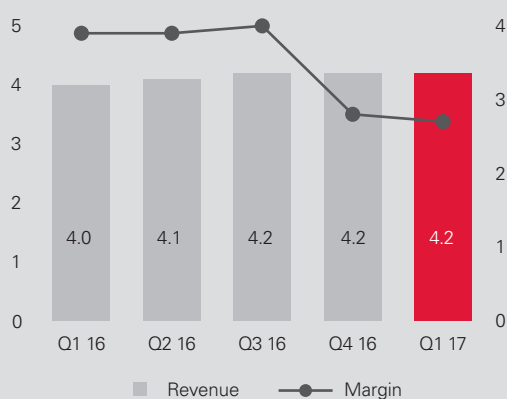
REVENUE
NOK MILLION



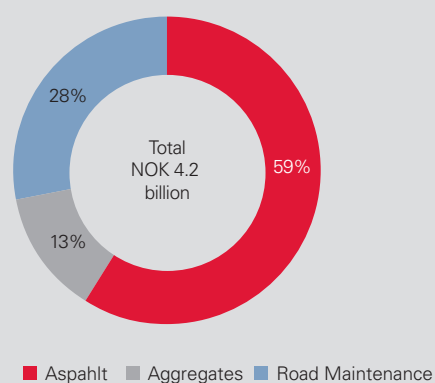
PROFIT BEFORE TAX ¹⁾
NOK MILLION



REVENUE AND MARGIN, 12-MONTH ROLLING ²⁾
NOK BILLION



REVENUE BY BUSINESS AREA, LAST 12 MONTHS



1) The profit for the third and fourth quarters of 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 19 million.

2) The profit has been adjusted for the non-recurring effect as a result of changes to disability pensions in Norway in 2016.

OCCUPATIONAL HEALTH AND SAFETY

For many years Veidekke has worked systematically on preventing the most serious injuries, resulting in a positive trend over the last year with a reduction in the number of serious injuries.

Veidekke's main health and safety goal is zero serious injuries and an annual reduction in the number of injuries of 20%.

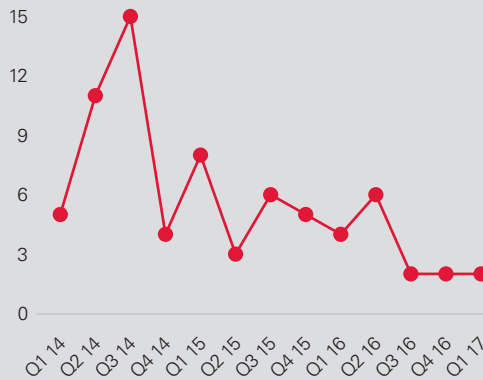
In the first quarter of 2017, two serious injuries occurred on Veidekke's construction sites. This is the same as in the previous quarter, but a decline from four serious injuries in the corresponding quarter in 2016. In total, there were 87 injuries in the quarter, compared with 88 in the previous quarter and 79 in the corresponding quarter of 2016.

The lost-time injury rate (LTI), indicating the number of injuries resulting in absence from work, was 4.2 for Q1, compared with 4.5 in the previous quarter, and 3.9 in the first quarter of 2016.

Sickness absence in the Group was 4.5% in the quarter, an increase from 3.7% in the fourth quarter of 2016 and 3.9% in the corresponding quarter of 2016. Most of the long-term sickness absence is due to musculoskeletal disorders, and Veidekke is therefore focusing on targeted preventive measures to reduce these problems.

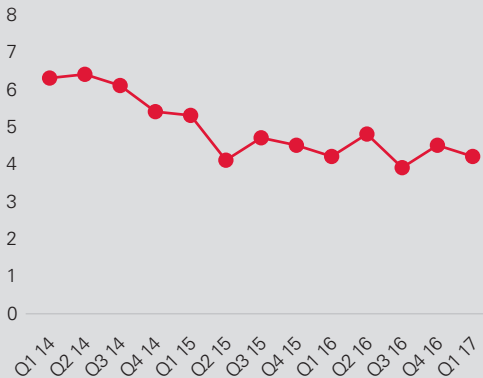
On 20 April an employee of one of our subcontractors died while working on one of Veidekke's projects in Norway. A review team has been set up to investigate the accident and identify the cause, and measures will be taken to prevent similar accidents happening again.

SERIOUS INJURIES



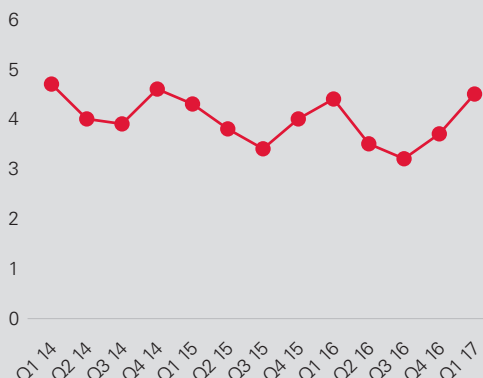
Number of injuries, own employees and subcontractors.

LTI RATE



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

SICKNESS ABSENCE



Sickness absence, own employees.

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 first quarter was NOK -18 million, compared with a profit of NOK 3 million in the fourth quarter of 2016. Last year's Q1 profit included gains and the reversal of intra-group profits totalling NOK 30 million related to the sale of ownership interests in two PPP projects.

FINANCIAL SITUATION

Net interest-bearing debt was NOK 1.0 billion at the close of the quarter, compared with NOK 0 billion at the beginning of the year and NOK 1.1 billion in Q1 2016. Cash flow from operations is normally negative in the first quarter due to the low season in industrial operations and parts of civil engineering operations. The cash flow from operating activities was NOK -784 million for the quarter, compared with NOK -531 million for the same period last year. In addition to the low season in Industrial, the cash flow was marked by payments for site acquisitions and investments in operating equipment. Veidekke's financial position is regarded as good, and the Group has considerable financial capacity. The Group has a borrowing facility of NOK 3.6 billion with DNB. At the close of the quarter, unutilised borrowing facilities amounted to NOK 3.0 billion. In addition to this borrowing facility, Veidekke has completed a bond issue of NOK 750 million, which matures in 2018.

SHAREHOLDER INFORMATION

Largest shareholders at 31 March 2017	Ownership share in %
OBOS BBL	17.8
FOLKETRYGDFONDET	12.5
IF SKADEFORSÅKRING AB	6.9
HANDELSBANKEN NORDEN SELEKTIV	2.6
VERDIPAPIRFONDET DNB NORGE (IV)	2.6
MUST INVEST AS	2.1
DANSKE INVEST NORSKE INSTIT. II.	2.1
MP PENSJON PK	2.0
ODIN NORGE	1.3
MORGAN STANLEY & CO. INT. PLC. (NOM)	1.2
Foreign shareholders	24.2
Employees, total ownership	14.7

A total of 9.2 million Veidekke shares were traded in the first quarter 2017. The share price ranged from NOK 128.00 to NOK 113.00, and was NOK 113.00 at 31 March 2017.

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 other significant related party transactions in the first quarter of 2017.

RISKS

Veidekke's operations are largely based on the execution of individual projects. The projects vary greatly in terms of complexity, size, duration and risk, meaning that systematic risk management in all parts of the business is of crucial importance. Veidekke analyses and assesses risk at the tendering stage, and risk is followed up closely throughout the execution phase.

Correct expertise is an important success factor for good operational efficiency and project execution. To ensure that the Group has sound and updated knowledge, Veidekke devotes significant resources to skills development for employees through its internal course and training programmes and continuously works on recruitment initiatives throughout the Group.

Infrastructure projects have complex contract terms, allowing room for different interpretations of what constitutes proper fulfilment of the contract. As a result, disagreement may arise about the final settlement between the contractor and the contracting client. At the end of the quarter, Veidekke had several unresolved final settlements related to infrastructure projects. Outstanding claims after deductions for recognised provisions and uncertain project revenues were in the range of NOK 400 million at 31 March 2017. The outcome of the individual disputes, positive or negative, may have an effect on the profit.

The residential market is cyclical, and property development earnings are closely related to new project start-ups. To reduce the risk associated with unsold projects, Veidekke will not, as a general principle, initiate new residential projects until a sales ratio of 50% has been achieved. Consequently, slow residential sales may delay residential projects. At the close of the first quarter of 2017, the residential market was good in both Norway and Sweden, but in areas that are directly affected by the decline in the oil industry, the residential market is still weak. This applies mostly to the Stavanger region.

Veidekke is primarily exposed to financial risks related to trade receivables and interest-bearing liabilities. These risks are classified as credit, market and liquidity risks. For a more detailed description of the company's financial risk, see note 28 in Veidekke's 2016 Annual Report.

MARKET OUTLOOK

The Scandinavian construction and civil engineering market had a strong development in 2016, and Veidekke expects continued growth in 2017 and 2018. A good residential market will remain the dominant growth driver within building construction and civil engineering.

	NORWAY			SWEDEN			DENMARK		
	2016 NOK bn	2017 Growth	2018 Growth	2016 NOK bn	2017 Growth	2018 Growth	2016 NOK bn	2017 Growth	2018 Growth
Homes	139	8%	3%	171	10%	3%	52	17%	18%
Commercial buildings	58	2%	3%	101	4%	3%	16	8%	16%
Public buildings	35	4%	3%	43	5%	4%	22	-1%	-1%
Civil engineering	77	6%	5%	81	2%	4%	40	-7%	-4%
Total construction and civil engineering	309	6%	4%	397	7%	3%	130	6%	9%

NORWAY

The positive growth trend in the construction and civil engineering market is predicted to continue with expected growth of 6% in 2017, but slightly lower growth in 2018. Wage and price growth indicators show that there is good capacity in the industry, but there are regional differences with lower activity in southern and western Norway.

Growth in the residential market will level out, but high demand for new homes will remain a key driver in the Norwegian market in the future.

In the non-residential building segment, public buildings are expected to account for the strongest growth going forwards, primarily through the construction of schools. In the commercial buildings segment, moderate growth is expected as a result of the downturn in the Norwegian economy.

Growth in the civil engineering market over the next two years will largely be driven by road and rail projects.

SWEDEN

Market growth in the Swedish construction and civil engineering market is expected to be 7% in 2017 and 3% in 2018. High capacity utilisation will contribute to a higher cost level.

Sales of new homes are expected to decline somewhat compared with 2016, primarily due to the high price level, but demand is expected to remain high. Lower sales will lead to fewer start-ups. The price level in the residential market has stabilised in the Stockholm area, but is still rising in the Malmö area and in Gothenburg.

Good growth is expected in the public and commercial buildings segment in 2017 and 2018. The greatest growth is expected from public customers, with major developments in hospitals and educational buildings.

Growth in the civil engineering market is expected to level off in 2017 before rising again in 2018 when new road and rail projects come into production.

DENMARK

Growth in the Danish construction and civil engineering market is expected to be 6% in 2017 and 9% in 2018. The main driver behind the growth is increased demand for new homes.

Veidekke's primary market in Denmark is commercial buildings, where growth has been low in recent years. However, an increasing number of projects under development are approaching realisation, and growth in commercial buildings is expected to be 8% in 2017 and 16% in 2018, albeit from a very low level.

Within the public buildings, a very weak market development is expected for both 2017 and 2018, which may also affect competition in the other segments.

Oslo, 10 May 2017
The Board of Directors of Veidekke ASA

Martin Mæland
Chair

Per Otto Dyb
Deputy chair

Gro Bakstad

Ingalill Berglund

Ann-Christin Andersen

Hans von Uthmann

Odd Andre Olsen

Inge Ramsdal

Arve Fludal

Arne Giske
President and CEO

INCOME STATEMENT

Figures in NOK million	Q1 2017	Q1 2016	2016	2015
Revenue	6 275	5 489	28 613	24 225
Operating expenses	-6 243	-5 554	-27 284	-23 039
Share of net income from joint ventures	34	25	190	130
Operating profit before depreciation (EBITDA)	66	-41	1 520	1 316
Impairment of non-current assets	-	-	-	-
Depreciation	-123	-107	-466	-372
Operating profit (EBIT)	-57	-148	1 053	944
Financial income	13	49	98	94
Financial costs	-11	-15	-60	-88
Profit before tax	-56	-114	1 092	950
Income tax expense	10	23	-170	-167
Profit after tax	-46	-92	922	782
of which non-controlling interests	3	5	35	18
Earnings per share (NOK) ¹⁾	-0.4	-0.7	6.6	5.7

1) No dilutive effect.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in NOK million	Q1 2017	Q1 2016	2016	2015
Profit after tax	-46	-92	922	782
Revaluation of pensions	-	-	4	25
Net items that will not be reclassified subsequently to profit or loss	-	-	4	25
Currency translation differences	16	-27	-102	97
Fair value adjustment of financial assets	3	-6	8	-
Net items that may be reclassified subsequently to profit or loss	19	-34	-93	97
Total comprehensive income	-27	-125	832	905
of which non-controlling interests	3	4	31	20

STATEMENT OF FINANCIAL POSITION AT 31 MARCH

Figures in NOK million	31.03.2017	31.03.2016	31.12.2016
ASSETS			
Non-current assets			
Goodwill	1 254	1 183	1 248
Other intangible assets	132	113	136
Deferred tax assets	65	65	65
Land and buildings	561	555	560
Plant and machinery	1 971	1 780	1 954
Investments in joint ventures	1 452	1 197	1 363
Financial assets	716	439	649
Total non-current assets	6 152	5 332	5 975
Current assets			
Residential projects	5 100	3 885	4 877
Inventories	466	327	455
Trade and other receivables	6 119	5 453	5 494
Financial assets	-	-	-
Cash and cash equivalents	298	402	644
Total current assets	11 983	10 067	11 470
Total assets	18 135	15 399	17 445
EQUITY AND LIABILITIES			
Equity			
Share capital	67	67	67
Other equity	3 189	2 856	3 219
Non-controlling interests	182	170	179
Total equity	3 438	3 092	3 465
Non-current liabilities			
Pensions and deferred tax liabilities	877	925	877
Bonds	750	750	750
Amounts due to credit institutions	680	1 038	212
Other non-current liabilities	134	115	136
Total non-current liabilities	2 440	2 828	1 975
Current liabilities			
Debt to credit institutions	199	44	44
Trade payables and warranty provisions	4 663	4 143	5 097
Public duties and taxes payable	919	777	784
Other current liabilities	6 476	4 516	6 080
Total current liabilities	12 256	9 479	12 005
Total equity and liabilities	18 135	15 399	17 445

STATEMENT OF CASH FLOWS

Figures in NOK million	Q1 2017	Q1 2016	2016	2015
Profit before tax	-56	-114	1 092	950
Tax paid	-20	-19	-79	-226
Depreciation/impairment	123	107	466	372
Other operational items	-832	-505	402	-325
Cash flow from operating activities	-784	-531	1 880	771
Acquisition/disposal of property, plant and equipment	-130	-153	-659	-457
Other investing activities	-58	-133	-341	-599
Change in interest-bearing receivables	8	14	-	407
Cash flow from investing activities	-179	-273	-1 000	-648
Change in interest-bearing liabilities ¹⁾	623	825	-20	432
Dividend paid	-	-	-535	-468
Change other non-current liabilities	-	-	3	-57
Other financial items	-10	-18	-74	-85
Cash flow from financing activities	613	806	-627	-178
Change in cash and cash equivalents	-350	2	253	-55
Cash and cash equivalents, start of period	644	402	402	435
Exchange rate adjustment foreign cash balances	4	-3	-12	22
Cash and cash equivalents, end of period	298	402	298	402

1 The disposal of shares in PPP companies in the first quarter of 2016 has had a positive effect on interest-bearing debt of NOK 303 million and has no effect on cash flow.

NET INTEREST-BEARING POSITION

Figures in NOK million	31.03.2017	31.03.2016	31.12.2016
Cash and cash equivalents	298	402	644
Financial assets (short-term)	-	-	-
Interest-bearing assets (long-term)	355	288	363
Interest-bearing liabilities	-1 628	-1 832	-1 007
Net interest-bearing position	-976	-1 142	-
Change in net interest-bearing position (from 1 Jan)	-977	-536	606

OTHER KEY FIGURES

Figures in NOK million	31.03.2017	31.03.2016	31.12.2016
Order backlog (NOK million)	27 397	26 924	24 404
Equity ratio (%)	19	20	20
Number of employees	7 262	7 158	7 399

BUSINESS SEGMENTS

Figures in NOK million	Q1 2017	Q1 2016	2016	2015
CONSTRUCTION (specification page 27)				
Revenue	5 846	5 331	24 629	19 795
Operating expenses	-5 657	-5 167	-23 587	-18 981
Share of net income from joint ventures	3	3	16	14
Depreciation/impairment	-76	-69	-295	-217
Operating profit (EBIT)	116	98	763	611
Net financial items	9	9	41	33
Profit before tax (EBT)	125	107	804	644
Total assets, segment	10 816	9 672	10 682	9 651
PROPERTY (specification page 15)				
Revenue	725	551	3 202	2 126
Operating expenses	-672	-533	-2 827	-1 935
Share of net income from joint ventures	87	32	216	115
Depreciation/impairment	-	-	-1	-1
Operating profit (EBIT)	141	50	589	305
Net financial items	-5	5	-23	1
Profit before tax (EBT)	135	55	567	306
Total assets, segment	5 601	4 667	4 987	4 364
INDUSTRIAL				
Revenue	477	439	4 162	4 033
Operating expenses	-608	-574	-3 860	-3 684
Share of net income from joint ventures	-4	-3	15	17
Depreciation/impairment	-44	-38	-167	-154
Operating profit (EBIT)	-179	-176	151	211
Net financial items	-4	-4	-14	-22
Profit before tax (EBT)	-183	-180	136	190
Total assets, segment	1 839	1 740	1 969	1 858
OTHER OPERATIONS ¹⁾				
Revenue			1	1
Operating expenses	-25	-38	-108	-74
Share of net income from joint ventures	5	3	17	15
Depreciation/impairment	-3	-	-3	-
Operating profit (EBIT)	-23	-35	-94	-59
Net financial items	-	24	33	-10
Profit before tax (EBT)	-23	-11	-61	-69

Figures in NOK million	Q1 2017	Q1 2016	2016	2015
GROUP ELIMINATIONS				
Revenue	-516	-467	-1 856	-1 444
Operating expenses	521	480	1 870	1 413
Share of net income from joint ventures	-	-	-	-
Depreciation/impairment	-	-	-	-
Operating profit (EBIT)	5	13	13	-32
Net financial items	-	1	1	3
Profit before tax (EBT)	5	13	14	-28
TOTAL VEIDEKKE GROUP				
SEGMENT ACCOUNTS				
Revenue	6 533	5 855	30 137	24 509
Operating expenses	-6 440	-5 831	-28 512	-23 261
Share of net income from joint ventures	90	34	263	161
Depreciation/impairment	-123	-107	-466	-372
Operating profit (EBIT)	59	-49	1 422	1 037
Net financial items	1	34	38	6
Profit before tax (EBT)	60	-15	1 460	1 043
Total assets, segment	15 943	13 946	15 484	13 752

1) Other operations include the Group's central unassigned costs and net financial items, plus Veidekke's PPP role (Public-Private Partnership).

RECONCILIATION OF SEGMENT ACCOUNTS AND FINANCIAL ACCOUNTS

Figures in NOK million	Q1 2017	Q1 2016	2016	2015
TOTAL VEIDEKKE GROUP SEGMENT ACCOUNTS				
Revenue	6 533	5 855	30 137	24 509
Operating expenses	-6 440	-5 831	-28 512	-23 261
Share of net income from joint ventures	90	34	263	161
Depreciation/impairment	-123	-107	-466	-372
Operating profit (EBIT)	59	-49	1 422	1 037
Net financial items	1	34	38	6
Profit before tax (EBT)	60	-15	1 460	1 043
Total assets, segment	15 943	13 946	15 484	13 752
IFRIC 15 ADJUSTMENTS ^{1) 2)}				
Revenue	-257	-367	-1 523	-284
Operating expenses	197	277	1 228	222
Share of net income from joint ventures	-55	-9	-73	-30
Depreciation/impairment	-	-	-	-
Operating profit (EBIT)	-116	-99	-369	-93
Net financial items	-	-	-	-
Profit before tax (EBT)	-116	-99	-369	-93
Total assets, segment	2 192	1 454	1 961	1 036

1) Under IFRS, income and earnings from completed residential units are not recognised until the date on which the apartment is delivered to the buyer. In the internal monitoring of residential projects, the reporting is on a percentage of completion basis, which means that revenue and expenses are recognised by reference to the project's estimated final outcome x stage of completion x sales ratio.

2) See also the accompanying notes, item 2 Accounting policies.

Figures in NOK million	Q1 2017	Q1 2016	2016	2015
TOTAL VEIDEKKE GROUP				
Revenue	6 275	5 489	28 613	24 225
Operating expenses	-6 243	-5 554	-27 284	-23 039
Share of net income from joint ventures	34	25	190	130
Depreciation/impairment	-123	-107	-466	-372
Operating profit (EBIT)	-57	-148	1053	944
Net financial items	1	34	38	6
Profit before tax (EBT)	-56	-114	1 092	950
Total assets, segment	18 135	15 399	17 445	14 788

CONSTRUCTION OPERATIONS BY COUNTRY

Figures in NOK million	Q1 2017	Q1 2016	2016	2015
CONSTRUCTION NORWAY				
Revenue	3 469	3 208	15 096	12 031
Operating expenses	-3 343	-3 077	-14 322	-11 439
Share of net income from joint ventures	-	-	8	4
Depreciation/impairment	-56	-48	-212	-142
Operating profit (EBIT)	70	82	570	454
Net financial items	10	10	26	38
Profit before tax (EBT)	80	93	596	493
Total assets, segment	7 260	6 497	7 195	6 300
CONSTRUCTION SWEDEN				
Revenue	1 877	1 773	7 819	6 156
Operating expenses	-1 841	-1 754	-7 664	-6 032
Share of net income from joint ventures	3	3	8	9
Depreciation/impairment	-18	-18	-72	-67
Operating profit (EBIT)	20	4	91	66
Net financial items	-1	-3	11	-10
Profit before tax (EBT)	19	1	102	56
Total assets, segment	2 420	2 218	2 312	2 255
CONSTRUCTION DENMARK				
Revenue	500	350	1 713	1 608
Operating expenses	-472	-336	-1 601	-1 510
Share of net income from joint ventures	-	-	-	-
Depreciation/impairment	-2	-2	-10	-8
Operating profit (EBIT)	25	12	102	91
Net financial items	1	1	4	5
Profit before tax (EBT)	26	14	105	96
Total assets, segment	1 136	957	1 175	1 095
TOTAL CONSTRUCTION				
Revenue	5 846	5 331	24 629	19 795
Operating expenses	-5 657	-5 167	-23 587	-18 981
Share of net income from joint ventures	3	3	16	14
Depreciation/impairment	-76	-69	-295	-217
Operating profit (EBIT)	116	98	763	611
Net financial items	9	9	41	33
Profit before tax (EBT)	125	107	804	644
Total assets, segment	10 816	9 672	10 682	9 651

PROPERTY DEVELOPMENT BY COUNTRY

Figures in NOK million	Q1 2017	Q1 2016	2016	2015
PROPERTY DEVELOPMENT NORWAY				
Revenue	96	34	338	413
Operating expenses	-105	-62	-349	-362
Share of net income from joint ventures	53	32	185	100
Depreciation/impairment	-	-	-	-1
Operating profit (EBIT)	44	3	174	150
Net financial items	-6	4	-25	-4
Profit before tax (EBT)	38	8	149	146
Total assets, segment	3 009	2 092	2 639	2 026
PROPERTY DEVELOPMENT SWEDEN				
Revenue	629	517	2 864	1 712
Operating expenses	-567	-470	-2 478	-1 573
Share of net income from joint ventures	34	-	30	15
Depreciation/impairment	-	-	-1	-1
Operating profit (EBIT)	96	47	416	155
Net financial items	1	1	3	5
Profit before tax (EBT)	97	47	418	159
Total assets, segment	2 593	2 573	2 348	2 338
TOTAL PROPERTY DEVELOPMENT				
Revenue	725	551	3 202	2 126
Operating expenses	-672	-533	-2 827	-1 935
Share of net income from joint ventures	87	32	216	115
Depreciation/impairment	-	-	-1	-1
Operating profit (EBIT)	141	50	589	305
Net financial items	-5	5	-23	1
Profit before tax (EBT)	135	55	567	306
Total assets, segment	5 601	4 667	4 987	4 364

STATEMENT OF CHANGES IN EQUITY

Figures in NOK million	EQUITY HOLDERS OF VEIDEKKE ASA					MINORITY		
	Share capital	Other paid-in capital ¹⁾	Currency translation differences	Other retained earnings	Fair value adjustment ²⁾	Total	Non-controlling interests	Total
Equity at 1 January 2016	67	305	122	2 674	-94	3 073	145	3 218
Profit for the period	-	-	-	-97	-	-97	5	-92
Other comprehensive income	-	-	-27	-	-6	-33	-1	-34
Transactions with non-controlling interests	-	-	-	-20	-	-20	-	-20
Additions, acquisition of operations, non-controlling interests	-	-	-	-	-	-	20	20
Equity at 31 March 2016	67	305	95	2 557	-100	2 923	170	3 092
Equity at 1 January 2017	67	305	24	2 976	-86	3 286	179	3 465
Profit for the period	-	-	-	-49	-	-49	3	-46
Other comprehensive income	-	-	16	-	3	19	-	19
Equity at 31 March 2017	67	305	39	2 927	-82	3 256	182	3 438

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 2017.

NOTE 1. GENERAL INFORMATION

Veidekke is a Scandinavian construction and property development company headquartered in Oslo. The consolidated accounts for Q1 2017 include Veidekke ASA and its subsidiaries and the Group's investments in associates and joint ventures.

At the end of Q1 2017, the Group comprised essentially the same entities as described in the 2016 annual report. The interim financial statements are unaudited.

NOTE 2. ACCOUNTING POLICIES

The Group presents its financial reports in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The quarterly accounts have been prepared in accordance with IAS 34 Interim Financial Reporting and are in line with the Stock Exchange Rules.

The quarterly accounts have been prepared using the same accounting policies as in the annual accounts for 2016.

The interpretation IFRIC 15 deals with the sale of completed residential units and plays a significant role in clarifying the Group's accounting. There are no changes in the accounting treatment of this area compared with previous years. The interpretation clarifies whether an arrangement comes under the scope of construction contracts (IAS 11) or sale of goods (IAS 18). The interpretation also clarifies when revenue and profit from property development projects are recognised in

the accounts. This means that revenue and profit from the sale of completed residential units are recognised when a unit is contractually delivered to the buyer.

In its segment reporting, Veidekke recognises revenue on a percentage of completion basis, by reference to the project's estimated final outcome, stage of completion and sales rate. This is done to provide as correct a picture as possible of current value creation in the area of residential development and to ensure conformity with the Group's internal management reporting.

The interim financial statements do not include all the disclosures required in a full annual report and should therefore be read in connection with the Group's 2016 annual report, which is available online at veidekke.com/en.

NOTE 3. SEGMENT REPORTING

The Group consists of three segments: Construction, Property Development and Industrial. The segment results for Q1 2017 are presented in the table on page 24.

NOTE 4. 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 Q1 2017 are unchanged from those in the 2016 annual report.

NOTE 5. 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 production takes place between May and October, and the majority of the revenues from operations accrue 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.

Figures in NOK million	12-month rolling at 31.03.2017	12-month rolling at 31.03.2016	2016
INDUSTRIAL ¹⁾			
Revenue	4 200	4 039	4 162
Profit before tax	134	158	136
GROUP ¹⁾			
Revenue	30 814	25 359	30 137
Profit before tax	1 536	1 069	1 460

1) The figures are taken from the segment accounts.

NOTE 6. NON-CURRENTS ASSETS

Figures in NOK million	Q1 2017	Q1 2016	2016
PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS			
Carrying amount at start of period	2 651	2 349	2 349
Additions	141	158	718
Additions from business combinations	-	61	118
Depreciation and amortisation	-123	-107	-466
Currency translation differences etc.	4	-11	-36
Disposals of non-current assets	-8	-2	-32
Carrying amount at end of period	2 665	2 448	2 651
Other intangible assets	132	113	136
Land and buildings	561	555	560
Plant and machinery	1 971	1 780	1 954
Carrying amount at end of period	2 665	2 448	2 651

Figures in NOK million	Q1 2017	Q1 2016	2016
GOODWILL			
Carrying amount at start of period	1 248	1 151	1 151
Additions	-	44	140
Impairment	-	-	-
Currency translation differences	6	-12	-42
Disposals	-	-	-
Carrying amount at end of period	1 254	1 183	1 248

NOTE 7. RESIDENTIAL PROJECTS

Figures in NOK million	Q1 2017	Q1 2016	2016
Units under construction	2 684	1 428	2 423
Completed units for sale	35	49	32
Residential sites for development	2 368	2 380	2 410
Non-residential projects	12	28	12
Total residential projects	5 100	3 885	4 877
Residential projects in joint ventures	1 240	1 009	1 155
Units under construction ¹⁾	2 393	1 798	2 422
Sale rate, units under construction ¹⁾	91%	93%	91%
Unsold, completed units ¹⁾	15	24	20

1) Including Veidekke's share in joint ventures.

NOTE 8. ACQUISITIONS, SALES OF OPERATIONS

No businesses were acquired in the first quarter 2017.

NOTE 9. SPECIAL ITEMS

There were no special items in the first quarter 2017.

The figures for Q1 2016 included gains from the sale of Veidekke's shares in the two companies that are the contract partners for the PPP projects Rykkinn School and Jessheim College. The shareholding was reduced from 100% to 50%. PPP (Public-Private Partnership) projects are a collaboration between a public and a private operator on a building construction

project, where a municipality or government agency orders a service, which in this case relates to lease of a school for a period of 25 years. The sale resulted in a gain in the financial statements of NOK 23 million, which was recognised in Q1 2016. The gain was included under the business area "Other operations" and was classified under financial income.

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 2016 Annual Report.

NOTE 11. DIVIDEND

A dividend of NOK 4.5 per share, totalling NOK 602 million, has been adopted for the 2016 financial year. The dividend was adopted by the Annual General Meeting on 10 May 2017 and will be recognised in Q2 2017.

NOTE 12. COVENANTS ASSOCIATED WITH LOAN AGREEMENTS

On 28 October 2015 Veidekke signed a new five-year loan agreement with DNB ASA, with a credit limit of NOK 3.6 billion. This loan matures on 2 November 2020. At 31 March 2017, unutilised borrowing facilities amounted to NOK 3.0 billion.

The following covenants are associated with the loan agreement with DNB Bank ASA:

1. Net interest-bearing debt divided by EBITDA for the previous four quarters shall not exceed 3.5. At 31 March 2017, the ratio was 0.6.
2. The Group's own projects shall not exceed 75% of the Group's book equity. At 31 March 2017, the share of the Group's own projects was 20%.

Definitions:

Net interest-bearing debt is 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.

Share of own projects is the value of started, unsold homes and commercial buildings in projects implemented under the control of the borrower or another Group company, and is calculated based on the expected sales price, albeit no less than cost price.

NOTE 13. EVENTS AFTER THE REPORTING DATE

No events have occurred after the reporting date that would have any significant effect on the submitted accounts.

NOTE 14. DEFERRED REVENUE RECOGNITION IN ACCOUNTING FOR SALES OF COMPLETED HOMES UNDER IFRIC 15

The interpretation IFRIC 15, Agreements for the Construction of Real Estate, does not allow entities to recognise revenues and profit from the sale of completed homes until the property has been contractually delivered to the buyer. In its internal

monitoring, Veidekke recognises revenue for these projects on a percentage of completion basis by reference to the project's estimated final outcome, stage of completion and sales ratio. Segment reporting follows these principles.

EARNED INCOME AND PROFIT FROM RESIDENTIAL PROJECTS UNDER CONSTRUCTION

Figures in NOK million	Q1 2017	Q1 2016
REVENUE		
Accumulated revenue from non-delivered projects at start of period	2 710	1 352
+ Revenue from non-delivered projects during the period	612	496
- Revenue from delivered projects during the period	-355	-129
Net IFRIC 15 adjustments to revenues during the period	257	367
+/- Currency translation differences	32	-34
Accumulated revenue from non-delivered projects at end of period	2 999	1 685

Figures in NOK million	Q1 2017	Q1 2016
PROFIT BEFORE TAX		
Accumulated profit before tax from non-delivered projects at start of period	669	330
+ Profit before tax from non-delivered projects during the period	201	141
- Profit before tax from delivered projects during the period	-85	-42
Net IFRIC 15 adjustments to profit before tax during the period	116	99
+/- Currency translation differences	7	-6
Accumulated profit before tax from non-delivered projects at end of period	792	423

At 31 March 2017, revenues of NOK 2 999 million and profit before tax of NOK 792 million had accrued on sold units under construction. These amounts are recognised as revenue in the segment reporting, but under IFRS are not recognised until the homes are handed over.

NOTE 15. CALCULATION OF RETURN ON CAPITAL INVESTED IN PROPERTY DEVELOPMENT LAST 12 MONTHS

Figures in NOK million	Average invested capital	Profit before tax	At 31.03.2017 Financial costs	Taxes in joint ventures	Return	At 31.03.2016 Return
Norway (NOK)	2 206	179	41	68	13.1%	11.6%
Sweden (SEK)	983	485	6	-	49.9%	20.2%
Denmark (DKK)	118	-2	1	-	-0.4%	0.9%
Currency translation differences	2	-15	-	-	-	-
Total (NOK)	3 308	647	49	68	23.1 %	13.7 %

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

NOTE 16. 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:

$$\frac{\text{Profit before tax + interest expenses} + \text{tax in joint ventures}}{(\text{Opening balance invested capital} + \text{Closing balance invested capital}) / 2}$$

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 have 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 where it is expected that Veidekke will exercise the option. How many units the sites can be converted into is calculated as a best estimate.

INFORMATION ABOUT THE COMPANY

Veidekke ASA

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0214 Oslo

Telephone: +47 21 05 50 00
Website: <http://veidekke.com/en>
E-mail: firmapost@veidekke.no

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:
<http://veidekke.com/en/corporate-governance/>

The Board of Directors consists of:

Martin Mæland (Chair)
Per Otto Dyb (Deputy chair)
Gro Bakstad
Ingalill Berglund
Ann-Christin Andersen
Hans von Uthmann
Odd Andre Olsen, employee representative
Inge Ramsdal, employee representative
Arve Fludal, employee representative

Executive Management consists of:

Arne Giske	President and CEO
Dag Andresen	Executive Vice President, responsible for construction operations in Norway
Jimmy Bengtsson	Executive Vice President, responsible for the Group's operations in Sweden
Jørgen Wiese Porsmyr	Executive Vice President, responsible for Industrial, Property Development Norway and for construction operations in Denmark
Terje Larsen	CFO and Executive Vice President, responsible for Accounting & Finance, IT, Procurement and Strategy
Hege Schøyen Dillner	Executive Vice President, responsible for HR, HSE, Environment and Legal
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:

Second quarter: 17 August 2017
Third quarter: 9 November 2017
Fourth quarter: 8 February 2018

TOGETHER, WE BUILD 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 30 billion, and half of the 7,400 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
