



Q2 2010

“Good results in a demanding market”

Investor Presentation
Thursday, 12 August 2010

www.veidekke.com



Agenda



- Highlights

Terje R. Venold, President & CEO

- Performance of Group and Business Segments

Jørgen W. Porsmyr, CFO

- The Road Ahead

Terje R. Venold, President & CEO

Q2 2010

Good results in a demanding market

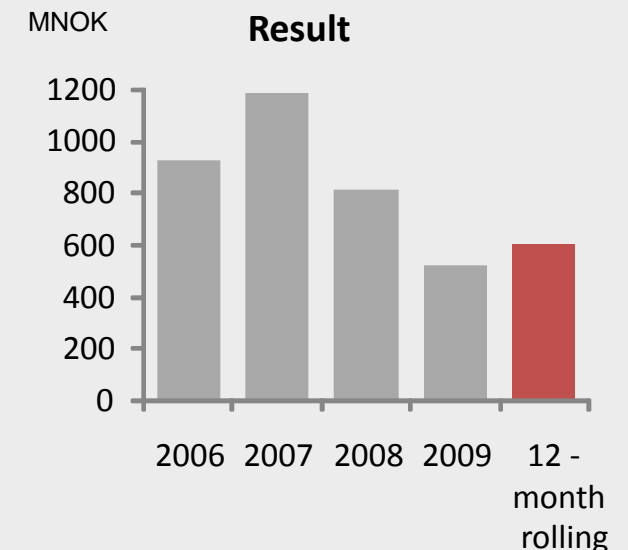


Year to date 2010

- Clear signs of increased activity
 - Higher turnover in construction operations in Q2
 - Improved sales of dwellings leading to an increase in housing production

- Still overcapacity and keen competition in the market

- Capital tied-up in property development
 - Two non-residential properties in Norway sold for a total of MNOK 358
 - Increased working capital as a result of the rising housing production rate



Health, Safety and the Environment

Always at the top of the agenda



Accumulated	Injury rate*		Absence	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009
Norway	4.8	3.8	5.5 %	5.5 %
Sweden	8.0	5.2	3.1 %	2.8 %
Denmark	7.0	6.7	2.5 %	2.1 %
Group	5.4	4.3		

*Injury rate: Number of lost time injuries per million hours worked

- Reduced number of injuries
 - Well below average trade figures (injury rate of 7.5 in Norway)
 - Increased concentration on all injuries and serious undesirable incidents at Veidekke as well as our subcontractors
 - Our target is zero injuries and an absence level of 3%
- Sickness absence levelling off
 - Better than average trade figures (6.2% in Norway)
 - Absence too high, especially in Norway
 - Sharper focus on life style and general health issues
- HSE is a prerequisite for long-term value creation

Highlights Q2

- **Construction: Growth in turnover**
 - Turnover up by 7% compared with same quarter last year. First quarter to show growth in turnover since Q3 2008
 - Stable and good order book
 - 3.3% profit margin (4.5%)
 - Lower margin in Norway, but improvements in Sweden and Denmark

- **Property development: Increased activity and better results**
 - 614 housing units under production, against 311 at year end
 - 159 units sold in Q2, against a total of 430 housing units in 2009

- **Industry: Somewhat lower profit margin**
 - 5.6% profit margin (7.3%)
 - Weak private sector pulling results down

Q2 2010 against Q2 2009

Change in earnings before tax



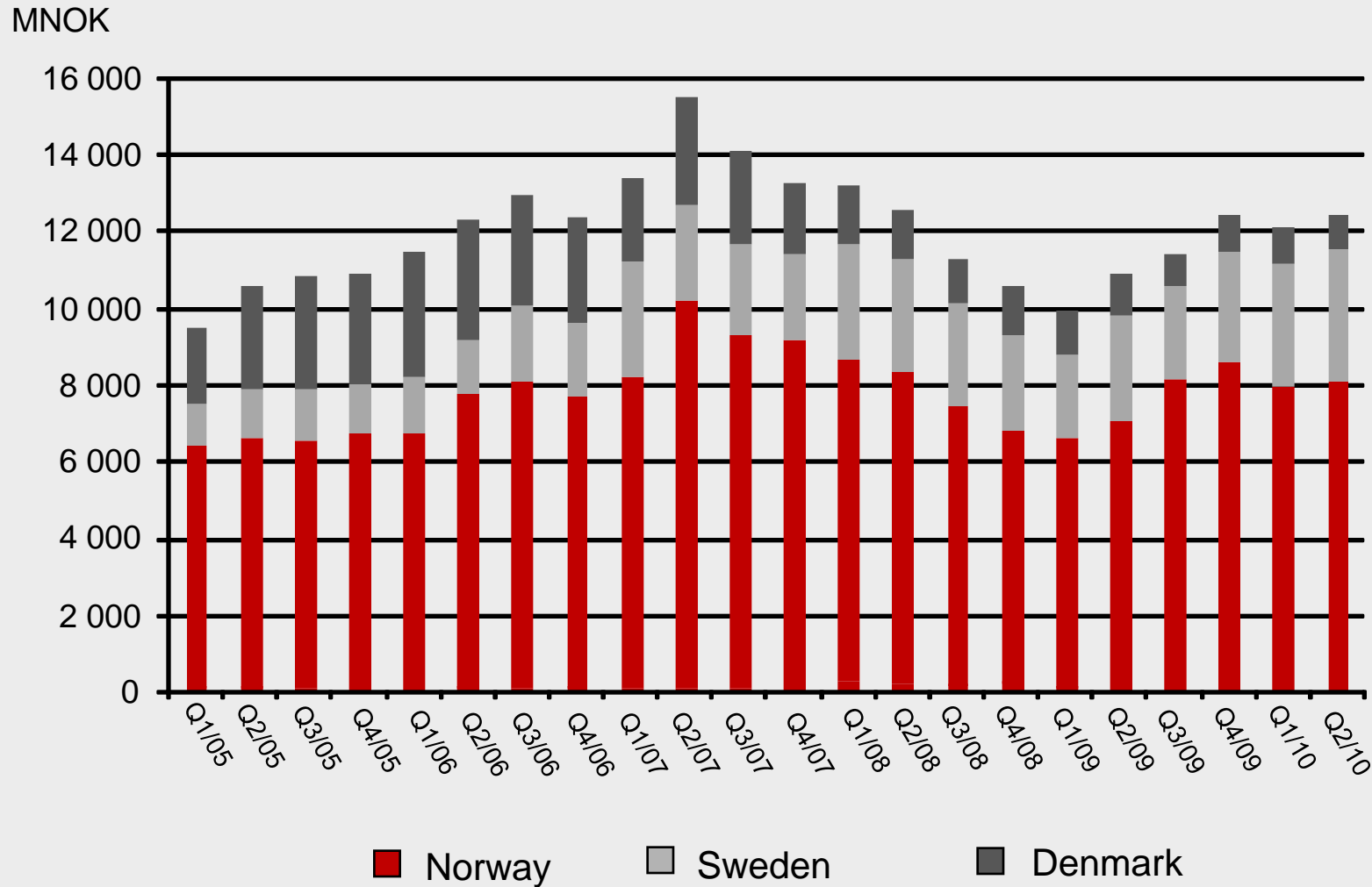
Business Segments Q2



<i>Figures in MNOK</i>	Q2 2010			Q2 2009		
	Operating revenues	EBT	Margin	Operating revenues	EBT	Margin
Construction, Norway	2 258.6	87.3	3.9%	2 056.8	122.8	6.0%
Construction Sweden	693.3	13.9	2.0%	631.5	8.2	1.3%
Construction, Denmark	342.3	8.6	2.5%	399.8	8.8	2.2%
Total construction	3 294.2	109.8	3.3%	3 088.1	139.8	4.5%
Property development, Norway	119.4	10.5	8.8%	133.7	0.8	0.6%
Property development, Sweden	186.3	4.9	2.6%	101.3	11.6	11.5%
Property development, Denmark	0.0	-2.4	-	1.2	-9.9	-
Total property development	305.7	13.0	4.3%	236.2	2.5	1.1%
Veidekke Industry	849.2	47.6	5.6%	876.2	63.6	7.3%
Other operations	-121.6	-7.1	-	-14.3	-1.4	-
Total	4 327.4	163.3	3.8%	4 186.2	204.5	4.9%

Construction operations

Slight increase in backlog



Q2 2010:

- Satisfactory number of new orders for smaller and medium-sized building projects
- Record high volume of orders-on-hand in Sweden, MNOK 3 447

Construction operations

Examples of new contracts in Q2



Norway:

Knowledge Centre at St. Olav's Hospital in Trondheim	MNOK 305
New stretch of E39 between Torvund and Teigen in Høyanger	MNOK 211
New route for rural road 7 from Øystese to Nes in Hardanger	MNOK 112

Sweden:

Road project in Stockholm	MSEK 292
New housing project in Stockholm	MSEK 239
Refurbishing of tax collectors' offices in Gothenburg	MSEK 67
New housing project, Korallen, for Veidekke Bostad	MSEK 48

Denmark

Birkebo nursing centre in Horsens	MDKK 31
Gentofte skating arena in Gentofte	MDKK 23
Ørnegårdsvej road project in Gentofte	MDKK 19
Hanstholm Havn, harbour facilities in Jutland	MDKK 13

Results Q2



Kirsti Flatabø is a qualified concrete worker. Pictured here at the Årvollbrinken housing project.

In accordance with IFRIC 15

Income statement



Q2 2009	Q2 2010	<i>Figures in MNOK</i>	1 January – 30 June 2010	1 January – 30 June 2009
4 413.8	4 189.9	Operating revenues	7 300.5	7 771.5
-4 085.2	-3 976.4	Operating expenses	-7 027.0	-7 459.4
-80.7	-86.7	Ordinary depreciation	-171.5	-161.2
247.9	126.8	Operating profit (EBIT)	102.0	150.9
0.7	4.3	Profit, associated companies	2.7	-8.8
24.7	8.7	Net financial items	6.2	-6.6
273.3	139.8	Earnings before tax (EBT)	110.9	135.5
-46.7	-35.0	Tax	-27.7	-20.5
226.6	104.8	Profit for the year	83.2	115.0
0.9	1.8	Of which, minorities	2.1	1.6
225.7	103.1	Net profit for the year	81.1	113.4
1.6	0.8	Earnings per share (NOK)	0.6	0.8
204.5	163.3	Earnings before tax, segment account	149.1	71.0

In accordance with IFRIC 15

Balance sheet - Assets



<i>Figures in MNOK</i>	30 June 2010	30 June 2009	31 Dec. 2009
Goodwill and intangible assets	553.1	560.9	549.7
Buildings/land	512.9	581.7	510.5
Machinery, etc.	1 232.1	1 244.7	1 206.2
Investments in associated companies	637.4	543.2	637.7
Deferred tax asset	79.3	35.9	79.3
Financial items	336.2	307.6	317.1
Total fixed assets	3 351.0	3 274.0	3 300.5
Non-residential and residential projects (sites included)	1 910.9	1 968.0	1 909.2
Inventories	365.6	293.9	265.9
Debtors	3 128.4	3 221.3	2 240.5
Cash and cash equivalents	158.7	218.2	144.1
Total current assets	5 563.6	5 701.4	4 559.7
Total assets	8 914.6	8 975.4	7 860.2

In accordance with IFRIC 15

Balance sheet – Equity and liabilities



<i>Figures in MNOK</i>	30 June 2010	30 June 2009	31 Dec. 2009
Equity	1 722.5	1 687.5	2 021.7
Pension commitments and deferred tax	321.0	332.5	424.0
Debt to credit-issuing institutions	1 306.3	872.3	306.7
Creditors, guarantee funds	3 753.6	3 921.5	3 336.3
Unpaid government charges	393.8	218.8	309.7
Other liabilities	1 417.4	1 690.2	1 771.5
Total liabilities	7 192.1	7 287.9	5 838.5
Total equity and liabilities	8 914.6	8 975.4	7 860.2
Net interest-bearing position	-877.0	-905.4	101.4
Equity ratio (%)	19.3	18.8	25.7

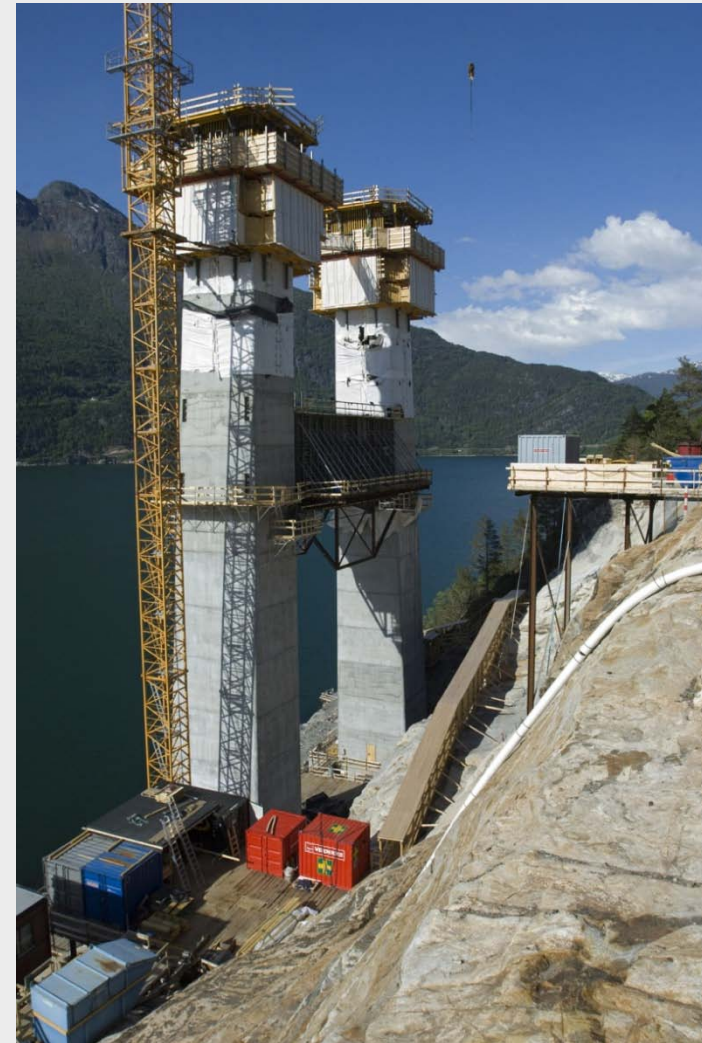
In accordance with IFRIC 15

Cash flows 1 January – 30 June 2010



<i>Figures in MNOK</i>	Construction/ Other operations	Property development	Industry	Group
Earnings before tax	188.0	2.3	-79.4	110.9
Depreciation	81.6	3.6	86.3	171.5
Other working capital, etc.	-503.5	-21.3	-182.2	-707.0
Cash flow from operating activities	-233.9	-15.4	-175.3	-424.6
Purchase/sale of tangible non-current assets	-65.1	-0.1	-121.0	-186.2
Other investing activities	-12.7	-5.4	-9.8	-27.9
Cash flow from investing activities	-77.8	-5.5	-130.8	-214.1
Dividend paid	-334.3			-334.3
Other items	2.3	-7.3	-0.4	-5.4
Cash flow from financing activities	-332.0	-7.3	-0.4	-339.7
Change net interest-bearing position	-643.7	-28.2	-306.5	-978.4
Capital invested at 30 June 2010	-527	2 229	1 327	3 029

Business Segments



The Hardanger Bridge

Construction, Norway

Higher turnover, but pressure on margins



- Increased activity
 - Turnover up by 10%, driven by heavy construction projects
- Lower margins
 - 2009 results positively affected by contracts with good and increasing margins
 - In 2010, production is mainly based on contracts won in a more demanding market, and suppliers' prices are levelling off
- Somewhat higher number of new orders in Q2
 - Small and medium-sized building projects

<i>Figures in MNOK</i>	Q2 2010	Q2 2009	Year 2009
Operating revenues	2 258.6	2 056.8	8 121.4
Operating expenses	-2 154.1	-1 924.8	-7 549.6
Depreciation	-27.6	-27.2	-118.5
Operating profit (EBIT)	76.9	104.8	453.3
Profit, associated companies	-	-	1.3
Net financial items	10.4	18.0	69.1
Earnings before tax (EBT)	87.3	122.8	523.7
Profit margin (%)	3.9	6.0	6.4



Bjørneparken Shopping Centre, Flå

Construction, Sweden

Improved results



- Margin 2.0% (1.3%)
 - Continued strong margins in building operations in Region Stockholm
 - Improved margins in heavy construction
 - Improvement in Region West
- Increased activity
 - Turnover up by 10%
 - Still little activity in Region West and in Region Skåne
- Record high backlog
 - Good heavy construction market
 - Improved housing market

<i>Figures in MNOK</i>	Q2 2010	Q2 2009	Year 2009
Operating revenues	693.3	631.5	2 355.0
Operating expenses	-672.6	-617.9	-2 299.4
Depreciation	-6.7	-5.5	-22.3
Operating profit (EBIT)	13.9	8.1	33.3
Profit, associated companies	0.1	-	-
Net financial items	-0.1	0.1	3.1
Earnings before tax (EBT)	13.9	8.2	36.4

Profit margin (%)	2.0	1.3	1.5
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Hotel Gothia Towers, Gothenburg

Construction, Denmark

Good operations



- Stable, good results
 - Profit margin 2.5% (2.2%)
 - Good results on projects
- Turnover down by 14% (5% in DKK) against Q2 2009
 - Cost adjustments successfully implemented in step with reductions in turnover
- Demanding order situation
 - Maintained margin requirement
 - Still keen competition and tough market conditions

<i>Figures in MNOK</i>	Q2 2010	Q2 2009	Year 2009
Operating revenues	342.3	399.8	1 618.5
Operating expenses	-333.1	-395.5	-1 578.3
Depreciation	-2.0	-2.5	-9.7
Operating profit (EBIT)	7.2	1.8	30.5
Profit, associated companies	-	-	1.4
Net financial items	1.4	7.0	13.7
Earnings before tax (EBT)	8.6	8.8	45.6

Profit margin (%)	2.5	2.2	2.8
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Pumping station in Taastrup, Denmark

Industry Weaker than expected



- Weaker results in asphalt operations
 - Decreasing private sector market
 - After-effects of a strong winter and delayed start of season

- Other business segments
 - Stable results in Aggregates (gravel and crushed stone)
 - Slightly better results in Recycling
 - Weak result in Road Maintenance - MNOK 9.1

<i>Figures in MNOK</i>	Q2 2010	Q2 2009	Year 2009
Operating revenues	849.2	876.2	2 968.0
Operating expenses	-753.5	-764.8	-2 777.3
Depreciation	-44.7	-38.7	-162.4
Operating profit (EBIT)	51.0	72.7	28.3
Profit, associated companies	3.1	-	10.5
Net financial items	-6.5	-9.1	-31.7
Earnings before tax (EBT)	47.6	63.6	7.1

Profit margin (%)	5.6	7.3	0.2
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Road maintenance in Åsgårdstrand

Property development, Scandinavia

Increasing activity



- Improved result
 - Result still marked by low activity and projects at an early production stage
 - 614 housing units under production
- A number of new projects started
 - 233 (30) housing units in Q2
 - 384 (75) housing units in first half of year
 - 400-500 housing starts planned for 2010
- Increasing sales
 - “Family” segment is the best

<i>Figures in MNOK</i>	Q2 2010	Q2 2009	Year 2009
Operating revenues	305.7	236.2	711.2
Operating expenses	-290.6	-218.3	-726.7
Depreciation	-1.9	-2.4	-6.2
Operating profit (EBIT)	13.2	15.5	-21.7
Profit, associated companies	3.9	1.3	2.9
Net financial items	-4.1	-14.3	-55.1
Earnings before tax (EBT)	13.0	2.5	-73.9

Capital invested	2 229	2 374	2 219
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Årvollbrinken housing project in Oslo

Property development, Scandinavia

Housing sales



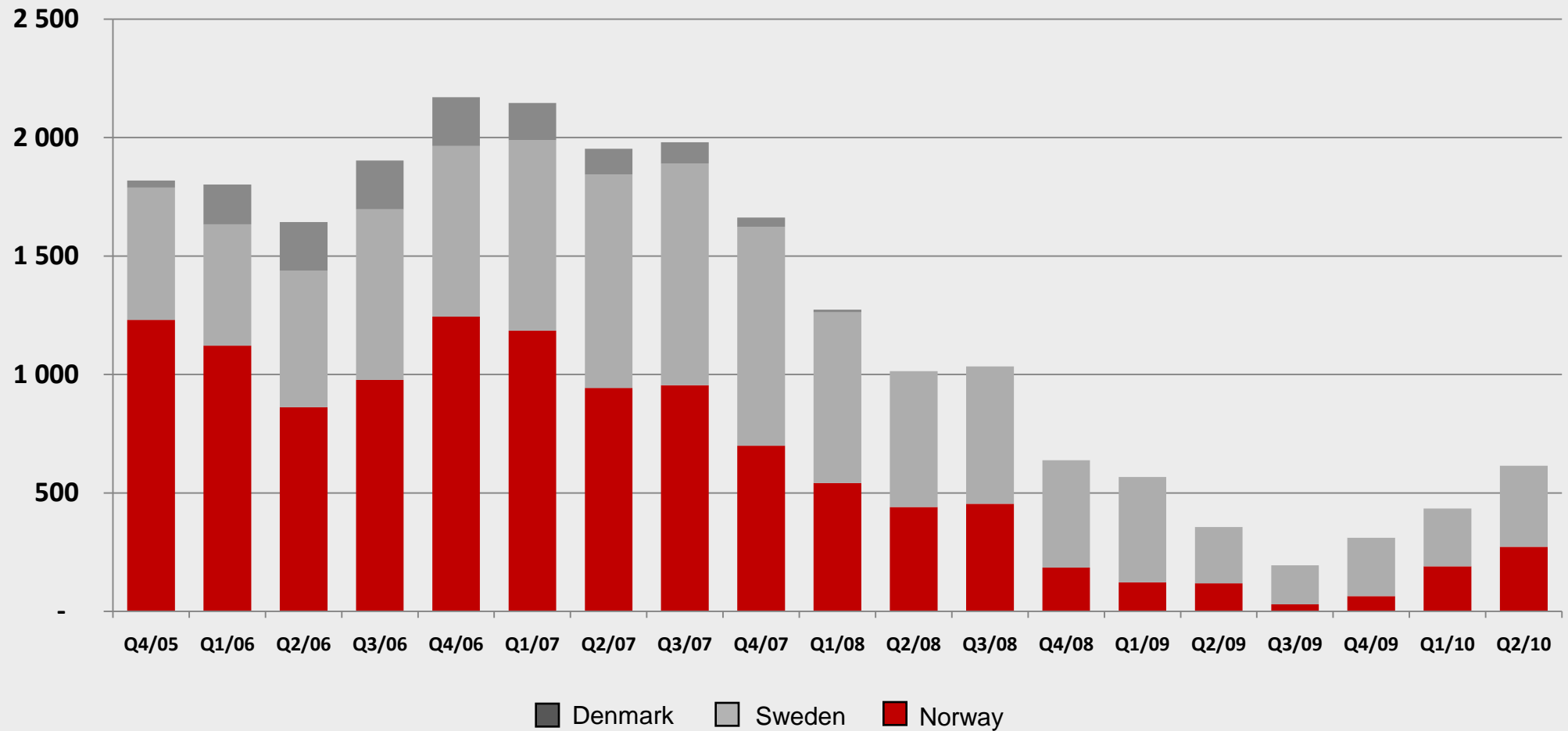
	Norway	Sweden	Denmark	Total
2007	289	699	5	993
<i>Average in quarter</i>	72	175	1	248
2008	41	86	3	130
<i>Average in quarter</i>	10	21	1	32
2009	215	215	0	430
<i>Average in quarter</i>	54	54	0	108
2010 - Q1	68	39	0	107
2010 - Q2	78	81	0	159

Property development, Scandinavia

Housing units under production



No. of units
Veidekke's share



Property development, Scandinavia

Housing units in production – deliveries in 2010



Units in production in Q2	614
Start-up prognosis in second half of year	500
Deliveries in second half of 2010	185
Prognosis for units in production at 31 December 2010	900 -1 000

Approximately 25 projects,
50/50 Norway/Sweden

- 50% for delivery in 2011
- 50% for delivery in 2012

Property development, Scandinavia

Veidekke's land bank



No. of units	Direct acquisitions	Buying options	Total
Norway	2 700	800	3 500
Sweden	1 100	3 400	4 500
Total	3 800	4 200	8 000

Estimated availability for sale:

No. of units	Ready for sale				Total
	2010	2011	2012	Later	
Norway	400	500	600	2 000	3 500
Sweden	500	500	1 200	2 300	4 500
Total	900	1 000	1 800	4 300	8 000

Property development, Scandinavia

Capital tied-up at 30 June



Prop. dev., Scandinavia Assets (MNOK)				Total	Total
	Norway	Sweden	Denmark	30 June 2010	31 March 2010
Investments in ass. companies	376	108		484	478
Non-residential properties	244	43		287	577
Residential properties	798	367	211	1 376	1 243
Unsold completed dwellings	130		40	170	149
Other assets	86	295	14	395	416
Total assets	1 634	813	265	2 712	2 863
Capital invested	1 373	601	255	2 229	2 362

Q2 highlights

- Larger share of capital tied up in housing projects due to increased activity
- Two non-residential properties in Norway sold for a total of MNOK 358
 - No significant effect on results
- No major land acquisitions in the quarter

The Road Ahead

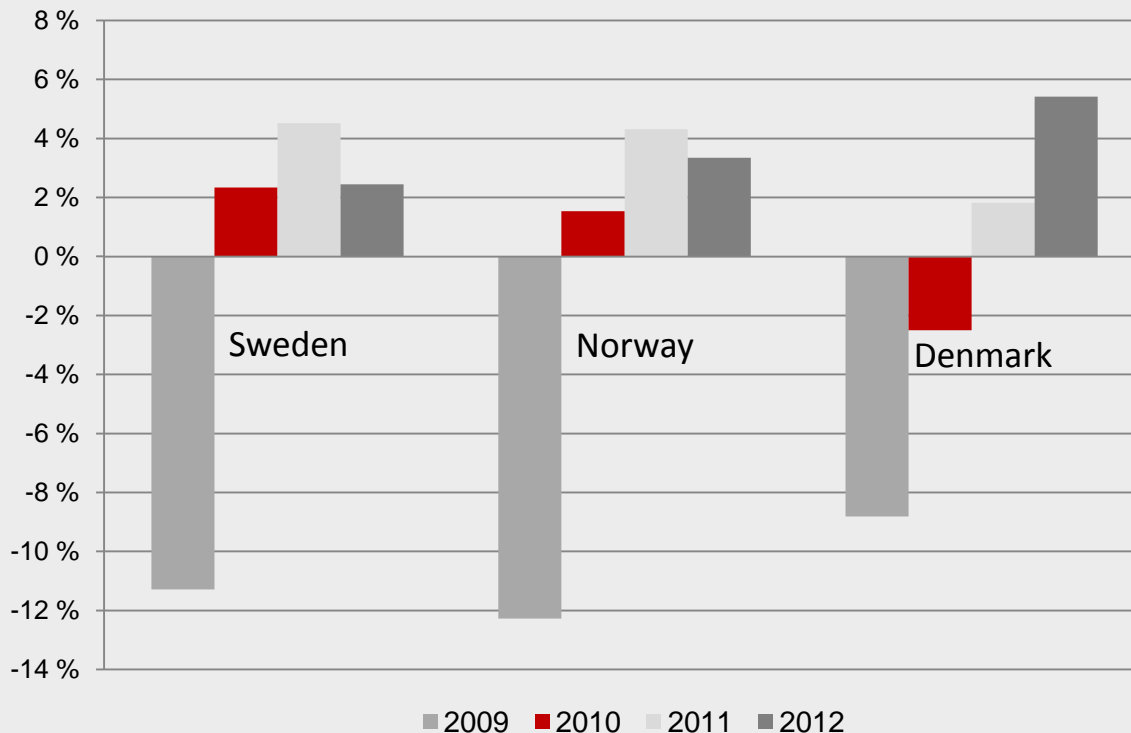


Building and construction market in Scandinavia

Better prospects ahead



Real growth in production, building and construction since last year



Norway:

- Market up by 4% in 2011
 - Growth in housing market will continue in 2011
 - Decline in non-residential building will stop
 - Continued growth in public road and railway investments

Sweden:

- Better prospects in 2010 and 2011
 - Housing investments will increase by 10% in 2011
 - Private non-residential building up by 9% in 2011 from a low level
 - Continued growth in heavy construction, up by 3% in 2011

Denmark:

- Prospects of new growth from 2011
 - Housing market will pick up from a low level
 - Non-residential building driven upward by public sector projects
 - Further growth in heavy construction

Veidekke in the next few years

- Based on today's business activities, the company's turnover should amount to BNOK 20 in a "normal" year with a profit margin of 5%
 - Our long-term profit targets are firm:
 - 5% profit margin in Construction
 - 6.5% profit margin in Industry
 - 15% return on capital invested in Property
 - More possibilities than challenges
 - Veidekke has handled this financial crisis better than earlier crises
 - We have maintained the calm in the organisation
 - We have continued to work on improvement processes
 - We have maintained and strengthened our relations with key customers
- 
- We have brighter prospects, we are more optimistic and we are well prepared for further development

To sum up...

- Profit of MNOK 163 before tax in Q2
 - Good result in a demanding market
 - Clear signs of recovery in the construction segment
 - Higher turnover and improved results in the property development segment

- Veidekke has good development potential based on:
 - Profitability before growth
 - Strong risk management and control
 - Decentralised organisation
 - Employee involvement
 - Employees' co-ownership

Financial Calendar

- Presentation of new Economic Activity Report:
Monday, 20 September
- Presentation of Q3 results:
Thursday, 4 November

Appendices



Business segments first half of year

<i>Figures in MNOK</i>	First half 2010			First half 2009		
	Operating revenues	EBT	Margin	Operating revenues	EBT	Margin
Construction, Norway	4 290.9	208.9	4.9%	4 049.0	207.7	5.1%
Construction, Sweden	1 173.1	25.7	2.2%	1 183.3	17.3	1.5%
Construction, Denmark	616.9	14.4	2.3%	798.1	16.8	2.1%
Total construction	6 080.9	249.0	4.1%	6 030.4	241.8	4.0%
Property development, Norway	216.5	11.2	5.2%	199.0	-35.8	-18.0%
Property development, Sweden	223.4	-4.2	-1.9%	178.9	18.5	10.3%
Property development, Denmark	0.1	-4.7	-	2.2	-18.4	-
Total property development	440.0	2.3	0.5%	380.1	-35.7	-9.4%
Veidekke Industry	1 101.5	-79.4	-7.2%	1 151.1	-116.0	-10.1%
Other operations	-147.0	-22.8	-	-50.1	-19.1	-
Total	7 475.3	149.1	2.0%	7 511.5	71.0	0.9%

Backlog of orders



<i>Figures in MNOK</i>	30 June 2010	31 Dec. 2009	30 June 2009	Change past 12 months
Norway	8 054	8 581	7 035	14%
Sweden	3 447	2 764	2 617	32%
Denmark	907	978	1 137	-20%
Other operations	-61	11	50	-
Total backlog	12 347	12 334	10 839	14%

Largest ongoing projects

Project	Type	Contract value
Norway:		
Økern project	Communication/infra tructure	MNOK 1 473
Gulskogen Senter	Shopping centre	MNOK 850
Sky-Langangen	Highway	MNOK 648
Sørlandssenteret	Shopping centre	MNOK 610
FMC Kongsberg	Office building	MNOK 520
E6 Boksrud - Minnesund	Highway	MNOK 392
Dobbeltspor Lysaker – Sandvika (LS01/LS02)	Railway projects	MNOK 388
Nydalen Videregående Skole	School	MNOK 340
Hardangerbrua	Communication/infrastructure	MNOK 335
Vossapakko	Communication/infrastructure	MNOK 303
Sweden:		
Norra Länken 33/34	Tunnel projects	MSEK 1 143
Tvärbanan	Infrastructure	MSEK 470
E210 Rinkeby	Infrastructure	MSEK 330
Kv. Bocken	Office building	MSEK 310
Hjulstaleden E120	Renovation	MSEK 292
Agnesberg-Marieholm E13	Railway project	MSEK 255
Elektronen	Dwellings	MSEK 239
Denmark:		
AAB/AB Silkeborg	Renovation	MDKK 325
Glostrup Storcenter	Shopping centre	MDKK 219
Thors Bakke	Housing for the elderly	MDKK 157
Dr. Ingrids Hjem	Retirement centre	MDKK 118
Tagensbo Skole	School	MDKK 107

IFRIC 15

Financial key figures



	Q2 2010	Q2 2009	2009	2008
Equity (MNOK)				
Investments	138	95	436	714
Net-interest bearing items	-877	-905	101	-260
Equity	1 723	1 688	2 022	1 973
Equity ratio (%)	19.3	18.8	25.7	21.5
Profitability (%)				
Operating profit margin	3.0	5.6	3.7	4.8
Profit margin	3.3	6.2	3.9	5.0
Return on equity	5.6	12.4	25.5	36.9
Shares				
Earnings per share (NOK)	0.8	1.6	3.7	5.8
Share price (NOK)	39.0	31.6	49.8	22.3
Market price (MNOK)	5 124	4 225	6 659	2 982
Outstanding shares (average no. in millions)	133.7	133.7	133.7	135.2

Reconciliation of results, Q2 and first half-year



<i>Figures in MNOK</i>	Q2 2010		Q2 2009		Year 2009	
	Revenues	EBT	Revenues	EBT	Revenues	EBT
Segment reporting	4 327.4	163.3	4 186.2	204.5	15 558.0	523.1
Effect of IFRIC 15 Property Development	-137.5	-13.3	227.6	67.1	365.4	88.2
Effect of IFRIC 15 Construction		-10.2		1.7	-	17.1
Financial accounts	4 189.9	139.8	4 413.8	273.3	15 923.4	628.4

<i>Figures in MNOK</i>	First half 2010		First half 2009		Year 2009	
	Revenues	EBT	Revenues	EBT	Revenues	EBT
Segment reporting	7 475.2	149.1	7 511.5	71.0	15 558.0	523.1
Effect of IFRIC 15 Property Development	-174.8	-25.0	260	66.4	365.4	88.2
Effect of IFRIC 15 Construction		-13.2		-1.9	-	17.1
Financial accounts	7 300.4	110.9	7 771.5	135.5	15 923.4	628.4

Property development, Scandinavia

Housing portfolio



Property Housing portfolio	In prod. 31 Dec 2009	Completed Q1 2010	Start-ups Q1 2010	In prod. 31 March 2010	Completed Q2 2010	Start-ups Q 2010	In prod. 30 June 2010
Production - number of units							
Norway	63		127	190	-16	98	272
Sweden	247	-27	24	244	-37	135	342
Total in production	310	-27	151	434	-53	233	614
Of which sold							
Norway	60			136			185
Sweden	232			236			292
Total sold in production	292			372			477
Sales ratio %	94 %			86 %			78 %
Completed, unsold units							
Norway	91			75			65
Sweden	-			-			-
Denmark	17			17			17
Total completed unsold units	108			92			82
Projects under construction							
Norway	4		5	9	-2	5	12
Sweden	9	-2	-	7	-1	4	10
Total projects in production	13	-2	5	16	-3	9	22

Property development, Scandinavia

Unsold apartments



	No. of unsold units at 31 Dec. 2008	No. of unsold units at 31 Dec. 2009	No. of unsold units at 30 June 2010	Original sales price MNOK	Market value MNOK	Book value MNOK	Number of units rented out
In production	101	19	138	390	390	319	-
Completed	130	108	82	213	194	170	60
Total	231	127	220	603	584	489	60

- Valuation of each apartment based on own and external assessments
- Apartment sales have taken place at market value
- Majority of unsold, completed apartments have been rented out

IFRIC 15

Main principles



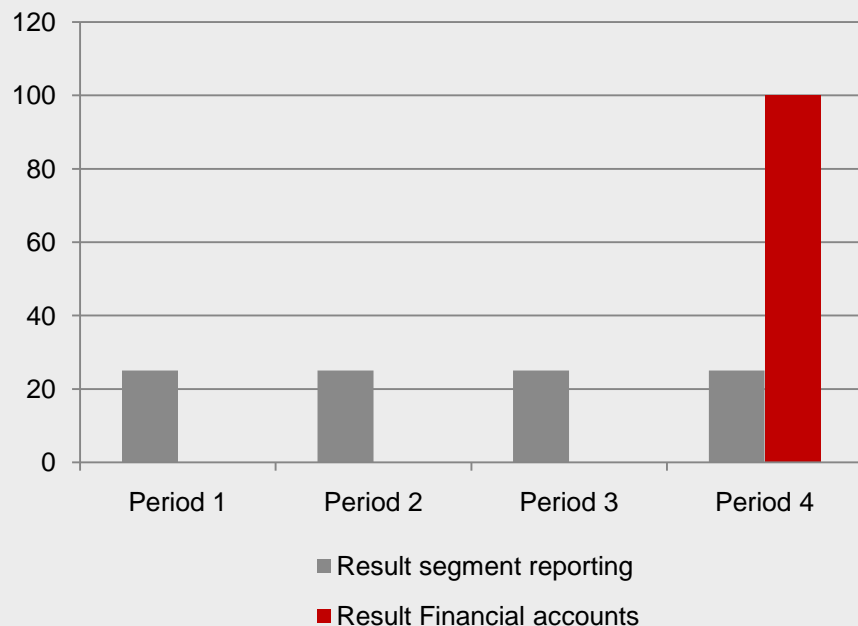
- We implement the principles in the financial accounts only
 - Residential projects are recognised on the income statement upon delivery

- All important management parameters for the property development segment remain unchanged
 - Project contribution, cash flow and risk assessment

- Segment reporting as before
 - To provide the best possible picture of current value creation when reporting domestically and to the financial market
 - Project contribution margin as at (date) =
Final contribution margin x sales rate x production rate

IFRIC 15

Delayed recognition in Financial Accounts



- Projects will be recognised earlier in the segment reporting than in the financial accounts
 - Normal project period 1.5 years
- Timing differences in revenue recognition through the business cycle
 - Increased activity: segment reporting > Financial accounts
 - Decreased activity: segment reporting < Financial accounts