AF Group – 2nd quarter 2011

August 26th, 2011

Nøkkeland school

Highlights

Good result and all time high order backlog

- Earnings before tax (EBT)
  Q2: NOK 81 million (82)
  YTD: NOK 142 million (173)

- Good cash flow from operations
  Q2: NOK 200 million (83)
  YTD: NOK 267 million (167)

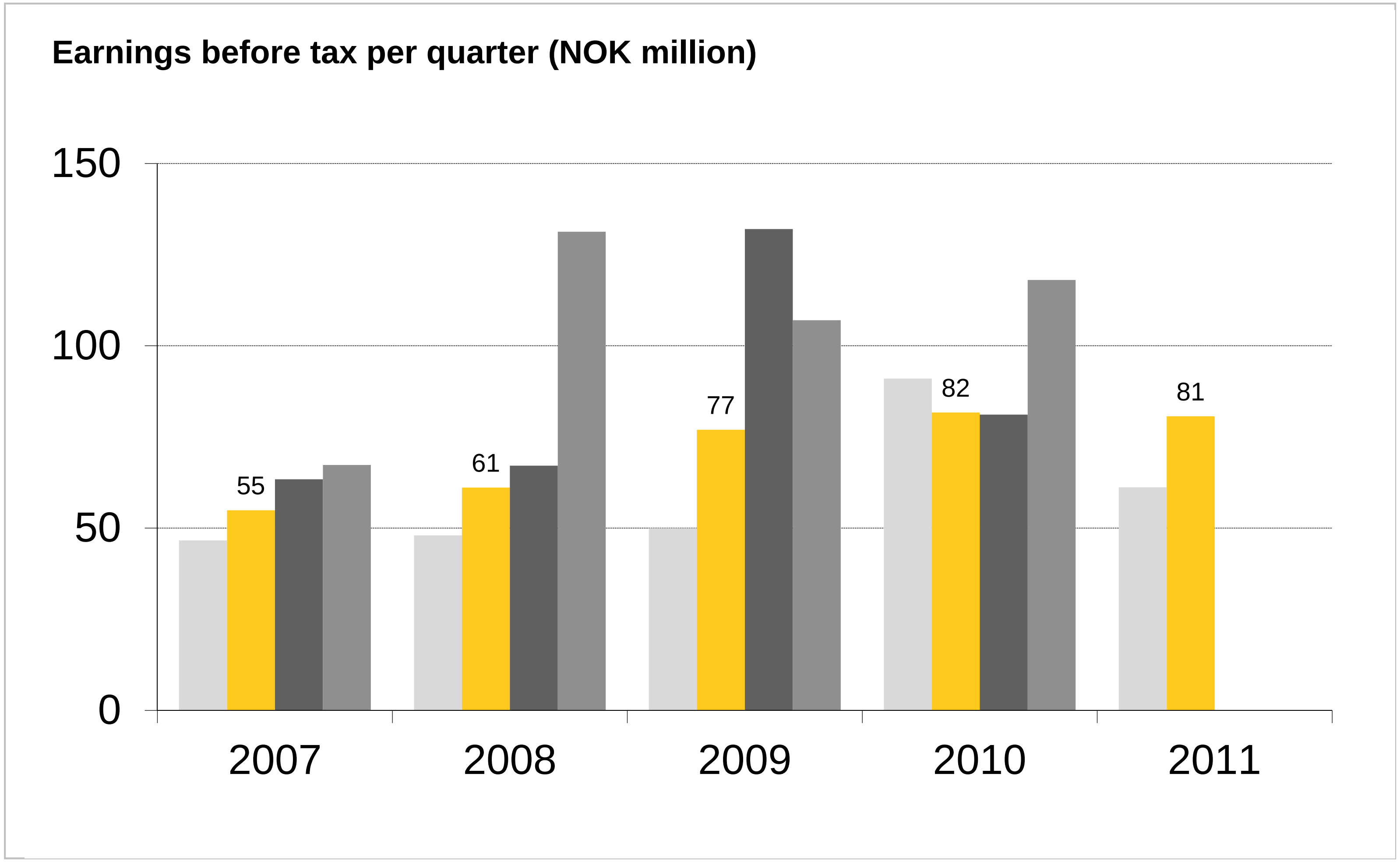
- Net interest bearing receivables
  NOK 634 million (189)

- Return on capital employed
  32.6 % (40.4 %)

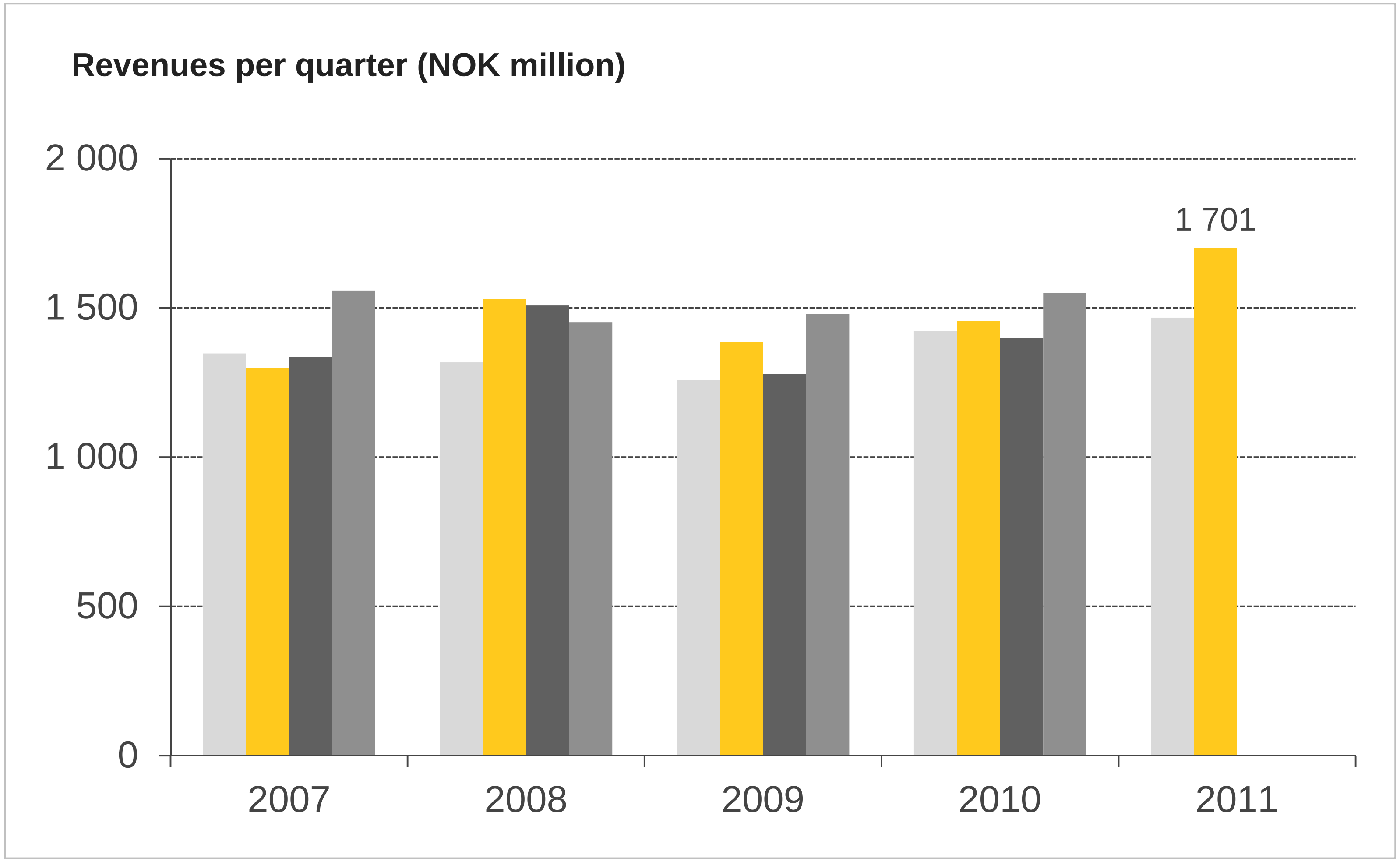
- All time high order backlog
  NOK 9,115 million (6,561)

NOK million	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Revenues	1,701	1,456	3,168	2,879
EBIT	78	80	135	166
EBT	81	82	142	173
EBIT %	4.6 %	5.5 %	4.2 %	5.8 %
EBT %	4.7 %	5.6 %	4.5 %	6.0 %

Earnings before tax

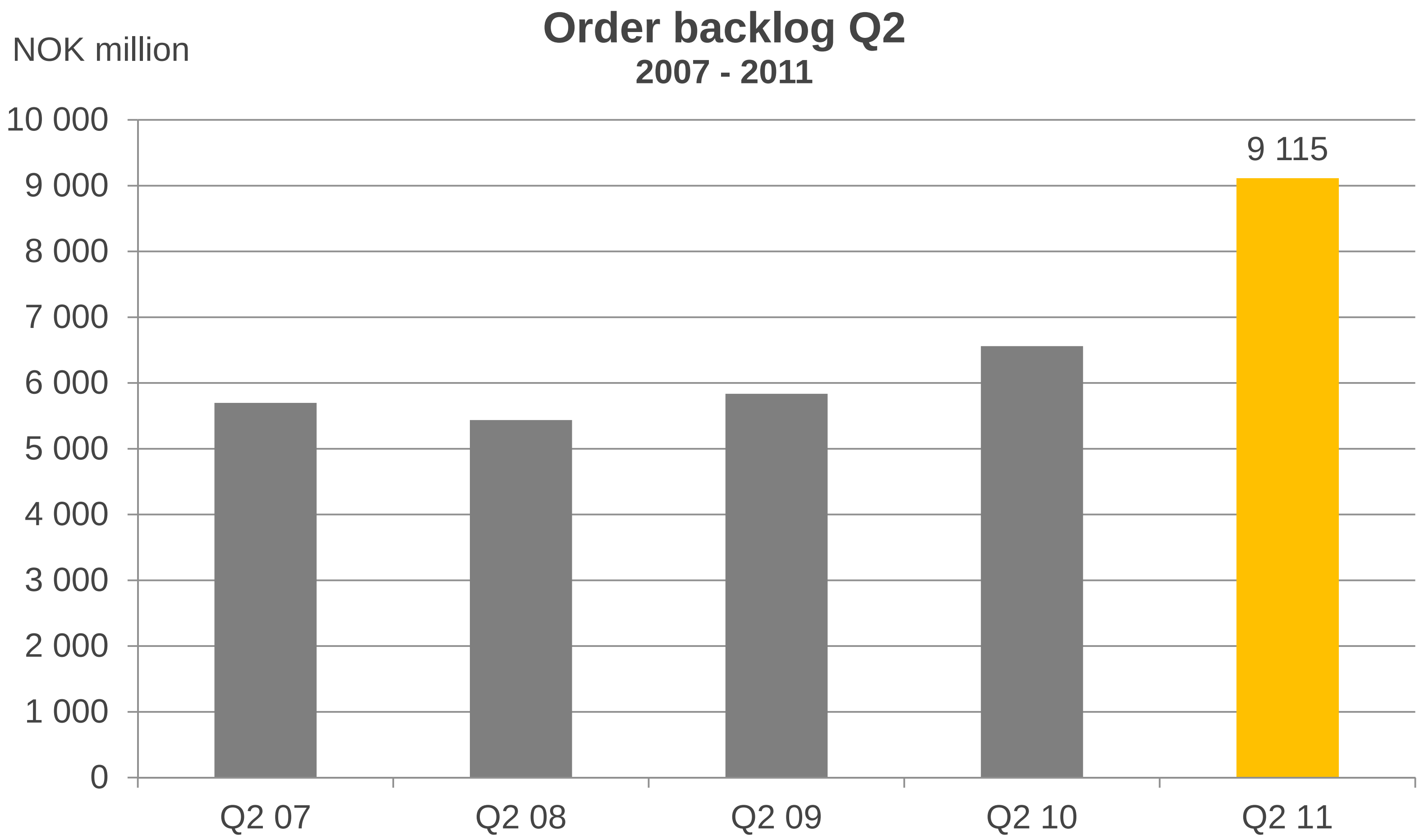


Revenues



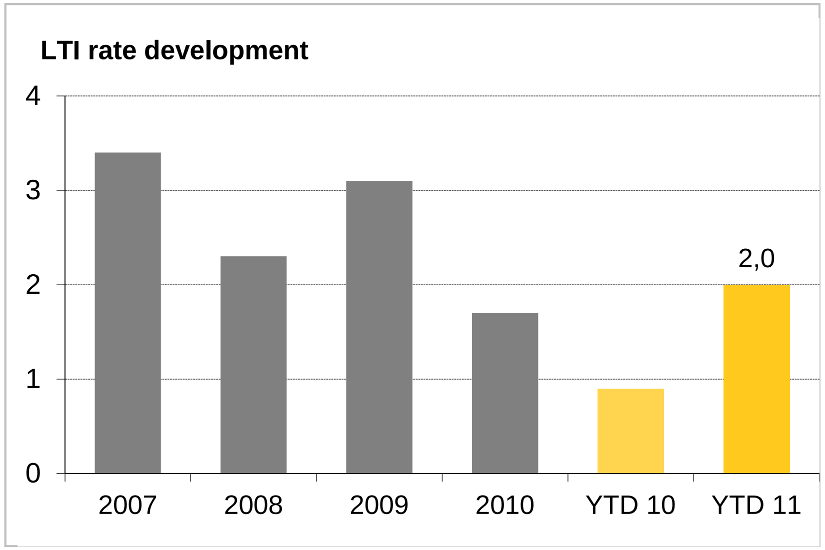
Revenues per quarter (NOK million)
2 000
1 500
1 000
500
0
1 701
2007
2008
2009
2010
2011

Order backlog development

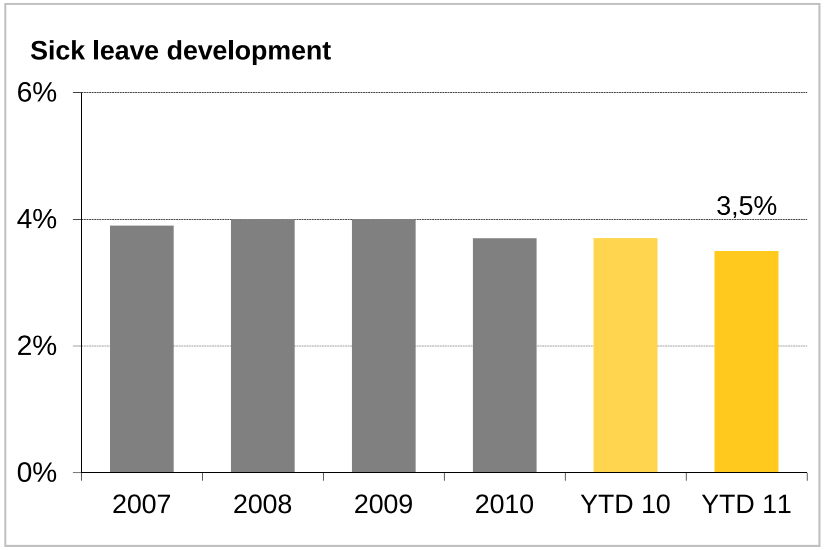


Health, safety and the environment

LTI rate*



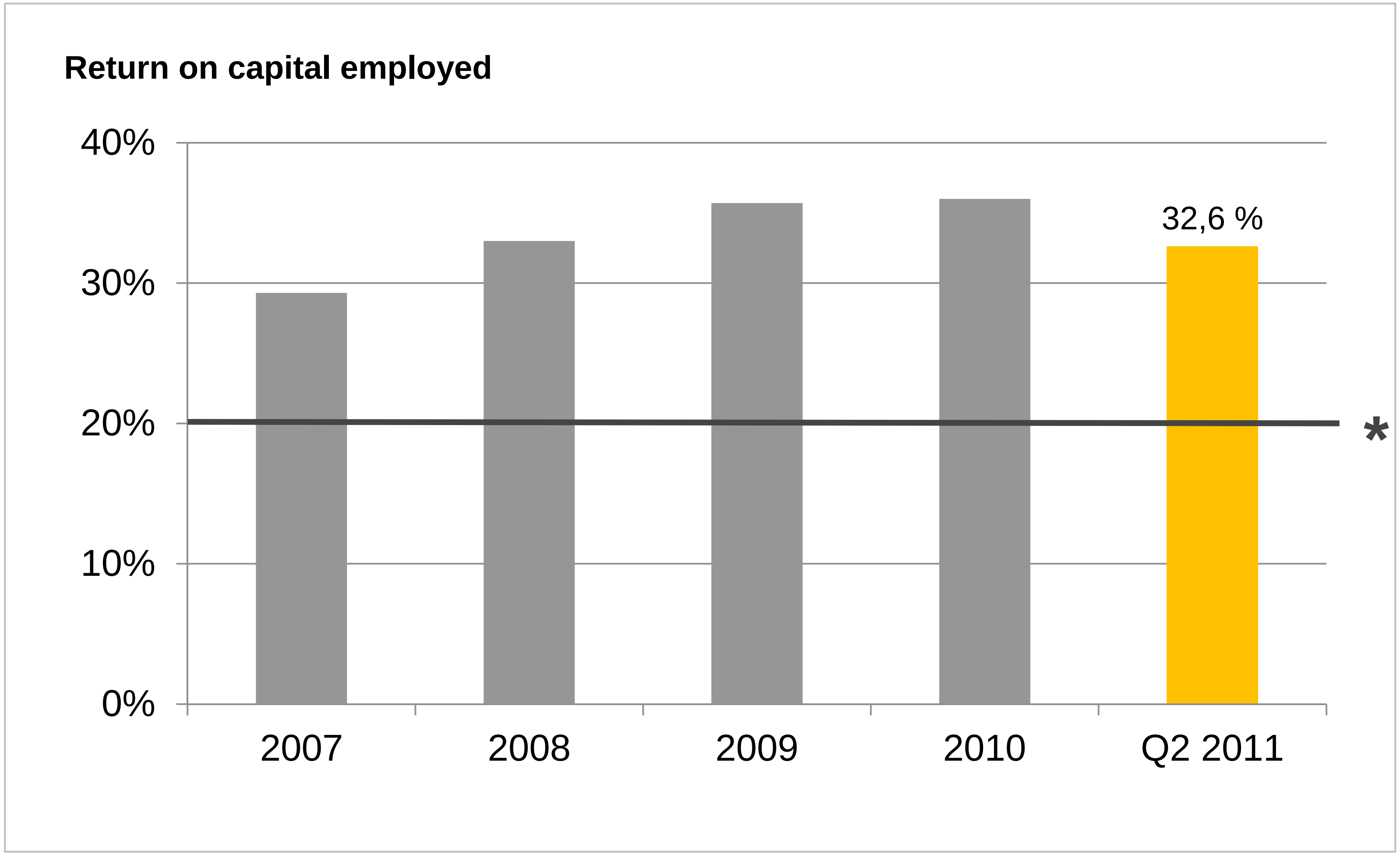
Sick leave



* Lost time to injuries (LTI): Number of injuries resulting in absence per million man-hours in the Norwegian part of the AF Group. AF includes all subcontractors in the calculation basis for the LTI rate.

Return on capital employed

(12 month rolling average)



*AF's target is to achieve a return on capital employed above 20 %.

Business areas

Civil Engineering

Good operational performance

- Good operational performance and high order backlog in AF Anlegg.
- The Swedish unit, Pålplintar, has a good market position and a steady inflow of projects.
- There are some issues in part of the harbour portfolio of AF Offshore & Civil Construction.
- Signed 5-year agreement with SNSG for transport, plant and maintenance services in Svea at Svalbard (NOK 600 million).
- Appointed as contractor for the development of highway 70 Oppdølsstranda (NOK 574 million).
- Total order backlog at June 30 is NOK 3,682 million (2,426).


Tunnel works, Øyer-Tretten

NOK million	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Revenues	558	491	1,063	981
EBIT	25	33	55	85
EBT	26	34	55	88
EBIT %	4.5 %	6.8 %	5.2 %	8.7 %
EBT %	4.7 %	6.9 %	5.2 %	8.9 %

Building

High activity

- Positive profit developments and start-up of several projects in Q2.
- Stabilised operations in Sweden. Delivered marginally positive results during the quarter.
- AF Bygg Oslo signed two contracts for building at Ensjø in Oslo with a total value of NOK 270 million.
- Entered into agreement in principle to buy the majority of shares in Strøm Gundersen Holding AS.
- Total order backlog at June 30 is NOK 3,829 million (2,737).

Sparebank1's head quarters

NOK million	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Revenues	856	579	1,542	1,127
EBIT	29	3	49	17
EBT	28	5	48	23
EBIT %	3.4 %	0.6 %	3.2 %	1.5 %
EBT %	3.3 %	0.8 %	3.1 %	2.0 %

Property

Good housing sales

- Good housing sales and start-up of two residential projects in Q2, one in Asker and one in Oslo.
- AF has 28 (33) unsold completed housing units. Of these, 16 were leased as at 30 June.
- AF owns land and development rights in progress which amounts to appr. 577 residential units.

NOK million	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Revenues	9	56	33	82
EBIT	14	21	20	27
EBT	12	19	16	23
EBIT %	162.0%	38.1 %	59.9 %	32.5 %
EBT %	145.8%	34.5 %	50.2 %	28.0 %

Environment

Good operational performance

- High activity and good operational performance for the land-based activities.
- Good operational performance for AF Decom Offshore at Environmental Base Vats. Study and tender activity offshore is good.
- Entered into agreement with Statoil, on behalf of Gassco, for the demolition and recycling of riser platform H7. Contract value is appr. NOK 420 million (ex. option). The agreement also includes an option for the removal of a similar platform.
- Total order backlog at June 30 is NOK 1,133 million (988).

NOK million	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Revenues	210	195	380	407
EBIT	17	17	31	30
EBT	18	13	32	22
EBIT %	8.1 %	8.6 %	8.2 %	7.4 %
EBT %	8.4 %	6.9 %	8.4 %	5.5 %

Energy

Low activity and weak results

- Good operational performance and increasing activity in Mollier and Aeron.
- Very low activity and weak results for AF Energi & Miljøteknikk
- Mollier has signed letter of intent with Aibel to deliver HVAC equipment to the Gudrun platform.
- Total order backlog at June 30 is NOK 393 million (400).

NOK million	Q2 2011	Q2 2010	YTD 2011	YTD 2010
Revenues	106	147	211	300
EBIT	-2	-	-6	-2
EBT	-4	-4	-10	-3
EBIT %	-2.0 %	0.3 %	-2.6 %	-0.6 %
EBT %	-3.9 %	-2.5 %	-4.6 %	-1.1 %

Revenues and operating result Q2

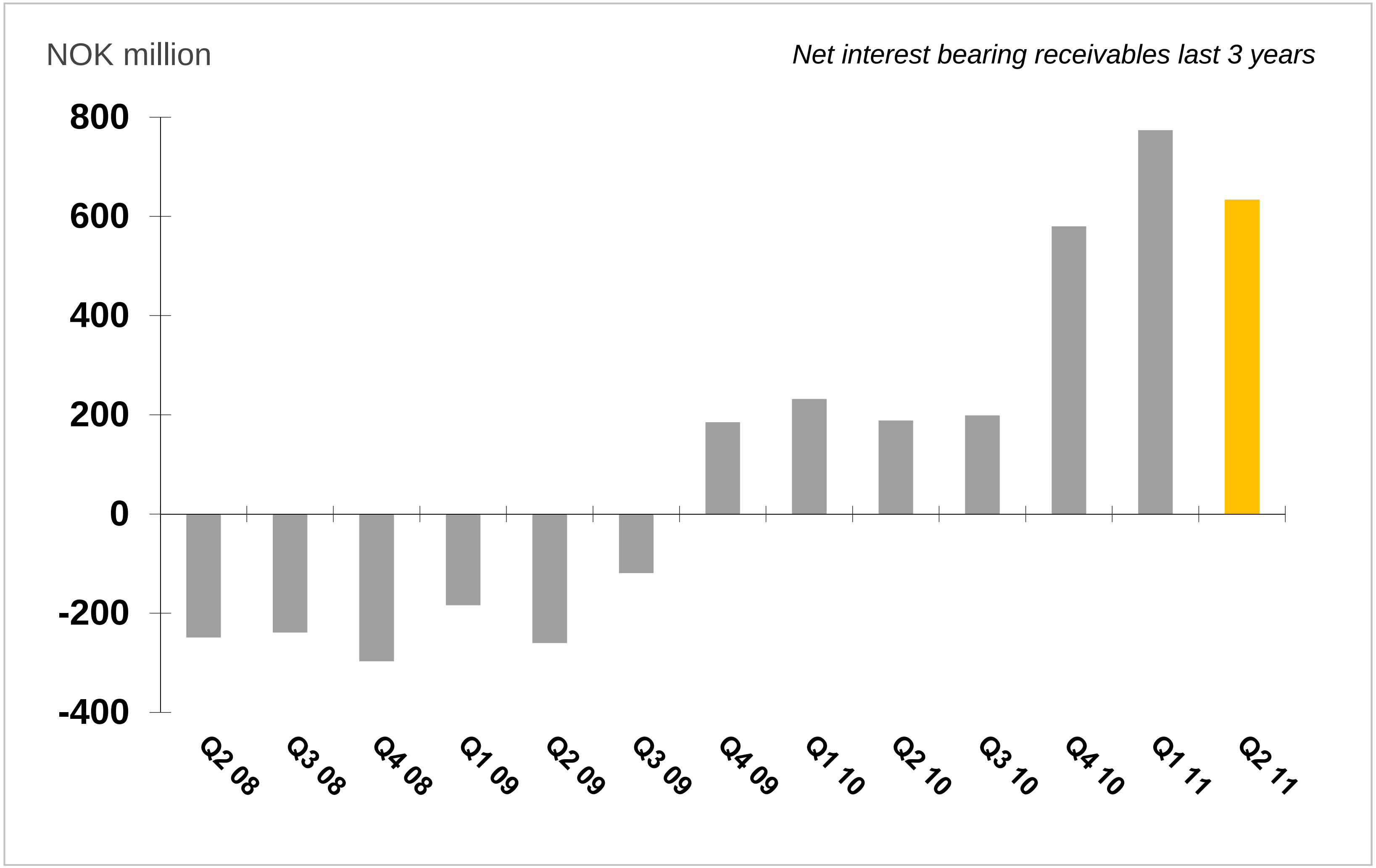
AF Group	Q2 2011			Q2 2010		
Business area	Revenues	EBIT	EBIT %	Revenues	EBIT	EBIT %
Civil Engineering	558	25	4.5 %	491	33	6.8 %
Building	856	29	3.4 %	579	3	0.6 %
Property	9	14	162.0 %	56	21	38.1 %
Environment	210	17	8.1 %	195	17	8.6 %
Energy	106	-2	-2.0 %	147	-	0.3 %
Group/eliminations	-39	-5		-11	4	
Total	**1,701**	**78**	**4.6 %**	**1,456**	**80**	**5.5 %**

Cash flow statement

Cash flow statement NOK Million	Q2 2011	Q2 2010	YTD 2011	YTD 2010
EBIT	78	80	135	166
Depreciations, amortization and impairment	19	24	41	47
Change in net working capital	130	3	129	-22
Other adjustments / taxes paid	-27	-24	-38	-25
Cash flow from operations	**200**	**83**	**267**	**167**
Net investments	-10	-24	-20	-58
Cash flow from capital activities	-317	-85	-182	-88
Cash effect from net financial items	1	5	5	6
Net cash flow *	**-126**	**-21**	**71**	**27**
Change in net interest-bearing receivables without cash effect	-14	-23	-17	-23
Change in net interest-bearing receivables	**-140**	**-43**	**54**	**4**

* Cash flow before change in net interest-bearing receivables

Net interest bearing receivables

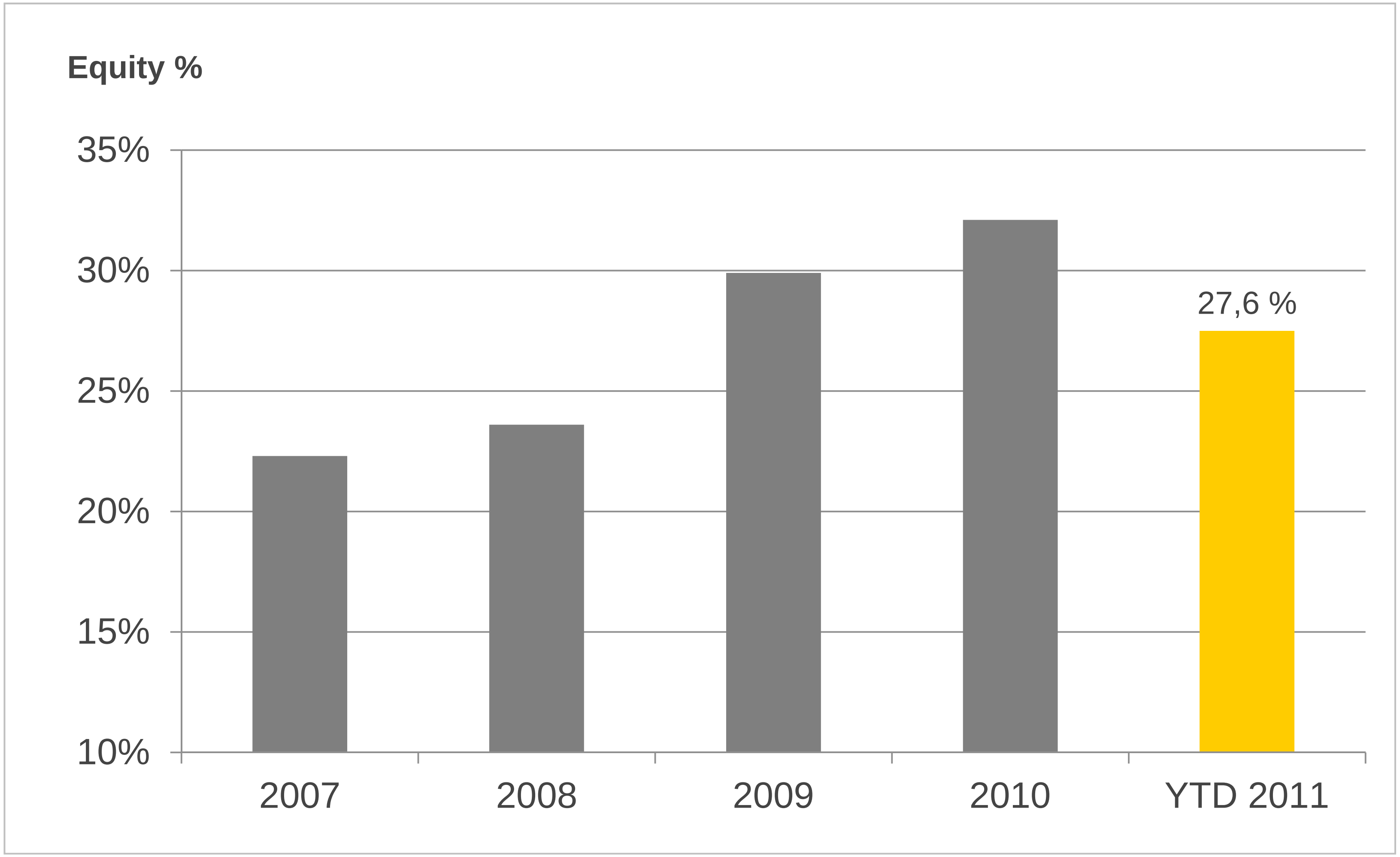


Net interest-bearing receivables at June 30 is MNOK 634 (189).

Balance sheet

NOK million	30.06.2011	30.06.2010	31.12.2010
Non-current assets	959	1,322	979
Current assets, ex. cash	1,616	1,514	1,411
Cash and cash equivalents	637	228	623
Total assets	**3,212**	**3,064**	**3,014**
Equity	887	948	968
Long term debt	339	335	365
Short term debt	1,986	1,781	1,680
Total equity and debt	**3,212**	**3,064**	**3,014**

Equity ratio



Market situation

Civil engineering	• Large supply of new projects • Higher activity in the Swedish market
Building	• Good market for residential building projects • Stable positive rehabilitation market
Property	• Good housing sales
Environment	• Stable market for our land-based activities • Good activity for offshore studies and tenders
Energy	• Increasing supply of projects for EMT • Good market within offshore HVAC • Improving market within the maritime sector

Market opportunities

The market for removing offshore installations in the North Sea is increasing

AF GROUP

Market

Many of the approx. 600 installations in the North Sea are at the end of their productive life.

The cost of removing these installations is estimated to be around NOK 160 billion.

Estimates show that 50-80 000 tons of steel is expected to be removed and recycled per year until 2020. The quantity is expected to increase considerably from 2020.

It is expected that the phasing out will be done more rapidly on British shelf than on the Norwegian shelf.

Opportunities for the AF Group

Opportunities

AF is a market leader in removal, demolition and recycling of offshore installations in the North Sea.

AF is well positioned to take part in further growth in this market:

- AF is today a contractor for the major companies in the North Sea; Shell, ConocoPhillips and Statoil.

- Environmental Base Vats is Europe's most modern reception facility, meets The Climate and Pollution Agency's new environmental requirements.

- AF Decom Offshore UK Ltd. has signed a letter of intent to develop an environmental base at Shetland, to take part in the market on the British shelf.

Thank you for your attention!