

February 14th 2017

Q4 2016

AF Gruppen ASA



Dam Svartavatn, Saudavassdraget

4th quarter 2016



Highlights

Solid margins and strong order intake

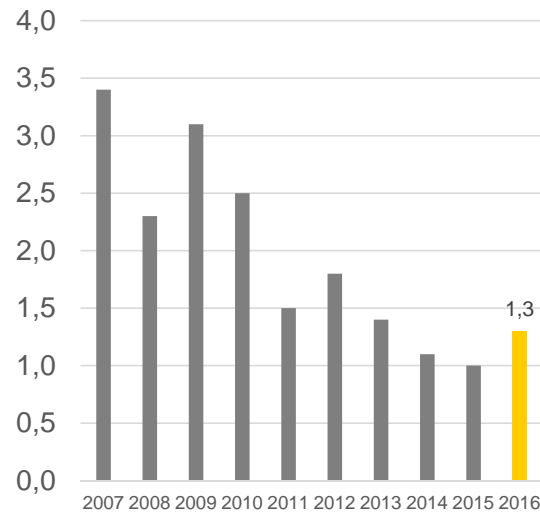
- Very good overall margins in AF
 - Revenues: NOK 2,892 million (3,509) in Q4 vs. NOK 11,876 million (12,398) in 2016.
 - EBT: NOK 340 million (382) in Q4 vs. NOK 1,040 million (1,004) in 2016.
 - EBT margin: 11.8 % (10.9 %) in Q4 vs. 8.8 % (8.1 %) in 2016.
- Historically high order intake in Q4. Order backlog stands at NOK 15 332 million (11 183)
- Solid financial position: Net interest bearing receivables of NOK 606 million (593)
 - Dividend proposal for 1st half-year 2017 of NOK 5.00 (5.00).

4th quarter 2016



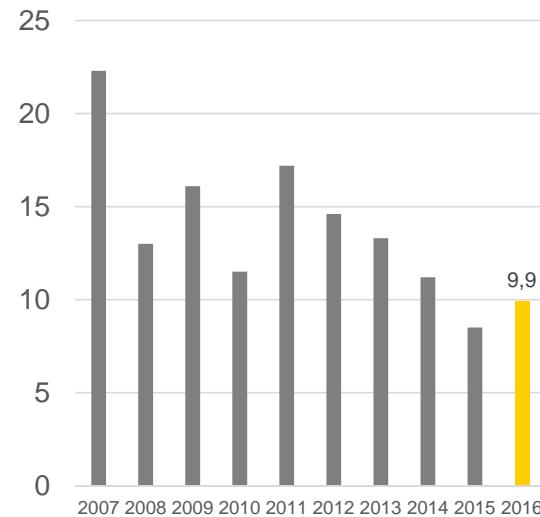
Safety

Lost-time injury frequency (LTIF)



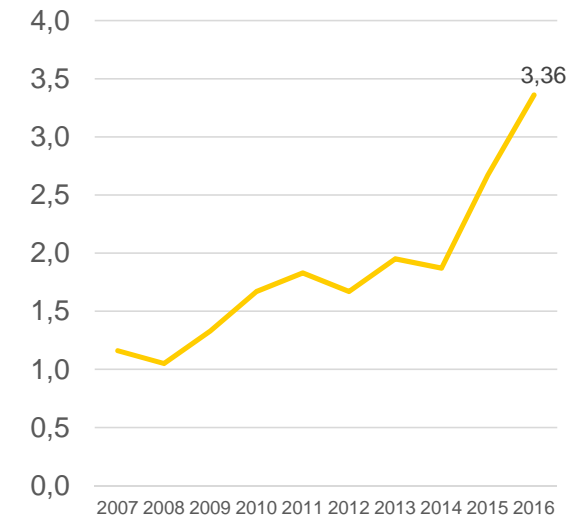
Number lost-time injuries per million hours worked. Measuring of LTIF also includes injuries by subcontractor employees.

Total recordable injury frequency (TRIF)



Number of lost-time injuries, injuries involving substitute work and medical treatment injuries per million hours worked. Measuring of TRIF also includes injuries by subcontractor employees.

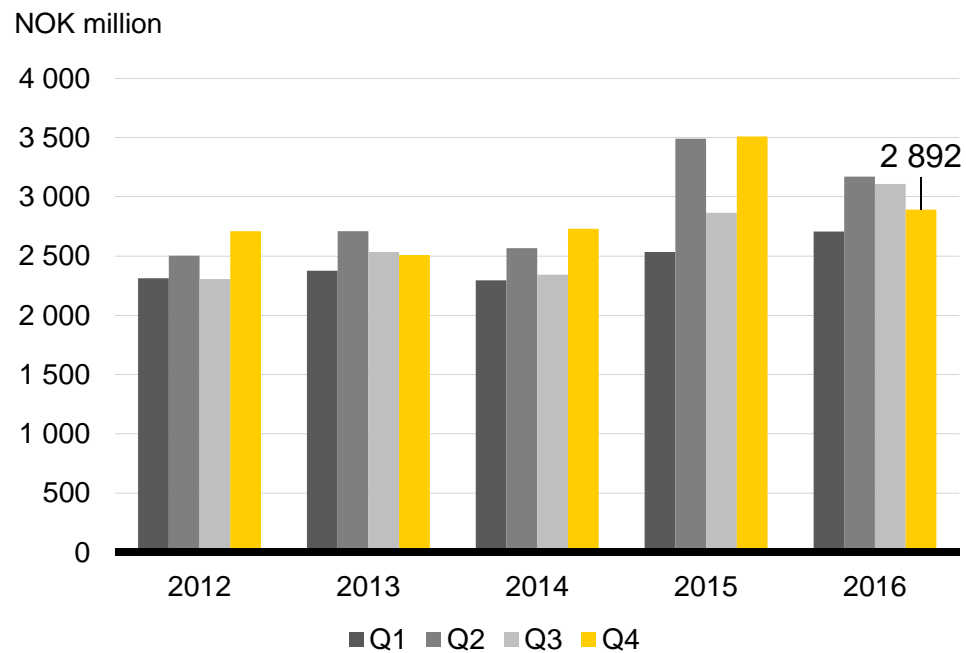
Reported unwanted incident frequency (RUIF)



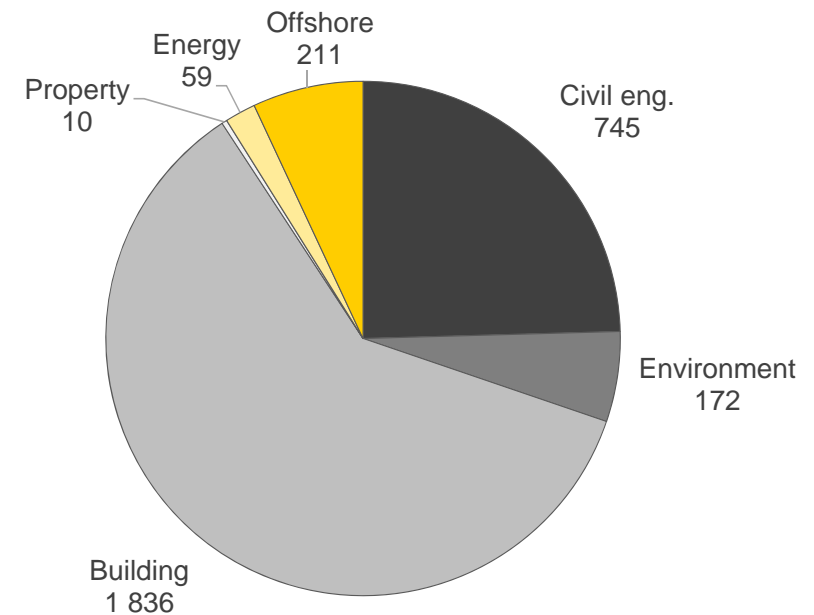
Number of reported unwanted incidents per man-year.

4th quarter 2016

Revenues



■ Q4 revenues by business area:

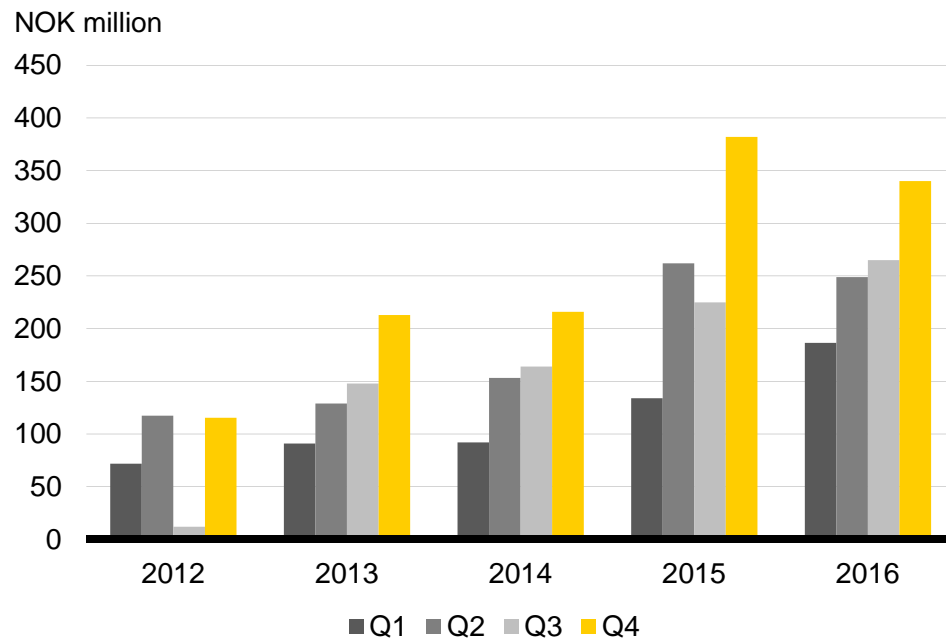


■ Revenues 2016: NOK 11,876 million (12,398)

4th quarter 2016



Earnings before tax



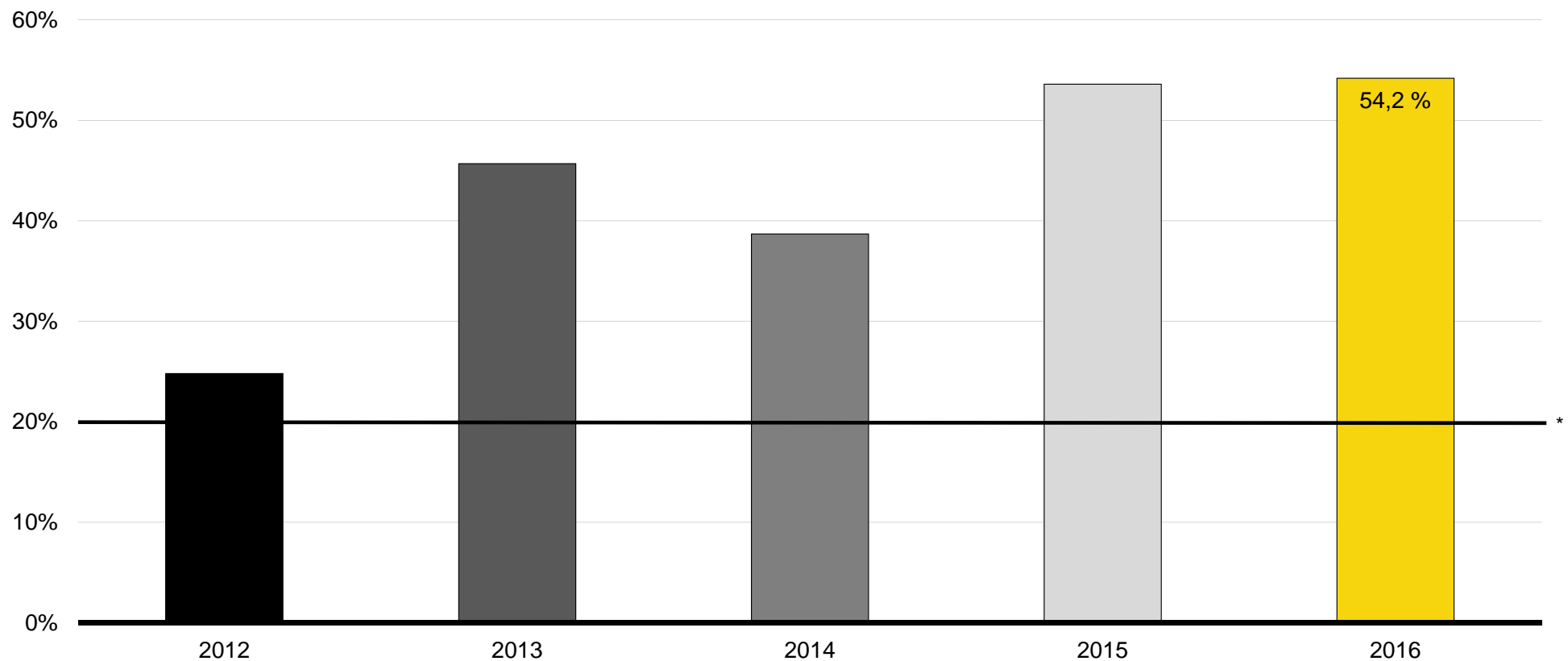
- Very high profitability in Q4 and 2016
- EBT Q4: NOK 340 million (382)
- EBT % Q4: 11.8 % (10.9 %)
- EBT 2016: NOK 1,040 million (1,004)
- EBT % 2016: 8.8 % (8.1 %)

4th quarter 2016



Return on capital employed

12 month rolling average



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

4th quarter 2016



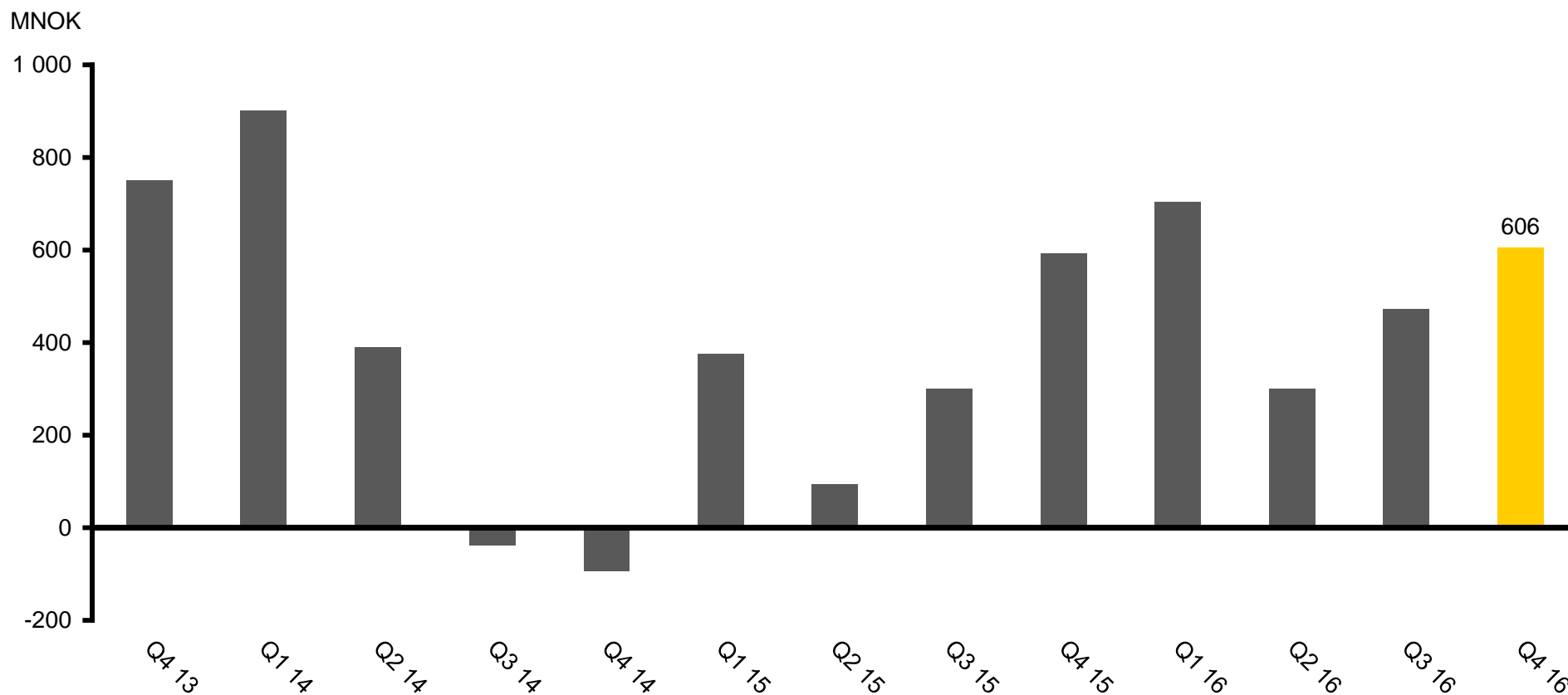
Cash flow statement

NOK million	Q4 2016	Q4 2015	2016	2015
EBIT	328	379	1,034	1,010
Depreciations, amortization and impairment	39	33	177	142
Change in net working capital	43	304	-216	789
Other adjustments / taxes paid	-104	-321	-173	-521
Cash flow from operations	306	395	822	1,418
Net investments	14	62	-13	74
Cash flow from capital activities	-165	-193	-755	-787
Interest paid and change in interest bearing debt	-42	-23	-51	332
Net decrease (increase) in cash and cash equivalents	112	242	3	372
Net cash and cash equivalents at beginning of period	359	220	459	91
Change in cash and cash equivalents without cash effect	-2	-2	7	-4
Net cash and cash equivalents end of period	469	459	469	459

4th quarter 2016



Net interest bearing receivables



Net interest bearing receivables as of 31 December is NOK 606 million (593).

4th quarter 2016



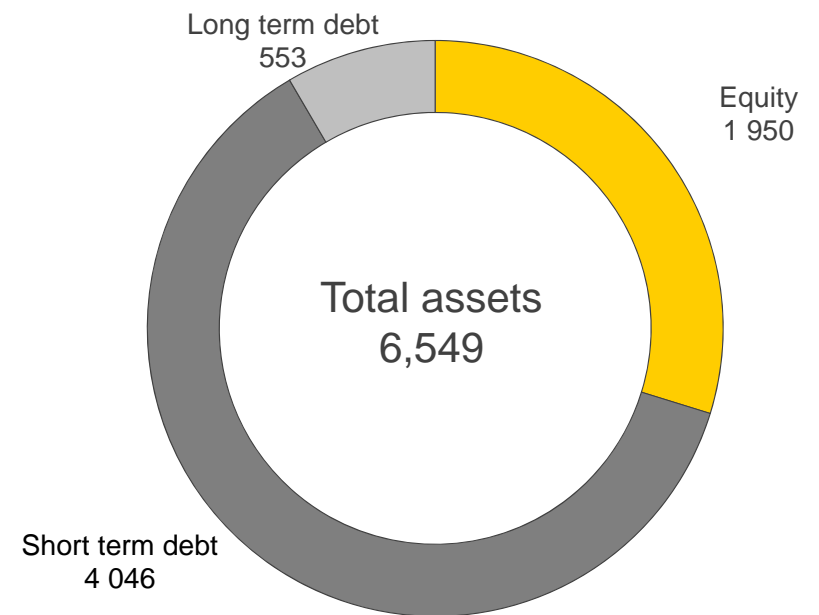
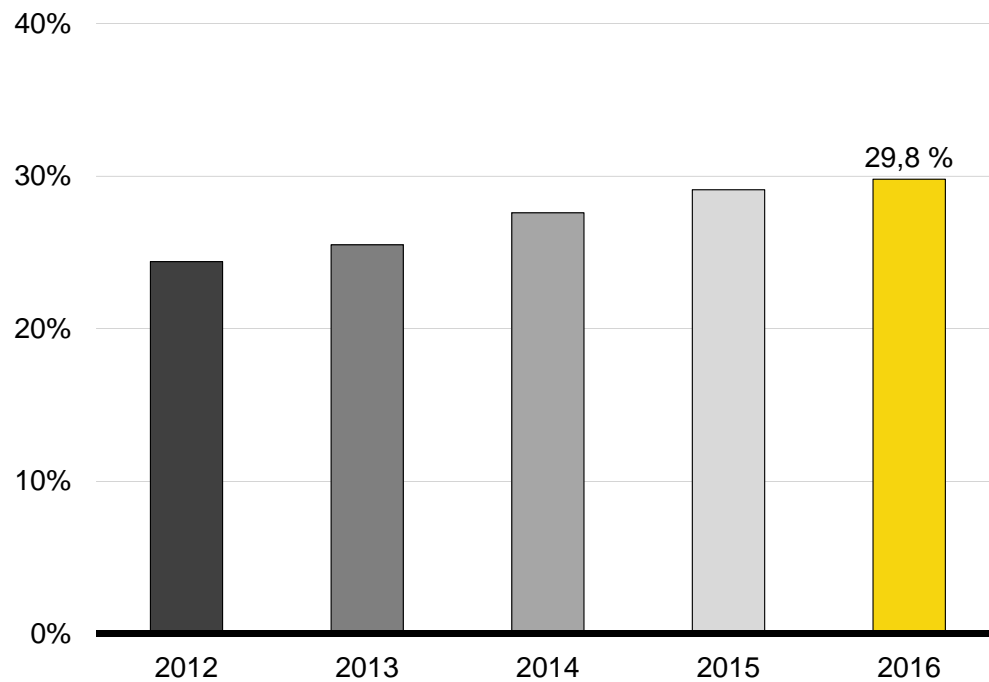
Balance sheet

NOK million	31.12.16	31.12.15
Non-current assets	3,789	3,895
Current assets, ex. Cash	2,291	1,889
Cash and cash equivalents	469	459
Total assets	6,549	6,243
Equity	1,950	1,820
Long term debt	553	714
Short term debt	4,046	3,710
Total equity and debt	6,549	6,243

4th quarter 2016



Equity ratio

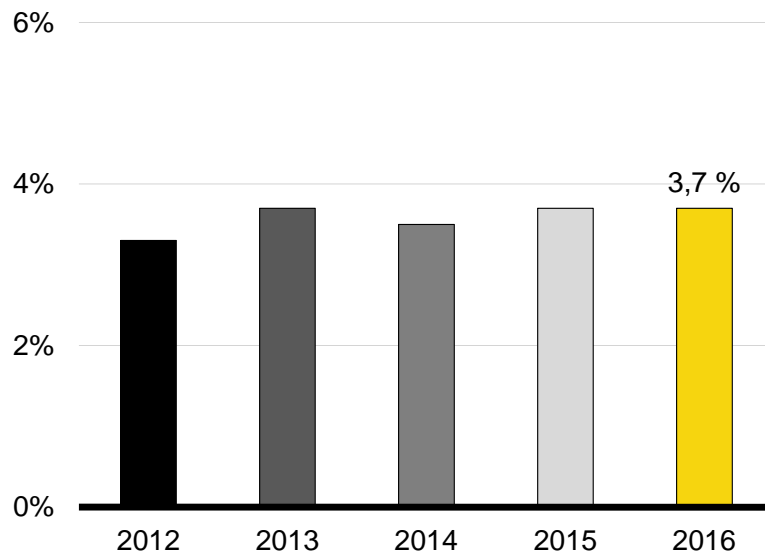


4th quarter 2016

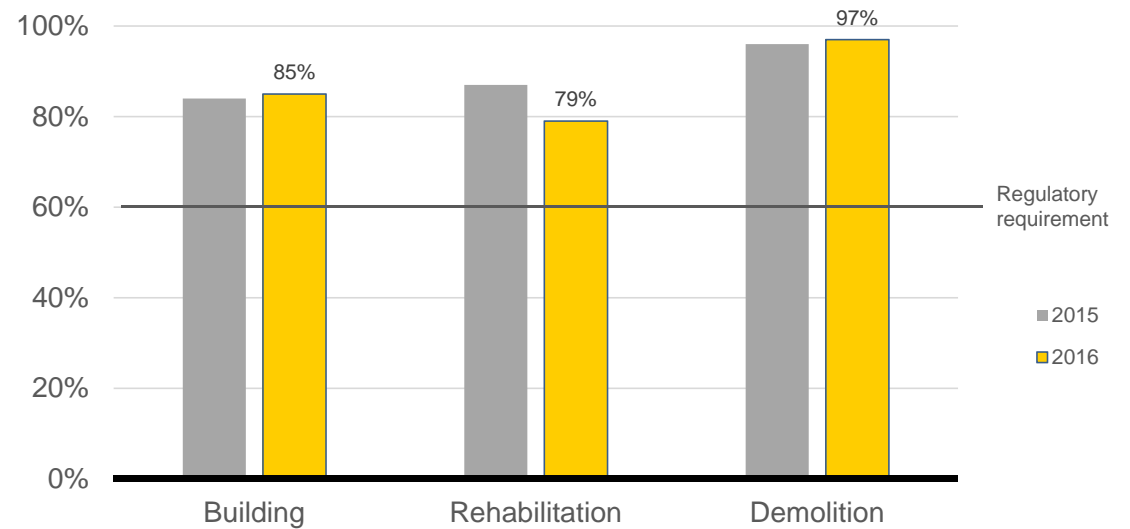


Health and environment

Sick leave



Source separation rate



A total of 101,519 (67,125) tonnes of waste has been sorted in the 4th quarter, and a total of 507,198 (319,225) tonnes has been sorted year-to-date.

4th quarter 2016

Business areas

Very good results

NOK million	Q4 2016	Q4 2015	2016	2015
Revenues	745	1,106	3,368	3,760
EBIT	193	152	461	339
EBT	197	154	475	339
EBIT %	25.9 %	13.7 %	13.7 %	9.0 %
EBT %	26.5 %	14.0 %	14.1 %	9.0 %

- Good performance and very good results for AF Anlegg and Målselv Maskin & Transport in the 4th quarter and in 2016.
- Pålplintar delivers weak results in the 4th quarter. New organisational changes have been carried out in the quarter.
- AF Anlegg was awarded the company's largest contract ever: E18 Tvedestrand – Arendal, value NOK 3,200 million.
- Acquisition of Kanonaden Entreprenad AB closed in February 2017
- Order backlog: NOK 5,589 million (3,402)



E18, Tvedestrand - Arendal

High activity level

NOK million	Q4 2016	Q4 2015	2016	2015
Revenues	172	162	729	687
EBIT	10	10	42	45
EBT	10	10	42	46
EBIT %	5.7 %	6.2 %	5.8 %	6.6 %
EBT %	5.7 %	6.2 %	5.7 %	6.7 %

- High activity level and satisfactory results for AF Decom in Q4. The unit is experiencing a good supply of new projects.
- Härnösand Byggreturer shows good profitability and delivers good Q4 and annual results.
- High activity level and good operational performance at Rimol Miljøpark in Q4.
- Order backlog: NOK 212 million (216)



Good results and high order intake

NOK million	Q4 2016	Q4 2015	2016	2015
Revenues	1,836	1,898	6,688	6,678
EBIT	157	128	485	479
EBT	160	133	498	485
EBIT %	8.5 %	6.8 %	7.3 %	7.2 %
EBT %	8.7 %	7.0 %	7.4 %	7.3 %

- AF Bygg Oslo, AF Byggfornyelse, LAB and the companies in Strøm Gundersen all deliver very good Q4 results.
- AF Bygg Østfold delivers good results. AF Bygg Sverige delivers satisfactory results.
- AF Nybygg established as new business unit in Q4. The unit will target public and residential projects in the greater Oslo area.
- AF in exclusive negotiations with Oslo S Utvikling on the development of Bispevika in Oslo.
- Order backlog: NOK 8,467 (5,947)



High activity level and very good sales

NOK million	Q4 2016	Q4 2015	2016	2015
Revenues	10	5	48	25
EBIT	10	54	44	69
EBT	8	50	30	57
EBIT %	102.3 %	1,194.6 %	92.0 %	276.8 %
EBT %	75.1 %	1,117.8 %	62.4 %	230.5 %

- 174 (80) apartments were sold in Q4. AF's share is 105 (34). 688 (438) apartments sold in 2016. AF's share is 316 (178).
- Eight housing projects with 1,006 apartments in the production phase (AF's share 456).
- Land and development rights in progress: 2,054 (2,367) residential units. AF's share is 848 (997)
- AF has 107,310 (122,717) m² gross area of urban premises under development. AF's share is 51,213 (59,272).



Lillo Gärd, Nydalen

Good operational performance and good results

NOK million	Q4 2016	Q4 2015	2016	2015
Revenues	59	57	177	225
EBIT	7	6	18	19
EBT	7	7	16	21
EBIT %	12.8 %	9.6 %	10.0 %	8.3 %
EBT %	12.8 %	12.2 %	8.9 %	9.4 %

- Good operational performance for AF Energi & Miljøteknikk in ongoing projects. The unit delivers good Q4 results.
- Stable demand for energy services. The unit has a high volume of tender calculations and a slowly rising order backlog
- Order backlog: NOK 108 million (90)



Good results and high tender activity

NOK million	Q4 2016	Q4 2015	2016	2015
Revenues	211	199	1,014	1,187
EBIT	9	21	107	104
EBT	13	15	94	83
EBIT %	4.3 %	10.7 %	10.5 %	8.7 %
EBT %	6.2 %	7.8 %	9.3 %	7.0 %

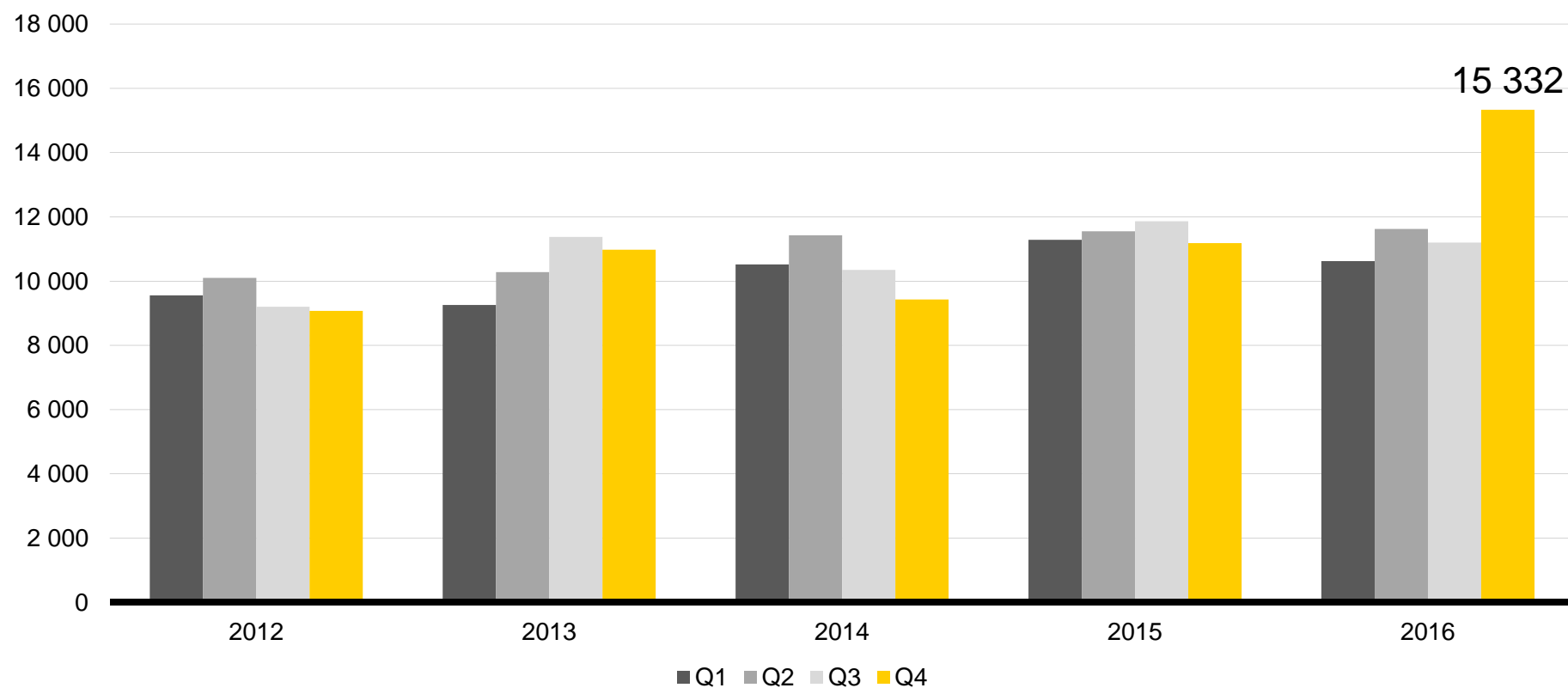
- Very high tender activity and many tenders out for AF Offshore Decom. No offshore campaign for AF Offshore Decom in Q4, but the unit still delivers good Q4 results.
- AF Offshore AeronMollier has succeeded in adapting its operations to more demanding market conditions. The unit delivers positive results for Q4 and for 2016. The unit has a high activity level at the Johan Sverdrup project
- Order backlog: NOK 550 million (1,182)



Johan Sverdrup

Solid order backlog

NOK million

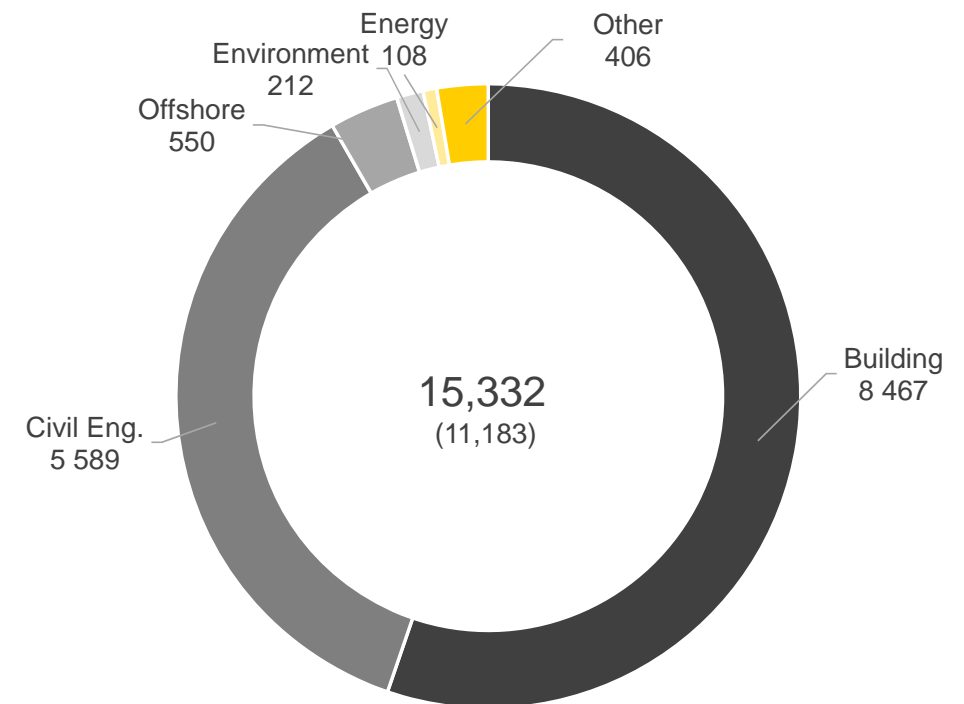
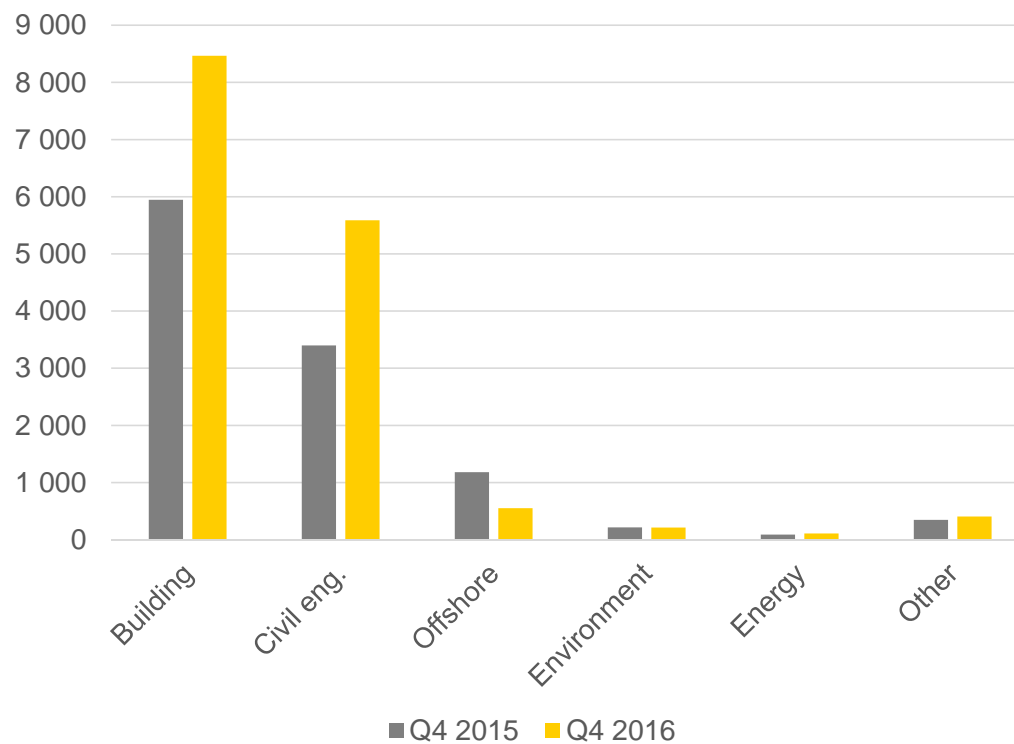


Order backlog



Order backlog per business area

NOK million

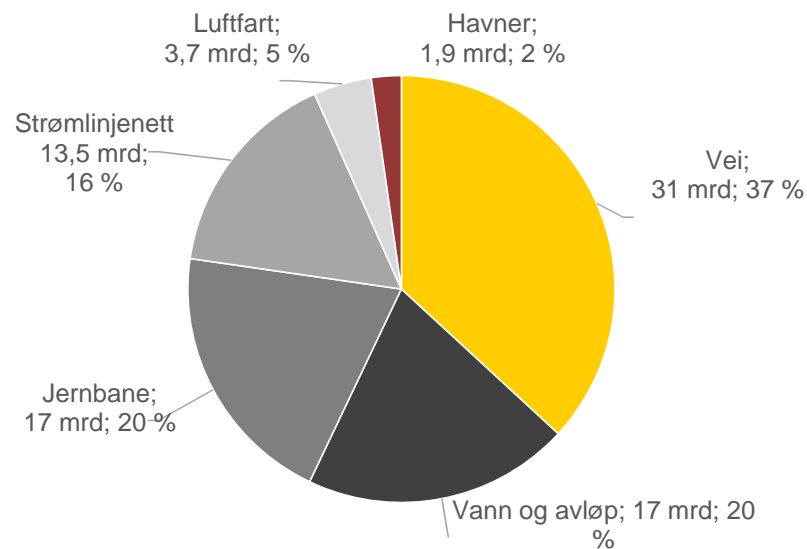


Civil engineering



The Norwegian civil engineering market

NOK 90 billion in annual infrastructure investments 2014 - 2023



Kilde: Nasjonal Transportplan, Studie fra Norsk Vann, SSB, NVE, Statnett

Market characteristics:

- Stable high investment level going forward
- Contracts are getting bigger
- More players and tough competition
- New bidding processes and various contract forms:
 - Engineering, procurement and construction (EPC)
 - Best value procurement (BVP)
 - Public Private Partnership (PPP)
- Client segments:



- Follo line
- Inter City
- Ringerike line

Our market approach



- A large and mobile civil engineering organisation that focuses on the large and complex projects throughout Norway
- With the increasing activity in the greater Oslo area, Northern Norway and Western Norway we also see a need for a strong regional presence
- Target areas:
 - Road construction
 - Tunnels: new building and maintenance
 - Power and energy
 - Oil and gas facilities



- Initiatives in the market in and around the large cities in Southern Sweden
- Niche markets:
 - Concrete work
 - Water and sewerage plants
 - Groundwork and foundation work
 - Rock blasting



Civil engineering

Effective units



Our companies:



Effect:

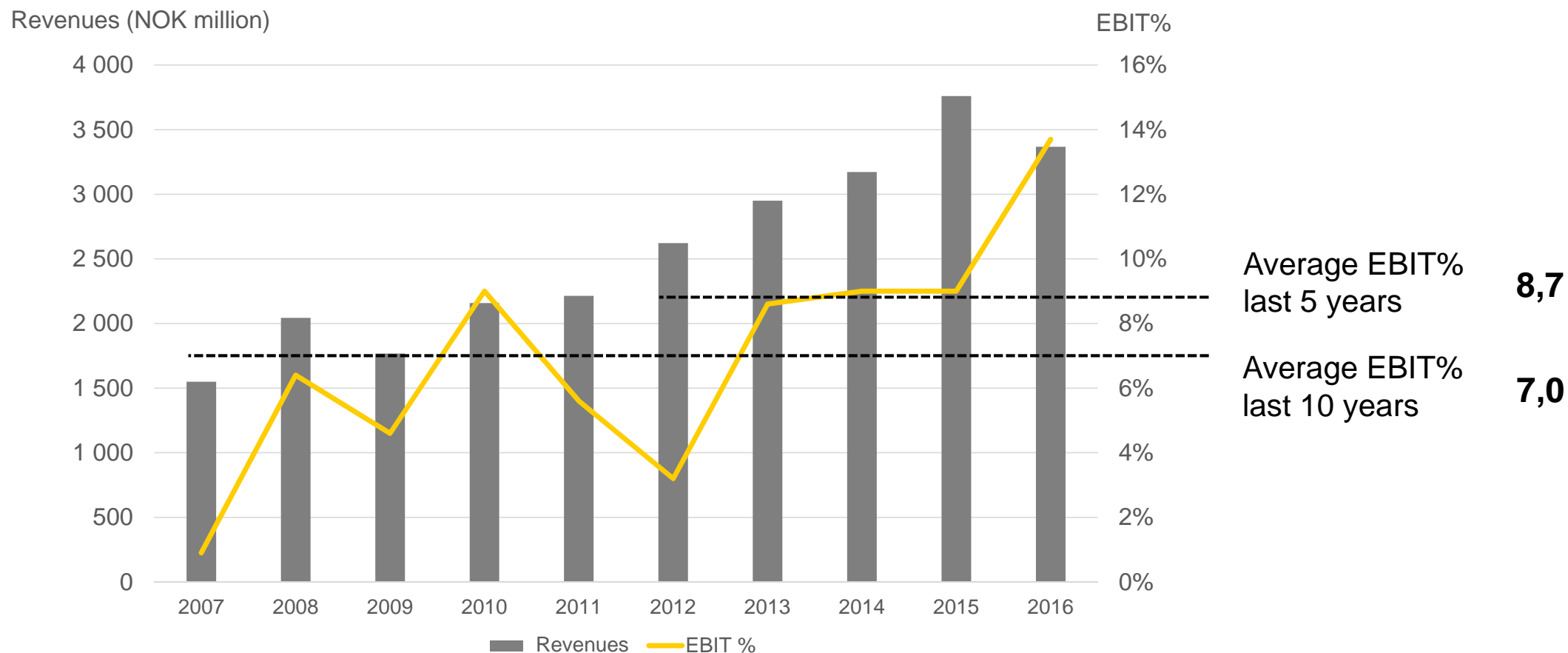
Competence within large projects

Local knowledge

Professional and technical expertise

Internal working partnerships

Good results over time



Civil Engineering in AF → performing well over time

Success factors have been:

- Large and complex projects over 30 years
- Risk management
- High technical expertise
- Capacity to take on projects on own account
- Building leaders and teams that performs on a high level as a group
- HSE and quality

Curiosity and a will to seek improvements:

- Productivity improvement
- Technical expertise
- New technology



County Road 32 Gimlevegen - Augestadvegen

Competitive dialogue



County Road 32 Gimlevegen - Augestadvegen

NOK 230 million excl. VAT.

The Norwegian Public Roads Administration, EPC

Challenging soil mechanics. The NPRA asked for the contractors' proposals for technical solution.

E18 Tvedestrand - Arendal

Giant EPC project



E18 Tvedestrand - Arendal

NOK 3 200 million excl. VAT

Nye Veier AS, EPC

10 bidders, 4 was pre-qualified

Bekkelaget water treatment plant

Regional campaign in greater Oslo



Bekkelaget water treatment plant

NOK 450 million excl. VAT

Oslo municipality VAV, principal contract

Complicated concrete and steel constructions

The scope of the work performed inside the cavern

Vamma hydro power plant

Hydro power for more than 30 years



Vamma hydro power plant

NOK 370 million excl. VAT

Hafslund Produksjon AS, Principal contract

The expanded hydro power plant will be one of Norway's biggest run of river power units with a production of 1,000 Gwh per year.

The first fully digitalized project

4th quarter 2016

Summary



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EBIT	328	379	1,034	1,010
EBT	340	382	1,040	1,004
EBIT %	11.3 %	10.8 %	8.7 %	8.1 %
EBT %	11.8 %	10.9 %	8.8 %	8.1 %

- Good operational performance and very good results
- Record high order backlog of NOK 15,332 million gives a good foundation for further growth
- Strong financial position makes both acquisition and dividend possible.
 - Dividend proposal of NOK 5.00 (5.00) for the 1st half-year.

Vekst mot 2020

Vi skal realisere lønnsom vekst på 8 milliarder som skaper verdier for våre eiere og muligheter for våre ansatte.

Vi skal søke 5 mrd. organisk omsetningsvekst innen eksisterende kjernevirksomhet, tilsvarende ~ 60 % av vekstmålet for 2020.

Organisk vekst skal være fokus for alle forretnings-enhetene, men spesielt i Stor-Oslo vil vi søke organisk vekst.

Vi skal stimulere til organisk vekst ved å gjennomføre strukturelle og organisatoriske grep.

60% ORGANISK VEKST

40% STRUKTURELL VEKST

Vi skal søke 3 mrd. strukturell omsetningsvekst i randsonen av kjernevirksomheten og ny virksomhet, tilsvarende ~ 40 % av vekstmålet for 2020.

Strukturell vekst skal være fokus for satsing i Storby Sverige, Offshore og Stor-Bergen.

Vi skal søke etter selskaper hvor de ansatte er medeiere og ønsker å være med videre på eiersiden – alle oppkjøpte selskaper skal kunne «stå på egne ben» og følge selskapets absolutter:

- » Hensikt, mål og verdier samt adferdskoden
- » HMS-rutiner
- » Risikostyring
- » Finansiell rapportering

Thank you for your
attention!

Q1 2017:
May 12th 2017

