

May 12th 2017

Q1 2017

AF Gruppen ASA



1st quarter 2017



Highlights

Good start to 2017

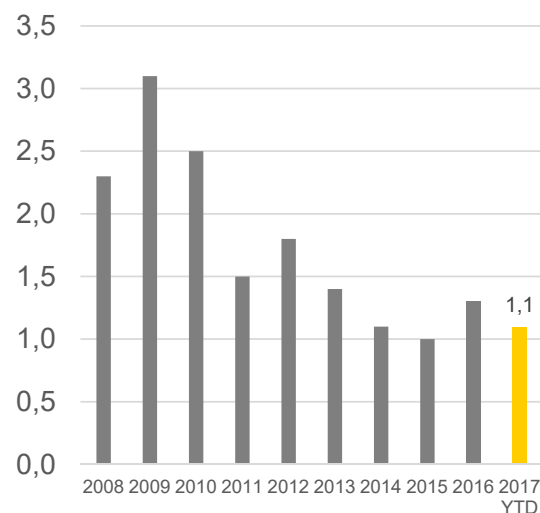
- Revenues: NOK 2,662 million (2,707)
- EBT: NOK 142 million (186)
- EBT margin: 5.4 % (6.9 %)
- Strong order backlog: NOK 15,984 million (10,623)
- Solid financial position: Net interest bearing receivables of NOK 1,063 million (705)
 - Dividend proposal for 1st half-year 2017 of NOK 5.00 (5.00).

1st quarter 2017

Safety

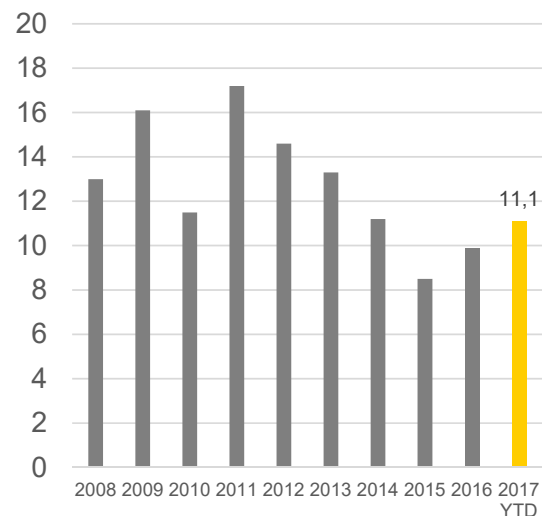


Lost-time injury frequency (LTIF)



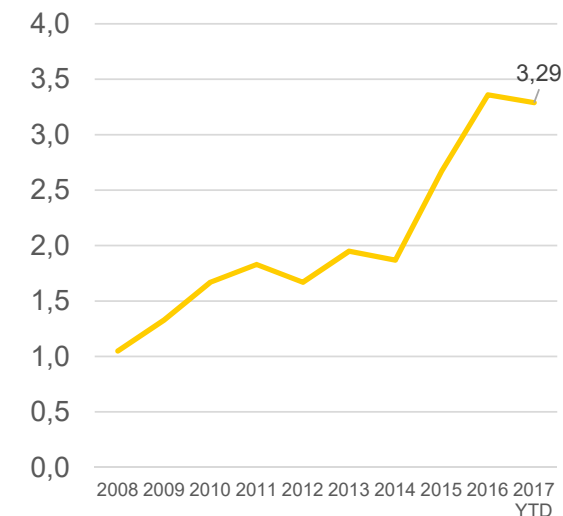
Number lost-time injuries per million hours worked. Measuring of LTIF also includes injuries by subcontractor employees.

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.

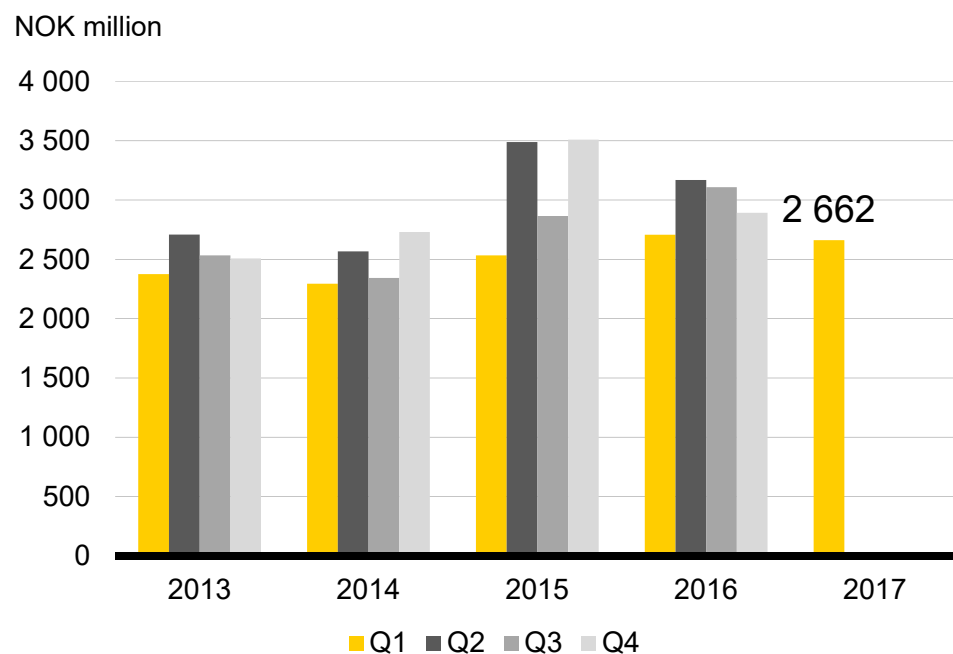
Reported unwanted incident frequency (RUIF)



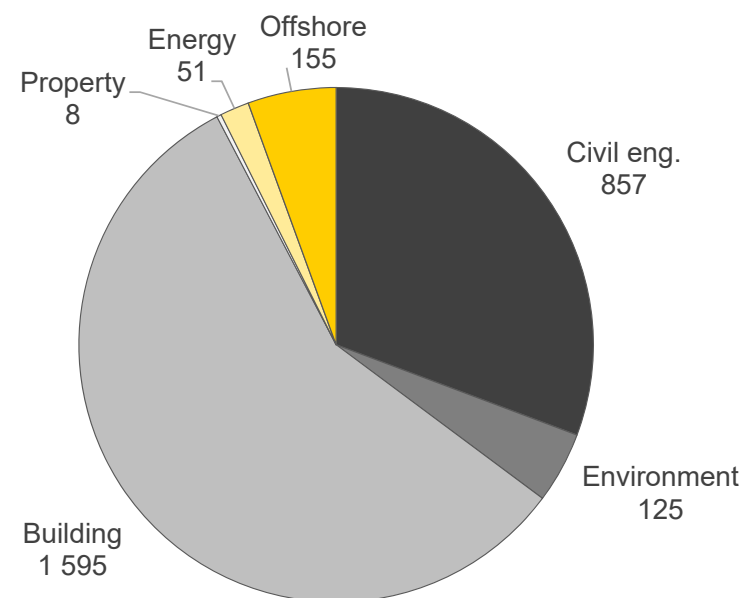
Number of reported unwanted incidents per man-year.

1st quarter 2017

Revenues



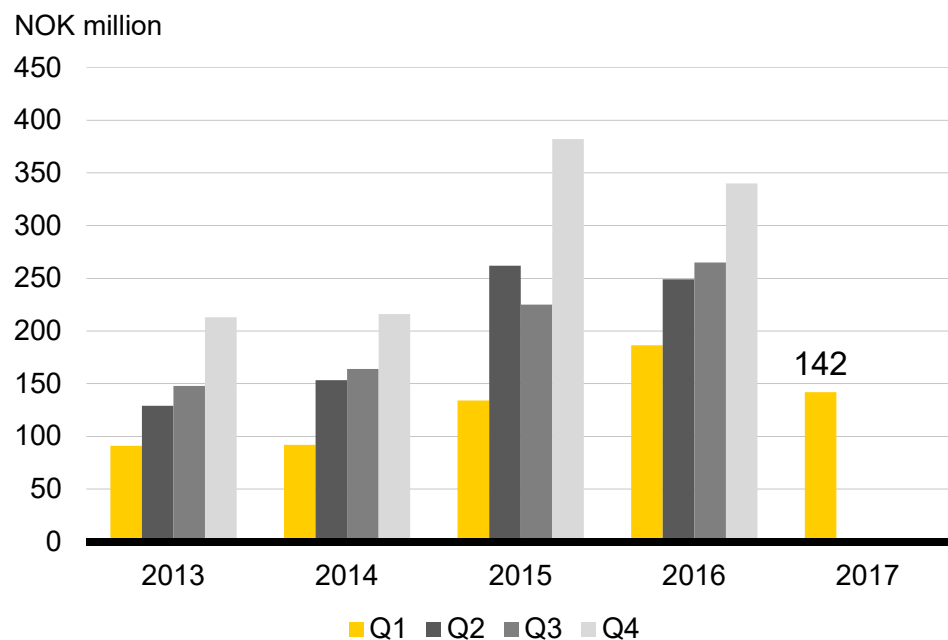
■ Q1 revenues by business area:



1st quarter 2017



Earnings before tax



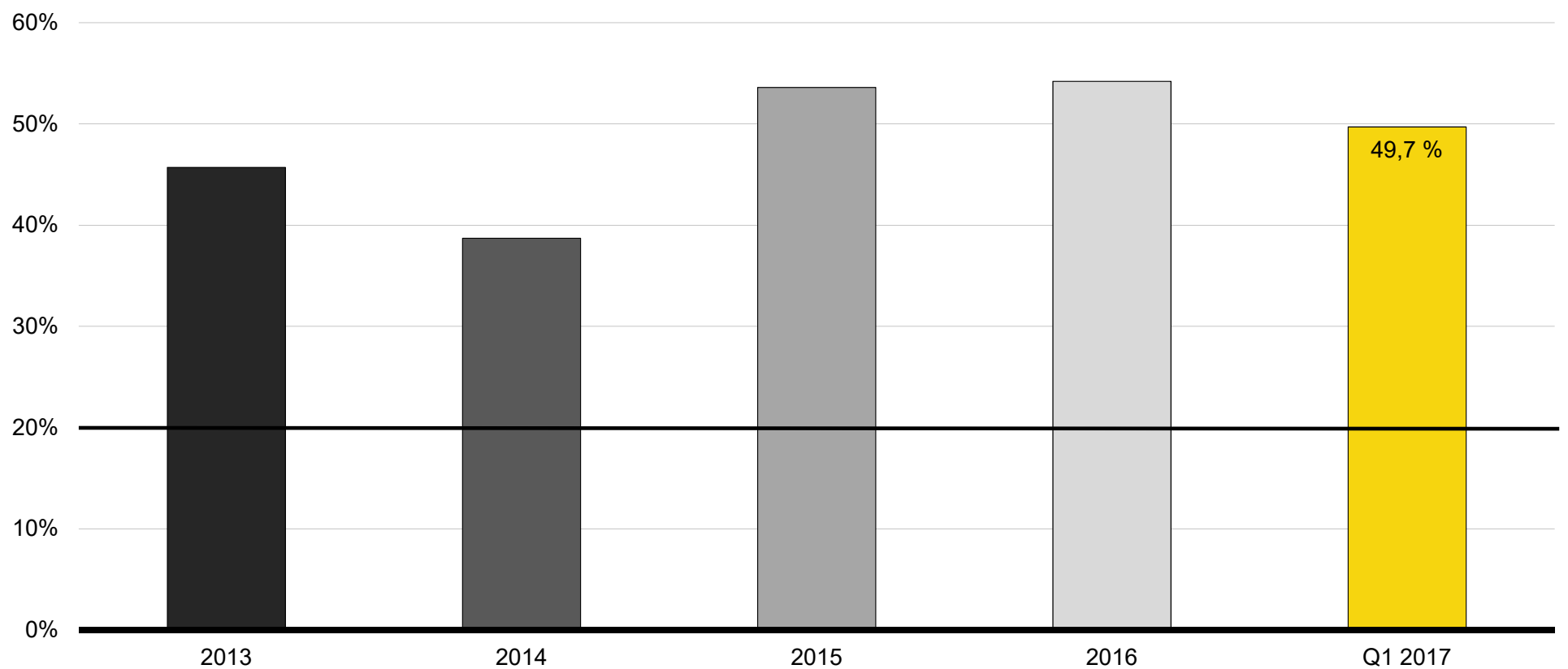
- Seasonally good result
- EBT Q1: NOK 142 million (186)
- EBT % Q1: 5.4 % (6.9 %)

1st quarter 2017



Return on capital employed

12 month rolling average



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

1st quarter 2017



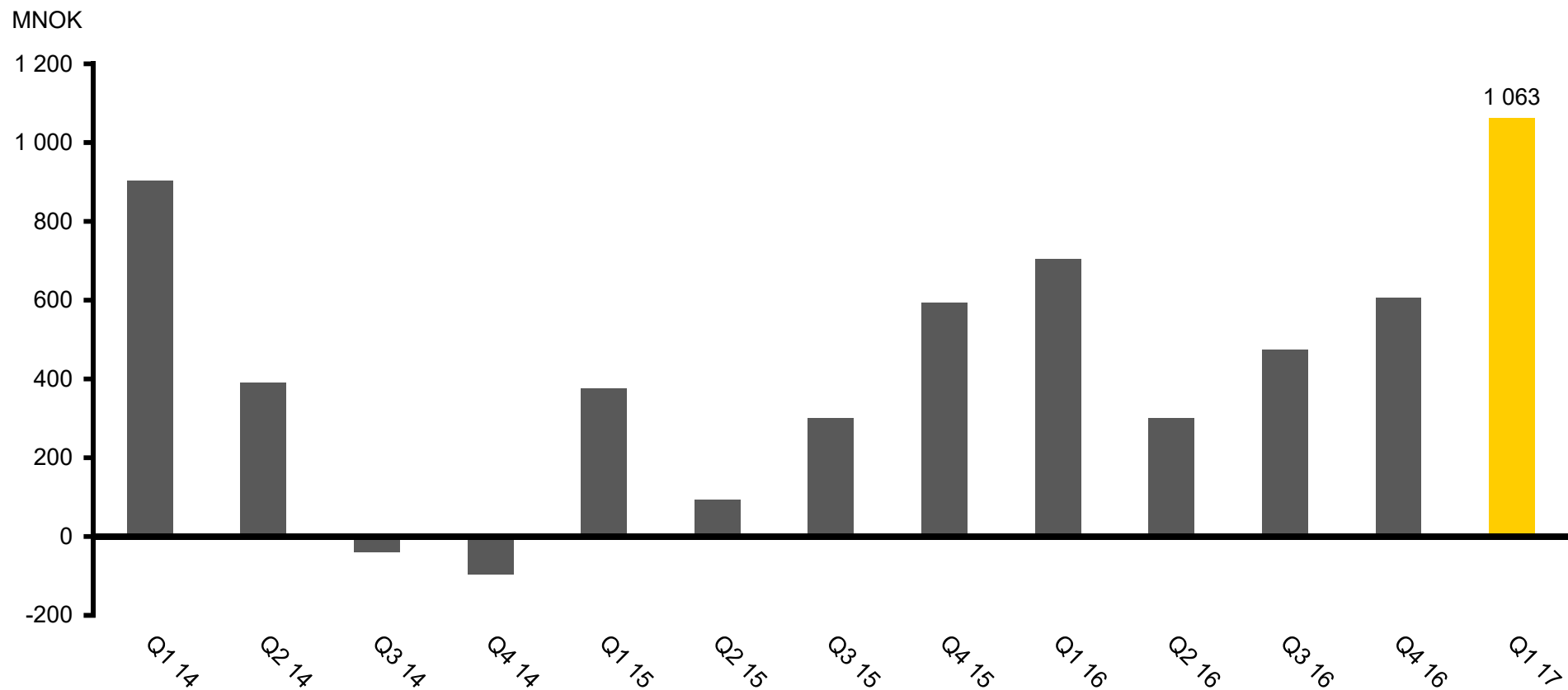
Cash flow statement

NOK million	Q1 2017	Q1 2016	2016
EBIT	145	188	1,034
Depreciations, amortization and impairment	39	32	177
Change in net working capital	287	18	-216
Other adjustments / taxes paid	-56	-87	-173
Cash flow from operations	415	152	822
Net investments	-142	-23	-13
Cash flow from capital activities	180	-60	-755
Interest paid and change in interest bearing debt	-15	11	-25
Net decrease (increase) in cash and cash equivalents	439	79	3
Net cash and cash equivalents at beginning of period	469	459	459
Change in cash and cash equivalents without cash effect	0	-2	7
Net cash and cash equivalents end of period	907	536	469

1st quarter 2017



Net interest bearing receivables



Net interest bearing receivables as of 31 March is NOK 1,063 million (705).

1st quarter 2017



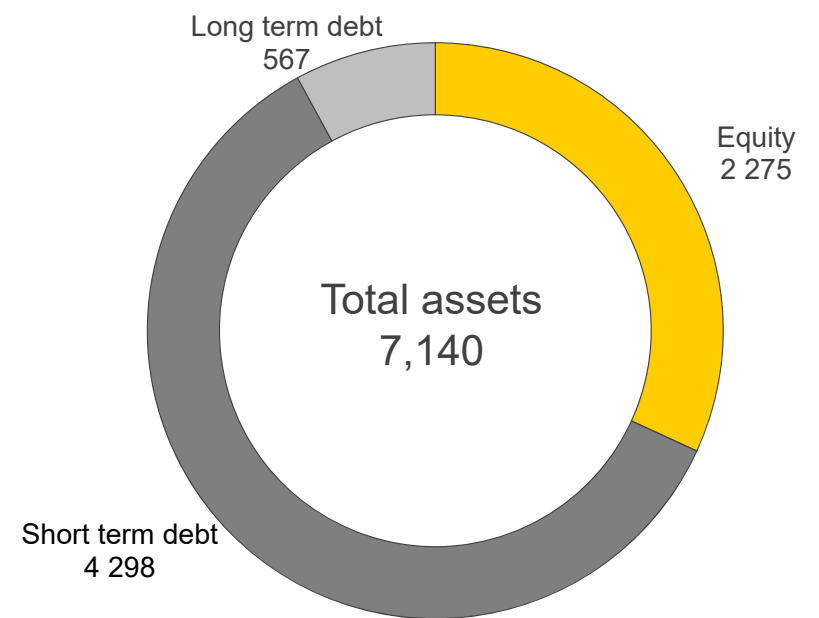
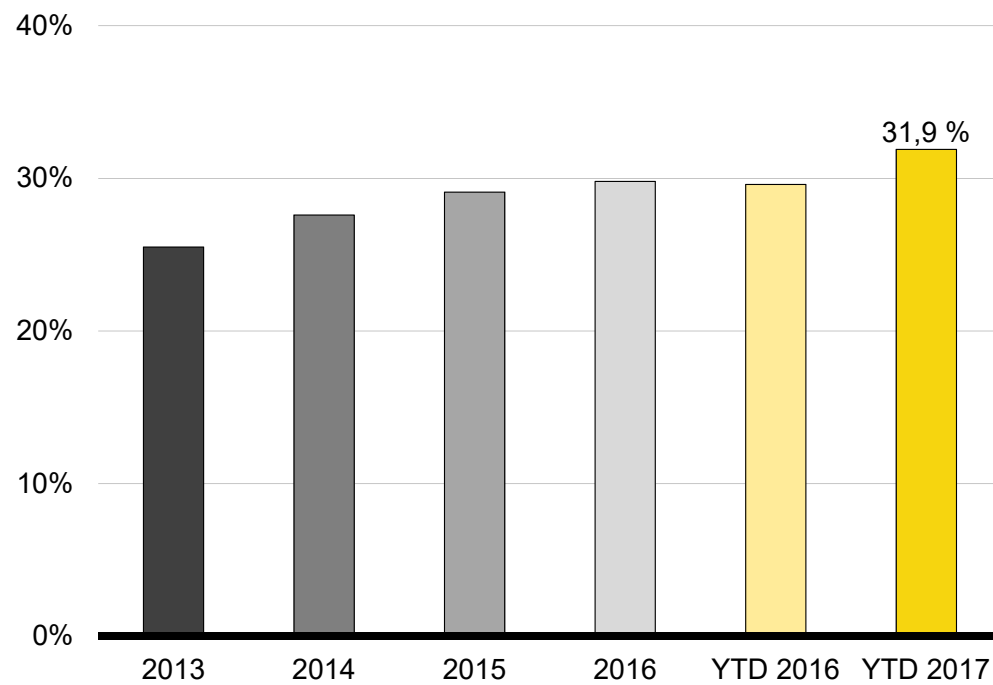
Balance sheet

NOK million	31.03.17	31.03.16	31.12.15
Non-current assets	4,006	3,894	3,789
Current assets, ex. Cash	2,227	2,031	2,291
Cash and cash equivalents	907	536	469
Total assets	7,140	6,461	6,549
Equity	2,275	1,910	1,950
Long term debt	567	725	553
Short term debt	4,298	3,826	4,046
Total equity and debt	7,140	6,461	6,549

1st quarter 2017



Equity ratio

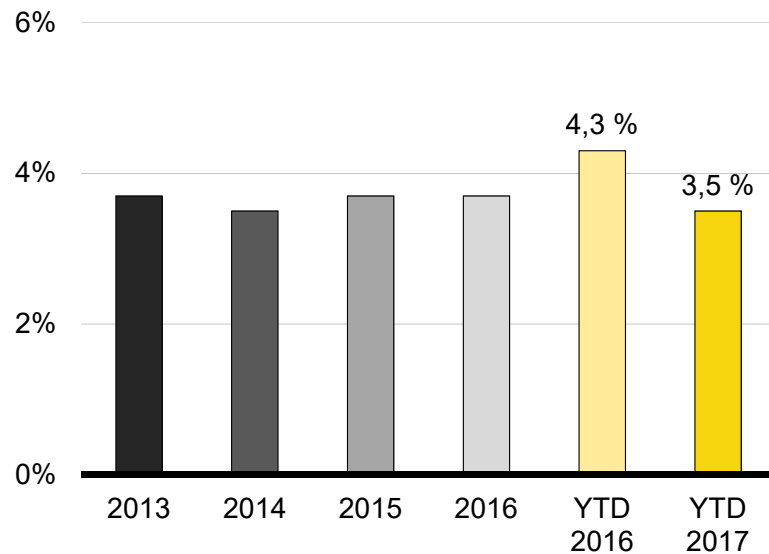


1st quarter 2017

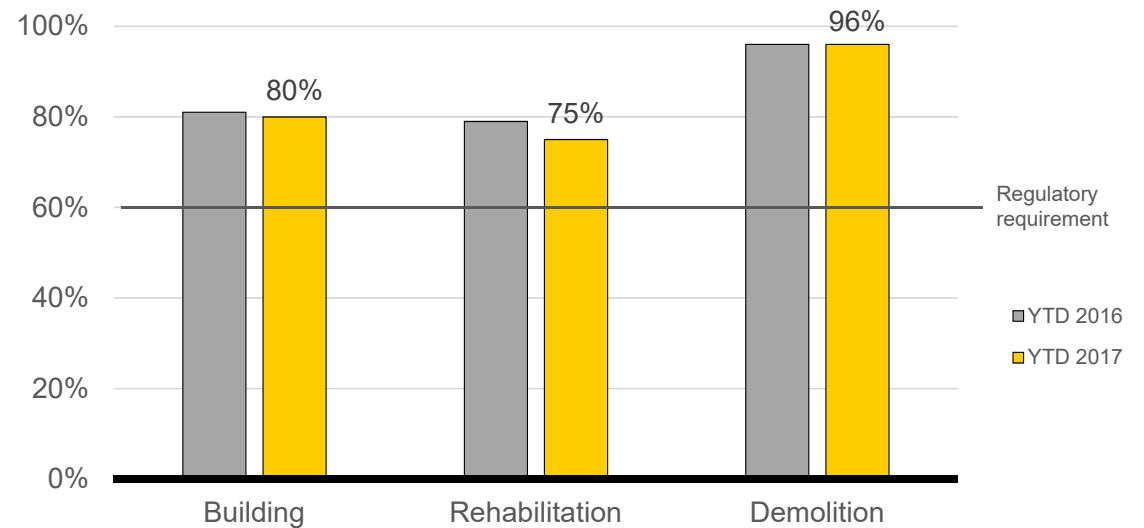


Health and environment

Sick leave



Source separation rate



A total of 85,675 (91,812) tonnes of waste has been sorted in the 1st quarter.

1st quarter 2017

Business areas

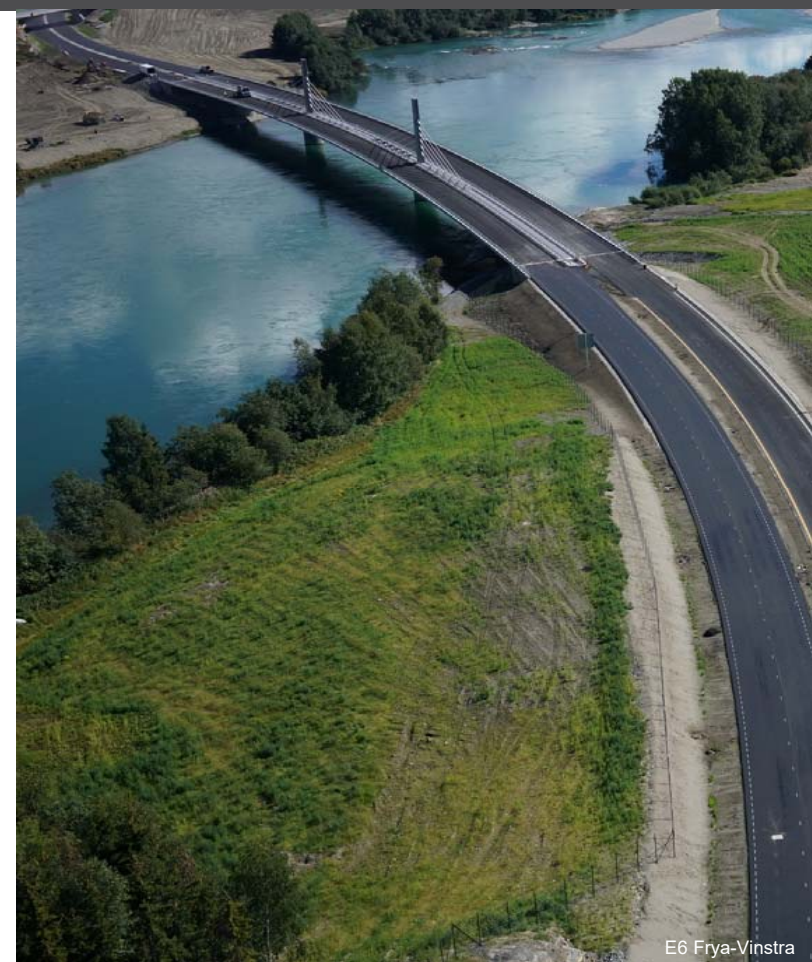


Ullerud Helsebygg, Drøbak

Good operational performance

NOK million	Q1 2017	Q1 2016	2016
Revenues	857	821	3,368
EBIT	60	100	461
EBT	59	108	475
EBIT %	7.0 %	12.2 %	13.7 %
EBT %	6.9 %	13.2 %	14.1 %

- AF Anlegg delivers good results and started up the E18 Tvedestrand-Arendal project.
- Målselv Maskin & Transport delivers good Q1 results.
- Pålplintar delivers seasonally weak results in Q1.
- Acquisition of Kanonaden Entreprenad AB closed Q1 2017, and the company delivers good results as expected.
- Order backlog: NOK 5,679 million (3,047)



E6 Frya-Vinstra

Lower activity level

NOK million	Q1 2017	Q1 2016	2016
Revenues	125	161	729
EBIT	5	7	42
EBT	5	7	42
EBIT %	4.0 %	4.4 %	5.8 %
EBT %	3.8 %	4.3 %	5.7 %

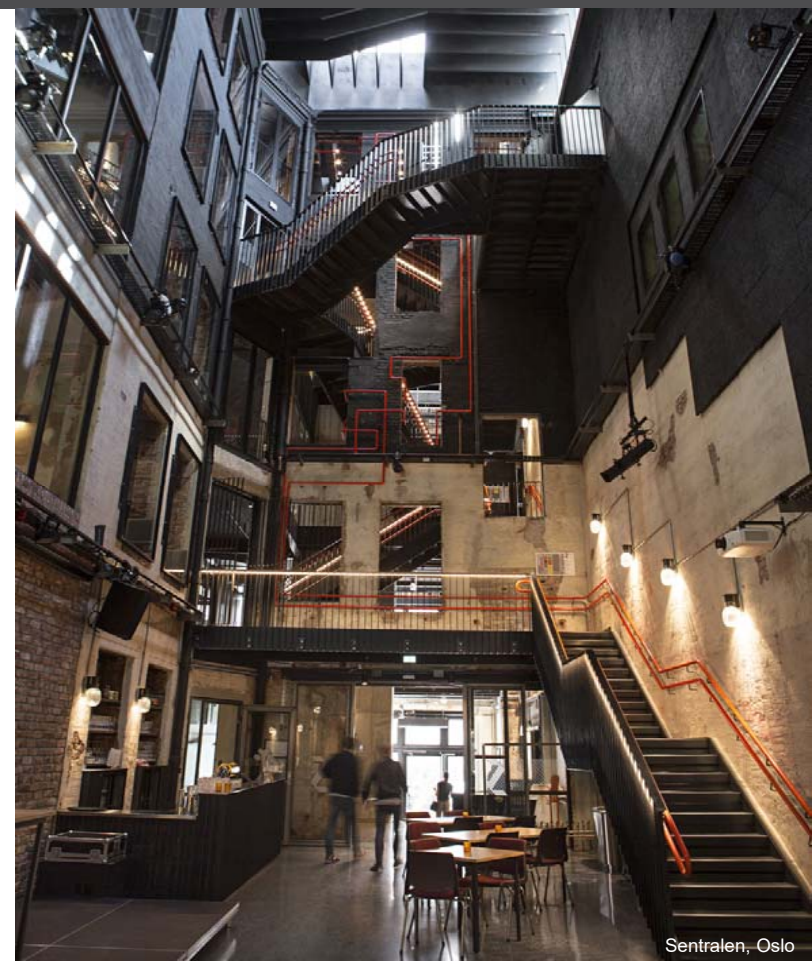
- Due to many small projects in their portfolio, AF Decom experienced a lower activity level in Q1.
- AF Härnösand Byggreturer shows good profitability and delivers good Q1 results.
- Seasonally lower activity level at Rimol Miljøpark in Q1.
- Entered agreement to establish new environmental facility
- Order backlog: NOK 243 million (286)



Good performance and high activity level

NOK million	Q1 2017	Q1 2016	2016
Revenues	1,595	1,612	6,688
EBIT	82	81	485
EBT	84	84	498
EBIT %	5.1 %	5.0 %	7.3 %
EBT %	5.3 %	5.2 %	7.4 %

- AF Bygg Oslo, LAB and the companies in Strøm Gundersen and MTH all deliver good Q1 results.
- AF Bygg Østfold and AF Bygg Sverige has a lower activity level in Q1, but both units have many new orders in Q2.
- Bygg has announced three new contracts in Q1, with a total contract value of NOK 599 million excl. VAT.
- Order backlog: NOK 8,759 (5,716)



Sentralen, Oslo

Good home sales

NOK million	Q1 2017	Q1 2016	2016
Revenues	8	9	48
EBIT	26	9	44
EBT	23	6	30
EBIT %	314.7 %	101.0 %	92.0 %
EBT %	272.1 %	72.4 %	62.4 %

- 127 (108) apartments were sold in Q1. AF's share is 47 (47).
- Ten housing projects with 1,134 apartments in the production phase (AF's share 488). 91 % of the apartments in production are sold as per March 31st.
- Land and development rights in progress: 2,295 (2,292) residential units. AF's share is 977 (962)
- AF has 93,642 (109,082) m² gross area of urban premises under development. AF's share is 46,429 (52,454).



Thurmannskogen, Lørenskog

Good operational performance and good results

NOK million	Q1 2017	Q1 2016	2016
Revenues	51	37	177
EBIT	4	2	18
EBT	4	1	16
EBIT %	8.1 %	6.2 %	10.0 %
EBT %	8.1 %	3.4 %	8.9 %

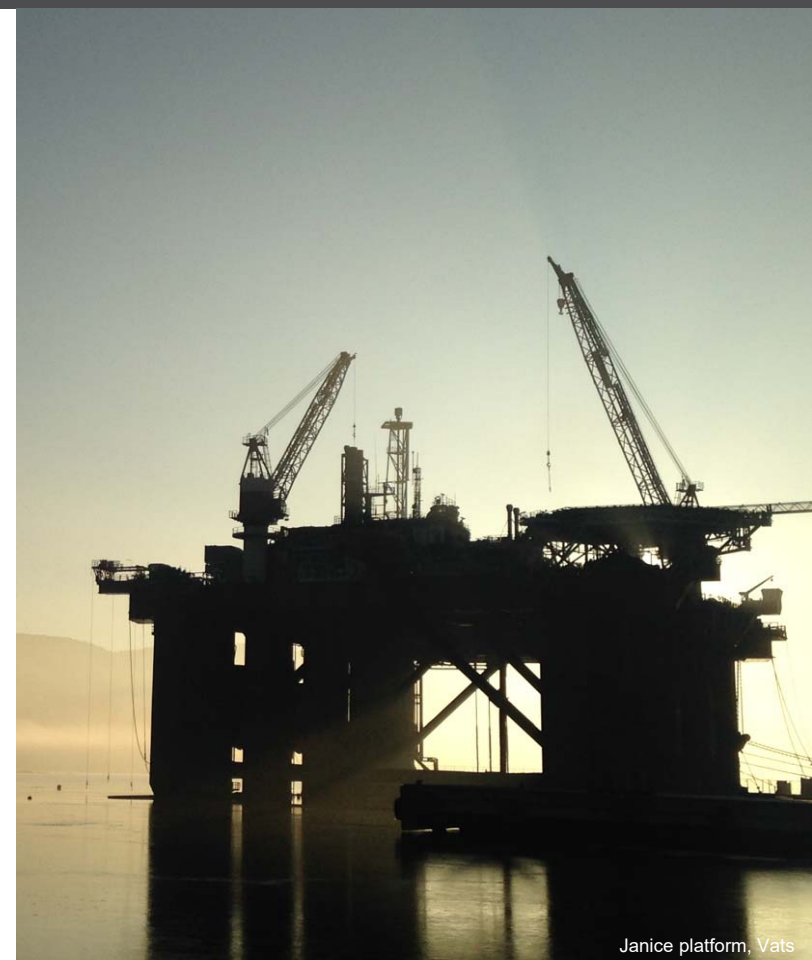
- Good operational performance for AF Energi & Miljøteknikk in ongoing projects. The unit delivers good Q1 results.
- Stable demand for energy services. The unit has a high volume of tender calculations and a rising order backlog
- Order backlog: NOK 164 million (80)



High activity level in Vats

NOK million	Q1 2017	Q1 2016	2016
Revenues	155	152	1,014
EBIT	10	6	107
EBT	8	-4	94
EBIT %	6.5 %	4.1 %	10.5 %
EBT %	5.0 %	-2.6 %	9.3 %

- High activity level at Environmental Base Vats for AF Offshore Decom. The unit delivers good Q1 results.
- Demanding market conditions for AF Offshore AeronMollier. The unit has significantly lower activity in Q1 and delivers weak results for Q1.
- AF Offshore Decom has after quarter-end been notified by ConocoPhillips Skandinavia that they intend to enter a contract for removal and disposal of 4 platforms connected to the Ekofisk field. The project will run from 2017 to 2022.
- Order backlog: NOK 605 million (1,093)



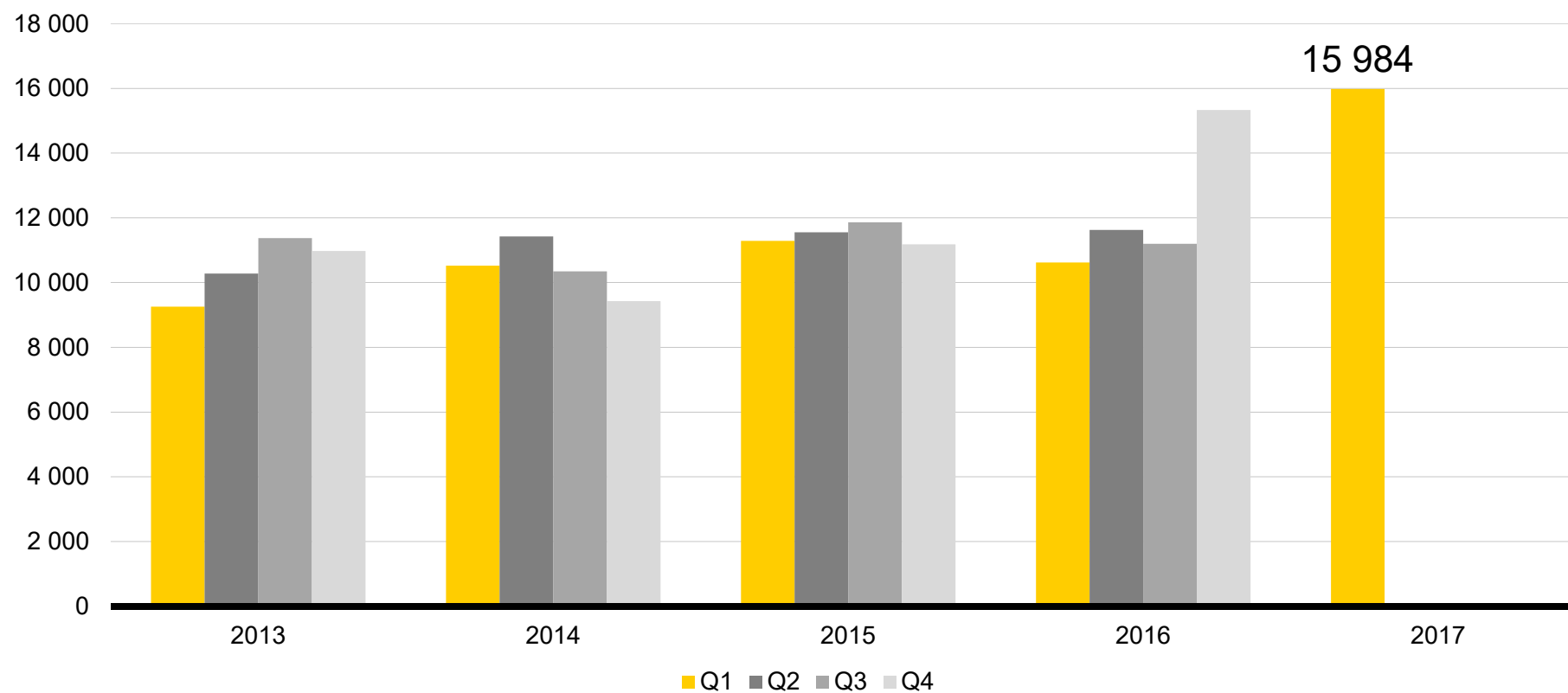
Janice platform, Vats

Order backlog



Solid order backlog

NOK million

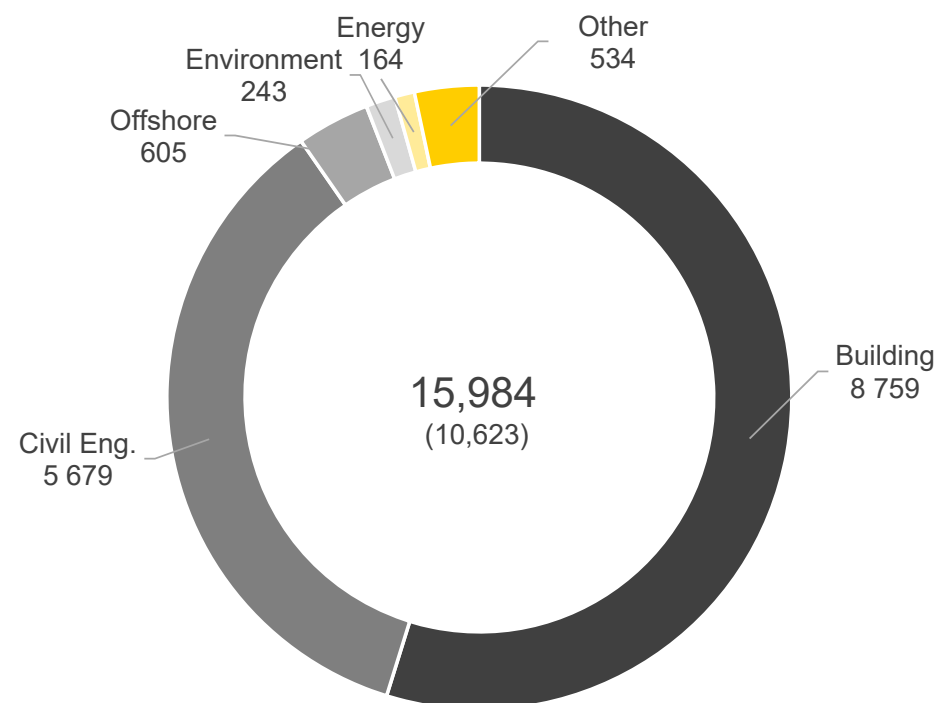
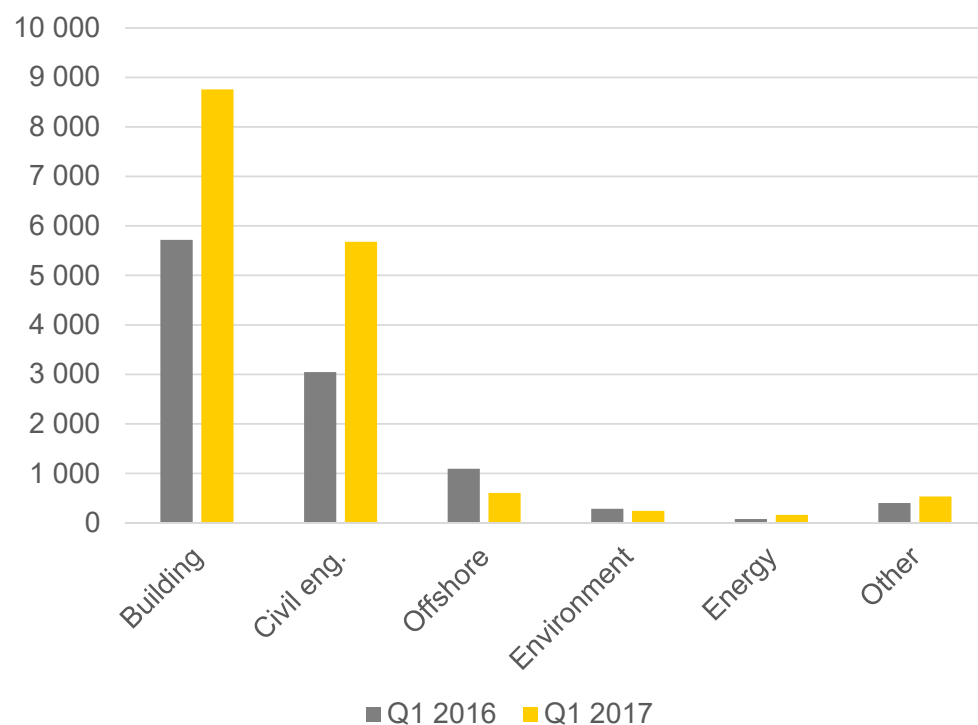


Order backlog



Order backlog per business area

NOK million

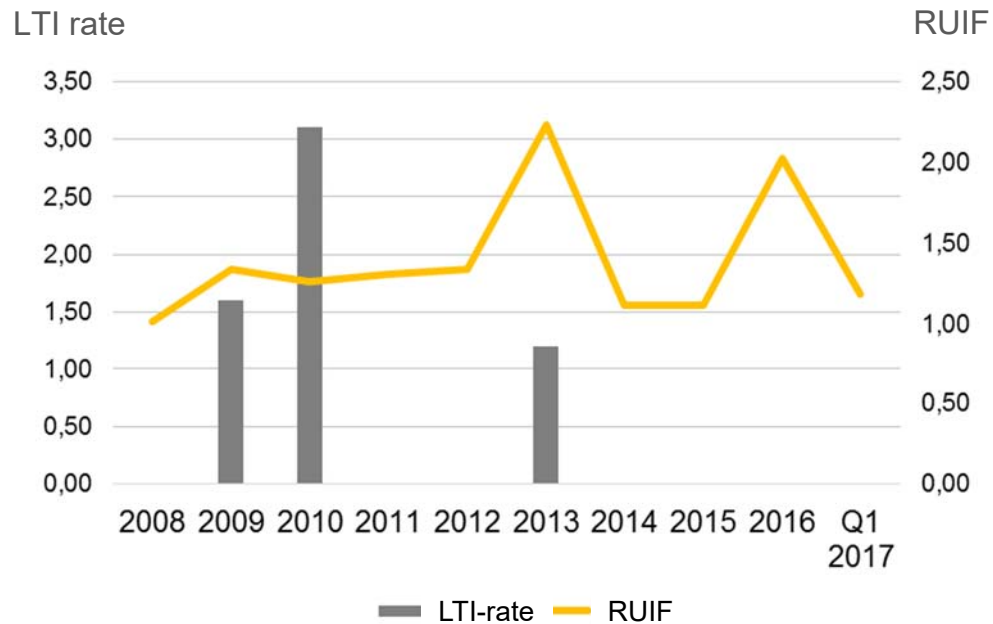


Offshore



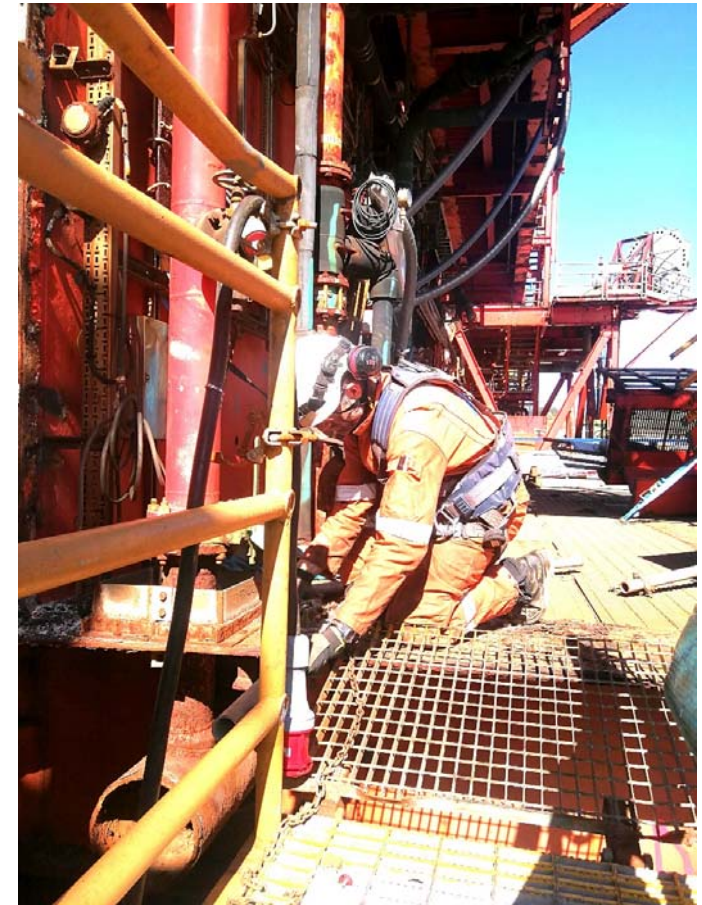
Safety always comes first

Key safety figures



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

RUIF: Number of reported unwanted incidents per man-year.



Solid first quarter; high activity level at Vats and within tendering

AF Offshore Decom:

- Very high activity level at Vats in Q1
- Increased order backlog in Q1
- High tendering activity



AF Offshore Aeron Mollier:

- Weak start to the year due to low activity and a demanding market
- Shift towards segments that are less dependent on the offshore market
- Slowly improving market for offshore maintenance and modification



Organic and structural growth



AF will secure a stronger position in the offshore market through organic and structural growth.



Expand services portfolio and geographic presence to become a complete supplier.



Increase project focus and range of services within HVAC



Establish project based services in border area of existing core business in markets with different cycles than offshore decommissioning

Total technical contractor and service partner

SEGMENTS

Permanent installations



Marine



Rig



Onshore



SERVICES



VENTILATION



HEAT & COLD



PIPES



ELECTRO



AUTOMATION



MECHATRON

Increasing decommissioning activity on British and Norwegian continental shelf over the next 10 years



**180 DECOM PROJECTS
TO BE CARRIED OUT**

Estimated approx. 33 decom projects on Norwegian continental shelf over the next 10 years, and 153 on british continental shelf



**1 832 WELLS TO
BE PLUGGED**

1 470 wells to be plugged on british side, while estimates shows 362 equivalent operations on Norwegian side



**>100 PLATFORMS TO
BE FULLY OR
PARTIALLY REMOVED**

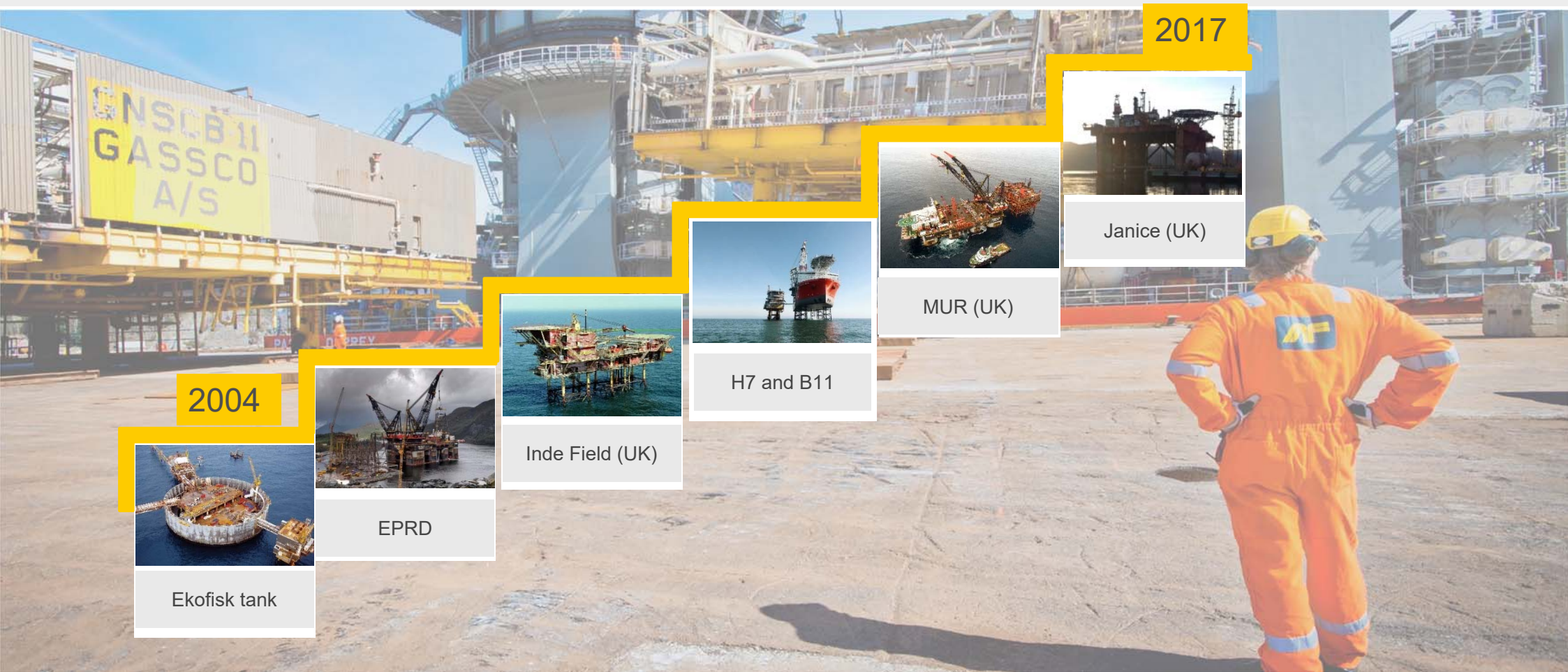
There are approx. 120 platforms on Norwegian side alone, and almost 350 subsea installations



**7 500 KILOMETRES
OF PIPING TO BE
REMOVED**

Approx. 7 500 kilometres of piping systems to be removed on the seabed of the North Sea

Innovative solutions since the beginning..



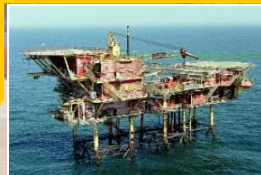
2004



Ekofisk tank



EPRD



Inde Field (UK)



H7 and B11



MUR (UK)



Janice (UK)

2017

Ambition to expand services from disposal to shutdown

General decom
project/ Field
abandonment:

Value
Chain



Avg.
spend



CAT3



Large removal and disposal project at Ekofisk

Client: ConocoPhillips Skandinavia AS

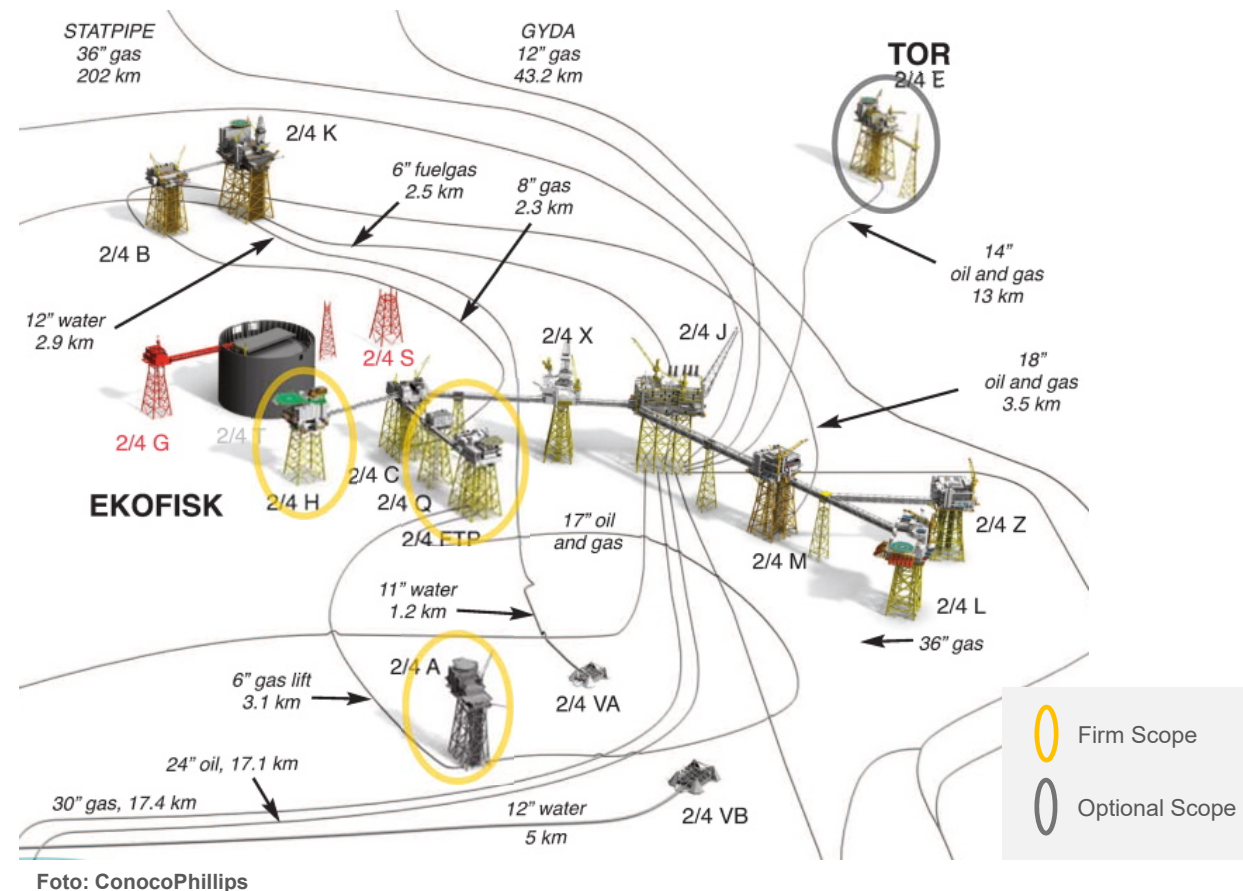
Main contractor: HMC

Scope: 36 000 tonnes excl. option

Platforms:

- EKO A
- EKO F
- EKO H + bridges
- EKO Q + bridges
- Tor (option)

Contract period: Q2 2017 – 2022



1st quarter 2017

Summary



MNOK	Q1 2017	Q1 2016	2016
Inntekter	2,662	2,707	11,876
EBIT	145	188	1,034
EBT	142	186	1,040
EBIT %	5.5 %	7.0 %	8.7 %
EBT %	5.4 %	6.9 %	8.8 %

- Seasonally good quarter
- All time high order backlog: NOK 15 984 million (10 623)
- Decline in LTI and absence due to illness
- Strong financial position supports our growth strategy



E18, Tvedestrand - Arendal

Thank you for your
attention!

Q2 2017:
August 25th 2017

