

August 24th 2018

Q2 2018

AF Gruppen ASA



2nd quarter 2018



Highlights

Good result and 40 % growth

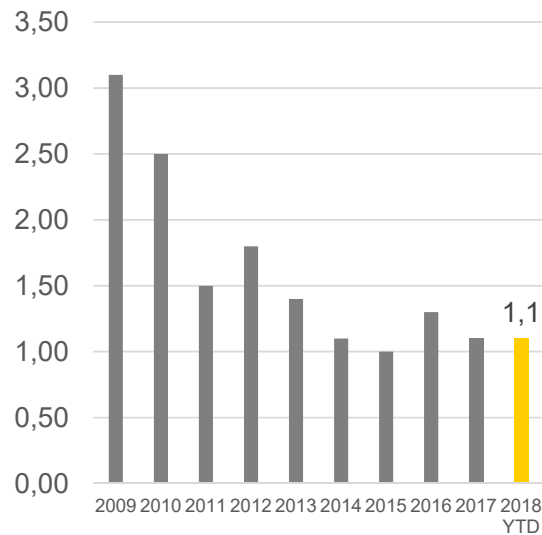
- Revenues: NOK 4,692 million (3,347) in Q2 vs. NOK 8,575 million (6,009) year-to-date.
- EBT: NOK 256 million (250) in Q2 vs. NOK 450 million (393) year-to-date.
- EBT margin: 5.5 % (7.5 %) in Q2 vs. 5.3 % (6.5 %) year-to-date.
- Strong order backlog: NOK 19,866 million (18,928)
- Solid financial position: Net interest bearing receivables of NOK 609 million (698)

2nd quarter 2018



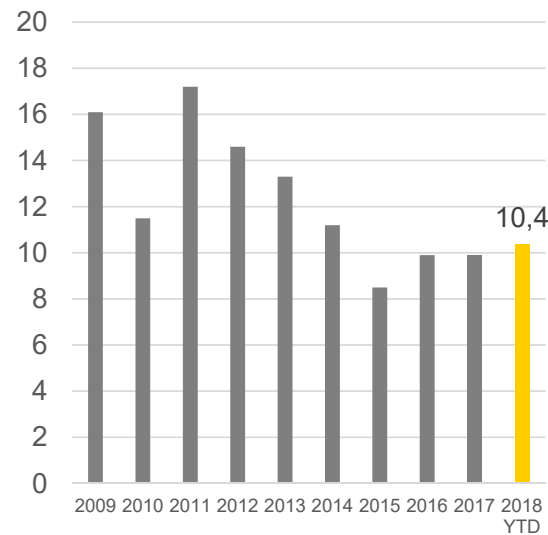
Safety

Lost-time injury frequency (LTIF)



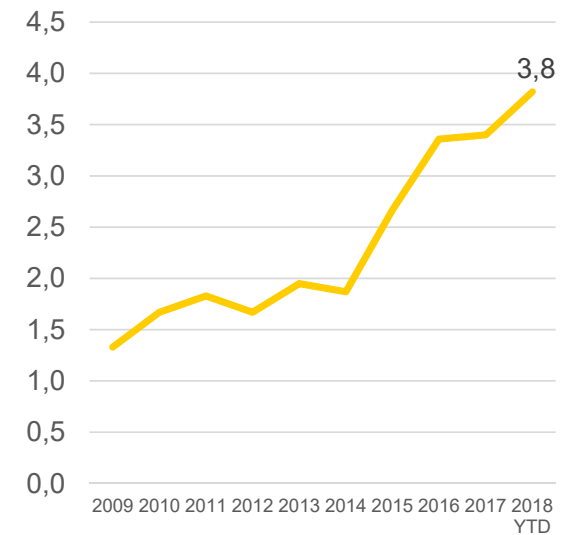
Number lost-time injuries per million hours worked. Measuring of LTIF also includes injuries by subcontractor employees.

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)



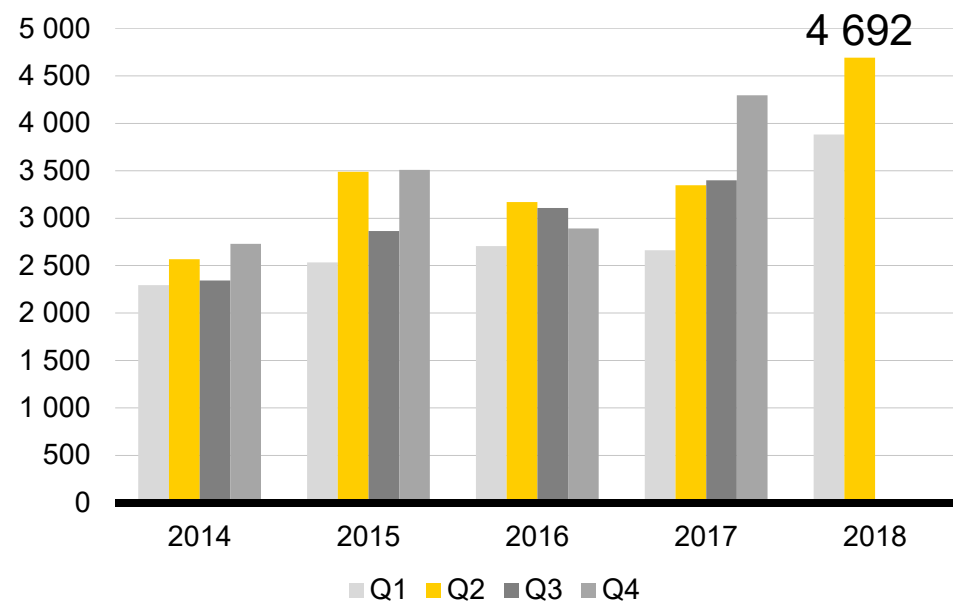
Number of reported unwanted incidents per man-year.

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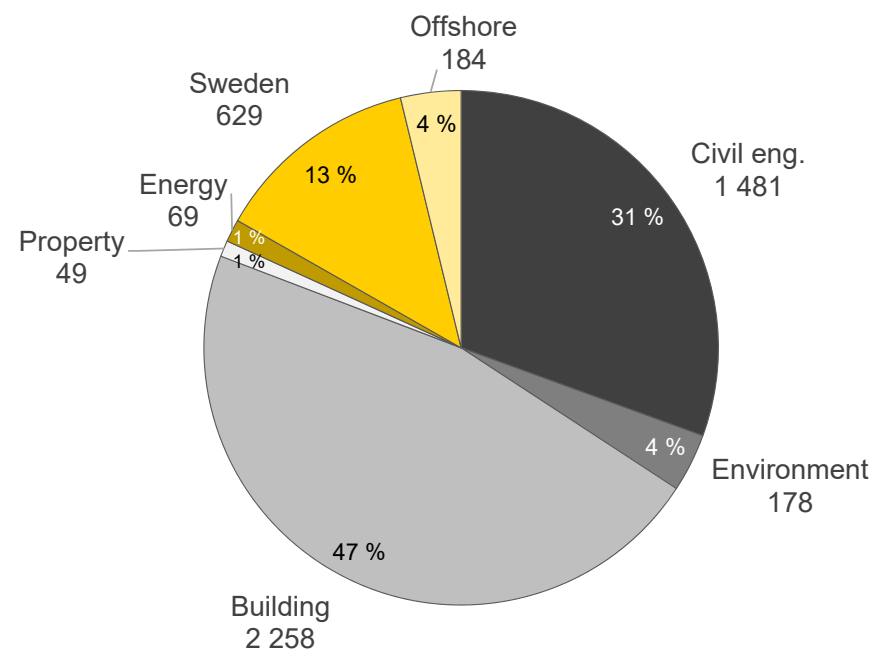
Revenues



NOK million



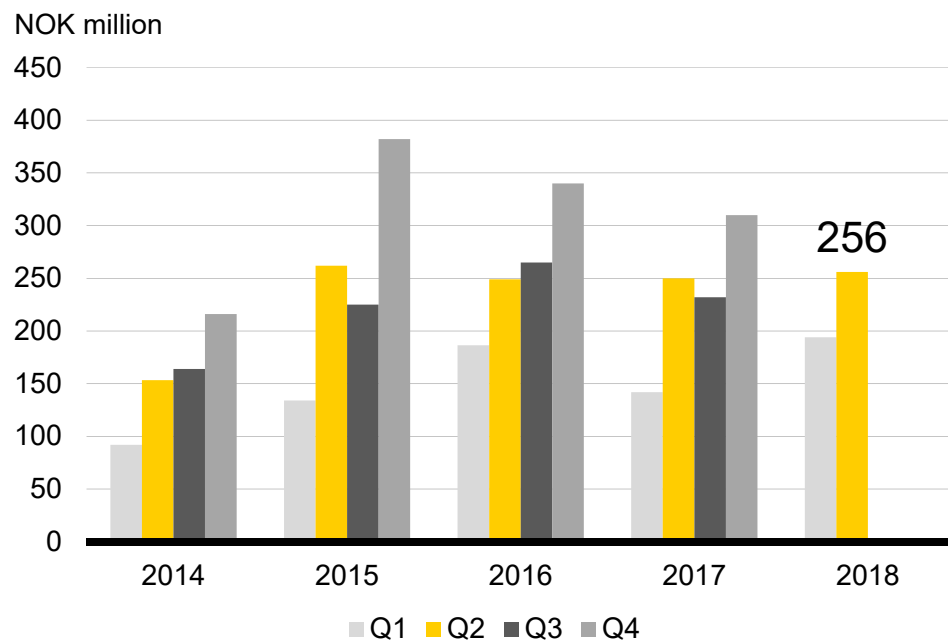
■ Q2 revenues by business area:



2nd quarter 2018



Earnings before tax



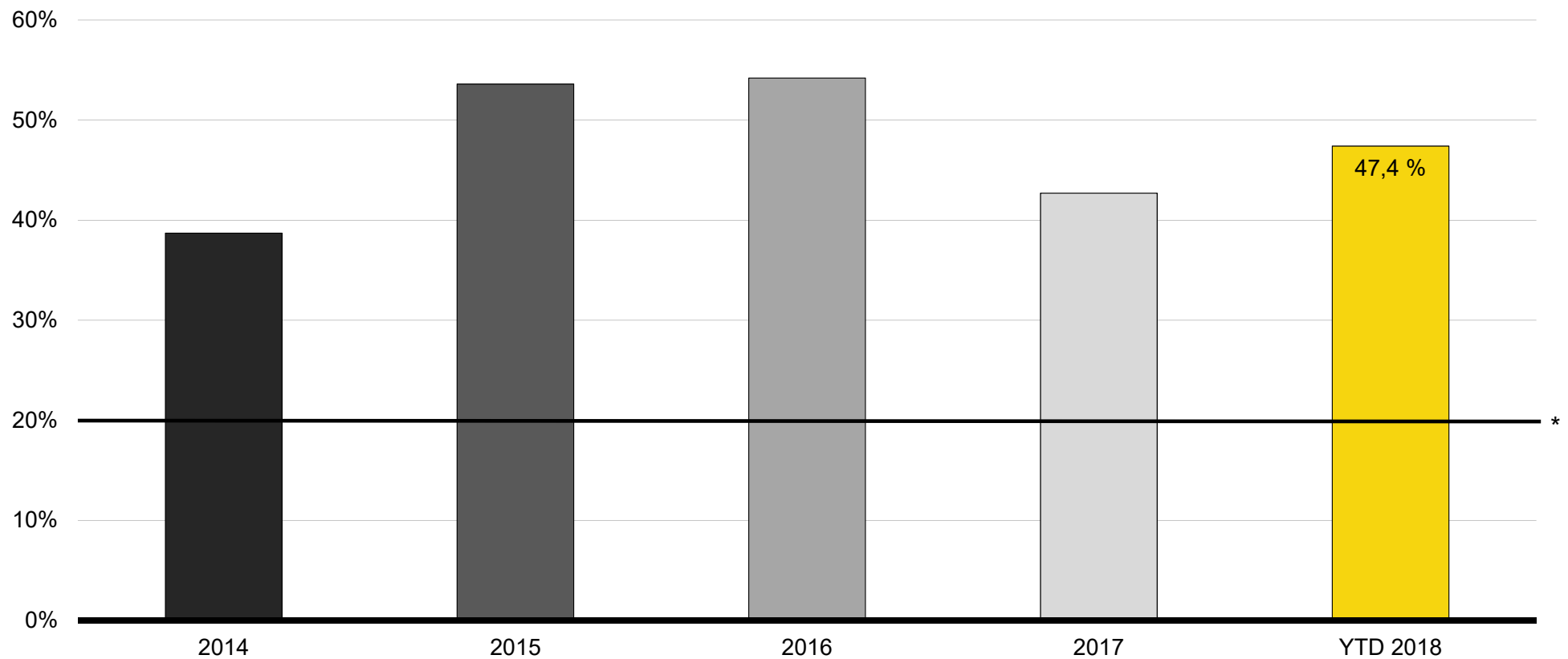
- A good 2nd quarter
- EBT Q2: NOK 256 million (250)
- EBT YTD: NOK 450 million (393)
- EBT % Q2: 5.5 % (7.5 %)
- EBT % YTD: 5.3 % (6.5 %)

2nd quarter 2018



Return on capital employed

12 month rolling average



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

2nd quarter 2018



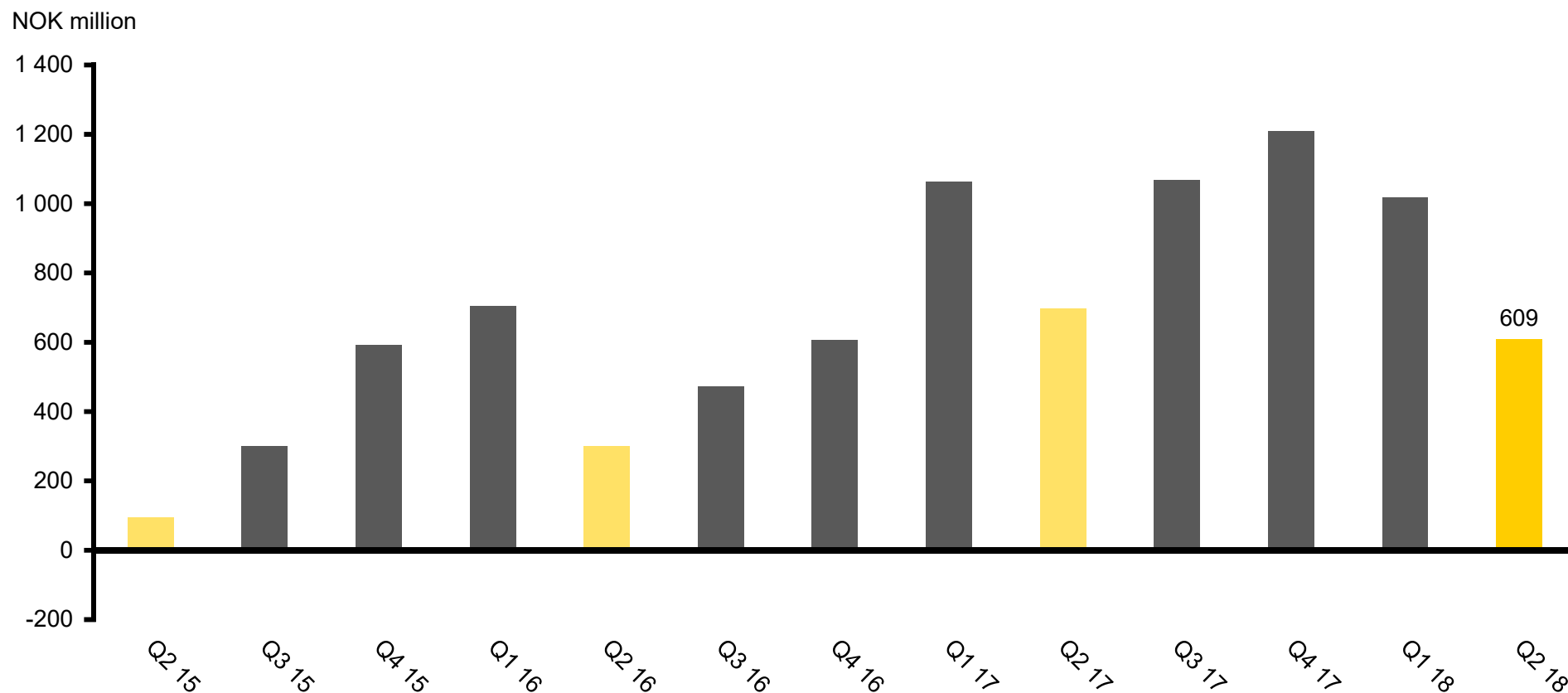
Cash flow statement

NOK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017
EBIT	256	251	441	396
Depreciations, amortization and impairment	42	41	86	81
Change in net working capital	-220	2	-272	290
Other adjustments / taxes paid	-45	-92	-95	-147
Cash flow from operations	33	203	159	619
Net investments	20	-105	-225	-247
Cash flow from capital activities	-504	-502	-594	-322
Interest paid and change in interest bearing debt	-59	11	-70	-5
Net decrease (increase) in cash and cash equivalents	-510	-394	-729	45
Net cash and cash equivalents at beginning of period	879	907	1,098	469
Change in cash and cash equivalents without cash effect	0	-1	-1	-2
Net cash and cash equivalents end of period	368	512	368	512

2nd quarter 2018



Net interest bearing receivables



Net interest bearing receivables as of 30 June is NOK 609 million (698).

2nd quarter 2018



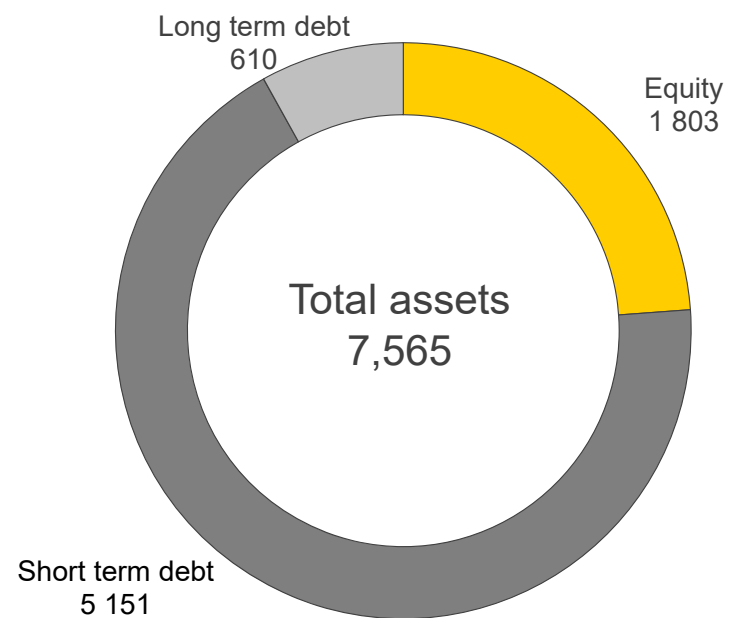
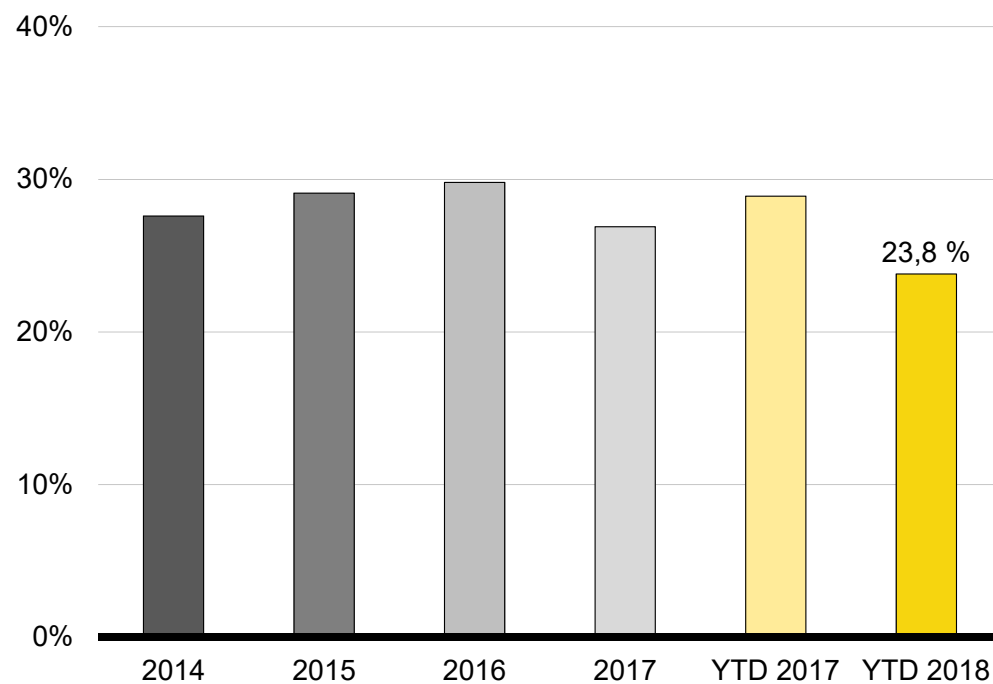
Balance sheet

NOK million	30.06.18	30.06.17	31.12.17
Non-current assets	4,153	4,104	4,045
Current assets, ex. Cash	3,044	2,418	2,581
Cash and cash equivalents	368	512	1,098
Total assets	7,565	7,034	7,724
Equity	1,803	2,034	2,078
Long term debt	610	574	643
Short term debt	5,151	4,426	5,003
Total equity and debt	7,565	7,034	7,724

2nd quarter 2018



Equity ratio

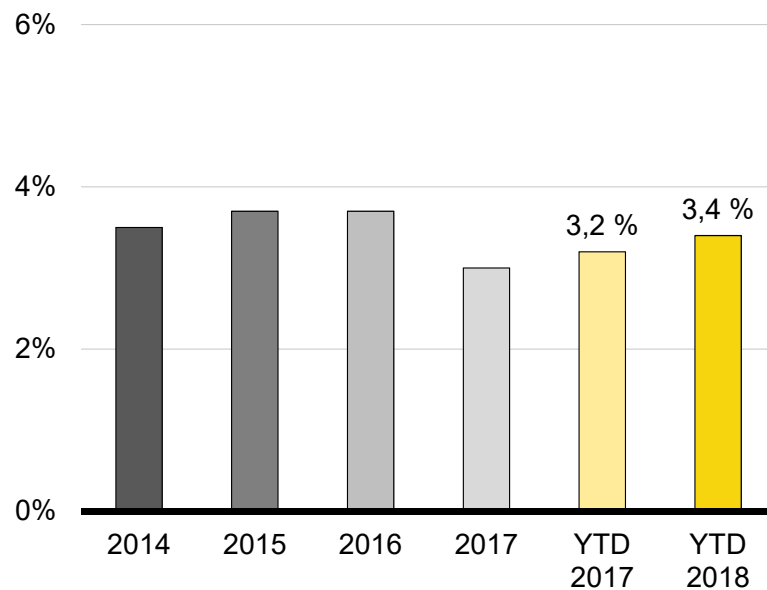


2nd quarter 2018

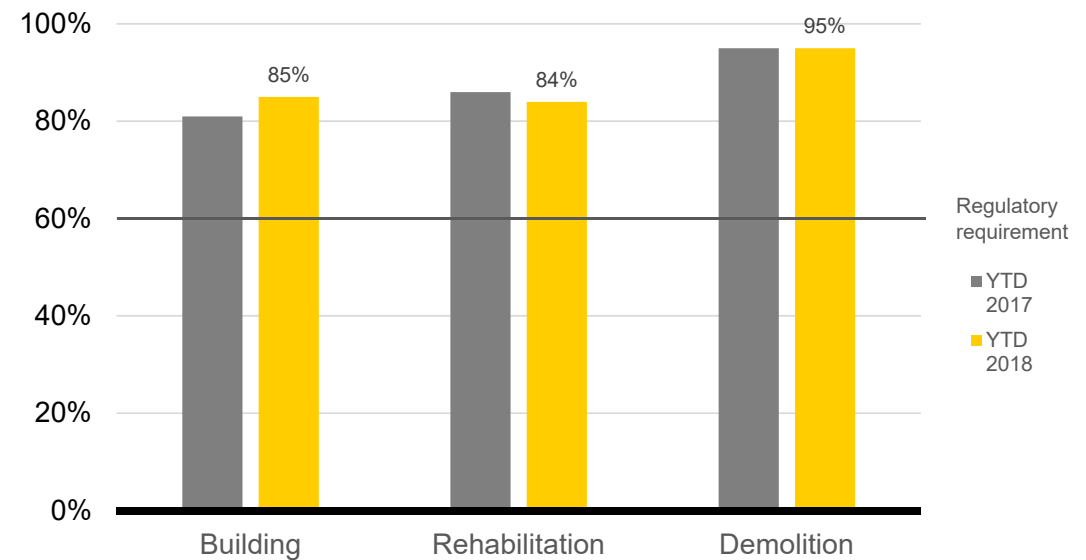


Health and environment

Sick leave



Source separation rate



A total of 126,966 (161,887) tonnes of waste has been sorted in 2018

2nd quarter 2018

Business areas



Very high activity level

NOK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Revenues	1,481	827	2,727	1,495
EBIT	49	52	107	102
EBT	53	55	120	104
EBIT %	3.3 %	6.3 %	3.9 %	6.8 %
EBT %	3.6 %	6.6 %	4.4 %	7.0 %

- AF Anlegg has an organic growth in Q2 of 79 %. Many new projects and few project completions leads to lower results and reduced margin.
- Målselv Maskin & Transport delivers good Q2 results.
- AF Anlegg entered into agreements with Statkraft Energi, Statkraft and Sporveien in Q2. Total contract value is estimated at NOK 480 million excl. VAT.
- Order backlog: NOK 5,206 million (5,230)



Vamma hydro power plant

High activity level and good profitability

NOK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Revenues	178	126	309	226
EBIT	12	9	20	12
EBT	12	9	19	12
EBIT %	6.8 %	7.6 %	6.4 %	5.3 %
EBT %	6.7 %	7.4 %	6.2 %	5.2 %

- High activity level for AF Decom in Q2. The unit has good operational performance and delivers good Q2 results.
- High activity level at Rimol Miljøpark and Jølsen Miljøpark in Q2. Both facilities deliver good results.
- The new environmental facility at Nes near Oslo is completed. The facility has received its first masses for cleaning.
- Order backlog: NOK 209 million (350)



Demolition of Ruselekka school

High activity level and good results

NOK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Revenues	2,258	1,762	4,066	3,245
EBIT	139	109	230	189
EBT	145	112	242	195
EBIT %	6.2 %	6.2 %	5.6 %	5.8 %
EBT %	6.4 %	6.3 %	5.9 %	6.0 %

- AF Bygg Oslo, MTH and EIQON all deliver good Q2 results.
- AF Bygg Østfold, AF Byggfornyelse, LAB and Strøm Gundersen all have a higher activity level in Q2 and deliver satisfactory results.
- AF Nybygg has an increasing activity level and the unit delivered positive Q2 results.
- Building has entered into 11 sizable agreements in Q2 at a total contract value of NOK 2,312 million.
- Order backlog: NOK 11,070 (10,271)

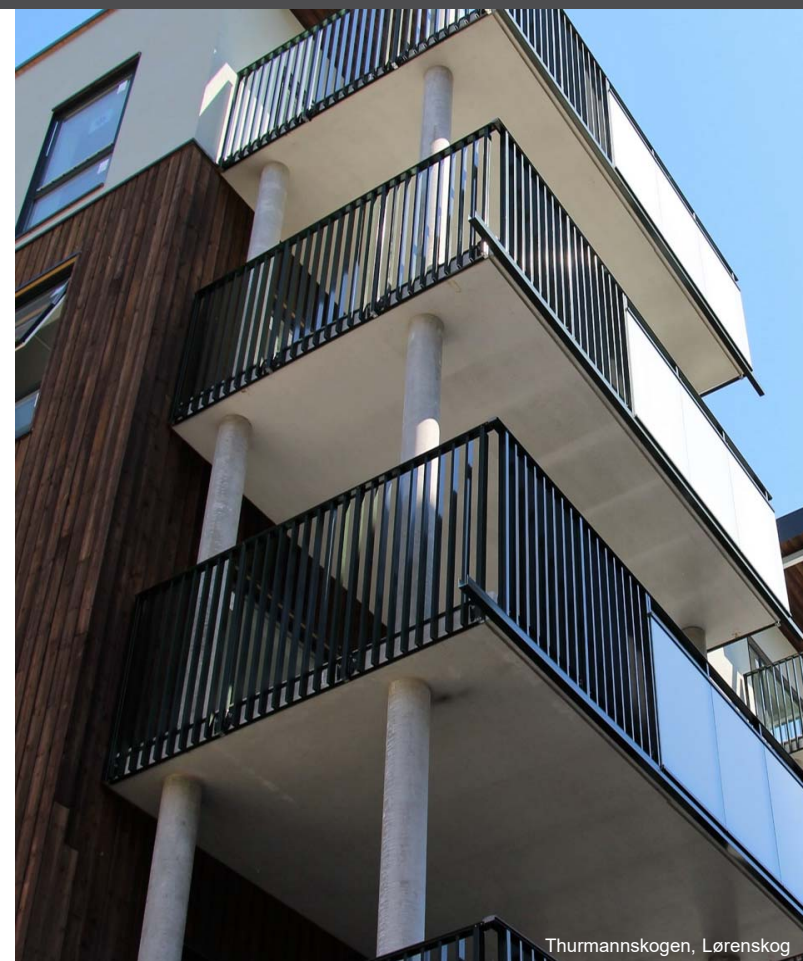


Mills city block, Oslo

Good results in a more positive residential market

NOK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Revenues	49	6	53	12
EBIT	43	18	61	41
EBT	40	15	55	34
EBIT %	89.0 %	273.3 %	115.3 %	354.1 %
EBT %	83.1 %	228.4 %	103.9 %	297.6 %

- 117 (55) apartments were sold in Q2. AF's share is 38 (21).
- Six residential projects with 973 apartments in the production phase (AF's share 377). 72 % of the apartments in production are sold as per June 30th.
- Land and development rights in progress: 1,972 (2,580) residential units. AF's share is 816 (1,096)
- AF has 73,751 (92,084) m² gross area of urban premises under development. AF's share is 36,198 (45,273).



Thurmannskogen, Lørenskog

Good activity level, weak results

NOK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Revenues	69	59	124	110
EBIT	-2	6	-2	10
EBT	-3	6	-4	10
EBIT %	-2.8 %	10.3 %	-1.5 %	9.3 %
EBT %	-4.3 %	10.4 %	-3.6 %	9.3 %

- High activity level for AF Energi & Miljøteknikk in Q2, but the unit delivers weak results.
- The results are affected by challenging completions of some EPC-contracts and the shutdown of the unit's Bergen office.
- Order backlog: NOK 275 million (345)



Solar panels, Kringsjå

Profitable growth

MNOK	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Inntekter	629	425	1 137	751
EBIT	45	24	67	41
EBT	45	24	66	41
EBIT %	7.2 %	5.7 %	5.9 %	5.5 %
EBT %	7.1 %	5.7 %	5.8 %	5.5 %

- Kanonaden Entreprenad delivers satisfactory results also in Q2. Påplintar has a low activity level.
- High activity level and very good profitability at AF Härnösand Byggreturer. The unit delivers very good Q2 results.
- AF Projektutveckling and AF Bygg Syd delivers good quarterly results, while AF Bygg Göteborg delivers results somewhat below expectations.
- Order backlog: NOK 1,513 million (1,155).



Challenging market conditions

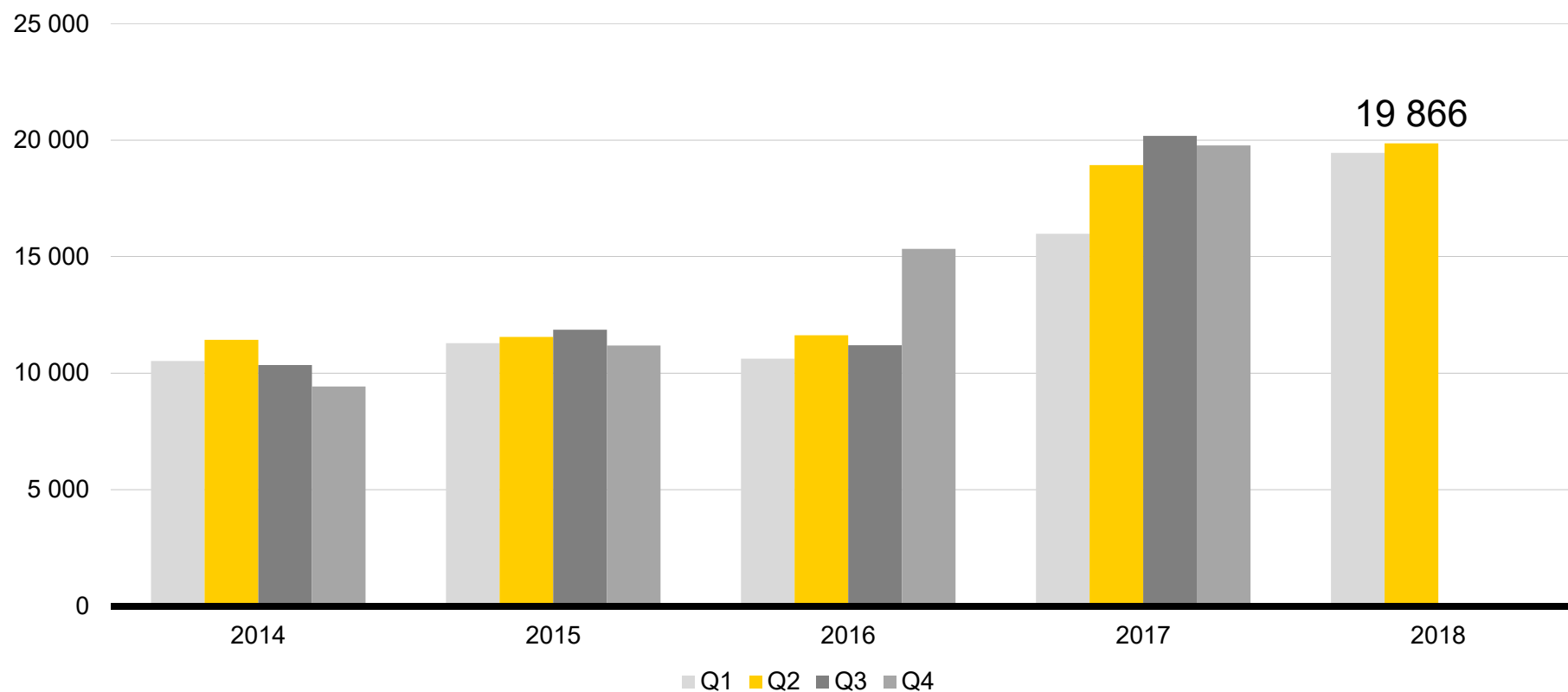
NOK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Revenues	184	200	366	355
EBIT	6	17	9	27
EBT	4	14	8	22
EBIT %	3.1 %	8.5 %	2.5 %	7.6 %
EBT %	2.1 %	7.2 %	2.1 %	6.2 %

- As expected, AF Offshore Decom has a lower activity level, but the unit still delivers positive Q2 results. New projects won in 2017 will mainly generate activity in 2019 and later.
- No activity at Environmental Base Vats.
- Demanding market conditions for AF AeronMollier. The unit has a stable activity level and delivers positive Q2 results.
- Order backlog: NOK 924 million (1,004)



Solid order backlog

NOK million

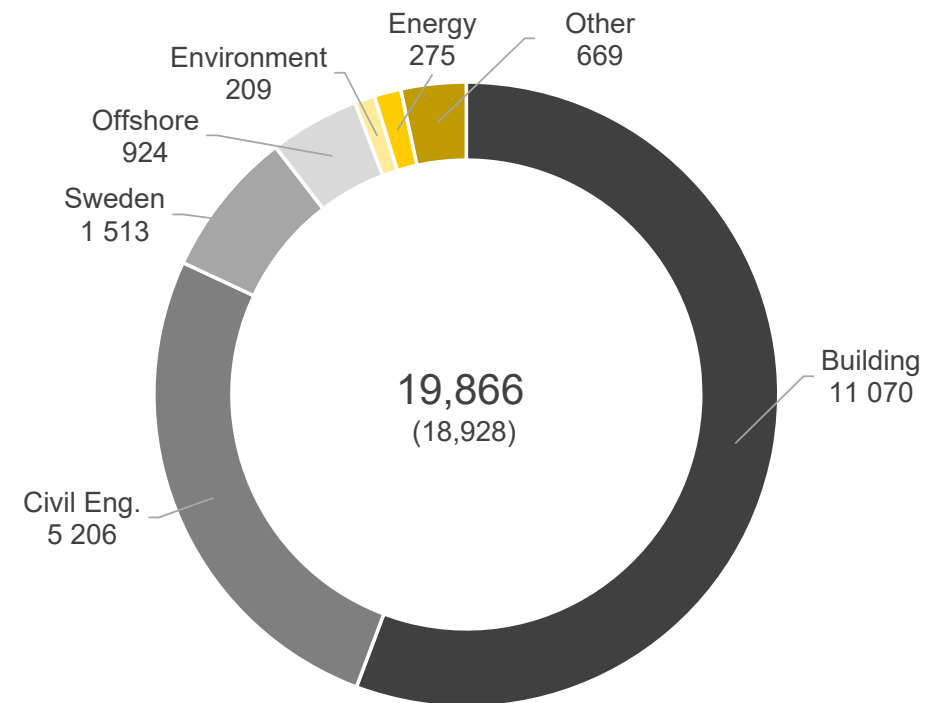
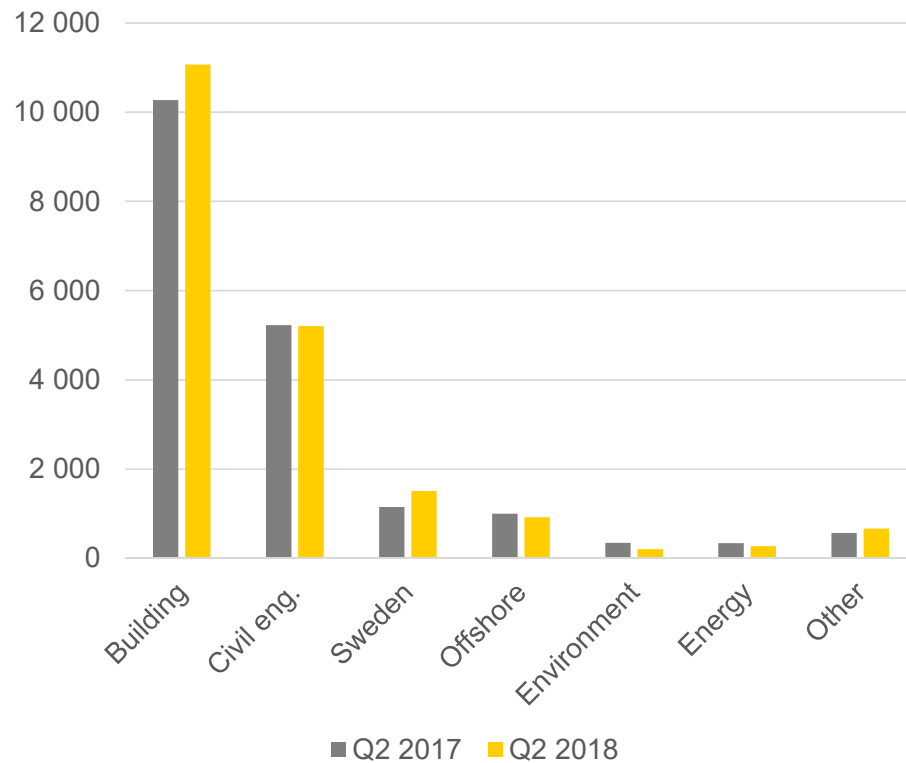


Order backlog



Order backlog per business area

NOK million

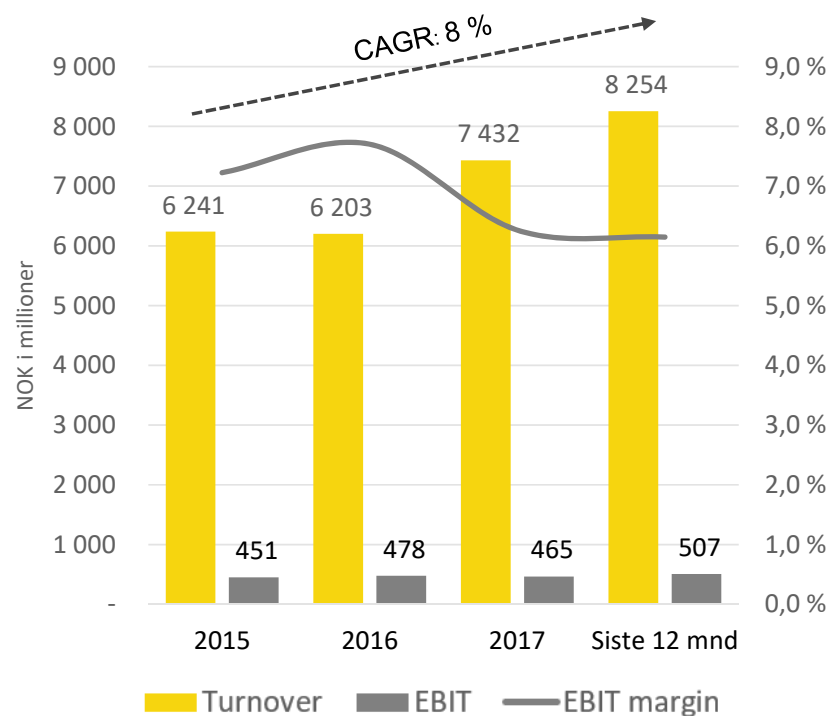


Building

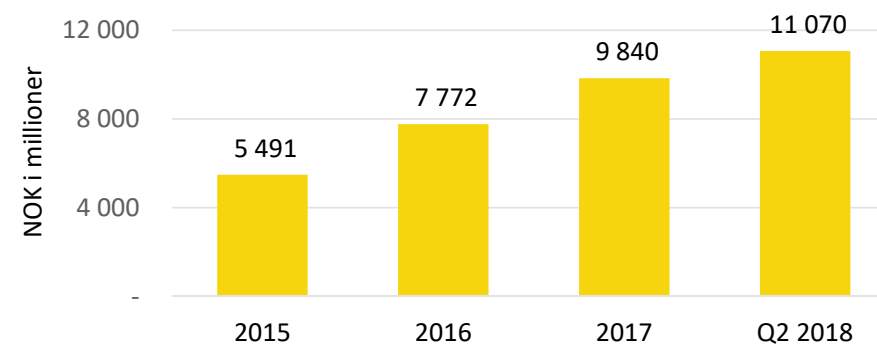


Strong organic growth and record-high order backlog

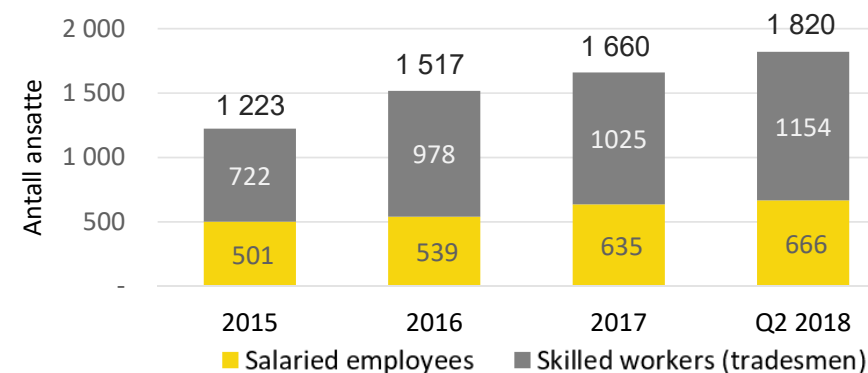
Turnover and profitability in Building



Order backlog in Building



Number of employees in Building

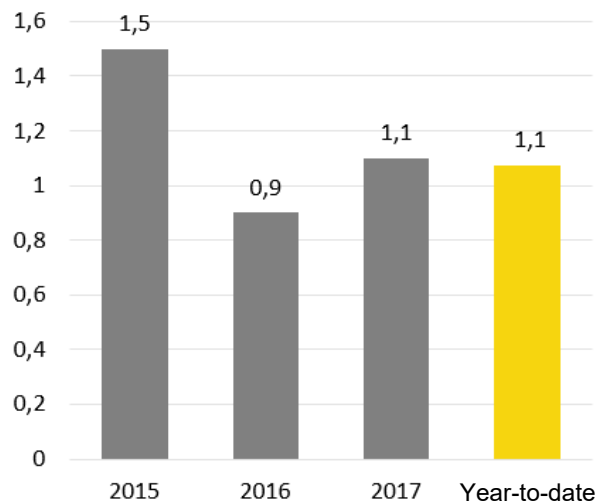


Building

Safety

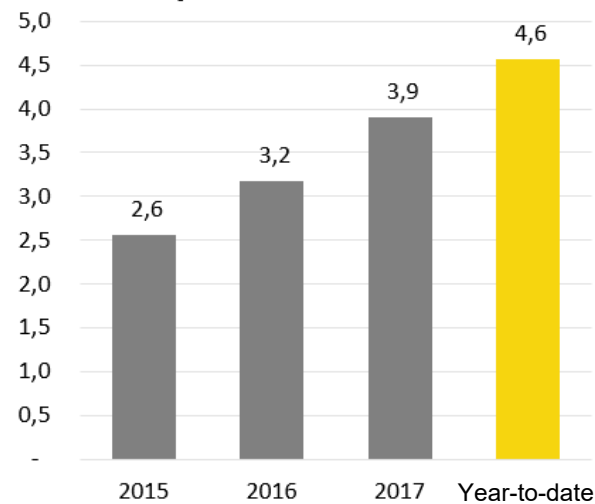


LTI rate



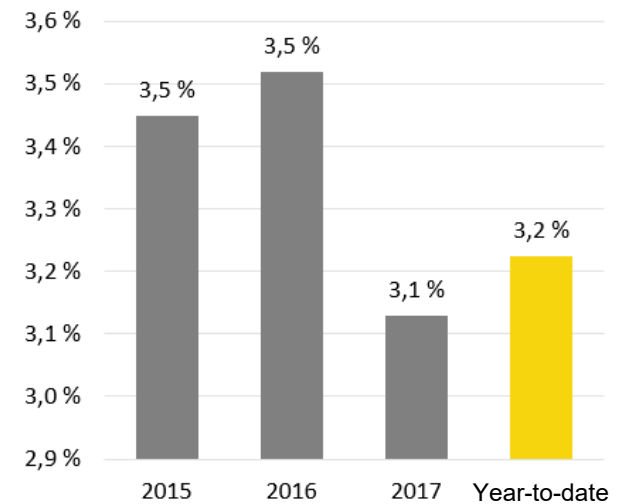
Number of lost time injuries per million man-hours. AF includes all subcontractors when calculating the LTI value.

Frequency of reported near misses



Number of reported near misses per man-year.

Absence due to illness

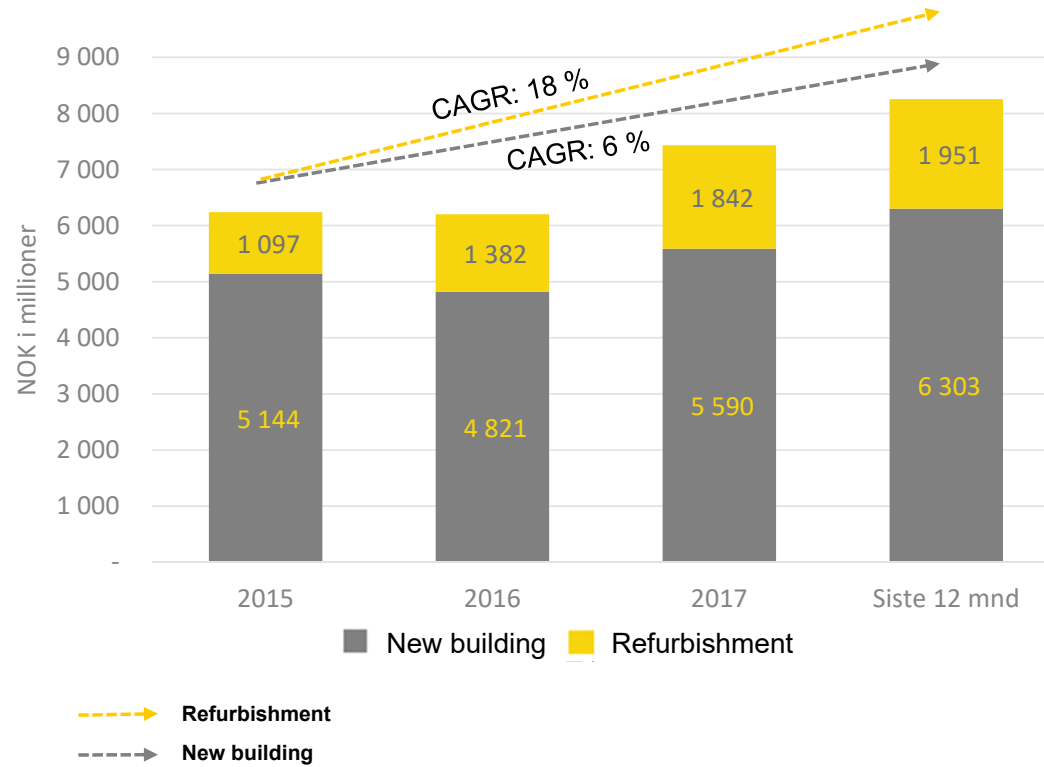


Building



The refurbishment segment has grown by 18% annually since 2015

Turnover within new building and refurbishment in Building



Sjømannskolen

Building

Broad portfolio within construction/refurbishment...



HAGA • BERG



Building

...and within façade and concrete refurbishment



CONSOLVO

**kir
kes
tue
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Changes in the market

The market has changed, the customers are placing different demands on the contractors

- Attentiveness to workplace crime and social dumping
- Requirements for skilled workers and apprentices
- A greater level of collaborative contracts
- Higher expectation of quality



Briskeby fire station

Building

Competitive power through expertise



- Focus on niches where we provide a wide range of services through several specialised suppliers
- We have responded to the changes in the market by building up a significant level of in-house production
- Part-ownership by senior executives, small organisations where the management is close to operations



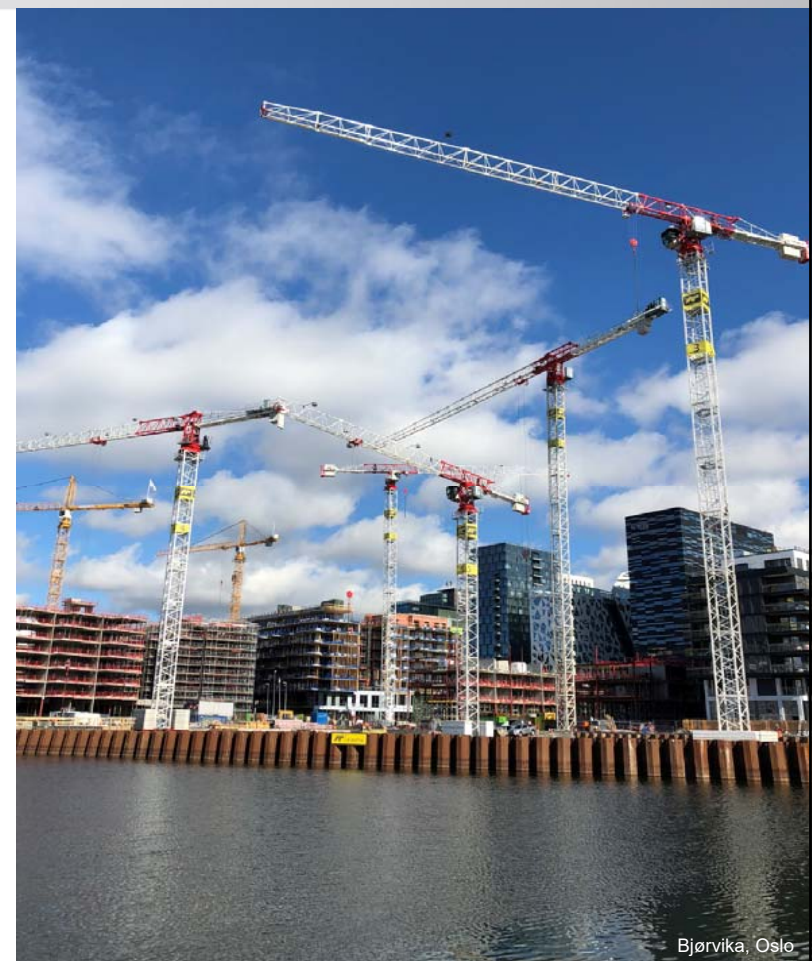
2nd quarter 2018

Summary



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Revenues	4,692	3,347	8,575	6,009
EBIT	256	251	441	396
EBT	256	250	450	393
EBIT %	5.5 %	7.5 %	5.1 %	6.6 %
EBT %	5.5 %	7.5 %	5.3 %	6.5 %

- Good results
- Strong revenue growth (+40 % Q/Q)
- High order backlog: NOK 19,866 million (18,928)
- Strong financial position supports ambitions of structural growth



Bjørvika, Oslo

Thank you for your
attention!

Q3 2018:
November 9th 2018

