

November 9th 2018

Q3 2018

AF Gruppen ASA



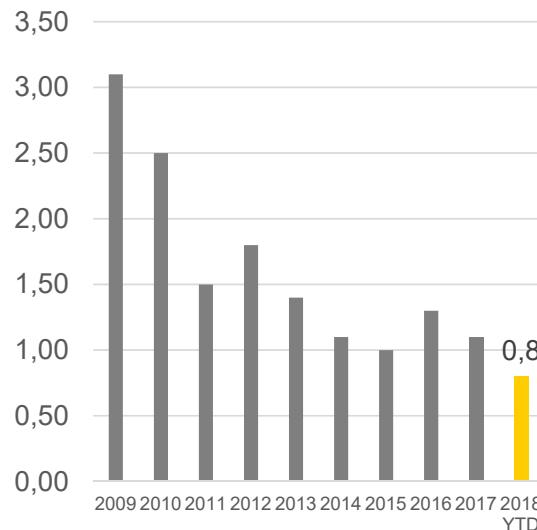
Highlights

Solid result and strong growth

- Revenues: NOK 4,536 million (3,399) in Q3 vs. NOK 13,111 million (9,408) year-to-date.
- EBT: NOK 313 million (232) in Q3 vs. NOK 764 million (625) year-to-date.
- EBT margin: 6.9 % (6.8 %) in Q3 vs. 5.8 % (6.6 %) year-to-date.
- Strong order backlog: NOK 18,920 million (20,183)
- Solid financial position: Net interest bearing receivables of NOK 680 million (1,068)
- Dividend for 2nd half-year of NOK 3.50 (3.50) per share approved

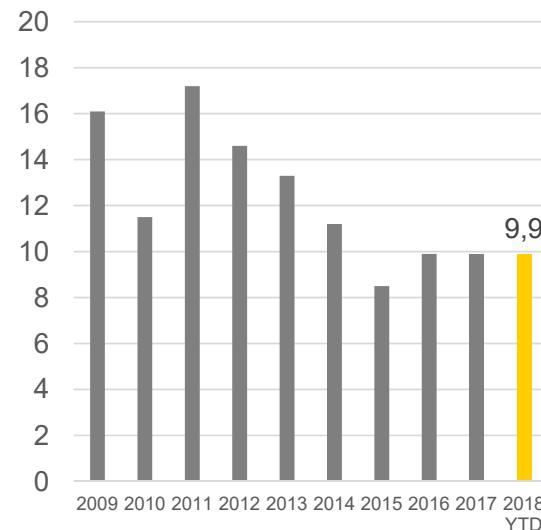
Safety

Lost-time injury frequency (LTIF)



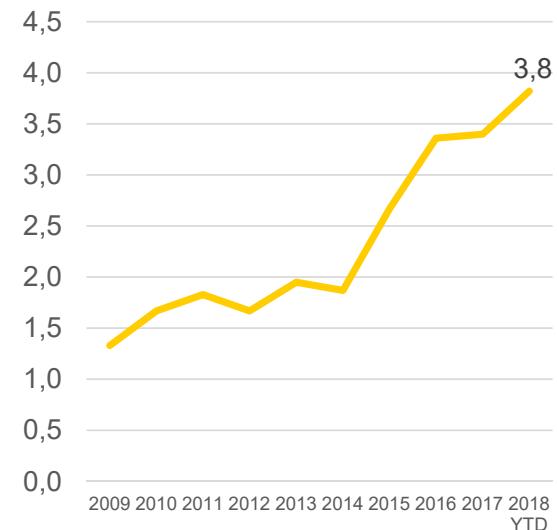
Number lost-time injuries per million hours worked. Measuring of LTIF also includes injuries by subcontractor employees.

Total recordable injury frequency (TRIF)



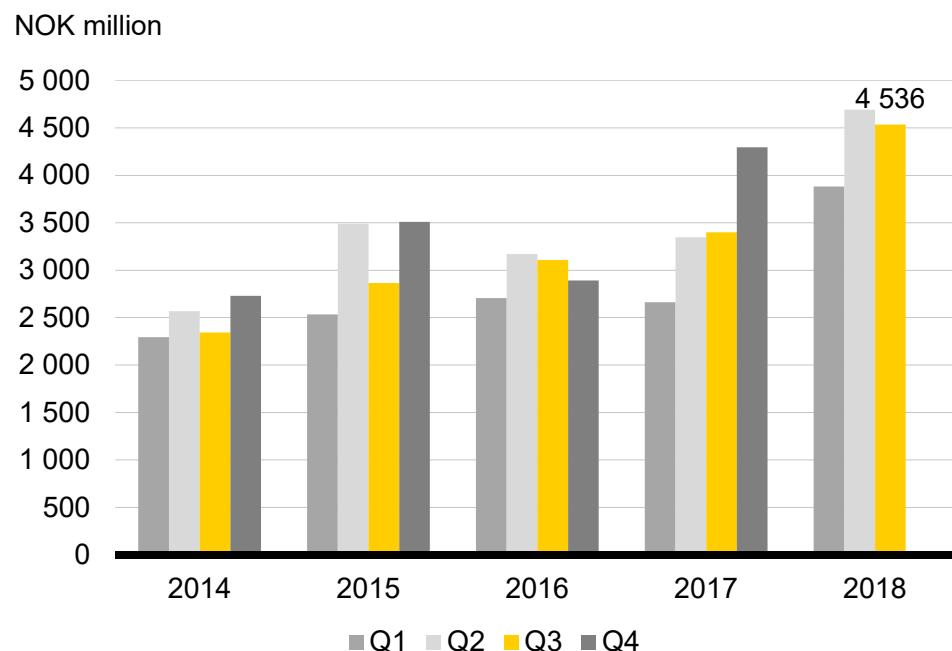
Number of lost-time injuries, injuries involving substitute work and medical treatment injuries per million hours worked. Measuring of TRIF also includes injuries by subcontractor employees.

Reported unwanted incident frequency (RUIF)

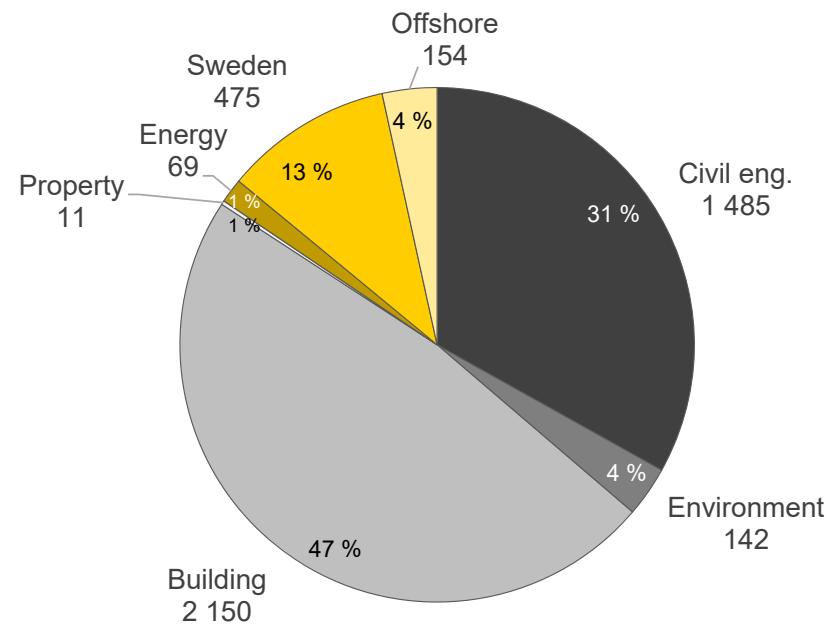


Number of reported unwanted incidents per man-year.

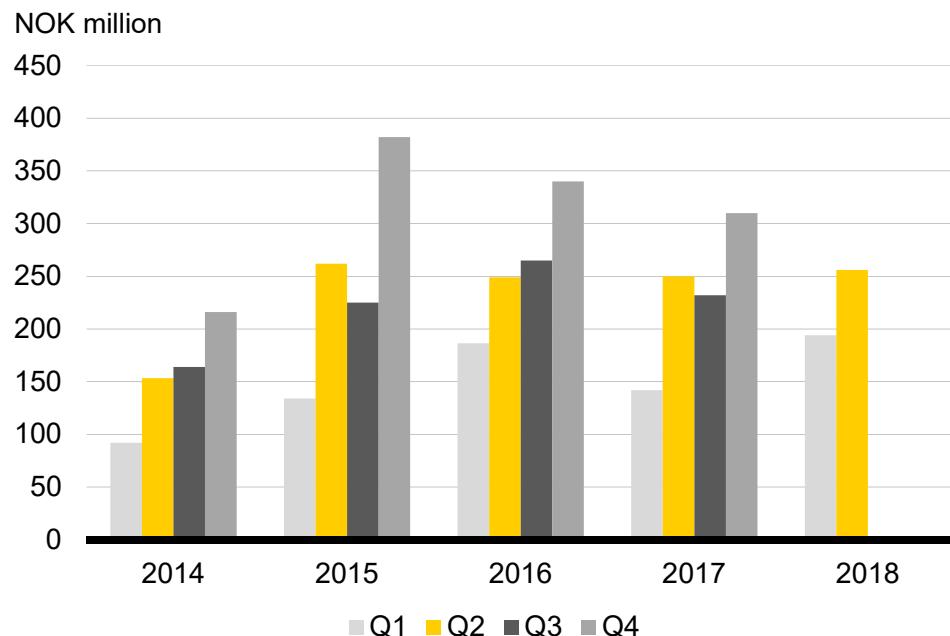
Revenues



Q3 revenues by business area:



Earnings before tax



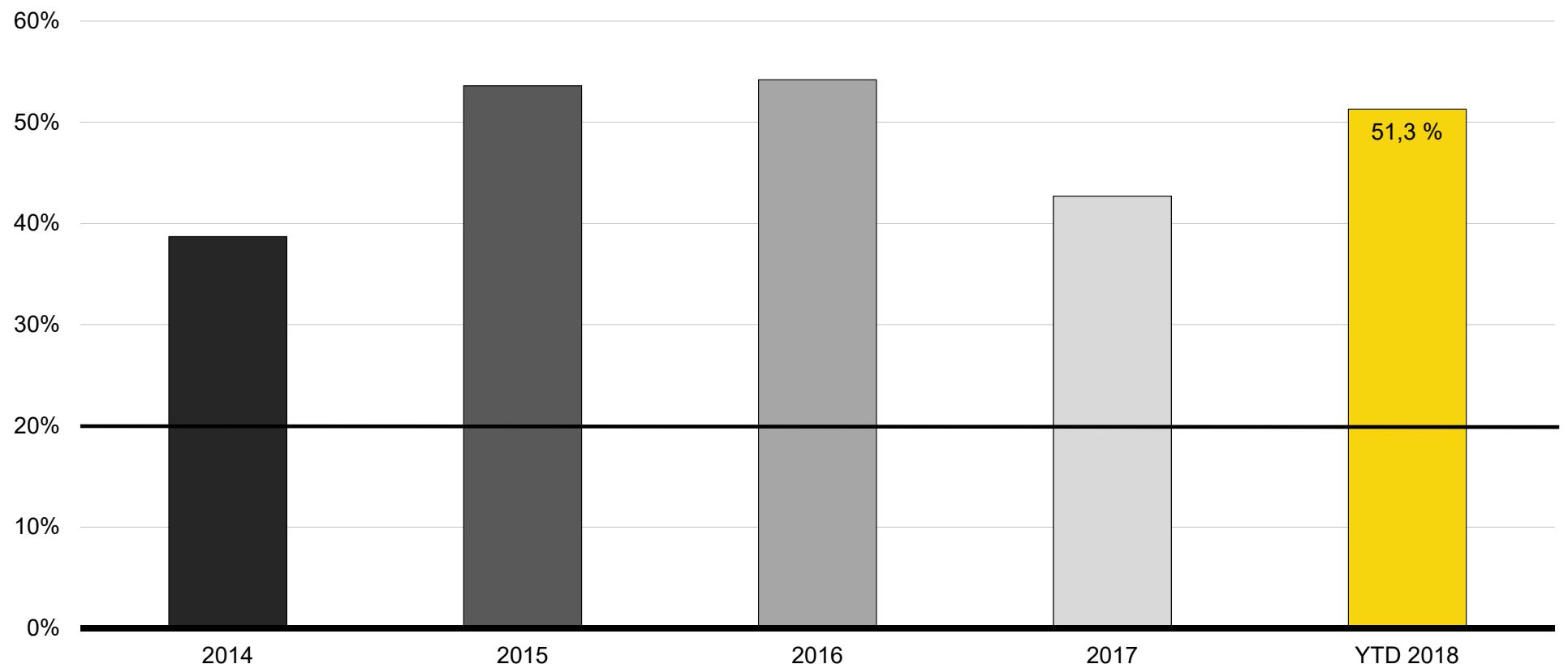
- A very good 3rd quarter
- EBT Q3: NOK 313 million (232)
- EBT YTD: NOK 764 million (625)
- EBT % Q3: 6.9 % (6.8 %)
- EBT % YTD: 5.8 % (6.6 %)

3rd quarter 2018



Return on capital employed

12 month rolling average



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

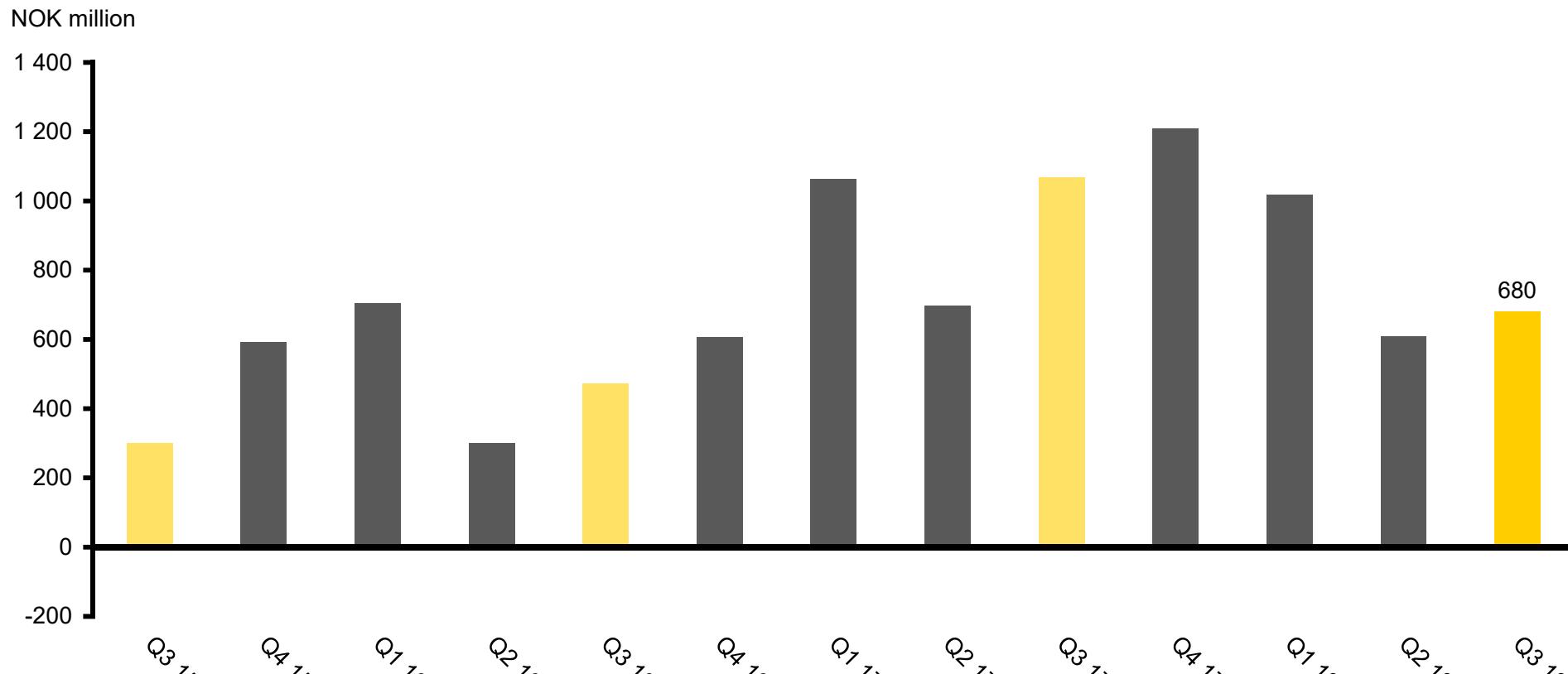
3rd quarter 2018



Cash flow statement

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
EBIT	315	230	756	626
Depreciations, amortization and impairment	49	43	134	123
Change in net working capital	-188	147	-460	437
Other adjustments / taxes paid	-76	-10	-171	-157
Cash flow from operations	100	410	260	1 029
Net investments	-15	-67	-240	-314
Cash flow from capital activities	-6	-4	-600	-326
Interest paid and change in interest bearing debt	47	32	-24	27
Net decrease (increase) in cash and cash equivalents	125	371	-604	416
Net cash and cash equivalents at beginning of period	368	512	1 098	469
Change in cash and cash equivalents without cash effect	-1	0	-1	-2
Net cash and cash equivalents end of period	493	883	493	883

Net interest bearing receivables



Net interest bearing receivables as of 30 September is NOK 680 million (1,068).

3rd quarter 2018



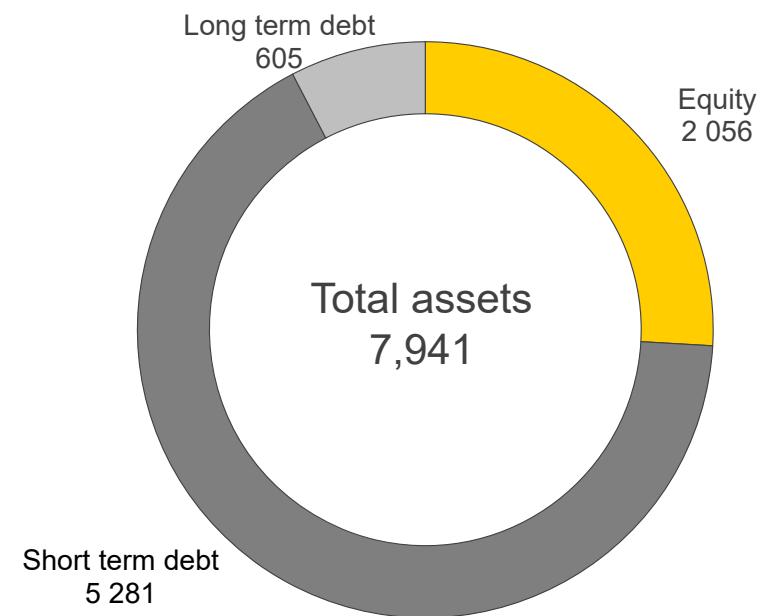
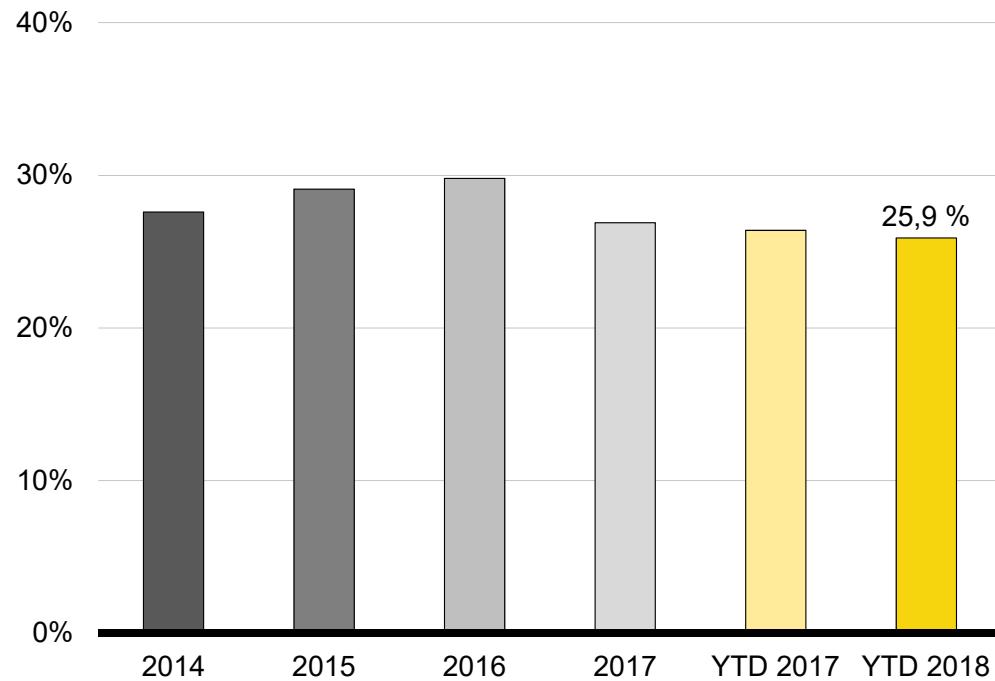
Balance sheet

NOK million	30.09.18	30.09.17	31.12.17
Non-current assets	4,183	4,138	4,045
Current assets, ex. Cash	3,265	2,743	2,581
Cash and cash equivalents	493	883	1,098
Total assets	7,941	7,765	7,724
Equity	2,056	2,046	2,078
Long term debt	605	599	643
Short term debt	5,281	5,119	5,003
Total equity and debt	7,941	7,765	7,724

3rd quarter 2018

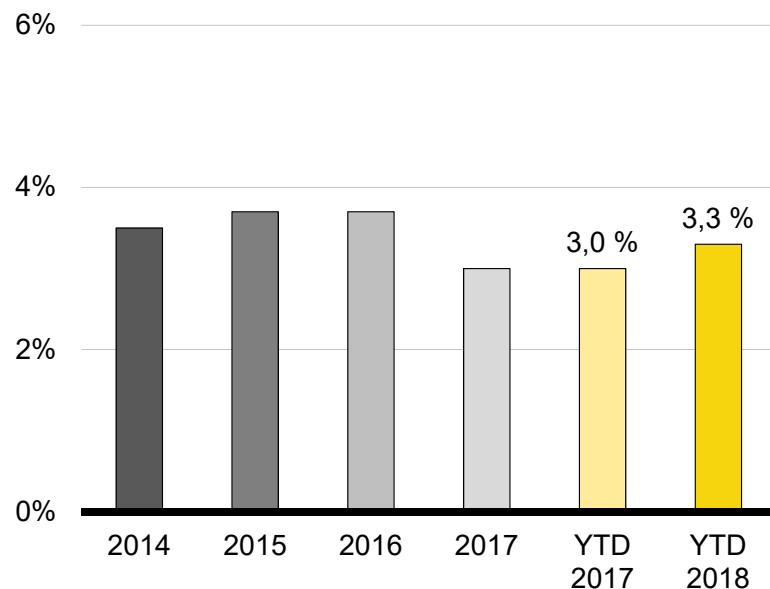


Equity ratio

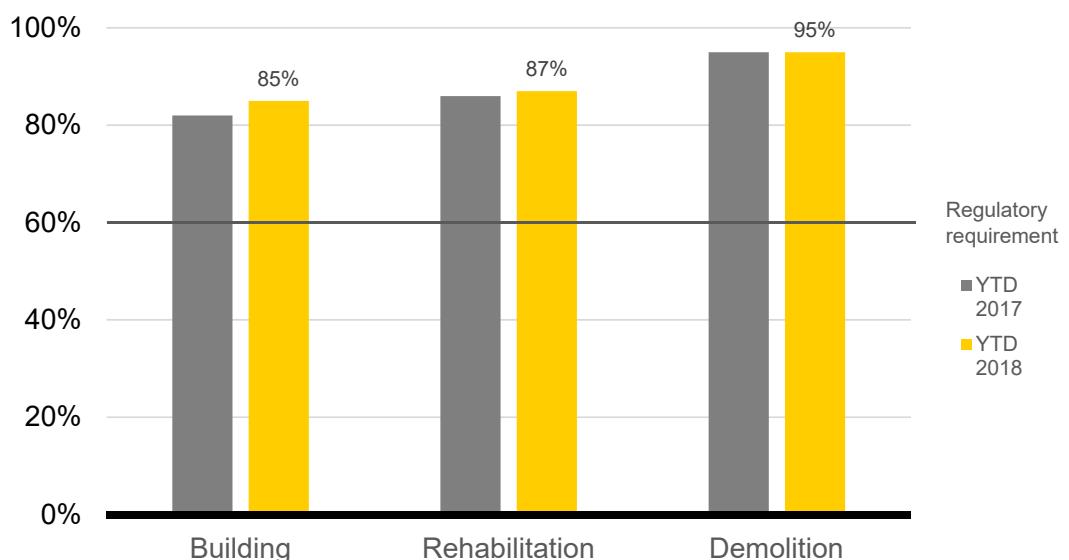


Health and environment

Sick leave



Source separation rate



A total of 200,128 (238,465) tonnes of waste has been sorted in 2018

3rd quarter 2018

Business areas



High activity level

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	1,485	900	4,212	2,394
EBIT	57	59	164	161
EBT	60	63	180	167
EBIT %	3.8 %	6.6 %	3.9 %	6.7 %
EBT %	4.0 %	7.0 %	4.3 %	7.0 %

- AF Anlegg had a high activity level in Q3. Strong growth leads to lower results.
- Målselv Maskin & Transport delivers good Q3 results.
- AF Anlegg entered into a final agreement with Nye Veier after quarter-end for the E39 Kristiansand vest - Mandal øst contract. Total contract value is NOK 4,700 million excl. VAT.
- Order backlog: NOK 4,619 million (6,913)



High activity level and improved profitability

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	142	147	451	373
EBIT	11	7	30	19
EBT	10	6	29	18
EBIT %	7.5 %	4.5 %	6.7 %	5.0 %
EBT %	7.3 %	4.4 %	6.5 %	4.9 %

- High activity level for AF Decom in Q3. The unit has good operational performance and improved profitability in Q3.
- High activity level at Rimol Miljøpark and Jølsen Miljøpark in Q3. Both facilities deliver good results.
- The new environmental facility at Nes near Oslo is completed. The facility has received its first masses for cleaning and is ready for production.
- Order backlog: NOK 212 million (316)



Building

Solid results



NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	2,150	1,842	6,216	5,088
EBIT	158	134	388	323
EBT	162	138	404	333
EBIT %	7.3 %	7.3 %	6.2 %	6.4 %
EBT %	7.6 %	7.5 %	6.5 %	6.5 %

- AF Bygg Oslo, MTH and AF Nybygg all deliver very good Q3 results.
- AF Byggfornyelse, LAB, EIQON and Strøm Gundersen all have a high activity levels in Q3 and deliver good results.
- After quarter-end, LAB AS signed a final agreement to buy 70 % of the shares in Helgesen Tekniske Bygg AS (HTB).
- LAB Entreprenør was awarded a contract at Haukeland university hospital (BUS2) after quarter-end. Contract value is MNOK 339 excl. VAT.
- Order backlog: NOK 10,273 (9,657)



Wang Ung, Oslo

Results affected by development sale

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	11	4	64	15
EBIT	82	12	143	53
EBT	79	8	134	42
EBIT %	%	%	%	%
EBT %	%	%	%	%

- Earnings were boosted by the sale of a commercial property at Hasle in Oslo.
- 65 (17) apartments were sold in Q3. AF's share is 25 (7).
- Six residential projects with 926 apartments in the production phase (AF's share 364). 72 % of the apartments in production are sold as per September 30th.
- Land and development rights in progress: 1,878 (2,321) residential units. AF's share is 782 (944)
- AF has 53,683 (92,084) m² gross area of urban premises under development. AF's share is 26,264 (45,273).



Good activity level, weak results

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	69	61	193	171
EBIT	0	4	-2	15
EBT	-1	4	-5	15
EBIT %	0.2 %	7.2 %	-0.9 %	8.5 %
EBT %	-0.9 %	7.4 %	-2.6 %	8.6 %

- Good activity level for AF Energi & Miljøteknikk in Q3, but the unit delivers weak results.
- Projects in renewable energy and the operations in the Baltic States delivered results below expectation, while EPC and service projects delivered satisfactory results.
- Order backlog: NOK 275 million (345)



High activity level

MNOK	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Inntekter	475	368	1,612	1,119
EBIT	20	18	87	59
EBT	20	18	86	59
EBIT %	4.2 %	4.8 %	5.4 %	5.3 %
EBT %	4.1 %	4.9 %	5.3 %	5.3 %

- Kanonaden Entreprenad delivers good Q3 results. Pålplintar delivers weak results.
- High activity level and very good profitability at AF Härnösand Byggreturer. The unit delivers very good quarterly results.
- AF Bygg Göteborg delivers results somewhat below expectations, while AF Bygg Syd delivers good quarterly results.
- Entered into LOI after quarter-end to buy 70% of HMB Holding AB. The company had revenues of SEK 1.3 billion and an operating margin of 7.7 % in 2017.
- Order backlog: NOK 1,510 million (1,502).



Sentrallager Lidl, Örebro

Lower activity level, increasing order backlog

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Revenues	154	155	520	510
EBIT	-3	12	6	39
EBT	-5	10	3	32
EBIT %	-2.0 %	8.0 %	1.1 %	7.7 %
EBT %	-3.0 %	6.5 %	0.6 %	6.3 %

- As expected, AF Offshore Decom has a lower activity level, and the unit delivers weak results. The unit has won several projects lately, but these will not generate activity until 2019 and later.
- No activity at Environmental Base Vats.
- Demanding market conditions for AF AeronMollier. The unit has a stable activity level, but delivers weak Q3 results.
- Order backlog: NOK 1,510 million (883)



Order backlog

Solid order backlog



NOK million

25 000

20 000

15 000

10 000

5 000

0

2014

2015

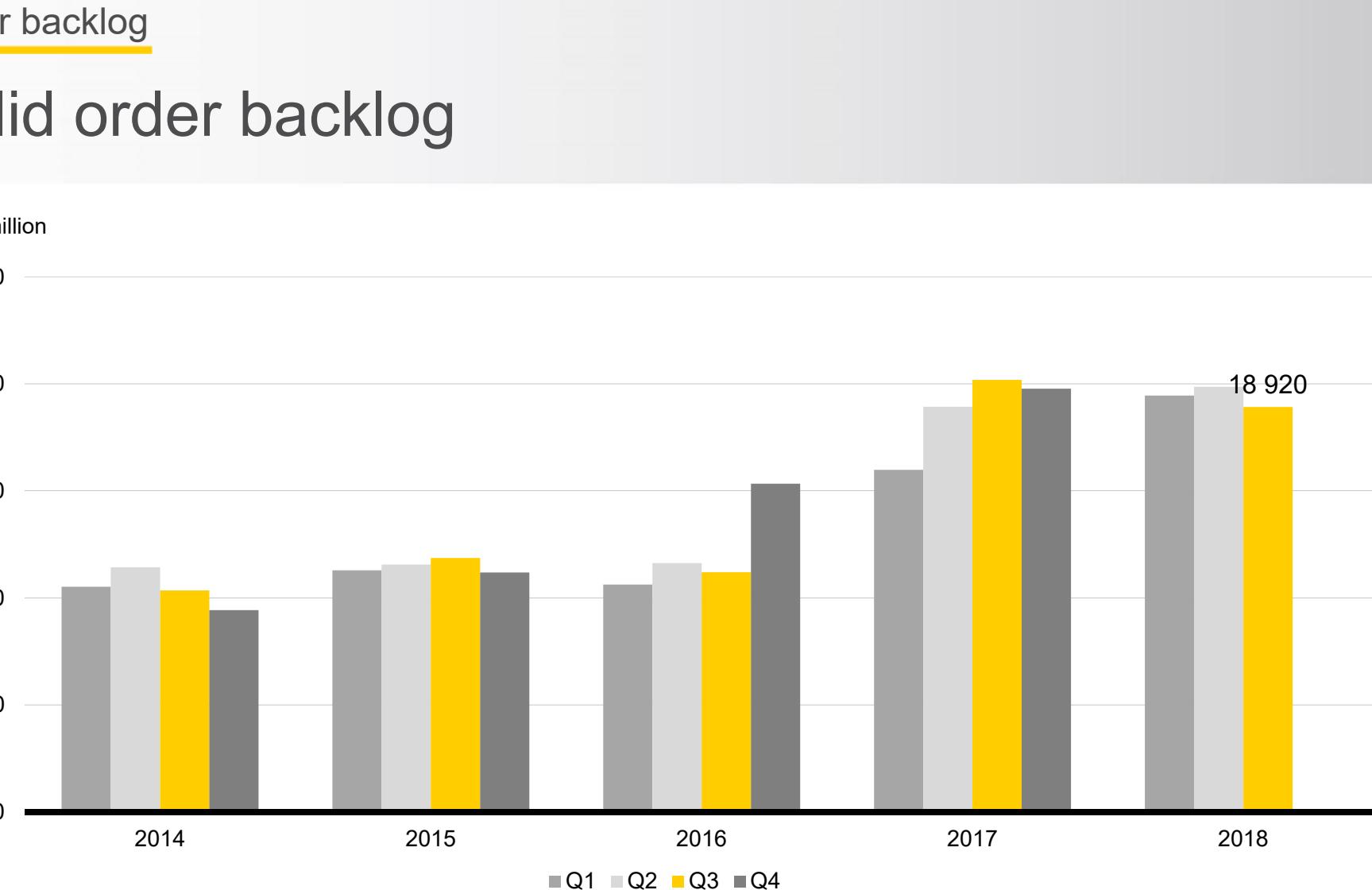
2016

2017

2018

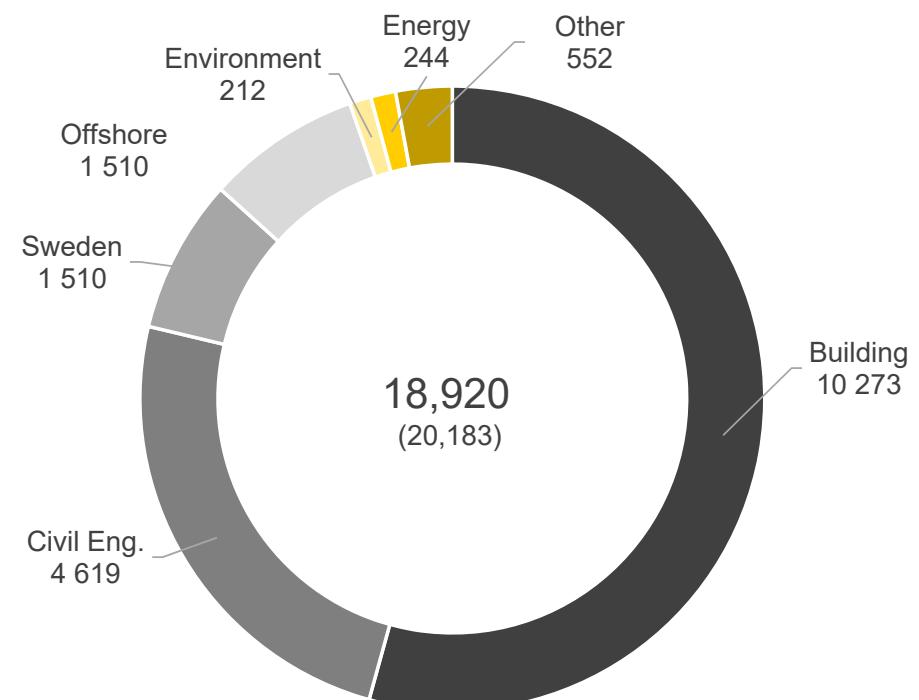
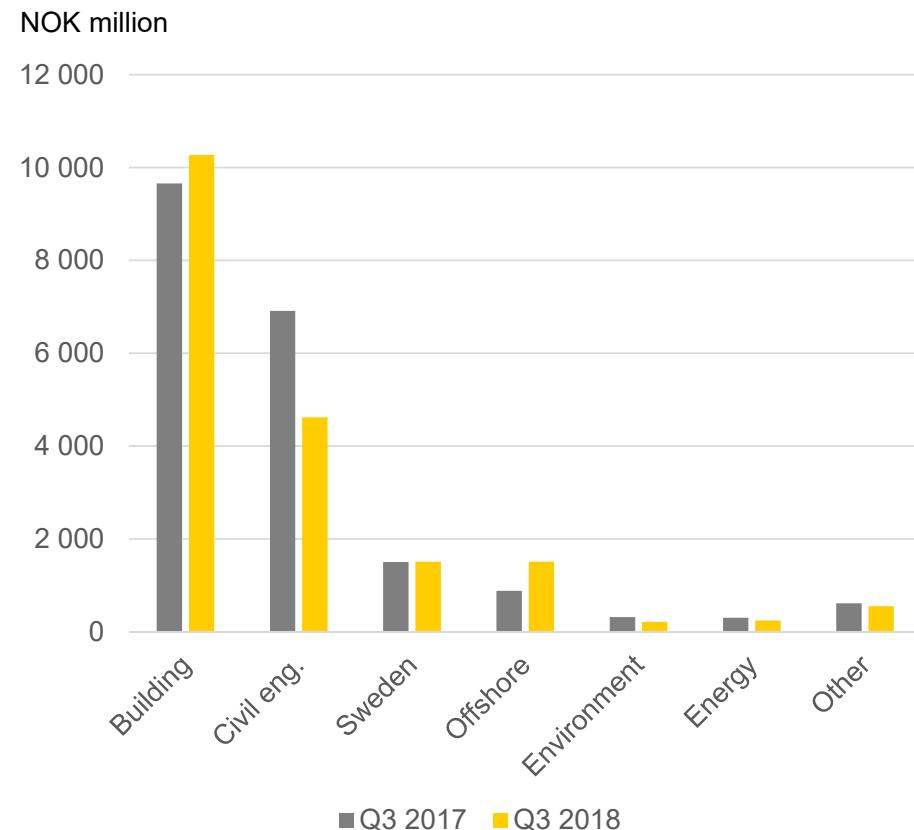
■ Q1 ■ Q2 ■ Q3 ■ Q4

18 920



Order backlog

Order backlog per business area



Civil Engineering

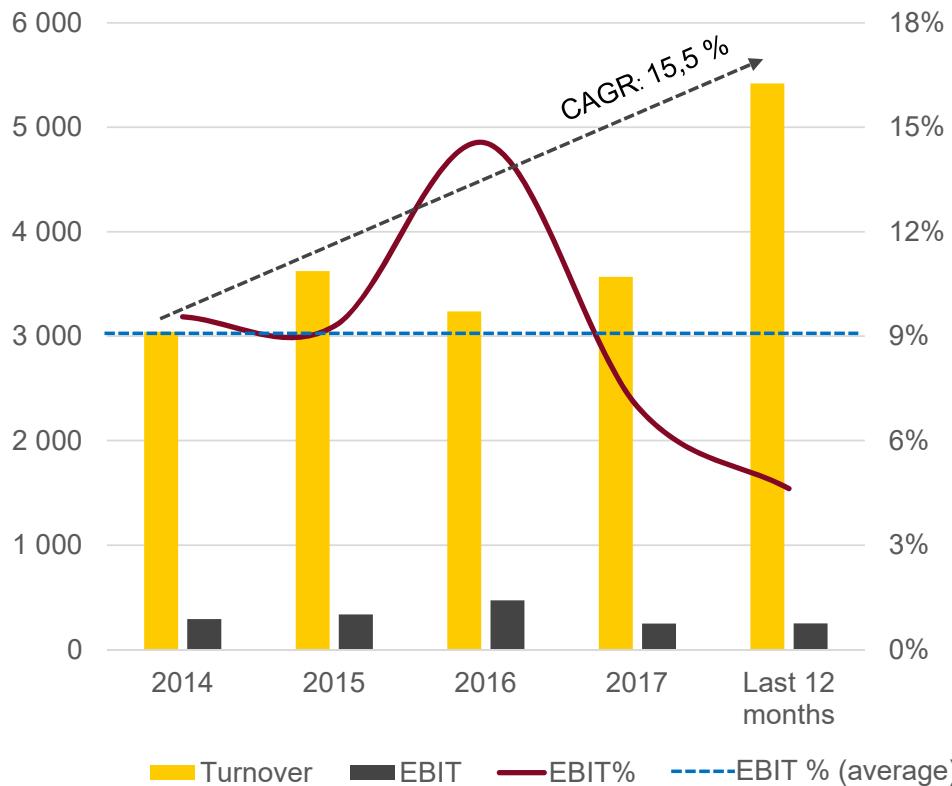


Civil Engineering

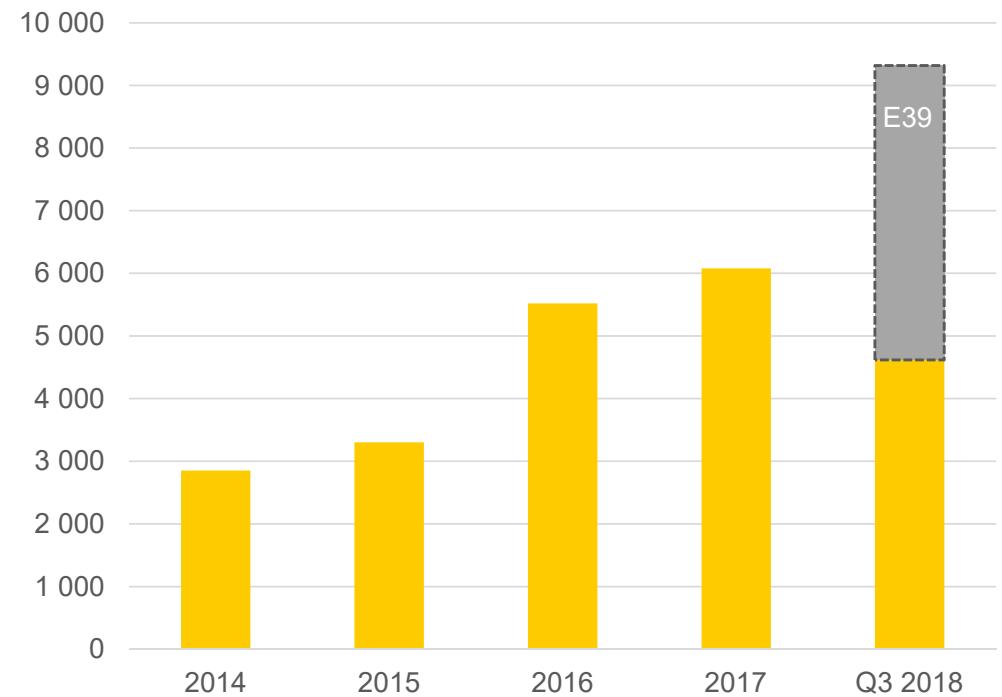
Strong growth and high order backlog in Civil Engineering



Turnover and profitability in Civil Engineering



Order backlog in Civil Engineering



Civil Engineering

Strategy 2016 - 2020



National Construction Contractor

- Mobile construction organization focusing on complex projects across the country
- Increased activity in the Greater-Oslo area, Northern Norway and Western Norway also provides a need for a strong regional presence
- Ventures:
 - Road construction
 - Tunnel: New Construction and maintenance
 - Power and Energy
 - Oil and gas plants

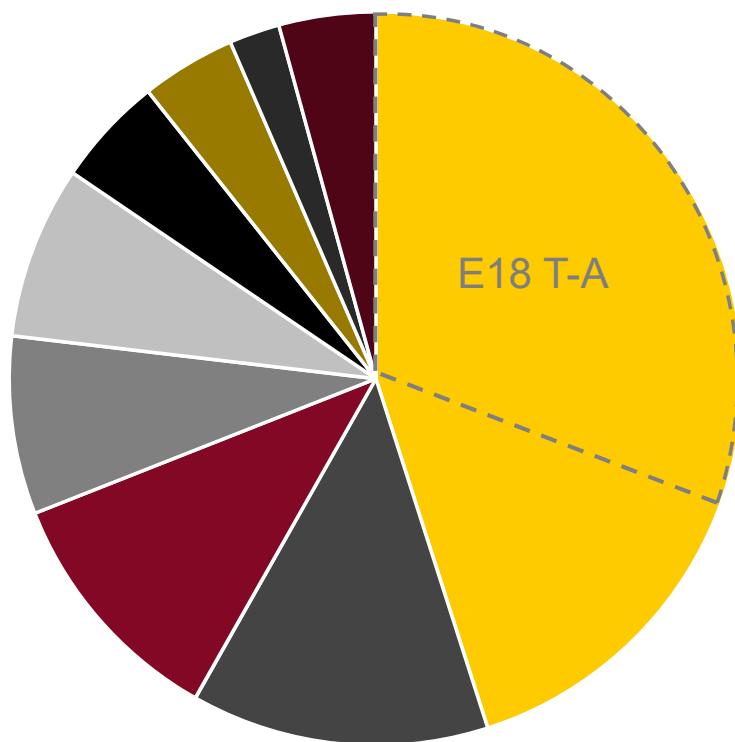


Anlegg

JR Anlegg AS

A wide product range within AF's construction business

Turnover to date in 2018



Road	45 %
Industry	13 %
Rehab	11 %
Rail	8 %
Groundwork	8 %
Water / wastewater	5 %
Power	4 %
Oil & gas	2 %
Other	4 %



- Goal of a balanced portfolio
- Large and small projects
- Various customers
- Across disciplines and markets

Civil Engineering

Diversified Project Portfolio



Vamma Power Station
Contract value: NOK 360 m
Customer: ECO / Hafslund



Follo line
Total contract value : NOK 1,700 m
Kunde: AGJV / Bane NOR



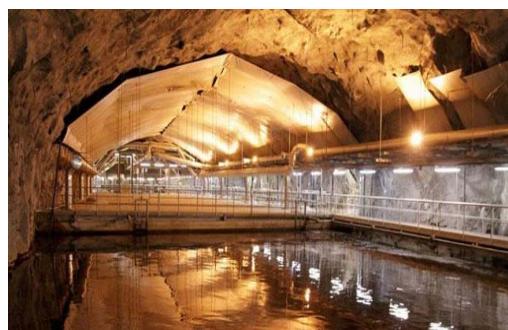
Ørland Air Base
Total contract value: NOK 1,100 m
Customer: NDEA



Tunnel rehab in Rauma/Sunnmøre
Total contract value: NOK 925 million
Customer: Norwegian Public Roads Administration



Civil Services Melkøya and Kårstø
Total contract value: NOK 410 m
Customer: Equinor



Bekkelaget treatment plant
Contract value: NOK 525 m
Customer: Oslo Municipality (VAV)



New National Museum
Total contract value NOK 1,000 m
Customer: Statsbygg

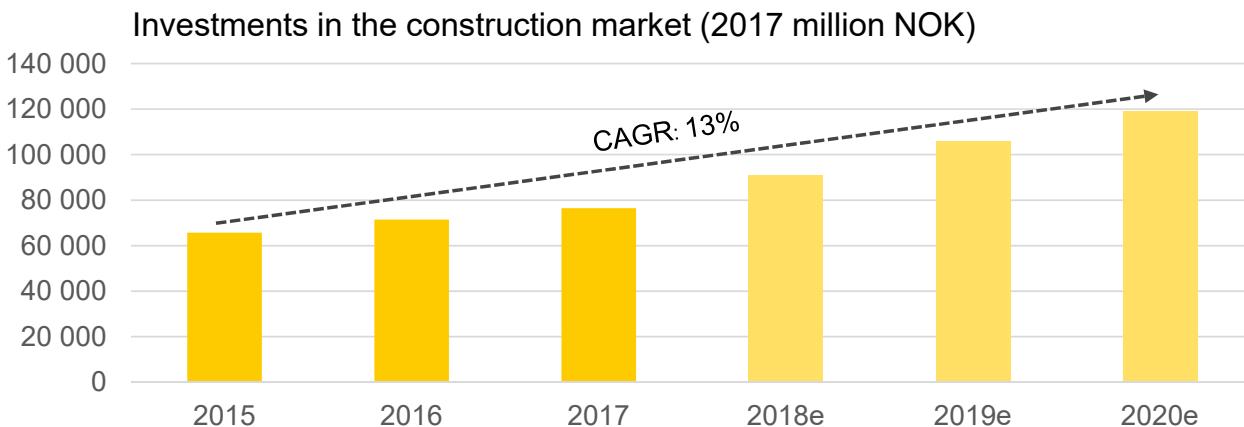


Kvalaberg Workshop Halls
Contract value 200 million NOK
Customer: Bane NOR eiendom

Civil Engineering

Large and wide growth

- The Civil Engineering market is healthy and growing
- Many customers
- High activity in many areas
- Several competitors, including foreign
- New forms of contract and collaboration also offer opportunities
- Good possibilities for choosing the right projects



Source: Prognosenteret



The market is changing

Higher predictability



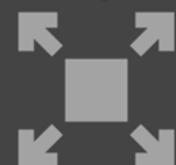
Larger contracts



Increased competition



**New competition processes
and more forms of
enterprise**



Digitalisation



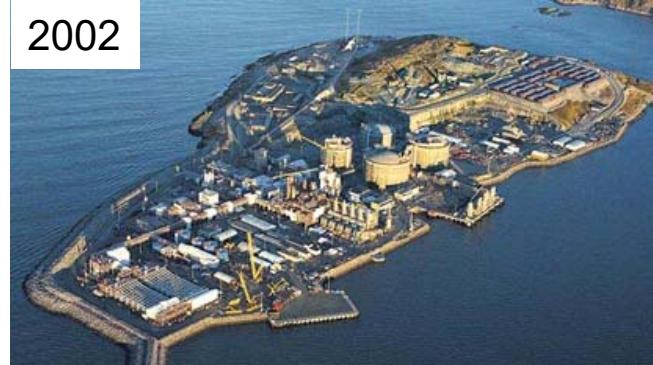
Closer collaboration



Large projects part of AF's history since 1986



The Dokkfløy dam, NOK 350 m



Snøhvit, Total contract value NOK 3,000 m



T-Connection, NOK 878 m



Nyhamna, NOK 750 m



E18 Tvedestrand-Arendal, NOK 3,200 m



E39 Kristiansand–Mandal, NOK 4700 m

E18 Tvedestrand – Arendal

About the project

- Contract value 3.2 billion NOK
- 30 months construction Time
- 23 km motorway, 4 double tunnels, 30 constructions
- 10 million m³ mass relocation

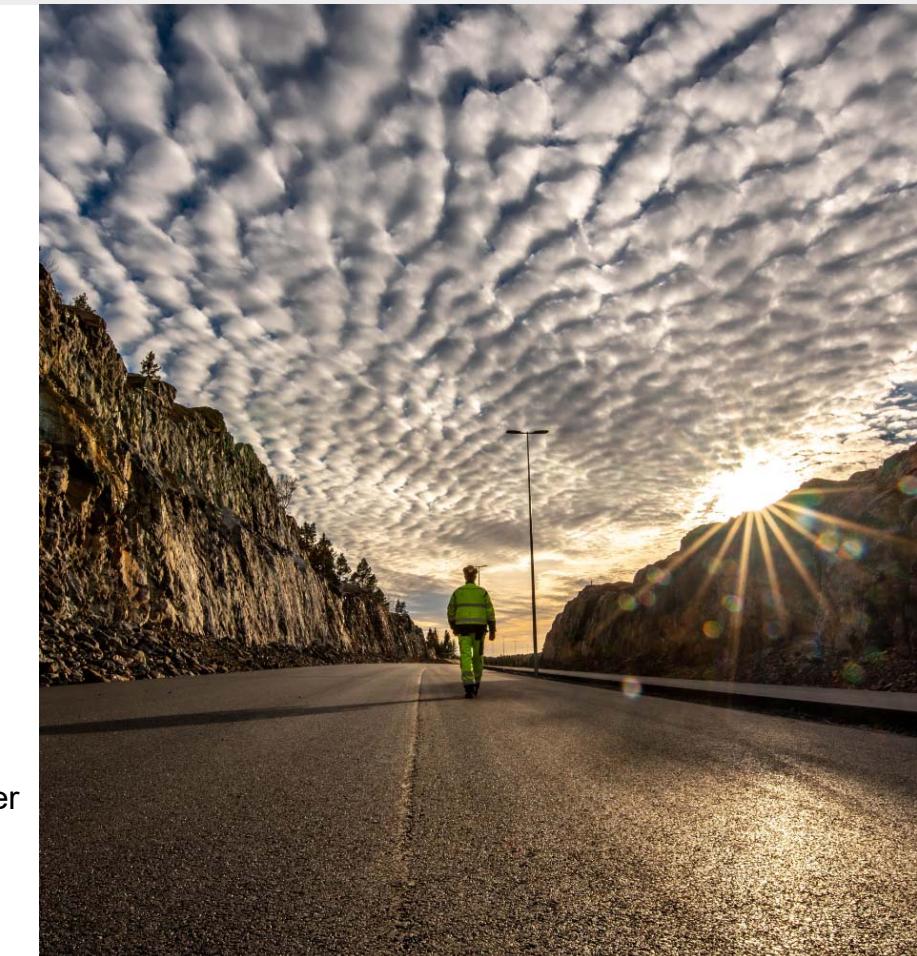
Status now:

- Good cooperation with Nye Veie and suppliers
- Good progress
- High production, 1.2 billion so far this year
- Our safety work needs to be improved

January
2017

November
2018

October
2019



E18 Tvedestrand – Arendal

May 2017



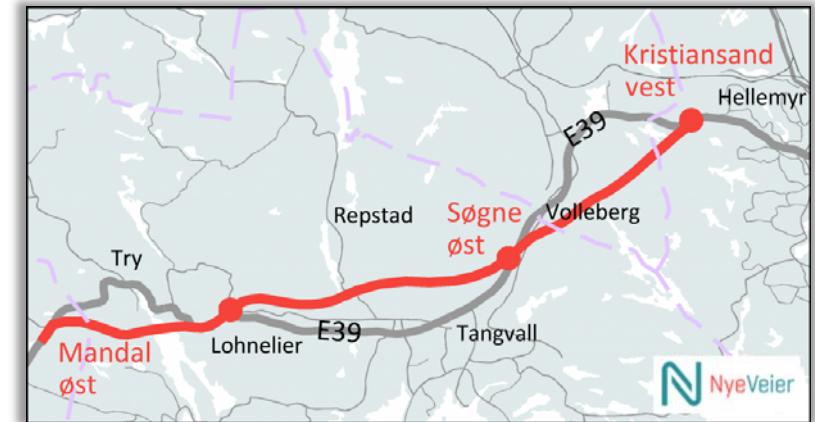
October 2018



E39 Kristiansand west – Mandal east

About the project

- Contract value 4.7 billion NOK
- 47 months construction time. (November 2018 - October 2022)
- 19 km motorway, 16 bridges, 5 double tunnels, 3 two-intersections
- 5 million m³ mass relocation



Status:

- Object lesson phase conducted; contract signed
- Mobilization in progress; start date mid November
- Useful experience from E18 Tvedstrand-Arendal



**Samferdselsministeren markerte
byggestart for E39 Kristiansand -
Sandnes**

Threats and opportunities in the construction market

Basic Risk Analysis changed

- Interaction
- Regulation
- Engineering
- Productivity
- Amounts

Risk management



Customer and supplier focus



Relations with advisor and subcontractor



Skills and training



Modern machinery and equipment



Large own production



Digitalisation

County Road 32 Porsgrunn – a success story

Competitive dialogue

- Demanding ground conditions
- Customer wished for the contractor's proposed solution
- AF won the contract based on proprietary technical solution
- Interaction and dialogue characterized the project throughout the whole development phase and building period
- Satisfied customer, successful solution, profitable project



- Contract value 230 million NOK, excl. VAT
- Customer: Southern Region of the Norwegian Public Roads Administration
- Consultant Norconsult
- 640 meter road including culvert of 385 meters
- Turnkey contract NS 8407
- Construction Time: 2.5 years



3rd quarter 2018

Summary

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EBIT %	7.0 %	6.8 %	5.8 %	6.7 %
EBT %	6.9 %	6.8 %	5.8 %	6.6 %

- Solid results
- Strong revenue growth
- Positive development in LTI rate
- Strong financial position supports both structural growth and dividends



Bekkelaget treatment plant, Oslo

Thank you for your
attention!

Q4 2018:
February 15th 2019

