

May 15th 2019

# Q1 2019

## AF Gruppen ASA



# Highlights

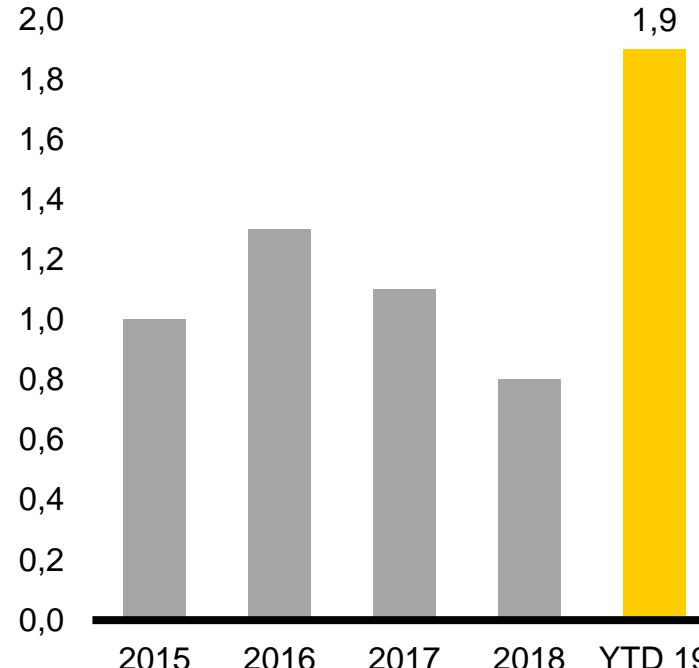
## High growth and solid results

- Revenue: NOK 5 214 million (3 883 million). This represents a growth of 34 %
- Earnings before tax: NOK 226 million (194 million)
- Profit margin: 4,3 % (5,0 %)
- Net operating cash flow: NOK 257 million (126 million)
- Order backlog: NOK 23 679 million (19 451 million)
- HMB was acquired January 2<sup>nd</sup> 2019
- Net interest-bearing liabilities of NOK 189\* million (-1 017 million)

\*The implementation of IFRS 16 from January 1<sup>st</sup> 2019 led to an increase of interest-bearing debt of NOK 888 million

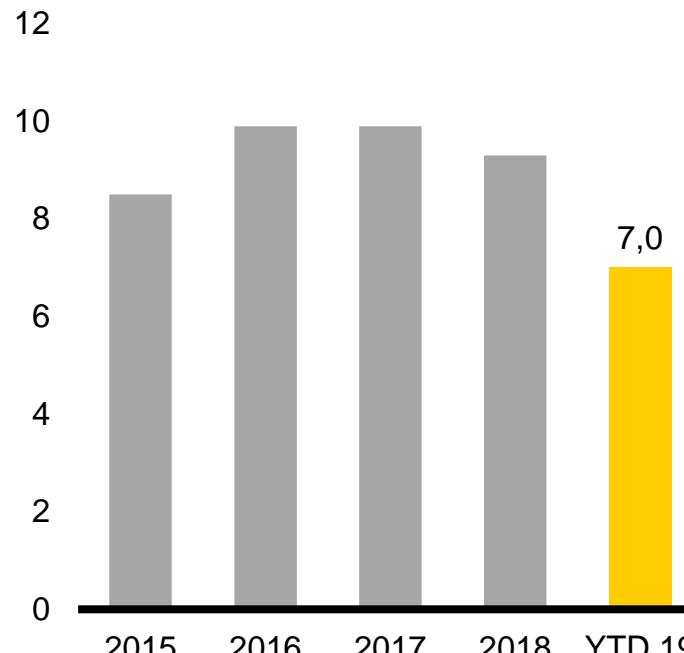
# Safety

## Lost-time injury frequency (LTIF)



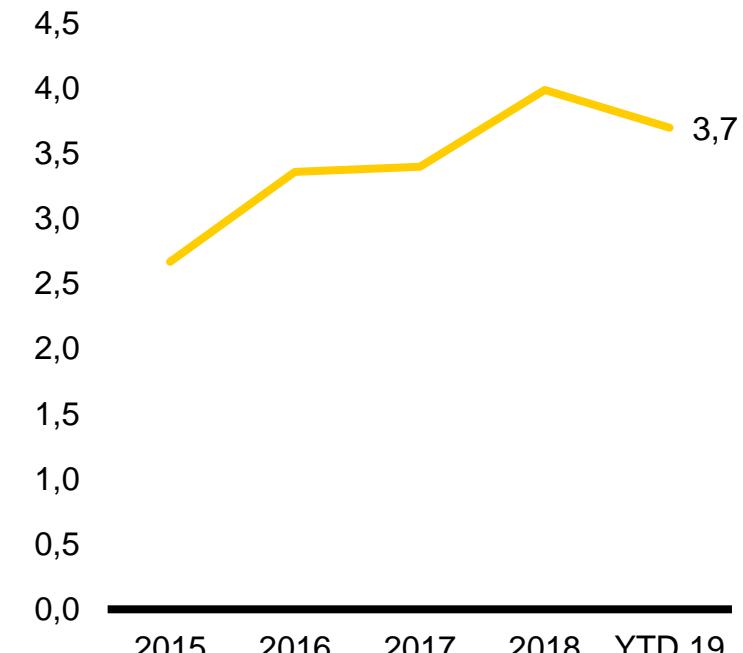
Number of lost-time injuries and severe personnel injuries not resulting in lost-time per million hours worked

## Total recordable injury frequency (TRIF)



Number of lost-time injuries, injuries involving substitute work and medical treatment injuries per million hours worked

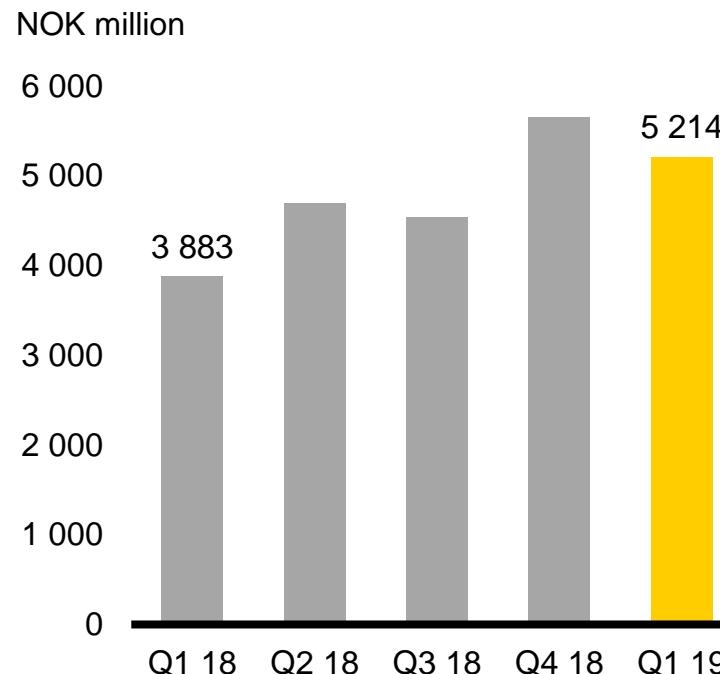
## Reported unwanted incident frequency (RUIF)



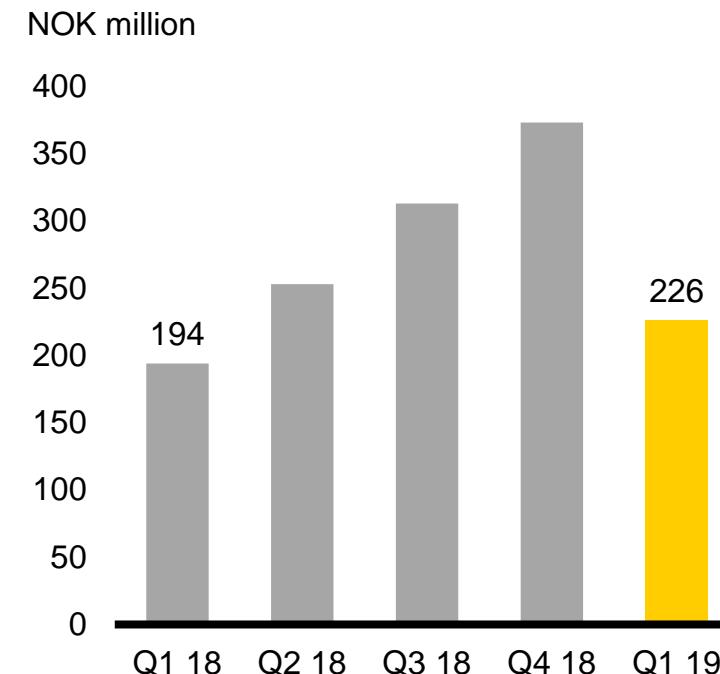
Number of reported unwanted incidents per man-year

# Revenues and earnings – quarterly

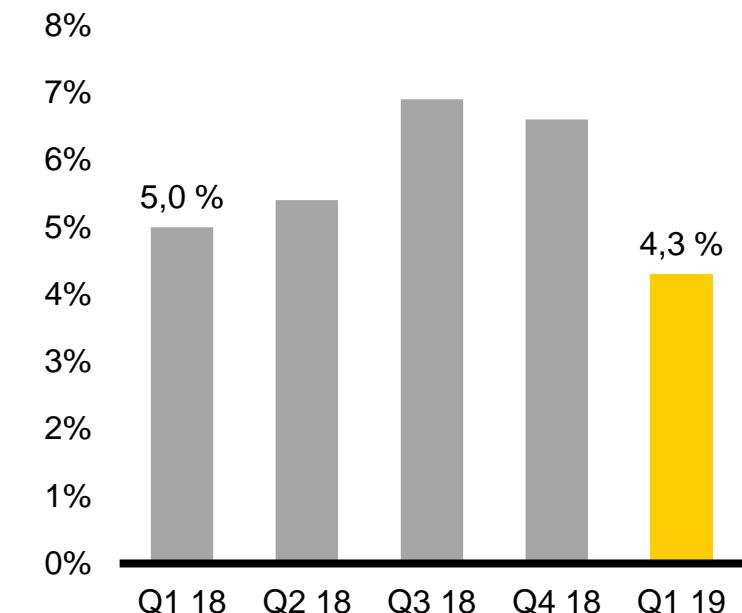
## Revenues



## Earnings before tax

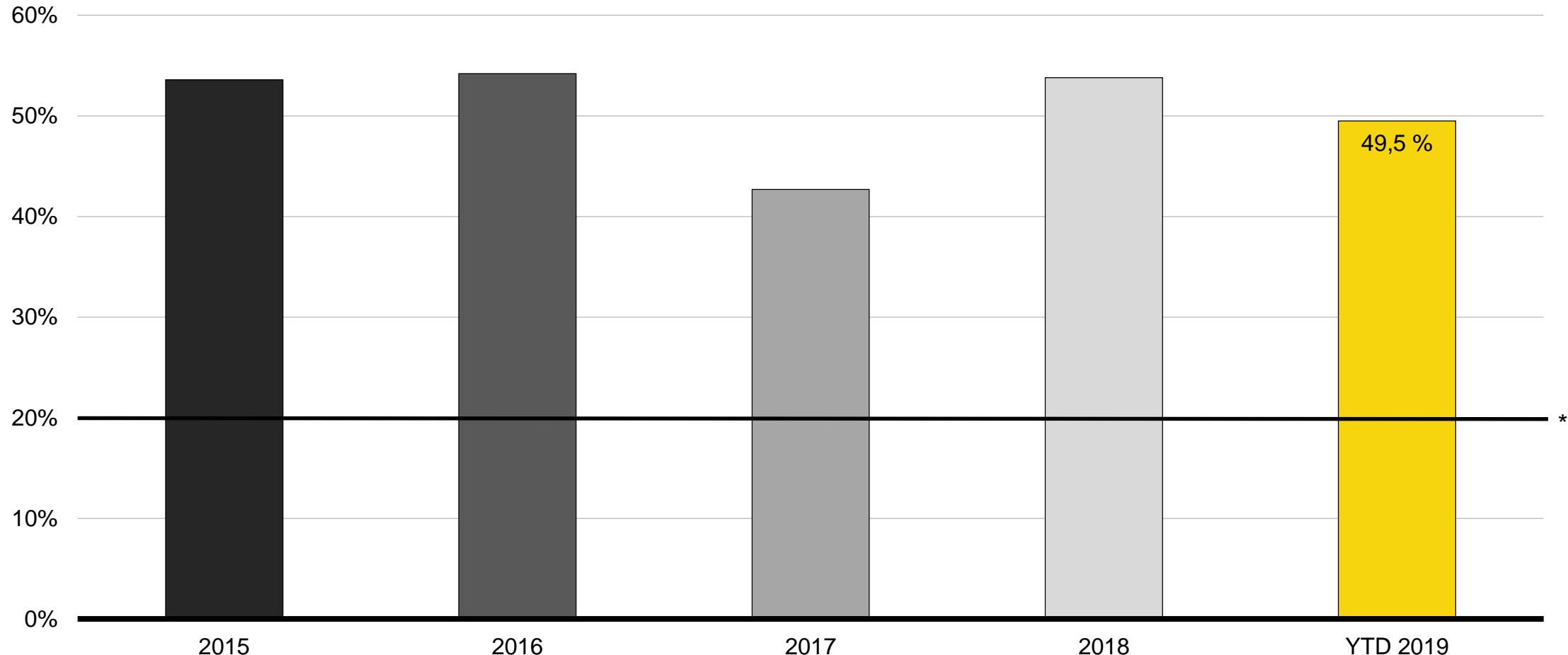


## Profit margin



# Return on capital employed

12 month rolling average



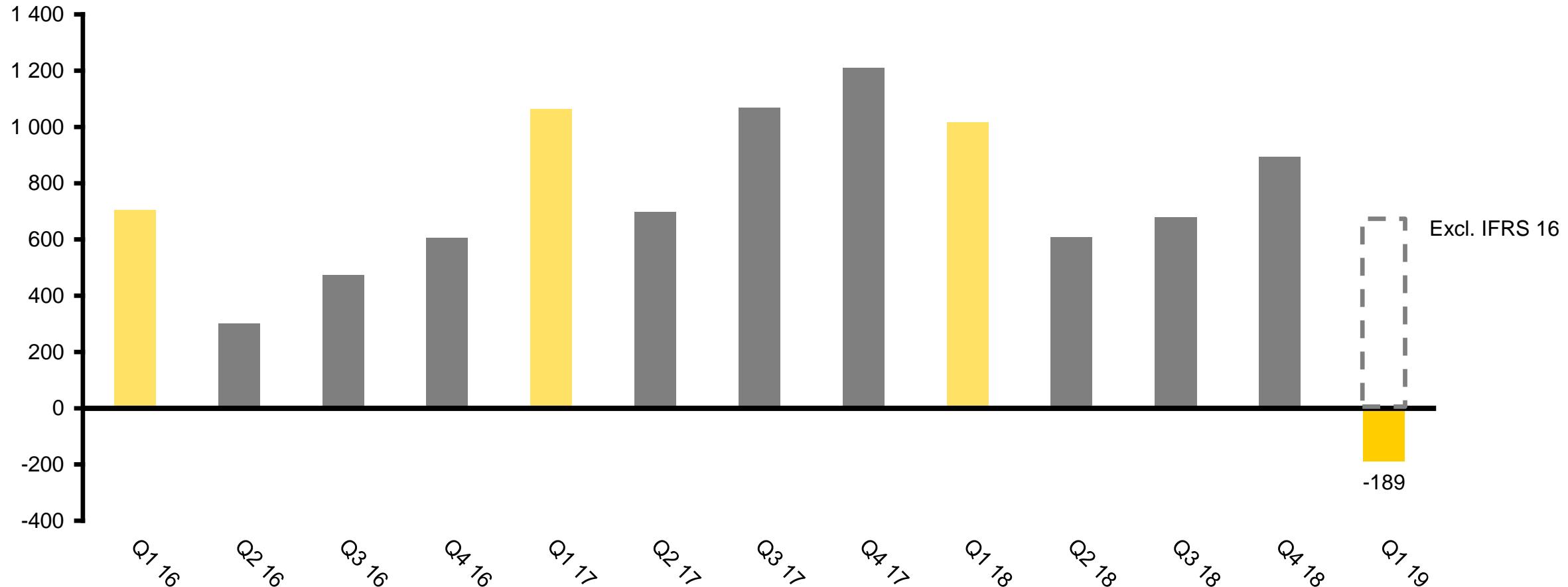
\*AF's target is to achieve a return on capital employed above 20 %

# Cash flow statement

NOK million	Q1 2019	Q1 2018	2018
EBIT	232	185	1 119
Depreciations, amortization and impairment	110	44	184
Change in net working capital	-36	-52	-178
Other adjustments / taxes paid	-48	-50	-283
<b>Cash flow from operations</b>	<b>257</b>	<b>126</b>	<b>841</b>
Net investments	-388	-245	-255
Cash flow from capital activities	-100	-90	-993
Interest paid and change in interest bearing debt	-21	-10	-37
<b>Net change in cash and cash equivalents</b>	<b>-252</b>	<b>-219</b>	<b>-444</b>
Net cash and cash equivalents at beginning of period	656	1 098	1 098
Change in cash and cash equivalents without cash effect	2	-1	1
<b>Net cash and cash equivalents end of period</b>	<b>405</b>	<b>879</b>	<b>656</b>

# Net interest-bearing receivables

NOK million



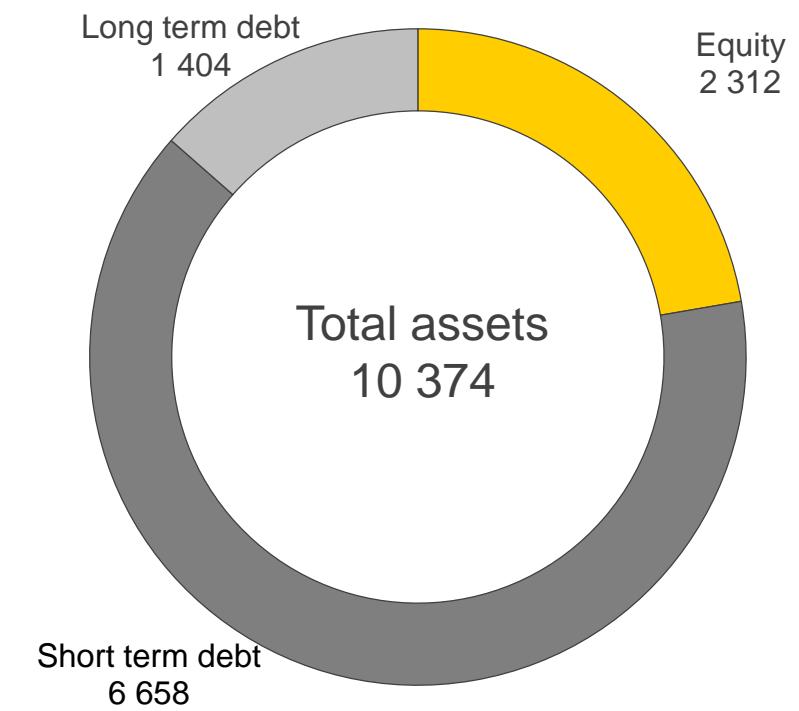
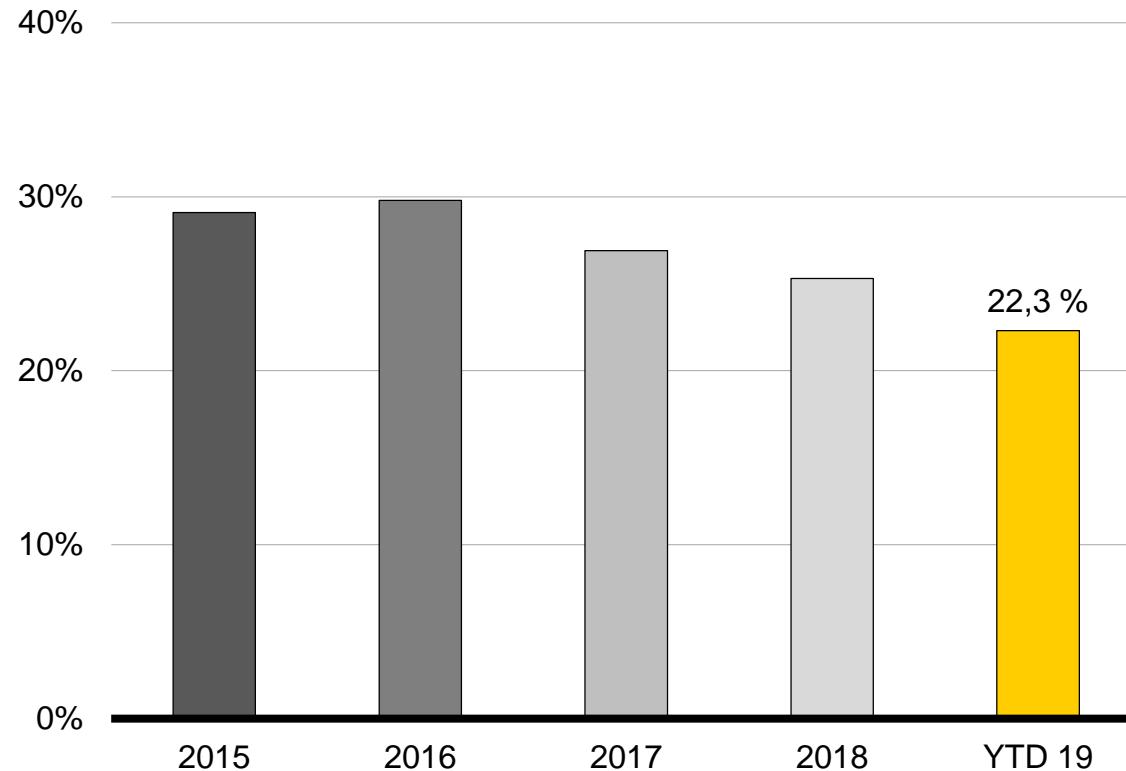
Net interest-bearing liabilities as of March 31<sup>st</sup> 2019 were NOK 189 million (- 1 017 million)

The implementation of IFRS 16 from January 1<sup>st</sup> 2019 led to an increase of interest-bearing debt of NOK 888 million. Implementation with no cash effect

# Balance sheet

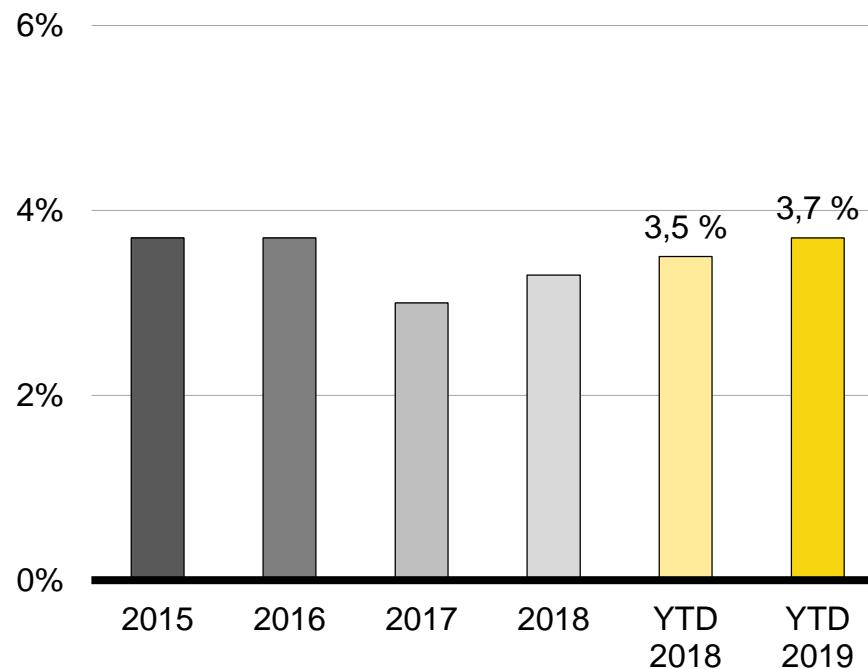
NOK million	31.03.2019	31.03.2018	31.12.18
Non-current assets	5 741	4 095	4 337
Current assets, ex. Cash	4 228	2 881	3 493
Cash and cash equivalents	405	879	656
<b>Total assets</b>	<b>10 374</b>	<b>7 854</b>	<b>8 486</b>
Equity	2 312	2 127	2 124
Long term debt	1 404	628	704
Short term debt	6 658	5 099	5 659
<b>Total equity and debt</b>	<b>10 374</b>	<b>7 854</b>	<b>8 486</b>

# Equity ratio

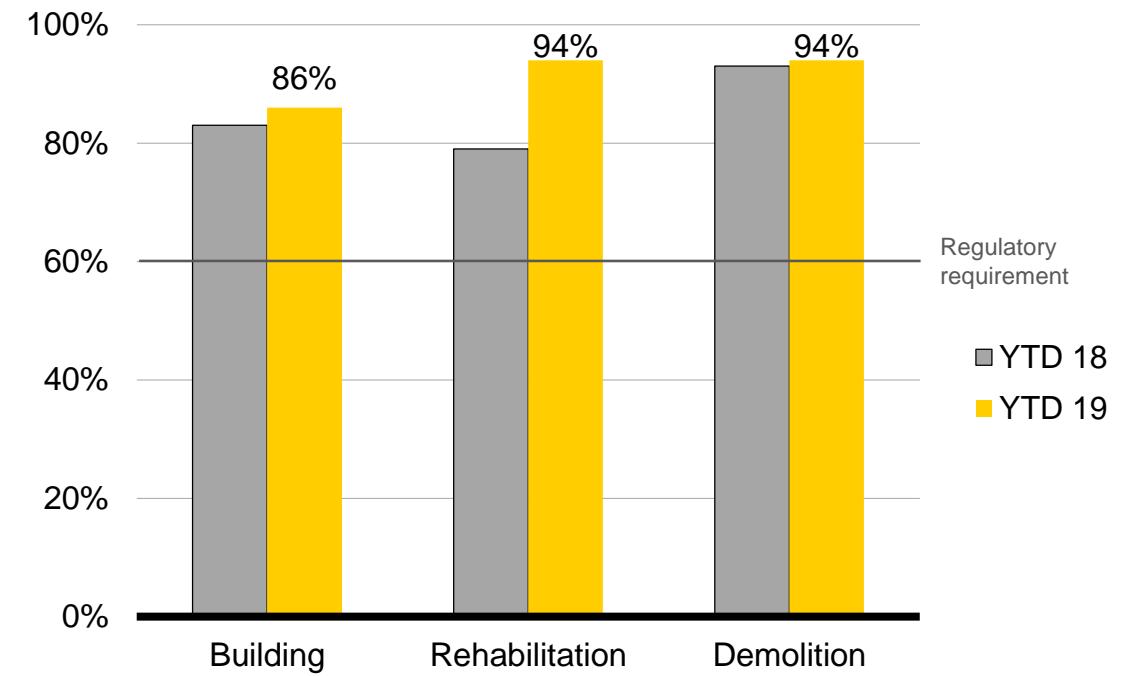


# Health and environment

## Sick leave



## Source separation rate



A total of 48 957 (52 363) tonnes of waste has been sorted in Q1 2019

1st quarter 2019

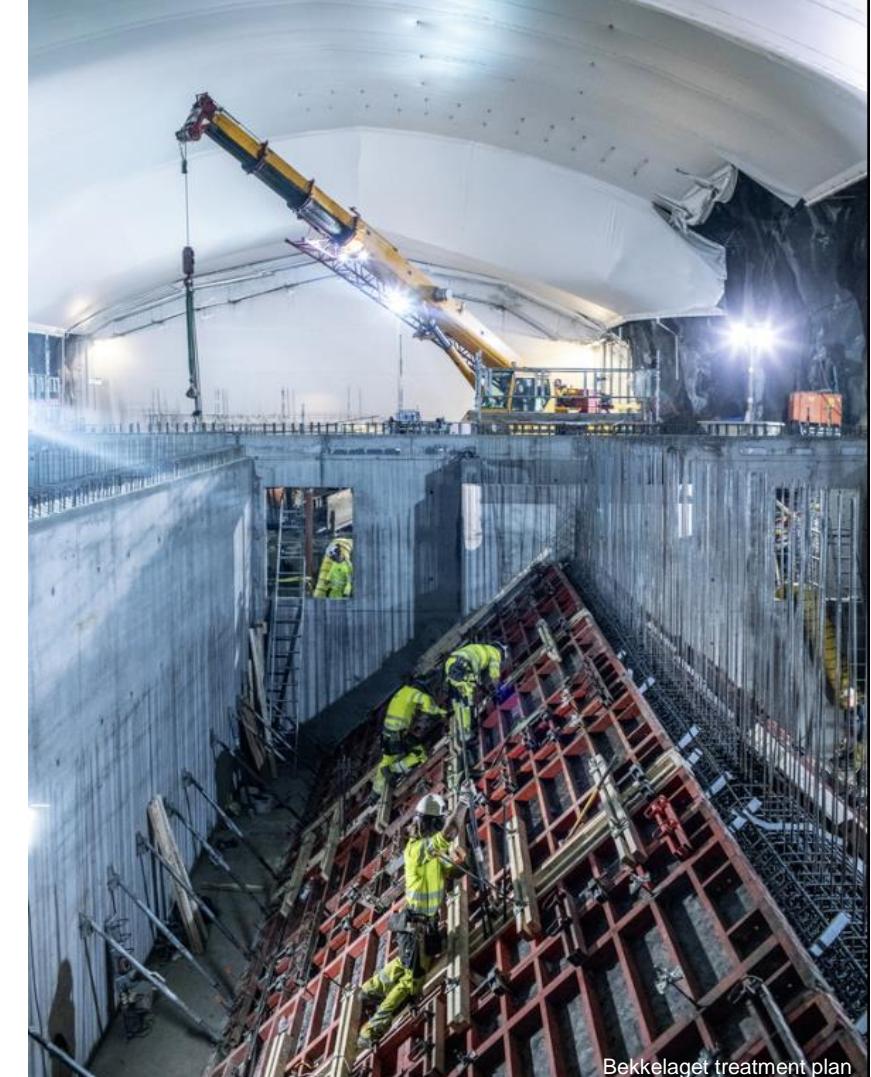
## Business areas



# High activity level and good operational performance

NOK million	Q1 2019	Q1 2018	2018
Revenues	1 657	1 246	5 861
EBIT	71	57	275
EBT	74	67	293
EBIT %	4,3 %	4,6 %	4,7 %
EBT %	4,4 %	5,4 %	5,0 %

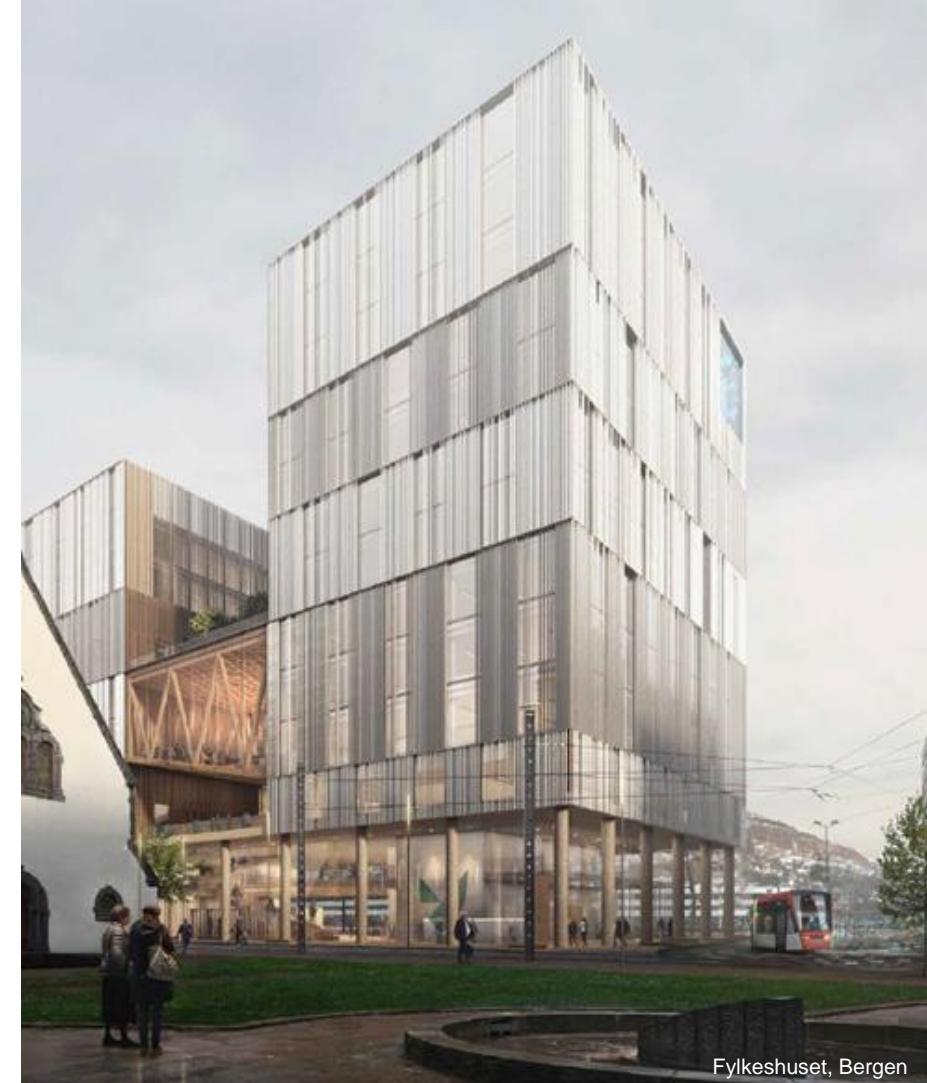
- AF Anlegg had a high activity level and delivered good results in Q1. The unit grew close to 30 % compared to the same quarter last year
- The E18 Tvedstrand – Arendal project is in a hectic final phase until traffic starts on July 2<sup>nd</sup> 2019, while E39 Kristiansand west – Mandal east project in general has had a good mobilisation and start-up
- Målselv Maskin & Transport continued to deliver very good results in the quarter
- Order backlog: NOK 6 628 million (5 723 million)



# Strong growth and solid results

NOK million	Q1 2019	Q1 2018	2018
Revenues	2 508	1 808	9 055
EBIT	128	90	619
EBT	132	96	645
EBIT %	5,1 %	5,0 %	6,8 %
EBT %	5,3 %	5,3 %	7,1 %

- Significant revenue growth of close to 40 % and profit margins in line with the same quarter last year
- Most business units with a high level of activity and delivered good results for the quarter, particularly in AF Bygg Oslo and contracting activities in Bergen. Additionally, the rehabilitation operations in Oslo delivered strong results
- A number of new contracts were signed in Q1. AF Bygg Oslo entered into a contract of NOK 490 million (excl. VAT) with Hasle Linje 2 AS for the construction of a new Nordic Choice Hotel and office building at Hasle in Oslo
- Order backlog: NOK 11 300 million (9 936 million)

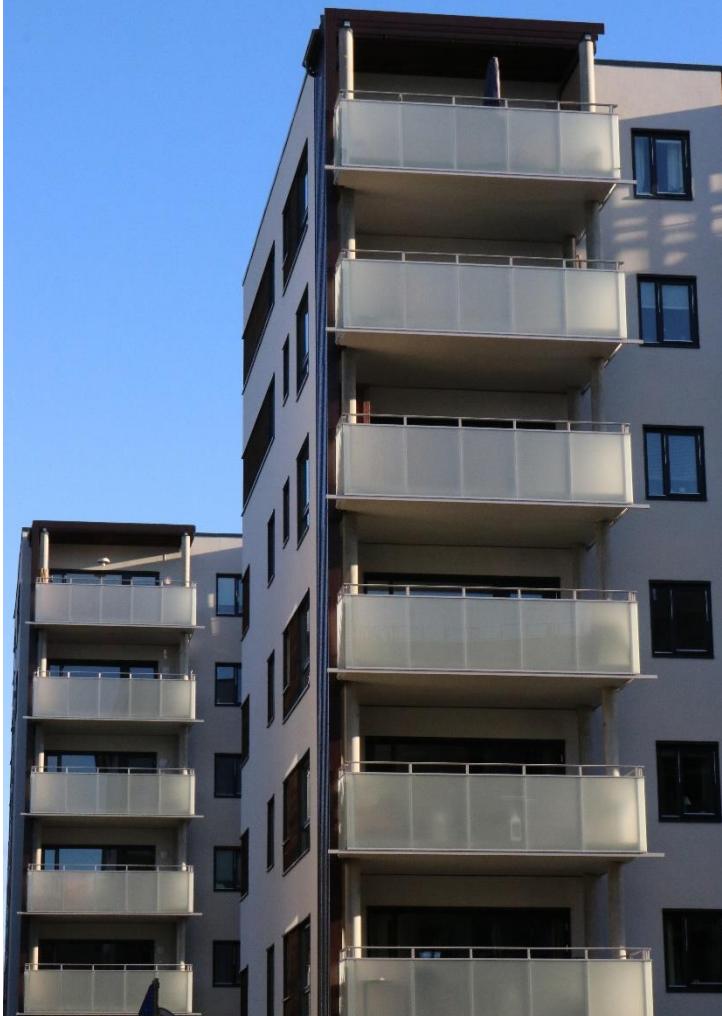


## A solid start in 2019

NOK million	Q1 2019	Q1 2018	2018
Revenues	3	4	73
EBIT	37	17	166
EBT	35	14	157
EBIT %			
EBT %			

- Good sale in projects with high completion ratio contributed to a pre-tax result of NOK 35 million (14 million) in Q1
- 162 (55) sold apartments in the 1st quarter, of which AF's share is 55 (22)
- Six residential property projects with a total of 843 apartments under construction (AF's share is 313). 78 % sales ratio for projects in progress as of 31. March 2019
- Land and development rights in progress: 2 034 (2 113) residential units. AF's share is 861 (856)
- AF has 53 683 (92 084) m<sup>2</sup> gross area of urban premises under development. AF's share is 26 264 (45 273)

Thurmannskogen



# Good activity level and stable margins

NOK million	Q1 2019	Q1 2018	2018
Revenues	217	186	875
EBIT	9	8	44
EBT	7	6	41
EBIT %	4,0 %	4,1 %	5,0 %
EBT %	3,2 %	3,1 %	4,7 %

- A good start to the year with a growth of 16,7% and a stable margin compared with the same quarter last year
- AF Energi & Miljøteknikk with increased activity level and higher margins
- AF Decom delivered good results. The market for receiving and recycling masses is good and AF is considering the possibility of establishing more facilities
- Ambition is to become the industry leader in green solutions through our expertise in energy and the environment
- Order backlog: NOK 650 million (563 million)



# Strong growth and satisfactory results

NOK million	Q1 2019	Q1 2018	2018
Revenues	838	507	2 270
EBIT	33	22	114
EBT	32	21	113
EBIT %	3,9 %	4,3 %	5,0 %
EBT %	3,8 %	4,2 %	5,0 %

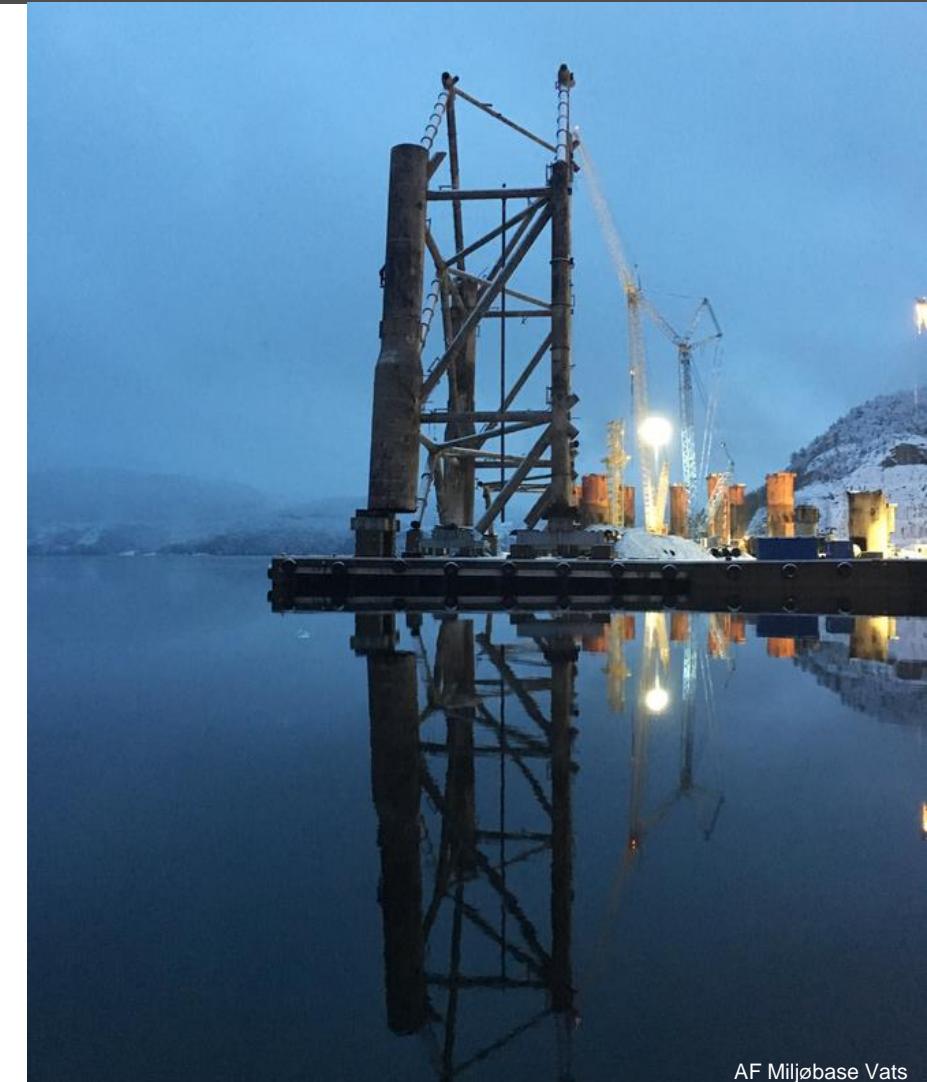
- Acquisition of HMB closed January 2<sup>nd</sup> 2019. High activity and good results in the quarter
- Kanonaden Entreprenad had a stable level of activity and reported a satisfactory result for the 1st quarter. Pålplintar with higher activity compared to the same quarter last year, and delivered improved results
- AF Härnösand Byggreturer and AF Bygg Syd with high activity level, both units continue to deliver projects with high profitability
- AF Bygg Göteborg with higher activity compared to the same quarter last year, but the results were somewhat below expectations
- Order backlog: NOK 3 056 million (1 746 million)



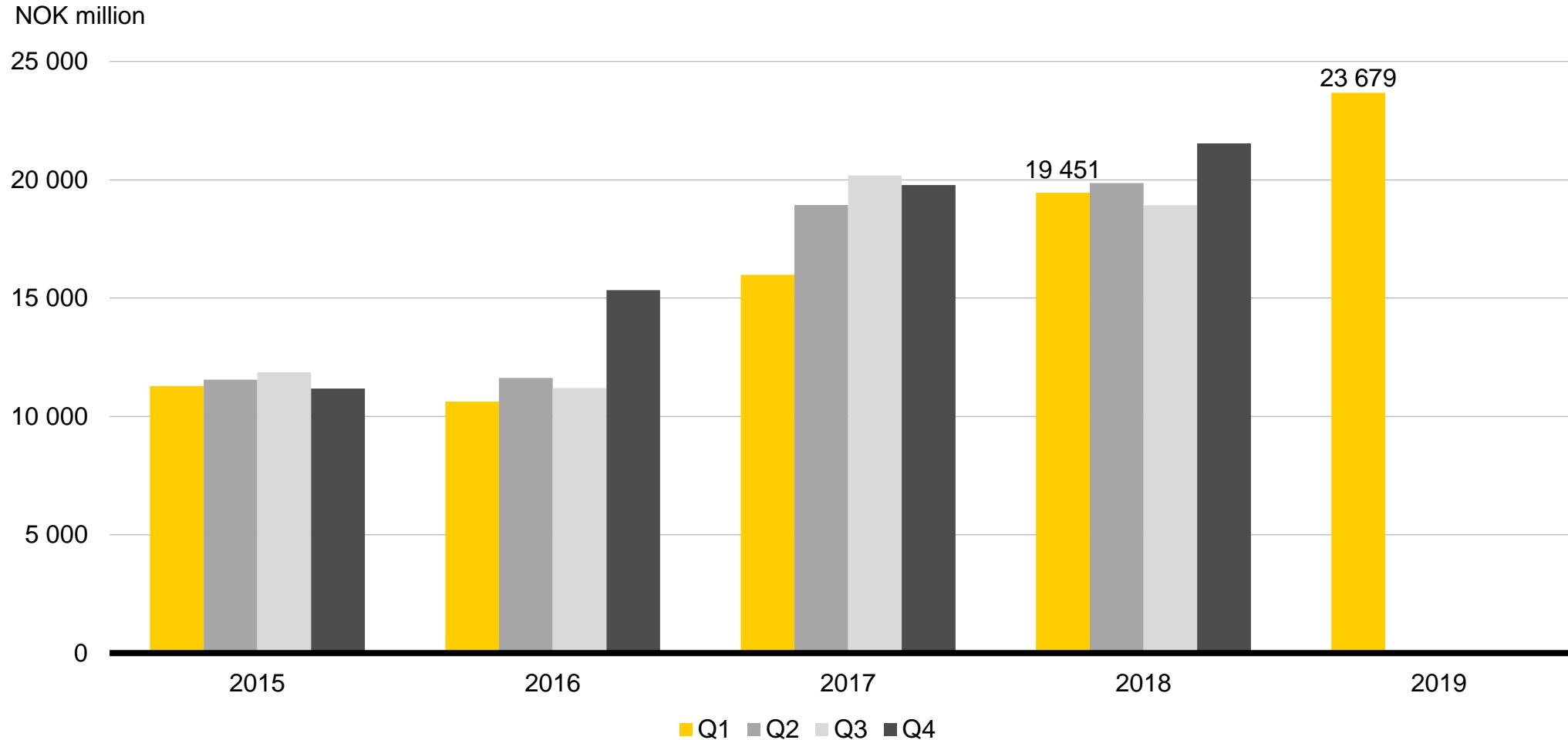
# Low activity and still weak results

NOK million	Q1 2019	Q1 2018	2018
Revenues	123	182	655
EBIT	-8	3	-21
EBT	-12	4	-27
EBIT %	-6,8 %	1,8 %	-3,2 %
EBT %	-9,7 %	2,2 %	-4,1 %

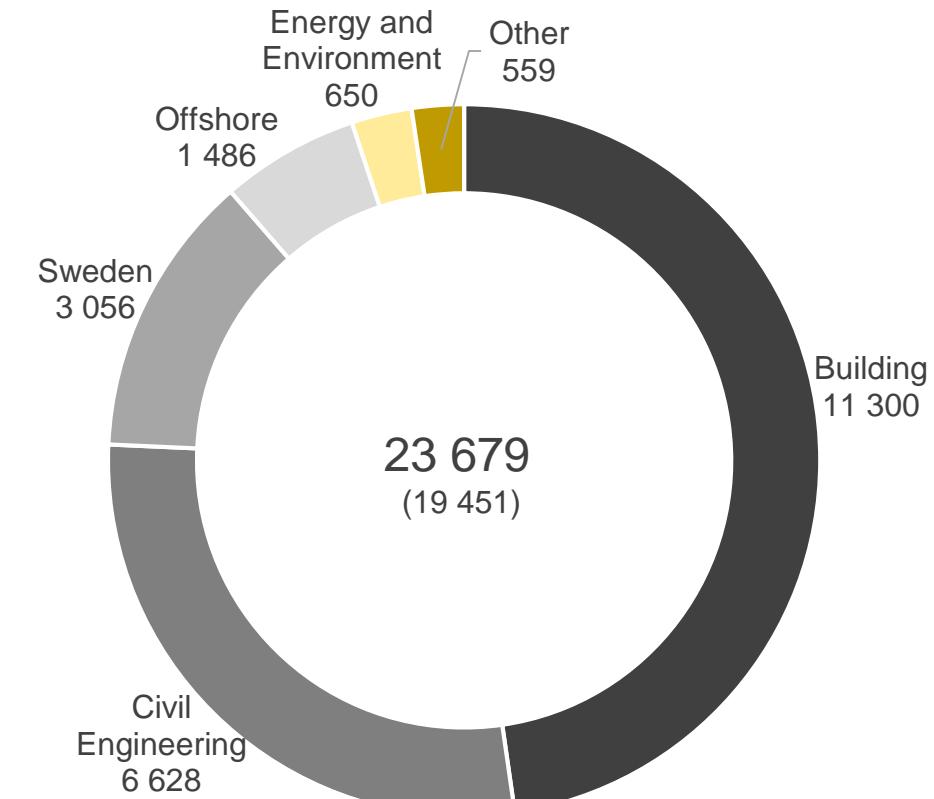
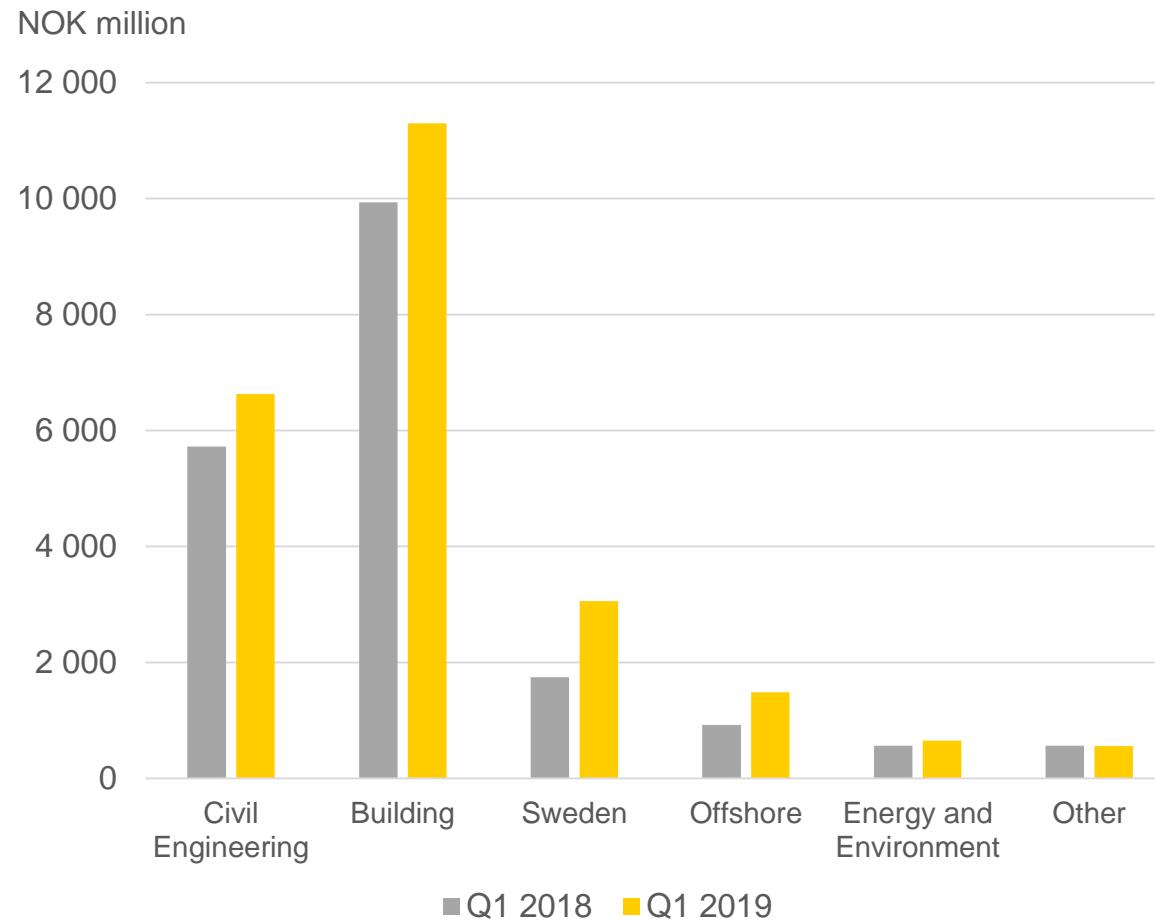
- AF Offshore Decom reported as expected a low activity level in Q1, thus reporting weak results. Engineering phase ongoing at our Offshore projects for upcoming offshore campaigns over the next years
- No activity at the environmental centre in Vats. A successful conclusion of an offshore campaign with delivery of structures to Vats in April will ensure activity for the remainder of the season
- AF AeronMollier with increased activity level compared to the same quarter last year. The unit reported a weak positive result for the quarter
- Order backlog: NOK 1 486 million (922 million)



# All-time high order backlog



# Order backlog per business area



Safety Enhancement Program

# HSE

## Health Safety Environment



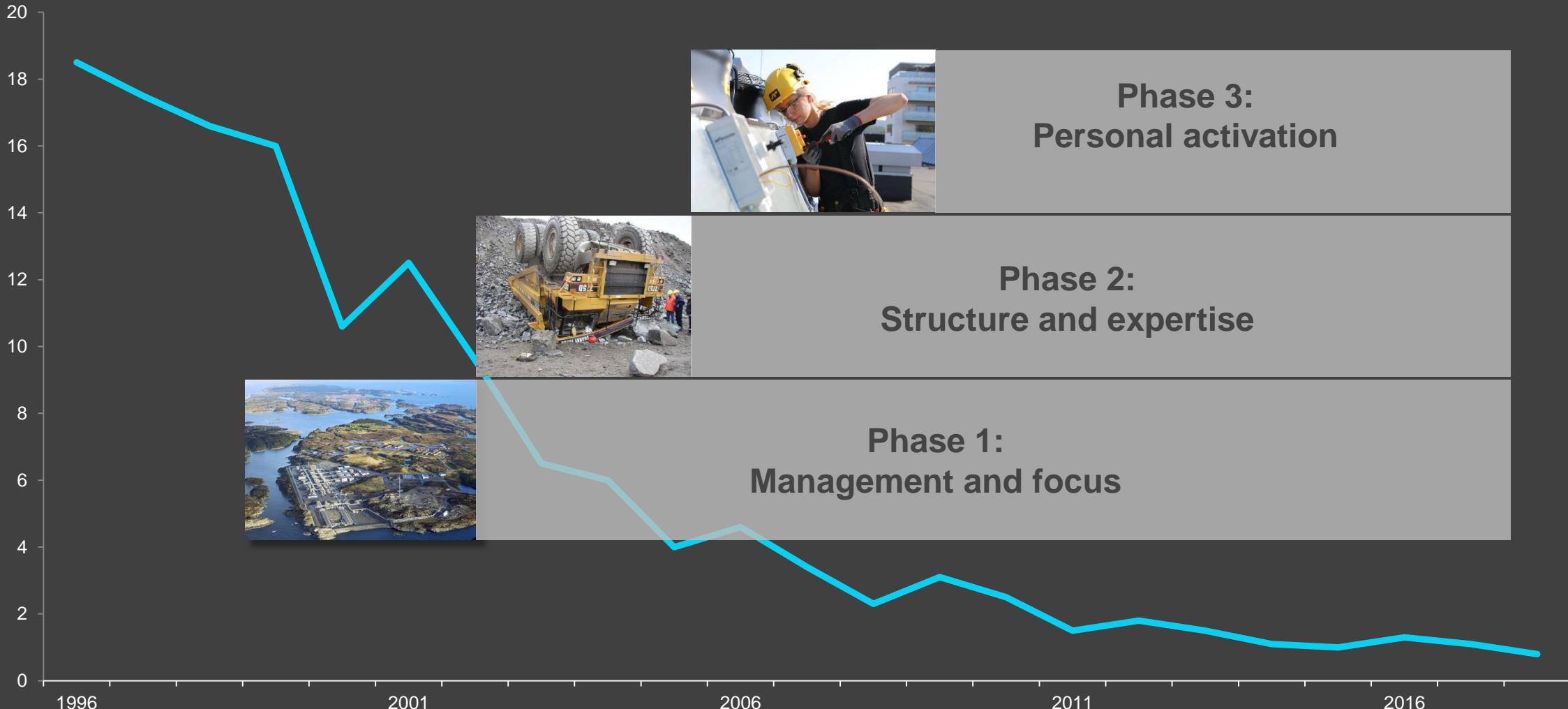
# The drivers behind safety work



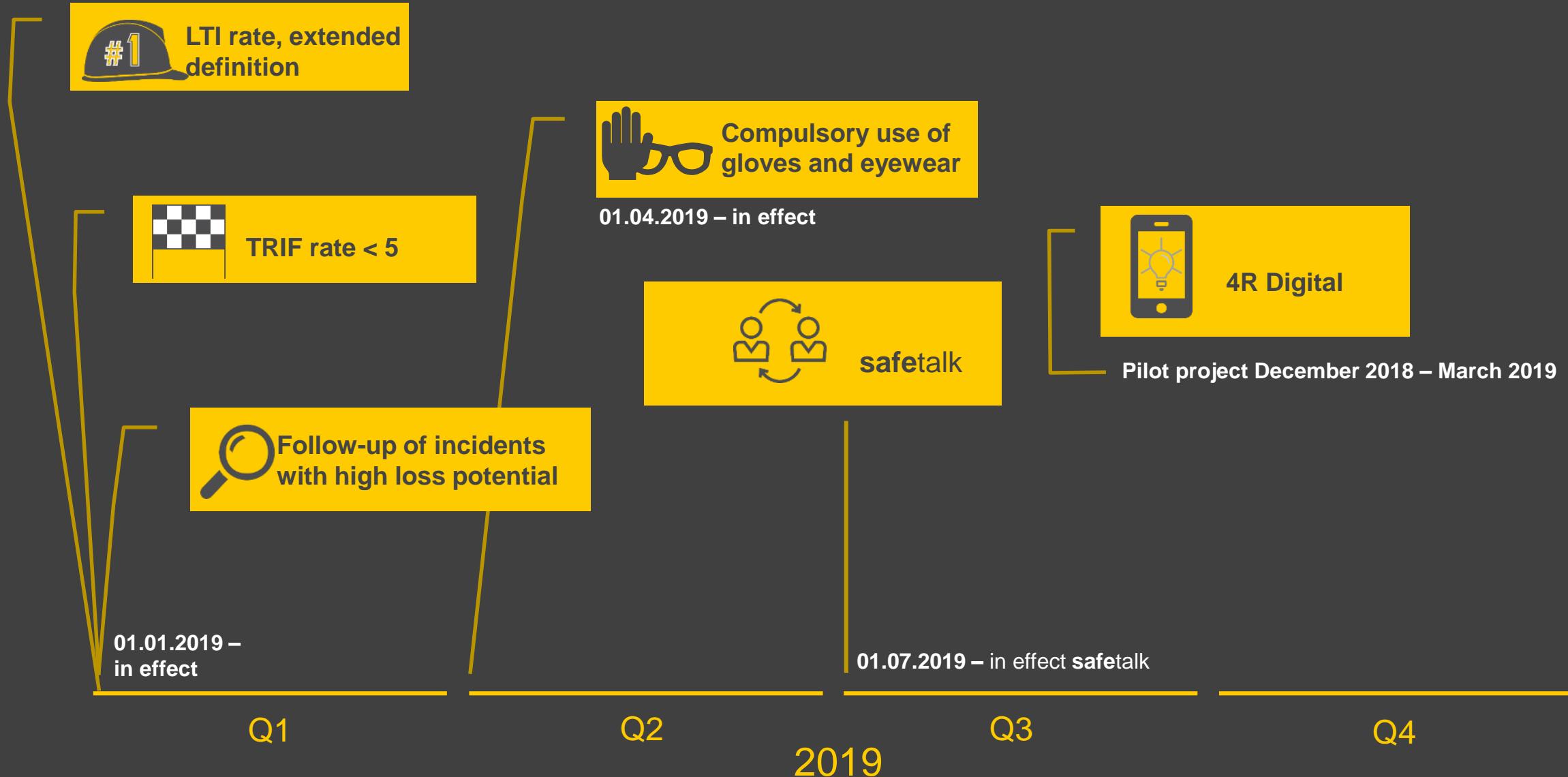
# Safety is our number one priority

- **Accidents do not "just happen", they are caused**
- **Growth must not come at the expense of either health or safety**
- **When we are aware of a risk, we can do something about it**

# The most important measurement parameter for safety work at AF is the LTI rate



# AF Gruppen's Safety Enhancement Program



## CHALLENGE

Employees are exposed to risk in their everyday work

## SOLUTION

Small, incremental solutions that solve safety challenges

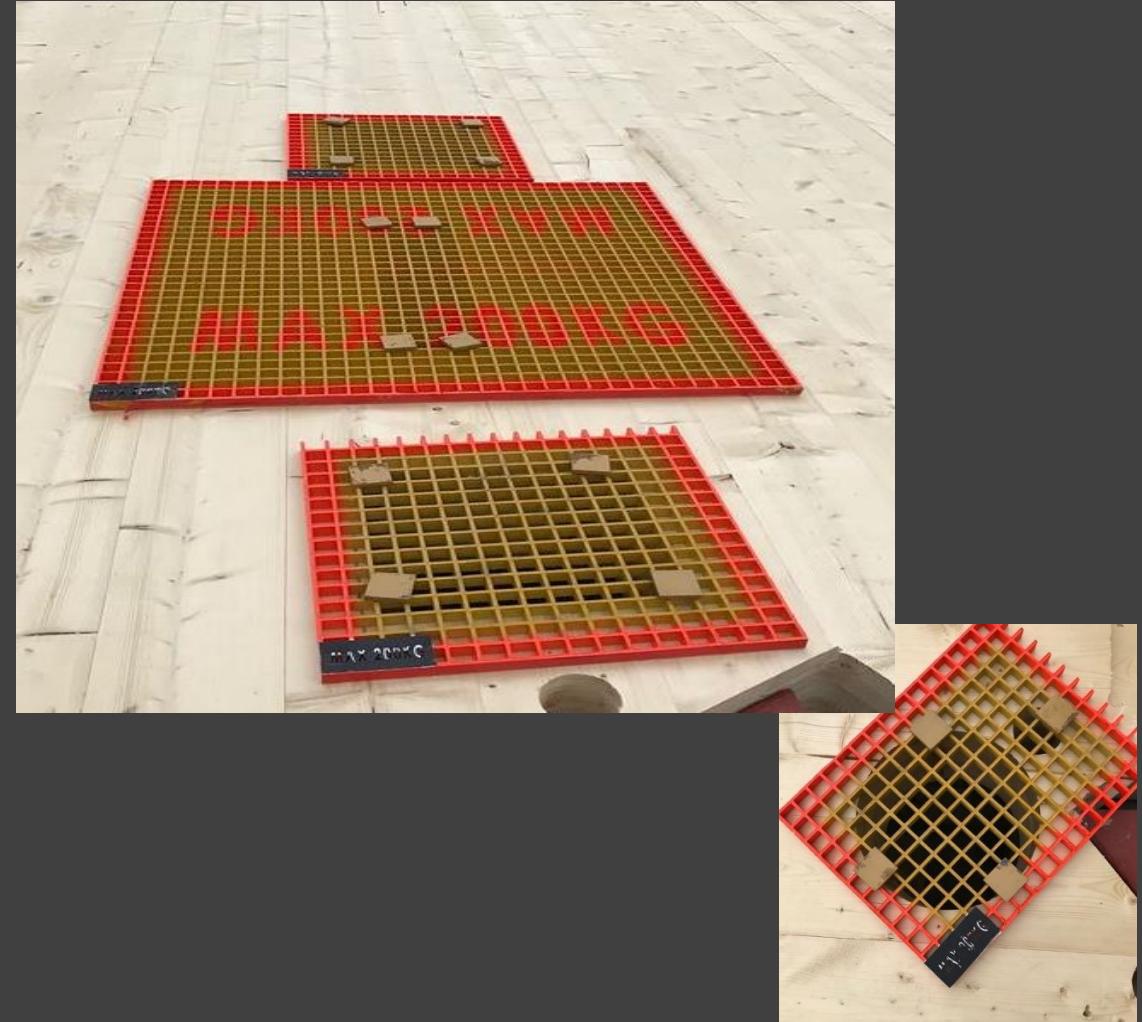


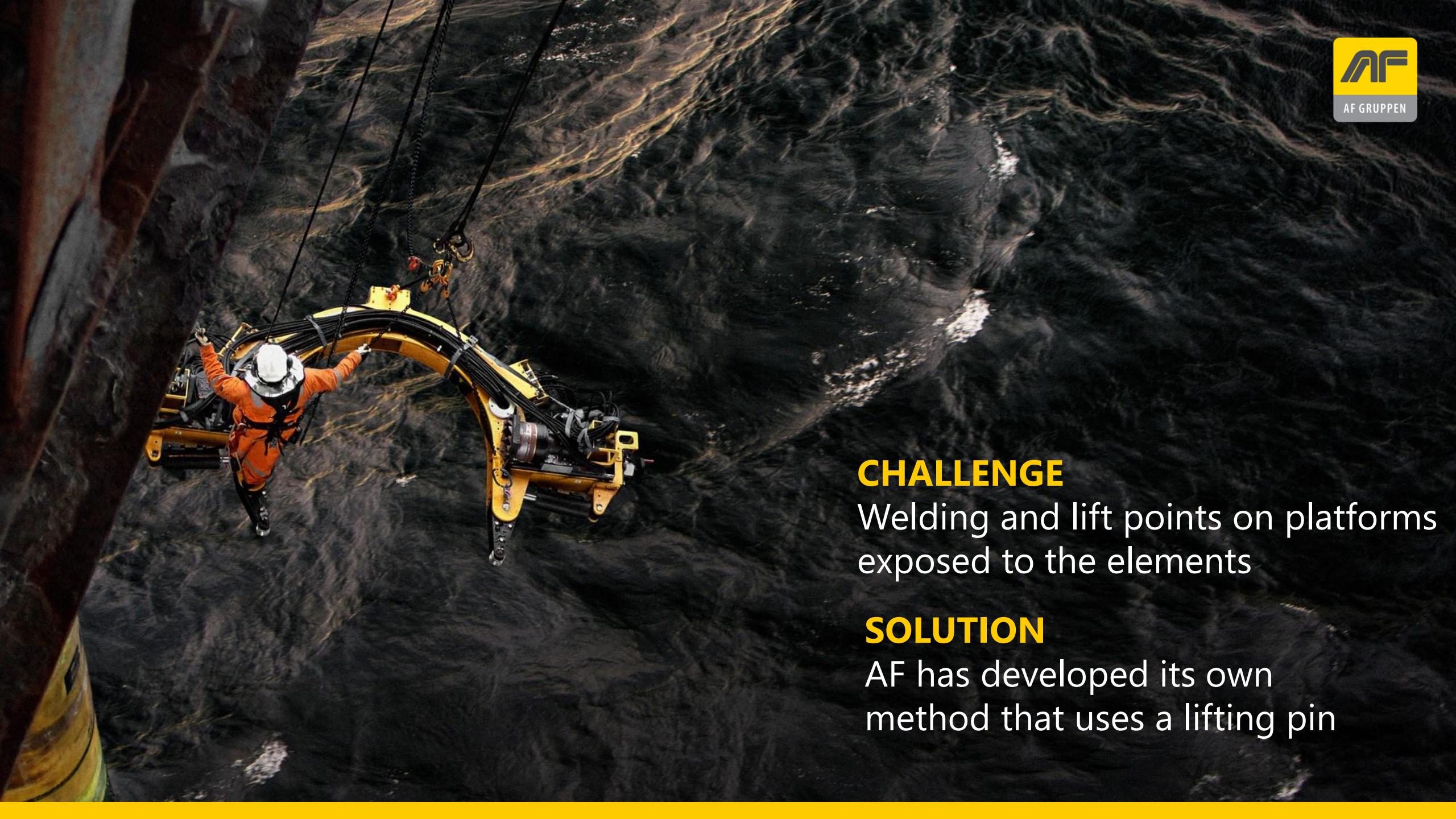
## CHALLENGE

Cut-outs can cause fall accidents  
with serious outcomes

## SOLUTION

Standardisation of alternative,  
temporary securing of cut-outs





## CHALLENGE

Welding and lift points on platforms exposed to the elements

## SOLUTION

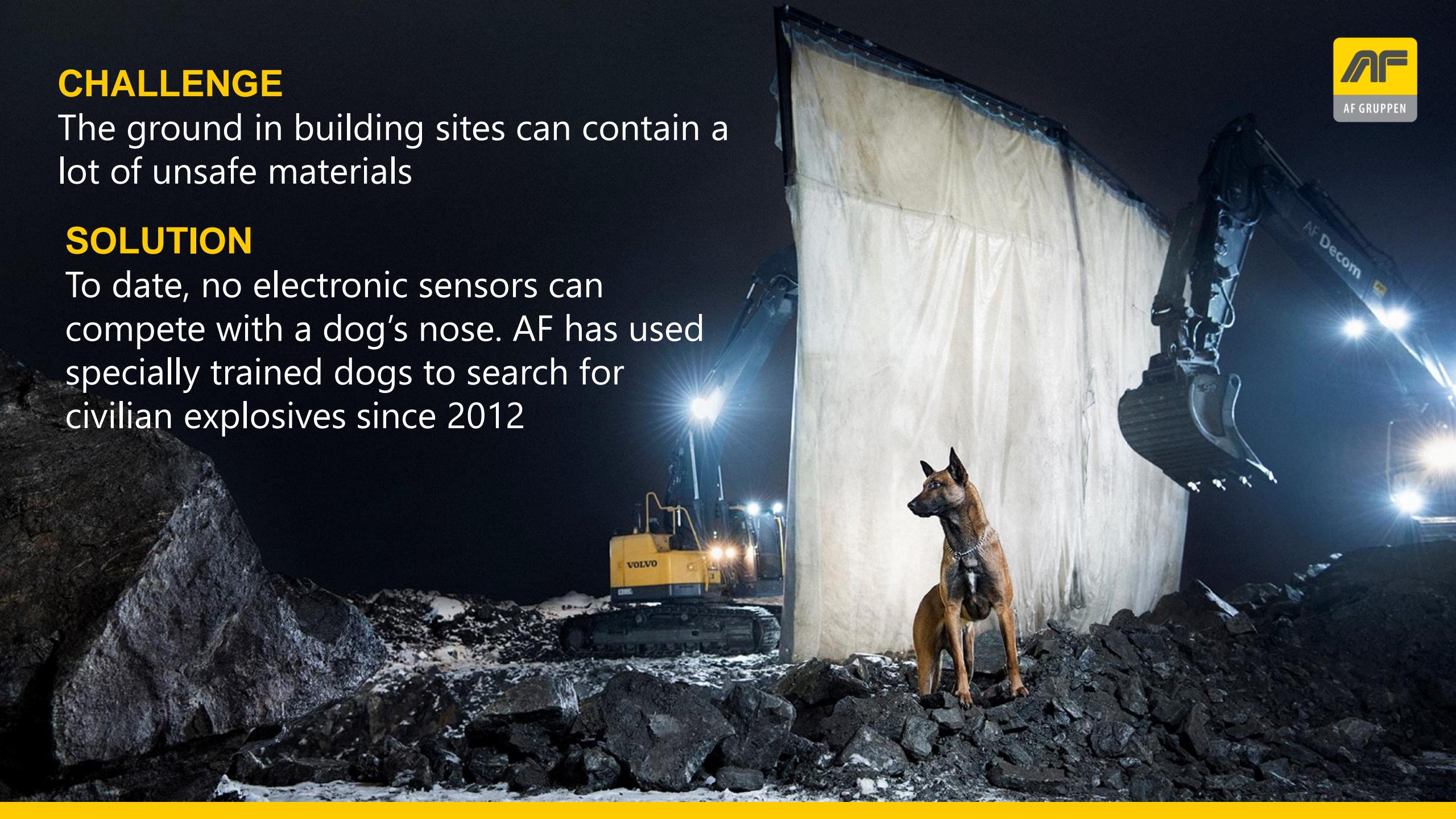
AF has developed its own method that uses a lifting pin

## CHALLENGE

The ground in building sites can contain a lot of unsafe materials

## SOLUTION

To date, no electronic sensors can compete with a dog's nose. AF has used specially trained dogs to search for civilian explosives since 2012



## CHALLENGE

Today's hearing protection has weaknesses,  
far too many people sustain hearing damage

## SOLUTION

Investment (through Construct Venture)  
in next-generation hearing protection,  
Minuendo



# Summary

NOK million	Q1 2019	Q1 2018	2018
Revenues	5 214	3 883	18 767
EBIT	232	185	1 119
EBT	226	194	1 136
EBIT %	4,5 %	4,8 %	6,0 %
EBT %	4,3 %	5,0 %	6,1 %

- Strong revenue growth (34 %)
- Solid results
- All time high order backlog: NOK 23 679 million (19 451 million)
- HMB acquisition completed January 2<sup>nd</sup> 2019
- Not satisfactory safety performance. Strong focus in 2019





Thank you for your  
attention!

Q2 2019:  
August 23<sup>rd</sup> 2019