

May 15th 2019

# Q1 2019

## AF Gruppen ASA



# Highlights

## High growth and solid results

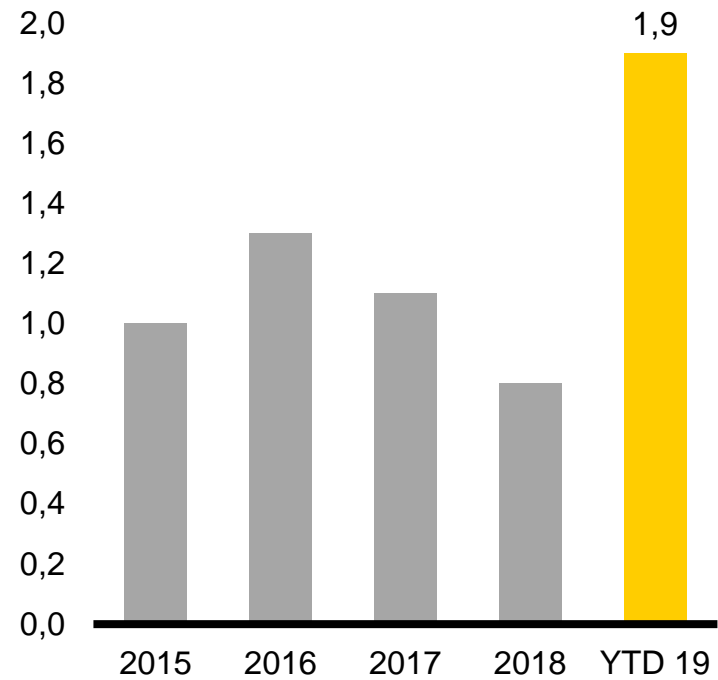
- Revenue: NOK 5 214 million (3 883 million). This represents a growth of 34 %
- Earnings before tax: NOK 226 million (194 million)
- Profit margin: 4,3 % (5,0 %)
- Net operating cash flow: NOK 257 million (126 million)
- Order backlog: NOK 23 679 million (19 451 million)
- HMB was acquired January 2<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



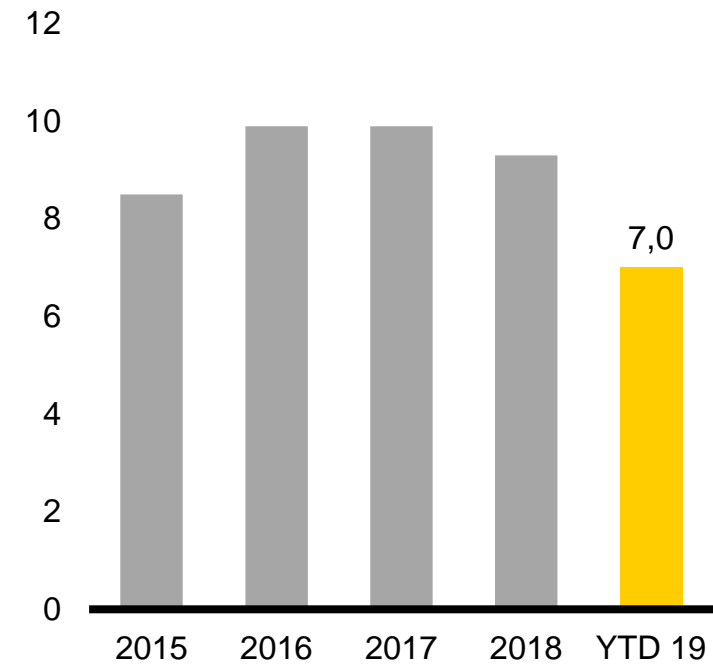
# Safety

## Lost-time injury frequency (LTIF)



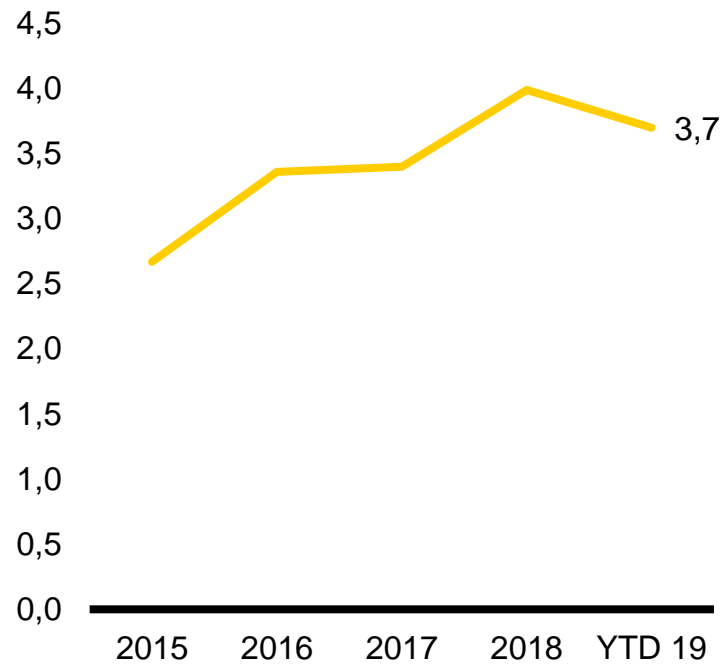
Number of lost-time injuries and severe personnel injuries not resulting in lost-time per million hours worked

## Total recordable injury frequency (TRIF)



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

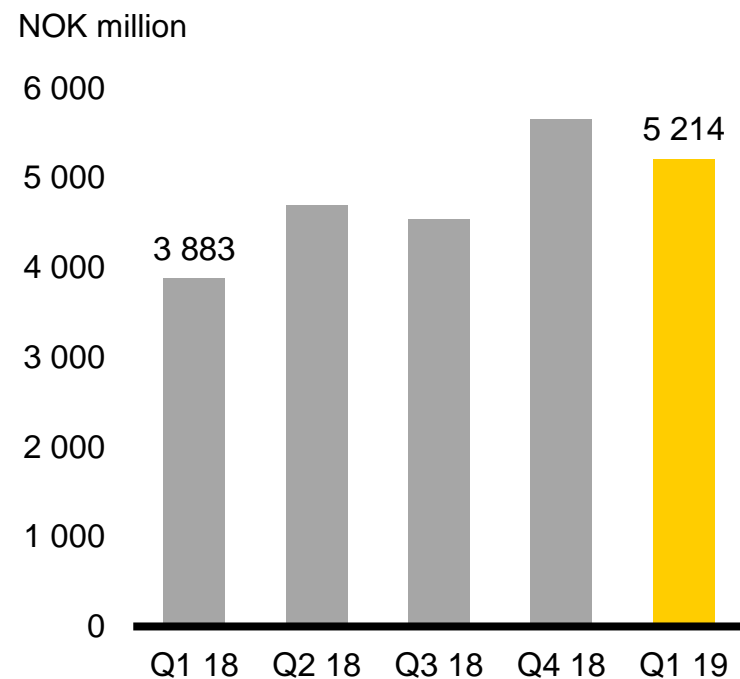
## Reported unwanted incident frequency (RUIF)



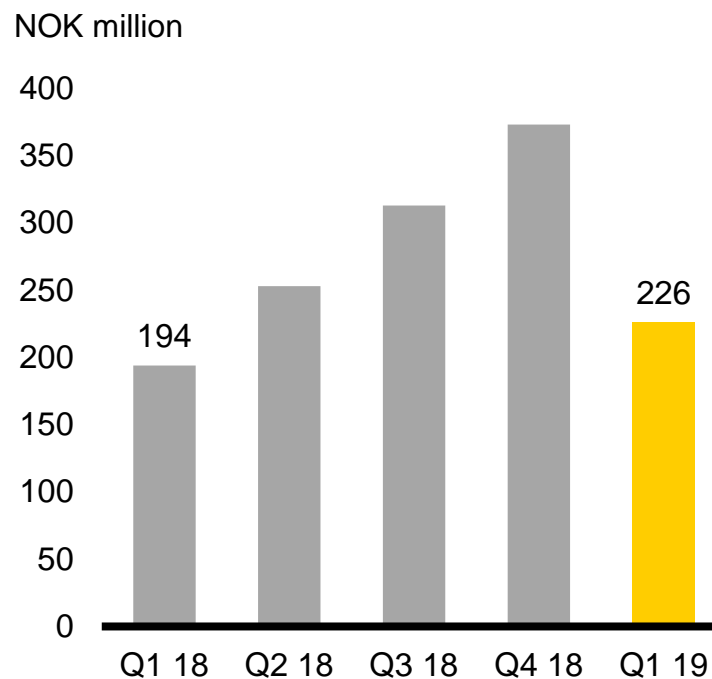
Number of reported unwanted incidents per man-year

# Revenues and earnings – quarterly

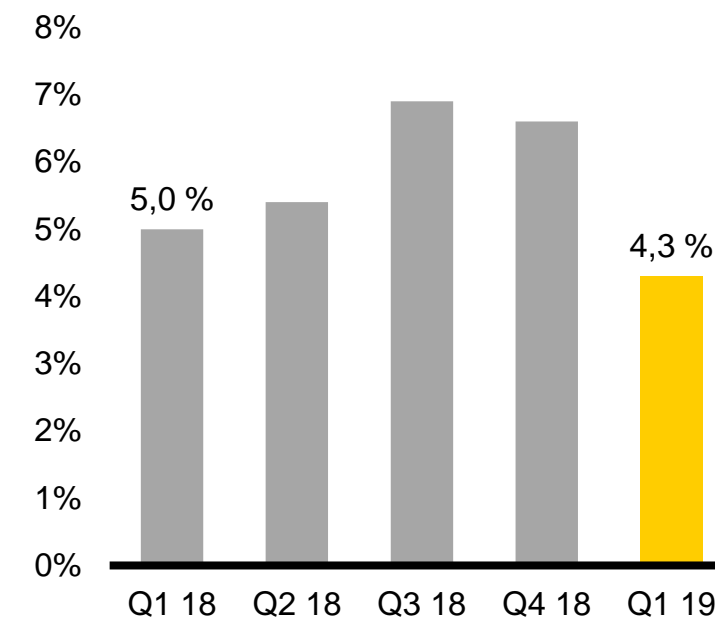
## Revenues



## Earnings before tax



## Profit margin

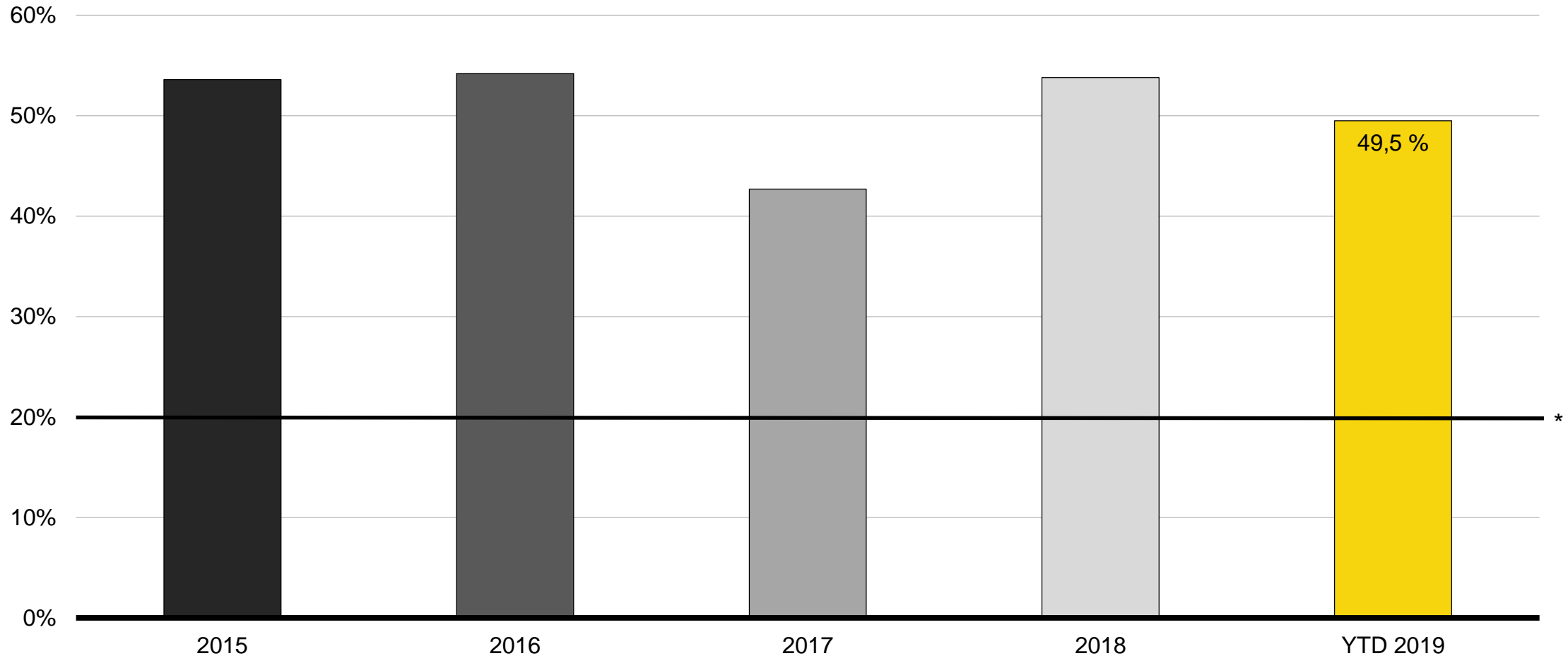


1<sup>st</sup> quarter 2019



# Return on capital employed

12 month rolling average

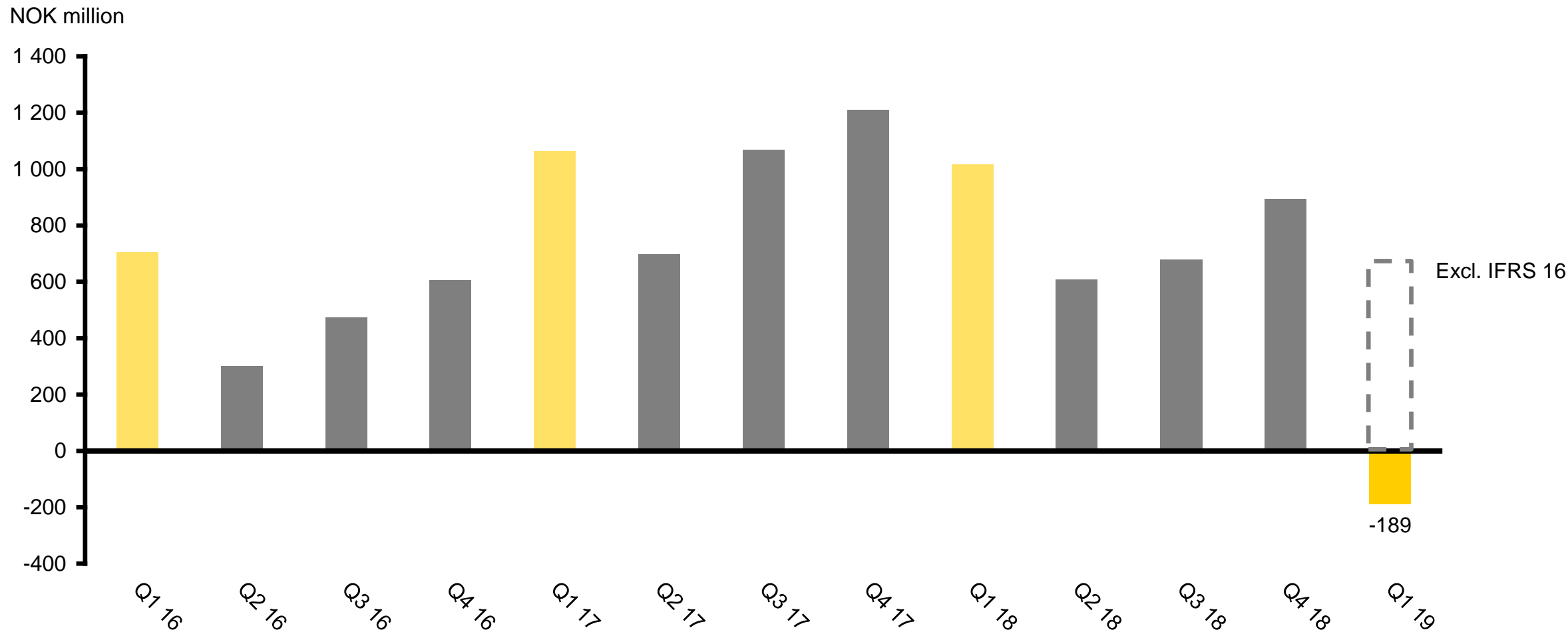


\*AF's target is to achieve a return on capital employed above 20 %

# 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



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

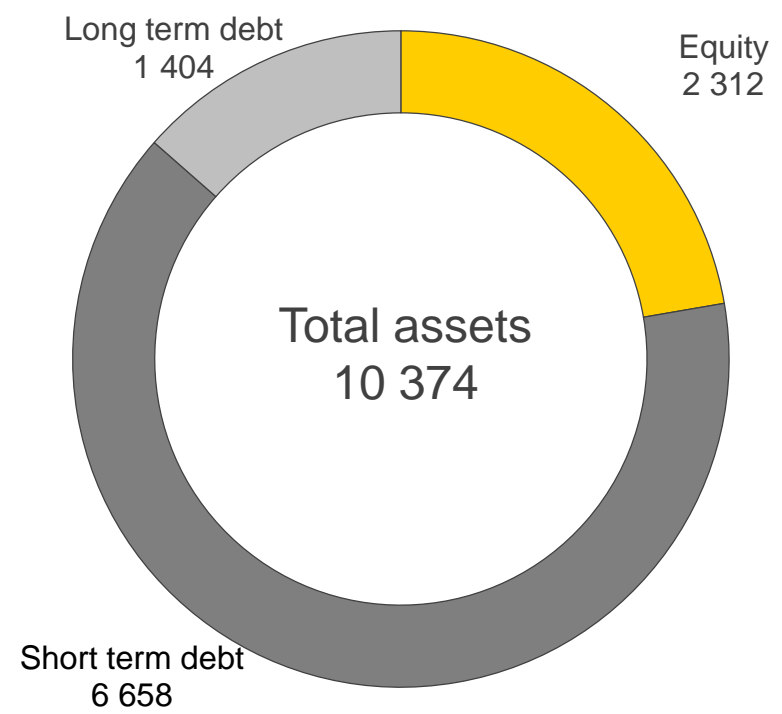
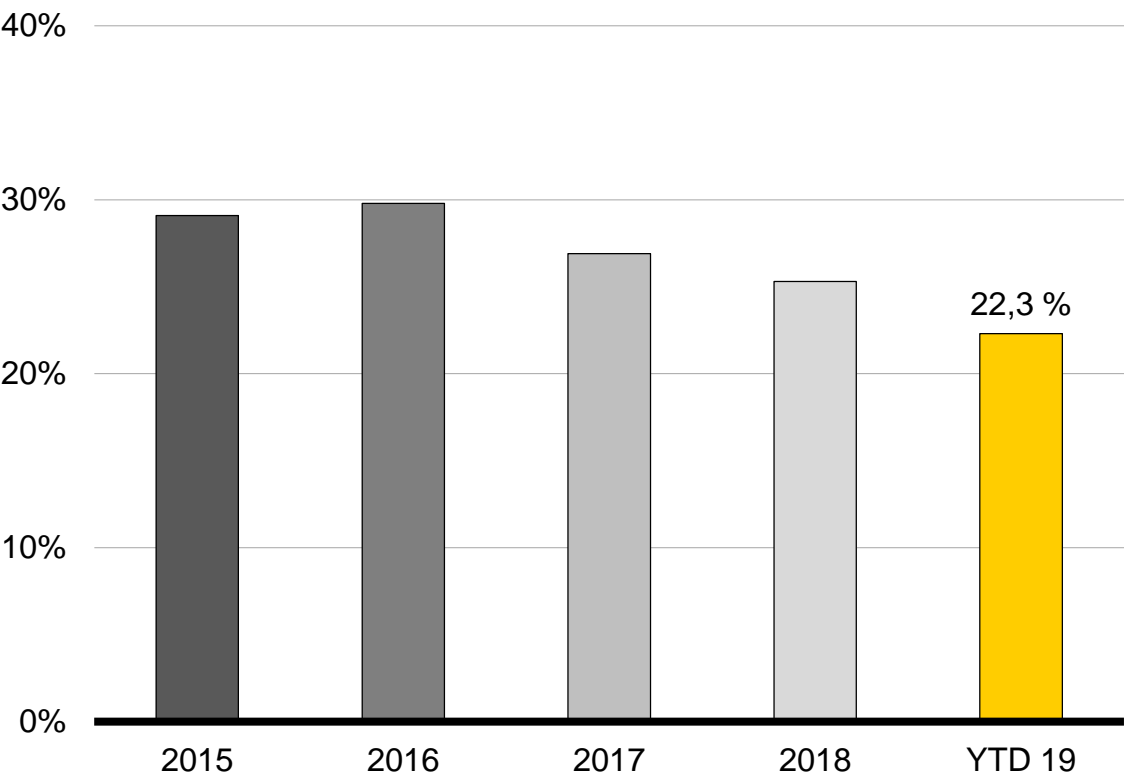
The implementation of IFRS 16 from January 1<sup>st</sup> 2019 led to an increase of interest-bearing debt of NOK 888 million. Implementation with no cash effect

# 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>

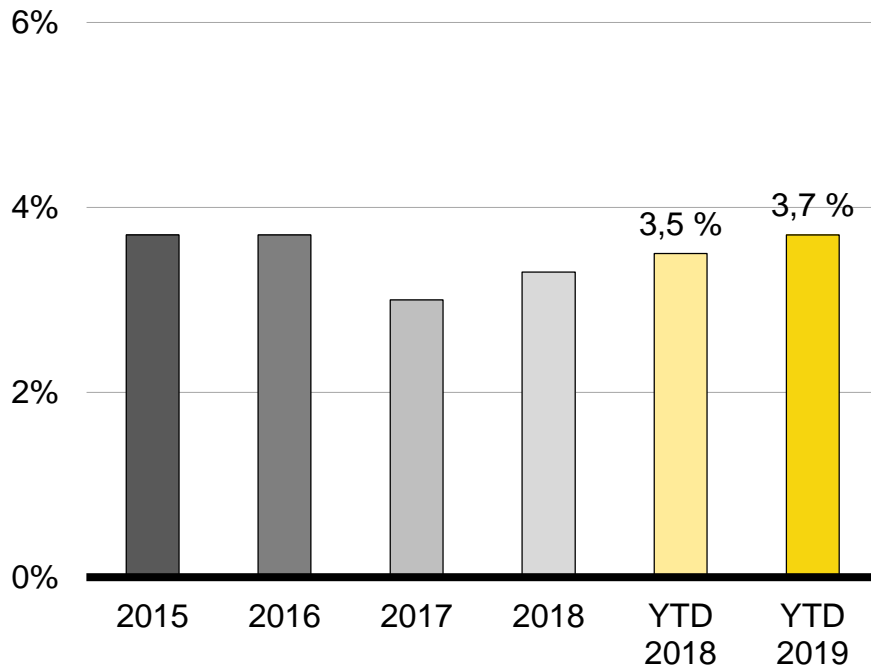


# Equity ratio

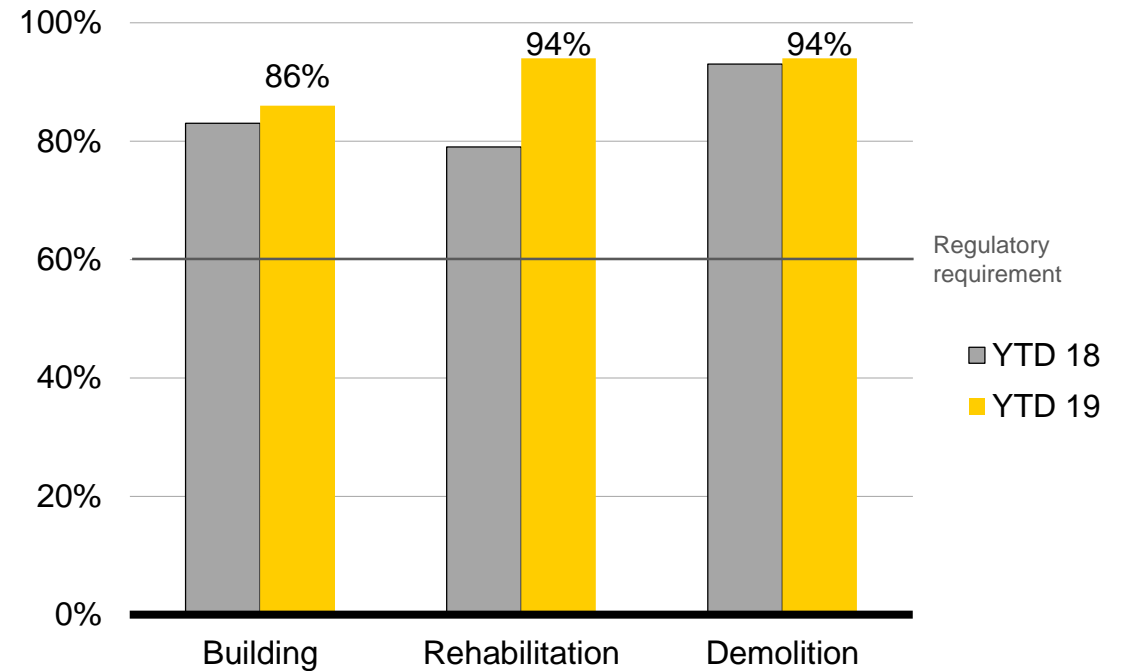


# Health and environment

## Sick leave



## Source separation rate



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



1<sup>st</sup> quarter 2019

Business areas

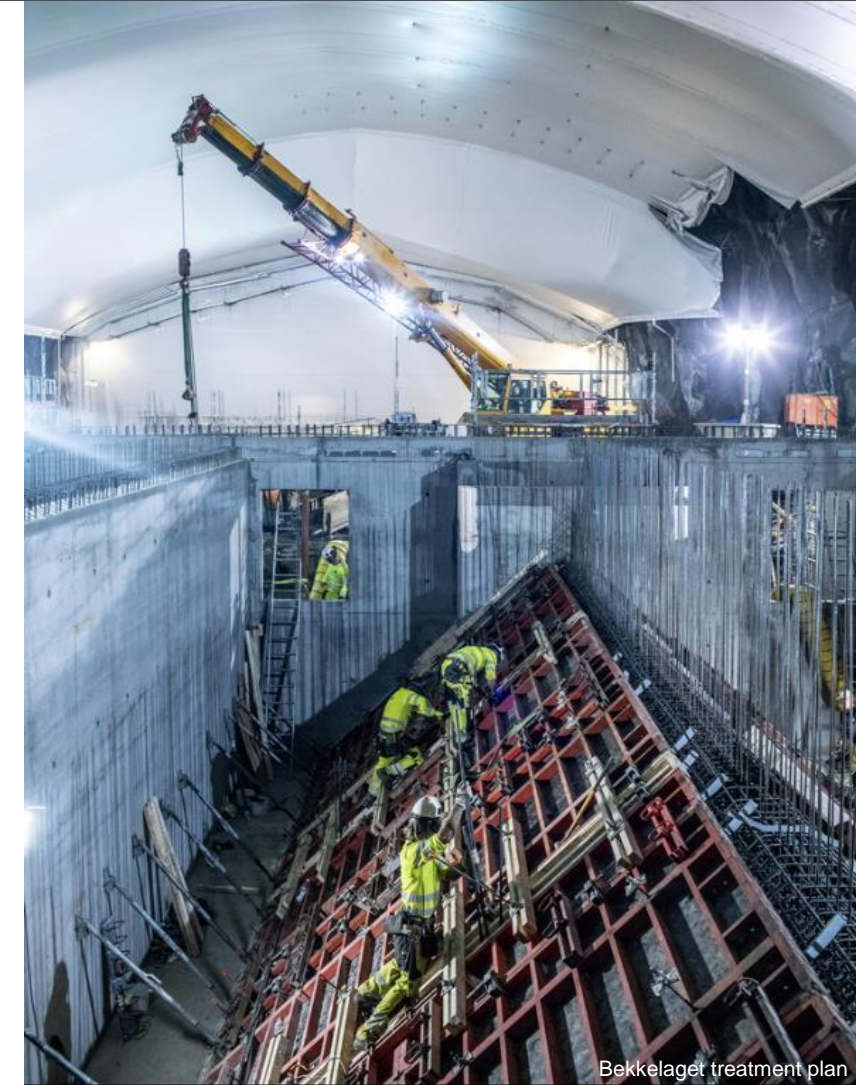




# High activity level and good operational performance

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 %

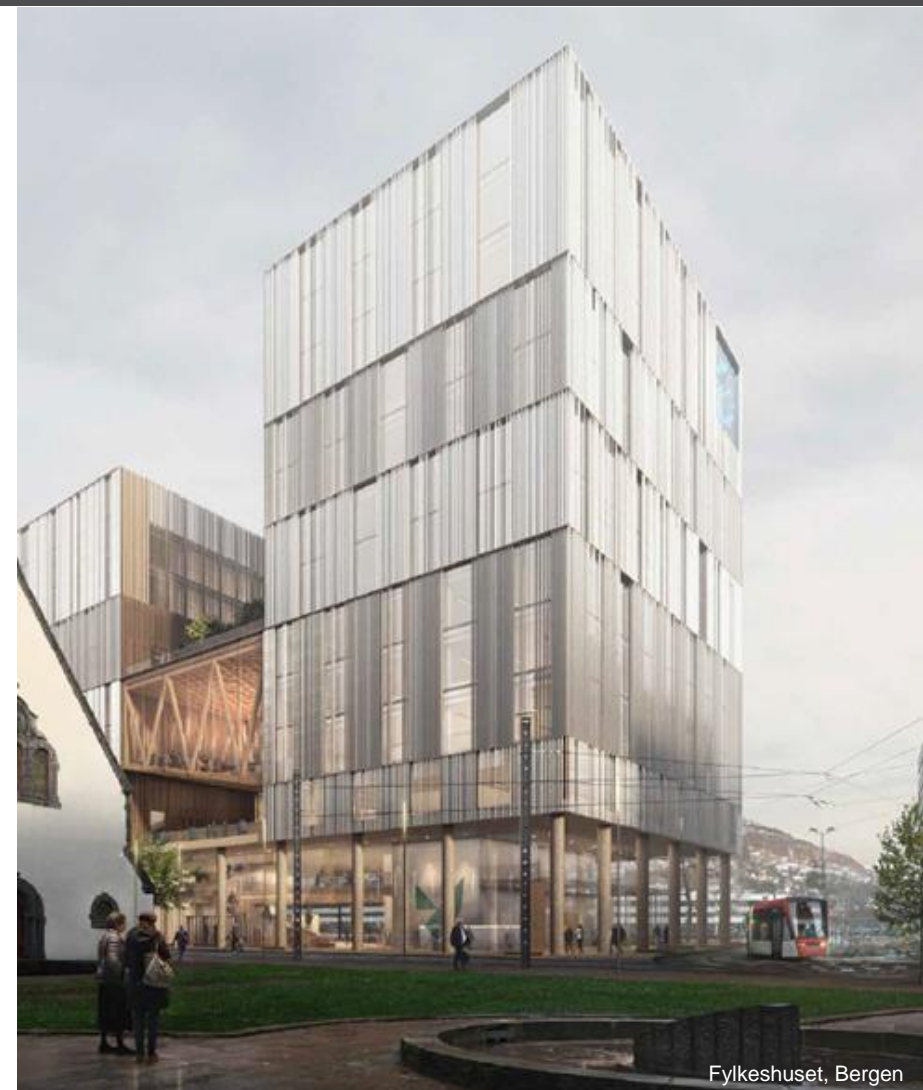
- AF Anlegg had a high activity level and delivered good results in Q1. The unit grew close to 30 % compared to the same quarter last year
- The E18 Tvedestrand – Arendal project is in a hectic final phase until traffic starts on July 2<sup>nd</sup> 2019, while E39 Kristiansand west – Mandal east project 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)

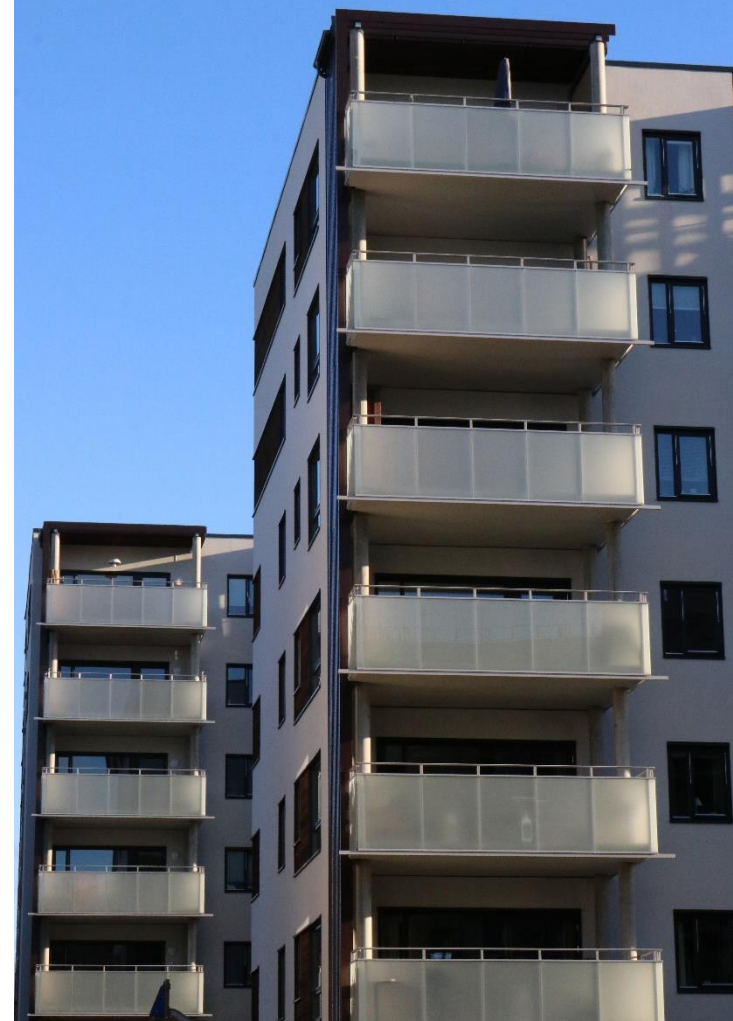


# A solid start in 2019

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)

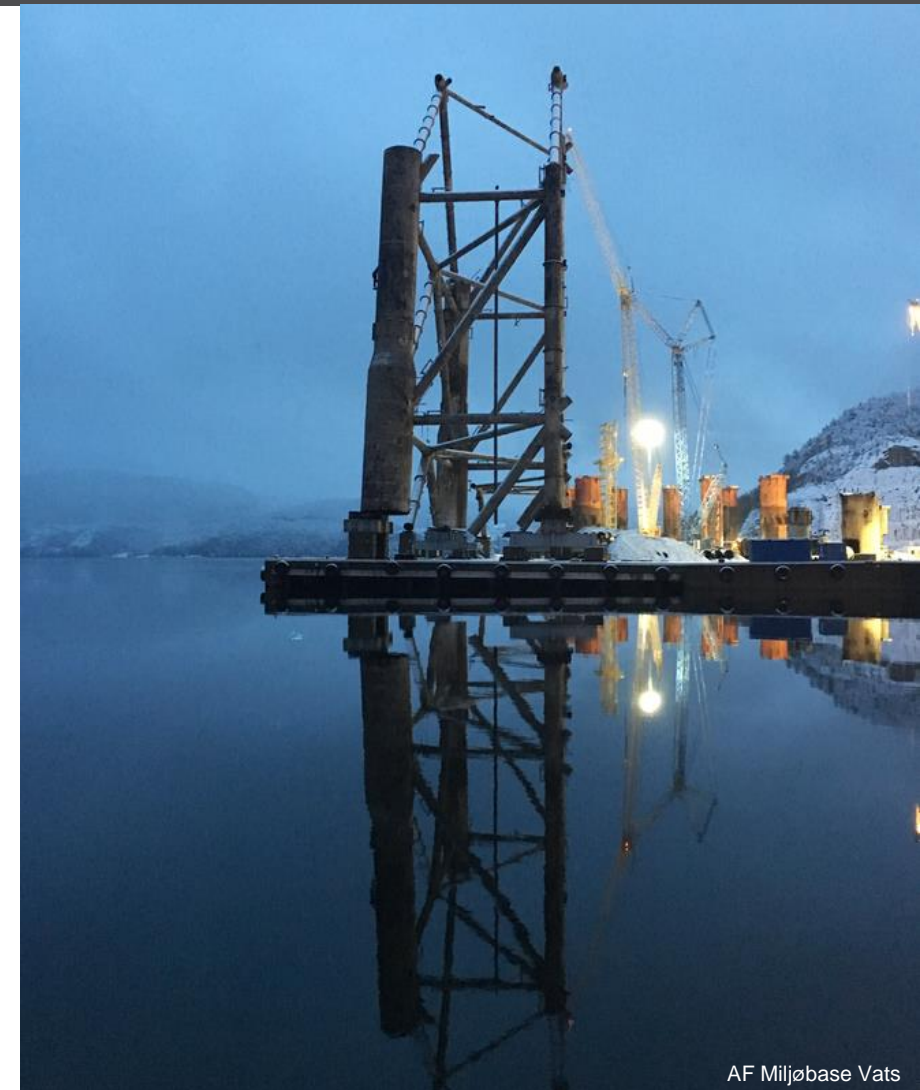




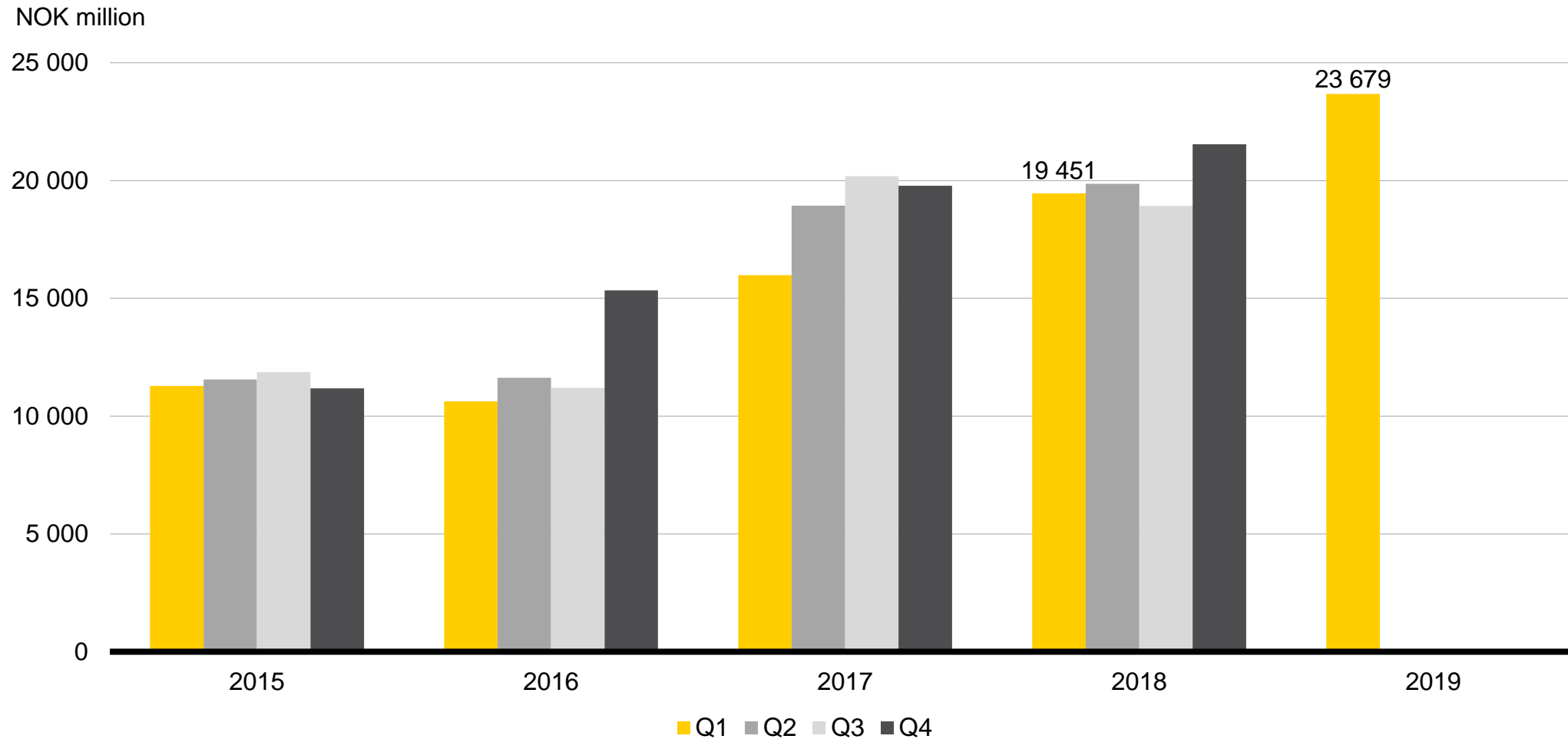
# Low activity and still weak results

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 %

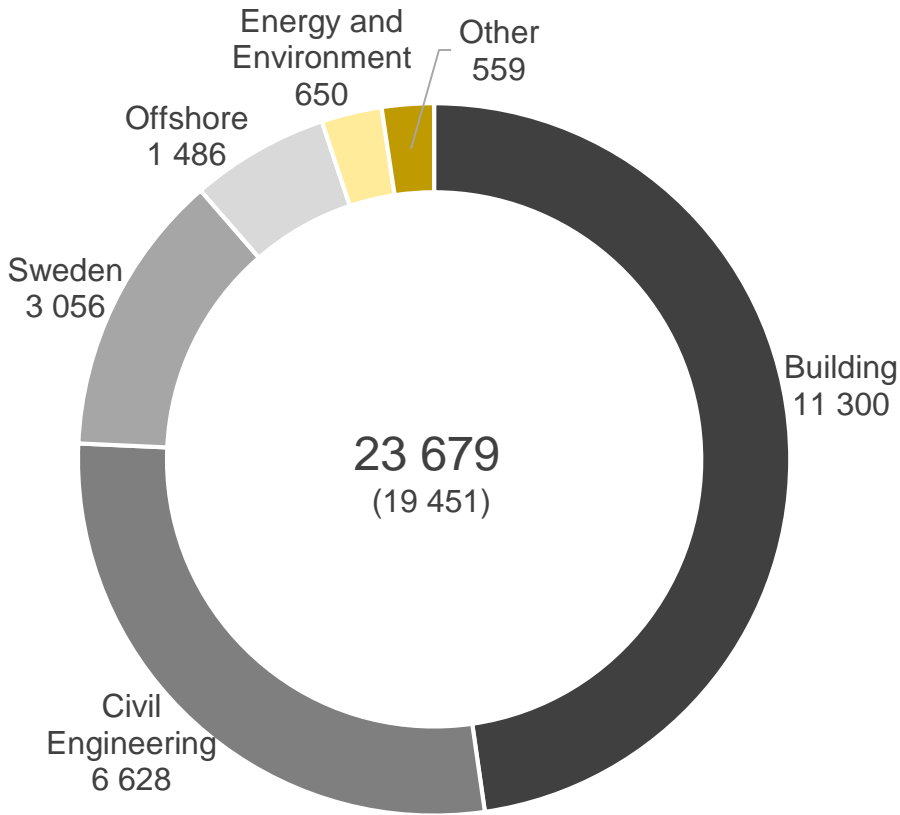
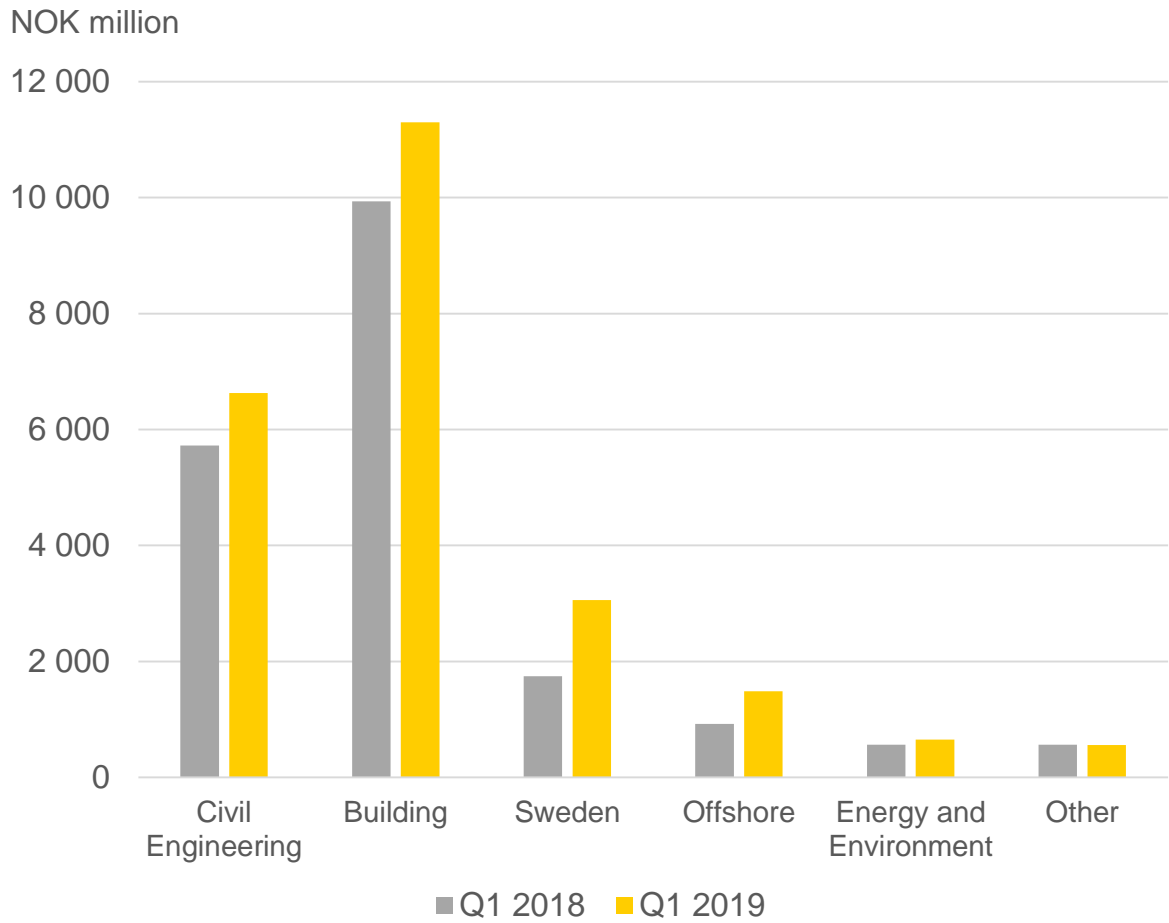
- AF Offshore Decom reported as expected a low activity level in Q1, thus reporting weak results. Engineering phase ongoing at our Offshore projects for upcoming offshore campaigns over the next years
- No activity at the environmental centre in Vats. A successful conclusion of an offshore campaign with 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

**H**Health

**S**Safety

**E**Environment





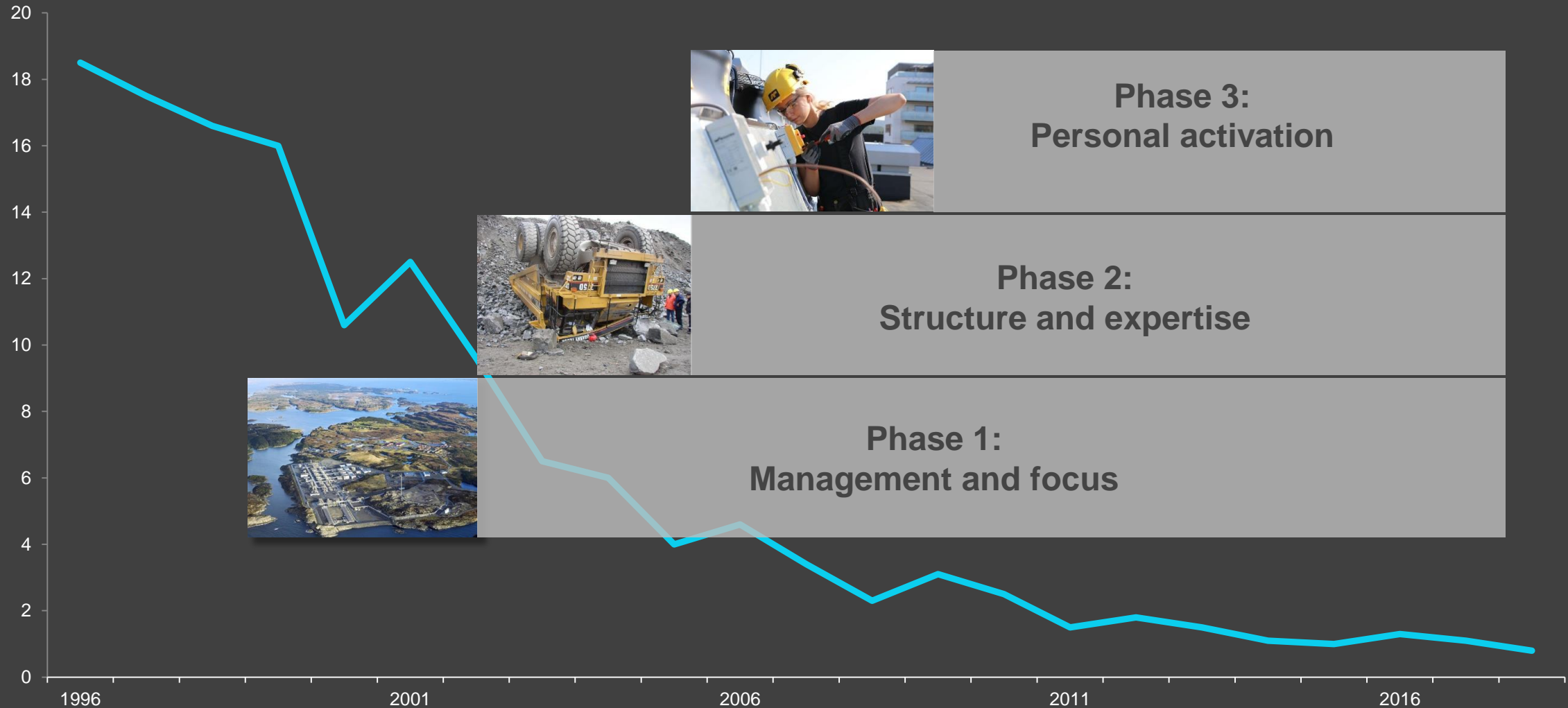
# The drivers behind safety work



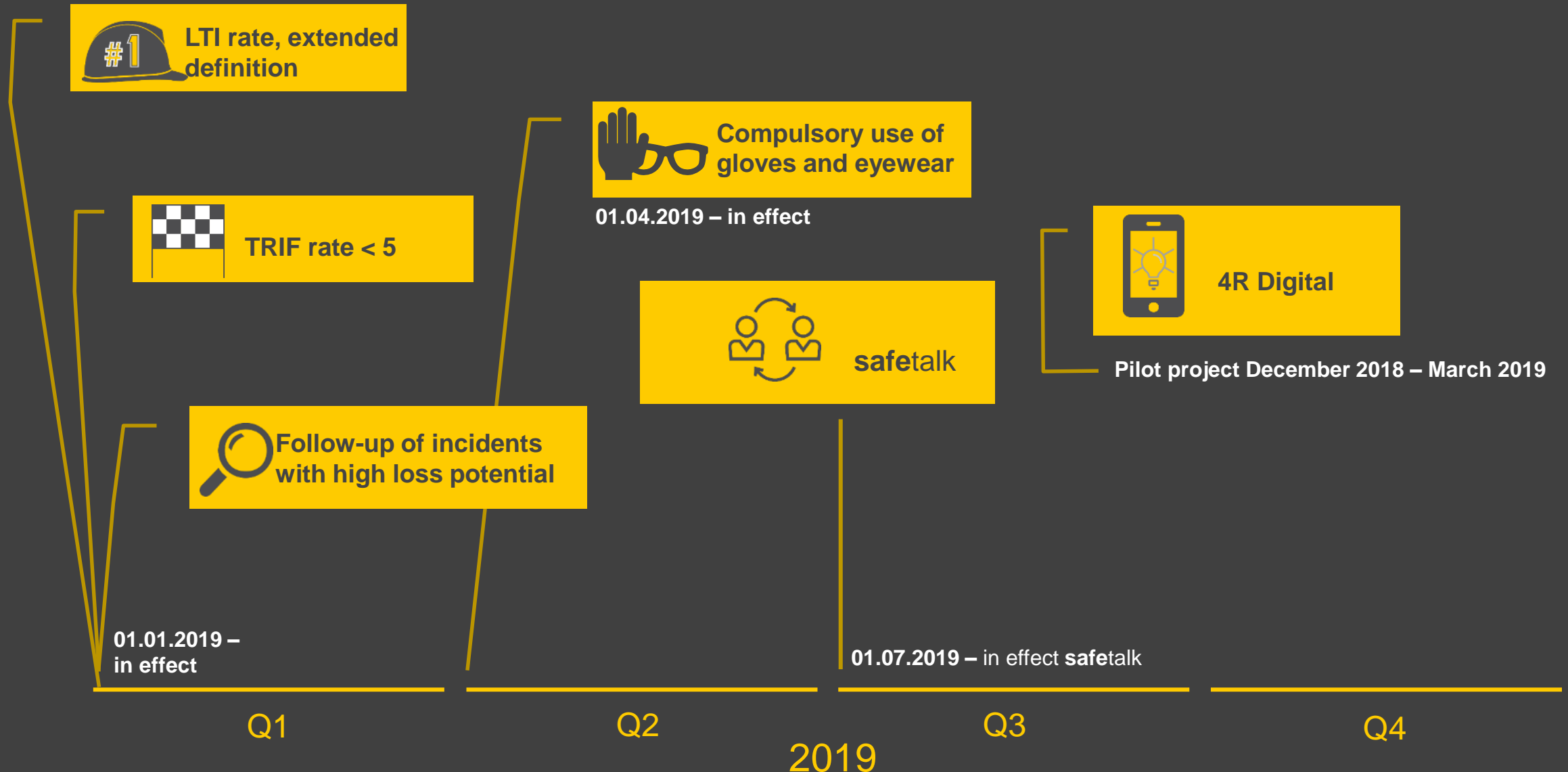
# Safety is our number one priority

- 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

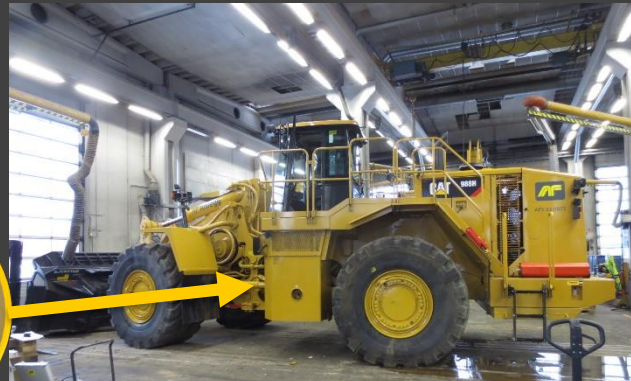
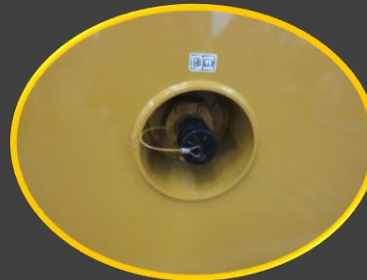
Employees are exposed to risk in their everyday work

## SOLUTION

Small, incremental solutions that solve safety challenges



Helmet that protects against fall damages from all sides



Changed position of the fuel filling cap



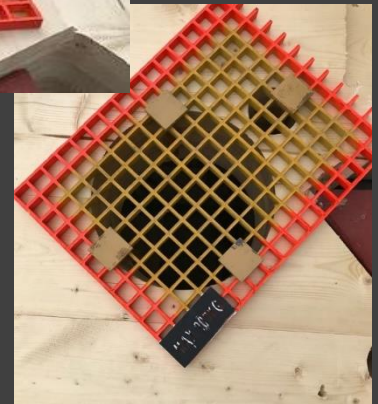
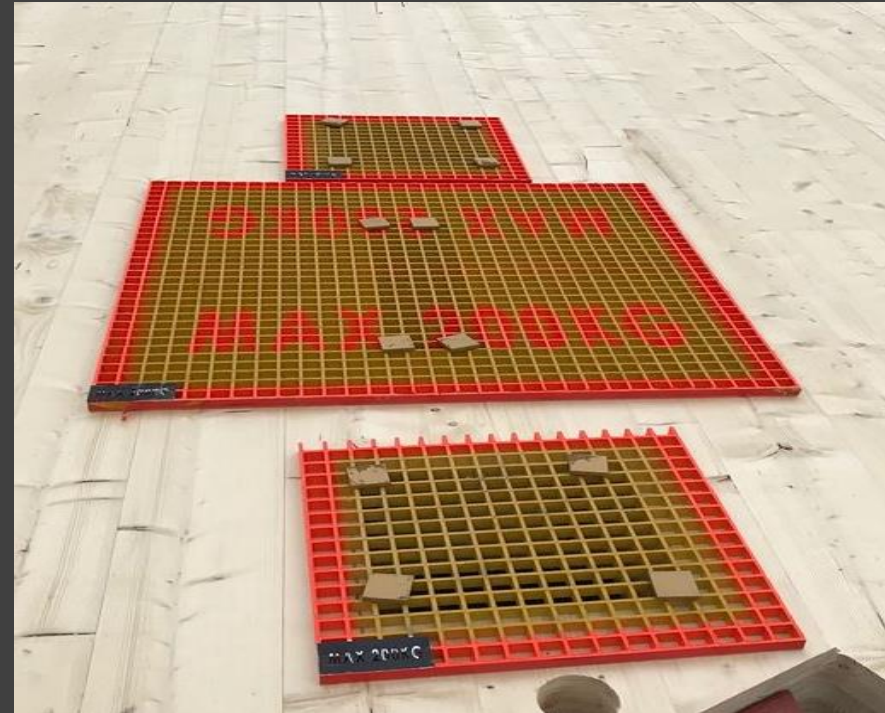
Footwear that improves friction on icy surfaces during winter

## 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

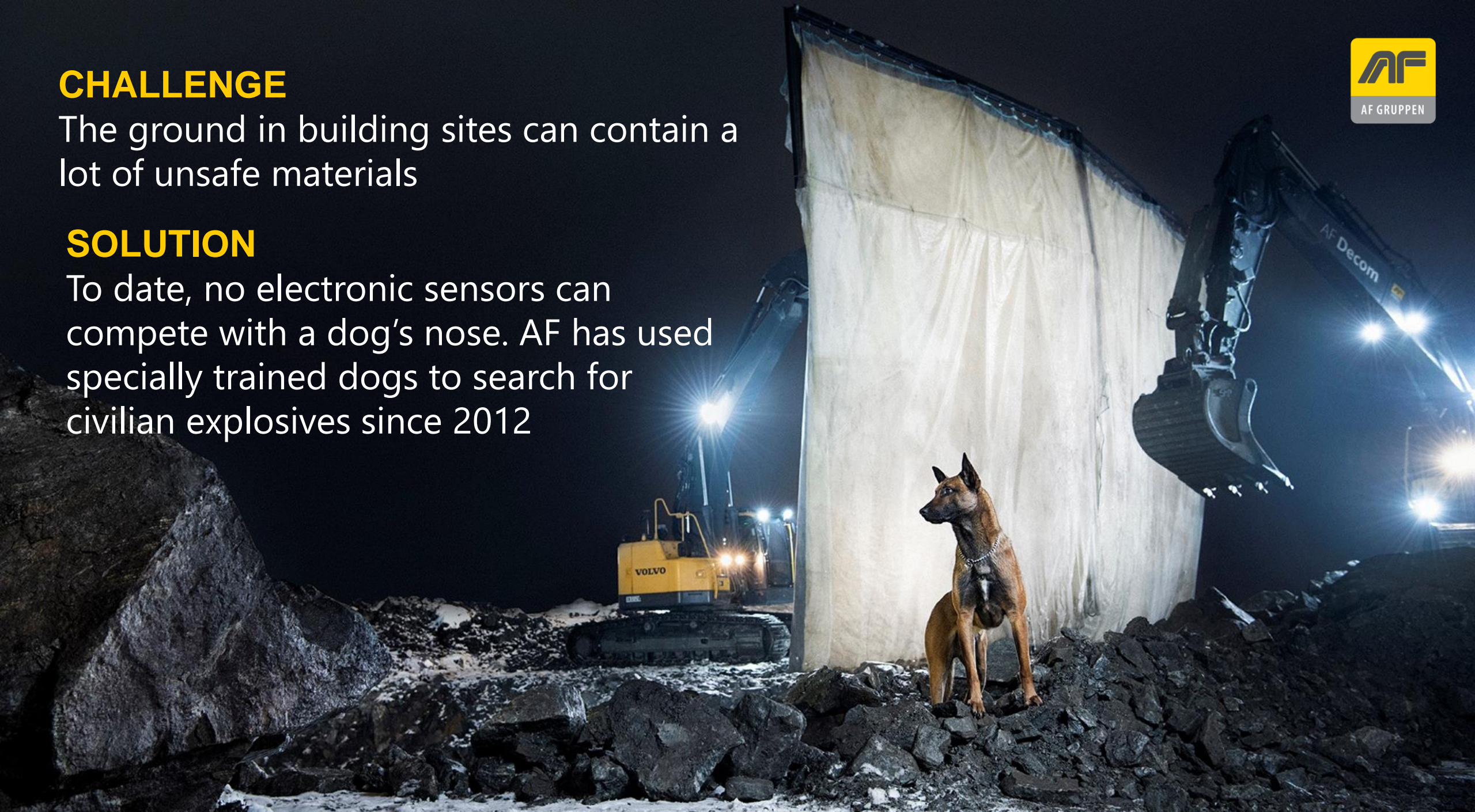


## CHALLENGE

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

