



AF GRUPPEN

November 8th 2019

Q3 2019

AF Gruppen ASA

Krydderhagen

3rd quarter 2019



Highlights

Continues to grow and delivers strong results

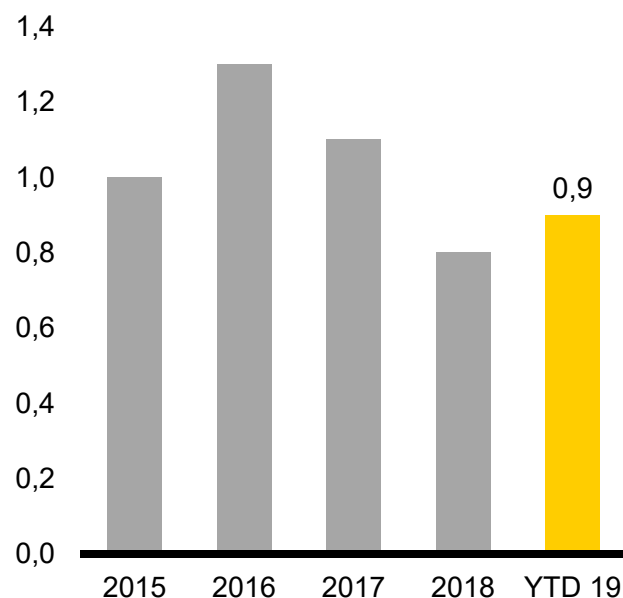
- Revenue: NOK 5,069 million (4,536) in Q3 and NOK 16,146 million (13,111) year-to-date
- EBT: NOK 339 million (313) in Q3 and NOK 929 million (764) year-to-date
- EBT margin: 6.7 % (6.9 %) in Q3 and 5.8 % (5.8 %) year-to-date
- Solid order backlog: NOK 23,000 million (18,920) at the end of Q3
- Net interest-bearing liabilities of NOK 598* million (-680) at the end of Q3
- After the end of the quarter, on 31 October 2019, the purchase of 100 % of the shares in Betonmast AS was completed
- Following a repair issue, the board intends to approve a dividend of NOK 3.50 (3.50) per share, to be paid to shareholders in December

3rd quarter 2019



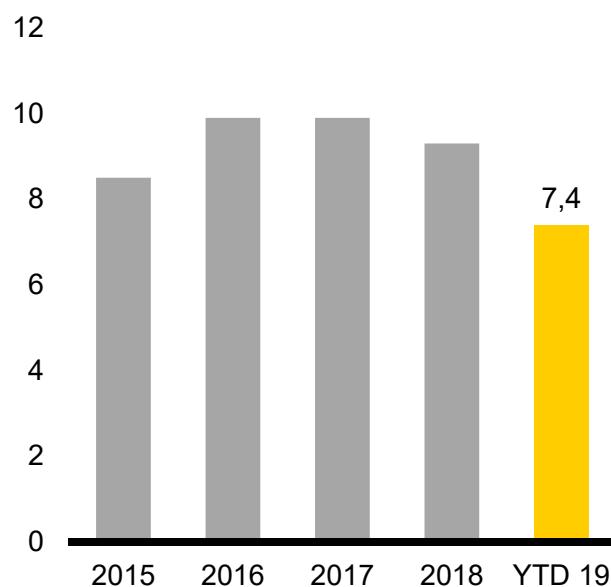
Safety

Lost-time injury frequency (LTIF)



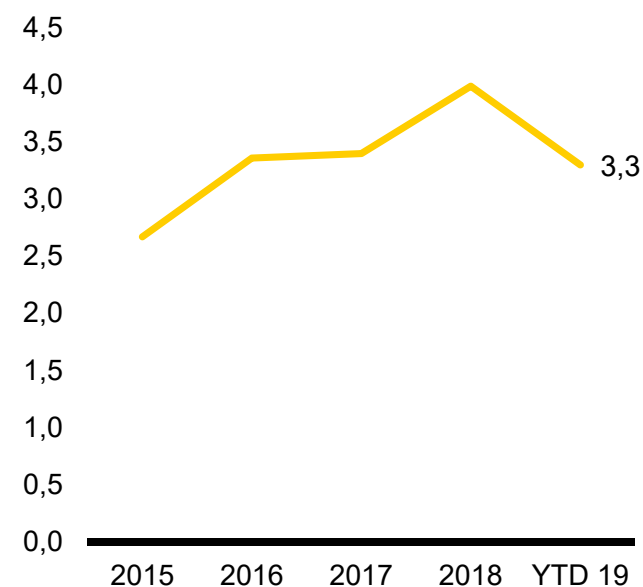
Number of lost-time injuries and severe personnel injuries not resulting in lost-time per million hours worked

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

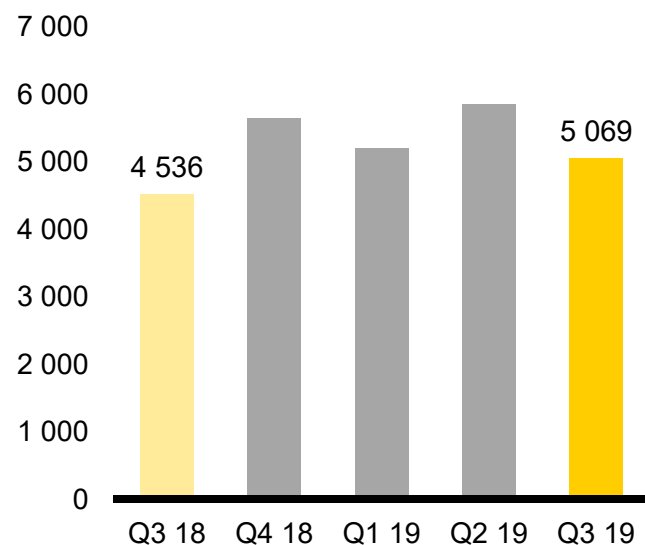
3rd quarter 2019



Revenues and earnings – quarterly

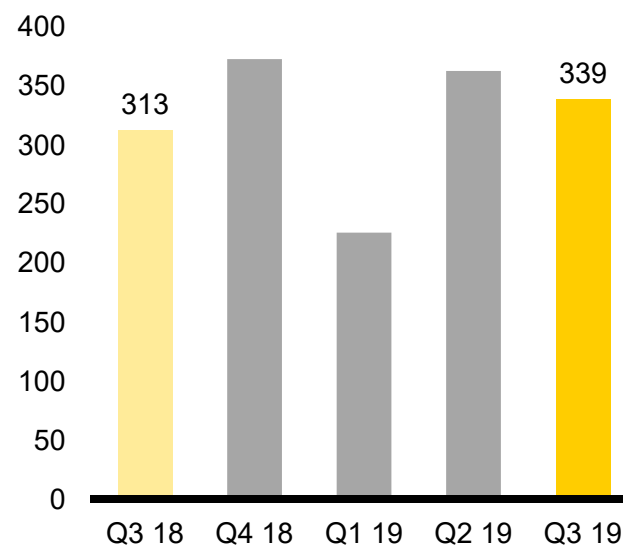
Revenues

NOK million



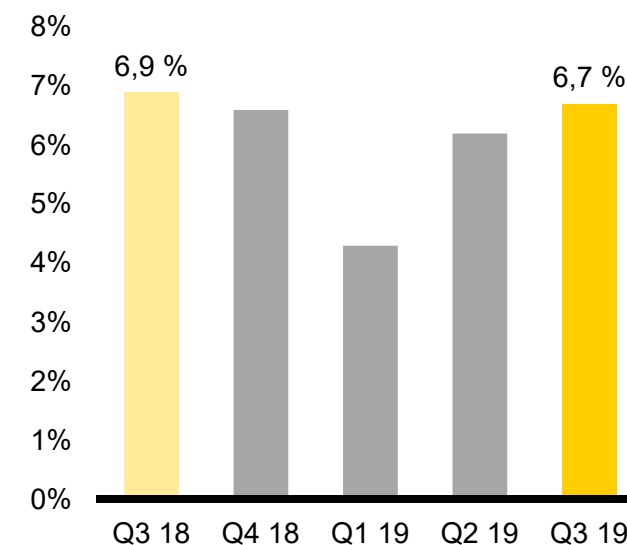
Earnings before tax

NOK million



Profit margin

Margin

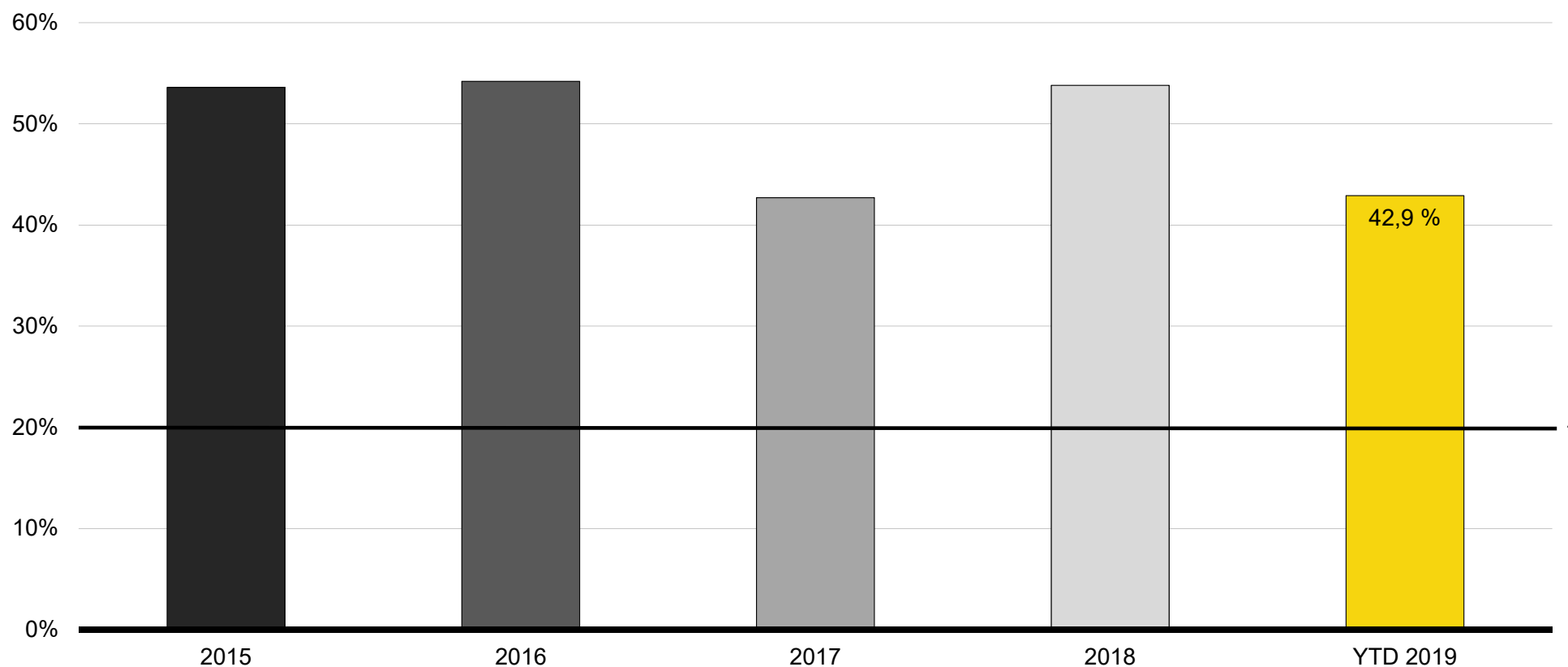


3rd quarter 2019



Return on capital employed

12 month rolling average



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

3rd quarter 2019



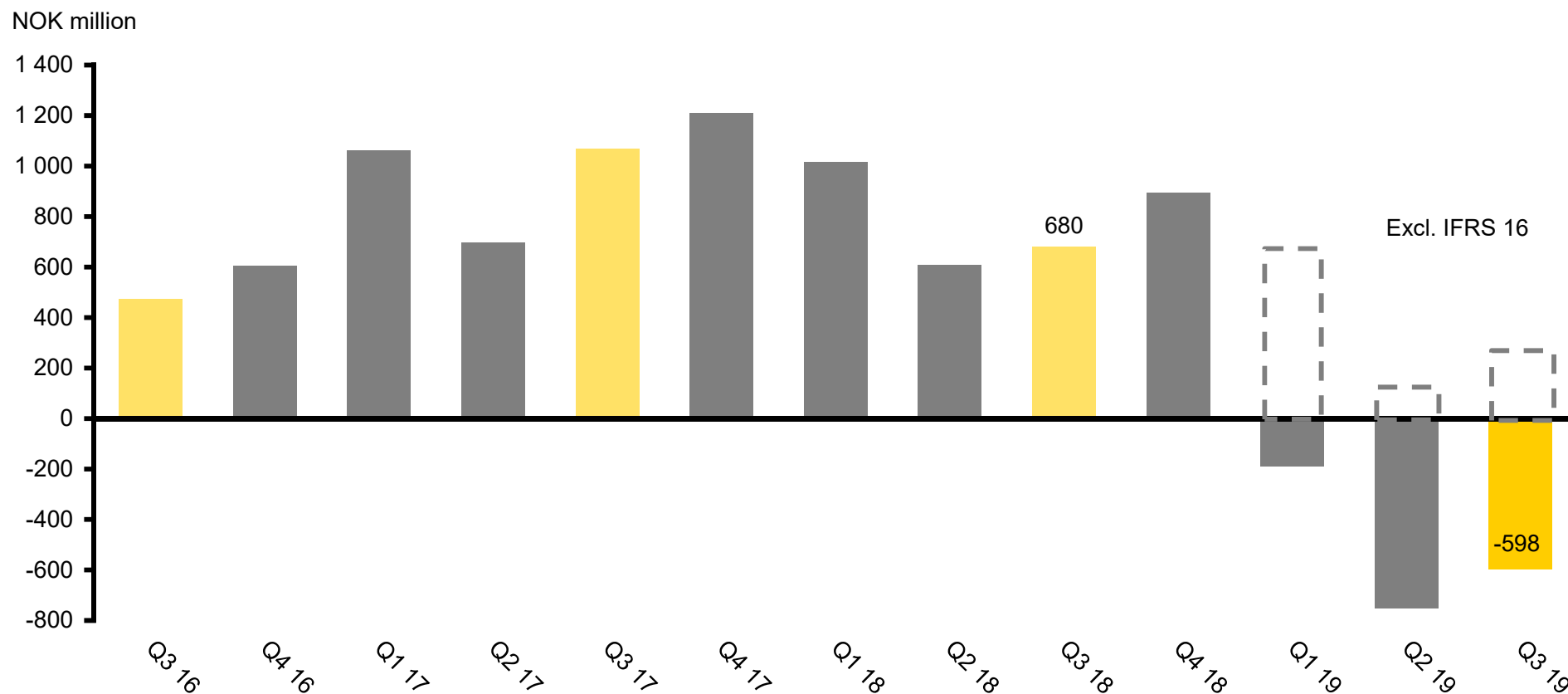
Cash flow statement

NOK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018
EBIT	343	315	943	756
Depreciations, amortization and impairment	122	49	349	134
Change in net working capital	-203	-188	-319	-460
Other adjustments / taxes paid	-80	-76	-250	-171
Cash flow from operations	182	100	724	260
Net investments	-220	-15	-710	-240
Cash flow from capital activities	94	-6	-649	-600
Interest paid and change in interest bearing debt	-235	47	168	-24
Net change in cash and cash equivalents	-179	125	-468	-604
Net cash and cash equivalents at beginning of period	370	368	656	1,098
Change in cash and cash equivalents without cash effect	-5	-1	-2	-1
Net cash and cash equivalents end of period	186	493	186	493

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Net interest-bearing receivables



All the company's covenants exclude the effect of IFRS 16

The implementation of IFRS 16 from January 1st 2019 led to an increase of interest-bearing debt. As per 30. September 2019, the effect was NOK 881 million

3rd quarter 2019



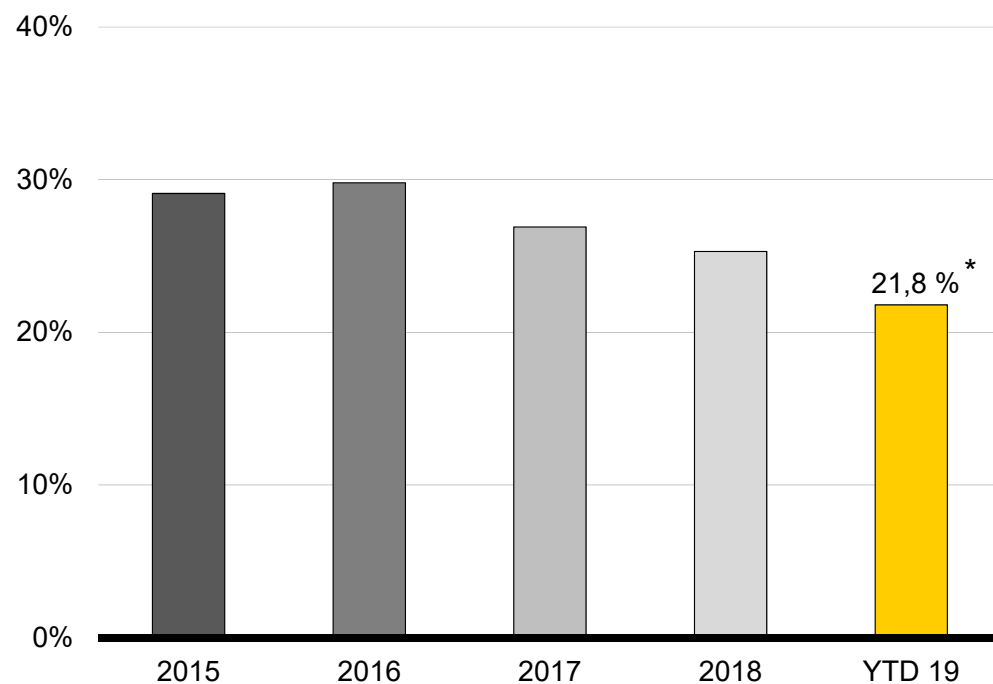
Balance sheet

NOK million	30.09.2019	30.09.2018	31.12.18
Non-current assets	5,882	4,183	4,337
Current assets, ex. cash	4,187	3,265	3,493
Cash and cash equivalents	186	493	656
Total assets	10,254	7,941	8,486
Equity	2,232	2,056	2,124
Long term debt	1,432	605	704
Short term debt	6,590	5,281	5,659
Total equity and debt	10,254	7,941	8,486

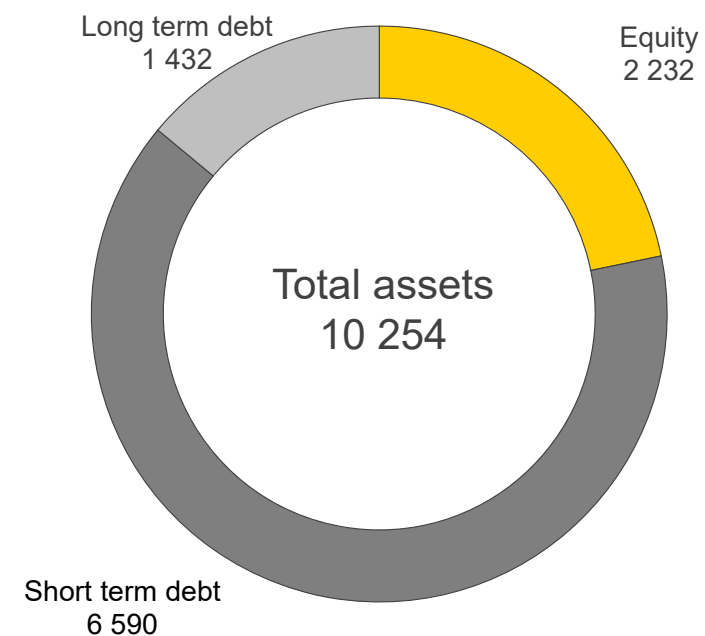
3rd quarter 2019



Equity ratio



* Equity ratio excluding the effect of IFRS 16 would be 24,0 % YTD 19
All the company's covenants exclude the effect of IFRS 16

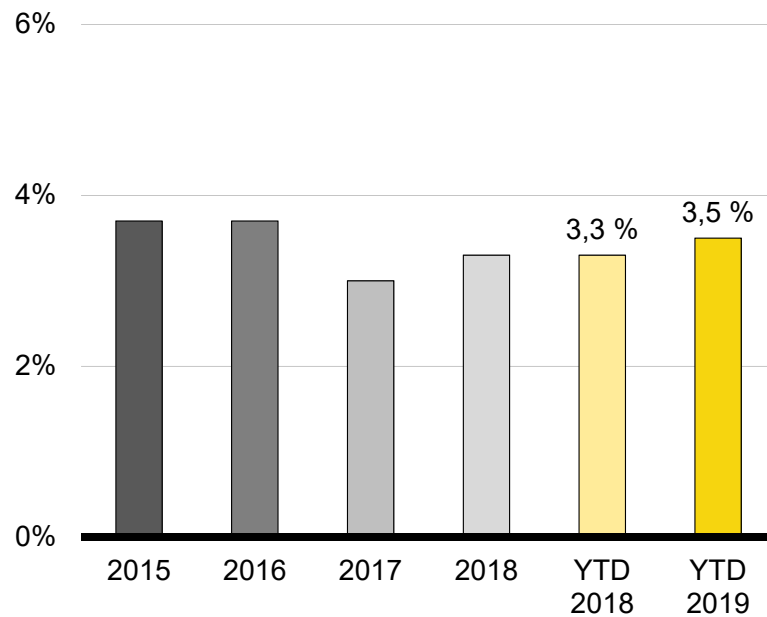


3rd quarter 2019

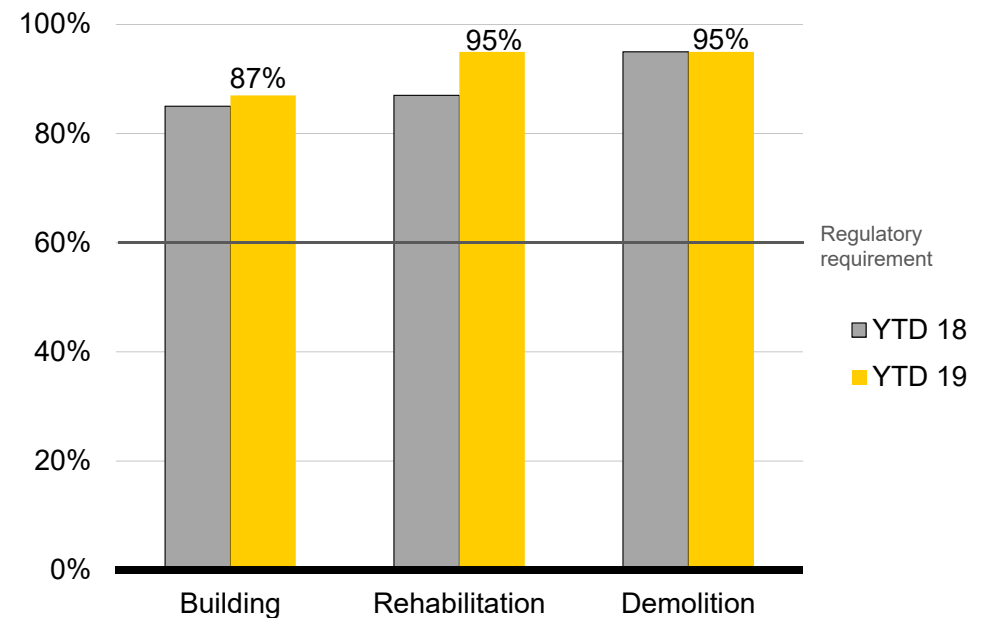


Health and environment

Sick leave



Source separation rate



A total of 278,190 (200,128) tonnes of waste have been sorted YTD 19

3rd quarter 2019

Business areas



High activity level and solid results

NOK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Revenues	1,307	1,485	4,670	4,212
EBIT	75	57	236	164
EBT	75	60	238	180
EBIT %	5.8 %	3.8 %	5.1 %	3.9 %
EBT %	5.7 %	4.0 %	5.1 %	4.3 %

- AF Anlegg has maintained a high level of activity in the quarter and the unit is delivering solid results
- The E18 Tvedestrand–Arendal project was opened to traffic on 2 July, but follow-up work will continue to the end of the year. The E39 Kristiansand vest–Mandal øst project is a large and challenging project, but it is progressing according to plan
- There are several projects contributing to the good overall performance in AF Anlegg
- Målselv Maskin & Transport has seen a high level of activity and delivers solid results in the quarter
- Order backlog: NOK 6,018 million (4,619)



E39 Kristiansand vest-Mandal Øst

Growth and solid results continue

NOK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Revenues	2,549	2,150	7,793	6,216
EBIT	162	158	454	388
EBT	161	162	462	404
EBIT %	6.3 %	7.3 %	5.8 %	6.2 %
EBT %	6.3 %	7.6 %	5.9 %	6.5 %

- Revenue growth of 19 % and solid profit margins
- Most business units have seen growth in revenues and are delivering good results for the quarter, including the construction companies AF Bygg Oslo, AF Nybygg and Strøm Gundersen. LAB, HTB and ÅBF in Bergen, as well as the units engaged in renovation jobs in Oslo are also delivering strong results
- In AF Byggfornyelse and AF Bygg Østfold there are wide variations in profitability in the project portfolios, and the units performed below expectations in the 3rd quarter
- Order backlog: NOK 11,529 million (10,273)



Nye Deichmanske

Good results

NOK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Revenues	4	11	11	64
EBIT	27	82	88	143
EBT	26	79	84	134
Capital employed	969	827	969	827

- Good sale in projects contributed to a good pre-tax result of MNOK 26 million (79). Earnings in the 3rd quarter of 2018 were marked by the sale of a commercial property at Hasle in Oslo
- 61 (65) sold apartments in the 3rd quarter, of which AF's share is 22 (25)
- Six residential property projects with a total of 645 apartments under construction (AF's share is 248). 81 % sales ratio for projects in progress as of 30. September 2019
- Land and development rights in progress: 1,962 (1,878) residential units. AF's share is 949 (782)
- AF has an ownership stake in commercial property under construction with a gross floor area of 52,183 (53,683). AF's share is 25,764 (26,264)



Increased activity and good profitability

NOK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Revenues	267	210	773	644
EBIT	19	11	43	28
EBT	19	10	41	24
EBIT %	7.0 %	5.1 %	5.6 %	4.4 %
EBT %	7.1 %	4.6 %	5.3 %	3.8 %

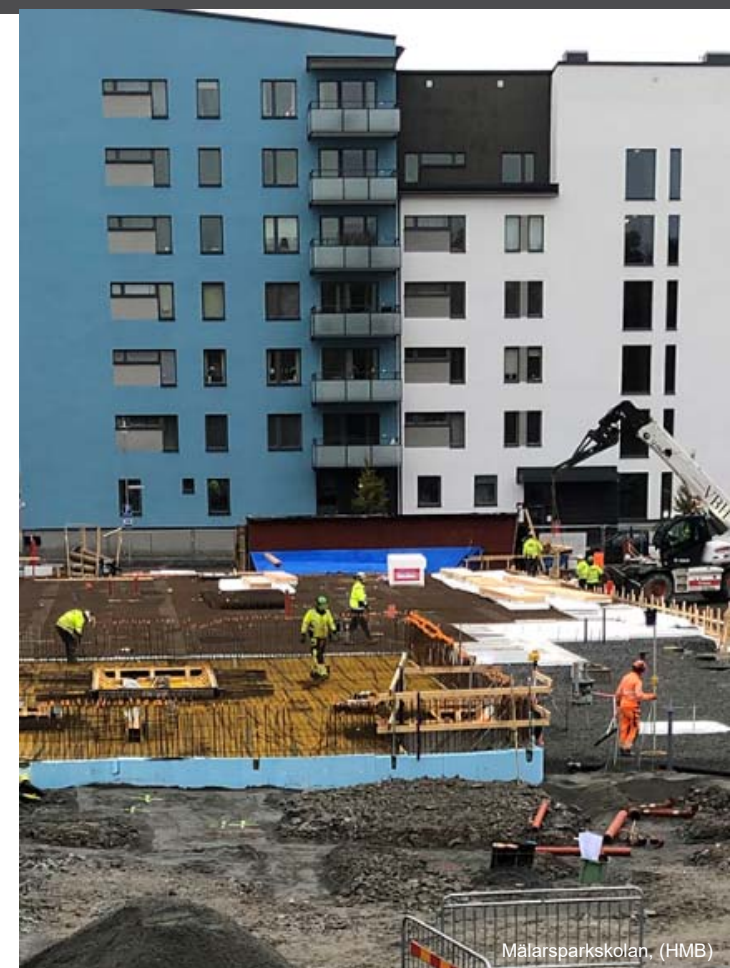
- Revenue growth of 27 % and good margins compared with the same quarter last year
- AF Energi & Miljøteknikk delivered solid results. Among other things, several energy saving contracts (EPCs) contributed to the revenue growth and good profitability in the quarter
- AF Decom is also delivering solid results in all departments. Activity levels in the bulk recycling centres are on a par with the same quarter last year, and profitability is good. Increased activity in the new facility at Nes makes up for a lower activity level at the Rimol centre
- Order backlog: NOK 510 million (456)



Revenue growth, but variable profitability

NOK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Revenues	827	475	2,590	1,612
EBIT	36	20	97	87
EBT	35	20	94	86
EBIT %	4.4 %	4.2 %	3.7 %	5.4 %
EBT %	4.3 %	4.1 %	3.6 %	5.3 %

- Revenue growth of 74 % compared to the same quarter last year, which is caused by the acquisition of HMB and revenue growth in all entities
- Good profitability in AF Bygg Syd, AF Bygg Göteborg and HMB. In the demolition business, AF Härnösand Byggreturer continues to deliver strong results in the quarter
- Kanonaden had a higher level of activity compared to the same quarter last year, but somewhat weaker results. Activity levels for Pålplintar are still too low and results are poor
- AF Projektutveckling currently has no projects under production, but several in the development phase
- Order backlog: NOK 3,125 million (1,510)



A low activity level contributing to weak results

NOK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Revenues	186	154	501	520
EBIT	-2	-3	-6	6
EBT	-1	-5	-12	3
EBIT %	-1.2 %	-2.0 %	-1.1 %	1.1 %
EBT %	-0.7 %	-3.0 %	-2.4 %	0.6 %

- AF Offshore Decom (AFOD) reported a low level of activity, and the unit delivered weak results for the quarter.
- AFOD has several platform construction projects at Vats, but a lower than expected production level has hit profitability for the quarter
- AF AeronMollier has a significantly increased activity level compared to the same quarter last year and delivers positive results
- Order backlog: NOK 1,312 million (1,510)

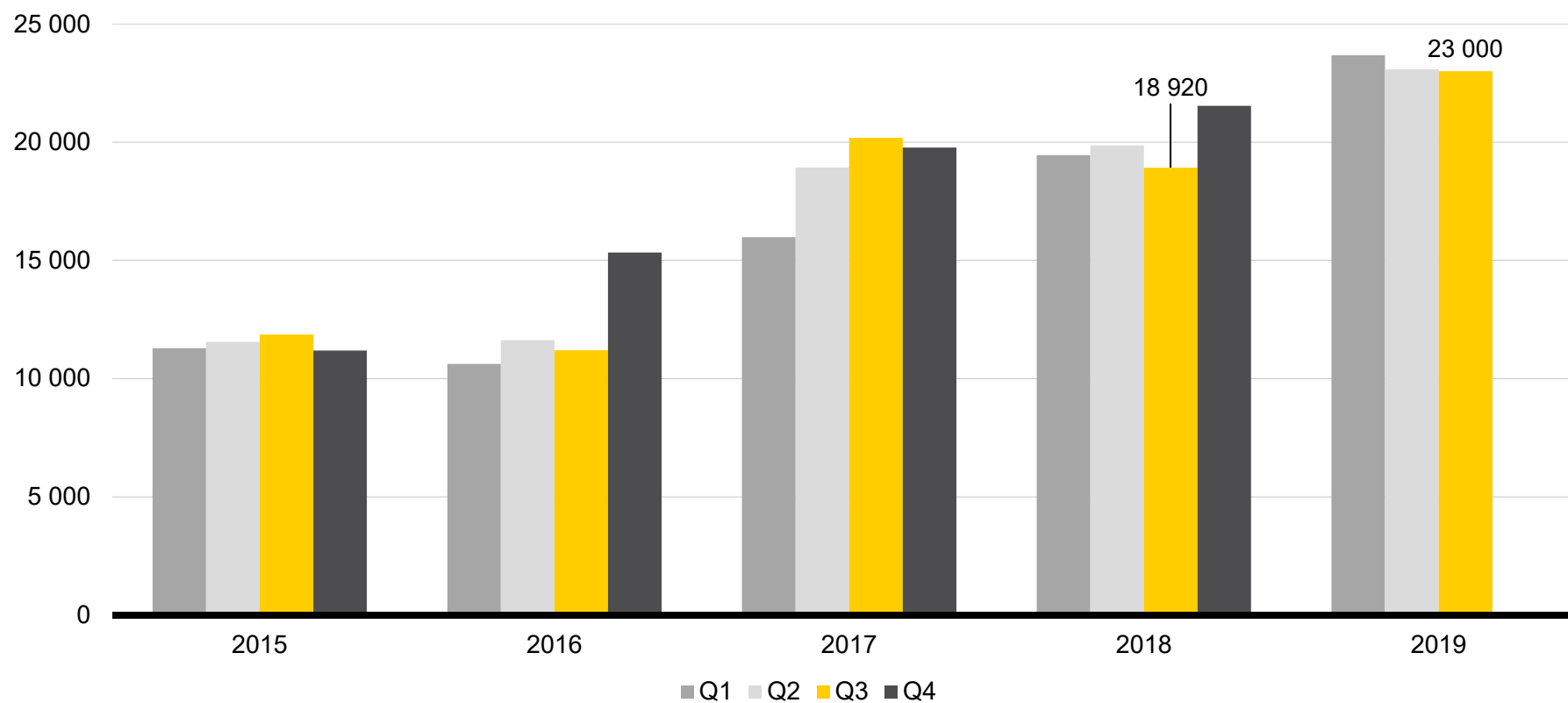


Order backlog



A strong order backlog

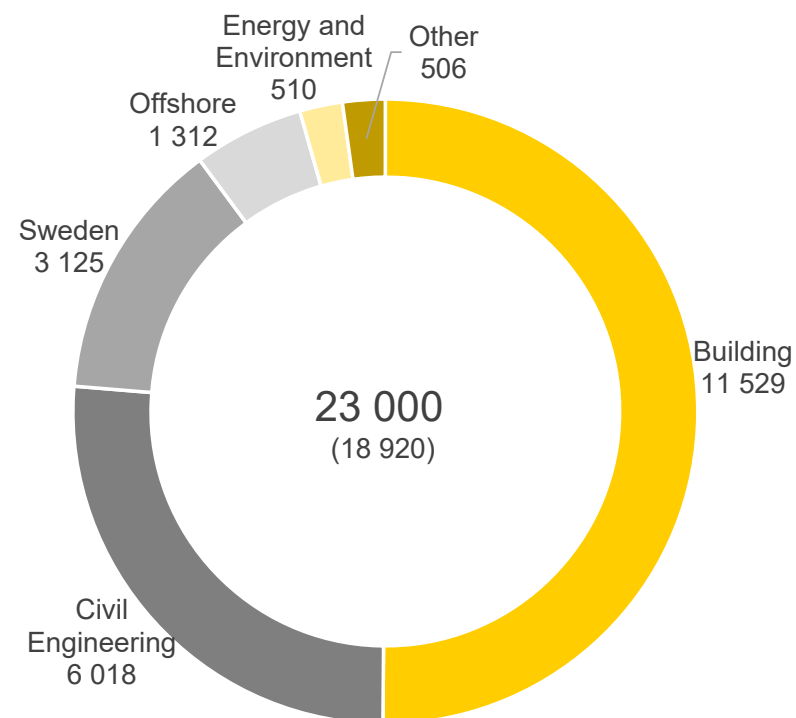
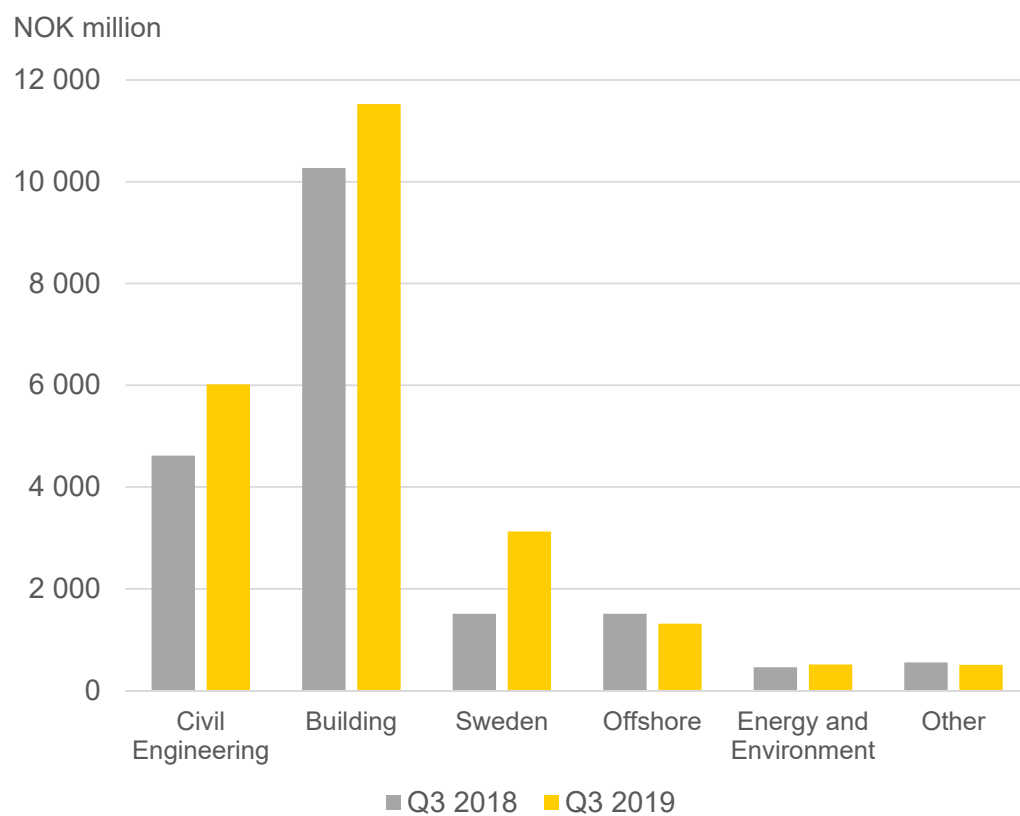
NOK million



Order backlog



Order backlog per business area



Quarterly presentation Q3

Property Business Area



Property development within AF looks relatively modest



NUMBER OF
EMPLOYEES

25



REVENUE (2018)

73
NOK million



PRESENCE
Norway

OPERATING PROFIT

166
NOK million



Eiendom

LAB Eiendom



In reality, AF is a major player within property



NUMBER OF HOMES IN PRODUCTION

645



SQM OF COMMERCIAL PROPERTY IN DEVELOPMENT

52,183



PROJECT REVENUE (2018)

2,756

RESIDENTIAL PLOTS

1,962

Figures show 100% of projects;
AF's share averages around 40%



Each project is profiled with its own brand name in the marketplace



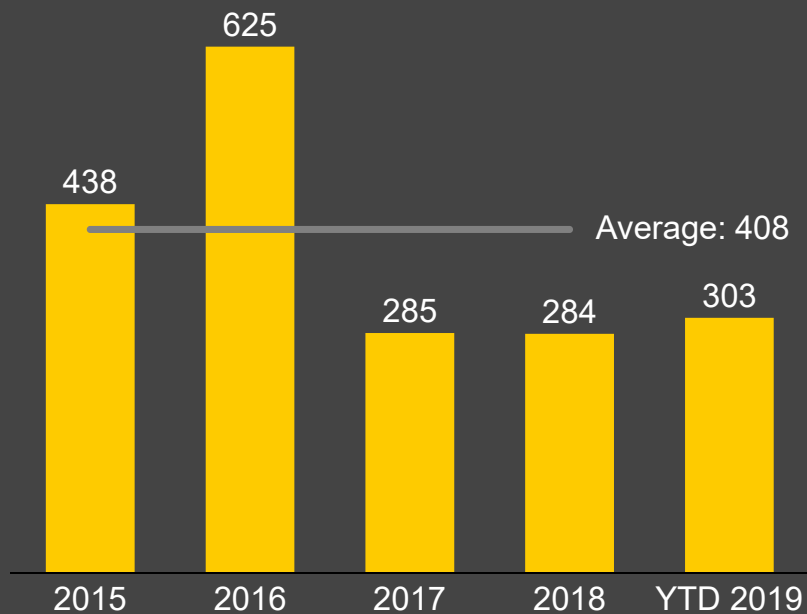
In this field, several projects are under construction and in development at Hasle together with Høegh Eiendom, along with Construction City



400 homes sold on average in the last four years
– The target is an average of 500 going forward



Number of homes sold



AF Eiendom is a partner to many different players



Property is a standalone business area within AF



CONTRACTOR

EXTERNAL

Expedient to carry out the process with other than AF Building units.

Not applicable.

AF GRUPPEN

The AF model

Separate profitability requirements, and coinciding interest of the project.

Not desirable due to financial requirements.

20 – 50 % AF Property

100 % AF Property

→ OWNERSHIP

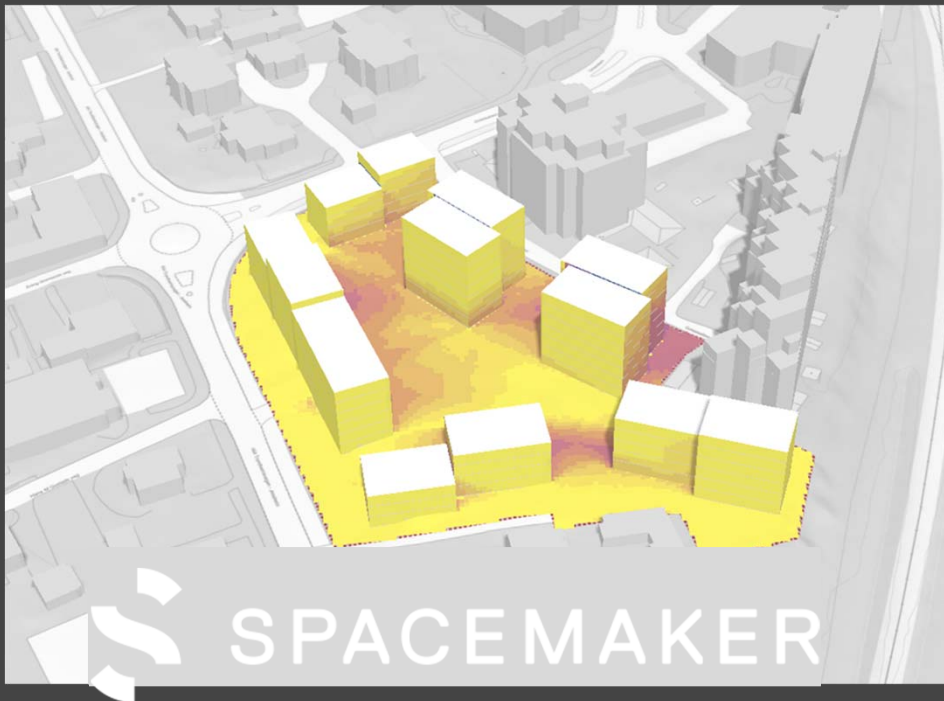
Lysbilde 27

IG1

Endre tekst i Ekstern-Eiendom ruten til: "Resultat om pris fra AF Bygg vurderes som ikke markedsmessig"

Ida Aall Gram; 06.11.2019

Our competitiveness depends on our ability to adapt



AF Eiendom has adopted a concrete climate and environmental strategy



Halve greenhouse gas emissions from production



Provide for an environmentally friendly living environment



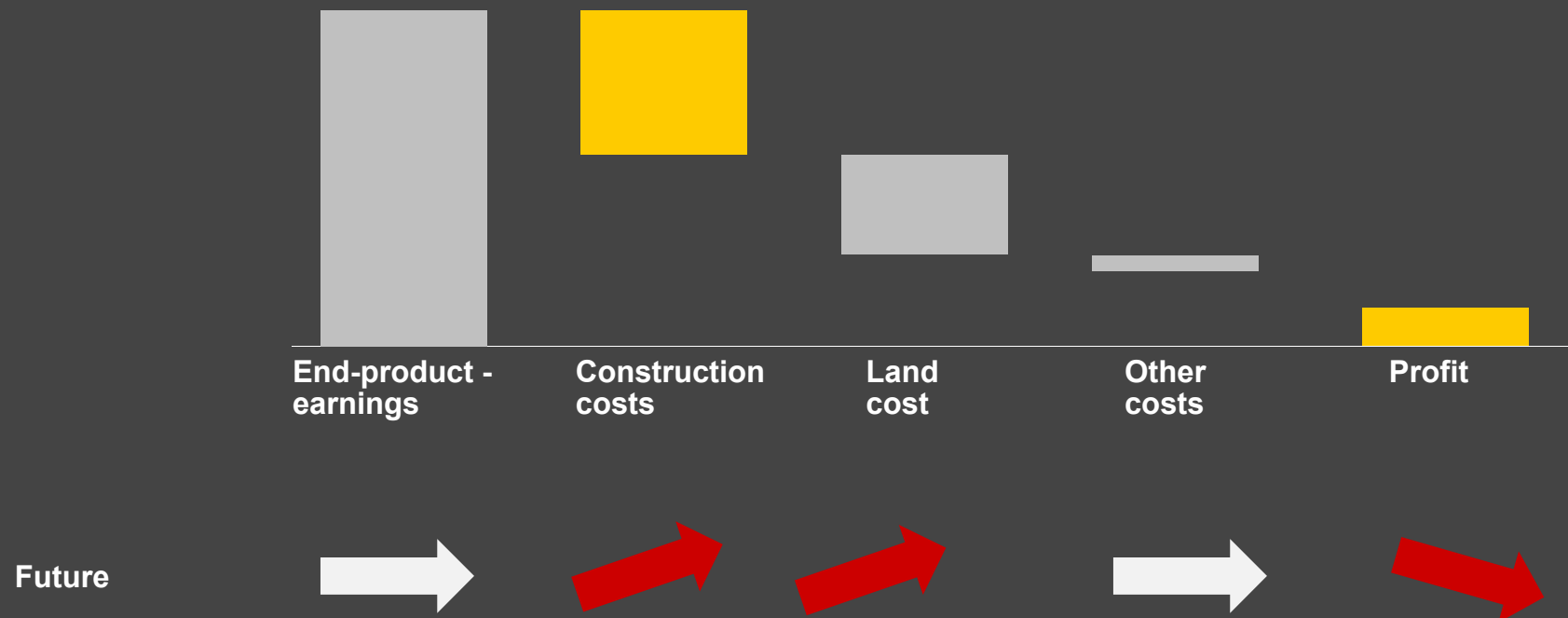
Price growth has helped practically all property developers to earn good money

Property development costs (illustration)



The competitive situation is now quite different

Property development costs (illustration)



Conditions in place for
us to strengthen our
position considerably



Skills and energy



Customer focus



AF behind us





Eiendom

3rd quarter 2019

Summary



NOK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Revenues	5,069	4,536	16,146	13,111
EBIT	343	315	943	756
EBT	339	313	929	764
EBIT %	6.8 %	7.0 %	5.8 %	5.8 %
EBT %	6.7 %	6.9 %	5.8 %	5.8 %

- Strong revenue growth continues (12 %)
- Solid results
- High order backlog: NOK 23,000 million (18,920)
- After the end of the quarter, the purchase of 100 % of the shares in Betonmast AS was completed



Illustration, Construction City

Thank you for your
attention!

Q4 2019:
February 14th 2020



Illustration, Construction City