

February 14th 2020

Fourth Quarter 2019

AF Gruppen ASA



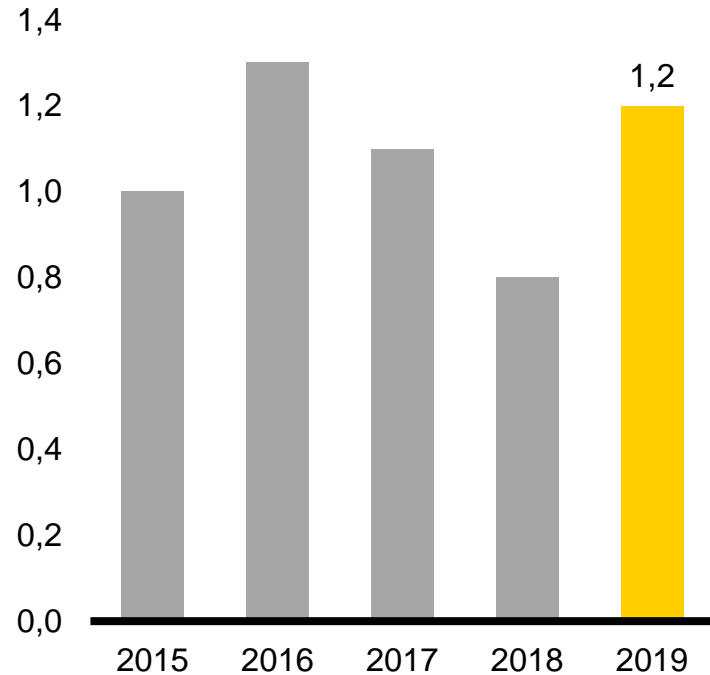
Highlights

Stable growth and strong earnings

- Revenue: NOK 6,465 million (5,656) in Q4 and NOK 22,612 million (18,767) for the full year
- EBT: NOK 388 million (373) in Q4 and NOK 1,317 million (1,136) for the full year
- EBT margin: 6.0 % (6.6 %) in Q4 and 5.8 % (6.1 %) for the full year
- Record high order backlog: NOK 28,200 million (21,541) as at 31 December 2019
- Net interest-bearing liabilities of NOK 163* million (-894) as at 31 December 2019
- Result per share in 2019 was NOK 8.51 (7.88). The Board of Directors has proposed a dividend for payment of NOK 6.00 (5.00) for the first half of 2020

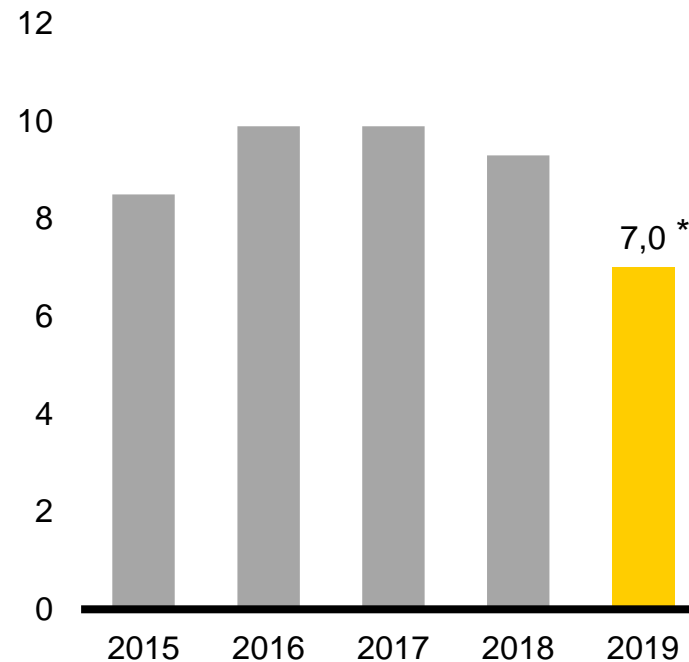
Safety

Lost-time injury frequency (LTIF)



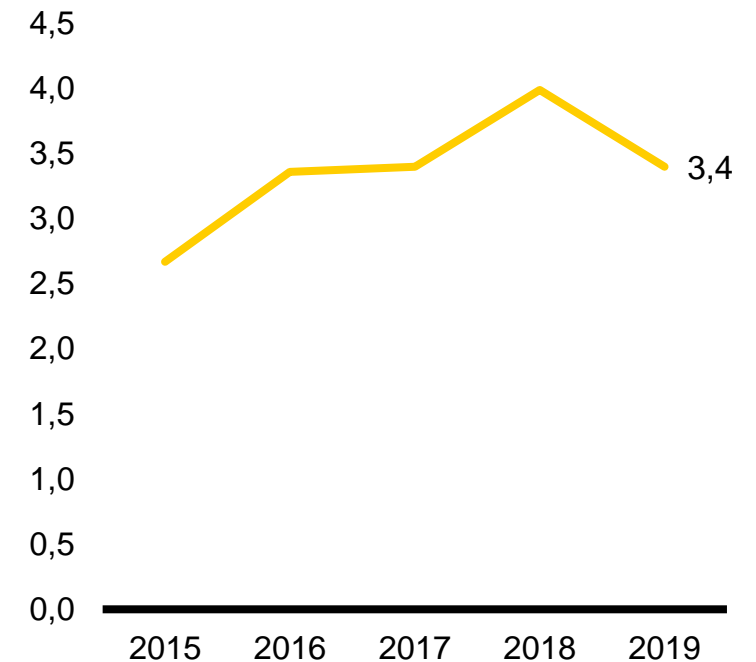
Number of lost-time injuries and severe personnel injuries not resulting in lost-time per million hours worked

Total recordable injury frequency (TRIF)



Number of lost-time injuries, injuries involving substitute work and medical treatment injuries per million hours worked. (* Excluding Betonmast)

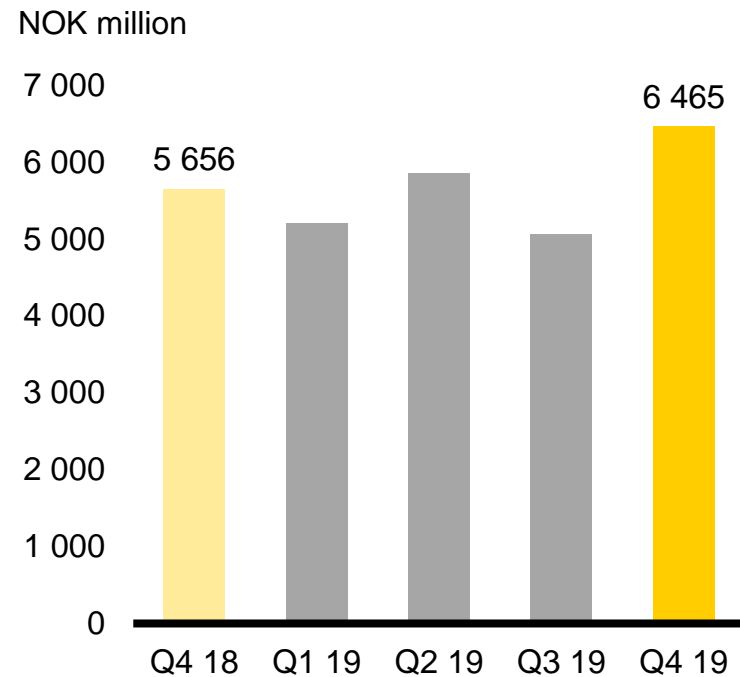
Reported unwanted incident frequency (RUIF)



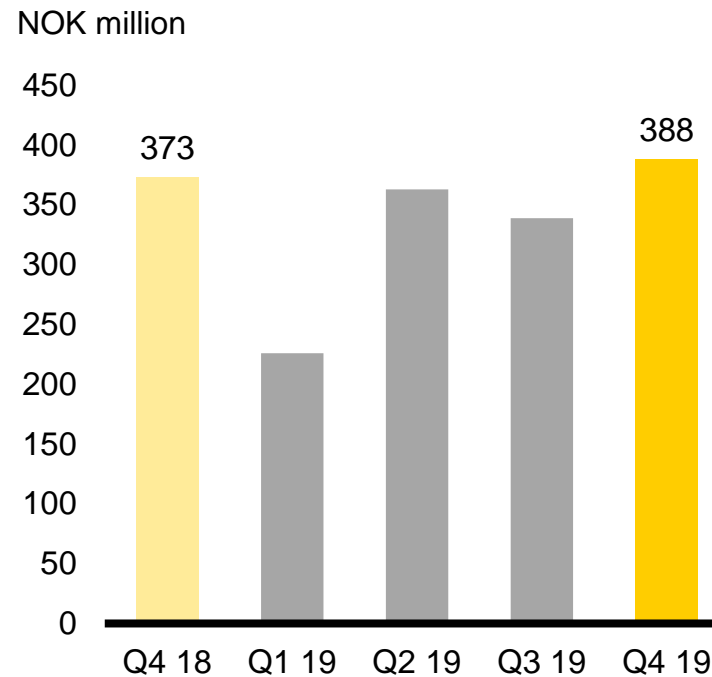
Number of reported unwanted incidents per man-year

Revenues and earnings – quarterly

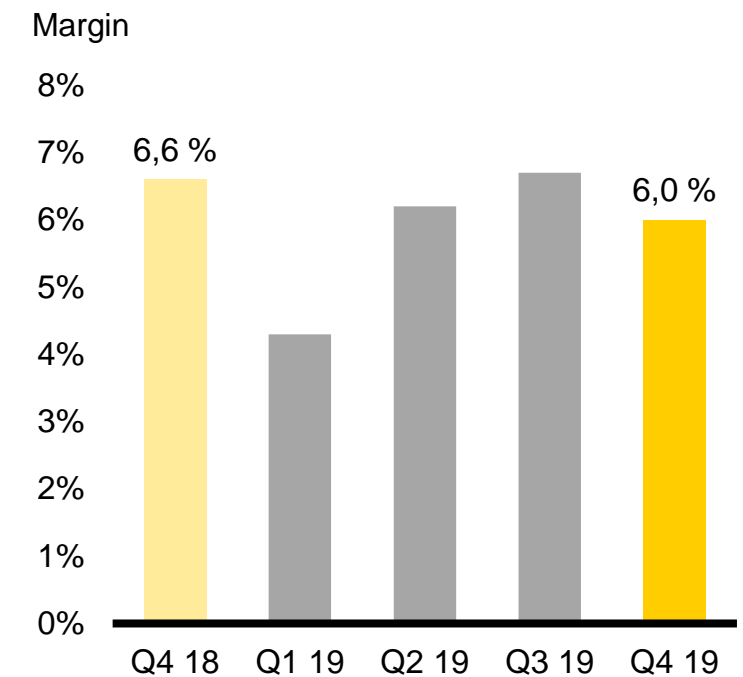
Revenues



Earnings before tax



Profit margin

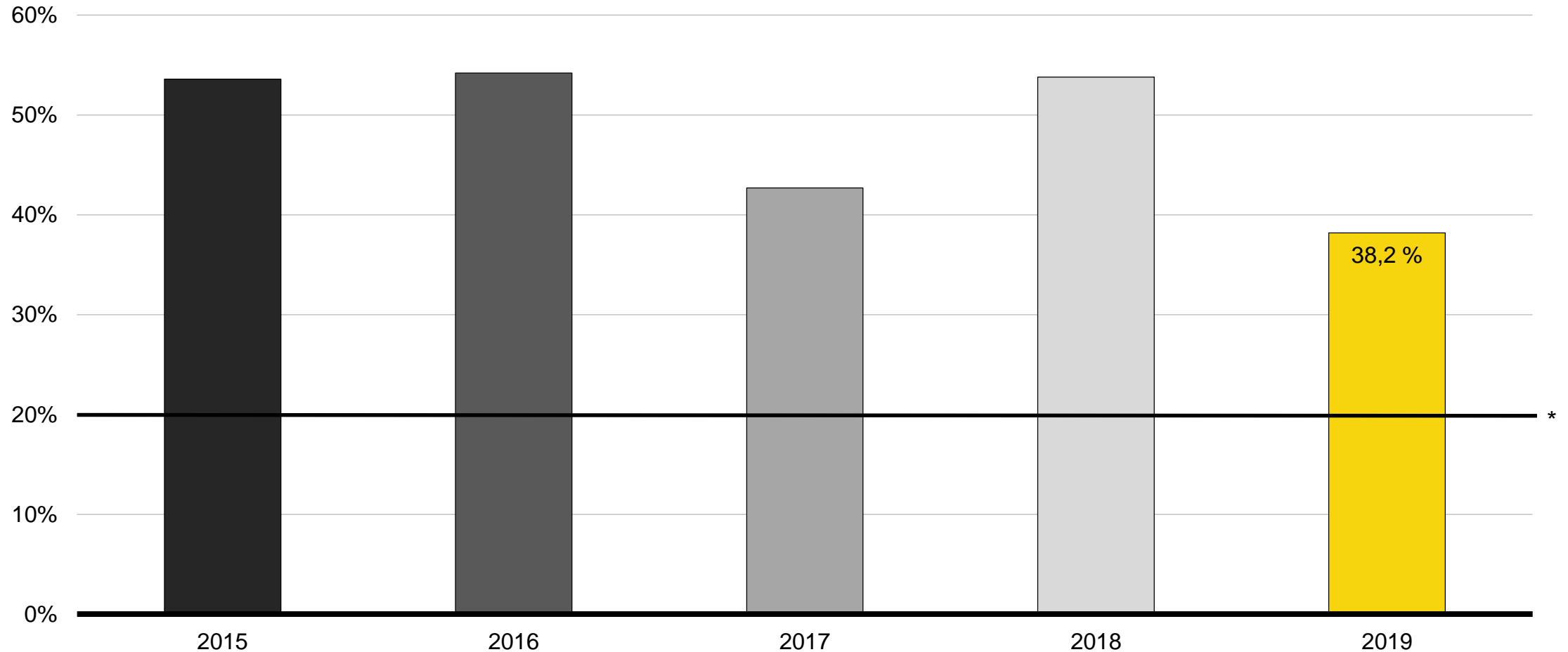


4th quarter 2019



Return on capital employed

12 month rolling average

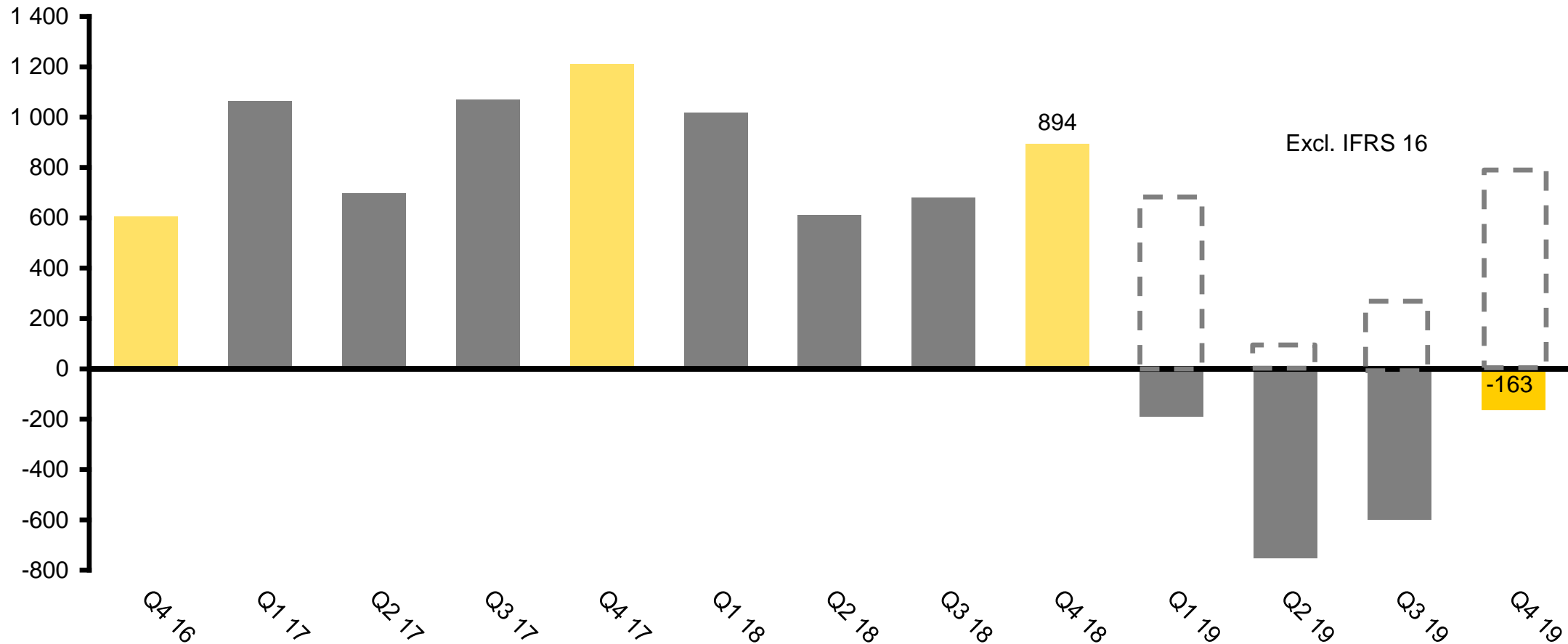


Cash flow statement

NOK million	Q4 2019	Q4 2018	2019	2018
EBIT	391	363	1,335	1,119
Depreciations, amortization and impairment	198	49	547	184
Change in net working capital	331	282	12	-178
Other adjustments / taxes paid	-136	-112	-386	-283
Cash flow from operations	784	582	1,508	841
Net investments	-128	-15	-838	-255
Cash flow from capital activities	111	-393	-536	-993
Interest paid and change in interest bearing debt	-389	-14	-221	-37
Net change in cash and cash equivalents	380	161	-88	-444
Net cash and cash equivalents at beginning of period	186	493	656	1,098
Change in cash and cash equivalents without cash effect	-3	2	-5	1
Net cash and cash equivalents end of period	563	656	563	656

Net interest-bearing receivables

NOK million



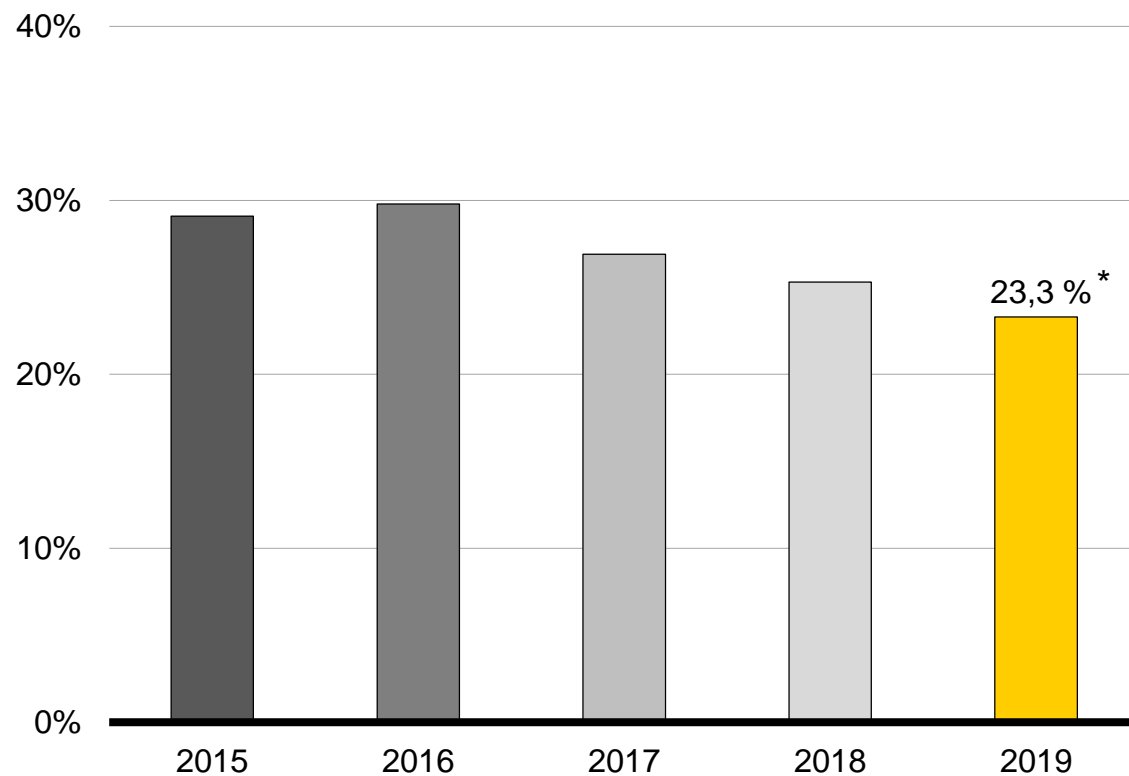
All the company's covenants exclude the effect of IFRS 16

The implementation of IFRS 16 from January 1st 2019 led to an increase of interest-bearing debt. As at 31 December 2019, the effect was NOK 941 million

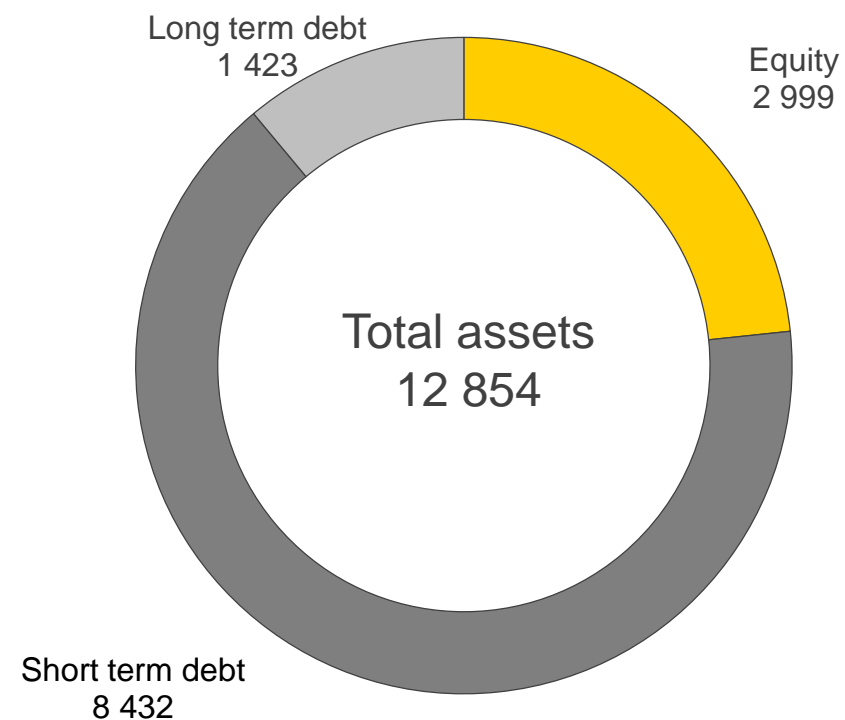
Balance sheet

NOK million	31.12.2019	31.12.2018
Non-current assets	7,718	4,337
Current assets, ex. cash	4,573	3,493
Cash and cash equivalents	563	656
Total assets	12,854	8,486
Equity	2,999	2,124
Long term debt	1,423	704
Short term debt	8,432	5,659
Total equity and debt	12,854	8,486

Equity ratio

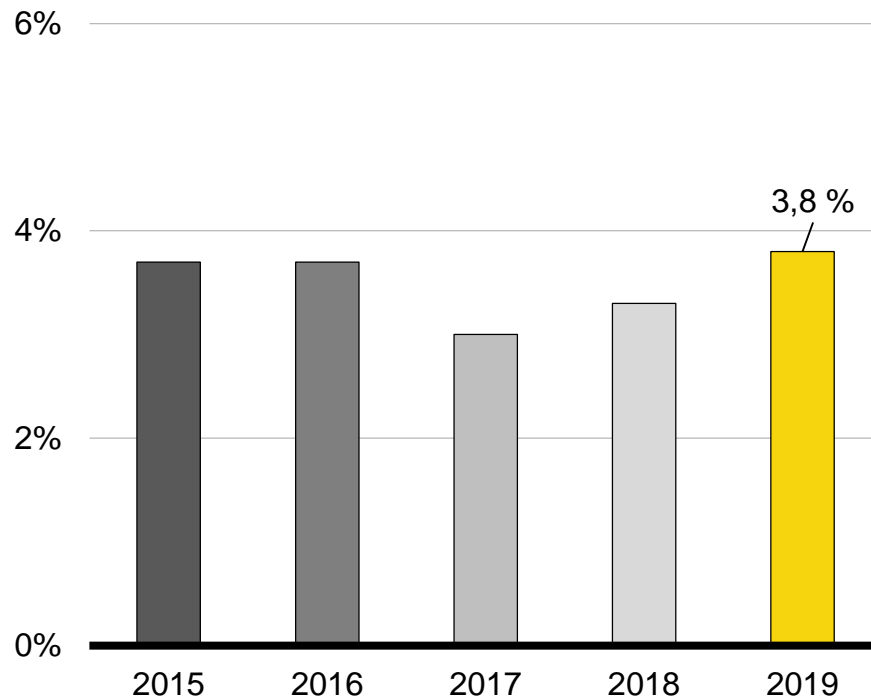


* Equity ratio excluding the effect of IFRS 16 would be 25,3 % at 31 December 2019
All the company's covenants exclude the effect of IFRS 16

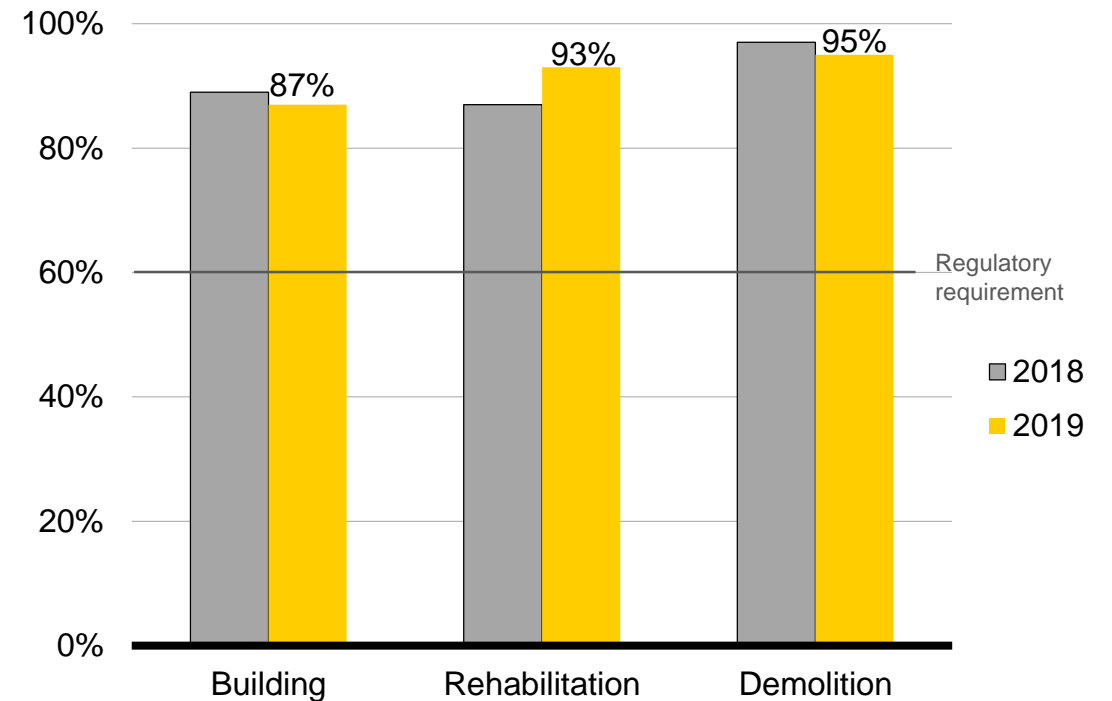


Health and environment

Sick leave



Source separation rate*



A total of 360,368 (512,401) tonnes of waste have been sorted for the full year
(* Excluding Betonmast)

4th quarter 2019

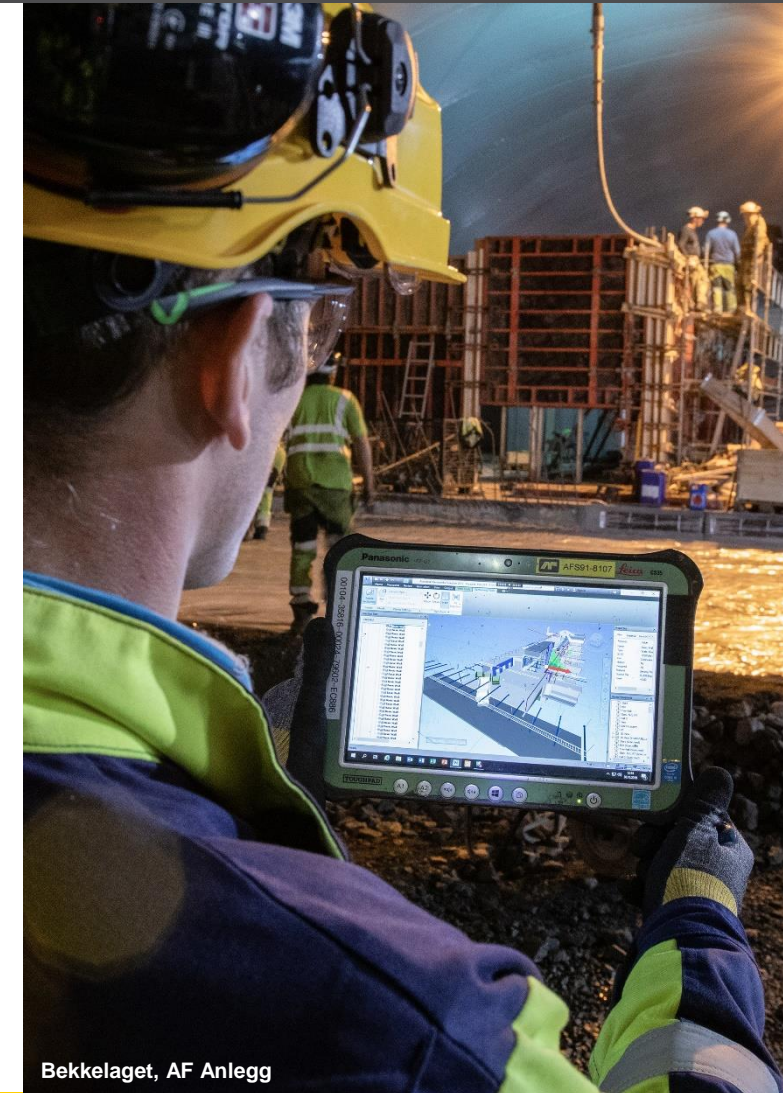
Business areas



Excellent results

NOK million	Q4 2019	Q4 2018	2019	2018
Revenues	1,117	1,648	5,787	5,861
EBIT	137	112	373	275
EBT	138	113	376	293
EBIT %	12.3 %	6.8 %	6.5 %	4.7 %
EBT %	12.3 %	6.9 %	6.5 %	5.0 %

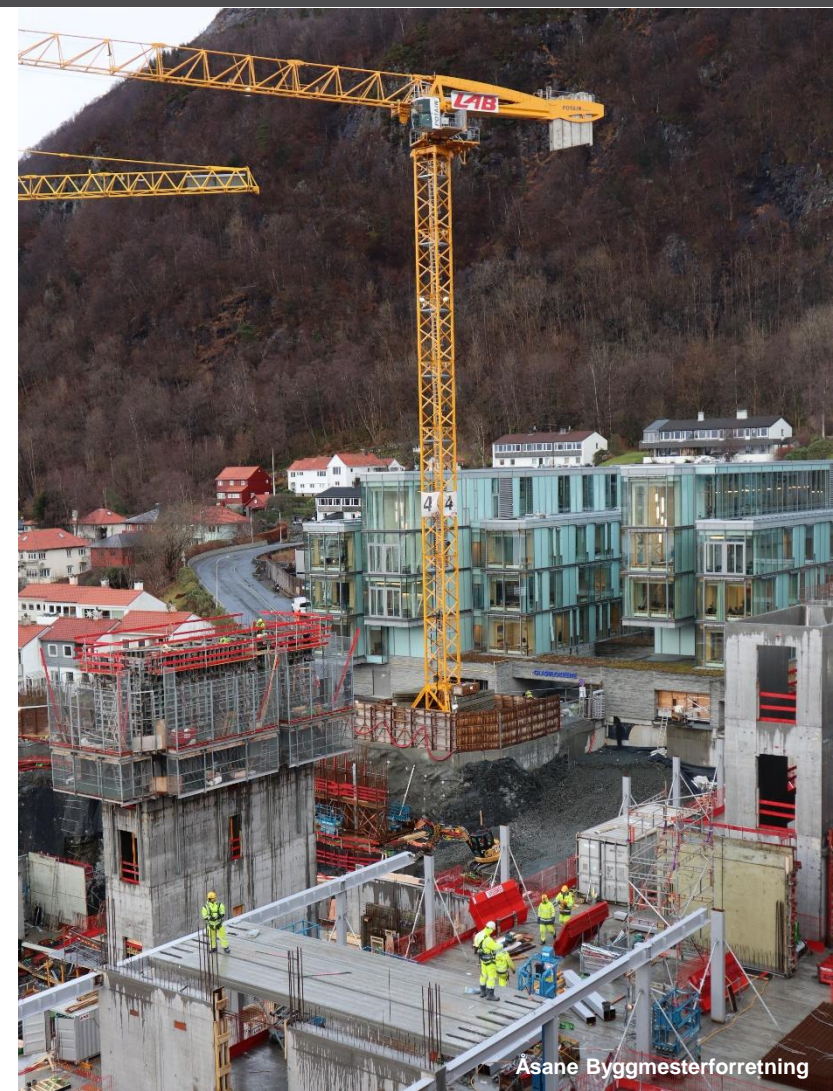
- Several projects in the closing phase entail a significantly lower level of activity for AF Anlegg in the quarter compared to the same quarter last year, but the results are excellent
- The E39 Kristiansand west-Mandal east project is large and challenging, and the project is proceeding according to schedule with a high level of activity
- Målselv Maskin & Transport has seen a high level of activity and strong results in the quarter
- After year end AF proceeds to the specification phase on E6 Roterud-Storhove (NOK 3,750 excl. VAT)
- Order backlog: NOK 5,424 million (7,664)



High level of activity and strong results

NOK million	Q4 2019	Q4 2018	2019	2018
Revenues	2,788	2,839	10,581	9,055
EBIT	202	232	656	619
EBT	206	241	667	645
EBIT %	7.3 %	8.2 %	6.2 %	6.8 %
EBT %	7.4 %	8.5 %	6.3 %	7.1 %

- Most business units have growth in revenues and report good results for the quarter
- AF Bygg Oslo, AF Nybygg, Strøm Gundersen and Haga & Berg have all delivered excellent results. Additionally, LAB and Åsane Byggmesterforretning in Bergen report good results for the quarter
- In AF Bygg Østfold, AF Byggfornyelse and Eiqon there are great variations in the profitability in the project portfolios, and the units performed below expectations in the 4th quarter
- Order backlog: NOK 10,045 million (9,871)



Results in line with our expectations

NOK million	Q4 2019	Q4 2018	2019	2018
Revenues	1,226	-	1,226	-
EBIT	49	-	49	-
EBT	46	-	46	-
EBIT %	4.0 %	-	4.0 %	-
EBT %	3.8 %	-	3.8 %	-

- Betonmast became part of AF Gruppen on 31 October 2019. In the last two months of 2019 Betonmast saw revenues of NOK 1,226 million and reported a pre-tax profit of NOK 46 million
- The result is in line with our expectations. Betonmast Oslo and Betonmast Romerike stand out with strong results, while Betonmast Bergen, Betonmast Boligbygg, Betonmast Telemark and Betonmast Ringerike report poor results
- After year end, organisational changes have been made in several units and the corporate management of Betonmast has been strengthened
- Order backlog: NOK 7,293 million



Good sale and a solid 2019

NOK million	Q4 2019	Q4 2018	2019	2018
Revenues	7	10	18	73
EBIT	20	24	107	166
EBT	16	23	100	157
Capital employed	785	837	785	837

- Good sales in several projects contributed to a pre-tax result of NOK 16 million (23). Results also includes an additional gain related to previous sale of commercial property at Hasle in Oslo
- 60 (47) sold apartments in the 4th quarter, of which AF's share is 22 (17)
- Five residential property projects with a total of 634 apartments under construction (AF's share is 244). 84 % sales ratio for projects in progress as of 31 December 2019. Unsold completed apartments at year end is 32 (1)
- Land and development rights in progress: 1,865 (1,831) residential units. AF's share is 916 (871)
- 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 excellent results

NOK million	Q4 2019	Q4 2018	2019	2018
Revenues	299	232	1,072	875
EBIT	35	15	78	44
EBT	34	17	75	41
EBIT %	11.7 %	6.7 %	7.3 %	5.0 %
EBT %	11.5 %	7.2 %	7.0 %	4.7 %

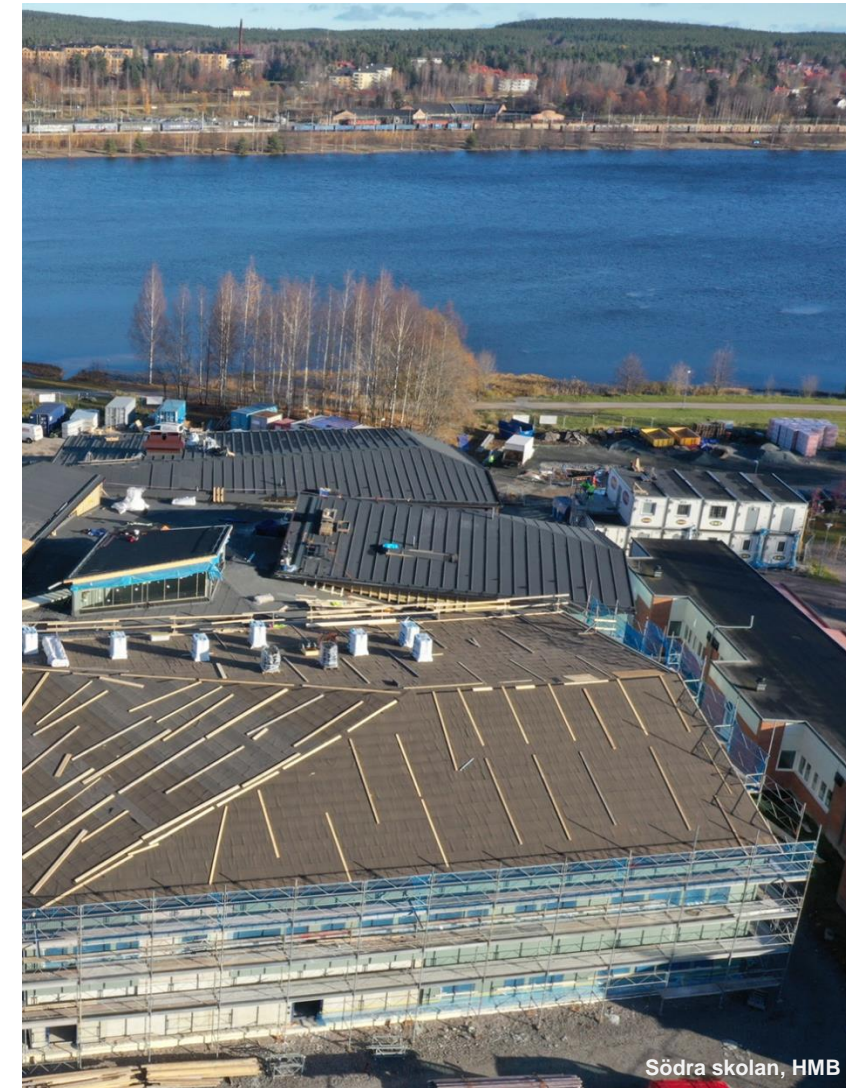
- AF Energi & Miljøteknikk reports very good results. Several project write-ups and conclusions of service and energy saving contracts (EPC) have contributed to this. Now the unit has also chosen to focus especially on electrical engineering
- AF Decom also reports a very good result for the quarter, both in demolition and recycling. AF Gruppen is looking at the possibility of establishing more recycling centres in the time ahead
- Order backlog: NOK 371 million (501)



Revenue growth and improved margins

NOK million	Q4 2019	Q4 2018	2019	2018
Revenues	1,093	658	3,683	2,270
EBIT	52	27	149	114
EBT	53	26	146	113
EBIT %	4.8 %	4.0 %	4.0 %	5.0 %
EBT %	4.8 %	4.0 %	4.0 %	5.0 %

- Revenue growth of 66 % compared to the same quarter last year, which is primarily related to the acquisition of HMB and revenue growth in Kanonaden
- In the demolition business, AF Härnösand Byggreturer continues to deliver strong results in the quarter. The building units AF Bygg Syd, AF Bygg Göteborg and HMB also deliver good results
- Kanonaden with a higher level of activity and good results. Påplintar has decided to discontinue the foundation business and continue the concrete business. AF Projektutveckling currently has no projects under production, but several in the development phase
- Order backlog: NOK 2,946 million (1,578)



Södra skolan, HMB

Low activity level and write down with impact on results

NOK million	Q4 2019	Q4 2018	2019	2018
Revenues	178	135	679	655
EBIT	-78	-27	-83	-21
EBT	-82	-30	-94	-27
EBIT %	-43.5 %	-20.1 %	-12.2 %	-3.2 %
EBT %	-46.1 %	-22.5 %	-13.9 %	-4.1 %

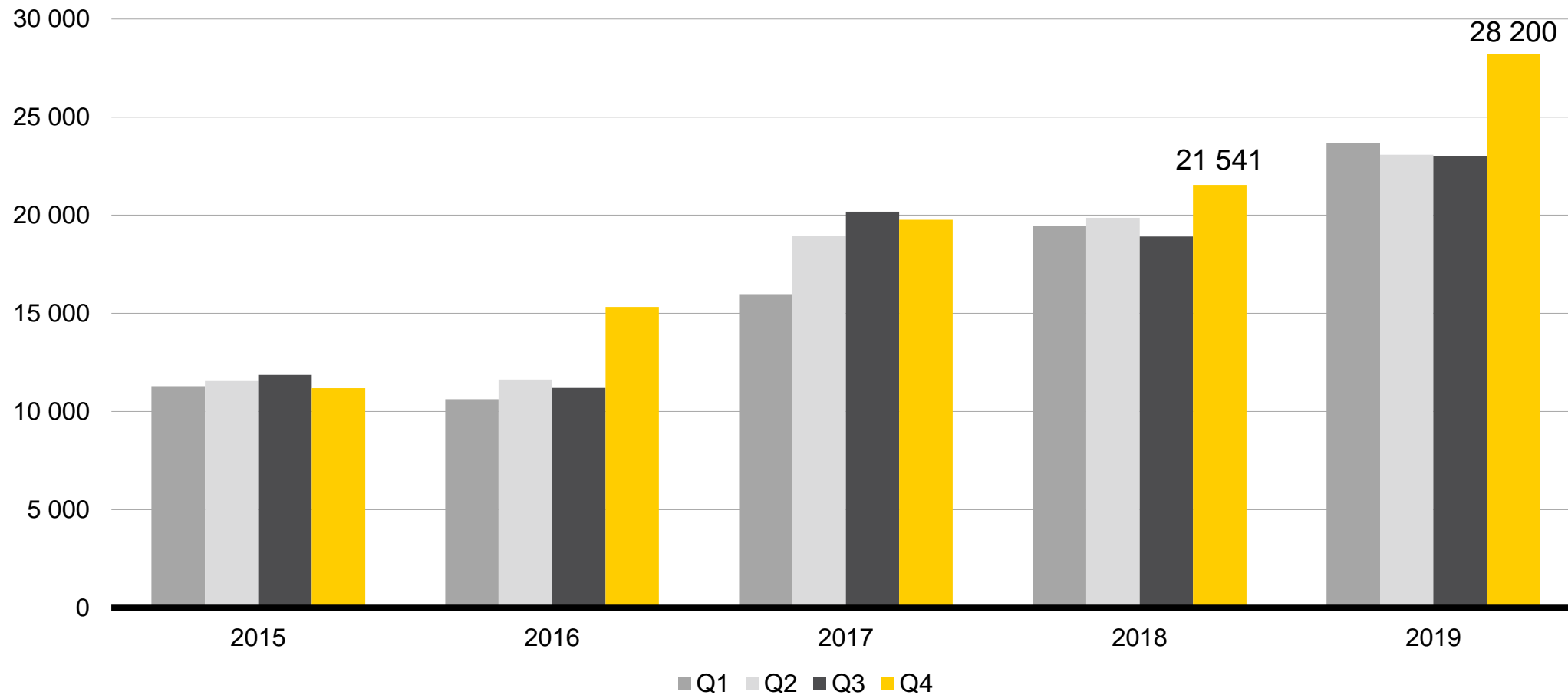
- AF Offshore Decom (AFOD) reported a low level of activity, and the unit delivered weak results for the quarter. The unit has several platform construction projects at Vats, but a lower than expected production level has hit profitability for the quarter. Preparatory work is also ongoing for future offshore campaigns and demolition at Vats, primarily in 2021
- AF AeronMollier has a significantly increased activity level compared to the same quarter last year and delivers positive results. Still, write down of goodwill related to the unit of NOK 50 million in the quarter as a result of poor results over a longer period
- Order backlog: NOK 1,351 million (1,456)



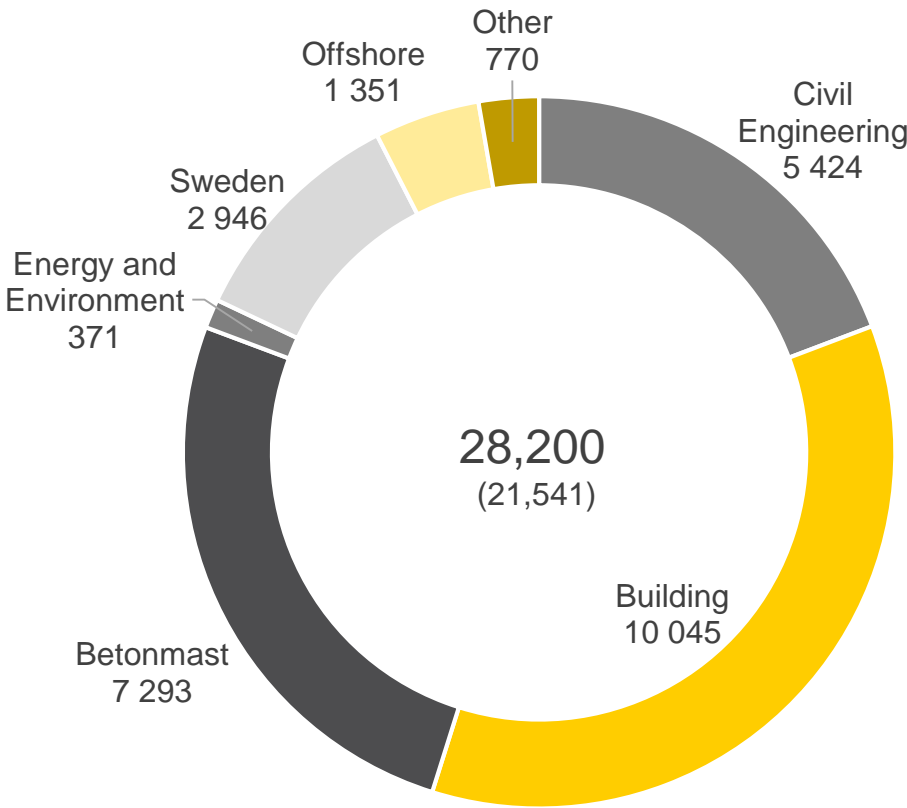
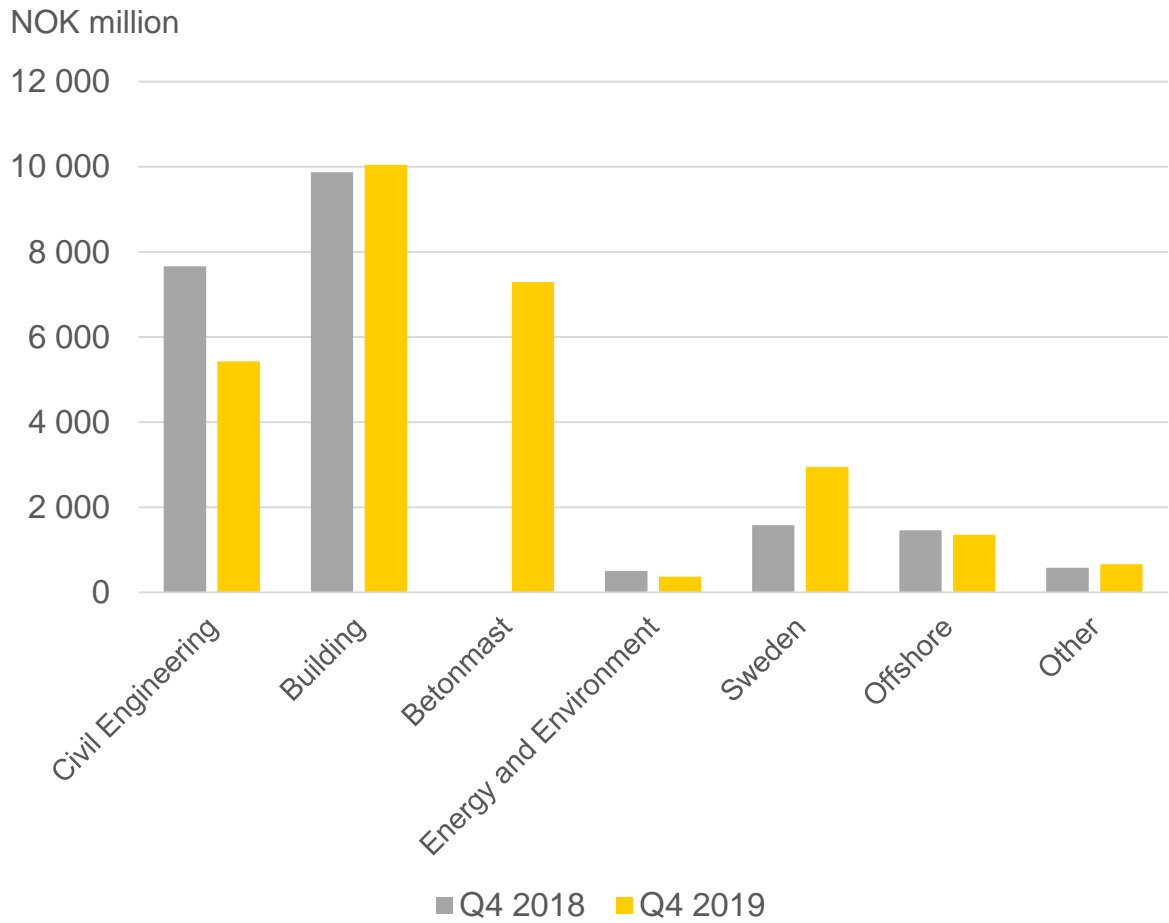
Johan Sverdrup
Foto: Espen Rønnevik / Øyvind Grayås / Equinor

A record high order backlog

NOK million



Order backlog per business area



ENERGY AND ENVIRONMENT

Demolition, recycling and energy efficiency
in construction and industry.



NUMBER OF EMPLOYEES

271



TURNOVER (2019)

1,072
NOK millions

OPERATING PROFIT

7.3 %
78 NOK millions



Energy
ENERGIJA BALTIC



Energi
ENERGI & MILJØTEKNIKK



Miljø
DECOM





MILJØPARK

Environmental Centre

A sustainable alternative to the traditional landfill

- Recycle contaminated materials
- Produce new environmentally friendly raw materials and products
- Industrial contribution to a circular society
- Sustainable and value-generative





Miljø
DECOM

Tøyenbadet

Deliveries:

- Environmental clean-up and demolition

Goal:

- high degree of sorting
- fossil-free production
- reuse of concrete



Energi
ENERGI & MILJØTEKNIKK

Life Sciences Building

Deliveries:

- plumbing
- heating
- process and comfort cooling

Interaction to reduce:

- costs
- power requirements
- heating and cooling needs

Sustainable university building
in the BREEAM Excellent class



Fyri tunet - Hemsedal

Deliveries:

- Energy plant
- Heating
- Cooling

Added value:

- Reduced power requirements
- Reduced consumption
- Improved energy rating





Energi
ENERGI & MILJØTEKNIKK

Bærum Kulturhus

Deliveries:

- Replacement of existing interior and exterior lighting
- Facilitation of easier operation and maintenance

Added value:

- Reduced power requirements
- Reduced consumption
- Revitalization of facade



KAN DU SE
DET FOR DEG?

PROFITABLE SOCIETAL CHALLENGES.

Summary

NOK million	Q4 2019	Q4 2018	2019	2018
Revenues	6,465	5,656	22,612	18,767
EBIT	391	363	1,135	1,119
EBT	388	373	1,317	1,136
EBIT %	6.0 %	6.4 %	5.9 %	6.0 %
EBT %	6.0 %	6.6 %	5.8 %	6.1 %

- Stable revenue growth (14 %)
- Solid earnings and a good cash flow
- Record high order backlog: NOK 28,200 million (21,541)
- The Board of Directors has proposed a dividend for payment of NOK 6.00 (5.00) for the first half of 2020



Thank you for your
attention!

Q1 2020:
May 15th 2020

BETONMAST

BETO

