

Fourth Quarter 2019

AF Gruppen ASA



Q4



From the CEO

Good risk and project management and a record-high level of activity contributed to AF Gruppen reporting the best quarter on record in terms of revenue, profits and order backlog. At the same time, we have even greater ambitions for the future, and we shall continue to improve the existing business and explore new business opportunities. By way of good interaction and collaboration with the customers, we shall contribute to innovation and benefit to society. The underpinning for our business is to continue to attract and develop the best people in the industry. AF shall be a company talent seeks out, regardless of gender. We must enable equal opportunities for all, and we have high ambitions for diversity in general and the share of women in particular. We take a long-term approach to this, and it is satisfying that the work is yielding positive results. At the same time, we shall further develop the working environment and the ability to engage in good project management, and we have an unambiguous goal of no work-related absence due to injuries.

AF has always been proud of its strength and ability to perform complex tasks. The group's entrepreneurial spirit has been characterised by the ability and willingness to think differently and to find better, more future-oriented ways to generate value.

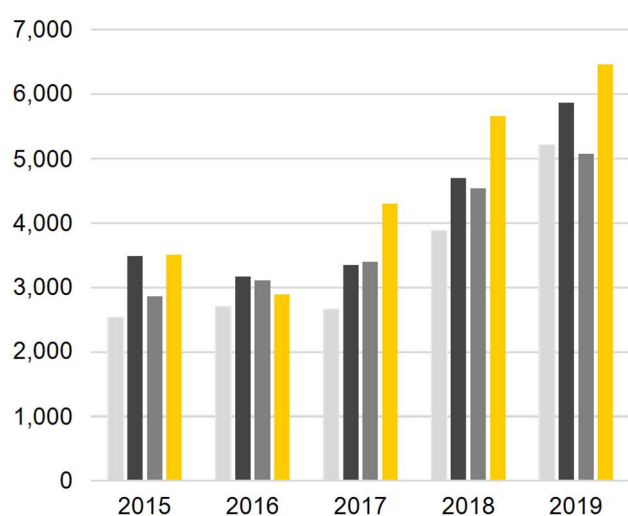
Addressing Future

HIGHLIGHTS

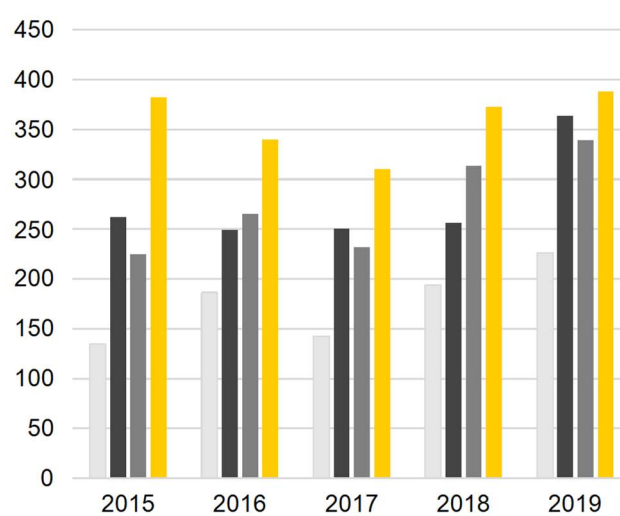
- Revenues were NOK 6,465 million (5,656 million) for the 4th quarter and NOK 22,612 million (18,767 million) for the full year.
- Earnings before tax were NOK 388 million (373 million) for the 4th quarter and NOK 1,317 million (1,136 million) for the full year.
- The profit margin was 6.0% (6.6%) for the 4th quarter and 5.8% (6.1%) for the full year.
- Net operating cash flow was NOK 784 million (582 million) for the 4th quarter and NOK 1,508 million (841 million) for the full year.
- The order backlog stood at NOK 28,200 million (21,541 million) as at 31 December 2019.
- Net interest-bearing liabilities as at 31 December 2019 were NOK 163 million¹⁾. As at 31 December 2018 net interest-bearing receivables were NOK 894 million.
- 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.

¹⁾ The Implementation of IFRS 16 Leases from 1 January 2019 led to an increase in interest-bearing debt. The effect of IFRS 16 as at 31 December 2019 was NOK 941 million.

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



SUMMARY OF 4TH QUARTER

Key figures (NOK million)	4Q 19	4Q 18	2019	2018
Revenues and other income	6,465	5,656	22,612	18,767
EBITDA	589	412	1,882	1,303
Earnings before financial items and tax (EBIT)	391	363	1,335	1,119
Earnings before tax (EBT)	388	373	1,317	1,136
Result per share (NOK)	2.23	2.79	8.51	7.88
Diluted result per share (NOK)	2.01	2.79	8.25	7.88
EBITDA margin	9.1 %	7.3 %	8.3 %	6.9 %
Operating profit margin	6.0 %	6.4 %	5.9 %	6.0 %
Profit margin	6.0 %	6.6 %	5.8 %	6.1 %
Return on capital employed (ROaCE) ¹⁾	-	-	38.2 %	53.9 %
Cash flow from operating activities	784	582	1,508	841
Net interest-bearing debt (receivables)	163	-894	163	-894
Equity ratio	23.3 %	25.0 %	23.3 %	25.0 %
Order backlog	28,200	21,541	28,200	21,541
LTI-1 rate	1.5	0.6	1.2	0.8
Absence due to illness	4.4 %	3.3 %	3.8 %	3.3 %

¹⁾ Rolling average last four quarters

New accounting principles 2019

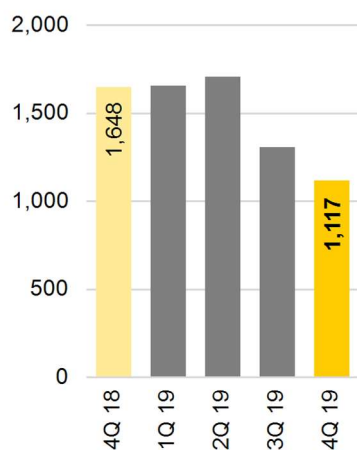
IFRS 16 Leases is implemented from 1 January 2019. Historical figures have not been restated. See Note 4 for further information.

Business Areas

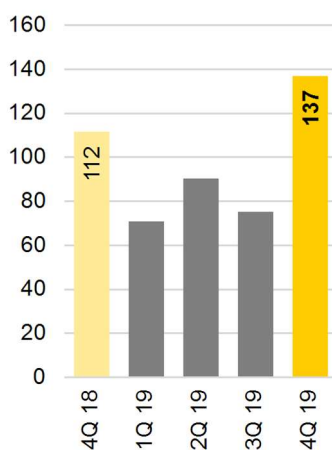


CIVIL ENGINEERING

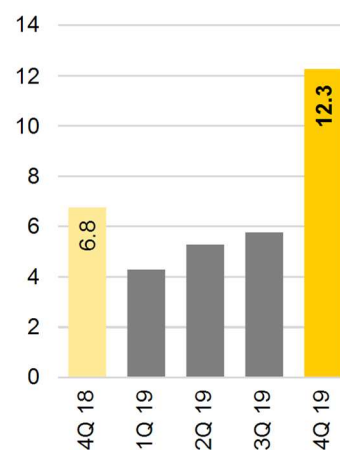
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



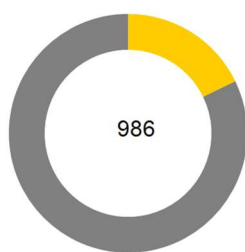
OPERATING PROFIT (%)



KEY FIGURES

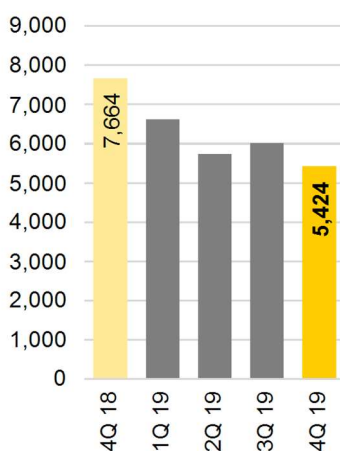
NOK million	4Q 19	4Q 18	2019	2018
Revenues and income	1,117	1,648	5,787	5,861
Earnings before financial items and tax (EBIT)	137	112	373	275
Earnings before tax (EBT)	138	113	376	293
Operating profit margin	12.3 %	6.8 %	6.5 %	4.7 %
Profit margin	12.3 %	6.9 %	6.5 %	5.0 %

NUMBER OF EMPLOYEES



AF Gruppen 5,536

ORDER BACKLOG (NOK million)



CIVIL ENGINEERING CONSISTS OF

- AF Anlegg
- Målselv Maskin & Transport



AF is one of Norway's largest actors in the civil engineering market, and the customers include both public and private actors. Its project portfolio includes roads, railways, port facilities, airports, tunnels, foundation work, power and energy, as well as onshore facilities for oil and gas.

The Civil Engineering business area reported revenues of NOK 1,117 million (1,648 million) for the 4th quarter. This is equivalent to reduction of 32% compared to the same quarter last year. Earnings before tax were NOK 138 million (113 million). Revenues totalled NOK 5,787 million (5,861 million) and earnings before tax totalled NOK 376 million (293 million) for the full year.

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 unit has delivered very good results. The E39 Kristiansand west-Mandal east project is large and challenging, and the project is proceeding

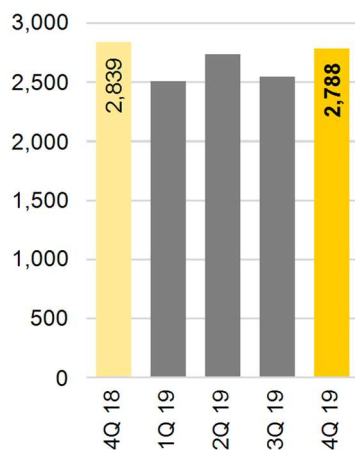
according to schedule with a high level of activity. There are several projects in the closing phase that combined are contributing to the unit's very good result. Målselv Maskin & Transport has seen a high level of activity and strong results in the quarter.

Construction entered into two major contracts in the 4th quarter. AF Gruppen has been nominated by the NPRA as contractor for rehabilitation of the Vålerenga tunnel. Physical start is in January 2020 with completion expected by January 2021. The contract is a general contract and is valued at an estimated NOK 301 million excluding VAT. Additionally, a contract has been signed with the Norwegian Defence Estates Agency for the Tank and process plant contract at Ørland with an estimated value of NOK 178 million excluding VAT. After year-end Nye Veier has decided that AF Gruppen proceeds to the specification phase for zoning, engineering and construction of the new E6 Roterud-Storhove. A contract for this project will have a value of NOK 3,750 million excluding VAT. This project is not included in the order backlog as at 31 December 2019.

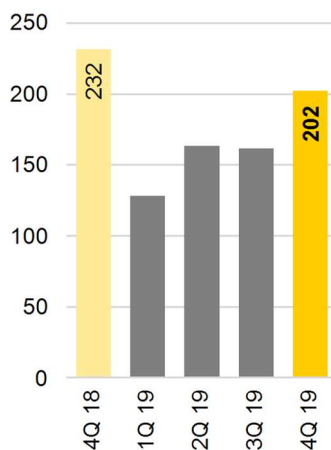
The order backlog for Civil Engineering was NOK 5,424 million (7,664 million) as at 31 December 2019.

BUILDING

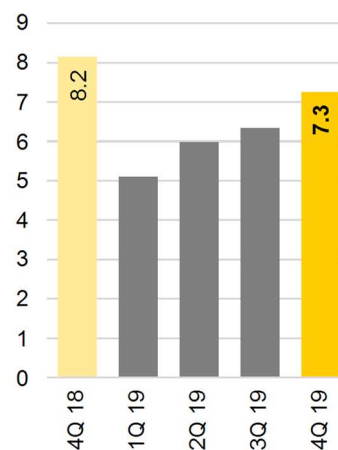
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



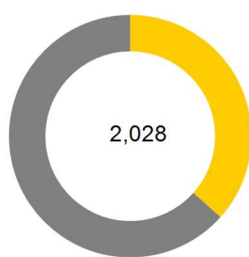
OPERATING MARGIN (%)



KEY FIGURES

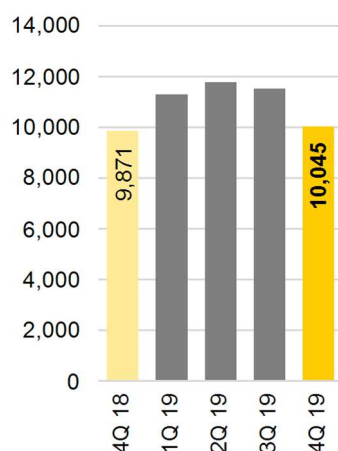
NOK million	4Q 19	4Q 18	2019	2018
Revenues and income	2,788	2,839	10,581	9,055
Earnings before financial items and tax (EBIT)	202	232	656	619
Earnings before tax (EBT)	206	241	667	645
Operating profit margin	7.3 %	8.2 %	6.2 %	6.8 %
Profit margin	7.4 %	8.5 %	6.3 %	7.1 %

NUMBER OF EMPLOYEES



AF Gruppen 5,536

ORDER BACKLOG (NOK million)



BUILDING CONSISTS OF

- AF Bygg Oslo
- AF Byggfornyelse
- AF Nybygg
- AF Bygg Østfold
- Strøm Gundersen
- Strøm Gundersen Vestfold
- Haga & Berg
- Consolvo
- AF Håndverk
- Eiqon
- LAB Entreprenør
- Åsane Byggmesterforretning
- FAS
- HTB



AF provides contracting services for residential, public and commercial buildings. Our services range from planning to building and renovation. AF cooperates closely with customers to find efficient and innovative solutions adapted to their needs. The Building business area comprises activities in Eastern Norway and the Bergen Region.

Building reported revenues of NOK 2,788 million (2,839 million) for the 4th quarter. This corresponds to revenue reduction of 2% compared to the same quarter last year. Earnings before tax were NOK 206 million (241 million). Revenues totalled NOK 10,581 million (9,055 million) and earnings before tax were NOK 667 million (645 million) for the full year.

Most business units have growth in revenues and report good results for the quarter. The building enterprises AF Bygg Oslo, AF Nybygg, Strøm Gundersen and Haga & Berg have all delivered excellent results. Additionally, LAB and

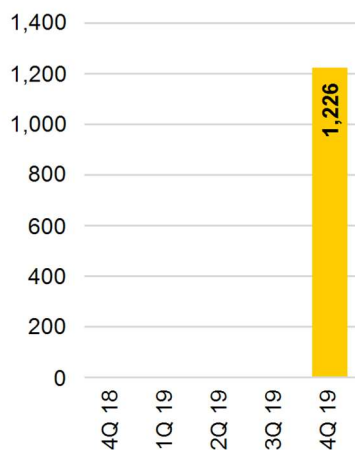
Åsane Byggmesterforretning in greater Bergen report good results for the quarter. In AF Bygg Østfold, AF Byggfornyelse and Eiqon there are great variations in profitability in the project portfolios, and the units performed below expectations in the 4th quarter.

Several new contracts were signed in the 4th quarter. AF Bygg Oslo has signed a contract with OBOS to build the third stage of the Røakollen housing development project in Oslo. The project will be carried out as a design and build contract and has an estimated value of NOK 405 million, excluding VAT. Construction is scheduled to start in Q2 2020. Avinor has recommended AF Byggfornyelse as contractor for the internal structural work contract at Oslo Airport. The value of the contract is estimated at NOK 185 million, excluding VAT. Work will start in March 2020. Halden municipality has proposed AF Bygg Østfold as design and build contractor for a new water treatment plant at Asak in Halden. The value of the contract is around NOK 100 million excluding VAT. Work under the contract will start in March 2020.

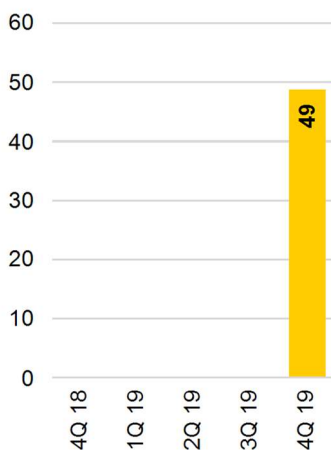
Building's order backlog was NOK 10,045 million (9,871 million) as at 31 December 2019.

BETONMAST

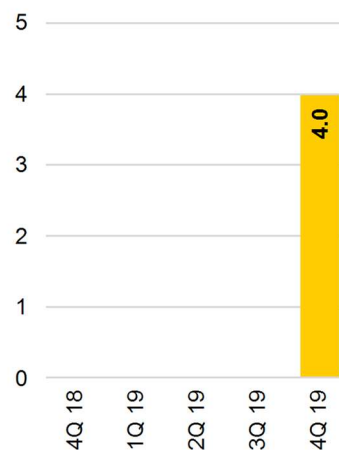
REVENUE (NOK million)*



OPERATING PROFIT (NOK million)*



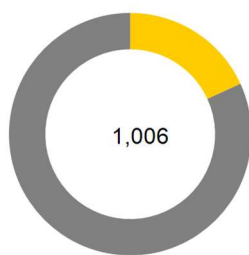
OPERATING MARGIN (%)*



KEY FIGURES

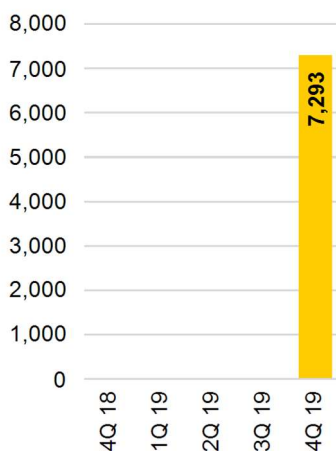
NOK million	4Q 19	4Q 18	2019	2018
Revenues and income	1,226	-	1,226	-
Earnings before financial items and tax (EBIT)	49	-	49	-
Earnings before tax (EBT)	46	-	46	-
Operating profit margin	4.0 %	-	4.0 %	-
Profit margin	3.8 %	-	3.8 %	-

NUMBER OF EMPLOYEES



AF Gruppen 5,536

ORDER BACKLOG (NOK million)



BETONMAST CONSISTS OF

- Betonmast Boligbygg
- Betonmast Oslo
- Betonmast Bergen
- Betonmast Trøndelag
- Betonmast Romerike
- Betonmast Røsand
- Betonmast Telemark
- Betonmast Østfold
- Betonmast Innlandet
- Betonmast Buskerud-Vestfold
- Betonmast Göteborg
- Betonmast Mälardalen
- Betonmast Malmö
- Betonmast Stockholm
- Betonmast Anläggning
- Betonmast Eiendom

* The figures reflect the period after 31 October 2019, when Betonmast became a part of AF Gruppen



Betonmast is one of Norway's largest building contractors and has operations in the largest markets in Norway and Sweden. The project portfolio comprises everything from major residential projects to commercial and public buildings. Betonmast is a major player in building for the public sector, and possesses specialist expertise in project development and collaborative contracts.

Betonmast became a 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 expectations. Betonmast Oslo and Betonmast Romerike stand out with strong results, while Betonmast Bergen, Betonmast Boligbygg, Betonmast Telemark and Betonmast Ringerike report poor results. Organisational changes have been made in several units.

After year end, the corporate management of Betonmast has been strengthened with three new representatives to move even closer to the projects and support the Group's primary goals. Active efforts are ongoing to determine how

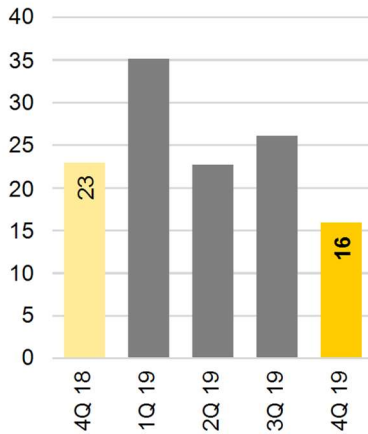
Betonmast and AF Gruppen best shall exploit each others' expertise and insight to increase value creation.

Several new contracts were signed in the 4th quarter. Betonmast Bergen has signed a general contract with Bane Nor Eiendom to build a workshop for the new Flirt trains. The contract is valued at NOK 145 million excluding VAT. Betonmast Bergen has also entered into an agreement with Sandsli Boligutvikling AS to develop yet another construction stage in Sandslåsen in Bergen. The contract is an integrated project contract valued at approximately NOK 120 million excluding VAT. Betonmast Østfold has entered into a contract with Askim municipality to renovate the previous hospital in Askim into a modern health building. The contract is an integrated project contract valued at NOK 198 million excluding VAT. Betonmast Romerike has signed a contract with AXER Eiendom AS to build Fagerborgkvartalet. The contract, which is a turnkey contract and is for the construction of 145 apartments, is valued at NOK 360 million excluding VAT. In partnership with Asplan Viak, Betonmast Røsand signed a contract to build a new cultural centre and swimming pool for Aukra municipality. The project will now enter a collaboration phase. The expected contract total after collaboration is approximately NOK 186 million excluding VAT.

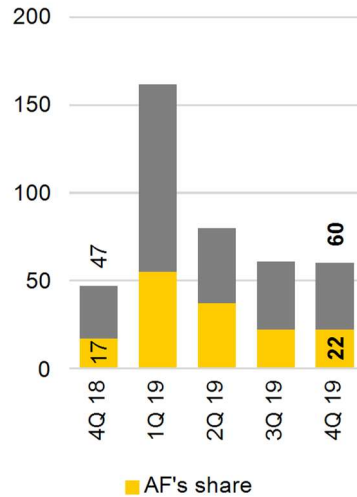
As at 31 December 2019, Betonmast's order backlog was NOK 7,293 million.

PROPERTY

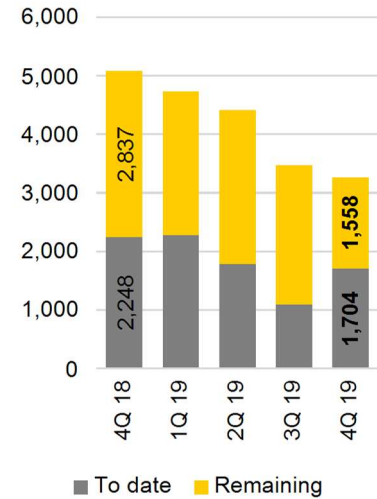
EARNINGS BEFORE TAX (NOK million)



UNITS SOLD (NUMBER)



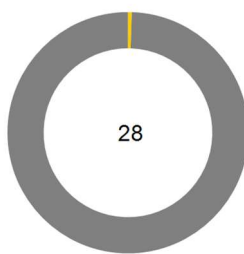
TURNOVER UNITS IN PRODUCTION (NOK million)



KEY FIGURES

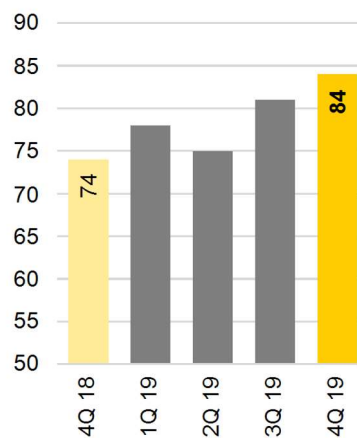
NOK million	4Q 19	4Q 18	2019	2018
Revenues and income	7	10	18	73
Earnings before financial items and tax (EBIT)	20	24	107	166
Earnings before tax (EBT)	16	23	100	157
Capital employed	785	837	785	837

NUMBER OF EMPLOYEES



AF Gruppen 5,536

SALES RATIO PROJECTS IN PROGRESS (%)



PROPERTY CONSISTS OF

- AF Eiendom



Brøter Terrasse, Lillestrøm

The Property business area develops residential units and commercial buildings in Norway. The activities take place in geographic areas where AF has its own production capacity. AF cooperates closely with other actors in the industry, and the development projects are primarily organised as partly-owned companies that are consolidated in accordance with the equity method of accounting. The earnings that are consolidated in Property correspond to the earnings after tax multiplied by the ownership interest.

Good sales in several projects have resulted in Property reporting a pre-tax result of NOK 16 million (23 million) in the 4th quarter. Property's quarterly result also includes an additional gain related to previous sale of a commercial property at Hasle in Oslo.

Sales have been good with 60 (47) residential units sold in the 4th quarter, of which AF's share is 22 (17). A total of 363 (284) have been sold overall for the year, and AF's share is 130 (100). The sales ratio for started projects is 84%.

At the end of the quarter Property had ownership interests in residential projects with a total of 235 (260) units for sale. AF's share was 88 (103). Of these, there was a total of 32 (1) unsold completed apartments, of which AF's share was 11 (0.3).

In the 4th quarter 4 units have been handed over at Lillo Gård, 3 units in Krydderhagen and 1 unit in Thurmannskogen, totalling 8 (127) homes.

There are five residential property projects with a total of 634 apartments under construction, of which AF's share is 244:

- Lillo Gård at Nydalen (135 apartments)
- Nye Kilen Brygge in Sandefjord (135 apartments)
- Bo på Billingstad in Asker (88 apartments)
- Lilleby Triangel in Trondheim (147 apartments)
- Skiparviken in Bergen (129 apartments)

For further information on projects for own account, see note 7.

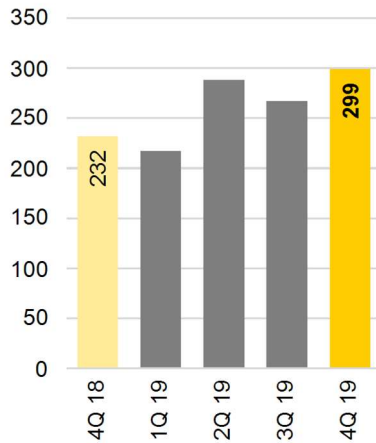
As at the 4th quarter, Property had ownership interests in two commercial projects under construction in Oslo, with a gross floor area of 38,401 square metres, of which AF's share is 19,009 square metres:

- Atea Building at Hasle (18,333 sqm GFA)
- K4 hotel and offices at Hasle (20,068 sqm GFA)

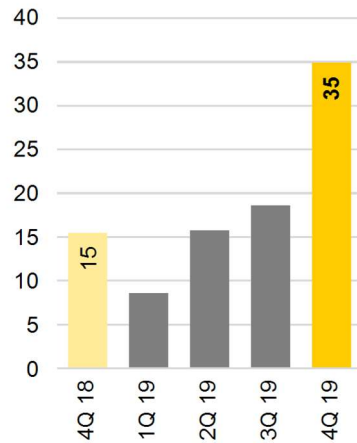
AF has an ownership stake in a building site inventory (residential units under development) in Norway that is estimated to yield 1,865 (1,831) residential units. AF's share of this is 916 (871) residential units. In addition, AF also has an ownership stake in commercial property under construction with a gross floor area of 52,183 (53,683) square metres. AF's share of this is a gross floor area of 25,764 (26,264) sq. metres.

ENERGY AND ENVIRONMENT

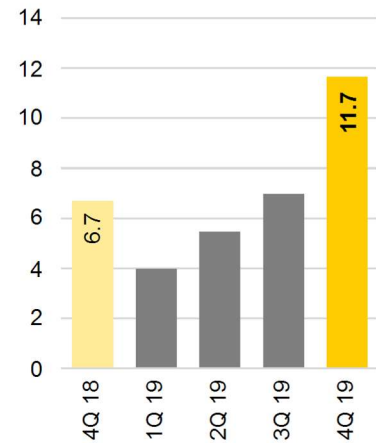
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



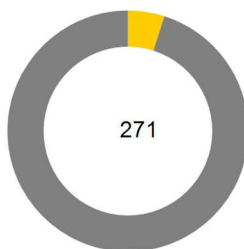
OPERATING MARGIN (%)



KEY FIGURES

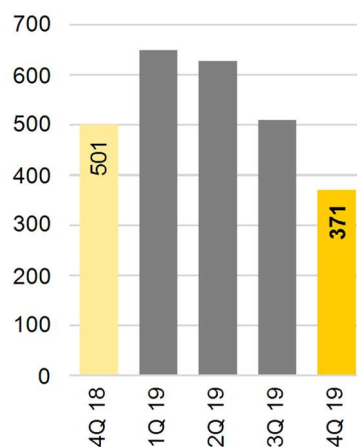
NOK million	4Q 19	4Q 18	2019	2018
Revenues and income	299	232	1,072	875
Earnings before financial items and tax (EBIT)	35	15	78	44
Earnings before tax (EBT)	34	17	75	41
Operating profit margin	11.7 %	6.7 %	7.3 %	5.0 %
Profit margin	11.5 %	7.2 %	7.0 %	4.7 %

NUMBER OF EMPLOYEES



AF Gruppen 5,536

ORDER BACKLOG (NOK million)



ENERGY AND ENVIRONMENT CONSISTS OF

- AF Energi & Miljøteknikk
- AF Decom



Tøyenbadet, AF Decom

AF provides smart and energy-efficient services for buildings and industry, and is a leading actor within traditional demolition services and the subsequent receiving, treating and recycling of materials. At AF's environmental centres: Rimol, Jølsen and Nes, contaminated materials are sorted, decontaminated and recycled. More than 80% of the materials are recycled.

Revenues for the 4th quarter were NOK 299 million (232 million) and earnings before tax were NOK 34 million (17 million). This corresponds to revenue growth of 29% compared to the same quarter last year. Revenues totalled NOK 1,072 million (875 million) and earnings before tax totalled NOK 75 million (41 million) for the full year.

AF Energi & Miljøteknikk reports very good results. Several project write-ups and completions of service and energy

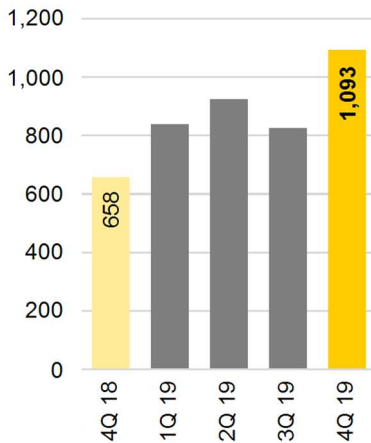
savings contracts (EPC) have contributed to this. Now the unit has also chosen to focus especially on electrical engineering, which is an area where opportunities for further growth have been identified.

AF Decom also reports a very good result for the quarter, both in demolition and recycling at AF's environmental centres. In demolition there are a number of projects that contribute to good profitability. Activity levels at the environmental centres is somewhat lower in comparison to the same quarter last year, but profitability is better. A healthy level of activity at Jølsen Environmental Centre and Nes Environmental Centre help compensate lower activity at Rimol Environmental Centre. AF Gruppen is looking at the possibility of establishing more recycling centres in the time ahead.

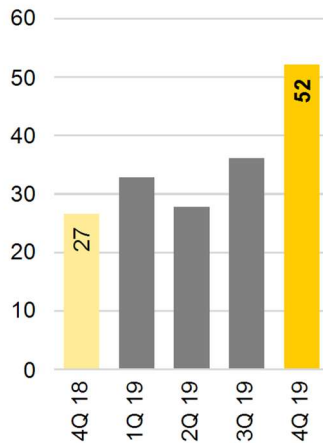
The order backlog for Energy & Environment stood at NOK 371 million (501 million) as at 31 December 2019.

SWEDEN

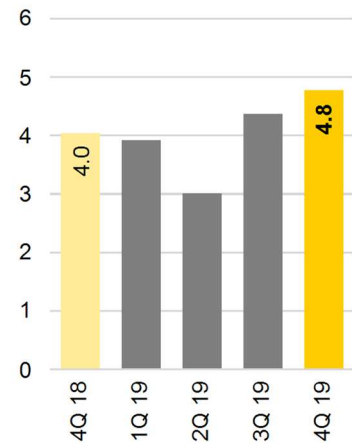
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



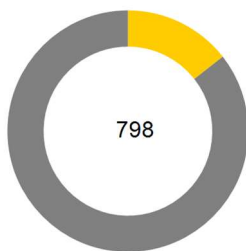
OPERATING MARGIN (%)



KEY FIGURES

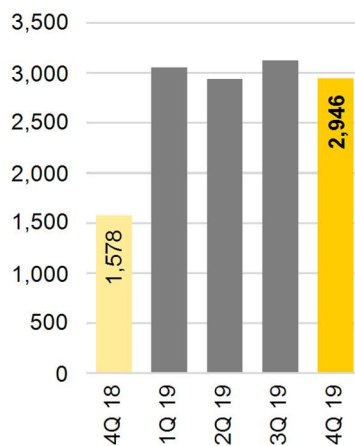
NOK million	4Q 19	4Q 18	2019	2018
Revenues and income	1,093	658	3,683	2,270
Earnings before financial items and tax (EBIT)	52	27	149	114
Earnings before tax (EBT)	53	26	146	113
Operating profit margin	4.8 %	4.0 %	4.0 %	5.0 %
Profit margin	4.8 %	4.0 %	4.0 %	5.0 %

NUMBER OF EMPLOYEES



AF Gruppen 5,536

ORDER BACKLOG (NOK million)



SWEDEN CONSISTS OF

- Kanonaden
- Pålplinar
- AF Bygg Göteborg
- AF Bygg Syd
- AF Projektutveckling
- AF Härnösand Byggreturer
- HMB



Kristinehedsgymnasiet in Halmstad, AF Bygg Syd

AF's Swedish business area encompasses activities related to building, civil engineering, property and environmental activities in Sweden. Geographically, the business unit covers Gothenburg and Southern Sweden as well as Stockholm and Mälardalen.

Sweden reported revenues of NOK 1,093 million (658 million) for the 4th quarter. This corresponds to growth of 66% compared to the same quarter last year, which is primarily related to the acquisition of HMB and revenue growth in Kanonaden. Earnings before tax were NOK 53 million (26 million). Full-year revenues were NOK 3,683 million (2,270 million) and earnings before tax were NOK 146 million (113 million) for the full year. The acquisition of HMB was completed on 2 January 2019 and their figures are included in the figures for 2019.

Among Swedish operations, the building units and demolition activities report strong results for the quarter. The activity levels at AF Bygg Göteborg and AF Bygg Syd are somewhat lower than during the same quarter last year, but

several project conclusions have contributed to good profitability in the quarter. HMB has a high level of activity and reported a good result for the quarter. Activity at AF Härnösand Byggreturer is on a par with the same quarter last year and it has continued to deliver very strong results in the 4th quarter too.

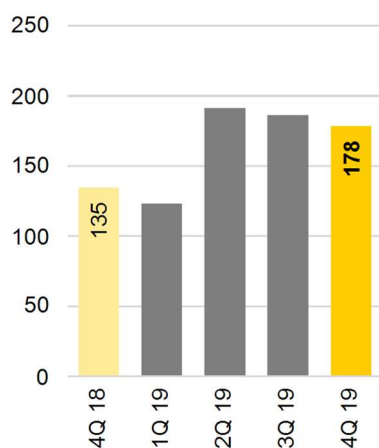
In the Swedish construction market, Kanonaden had a higher level of activity compared to the same quarter last year. The unit is delivering good results. Pålplintar has decided to discontinue the foundation business and continue the concrete business. The discontinuation has a negative impact on the results for the quarter of NOK 25 million.

AF Projektutveckling, AF's property operations in Sweden, does not yet have any projects in the production phase, but several are in the development phase. The unit has a building site inventory (residential units under construction) that is estimated at 368 (485) residential units. AF's share of this is 233 (343) residential units.

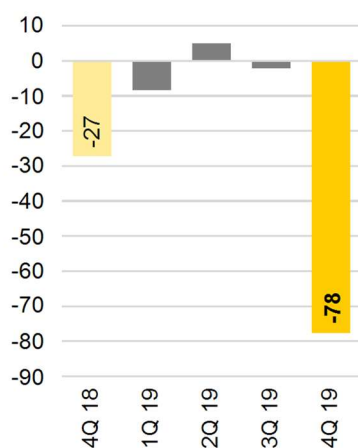
The order backlog for Sweden stood at NOK 2,946 million (1,578 million) as at 31 December 2019.

OFFSHORE

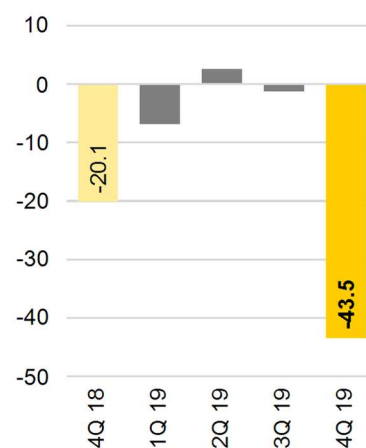
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



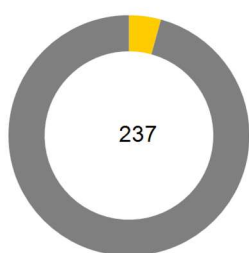
OPERATING MARGIN (%)



KEY FIGURES

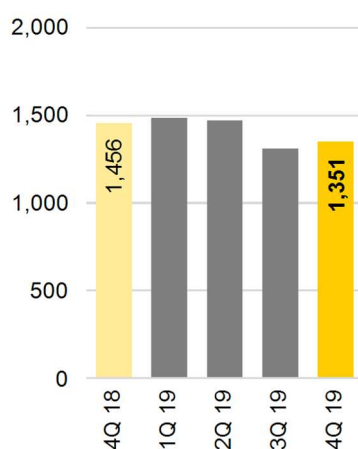
NOK million	4Q 19	4Q 18	2019	2018
Revenues and income	178	135	679	655
Earnings before financial items and tax (EBIT)	-78	-27	-83	-21
Earnings before tax (EBT)	-82	-30	-94	-27
Operating profit margin	-43.5 %	-20.1 %	-12.2 %	-3.2 %
Profit margin	-46.1 %	-22.5 %	-13.9 %	-4.1 %

NUMBER OF EMPLOYEES



AF Gruppen 5,536

ORDER BACKLOG (NOK million)



OFFSHORE CONSISTS OF

- AF Offshore Decom
- AF AeronMollier



AF has varied activities in the oil and gas industry. The services range from new build and modification of systems for climate control (HVAC) delivered to the offshore and marine market, to the removal and recycling of offshore installations. AF has a state-of-the art facility for environmental clean-up at Vats.

Revenues in the 4th quarter were NOK 178 million (135 million), which means a growth of 32% compared to the same quarter last year. Earnings before tax were NOK -82 million (-30 million). Revenues totalled NOK 679 million (655 million) and earnings before tax were NOK -94 million (-27 million) for the full year.

AF Offshore Decom reported a low level of activity, and the unit delivered weak results for the quarter. The company is working to win more projects, but the market for the

removal of offshore installations is marked by strong competition. The unit has several platform construction projects at Vats, but a lower than expected production level has hit profitability for this quarter as well. Preparatory work is also ongoing for future offshore campaigns and demolition at Vats primarily in 2021.

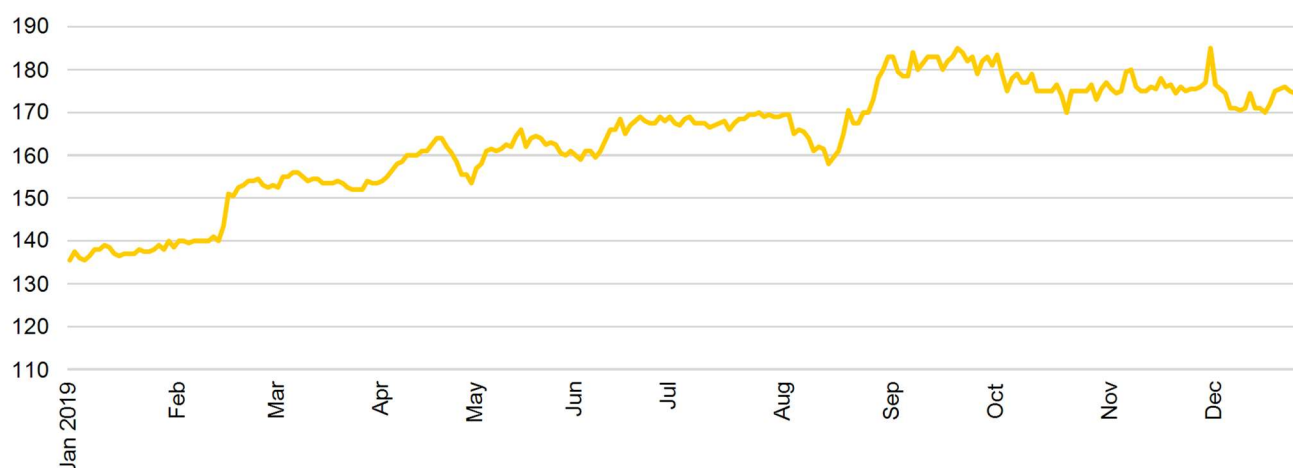
AF AeronMollier has a significantly increased activity level compared to the same quarter last year. Among other things, growth is related to deliveries to Johan Sverdrup, as well as deliveries related to electrification of the marine sector. The unit has delivered positive results both in Offshore and Marine.

Although AF AeronMollier reports better profitability in 2019 than for earlier years, goodwill related to the unit is written down by NOK 50 million in Q4 as a result of poor results over a longer period.

The order backlog for Offshore was NOK 1,351 million (1,456 million) as at 31 December 2019.



SHARE PRICE PERFORMANCE DURING THE LAST 12 MONTHS



FINANCIAL INFORMATION

AF Gruppen shall have robust financing with respect to operational and market-related fluctuations. The company's required return on invested capital is 20%, and its financial position shall underpin the growth strategy and provide an adequate dividend capacity.

IFRS 16 Leases, implemented from 1 January 2019, led to total assets increasing by NOK 863 million. Net interest-bearing debt increased by NOK 888 million, and equity was reduced (after tax) by NOK 19 million. See Note 4 for more information. For financing in DNB and Handelsbanken, covenants are calculated exclusive of the effect of IFRS 16.

In the 4th quarter, net operating cash flow was NOK 784 million (582 million) and net cash flow from investments was NOK -128 million (-15 million). Cash flow before capital transactions and financing was NOK 657 million (567 million) for the 4th quarter. For the year, cash flow from operations was NOK 1,508 million (841 million) and cash flow from net investments was NOK -838 million (-255 million), of which the acquisition of Betonmast comprises the largest investment. Cash flow before capital

transactions and financing was NOK 670 million (586 million) for the full year.

AF Gruppen had net interest-bearing debt of NOK 163 million at the end of the 4th quarter. As at 31 December 2018 net interest-bearing receivables were NOK 894 million.

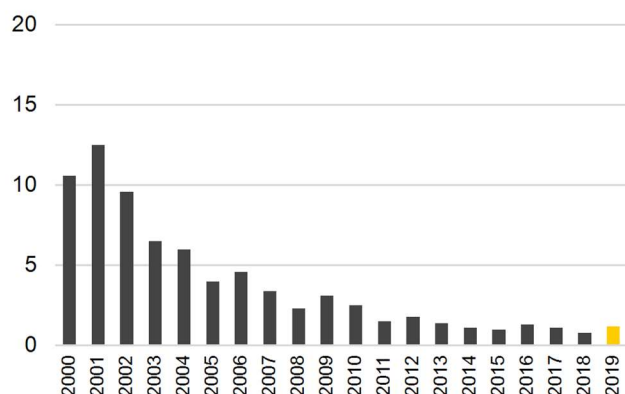
In Q2 AF Gruppen signed letters of intent for new financing facilities with DNB and Handelsbanken. The agreement with Handelsbanken was implemented in Q3 2019, and the agreement with DNB was implemented in Q4 2019. The new facilities in DnB replace existing financing facilities totalling NOK 1,280 million with Danske Bank and DNB. The new agreements include a multi-currency overdraft facility (revolving 1-year term) for NOK 2,000 million with DNB and a revolving credit facility (3+1+1 year term) worth NOK 1,000 million with Handelsbanken. AF Gruppen's total financing facilities as at 31 December 2019 are NOK 3,000 million.

Available liquidity at 31 December 2019, including overdraft facilities with Handelsbanken and DNB, is NOK 3,563 million.

LIST OF SHAREHOLDERS AS AT 31 DECEMBER 2019

Name	No. Shares	% share
OBOS BBL	17,053,686	16.5
ØMF Holding AS	15,598,182	15.1
Constructio AS	14,470,022	14.0
Folketrygdfondet	9,588,821	9.3
LJM AS	2,515,217	2.4
ARTEL AS	2,508,267	2.4
Landsforsakringar Fastighetsfond	2,367,125	2.3
VITO Kongsvinger AS	1,911,676	1.9
Arne Skogheim AS	1,753,870	1.7
Staavi, Bjørn	1,627,000	1.6
Ten largest shareholders	69,393,866	67.3
Total other shareholders	33,648,115	32.6
Own shares	23,296	0.02
Total number of shares	103,065,277	100.0

LTI RATE



Total assets were NOK 12,854 million (8,486 million) as at 31 December 2019. The increase in assets is due to increased activity, the acquisition of HMB and Betonmast, in addition to the implementation of IFRS 16 Leases. The Group's equity totalled NOK 2,999 million (2,124 million) as at 31 December 2019. This corresponds to an equity ratio of 23.3% (25.0%).

On 19 August last year, AF Gruppen ASA entered into an agreement with the board of directors of BetonmastHæhre to acquire 100% of the shares in the Betonmast group. The purchase was completed on 31 October 2019 through the newly established Betonmast Holding AS, which is owned 67.4% by AF Gruppen and 32.6% by the management and former shareholders of Betonmast. The total payment for 100% of the shares in the Betonmast group is NOK 2,075 million. This is equivalent to NOK 140.50 per share. AF Gruppen's share of the payment was financed by a private placement of NOK 400 million and a cash consideration of NOK 1,337 million. The management and former shareholders of Betonmast funded their part of the purchase by providing NOK 338 million in equity to Betonmast Holding.

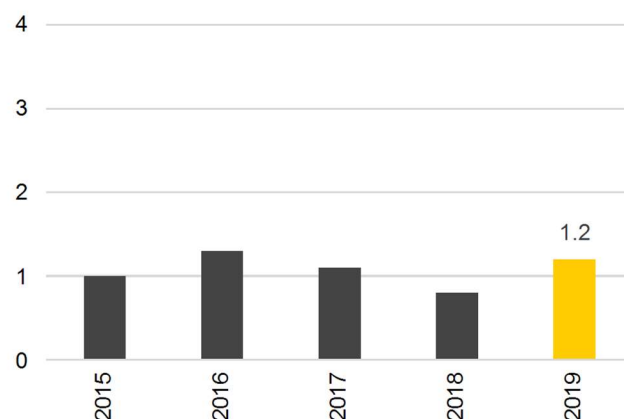
The Betonmast group has about 1,000 employees and consists of a 16 operating companies in the segments Betonmast Norway, Betonmast Eiendom and Betonmast Sweden. In 2018 the group had sales of NOK 6,942 million and a profit of NOK 217 million. The project portfolio in the Betonmast group covers everything from major residential projects to commercial and public buildings. For more detailed information, see stock exchange announcements from 19 August 2019 and 30 September 2019, and Notes 3 and 6.

THE SHARE

AF Gruppen's shares are listed on the Oslo Børs OB Match List and trade under the ticker AFG. The share is included in the Oslo Børs All Share Index (OSEAX), Benchmark Index (OSEBX) and Mutual Fund Index (OSEFX), as well as Oslo Børs Mid Cap Index (OSEMX).

The company distributed a dividend of NOK 3.50 (3.50) per share to its shareholders in Q4. The closing price for the AF

LTI RATE DEVELOPMENT



share was NOK 176.00 as at 31 December 2019. This corresponds to a return of 40% for the year, adjusted for a dividend of NOK 8.50 per share distributed in 2019. The board intends to approve a dividend for first half 2020 of NOK 6.00 (5.00) per share.

In Q4, in connection with the purchase of Betonmast (see Note 3), there was a private placement directed at the four largest shareholders in AF Gruppen: OBOS BBL, ØMF Holding AS, Constructio AS and Folketrygdfondet. The issue was worth NOK 400 million and consisted of 2,284,409 shares with a par value of NOK 0.05 at a subscription price of NOK 175.10. To ensure equal treatment of the company's shareholders, there was a repair issue for all other shareholders. An extraordinary general meeting was held on 19 November 2019, where the board of directors approved a repair issue of up to 1,925,044 new shares at the same subscription price as the private placement, NOK 175.10 per share. The subscription was completed in December. A total of 490,170 shares were subscribed for in the repair issue, equal to NOK 85.8 million.

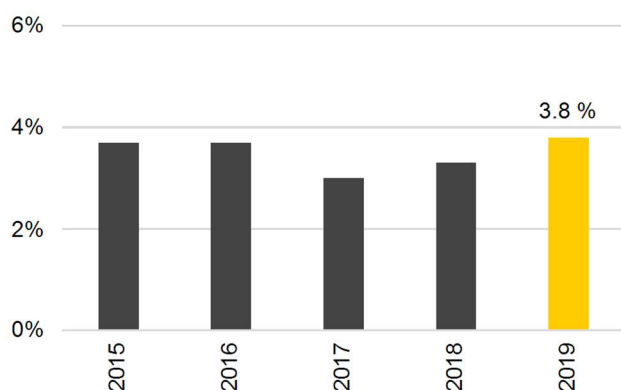
Total number of shares after these two issues is 103,065,277 and the share capital is NOK 5,153,263.85.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

HSE has high priority in AF Gruppen and is an integral part of the management at all levels. AF has a structured and uniform HSE system that encompasses all projects. The working environment should be safe for everyone – including those who are employed by our subcontractors. The figures from the subcontractors are therefore included in the injury statistics.

The LTI (lost-time injury) rate is an important measurement parameter for safety work at AF. The LTI rate is defined as the number of injuries resulting in absence and serious personal injuries without absence per million man-hours. A total of 8 (3) injuries resulting in absence were registered in the 4th quarter. This gives an LTI rate of 1.5 (0.6) for the 4th quarter. For the year as a total the LTI rate was 1.2 (0.8). Systematic and long-term work is being carried out to

SICK LEAVE DEVELOPMENT



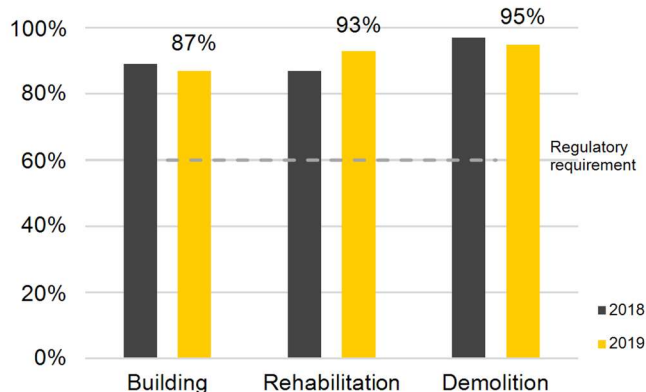
reduce the LTI rate. Significant resources are being invested to further improve our HSE efforts in order to be able to achieve our goal of an LTI rate of zero. Key to this work is AF's fundamental understanding and acceptance that all injuries have a cause and can therefore be avoided. Identifying risk and risk analysis are key parts of our preventive activities. Physical and organisational barriers are established to reduce the risk of personal injury.

In spite of a low LTI rate, we are still seeing too many personal injuries at AF. For this reason we have implemented the "Safety boost," comprising the following six group measures: (1) the reporting of LTI is extended to also include serious personal injury without absence, (2) a group goal of LTI-2<5 is established, (3) closer follow-up of incidents with a major loss potential, (4) use of safety gloves and safety goggles becomes mandatory on all projects, (5) introduce Safetalk to strengthen practical risk management, and (6) strengthened learning of incidents through digitalisation. LTI-2 is defined as number of lost time injuries + number of injuries requiring medical treatment + number of injuries resulting in alternative work per million man-hours. We have belief in that the "Safety boost" will reinforce safety awareness among individuals and further raise the safety culture in the organisation.

Learning from own mistakes is of critical importance. AF has systematised this through reporting and following up undesired incidents, as well as investigating the most serious incidents. The number of reports has increased steadily during the last 14 years, and we see a clear correlation between the increased reporting of undesired incidents and the decrease in injuries.

The registration of sickness absence forms the basis for the measurement of health work at AF. For the 4th quarter, sickness absence was 4.4% (3.3%), and 3.8% (3.3%) for the full year. AF's sickness absence is low compared to that of comparable businesses. Our target is total sickness absence of less than 3.0%, a level we believe represents a healthy situation without absence due to occupational

SOURCE SEPARATION RATE



illnesses/injuries. Systematic efforts are being made, which consist, for example, of ongoing risk analysis of exposure that is harmful to health, the establishment of physical and organisational barriers, and close follow-up of employees on sick leave.

AF strives to avoid environmental damage and minimise undesirable effects on the environment. Environmental work is an integral part of HSE work, and the tools used are therefore the same that are used otherwise in connection with HSE work.

Follow-up of the source separation rate parameter acts as an extra driving force for AF's environmental work. This parameter places the focus on an important environmental factor that AF has an opportunity to influence. The source separation rate indicates how much of the waste from AF's operations is separated for the purpose of facilitating recycling. For the 4th quarter, the result for building was 87% (92%), the result for renovation was 85% (87%) and the result for demolition was 96% (99%). For 2019 as a total, the source separation rate for building was 87% (89%), for renovation it was 93% (87%) and for demolition it was 95% (97%). These results are considered very good, and they are well above the government requirement of a minimum of 60%. A total of 82,196 (312,492) tonnes of waste has been sorted in the 4th quarter, and a total of 360,368 (512,401) tonnes has been sorted in 2019. The environmental centres have recycled a total of 169,038 (142,578) tonnes of materials for the full year.

ORGANISATION

With clear growth ambitions and a rapidly increasing order backlog, there is an increasing need for resources. Therefore, the continuous effort to build a uniform corporate culture is more important than ever. Motivated employees and a solid organisation are an important foundation for creating value. AF is experiencing a major influx of competent resources who desire to work for the company, and in 2019 the number of employees has increased by 1,314 persons, of which 1,006 are employed in

Betonmast and 184 are employed in HMB. At AF we are building the organisation with a robust composition of technical expertise and management capacity at all levels. The resources are organised close to production, with project teams where the managers have a major influential force.

AF aims to be a company to which talented individuals apply, whether they are women or men. In order to attract even more skilled people, AF is also setting new and ambitious targets for the share of women in the company. AF has adopted a "40/20 goal" that entails that at least 40% of all officials in AF shall be women, and that the total share of women shall increase to at least 20%. This is an ambitious goal. It entails that AF will move from being worst in the class to an industry leader. In the 4th quarter the share of women is 10% (8.7%) in total and 19.6% (18.4%) amongst officials.

Within our business areas, AF is also maintaining a sharp focus on innovation and digitalisation. We are working in a structured manner on how new technology can contribute to increased productivity and minimise risk in our projects, contribute to a safer daily life for our employees, and not to mention create greater value for our customers. In addition, we are continuously seeking new business models on the border of or outside of our current core areas. As a stage in the effort, we have established a corporate function for innovation and digitalisation, in addition to a joint venture fund with OBOS (Construct Venture).

AF invests a lot of time and resources in the development of employees through training in various positions in production and through development of the AF Academy. More than 80 per cent of the current managers have been recruited internally. Our employees are good ambassadors for the recruitment of new colleagues.

At the end of the 4th quarter AF Gruppen had a total of 5,536 (4,220) employees. Of these employees, 4,684 (3,713) were employed in Norway, 805 (467) in Sweden, 37 (24) in Lithuania and 10 (8) in Germany.

RISK AND RISK MANAGEMENT

AF Gruppen is exposed to risk of both operational and financial nature. AF Gruppen wants to assume operational risk that the business units can influence and control. AF has developed risk management processes that are well adapted to our operations. Standardised, action-oriented risk management processes ensure comprehensive and coherent risk management in all parts of the organisation. AF seeks to limit exposure to risk that cannot be influenced. A risk review is conducted for all projects before a tender is

even submitted. Analysis of risk during the tendering phase enables the correct pricing and management of risk in the project. The same project organisations conduct detailed risk reviews every quarter. The Corporate Management Team will participate in risk reviews of all projects with a contract value in excess of NOK 100 million. In addition, a total of 26 risk reviews in the business units, in which the Corporate Management Team also participated, were conducted in connection with the 4th quarter of 2019.

Financial risk encompasses market risk, credit risk and liquidity risk. Market risk includes commodity price risk, foreign exchange risk and interest rate risk. AF is exposed to foreign exchange risk, and as a major demolition and recycling operator, AF Gruppen is also exposed to fluctuations in steel prices. AF aims to have low exposure to risks that cannot be influenced, and it uses hedging instruments to mitigate the risk associated with foreign exchange rates and steel prices. AF has credit risk in relation to customers, suppliers and partners. The use of credit rating tools, in addition to parent company guarantees and bank guarantees, contributes to reducing risk. The liquidity risk is considered low. AF Gruppen's available liquidity, including credit facilities of NOK 3,000 million, stood at NOK 3,563 million as at 31 December 2019.

MARKET OUTLOOK

The civil engineering market in Norway is good and not very sensitive to cyclical fluctuations, as public sector demand is the strongest driver behind investments in civil engineering in Norway. In the proposal for the 2020 State Budget, NOK 75.4 billion has been allocated to transport, which is an increase of NOK 3.3% over the final budget for 2019. NOK 69.3 billion will be used to follow up the National Transport Plan 2018-2029, NOK 44.6 billion of which is earmarked for road building. Prognosesenteret expects a total growth in construction investments of 19% from 2019 to 2021. Almost half of the construction investments are expected to come from road building, while the strongest growth is expected in rail and tramway projects. If we look at the construction market as a whole, we may expect a growth rate in 2020 and 2021 of 6% and 12% respectively. However, Prognosesenteret accepts that investment growth could be slightly lower in the period to 2021 as a consequence of political turbulence, the "road toll rebellion" and budgetary constraints. However, high investment estimates for public transport and road building projects, and the planned start-up of many major civil engineering projects, provide a good basis for further growth in AF's civil engineering activities.

Figures from Eiendom Norge for Q4 2019 show that the moderate price growth in the Norwegian housing market

will continue. At the end of the 4th quarter, housing prices nationally were 2.6% higher than a year ago. Oslo saw the strongest developments in 2019 with an increase of 5.5%, while Stavanger and the surrounding area saw the poorest developments in 2019 with a decrease of 2.7%. Moderate price developments, much activity and smaller regional differences has characterised the market for the past two years, and Eiendom Norge expects that these developments will extend into 2020. Prognosesenteret expects moderate housing price growth in the longer term, which is supported by an expectation of lower population growth, a higher interest rate level and somewhat more difficult access to credit than in the previous years.

Prognosesenteret expects a 1.2% increase in the building market for 2020, and a decline of 1.2% in 2021. The highest growth in 2020 is expected in Buskerud and Oslo with 7.3% and 6.8% respectively. In 2020 it is expected that a decline of 3.1% in residential production will be compensated for by significant growth in commercial building production of NOK 4.6 billion (6.6%), as well as a total market for renovation, rebuilding and enlargement which is expected to increase by NOK 2.5 billion (1.5%). The strong growth in start-ups in 2016-17 has resulted in increased completion rates from the autumn of 2018 and into 2019 for new homes. Completion rates will only start to decline in 2020. Prognosesenteret expects that commissioning in the period 2019-21 will be 12% lower than in the previous three-year period. This trend encompasses relatively large regional differences. In 2020, an increase in the number of commissioning permits is expected mainly in Oslo and Buskerud, with the biggest decreases expected in Akershus, Østfold and Hordaland. However, significant growth in new non-residential buildings is expected to produce high activity levels in the building market. Major hospital projects are driving growth in 2020. Private commercial buildings increased in 2019, but the forecasts point to a slight decrease in 2020-21. The Norwegian economy is experiencing a moderate upturn driven by increased petroleum investments, although interest rate rises and international unrest have put a brake on growth. The Central Bank of Norway decided to keep the key interest rate unchanged at 1.5% in January, and Prognosesenteret has little expectation of further interest increases in 2020 and 2021. Overall, continued high activity levels are expected for AF's building operations in Norway.

The Energy & Environment business area includes AF's energy services for onshore operations as well as services for demolition and recycling onshore in Norway. In the Environment business area traditional demolition services and the subsequent receiving, treating and recycling of materials are provided. The level of demolition activity is closely connected to the general level of activity in the

building and civil engineering markets. A positive outlook for the civil engineering market in Norway and a good building market is positive for the demand for such services. The authorities in Norway have defined ambitious energy goals related to a reduction in the consumption of energy towards the year 2030. Enova has found that there is a major maintenance backlog for public buildings and major conservation opportunities in connection with the rehabilitation of buildings. The delivery of heating and cooling to commercial buildings is another interesting market. The demand here is connected to commercial building starts. Despite the fact that started area is expected to drop in 2020 and 2021 compared to 2018 and 2019, the level remains higher than the average for the last decade. Overall, a healthy market is expected for AF's activities in Energy & Environment.

The market for the removal of offshore installations is marked by strong competition and few demolition projects to be carried out in the short term. However, estimates from the British industry organisation Oil & Gas UK show that there is an increased volume in demolition and removal of decommissioned oil installations in the time ahead. In the 2019 to 2028 period it is expected that more than 1,200,000 tonnes of top deck must be removed in the North Sea. This concerns the British, Norwegian, Danish and Dutch sectors. For AF's offshore activities within climate control (HVAC), as well as maintenance and modifications, the market conditions are still challenging, but growth is expected within some cruise and passenger vessel segments. Electrification of the marine sector also affords new market opportunities.

Svensk Mäklarstatistik reports close to zero growth in housing prices for the 4th quarter in Sweden. At the end of Q4 prices for apartments were at the same level as Q3 2019 and 5% higher than for the same period the previous year. For detached houses prices are 1% lower than in Q3 2019 and 5% higher than in the same period the previous year. The Central Bank of Sweden raised interest rates to zero per cent in December. After several years of high growth, Sveriges Byggindustrier expects a 2% drop in building and civil engineering investments in Sweden in both 2019 and 2020. The largest fall is expected in residential building production. Within new building, production is expected to fall in by 10% in 2020. Both the fall in new building production and increased household saving are contributing a likely recession in Sweden in 2020. Both factors are partly explained by much tighter borrowing conditions. However, a continued high level of employment and expectations that interest rates will remain low, point to a stable underlying demand for housing. Investments in the renovation market are assumed to slightly increase in 2020,

while a decline in investments in commercial buildings in 2020 is expected. Construction investments are expected to grow by 4% in 2020. In 2020, this growth will be driven primarily by increased investments in new road projects, as well as rail investments. Overall, we see a slightly cautious market for AF's business in Sweden, with stiff competition.

Oslo, 14 February 2020

Board of Directors of AF Gruppen ASA

For more detailed information, please contact:

CEO Morten Grongstad

morten.grongstad@afgruppen.no | +47 991 53 905

CFO Sverre Hærem

sverre.herem@afgruppen.no | +47 952 45 167

Internet: www.afgruppen.no

A photograph of two miners inside the cab of a vehicle, likely a truck or train. They are both wearing high-visibility yellow safety jackets with reflective silver stripes, white hard hats with orange headlamps, and clear safety glasses. The miner in the foreground is looking out the window, while the one behind him is also looking forward. The interior of the cab is dark, with some equipment visible on the right side.

**Financial
information**

CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	4Q 19	4Q 18	2019	2018
Revenues and income	6,465	5,656	22,612	18,767
Subcontractors	-3,436	-3,077	-11,415	-9,771
Cost of materials	-667	-590	-3,668	-2,843
Payroll costs	-1,232	-1,049	-4,205	-3,473
Operating expenses ex. depreciation and impairment	-590	-581	-1,682	-1,567
Net gains (losses) and profit (loss) from associates	48	53	240	189
EBITDA	589	412	1,882	1,303
Depreciation and impairment of tangible fixed assets	-64	-44	-193	-163
Depreciation and impairment of right of use assets	-81	-5	-300	-19
Depreciation and impairment of intangible assets	-53	-	-54	-2
Earnings before financial items and tax (EBIT)	391	363	1,335	1,119
Net financial items	-3	10	-18	18
Earnings before tax (EBT)	388	373	1,317	1,136
Income tax expense	-101	-50	-290	-215
Net income for the period	287	323	1,027	921
Attributable to:				
Shareholders in the Parent Company	228	274	854	772
Non-controlling interests	59	49	173	149
Net income for the period	287	323	1,027	921
Earnings per share (NOK kroner)	2.23	2.79	8.51	7.88
Diluted earnings per share (NOK kroner)	2.01	2.79	8.25	7.88
Key figures	4Q 19	4Q 18	2019	2018
EBITDA margin	9.1 %	7.3 %	8.3 %	6.9 %
Operating profit margin	6.0 %	6.5 %	5.9 %	6.0 %
Profit margin	6.0 %	6.6 %	5.8 %	6.1 %
Return on capital employed (ROaCE) ¹⁾	-	-	38.2 %	53.9 %
Return on equity	-	-	43.7 %	45.4 %
Equity ratio	23.3 %	25.0 %	23.3 %	25.0 %
Net interest-bearing receivables (debt) ²⁾	-163	894	-163	894
Capital employed ³⁾	4,183	2,223	4,183	2,223
Order backlog	28,200	21,541	28,200	21,541

¹⁾ Return on capital employed (ROaCE) = Earnings before tax + interest expense / average capital employed

²⁾ Net interest-bearing receivables (debt) = Cash and cash equivalents + interest-bearing receivables - interest-bearing debt

³⁾ Capital employed = Equity + interest-bearing debt

STATEMENT OF COMPREHENSIVE INCOME

NOK million	4Q 19	4Q 18	2019	2018
Net income for the period	287	323	1,027	921
Net actuarial gains and losses	-2	-1	-2	-1
Currency translation differences non-controlling interests	11	3	-3	-
Items that will not be reclassified to income statement	9	1	-4	-2
Net cash flow hedges	8	-33	4	-17
Currency translation differences	10	30	-24	-13
Items that may be reclassified to income statement in	18	-2	-20	-30
Other comprehensive income for the period	27	-1	-24	-32
Total comprehensive income for the period	314	322	1,003	890
Attributable to:				
- Shareholders of the parent	244	270	832	741
- Non-controlling interests	70	52	170	149
Total comprehensive income for the period	313	322	1,003	890

EQUITY

NOK million	Paid-in capital	Translation differences	Actuarial pension gain/ (loss)	Cash flow hedge	Retained earnings	Attributable to share-holders	Non-controlling interests	Total equity
As at 31 December 2017	482	32	-14	-15	1,209	1,693	384	2,078
Comprehensive income	-	-13	-1	-17	772	741	149	890
Capital increase	111	-	-	-	-	111	-	111
Purchase of treasury shares	-	-	-	-	-35	-35	-	-35
Sale of treasury shares	-	-	-	-	26	26	-	26
Dividend paid	-367	-	-	-	-469	-836	-128	-964
Share-based remuneration	29	-	-	-	-	29	1	30
Put options for non-controlling interests	-	-	-	-	28	28	-54	-26
Addition of non-controlling interests from acquisition and formation of subsidiaries	-	-	-	-	-	-	30	30
Transactions with non-controlling interests	-	-	-	-	-12	-12	-4	-16
As at 31 December 2018	256	20	-16	-33	1,519	1,746	378	2,124
As at 31 December 2018	256	20	-16	-33	1,519	1,746	378	2,124
Effect of IFRS 16 Leases	-	-	-	-	-19	-19	-	-19
As at 1 January 2019	256	20	-16	-33	1,500	1,727	378	2,104
Comprehensive income	-	-24	-2	4	853	832	170	1,003
Capital increase	651	-	-	-	-	651	-	651
Purchase of treasury shares	-	-	-	-	-6	-6	-	-6
Sale of treasury shares	-	-	-	-	35	35	-	35
Dividend paid	-	-	-	-	-859	-859	-148	-1,007
Share-based remuneration	32	-	-	-	-	32	1	33
Addition of non-controlling interests from acquisition and formation of subsidiaries	-	-	-	-	-	-	472	472
Transactions with non-controlling interests	-	-	-	-	-222	-222	-63	-285
As at 31 December 2019	939	-4	-18	-29	1,301	2,189	809	2,999

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	31/12/19	31/12/18
Tangible fixed assets	1,490	1,281
Right of use assets	991	75
Intangible assets	4,306	2,288
Investment in associates and joint ventures	547	361
Deferred tax asset	13	19
Interest-bearing receivables	358	305
Pension plan and other financial assets	12	8
Total non-current assets	7,718	4,337
Inventories	190	184
Projects for own account	157	38
Trade receivables and other receivables	4,127	3,238
Interest-bearing receivables	100	32
Derivatives	-	1
Cash and cash equivalents	563	656
Total current assets	5,136	4,149
Total assets	12,854	8,486
Equity attributable to shareholders of the parent	2,189	1,746
Non-controlling interests	809	378
Total equity	2,999	2,124
Interest-bearing debt	166	29
Interest-bearing debt - lease liability	704	62
Retirement benefit obligations	3	1
Provisions	63	150
Deferred tax	440	418
Derivatives	47	43
Total non-current liabilities	1,423	704
Interest-bearing debt	4	3
Interest-bearing debt - lease liability	310	5
Trade payables and other short-term debt	7,048	5,281
Derivatives	14	10
Provisions	684	223
Tax payable	372	138
Total current liabilities	8,432	5,659
Total liabilities	9,855	6,363
Total equity and liabilities	12,854	8,486

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	4Q 19	4Q 18	2019	2018
Earnings before financial items and tax (EBIT)	391	363	1,335	1,119
Depreciation, amortisation and impairment	198	49	547	184
Change in net working capital	331	282	12	-178
Income taxes paid	-91	-77	-177	-123
Other adjustments	-45	-35	-209	-160
Cash flow from operating activities	784	582	1,508	841
Net investments	-128	-15	-838	-255
Cash flow before financing activities	657	567	670	586
Share issue	484	87	555	87
Dividends paid to shareholders in the Parent Company	-361	-347	-859	-836
Dividends paid to non-controlling interests	-8	-123	-261	-234
Sale (purchase) of treasury shares	-4	-10	29	-10
Borrowings (repayment of debt)	-365	-10	-166	-24
Interest and other financial expenses paid	-24	-4	-55	-13
Cash flow from financing activities	-277	-406	-758	-1,030
Net decrease (increase) in cash and cash equivalents	380	161	-88	-444
Net cash and cash equivalents at the 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 at the end of period	563	656	563	656

BUSINESS AREAS

AF Gruppen's division into operating segments is consistent with the division of the business areas: Civil Engineering, Building, Property, Energy and Environment, Sweden and Offshore.

The Energy and Environment business areas merged as of 1 January 2019. The comparable figures for the business areas have been restated. Betonmast was established as a separate business area as of the acquisition on 31 October 2019. See Note 3 for more information on Betonmast.

Segment information is presented in accordance with the AF Gruppen's accounting policies in accordance with IFRS with the exception of the principles for revenue recognition for residential property development in accordance with IFRS 15. This policy exception applies to the Building and Property segments and Sweden. Revenue from projects for own account in these segments is not recognised upon handover as regulated in IFRS 15, but in accordance with the degree of completion method. This means that the recognition of revenue in these projects is the product of the degree of completion, sales ratio and expected contribution margin.

Segment information is presented in accordance with reporting to the Corporate Management Team and is consistent with the financial information utilised by the Company's senior decision-makers when evaluating developments and allocating resources. The effect of the deviant application of principles on the consolidated accounts is illustrated in a separate table in the segment information. Additional information on projects for own account is provided in Note 7.

Civil Engineering

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	1,075	1,638	5,689	5,821
Internal revenue and income	41	10	98	40
Total revenue and income	1,117	1,648	5,787	5,861
EBITDA	186	127	557	340
Earnings before financial items and tax (EBIT)	137	112	373	275
Earnings before tax (EBT)	138	113	376	293
EBITDA-margin	16.7 %	7.7 %	9.6 %	5.8 %
Operating margin	12.3 %	6.8 %	6.5 %	4.7 %
Profit margin	12.3 %	6.9 %	6.5 %	5.0 %
Assets	1,976	2,014	1,976	2,014
Order backlog	5,424	7,664	5,424	7,664

Building

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	2,769	2,811	10,514	8,945
Internal revenue and income	20	28	67	110
Total revenue and income	2,788	2,839	10,581	9,055
EBITDA	233	246	758	666
Earnings before financial items and tax (EBIT)	202	232	656	619
Earnings before tax (EBT)	206	241	667	645
EBITDA-margin	8.4 %	8.7 %	7.2 %	7.4 %
Operating margin	7.3 %	8.2 %	6.2 %	6.8 %
Profit margin	7.4 %	8.5 %	6.3 %	7.1 %
Assets	5,151	5,128	5,151	5,128
Order backlog	10,045	9,871	10,045	9,871

Betonmast

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	1,226	-	1,226	-
Internal revenue and income	0	-	0	-
Total revenue and income	1,226	-	1,226	-
EBITDA	59	-	59	-
Earnings before financial items and tax (EBIT)	49	-	49	-
Earnings before tax (EBT)	46	-	46	-
EBITDA-margin	4.8 %	-	4.8 %	-
Operating margin	4.0 %	-	4.0 %	-
Profit margin	3.8 %	-	3.8 %	-
Assets	3,266	-	3,266	-
Order backlog	7,293	-	7,293	-

Property

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	7	10	18	73
Internal revenue and income	-	-	-	-
Total revenue and income	7	10	18	73
EBITDA	20	24	108	169
Earnings before financial items and tax (EBIT)	20	24	107	166
Earnings before tax (EBT)	16	23	100	157
EBITDA-margin	-	-	-	-
Operating margin	-	-	-	-
Profit margin	-	-	-	-
Assets	840	885	840	885
Order backlog	-	-	-	-

Energy and Environment

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	258	213	939	815
Internal revenue and income	41	19	133	60
Total revenue and income	299	232	1,072	875
EBITDA	49	20	127	61
Earnings before financial items and tax (EBIT)	35	15	78	44
Earnings before tax (EBT)	34	17	75	41
EBITDA-margin	16.5 %	8.5 %	11.8 %	7.0 %
Operating margin	11.7 %	6.7 %	7.3 %	5.0 %
Profit margin	11.5 %	7.2 %	7.0 %	4.7 %
Assets	674	490	674	490
Order backlog	371	501	371	501

Sweden

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	1,092	658	3,681	2,268
Internal revenue and income	1	1	2	2
Total revenue and income	1,093	658	3,683	2,270
EBITDA	74	32	209	131
Earnings before financial items and tax (EBIT)	52	27	149	114
Earnings before tax (EBT)	53	26	146	113
EBITDA-margin	6.7 %	4.8 %	5.7 %	5.8 %
Operating margin	4.8 %	4.0 %	4.0 %	5.0 %
Profit margin	4.8 %	4.0 %	4.0 %	5.0 %
Assets	1,617	1,332	1,617	1,332
Order backlog	2,946	1,578	2,946	1,578

Offshore

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	178	134	677	652
Internal revenue and income	0	1	2	3
Total revenue and income	178	135	679	655
EBITDA	-20	-23	-4	-6
Earnings before financial items and tax (EBIT)	-78	-27	-83	-21
Earnings before tax (EBT)	-82	-30	-94	-27
EBITDA-margin	-11.1 %	-17.1 %	-0.7 %	-0.9 %
Operating margin	-43.5 %	-20.1 %	-12.2 %	-3.2 %
Profit margin	-46.1 %	-22.5 %	-13.9 %	-4.1 %
Assets	1,378	1,332	1,378	1,332
Order backlog	1,351	1,456	1,351	1,456

Other Segments (Group)

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	11	-	50	17
Internal revenue and income	9	7	35	27
Total revenue and income	21	7	85	44
EBITDA	4	-10	39	-28
Earnings before financial items and tax (EBIT)	-10	-16	-25	-48
Earnings before tax (EBT)	-5	-14	-29	-54
Assets	2,381	2,873	2,381	2,873
Order backlog	-	-	-	-

Eliminations

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	-51	11	-206	69
Internal revenue and income	-113	-66	-338	-242
Total revenue and income	-165	-55	-544	-173
EBITDA	-9	4	-16	11
Earnings before financial items and tax (EBIT)	-9	4	-16	11
Earnings before tax (EBT)	-9	4	-16	11
Assets	-4,343	-5,420	-4,343	-5,420
Order backlog	406	94	406	94

GAAP adjustments (IFRS 15)

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	-99	183	25	107
Internal revenue and income	-	-	-	-
Total revenue and income	-99	183	25	107
EBITDA	-8	-6	46	-42
Earnings before financial items and tax (EBIT)	-8	-6	46	-42
Earnings before tax (EBT)	-8	-6	46	-42
Assets	-85	-147	-85	-147
Order backlog	363	378	363	378

Segment total

NOK million	4Q 19	4Q 18	2019	2018
External revenue and income	6,465	5,656	22,612	18,767
Internal revenue and income	-	-	-	-
Total revenue and income	6,465	5,656	22,612	18,767
EBITDA	589	412	1,882	1,303
Earnings before financial items and tax (EBIT)	391	363	1,335	1,119
Earnings before tax (EBT)	388	373	1,317	1,136
EBITDA-margin	9.1 %	7.3 %	8.3 %	6.9 %
Operating margin	6.0 %	6.4 %	5.9 %	6.0 %
Profit margin	6.0 %	6.6 %	5.8 %	6.1 %
Assets	12,854	8,486	12,854	8,486
Order backlog	28,200	21,541	28,200	21,541

NOTES

1. GENERAL INFORMATION

AF Gruppen is one of Norway's leading contracting and industrial groups. AF Gruppen is divided into six business areas: Civil Engineering, Building, Betonmast, Property, Energy and Environment, Sweden and Offshore.

AF Gruppen ASA is a public limited company registered and domiciled in Norway. The head office is located at Innspurten 15, 0663 Oslo. AF is listed on the Oslo Børs OB Match List under the ticker symbol AFG.

This summary of financial information for the 4th quarter 2019 has not been audited.

2. BASIS OF PREPARATION

The consolidated accounts for AF Gruppen encompass AF Gruppen ASA and its subsidiaries, joint ventures and associated companies. The consolidated financial statements for the 4th quarter 2019 have been prepared in accordance with IAS 34 Interim Accounts. The summary of the financial information presented in the quarterly accounts is intended to be read in conjunction with the annual report for 2018, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

As a result of rounding off, the numbers and percentages will not always add up to the total.

3. CHANGES IN THE GROUP'S STRUCTURE

New segment structure

The Energy and Environment business areas merged into a single business area, Energy & Environment, as of 1 January 2019. The new business area consists of the business units AF Decom and AF Energi & Miljøteknikk.

The comparable figures for the business areas have been similarly restated.

Acquisition of Betonmast AS

On 31 October 2019, AF Gruppen and the management of Betonmast completed the purchase of Betonmast AS. The purchase, made through the newly established Betonmast Holding AS, was first reported to Oslo Børs on 19 August 2019. AF Gruppen owns 67.4% of the shares in Betonmast Holding AS and the management and former shareholders of Betonmast owns 32.6%. The Betonmast group has about 1,000 employees and consists of a 16 operating companies in the segments Betonmast Norway, Betonmast Eiendom and Betonmast Sweden. The project portfolio in the Betonmast group covers everything from major residential projects to commercial and public buildings. The transaction is the biggest in the history of AF Gruppen and will strengthen AF Gruppen's position in the Norwegian and Swedish building market.

The Betonmast group had in the period 2017-2019 average sales of NOK 5,979 million and profit margin of 3.1%. The total consideration for 100% of the shares in the Betonmast group is NOK 2,075 million. This is equivalent to NOK 140.50 per share.

AF Gruppen's share of the payment was financed by a cash consideration of NOK 1,337 million and a private placement of NOK 400 million. The private placement was issued on 28 October 2019 and was directed at AF Gruppen's four largest shareholders: OBOS BBL, ØMF Holding AS, Constructio AS and Folketrygdfondet. The management and former shareholders of Betonmast funded their part of the purchase by providing NOK 338 million in equity to Betonmast Holding.

The acquisition analysis is based on the agreed purchase price and reported unaudited income statement and balance sheet figures for Betonmast at 31 October 2019. The acquisition analysis is provisional. Allocation of the purchase price was prepared using the acquisition method as defined in IFRS 3 'Business Combinations'. The purchase price has been allocated at the assumed fair value of the identified assets and liabilities of the Betonmast group. In excess of goodwill, no significant differences above or below book values were identified.

Purchase price allocation Betonmast	NOK million
Cash consideration financed by share issue	400
Cash consideration financed by loan	1,337
Fair value of non-controlling interests in Betonmast Holding AS	338
Gross consideration for 100% of the shares in Betonmast AS	2,075
Fixed assets	59
Goodwill	82
Investment in joint ventures and associated companies	125
Other financial assets	18
Long-term interest-bearing receivables	23
Cash and cash equivalents	1,322
Short-term non interest-bearing receivables	547
Inventory and projects in own account	122
Short-term interest-bearing receivables	14
Non-controlling interests	-16
Deferred tax and tax payables	-148
Current interest-bearing liabilities	-19
Long-term interest-bearing liabilities	-53
Trade payables and other current non-interest-bearing liabilities	-1,453
Provisions	338
Total equity in Betonmast as of 31 October 2019	421
- of which goodwill in Betonmast	-82
Total equity in Betonmast as of 31 October 2019 excl. goodwill	339
Goodwill	1,736
Cash consideration for 67.4% of the shares in Betonmast AS as increase of capital in Betonmast Holding AS	699
Cash consideration for the shares in Betonmast AS provided as loan from AF to Betonmast Holding AS (100%)	1,038
- Cash and Cash equivalents in Betonmast as at 31 October 2019 (100%)	-1,322
Net consideration included in net investments in the cash flow statement	415

The acquisition is estimated to result in goodwill of NOK 1,736 million, which is linked to the geographical market position and the organisation's ability to operate profitably. None of the goodwill will be tax deductible. The allocation is not final.

Acquisition of HMB Holding AB

AF Gruppen Sverige AB, a subsidiary of AF Gruppen, completed the agreement to acquire 70% of the shares in HMB Holding AB (HMB) on 2 January 2019. The remaining 30% of the shares will remain in the ownership of key individuals in the company. Sellers of shares in HMB Holding AB are 13 HMB employees through their respective investment companies. All sellers will continue both as employees of HMB and as owners of HMB Holding AB.

HMB is a successful contracting company, established in 1994 with roots in Dalarna in Sverige. HMB builds commercial, residential and public buildings, and under every form of contract in the market. HMB has operations in Stockholm/Mälardalen and in Dalarna, Västmanland, Uppland and Gästrikland. All of the owners are active in the company. HMB will become a subsidiary of AF Gruppen Sverige AB, where AF Gruppen's Swedish operations are organised. The acquisition will strengthen AF Gruppen's position in the Swedish building and civil engineering market, and is an important step in AF Gruppen's ambition to grow in Sweden. During the period from 2015 to 2018, HMB reported average revenues of NOK 1,120 million and an operating margin of 6.1%. On a 100% basis, the agreed enterprise value for HMB was SEK 600 million and the estimated value of the shares was SEK 614 million. Settlement for the shares AF acquired consisted of 736

911 shares in AF Gruppen ASA at a price of NOK 130.50 per share, which corresponds to SEK 99 million and SEK 286 million in cash. In addition, contingent consideration of an estimated SEK 44 million has been agreed, which will be settled in 2021.

In addition to the transaction described above, AF Gruppen Sverige AB has also acquired 3.4% of the shares in HMB Construction AB, a 92% owned subsidiary of HMB Holding AB. The sellers of the shares in HMB Construction AB are 69 employees of HMB Construction AB, and they will all continue as owners and employees after the transaction.

Presented below is an allocation of the purchase price based on the estimated opening balance sheet of HMB as at 2 January 2019. Allocation of the purchase price was prepared using the acquisition method as regulated in IFRS 3. The purchase price has been allocated at the fair value of the assets and liabilities of HMB.

Purchase price allocation HMB	SEK million
Cash consideration	286
Value of issued shares	99
Contingent consideration	44
Consideration 70% of the shares	430
Non-controlling interests (30% of assets and liabilities)	36
Gross consideration HMB Holding AB	465
Cash consideration 3.4% of the shares in HMB Construction AB	20
Other non-controlling interests in HMB Construction AB (4.5% of assets and liabilities)	6
Gross consideration	491
Property, plant and equipment and intangible assets	87
Financial assets	6
Cash and cash equivalents	79
Short-term non-interest-bearing receivables	191
Short-term interest-bearing receivables	29
Deferred tax and tax payables	-23
Current interest-bearing liabilities	-17
Trade payables and current non-interest-bearing liabilities	-222
Net identifiable assets and liabilities	129
Goodwill	362
Cash consideration 70% of the shares	286
Cash consideration 3.4% of the shares in HMB Construction AB	20
- Cash and Cash equivalents in HMB (100%)	-79
Net consideration included in net investments in the cash flow statement	228

The acquisition has resulted in goodwill of NOK 362 million, which is linked to the geographical market position and the organisation's ability to operate profitably. None of the goodwill will be tax deductible.

At the time acquisition, the non-controlling interests represented NOK 41 million and have been calculated as the non-controlling owners' share of the net fair value of identifiable assets and liabilities on the date of the acquisition. Goodwill is only recognised for the portion of the shares that AF acquired.

4. ACCOUNTING POLICIES

The accounting policies applied to the accounts are consistent with those described in the annual report for 2018 except for the policies relating to leases.

New and amended accounting standards

AF Gruppen has implemented IFRS 16 Leases from 1 January 2019 based on the modified retrospective method, which entails that the accumulated effect of the transition will be recognised in other reserves. The comparison figures will not be restated.

The new standard replaced IAS 17 Leases. In IFRS 16 the distinction made between operating and financial leases is eliminated, and practically all leases are to be recognised on the balance sheet of the lessee. Exceptions are only made for the leases with a duration of less than 12 months and leases where the underlying asset is of low value. It is optional for the lessee to make use of these exceptions. AF Gruppen has chosen not to recognise leases of a short duration on the balance sheet. These leases will still be accounted for in the same manner as before.

The present value of the future lease liability is recognised as an interest-bearing loan and the value of the lease (right of use) is to be recognised as a non-current asset. The balance sheet total is increased upon transition to the new standard, and the most important key figures, such as the equity ratio and net interest-bearing liabilities, will change accordingly.

The right of use recognised on the balance sheet will be amortised over the agreed term of the lease, and interest on the lease liability will be recognised as an interest expense. These income statement items will replace rental expenses, which were recognised under other operating expenses in accordance with IAS 17. This has led to an increase in the company's operating profit and EBITDA in comparison to the former standard. The cost recognition will be more degressive because the interest element will be higher at the start of the term of the lease.

Both instalments and interest on lease obligations recognised on the balance sheet are classified as financing activities in the cash flow statement. The introduction of IFRS 16 has a positive effect on cash flow from operations as lease payments were classified as a cash flow from operations in accordance with IAS 17, and as financing activities according to IFRS 16. The introduction of the standard has no impact on net cash flow, but provides an improved cash flow from operations of MNOK 296, and a corresponding negative effect on cash flow from financing activities for the full year 2019.

AF Gruppen has many operating leases that are recognised on the balance sheet upon the implementation of IFRS 16, primarily related to the leasing of office space, construction equipment and means of transport. In contracts containing options, an assessment has been made of whether the option is reasonably certain to be exercised for each individual contract.

At the time of implementation, the lease liability for all the contracts are calculated based on the discounted future cash flows. The right of use asset has been set at the same value for all the contracts with one exception. For this contract, the right of use has been calculated based on the original start date for the contract, with subsequent depreciation. The difference between the calculated lease liability and right of use for this contract is recognised in equity at the time of implementation. As at 1 January 2019, the Group has recognised a present value of future lease liabilities of NOK 888 million, a right of use of NOK 863 million, a deferred asset of NOK 5 million and an equity effect (after tax) of NOK 19 million. The liability has been calculated with a discount rate corresponding to the company's marginal borrowing rate. The weighted average interest rate used for discounting the lease obligation as at 1 January 2019, was 2.3% p.a.

Reconciliation of operational lease liabilities closing balance 31 December 2018 to opening balance as at 1 January 2019

NOK million	
Minimum lease payments as operating leases as at 31 December 2018	1,013
Short-term leases exempted from recognition	-51
Effect from discounting	-74
Liabilities recognised based on the initial application of IFRS 16 as at 1 January 2019	888
Liabilities from finance leases as at 31 December 2018	67
Liabilities from leases as of 1 January 2019	955

Effect on opening balance from implementing IFRS 16

NOK million	31/12/18	Effect of IFRS 16	1/1/19
Tangible fixed assets	1,356	863	2,219
Total assets	8,486	863	9,349
Total equity	2,124	-19	2,105
Non-current interest-bearing debt	91	651	742
Deferred tax	418	-5	412
Current interest-bearing debt	8	237	245
Total equity and liabilities	8,486	863	9,349
Equity ratio	25.0 %	n.a.	22.5 %
Gross interest-bearing debt	99	888	987

As at for the full year the implementation of the standard has resulted in a positive effect on EBITDA and the operating profit of NOK 296 million and NOK 16 million respectively. Earnings before tax and earnings after tax are affected negatively by respectively NOK 5 million and NOK 4 million by the standard. As at 31 December 2019 the balance sheet total has increased by NOK 910 million. Interest-bearing liabilities have increased by NOK 941 million and equity has been reduced by NOK 24 million. The increase in assets and liabilities from the previous quarter is mainly due to the inclusion of leases in Betonmast from Q4 2019.

Consolidated statement of income - effect of IFRS 16

NOK million	less IFRS 16	Effect of IFRS 16	4Q 19	less IFRS 16	Effect of IFRS 16	31/12/19
Operating expenses excl. depr. and impairment	-675	85	-590	-1,978	296	-1,682
EBITDA	504	85	589	1,586	296	1,882
Depr. and impairment of right of use assets	-5	-76	-81	-21	-280	-300
Earnings before financial items and tax (EBIT)	387	4	391	1,319	16	1,335
Net financial items	3	-6	-3	4	-21	-18
Earnings before tax (EBT)	389	-1	388	1,322	-5	1,317
Income tax expense	-101	-	-101	-291	1	-290
Net income for the period	288	-1	287	1,031	-4	1,027

Consolidated statement of financial position - effect of IFRS 16

NOK million	less IFRS 16	Effect of IFRS 16	31/12/19
Right of use assets	81	910	991
Total assets	11,944	910	12,854
Total equity	3,023	-24	2,999
Non-current interest-bearing debt - lease liability	63	642	704
Deferred tax	446	-7	440
Current interest-bearing debt - lease liability	11	299	310
Total equity and liabilities	11,944	910	12,854
Equity ratio	25.3 %		23.3 %
Gross interest-bearing debt	243	941	1,184

5. ESTIMATES

The preparation of the interim accounts requires the use of assessments, estimates and assumptions that have an effect on the application of accounting principles and recognised figures related to assets and commitments, revenues and costs. The estimates are based on the management's best judgement and experience, and there is some uncertainty related to the concurrence of these estimates with the actual result. Estimates and their underlying assumptions are assessed on a continuous basis. Changes in accounting estimates are recognised for the period in which the estimate is changed and for future periods if these are affected by the change in estimate.

6. TRANSACTIONS WITH RELATED PARTIES

The Group's related parties consist of associates, joint arrangements, the Company's shareholders, members of the Board of Directors and Corporate Management Team. All business transactions with related parties are carried out in accordance with the arm's length principle.

In connection with the purchase of Betonmast (see Note 3 - Changes in the Group's structure), there was a private placement on 28 October 2019, directed at the four largest shareholders in AF Gruppen: OBOS BBL, ØMF Holding AS, Constructio AS and Folketrygdfondet. The issue was worth NOK 400 million and consisted of 2,284,409 shares with a par value of NOK 0.05 at a subscription price of NOK 175.10. To ensure equal treatment of the company's shareholders, the board will propose that all other shareholders are given the opportunity to subscribe to a proportionately equal number of shares to those who subscribed to the private placement. An extraordinary general meeting was held on 19 November 2019, where the board of directors recommended a repair issue of up to 1,925,044 new shares. The repair issue was approved at the same subscription price as the private placement, NOK 175.10 per share. A total of 490,170 shares was subscribed for in the repair issue.

7. DEVIANT APPLICATION OF PRINCIPLES IN THE SEGMENT ACCOUNTS

The segment information is presented in accordance with the Group's accounting policies in accordance with IFRS with the exception of the principles for revenue recognition for residential property development in accordance with IFRS 15. This policy exception applies to the Building and Property segments and Sweden. Revenue from projects for own account in these segments is not recognised upon handover as regulated in IFRS 15, but in accordance with the percentage of completion method. This means that revenue and cost for these projects is recognized in proportion with the stage of completion and the sales ratio for the project. The effect of this on the consolidated accounts is illustrated in a separate table in the segment information.

The effect for the year of the deviant application of principles in the segment accounts with respect to earnings before tax is NOK -8 million (-6 million) for the 4th quarter 2019 and NOK 46 million (-42 million) for the full year. The effect on equity was NOK -93 million (-123 million), and the accumulated reversed revenues were NOK 363 million (378 million) as at 31 December 2019.

The table below shows residential housing projects for our own account that are in the production phase. Contractor values have been included in those cases where group companies are the contractor.

Property projects for own account	AF's construction value ¹⁾	Number of housing units			Construction period		Ownership share
		Total number	Hereof transferred in 2019	Hereof complete d unsold	Start up	Completion	AF
Thurmannskogen H/J/K, Lørenskog	139	75	74	-	Q2 2017	Q1 2019	33%
Thurmannskogen H/J/K, Lørenskog	67	11	-	-	Q2 2018	Q2/Q4 2019	33%
Lillo Gård Haugen, Nydalen	563	174	151	20	Q1 2017	Q2/Q3 2019	25%
Lillo Gård Lunden A/B/C/D, Nydalen	630	107	106	-	Q1 2017	Q1/Q2/Q3 2019	25%
Krydderhagen D1/D2/D3/D4, Hasle	355	143	128	12	Q2 2017	Q2 2019	50%
Total completed in 2019	1,754	510	459	32			
Lillo Gård Lunden E/F/G, Nydalen	600	135	-	-	Q1 2017	Q3/Q4 2020	25%
Nye Kilen Brygge A1/A2 og C1/C2, Sandefjord	224	100	-	-	Q1 2018	Q1 2020	50%
Nye Kilen Brygge 4B/4C3, Sandefjord	69	35	-	-	Q2 2019	Q3 2020	50%
Skiparviken, Bergen	324	129	-	-	Q2 2018	Q2 2021	50%
Lilleby Triangel Byggetrinn 1, Trondheim	-	97	-	-	Q1 2019	Q2 2020	33%
Lilleby Triangel Byggetrinn 2, Trondheim	-	29	-	-	Q1 2020	Q2 2021	33%
Lilleby Triangel Byggetrinn 3, Trondheim	-	21	-	-	Q1 2021	Q2 2022	33%
Bo på Billingstad, Asker	-	88	-	-	Q2 2019	Q1 2021	33%
Total in production - Property segment	1,217	634	-	-			
Stronde Byggetrinn I, Hardanger	140	34	-	-	Q4 2018	Q2 2020	49%
Total in production - Building segment	140	34	-	-			

¹⁾ NOK million excl. VAT

8. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date that would have had substantial effect on the financial information.

ALTERNATIVE PERFORMANCE MEASURES

AF Gruppen presents alternative performance targets as a supplement to performance targets that are regulated by IFRS. The alternative performance targets are presented to provide better insight into and understanding of the operations, financial standing and foundation for development going forward. AF Gruppen uses alternative performance targets that are commonly used in the industry and among analysts and investors.

Return on capital employed (ROaCE):

This performance target provides useful information to both AF's management and Board of Directors, as well as to investors concerning the results that have been achieved during the period under analysis. AF uses the performance target to measure the return on capital employed, regardless of whether the financing is through equity capital or debt. Use of the performance target should not be considered an alternative to performance targets calculated in accordance with IFRS, but as a supplement.

The alternative performance targets are defined as follows:

EBITDA – Earnings before i) taxes, ii) net financial items, iii) depreciation and amortisation.

Operating profit (EBIT) – Earnings before i) taxes, ii) net financial items.

EBITDA margin – EBITDA divided by operating revenue and other revenues.

Operating margin – Operating profit (EBIT) divided by operating revenue and other revenues.

Profit margin – Earnings before tax divided by operating revenue and other revenues.

Gross interest-bearing liabilities – Sum total of long-term interest-bearing loans and credits and short-term interest-bearing loans and credits.

Net interest-bearing liabilities (receivables) – Gross interest-bearing liabilities less i) long-term interest-bearing receivables, ii) short-term interest-bearing receivables and iii) cash and cash equivalents.

Capital employed – Sum total of shareholders' equity and gross interest-bearing liabilities.

Average capital employed – Average capital employed in the last four quarters.

Return on capital employed (ROaCE) – Earnings before taxes and interest divided by the average capital employed.

Equity ratio – Shareholders' equity divided by total equity and liabilities.

Average shareholders' equity – Average shareholders' equity in the last four quarters.

Return on equity – Earnings divided by average shareholders' equity.

Order backlog – Remaining estimated value of contracts, contract changes and orders that have been agreed upon, but have not been earned by the reporting date.

The table below shows the reconciliation of alternative performance targets with line items in the reported financial figures in accordance with IFRS.

NOK million	31.12.19	31.12.18
GROSS INTEREST-BEARING LIABILITIES / NET INTEREST-BEARING LIABILITIES		
Non-current interest-bearing debt	166	29
Non-current interest-bearing debt - lease liability	704	62
Current interest-bearing debt	4	3
Current interest-bearing debt - lease liability	310	5
Gross interest-bearing liabilities	1,184	99
Less:		
Interest-bearing receivables – long-term	358	305
Interest-bearing receivables – short-term	100	32
Cash and cash equivalents	563	656
Net interest-bearing liabilities (receivables)	163	-894

NOK million	2019	2018
CAPITAL EMPLOYED		
Shareholders' equity	2,999	2,124
Gross interest-bearing liabilities	1,184	99
Capital employed	4,183	2,223
AVERAGE CAPITAL EMPLOYED	-	-
Capital employed as at 1st quarter	3,320	2,240
Capital employed as at 2nd quarter	3,426	1,908
Capital employed as at 3rd quarter	3,482	2,162
Capital employed as at 4th quarter	4,183	2,223
Average capital employed	3,603	2,133

RETURN ON CAPITAL EMPLOYED		
Earnings before tax	1,317	1,136
Interest expenses	58	14
Earnings before tax and interest expense	1,375	1,150
Divided by:		
Average capital employed	3,603	2,133
Return on capital employed	38.2 %	53.9 %

EQUITY RATIO		
Shareholders' equity	2,999	2,124
Divided by:	-	-
Total equity and liabilities	12,854	8,486
Equity ratio	23.3 %	25.0 %

AVERAGE SHAREHOLDERS' EQUITY		
Shareholder's equity as at 1st quarter 2018	-	2,127
Shareholder's equity as at 2nd quarter 2018	-	1,803
Shareholder's equity as at 3rd quarter 2018	-	2,056
Shareholder's equity as at 4th quarter 2018	-	2,124
Shareholder's equity as at 1st quarter 2019	2,312	-
Shareholder's equity as at 2nd quarter 2019	1,856	-
Shareholder's equity as at 3rd quarter 2019	2,232	-
Shareholder's equity as at 4th quarter 2019	2,999	-
Average shareholders' equity	2,350	2,027

RETURN ON EQUITY		
Result for the last four quarters	1,027	921
Divided by:	-	-
Average equity	2,350	2,027
Return on equity	43.7 %	45.4 %

COMPANY INFORMATION

AF Gruppen ASA

Head office:

Innspurten 15
0603 Oslo
T +47 22 89 11 00
F +47 22 89 11 01

Postal address:

Postboks 6272 Etterstad
0603 Oslo
Norway

Company's Board of Directors

Pål Egil Rønn, Board Chairman
Arne Baumann
Borghild Lunde
Hege Bømark
Kristian Holth
Kristina Alvendal
Kjetel Digre
Kenneth Svendsen
Hilde W. Flaen
Arne Sveen

Corporate Management

Morten Grongstad, CEO
Sverre Hærem, CFO
Arild Moe, EVP Civil Engineering
Ida Aall Gram, EVP Property, HR and Communications
Amund Tøftum, EVP Offshore and Building Norway (part-owned companies)
Eirik Wraal, EVP Energy and Environment
Bård Frydenlund, EVP Sweden
Geir Flåta, EVP Building Norway (wholly owned companies)

Financial calendar

Presentation of interim accounts:

14.02.2020 Interim report 4th quarter 2019
15.05.2020 Interim report 1st quarter 2020
21.08.2020 Interim report 2nd quarter / first half of 2020
13.11.2020 Interim report 3rd quarter 2020

The presentation of interim accounts will take place at Hotel Continental, Stortingsgata 24-26, at 8:30 a.m.

For more information on the company, visit our web site at afgruppen.com

Cover: Fyri Tunet, Hemsedal
Photo/Illustration: AB Invest / 3DEstate

OPERATIONAL STRUCTURE



Civil Engineering

AF Anlegg
JR Anlegg
Målselv Maskin & Transport

Building

AF Byggfornyelse
AF Bygg Oslo
AF Bygg Østfold
AF Nybygg
LAB
LAB Entreprenør
FAS
Åsane Byggmester forretning
HTB
AF Håndverk
Kirkestuen
Lasse Holst
Thorendahl
VD Vindu og Dør montasje
Oslo Stillasutleie
Storo Blikk
Oslo Prosjektbygg
EIQON
EIQON Anlegg
EIQON Betongbygg
EIQON Nybygg
Strøm Gundersen
Strøm Gundersen
Strøm Gundersen Vestfold
Consolvo
Haga & Berg

Betonmast

Betonmast Boligbygg
Betonmast Oslo
Betonmast Bergen
Betonmast Trøndelag
Betonmast Romerike
Betonmast Røsand
Betonmast Telemark
Betonmast Østfold
Betonmast Innlandet
Betonmast Buskerud/Vestfold
Betonmast Göteborg
Betonmast Mälardalen
Betonmast Malmö
Betonmast Stockholm
Betonmast Anläggning
Betonmast Eiendom

Property

AF Eiendom
LAB Eiendom

Energy and Environment

AF Energi & Miljøteknikk
AF Energija Baltic UAB
Boligenergi
AF Decom
Jølsen Miljøpark
Rimol Miljøpark
Nes Miljøpark

Sweden

Kanonaden
Kanonaden Entreprenad
Kanonaden Mälardalen
Bergbolaget i Götaland
Pålplintar
AF Bygg Göteborg
AF Bygg Syd
HMB
AF
Prosjektutveckling
AF Härnösand Byggreturer

Offshore

AF Offshore Decom
AF Offshore Decom UK Ltd.
AF Miljøbase Vats
AF AeronMollier