



May 15th 2020

Q1 2020
AF Gruppen ASA

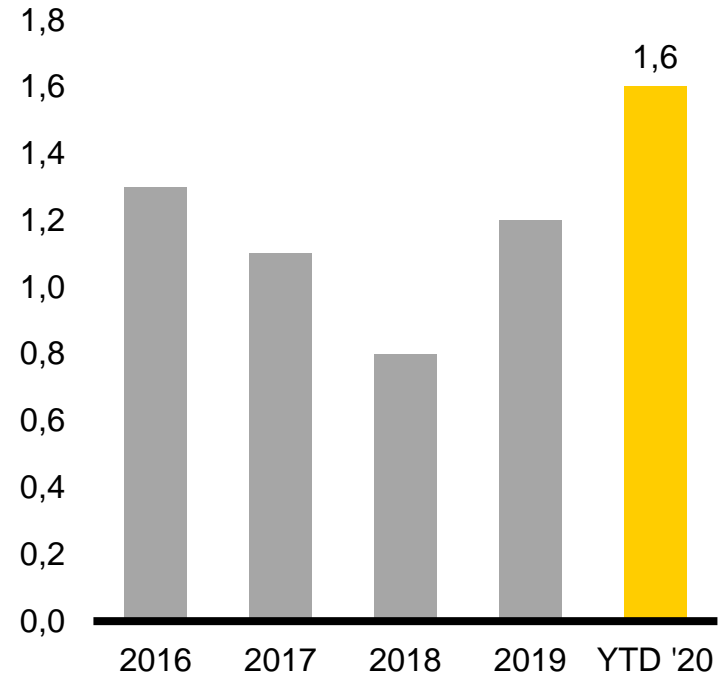
Highlights

27 per cent growth and record-high order backlog

- Revenue: NOK 6,607 million (5,214) in Q1
- Earnings before tax: NOK 206 million (226) in Q1
- Profit margin: 3.1 % (4.3 %) in Q1
- Cash flow from operations: NOK 499 million (257) in Q1
- Record high order backlog: NOK 32,492 million (23,679) as of 31 March 2020
- Net interest-bearing receivables of NOK 52 million (-189) as of 31 March 2020
- The Board of Directors has proposed a dividend for payment of NOK 6.00 (5.00) for the first half of 2020

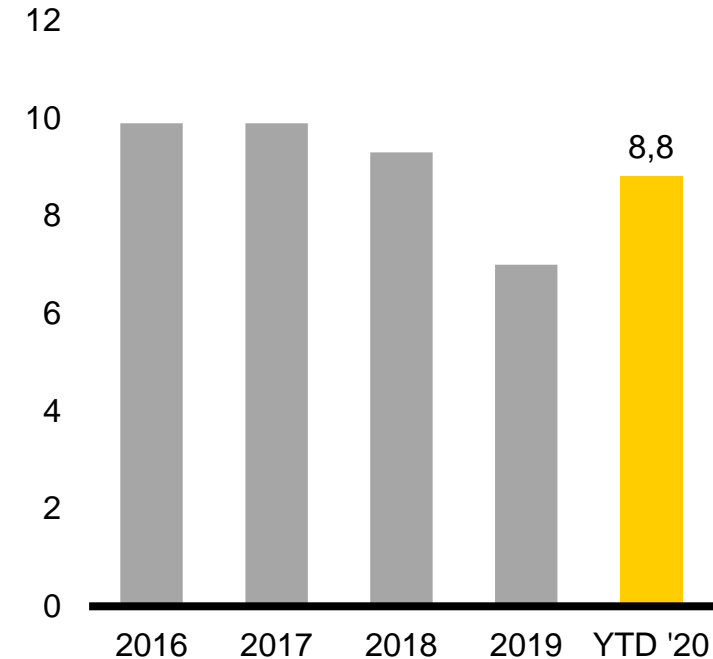
Safety

Lost-time injury frequency (LTIF)



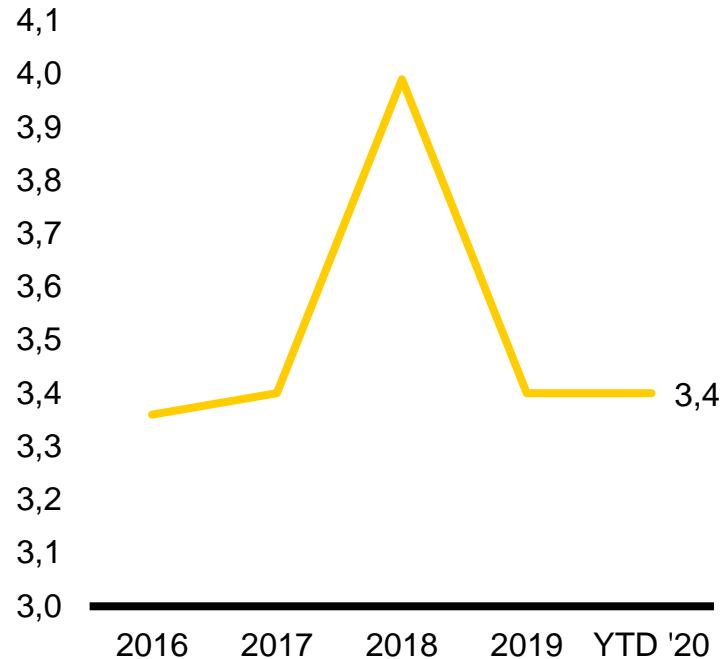
Number of lost-time injuries and severe personnel injuries not resulting in lost-time per million hours worked

Total recordable injury frequency (TRIF)



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

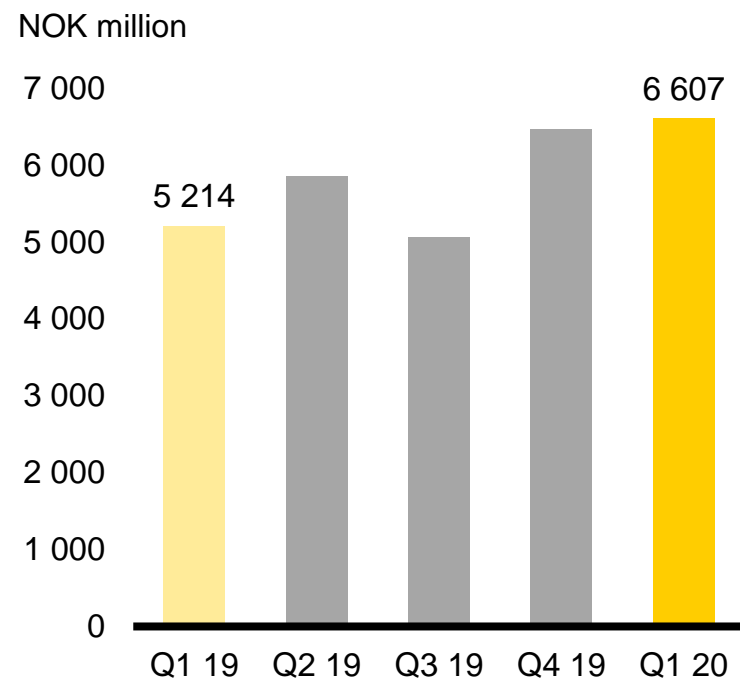
Reported unwanted incident frequency (RUIF)



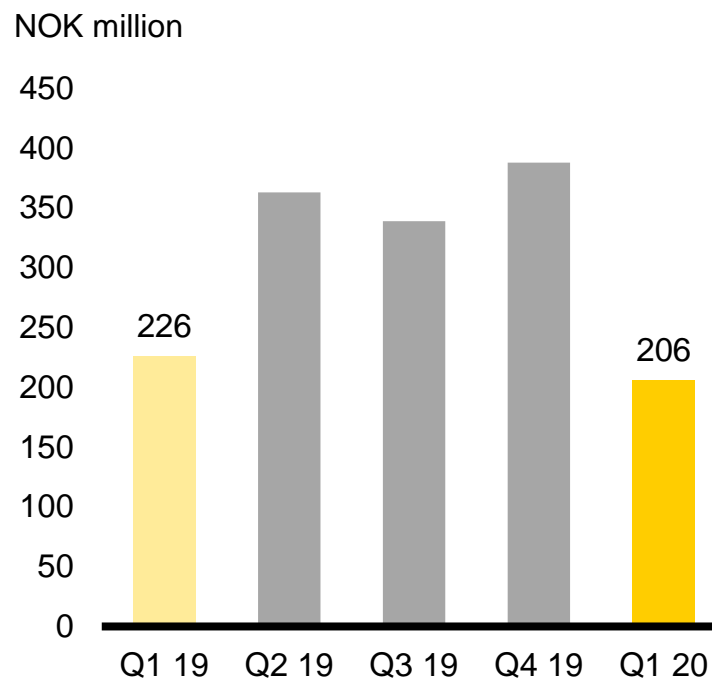
Number of reported unwanted incidents per man-year

Revenues and earnings – quarterly

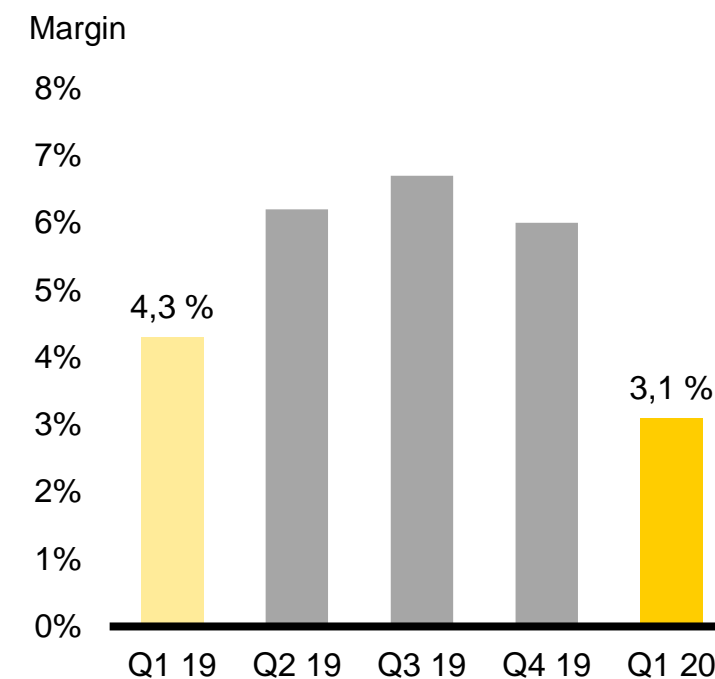
Revenues



Earnings before tax

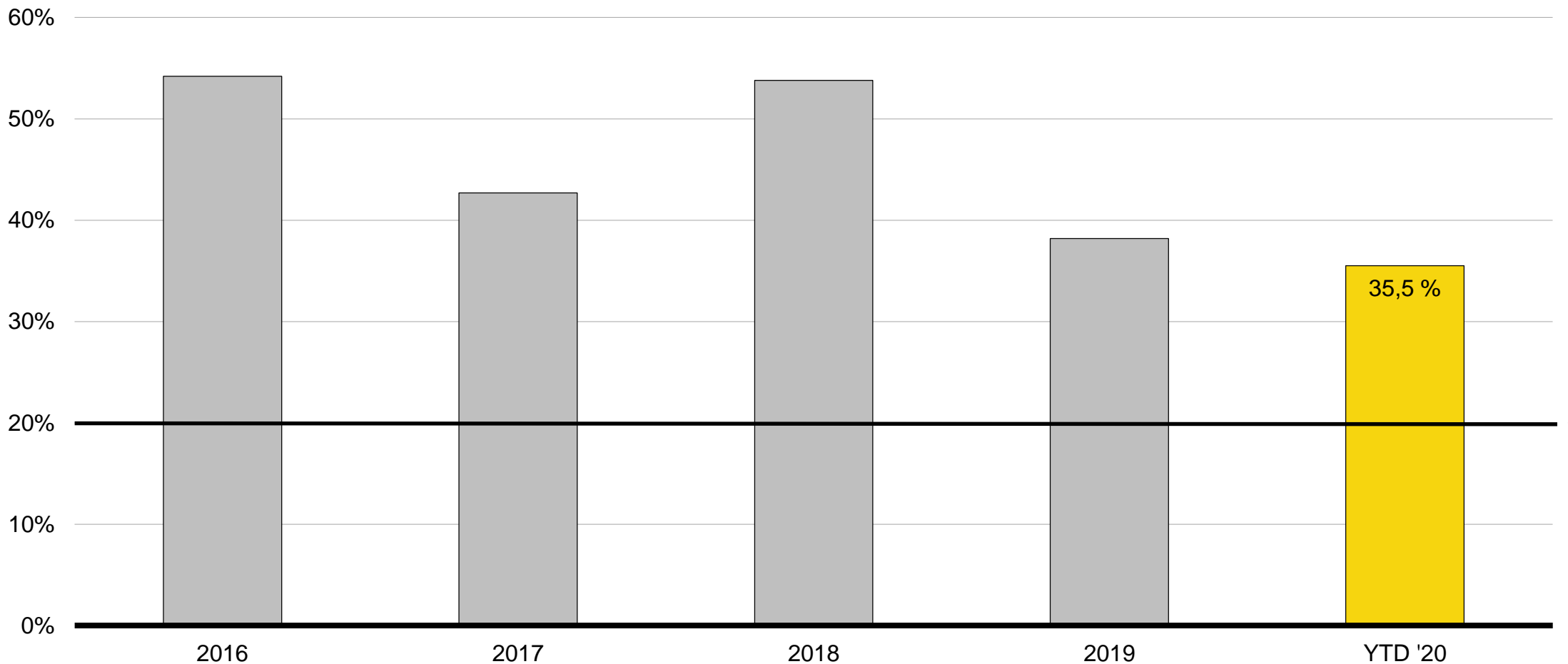


Profit margin



Return on capital employed

Rolling average last four quarters

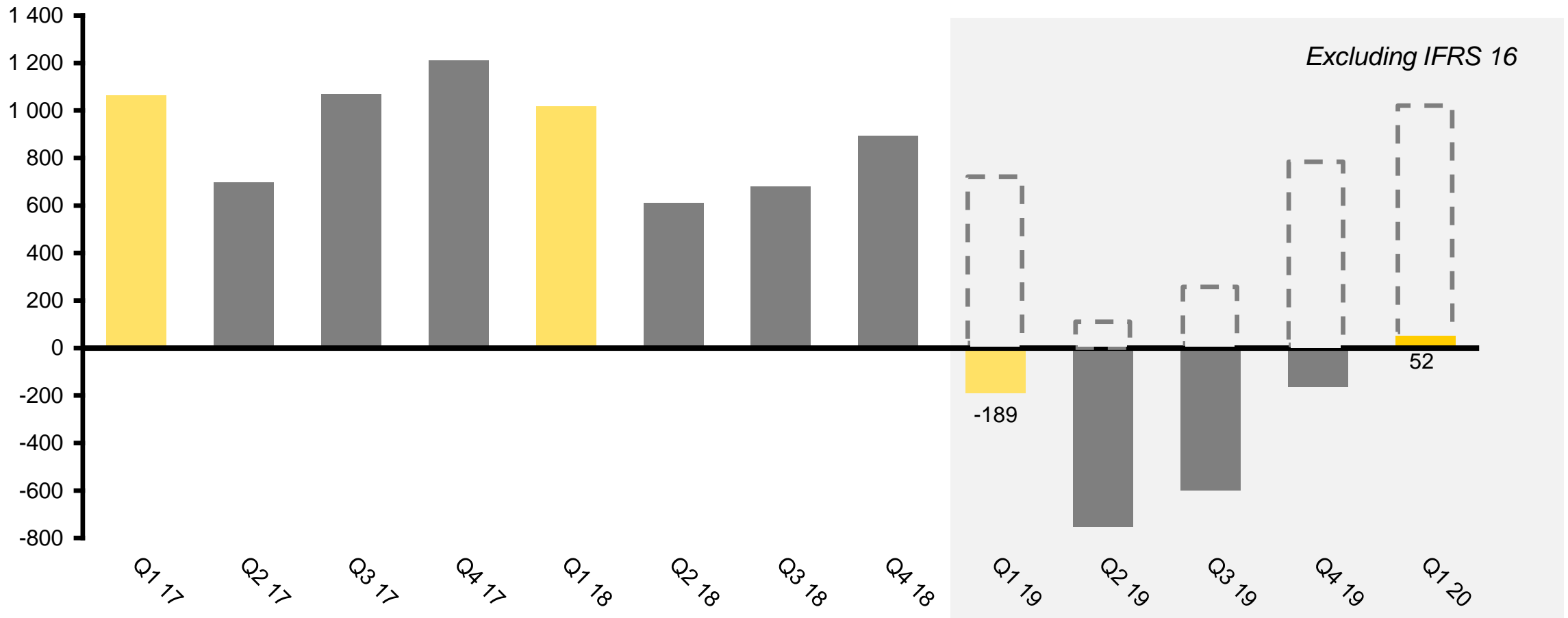


Cash flow statement

NOK million	Q1 2020	Q1 2019	2019
EBIT	213	232	1,335
Depreciations, amortization and impairment	132	110	547
Change in net working capital	211	-36	12
Other adjustments / taxes paid	-57	-48	-386
Cash flow from operations	499	257	1,508
Net investments	-97	-388	-838
Cash flow from capital activities	-152	-87	-536
Interest paid and change in interest bearing debt	-69	-34	-221
Net change in cash and cash equivalents	182	-252	-88
Net cash and cash equivalents at beginning of period	563	656	656
Change in cash and cash equivalents without cash effect	20	2	-5
Net cash and cash equivalents end of period	764	405	563

Net interest-bearing receivables

NOK million



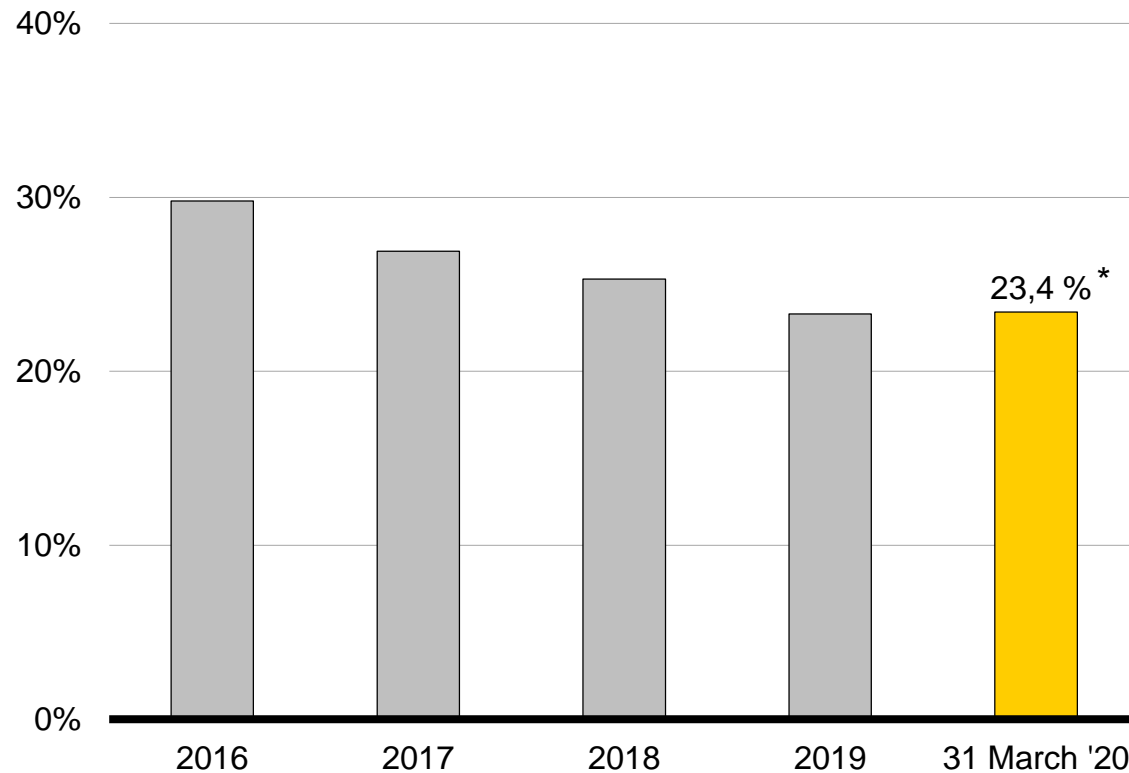
All the company's covenants exclude the effect of IFRS 16

The implementation of IFRS 16 from January 1st 2019 led to an increase of interest-bearing debt. As of 31 March 2020, the effect was NOK 948 million

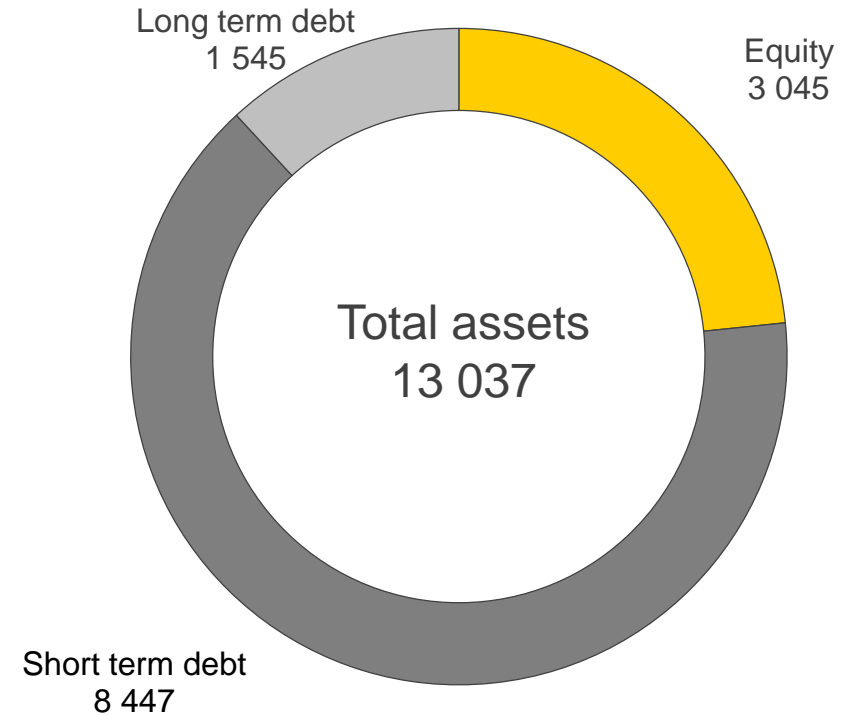
Balance sheet

NOK million	31.03.2020	31.03.2019	31.12.2018
Non-current assets	7,877	5,741	7,718
Current assets, ex. cash	4,397	4,228	4,573
Cash and cash equivalents	764	405	563
Total assets	13,037	10,374	12,854
Equity	3,045	2,312	2,999
Long term debt	1,545	1,404	1,423
Short term debt	8,447	6,658	8,432
Total equity and debt	13,037	10,374	12,854

Equity ratio

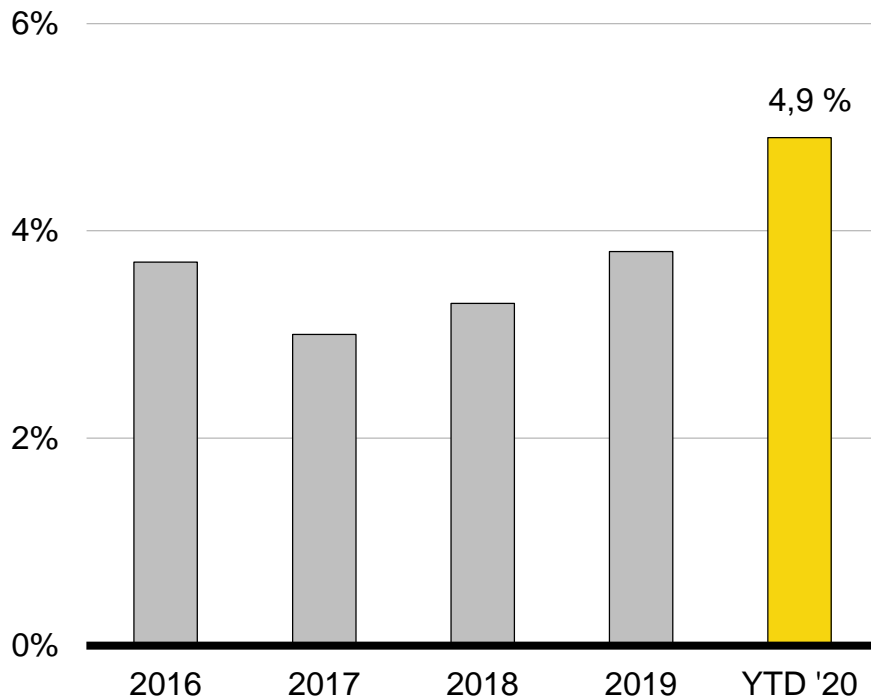


* Equity ratio excluding the effect of IFRS 16 would be 25,3 % at 31 March 2020
All the company's covenants exclude the effect of IFRS 16

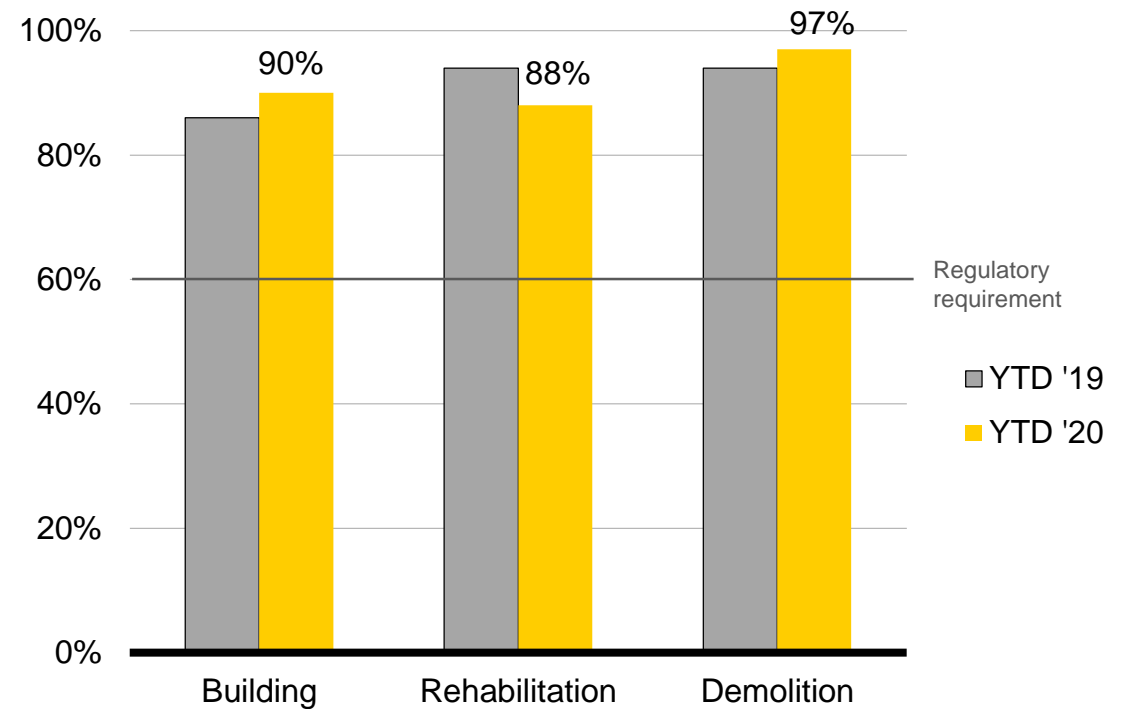


Health and environment

Sick leave



Source separation rate



A total of 103,336 (48,975) tonnes of waste have been sorted in Q1 2020

Q1 2020

Business areas

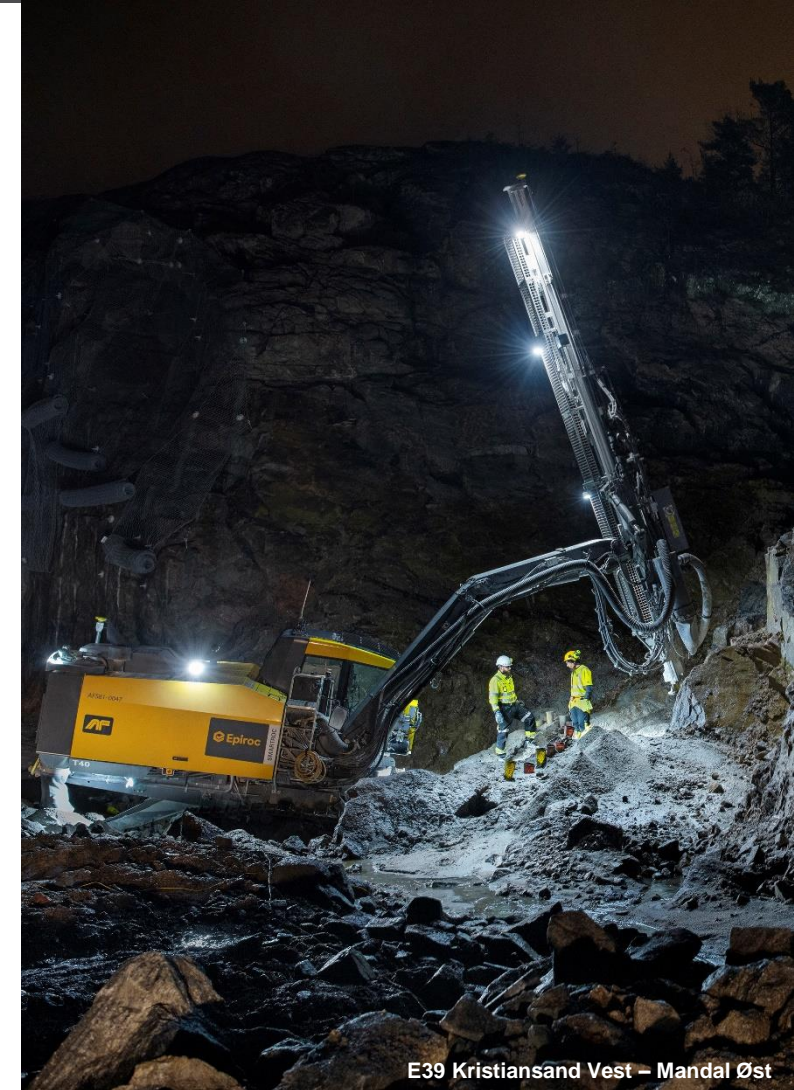


AF GRUPPEN

Strong margins

NOK million	Q1 2020	Q1 2019	2019
Revenues	908	1,657	5,787
EBIT	64	71	373
EBT	68	74	376
EBIT %	7.1 %	4.3 %	6.5 %
EBT %	7.5 %	4.4 %	6.5 %

- Outbreak of COVID-19 had limited impact on production for the quarter
- AF Anlegg with lower level of activity compared to the same quarter last year. However, several projects in the final phase contributed to strong margins for the quarter
- Målselv Maskin & Transport has a high level of activity and continues to deliver strong results
- Order backlog: NOK 8,631 million (6,628)



Stable revenues and good profitability

NOK million	Q1 2020	Q1 2019	2019
Revenues	2,507	2,508	10,581
EBIT	115	128	656
EBT	116	132	667
EBIT %	4.6 %	5.1 %	6.2 %
EBT %	4.6 %	5.3 %	6.3 %

- AF Bygg Oslo and Haga & Berg delivered very good results
- LAB and Åsane Byggmesterforretning in Bergen reported good results for the quarter
- AF Byggfornyelse, Consolvo and Eiqon delivered results below expectation for the 1st quarter. This is explained by varying profitability in the project portfolios
- Several new contracts were signed in the quarter. Some units experience that projects are postponed due to the outbreak of COVID-19
- Order backlog: NOK 10,228 million (11,300)



Results somewhat below our expectation

NOK million	Q1 2020	Q1 2019	2019*
Revenues	1,823	-	1,226
EBIT	44	-	49
EBT	46	-	46
EBIT %	2.4 %	-	4.0 %
EBT %	2.5 %	-	3.8 %

*Numbers for 2019 is for the period after 31.10.2019, when Betonmast was included as part of AF Gruppen

- Large variation in the results from the different units
- Betonmast Romerike excelled with strong results, while Betonmast Bergen, Betonmast Boligbygg and Betonmast Ringerike reported weak results
- Effort is being made to determine how Betonmast and AF Gruppen best can exploit each other's expertise, improve safety work and increase the creation of value
- Several new contracts were signed in the 1st quarter
- Order backlog: NOK 8,057 million



Illustration: Kran Bergen

Low results in the quarter

NOK million	Q1 2020	Q1 2019	2019
Revenues	6	3	18
EBIT	4	37	107
EBT	3	35	100
Capital employed	906	948	785

- 80 (162) residential units sold in 1st quarter, of which AF's share is 28 (55). Sale of residential units has slowed down in March due to the outbreak of COVID-19
- There are five residential property projects with a total of 612 apartments under construction (AF's share is 206). The sales ratio for residential units under construction is 86 per cent at the end of the 1st quarter.
- There were a total of 19 (1) unsold completed apartments at the end of the 1st quarter
- The Atea Building at Hasle was completed during the quarter and is in use. At the end of the quarter, 95 per cent of the building was rented out

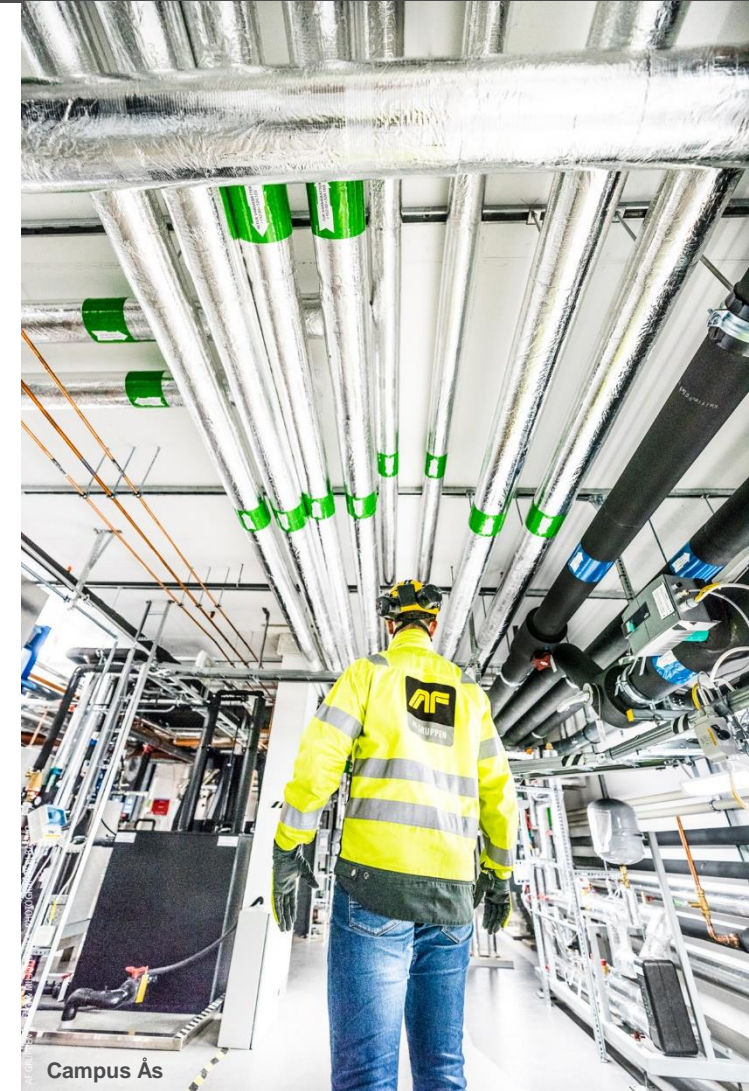


Illustration: Rolvsrud, Lørenskog

Revenue increase, but reduced profitability

NOK million	Q1 2020	Q1 2019	2019
Revenues	224	217	1,072
EBIT	2	9	78
EBT	6	7	75
EBIT %	0.8 %	4.0 %	7.3 %
EBT %	2.8 %	3.2 %	7.0 %

- AF Energi & Miljøteknikk reported results below expectation for the quarter. This is primarily attributed to provisions for losses related to a pending dispute
- AF Decom saw a solid start for the year. The unit delivered good results for the quarter, for both demolition and recycling at AF's environmental centres
- Order backlog: NOK 533 million (650)



Revenue growth and stable margins

NOK million	Q1 2020	Q1 2019	2019
Revenues	1,035	838	3,683
EBIT	42	33	149
EBT	41	32	146
EBIT %	4.0 %	3.9 %	4.0 %
EBT %	3.9 %	3.8 %	4.0 %

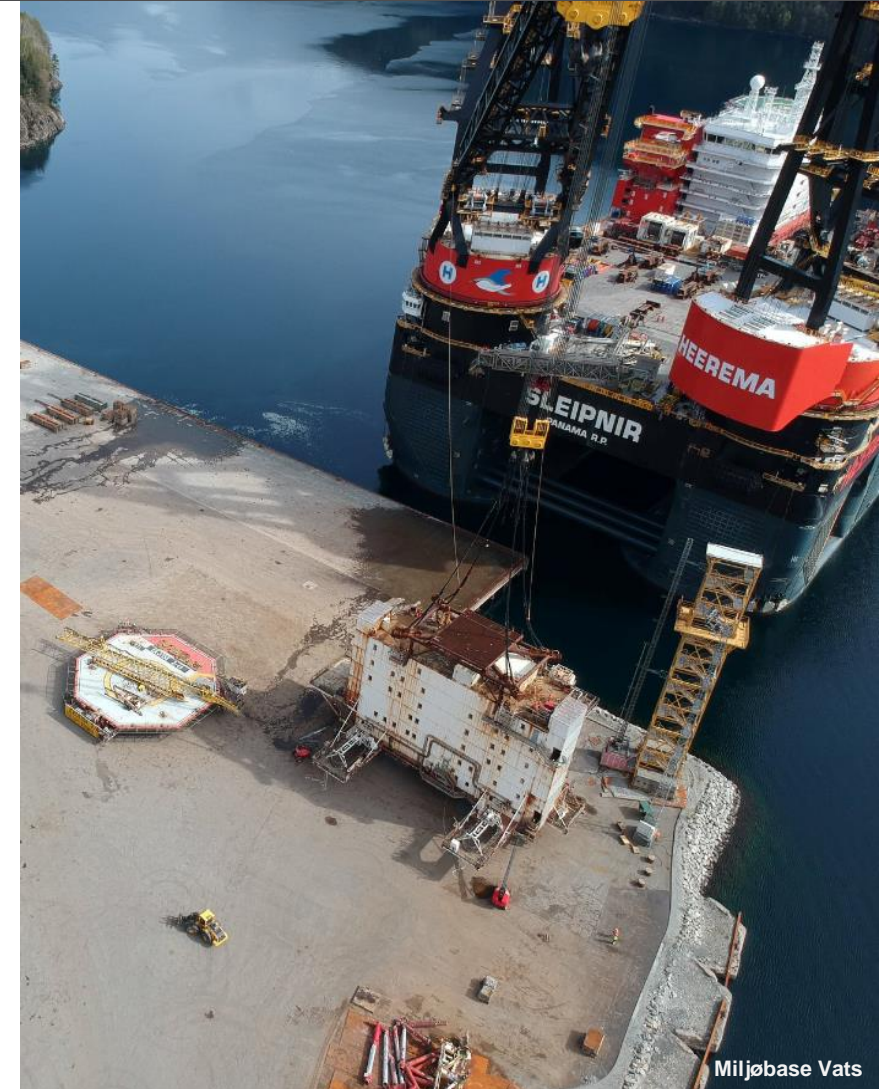
- Revenue growth of 23 per cent compared with the same quarter last year, which is primarily related to revenue growth in Kanonaden and HMB
- Results for the building units, AF Bygg Göteborg, AF Bygg Syd and HMB were somewhat below expectation for the quarter. Our demolition actor, AF Härnösand Byggreturer reported good results
- In the civil engineering market, Kanonaden delivers strong revenue growth and good results. Discontinuation of the foundation business in Pålplintar is still ongoing
- AF Projektveckling has a number of projects in the development phase
- Order backlog: NOK 3,056 million (3,056)



Low activity level and weak results

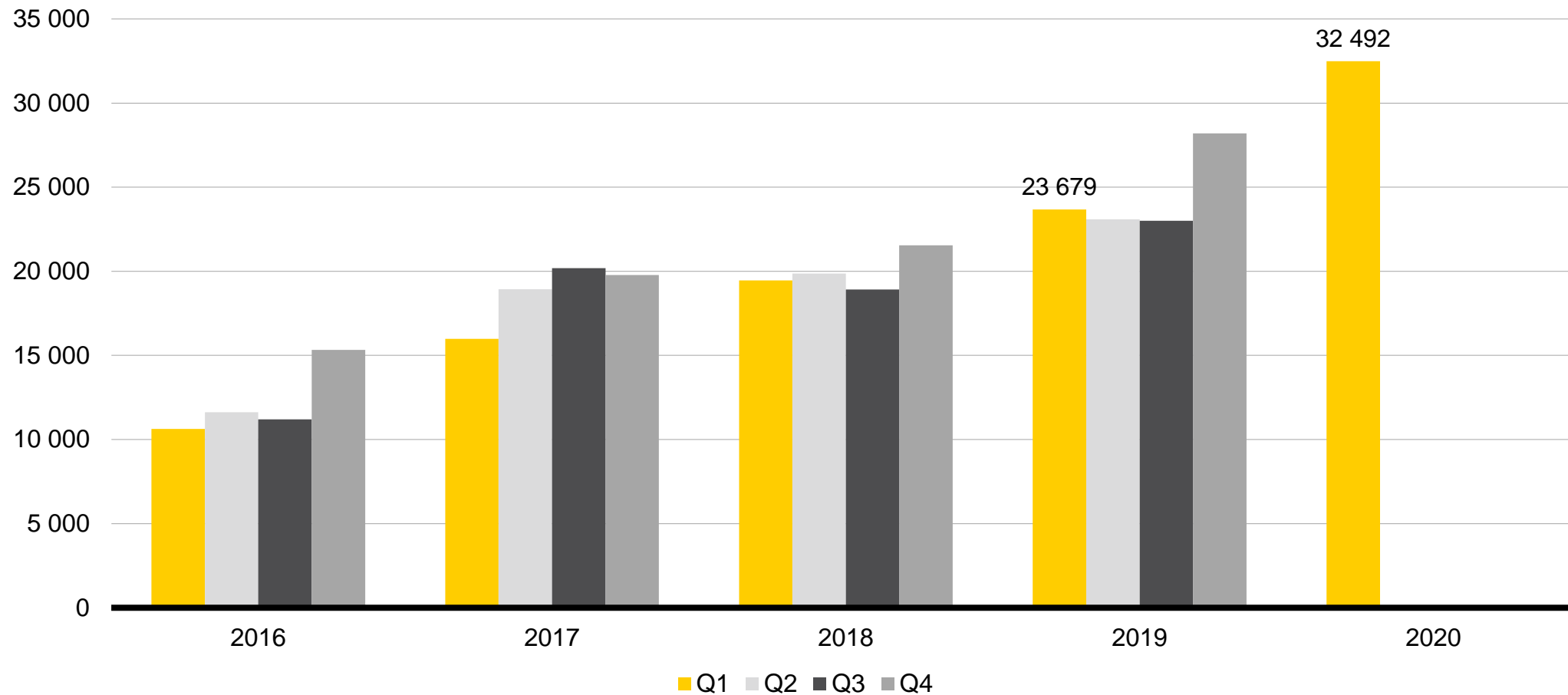
NOK million	Q1 2020	Q1 2019	2019
Revenues	128	123	679
EBIT	-52	-8	-83
EBT	-55	-12	-94
EBIT %	-40.9 %	-6.8 %	-12.2 %
EBT %	-43.3 %	-9.7 %	-13.9 %

- The outbreak of COVID-19 and the drop in oil prices have contributed to very challenging marked conditions for our offshore business
- AF Offshore Decom reported a low level of activity, and the unit delivered weak results for the quarter. The production standstill at Vats, weak project results and a negative foreign exchange derivative effect of NOK -15 million weighed heavily on the profitability for the quarter
- AF AeronMollier reported a higher level of activity than for the same quarter last year, and delivered positive results
- Order backlog: NOK 1,385 million (1,486)

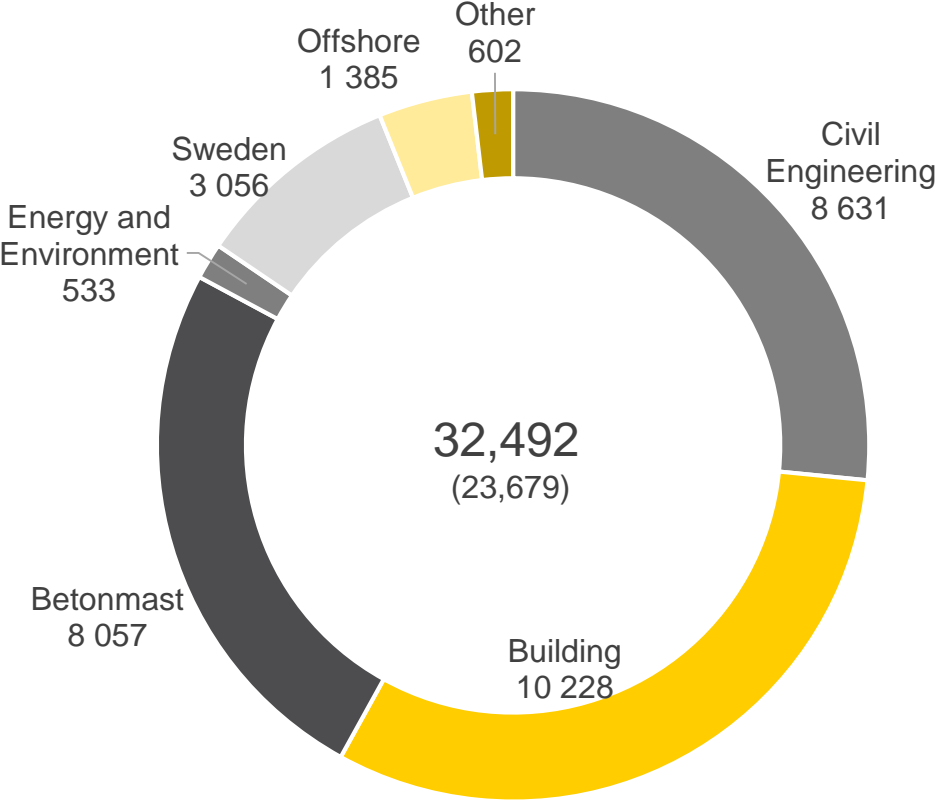
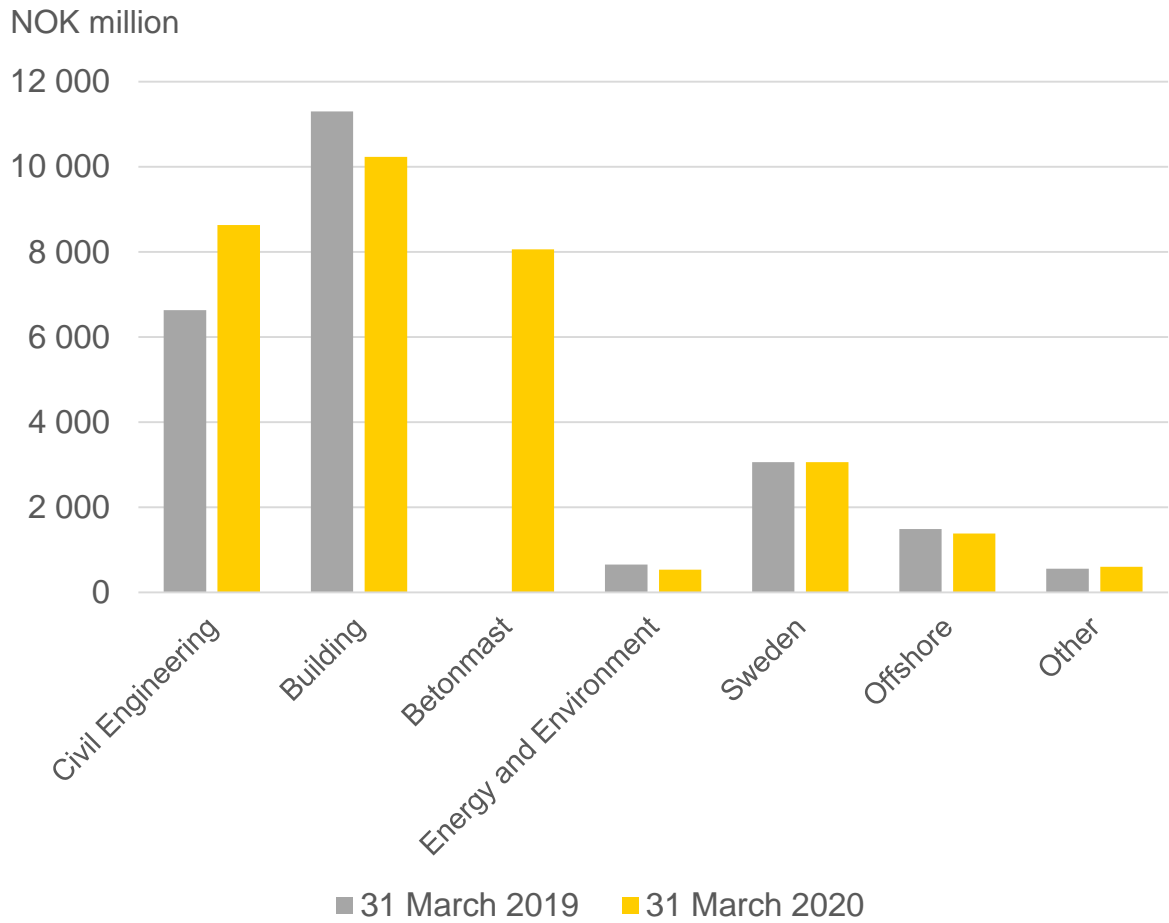


A record high order backlog

NOK million

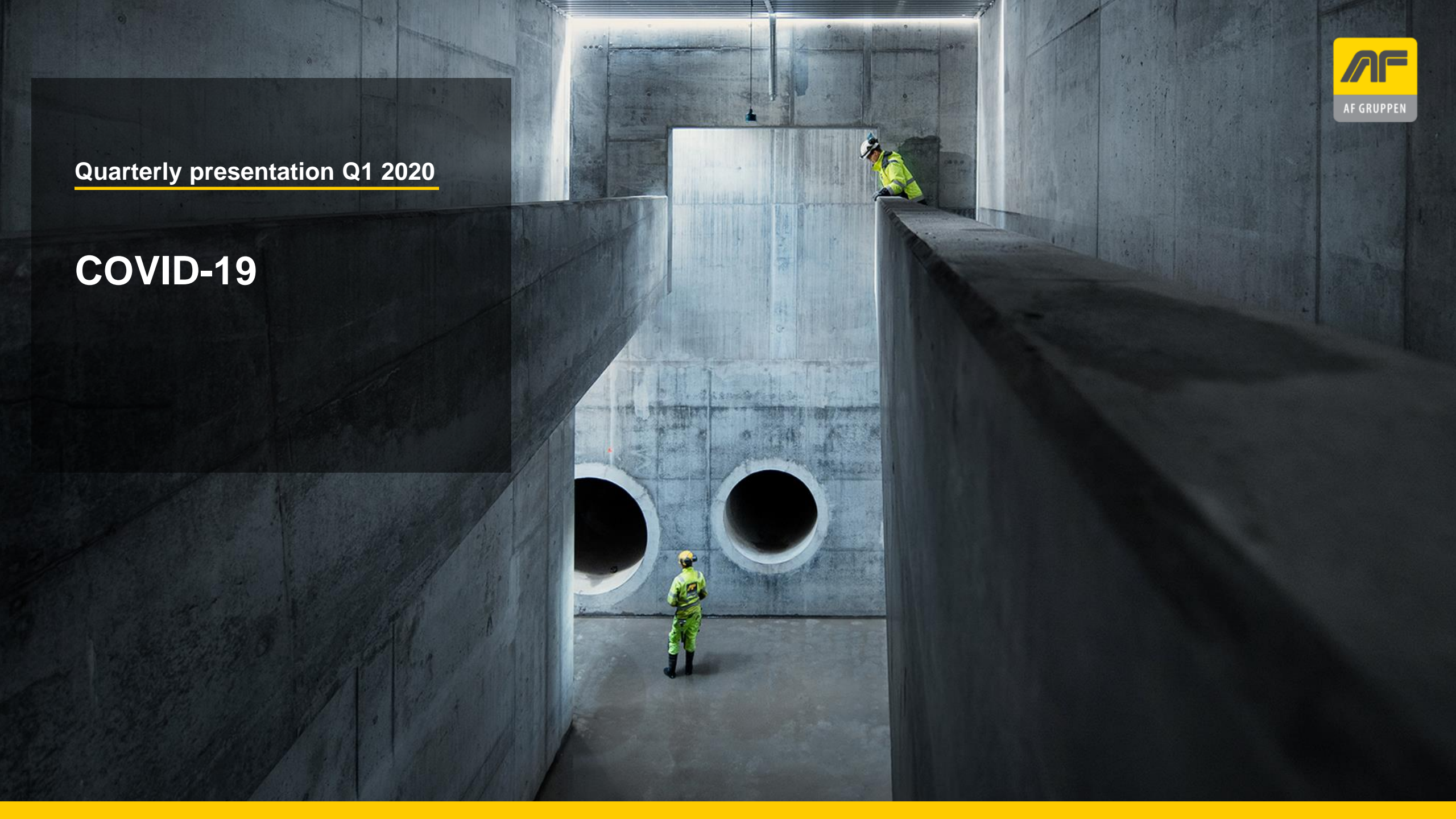


Order backlog per business area



Quarterly presentation Q1 2020

COVID-19



CONTINGENCY PLANNING

AF Gruppen increases its preparedness in connection with COVID-19



26. feb

PREVENTIVE MEASURES

Tightening of infection control procedures



2. mar

CRISIS TEAM NORWAY

Crisis team established in Norway after tightening of regulatory requirements



12. mar

CRISIS TEAM SWEDEN

Crisis team established in Sweden



13. mar

REPORTING

Proprietary reporting solution for impact of COVID-19 in projects



19. mar

MONITORING

Internal corona council replaces crisis team and monitors the situation continuously.

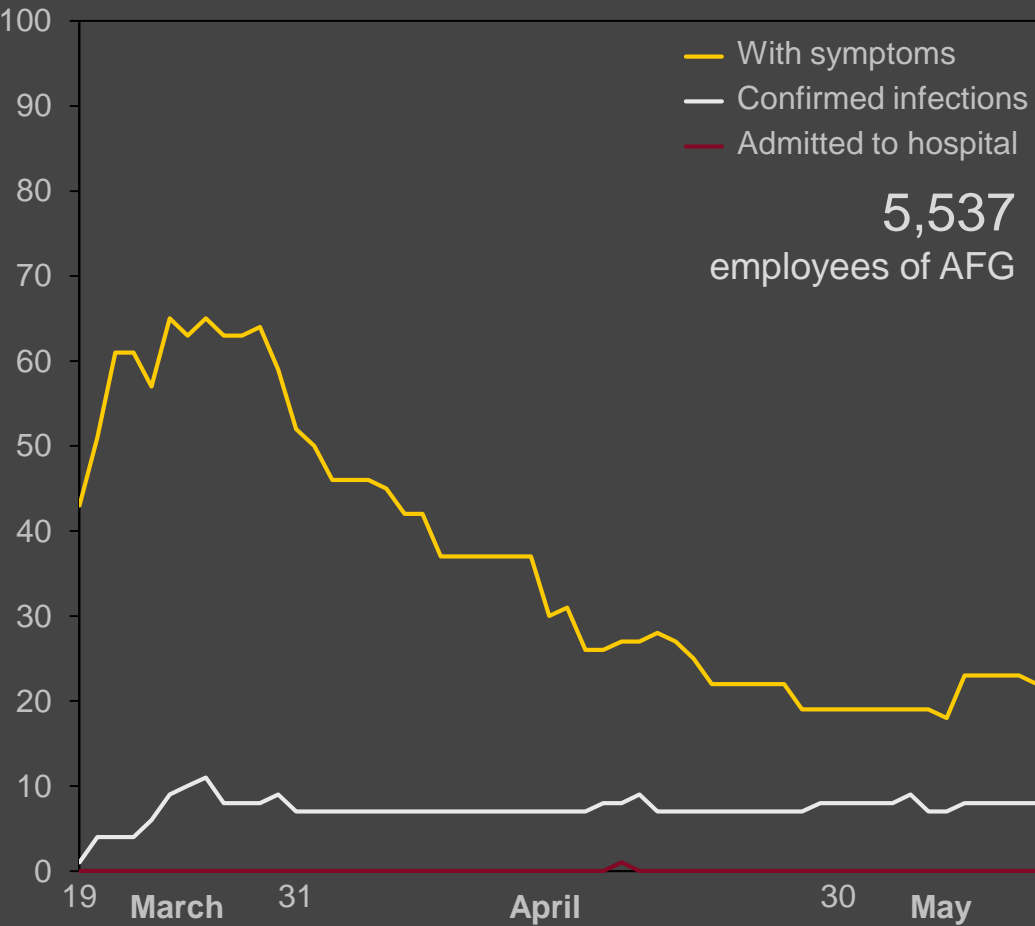


3. apr

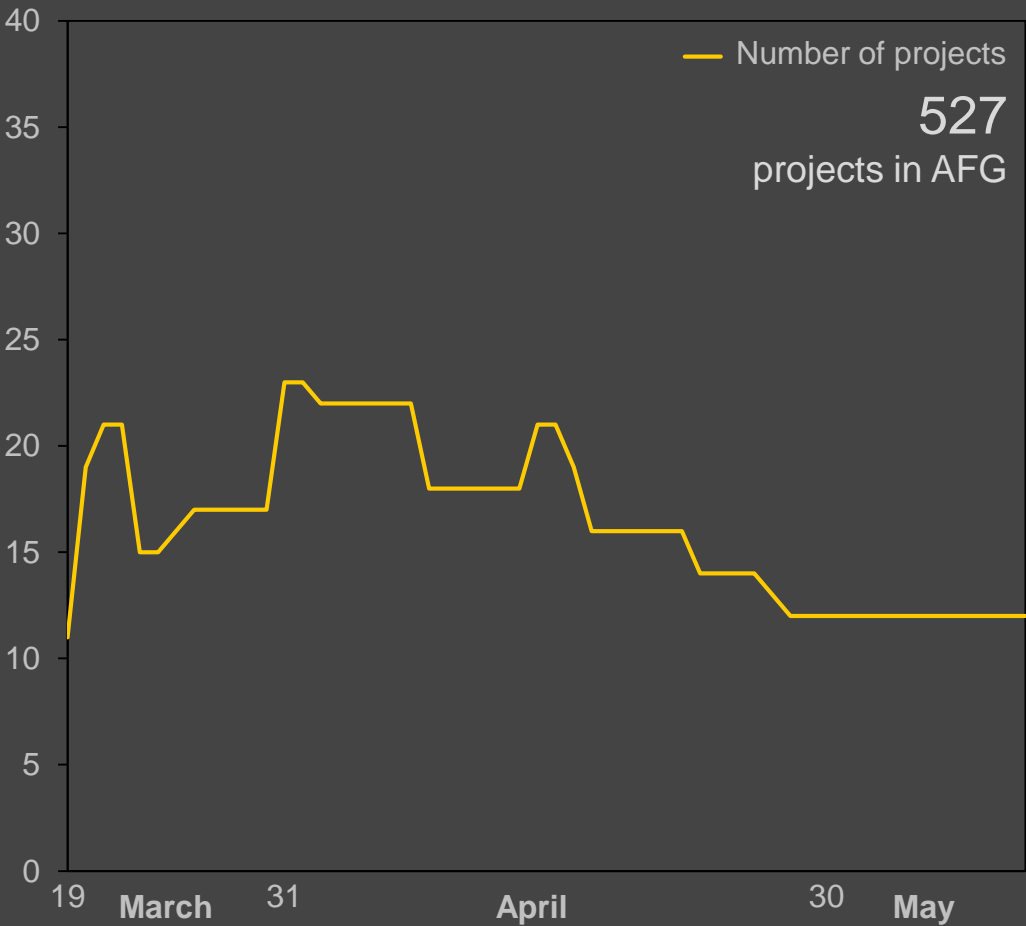
- AF Gruppen has implemented infection control measures in accordance with the authorities' recommendations
- The Group's goal has been to ensure safe and responsible operations and exercise clear management, care and presence for our employees
- The projects have demonstrated great flexibility to ensure high production and safe operation
- It must not be up to the individual employee to find good solutions for their own work situation



COVID-19-related absence in AF Gruppen



Projects with interruptions to operations in AF Gruppen

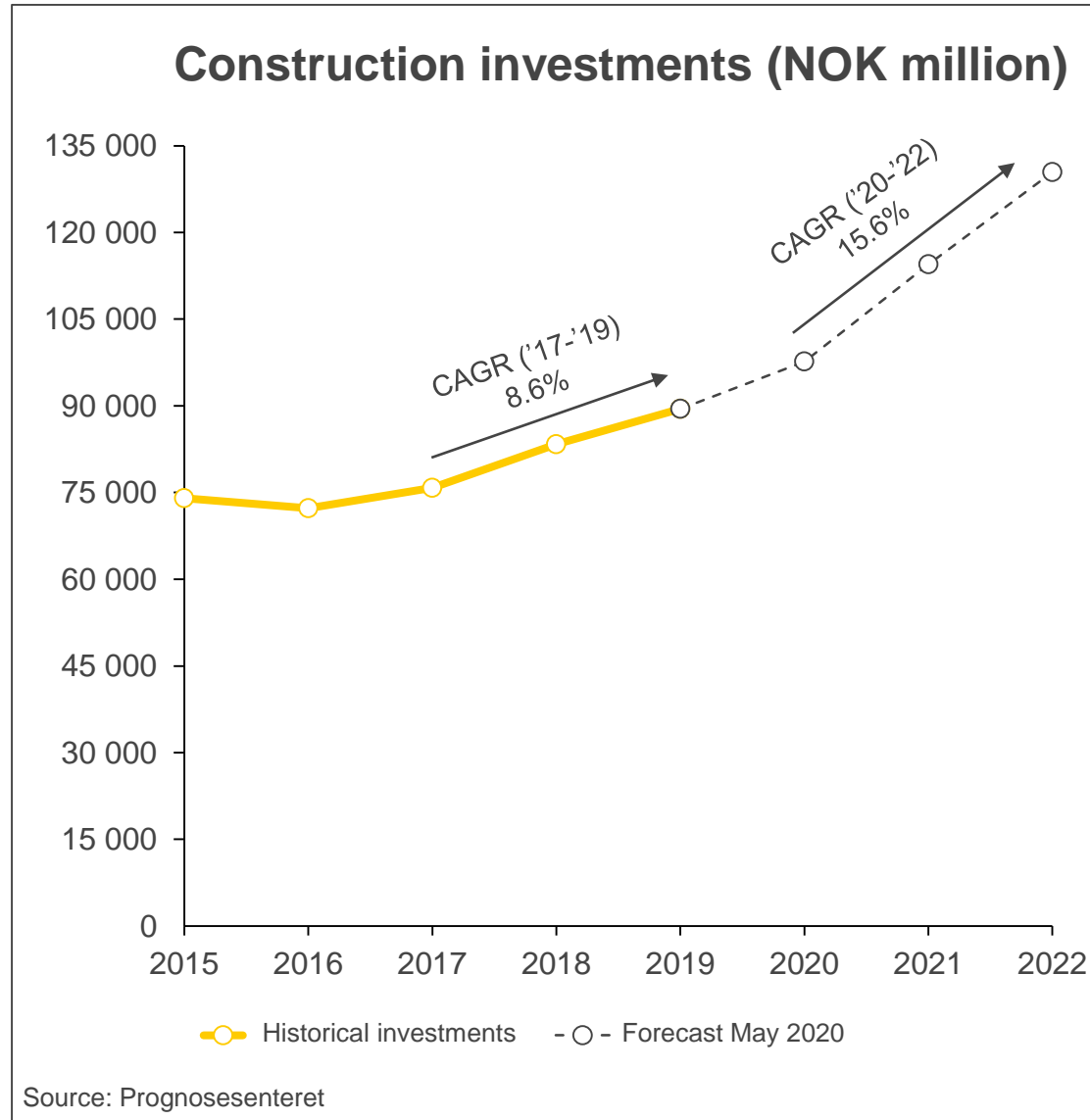


COVID-19 | Impact in the quarter

- The COVID-19 outbreak has had little impact on the result in the quarter
- Infection control measures have been effective, and most projects have had more or less normal operations
- A high degree of flexibility to find good solutions in projects, we have the culture, determination and ability to find new and better ways to resolve tasks
- Sickness absence has increased somewhat related to the quarantine requirements and an increased proportion of employees staying home in line with the authorities' orders
- Certain challenges with cross-border mobility
- Experiencing postponement of start up for certain projects
- Challenges in the offshore market due to significant drop in the price of oil, challenging market conditions and restrictions on offshore work

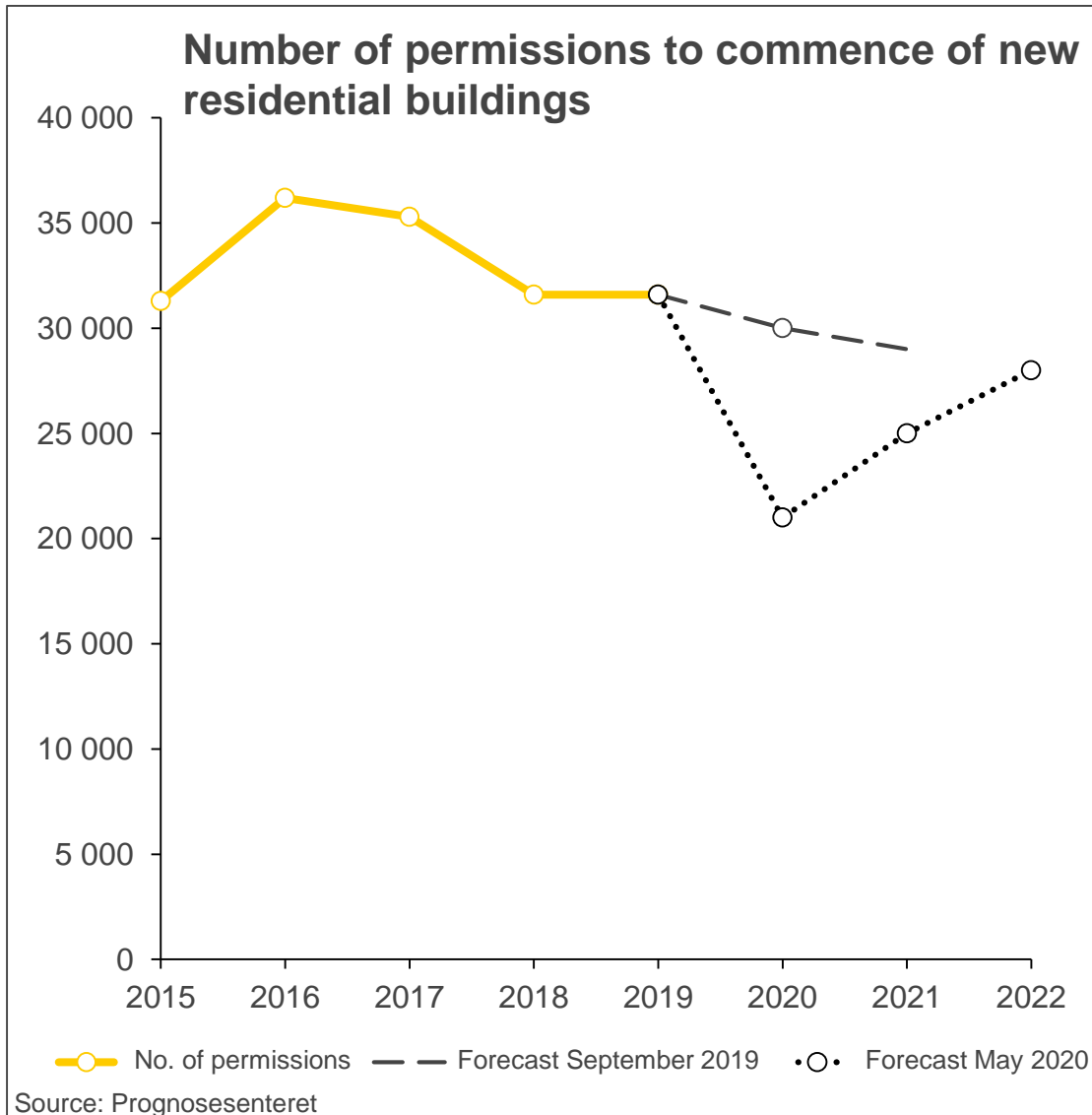


Updated forecasts show further growth in construction investments in the time ahead



- Prognosesenteret expects further growth in construction investments in the updated forecast in the period up to 2022 (compared to autumn 2019 forecast)
- Almost half of the investments in the forecast period are expected to be in road construction
- AF Gruppen with healthy order backlog

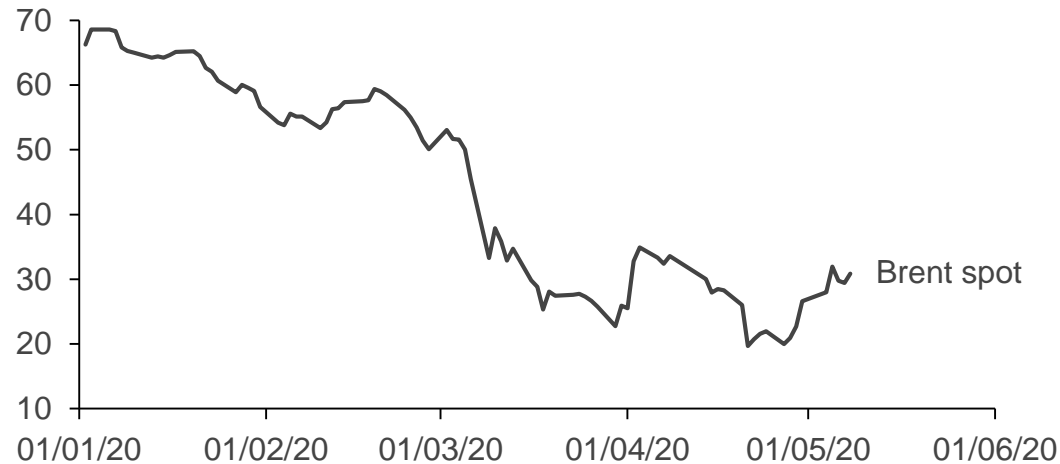
Uncertainty related to start of sales and startup of new residential projects



- In the updated forecast, Prognosesenteret has reduced expectations to permissions to commence and is expecting a significant drop, in particular for new apartments
- Risk of postponement of sales starts and subsequent building starts for new residential projects
- Throughout the forecast period, Prognosesenteret expects that started space for public buildings will be higher than average for the past decade
- Increased public investments are expected, but municipalities and publicly owned companies are also dependent on funding
- The importance of choosing the right projects

COVID-19 and the drop in oil prices has resulted in a very challenging offshore market

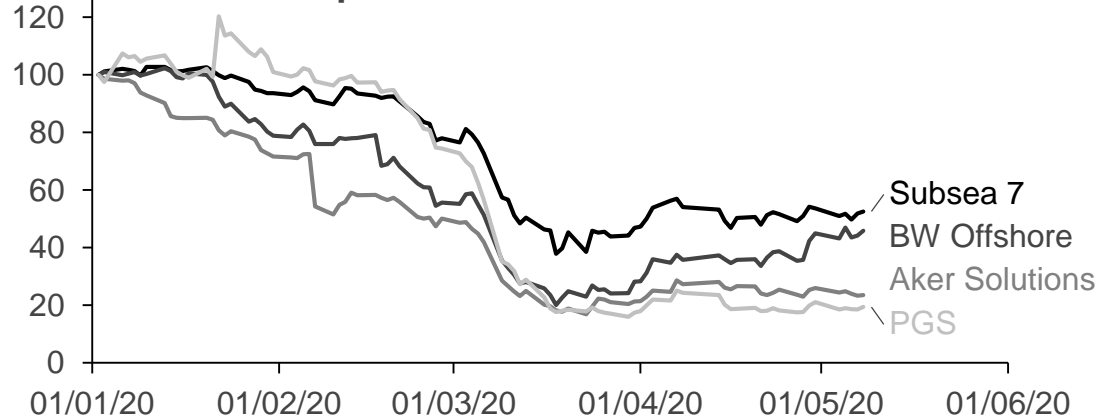
Oil price development 2020



“Expecting dramatic cuts from oil companies. The oil companies will cut projects to the tune of NOK 1,500 billion this year, Rystad Energy believes”

finansavisen.no, 24 March 2020

Share price development (indexed) petroleum service companies



“Equinor to slash NOK 30 billion in the face of the economic downturn. The coronavirus pandemic and a price war for oil has struck Equinor a double blow. Now deep budget cuts await”

nrk.no, 25. March 2020

- We are loyally complying with the authorities' recommendations and measures
- Facilitating a safe workday for our employees, taking our share of social responsibility
- Maintaining infection control measures and preparedness
- There is uncertainty related to the further consequences of the COVID-19 outbreak, which include a weakened Norwegian krone, access to foreign labour, the level of investment and start-up of new projects



Summary

NOK million	Q1 2020	Q1 2019	2019
Revenues	6,607	5,214	22,612
EBIT	213	232	1,335
EBT	206	226	1,317
EBIT %	3.2 %	4.5 %	5.9 %
EBT %	3.1 %	4.3 %	5.8 %

- Revenue growth continues
- Results somewhat lower than in 1st quarter last year
- Strong financial position
- Record high order backlog: NOK 32,492 million (23,679)
- The Board of Directors has proposed a dividend for payment of NOK 6.00 (5.00) for the first half of 2020



Thank you for your
attention

Q2 2020:
August 21st 2020