

First Quarter 2020

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# AF Gruppen ASA



# Q1



## ***From the CEO***

Building and civil engineering are of enormous importance to the creation of value in Norway and have contributed in recent months to the visibility of Norway's largest, land-based industry, since we have maintained production as an industry at a very challenging time.

Health, safety and the environment are our number one priority, and our goal is that no one should get injured by working for AF. This quarter there was a powerful reminder of the importance of care, safety and responsible operations due to a fatal accident in one of our projects in Nord-hordland. Such an accident affects us as an organisation, and it is our responsibility to learn as much as we can from the incident and implement clear measures. During this period, we have also been exposed to risk that is to some extent beyond our control, namely the COVID-19 outbreak. I am impressed by all our employees who have worked hard in a challenging situation to perform important societal duties, for which we are responsible, and exhibited good, practical infection control.

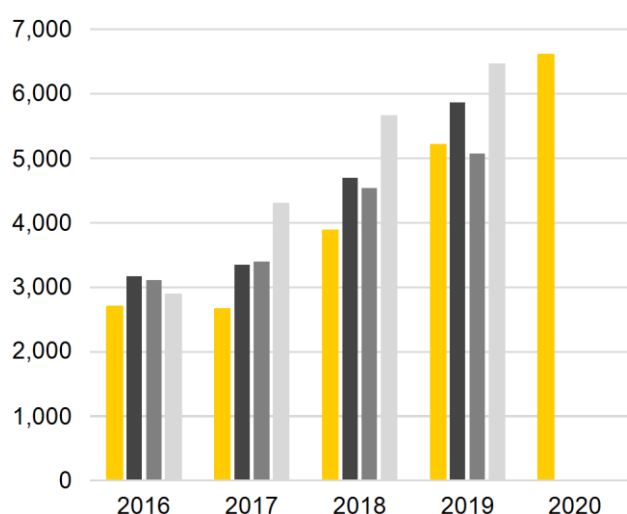
Even though many units delivered good results for the quarter, the bottom line is not where we would like it to be. Our goal is clearly to improve our performance throughout the year. This mostly concerns ourselves and our ability to ensure good operational performance. Since its establishment, AF has had a culture, willingness and ability to find new and better ways to solve tasks. AF had a very solid financial and market position at the start of the COVID-19 outbreak, and our goal is to emerge stronger from this challenging situation, especially because we have the best people in the industry.

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.

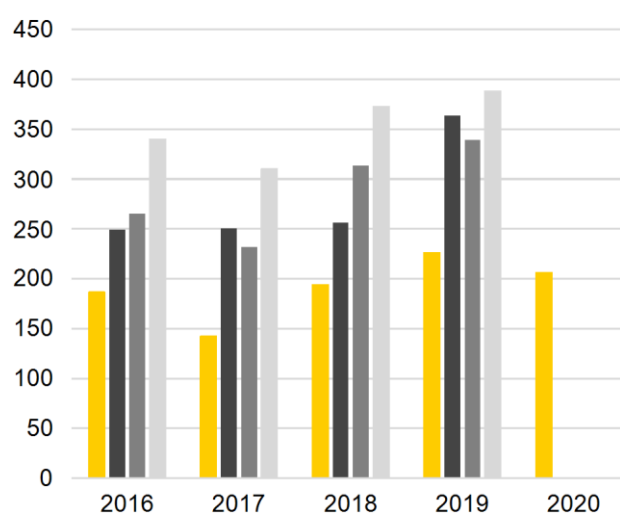
## HIGHLIGHTS

- Revenues were NOK 6,607 million (5,214 million) for the 1st quarter.
- Earnings before tax were NOK 206 million (226 million) for the 1st quarter.
- The profit margin was 3.1 % (4.3 %) for the 1st quarter.
- Net operating cash flow was NOK 499 million (257 million) for the 1st quarter.
- The order backlog stood at NOK 32,492 million (23,679 million) as at 31 March 2020.
- Net interest-bearing receivables as at 31 March 2020 were NOK 52 million (NOK -189 million).
- The Board of Directors has proposed a dividend of NOK 6.00 (5.00) due in the first half of 2020.

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



## SUMMARY OF 1ST QUARTER

Key figures (NOK million)	1Q 20	1Q 19	2019
Revenues and other income	6,607	5,214	22,612
EBITDA	345	342	1,882
Earnings before financial items and tax (EBIT)	213	232	1,335
Earnings before tax (EBT)	206	226	1,317
Result per share (NOK)	1.23	1.41	8.51
Diluted result per share (NOK)	1.23	1.41	8.46
EBITDA margin	5.2 %	6.6 %	8.3 %
Operating profit margin	3.2 %	4.5 %	5.9 %
Profit margin	3.1 %	4.3 %	5.8 %
Return on capital employed (ROaCE) <sup>1)</sup>	35.5 %	49.5 %	38.2 %
Cash flow from operating activities	499	257	1,508
Net interest-bearing receivables (debt)	52	-189	-163
Equity ratio	23.4 %	22.3 %	23.3 %
Order backlog	32,492	23,679	28,200
LTI-1 rate	1.6	1.9	1.2
Absence due to illness	4.9 %	3.7 %	3.8 %

<sup>1)</sup> Rolling average last four quarters

### COMMENTS ON 1ST QUARTER OF 2020

Revenues of NOK 6,607 million represent revenue growth of 27 per cent compared with the 1st quarter of last year. The growth relates to the acquisition of Betonmast in October 2019. Earnings before tax of NOK 206 million were somewhat weaker than NOK 226 million for the same period last year. The outbreak of COVID-19 has had a limited effect on the earnings for the quarter, but in combination with a substantial fall in the oil prices, it has contributed to very challenging market conditions for our offshore business. AF Gruppen has a very strong financial position. At the end of the quarter, net interest-bearing receivables were NOK 52 million (-189 million) and the available liquidity was NOK 3,711 million.

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.



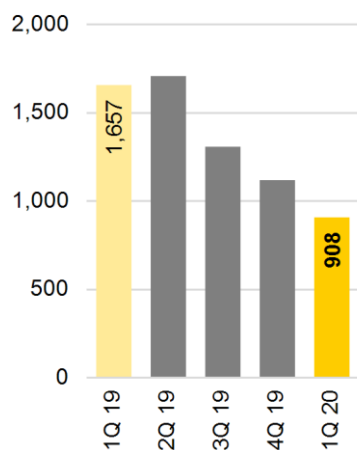
# Business Areas



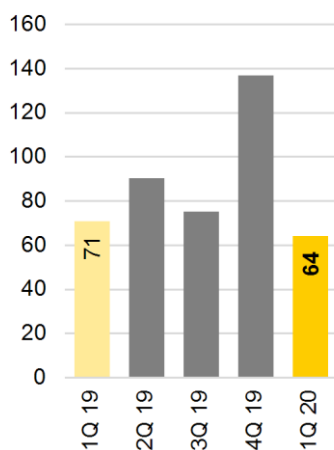


# CIVIL ENGINEERING

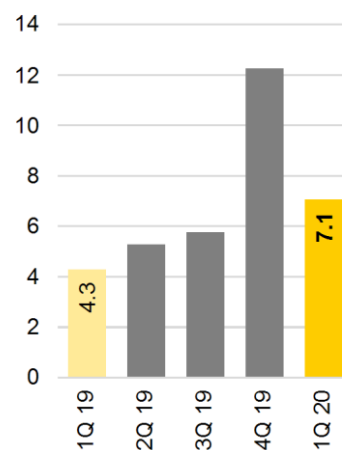
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



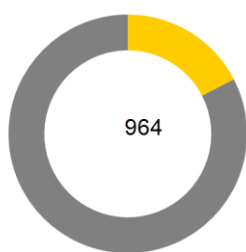
OPERATING PROFIT (%)



## KEY FIGURES

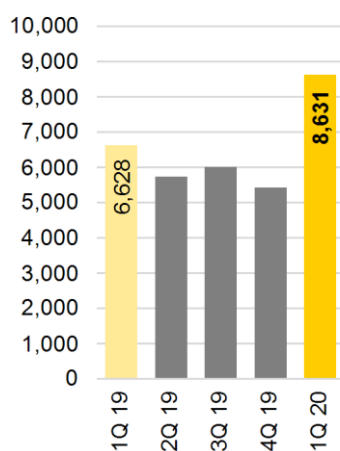
NOK million	1Q 20	1Q 19	2019
Revenues and income	908	1,657	5,787
Earnings before financial items and tax (EBIT)	64	71	373
Earnings before tax (EBT)	68	74	376
Operating profit margin	7.1 %	4.3 %	6.5 %
Profit margin	7.5 %	4.4 %	6.5 %

NUMBER OF EMPLOYEES



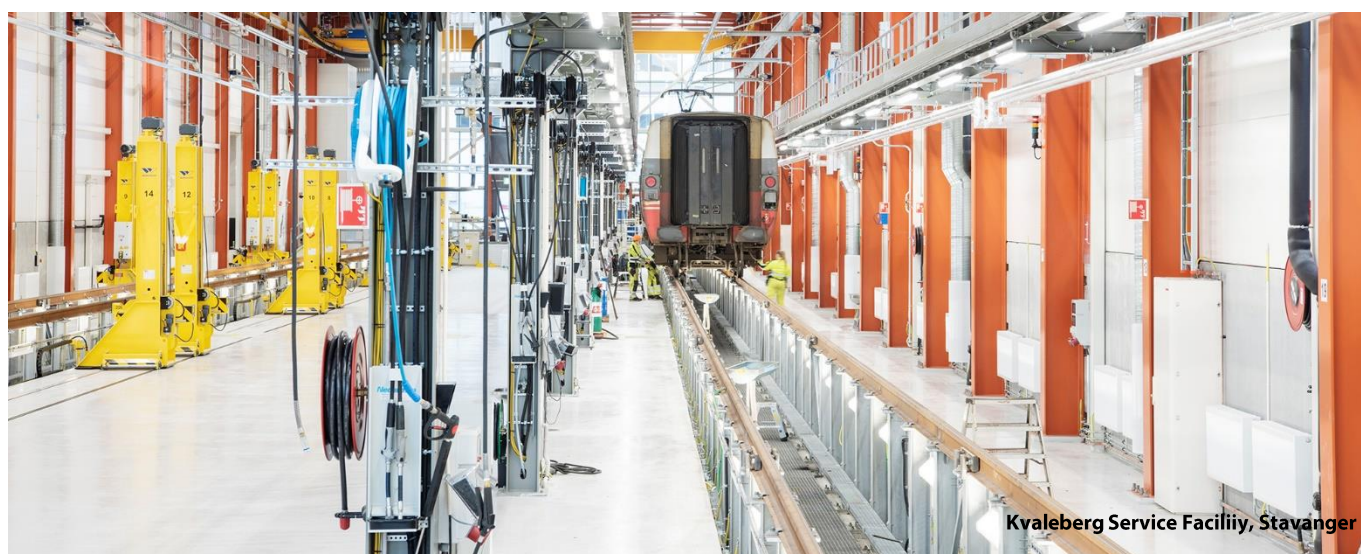
AF Gruppen 5,526

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 908 million (1,657 million) for the 1st quarter. This is equivalent to reduction of 45% compared to the same quarter last year. Earnings before tax were NOK 68 million (74 million).

AF Anlegg has won several contracts that are starting up this year. E39 Kristiansand West – Mandal East is a large, challenging project that will be maintaining a high level of activity this quarter as well. There are several projects in the final phase that contributed overall to good earnings for the unit. The outbreak of COVID-19 has not had much of an impact on production in our projects for the quarter. Målselv Maskin & Transport has never had such a high level

of activity during the first three months of the year as in 2020. The unit continues to deliver strong results.

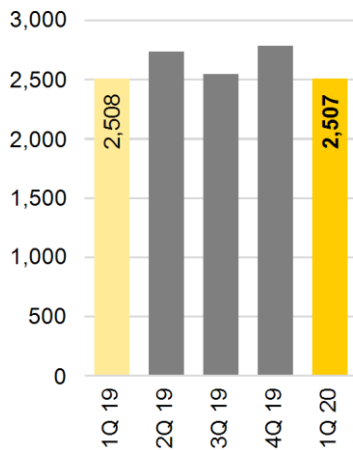
Civil Engineering entered into several major contracts in the 1st quarter. The South-Eastern Norway Regional Health Authority has appointed AF Gruppen as the contractor for the basement work for the new hospital in Drammen. Start-up is scheduled for May 2020, and completion is expected in the autumn of 2021. The contract is a general contract and has an estimated value of NOK 300 million, excl. VAT. AF Gruppen has also been appointed by the Swedish Transport Administration to construct the E4 Stockholm Bypass. The work will start up in the summer of 2020 and completion is scheduled for December 2024. The contract has an estimated value of NOK 3 400 million, excl. VAT.

Nye Veier has decided that AF Gruppen shall proceed to the concretisation phase for the regulation, planning 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 March 2020.

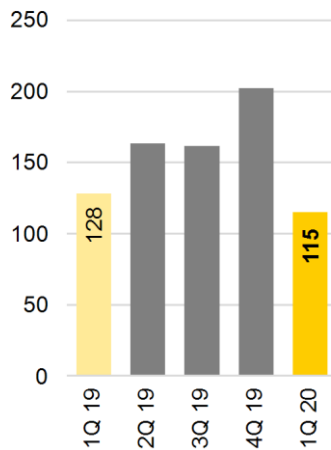
The order backlog for Civil Engineering was NOK 8,631 million (6,628 million) as at 31 March 2020.

# BUILDING

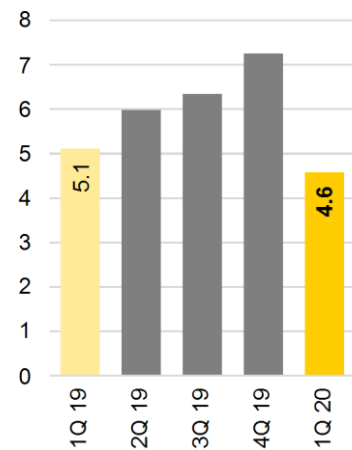
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



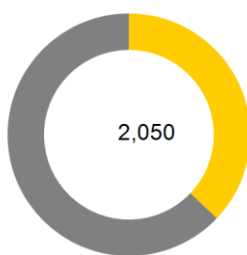
OPERATING MARGIN (%)



## KEY FIGURES

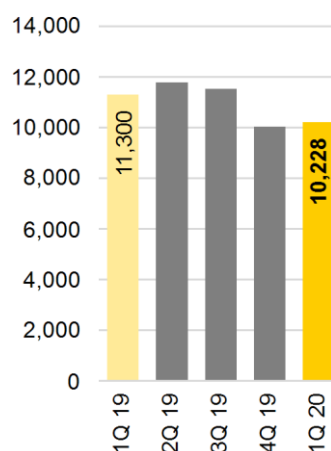
NOK million	1Q 20	1Q 19	2019
Revenues and income	2,507	2,508	10,581
Earnings before financial items and tax (EBIT)	115	128	656
Earnings before tax (EBT)	116	132	667
Operating profit margin	4.6 %	5.1 %	6.2 %
Profit margin	4.6 %	5.3 %	6.3 %

NUMBER OF EMPLOYEES



AF Gruppen 5,526

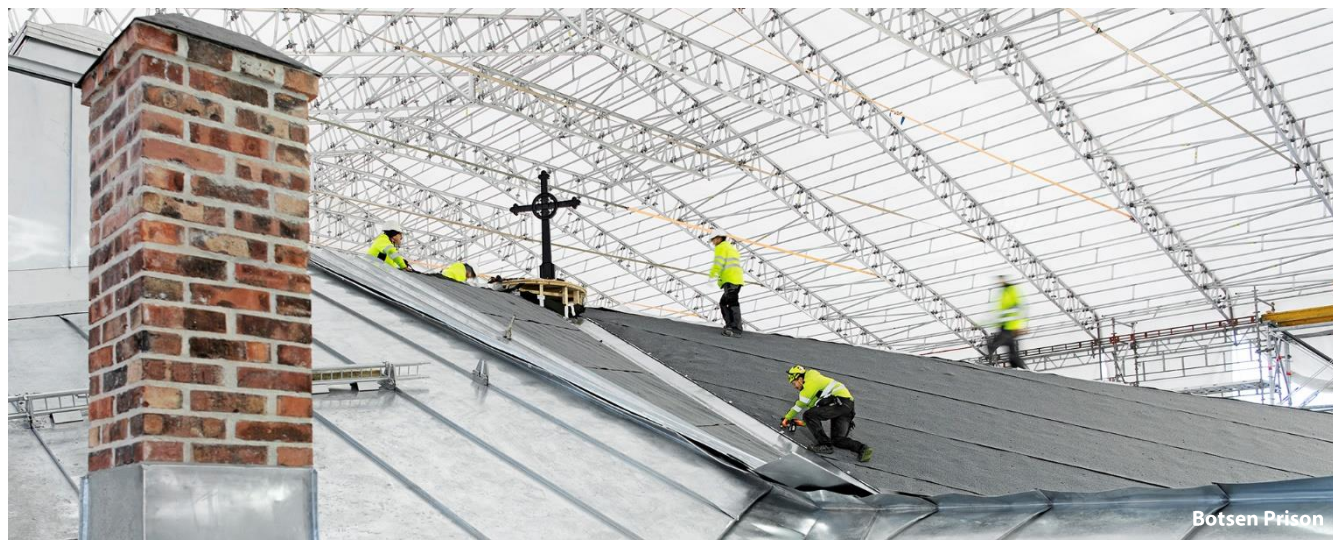
ORDER BACKLOG (NOK million)



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 2,507 million (2,508 million) for the 1st quarter. Earnings before tax were NOK 116 million (132 million).

Building reported stable revenues, but the profitability is lower compared with the same period last year. The building businesses AF Bygg Oslo and Haga & Berg delivered very good results. In addition, LAB and Åsane Byggmesterforretning in Greater Bergen reported good results for the quarter. There is a great deal of variation in the profitability in the project portfolios of AF Byggfornyelse, Consolvo and Eiqon, and the units delivered results below expectation for the 1st quarter.

Several new contracts were signed in the 1st quarter. AF Bygg Oslo has entered into an agreement with Omsorgsbygg for the construction of Furuset Hageby. The

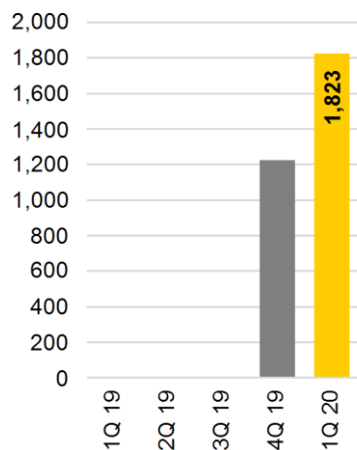
project will be carried out according to plan as a collaborative turnkey contract in the early phase and has an estimated value of NOK 484 million, excl. VAT. The collaborative phase started during the quarter, and the start of construction is scheduled for the 1st quarter of 2021. AF Bygg Oslo has also been appointed as the contractor for the expansion of Gardermoen Park Inn Hotel. The contract is a turnkey contract and is valued at NOK 250 million, excl. VAT. Start-up will be in the 2nd quarter of 2020. AF Bygg Østfold will build a new commercial and office building, Dokka 6, in Fredrikstad on behalf of Værste AS. The contract is a collaborative contract with a target price of NOK 163 million, excl. VAT.

Strøm Gundersen Vestfold has signed a contract to construct apartments at Dokkenkvartalet in Sandefjord. The contract is a turnkey contract valued at NOK 119 million, excl. VAT. Expected start of construction is in the 2nd quarter of 2020. Strøm Gundersen has signed a contract with Tandberg Eiendom to build additional residential and commercial buildings at Heggedal Torg. The contract will be carried out as a collaborative turnkey contract and is valued at NOK 170 million, excl. VAT. Start-up was in the 1st quarter of 2020.

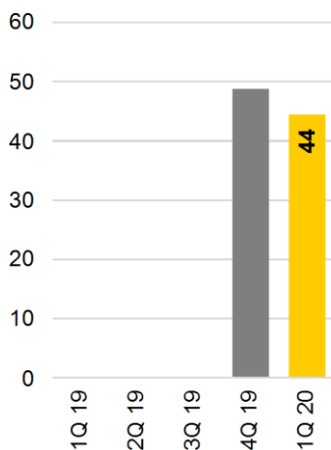
Building's order backlog was NOK 10,228 million (11,300 million) as at 31 March 2020.

# BETONMAST

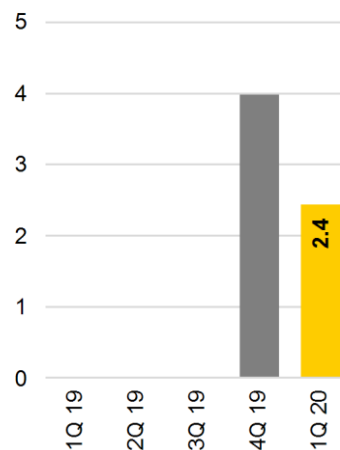
REVENUE (NOK million)\*



OPERATING PROFIT (NOK million)\*



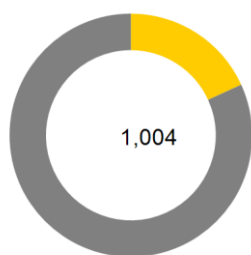
OPERATING MARGIN (%)\*



## KEY FIGURES\*

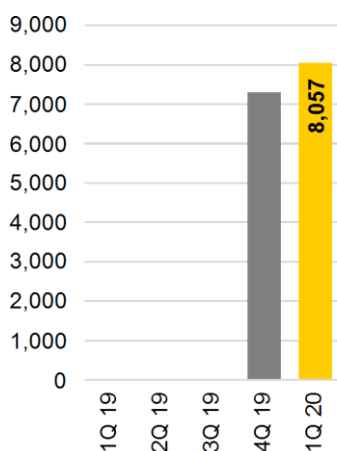
NOK million	1Q 20	1Q 19	2019
Revenues and income	1,823	-	1,226
Earnings before financial items and tax (EBIT)	44	-	49
Earnings before tax (EBT)	46	-	46
Operating profit margin	2.4 %	-	4.0 %
Profit margin	2.5 %	-	3.8 %

NUMBER OF EMPLOYEES



AF Gruppen ##D<AFG\_AntallAnsatte>

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. Betonmast saw revenues of NOK 1,823 million and reported a pre-tax profit of NOK 46 million in the 1st quarter. There was 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.

Betonmast has a separate property portfolio with four property projects under production. Additional information is available under projects for own account, see Note 7.

An active 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.

To strengthen ownership in the organisation, new shares in Betonmast were issued after the end of the quarter, in which employees who were not part of the acquisition were offered shares. The number of employees who are shareholders is 194 now, and AF's ownership interest in Betonmast is 64.6 per cent after the new issue of shares.

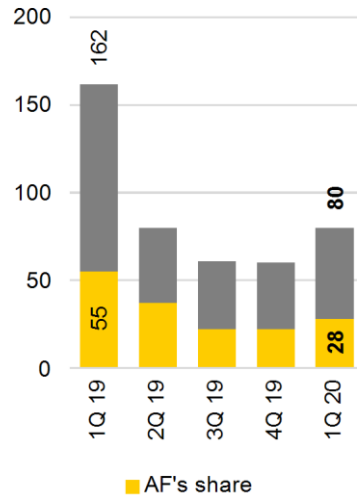
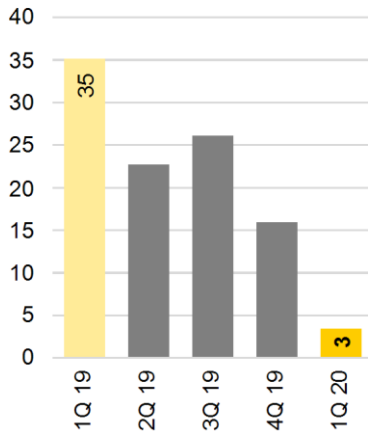
Several new contracts were signed in the 1st quarter. Betonmast Boligbygg has entered into a contract with Selvaag Bolig to build 187 apartments at Landåsjordene in Asker. The contract has an estimated total value of NOK 630 million, excl. VAT. The contract has three construction stages, of which stage 1 is in progress, while the start-up of stages 2 and 3 are subject to sales. Betonmast Gothenburg has signed a contract with Volvo Real Estate to build a workshop, offices and parking house in Gothenburg. The contract is valued at NOK 250 million, excl. VAT. Betonmast Mälardalen has signed a contract to build 355 student accommodation units in Stockholm. The contract is a turnkey contract and has an estimated value of SEK 300 million, excl. VAT.

Betonmast has announced five additional contracts in the 1st quarter, total value MNOK 720.

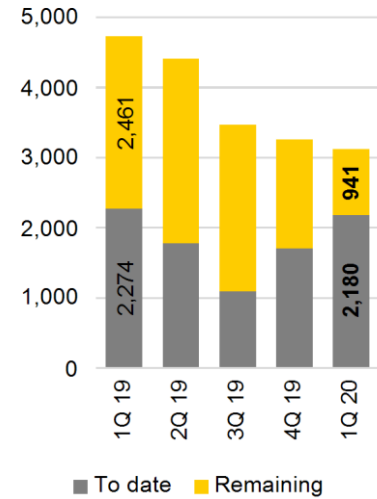
As at 31 March 2020, Betonmast's order backlog was NOK 8,057 million

# PROPERTY

EARNINGS BEFORE TAX (NOK million)    UNITS SOLD (NUMBER)



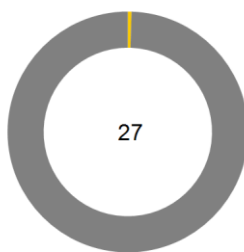
TURNOVER UNITS IN PRODUCTION (NOK million)



## KEY FIGURES

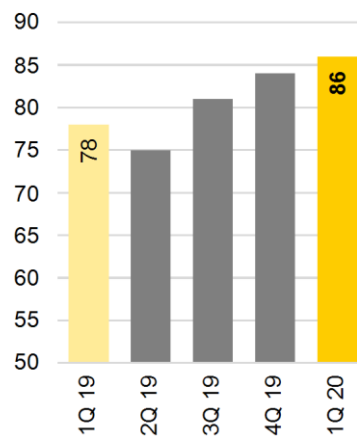
NOK million	1Q 20	1Q 19	2019
Revenues and income	6	3	18
Earnings before financial items and tax (EBIT)	4	37	107
Earnings before tax (EBT)	3	35	100
Capital employed	906	948	785

NUMBER OF EMPLOYEES



AF Gruppen 5,526

SALES RATIO PROJECTS IN PROGRESS (%)



PROPERTY CONSISTS OF

- AF Eiendom





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.

Property reports a pre-tax result of NOK 3 million (35 million) in the 1st quarter.

In the quarter 80 (162) residential units were sold, of which AF's share is 130 is 28 (55). Residential unit sales slowed down in March as a result of the spread of COVID-19 and the measures implemented by the authorities. The sales ratio for started projects is 86 %.

In the 1st quarter 75 units have been handed over at Lillo Gård, 17 units at Krydderhagen and 9 units at Lillo Gaard, totalling 101 (127) homes.

At the end of the quarter Property had ownership interests in residential projects with a total of 173 (313) units for sale. AF's share was 60 (117). Of these, there was a total of 19 (1) unsold completed apartments, of which AF's share was 7 (0.3).

There are five residential property projects with a total of 612 apartments under construction, of which AF's share is 206:

- Lillo Gård at Nydalen (135 apartments)
- Nye Kilen Brygge in Sandefjord (59 apartments)
- Bo på Billingstad in Asker (88 apartments)
- Lilleby Triangel in Trondheim (201 apartments)
- Skiparviken in Bergen (129 apartments)

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

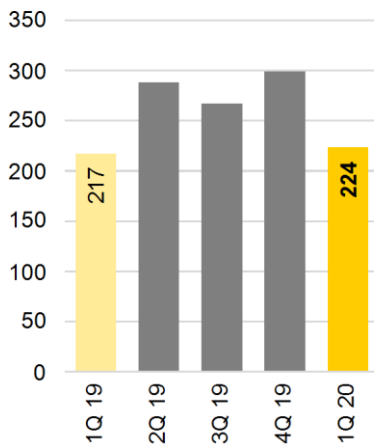
Property has a substantial ownership stake in a building site inventory (residential units under development) in Norway that is estimated to yield 2,423 (2,034) residential units. AF's share of this is 1183 (861) residential units. The majority of our portfolio is located in Greater Oslo and Bergen.

The Property business area is a partner in the Hasle Linje Næring project at Hasle in Oslo, and AF's stake is 49.5 per cent. The ATEA Building (GFA of 18 333 square metres) was occupied during the quarter. The building is 95 per cent leased. The K4 hotel and offices (GFA of 20 068 square metres) was under construction at the end of the quarter.

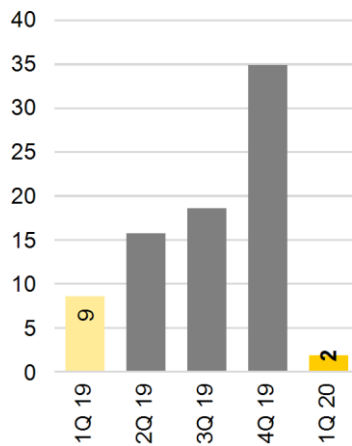
AF also has an ownership stake in commercial property under development with a gross floor area of 52,183 (53,683) square metres. AF's share of this is a gross floor area of 25,764 (26,264) square metres.

# ENERGY AND ENVIRONMENT

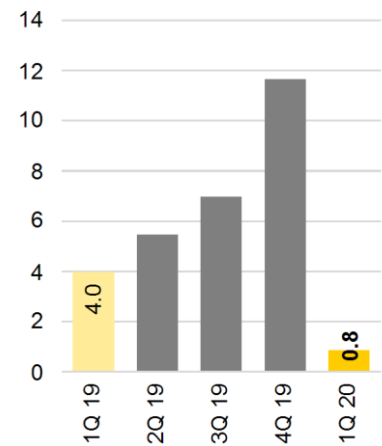
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



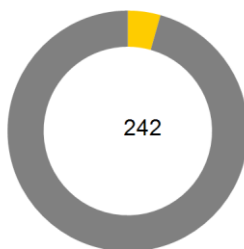
OPERATING MARGIN (%)



## KEY FIGURES

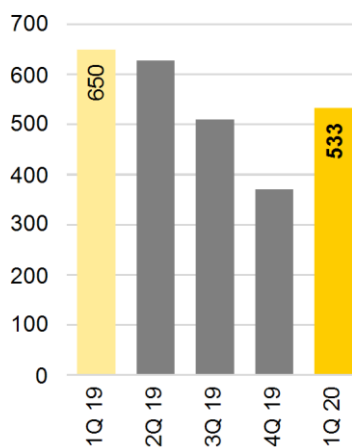
NOK million	1Q 20	1Q 19	2019
Revenues and income	224	217	1,072
Earnings before financial items and tax (EBIT)	2	9	78
Earnings before tax (EBT)	6	7	75
Operating profit margin	0.8 %	4.0 %	7.3 %
Profit margin	2.8 %	3.2 %	7.0 %

NUMBER OF EMPLOYEES



AF Gruppen 5,526

ORDER BACKLOG (NOK million)



## ENERGY AND ENVIRONMENT CONSISTS OF

- AF Energi & Miljøteknikk
- 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 1st quarter were NOK 224 million (217 million) and earnings before tax were NOK 6 million (7 million).

AF Energi & Miljøteknikk reported results below expectation for the 1st quarter. This is primarily attributed to provisions for losses related to a pending dispute. The contract with Avinor for interior technical work for the expansion of Non-Schengen East was signed during the quarter. The contract

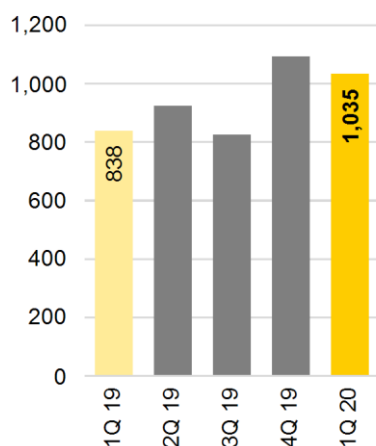
is a general contract that encompasses electrical, piping and ventilation and has an estimated value of NOK 200 million, excl. VAT. The work has started.

AF Decom saw a solid start to the year. The unit delivered good results for the quarter, for both demolition and recycling at AF's environmental centres. In the demolition area, there are a number of projects contributing to good profitability, both in the area of traditional demolition and special jobs. The level of activity at the environmental centres is lower than the same quarter last year, but the profitability is still good. At Rimol Miljøpark there has been a low level of activity and renovation costs for the facility during the quarter. Jølsen Miljøpark delivered a break-even result, while Nes Miljøpark reported a high level of activity and good profitability.

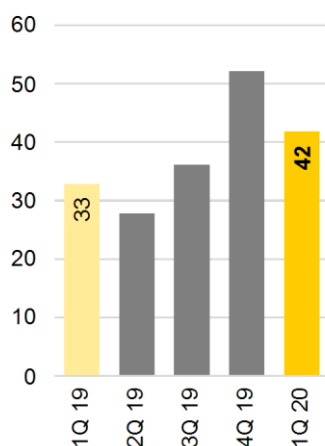
The order backlog for Energy & Environment stood at NOK 533 million (650 million) as at 31 March 2020.

# SWEDEN

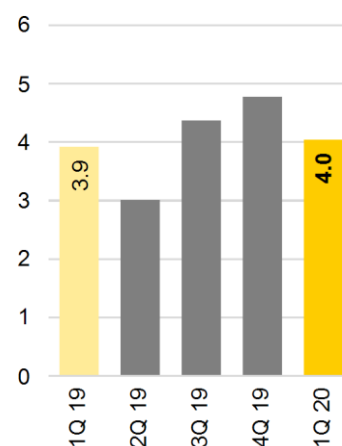
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



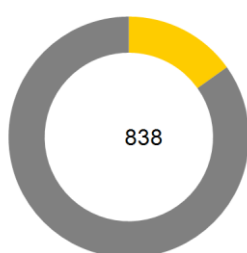
OPERATING MARGIN (%)



## KEY FIGURES

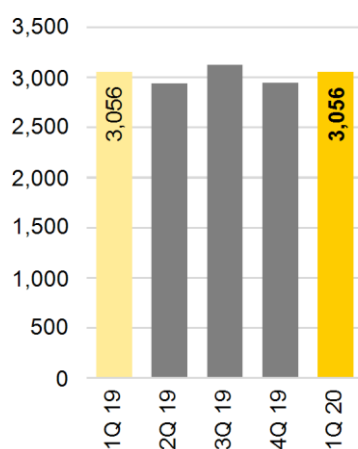
NOK million	1Q 20	1Q 19	2019
Revenues and income	1,035	838	3,683
Earnings before financial items and tax (EBIT)	42	33	149
Earnings before tax (EBT)	41	32	146
Operating profit margin	4.0 %	3.9 %	4.0 %
Profit margin	3.9 %	3.8 %	4.0 %

NUMBER OF EMPLOYEES



AF Gruppen 5,526

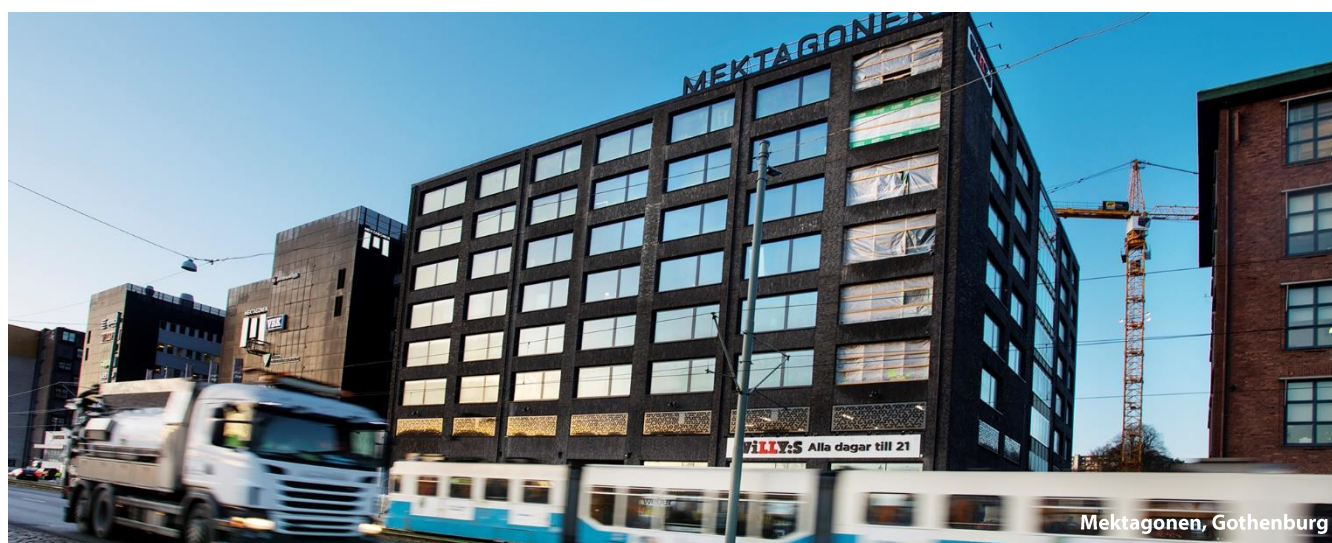
ORDER BACKLOG (NOK million)



## SWEDEN CONSISTS OF

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





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 1,035 million (838 million) for the 1st quarter. This corresponds to growth of 23% compared to the same quarter last year, which is primarily attributed to revenue growth for HMB and Kanonaden. Earnings before tax were NOK 41 million (32 million).

There is variation in the level of activity for the Swedish building and demolition activities. The building units, AF Bygg Gothenburg and AF Bygg Syd reported a lower level of activity than last year, while HMB reported strong growth compared with the same quarter last year. The results for the three building businesses is somewhat below expectation for the quarter. AF Härnösand Byggreturer reported a level of activity on par with last year and delivered good results.

In the Swedish civil engineering market, Kanonaden reported strong revenue growth compared with the same quarter last year. The unit delivered good results. In 2019, Påplintar decided to discontinue its foundation business and continue its concrete business. Discontinuation of the foundation business is still ongoing.

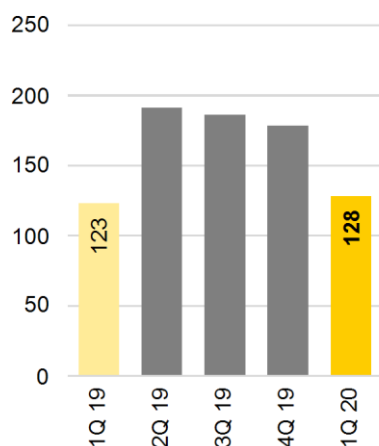
AF Projektutveckling, AF's property business in Sweden, has a number of projects in the development phase. The start of construction for the Stadsgården project took place after the end of the quarter. The unit has a building site inventory (residential units under development) that is estimated at 378 (465) residential units. AF's share of this was 237 (333) residential units.

HMB entered into a contract with Familjebostäder to build 87 apartments in Stage 3 of Drevvikshöjden. The contract is a turnkey contract and has an estimated value of SEK 218 million, excl. VAT. Kanonaden entered into a contract with Stena Renewable AB to plan and build roads, foundations and power grids for Vindpark Åby-Alebo, the largest wind farm in southern Sweden. The contract is valued at SEK 213 million, excl. VAT.

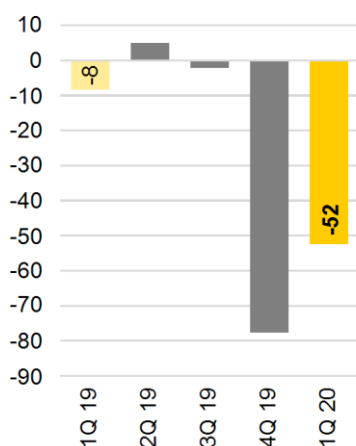
The order backlog for Sweden stood at NOK 3,056 million (3,056 million) as at 31 March 2020.

# OFFSHORE

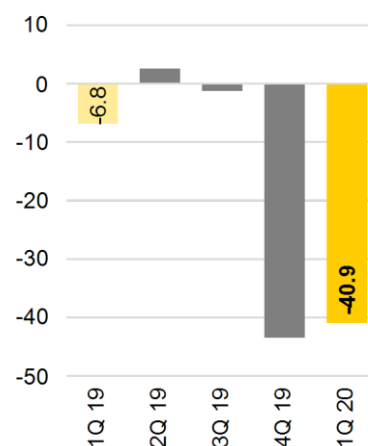
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



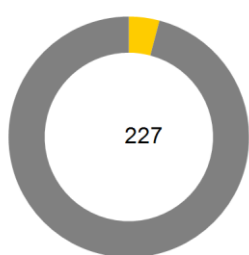
OPERATING MARGIN (%)



## KEY FIGURES

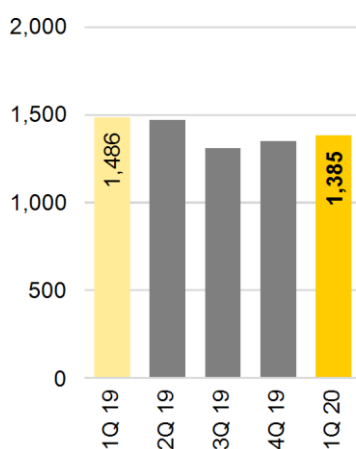
NOK million	1Q 20	1Q 19	2019
Revenues and income	128	123	679
Earnings before financial items and tax (EBIT)	-52	-8	-83
Earnings before tax (EBT)	-55	-12	-94
Operating profit margin	-40.9 %	-6.8 %	-12.2 %
Profit margin	-43.3 %	-9.7 %	-13.9 %

NUMBER OF EMPLOYEES



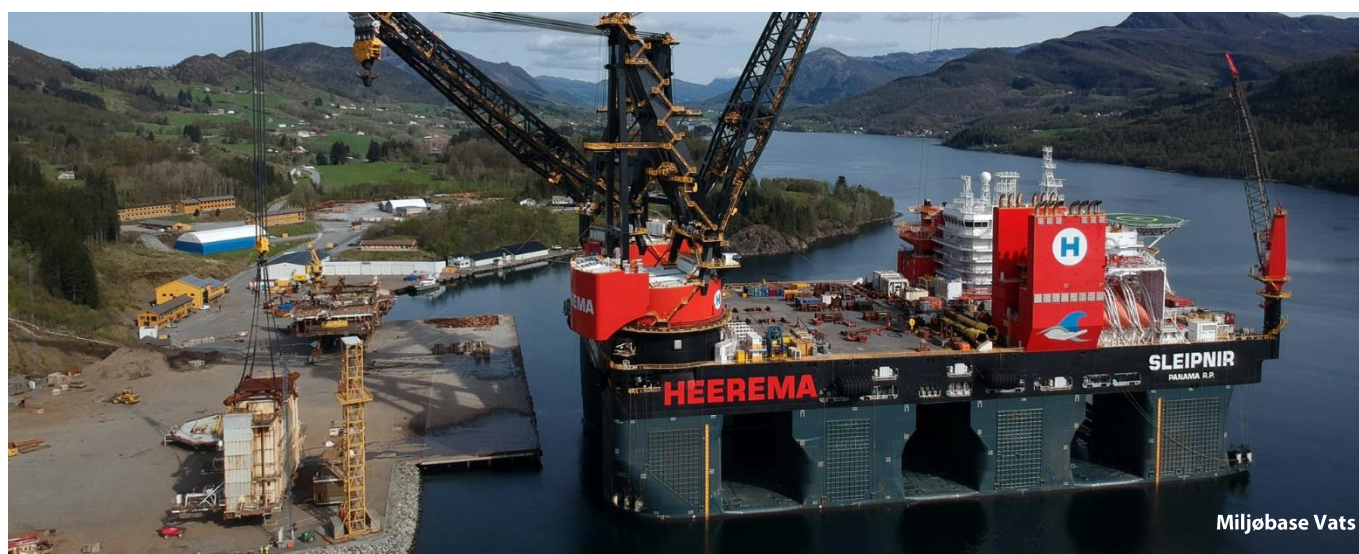
AF Gruppen 5,526

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.

The outbreak of COVID-19 and the fall in oil prices has resulted in very challenging market conditions for the company's offshore businesses. Revenues in the 1st quarter were NOK 128 million (123 million). Earnings before tax were NOK -55 million (-12 million).

AF Offshore Decom reported a low level of activity, and the unit delivered weak results for the quarter. An effort is being made to win more projects, but the market for the removal of offshore installations is marked by a great deal of uncertainty and strong competition. The production standstill at Vats and weak project results weighed heavily

on the profitability for the quarter. The results for the quarter were also affected by a foreign exchange accounting effect of NOK -15 million related to foreign exchange derivatives that are reported at fair value. The foreign exchange derivatives have been contracted to hedge contract revenue that will be received later this year. The first platform modules, which will start the season, will arrive in May. Otherwise there is ongoing preparatory work for the coming offshore campaigns and demolition at Vats, primarily in 2021.

AF AeronMollier reported a higher level of activity than the same quarter last year. Good revenues reflect, for example, a high level of activity for deliveries to cruise ship and ferry newbuilds. A challenging offshore market and government measures to reduce the spread of COVID-19 entailed a significant reduction in the level of activity for offshore technicians from the middle of March. The unit nevertheless delivered positive results for the offshore and marine market segments.

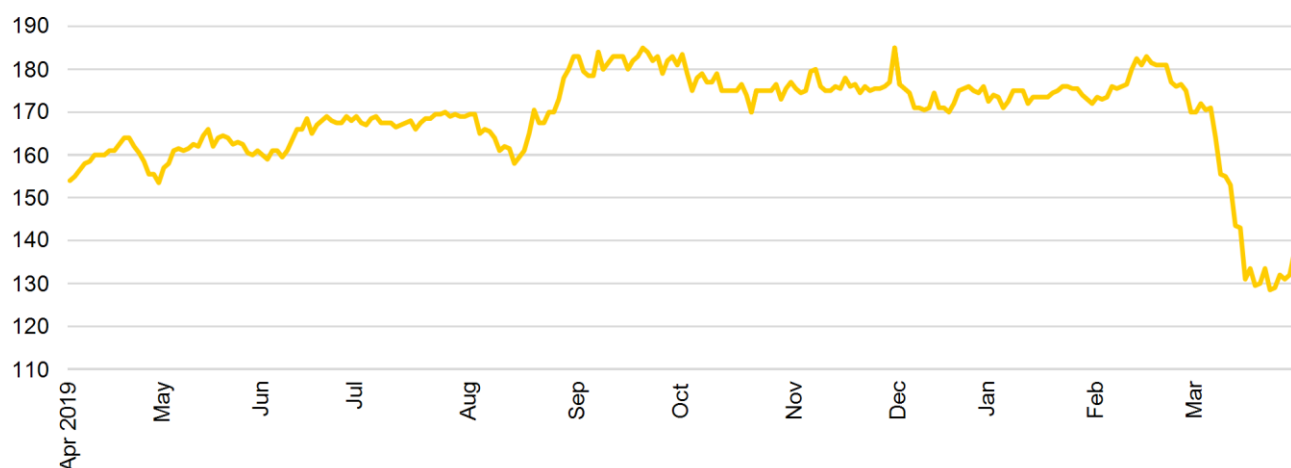
The order backlog for Offshore was NOK 1,385 million (1,486 million) as at 31 March 2020.







## 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.

In the 1st quarter, net operating cash flow was NOK 499 million (257 million) and net cash flow from investments was NOK -97 million (-388 million). Cash flow before capital transactions and financing was NOK 403 million (-130 million) for the 1st quarter.

AF Gruppen had net interest-bearing receivables of NOK 52 million at the end of the 1st quarter. As at 1Q 19 AF Gruppen had net interest-bearing debt of NOK 189 million.

AF Gruppen's total financing facilities as at 1st quarter are NOK 3,000 million. The 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.

Available liquidity at 31. mars 2020, including overdraft facilities with Handelsbanken and DNB, is NOK 3,711 million.

Total assets were NOK 13,037 million (10,374 million) as at 31 March 2020. The Group's equity totalled NOK 3,045 million (2,312 million) as at 31 March 2020. This corresponds to an equity ratio of 23.4% (22.3%).

A new issue of shares valued at NOK 312 million was also carried out after the end of the quarter in connection with the redemption of the option programme.

## THE SHARE

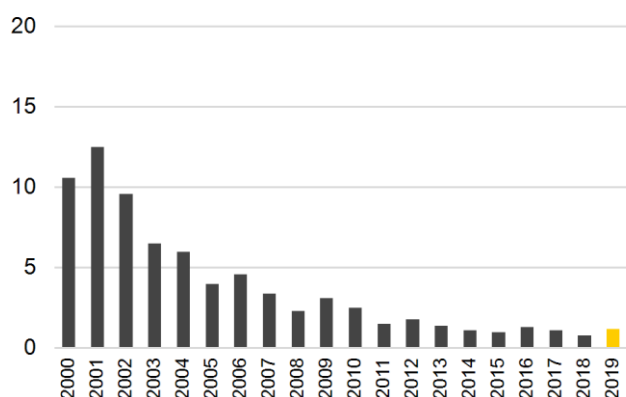
AF Gruppen's shares are listed on the Oslo Børs OB Match List and trade under the ticker AFG. The share is included in the Oslo Børs All Share Index (OSEAX), Benchmark Index (OSEBX) and Mutual Fund Index (OSEFX), as well as Oslo Børs Mid Cap Index (OSEMX).

The closing price for the AF share was NOK 146.00 as at 31 March 2020. This corresponds to a return of -17% to date in

## LIST OF SHAREHOLDERS AS AT 31 MARCH 2020

Name	No. Shares	% share
OBOS BBL	17,183,709	16.7
ØMF Holding AS	16,245,561	15.8
Constructio AS	14,595,347	14.2
Folketrygdfondet	9,811,930	9.5
LJM AS	2,515,217	2.4
ARTEL AS	2,508,267	2.4
VITO Kongsvinger AS	1,911,676	1.9
Arne Skogheim AS	1,753,870	1.7
Staavi, Bjørn	1,627,000	1.6
Landsforsakringar Fastighetsfond	1,604,107	1.6
<b>Ten largest shareholders</b>	<b>69,756,684</b>	<b>67.7</b>
Total other shareholders	33,108,990	32.1
Own shares	199,603	0.2
<b>Total number of shares</b>	<b>103,065,277</b>	<b>100.0</b>

## LTI-1 RATE DEVELOPMENT



2020. The Oslo Børs Benchmark Index showed a return of -24% for the same period.

As a result of the Group's strong financial position, it has been decided to propose to the General Meeting on 15 May 2020 that a dividend of NOK 6.00 (5.00) per share be distributed for the first half of the year. This distribution is in accordance with the company's dividend policy, namely a semi-annual distribution and the intention to distribute a minimum of 50 per cent of the profit for the year as a dividend. The Board of Directors points out that if the dividend for the second half of the year is to be kept at historical level, the uncertainty in the market due to COVID-19 will have to be significantly lower.

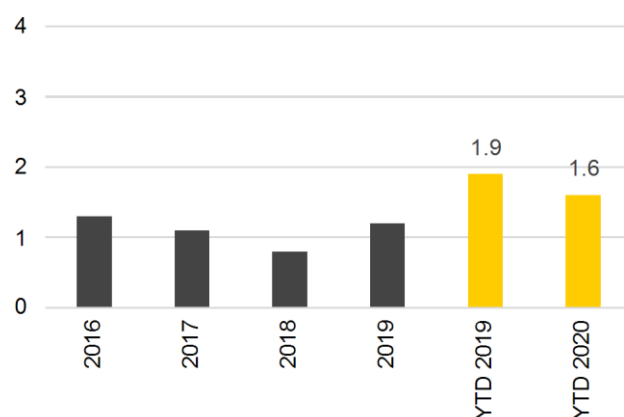
In March, a total of 2 217 994 options were exercised by 913 employees of AF Gruppen in connection with the option programme. The average redemption price for the options was NOK 140.46. The new issue, which was carried out in the 2nd quarter, was for NOK 312 million. The number of outstanding unexercised options in AF Gruppen ASA was 0 after the redemptions.

The number of shares as at 31 March 2020 was 103 065 277, and the total share capital was NOK 5 153 263.85. The number of shares after the new issue will be 105 283 271, and the share capital will be NOK 5 264 163.55.

## HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

When the COVID-19 situation in Norway escalated and extraordinary measures were introduced by the government, AF Gruppen immediately established a crisis staff. The crisis staff was mobilised to ensure a correct understanding of external information and to support and guide the organisation with respect to preventive measures, care tasks, communication, legal matters and labour law issues. To ensure a full overview of the situation, the Group introduced ongoing reporting of the operational status of ongoing projects, sickness absence and layoffs. AF Gruppen

## LTI-1 RATE



observes the health authorities' recommendations and measures, including the introduction of infection control measures. After the end of the quarter, the crisis staff was demobilised to a "Corona Council". The task of the Corona Council will be to monitor the ongoing development of the spread of infection and to follow up on the authorities' recommendations and measures on an ongoing basis.

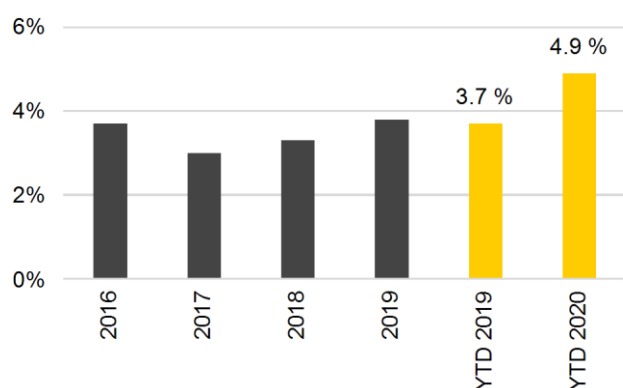
HSE has high priority in AF Gruppen and is an integral part of the management at all levels. AF has a structured and uniform HSE system that encompasses all projects. The working environment should be safe for everyone – including those who are employed by our subcontractors. The figures from the subcontractors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

On 13 February 2020, there was a fall accident with a fatal outcome in a project in Nordhordland. The incident is under investigation and we are working together with the subcontractor to learn from the incident and implement measures.

The LTI (lost-time injury) rate is an important measurement parameter for safety work at AF. The LTI-1 rate is defined as the number of injuries resulting in absence and serious personal injuries without absence per million man-hours. A total of 9 (9) injuries resulting in absence were registered in the 1st quarter. This gives an LTI-1 rate of 1.6 (1.9) for the 1st quarter. Systematic and long-term work is being carried out to reduce the LTI-1 rate. Significant resources are being invested to further improve our HSE efforts in order to be able to achieve our goal of an LTI-1 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-1 rate, we are still seeing too many personal injuries at AF. For this reason we have implemented the "Safety boost," comprising the following

## SICK LEAVE DEVELOPMENT



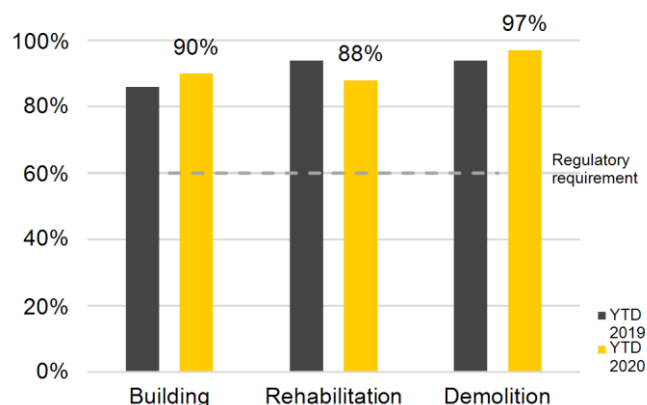
six group measures: (1) the reporting of LTI-1 is extended to also include serious personal injury without absence, (2) a group goal of LTI-2<5 is established, (3) closer follow-up of incidents with a major loss potential, (4) use of safety gloves and safety goggles becomes mandatory on all projects, (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 1st quarter, sickness absence was 4.9% (3.7%). Sickness absence increased in March due to quarantine regulations and an increased proportion of employees who were at home in line with the public order. Our target is sickness absence level we believe represents a healthy situation without absence due to occupational 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 main tools used are therefore the same that are used otherwise in connection with HSE work.

## SOURCE SEPARATION RATE



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 1st quarter, the result for building was 90% (86%), the result for renovation was 88% (94%) and the result for demolition was 97% (94%). These results are considered very good, and they are well above the government requirement of a minimum of 60%. A total of 103,336 (48,975) tonnes of waste has been sorted in the 1st quarter, and a total of 103,336 (48,975) tonnes has been sorted in 2020. The environmental centres have recycled a total of 122,988 (72,872) tonnes of materials for the 1st quarter.

## 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 2020 the number of employees has increased by 932 persons compared to the same quarter last year. The increase is related to Betonmast which became a part of AF Gruppen on 31 October 2019. 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 1st quarter the share of women is 9.8% (8.4%) in total and 19.5% (18.3%) 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 1st quarter AF Gruppen had a total of 5,526 (4,594) employees. Of these employees 4,529 (3,805) were employed in Norway, 967 (752) in Sweden, 22 (26) in Lithuania and 8 (8) in Germany.

## **RISK AND RISK MANAGEMENT**

AF Gruppen is exposed to risk of both an operational and financial nature. Risk reflects uncertainty or variable results. Operational risk encompasses commercial risk, operational risk and reputation risk. Commercial risk arises as a result of external circumstances. These circumstances may, for example, be related to how competitors act, regulatory changes or other political risk. The importance of commercial risk has been highlighted by the COVID-19 pandemic and the authorities' measures in this connection. AF Gruppen's Board and management are continuously assessing the situation and implementing any measures that are necessary to ensure adequate liquidity and responsible operations. 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 1st quarter of 2020.

Financial risk encompasses market risk, credit risk and liquidity risk. Market risk includes commodity price risk, foreign exchange risk and interest rate risk. 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 is exposed to foreign exchange risk, including indirectly via suppliers who purchase from abroad, as well as the purchase and leasing of machinery manufactured abroad. As a major demolition and recycling operator, AF Gruppen is also exposed to fluctuations in 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 3,711 million as at 31. mars 2020.

## **MARKET OUTLOOK**

The COVID-19 pandemic and the fall in oil prices has already had a major impact on the Norwegian and international economies. There is a great deal of uncertainty related to how this will impact the markets we are a part of in the future.

Prognosesenteret expects that the measures taken by the authorities to reduce the spread of COVID-19 will have a significant impact on civil engineering production. Several ongoing civil engineering projects may be delayed, and projects that have not yet started may be postponed. There is a great deal of uncertainty, but Prognosesenteret has nevertheless chosen to build forecasts based on the assumption that the COVID-19 measures will be phased out well before the end of the year. Investment estimates for transport and road projects are expected to remain high, as well as the planned start-up of many major civil engineering projects. Prognosesenteret expects the overall civil engineering investments to amount to around NOK 98 billion in 2020. This corresponds to a 9 per cent increase in civil engineering investments for 2020, compared with 2019. For the period from 2020 to 2022, total growth of up to 30 per cent is expected in civil engineering investments.

Almost half of the civil engineering investments during the period up to 2022 are expected to come from road construction, while the strongest growth is expected in railway and tramline systems. Traditionally, the civil engineering market in Norway is good and not very sensitive to cyclical fluctuations, since public sector demand is the strongest driver for 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 per cent over the final budget for 2019. NOK 69.3 billion of this will be used to follow up the National Transport Plan 2018-2029, NOK 44.6 billion of which is earmarked for roads. This provides a good foundation for further growth of AF's civil engineering activities, even though the consequences of COVID-19 contribute to uncertainty in the short term.

The COVID-19 pandemic and fall in the oil prices will have a negative impact on the Norwegian economy. How much this will affect the residential property market in the future is still uncertain. In May, Norges Bank lowered the key rate to a record-low zero per cent, and it also decided to reduce the banks' capital requirements. This can help counteract the negative impact on the residential property market attributed to increased unemployment and generally greater economic uncertainty. Figures from Property Norway for the 1st quarter of 2020 show a moderate increase in the residential property prices in most areas of Norway. At the end of the 1st quarter, residential property prices were 1.5 per cent higher nationally than one year ago. For Oslo, twelve-month growth was 2.9 per cent. For April, Property Norway reports that residential property prices rose 0.5 per cent, but declined 0.2 per cent if an adjustment is made for seasonal variations. Property Norway expects that the level of activity in the residential property market will be stable over the next few months, but that the price performance will be slightly negative due to the weaker performance of the economy.

The building market in Norway reported a record-high level in 2019 with a total production value of NOK 338 billion. Prognosesenteret expects a decline of 8.1 per cent in the building market in 2020, and then a decline of 2.4 per cent in 2021, before we see an increase of 4.1 per cent in 2022. The rapid spread of COVID-19 and the subsequent shutdown of parts of the Norwegian economy and society means that there is a high level of uncertainty in the forecast. The forecasts from Prognosesenteret do not expect that the contractors will manage to maintain normal progress in their production in the short term. Prognosesenteret believes that it will mainly be the first half of 2020 that will be impacted the hardest and that production will start to pick up in the second half of 2020. It is nevertheless expected that building demand initiated by

the public sector will increase to reduce the negative impact on the industry. The greatest decline in 2020 is expected in new residential buildings and new commercial building production, even though the decline will also be felt in the renovation, remodelling and extension market. Start permits for 31 643 new residential units were registered in 2019, which was unchanged from the level for the previous year. Prognosesenteret now expects that the number of registered start permits will decline 34 per cent in 2020 to 21 000 residential units. Already in 2021, growth of almost 20 per cent to 25 000 new residential units is expected, and in 2022, the forecasts show 12 per cent growth to 28 000 new start permits. This means that Prognosesenteret is expecting an average decline of 25 per cent for the years 2020-2022, compared with the last three-year period 2017-2019, and the forecast clearly shows that the strongest decline will be for new apartments. For Oslo, it is expected that the number of new residential unit starts in 2020 will end up at practically the same level as the previous year, around 2 500 residential units, which was also the lowest level in many years. A higher level of starts is expected in Oslo over the next two years. Even though a high level of activity is expected for AF's building operations in Norway in the future, the consequences of COVID-19 will contribute to a greater degree of uncertainty for the building market in the short term.

The Energy and Environment business area encompasses AF's energy services related to land-based activities and services related to demolition and recycling onshore in Norway. AF Gruppen's level of demolition activity is closely connected to the general level of activity in the building and civil engineering markets. The consequences of COVID-19 could thus also contribute to a greater degree of uncertainty 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. Prognosesenteret expects a decline of 16 per cent in the total floor area of commercial building starts in 2020. For 2021 and 2022, the forecast shows growth of 7 per cent and 6 per cent, respectively. For the publicly-funded submarkets, the negative consequences of COVID-19 will likely be significantly less than for private commercial buildings. The floor area of commercial building starts is high compared with the average for the past decade. A good market overall is expected for AF's Energy and Environment activities, even though the near future is marked by uncertainty.

Oil prices have fallen significantly in 2020 due to disagreements on limiting the production of oil in combination with a sharp reduction in demand due to COVID-19. The situation for the offshore market is now very challenging. 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 applies to the British, Norwegian, Danish and Dutch sectors. For AF's offshore climate control business (HVAC), as well as maintenance and modifications, the market conditions are challenging. It is expected nevertheless that the electrification of the marine sector will afford new market opportunities going forward. Such uncertainty in the oil industry has affected, and will affect, AF's business activities going forward.

The spread of COVID-19 also affects the Swedish economy, and there is a great deal of uncertainty as to how hard the building and civil engineering markets in Sweden will be affected. The Government's most recent estimates show that the Swedish GDP is expected to decline by 4 per cent in 2020 and that unemployment is expected to increase to 9 per cent in 2020. In April 2020, the Swedish central bank, Riksbanken, decided to maintain its interest rate at zero. Riksbanken is monitoring the situation closely and has implemented a number of measures in order to supply liquidity so that Swedish companies will, for example, still have access to credit. This is taking place at the same time as the Swedish Government is launching crisis packages to help the business sector by easing the layoff regulations

and deferring the payment of payroll and value-added taxes, among other things. Svensk Mäklarstatistik reported 2 per cent growth for residential property prices in Sweden for the 1st quarter. At the end of the 1st quarter residential property price growth for apartments was 2 per cent, compared with the end of 2019 and 7 per cent compared with the same period last year. For detached houses, residential property prices were 2 per cent higher than the 4th quarter of 2019 and 6 per cent higher than the same period last year. Before the spread of the virus was known, the Swedish Construction Federation expected a decline of 2 per cent in the building and civil engineering investments in Sweden in 2020. This was after several years of high growth. The largest fall is expected in residential building production. In the new building sector, a decline of 10 per cent is expected in 2020. Civil engineering investments are expected to grow by 4 per cent in 2020. In 2020, this growth will be driven primarily by increased investments in new road projects, as well as railway investments. This indicates that AF's operations in Sweden will see a somewhat hesitant market and stiff competition, where the consequences of COVID-19 will also contribute to a greater degree of uncertainty in the future.

#### **Oslo, 15 May 2020**

Board of Directors of AF Gruppen ASA

For more detailed information, please contact:

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# Financial information





# CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	1Q 20	1Q 19	2019
Revenues and income	6,607	5,214	22,612
Subcontractors	-3,531	-2,574	-11,415
Cost of materials	-998	-977	-3,668
Payroll costs	-1,275	-975	-4,205
Operating expenses ex. depreciation and impairment	-482	-362	-1,682
Net gains (losses) and profit (loss) from associates	24	16	240
<b>EBITDA</b>	<b>345</b>	<b>342</b>	<b>1,882</b>
Depreciation and impairment of tangible fixed assets	-45	-48	-193
Depreciation and impairment of right of use assets	-87	-62	-300
Depreciation and impairment of intangible assets	-	-	-54
<b>Earnings before financial items and tax (EBIT)</b>	<b>213</b>	<b>232</b>	<b>1,335</b>
Net financial items	-7	-6	-18
<b>Earnings before tax (EBT)</b>	<b>206</b>	<b>226</b>	<b>1,317</b>
Income tax expense	-46	-52	-290
<b>Net income for the period</b>	<b>160</b>	<b>174</b>	<b>1,027</b>
Attributable to:			
Shareholders in the Parent Company	126	140	854
Non-controlling interests	34	33	173
<b>Net income for the period</b>	<b>160</b>	<b>174</b>	<b>1,027</b>
Earnings per share (NOK kroner)	1.23	1.41	8.51
Diluted earnings per share (NOK kroner)	1.23	1.41	8.46
<b>Key figures</b>	<b>1Q 20</b>	<b>1Q 19</b>	<b>2019</b>
EBITDA margin	5.2 %	6.6 %	8.3 %
Operating profit margin	3.2 %	4.6 %	5.9 %
Profit margin	3.1 %	4.3 %	5.8 %
Return on capital employed (ROaCE) <sup>1)</sup>	35.5 %	49.5 %	38.2 %
Return on equity	40.0 %	45.5 %	43.7 %
Equity ratio	23.4 %	22.3 %	23.3 %
Net interest-bearing receivables (debt) <sup>2)</sup>	52	-189	-163
Capital employed <sup>3)</sup>	4,277	3,320	4,183
Order backlog	32,492	23,679	28,200

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

<sup>2)</sup> Net interest-bearing receivables (debt) = Cash and cash equivalents + interest-bearing receivables - interest-bearing debt

<sup>3)</sup> Capital employed = Equity + interest-bearing debt

## STATEMENT OF COMPREHENSIVE INCOME

NOK million	1Q 20	1Q 19	2019
Net income for the period	160	174	1,027
Net actuarial gains and losses	-	-	-2
Currency translation differences non-controlling interests	12	-4	-3
<b>Items that will not be reclassified to income statement in subsequent periods</b>	<b>12</b>	<b>-4</b>	<b>-4</b>
Net cash flow hedges	-53	14	4
Currency translation differences	65	-28	-24
<b>Items that may be reclassified to income statement in subsequent periods</b>	<b>12</b>	<b>-15</b>	<b>-20</b>
<b>Other comprehensive income for the period</b>	<b>24</b>	<b>-19</b>	<b>-24</b>
<b>Total comprehensive income for the period</b>	<b>185</b>	<b>156</b>	<b>1,003</b>
Attributable to:			
- Shareholders of the parent	139	126	832
- Non-controlling interests	46	30	170
<b>Total comprehensive income for the period</b>	<b>185</b>	<b>156</b>	<b>1,003</b>

## 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
<b>As at 31 December 2018</b>	<b>256</b>	<b>20</b>	<b>-16</b>	<b>-33</b>	<b>1,519</b>	<b>1,746</b>	<b>378</b>	<b>2,124</b>
Effect of IFRS 16	-	-	-	-	-19	-19	-	-19
<b>As at 1 January 2019</b>	<b>256</b>	<b>20</b>	<b>-16</b>	<b>-33</b>	<b>1,500</b>	<b>1,727</b>	<b>378</b>	<b>2,104</b>
Comprehensive income	-	-28	-	14	140	126	30	156
Capital increase	96	-	-	-	-	96	-	96
Sale of treasury shares	-	-	-	-	12	12	-	12
Dividend paid	-	-	-	-	-	-	-100	-100
Share-based remuneration	4	-	-	-	-	4	-	4
Addition from acquisition of subsidiaries	-	-	-	-	-	-	40	40
<b>As at 31 March 2019</b>	<b>356</b>	<b>-9</b>	<b>-16</b>	<b>-19</b>	<b>1,652</b>	<b>1,964</b>	<b>348</b>	<b>2,312</b>
<b>As at 31 December 2019</b>	<b>939</b>	<b>-4</b>	<b>-18</b>	<b>-29</b>	<b>1,302</b>	<b>2,189</b>	<b>809</b>	<b>2,999</b>
Comprehensive income	-	65	-	-53	126	139	46	185
Purchase of treasury shares	-	-	-	-	-36	-36	-	-36
Sale of treasury shares	-	-	-	-	13	13	-	13
Dividend paid	-	-	-	-	-	-	-93	-93
Share-based remuneration	4	-	-	-	-	4	-	4
Additions from restructuring of subs.	-	-	-	-	-	-	3	3
Transactions with non-controlling interests	-	-	-	-	-24	-24	-6	-30
<b>As at 31 March 2020</b>	<b>943</b>	<b>61</b>	<b>-18</b>	<b>-82</b>	<b>1,381</b>	<b>2,285</b>	<b>760</b>	<b>3,045</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	31/03/20	31/03/19	31/12/19
Tangible fixed assets	1,502	1,425	1,490
Right of use assets	996	894	991
Intangible assets	4,366	2,614	4,306
Investment in associates and joint ventures	595	400	547
Deferred tax asset	14	25	13
Interest-bearing receivables	393	375	358
Pension plan and other financial assets	11	7	12
<b>Total non-current assets</b>	<b>7,877</b>	<b>5,741</b>	<b>7,718</b>
Inventories	203	202	190
Projects for own account	150	98	157
Trade receivables and other receivables	3,913	3,890	4,127
Interest-bearing receivables	127	38	100
Derivatives	4	-	-
Cash and cash equivalents	764	405	563
<b>Total current assets</b>	<b>5,161</b>	<b>4,633</b>	<b>5,136</b>
<b>Total assets</b>	<b>13,037</b>	<b>10,374</b>	<b>12,854</b>
Equity attributable to shareholders of the parent	2,285	1,964	2,189
Non-controlling interests	760	348	809
<b>Total equity</b>	<b>3,045</b>	<b>2,312</b>	<b>2,999</b>
Interest-bearing debt	155	61	166
Interest-bearing debt - lease liability	705	687	704
Retirement benefit obligations	3	1	3
Provisions	87	190	63
Deferred tax	447	422	440
Derivatives	147	43	47
<b>Total non-current liabilities</b>	<b>1,545</b>	<b>1,404</b>	<b>1,423</b>
Interest-bearing debt	60	6	4
Interest-bearing debt - lease liability	311	254	310
Trade payables and other short-term debt	7,032	6,002	7,048
Derivatives	13	7	14
Provisions	638	229	684
Tax payable	393	161	372
<b>Total current liabilities</b>	<b>8,447</b>	<b>6,658</b>	<b>8,432</b>
<b>Total liabilities</b>	<b>9,992</b>	<b>8,063</b>	<b>9,855</b>
<b>Total equity and liabilities</b>	<b>13,037</b>	<b>10,374</b>	<b>12,854</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	1Q 20	1Q 19	2019
Earnings before financial items and tax (EBIT)	213	232	1,335
Depreciation, amortisation and impairment	132	110	547
Change in net working capital	211	-36	12
Income taxes paid	-38	-36	-177
Other adjustments	-19	-12	-209
<b>Cash flow from operating activities</b>	<b>499</b>	<b>257</b>	<b>1,508</b>
Net investments	-97	-388	-838
<b>Cash flow before financing activities</b>	<b>403</b>	<b>-130</b>	<b>670</b>
Share issue	-	-	555
Dividends paid to shareholders in the Parent Company	-	-	-859
Dividends paid to non-controlling interests	-89	-99	-148
Transactions with non-controlling interests	-40	-	-113
Sale (purchase) of treasury shares	-23	12	29
Borrowings (repayment) of debt	-51	-25	-166
Interest and other financial expenses paid	-18	-9	-55
<b>Cash flow from financing activities</b>	<b>-220</b>	<b>-122</b>	<b>-758</b>
<b>Net decrease (increase) in cash and cash equivalents</b>	<b>182</b>	<b>-252</b>	<b>-88</b>
Net cash and cash equivalents at the beginning of period	563	656	656
Change in cash and cash equivalents without cash effect	20	2	-5
<b>Net cash and cash equivalents at the end of period</b>	<b>764</b>	<b>405</b>	<b>563</b>

## BUSINESS AREAS

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

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	1Q 20	1Q 19	2019
External revenue and income	886	1,646	5,689
Internal revenue and income	22	11	98
<b>Total revenue and income</b>	<b>908</b>	<b>1,657</b>	<b>5,787</b>
EBITDA	112	113	557
Earnings before financial items and tax (EBIT)	64	71	373
<b>Earnings before tax (EBT)</b>	<b>68</b>	<b>74</b>	<b>376</b>
EBITDA-margin	12.4 %	6.8 %	9.6 %
Operating margin	7.1 %	4.3 %	6.5 %
Profit margin	7.5 %	4.4 %	6.5 %
Assets	1,781	2,516	1,976
<b>Order backlog</b>	<b>8,631</b>	<b>6,628</b>	<b>5,424</b>



## Building

NOK million	1Q 20	1Q 19	2019
External revenue and income	2,482	2,489	10,514
Internal revenue and income	25	19	67
<b>Total revenue and income</b>	<b>2,507</b>	<b>2,508</b>	<b>10,581</b>
EBITDA	142	151	758
Earnings before financial items and tax (EBIT)	115	128	656
<b>Earnings before tax (EBT)</b>	<b>116</b>	<b>132</b>	<b>667</b>
EBITDA-margin	5.6 %	6.0 %	7.2 %
Operating margin	4.6 %	5.1 %	6.2 %
Profit margin	4.6 %	5.3 %	6.3 %
Assets	4,784	4,955	5,151
<b>Order backlog</b>	<b>10,228</b>	<b>11,300</b>	<b>10,045</b>

## Betonmast

NOK million	1Q 20	1Q 19	2019
External revenue and income	1,822	-	1,226
Internal revenue and income	1	-	-
<b>Total revenue and income</b>	<b>1,823</b>	<b>-</b>	<b>1,226</b>
EBITDA	51	-	59
Earnings before financial items and tax (EBIT)	44	-	49
<b>Earnings before tax (EBT)</b>	<b>46</b>	<b>-</b>	<b>46</b>
EBITDA-margin	2.8 %	-	4.8 %
Operating margin	2.4 %	-	4.0 %
Profit margin	2.5 %	-	3.8 %
Assets	3,542	-	3,266
<b>Order backlog</b>	<b>8,057</b>	<b>-</b>	<b>7,293</b>

## Property

NOK million	1Q 20	1Q 19	2019
External revenue and income	6	3	18
Internal revenue and income	-	-	-
<b>Total revenue and income</b>	<b>6</b>	<b>3</b>	<b>18</b>
EBITDA	4	37	108
Earnings before financial items and tax (EBIT)	4	37	107
<b>Earnings before tax (EBT)</b>	<b>3</b>	<b>35</b>	<b>100</b>
EBITDA-margin	-	-	-
Operating margin	-	-	-
Profit margin	-	-	-
Assets	921	976	840
<b>Order backlog</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Energy and Environment

NOK million	1Q 20	1Q 19	2019
External revenue and income	181	192	939
Internal revenue and income	43	25	133
<b>Total revenue and income</b>	<b>224</b>	<b>217</b>	<b>1,072</b>
EBITDA	16	20	127
Earnings before financial items and tax (EBIT)	2	9	78
<b>Earnings before tax (EBT)</b>	<b>6</b>	<b>7</b>	<b>75</b>
EBITDA-margin	7.3 %	9.1 %	11.8 %
Operating margin	0.8 %	4.0 %	7.3 %
Profit margin	2.8 %	3.2 %	7.0 %
Assets	535	487	674
<b>Order backlog</b>	<b>533</b>	<b>650</b>	<b>371</b>

## Sweden

NOK million	1Q 20	1Q 19	2019
External revenue and income	1,034	838	3,681
Internal revenue and income	1	-	2
<b>Total revenue and income</b>	<b>1,035</b>	<b>838</b>	<b>3,683</b>
EBITDA	57	44	209
Earnings before financial items and tax (EBIT)	42	33	149
<b>Earnings before tax (EBT)</b>	<b>41</b>	<b>32</b>	<b>146</b>
EBITDA-margin	5.5 %	5.3 %	5.7 %
Operating margin	4.0 %	3.9 %	4.0 %
Profit margin	3.9 %	3.8 %	4.0 %
Assets	1,777	1,572	1,617
<b>Order backlog</b>	<b>3,056</b>	<b>3,056</b>	<b>2,946</b>

## Offshore

NOK million	1Q 20	1Q 19	2019
External revenue and income	128	122	677
Internal revenue and income	-	1	2
<b>Total revenue and income</b>	<b>128</b>	<b>123</b>	<b>679</b>
EBITDA	-47	-2	-4
Earnings before financial items and tax (EBIT)	-52	-8	-83
<b>Earnings before tax (EBT)</b>	<b>-55</b>	<b>-12</b>	<b>-94</b>
EBITDA-margin	-36.3 %	-1.4 %	-0.7 %
Operating margin	-40.9 %	-6.8 %	-12.2 %
Profit margin	-43.3 %	-9.7 %	-13.9 %
Assets	1,019	1,088	1,378
<b>Order backlog</b>	<b>1,385</b>	<b>1,486</b>	<b>1,351</b>



## Other Segments (Group)

NOK million	1Q 20	1Q 19	2019
External revenue and income	26	11	50
Internal revenue and income	9	7	35
<b>Total revenue and income</b>	<b>35</b>	<b>18</b>	<b>85</b>
EBITDA	10	11	39
Earnings before financial items and tax (EBIT)	-5	-5	-25
<b>Earnings before tax (EBT)</b>	<b>-19</b>	<b>-9</b>	<b>-29</b>
Assets	1,808	1,137	2,381
<b>Order backlog</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Eliminations

NOK million	1Q 20	1Q 19	2019
External revenue and income	-16	-58	-206
Internal revenue and income	-101	-63	-338
<b>Total revenue and income</b>	<b>-117</b>	<b>-121</b>	<b>-544</b>
EBITDA	-7	-2	-16
Earnings before financial items and tax (EBIT)	-7	-2	-16
<b>Earnings before tax (EBT)</b>	<b>-7</b>	<b>-2</b>	<b>-16</b>
Assets	-3,864	-2,204	-4,343
<b>Order backlog</b>	<b>309</b>	<b>308</b>	<b>406</b>

**GAAP adjustments (IFRS 15)**

NOK million	1Q 20	1Q 19	2019
External revenue and income	58	-30	25
Internal revenue and income	-	-	-
<b>Total revenue and income</b>	<b>58</b>	<b>-30</b>	<b>25</b>
EBITDA	7	-30	46
Earnings before financial items and tax (EBIT)	7	-30	46
<b>Earnings before tax (EBT)</b>	<b>7</b>	<b>-30</b>	<b>46</b>
Assets	-86	-153	-85
<b>Order backlog</b>	<b>293</b>	<b>405</b>	<b>363</b>

**Segment total**

NOK million	1Q 20	1Q 19	2019
External revenue and income	6,607	5,214	22,612
Internal revenue and income	-	-	-
<b>Total revenue and income</b>	<b>6,607</b>	<b>5,214</b>	<b>22,612</b>
EBITDA	345	342	1,882
Earnings before financial items and tax (EBIT)	213	232	1,335
<b>Earnings before tax (EBT)</b>	<b>206</b>	<b>226</b>	<b>1,317</b>
EBITDA-margin	5.2 %	6.6 %	8.3 %
Operating margin	3.2 %	4.5 %	5.9 %
Profit margin	3.1 %	4.3 %	5.8 %
Assets	13,037	10,374	12,854
<b>Order backlog</b>	<b>32,492</b>	<b>23,679</b>	<b>28,200</b>

# NOTES

## 1. GENERAL INFORMATION

AF Gruppen is one of Norway's leading contracting and industrial groups. AF Gruppen is divided into seven 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 1st quarter 2020 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 1st quarter 2020 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 2019, 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

There has been no changes in the group's structure this year.



## 4. ACCOUNTING POLICIES

The accounting policies applied to the accounts are consistent with those described in the annual report for 2019. IFRS 16 was implemented for the Group as of 1 January 2019 with the modified retrospective application. The effects of this standard for 2019 and 2020 are reflected below.

### Effect of IFRS 16 lease liability

In IFRS 16 the distinction made between operating and financial leases is eliminated, and practically all leases over 12 months duration are recognised on the balance sheet of the lessee. 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.

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 NOK 91 million, and a corresponding negative effect on cash flow from financing activities.

As at for the 1st quarter the implementation of the standard has resulted in a positive effect on EBITDA and the operating profit of NOK 91 million and NOK 8 million respectively. Earnings before tax and earnings after tax are affected positively by respectively NOK 2 million and NOK 2 million by the standard. As at 31 March 2020 the balance sheet total has increased by NOK 919 million. Interest-bearing liabilities have increased by NOK 948 million and equity has been reduced by NOK 22 million.

### Consolidated statement of income – Effect of IFRS 16

NOK million	1Q 20 less IFRS 16	Effect of IFRS 16	1Q 20	1Q 19 less IFRS 16	Effect of IFRS 16	1Q 19	2019 less IFRS 16	Effect of IFRS 16	2019
Operating expenses excl. depr. and impairment	-572	91	-482	-428	66	-362	-1,978	296	-1,682
<b>EBITDA</b>	<b>255</b>	<b>91</b>	<b>345</b>	<b>276</b>	<b>66</b>	<b>342</b>	<b>1,586</b>	<b>296</b>	<b>1,882</b>
Depr. and impairment of right of use assets	-4	-83	-87	-1	-62	-62	-20	-280	-300
<b>Earnings before financial items and tax (EBIT)</b>	<b>205</b>	<b>8</b>	<b>213</b>	<b>228</b>	<b>4</b>	<b>232</b>	<b>1,319</b>	<b>16</b>	<b>1,335</b>
Net financial items	-1	-6	-7	-1	-5	-6	4	-21	-18
<b>Earnings before tax (EBT)</b>	<b>204</b>	<b>2</b>	<b>206</b>	<b>228</b>	<b>-1</b>	<b>226</b>	<b>1,322</b>	<b>-5</b>	<b>1,317</b>
Income tax expense	-46	-1	-46	-52	-	-53	-291	1	-290
<b>Net income for the period</b>	<b>159</b>	<b>2</b>	<b>160</b>	<b>175</b>	<b>-1</b>	<b>174</b>	<b>1,031</b>	<b>-4</b>	<b>1,027</b>

## Consolidated statement of financial position – Effect of IFRS 16

NOK million	31.03.20 less IFRS 16	Effect of IFRS 16	31.03.20	31.03.19 less IFRS 16	Effect of IFRS 16	31.03.19	2019 less IFRS 16	Effect of IFRS 16	2019
Right of use assets	77	919	996	53	841	894	81	910	991
<b>Total assets</b>	<b>12,118</b>	<b>919</b>	<b>13,037</b>	<b>9,533</b>	<b>841</b>	<b>10,374</b>	<b>11,944</b>	<b>910</b>	<b>12,854</b>
Total equity	3,068	-22	3,045	2,332	-20	2,312	3,023	-24	2,999
Interest-bearing debt - lease liability (non-current)	58	647	705	65	622	687	63	642	704
Deferred tax	453	-6	447	428	-6	422	446	-7	440
Interest-bearing debt - lease liability (current)	11	301	311	8	245	254	11	299	310
<b>Total equity and liabilities</b>	<b>12,118</b>	<b>919</b>	<b>13,037</b>	<b>9,533</b>	<b>841</b>	<b>10,374</b>	<b>11,944</b>	<b>910</b>	<b>12,854</b>
Equity ratio	25.3 %	-	23.4 %	24.5 %	-	22.3 %	25.3 %	-	23.3 %
Gross interest-bearing debt	69	948	1,017	74	867	941	74	941	1,014

## 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.

## 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 Betonmast segment is reported in accordance with IFRS. To ensure completeness Betonmast's property projects are included in the table below.

The effect for the year of the deviant application of principles in the segment accounts with respect to earnings before tax is NOK 7 million (-30 million) for the 1st quarter 2020. The effect on equity was NOK -95 million (-174 million), and the accumulated reversed revenues were NOK 293 million (405 million) as at 31 March 2020.

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 <sup>1)</sup>	Total number	Number of housing units		Construction period		Ownership share AF
			Hereof transferred in 2020	Hereof complete d not transf.	Start up	Completion	
Lillo Gård Haugen, Nydalen	563	174	9	11	Q1 2017	Q2/Q3 2019	25%
Krydderhagen D1/D2/D3/D4, Hasle	355	143	3	9	Q2 2017	Q2 2019	50%
<b>Total completed in 2019<sup>2)</sup></b>	<b>918</b>	<b>317</b>	<b>12</b>	<b>20</b>			
Nye Kilen Brygge A1/A2/C1/C2, Sandefjord	224	100	99	1	Q1 2018	Q1 2020	50%
<b>Total completed in 2020</b>	<b>224</b>	<b>100</b>	<b>99</b>	<b>1</b>			
Lillo Gård Lunden E/F/G, Nydalen	600	135	-	-	Q1 2017	Q3/Q4 2020	25%
Nye Kilen Brygge A3, Sandefjord	56	24	-	-	Q1 2019	Q2 2020	50%
Nye Kilen Brygge B/C3, 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 2019	Q3 2020	33%
Lilleby Triangel Byggetrinn 3, Trondheim	-	21	-	-	Q1 2019	Q3 2020	33%
Lilleby Triangel Byggetrinn 4, Trondheim	-	54	-	-	Q3 2019	Q3 2021	33%
Bo på Billingstad, Asker	-	88	-	-	Q2 2019	Q1 2021	33%
<b>Total in production - Property segment</b>	<b>1,049</b>	<b>612</b>	<b>-</b>	<b>-</b>			
Stronde I, Hardanger (LAB)	140	34	-	-	Q4 2018	Q2 2020	49%
<b>Total in production - Building segment</b>	<b>140</b>	<b>34</b>	<b>-</b>	<b>-</b>			
Vikenstranda Byggetrinn 6, Gjøvik	39	23	-	-	Q1 2019	Q2 2020	50%
Bjørnsveen Panorama Byggetrinn 2, Gjøvik	33	12	-	-	Q2 2019	Q2 2020	50%
Lietorvet 1/2, Skien	139	47	-	-	Q3 2019	Q2 2021	25%
Snipetorp, Skien	60	16	-	-	Q3 2018	Q2 2020	50%
<b>Total in production - Betonmast segment</b>	<b>271</b>	<b>98</b>	<b>-</b>	<b>-</b>			

<sup>1)</sup> NOK million excl. VAT

<sup>2)</sup> Only projects with not sold or not transferred units as at year end is included.



## **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	31.03.19	31.03.19	31.12.19
<b>GROSS INTEREST-BEARING LIABILITIES / NET INTEREST-BEARING LIABILITIES</b>			
Non-current interest-bearing debt	155	61	166
Non-current interest-bearing debt - lease liability	705	687	704
Current interest-bearing debt	60	6	4
Current interest-bearing debt - lease liability	311	254	310
<b>Gross interest-bearing liabilities</b>	<b>1,231</b>	<b>1,008</b>	<b>1,184</b>
Less:		-	
Interest-bearing receivables – long-term	393	375	358
Interest-bearing receivables – short-term	127	38	100
Cash and cash equivalents	764	405	563
<b>Net interest-bearing liabilities (receivables)</b>	<b>-52</b>	<b>189</b>	<b>163</b>



NOK million	31/03/20	31/03/19	31/12/19
<b>CAPITAL EMPLOYED</b>			
Shareholders' equity	3,045	2,312	2,999
Gross interest-bearing liabilities	1,231	1,008	1,184
<b>Capital employed</b>	<b>4,277</b>	<b>3,320</b>	<b>4,183</b>
<b>AVERAGE CAPITAL EMPLOYED</b>			
Capital employed as at 2nd quarter 2018	-	1,908	-
Capital employed as at 3rd quarter 2018	-	2,162	-
Capital employed as at 4th quarter 2018	-	2,223	-
Capital employed as at 1st quarter 2019	-	3,320	3,320
Capital employed as at 2nd quarter 2019	3,426	-	3,426
Capital employed as at 3rd quarter 2019	3,482	-	3,482
Capital employed as at 4th quarter 2019	4,183	-	4,183
Capital employed as at 1st quarter 2020	4,277	-	-
<b>Average capital employed</b>	<b>3,842</b>	<b>2,403</b>	<b>3,603</b>
<b>RETURN ON CAPITAL EMPLOYED</b>			
Earnings before tax 2nd quarter 2018	-	256	-
Earnings before tax 3rd quarter 2018	-	313	-
Earnings before tax 4th quarter 2018	-	372	-
Earnings before tax 1st quarter 2019	-	226	226
Earnings before tax 2nd quarter 2019	363	-	363
Earnings before tax 3rd quarter 2019	339	-	339
Earnings before tax 4th quarter 2019	388	-	388
Earnings before tax 1st quarter 2020	206	-	-
<b>Earnings before tax last four quarters</b>	<b>1,297</b>	<b>1,168</b>	<b>1,317</b>
Interest expenses 2nd quarter 2018	-	4	-
Interest expenses 3rd quarter 2018	-	5	-
Interest expenses 4th quarter 2018	-	1	-
Interest expenses 1st quarter 2019	-	9	9
Interest expenses 2nd quarter 2019	10	-	10
Interest expenses 3rd quarter 2019	14	-	14
Interest expenses 4th quarter 2019	25	-	25
Interest expenses 1st quarter 2020	18	-	-
<b>Interest expense last four quarters</b>	<b>67</b>	<b>20</b>	<b>58</b>
<b>Earnings before tax and interest expense last four quarters</b>	<b>1,364</b>	<b>1,187</b>	<b>1,375</b>
Divided by:			
Average capital employed	3,842	2,403	3,603
<b>Return on capital employed</b>	<b>35.5 %</b>	<b>49.4 %</b>	<b>38.2 %</b>

NOK million	31.03.20	31.03.19	2019
<b>EQUITY RATIO</b>			
Shareholders' equity	3,045	2,312	2,999
Divided by:	-	-	-
Total equity and liabilities	13,037	10,374	12,854
<b>Equity ratio</b>	<b>23.4 %</b>	<b>22.3 %</b>	<b>23.3 %</b>
<b>AVERAGE SHAREHOLDERS' EQUITY</b>			
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	2,312
Shareholder's equity as at 2nd quarter 2019	1,856	-	1,856
Shareholder's equity as at 3rd quarter 2019	2,232	-	2,232
Shareholder's equity as at 4th quarter 2019	2,999	-	2,999
Shareholder's equity as at 1st quarter 2020	3,045	-	-
<b>Average shareholders' equity</b>	<b>2,533</b>	<b>2,074</b>	<b>2,350</b>
<b>RETURN ON EQUITY</b>			
Result for the last four quarters	1,013	943	1,027
Divided by:			
Average equity	2,533	2,074	2,350
<b>Return on equity</b>	<b>40.0 %</b>	<b>45.5 %</b>	<b>43.7 %</b>

## COMPANY INFORMATION

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### ***AF Gruppen ASA***

**Head office:**

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0603 Oslo  
T +47 22 89 11 00  
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**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:**

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 usually take place at Hotel Continental, Stortingsgata 24-26, at 8:30 a.m. For the 1st quarter 2020 the presentation will be distributed via webcast only.

**For more information on the company, visit our web site at [afgruppen.com](http://afgruppen.com)**

Cover: Sjölunda sewerage in Malmö  
Photo: Hans Fredrik Asbjørnsen



## 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  
Kirkstuen  
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  
Enaktiva  
AF Energija Baltic  
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  
Projektutveckling  
AF Härnösand Byggreturer

### **Offshore**

AF Offshore Decom  
AF Offshore Decom UK  
AF Miljøbase Vats  
AF AeronMollier