

November 13th 2020

Q3 2020

AF Gruppen ASA



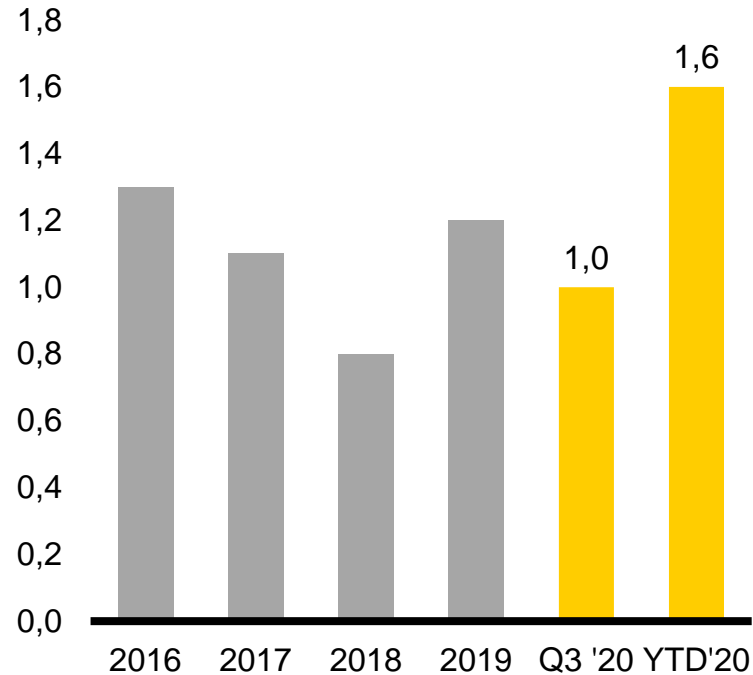
Highlights

AF Gruppen with 26 % revenue growth and good margins in the third quarter

- Revenue: NOK 6,366 million (5,069) in Q3 and NOK 19,540 million (16,146) year-to-date
- Earnings before tax: NOK 368 million (339) in Q3 and NOK 833 million (929) year-to-date
- Profit margin: 5.8 % (6.7 %) in Q3 and 4.3 % (5.8 %) year-to-date
- Cash flow from operations: NOK 574 million (182) in Q3 and NOK 1,274 million (724) year-to-date
- Strong order backlog: NOK 31,269 million (23,000) as of 30 September 2020
- Net interest-bearing receivables of NOK 341 million (-598) as of 30 September 2020
- The Board of Directors has approved a dividend of NOK 3,50 (3.50) for the second half of 2020

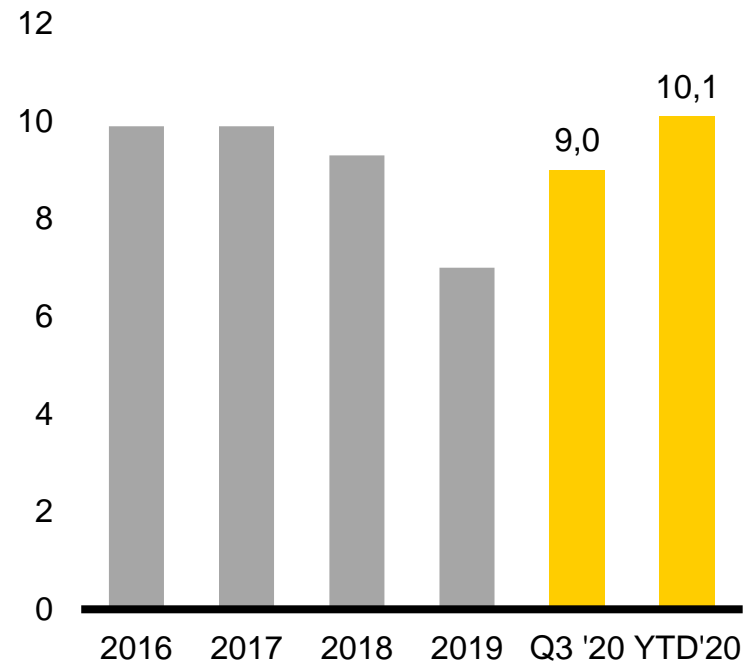
Safety

Lost-time injury frequency (LTIF)



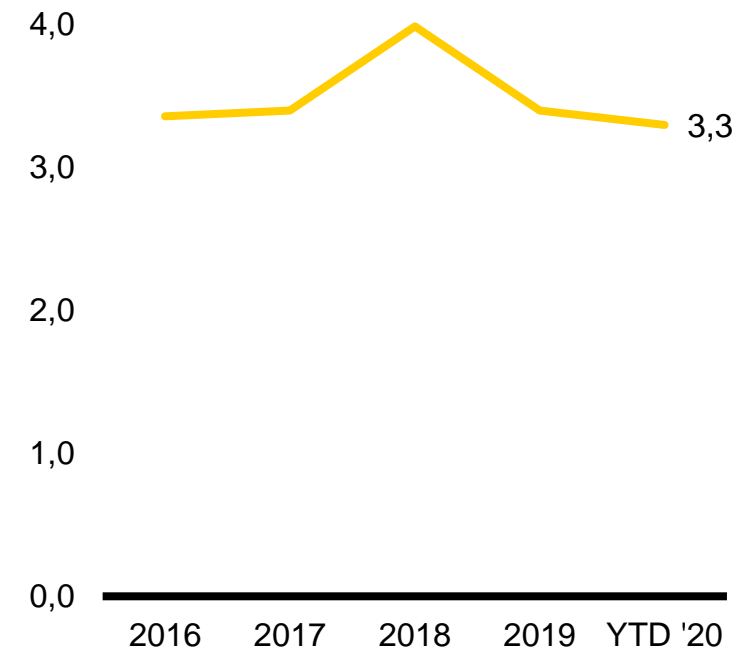
Number of lost-time injuries and severe personnel injuries not resulting in lost-time per million hours worked

Total recordable injury frequency (TRIF)



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

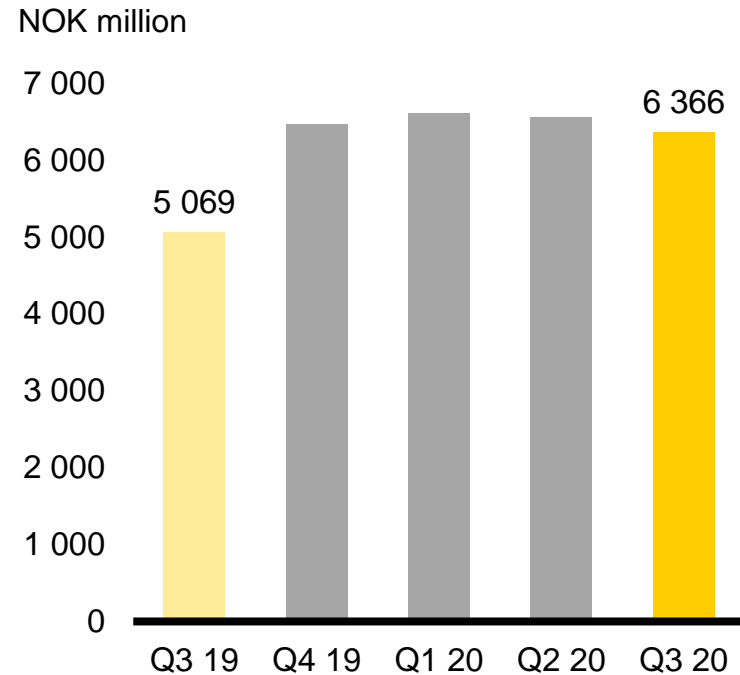
Reported unwanted incident frequency (RUIF)



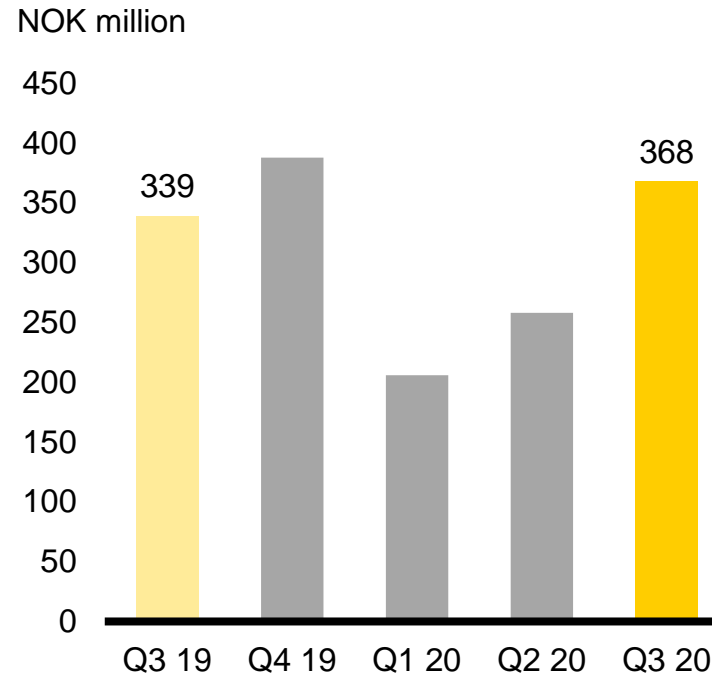
Number of reported unwanted incidents per man-year

Revenues and earnings – quarterly

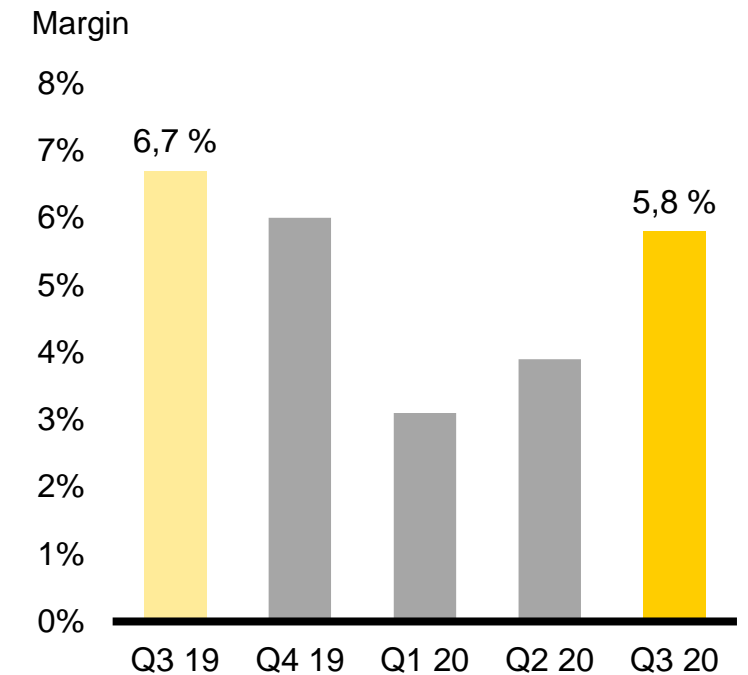
Revenues



Earnings before tax

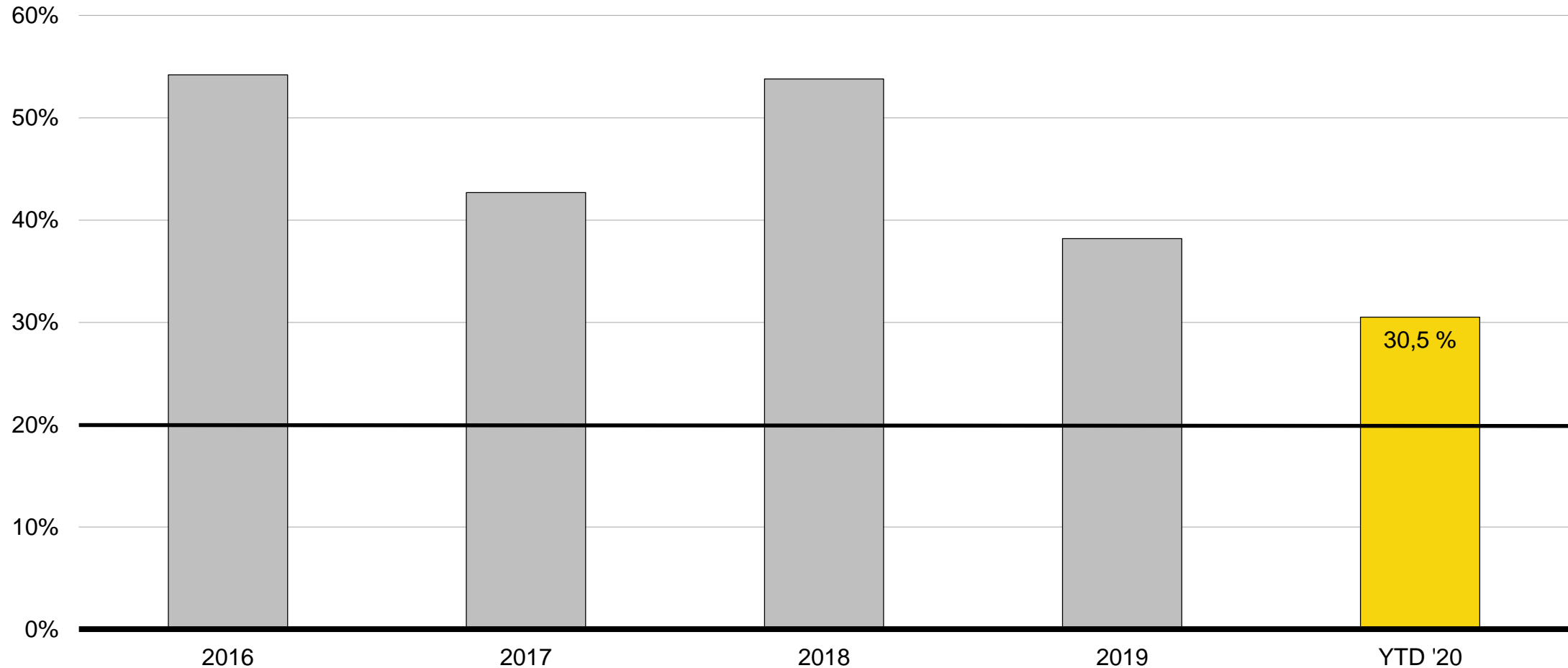


Profit margin



Return on capital employed

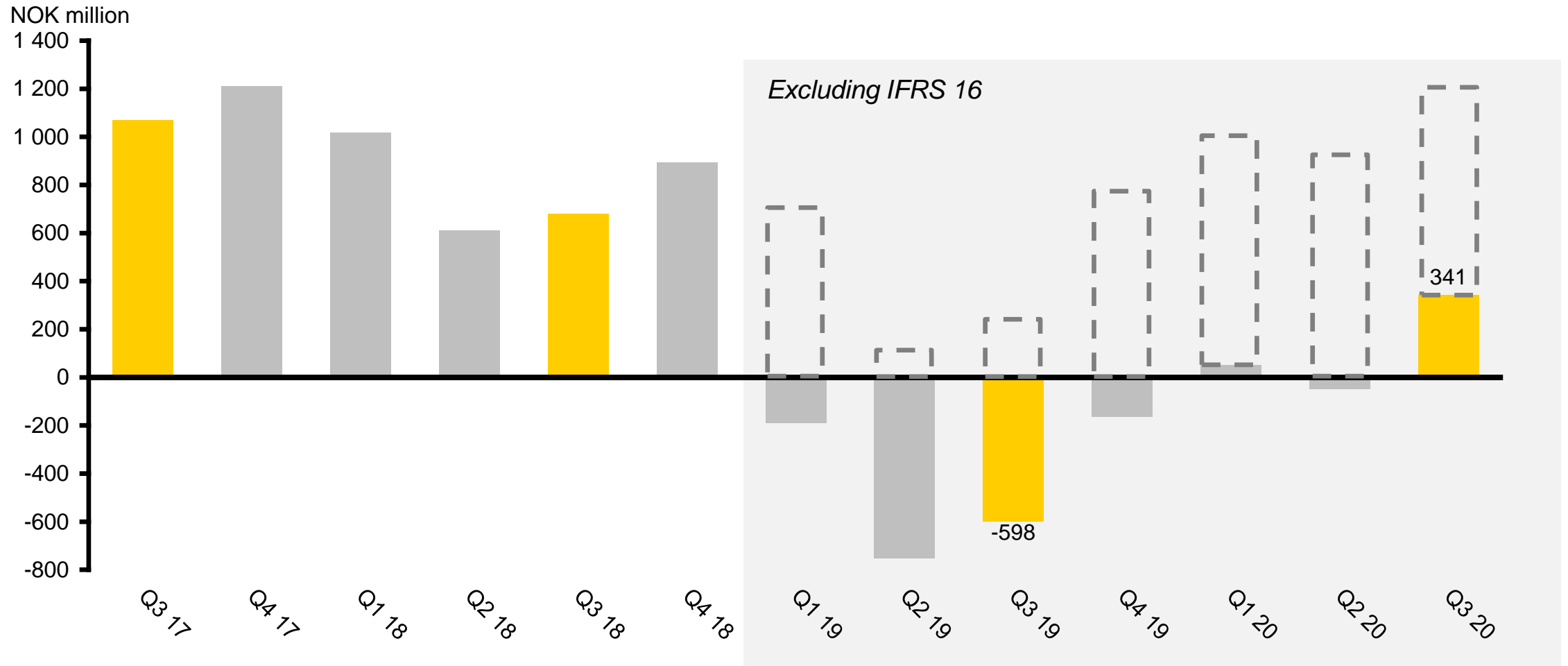
Rolling average last four quarters



Cash flow statement

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019
EBIT	371	343	847	943
Depreciations, amortization and impairment	135	122	404	349
Change in net working capital	139	-203	238	-319
Other adjustments / taxes paid	-71	-80	-215	-249
Cash flow from operations	574	182	1,274	724
Net investments	-60	-220	-122	-710
Cash flow from capital activities	-19	94	-531	-649
Interest paid and change in interest bearing debt	-166	-235	-310	168
Net change in cash and cash equivalents	328	-179	311	-468
Net cash and cash equivalents at beginning of period	561	370	563	656
Change in cash and cash equivalents without cash effect	4	-5	20	-2
Net cash and cash equivalents end of period	893	186	893	186

Net interest-bearing receivables



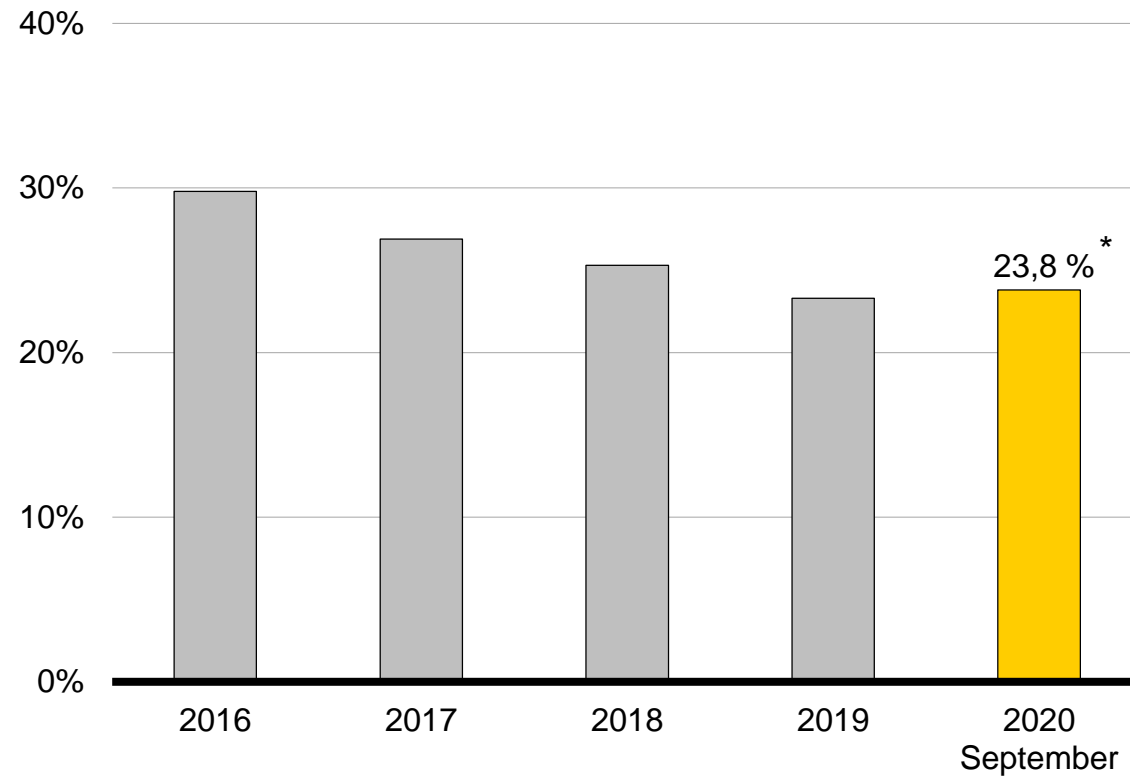
All the company's covenants exclude the effect of IFRS 16 Lease

The implementation of IFRS 16 from January 1st 2019 led to an increase of interest-bearing debt. As of 30 September 2020, the effect was NOK 869 million

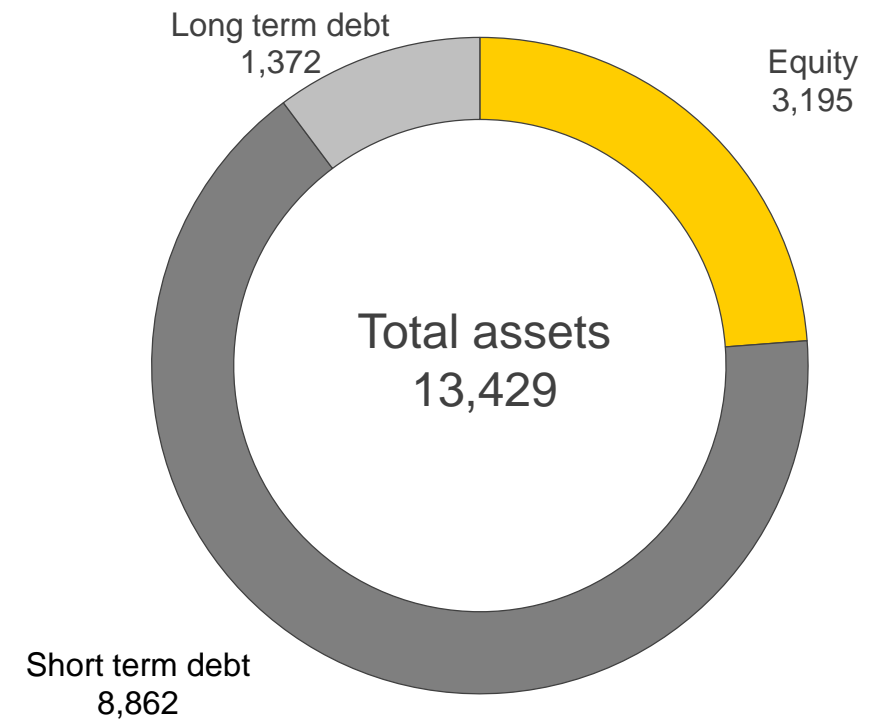
Balance sheet

NOK million	30.09.2020	30.09.2019	31.12.2019
Non-current assets	7,859	5,882	7,718
Current assets, ex. cash	4,677	4,186	4,573
Cash and cash equivalents	893	186	563
Total assets	13,429	10,254	12,854
Equity	3,195	2,232	2,999
Long term debt	1,372	1,432	1,423
Short term debt	8,862	6,590	8,432
Total equity and debt	13,429	10,254	12,854

Equity ratio

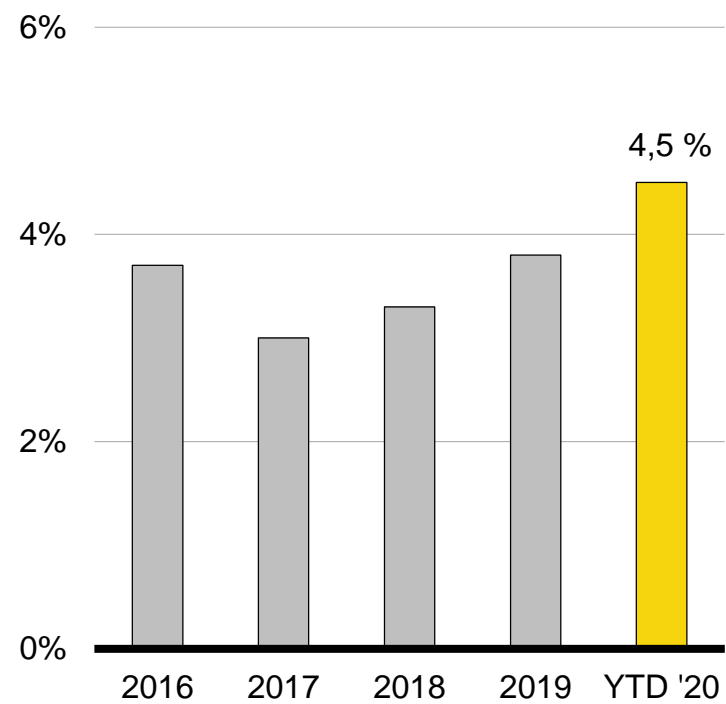


* Equity ratio excluding the effect of IFRS 16 would be 25.6 % at 30 September 2020
All the company's covenants exclude the effect of IFRS 16



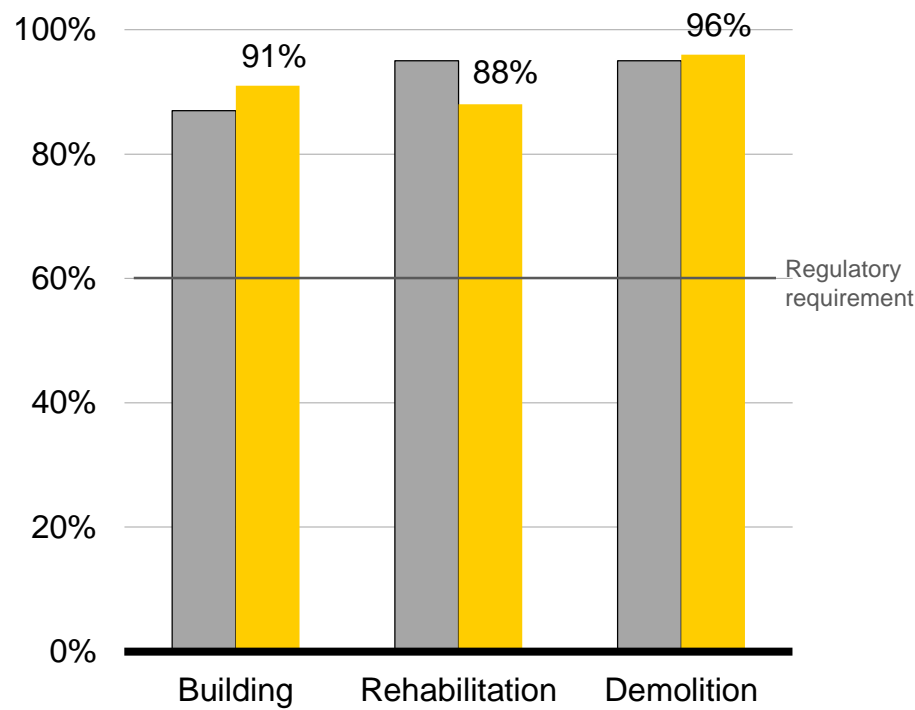
Health and environment

Sick leave



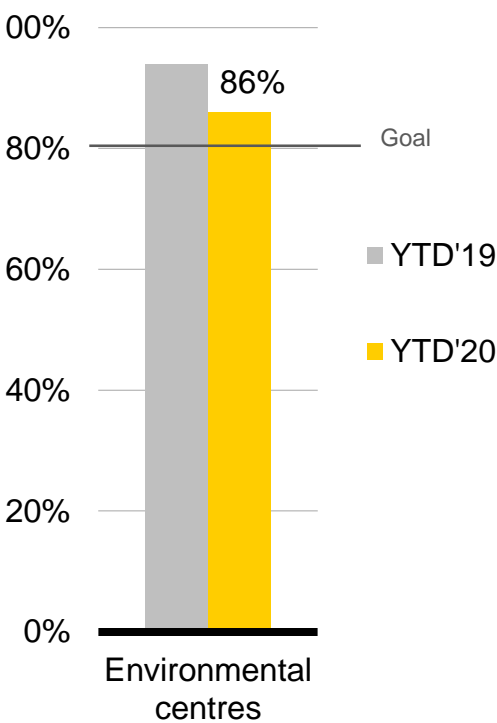
Sick-leave increased due to Covid-19.
Covid-19 related absence estimated to 0.4 % YTD 2020

Source separation rate



A total of 221,598 (278,190) tonnes of waste have been sorted YTD 2020

Recycling rate



A total of 394,323 (265,247) tonnes of contaminated materials have been recycled YTD 2020

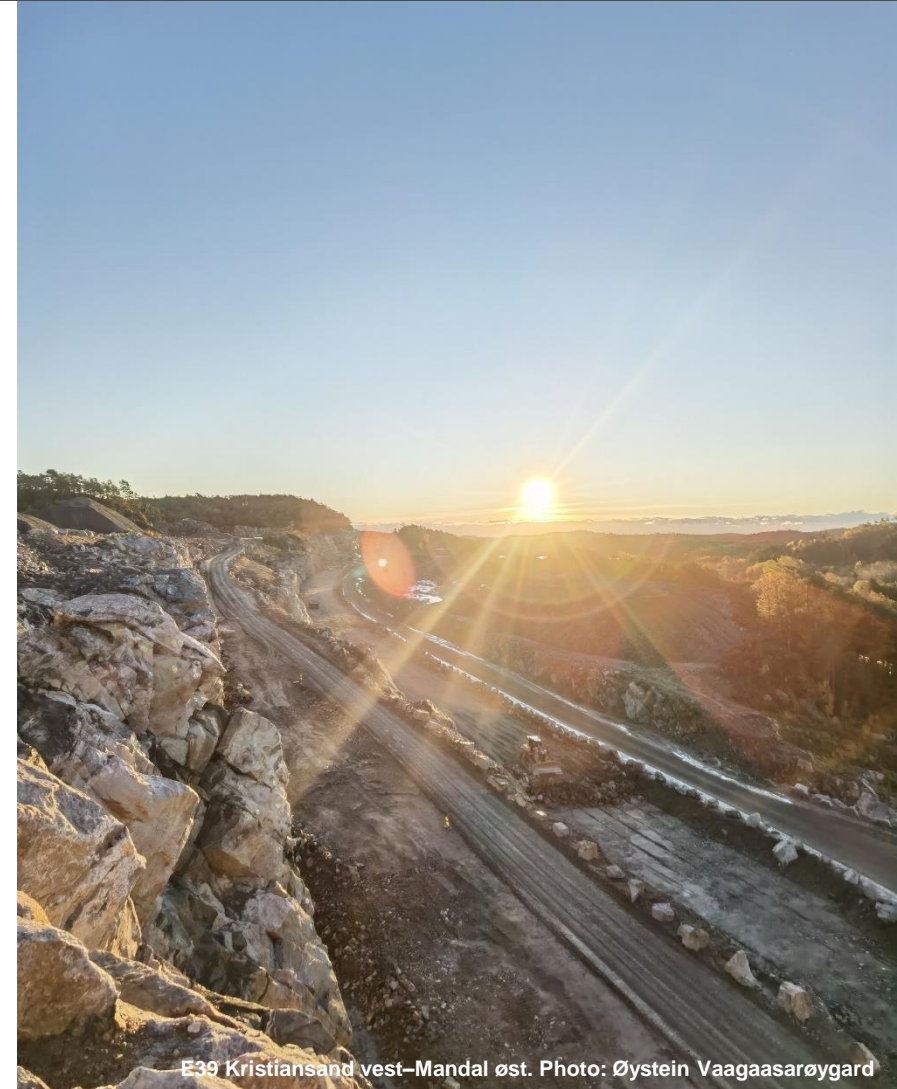
Q3 2020

Business areas

Strong margins

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	1,045	1,307	2,855	4,670
EBIT	68	75	186	236
EBT	66	75	186	238
EBIT %	6.5 %	5.8 %	6.5 %	5.1 %
EBT %	6.3 %	5.7 %	6.5 %	5.1 %

- The overall operational performance of the project portfolio is good
- Full production on E39 Kristiansand west-Mandal east in the quarter. In addition, AF Anlegg began production on the large-scale Bertunnlar Lovö in Stockholm
- Although covid-19 impacts all projects, most of the projects were able to maintain good level of activity in the quarter
- Målselv Maskin & Transport has a large wind turbine project in the final phase and otherwise a good level of activity. The unit continues to deliver strong results
- Order backlog: NOK 7,459 million (6,018) as at 30. September 2020



E39 Kristiansand vest-Mandal øst. Photo: Øystein Vaagaasarøygard

Good activity level and solid results

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	2,169	2,549	7,023	7,793
EBIT	130	162	336	454
EBT	131	161	340	462
EBIT %	6.0 %	6.3 %	4.8 %	5.8 %
EBT %	6.0 %	6.3 %	4.8 %	5.9 %

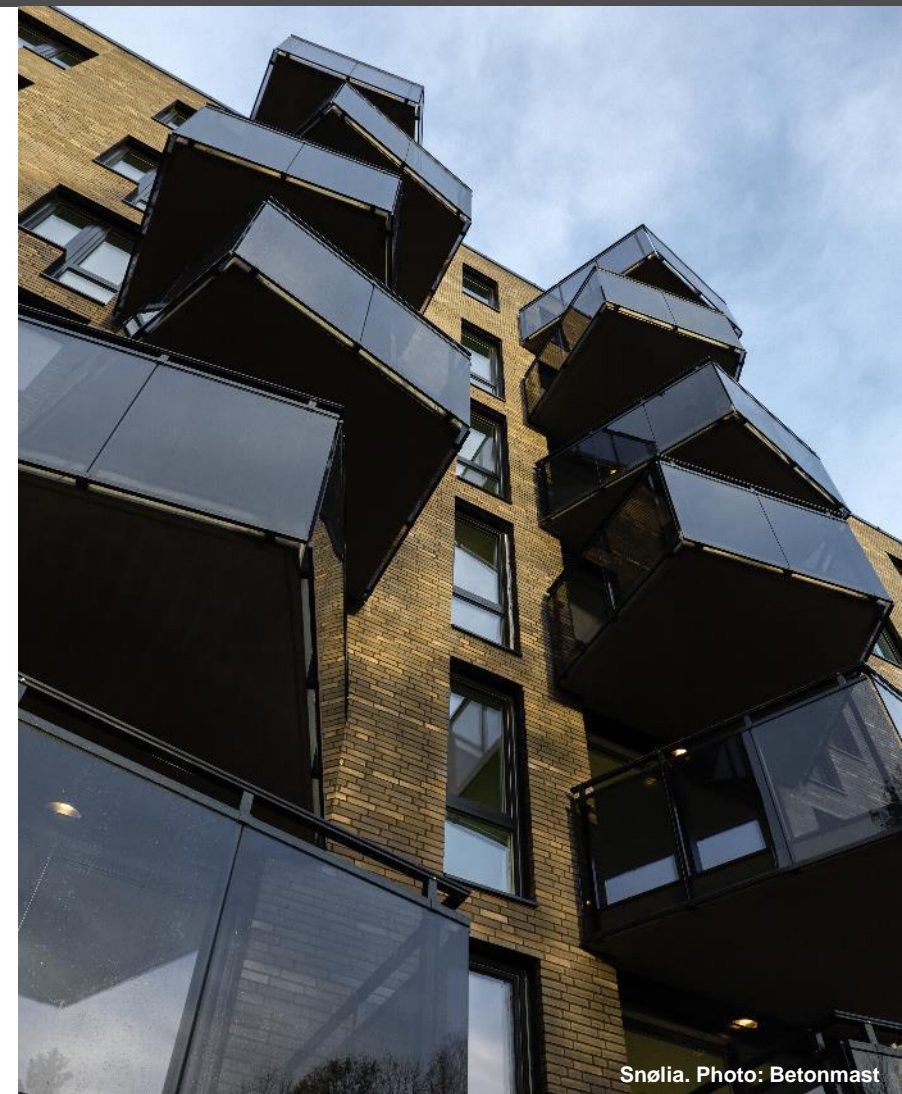
- AF Bygg Oslo, Haga & Berg and Consolvo are some of the units that delivered very good results in the quarter
- Eiqon delivered a break-even result for the quarter, while Strøm Gundersen Vestfold has few active projects and delivered negative results. Measures have been taken in both units to improve the situation
- There is still uncertainty about the consequences of covid-19, resulting in reduced number of new housing projects and increased competition for public construction projects
- Order backlog: NOK 9,762 million (11,529) as at 30. September 2020



Variable results, but somewhat increased profitability

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	1,926	-	5,746	-
EBIT	68	-	172	-
EBT	65	-	166	-
EBIT %	3.5 %	-	3.0 %	-
EBT %	3.4 %	-	2.9 %	-

- As expected, Betonmast still delivered weak results but profitability is increasing somewhat
- Betonmast Romerike excelled with strong results. In addition Betonmast Oslo, Betonmast Buskerud-Vestfold and Betonmast Østfold delivered good results
- Betonmast Boligbygg and Betonmast Telemark delivered results below expectations
- Betonmast's operations in Sweden had a high level of activity and increasing profitability for the quarter
- Betonmast has its own property portfolio with two property projects under production
- Order backlog: NOK 7,651 million as at 30. September 2020



Good sales in the quarter

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	6	4	18	11
EBIT	27	27	41	88
EBT	26	26	38	84
Capital employed	976	969	976	969

- Several projects with good sales in the quarter, including Lilleby Triangel, Bo på Billingstad, Brøter Terrasse and Kråkehaugen. A total of 193 (61) units were sold in the quarter, of which AF's share was 71 (22)
- Five residential property projects under production with a total of 579 units, of which AF's share was 210. The sales ratio for commenced projects was 79 %. At quarter end a total of 9 (40) unsold completed apartments, of which AF's share was 3 (14)
- Property also has a significant development portfolio estimated at 2,198 (1,962) units. AF's share of this was 1,124 (949) residential units
- During the quarter, a bid was accepted for the sale of the ATEA building, and the transaction was completed after the end of the quarter

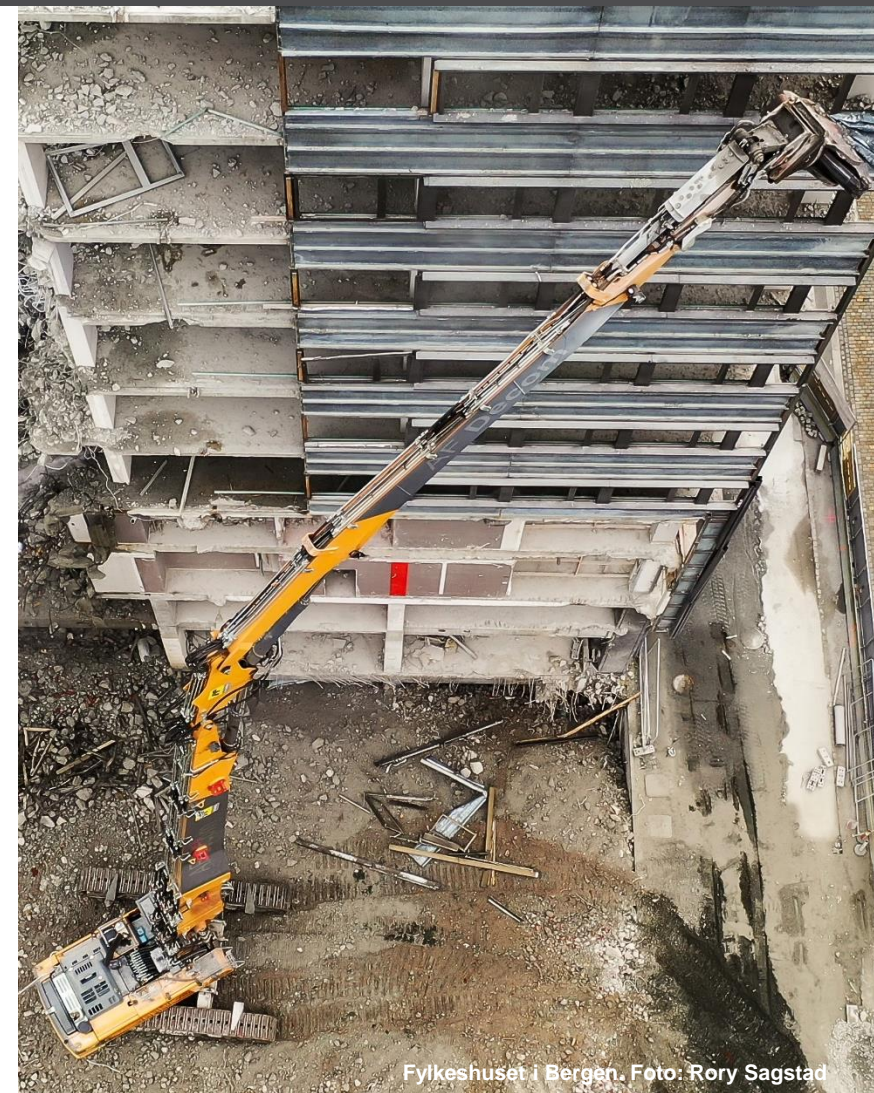


Fyrstikkbakken, Bryn i Oslo. III: Fyrstikkbakken 14/3D Estate

Lower activity level, but good margins

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	224	267	667	773
EBIT	15	19	32	43
EBT	14	19	32	41
EBIT %	6.5 %	7.0 %	4.7 %	5.6 %
EBT %	6.3 %	7.1 %	4.8 %	5.3 %

- AF Decom had a significant lower level of activity compared to the same quarter last year. However, the unit maintains good profitability for both demolition and recycling at AF's environmental centers
- The environmental centers have recovered a total of 394,323 (265,247) tonnes of materials year to date, and the recycling rate realised for contaminated materials was 86 %
- AF Decom has demolished and facilitated the recycling of approximately 9,500 tonnes of metal so far this year
- AF Energi & Miljøteknikk reported results below expectation for the quarter. Its project portfolio has seen variable results
- Order backlog: NOK 481 million (510) as at 30. September 2020



Fylkeshuset i Bergen. Foto: Rory Sagstad

Revenue growth and good margins

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	870	827	2,969	2,590
EBIT	48	36	130	97
EBT	46	35	126	94
EBIT %	5.5 %	4.4 %	4.4 %	3.7 %
EBT %	5.3 %	4.3 %	4.2 %	3.6 %

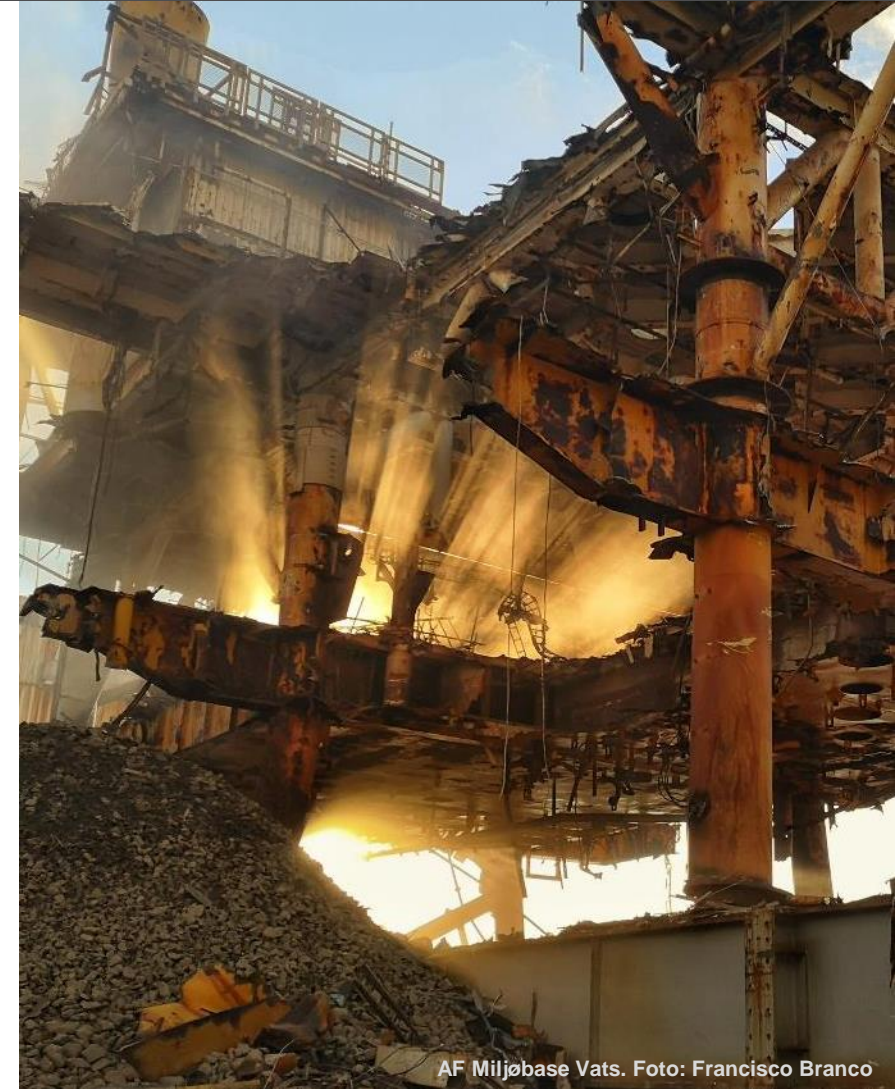
- In the Swedish civil engineering market, Kanonaden reported strong revenue growth compared with the same quarter last year, and the unit delivered strong results. The liquidation of the Pålplintar foundation business proceeded as planned, and Pålplintar delivered positive results for the quarter
- AF Bygg Syd maintained good profitability in the quarter, while AF Bygg Göteborg and HMB delivered profitability below expectation. In HMB, individual projects contributed to the weak result
- For the demolition business, the level of activity fell for the quarter, but AF Härnösand Byggreturer maintained good results. AF Projektutveckling has both a residential and a school project under production
- Order backlog: NOK 3,825 million (3,125) as at 30. September 2020



Revenue growth and improved profitability

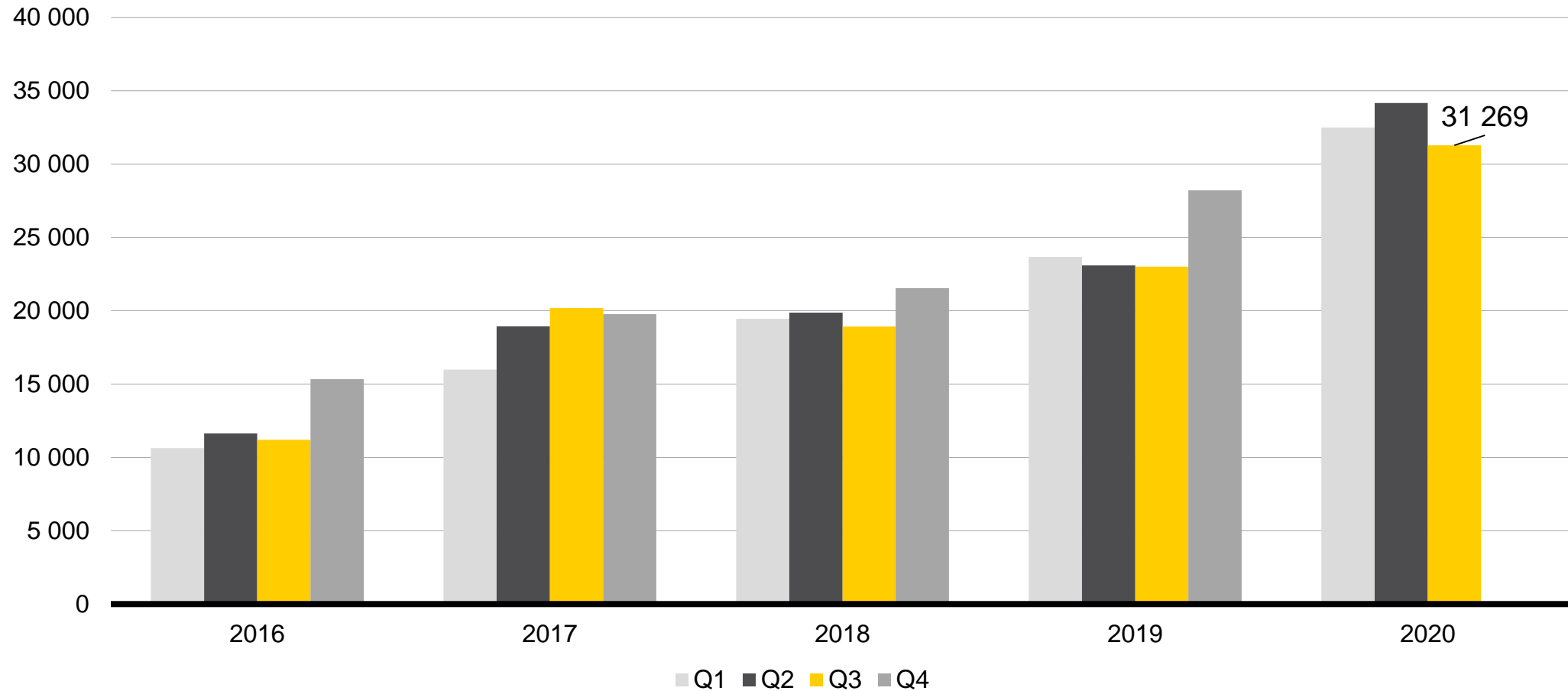
NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	208	186	510	501
EBIT	11	-2	-39	-6
EBT	10	-1	-50	-12
EBIT %	5.5 %	-1.2 %	-7.7 %	-1.1 %
EBT %	5.0 %	-0.7 %	-9.7 %	-2.4 %

- AF Offshore Decom had a higher level of activity and improved profitability compared to same quarter last year
- At AF Miljøbase Vats there has been a high level of activity which contributed to a good profitability. High production is expected at Vats for the rest of the year
- There is also ongoing preparatory work for the coming offshore campaigns and demolition at the environmental centre in 2021 and 2022
- AF AeronMollier reported a fall in revenue in the quarter, but still positive results. Year to date, AF AeronMollier has supplied systems and equipment for the electrification of 33 ferries, which corresponds to around half of the Norwegian market. Electrification of ferries entails a significant reduction in greenhouse gas emissions compared with the use of fossil fuels
- Order backlog: NOK 1,497 million (1,312) as at 30. September 2020



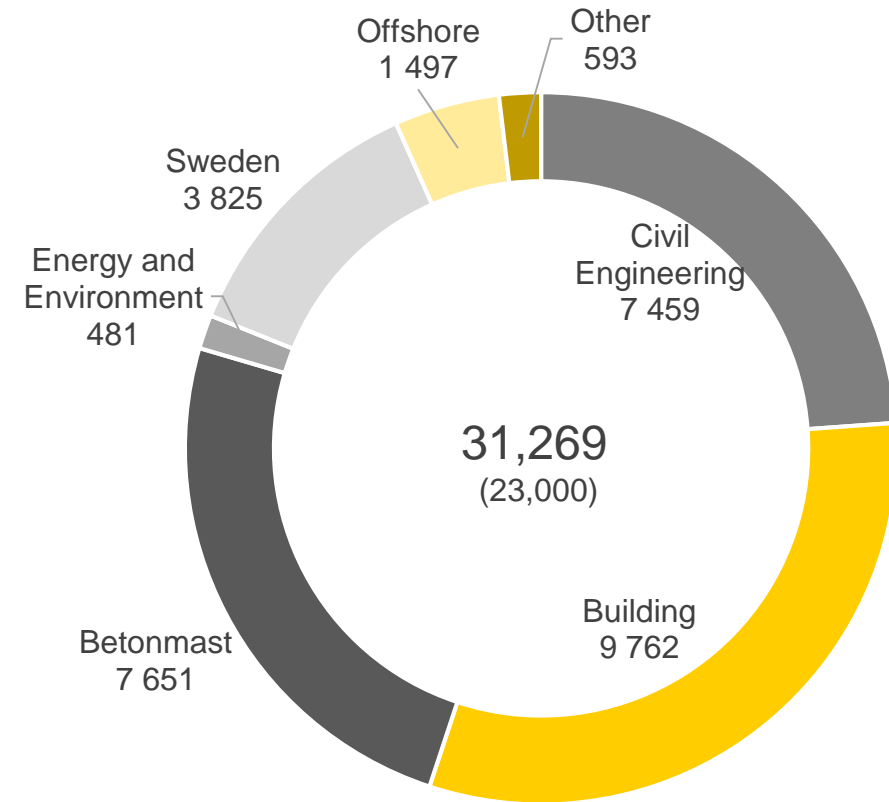
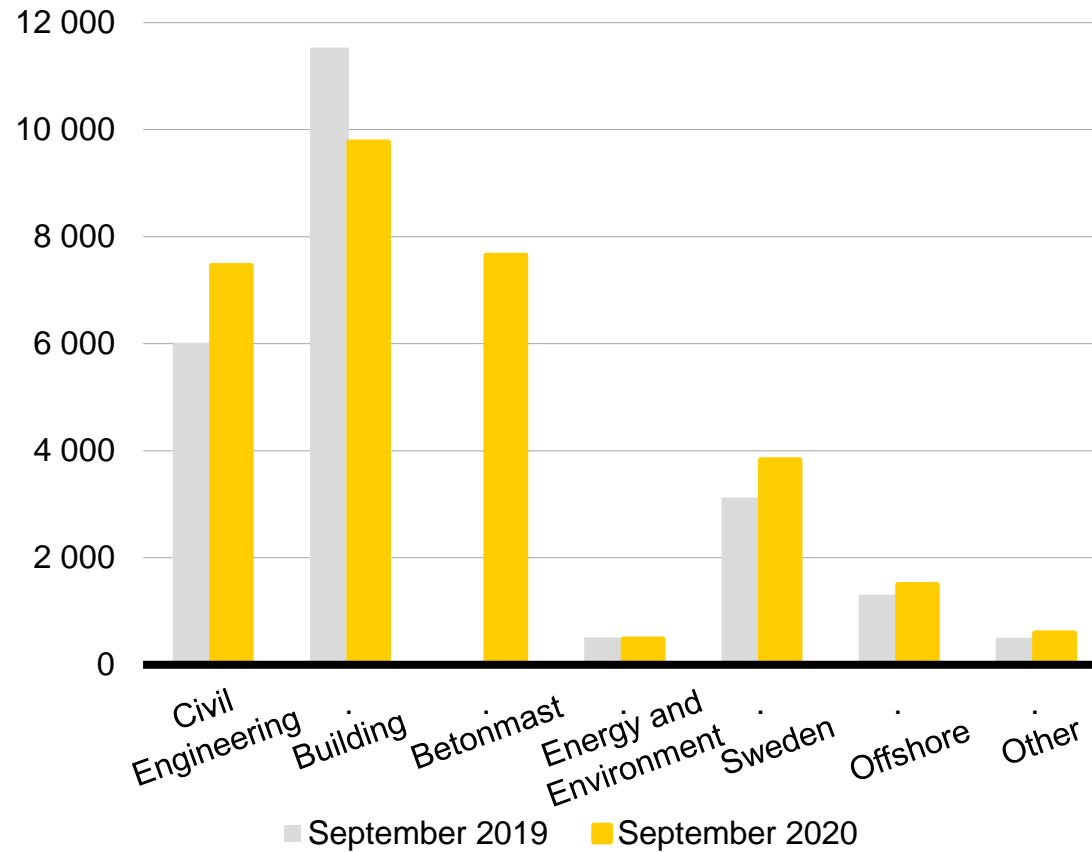
Strong order backlog

NOK million



Order backlog per business area

NOK million

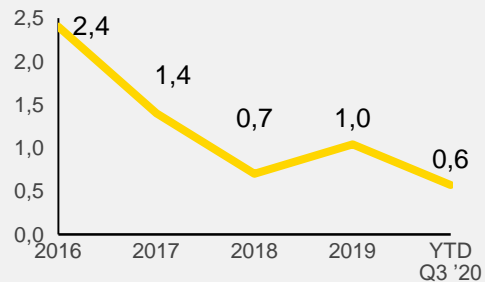




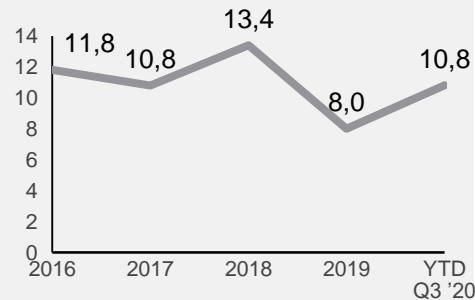
Positive development in Health, Safety and Environment

2016-2020 Civil Engineering

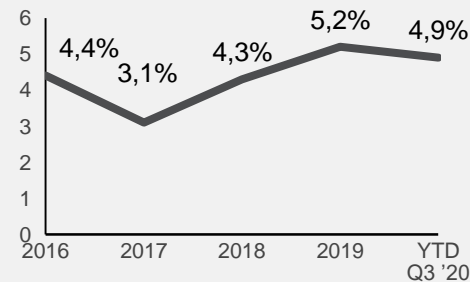
Lost-time injury frequency (LTIF)



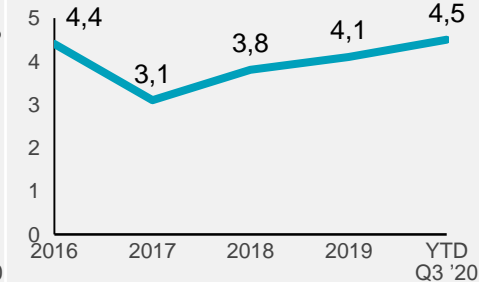
Total recordable injury frequency (TRIF)



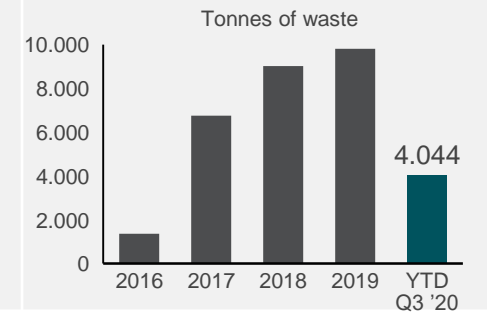
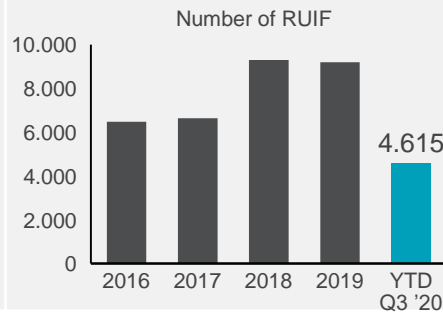
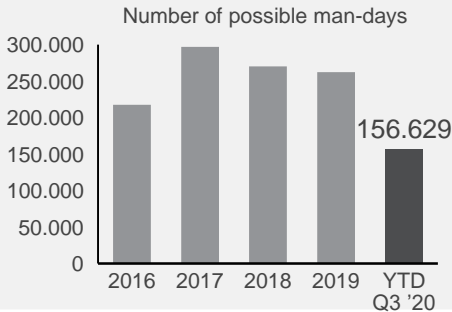
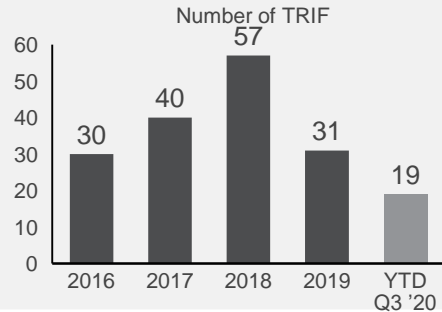
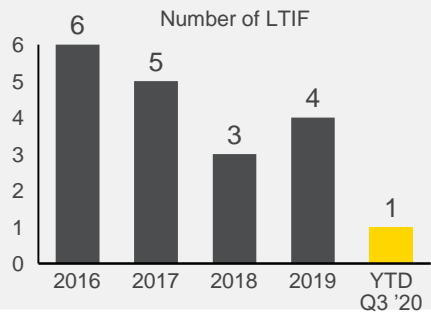
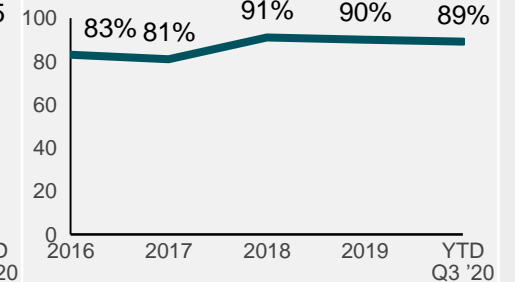
Sick leave



Reported unwanted incident frequency (RUIF)



Recycling rate



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

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

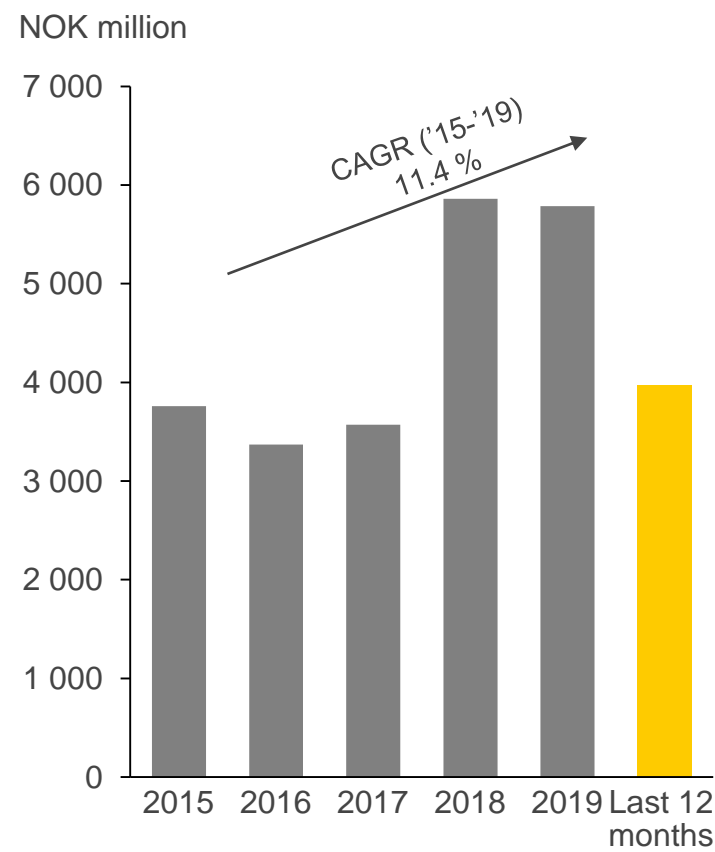
Number of sick leave related absence days

Number of reported unwanted incidents per man-year

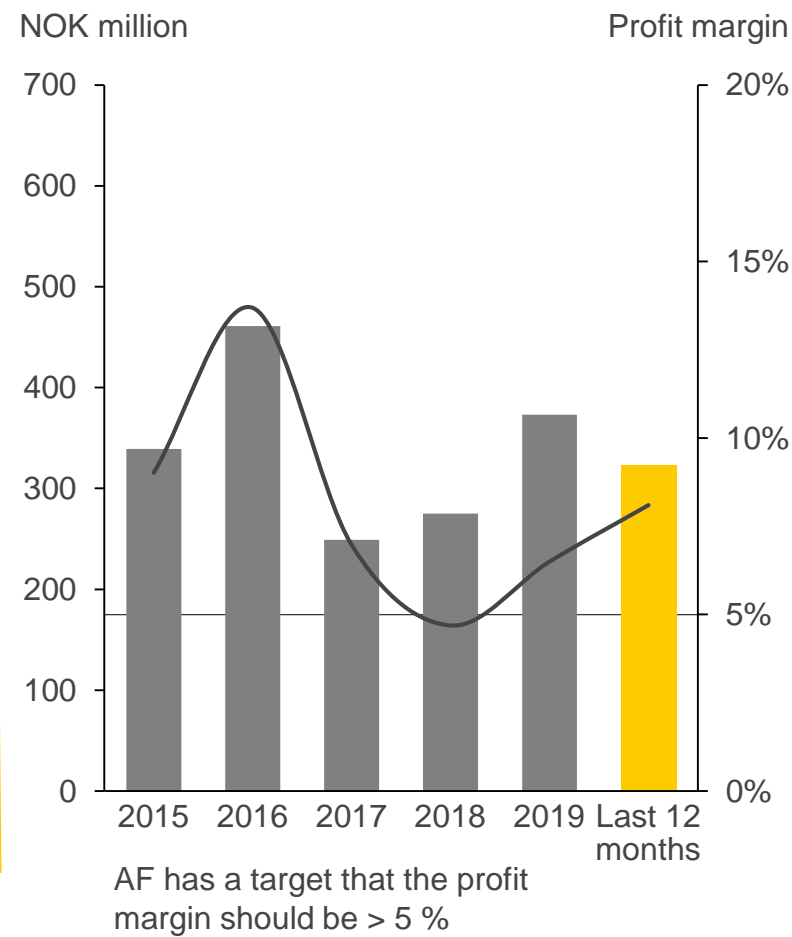
Tonnes of contaminated materials recycled

Revenue growth, strong results and a high order backlog

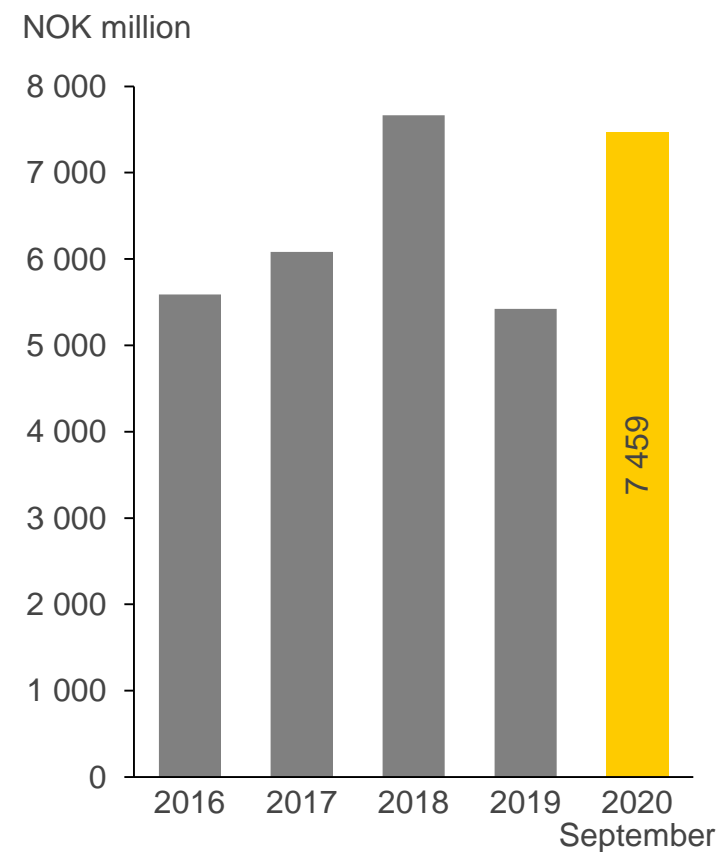
Revenue



Earnings before tax



Order backlog



Diversified project portfolio



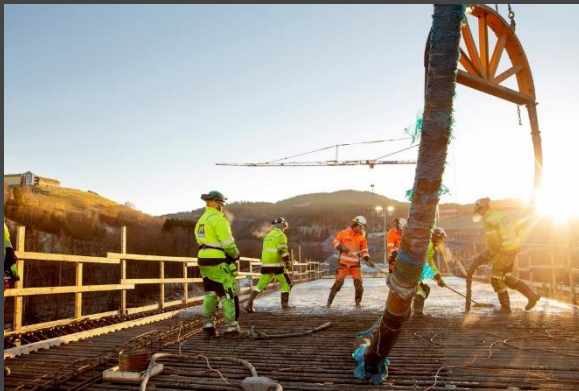
Vesle Kjela Power Station
Customer: Statkraft



E39 Kristiansand west – Mandal east
Customer: Nye Veier



Grefsen Base
Customer: Sporveien



E6 Soknedal
Customer: Statens vegvesen



Bergtunnelar Lovö, E4 Förbifart Stockholm
Customer: Trafikverket



Landfill at Stormoen (MMT)
Customer: Perpetuum

National Construction Contractor



Mobile construction organisation specialised on complex projects

National offering

Increased activity in the Greater-Oslo area, Northern Norway and first tunnel project in Sweden



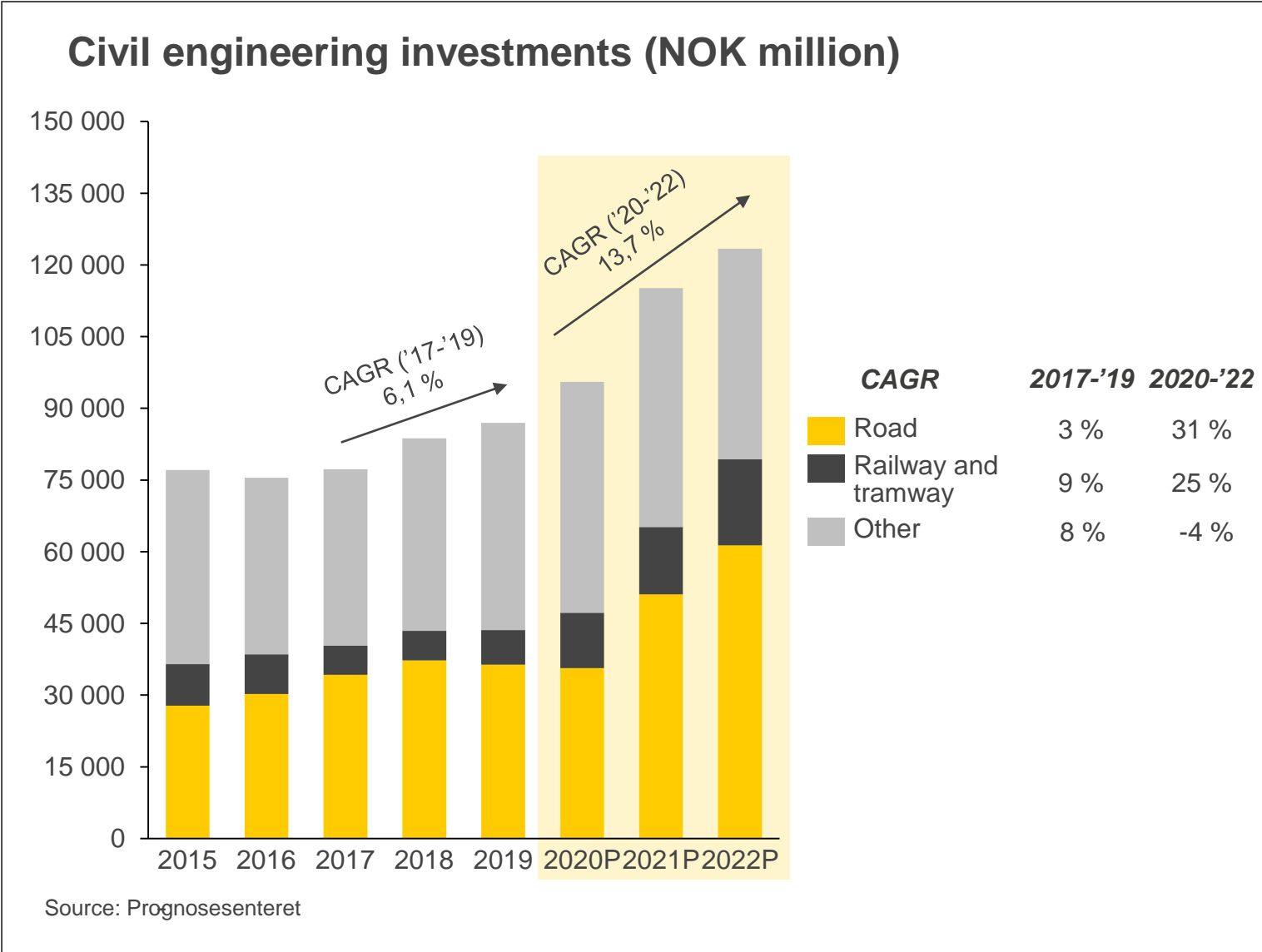
Road construction | Railway, port, airport | New construction and upgrading of tunnels and caverns | Foundation work | Power and Energy | Onshore facilities for the oil and gas industry



Anlegg



Latest prognosis shows a significant growth in investments



- The activity within civil engineering is affected by COVID-19 and related restrictions, however most projects manage to maintain a high level of production
- High level of investments expected in the National Transport Plan 2022-2033
- Prognosesenteret expects strong overall growth of investments within civil engineering in the period up to 2022
- Growth in civil engineering investments from 2019 to 2022 is expected to amount to over 40 %
- Approximately half of the investments are expected to be road projects
- During the prognosis period near half of the investments within civil engineering are expected in the counties Viken (21 %), Vestland (17 %) and Trøndelag (10 %)

What characterises the market - what are the key drivers?

Higher predictability



Larger contracts



Increased competition



New competition
processes and more forms
of enterprise



Digitalisation



Closer collaboration



New environmental
requirements



What actions do we take?

We desire to actively assume risk that we can influence



Customer and supplier collaboration



Skills and training



Modern machinery and equipment



Large own production



Digitalisation in practice



Early involvement

Extended project portfolio

- **Rigged for increased demand**
- **Building robust, internal organisation**

Consolvo and EIQON have become part of the business area, reporting from 01.01.21

- **Provides increased cutting-edge expertise and breadth in construction services**



Consolvo



EIQON



Fjerby



RaKon

Continuous development of deliveries and working methods

Digital interaction

- Received international award for digital innovation in October

Close collaboration

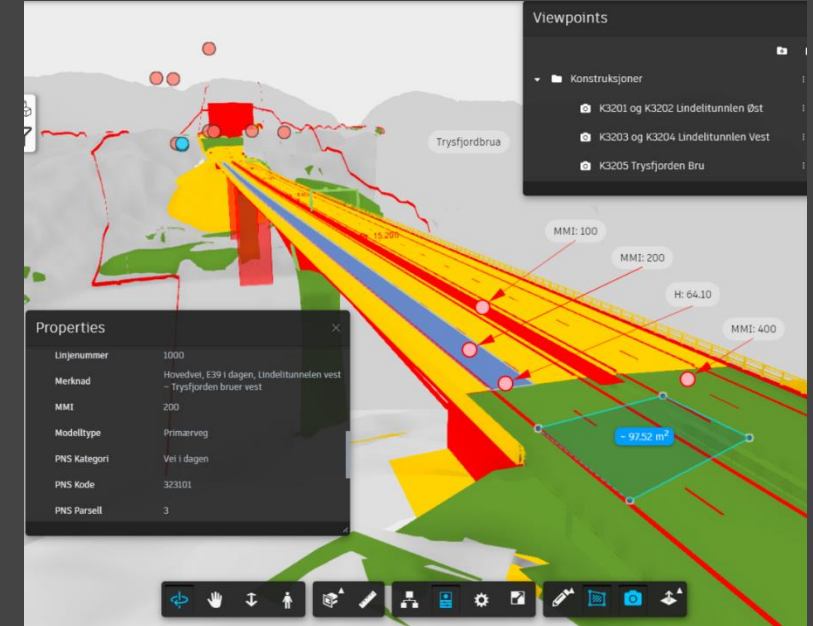
- Close dialogue with various actors is required from the early phase to implementation

Broad competence, thoroughness and operational excellence

- High environmental competence must be combined with cutting-edge project management



In the project E39 Kristiansand - Mandal, tough requirements have been set for digitized project implementation, and the project has set a new standard for digital information flow in large transport projects.



Awarded the international AEC Excellence Awards in October for digital innovation in the Nye Veier project E39 Kristiansand west – Mandal east, together with Norconsult and Norconsult Information Systems (NoIS)

The road ahead

Well positioned for further organic and structural growth

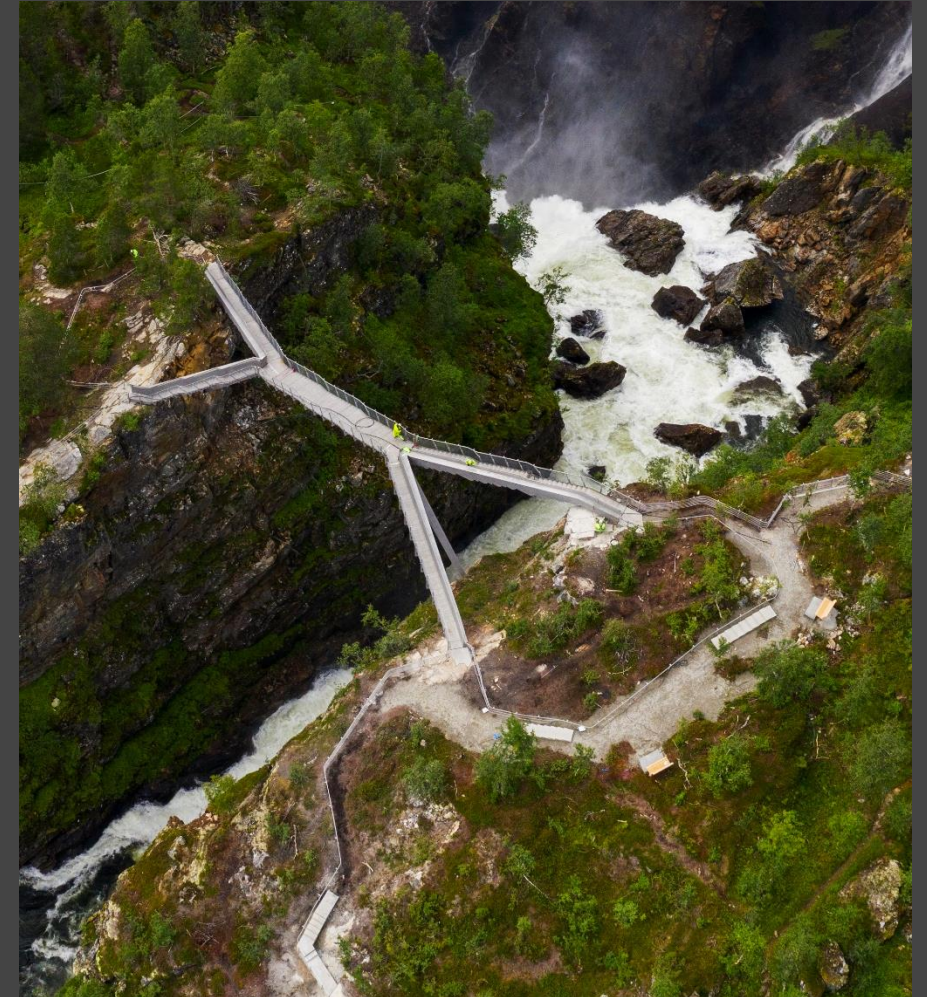
- Entering a new strategy period where new goals and focus areas are set

Solid order backlog and set on priority projects

- Selected by Nye Veier for the interaction phase for the new E6 Roterud - Storhove
- Invited by Nye Veier, as one of four, to the tender phase for the section E39 Lyngdal east - Lyngdal west

Solid organizational and financial position

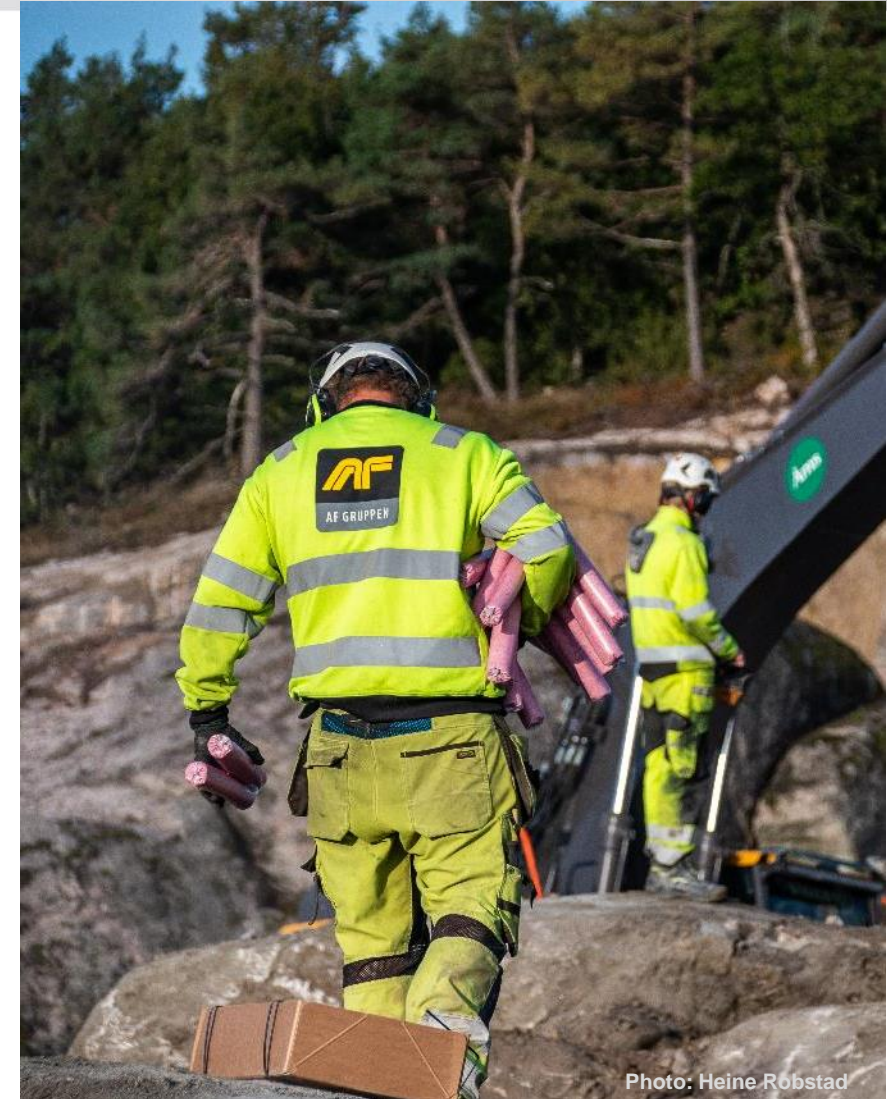
- Today's status gives us increased opportunities to build on digital collaboration



Summary

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	6,366	5,069	19,540	16,146
EBIT	371	343	847	943
EBT	368	339	833	929
EBIT %	5.8 %	6.8 %	4.3 %	5.8 %
EBT %	5.8 %	6.7 %	4.3 %	5.8 %

- Revenue growth continues
- Good profit margin
- Strong financial position
- Strong order backlog: NOK 31,269 million (23,000)
- The Board of Directors has approved a dividend of NOK 3,50 (3.50) for the second half of 2020



Thank you for your
attention

Q4 2020:
February 12th 2020

