

# AF Gruppen ASA Q1 2023

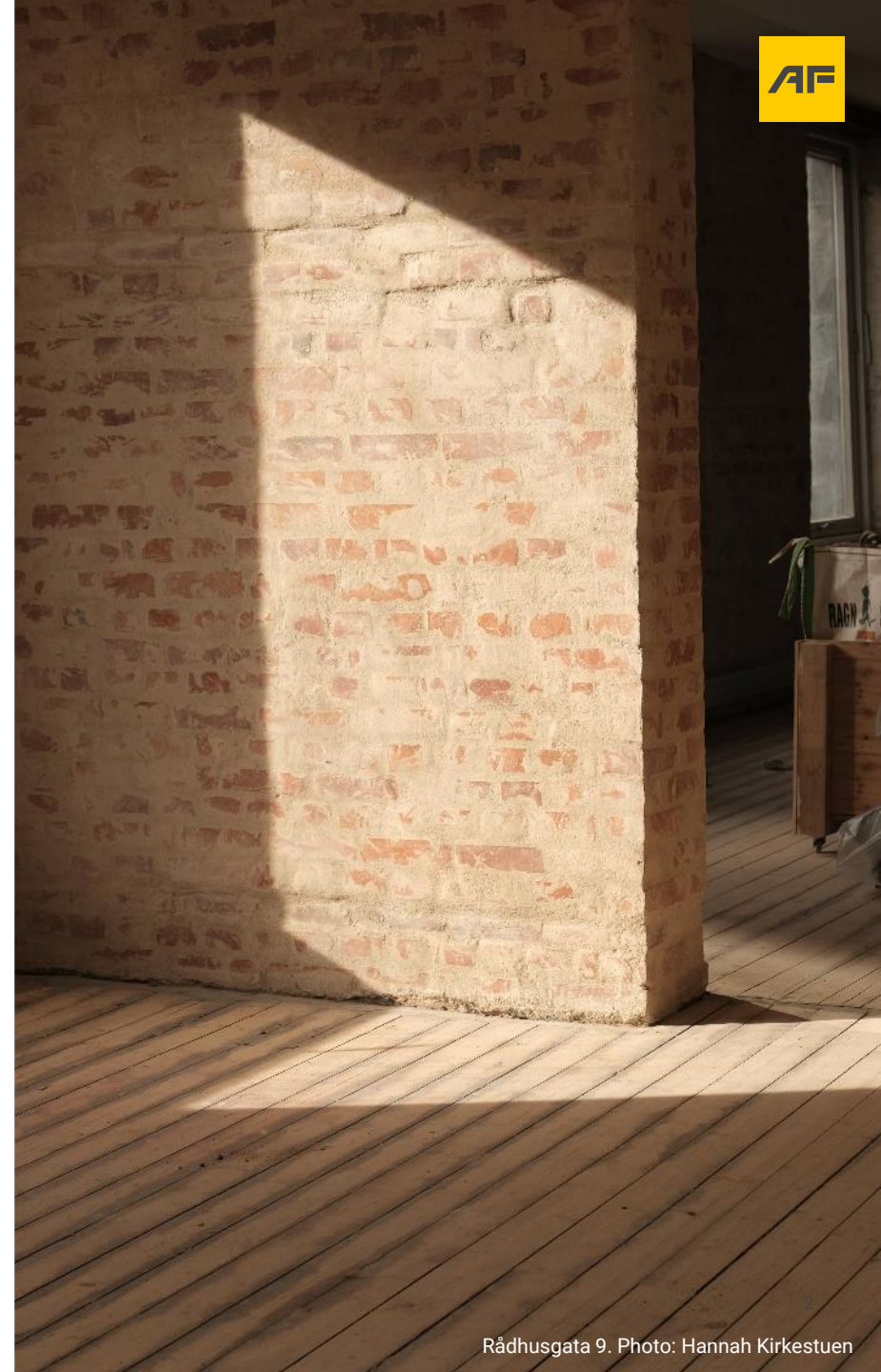
12 May 2023



# Overview

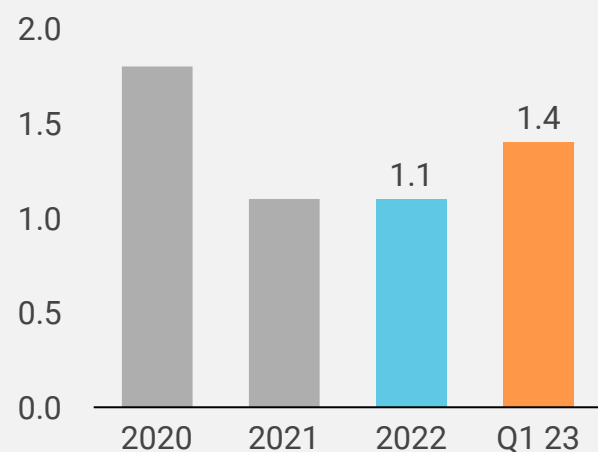
## Challenging 1<sup>st</sup> quarter 2023 for AF Gruppen

- Revenue: NOK 7,393 (6,809) million in Q1
- Earnings before tax: NOK 13 (209) million in Q1
- Profit margin: 0.2% (3.1%) in Q1
- Cash flow from operations: NOK -24 (607) million in Q1
- Order backlog: NOK 41,668 (42,697) million as of 31 March 2023
- Net interest-bearing debt of NOK 570 (-371) million as of 31 March 2023
- The board of directors suggests a dividend of NOK 6.50 (6.50) per share to be paid in the first half of 2023



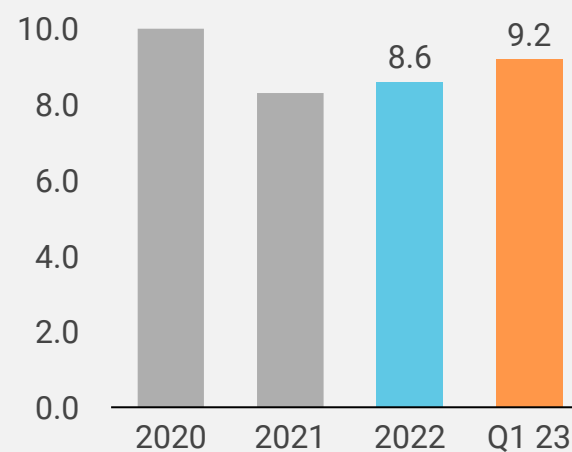
# Health and safety

## Lost-time injury frequency (LTIF)



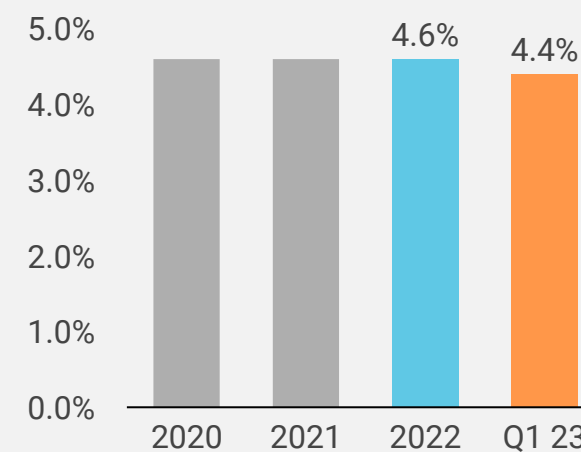
Number of lost-time injuries and severe personnel injuries not resulting in lost-time, including subcontractor employees, per million hours worked

## Total recordable injury frequency (TRIF)



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

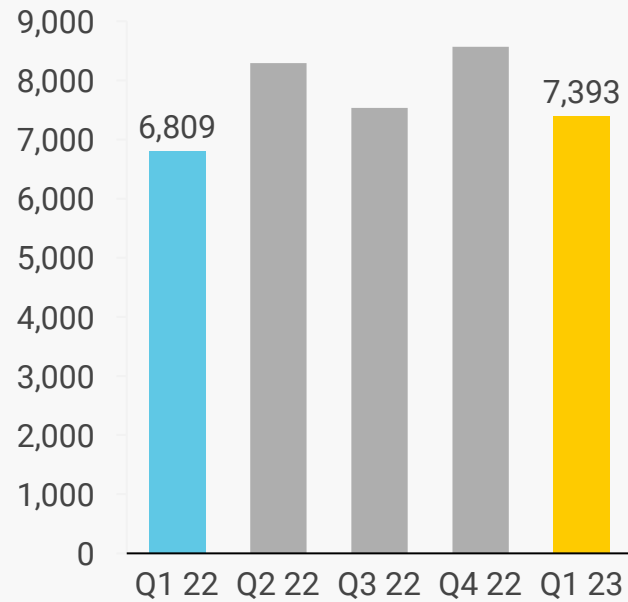
## Sick leave



# Revenues and earnings

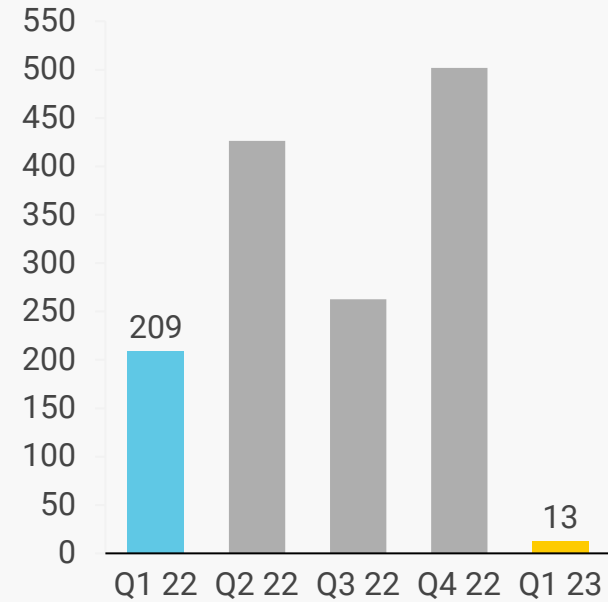
## Revenues

NOK million



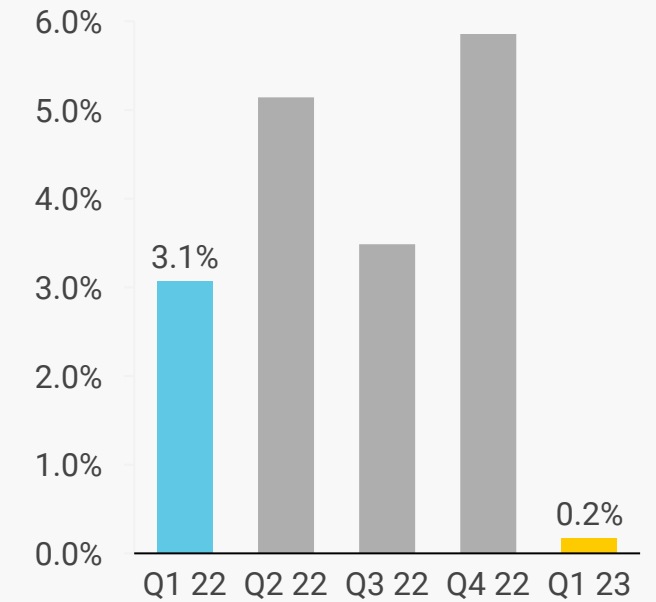
## Earnings before tax

NOK million



## Profit margin

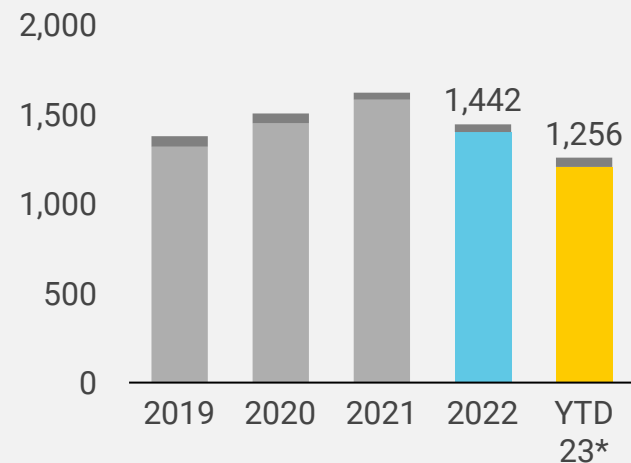
Margin



# Return on invested capital

## Earnings before tax and interest expense\*

NOK million

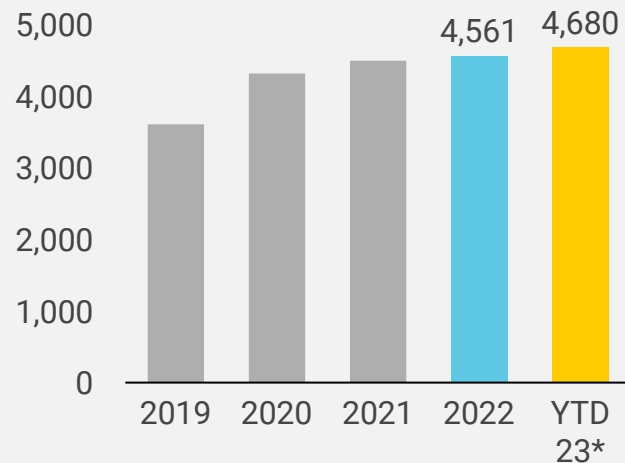


\* Last four quarters rolling

■ Interest expenses added

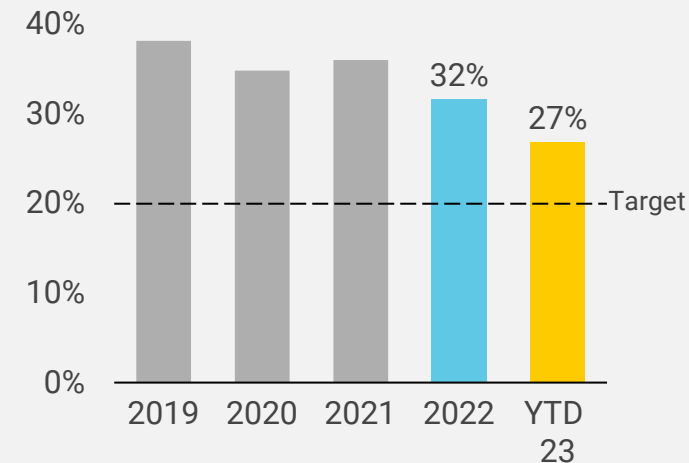
## Average invested capital\*

NOK million



\* Rolling average last four quarters

## Return on invested capital

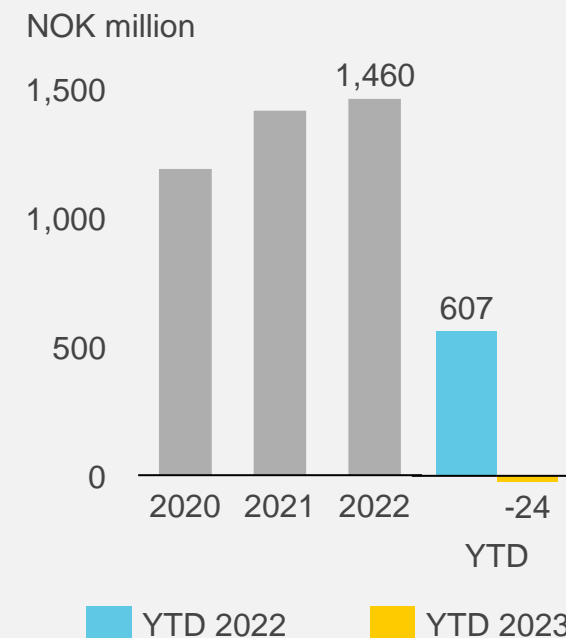


The Group's required return on invested capital is 20 %

# Cash flow statement

| NOK million   | Q1 2023     | Q1 2022    | 2022         |
|---|-------------|------------|--------------|
| EBIT  | 15          | 215        | 1,409        |
| Depreciation, amortisation and impairment               | 131         | 130        | 528          |
| Change in net working capital                           | -63         | 421        | -43          |
| Taxes paid  | -81         | -115       | -299         |
| Other   | -27         | -44        | -135         |
| <b>Cash flow from operations</b>                        | <b>-24</b>  | <b>607</b> | <b>1,460</b> |
| Net investments   | -77         | -34        | 67           |
| Dividend  | -53         | -56        | -1,365       |
| Other capital transactions                              | -30         | -68        | -59          |
| Interest paid and change in interest bearing debt       | 50          | -139       | -12          |
| <b>Net change in cash and cash equivalents</b>          | <b>-134</b> | <b>310</b> | <b>90</b>    |
| Net cash and cash equivalents at beginning of period    | 765         | 680        | 680          |
| Change in cash and cash equivalents without cash effect | 45          | -17        | -4           |
| <b>Net cash and cash equivalents end of period</b>      | <b>677</b>  | <b>974</b> | <b>765</b>   |

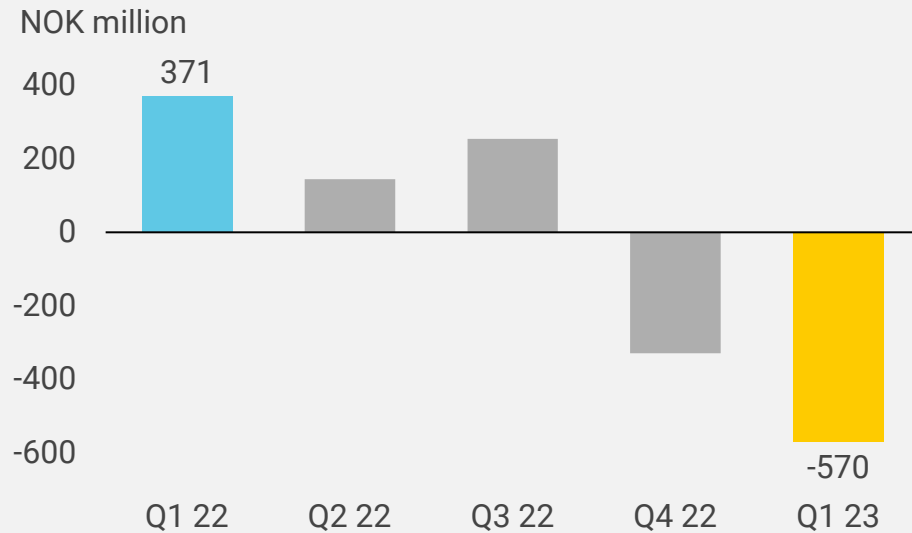
## Cash flow from operations



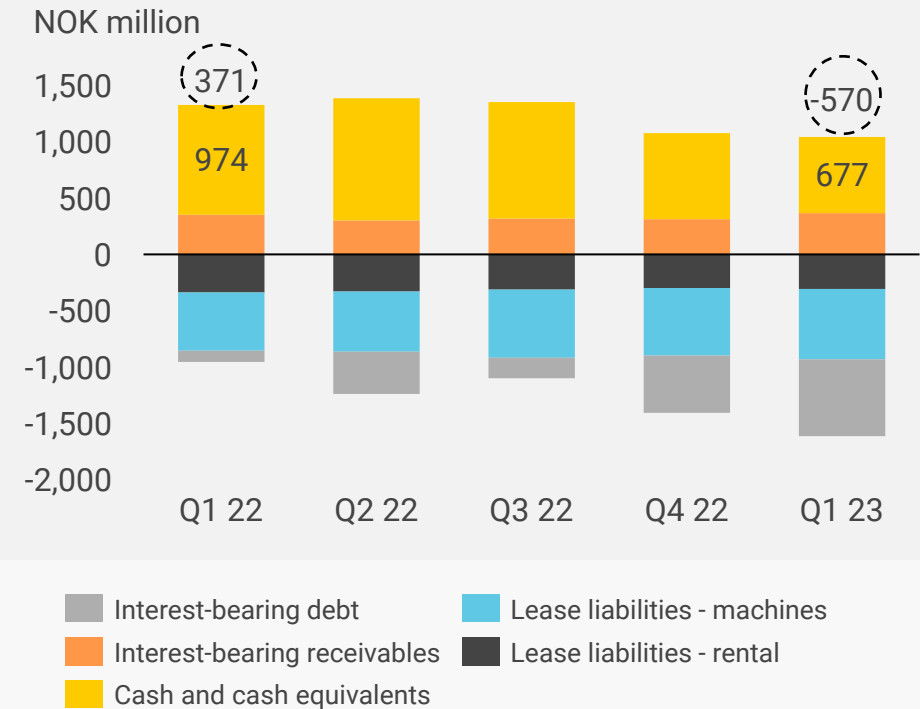


# Net interest-bearing debt and liquidity

## Net interest-bearing receivables (debt)



## Components net interest-bearing receivables (debt)

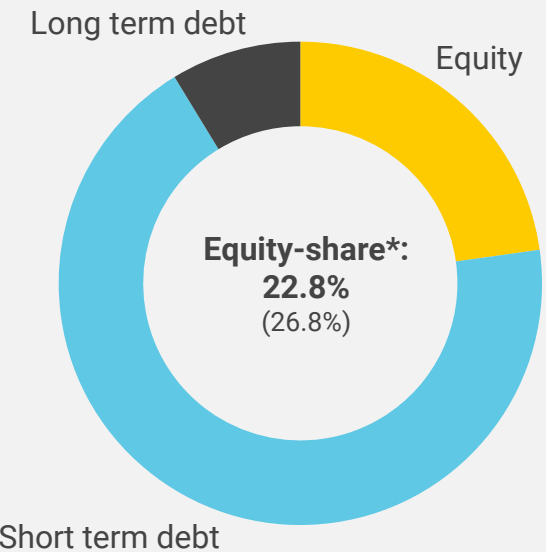


Available liquidity: NOK 3,084 million (including financial facilities of NOK 3,000 million)

# Balance sheet

| NOK million                     | 31.03.23      | 31.03.22      | 31.12.22      |
|---------------------------------|---------------|---------------|---------------|
| Non-current assets              | 7 859         | 7 608         | 7 630         |
| Current assets, ex. cash        | 6 643         | 4 993         | 6 062         |
| Cash and cash equivalents       | 677           | 974           | 765           |
| <b>Total assets</b>             | <b>15 180</b> | <b>13 574</b> | <b>14 457</b> |
| Equity                          | 3 458         | 3 639         | 3 494         |
| Long term debt                  | 1 323         | 1 381         | 1 250         |
| Short term debt                 | 10 399        | 8 554         | 9 713         |
| <b>Sum egenkapital og gjeld</b> | <b>15 180</b> | <b>13 574</b> | <b>14 457</b> |

## Equity share



\* Equity ratio excluding the effect of IFRS 16 is 24.0% per 31 March 2023

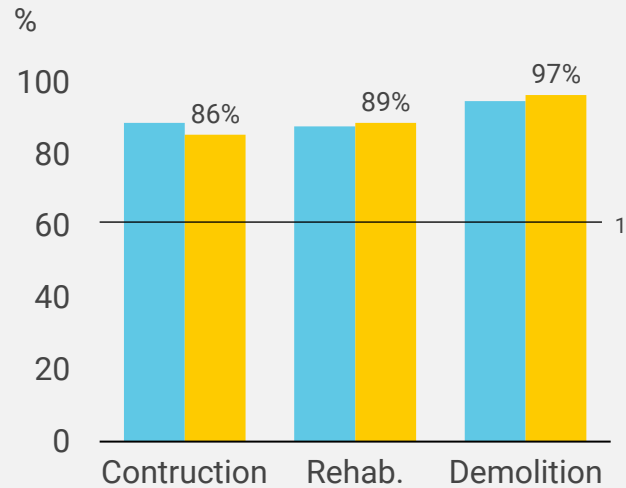
All the company's covenants exclude the effect of IFRS 16



# Environment

## Source separation rate

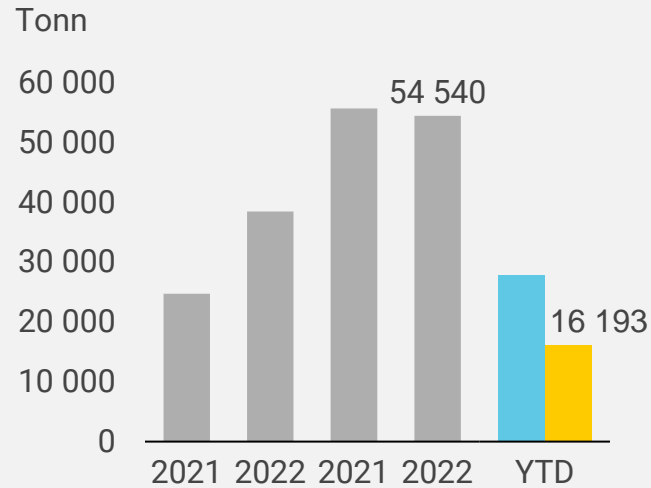
Waste sorted: 125,160 (82,661) tonnes YTD in 2023



<sup>1</sup> Regulatory requirement of 60%

■ YTD 2022 ■ YTD 2023

## Metal demolished and sorted for recycling

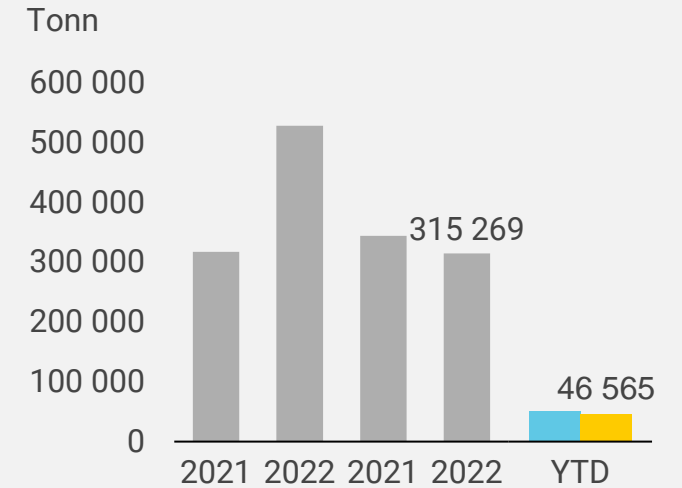


16,193 tonnes = 16,193 (27,806) tonnes CO<sub>2</sub>-equivalents saved

■ YTD 2022 ■ YTD 2023

## Recycling environmental sites

Recycling rate 78% (78%) YTD in 2023



46,565 tonnes = 3,587 (3,820) tonnes CO<sub>2</sub>-equivalents saved

■ YTD 2022 ■ YTD 2023



# Business Areas

1<sup>st</sup> quarter 2023





## Good Result and Record High Order Backlog

| NOK million | Q1 23 | Q1 22 | 2022  |
|-------------|-------|-------|-------|
| Revenues    | 1,451 | 1,242 | 5,919 |
| EBIT        | 77    | 84    | 445   |
| EBT         | 78    | 83    | 440   |
| EBIT %      | 5.3%  | 6.7%  | 7,5%  |
| EBT %       | 5.4%  | 6.7%  | 7,4%  |

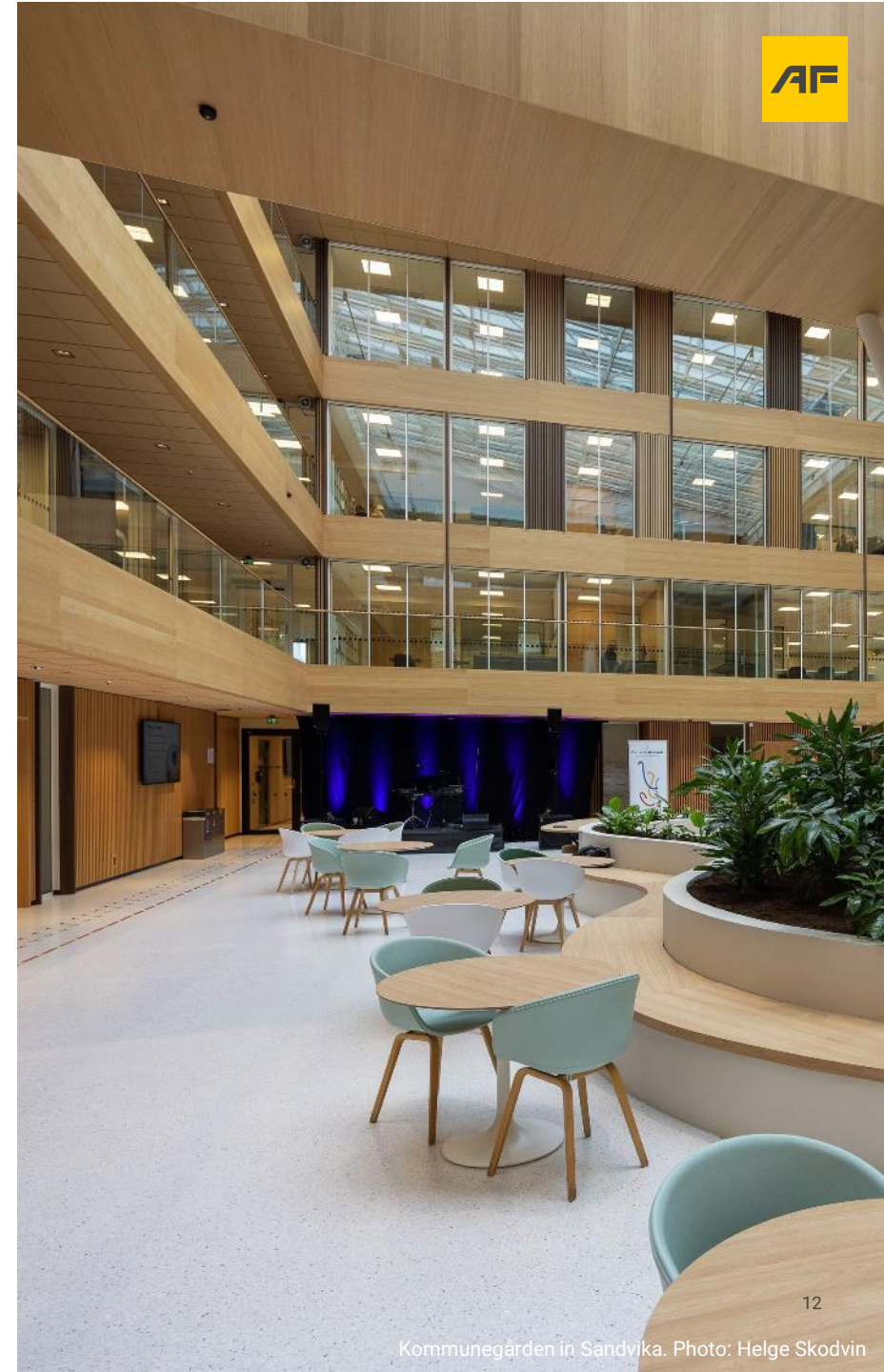
- Civil Engineering has revenue growth compared to 1<sup>st</sup> quarter last year, and reports a good result
- AF Anlegg has a good result with high activity and good operations in the major projects E6 Rentvannstunnel in Oslo and Bergtunnlar Lovö in Stockholm. The new water treatment plant on Huseby and cable tunnel Sogn-Ulven are in the starting phase
- Very good result from Målselv Maskin & Transport. Stenseth & RS reports a good result, while Eiçon and Consolvo have weak results
- During the quarter, AF Anlegg entered into an agreement to build 9.6 km of new E6 from Storhove near Lillehammer to Øyer, including 2.7 km of tunnel. The contract has a value of NOK 1,800 million excl. VAT
- Order backlog: NOK 17,517 (12,425) million



# Low Profitability and Varied Performance

| NOK million | Q1 23 | Q1 22 | 2022   |
|-------------|-------|-------|--------|
| Revenues    | 2,591 | 2,481 | 11,090 |
| EBIT        | 51    | 18    | 322    |
| EBT         | 46    | 17    | 318    |
| EBIT %      | 2.0%  | 0.7%  | 2,9%   |
| EBT %       | 1.8%  | 0.7%  | 2,9%   |

- Construction reports overall low profitability. The market is challenging and there is great variation in the results and performances at project and unit level
- AF Bygg Østfold and Strøm Gundersen report good results in the quarter. Other units report below expectations. Haga & Berg reports weak results in the quarter
- Five contracts were announced in the quarter. The largest contract was entered by Helgensens Tekniske Bygg to build the new commercial building Kokstad Mobilitetspark in Bergen. The contract has a value of NOK 287 million excl. VAT
- Order backlog: NOK 9,342 (13,211) million
- After the end of the quarter, AF Bygg Østfold entered into a contract for the construction of the new wastewater treatment plant for FREVAR KF with a contract value of NOK 1,081 million excl. VAT

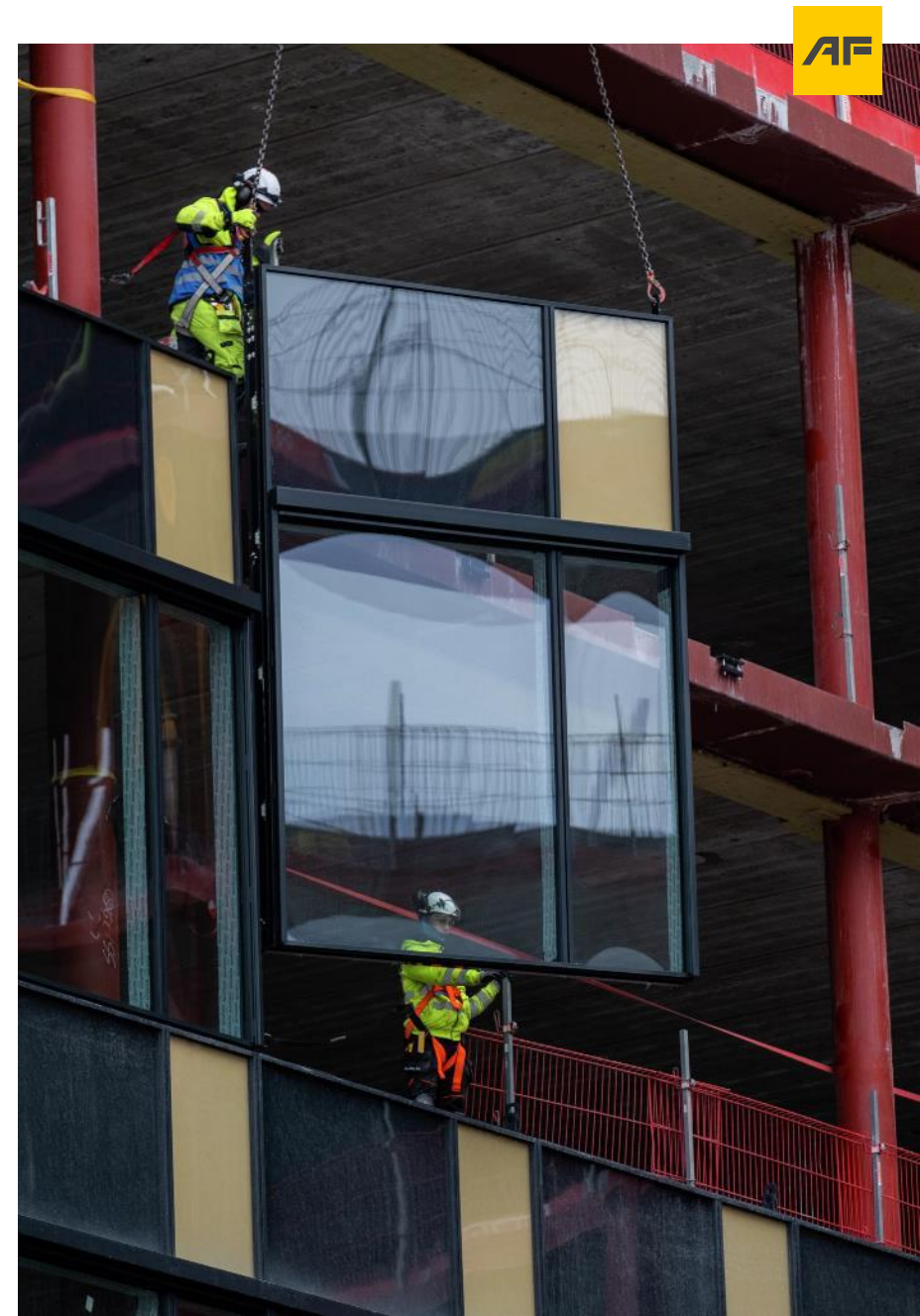




# Improved Results, but Below Expectation

| NOK million | Q1 23 | Q1 22 | 2022  |
|-------------|-------|-------|-------|
| Revenues    | 1,206 | 1,243 | 5,145 |
| EBIT        | 34    | 23    | 166   |
| EBT         | 40    | 20    | 174   |
| EBIT %      | 2.8%  | 1.8%  | 3,2%  |
| EBT %       | 3.3%  | 1.6%  | 3,4%  |

- Varying results in the units lead to a weak result for Betonmast
- Betonmast Romerike, Trøndelag, Røsand and Asker og Bærum report good results in the quarter
- Betonmast Budskerud-Vestfold and Betonmast Boligbygg report weak results in the quarter
- In the quarter, Betonmast entered into an agreement with Horten Industripark to build a combined industrial and office building in Horten, with a total value of NOK 840 million excl. VAT. In addition, further two contracts with a combined value of NOK 629 million excl. VAT has been announced
- Order backlog: NOK 5,115 (6,258) million



# Low Sales in the Quarter

| NOK million      | Q1 23 | Q1 22 | 2022 |
|------------------|-------|-------|------|
| Revenues         | 10    | 6     | 30   |
| EBIT             | -1    | 2     | 75   |
| EBT              | 1     | 3     | 82   |
| Invested capital | 678   | 678   | 654  |

- Low residential sales in the quarter. Sales contracts signed for a total of 20 (57) residential units in the quarter, whereof AF's share was 9 (26) units
- Seven projects with a total of 940 residential units are in production (AF's share is 438). The sales ratio in commenced projects is 78%
- Residential portfolio under development: 1,580 (1,658) units. AF's share: 788 (802)
- Commercial portfolio under development: 58,899 (61,856) GFA sqm. AF's share: 29,270 (30,749)



## Challenging Quarter with a Negative Result

| NOK million | Q1 23 | Q1 22 | 2022  |
|-------------|-------|-------|-------|
| Revenues    | 1,927 | 1,585 | 7,445 |
| EBIT        | -162  | 46    | 130   |
| EBT         | -163  | 44    | 127   |
| EBIT %      | -8.4% | 2.9%  | 1,7%  |
| EBT %       | -8.5% | 2.8%  | 1,7%  |

- Sweden has a negative result due to further negative adjustments of the project estimates in the former Betonmast Sweden units of NOK 230 million excl. VAT. The remaining production value in loss-making projects in this portfolio is NOK 940 million excl. VAT
- Very good results from AF Prefab Mälardalen and AF Härnösand Byggreturer. Kanonaden, AF Bygg Syd and HMB have positive profit contributions, but deliver somewhat below expectation
- Kanonaden will carry out the earthworks for Metsä Tissue's expansion of the paper mill in Mariestad, total contract value is SEK 300 million excl. VAT. HMB entered into a contract to build a retirement home complex in Flen, total contract value is SEK 150 million excl. VAT
- Order backlog: NOK 7,645 (8,531) million





## Good Growth, but Result Below Expectation

| NOK million | Q1 23 | Q1 22 | 2022  |
|-------------|-------|-------|-------|
| Revenues    | 287   | 237   | 1 062 |
| EBIT        | 11    | 12    | 84    |
| EBT         | 13    | 11    | 82    |
| EBIT %      | 3.7%  | 4.9%  | 7,9%  |
| EBT %       | 4.4%  | 4.5%  | 7,7%  |

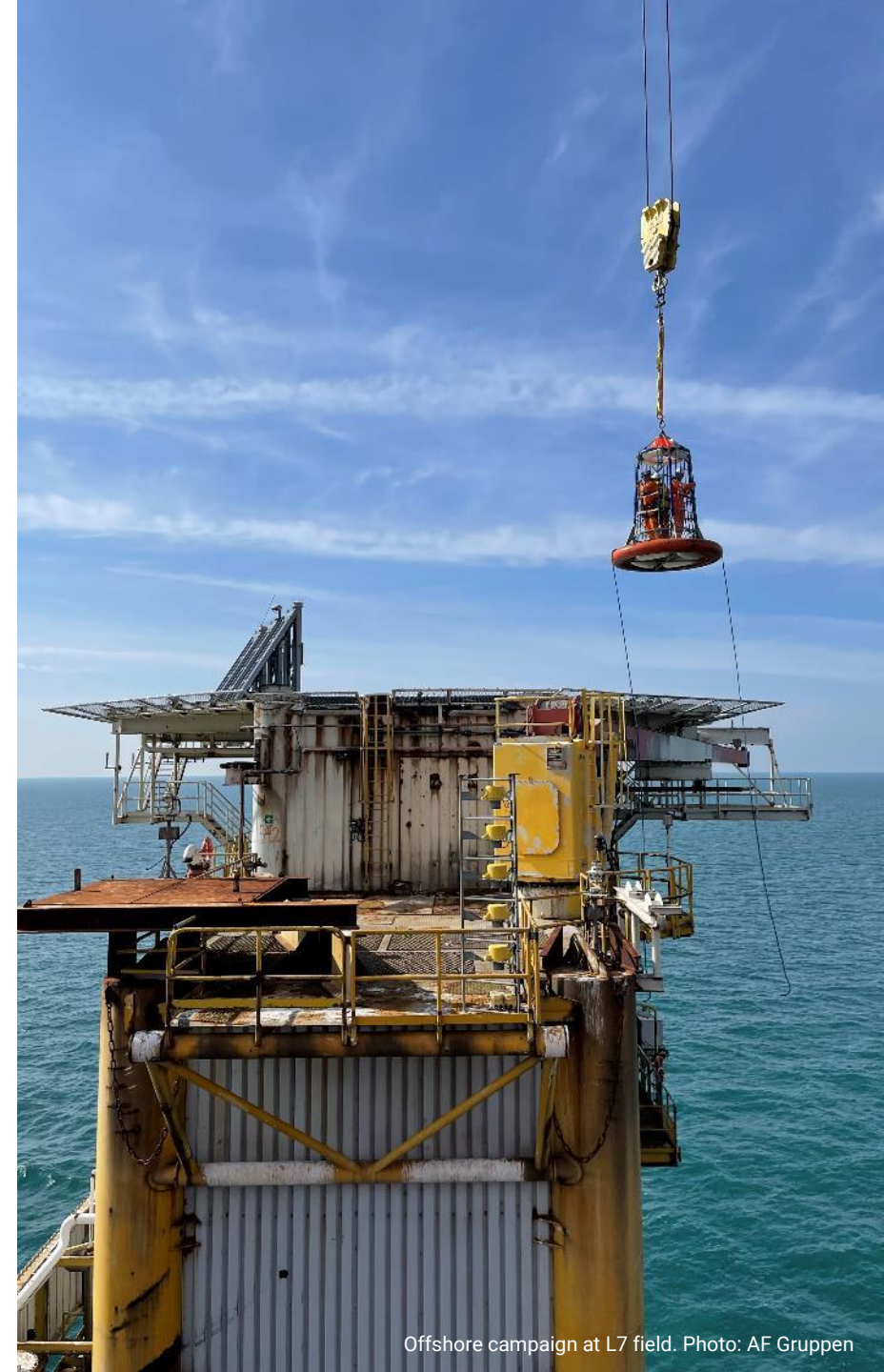
- Energy and environment reports an overall result below expectation
- AF Energi has increased revenues and reports a good result in the quarter. AF Decom has low activity, and reports a weak result
- AF Decom has sorted metal for recycling and recycled materials at the environmental centers corresponding to 46,565 (51,514) CO2-equivalents
- Order backlog: NOK 694 (763) million
- After the end of the quarter, AF Energi entered into a contract with Statsbygg to provide piping and plumbing works for the Life Sciences building. Total contract value based on target price is NOK 680 million excl. VAT



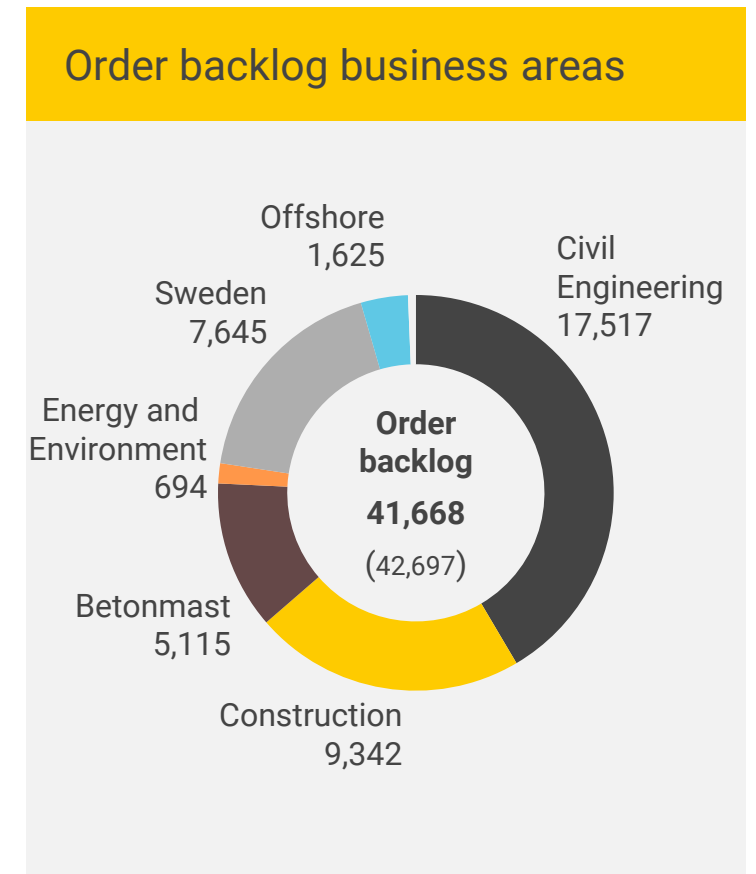
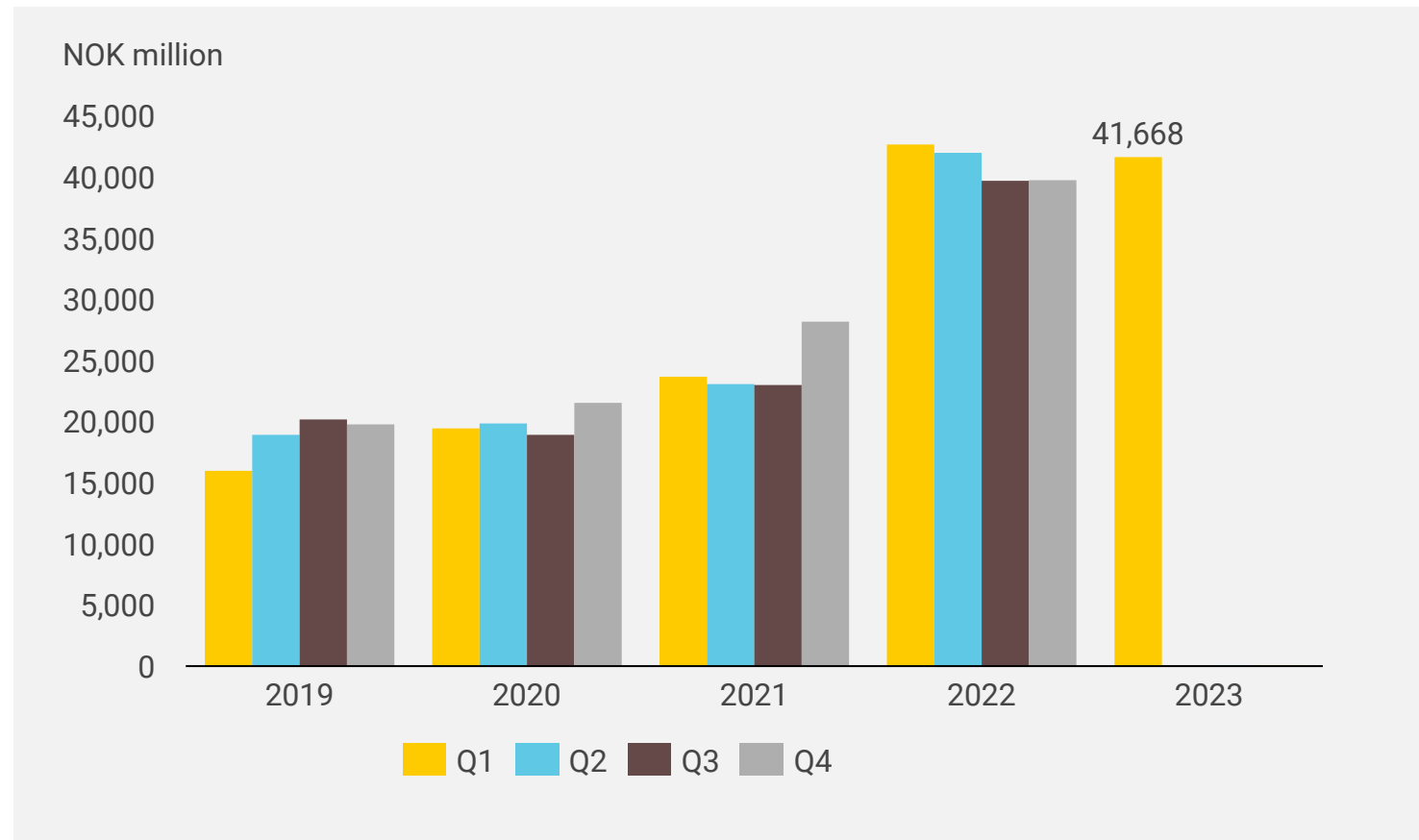
# Revenue Growth and Very Good Profitability

| NOK million | Q1 23 | Q1 22 | 2022  |
|-------------|-------|-------|-------|
| Revenues    | 244   | 185   | 1 238 |
| EBIT        | 18    | 17    | 164   |
| EBT         | 16    | 16    | 160   |
| EBIT %      | 7.2%  | 9.4%  | 13,2% |
| EBT %       | 6.4%  | 8.6%  | 12,9% |

- Offshore reports revenue growth and a very good result in the quarter
- AF Offshore Decom reports good profitability in the quarter, mainly related to AF Miljøbase Vats
- As of the first quarter, metal sorted for recycling corresponds to savings of 11,651 (16,557) CO2-equivalents at AF Miljøbase Vats
- Aeron reports good profitability in the quarter
- Order backlog: NOK 1,625 (1,583) million



# Solid Order Backlog





# Summary

| NOK million | Q1 23 | Q1 22 | 2022   |
|-------------|-------|-------|--------|
| Revenues    | 7,393 | 6,809 | 31,205 |
| EBIT        | 15    | 215   | 1,409  |
| EBT         | 13    | 209   | 1,400  |
| EBIT %      | 0.2%  | 3.2%  | 4,5%   |
| EBT %       | 0.2%  | 3.1%  | 4,5%   |

- Well positioned in a challenging market
- Solid revenue growth, but weak profitability
- Strong financial position
- Solid order backlog: NOK 41,668 (42,697) million
- The board of directors suggest a dividend of NOK 6.50 (6.50) per share to be paid in the first half of 2023





Thank you for  
your attention

Q2 | 25 August 2023

AF

