

AF Gruppen ASA Q2 2021

27 August 2021

AF



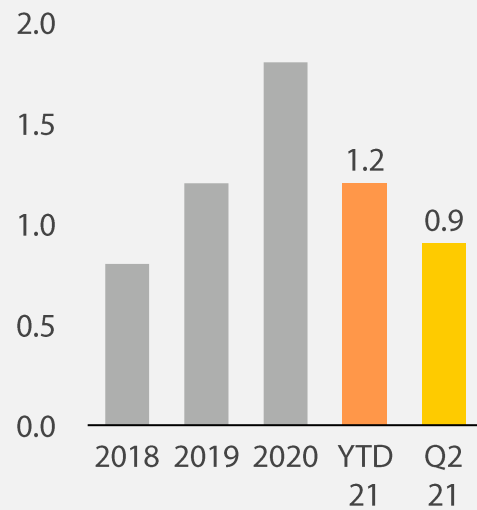
Highlights

AF Gruppen with solid growth, improved profitability and record high order backlog in Q2 2021

- Revenue: NOK 7,189 (6,568) million in Q2 and NOK 13,398 (13,175) million year-to-date
- Earnings before tax: NOK 356 (258) million in Q2 and NOK 602 (465) million year-to-date
- Profit margin: 5.0 % (3.9 %) in Q2 and 4.5 % (3.5 %) year-to-date
- Cash flow from operations: NOK 529 (202) million in Q2 and NOK 734 (701) million year-to-date
- Order backlog: NOK 37,837 (34,155) million as of 30 June 2021
- Dividend of NOK 6.50 (6.00) per share paid in Q2, amounting to NOK 689 (630) million
- Net interest-bearing debt of NOK 333 (49) million as of 30 June 2021

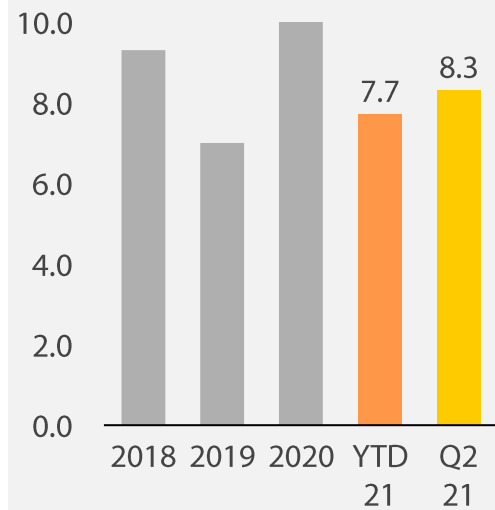
Safety

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)



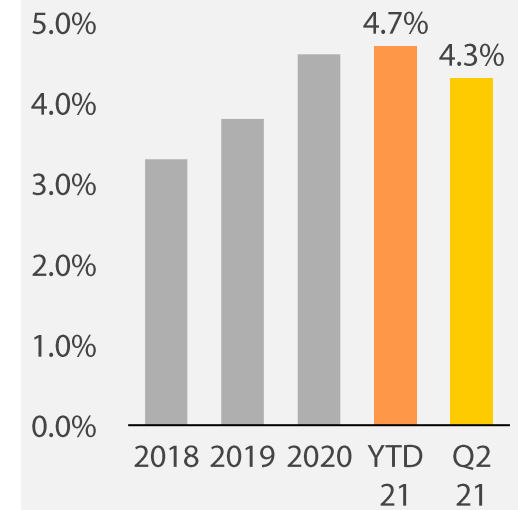
Number of lost-time injuries, injuries involving substitute work and medical treatment injuries per million hours worked

Reported unwanted incident frequency (RUIF)



Number of reported unwanted incidents per man-year

Sick leave

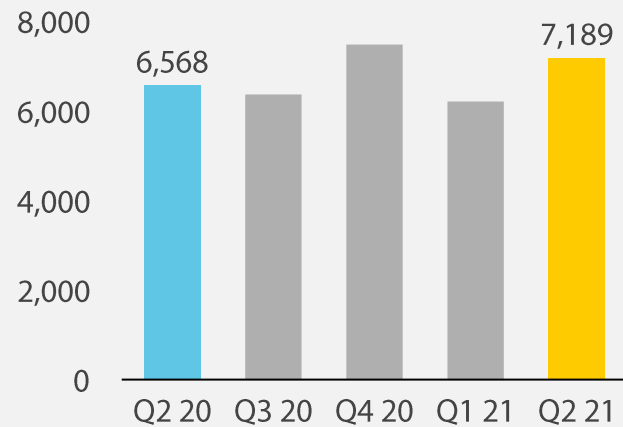


Sick-leave increased due to Covid-19. Covid-19 related absence estimated to 8% of the total absence in Q2, and 10% year-to-date

Revenues and earnings – quarterly

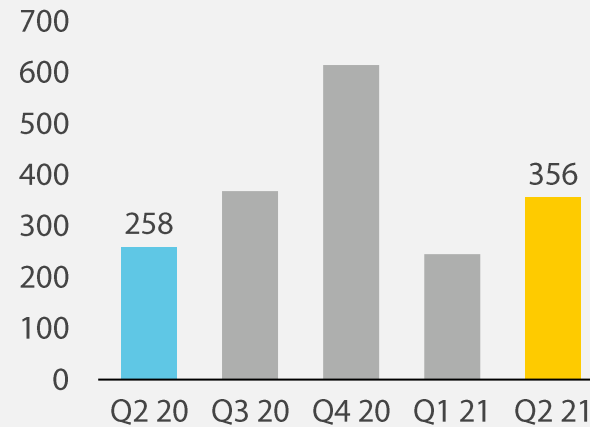
Revenues

NOK million



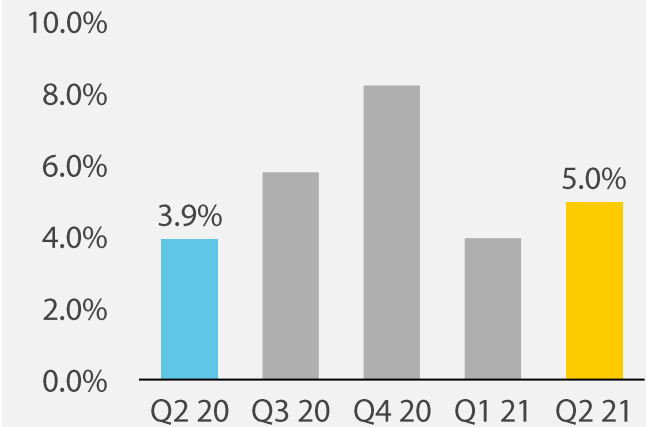
Earnings before tax

NOK million



Profit margin

Margin



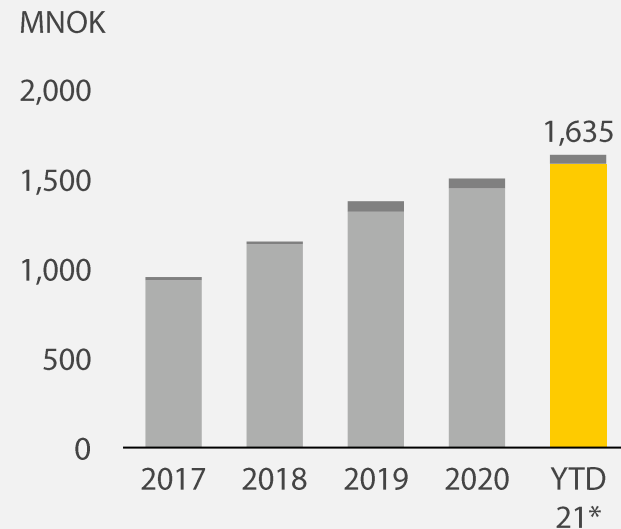
Return on capital employed

Capital employed (rolling average)



* Rolling average last four quarters

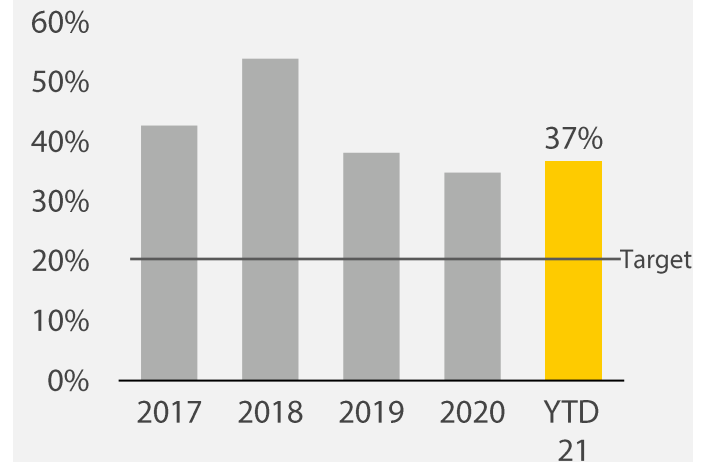
Earnings before tax, 12 month rolling average (interest expense added)



* Rolling average last four quarters

■ Interest expenses
■ Earnings before tax

Return on capital employed



Cash flow statement

NOK million	Q2 2021	Q2 2020	YTD 2021	YTD 2020
EBIT	363	263	626	476
Depreciations, amortisation and impairment	140	137	276	270
Change in net working capital	159	-112	44	99
Other adjustments / taxes paid	-133	-87	-213	-144
Cash flow from operations	529	202	734	701
Net investments	-98	35	-136	-62
Cash flow from capital activities	-767	-360	-860	-512
Interest paid and change in interest bearing debt	-101	-75	-204	-144
Net change in cash and cash equivalents	-436	-199	-466	-17
Net cash and cash equivalents at beginning of period	630	764	708	563
Change in cash and cash equivalents without cash effect	12	-4	-37	16
Net cash and cash equivalents end of period	205	561	205	561

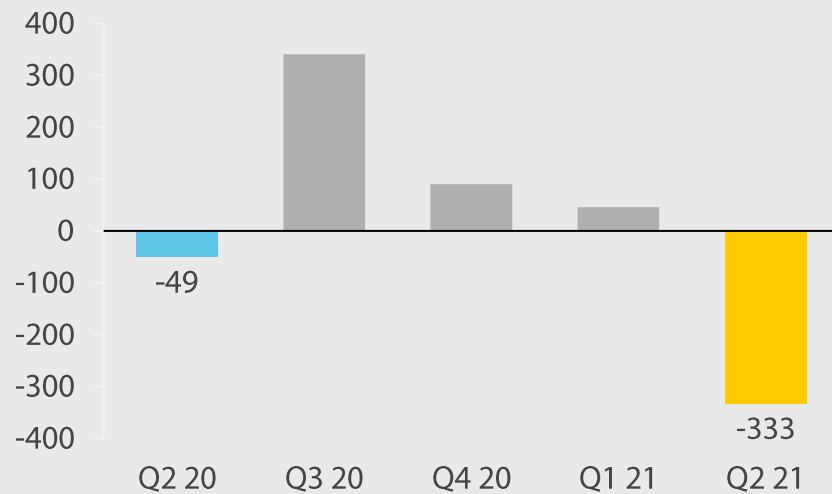
Cash flow from operations



Net interest-bearing debt and liquidity

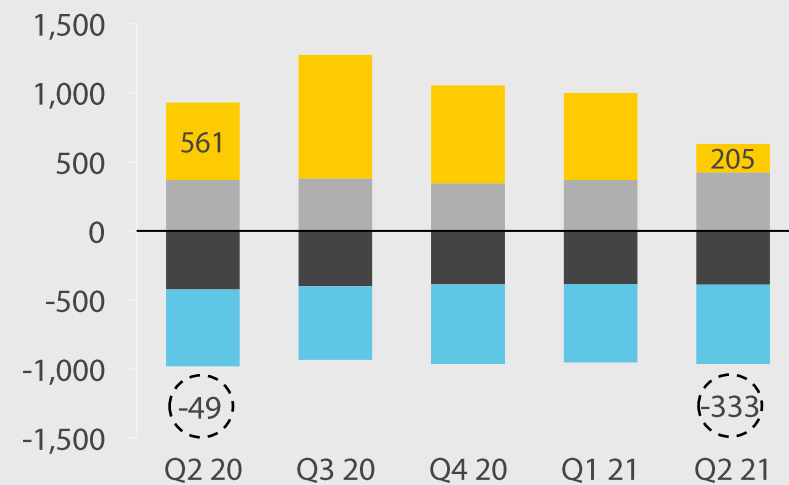
Net interest-bearing debt

MNOK



Components net interest-bearing debt

MNOK

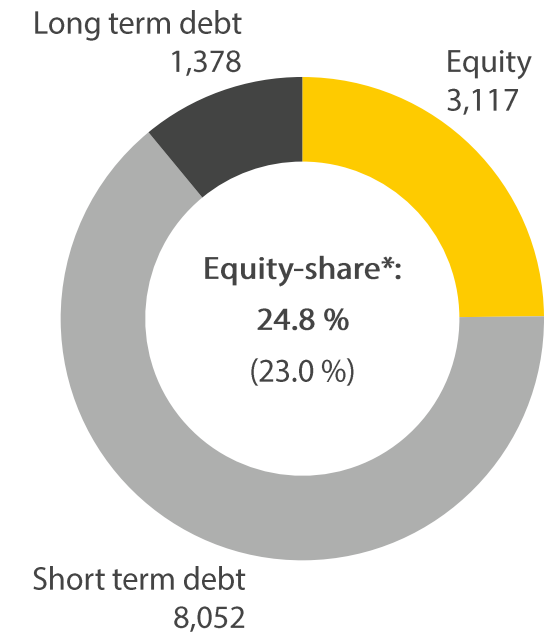


- Net receivables (interest-bearing)
- Cash and cash equivalents
- Lease liabilities - machines
- Lease liabilities - rental

Available liquidity: NOK 3,205 million (including financial facilities of NOK 3,000 million)

Balance sheet

NOK million	30.06.21	30.06.20	31.12.20
Non-current assets	7,786	7,833	7,760
Current assets, ex. cash	4,556	4,280	4,394
Cash and cash equivalents	205	561	708
Total assets	12,547	12,674	12,862
Equity	3,117	2,919	3,494
Long term debt	1,378	1,473	1,426
Short term debt	8,052	8,282	7,942
Total equity and debt	12,547	12,674	12,862

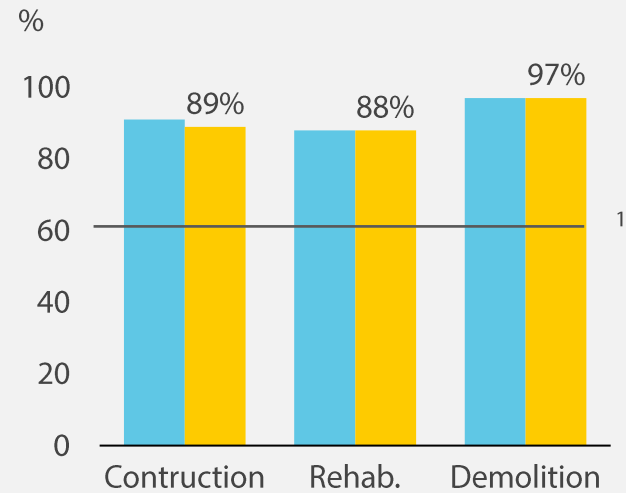


*Equity ratio excluding the effect of IFRS 16 would be 26.5% at 30.06.21 All the company's covenants exclude the effect of IFRS 16

Environment

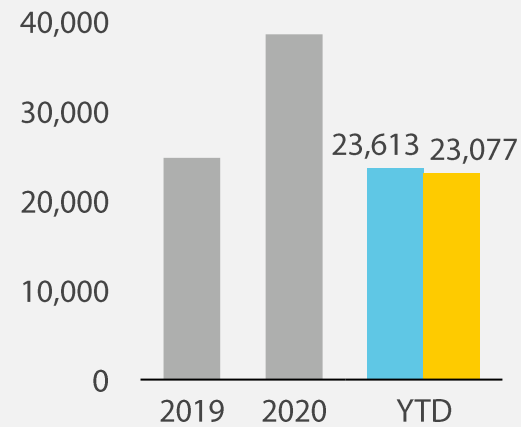
Source separation rate

Waste sorted: 176,211 (159,530) tonnes



■ YTD 2020
■ YTD 2021

Metal demolished and sorted for recycling

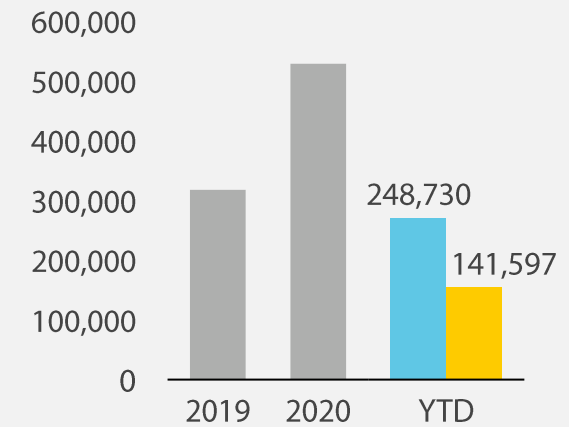


23,077 tonnes = 23,077 tonnes CO₂-equivalents

■ YTD 2020
■ YTD 2021

Recycling environmental parks

Recycling rate 78% (87%) YTD



141,597 tonnes = 10,927 tonnes CO₂-equivalents

■ YTD 2020
■ YTD 2021

Business areas

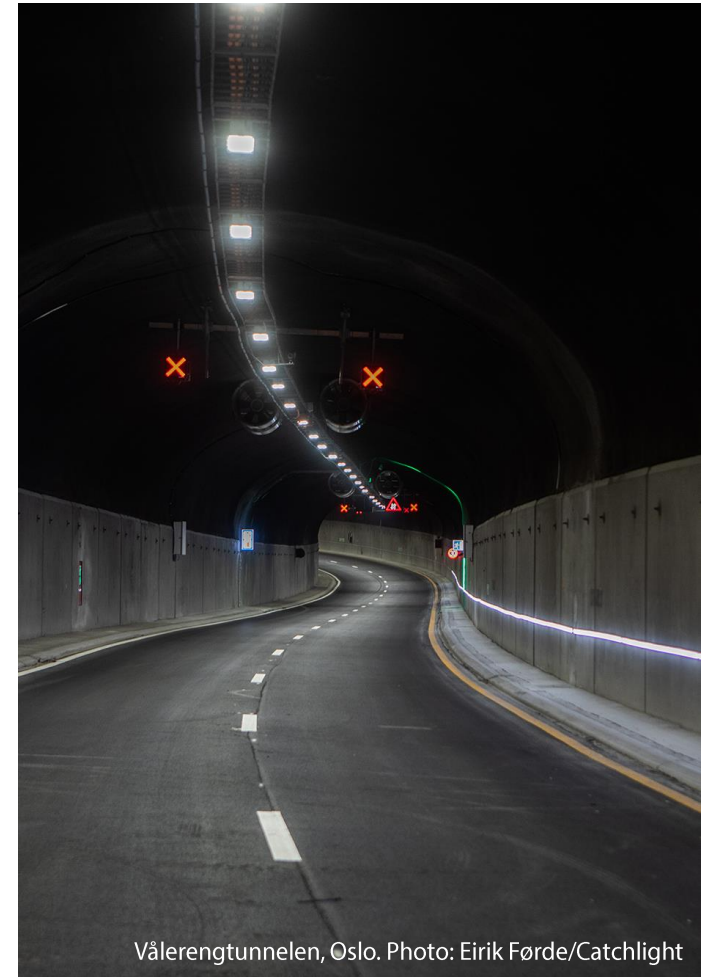
2nd quarter 2021



Solid revenue growth and improved profitability

NOK million	Q2 21	Q2 20	1H 21	1H 20
Revenues	1,568	1,188	3,077	2,358
EBIT	100	34	197	90
EBT	99	31	193	89
EBIT %	6.4 %	2.8 %	6.4 %	3.8 %
EBT %	6.3 %	2.6 %	6.3 %	3.8 %

- Solid revenue growth and improved profitability, overall solid operations in all units
- Revenue growth and stable profitability in AF Anlegg
- Very good results in Målselv Maskin & Transport and improved profitability in Eiqon and Consolvo
- Increased order backlog following increased scope of existing contracts
- Order backlog: NOK 7,224 (8,656) million



Vålerengtunnelen, Oslo. Photo: Eirik Førde/Catchlight

Strengthened profitability and good order intake in the quarter

NOK million	Q2 21	Q2 20	1H 21	1H 20
Revenues	2,165	2,134	4,019	4,450
EBIT	132	111	214	234
EBT	134	114	216	240
EBIT %	6.1 %	5.2 %	5.3 %	5.3 %
EBT %	6.2 %	5.3 %	5.4 %	5.4 %

- Several units delivered very good results in the quarter, including AF Byggfornyelse, AF Bygg Oslo, Haga & Berg, Strøm Gundersen and AF Håndverk
- AF Nybygg with a weak result in the quarter
- Price development on raw materials (wood and steel) is challenging in certain projects
- After the end of the quarter an agreement to build Construction City was announced, contract size NOK 2,676 million
- Order backlog: NOK 13,054 (10,134) million



Nye Tøyenbadet, Oslo. AsplanViak/Kultur og Idrettsbygg Oslo KF

Weak profitability

NOK million	Q2 21	Q2 20	1H 21	1H 20
Revenues	1,797	1,997	3,453	3,820
EBIT	21	60	58	104
EBT	19	55	47	101
EBIT %	1.2 %	3.0 %	1.7 %	2.7 %
EBT %	1.1 %	2.8 %	1.4 %	2.6 %

- Weak profitability, however large variation in the results of the various units
- Stable and good results from Betonmast Oslo, Østfold and Romerike
- Betonmast Boligbygg with weak results following impairments in several projects
- Betonmast Sverige delivered profitability below expectation in the quarter
- Order backlog: NOK 10,476 (8,876) million

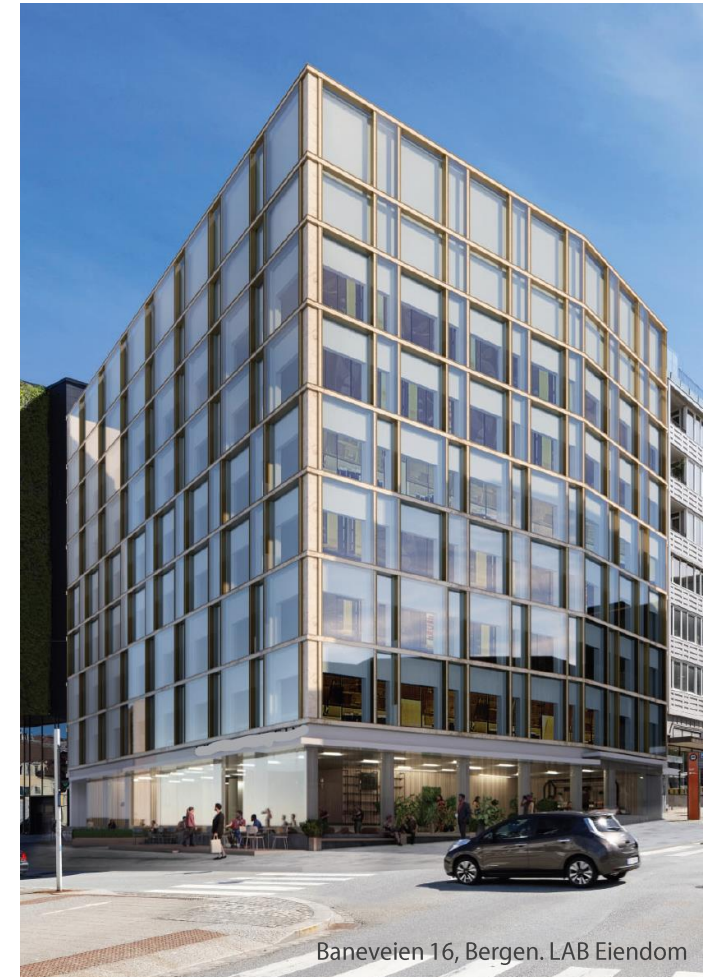


Lørenskog Hageby, Illustration: Fredensborg Bolig

Good sales in the quarter

NOK million	Q2 21	Q2 20	1H 21	1H 20
Revenues	8	6	15	12
EBIT	9	10	16	14
EBT	9	9	16	12
Capital employed	922	903	922	903

- Good sales in the quarter. In total 148 (70) units were sold in the quarter, whereof AFs share was 70 (25)
- Five projects with a total of 589 units are in production (AFs share is 233). Sales ratio in commenced projects are 83%
- Residential portfolio under development: 2,112 (2,413) units. AFs share: 1,064 (1,173)
- Commercial portfolio under development: 143,380 (52,183) BTA sqm. AFs share: 41,196 (25,764)
- An announcement to sell AFs share of Construction City was published after quarter end

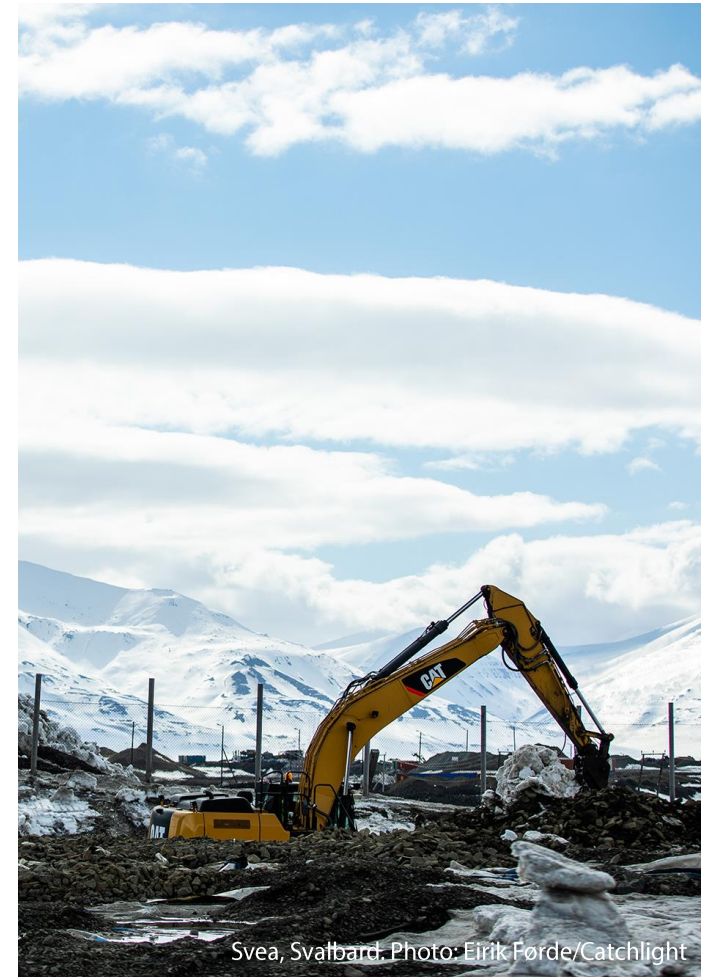


Baneveien 16, Bergen. LAB Eiendom

Increased activity and good profitability

NOK million	Q2 21	Q2 20	1H 21	1H 20
Revenues	323	219	573	443
EBIT	22	15	33	17
EBT	21	11	31	18
EBIT %	6.8 %	6.9 %	5.8 %	3.8 %
EBT %	6.6 %	5.2 %	5.3 %	4.0 %

- Energy and Environment delivered strong growth and continued good profitability
- AF Decom continues to deliver very good results, both within demolition and recycling at AFs environmental centers
- AF Energi has improved the profit margin compared to the same period last year
- AF Decom has year-to-date sorted metal for recycling and recycled materials at the environmental centers corresponding to 16,934 (29,907) CO₂-equivalents
- Order backlog: NOK 715 (607) million



Record high order backlog

NOK million	Q2 21	Q2 20	1H 21	1H 20
Revenues	1,099	1,064	2,058	2,099
EBIT	47	41	86	83
EBT	46	39	84	80
EBIT %	4.3 %	3.8 %	4.2 %	3.9 %
EBT %	4.2 %	3.7 %	4.1 %	3.8 %

- Sweden delivered stable revenues and improved profitability in the quarter
- Kanonaden and AF Härnösand Byggreturer continue to deliver good results
- HMB and AF Bygg Syd with profitability somewhat below expectations
- Record high order backlog following a good order intake in the quarter
- Order backlog: NOK 4,442 (3,597) million

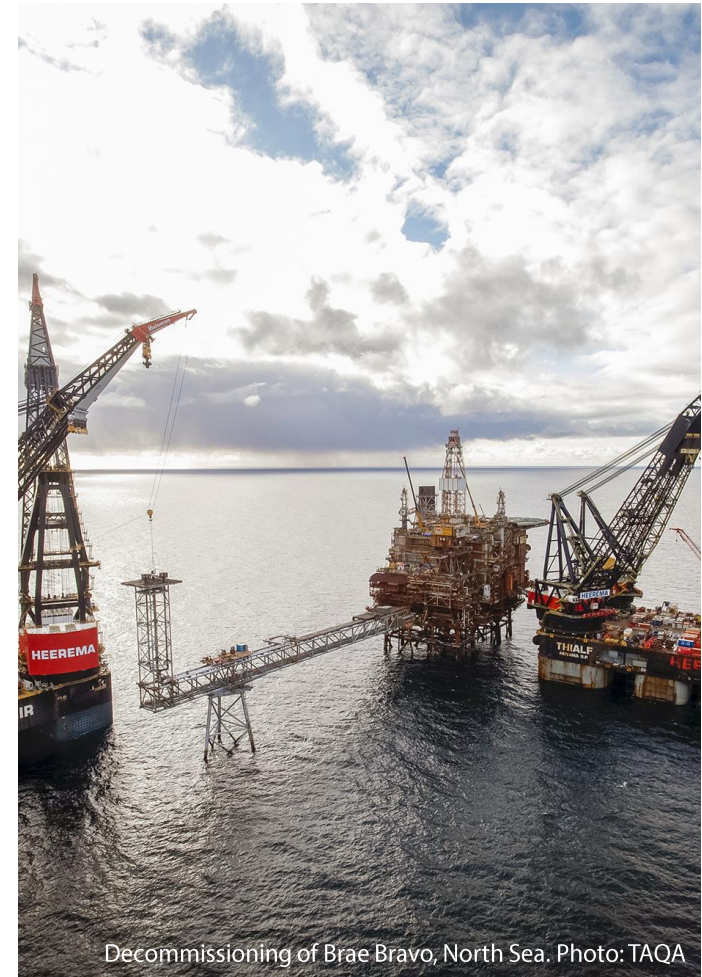


Mälarparkskolan, Västerås. Photo: Kicki Nilsson

Improved profitability and increased activity

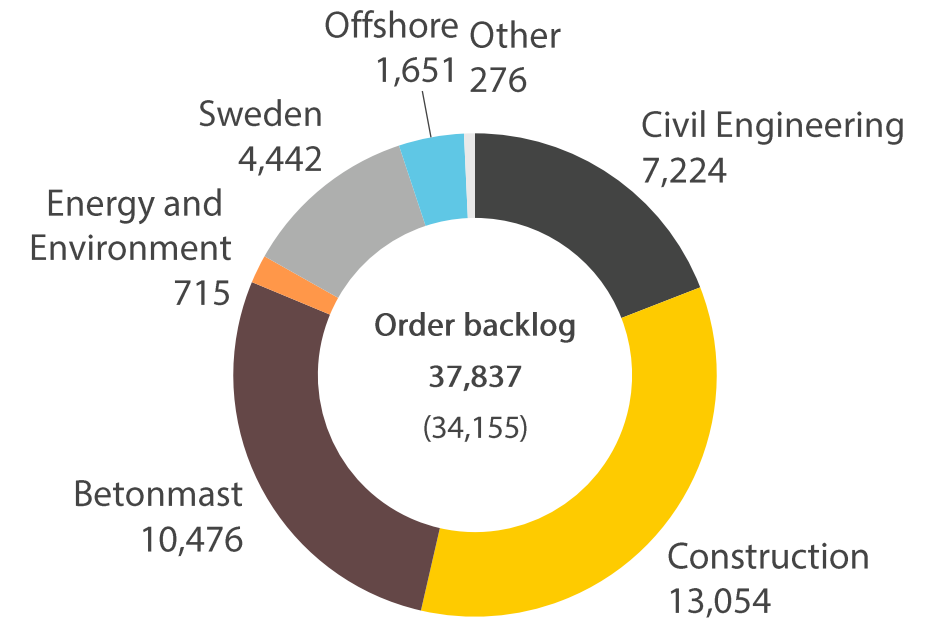
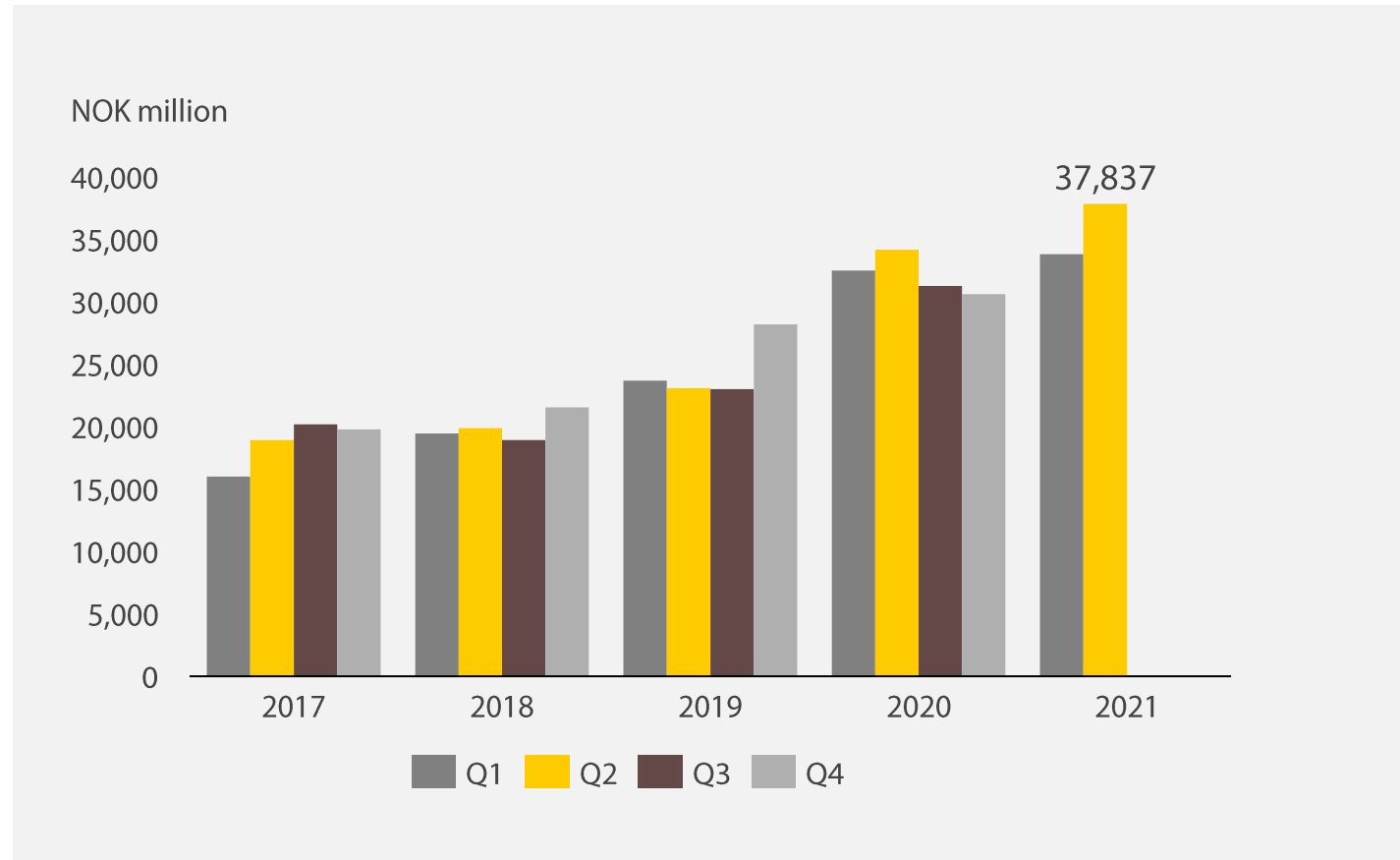
NOK million	Q2 21	Q2 20	1H 21	1H 20
Revenues	257	174	416	302
EBIT	17	2	25	-51
EBT	16	-4	22	-60
EBIT %	6.7 %	1.0 %	6.0 %	-16.8 %
EBT %	6.3 %	-2.5 %	5.3 %	-19.8 %

- Considerable increase in activity and good profitability
- AF Offshore Decom with successful offshore campaign, despite challenging conditions. Solid operations at AF Miljøbase Vats
- AF AeronMollier maintain steady results despite lower activity
- AF Offshore Decom has year-to-date sorted metal for recycling corresponding to 17,069 (8,251) CO₂-equivalents
- Order backlog: NOK 1,651 (1,693) million



Decommissioning of Brae Bravo, North Sea. Photo: TAQA

Strong order backlog



Business area Construction

Q2 2021



Strong position in the larger Oslo area and the Bergen Region



New construction and rehabilitation of housing, industry and public buildings



Bygg Oslo



Byggfornyelse



Bygg Østfold

LAB



HAGA • BERG



Niche players that cover the entire range of services within rehabilitation, rebuilding and maintenance



Rehabilitation

- Fire protection
- Rebuilding
- Service & maintenance
- Ventilation
- Roofing and tinsmith services
- Facade rehabilitation
- Tile, concrete and stone rehabilitation
- Carpentry
- Installation and rental of scaffolding
- Concrete and casting work
- Pipe and concrete rehabilitation
- Plastering systems and re-insulation
- Installation and replacement of windows and doors
- Sheet piling

We have a broad project portfolio with a diversified customer group



Furuset Hageby
Customer: Omsorgsbygg



Construction City
Customer : Construction City Holding



Vikingtidsmuseet
Customer : Statsbygg



Hasle Linje
Customer : Haslelinje Næring



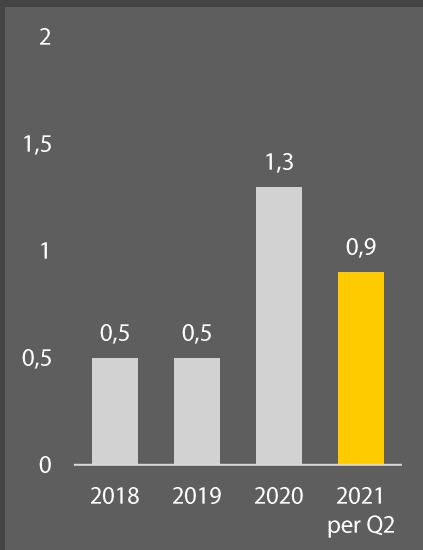
Sandsli 360
Customer : Selvaag Bolig



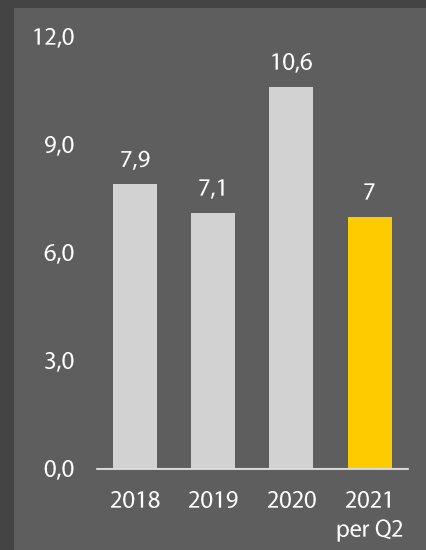
Drammen hospital
Customer : Helse Sør-Øst

Stable development within health, safety and environment

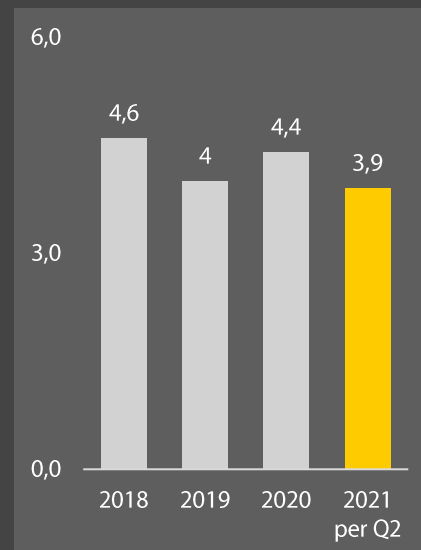
Lost-time injury frequency



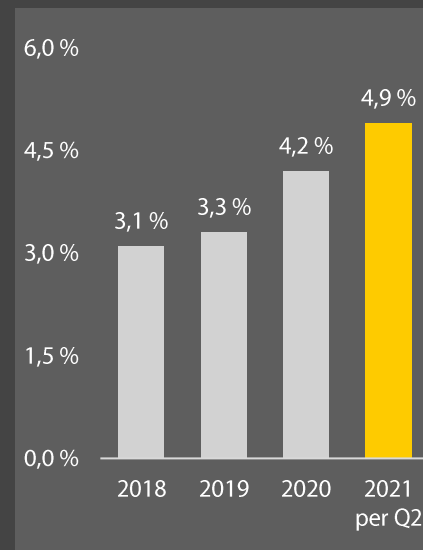
Total recordable injury frequency



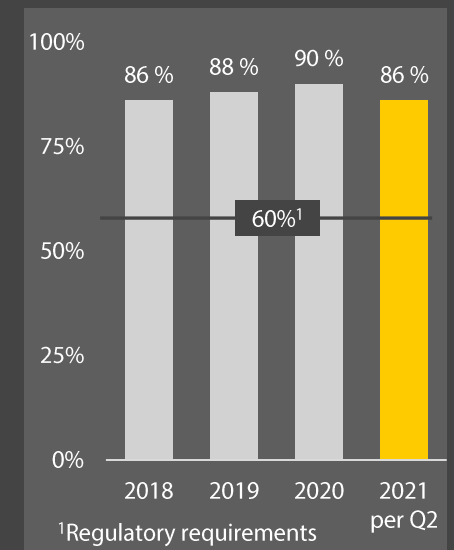
Reported unwanted incident frequency



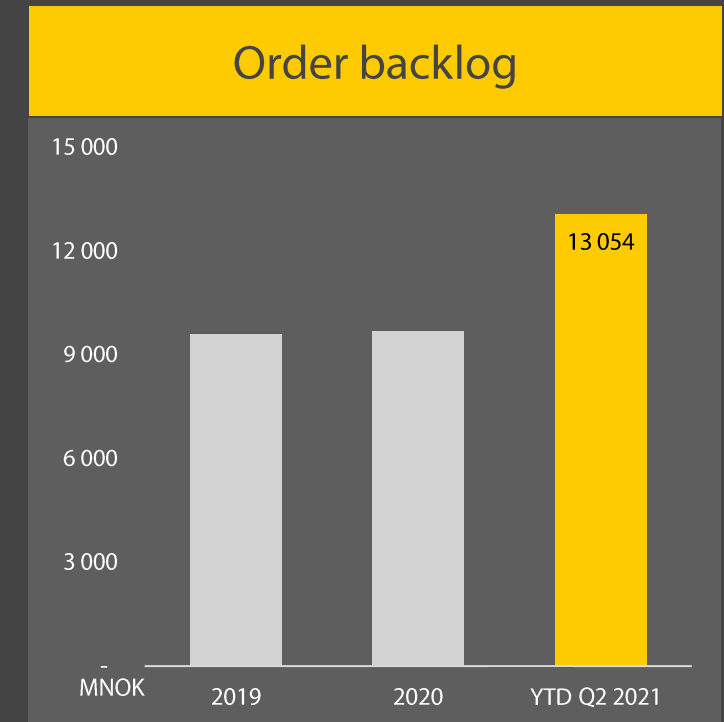
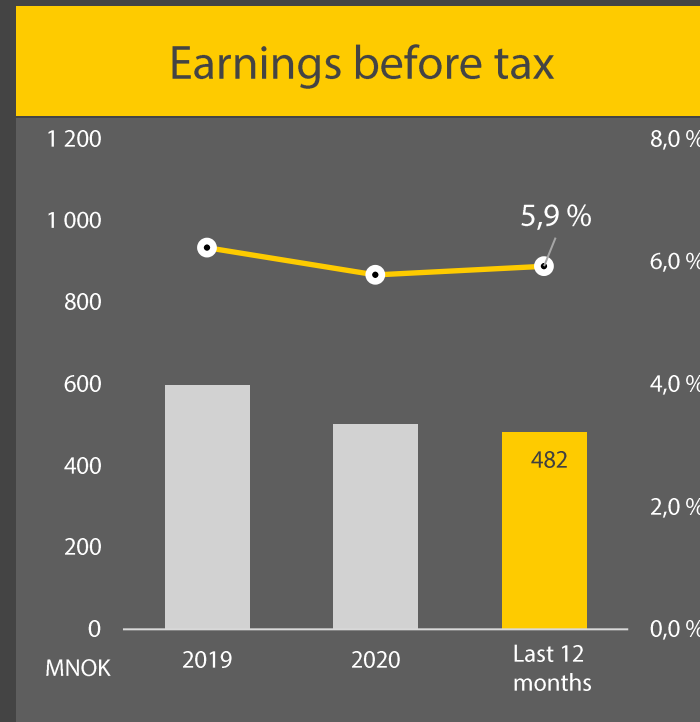
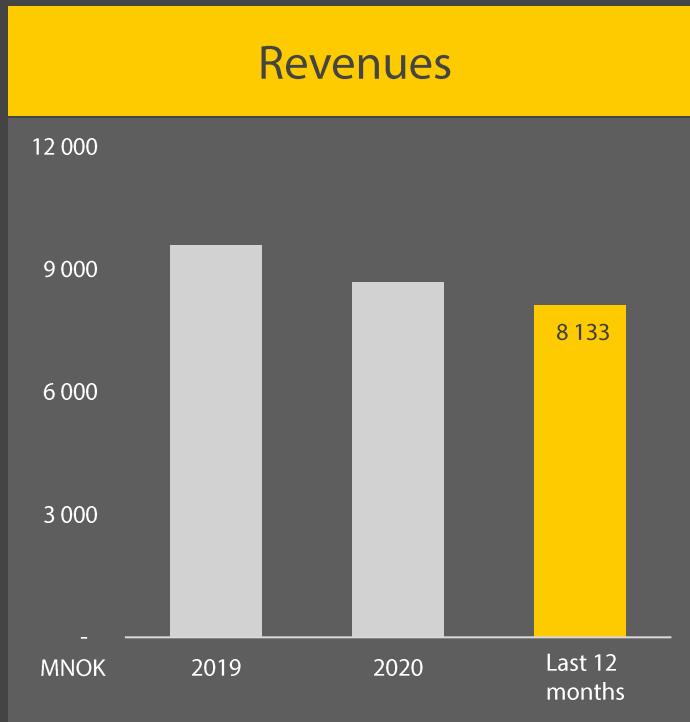
Sick leave



Source separation rate



Strong profitability and significant increase in order backlog

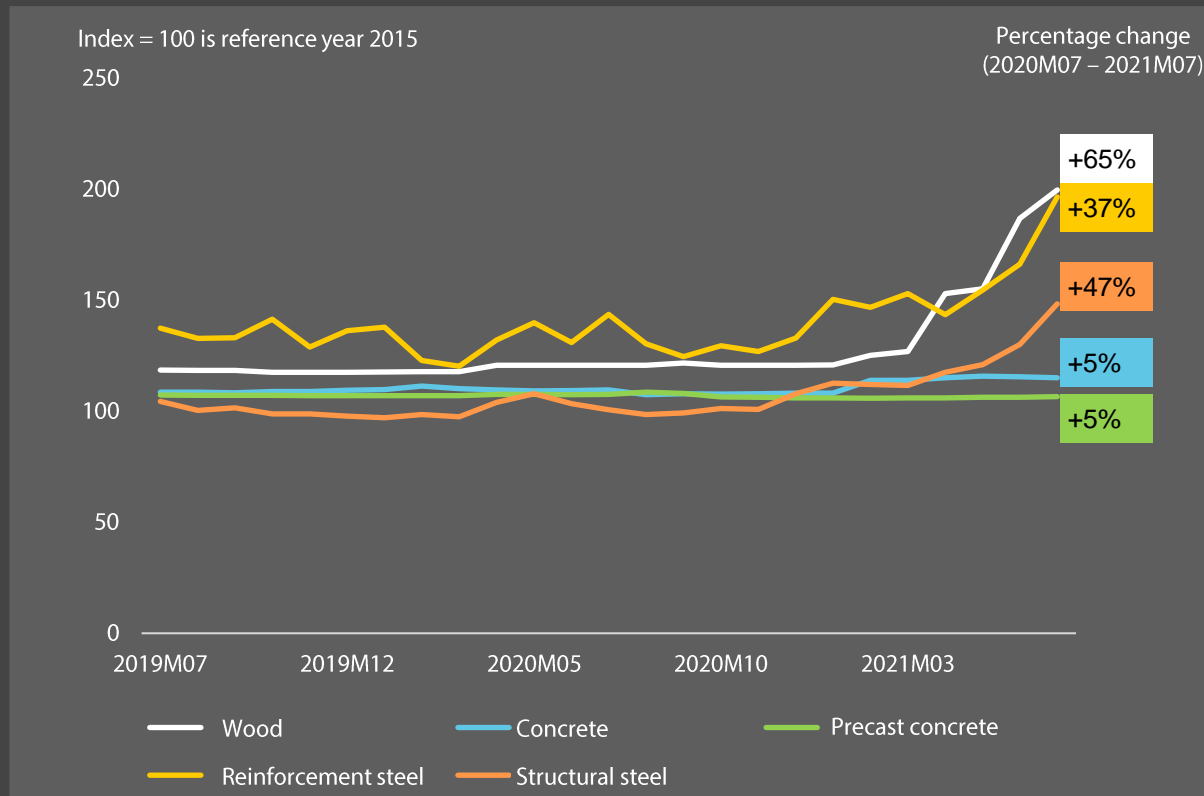


Success factors to ensure solid profitability and growth over time



Current market is characterised by volatility in material prices and delivery challenges

Material prices

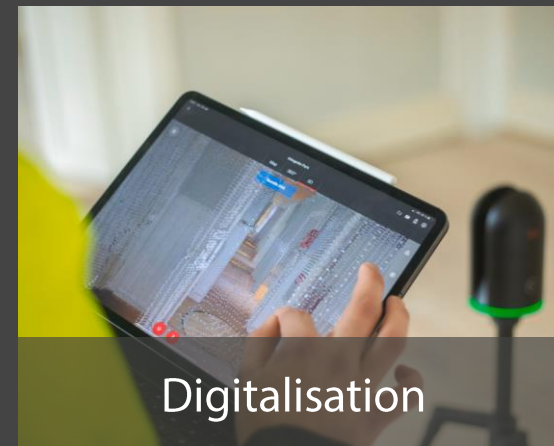


Source: SSB
Date: 20.08.2021

We seek operational risk we can influence and control

- Group agreements
- Price adjustments
- Secured contractually
- Still significant uncertainty in several projects

Tomorrow's buildings are greener, require more expertise and closer cooperation internally and externally



The Construction business area is well equipped to seize opportunities and deliver for tomorrow's requirements and needs

Well positioned for further profitability and growth

- Continuous focus on strategic project selection and risk management
- The right expertise within climate and environment and meet tomorrow's technology development

Solid order backlog with a wide range of projects and segments

- Solid position within the major market areas

Good organizational and financial position

- Robust organization with large capacity



Summary

NOK million	Q2 21	Q2 20	1H 21	1H 20
Revenues	7,189	6,568	13,398	13,175
EBIT	363	263	626	476
EBT	356	258	602	465
EBIT %	5.0 %	4.0 %	4.7 %	3.6 %
EBT %	5.0 %	3.9 %	4.5 %	3.5 %

- Solid revenue growth and improved profit margin
- Strong financial position
- Good cash flow from operations
- Dividend of NOK 6.50 (6.00) per share, totaling NOK 689 (630) million, paid in the quarter
- Record high order backlog: NOK 37,837 (34,155) million



Vålerengtunnelen, Oslo. Photo: Eirik Førde/Catchlight

Thank you for your
attention

Q3 | 12 November 2021

AF



Non-Schengen East, Oslo airport. Photo: Eirik Førde/Catchlight