



# AF Gruppen ASA Q2 2023

25 August 2023



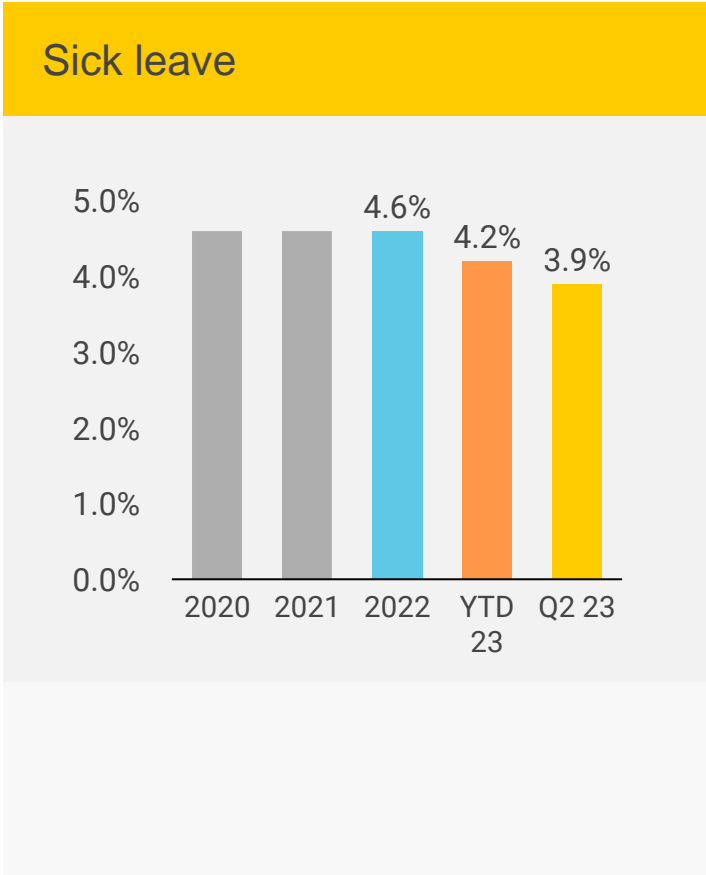
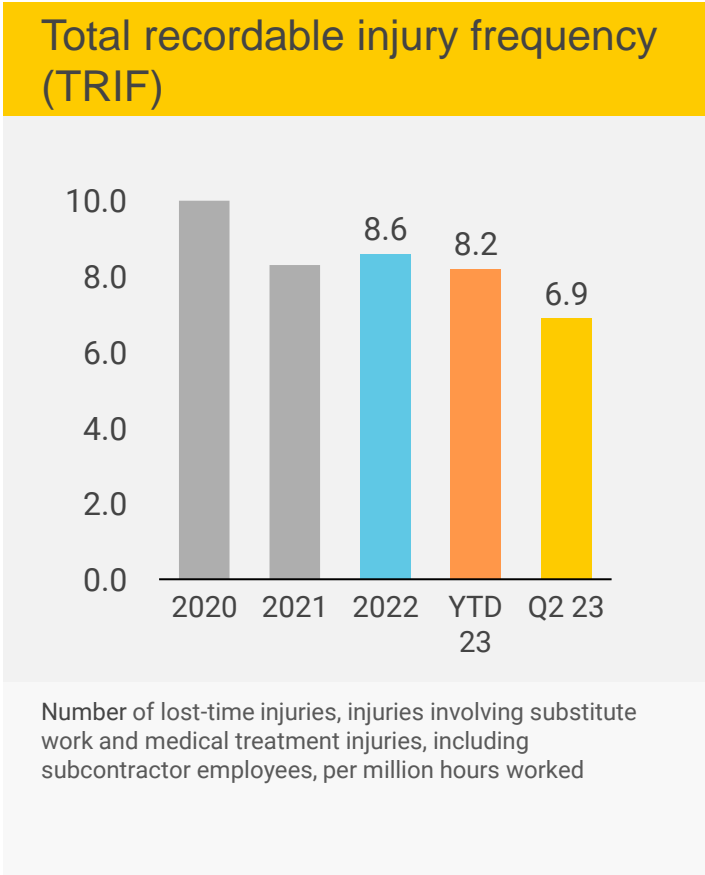
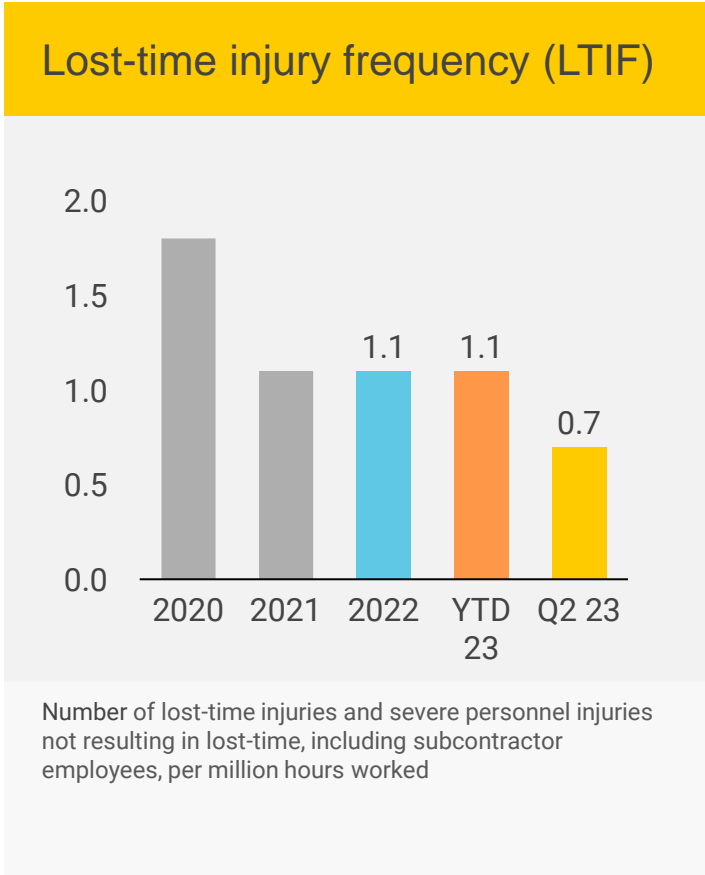
# Overview

## High activity level with a result below expectation in the 2<sup>nd</sup> quarter

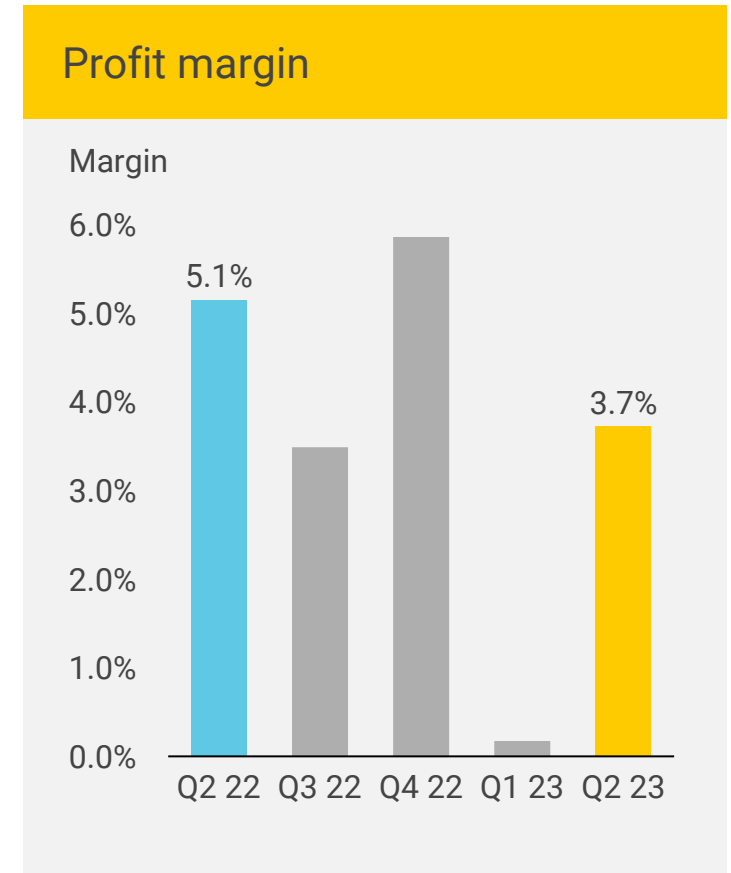
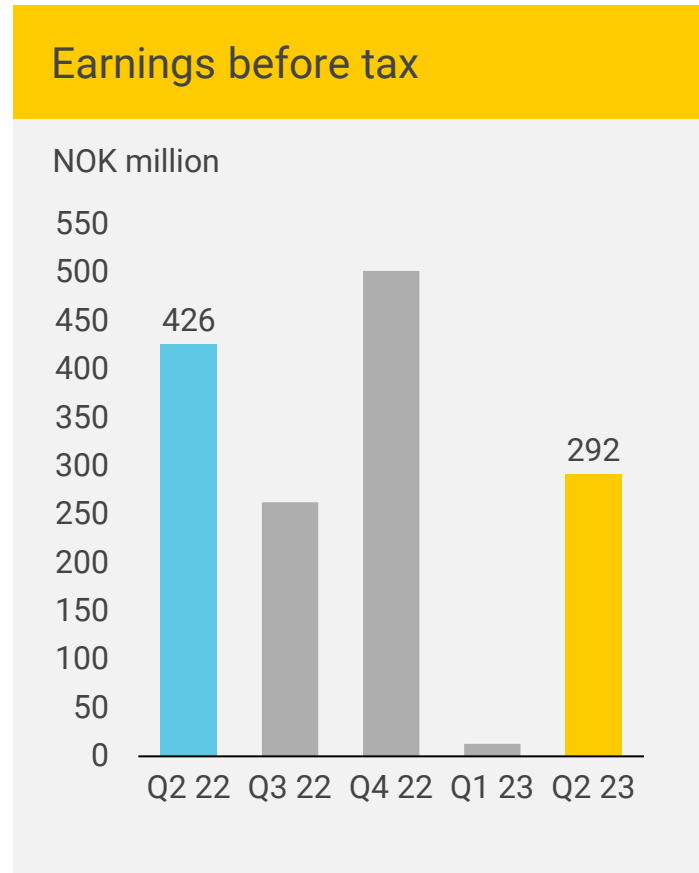
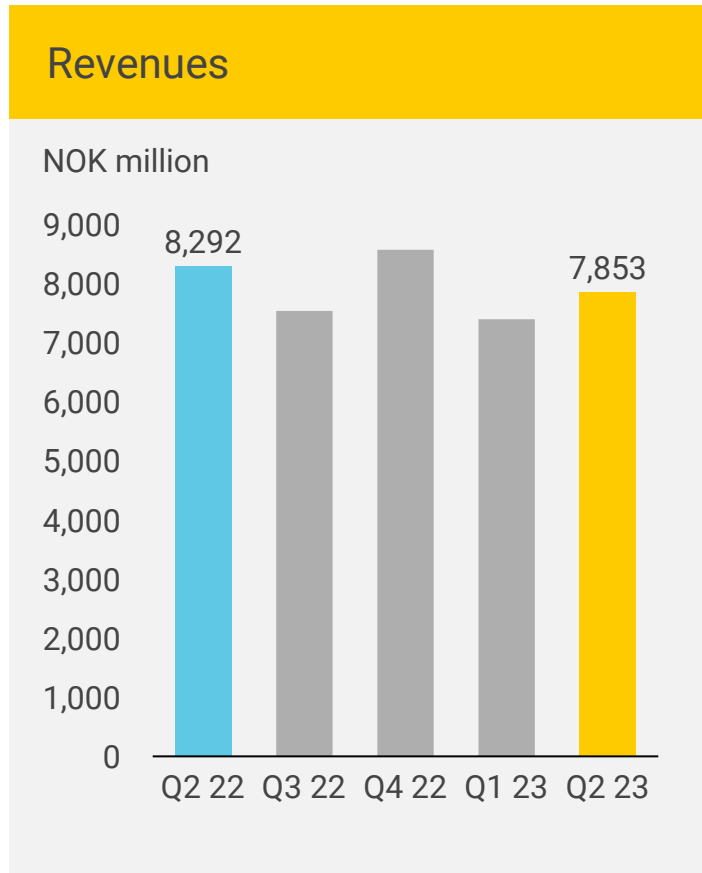
- Revenue of NOK 7,853 (8,292) million in Q2 and NOK 15,246 (15,101) million year-to-date
- Earnings before tax of NOK 292 (426) million in Q2 and NOK 305 (635) million year-to-date
- Profit margin of 3.7% (5.1%) in Q2 and 2.0% (4.2%) year-to-date
- Cash flow from operations of NOK 227 (619) million in Q2 and NOK 203 (1,226) million year-to-date
- Order intake of NOK 10,877 (7,598) million as of 30 June 2023 and NOK 20 173 (18 458) million year-to-date
- Record high order backlog of NOK 44,693 (42,003) million as of 30 June 2023
- Net interest-bearing debt of NOK 1,582 (-145) million as of 30 June 2023



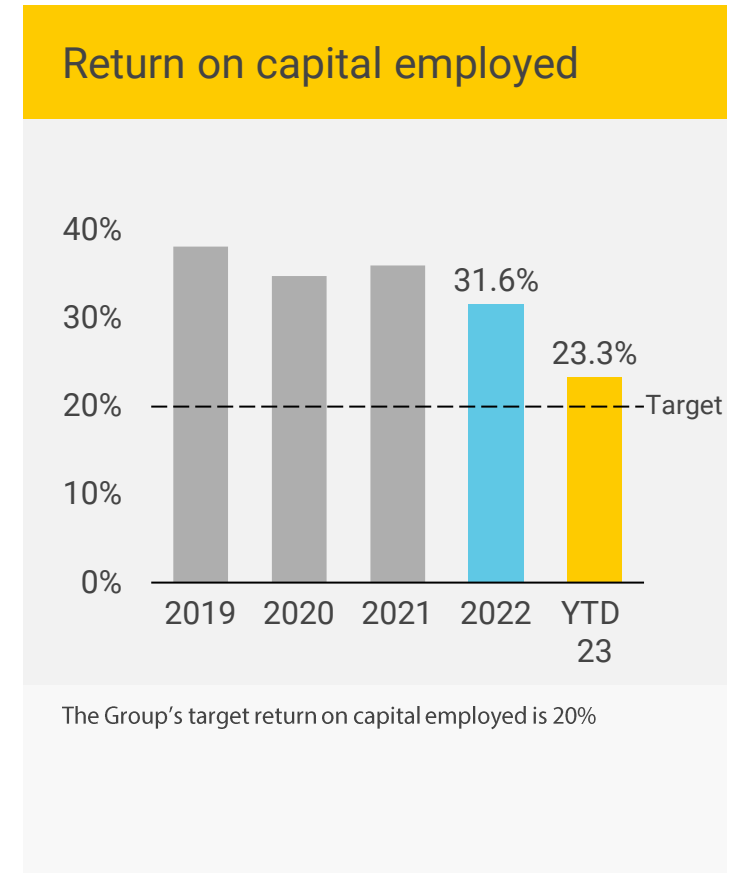
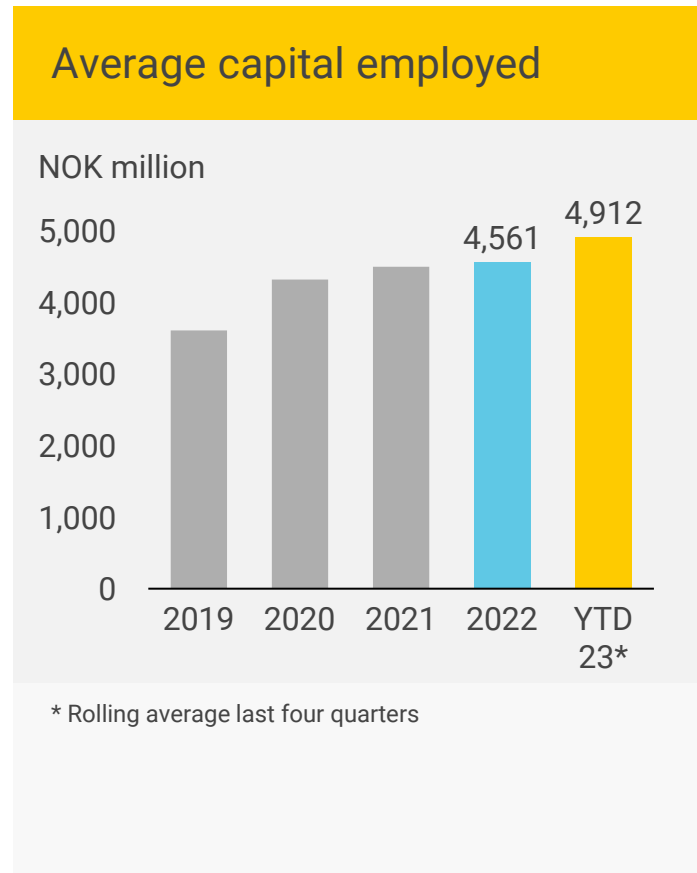
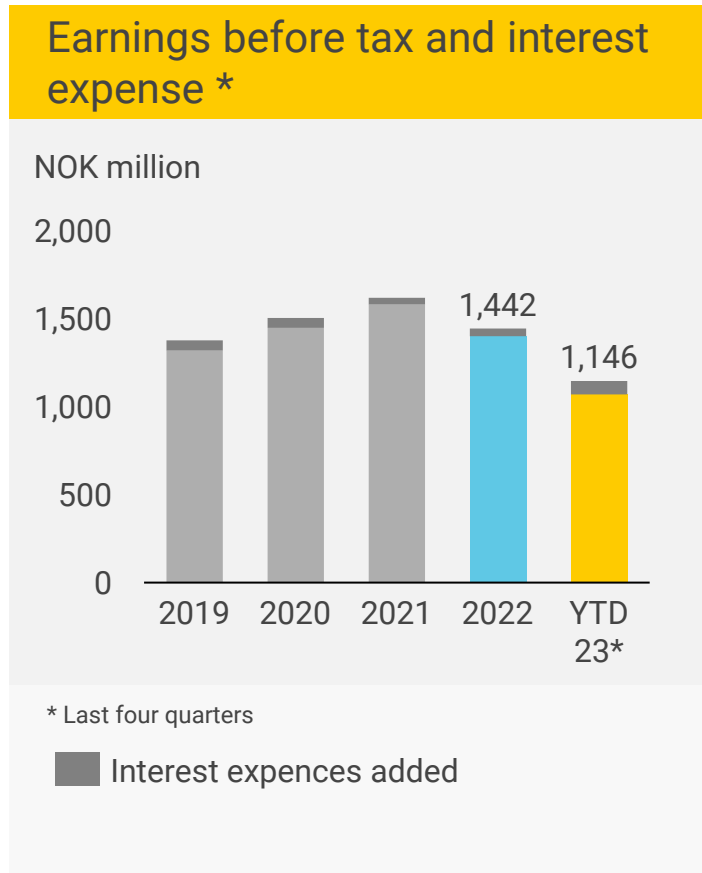
# Health and Safety



# Revenues and earnings



# Return on Capital Employed



# Cash flow statement

NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022
EBIT	303	421	318	636
Depreciation, amortisation and impairment	135	136	266	266
Change in net working capital	-114	189	-178	610
Taxes paid	-71	-60	-152	-175
Other	-25	-67	-52	-112
<b>Cash flow from operations</b>	<b>227</b>	<b>619</b>	<b>203</b>	<b>1 226</b>
Net investments	-323	203	-400	169
Dividend	-787	-881	-840	-937
Other capital transactions	6	-29	-24	-97
Interest paid and change in interest bearing debt	687	177	738	39
<b>Net change in cash and cash equivalents</b>	<b>-189</b>	<b>90</b>	<b>-323</b>	<b>400</b>
Net cash and cash equivalents at beginning of period	677	974	765	680
Change in cash and cash equivalents without cash effect	7	22	52	5
<b>Net cash and cash equivalents end of period</b>	<b>494</b>	<b>1,086</b>	<b>494</b>	<b>1 086</b>

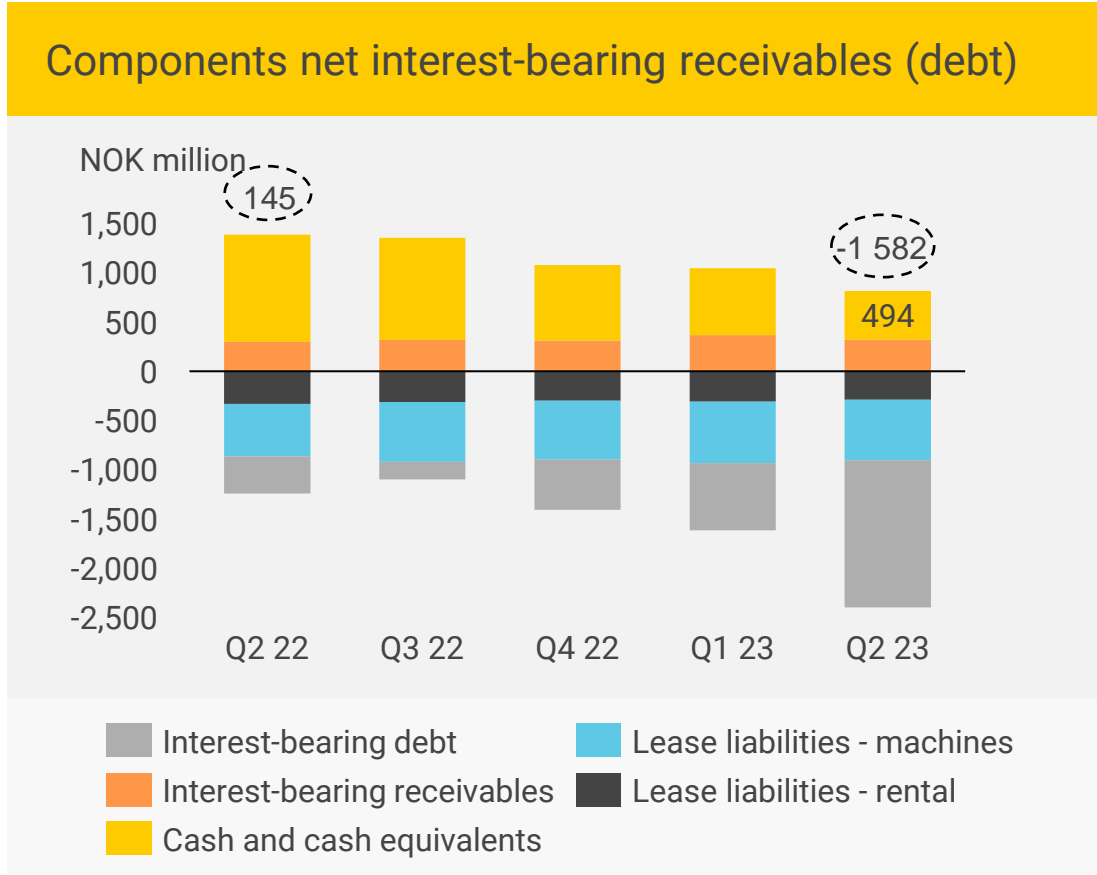
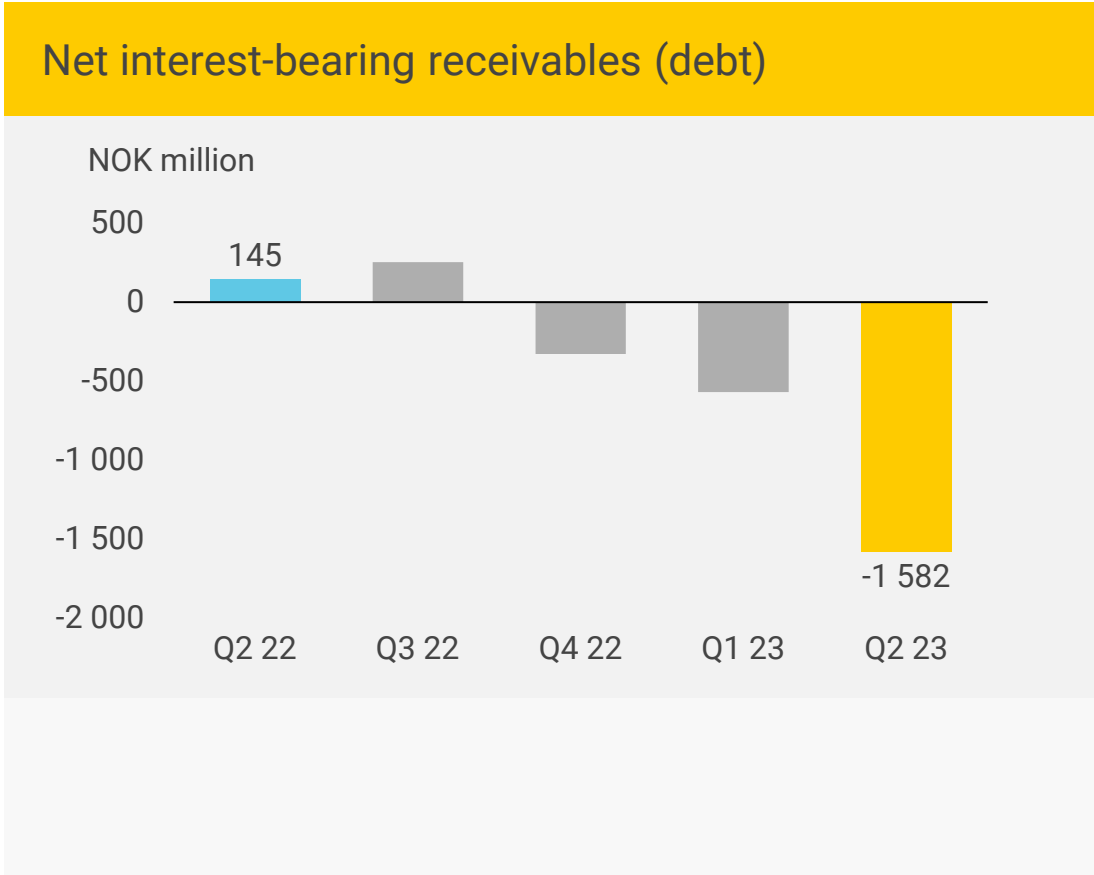
## Cash flow from operations

NOK million



■ YTD 2022  
■ YTD 2023

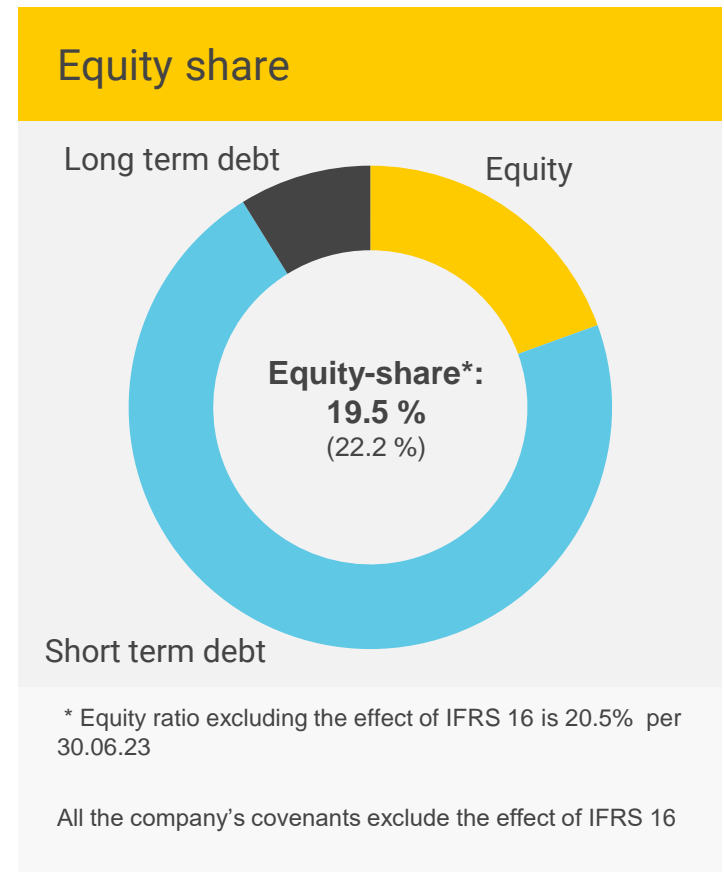
# Net interest-bearing debt and liquidity



Available liquidity: NOK 2,073 million (including financial facilities of NOK 3,000 million)

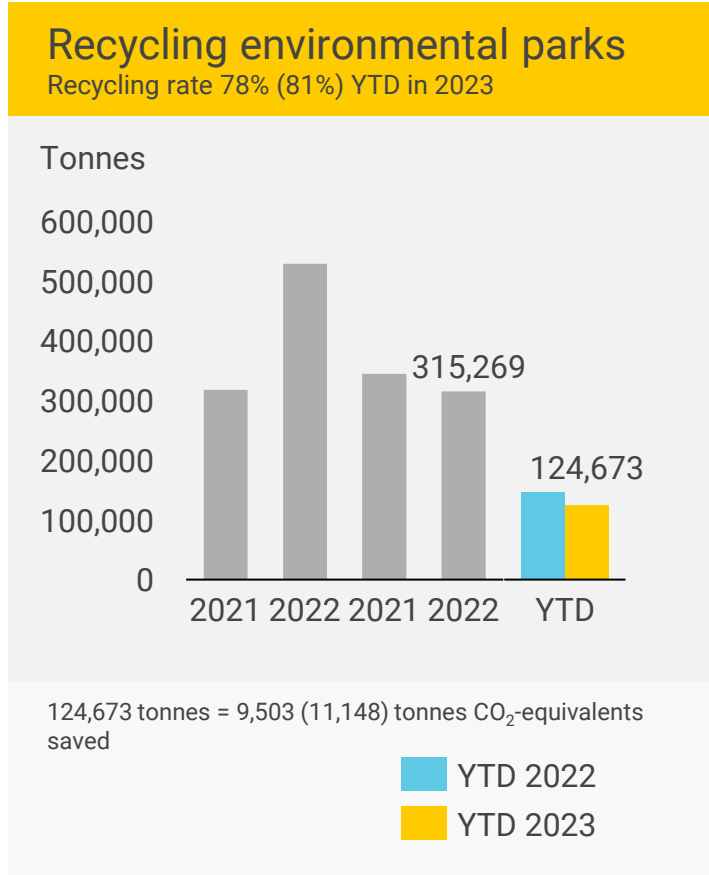
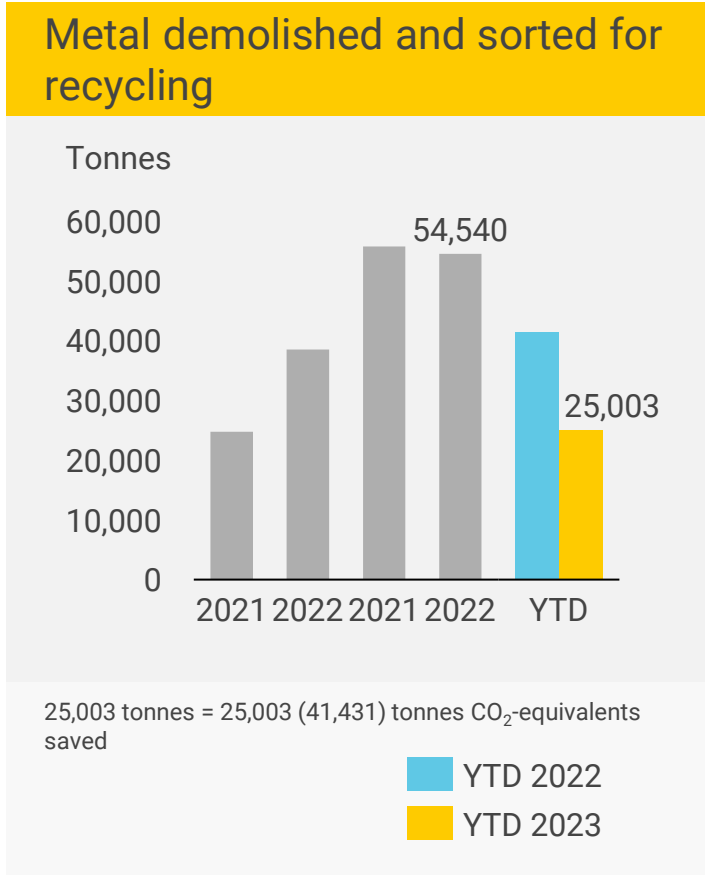
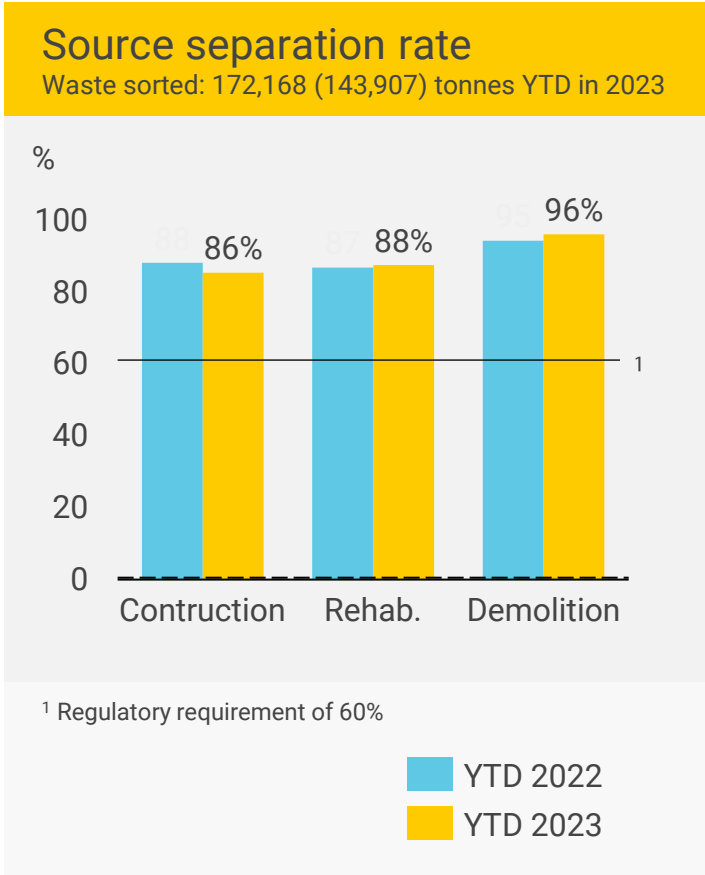
# Balance Sheet

NOK million	30.06.23	30.06.22	31.12.22
Non-current assets	8,119	7,494	7,630
Current assets, ex. cash	6,260	5,505	6,062
Cash and cash equivalents	494	1,086	765
<b>Total assets</b>	<b>14,872</b>	<b>14,085</b>	<b>14,457</b>
Equity	2,897	3,126	3,494
Long term debt	1,314	1,438	1,250
Short term debt	10,662	9,522	9,713
<b>Sum equity and debt</b>	<b>14,872</b>	<b>14,085</b>	<b>14,457</b>





# Environment





# Business Areas

2<sup>nd</sup> quarter 2023



## Good Result and Record High Order Backlog

NOK million	Q2 23	Q2 22	1H 23	1H 22
Revenues	1,505	1,537	2,956	2 778
EBIT	104	99	181	183
EBT	107	96	185	179
EBIT %	6.9%	6.5%	6.1%	6.6%
EBT %	7.1%	6.3%	6.3%	6.4%

- Civil Engineering had high activity and reports a good result in Q2
- Målselv M&T delivers revenue growth and very good earnings. Stenseth & RS has a good result. Consolvo delivers below expectation and Eiqon has a weak result
- AF Anlegg has a good result in Q2, with solid contributions from several projects. Activity is high in the large projects E6 Rentvannstunnel in Oslo and Bergtunnlar Lovö in Stockholm. The Water Treatment Plant in Oslo, Cable Tunnel Sogn-Ulven in Oslo, E6 Storhove-Øyer and Mo i Rana Airport are in the start-up phase
- In the quarter, AF Anlegg entered into an agreement to build the new airport in Mo i Rana. The contract has a value of approximately NOK 3,200 million excl. VAT
- Order intake: NOK 4,018 (1,304) million. Order backlog: NOK 20,030 (12,193) million



## Improved Result and Good Order Intake

NOK million	Q2 23	Q2 22	1H 23	1H 22
Revenues	2,674	2,916	5,264	5 397
EBIT	112	82	162	100
EBT	105	83	151	100
EBIT %	4.2%	2.8%	3,1%	1,8%
EBT %	3.9%	2.9%	2,9%	1,9%

- Construction maintained a high activity level and delivers an improved result in Q2
- AF Bygg Østfold, Strøm Gundersen, Strøm Gundersen Vestfold and Haga & Berg have very good results in Q2. AF Håndverk and Åsane Byggmesterforretning have good results. AF Bygg Oslo and LAB Entreprenør deliver results somewhat below expectation, while AF Byggfornyelse, FAS and HTB have weak results in the quarter
- Five contracts were announced. AF Bygg Østfold will build a new wastewater treatment plant, with a contract value of NOK 1,081 million excl. VAT., and AF Byggfornyelse will build the new Viking Age Museum where phase 1 and 2 has a total value of NOK 1,447 million excl. VAT.
- Order intake: NOK 3,801 (2,877) million. Order backlog: NOK 10,469 (13,172) million



# Improved Profitability

NOK million	Q2 23	Q2 22	1H 23	1H 22
Revenues	1,117	1,273	2,323	2,517
EBIT	33	29	67	52
EBT	37	30	77	50
EBIT %	3.0%	2.3%	2,9%	2.0%
EBT %	3.4%	2.3%	3,3%	2.0%

- Betonmast reports improved profitability in Q2, with varying unit performances
- Betonmast Trøndelag, Romerike, Røsand and Asker og Bærum report good results in the quarter
- Betonmast Østfold reports results somewhat under expectation, while Betonmast Boligbygg, Oslo, Innlandet and Buskerud-Vestfold have weak results in the quarter
- In the quarter, Betonmast entered into an agreement for the renovation and construction of Trondheim Katedralskole, with a contract value of NOK 400 million excl. VAT. Additionally, Betonmast entered into an agreement to build new student housing facilities in Trondheim with a contract value of NOK 129 million excl. VAT.
- Order intake: NOK 900 (1,261) million. Order backlog: NOK 4,898 (6,245) million



## Low Sales in the Quarter

NOK million	Q2 23	Q2 22	1H 23	1H 22
Revenues	6	5	16	11
EBIT	-3	57	-5	59
EBT	-1	59	0	62
Capital employed	756	532	756	532

- Property delivers a weak result in the quarter. The result of the second quarter last year was influenced by the sale of the hotel and commercial building Karvesvingen 7 at Hasle
- Sales contracts for 16 (64) homes were signed in the quarter, where AF's share was 7 (29)
- Six projects with a total of 885 residential units are in production (AF's share is 410). The sales ratio in commenced projects is 75%
- Residential portfolio under development: 1,651 (1,576) units. AF's share: 824 (761)
- Commercial portfolio under development: 73,107 (62,256) GFA sqm. AF's share: 36,374 (30,949)



## Large Variation in the Business Units' Performances

NOK million	Q2 23	Q2 22	1H 23	1H 22
Revenues	2,150	1,958	4,077	3 544
EBIT	27	75	-135	121
EBT	26	74	-138	118
EBIT %	1.3%	3.8%	-3,3%	3,4%
EBT %	1.2%	3.8%	-3,4%	3,3%

- Sweden has a positive result, but with a large variation in the business units' performances
- Kanonaden, AF Prefab in Mälardalen and AF Härnösand Byggretur report both revenue growth and very good results. AF Bygg Syd and HMB report good results, but has profit margins somewhat below expectation in Q2
- Other construction businesses have negative results also in Q2
- One new contract was announced. Kanonaden Entreprenad will build the infrastructure for the wind farm Bruzaholm in Eksjö municipality. The contract has a value of approximately SEK 210 million excl. VAT.
- Order intake: NOK 718 (1,906) million. Order backlog: NOK 6,212 (8,479) million



# Good Revenue Growth and Good Result

NOK million	Q2 23	Q2 22	1H 23	1H 22
Revenues	326	255	613	492
EBIT	19	18	30	30
EBT	21	19	33	29
EBIT %	5.9%	7.2%	4,9%	6,1%
EBT %	6.3%	7.4%	5,4%	6,0%

- Energy and Environment reports a good result, in line with the result in the same quarter last year
- AF Energi has increased revenues significantly and reports a good result in Q2
- AF Decom maintains its' activity level, but reports a result somewhat below expectation
- AF Decom has sorted metal for recycling and recycled materials at the environmental centers corresponding to 16,399 (24,265) CO<sub>2</sub>-equivalents
- AF Energi entered an agreement to provide piping and plumbing works for the Life Sciences building. The contract value is approximately NOK 680 million excl. VAT.
- Order intake: NOK 1,116 (179) million. Order backlog: NOK 1,484 (686) million



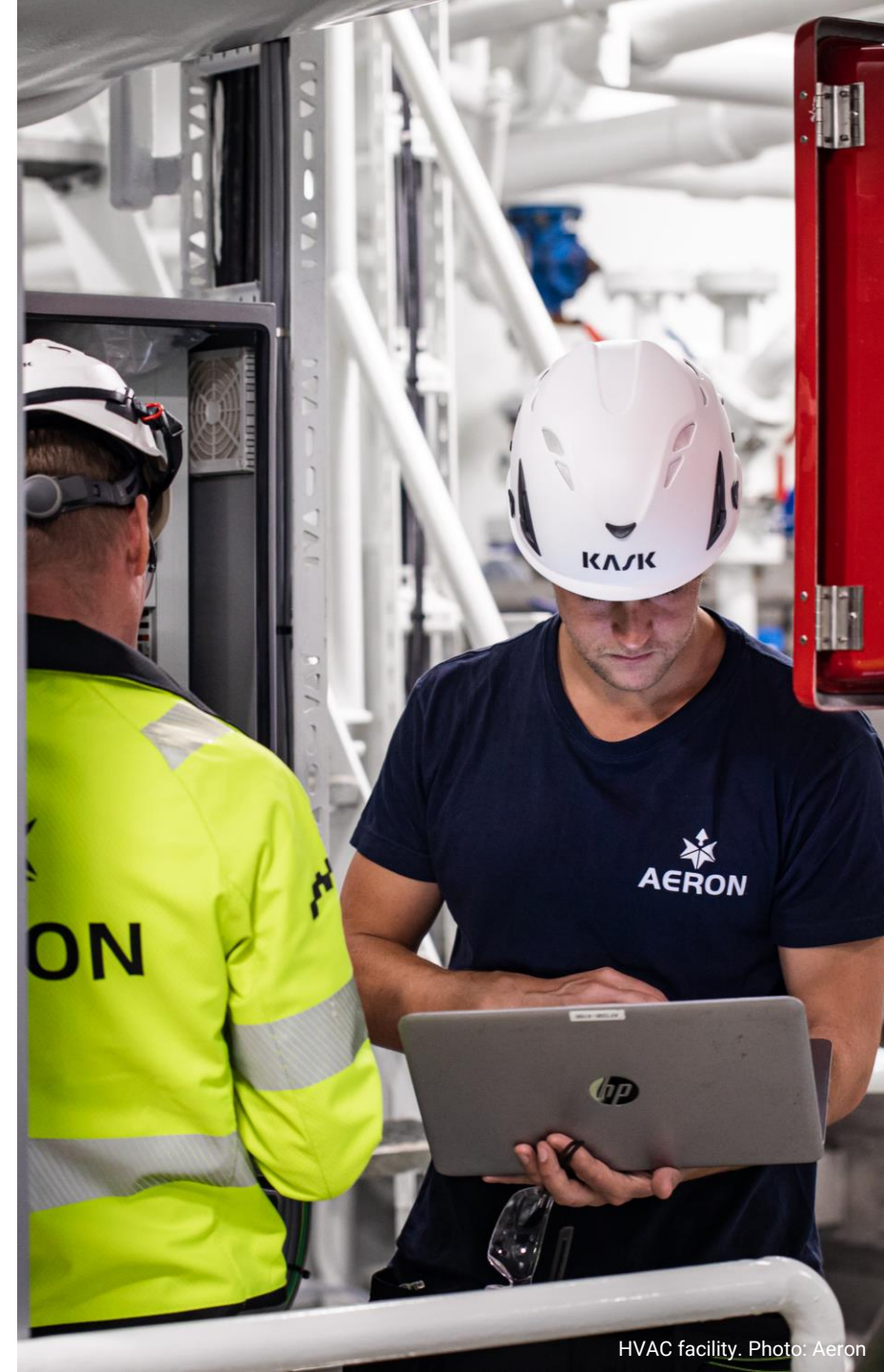
Energy usage optimization for Møller Eiendom. Photo: Mathias Mikkelsen



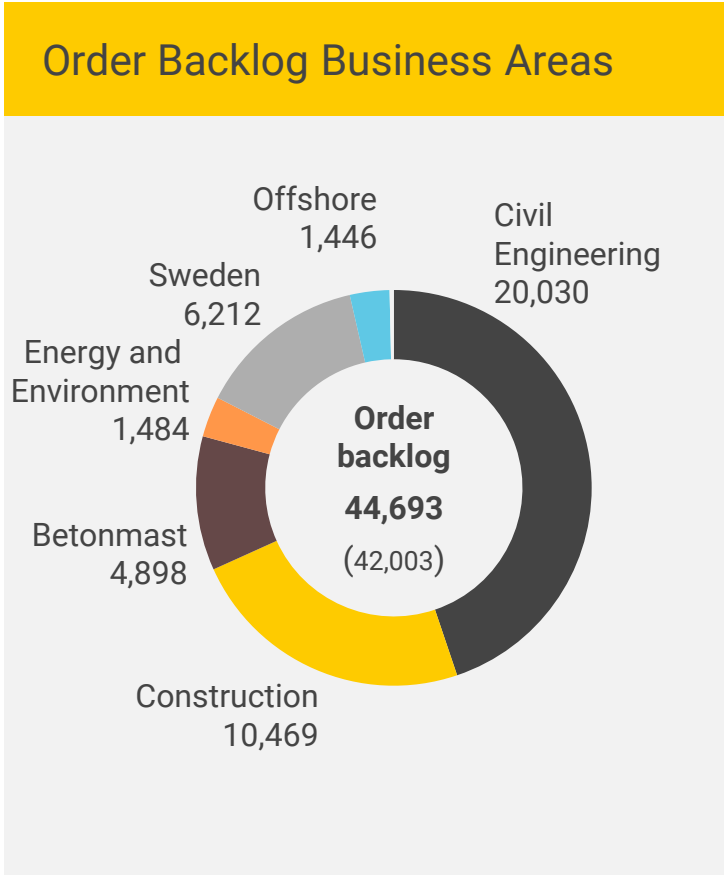
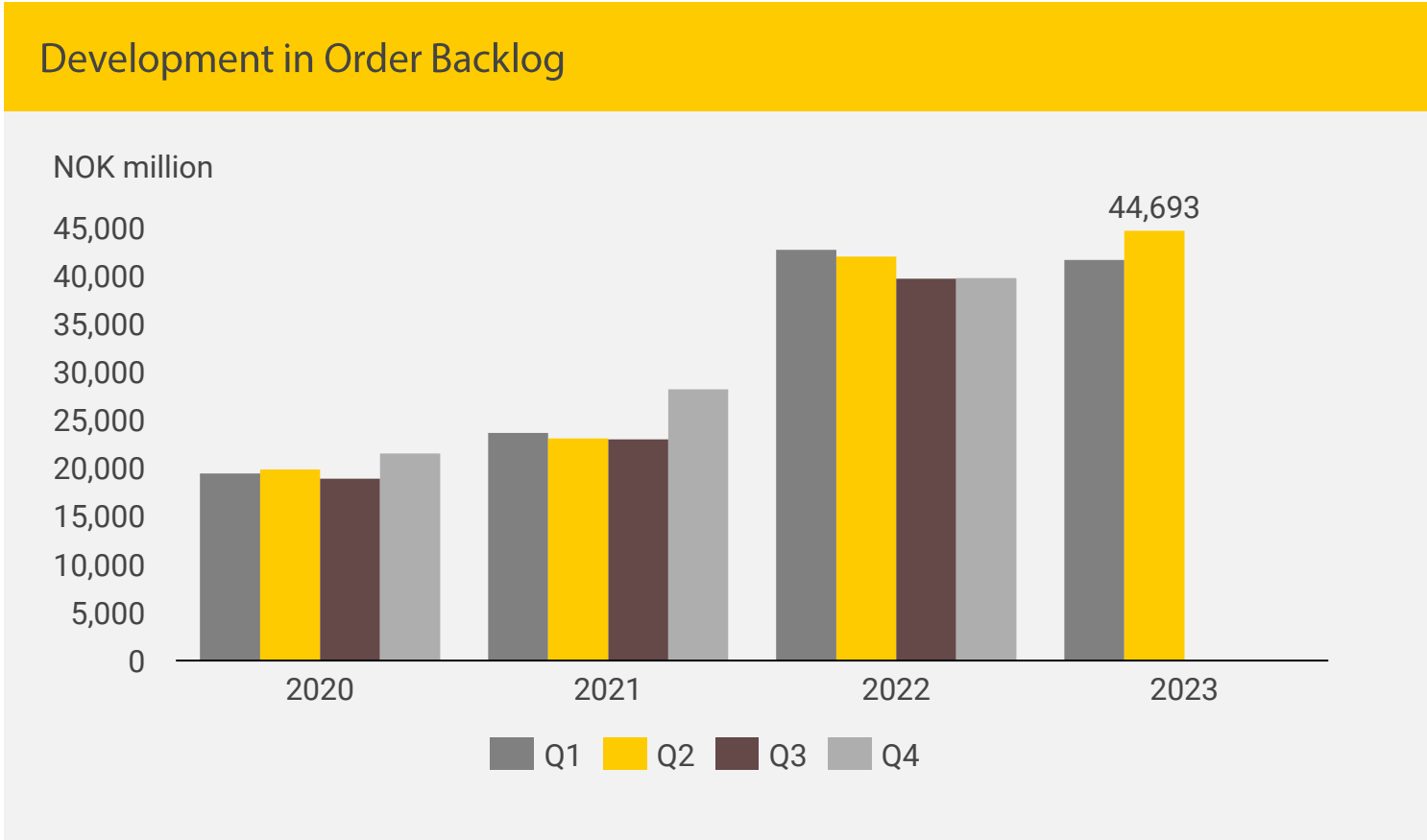
## Revenue Growth and Good Profitability

NOK million	Q2 23	Q2 22	1H 23	1H 22
Revenues	342	305	586	489
EBIT	17	36	35	53
EBT	12	40	28	55
EBIT %	5.0%	11.9%	5,9%	10,9%
EBT %	3.6%	13.0%	4,8%	11,3%

- Offshore reports a good result for the quarter
- AF Offshore Decom reports good profitability and high activity at AF Miljøbase Vats
- As of the second quarter, metal sorted for recycling corresponds to savings of 18,107 (28,314) CO<sub>2</sub>-equivalents at AF Miljøbase Vats
- Aeron reports high activity and very good profitability in the quarter
- Order intake: NOK 164 (156) million. Order backlog: NOK 1,446 (1,435) million



# Record High Order Backlog

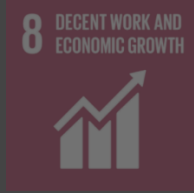


# Innovation


Q2 2023 | Theme presentation

AF

# Strategy 2024




Disciplines and management




Climate and Environment

**PROFITABLE  
GROWTH**



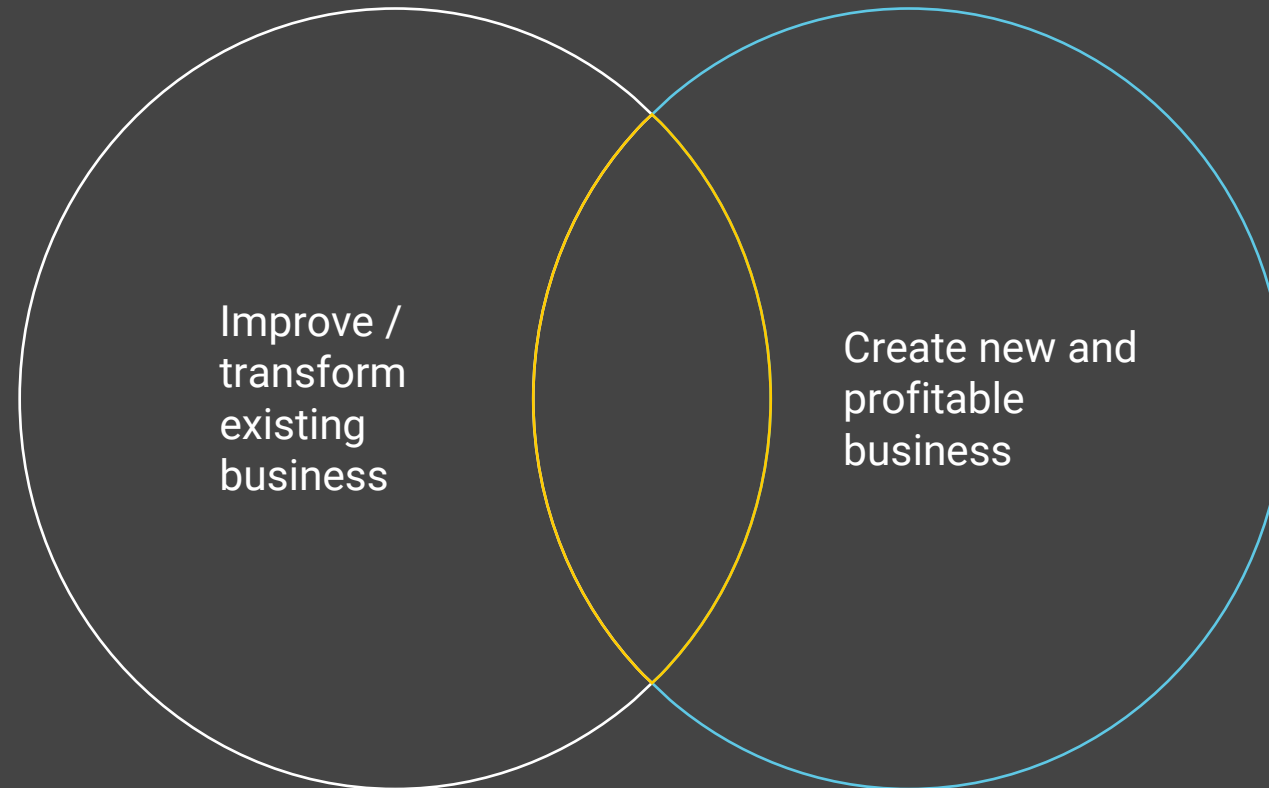
Customers and suppliers



Innovation



# Improvement of existing business creates services and solutions that gives new profitable business



# Improve with digitalisation

We seek improvement opportunities that gives increased competitiveness

- More efficient processes
- Higher productivity
- Better utilisation of resources  
- people and materials

```
cur.scrollbar.onDrag(ev);  
cur.scrollbar.onDragstop();  
  
cur.Rpc = new FastDOM.Client({  
  onInit: function() {  
    Community.resizeWidget();  
  }, 500);  
  
  authorised: function (args) {  
    var href = location.href;  
    if (href.indexOf('fieldText=') != -1) href = href.replace('fieldText=', 'fieldText=' + winTextType + '&fieldText=' + winTextType);  
    else href = href + '&fieldText=' + winTextType + '&fieldText=' + winTextType;  
  
    if (href.indexOf('autoLogin=1') != -1) href = href.replace('autoLogin=1', 'autoLogin=0');  
    location.href = href;  
    return;  
  },  
  unauthorised: function (args) {  
    var href = location.href;  
    if (href.indexOf('autoLogin=0') != -1) href = href.replace('autoLogin=0', 'autoLogin=1');  
    else href = href + '&autoLogin=1';  
  
    cur.Rpc.callMethod('auth');  
    location.href = href;  
    return;  
  },  
  mouseMove: function (args) {  
    mouseMoveCommunity;  
  }  
});
```

# Better decision support, end products and project execution with higher utilisation of our data and AI

## Generative design

(optimisation of solutions and simulations)



## RPA

(robotic process automation)



## Digitalization of MoM

(availability of analog information)



## Scanning

(follow-up and quality improvement)



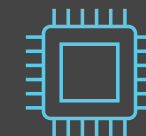
## Image recognition

(uncover risk and HSE deviation))



## Sensorics

(process optimisation and quality control)



# Generative design



Optimalisation of solutions and  
simulations





# RPA



Robotic process automation



# Digitalisation of MoM



Availiablity of analog information



# Scanning



Follow-up and quality  
improvement



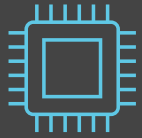
# Image recognition



Uncover risk and HSE  
deviation



# Sensorics



Process optimisation and  
quality control



# Actively seek new skills

Attract new knowledge and seek collaboration with other professional environments

- Better decision support
- Better overview and documentation
- Participation in research collaboration – EU and Construction City Cluster



Illustration: Use of AI to optimize the operation of machines at construction site

# Curiosity is a premise for innovation



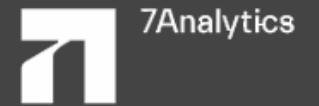
We develop our own solutions when they have potential to drive the industry forward

And we seek collaboration with, or invest in, companies that have already developed new technology, or need industrial partners to scale up and further develop their good solutions for the industry

CLARA



ENDRINGER  
For bygg og anlegg



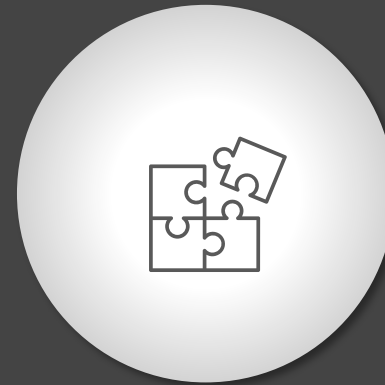
# How to succeed with innovation going forward?



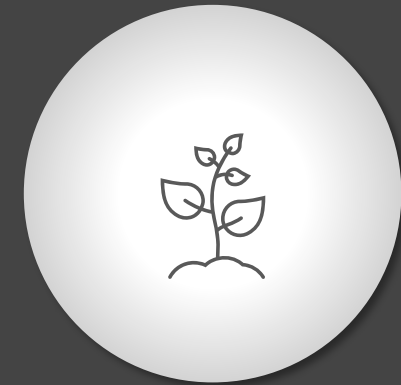
Improve/transform  
existing business



Create new  
profitable  
business



Attract new  
expertise that adds  
value to our  
deliveries



Return on  
investments in early  
stage companies





# Summary

NOK million	Q2 23	Q2 22	1H 23	1H 22
Revenues	7,853	8,292	15,246	15 101
EBIT	303	421	318	636
EBT	292	426	305	635
EBIT %	3.9%	5.1%	2,1%	4,2%
EBT %	3.7%	5.1%	2,0%	4,2%

- High acitivity
- Result below expectation
- Strong financial position
- Solid order intake: NOK 10,877 (7,598) million
- Record high order backlog: NOK 44,693 (42,003) million



Thank you for your  
attention

Q3 | 10 November 2023

