

# AF Gruppen ASA Q4 2023

15 February 2024

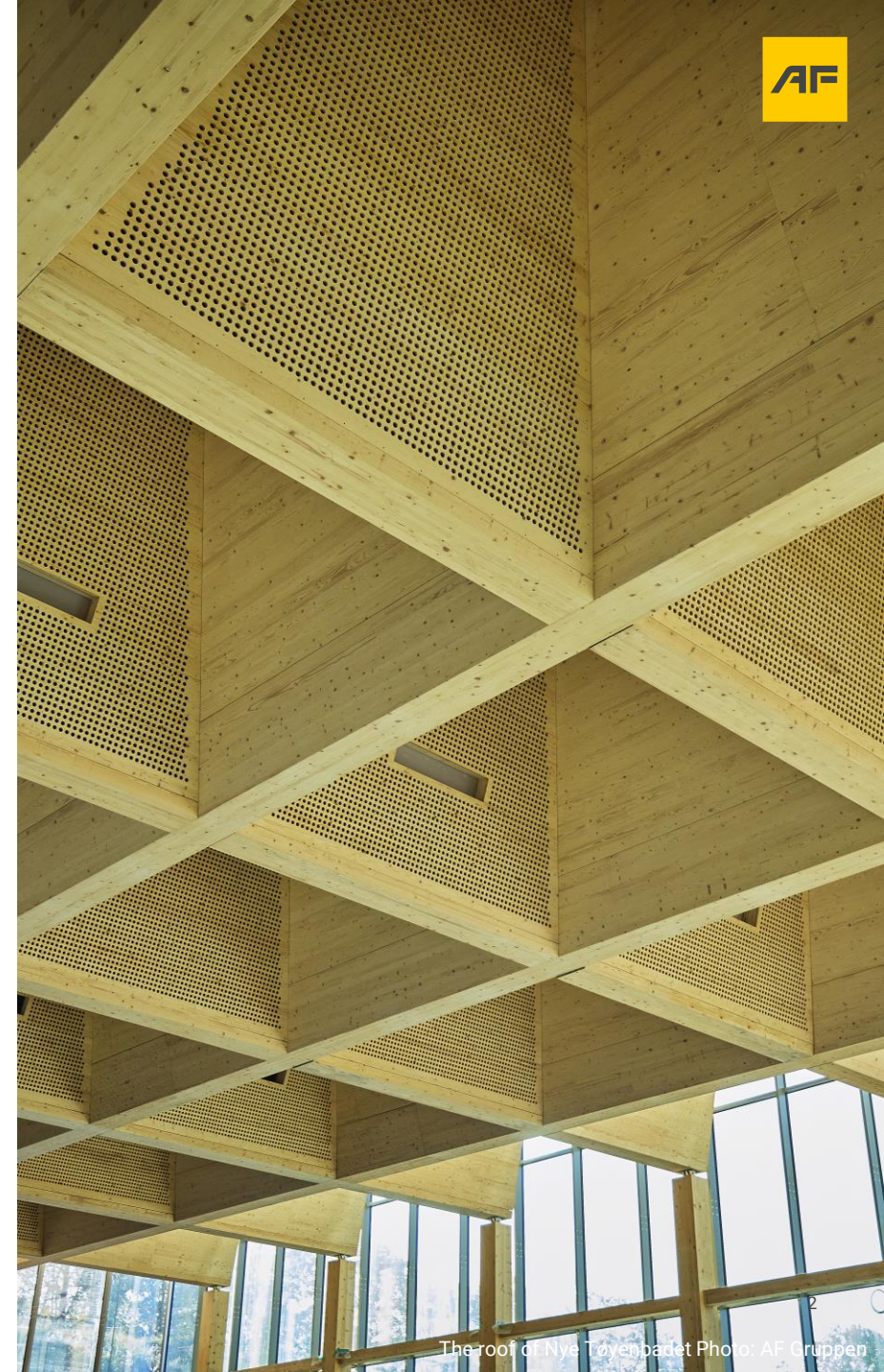




# Overview

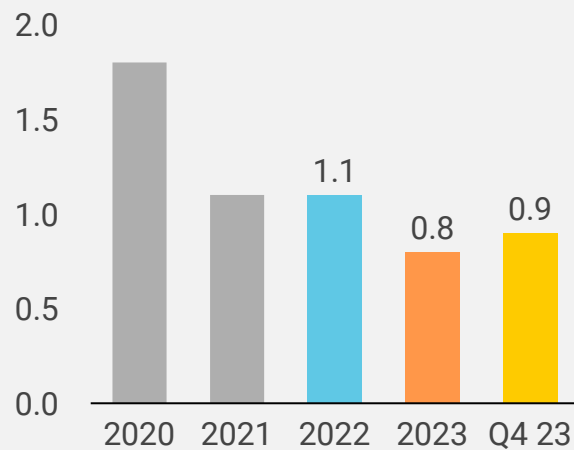
## High activity level with a weak result in the 4<sup>th</sup> quarter

- Revenue of NOK 8,378 (8,568) million in Q4 and NOK 30,530 (31,205) million for the full year
- Earnings before tax of NOK 292 (502) million in Q4 and NOK 700 (1 400) million for the full year
- Profit margin of 3.5% (5.9%) in Q4 and 2.3% (4.5%) for the full year
- Cash flow from operations of NOK 855 (-38) million in Q4 and NOK 1 552 (1,460) million for the full year
- Order intake of NOK 8,504 (8,617) million in Q4 and NOK 32,756 (32,324) million for the full year. Order backlog of NOK 41,991 (39,765) million as of 31 December 2023
- Net interest-bearing debt of NOK 641 (329) million as of 31 December 2023
- Earnings per share in 2023: NOK 3,73 (8,96). The board of directors suggest a dividend of NOK 3,50 (6,50) per share to be paid in the first half of 2024



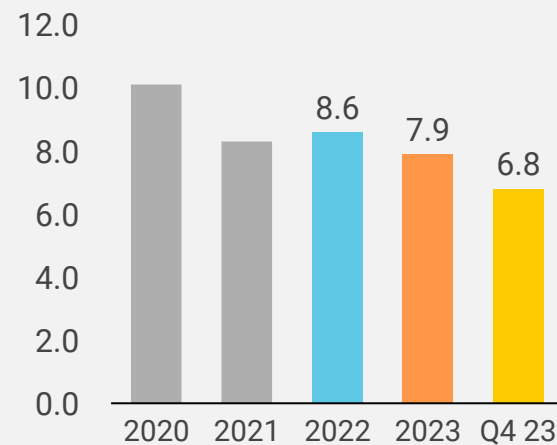
# Health and Safety

## Lost-time injury frequency (LTIF)



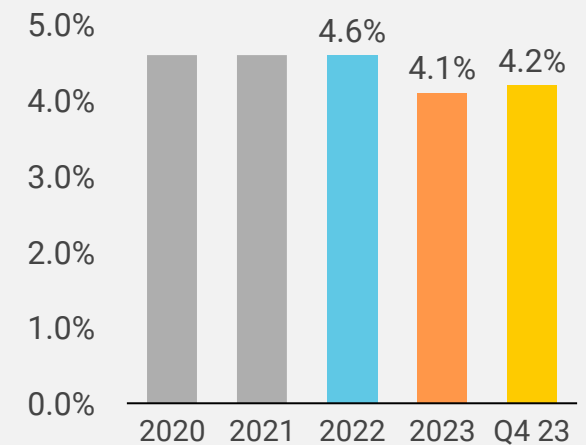
Number of lost-time injuries and severe personnel injuries not resulting in lost-time, including subcontractor employees, per million hours worked

## Total recordable injury frequency (TRIF)

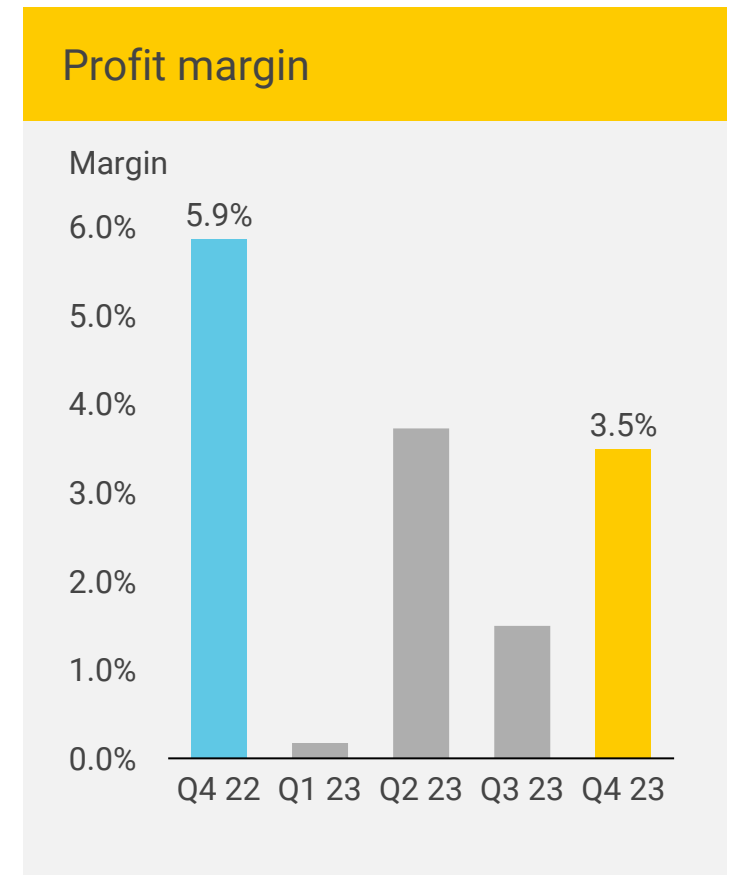
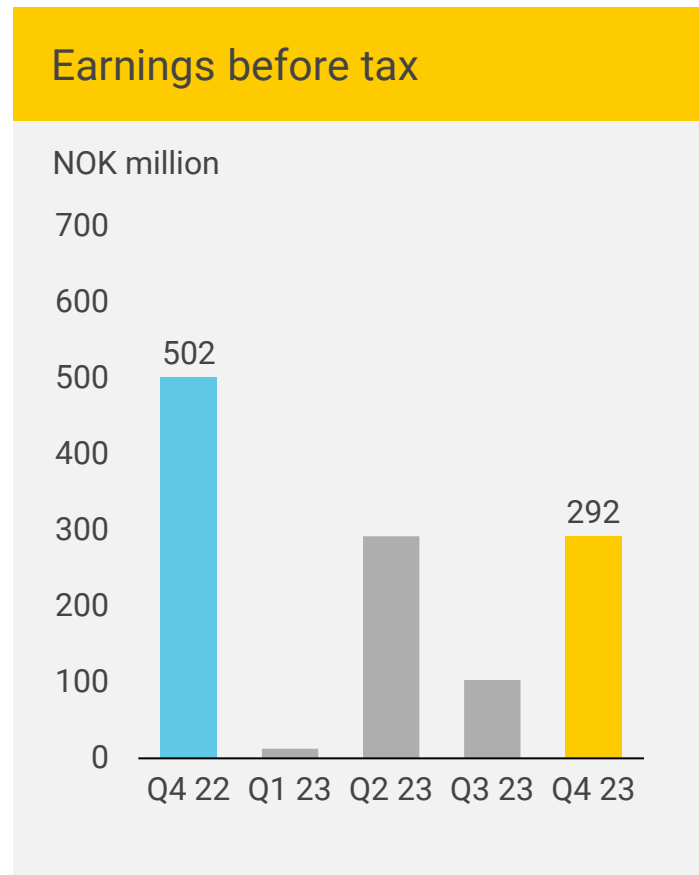
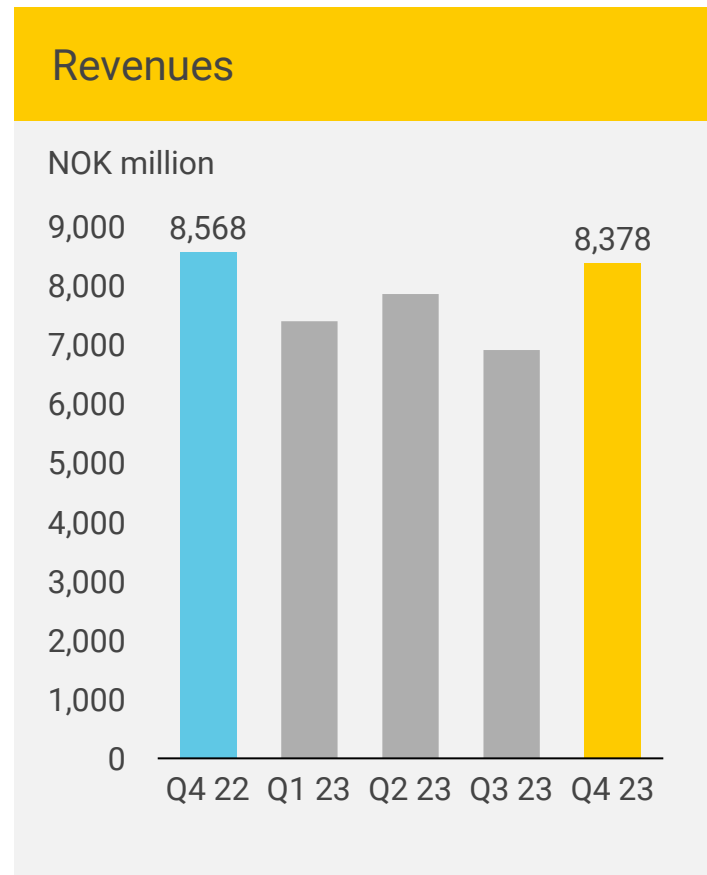


Number of lost-time injuries, injuries involving substitute work and medical treatment injuries, including subcontractor employees, per million hours worked

## Sick leave



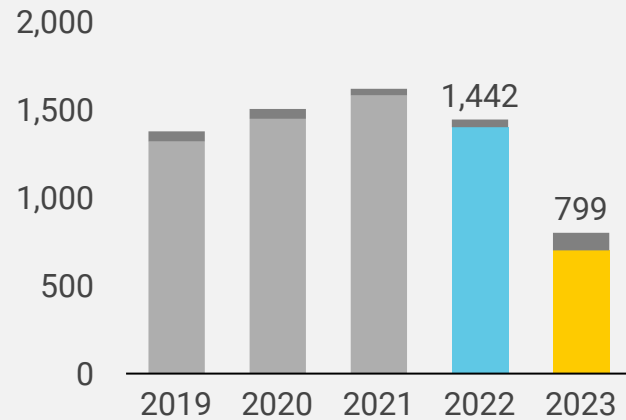
# Revenues and earnings



# Return on Capital Employed

## Earnings before tax and interest expense \*

NOK million

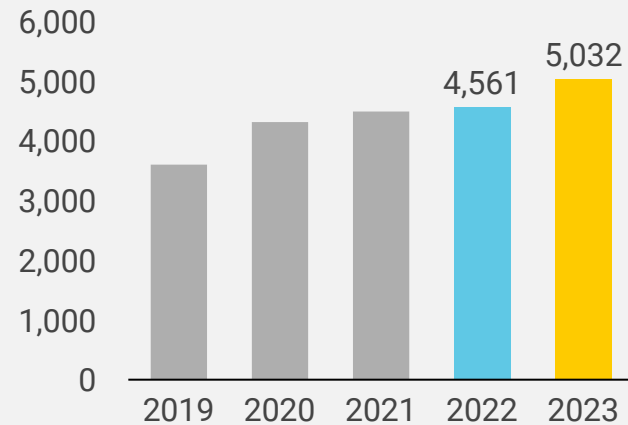


\* Last four quarters

■ Interest expenses added

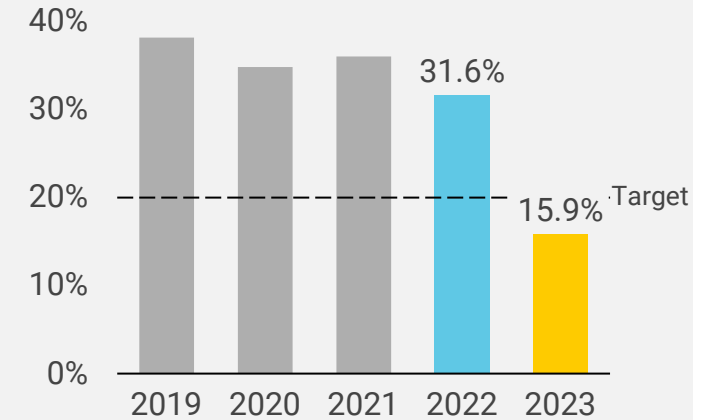
## Average capital employed

NOK million



\* Rolling average last four quarters

## Return on capital employed

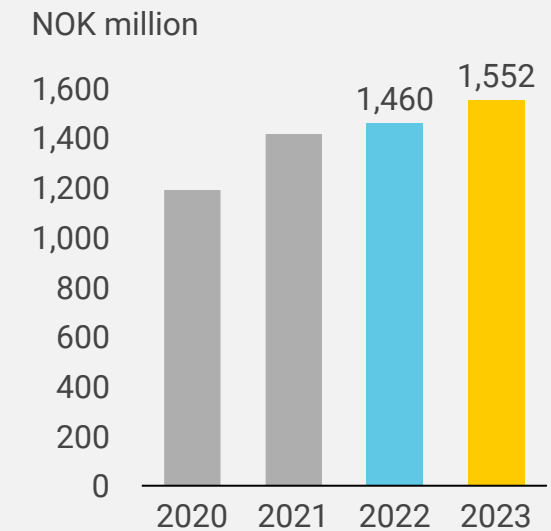


The Group's target return on capital employed is 20%

# Cash flow statement

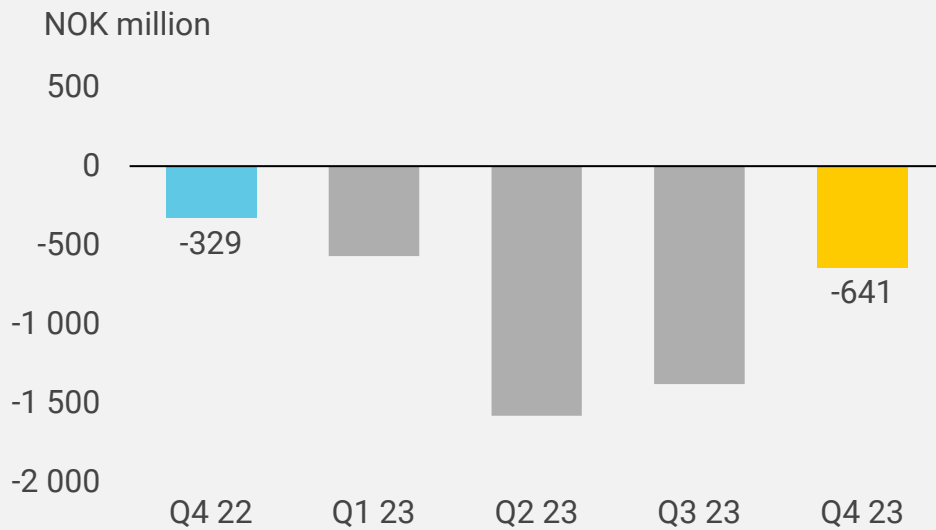
NOK million	Q4 2023	Q4 2022	2023	2022
EBIT	302	502	749	1 409
Depreciation, amortisation and impairment	169	128	576	528
Change in net working capital	612	-575	675	-43
Taxes paid	-277	-82	-470	-299
Other	49	-11	22	-135
<b>Cash flow from operations</b>	<b>855</b>	<b>-38</b>	<b>1,552</b>	<b>1 460</b>
Net investments	-109	-77	-613	67
Dividend	-2	-429	-842	-1 365
Other capital transactions	101	56	56	-59
Interest paid and change in interest bearing debt	-1,023	229	-615	-12
<b>Net change in cash and cash equivalents</b>	<b>-177</b>	<b>-258</b>	<b>-462</b>	<b>90</b>
Net cash and cash equivalents at beginning of period	526	1,036	765	680
Change in cash and cash equivalents without cash effect	-1	-12	44	-4
<b>Net cash and cash equivalents end of period</b>	<b>347</b>	<b>765</b>	<b>347</b>	<b>765</b>

## Cash flow from operations

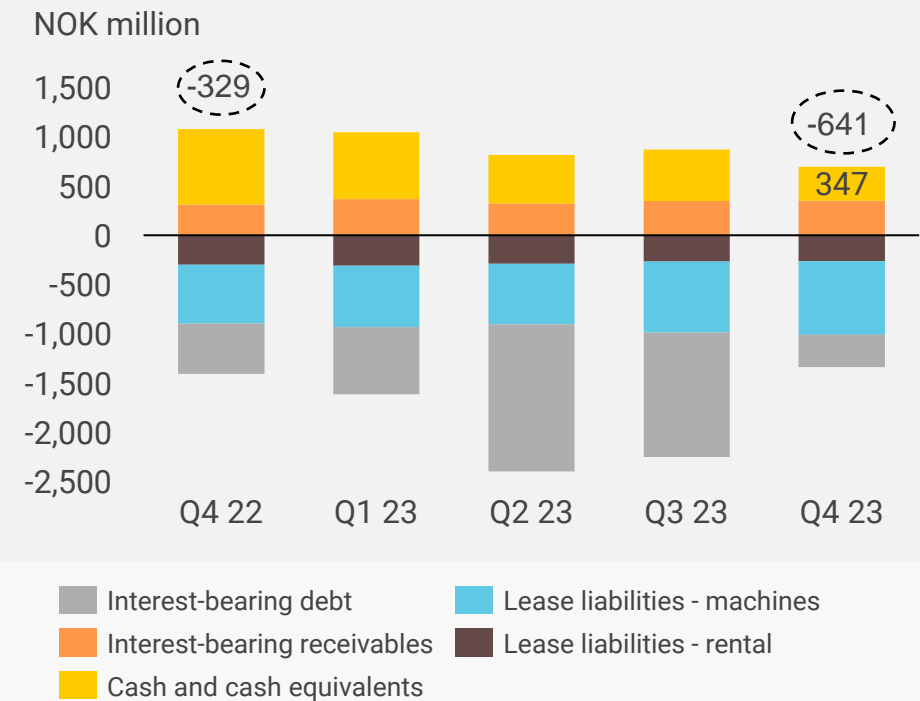


# Net interest-bearing debt and liquidity

## Net interest-bearing receivables (debt)



## Components net interest-bearing receivables (debt)

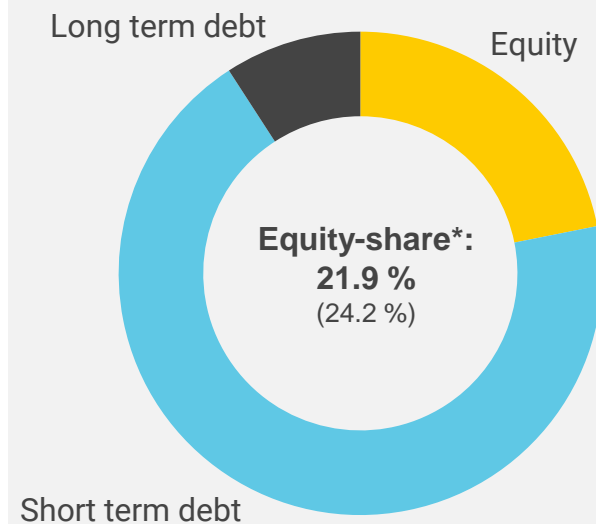


Available liquidity: NOK 3,406 million (including financial facilities of NOK 3,500 million)

# Balance Sheet

NOK million	31.12.23	31.12.22
Non-current assets	8,407	7,630
Current assets, ex. cash	5,894	6,062
Cash and cash equivalents	347	765
<b>Total assets</b>	<b>14,647</b>	<b>14,457</b>
Equity	3,203	3,494
Long term debt	1,338	1,250
Short term debt	10,106	9,713
<b>Total equity and debt</b>	<b>14,647</b>	<b>14,457</b>

## Equity share



\* Equity ratio excluding the effect of IFRS 16 is 23.2% per 31.12.23

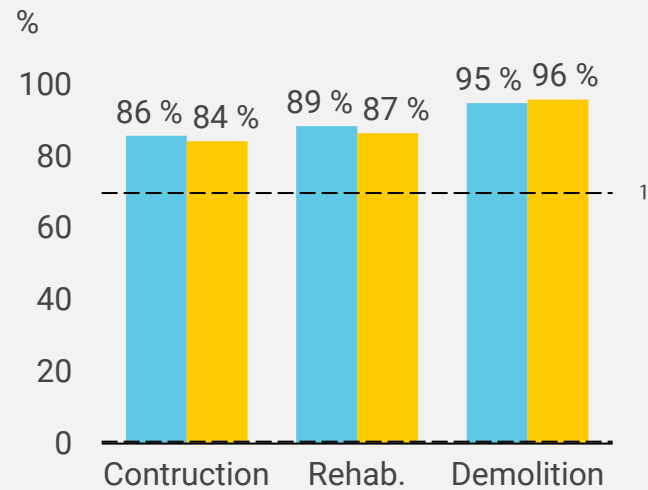
All the company's covenants exclude the effect of IFRS 16



# Environment

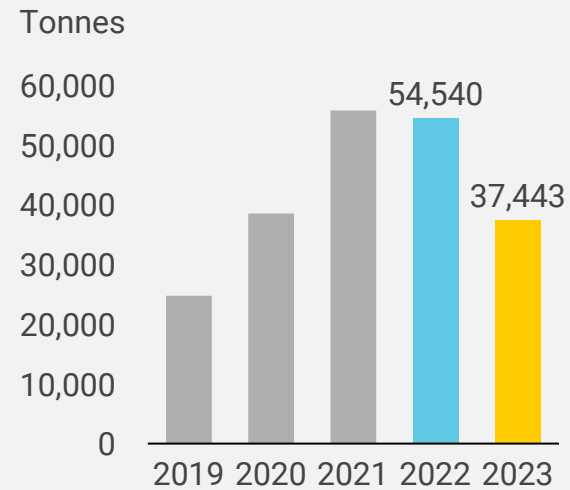
## Source separation rate

Waste sorted: 287,588 (278,173) tonnes in 2023



■ 2022 ■ 2023

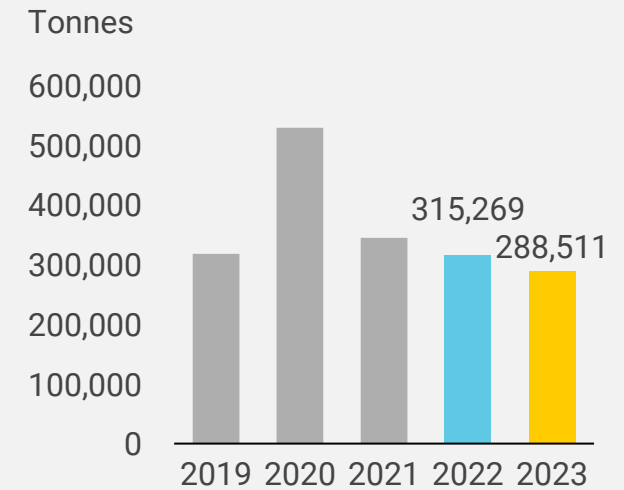
## Metal demolished and sorted for recycling



37,443 tonnes = 37,443 (54,540) tonnes CO<sub>2</sub>-equivalents saved

## Recycling environmental parks

Recycling rate 78% (80%) in 2023



288,511 tonnes = 22,342 (24,249) tonnes CO<sub>2</sub>-equivalents saved



# Business Areas

4<sup>th</sup> quarter 2023





## Revenue Growth and a Very Good Result

NOK million	Q4 23	Q4 22	2023	2022
Revenues	2,141	1,678	6,776	5 919
EBIT	240	170	550	445
EBT	253	168	572	440
EBIT %	11.2%	10.1%	8.1%	7.5%
EBT %	11.8%	10.0%	8.4%	7.4%

- Civil Engineering increases revenues by 28% compared to the same quarter last year and reports a very good result in Q4
- AF Anlegg reports strong revenue growth and a very good result in Q4, with solid profit contributions from several projects. AF Anlegg has several large projects in production. There is generally high activity and good operations in the projects
- Målselv Maskin & Transport and Stenseth & RS report very good results, and Consolvo reports a good result in Q4. Eiqon has a low activity level and a weak result this quarter
- Order intake: NOK 840 (5,159) million. Order backlog: NOK 18,140 (15,368) million



Assembly of tunnel boring machine. Photo: AF Gruppen

## Increased Profitability and Good Result

NOK million	Q4 23	Q4 22	2023	2022
Revenues	2,633	3,061	10,182	11 090
EBIT	141	122	396	322
EBT	138	119	378	318
EBIT %	5.3%	4.0%	3,9%	2,9%
EBT %	5.2%	3.9%	3,7%	2,9%

- Construction reports a good result with increased profitability compared to the same quarter last year
- AF Bygg Oslo, Strøm Gundersen, ÅBF and HTB report very good results in Q4. AF Bygg Østfold and Strøm Gundersen Vestfold report good results
- LAB Entreprenør and FAS have results below expectation. AF Byggfornyelse, Haga & Berg and AF Håndverk have weak results in Q4
- AF Bygg Oslo is nominated as contractor for Bjørvika Skole. The contract value is NOK 1,200 million excl. VAT. LAB Entreprenør will rehabilitate and reconstruct Lotheveien 2-20 in Bergen. The contract value is NOK 150 million excl. VAT.
- Order intake: NOK 2,762 (1,261) million. Order backlog: NOK 9,464 (10,045) million





## Negative Result and Varying Performance

NOK million	Q4 23	Q4 22	2023	2022
Revenues	1,171	1,376	4,553	5,145
EBIT	-53	78	34	166
EBT	-44	83	58	174
EBIT %	-4.5%	5.6%	0,7%	3.2%
EBT %	-3.7%	6.0%	1,3%	3.4%

- Betonmast has a negative result in Q4. The negative result is mainly due to significant write-downs of Betonmast Boligbygg's project portfolio
- Betonmast Røsand and Østfold report very good results in the quarter. Innlandet and Asker og Bærum report good results. Romerike and Buskerud-Vestfold have results somewhat below expectation, while Oslo and Trøndelag have weak results
- Three new contracts were announced. Betonmast Trøndelag will build student housing in Trondheim, with a value of circa NOK 930 million excl. VAT. Betonmast Oslo will expand Edvard Munch VGS, with a value of circa NOK 620 million excl. VAT. Betonmast Romerike will build Haukåsen skole, with a value of circa NOK 500 million excl. VAT.
- Order intake: NOK 2,487 (421) million. Order backlog: NOK 6,203 (4,415) million



## Agreement to buy Ullevålsveien 114 in the Quarter

NOK million	Q4 23	Q4 22	2023	2022
Revenues	7	12	27	30
EBIT	-11	21	-20	75
EBT	-7	23	-8	82
Capital employed	818	654	818	654

- Property has a negative result in the 4<sup>th</sup> quarter. There has been a write-down of NOK 20 million in the development portfolio related to commercial buildings
- AF Eiendom entered into an agreement to buy the plot Ullevålsveien 114 in Q4
- An uncertain market sentiment and high interest rates affect sales negatively and contribute to low sales. Sales contracts for 12 (9) residential units were signed in the quarter, AF's share was 6 (3). A total of 112 units were handed over in Q4
- Five residential projects with a total of 797 residential units are in production (AF's share is 360). The sales ratio in commenced projects is 75%
- Residential portfolio in development: 1,629 (1,580) units. AF's share: 813 (788)  
Commercial portfolio in development: 73,407 (62,256) GFA sqm. AF's share: 36,524 (30,949)





## Negative Result and a Wide Range in Performance

NOK million	Q4 23	Q4 22	2023	2022
Revenues	1,857	2,142	7,501	7 445
EBIT	-16	44	-152	130
EBT	-19	44	-160	127
EBIT %	-0.9%	2.1%	-2,0%	1,7%
EBT %	-1.0%	2.1%	-2,1%	1,7%

- Sweden has a negative result in Q4. There are large variations in the units' performances, and the negative result is caused by further negative adjustments of the project estimates in AF Bygg Väst, AF Bygg Öst and AF Anläggning Väst
- Kanonaden, AF Prefab, AF Bygg Syd and AF Härnösand Byggretur report very good results in the 4<sup>th</sup> quarter. HMB reports good results
- Five contracts were announced in Q4. Kanonaden has entered into three contracts with Svenska kraftnät at a total value of SEK 504 million excl. VAT. Kanonaden has also been commissioned to build a wind farm for Vattenfall at a value of SEK 122 million excl. VAT. In Addition, HMB has entered into an agreement to build new apartments in Västerås at a value of SEK 127 million excl. VAT.
- Order intake: NOK 1 829 (1,708) million. Order backlog: NOK 5,128 (7,638) million



## Revenue Growth and a Very Good Result

NOK million	Q4 23	Q4 22	2023	2022
Revenues	423	310	1 417	1 062
EBIT	39	33	90	84
EBT	40	32	96	82
EBIT %	9.2%	10.5%	6,3%	7,9%
EBT %	9.5%	10.3%	6,8%	7,7%

- Energy and Environment increased revenues by 37% compared to the same quarter last year, and reports a very good result in Q4
- AF Energi has significantly increased the activity level compared to the same quarter last year. High activity and good operations in the projects contribute to a very good result in Q4
- AF Decom has increased revenues compared to the same quarter last year and reports a very good result in the quarter
- AF Decom has in 2023 sorted metal for recycling and recycled materials at the environmental centers corresponding to 33,543 (41,878) CO<sub>2</sub>-equivalents
- Order intake: NOK 269 (262) million. Order backlog: NOK 1,249 (640) million

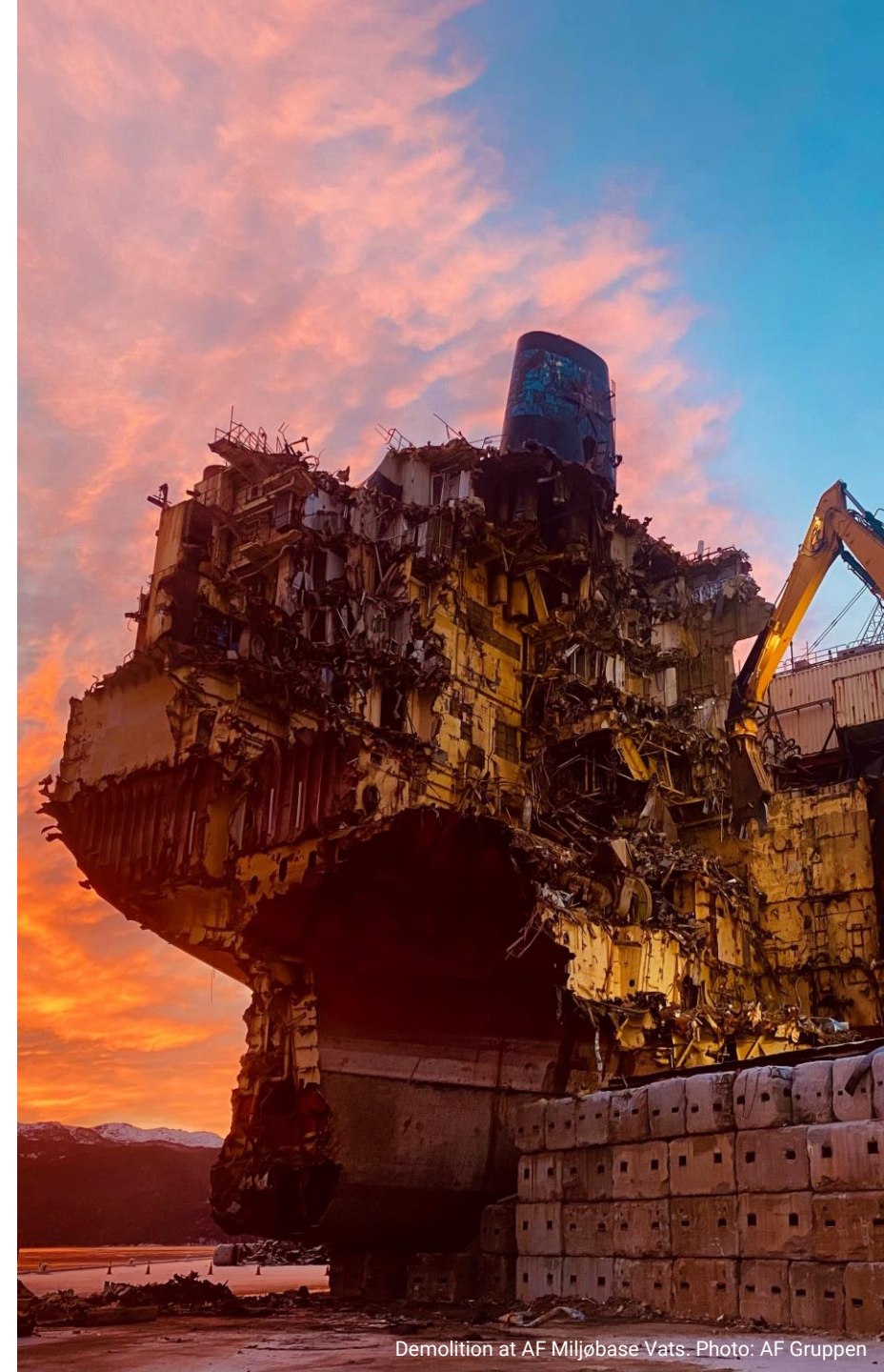




## Negative Result and Reduced Activity Level

NOK million	Q4 23	Q4 22	2023	2022
Revenues	288	368	1 082	1 238
EBIT	-40	59	-124	164
EBT	-42	58	-139	160
EBIT %	-14.0%	16.0%	-11,5%	13,2%
EBT %	-14.4%	15.9%	-12,9%	12,9%

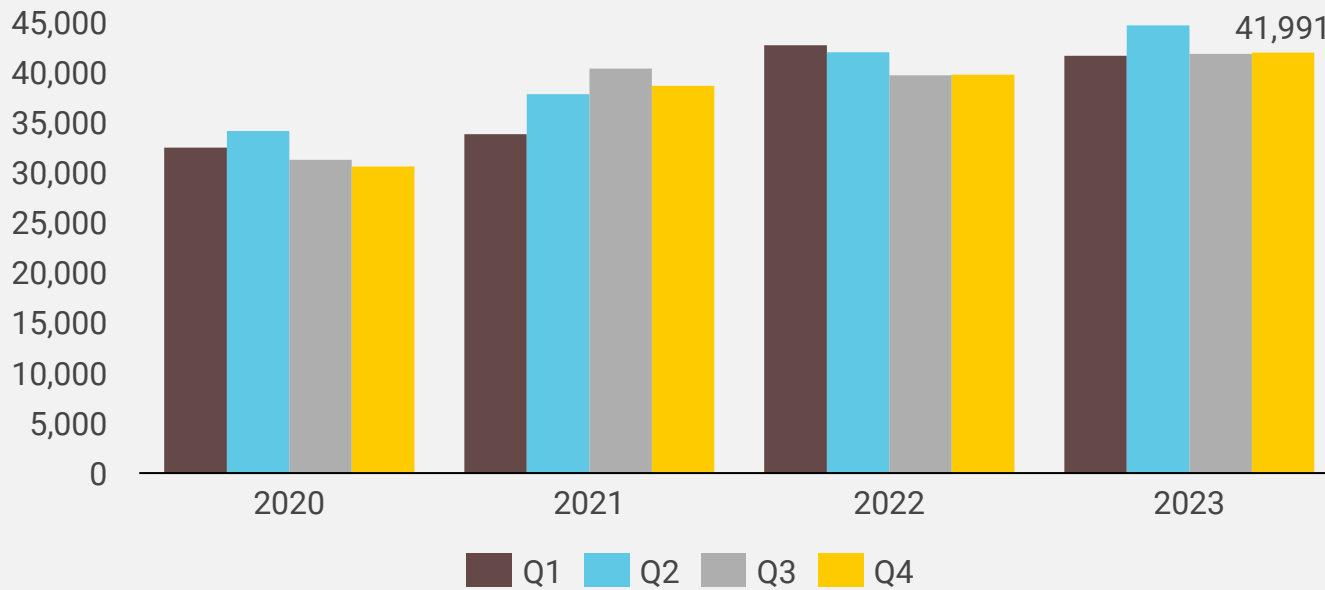
- Offshore has a negative result and reduced activity in the 4<sup>th</sup> quarter
- AF Offshore Decom has a negative result this quarter, which in its entirety is related to a negative adjustment of the project estimate of one project
- Metal sorted for recycling in 2023 corresponds to savings of 26,243 (36,911) CO<sub>2</sub>-equivalents at AF Miljøbase Vats
- Aeron maintains a high activity level and reports a very good profitability in the quarter. Aeron reports a good result for the year of 2023
- Order intake: NOK 335 (135) million. Order backlog: NOK 1,410 (1,694) million



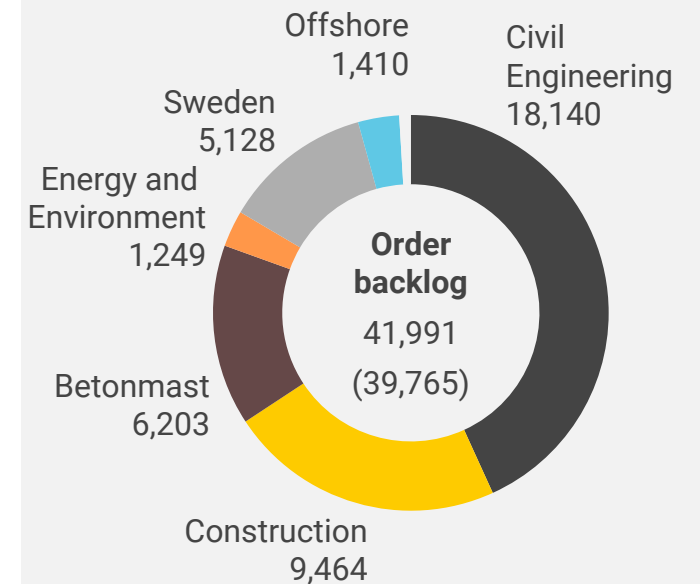
# Stable Order Backlog

## Development in Order Backlog

NOK million



## Order Backlog Business Areas





# Construction Norway

Q4 2023 | Theme presentation





# Strong Position in Greater Oslo and the Bergen Region

## Revenue (2023)

10,182

NOK million

## Results (2023)

396

EBIT  
NOK million

3.9%

EBIT %  
(5.3 % i Q4)

## Safety – HSE (2023)

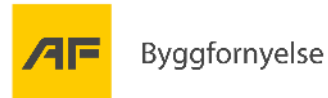
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H1-value



**LAB**

**HAGA • BERG**



**STRØM  
GUNDERSEN as**



**STRØM  
GUNDERSEN  
VESTFOLD as**





# Niche Players that Covers the Entire Range of Services in Rehabilitation, Rebuilding, and Maintenance



## Rehabilitation

- Fire protection
- Rebuilding
- Services and 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 system and post-insulation
- Installation and replacement of windows and doors
- Sheet piling

# Broad Project Portfolio with Diversified Customer Group

## Commercial buildings



**Nygårdsgaten, Bergen**  
Customer: Entra

## Residential buildings



**Storøykilen**  
Customer: OBOS

## Schools



**Os School and Sportsarena**  
Customer: Halden kommune

## Hospitals



**Drammen Hospital**  
Customer: Helse Sør-Øst

## Health centres



**Furuset Hageby**  
Customer: Omsorgsbygg

## Rehabilitation



**Oslo Townhall**  
Customer: Oslo kommune

# Construction City – AFs Biggest Construction Project Ever



Construction City – With its 103,000 square meters, Construction City is one of Norway's biggest construction projects.

- **Project value** NOK million 2,700
- **Social mission** construction of office spaces for future ways of working
- **Interaction** with developer OBOS – The project is being carried out as a turnkey project in collaboration with AF Gruppen and Betonmast.
- **Technology** digital modelling in a 3D BIM-model, all involved parties are collaborating and designing in a digital twin
- **Environment** BREEAM Excellent. Building will be heated up by excess heat from the energy central's cooling production. The energy central is located in the basement.



# A Selection of Construction Projects with High Social Benefit



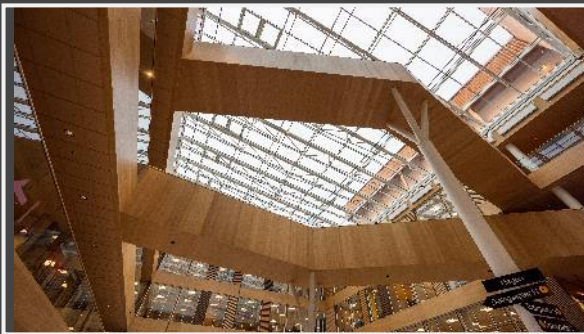
**Nora**



**Fredrikstad sewage  
treatment plant**



**Tøyenbadet**



**Kommunegården, Sandvika**



**Museum of the Viking  
Age**



**Danckert Krohn cultural  
centre**

# Climate and Environment – Inspiration from Bergen

- Climate and environment should in general be weighted with minimum 30% in all public procurements
- Bergen: Goal of 65% degree of circularity construction project within 2030
- Tomorrow's buildings are greener, and will require professional competence to reduce both climate emissions and cost
  - Early involvement and collaboration
  - Practical solutions for reuse and recycling, as well as local solutions



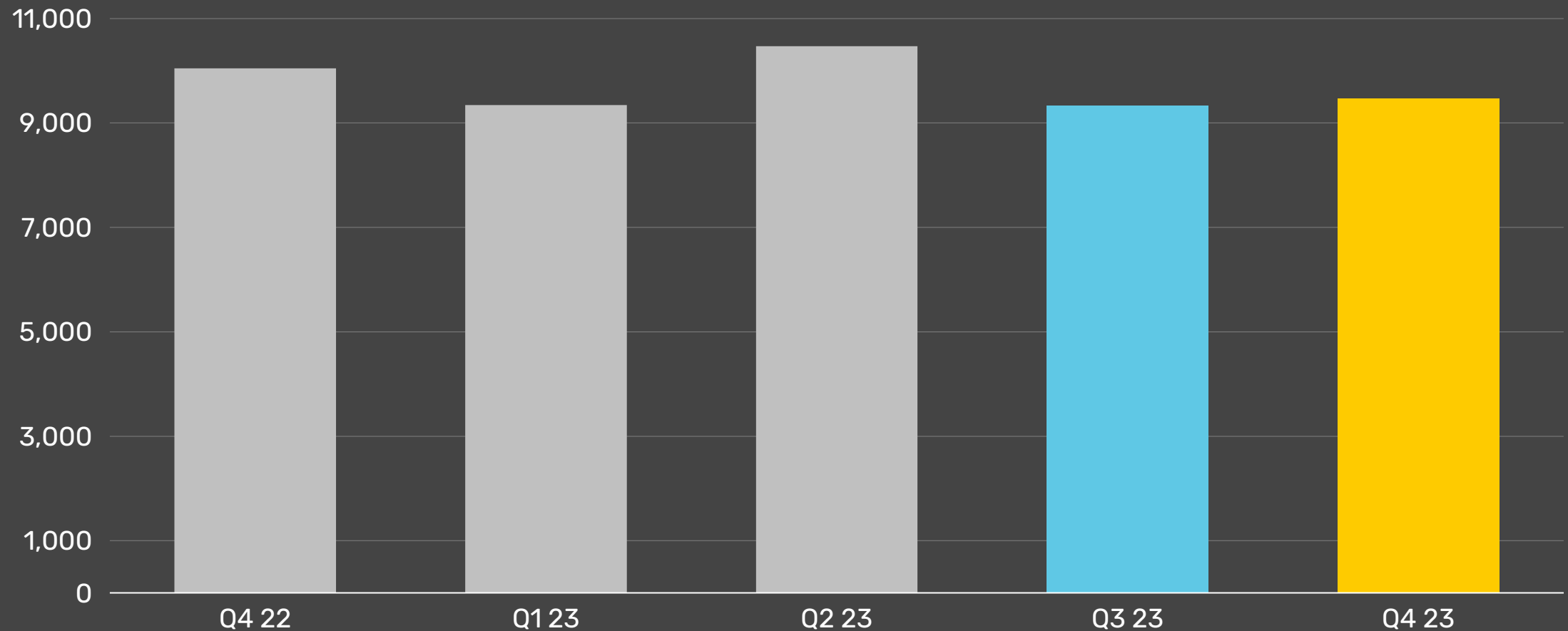
**Baneveien**



**Nøstegaten 72-74**

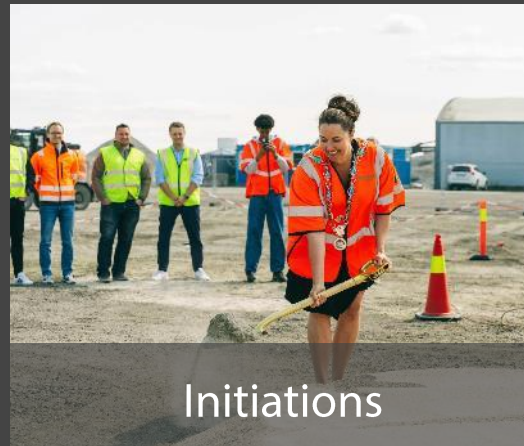
# Stable Order Backlog

NOK million





# The Industry Should Expect High Uncertainty – Requires High Competence and Adaptability



# Our Curiosity Going Forward

- Diversified project portfolio – Ability to adjust direction based on market and demand
- Basic knowledge for good project execution
- Further develop our competencies within climate, environment and digital solutions
- High satisfaction ► professional competence and robust project organisation



# The Road Going Forward

**Competition will be tougher short term, but there is still demand in the market**

- Choose the right projects
- Demand for reliable partners strengthens

**The world is still uncertain, and it will continue to be for some time**

- Risk management and continuous improvement

**Crucial to be prepared when the market returns**

- Adaptability and execution ability



Tøyenbadet. Photo: AF Gruppen



# Summary

NOK million	Q4 23	Q4 22	2023	2022
Revenues	8,378	8,568	30,530	31 205
EBIT	302	502	749	1 409
EBT	292	502	700	1 400
EBIT %	3.6%	5.9%	2,5%	4,5%
EBT %	3.5%	5.9%	2,3%	4,5%

- Weak result
- Strong financial position
- Order intake: NOK 8,504 (8,617) million
- Stable order backlog: NOK 41,991 (39,765) million
- The board of directors suggests a dividend of NOK 3,50 (6,50) per share to be paid in the first half of 2024





# Thank you for your attention

Presentation of Q1  
15 May 2024

The AF logo is a stylized, bold, black 'AF' inside a yellow square.