



Second Quarter and First Half of 2020

AF Gruppen ASA

Q2



From the CEO

We have put behind us a demanding period of six months featuring high levels of activity, but we are not satisfied with the profitability for the quarter or half-year. Employees throughout the organisation have demonstrated tremendous capacity to adapt, and have gone to great lengths and have worked hard to maintain production during the Covid-19 pandemic. Our order backlog is at a record high, and the profit potential is good in the active project portfolio. As in previous years, we expect an increase in profitability for the 2nd half of the year.

Following the end of the quarter, we received a powerful reminder of the significance of thorough safety work, when a workplace accident at one of our Swedish units resulted in a fatal outcome. Our goal is that no one is to be injured as a result of working on our projects, whether they are our own employee or the employee of one of our subcontractors. We are working to gain insight into the underlying causes of the accident, in order to implement necessary measures and barriers and to avoid the same thing happening again.

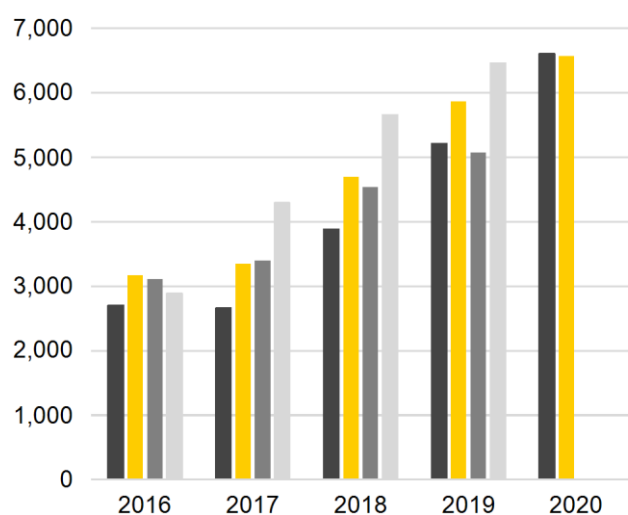
Following the end of the quarter, it was announced that EVP Amund Tøftum will be taking over as the new CEO effective 24 August. AF Gruppen has always had a culture of developing its own leaders, and this applies to the executive management team too. Now that we have a leadership candidate with the format and potential that Amund offers, the conditions are right to pass on the responsibility. Also, since we will soon be entering into a new strategy period, I believe this is the correct timing for a change in leadership.

AF has always been proud of its strength and ability to perform complex tasks. The group's entrepreneurial spirit has been characterised by the ability and willingness to think differently and to find better, more future-oriented ways to generate value.

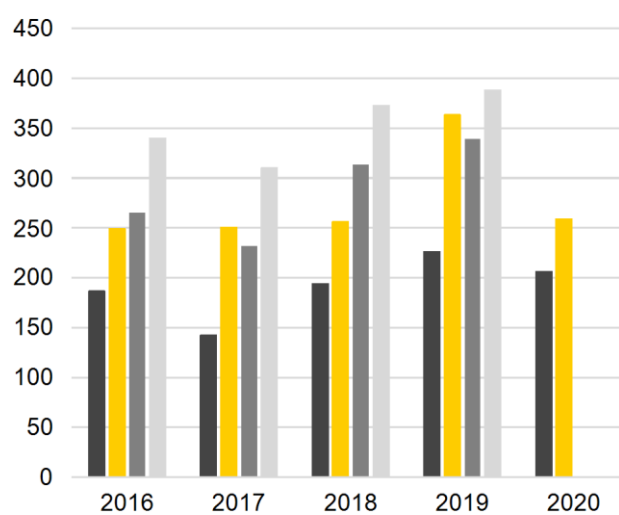
HIGHLIGHTS

- Revenues were NOK 6,568 million (5,863 million) for the 2nd quarter and NOK 13,175 million (11,077 million) for the 1st half of the year.
- Earnings before tax were NOK 258 million (363 million) for the 2nd quarter and NOK 465 million (590 million) for the 1st half of the year.
- The profit margin was 3.9% (6.2%) for the 2nd quarter and 3.5% (5.3%) for the 1st half of the year.
- Net operating cash flow was NOK 202 million (284 million) for the 2nd quarter and NOK 701 million (542 million) for the 1st half of the year.
- The order backlog stood at NOK 34,155 million (23,085 million) as at 30 June 2020.
- Net interest-bearing liabilities as at 30 June 2020 were NOK 49 million (753 million).

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



SUMMARY OF 2ND QUARTER AND FIRST HALF OF 2020

Key figures (NOK million)	2Q 20	2Q 19	1H 20	1H 19	2019
Revenues and other income	6,568	5,863	13,175	11,077	22,612
EBITDA	401	486	746	828	1,882
Earnings before financial items and tax (EBIT)	263	369	476	601	1,335
Earnings before tax (EBT)	258	363	465	590	1,317
Result per share (NOK)	1.56	2.54	2.79	3.96	8.51
Diluted result per share (NOK)	1.56	2.53	2.79	3.94	8.46
EBITDA margin	6.1 %	8.3 %	5.7 %	7.5 %	8.3 %
Operating profit margin	4.0 %	6.3 %	3.6 %	5.4 %	5.9 %
Profit margin	3.9 %	6.2 %	3.5 %	5.3 %	5.8 %
Return on capital employed (ROaCE) ¹⁾	-	-	31.4 %	46.8 %	38.2 %
Cash flow from operating activities	202	284	701	542	1,508
Net interest-bearing debt (receivables)	49	753	49	753	163
Equity ratio	23.0 %	17.6 %	23.0 %	17.6 %	23.3 %
Order backlog	34,155	23,085	34,155	23,085	28,200
LTI-1 rate	2.3	0.6	1.9	1.3	1.2
Absence due to illness	4.6 %	3.2 %	4.7 %	3.5 %	3.8 %

¹⁾ Rolling average last four quarters

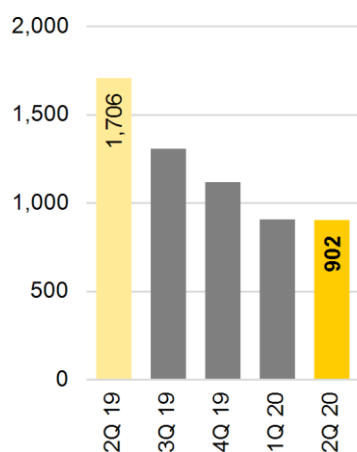
Betonmast became a part of AF Gruppen 31 October 2019 and is only included in the figures after this time point.



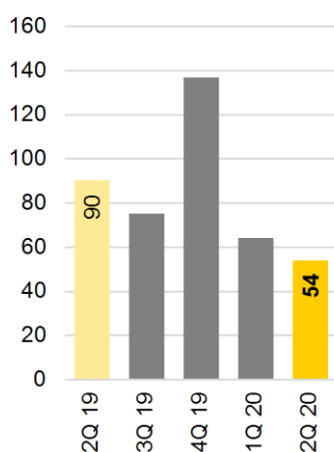
Business Areas

CIVIL ENGINEERING

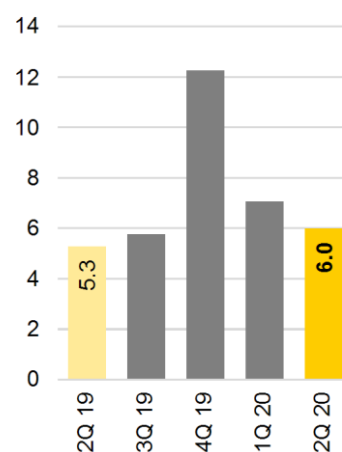
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



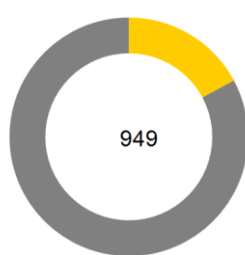
OPERATING PROFIT (%)



KEY FIGURES

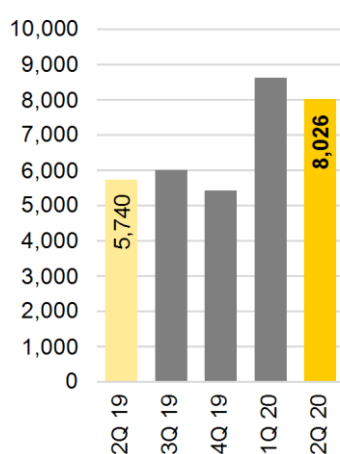
NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Revenues and income	902	1,706	1,810	3,363	5,787
Earnings before financial items and tax (EBIT)	54	90	118	161	373
Earnings before tax (EBT)	52	89	120	163	376
Operating profit margin	6.0 %	5.3 %	6.5 %	4.8 %	6.5 %
Profit margin	5.8 %	5.2 %	6.6 %	4.8 %	6.5 %

NUMBER OF EMPLOYEES



AF Gruppen 5,524

ORDER BACKLOG (NOK million)



CIVIL ENGINEERING CONSISTS OF

- AF Anlegg
- Målselv Maskin & Transport



AF is one of Norway's largest actors in the civil engineering market, and the customers include both public and private actors. Its project portfolio includes roads, railways, port facilities, airports, tunnels, foundation work, power and energy, as well as onshore facilities for oil and gas.

The Civil Engineering business area reported revenues of NOK 902 million (1,706 million) for the 2nd quarter. This is equivalent to a reduction of 47% compared to the same quarter last year. Earnings before tax were NOK 52 million (89 million). For the 1st half of the year revenues totalled NOK 1,810 (3,363) and earnings before tax were NOK 120 million (163 million).

Revenues in AF Anlegg declined by almost half in the 2nd quarter compared with the corresponding quarter last year, when the major E18 Tvedestrand–Arendal project represented a significant portion of the revenues. There are several projects in the final phase that has a relatively low

impact on revenues, but contributed overall to good earnings for the unit. **The performance of the unit's project portfolio is good in general, and the outbreak of COVID-19 has only had a limited impact on production during the quarter.** The E39 Kristiansand vest – Mandal øst project is a large, complex project, and this project maintained a high level of activity in this quarter as well. AF Anlegg has started planning the Bergtunnlar Lovö tunnel project in Stockholm valued at SEK 3,400 million. The contract for this project was entered into in the 1st quarter. Production in the project is expected to start up in mid-September 2020.

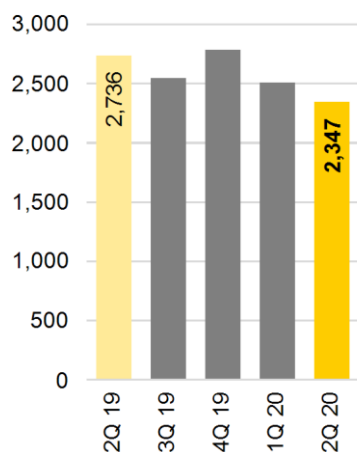
Målselv Maskin & Transport reported a good level of activity and continues to deliver very good results. The unit has never before reported better earnings in the 2nd quarter.

No major contracts have been signed in the 2nd quarter. The interaction phase of the E6 Roterud–Storhove project has begun, and there is a good relationship with the client. A contract for this project will be valued at NOK 3,750 million, excluding VAT. This project has not been included in the order backlog as at 30 June 2020.

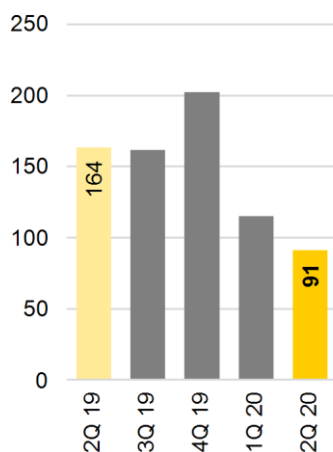
The order backlog for Civil Engineering was NOK 8,026 million (5,740 million) as at 30 June 2020.

BUILDING

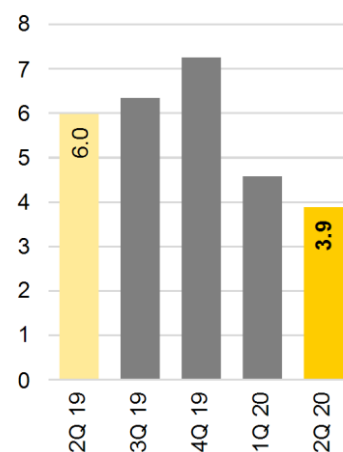
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



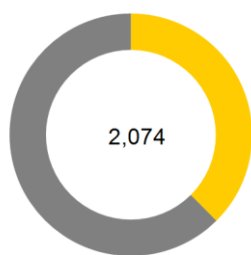
OPERATING MARGIN (%)



KEY FIGURES

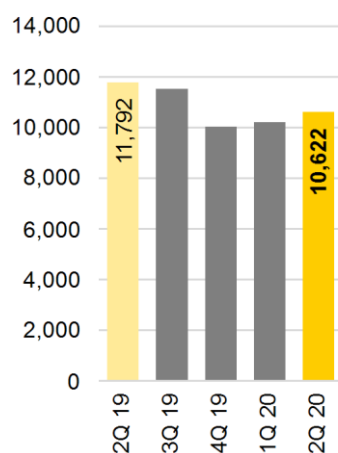
NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Revenues and income	2,347	2,736	4,854	5,244	10,581
Earnings before financial items and tax (EBIT)	91	164	206	292	656
Earnings before tax (EBT)	92	169	209	301	667
Operating profit margin	3.9 %	6.0 %	4.2 %	5.6 %	6.2 %
Profit margin	3.9 %	6.2 %	4.3 %	5.7 %	6.3 %

NUMBER OF EMPLOYEES



AF Gruppen 5,524

ORDER BACKLOG (NOK million)



BUILDING CONSISTS OF

- AF Bygg Oslo
- AF Byggfornyelse
- AF Nybygg
- AF Bygg Østfold
- Strøm Gundersen
- Strøm Gundersen Vestfold
- Haga & Berg
- Consolvo
- AF Håndverk
- Eiçon
- LAB Entreprenør
- Åsane Byggmesterforretning
- FAS
- HTB



AF provides contracting services for residential, public and commercial buildings. Our services range from planning to building and renovation. AF cooperates closely with customers to find efficient and innovative solutions adapted to their needs. The Building business area comprises activities in Eastern Norway and the Bergen Region.

Building reported revenues of NOK 2,347 million (2,736 million) for the 2nd quarter. This is equivalent to a reduction of 14 % compared to the same quarter last year. Earnings before tax were NOK 92 million (169 million). For the 1st half of the year revenues totalled NOK 4,854 (5,244) and earnings before tax were NOK 209 million (301 million).

The revenues and profitability for the Building business area have declined compared with the same period last year, and performance in the portfolio of building units is variable. Given the uncertainty surrounding the impact of COVID-19, fewer residential property projects have started, while the competition for public construction projects is increasing. The building companies AF Bygg Oslo, Haga & Berg and AF Håndverk delivered very good results. Eiçon delivered a very poor result during the quarter due to losses and provisions for risk on several projects in its portfolio.

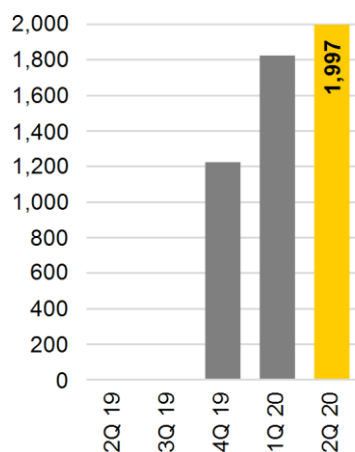
Several new contracts have been entered into in the 2nd quarter. Strøm Gundersen has been commissioned to reconstruct the Municipal Building in Sandvika for the Bærum Municipal Pension Fund. The contract will be carried out as a collaborative contract. The work has been divided into two phases, and the contract has an estimated value of approximately NOK 800 million, excluding VAT. AF Byggfornyelse has entered into a contract for the ground and basement work for Clemenskvartalet, Bispevika Sør, Field B8a. The contract is a turnkey collaborative contract valued at an estimated NOK 420 million, excluding VAT.

Strøm Gundersen has signed a contract to build Phase 2 of the Fosshagen Resource Centre in Lier. The Fosshagen Resource Centre is a nursing home, and the contract encompasses an expansion of the centre that will provide an additional 40 nursing home places and a gross residential floor area of 3,600 square metres. The contract is a turnkey contract and is valued at NOK 135 million, excluding VAT. AF Bygg Østfold has entered into a contract with the Student Welfare Organisation in Østfold to build 213 new student housing units in solid wood in Halden. The contract is a turnkey contract with an estimated value of NOK 126 million, excluding VAT.

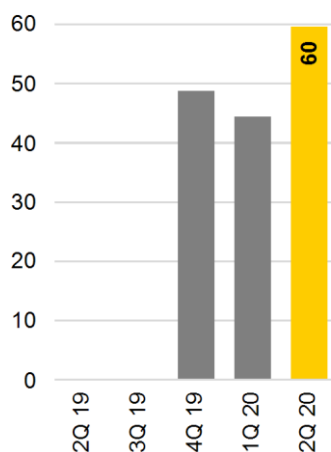
Building's order backlog was NOK 10,622 million (11,792 million) as at 30 June 2020.

BETONMAST

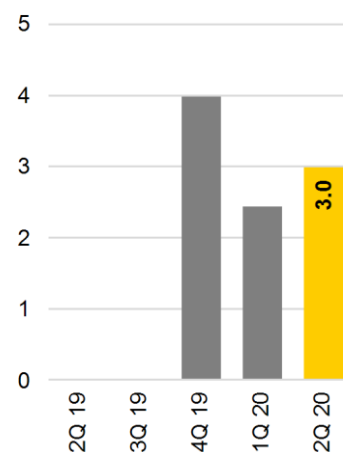
REVENUE (NOK million)*



OPERATING PROFIT (NOK million)*



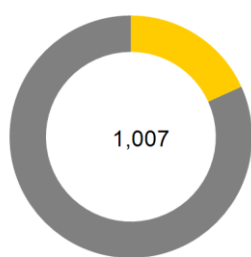
OPERATING MARGIN (%)*



KEY FIGURES*

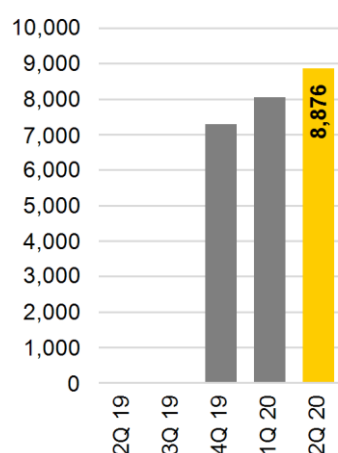
NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Revenues and income	1,997	-	3,820	-	1,226
Earnings before financial items and tax (EBIT)	60	-	104	-	49
Earnings before tax (EBT)	55	-	101	-	46
Operating profit margin	3.0 %	-	2.7 %	-	4.0 %
Profit margin	2.8 %	-	2.6 %	-	3.8 %

NUMBER OF EMPLOYEES



AF Gruppen 5,524

ORDER BACKLOG (NOK million)



BETONMAST CONSISTS OF

- Betonmast Boligbygg
- Betonmast Oslo
- Betonmast Trøndelag
- Betonmast Romerike
- Betonmast Røsand
- Betonmast Telemark
- Betonmast Østfold
- Betonmast Innlandet
- Betonmast Buskerud-Vestfold
- Betonmast Göteborg
- Betonmast Mälardalen
- Betonmast Malmö
- Betonmast Stockholm
- Betonmast Anläggning
- Betonmast Eiendom

* The figures reflect the period after 31 October 2019, when Betonmast became a part of AF Gruppen



Betonmast is one of Norway's largest building contractors and has operations in the largest markets in Norway and Sweden. The project portfolio comprises everything from major residential projects to commercial and public buildings. Betonmast is a major player in building for the public sector and possesses specialist expertise in project development and collaborative contracts.

Betonmast became a part of AF Gruppen on 31 October 2019. Betonmast saw revenues of NOK 1,997 million and reported a pre-tax profit of NOK 55 million in the 2nd quarter. For the 1st half of the year revenues totalled NOK 3,820 and earnings before tax were NOK 101 million.

There was a great deal of variation in the earnings of the various units. Betonmast Romerike distinguished itself with strong earnings, while Betonmast Boligbygg, Betonmast Telemark and Betonmast Ringerike reported weak earnings. Betonmast Bergen was sold to Backe Gruppen during the quarter.

Betonmast has its own property portfolio with two property projects under production. For further information on the projects, see Note 7.

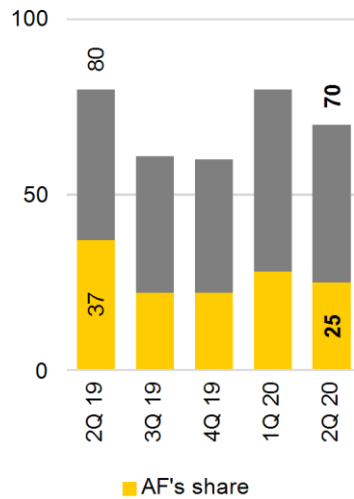
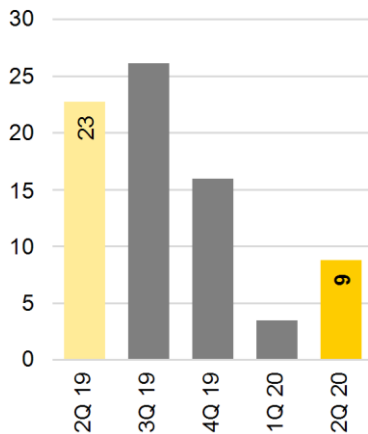
Several new contracts were signed in the 2nd quarter. Betonmast Romerike has entered into a contract with Lørenskog Municipality for the construction of the Fjellhamar School. The contract is a turnkey partnering contract and has an estimated value of NOK 1,200 million, excluding VAT. Betonmast Oslo has entered into a contract with Avantor for the construction of office space in the Nydalen district of Oslo. The contract is a collaborative contract valued at NOK 400 million, excluding VAT.

Betonmast Malmö has signed a contract with MKB for the construction of 142 rental apartments in Malmö. The contract is a turnkey contract valued at SEK 198 million, excluding VAT. Betonmast Göteborg has entered into a contract with Västerstaden for the construction of 97 rental properties in Gothenburg. The contract is a turnkey contract valued at SEK 174 million, excluding VAT. Betonmast Mälardalen has signed a contract with BRABO for the construction of 109 rental apartments in Stockholm. The contract is a turnkey contract valued at SEK 145 million, excluding VAT. Betonmast Mälardalen has entered into a contract with BoKoop for the construction of 145 rental apartments in Nykvarn southwest of Stockholm. The contract is a turnkey contract valued at SEK 142 million, excluding VAT.

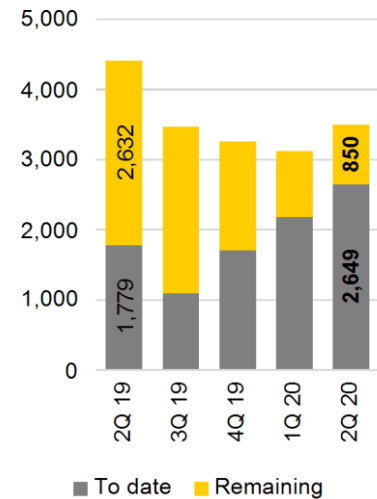
As at 30 June 2020, Betonmast's order backlog was NOK 8,876 million.

PROPERTY

EARNINGS BEFORE TAX (NOK million) UNITS SOLD (NUMBER)



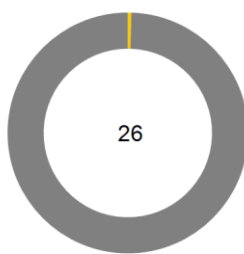
TURNOVER UNITS IN PRODUCTION (NOK million)



KEY FIGURES

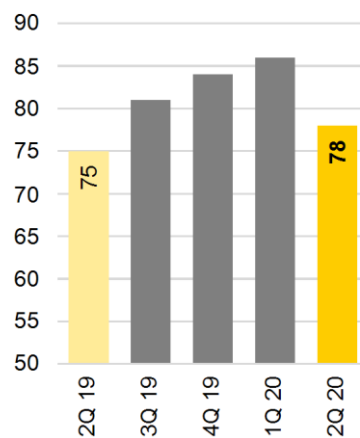
NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Revenues and income	6	4	12	7	18
Earnings before financial items and tax (EBIT)	10	23	14	60	107
Earnings before tax (EBT)	9	23	12	58	100
Capital employed	903	922	903	922	785

NUMBER OF EMPLOYEES



AF Gruppen 5,524

SALES RATIO PROJECTS IN PROGRESS (%)



PROPERTY CONSISTS OF

- AF Eiendom



The Property business area develops residential units and commercial buildings in Norway. The activities take place in geographic areas where AF has its own production capacity. AF cooperates closely with other actors in the industry, and the development projects are primarily organised as partly-owned companies that are consolidated in accordance with the equity method of accounting. The earnings that are consolidated in Property correspond to the earnings after tax multiplied by the ownership interest.

Property reports a pre-tax result of NOK 9 million (23 million) in the 2nd quarter. For the 1st half of the year earnings before tax were NOK 12 million (58 million).

A total of 70 (80) apartments were sold in the quarter, of **which AF's share was 25 (37)**. Residential unit sales slowed down towards the end of the 1st quarter as a result of the spread of COVID-19, but have improved significantly during the 2nd quarter. A total of 150 (242) apartments have been **sold year to date, of which AF's share was 53 (92)**. The sales ratio for commenced projects was 78%.

In the 2nd quarter, 92 units were handed over at Lilleby Triangel, 25 units at Kilen Brygge, 6 units at Lillo Gård and 3 units at Krydderhagen, for a total of 126 (207) residential units.

At the end of the quarter, Property had ownership interests in residential projects with a total of 172 (307) units for sale. **AF's share was 65 (119)**. Of these, there was a total of 13 (1) unsold completed apartments, of which AF's share was 4 (0.3).

There are five residential property projects under production. There was a total 663 units in the projects, of **which AF's share was 237**:

- Lillo Gård in Nydalen (135 units under production)
- Nye Kilen Brygge in Sandefjord (35 units under production)
- Bo på Billingstad in Asker (186 units under production)
- Lilleby Triangel in Trondheim (178 units under production)
- Skiparviken in Bergen (129 units under production)

For more information on projects for own account, see Note 7.

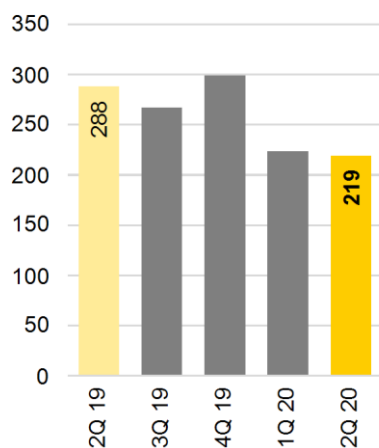
Property also has a significant development portfolio **estimated at 2,413 (2,154) units**. **AF's share of this was 1,173 (996)** residential units. The majority of our portfolio is located in Greater Oslo and Bergen.

The Property business area is a partner in the Hasle Linje Næring project at Hasle in Oslo, **and AF's stake is 49.5%**. The K4 hotel and offices (GFA of 20,068 square metres) was under construction at the end of the quarter. After the end of the quarter, a bid from Clarkson Platou Real Estate for the sale of the ATEA building was accepted. The sale is expected to yield a capital gain of NOK 95 million. The bid is subject to financing and satisfactory due diligence. It is expected that the transaction will be completed by the end of October 2020.

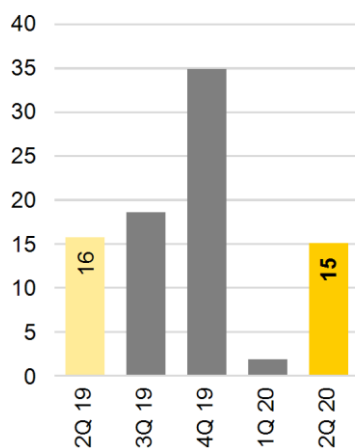
AF has commercial property under construction with a total **gross floor area of 52,183 (52,183) square metres**. **AF's share of this was a gross floor area of 25,764 (25,764) square metres**.

ENERGY AND ENVIRONMENT

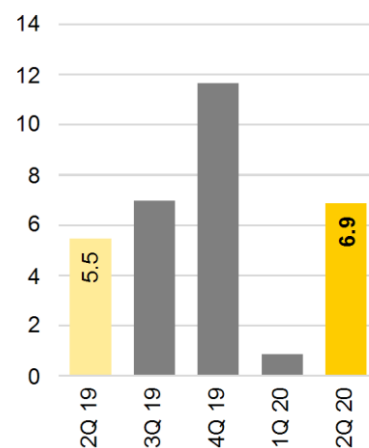
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



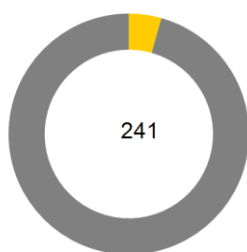
OPERATING MARGIN (%)



KEY FIGURES

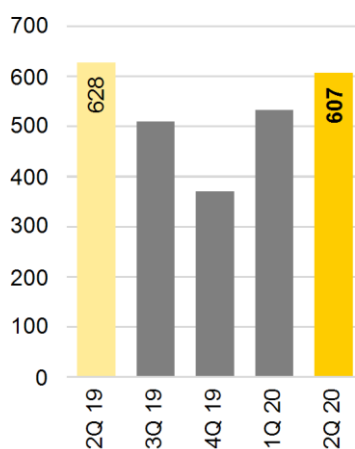
NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Revenues and income	219	288	443	505	1,072
Earnings before financial items and tax (EBIT)	15	16	17	24	78
Earnings before tax (EBT)	11	15	18	22	75
Operating profit margin	6.9 %	5.5 %	3.8 %	4.8 %	7.3 %
Profit margin	5.2 %	5.1 %	4.0 %	4.3 %	7.0 %

NUMBER OF EMPLOYEES



AF Gruppen 5,524

ORDER BACKLOG (NOK million)



ENERGY AND ENVIRONMENT CONSISTS OF

- AF Energi & Miljøteknikk
- AF Decom



Explosives detection dog, AF Decom

AF provides smart and energy-efficient services for buildings and industry, and is a leading actor within traditional demolition services and the subsequent receiving, treating and recycling of **materials**. At **AF's environmental centres**: Rimol, Jølsen and Nes, contaminated materials are sorted, decontaminated and recycled. More than 80% of the materials are recycled.

Revenues for the 2nd quarter were NOK 219 million (288 million) and earnings before tax were NOK 11 million (15 million). For the 1st half of the year revenues totalled NOK 443 (505) and earnings before tax were NOK 18 million (22 million).

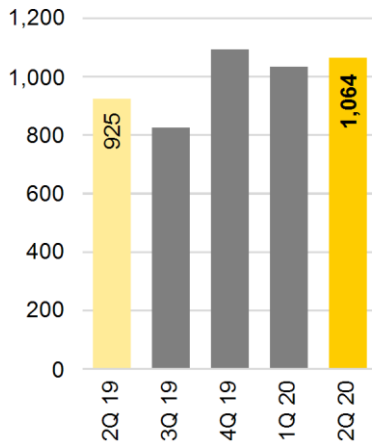
AF Energi & Miljøteknikk reported results below expectation for the 2nd quarter. Varying profitability in the project portfolios.

AF Decom reported good results in the 2nd quarter, both in **demolition and recycling at AF's environmental centres**. In the demolition area, there are a number of projects contributing to good profitability, both in the area of traditional demolition and special jobs. The level of activity at the environmental centres has improved during the quarter and is higher than the same quarter last year, and the profitability is good. The environmental centres have recovered a total of 248,730 (233,555) tonnes of materials in the first half year, and the recycling rate realised for contaminated materials was 87%, well above the target of 80%.

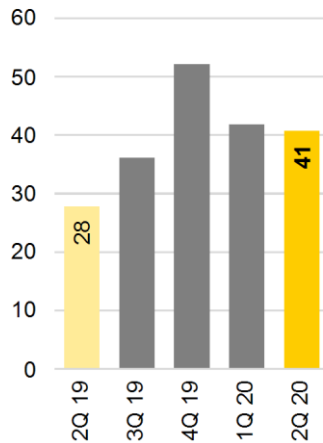
The order backlog for Energy & Environment stood at NOK 607 million (628 million) as at 30 June 2020.

SWEDEN

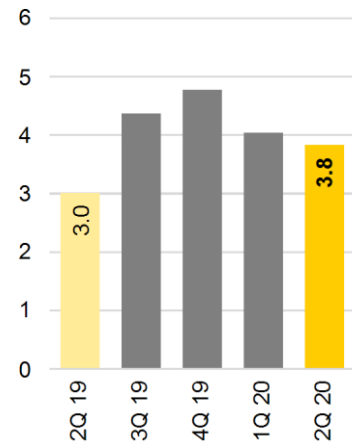
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



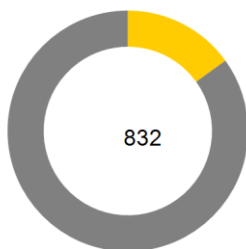
OPERATING MARGIN (%)



KEY FIGURES

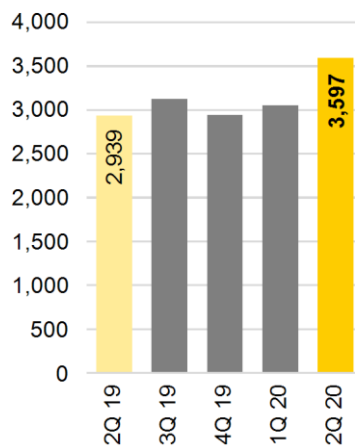
NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Revenues and income	1,064	925	2,099	1,763	3,683
Earnings before financial items and tax (EBIT)	41	28	83	61	149
Earnings before tax (EBT)	39	27	80	59	146
Operating profit margin	3.8 %	3.0 %	3.9 %	3.4 %	4.0 %
Profit margin	3.7 %	2.9 %	3.8 %	3.3 %	4.0 %

NUMBER OF EMPLOYEES



AF Gruppen 5,524

ORDER BACKLOG (NOK million)



SWEDEN CONSISTS OF

- Kanonaden
- Pålplintar
- AF Bygg Göteborg
- AF Bygg Syd
- AF Projektutveckling
- AF Härnösand Byggregurer
- HMB



AF's Swedish business area encompasses activities related to building, civil engineering, property and environmental activities in Sweden. Geographically, the business unit covers Gothenburg and Southern Sweden as well as Stockholm and Mälardalen.

Sweden reported revenues of NOK 1,064 million (925 million) for the 2nd quarter. This corresponds to growth of 15% compared to the same quarter last year. Earnings before tax were NOK 39 million (27 million). For the 1st half of the year revenues totalled NOK 2,099 (1,763) and earnings before tax were NOK 80 million (59 million).

There is variation in the level of activity for the Swedish building and demolition activities. HMB reported strong growth, while AF Bygg Göteborg and AF Bygg Syd reported a somewhat lower level of activity compared with the same period last year. AF Bygg Syd reported good profitability for the quarter, while HMB and AF Bygg Göteborg reported profitability somewhat below expectations. AF Härnösand Byggregurer reported a level of activity somewhat below last year's level, but maintained good earnings.

In the Swedish civil engineering market, Kanonaden reported strong revenue growth compared with the same quarter last year. The unit delivered good results. In 2019,

Pålplintar decided to discontinue its foundation business and continue its concrete business. It is expected that the wind-up of the foundation business will be completed in the 3rd quarter.

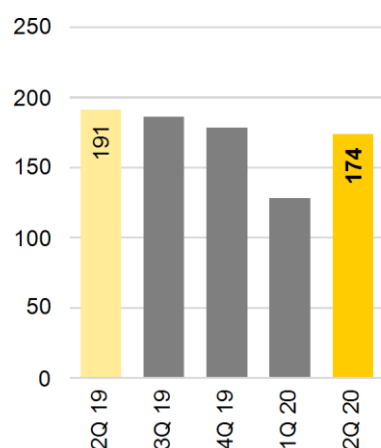
AF Projektutveckling, AF's property business in Sweden, has a residential and school project under production. Stage 1 of the Stadsgården residential project in Halmstad encompasses 63 housing cooperative units. The unit has a building site inventory (residential units under development) that is estimated at 363 (365) residential units. AF's share of this was 169 (230) residential units.

During the quarter, HMB entered into a contract with Familjebostäder to build 112 apartments for Stage 4 of Drevvikshöjden. The contract is a turnkey contract valued at approximately SEK 275 million, excluding VAT. In addition, HMB entered into a contract in Järfälla Municipality for the construction of 180 rental apartments in Tallbohov Electric Village. The contract price is SEK 237 million, excluding VAT. AF Bygg Göteborg will build 139 apartments in the project Glasbruket in Gothenburg for Fastigheter AB Balder. The contract is valued at SEK 200 million, excluding VAT. AF Bygg Syd will build housing cooperative units for Stage 1 of Stadsgården in Halmstad. The contract is valued at SEK 170 million, excluding VAT.

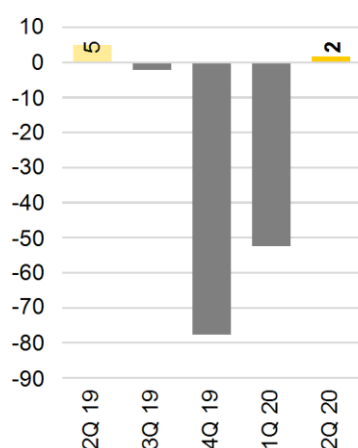
The order backlog for Sweden stood at NOK 3,597 million (2,939 million) as at 30 June 2020.

OFFSHORE

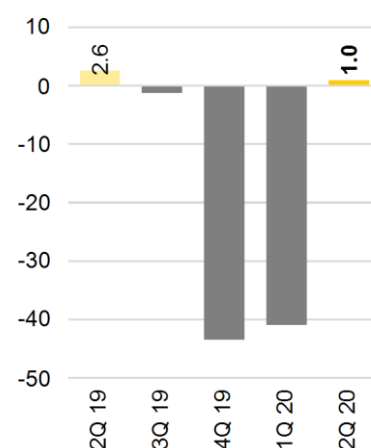
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



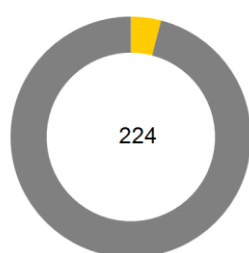
OPERATING MARGIN (%)



KEY FIGURES

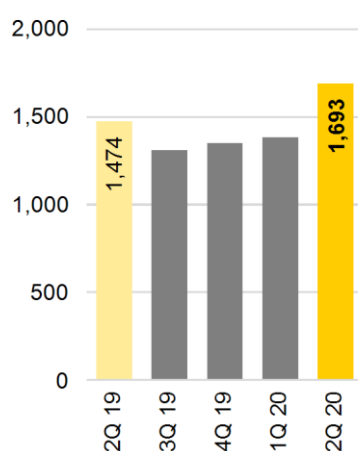
NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Revenues and income	174	191	302	314	679
Earnings before financial items and tax (EBIT)	2	5	-51	-3	-83
Earnings before tax (EBT)	-4	1	-60	-11	-94
Operating profit margin	1.0 %	2.6 %	-16.8 %	-1.1 %	-12.2 %
Profit margin	-2.5 %	0.6 %	-19.8 %	-3.4 %	-13.9 %

NUMBER OF EMPLOYEES



AF Gruppen 5,524

ORDER BACKLOG (NOK million)



OFFSHORE CONSISTS OF

- AF Offshore Decom
- AF AeronMollier



AF has varied activities in the oil and gas industry. The services range from new build and modification of systems for climate control (HVAC) delivered to the offshore and marine market, to the removal and recycling of offshore installations. AF has a state-of-the-art facility for environmental clean-up at Vats.

The outbreak of COVID-19 and the fall in oil prices has resulted in very challenging market conditions for the **company's offshore** businesses. Revenues in the 2nd quarter were NOK 174 million (191 million). Earnings before tax were NOK -4 million (1 million). Revenues totalled NOK 302 million (314 million) and earnings before tax were NOK -60 million (-11 million) for the first half of the year.

AF Offshore Decom reported a low level of activity, and the unit delivered weak results for the quarter. An effort is being made to win more projects, but the market for the removal of offshore installations is marked by a great deal of uncertainty and strong competition. The level of activity at Vats was limited at the beginning of the quarter until the

first platform modules arrived at Vats in May. The base was fully operational in June, but profitability for the quarter is weighed down by limited activity at the beginning of the quarter. Successful offshore and subsea campaigns have been carried out during the quarter. In addition, preparatory work is being carried out for the coming offshore campaigns and demolition at Vats, primarily in 2021.

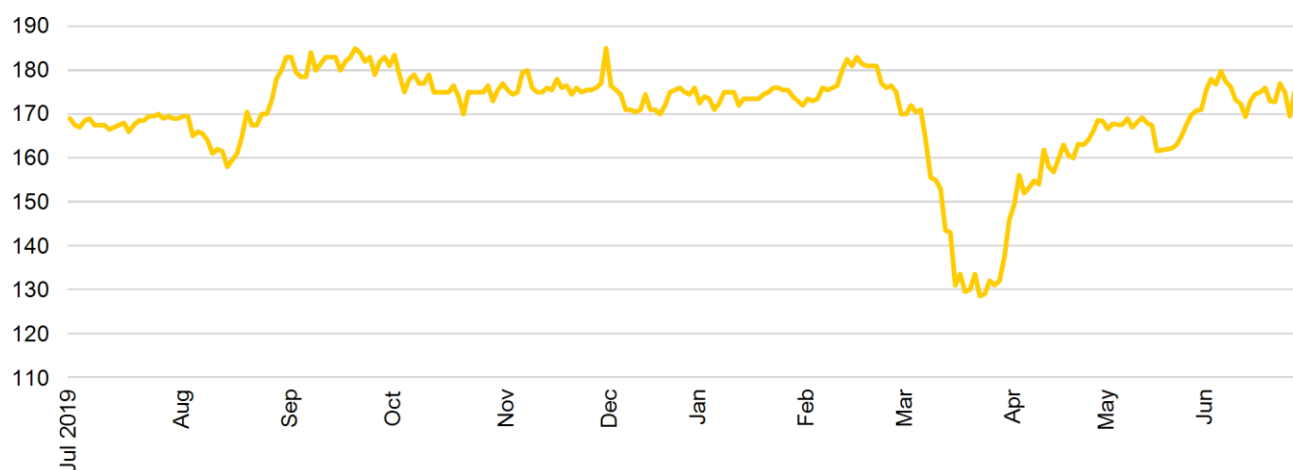
AF Gruppen has been awarded a contract by Shell UK Ltd for the dismantling and recycling of the FPSO unit Curlew, which has operated in the North Sea. The project is due for completion in 2024. This is the first FPSO that AF Offshore Decom will dismantle and demolish. Stricter legislation in the EU will entail a new market segment for the demolition of FPSOs at Vats.

AF AeronMollier reported a decline in revenues and somewhat weaker profitability than in the same period last year. There was also a high level of activity for deliveries to cruise ship and ferry new builds. The unit finds that projects are being delayed due to COVID-19, but it still delivered positive results in both the market segments, offshore and marine.

The order backlog for Offshore was NOK 1,693 million (1,474 million) as at 30 June 2020.



SHARE PRICE PERFORMANCE DURING THE LAST 12 MONTHS



FINANCIAL INFORMATION

AF Gruppen shall have robust financing with respect to operational and market-related fluctuations. The Group's required return on invested capital is 20%, and its financial position shall underpin the growth strategy and provide an adequate dividend capacity.

In the 2nd quarter, net operating cash flow was NOK 202 million (284 million) and net cash flow from investments was NOK 35 million (-102 million). Cash flow before capital transactions and financing was NOK 237 million (182 million) for the 2nd quarter. A dividend of NOK 630 million was **distributed to AF Gruppen's shareholders in the 2nd quarter**. For the 1st half of the year cash flow from operating activities was NOK 701 million (542 million), and cash flow from net investments NOK -62 million (-490 million). Cash flow before financing activities was NOK 639 million (52 million) for the 1st half of the year.

At the end of the 2nd quarter, AF Gruppen had cash and cash equivalents of NOK 561 million (370 million) and net interest-bearing debt of NOK 49 million (753 million).

AF Gruppen's total financing facilities as at 2nd quarter are NOK 3,000 million. The agreements include a multi-currency overdraft facility (revolving 1-year term) for NOK 2,000 million with DNB and a revolving credit facility (3+1+1 year term) worth NOK 1,000 million with Handelsbanken.

Available liquidity at 30 June 2020, including overdraft facilities with Handelsbanken and DNB, is NOK 3,561 million.

Total assets were NOK 12,674 million (10,559 million) as at 30 June 2020. **The Group's equity** totalled NOK 2,919 million (1,856 million) as at 30 June 2020. This corresponds to an equity ratio of 23.0% (17.6%).

THE SHARE

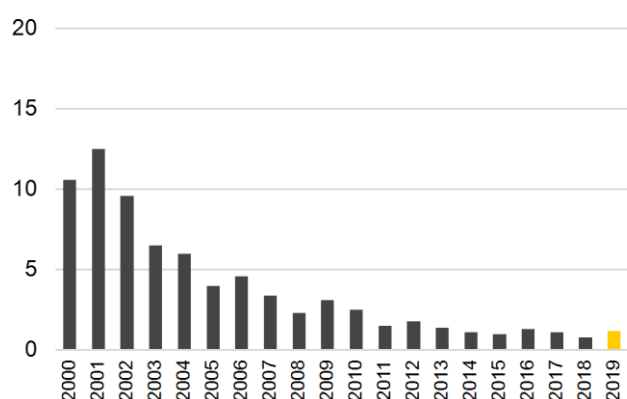
AF Gruppen's shares are listed on the Oslo Børs OB Match List and trade under the ticker AFG. The share is included in the Oslo Børs All Share Index (OSEAX), Benchmark Index (OSEBX) and Mutual Fund Index (OSEFX), as well as Oslo Børs Mid Cap Index (OSEMX).

The closing price for the AF share was NOK 172,40 as at 30 June 2020. This corresponds to a return of 1.4% to date in

LIST OF SHAREHOLDERS AS AT 30 JUNE 2020

Name	No. Shares	% share
OBOS BBL	17,183,709	16.3
ØMF Holding AS	16,245,561	15.4
Constructio AS	14,595,347	13.9
Folketrygdfondet	9,823,881	9.3
LJM AS	2,515,217	2.4
ARTEL AS	2,508,267	2.4
VITO Kongsvinger AS	1,911,676	1.8
Arne Skogheim AS	1,753,870	1.7
Staavi, Bjørn	1,627,000	1.5
Landsforsakringar Fastighetsfond	1,604,107	1.5
Ten largest shareholders	69,768,635	66.3
Total other shareholders	35,240,365	33.5
Own shares	274,271	0.3
Total number of shares	105,283,271	100

LTI-1 RATE DEVELOPMENT



2020. The Oslo Børs Benchmark Index showed a return of -14,6% for the same period.

As a result of the Group's strong financial position, it was decided to distribute a dividend for the first half of the year of NOK 6.00 (5.00) per share. This distribution is in accordance with AF Gruppen's dividend policy, namely that a dividend shall be distributed semi-annually and that the dividend shall represent a minimum of 50 % of the profit for the year over time. The Board of Directors points out, however, that if the dividend for the second half of the year is to be maintained at historical levels, the uncertainty in the market due to the outbreak of COVID-19 must be significantly lower.

In the second quarter, a share issue of NOK 312 million was carried out in connection with the redemption of the option programme for 2017–2020. The share issue was carried out on 5 May 2020, and the number of shares after the redemption of options was 105,283,271.

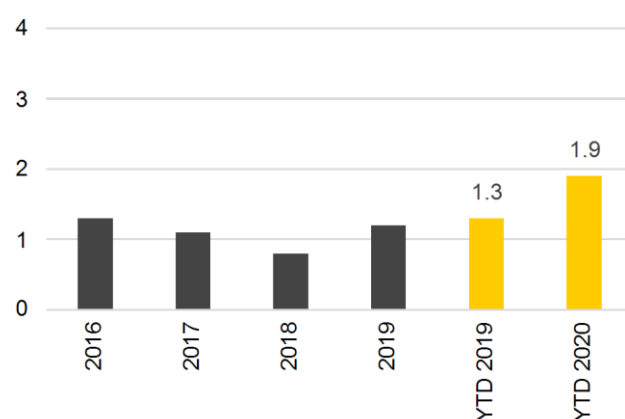
At the General Meeting of AF Gruppen on 15 May 2020, a new option programme was adopted for the employees. A total of 4,000,000 options will be offered over three years, and on 12 June this year 3,850,000 options were subscribed for by 1,584 employees. The options can be exercised in 2023, and the exercise price has been set at NOK 170.82. The number of outstanding unexercised options in AF Gruppen ASA was 3,850,000 after this.

Number of shares per 30 June 2020 is 105,283,271, and the share capital is NOK 5,264,163.55.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

When the COVID-19 situation in Norway escalated and extraordinary measures were introduced by the government, AF Gruppen immediately established a crisis staff. The crisis staff was mobilised to ensure a correct understanding of external information and to support and guide the organisation with respect to preventive measures,

LTI-1 RATE



care tasks, communication, legal matters and labour law issues. To ensure a full overview of the situation, the Group introduced ongoing reporting of the operational status of ongoing projects, sickness absence and layoffs. AF Gruppen observes the health authorities' recommendations and measures, including the introduction of infection control measures. After the end of the quarter, the crisis staff was demobilised to a "Corona Council". The task of the Corona Council will be to monitor the ongoing development of the spread of infection and to follow up on the authorities' recommendations and measures on an ongoing basis.

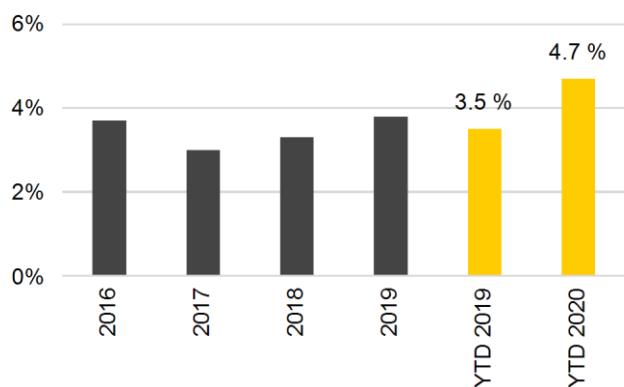
HSE has high priority in AF Gruppen and is an integral part of the management at all levels. AF has a structured and uniform HSE system that encompasses all projects. The working environment should be safe for everyone – including those who are employed by our subcontractors. The figures from the subcontractors are therefore included in the injury statistics.

AF Gruppen's subsidiary Pålplintar suffered a fatal accident on 15 July 2020, in which an employee of a subcontractor lost his life. The incident is under investigation, and we are seeking to learn from the incident and implement measures.

The LTI (lost-time injury) rate is an important measurement parameter for safety work at AF. The LTI-1 rate is defined as the number of injuries resulting in absence and serious personal injuries without absence per million man-hours. A total of 12 (3) injuries resulting in absence were registered in the 2nd quarter. This gives an LTI-1 rate of 2.3 (0.6) for the 2nd quarter. For the 1st half of the year the LTI-1 rate is 1.9 (1.3).

Systematic and long-term work is being carried out to reduce the LTI-1 rate. Significant resources are being invested to further improve our HSE efforts in order to be able to achieve our goal of an LTI-1 rate of zero. Key to this work is AF's fundamental understanding and acceptance that all injuries have a cause and can therefore be avoided.

SICK LEAVE DEVELOPMENT



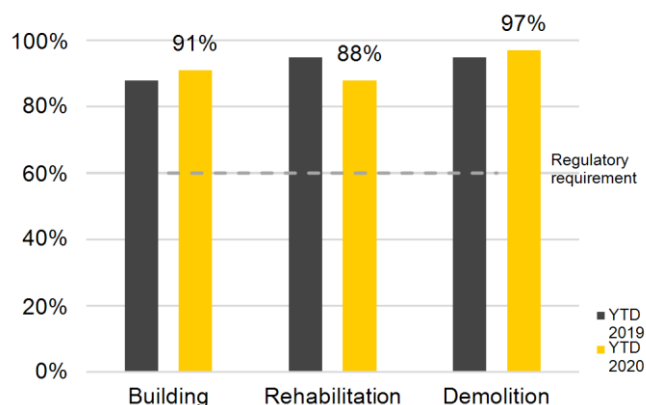
Identifying risk and risk analysis are key parts of our preventive activities. Physical and organisational barriers are established to reduce the risk of personal injury.

In spite of a low LTI-1 rate in comparison to industry averages, we are still seeing too many personal injuries at AF. For this reason we have implemented the “Safety boost,” comprising the following six group measures: (1) the reporting of LTI-1 is extended to also include serious personal injury without absence, (2) a group goal of LTI-2<5 is established, (3) closer follow-up of incidents with a major loss potential, (4) use of safety gloves and safety goggles becomes mandatory on all projects, (5) introduce Safetalk to strengthen practical risk management, and (6) strengthened learning of incidents through digitalisation. LTI-2 is defined as number of lost time injuries + number of injuries requiring medical treatment + number of injuries resulting in alternative work per million man-hours. We have belief in that the “Safety boost” will reinforce safety awareness among individuals and further raise the safety culture in the organisation.

Learning from own mistakes is of critical importance. AF has systematised this through reporting and following up undesired incidents, as well as investigating the most serious incidents. The number of reports has increased steadily during the last 14 years, and we see a clear correlation between the increased reporting of undesired incidents and the decrease in injuries.

The registration of sickness absence forms the basis for the measurement of health work at AF. For the 2nd quarter, sickness absence was 4.6% (3.2%), and 4.7% (3.5%) for the 1st half of the year. Our target is sickness absence level we believe represents a healthy situation without absence due to occupational illnesses/injuries. Systematic efforts are being made, which consist, for example, of ongoing risk analysis of exposure that is harmful to health, the establishment of physical and organisational barriers, and close follow-up of employees on sick leave.

SOURCE SEPARATION RATE



AF strives to avoid environmental damage and minimise undesirable effects on the environment. Environmental work is an integral part of HSE work, and the main tools used are therefore the same that are used otherwise in connection with HSE work.

Follow-up of the source separation rate parameter acts as an extra driving force for AF's environmental work. This parameter places the focus on an important environmental factor that AF has an opportunity to influence. The source separation rate indicates how much of the waste from AF's operations is separated for the purpose of facilitating recycling. For the 2nd quarter, the result for building was 91% (89%), the result for renovation was 88% (96%) and the result for demolition was 96% (95%). These results are considered very good, and they are well above the government requirement of a minimum of 60%. A total of 56,217 (97,522) tonnes of waste has been sorted in the 2nd quarter, and a total of 159,530 (146,480) tonnes has been sorted in 2020. The environmental centres have recycled a total of 248,730 (233,555) tonnes of materials for the 1st half of the year.

ORGANISATION

From 24 August 2020, Amund Tøftum will become the new CEO of AF Gruppen, since the current CEO Morten Grongstad wants to step down. Amund Tøftum has 15 years of experience at AF Gruppen, with experience from civil engineering, building and offshore, as well as 5 years of experience from the corporate management team. According to Tøftum, AF will continue to be a proactive company where safety and profitability are key elements in the creation of value.

With growth ambitions and an increasing order backlog, there is a strong need for resources. Therefore, the continuous effort to build a uniform corporate culture is more important than ever. Motivated employees and a solid organisation are an important foundation for creating value.

AF is experiencing a major influx of competent resources who desire to work for the company. At AF we are building the organisation with a robust composition of technical expertise and management capacity at all levels. The resources are organised close to production, with project teams where the managers have a major influential force.

AF aims to be a company to which talented individuals apply, whether they are women or men. In order to attract even more skilled people, AF is also setting new and ambitious targets for the share of women in the company. AF has **adopted a “40/20 goal” that entails that** at least 40% of all officials in AF shall be women, and that the total share of women shall increase to at least 20%. This is an ambitious goal. It entails that AF will move from being worst in the class to an industry leader. In the 2nd quarter the share of women is 9.6% (8.5%) in total and 19.1% (18.6%) amongst officials.

Within our business areas, AF is also maintaining a sharp focus on innovation and digitalisation. We are working in a structured manner on how new technology can contribute to increased productivity and minimise risk in our projects, contribute to a safer daily life for our employees, and not to mention create greater value for our customers. In addition, we are continuously seeking new business models on the border of or outside of our current core areas. As a stage in the effort, we have established a corporate function for innovation and digitalisation, in addition to a joint venture fund with OBOS (Construct Venture).

AF invests a lot of time and resources in the development of employees through training in various positions in production and through development of the AF Academy. More than 80 per cent of the current managers have been recruited internally. Our employees are good ambassadors for the recruitment of new colleagues.

At the end of the 2nd quarter AF Gruppen had a total of 5,524 (4,754) employees. Of these employees 4,524 (3,943) were employed in Norway, 966 (773) in Sweden, 24 (30) in Lithuania and 10 (8) in Germany.

RISK AND RISK MANAGEMENT

AF Gruppen is exposed to risk of both an operational and financial nature. Risk reflects uncertainty or variable results. Operational risk encompasses commercial risk, operational risk and reputation risk. Commercial risk arises as a result of external circumstances. These circumstances may, for example, be related to how competitors act, regulatory changes or other political risk. The importance of commercial risk has been highlighted by the COVID-19 pandemic and the authorities' measures in this connection.

AF Gruppen's Board and management are continuously assessing the situation and implementing any measures that are necessary to ensure adequate liquidity and responsible operations. AF Gruppen wants to assume operational risk that the business units can influence and control. AF has developed risk management processes that are well adapted to our operations. Standardised, action-oriented risk management processes ensure comprehensive and coherent risk management in all parts of the organisation. AF seeks to limit exposure to risk that cannot be influenced. A risk review is conducted for all projects before a tender is even submitted. Analysis of risk during the tendering phase enables the correct pricing and management of risk in the project. The same project organisations conduct detailed risk reviews every quarter. The Corporate Management Team will participate in risk reviews of all projects with a contract value in excess of NOK 100 million. In addition, a total of 26 risk reviews in the business units, in which the Corporate Management Team also participated, were conducted in connection with the 1st quarter of 2020.

Financial risk encompasses market risk, credit risk and liquidity risk. Market risk includes commodity price risk, foreign exchange risk and interest rate risk. AF aims to have low exposure to risks that cannot be influenced and it uses hedging instruments to mitigate the risk associated with foreign exchange rates and steel prices. AF is exposed to foreign exchange risk, including indirectly via suppliers who purchase from abroad, as well as the purchase and leasing of machinery manufactured abroad. AF has credit risk in relation to customers, suppliers and partners. The use of credit rating tools, in addition to parent company guarantees and bank guarantees, contributes to reducing risk. **The liquidity risk is considered low. AF Gruppen's available liquidity, including credit facilities of NOK 3,000 million, stood at NOK 3,561 million as at 30 June 2020.**

MARKET OUTLOOK

The COVID-19 pandemic and the fall in oil prices has already had a major impact on the Norwegian and international economies. There is still a great deal of uncertainty related to how this will impact the markets we are a part of in the future.

Prognosesenteret expects that the measures taken by the authorities to reduce the spread of COVID-19 will have a significant impact on civil engineering production. Several ongoing civil engineering projects may be delayed, and projects that have not yet started may be postponed. There is a great deal of uncertainty, but Prognosesenteret has nevertheless chosen to build forecasts based on the assumption that the COVID-19 measures will be phased out

well before the end of the year. Investment estimates for transport and road projects are expected to remain high, as well as the planned start-up of many major civil engineering projects. Prognosesenteret expects the overall civil engineering investments to amount to around NOK 98 billion in 2020. This corresponds to a 9 per cent increase in civil engineering investments for 2020, compared with 2019. For the period from 2020 to 2022, total growth of up to 30 per cent is expected in civil engineering investments. Almost half of the civil engineering investments during the period up to 2022 are expected to come from road construction, while the strongest growth is expected in railway and tramline systems. Traditionally, the civil engineering market in Norway is good and not very sensitive to cyclical fluctuations, since public sector demand is the strongest driver for investments in civil engineering in Norway. In the revised State Budget for 2020, the Government appropriated NOK 76.7 billion to transport. NOK 69.3 billion of this will be used to follow up the National Transport Plan 2018-2029, NOK 44.6 billion of which is earmarked for roads. This provides a good foundation for **further growth of AF's civil engineering activities, even though the consequences of COVID-19 contribute to uncertainty in the short term.**

Even though the COVID-19 pandemic and the fall in oil prices have a negative impact on the Norwegian economy, the Norwegian residential property market has proven to be very robust in the 2nd quarter. In May, Norges Bank lowered its key rate to a record low 0%, and also decided to reduce the banks' capital requirements to counteract the negative effects on the residential property market as a result of increased unemployment and generally greater economic uncertainty. Figures from Property Norway for the 2nd quarter of 2020 show a moderate increase in the residential property prices in most areas of Norway. At the end of the 2nd quarter, residential property prices were 3.5 per cent higher nationally than one year ago. For Oslo, the twelve-month growth rate was 5.4% and for Bergen the twelve-month growth rate was 5.1%. For June, Property Norway reports that residential property prices increased 0.8%, or 1.0% if corrections are made for seasonal variations. In light of the weaker economic performance in both Norway and internationally, Property Norway expects the development of residential property prices in the coming months to be more moderate.

The building market in Norway reported a record-high level in 2019 with a total production value of NOK 338 billion. In their forecast from May this year, Prognosesenteret expects a decline of 8% in the building market in 2020, and a subsequent decline of 2% in 2021, before we see an increase of 4% in 2022. The rapid spread of COVID-19 and the subsequent shutdown of parts of the Norwegian economy

and society have entailed a high level of uncertainty in the forecast. The forecasts from Prognosesenteret do not expect that the contractors will manage to maintain normal progress in their production in the short term. Prognosesenteret believes that it will mainly be the first half of 2020 that will be impacted the hardest and that production will start to pick up in the second half of 2020. It is nevertheless expected that building demand initiated by the public sector will increase to reduce the negative impact on the industry. The greatest decline in 2020 is expected in new residential buildings and new commercial building production, even though the decline will also be felt in the renovation, remodelling and extension market. Start permits for 31,643 new residential units were registered in 2019, which was unchanged from the level for the previous year. Prognosesenteret now expects that the number of registered start permits will decline 34 per cent in 2020 to 21,000 residential units. Already in 2021, growth of almost 20 per cent to 25,000 new residential units is expected, and in 2022, the forecasts show 12 per cent growth to 28,000 new start permits. This means that Prognosesenteret is expecting an average decline of 25 per cent for the years 2020-2022, compared with the last three-year period 2017-2019, and the forecast clearly shows that the strongest decline will be for new apartments. For Oslo, it is expected that the number of new residential unit starts in 2020 will end up at practically the same level as the previous year, around 2,500 residential units, which was also the lowest level in many years. A higher level of starts is expected in Oslo over the next two years. Even though a high level of activity is expected **for AF's building operations in Norway** in the future, the consequences of COVID-19 will contribute to a greater degree of uncertainty for the building market in the short term.

The Energy and Environment business area encompasses **AF's energy services** related to land-based activities and services related to demolition and recycling onshore in **Norway. AF Gruppen's level of demolition activity is closely** connected to the general level of activity in the building and civil engineering markets. The consequences of COVID-19 could thus also contribute to a greater degree of uncertainty for the demand for such services. The authorities in Norway have defined ambitious energy goals related to a reduction in the consumption of energy towards the year 2030. Enova has found that there is a major maintenance backlog for public buildings and major conservation opportunities in connection with the rehabilitation of buildings. The delivery of heating and cooling to commercial buildings is another interesting market. The demand here is connected to commercial building starts. Prognosesenteret expects a decline of 16 per cent in the total floor area of commercial building starts in 2020. For 2021 and 2022, the forecast

shows growth of 7 per cent and 6 per cent, respectively. For the publicly-funded submarkets, the negative consequences of COVID-19 will likely be significantly less than for private commercial buildings. The floor area of commercial building starts is high compared with the average for the past decade. A good market overall is **expected for AF's Energy and Environment activities, even though the near future is marked by uncertainty.**

Oil prices have fallen significantly in 2020 due to disagreements on limiting the production of oil in combination with a sharp reduction in demand due to COVID-19. The situation for the offshore market is challenging. The market for the removal of offshore installations is marked by strong competition. Latest estimates from the British industry organization Oil & Gas UK show that there will be a high volume for the demolition and removal of decommissioned oil installations going forward. Over the next ten years, 2019 to 2028, over 1.2 million tonnes of topsides are expected to be removed throughout the North Sea. This applies to the British, Norwegian, Danish and Dutch sectors. This is an increase from the previous ten-year estimate, which anticipated just over 950,000 tonnes. **For AF's offshore climate control business (HVAC), as well as maintenance and modifications, the market conditions are challenging. Such uncertainty in the oil industry has affected, and will affect, AF's business activities going forward.**

The spread of COVID-19 also strongly affects the Swedish economy, and there is a great deal of uncertainty as to how hard the building and civil engineering markets in Sweden will be affected. The Swedish Construction Federation expects the Swedish GDP to fall by 6.9% before GDP growth of 3.9% is expected in 2021. The Swedish central bank Riksbanken decided in July 2020 to maintain a zero interest rate. Riksbanken is monitoring the situation closely and has implemented a number of measures in order to supply liquidity so that Swedish companies will, for example, still have access to credit. This is taking place at the same time as the Swedish Government is launching crisis packages to

help the business sector by easing the layoff regulations and deferring the payment of payroll and value-added taxes, among other things. Svensk Mäklarstatistik reported a 3% decline in residential property prices for apartments, but 4% growth for detached house prices for the 2nd quarter in Sweden. At the end of the 2nd quarter, residential price growth was 2% for apartments and 5% for detached houses compared with the same period last year. In May, the Swedish Construction Federation forecast an 8% decline in building and civil engineering investments in Sweden in 2020 and a decline of 1% in 2021. This is after several years of high growth. The largest fall is expected in residential building production. In the new build sector, a decline of 15% is expected in 2020. Zero growth is expected for civil engineering investments in 2020 and growth of 1% in 2021, with increased public investment in infrastructure making a positive contribution. This indicates that **AF's operations in Sweden will see a somewhat hesitant market and stiff competition, where the consequences of COVID-19 will also contribute to a greater degree of uncertainty in the future.**

Even though several of the company's projects have been directly or indirectly affected as a result of the outbreak of COVID-19, the company has been able to maintain relatively good operations for most of its projects during this period. The Board of Directors would like to commend the employees, elected representatives and managers for flexibility and good cooperation in finding good solutions during this time.

Oslo, 20 August 2020

Board of Directors of AF Gruppen ASA

For more detailed information, please contact:

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CFO Sverre Hærem

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RESPONSIBILITY STATEMENT FROM MEMBERS OF THE BOARD AND CEO

On this day, the Board of Directors and the CEO have reviewed and approved the semi-annual report and the unaudited abridged consolidated semi-annual financial statements for AF Gruppen as at 30 June 2020, and for the 1st half of 2020 (Semi-annual Report 2020).

It is confirmed to the best of our knowledge that:

- The semi-annual financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting and IFRS, as approved by the EU, as well as supplementary requirements in the Norwegian Accounting Act.
- The amounts and disclosures in the semi-annual **financial statements provide a true and fair view of AF Gruppen's assets, liabilities, financial position and results as a whole.**
- The amounts and disclosures in the semi-annual report provide a true and fair view of performance, earnings and the position of the company and group, along with a description of the most important risk and uncertainty factors AF Gruppen faces.

Oslo, 20 August 2020

Morten Grongstad
CEO

Pål Egil Rønn
Board Chairman

Borghild Lunde

Kristian Holth

Hege Bømark

Kjetel Digre

Kristina Alvendal

Arne Baumann

Arne Sveen

Hilde Wikesland Flaen

Kenneth Svendsen

The document is signed electronically and therefore has no hand-written signatures.



Financial
information

CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Revenues and income	6,568	5,863	13,175	11,077	22,612
Subcontractors	-3,669	-2,908	-7,200	-5,482	-11,415
Cost of materials	-1,002	-1,171	-2,000	-2,148	-3,668
Payroll costs	-1,103	-976	-2,377	-1,951	-4,205
Operating expenses ex. depreciation and impairment	-457	-420	-939	-782	-1,682
Net gains (losses) and profit (loss) from associates	64	98	87	113	240
EBITDA	401	486	746	828	1,882
Depreciation and impairment of tangible fixed assets	-45	-53	-89	-101	-193
Depreciation and impairment of right of use assets	-92	-64	-180	-126	-300
Depreciation and impairment of intangible assets	-	-	-1	-1	-54
Earnings before financial items and tax (EBIT)	263	369	476	601	1,335
Net financial items	-5	-5	-12	-11	-18
Earnings before tax (EBT)	258	363	465	590	1,317
Income tax expense	-57	-73	-103	-126	-290
Net income for the period	202	290	362	464	1,027
Attributable to:					
Shareholders in the Parent Company	162	253	289	394	854
Non-controlling interests	39	36	73	70	173
Net income for the period	202	290	362	464	1,027
Earnings per share (NOK kroner)	1.56	2.54	2.79	3.96	8.51
Diluted earnings per share (NOK kroner)	1.56	2.53	2.79	3.94	8.46
Key figures	2Q 20	2Q 19	1H 20	1H 19	2019
EBITDA margin	6.1 %	8.3 %	5.7 %	7.5 %	8.3 %
Operating profit margin	4.0 %	6.3 %	3.6 %	5.4 %	5.9 %
Profit margin	3.9 %	6.2 %	3.5 %	5.3 %	5.8 %
Return on capital employed (ROaCE) ¹⁾	-	-	31.4 %	46.8 %	38.2 %
Return on equity	-	-	33.0 %	49.9 %	43.7 %
Equity ratio	23.0 %	17.6 %	23.0 %	17.6 %	23.3 %
Net interest-bearing receivables (debt) ²⁾	49	753	49	753	163
Capital employed ³⁾	4,057	3,426	4,057	3,426	4,183
Order backlog	34,155	23,085	34,155	23,085	28,200

¹⁾ Return on capital employed (ROaCE) = Earnings before tax + interest expense / average capital employed

²⁾ Net interest-bearing receivables (debt) = Cash and cash equivalents + interest-bearing receivables - interest-bearing debt

³⁾ Capital employed = Equity + interest-bearing debt

STATEMENT OF COMPREHENSIVE INCOME

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Net income for the period	202	290	362	464	1,027
Net actuarial gains and losses	-	-	-	-	-2
Currency translation differences non-controlling interests	-	-1	13	-5	-3
Items that will not be reclassified to income statement in subsequent periods	-	-1	13	-5	-4
Net cash flow hedges	27	-3	-25	10	4
Currency translation differences	-2	-8	63	-36	-24
Items that may be reclassified to income statement in subsequent periods	26	-11	38	-26	-20
Other comprehensive income for the period	26	-12	50	-31	-24
Total comprehensive income for the period	228	277	412	433	1,003
Attributable to:					
- Shareholders of the parent	186	242	327	368	832
- Non-controlling interests	42	35	86	65	170
Total comprehensive income for the period	228	277	412	433	1,003

EQUITY

NOK million	Paid-in capital	Translation differences	Actuarial pension gain/ (loss)	Cash flow hedge	Retained earnings	Attributable to share-holders	Non-controlling interests	Total equity
As at 31 December 2018	256	20	-16	-33	1,519	1,746	378	2,124
Effect of IFRS 16	-	-	-	-	-19	-19	-	-19
As at 1 January 2019	256	20	-16	-33	1,500	1,727	378	2,104
Comprehensive income	-	-36	-	10	394	368	65	433
Capital increase	96	-	-	-	-	96	-	96
Purchase of treasury shares	-	-	-	-	-3	-3	-	-3
Sale of treasury shares	-	-	-	-	12	12	-	12
Dividend paid	-	-	-	-	-498	-498	-136	-634
Share-based remuneration	7	-	-	-	-	7	-	7
Addition from acquisition of subsidiaries	-	-	-	-	-	-	40	40
Transactions with non-controlling interests	-	-	-	-	-214	-214	14	-200
As at 30 June 2019	359	-16	-16	-23	1,191	1,495	361	1,856
As at 31 December 2019	939	-4	-18	-29	1,302	2,189	809	2,999
Comprehensive income	-	63	-	-25	289	327	86	412
Capital increase	-	-	-	-	312	312	46	358
Purchase of treasury shares	-	-	-	-	-48	-48	-	-48
Sale of treasury shares	-	-	-	-	13	13	-	13
Dividend paid	-	-	-	-	-630	-630	-161	-791
Share-based remuneration	6	-	-	-	-	6	-	6
Transactions with non-controlling interests	-	-	-	-	-25	-25	-5	-30
As at 30 June 2020	945	59	-18	-54	1,211	2,143	776	2,919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	30/06/20	30/06/19	31/12/19
Tangible fixed assets	1,476	1,422	1,490
Right of use assets	955	901	991
Intangible assets	4,365	2,606	4,306
Investment in associates and joint ventures	568	500	547
Deferred tax asset	41	3	13
Interest-bearing receivables	417	357	358
Pension plan and other financial assets	12	7	12
Total non-current assets	7,833	5,796	7,718
Inventories	226	236	190
Projects for own account	136	99	157
Trade receivables and other receivables	3,805	3,967	4,127
Interest-bearing receivables	112	90	100
Derivatives	1	-	-
Cash and cash equivalents	561	370	563
Total current assets	4,841	4,762	5,136
Total assets	12,674	10,559	12,854
Equity attributable to shareholders of the parent	2,143	1,495	2,189
Non-controlling interests	776	361	809
Total equity	2,919	1,856	2,999
Interest-bearing debt	153	144	166
Interest-bearing debt - lease liability	675	685	704
Retirement benefit obligations	3	1	3
Provisions	87	189	63
Deferred tax	472	392	440
Derivatives	82	40	47
Total non-current liabilities	1,473	1,451	1,423
Interest-bearing debt	7	479	4
Interest-bearing debt - lease liability	303	263	310
Trade payables and other short-term debt	6,902	6,036	7,048
Derivatives	28	11	14
Provisions	621	254	684
Tax payable	421	210	372
Total current liabilities	8,282	7,252	8,432
Total liabilities	9,755	8,703	9,855
Total equity and liabilities	12,674	10,559	12,854

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
Earnings before financial items and tax (EBIT)	263	369	476	601	1,335
Depreciation, amortisation and impairment	137	117	270	227	547
Change in net working capital	-112	-80	99	-116	12
Income taxes paid	-19	-27	-57	-64	-177
Other adjustments	-67	-94	-87	-106	-209
Cash flow from operating activities	202	284	701	542	1,508
Net investments	35	-102	-62	-490	-838
Cash flow before financing activities	237	182	639	52	670
Share issue	312	-	312	-	555
Dividends paid to shareholders in the Parent Company	-630	-498	-630	-498	-859
Dividends paid to non-controlling interests	-72	-37	-161	-136	-148
Transactions with non-controlling interests	42	-117	2	-117	-113
Sale (purchase) of treasury shares	-12	-3	-35	9	29
Borrowings (repayment) of debt	-49	446	-100	421	-166
Interest and other financial expenses paid	-26	-9	-44	-18	-55
Cash flow from financing activities	-435	-218	-656	-340	-758
Net decrease (increase) in cash and cash equivalents	-199	-36	-17	-288	-88
Net cash and cash equivalents at the beginning of period	764	405	563	656	656
Change in cash and cash equivalents without cash effect	-4	1	16	3	-5
Net cash and cash equivalents at the end of period	561	370	561	370	563

BUSINESS AREAS

AF Gruppen's division into operating segments is consistent with the division of the business areas: Civil Engineering, Building, Betonmast, Property, Energy and Environment, Sweden and Offshore.

Segment information is presented in accordance with the AF Gruppen's accounting policies in accordance with IFRS with the exception of the principles for revenue recognition for residential property development in accordance with IFRS 15. This policy exception applies to the Building and Property segments and Sweden. Revenue from projects for own account in these segments is not recognised upon handover as regulated in IFRS 15, but in accordance with the degree of completion method. This means that the recognition of revenue in these projects is the product of the degree of completion, sales ratio and expected contribution margin.

Segment information is presented in accordance with reporting to the Corporate Management Team and is consistent with the **financial information utilised by the Company's senior decision-makers** when evaluating developments and allocating resources. The effect of the deviant application of principles on the consolidated accounts is illustrated in a separate table in the segment information. Additional information on projects for own account is provided in Note 7.

Civil Engineering

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	884	1,684	1,770	3,330	5,689
Internal revenue and income	18	22	41	33	98
Total revenue and income	902	1,706	1,810	3,363	5,787
EBITDA	101	135	213	248	557
Earnings before financial items and tax (EBIT)	54	90	118	161	373
Earnings before tax (EBT)	52	89	120	163	376
EBITDA-margin	11.2 %	7.9 %	11.8 %	7.4 %	9.6 %
Operating margin	6.0 %	5.3 %	6.5 %	4.8 %	6.5 %
Profit margin	5.8 %	5.2 %	6.6 %	4.8 %	6.5 %
Assets	1,703	2,503	1,703	2,503	1,976
Order backlog	8,026	5,740	8,026	5,740	5,424

Building

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	2,303	2,728	4,784	5,217	10,514
Internal revenue and income	44	8	69	27	67
Total revenue and income	2,347	2,736	4,854	5,244	10,581
EBITDA	119	188	260	338	758
Earnings before financial items and tax (EBIT)	91	164	206	292	656
Earnings before tax (EBT)	92	169	209	301	667
EBITDA-margin	5.1 %	6.9 %	5.4 %	6.5 %	7.2 %
Operating margin	3.9 %	6.0 %	4.2 %	5.6 %	6.2 %
Profit margin	3.9 %	6.2 %	4.3 %	5.7 %	6.3 %
Assets	4,742	5,308	4,742	5,308	5,151
Order backlog	10,622	11,792	10,622	11,792	10,045

Betonmast

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	1,997	0	3,819	-	1,226
Internal revenue and income	0	0	1	-	-
Total revenue and income	1,997	0	3,820	-	1,226
EBITDA	67	0	118	-	59
Earnings before financial items and tax (EBIT)	60	0	104	-	49
Earnings before tax (EBT)	55	0	101	-	46
EBITDA-margin	3.4 %	-	3.1 %	-	4.8 %
Operating margin	3.0 %	-	2.7 %	-	4.0 %
Profit margin	2.8 %	-	2.6 %	-	3.8 %
Assets	3,415	0	3,415	-	3,266
Order backlog	8,876	0	8,876	-	7,293

Property

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	6	4	12	7	18
Internal revenue and income	-	-	-	-	-
Total revenue and income	6	4	12	7	18
EBITDA	10	23	14	60	108
Earnings before financial items and tax (EBIT)	10	23	14	60	107
Earnings before tax (EBT)	9	23	12	58	100
EBITDA-margin	-	-	-	-	-
Operating margin	-	-	-	-	-
Profit margin	-	-	-	-	-
Assets	915	956	915	956	840
Order backlog	-	-	-	-	-

Energy and Environment

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	181	261	363	453	939
Internal revenue and income	38	27	81	52	133
Total revenue and income	219	288	443	505	1,072
EBITDA	27	27	43	47	127
Earnings before financial items and tax (EBIT)	15	16	17	24	78
Earnings before tax (EBT)	11	15	18	22	75
EBITDA-margin	12.3 %	9.3 %	9.8 %	9.2 %	11.8 %
Operating margin	6.9 %	5.5 %	3.8 %	4.8 %	7.3 %
Profit margin	5.2 %	5.1 %	4.0 %	4.3 %	7.0 %
Assets	557	526	557	526	674
Order backlog	607	628	607	628	371

Sweden

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	1,058	924	2,093	1,763	3,681
Internal revenue and income	6	-	7	-	2
Total revenue and income	1,064	925	2,099	1,763	3,683
EBITDA	57	40	115	85	209
Earnings before financial items and tax (EBIT)	41	28	83	61	149
Earnings before tax (EBT)	39	27	80	59	146
EBITDA-margin	5.4 %	4.3 %	5.5 %	4.8 %	5.7 %
Operating margin	3.8 %	3.0 %	3.9 %	3.4 %	4.0 %
Profit margin	3.7 %	2.9 %	3.8 %	3.3 %	4.0 %
Assets	1,686	1,619	1,686	1,619	1,617
Order backlog	3,597	2,939	3,597	2,939	2,946

Offshore

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	174	191	302	313	677
Internal revenue and income	-	1	1	2	2
Total revenue and income	174	191	302	314	679
EBITDA	11	12	-36	11	-4
Earnings before financial items and tax (EBIT)	2	5	-51	-3	-83
Earnings before tax (EBT)	-4	1	-60	-11	-94
EBITDA-margin	6.3 %	6.4 %	-11.8 %	3.4 %	-0.7 %
Operating margin	1.0 %	2.6 %	-16.8 %	-1.1 %	-12.2 %
Profit margin	-2.5 %	0.6 %	-19.8 %	-3.4 %	-13.9 %
Assets	1,024	1,139	1,024	1,139	1,378
Order backlog	1,693	1,474	1,693	1,474	1,351

Other Segments (Group)

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	11	13	36	24	50
Internal revenue and income	8	9	17	16	35
Total revenue and income	19	23	53	40	85
EBITDA	12	16	22	27	39
Earnings before financial items and tax (EBIT)	-6	-1	-11	-6	-25
Earnings before tax (EBT)	7	-4	-12	-13	-29
Assets	1,628	1,048	1,628	1,048	2,381
Order backlog	-	-	-	-	-

Eliminations

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	-26	-46	-41	-104	-206
Internal revenue and income	-114	-67	-216	-130	-338
Total revenue and income	-140	-113	-257	-234	-544
EBITDA	-4	-1	-11	-3	-16
Earnings before financial items and tax (EBIT)	-4	-1	-11	-3	-16
Earnings before tax (EBT)	-4	-1	-11	-3	-16
Assets	-2,910	-2,425	-2,910	-2,425	-4,343
Order backlog	416	199	416	199	406

GAAP adjustments (IFRS 15)

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	-20	104	37	74	25
Internal revenue and income	-	-	-	-	-
Total revenue and income	-20	104	37	74	25
EBITDA	1	45	7	15	46
Earnings before financial items and tax (EBIT)	1	45	7	15	46
Earnings before tax (EBT)	1	45	7	15	46
Assets	-87	-113	-87	-113	-85
Order backlog	316	314	316	314	363

Segment total

NOK million	2Q 20	2Q 19	1H 20	1H 19	2019
External revenue and income	6,568	5,863	13,175	11,077	22,612
Internal revenue and income	-	-	-	-	-
Total revenue and income	6,568	5,863	13,175	11,077	22,612
EBITDA	401	486	746	828	1,882
Earnings before financial items and tax (EBIT)	263	369	476	601	1,335
Earnings before tax (EBT)	258	363	465	590	1,317
EBITDA-margin	6.1 %	8.3 %	5.7 %	7.5 %	8.3 %
Operating margin	4.0 %	6.3 %	3.6 %	5.4 %	5.9 %
Profit margin	3.9 %	6.2 %	3.5 %	5.3 %	5.8 %
Assets	12,674	10,559	12,674	10,559	12,854
Order backlog	34,155	23,085	34,155	23,085	28,200

NOTES

1. GENERAL INFORMATION

AF Gruppen is one of Norway's leading contracting and industrial groups. AF Gruppen is divided into seven business areas: Civil Engineering, Building, Betonmast, Property, Energy and Environment, Sweden and Offshore.

AF Gruppen ASA is a public limited company registered and domiciled in Norway. The head office is located at Innspurten 15, 0663 Oslo. AF is listed on the Oslo Børs OB Match List under the ticker symbol AFG.

This summary of financial information for the 2nd quarter 2020 has not been audited.

2. BASIS OF PREPARATION

The consolidated accounts for AF Gruppen encompass AF Gruppen ASA and its subsidiaries, joint ventures and associated companies. The consolidated financial statements for the 2nd quarter 2020 have been prepared in accordance with IAS 34 Interim Accounts. The summary of the financial information presented in the quarterly accounts is intended to be read in conjunction with the annual report for 2019, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

As a result of rounding off, the numbers and percentages will not always add up to the total.

3. CHANGES IN THE GROUP'S STRUCTURE

There has been no changes in the group's structure this year.

4. ACCOUNTING POLICIES

The accounting policies applied to the accounts are consistent with those described in the annual report for 2019. IFRS 16 was implemented for the Group as of 1 January 2019 with the modified retrospective application. The effects of this standard for 2019 and 2020 are reflected below.

Effect of IFRS 16 lease liability

In IFRS 16 the distinction made between operating and financial leases is eliminated, and practically all leases over 12 months duration are recognised on the balance sheet of the lessee. The present value of the future lease liability is recognised as an interest-bearing loan and the value of the lease (right of use) is to be recognised as a non-current asset. The balance sheet total is increased upon transition to the new standard, and the most important key figures, such as the equity ratio and net interest-bearing liabilities, will change accordingly. The right of use recognised on the balance sheet will be amortised over the agreed term of the lease, and interest on the lease liability will be recognised as an interest expense. These income statement items will replace rental expenses, which were recognised under other operating expenses in accordance with IAS 17.

Both instalments and interest on lease obligations recognised on the balance sheet are classified as financing activities in the cash flow statement. The introduction of IFRS 16 has a positive effect on cash flow from operations as lease payments were classified as a cash flow from operations in accordance with IAS 17, and as financing activities according to IFRS 16. The introduction of the standard has no impact on net cash flow, but provides an improved cash flow from operations of MNOK 180, and a corresponding negative effect on cash flow from financing activities.

For the 1st half of the year the implementation of the standard has resulted in a positive effect on EBITDA and the operating profit of NOK 180 million and NOK 10 million respectively. Earnings before tax and earnings after tax are affected by respectively NOK -1 million and NOK -1 million by the standard. As at 30 June 2020 the balance sheet total has increased by NOK 876 million. Interest-bearing liabilities have increased by NOK 908 million and equity has been reduced by NOK 25 million.

Consolidated statement of income – Effect of IFRS 16

NOK million	2Q 20 less IFRS 16	Effect of IFRS 16	2Q 20	YTD 2Q 20 less IFRS 16	Effect of IFRS 16	YTD 2Q 20
Operating expenses excl. depr. and impairment	-546	89	-457	-1,118	180	-939
EBITDA	312	89	401	566	180	746
Depr. and impairment of right of use assets	-6	-86	-92	-10	-169	-180
Earnings before financial items and tax (EBIT)	261	2	263	466	10	476
Net financial items	-	-5	-5	-1	-11	-12
Earnings before tax (EBT)	261	-3	258	466	-1	465
Income tax expense	-57	1	-57	-103	-	-103
Net income for the period	204	-2	202	362	-1	362

NOK million	2Q 19 less IFRS 16	Effect of IFRS 16	2Q 19	YTD 2Q 19 less IFRS 16	Effect of IFRS 16	YTD 2Q 19	2019 less IFRS 16	Effect of IFRS 16	2019
Operating expenses excl. depr. and impairment	-490	70	-420	-918	136	-782	-1,978	296	-1,682
EBITDA	415	70	486	691	136	828	1,586	296	1,882
Depr. and impairment of right of use assets	1	-65	-64	2	-128	-126	-20	-280	-300
Earnings before financial items and tax (EBIT)	365	4	369	593	8	601	1,319	16	1,335
Net financial items	1	-6	-5	-1	-10	-11	4	-21	-18
Earnings before tax (EBT)	363	-	363	592	-2	590	1,322	-5	1,317
Income tax expense	-73	-	-73	-126	1	-126	-291	1	-290
Net income for the period	291	-1	290	466	-2	464	1,031	-4	1,027

Consolidated statement of financial position – Effect of IFRS 16

NOK million	30.06.20 less IFRS 16	Effect of IFRS 16	30.06.20	30.06.19 less IFRS 16	Effect of IFRS 16	30.06.19	31.12.19 less IFRS 16	Effect of IFRS 16	2019
Right of use assets	78	876	955	50	851	901	81	910	991
Total assets	11,798	876	12,674	9,708	851	10,559	11,944	910	12,854
Total equity	2,944	-25	2,919	1,878	-22	1,856	3,023	-24	2,999
Interest-bearing debt - lease liability (non-current)	59	616	675	69	616	685	63	642	704
Deferred tax	479	-7	472	397	-5	392	446	-7	440
Interest-bearing debt - lease liability (current)	11	292	303	-	263	263	11	299	310
Total equity and liabilities	11,798	876	12,674	9,708	851	10,559	11,944	910	12,854
Equity ratio	25.0 %	-	23.0 %	19.3 %	-	17.6 %	25.3 %	-	23.3 %
Gross interest-bearing debt	230	908	1,138	692	878	1,570	243	941	1,184

5. ESTIMATES

The preparation of the interim accounts requires the use of assessments, estimates and assumptions that have an effect on the application of accounting principles and recognised figures related to assets and commitments, revenues and costs. The estimates **are based on the management's best judgement and experience, and there is some uncertainty related to the concurrence of these** estimates with the actual result. Estimates and their underlying assumptions are assessed on a continuous basis. Changes in accounting estimates are recognised for the period in which the estimate is changed and for future periods if these are affected by the change in estimate.

6. TRANSACTIONS WITH RELATED PARTIES

The Group's related parties consist of associates, joint arrangements, the Company's shareholders, members of the Board of Directors and Corporate Management Team. All business transactions with related parties are carried out in accordance with the **arm's length principle**.

In March, a total of 2,217,447 options were exercised by 932 employees of AF Gruppen in connection with the option programme. The average redemption price for the options was NOK 140.46. Members of the corporate management team and employee representatives on the Board of Directors of AF Gruppen have in this connection purchased 176,395 and 12,149 shares, respectively, in AF Gruppen ASA.

7. DEVIANT APPLICATION OF PRINCIPLES IN THE SEGMENT ACCOUNTS

The segment information is presented in accordance with the Group's accounting policies in accordance with IFRS with the exception of the principles for revenue recognition for residential property development in accordance with IFRS 15. This policy exception applies to the Building and Property segments and Sweden. Revenue from projects for own account in these segments is not recognised upon handover as regulated in IFRS 15, but in accordance with the percentage of completion method. This means that revenue and cost for these projects is recognized in proportion with the stage of completion and the sales ratio for the project. The effect of this on the consolidated accounts is illustrated in a separate table in the segment information. The Betonmast segment is reported **in accordance with IFRS. To ensure completeness Betonmast's property projects are included in the table below.**

The effect for the year of the deviant application of principles in the segment accounts with respect to earnings before tax is NOK 1 million (45 million) for the 2nd quarter 2020. The effect on equity was NOK -95 million (-174 million), and the accumulated reversed revenues were NOK 316 million (314 million) as at 30 June 2020.

The table below shows residential housing projects for our own account that are in the production phase. Contractor values have been included in those cases where group companies are the contractor.

Property projects for own account	AF's construction value ¹⁾	Total number	Number of housing units		Construction period		Ownership share AF
			Hereof transferred in 2020	Hereof completed not transf.	Start up	Completion	
Lillo Gård Haugen, Nydalen	563	174	10	10	Q1 2017	Q2/Q3 2019	25%
Krydderhagen D1/D2/D3/D4, Hasle	355	143	6	6	Q2 2017	Q2 2019	50%
Total completed in 2019 - Property	918	317	16	16			
Lilleby Triangel B1, Trondheim	-	97	92	5	Q1 2019	Q2 2020	33%
Nye Kilen Brygge A/C1/C2, Sandefjord	224	100	100	-	Q1 2018	Q1 2020	50%
Total completed in 2020 - Property	224	197	192	5			
Stronde I, Hardanger (LAB)	87	34	29	5	Q4 2018	Q2 2020	49%
Total completed in 2020 - Building segment	87	34	29	5			
Bjørnsveen Panorama B2, Gjøvik	33	12	9	3	Q2 2019	Q2 2020	50%
Vikenstranda B6, Gjøvik	39	23	20	3	Q1 2019	Q2 2020	50%
Snipetorp, Skien	60	16	10	6	Q3 2018	Q2 2020	50%
Total completed in 2020 - Betonmast	132	51	39	12			
Lillo Gård Lunden E/F/G, Nydalen	600	135	-	-	Q1 2017	Q3/Q4 2020	25%
Nye Kilen Brygge B/C3, Sandefjord	69	35	-	-	Q2 2019	Q3 2020	50%
Skiparviken, Bergen	324	129	-	-	Q2 2018	Q2 2021	50%
Lilleby Triangel B2, Trondheim	-	29	-	-	Q1 2019	Q3 2020	33%
Lilleby Triangel B3, Trondheim	-	21	-	-	Q1 2019	Q3 2020	33%
Lilleby Triangel B4, Trondheim	-	54	-	-	Q3 2019	Q3 2021	33%
Lilleby Triangel B5, Trondheim	-	74	-	-	Q2 2020	Q2 2022	33%
Bo på Billingstad, Asker	-	186	-	-	Q2 2019	Q1 2021	33%
Total in production - Property segment	993	663	-	-			
Stronde II, Hardanger (LAB)	61	24	-	-	Q4 2018	Q2 2021	49%
Total in production - Building segment	61	24	-	-			
Lietorvet 1/2, Skien	139	47	-	-	Q3 2019	Q2 2021	25%
2317 Sentrumskvartalet A, Hamar	101	42	-	-	Q2 2020	Q4 2021	33%
Total in production - Betonmast segment	240	89	-	-			
Stadsgården 1, Halmstad	117	63	-	-	Q2 2020	Q2 2022	50%
Total in production - Sverige segment	117	63	-	-			

¹⁾ NOK million excl. VAT

²⁾ Only projects with not sold or not transferred units as at year end is included.

8. EVENTS AFTER THE BALANCE SHEET DATE

Hasle Linje Næring DA, a company of which 49.5% is owned by AF Gruppen, 49.5% by Høegh Eiendom and 1% by Vind AS, has accepted an offer by Clarkson Platou Real Estate regarding the sale of all the shares in the Karvesvingen 5 AS company. This company owns the newly constructed smart building "K5" at the same address. Karvesvingen 5 is an office building with a GBA of approx. 18,000 square metres, and ATEA, the principal tenant, moved into the building during the first quarter of 2020. The building has been constructed by AF Gruppen. The sale is estimated to provide AF Gruppen with an accounting gain of NOK 95 million. The bid is subject to financing and satisfactory due diligence. It is expected that the transaction will be completed by the end of October 2020.

There are no other events after the balance sheet date that would have had substantial effect on the financial information.

ALTERNATIVE PERFORMANCE MEASURES

AF Gruppen presents alternative performance targets as a supplement to performance targets that are regulated by IFRS. The alternative performance targets are presented to provide better insight into and understanding of the operations, financial standing and foundation for development going forward. AF Gruppen uses alternative performance targets that are commonly used in the industry and among analysts and investors.

Return on capital employed (ROaCE):

This performance target provides useful information to both AF's management and Board of Directors, as well as to investors concerning the results that have been achieved during the period under analysis. AF uses the performance target to measure the return on capital employed, regardless of whether the financing is through equity capital or debt. Use of the performance target should not be considered an alternative to performance targets calculated in accordance with IFRS, but as a supplement.

The alternative performance targets are defined as follows:

EBITDA: Earnings before i) taxes, ii) net financial items, iii) depreciation and amortisation.

Operating profit (EBIT): Earnings before i) taxes, ii) net financial items.

EBITDA margin: EBITDA divided by operating revenue and other revenues.

Operating margin: Operating profit (EBIT) divided by operating revenue and other revenues.

Profit margin: Earnings before tax divided by operating revenue and other revenues.

Gross interest-bearing liabilities: Sum total of long-term interest-bearing loans and credits and short-term interest-bearing loans and credits.

Net interest-bearing liabilities (receivables): Gross interest-bearing liabilities less i) long-term interest-bearing receivables, ii) short-term interest-bearing receivables and iii) cash and cash equivalents.

Capital employed: Sum total of shareholders' equity and gross interest-bearing liabilities.

Average capital employed: Average capital employed in the last four quarters.

Return on capital employed (ROaCE): Earnings before taxes and interest divided by the average capital employed.

Equity ratio: Shareholders' equity divided by total equity and liabilities.

Average shareholders' equity: Average shareholders' equity in the last four quarters.

Return on equity: Earnings divided by average shareholders' equity.

Order backlog: Remaining estimated value of contracts, contract changes and orders that have been agreed upon, but have not been earned by the reporting date.

The table below shows the reconciliation of alternative performance targets with line items in the reported financial figures in accordance with IFRS.

NOK million	30.06.20	30.06.19	31.12.19
GROSS INTEREST-BEARING LIABILITIES / NET INTEREST-BEARING LIABILITIES			
Non-current interest-bearing debt	153	144	166
Non-current interest-bearing debt - lease liability	675	685	704
Current interest-bearing debt	7	479	4
Current interest-bearing debt - lease liability	303	263	310
Gross interest-bearing liabilities	1,138	1,570	1,184
Less:			
Interest-bearing receivables – long-term	-417	-357	-358
Interest-bearing receivables – short-term	-112	-90	-100
Cash and cash equivalents	-561	-370	-563
Net interest-bearing liabilities (receivables)	49	753	163

NOK million	30.06.20	30.06.19	31.12.19
CAPITAL EMPLOYED			
Shareholders' equity	2,919	1,856	2,999
Gross interest-bearing liabilities	1,138	1,570	1,184
Capital employed	4,057	3,426	4,183
AVERAGE CAPITAL EMPLOYED			
Capital employed as at 3rd quarter 2018	-	2,162	-
Capital employed as at 4th quarter 2018	-	2,223	-
Capital employed as at 1st quarter 2019	-	3,320	3,320
Capital employed as at 2nd quarter 2019	-	3,426	3,426
Capital employed as at 3rd quarter 2019	3,482	-	3,482
Capital employed as at 4th quarter 2019	4,183	-	4,183
Capital employed as at 1st quarter 2020	4,277	-	-
Capital employed as at 2nd quarter 2020	4,057	-	-
Average capital employed	4,000	2,783	3,603
RETURN ON CAPITAL EMPLOYED			
Earnings before tax 3rd quarter 2018	-	313	-
Earnings before tax 4th quarter 2018	-	373	-
Earnings before tax 1st quarter 2019	-	226	226
Earnings before tax 2nd quarter 2019	-	363	363
Earnings before tax 3rd quarter 2019	339	-	339
Earnings before tax 4th quarter 2019	388	-	388
Earnings before tax 1st quarter 2020	206	-	-
Earnings before tax 2nd quarter 2020	258	-	-
Earnings before tax last four quarters	1,192	1,276	1,317
Interest expense 3rd quarter 2018	-	5	-
Interest expense 4th quarter 2018	-	1	-
Interest expense 1st quarter 2019	-	9	9
Interest expense 2nd quarter 2019	-	10	10
Interest expense 3rd quarter 2019	14	-	14
Interest expense 4th quarter 2019	25	-	25
Interest expense 1st quarter 2020	18	-	-
Interest expense 2nd quarter 2020	6	-	-
Interest expense last four quarters	62	26	58
Earnings before tax and interest expense last four quarters	1,254	1,302	1,375
Divided by:			
Average capital employed	4,000	2,783	3,603
Return on capital employed	31.4 %	46.8 %	38.2 %

NOK million	30.06.20	30.06.19	31.12.19
EQUITY RATIO			
Shareholders' equity	2,919	1,856	2,999
Divided by:			
Total equity and liabilities	12,674	10,559	12,854
Equity ratio	23.0 %	17.6 %	23.3 %
AVERAGE SHAREHOLDERS' EQUITY			
Shareholder's equity as at 3rd quarter 2018	-	2,056	-
Shareholder's equity as at 4th quarter 2018	-	2,124	-
Shareholder's equity as at 1st quarter 2019	-	2,312	2,312
Shareholder's equity as at 2nd quarter 2019	-	1,856	1,856
Shareholder's equity as at 3rd quarter 2019	2,232	-	2,232
Shareholder's equity as at 4th quarter 2019	2,999	-	2,999
Shareholder's equity as at 1st quarter 2020	3,045	-	-
Shareholder's equity as at 2nd quarter 2020	2,919	-	-
Average shareholders' equity	2,799	2,087	2,350
RETURN ON EQUITY			
Period result 3rd quarter 2018	-	255	-
Period result 4th quarter 2018	-	323	-
Period result 1st quarter 2019	-	174	174
Period result 2nd quarter 2019	-	290	290
Period result 3rd quarter 2019	276	-	276
Period result 4th quarter 2019	287	-	287
Period result 1st quarter 2020	160	-	-
Period result 2nd quarter 2020	202	-	-
Period result for the last four quarters	925	1,042	1,027
Divided by:			
Average equity	2,799	2,087	2,350
Return on equity	33.0 %	49.9 %	43.7 %

COMPANY INFORMATION

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Norway

Company's Board of Directors

Pål Egil Rønn, Board Chairman
Arne Baumann
Borghild Lunde
Hege Bømark
Kristian Holth
Kristina Alvendal
Kjetel Digre
Kenneth Svendsen
Hilde W. Flaen
Arne Sveen

Corporate Management

Morten Grongstad, CEO
Sverre Hærem, CFO
Arild Moe, EVP Civil Engineering
Ida Aall Gram, EVP Property, HR and Communications
Amund Tøftum, EVP Offshore and Building Norway (part-owned companies)
Eirik Wraal, EVP Energy and Environment
Bård Frydenlund, EVP Sweden
Geir Flåta, EVP Building Norway (wholly owned companies)

Financial calendar

Presentation of interim accounts:
21.08.2020 Interim report 2nd quarter / first half of 2020
13.11.2020 Interim report 3rd quarter 2020

The presentation of interim accounts take place at Hotel Continental, Stortingsgata 24-26, at 8:30 a.m.

For more information on the company, visit our web site at afgruppen.com

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Photo: Jiri Havran

OPERATIONAL STRUCTURE



Civil Engineering

AF Anlegg
JR Anlegg
Målselv Maskin & Transport

Building

AF Byggefornyelse
AF Bygg Oslo
AF Bygg Østfold
AF Nybygg
LAB
LAB Entreprenør
FAS
Åsane Byggmester forretning
HTB
AF Håndverk
Kirkestuen
Lasse Holst
Thorendahl
VD Vindu og Dør montasje
Oslo Stillasutleie
Storo Blikk
Oslo Prosjektbygg
EIQON
EIQON Anlegg
EIQON Betongbygg
EIQON Nybygg
Strøm Gundersen
Strøm Gundersen
Strøm Gundersen Vestfold
Consolvo
Haga & Berg

Betonmast

Betonmast Boligbygg
Betonmast Oslo
Betonmast Trøndelag
Betonmast Romerike
Betonmast Røsand
Betonmast Telemark
Betonmast Østfold
Betonmast Innlandet
Betonmast Buskerud/Vestfold
Betonmast Göteborg
Betonmast Mälardalen
Betonmast Malmö
Betonmast Stockholm
Betonmast Anläggning
Betonmast Eiendom

Property

AF Eiendom
LAB Eiendom

Energy and Environment

AF Energi & Miljøteknikk
Enaktiva
AF Energija Baltic
Boligenergi
AF Decom
Jølsen Miljøpark
Rimol Miljøpark
Nes Miljøpark

Sweden

Kanonaden
Kanonaden Entreprenad
Kanonaden Mälardalen
Bergbolaget i Götaland
Pålplintar
AF Bygg Göteborg
AF Bygg Syd
HMB
AF
Projektutveckling
AF Härnösand Byggreturer

Offshore

AF Offshore Decom
AF Offshore Decom UK
AF Miljøbase Vats
AF AeronMollier