

AF Gruppen ASA Q2 2022

26 August 2022

The AF logo is a stylized, bold, black 'AF' monogram set against a yellow square background.

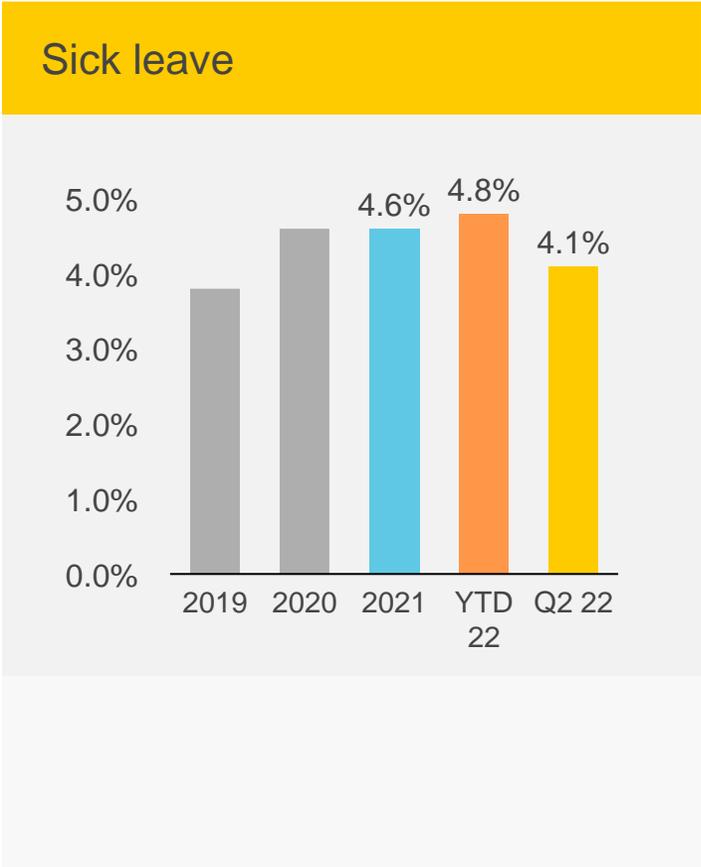
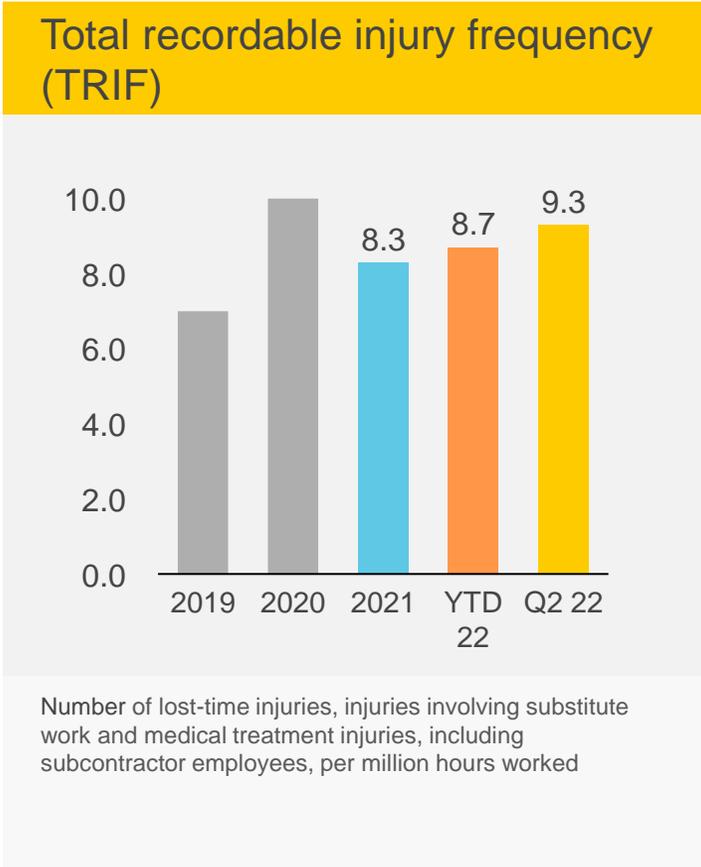
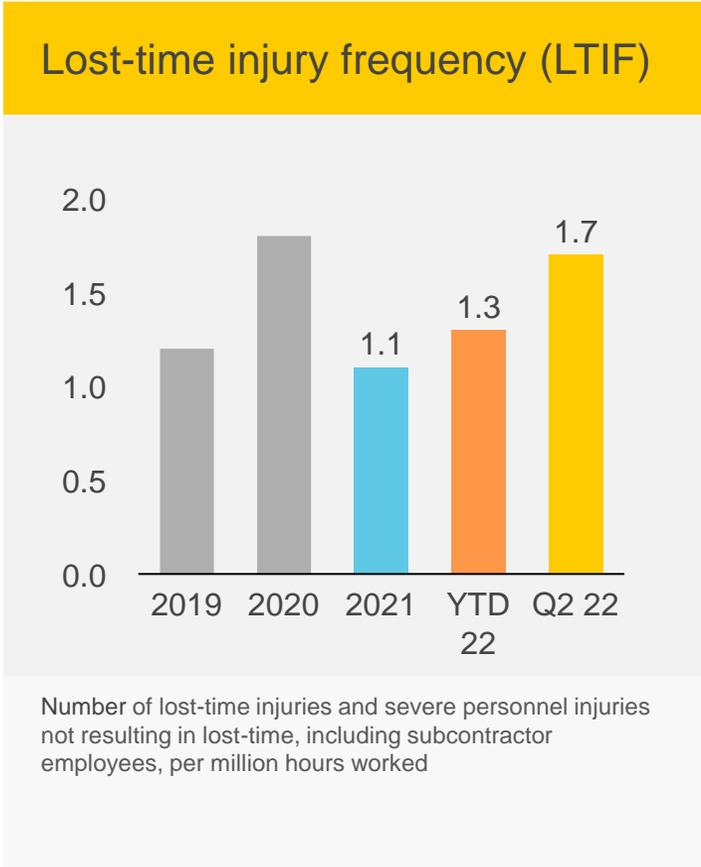
Highlights

AF Gruppen with significant turnover growth and good profitability

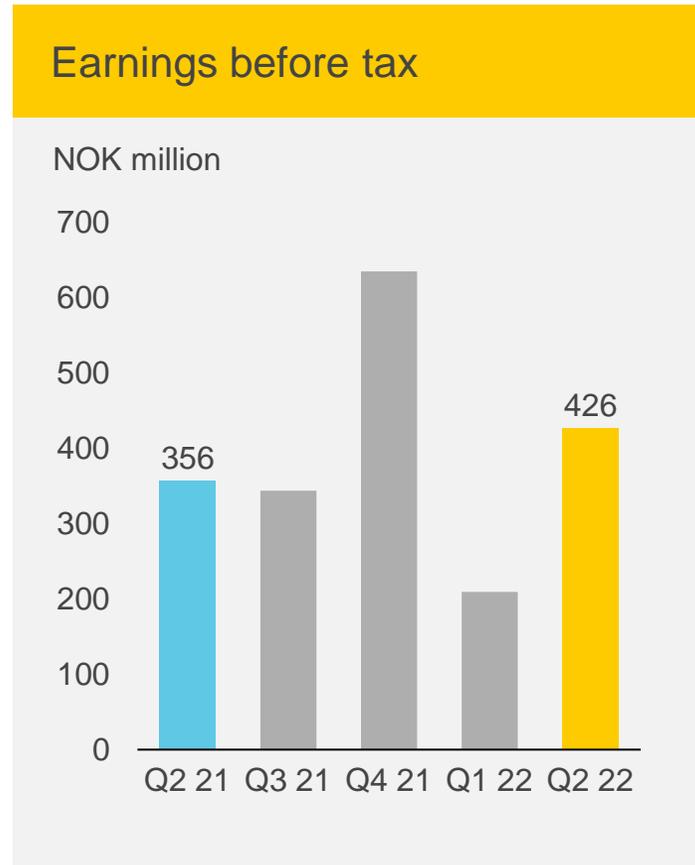
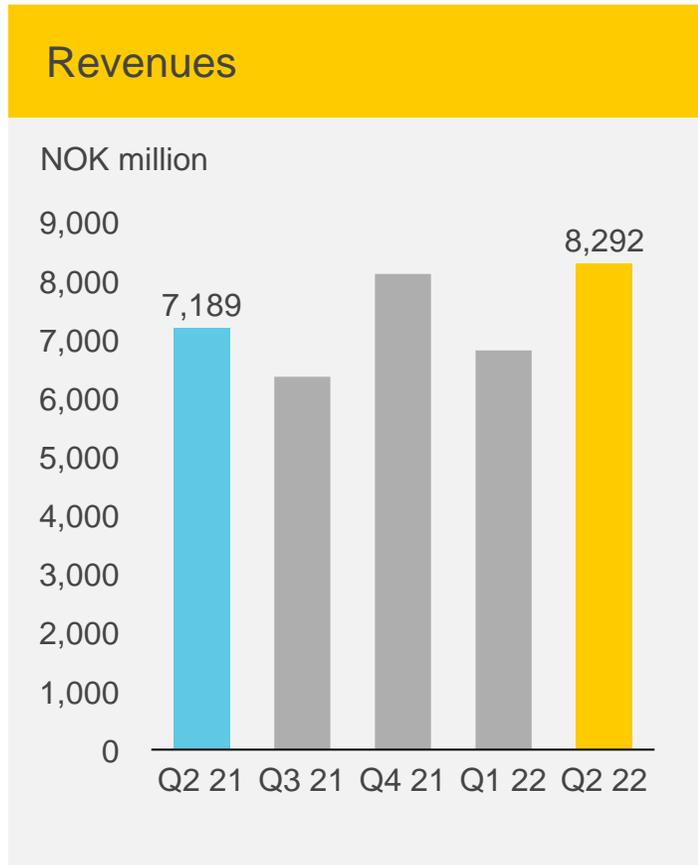
- Revenue: NOK 8,292 (7,189) million in Q2 and NOK 15,101 (13,398) million year-to-date
- Earnings before tax: NOK 426 (356) million in Q2 and NOK 635 (602) million year-to-date
- Profit margin: 5.1% (5.0%) in Q2 and 4.2% (4.5%) year-to-date
- Cash flow from operations: NOK 619 (529) million in Q2 and NOK 1 226 (734) million year-to-date
- Order backlog: NOK 42,003 (37,837) million as of 30 June 2022
- Net interest-bearing receivables of NOK 145 (-333) million as of 30 June 2022



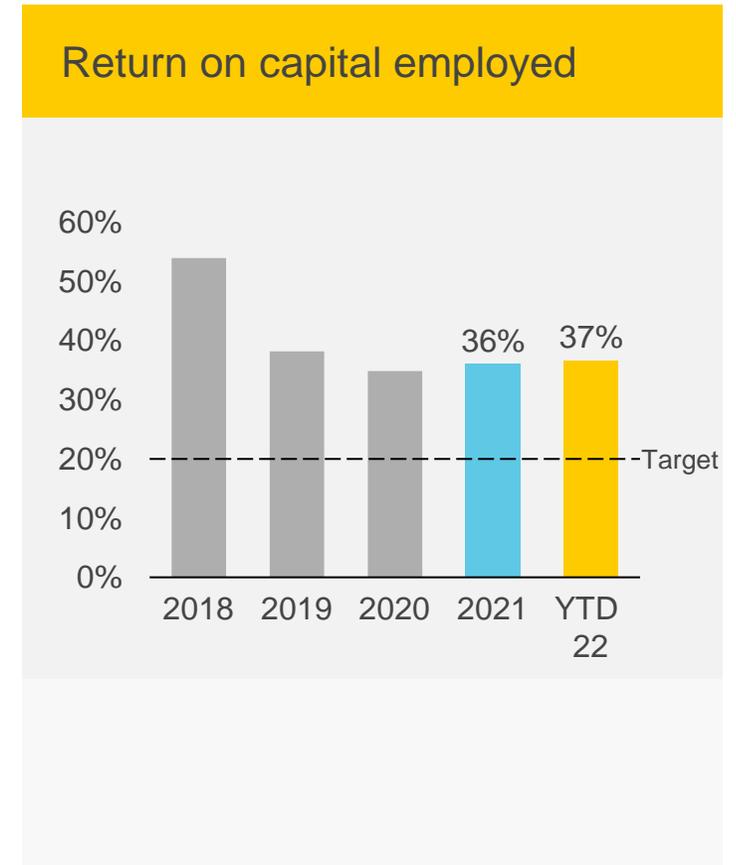
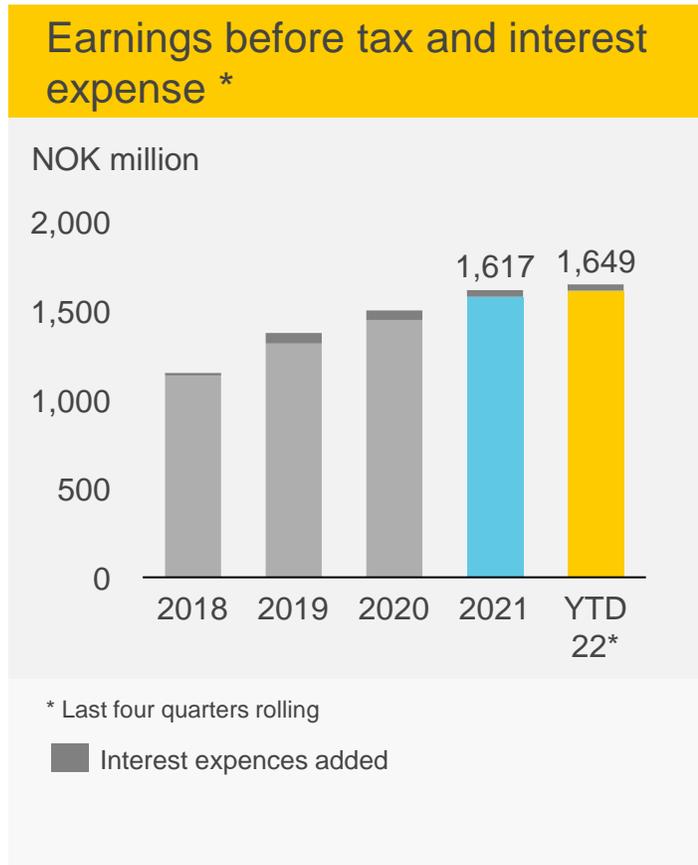
Health and Safety



Revenues and Earnings – Quarterly



Return on Capital Employed

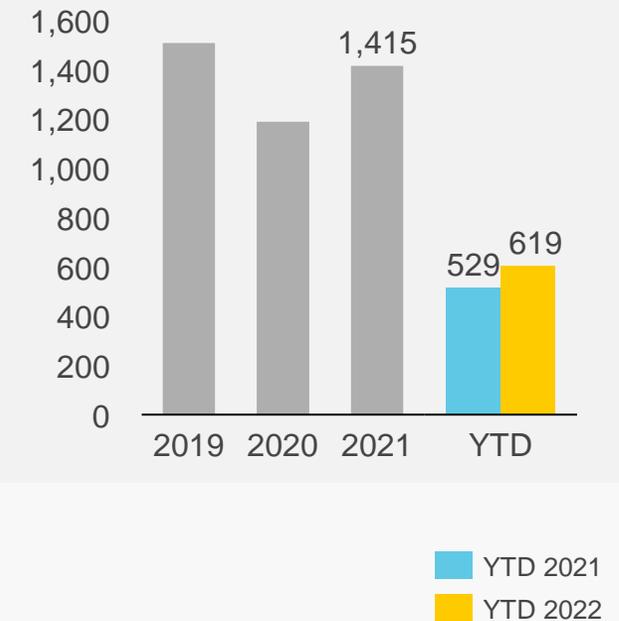


Cash Flow Statement

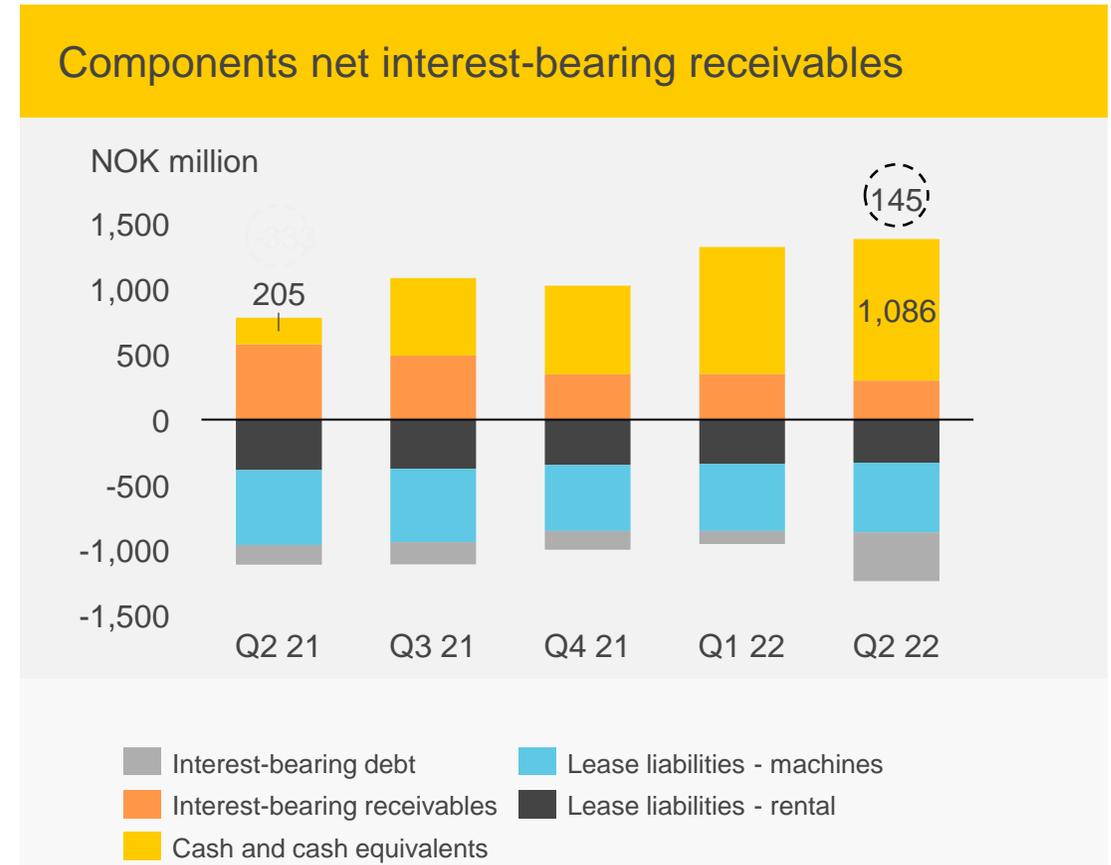
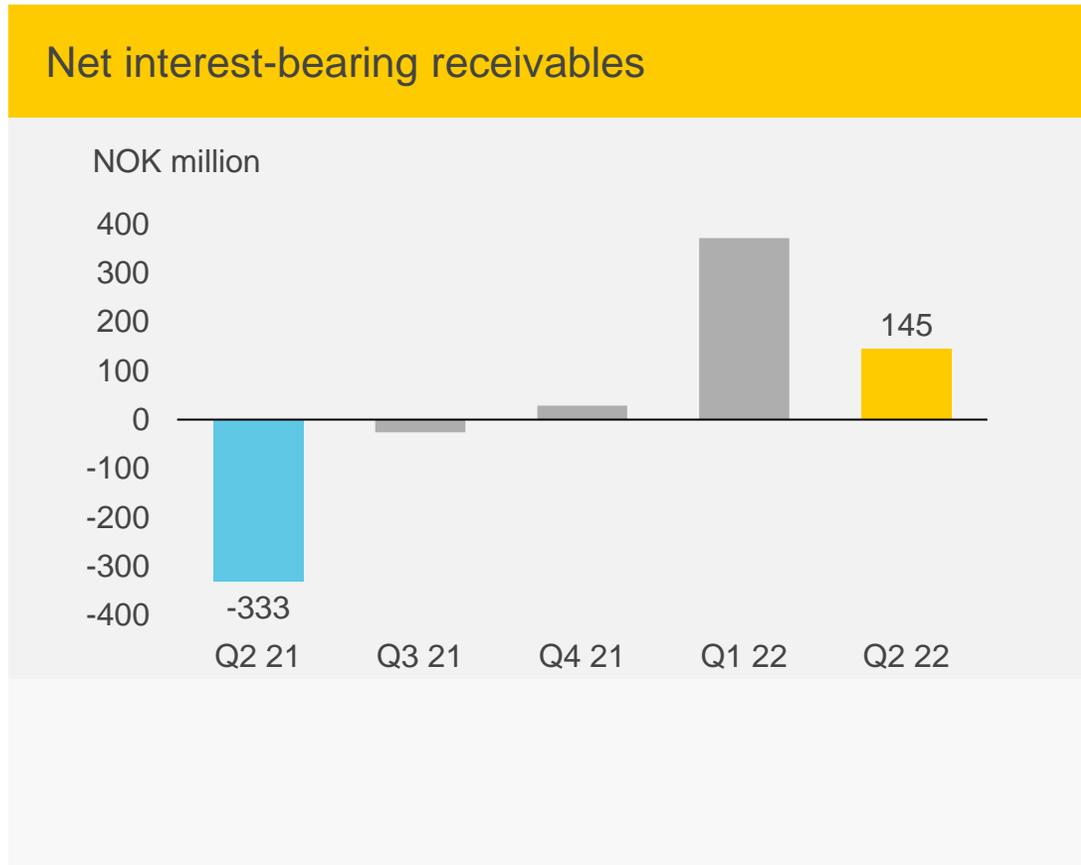
| NOK million | Q2 2022 | Q2 2021 | YTD 2022 | YTD 2021 |
|---|--------------|-------------|--------------|-------------|
| EBIT | 421 | 363 | 636 | 626 |
| Depreciations, amortisation and impairment | 136 | 140 | 266 | 276 |
| Change in net working capital | 189 | 159 | 610 | 44 |
| Other adjustments / taxes paid | -127 | -133 | -286 | -213 |
| Cash flow from operations | 619 | 529 | 1,226 | 734 |
| Net investments | 203 | -98 | 169 | -136 |
| Cash flow from capital activities | -910 | -767 | -1,034 | -860 |
| Interest paid and change in interest bearing debt | 177 | -101 | 39 | -204 |
| Net change in cash and cash equivalents | 90 | -436 | 400 | -466 |
| Net cash and cash equivalents at beginning of period | 974 | 630 | 680 | 708 |
| Change in cash and cash equivalents without cash effect | 22 | 12 | 5 | -37 |
| Net cash and cash equivalents end of period | 1,086 | 205 | 1,086 | 205 |

Cash flow from operations

NOK million



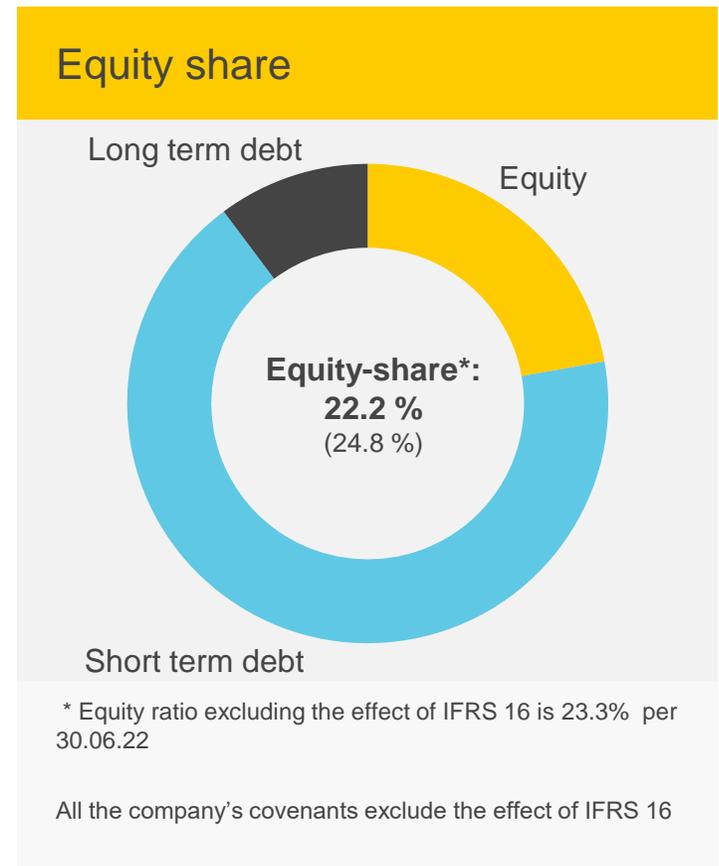
Net Interest-bearing Receivables and Liquidity



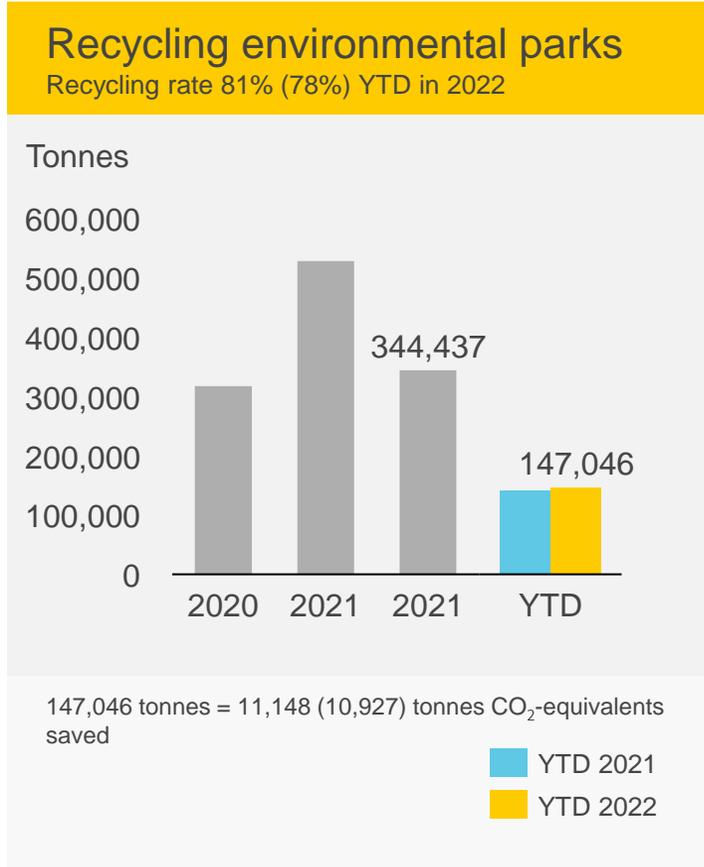
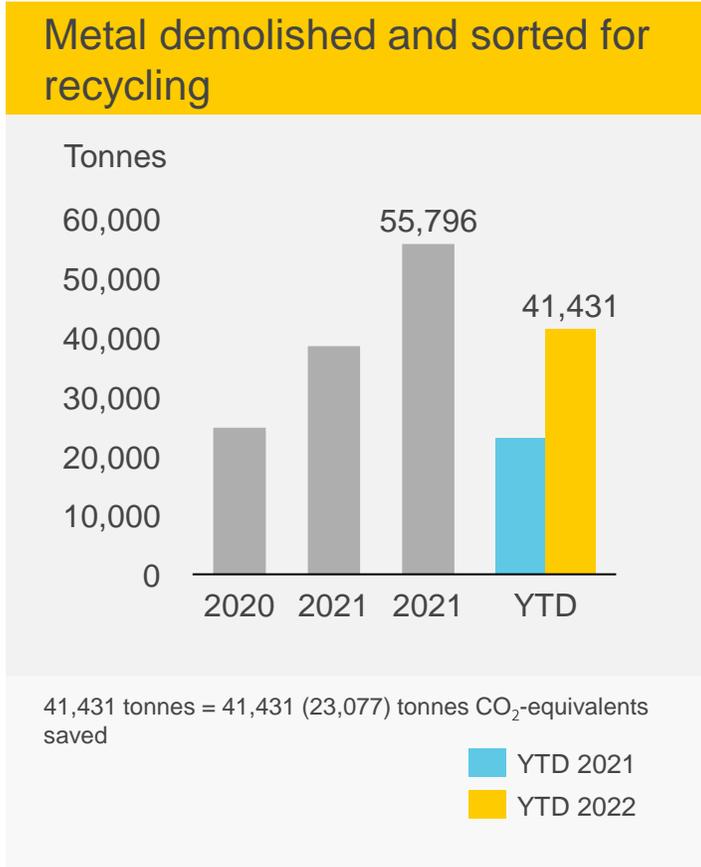
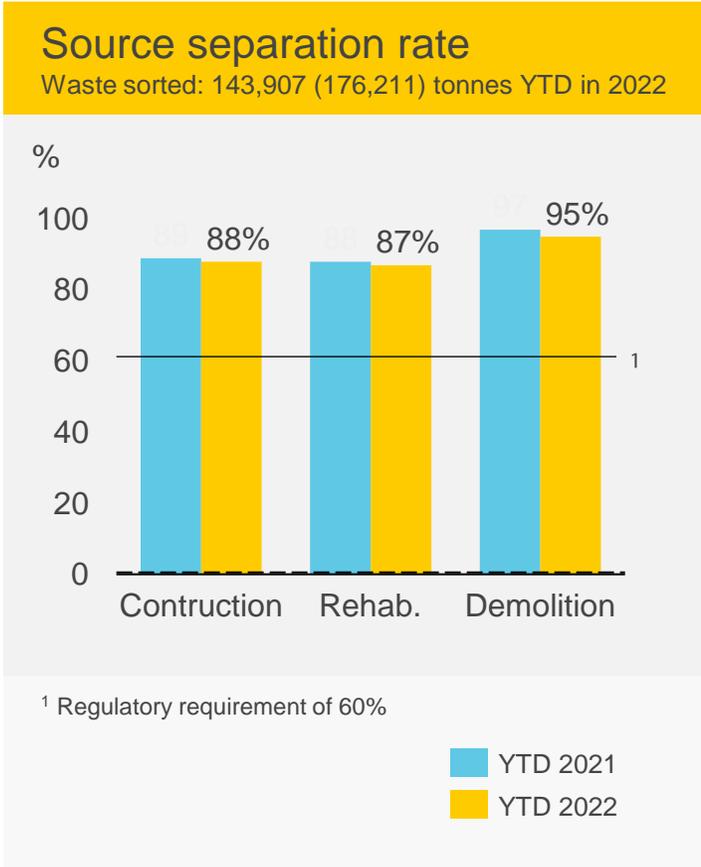
Available liquidity: NOK 3,804 million (including financial facilities of NOK 3,000 million)

Balance Sheet

| NOK million | 30.06.22 | 30.06.21 | 31.12.21 |
|---------------------------------|---------------|---------------|---------------|
| Non-current assets | 7,494 | 7,786 | 7,490 |
| Current assets, ex. cash | 5,505 | 4,556 | 4,937 |
| Cash and cash equivalents | 1,086 | 205 | 680 |
| Total assets | 14,085 | 12,547 | 13,108 |
| Equity | 3,126 | 3,117 | 3,572 |
| Long term debt | 1,438 | 1,378 | 1,343 |
| Short term debt | 9,522 | 8,052 | 8,193 |
| Sum egenkapital og gjeld | 14,085 | 12,547 | 13,108 |



Environment



Business Areas

2nd quarter 2022



Solid Order Backlog and Strong Results

| NOK million | Q2 22 | Q2 21 | 1H 22 | 1H 21 |
|-------------|-------|-------|-------|-------|
| Revenues | 1,537 | 1,568 | 2,778 | 3 077 |
| EBIT | 99 | 100 | 183 | 197 |
| EBT | 96 | 99 | 179 | 193 |
| EBIT % | 6.5% | 6.4% | 6,6% | 6,4% |
| EBT % | 6.3% | 6.3% | 6,4% | 6,3% |

- Very good results from AF Anlegg, Målselv Maskin & Transport and Consolvo. Eiqon and Stenseth & RS had low profitability in the quarter
- Målselv Maskin & Transport and Stenseth & RS signed contracts at record high levels this quarter, with a total value of MNOK 325 excl. VAT
- AF Anlegg was appointed contractor for a new modification and maintenance contract for civil works for Equinor on behalf of Hammerfest LNG, approximate value of NOK 250 million excl. VAT
- After the quarter, AF has been nominated by Avinor for a turnkey contract with interaction at the new airport in Mo I Rana
- Order backlog: NOK 12,193 (7,224) million



High Activity, but Lower Profitability

| NOK million | Q2 22 | Q2 21 | 1H 22 | 1H 21 |
|-------------|-------|-------|-------|-------|
| Revenues | 2,916 | 2,165 | 5,397 | 4 019 |
| EBIT | 82 | 132 | 100 | 214 |
| EBT | 83 | 134 | 100 | 216 |
| EBIT % | 2.8% | 6.1% | 1,8% | 5,3% |
| EBT % | 2.9% | 6.2% | 1,9% | 5,4% |

- Price developments for raw materials and wood products still affects the construction unit's profitability negatively. Cost increases and delays in the portfolio of AF Nybygg has entailed further loss provisions in the quarter. In addition AF Byggfornyelse, Strøm Gundersen and Fundamentering reports weak results in the quarter
- AF Håndverk, Haga & Berg, AF Bygg Oslo, AF Bygg Østfold, Strøm Gundersen Vestfold and Åsane Byggmesterforretning report good results in the quarter
- AF Bygg Oslo signed a contract to build 300 apartments in the housing project Rolvsrud Arena in Lørenskog. The contract has a value of NOK 810 million excl. VAT. In addition to this, further four contracts with a total value of approx. NOK 580 million excl. VAT has been reported to the stock exchange
- Order backlog: NOK 13,172 (13,054) million



Several Business Units with Good Results

| NOK million | Q2 22 | Q2 21 | 1H 22 | 1H 21 |
|-------------|-------|-------|-------|-------|
| Revenues | 1,273 | 1,266 | 2,517 | 2,488 |
| EBIT | 29 | 16 | 52 | 41 |
| EBT | 30 | 14 | 50 | 30 |
| EBIT % | 2.3% | 1.2% | 2.0% | 1.6% |
| EBT % | 2.3% | 1.1% | 2.0% | 1.2% |

- Betonmast Romerike, Røsand, Trøndelag and Østfold reported good results
- Betonmast Boligbygg improved profits compared to last year with zero profits in the quarter. Betonmast Innlandet has made write-downs in its project portfolio
- Betonmast Røsand signed a contract to build Campus Kristiansund for Devoldholmen Utvikling AS, the contract has a value of NOK 582 million excl. VAT. In addition, two contracts were reported to the stock exchange with total value of NOK 330 million excl. VAT
- Order backlog: NOK 6,245 (6,956) million



Fjellhamar School, Photo: Betonmast

Completed Sale of Commercial Building in Hasle

| NOK million | Q2 22 | Q2 21 | 1H 22 | 1H 21 |
|------------------|-------|-------|-------|-------|
| Revenues | 5 | 8 | 11 | 15 |
| EBIT | 57 | 9 | 59 | 16 |
| EBT | 59 | 9 | 62 | 16 |
| Capital employed | 532 | 922 | 532 | 922 |

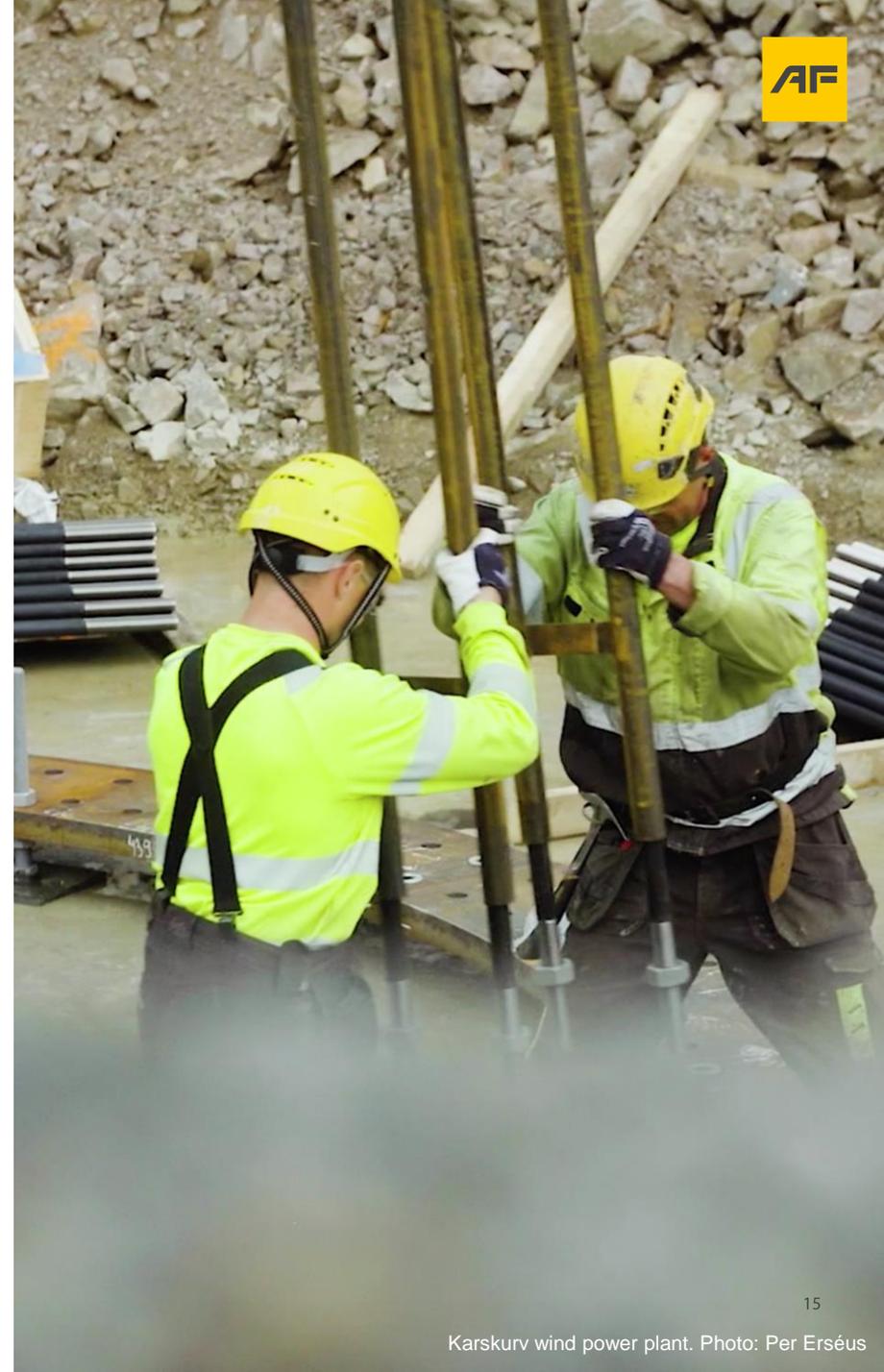
- Property reports a good results in the quarter, affected by completion of the sale of office building Karvesvingen 7 in Hasle, Oslo (21,056 GFA sqm.)
- Sales contracts signed for a total of 64 (148) residential units in the quarter, whereof AF's share was 29 (70) units
- Eight projects with a total of 917 residential units are in production (AF's share is 410). Sales ratio on commenced projects are 83%
- Residential portfolio under development: 1,576 (2,112) units. AF's share: 761 (1,064)
- Commercial portfolio under development: 62,256 (143,380) GFA sqm. AF's share: 30,949 (41,196)
- LAB Eiendom initiated the rehabilitation of Baneveien 16 in Bergen



Revenue Growth and Improved Profitability

| NOK million | Q2 22 | Q2 21 | 1H 22 | 1H 21 |
|-------------|-------|-------|-------|-------|
| Revenues | 1,958 | 1,630 | 3,544 | 3 024 |
| EBIT | 75 | 53 | 121 | 104 |
| EBT | 74 | 51 | 118 | 101 |
| EBIT % | 3.8% | 3.2% | 3,4% | 3,4% |
| EBT % | 3.8% | 3.1% | 3,3% | 3,3% |

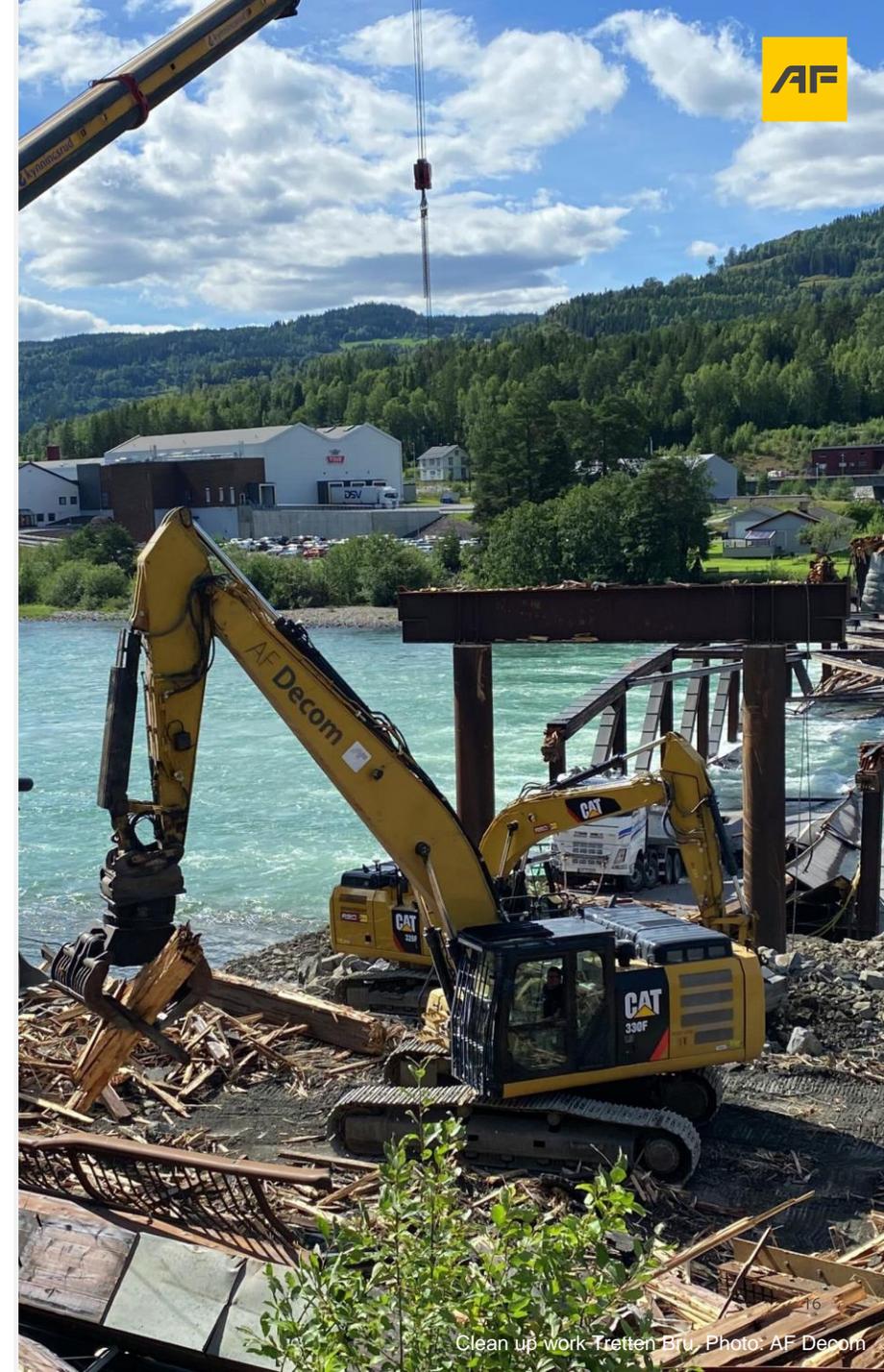
- Sweden reports revenue growth and somewhat improved profitability in the quarter
- Kanonaden with strong turnover growth compared to the same period last year and reports good results. Härnösand Byggreturer continues to report very good results
- The other business units reports collectively higher revenue compared to the same quarter last year, but the result is still below expectation
- Betonmast Stockholm signed a contract with Skandia Fastigheter to construct a new office block in Solna outside Stockholm, with total value of SEK 345 million excl. VAT.
- HMB signed a contract with Tornet Bostadproduktion to build 182 apartments and a nursery school in Örebro, with total value of SEK 280 million excl. VAT.
- Order backlog: NOK 8,479 (7,962) million



Solid Results Despite Lower Activity

| NOK million | Q2 22 | Q2 21 | 1H 22 | 1H 21 |
|-------------|-------|-------|-------|-------|
| Revenues | 255 | 323 | 492 | 573 |
| EBIT | 18 | 22 | 30 | 33 |
| EBT | 19 | 21 | 29 | 31 |
| EBIT % | 7.2% | 6.8% | 6,1% | 5,8% |
| EBT % | 7.4% | 6.6% | 6,0% | 5,3% |

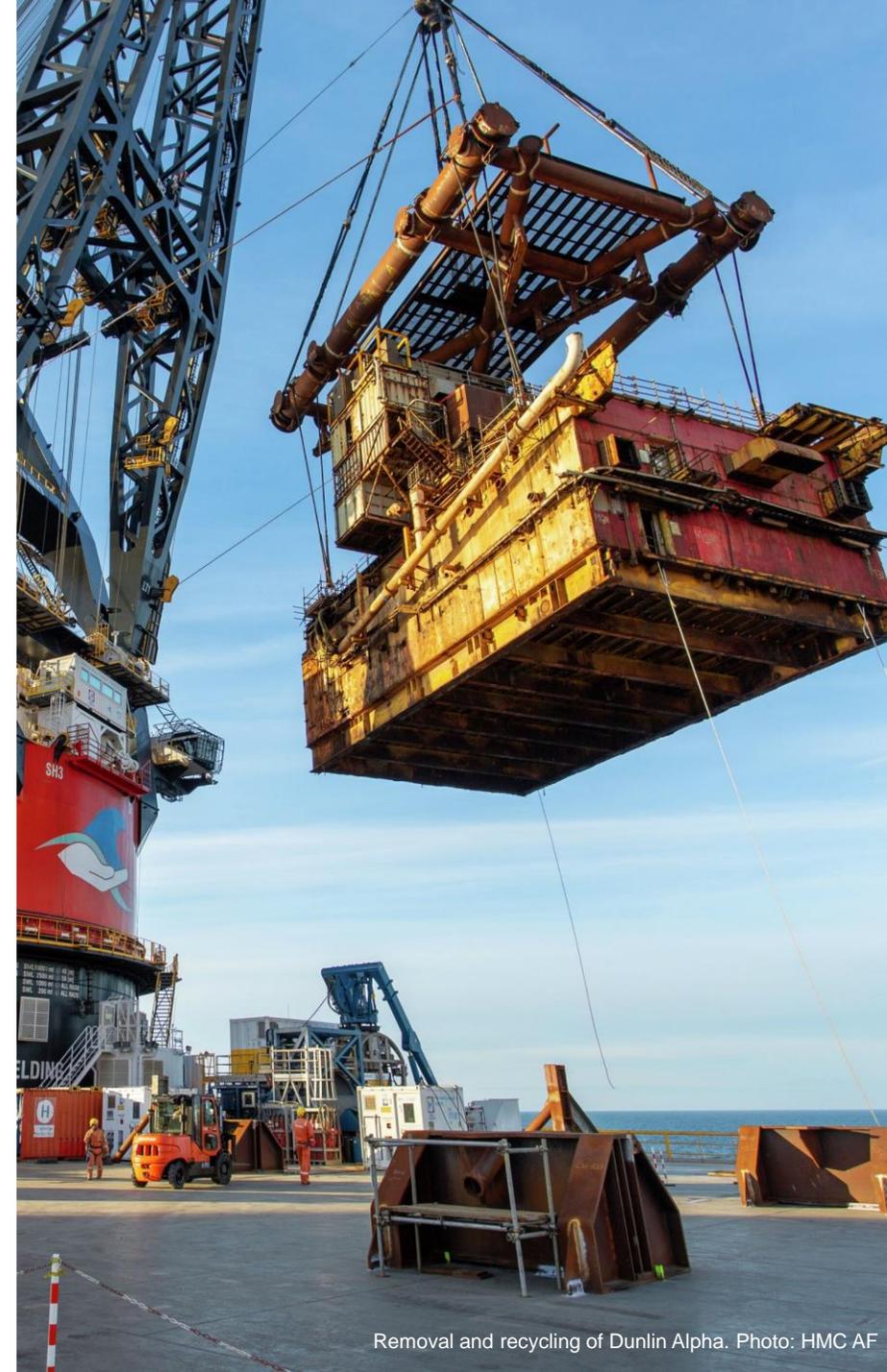
- Energy and Environment reports solid results
- AF Decom with lower activity compared to the same period last year, but reports very good results
- AF Energi with increased profitability compared to the same period last year and reports good results
- AF Decom has so far this year sorted metal for recycling and recycled materials at the environmental centers corresponding to 24,265 (16,934) CO₂-equivalents
- Order backlog: NOK 686 (715) million



High Turnover and Excellent Profitability

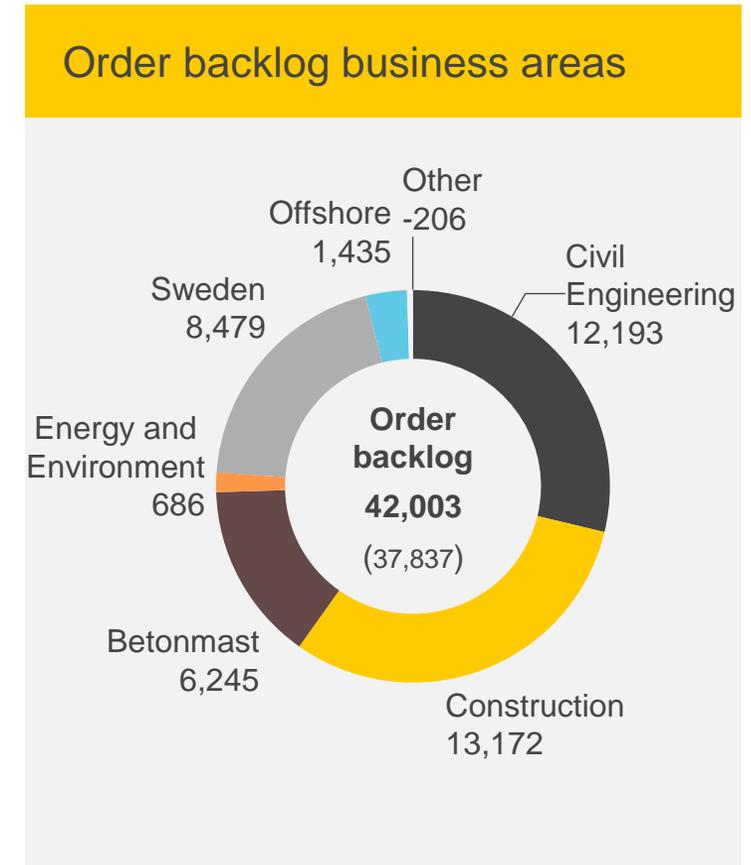
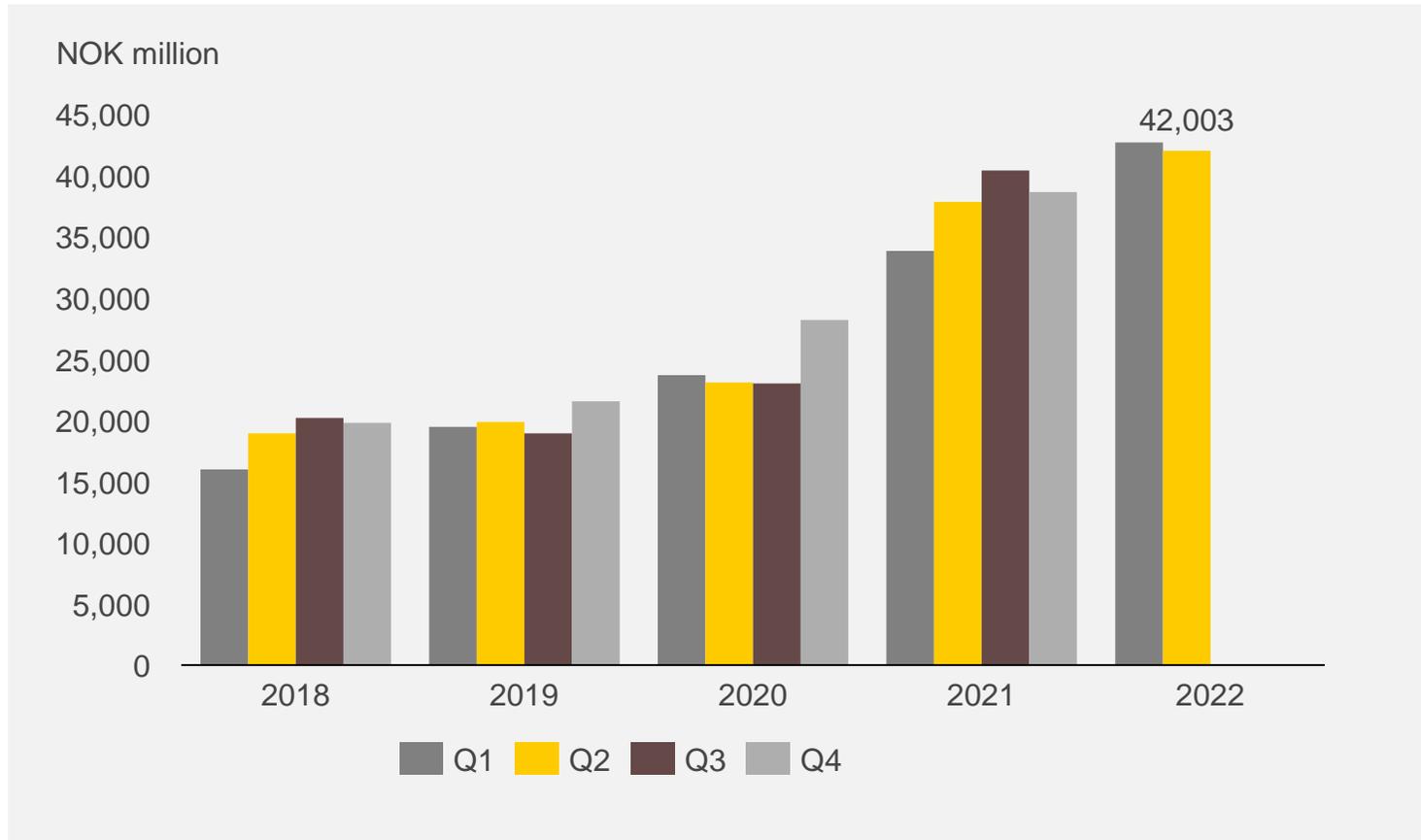
| NOK million | Q2 22 | Q2 21 | 1H 22 | 1H 21 |
|-------------|-------|-------|-------|-------|
| Revenues | 305 | 257 | 489 | 416 |
| EBIT | 36 | 17 | 53 | 25 |
| EBT | 40 | 16 | 55 | 22 |
| EBIT % | 11.9% | 6.7% | 10,9% | 6,0% |
| EBT % | 13.0% | 6.3% | 11,3% | 5,3% |

- Offshore reported a high level of activity and excellent profitability
- AF Offshore Decom had a high level of activity during the quarter with excellent profitability. The good result in the quarter reflects high production and good operations at AF Environmental Base Vats
- AF Offshore Decom has so far this year sorted metal for recycling corresponding to 28,314 (17,069) CO₂-equivalents
- AF AeronMollier reports increased revenues compared to last year, profits are still below expectations
- Order backlog: NOK 1,435 (1,651) million



Removal and recycling of Dunlin Alpha. Photo: HMC AF

Strong Order Backlog



Risk Management

Q2 2022 | Theme presentation



A Strong Foundation in Today's Business Model



Risk Management is Based on Four Key Principles

- We seek risk we can influence – risk we can't influence must be avoided or secured
- Managing risk must be an integral part of all commercial activities
- We must identify, analyse and manage risk in a unified and structured manner
- Risk management involves both dealing with threats and utilise opportunities



Photo: Colin Eick

* Risk assessments are also conducted for safety and the climate and environment, but this presentation focuses only on operational risk.

Why do We Perform Structured Business Risk Management?

- Strengthens our ability to identify and manage risk
- An arena for learning and exchanging experiences
- Promotes commercialism throughout the entire organisation
- Important checkpoint and awareness tool – brings perspective to a very operations-focused business

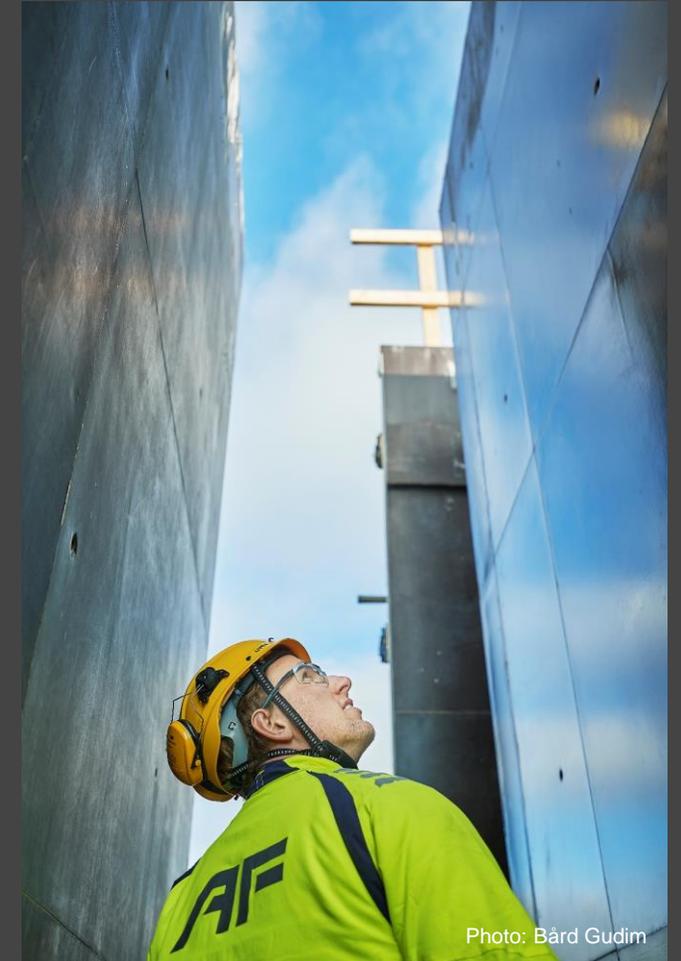


Photo: Bárð Guðim

Risk Management – An Integral Part of All Commercial Activities



The goal is not to eliminate risk, but to identify, manage and price it correctly

Tenders - Utilise the Collective Knowledge and Experience

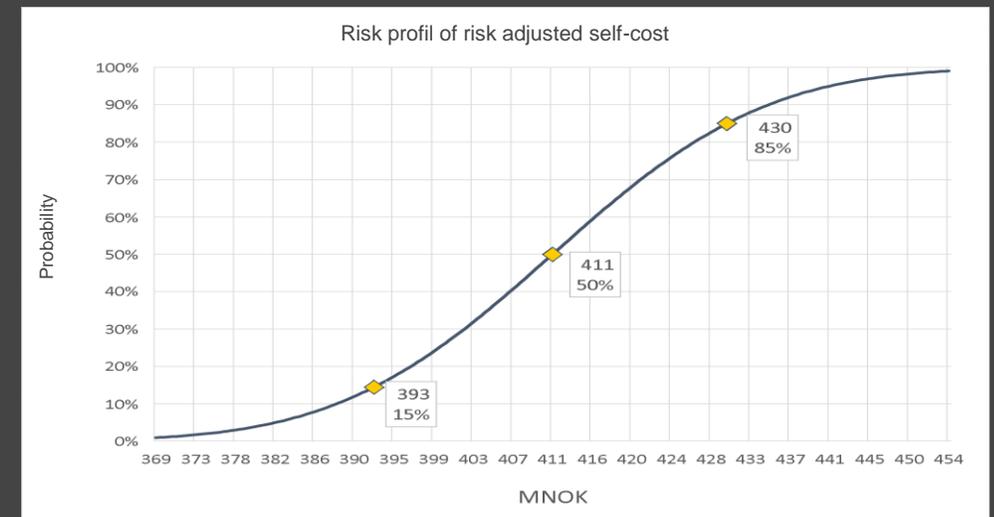
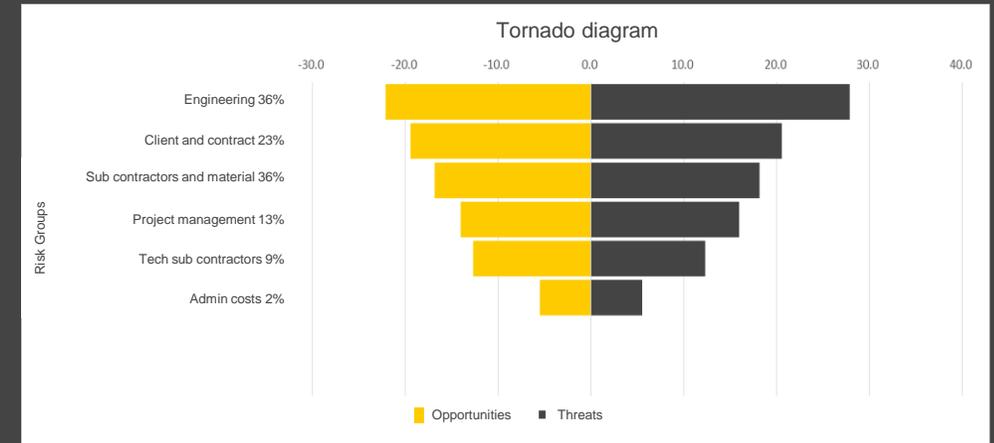
Purpose:

- Identify, define and quantify business-related risk
- Give the tender team better insight into the project's risk profile
- Strengthened basis to determine correct self-cost and mark-up

Format and participants (ideally 8-12)

- Tender team
- Project manager / team
- Technical expert
- BU management
- Executive Vice President

The methodology is based on the successive principle and was developed in partnership with Steen Lichtenberg



Our Risk Management is a Source of Competitive Advantage

- Strong involvement from management
- Better margins and less variations in results
- Increased control and ownership of projects by management at all levels
- Better and more systematic tendering processes
- Increased awareness of the projects' organisations





Summary

| NOK million | Q2 22 | Q2 21 | 1H 22 | 1H 21 |
|--------------------|--------------|--------------|--------------|--------------|
| Revenues | 8,292 | 7,189 | 15,101 | 13 398 |
| EBIT | 421 | 363 | 636 | 626 |
| EBT | 426 | 356 | 635 | 602 |
| EBIT % | 5.1% | 5.0% | 4,2% | 4,7% |
| EBT % | 5.1% | 5.0% | 4,2% | 4,5% |

- Revenue growth and good profitability
- Strong cash flow from operations
- Strong financial position
- Solid order backlog: NOK 42,003 (37,837) million



Thank you for
your attention

Q3 | 11 November 2022

AF



New children and youth hospital in Bergen. Photo: Helge Skodvin