

Third Quarter 2020

AF Gruppen ASA

Q3



From the CEO

After a weak first half, we are back to the right level of profitability. Covid-19 and associated infection control measures have affected the market and the framework conditions for project operations. Despite this, the units have managed to maintain good production and we are therefore pleased with the result for the quarter. I would like to thank all AF employees for the significant efforts that have been made to achieve this. The profitability potential of ongoing projects is good, and we have a healthy order backlog.

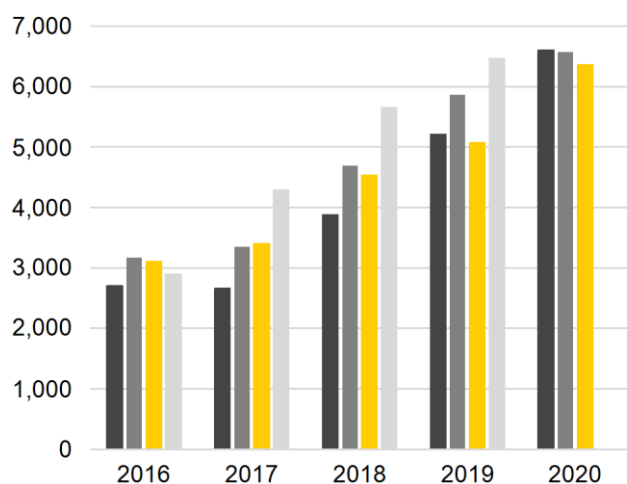
AF Gruppen has always had an uncompromising attitude to the safety of both its own employees and those employed by subcontractors. As we are soon to enter a new strategy period, we will intensify our work on health and safety and work in a structured manner to minimise AF Gruppen's impact on the external environment. This is how we will strengthen the foundation for profitable growth over time.

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.

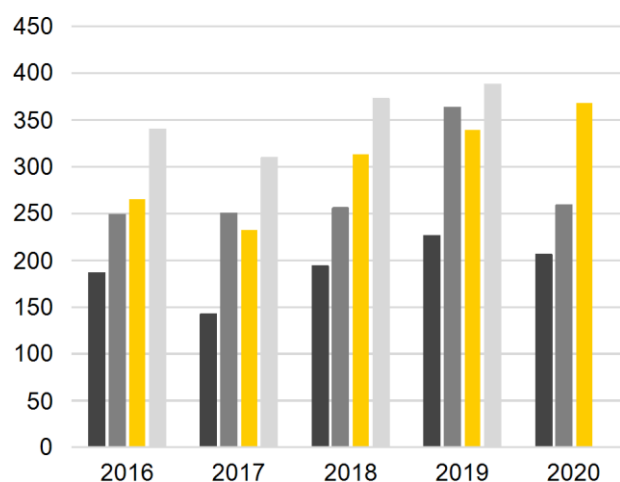
HIGHLIGHTS

- Revenues were NOK 6,366 million (5,069 million) for the 3rd quarter and NOK 19,540 million (16,146 million) year to date.
- Earnings before tax were NOK 368 million (339 million) for the 3rd quarter and NOK 833 million (929 million) year to date.
- The profit margin was 5.8% (6.7%) for the 3rd quarter and 4.3% (5.8%) year to date.
- Net operating cash flow was NOK 574 million (182 million) for the 3rd quarter and NOK 1,274 million (724 million) year to date.
- The order backlog stood at NOK 31,269 million (23,000 million) as at 30 September 2020.
- Net interest-bearing receivables as at 30 September 2020 were NOK 341 million (-598 million).
- The Board of Directors has approved a dividend of NOK 3.50 (3.50) for the second half of 2020.

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



SUMMARY OF 3RD QUARTER

Key figures (NOK million)	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Revenues and other income	6,366	5,069	19,540	16,146	22,612
EBITDA	506	465	1,252	1,293	1,882
Earnings before financial items and tax (EBIT)	371	343	847	943	1,335
Earnings before tax (EBT)	368	339	833	929	1,317
Result per share (NOK)	2.40	2.32	5.18	6.27	8.51
Diluted result per share (NOK)	2.40	2.29	5.18	6.23	8.46
EBITDA margin	7.9 %	9.2 %	6.4 %	8.0 %	8.3 %
Operating profit margin	5.8 %	6.8 %	4.3 %	5.8 %	5.9 %
Profit margin	5.8 %	6.7 %	4.3 %	5.8 %	5.8 %
Return on capital employed (ROaCE) ¹⁾	-	-	30.5 %	42.9 %	38.2 %
Cash flow from operating activities	574	182	1,274	724	1,508
Net interest-bearing receivables (debt)	341	-598	341	-598	-163
Shareholders' equity	3,195	2,232	3,195	2,232	2,999
Total equity and liabilities	13,429	10,254	13,429	10,254	12,854
Equity ratio	23.8 %	21.8 %	23.8 %	21.8 %	23.3 %
Order backlog	31,269	23,000	31,269	23,000	28,200
LTI-1 rate	1.0	0.2	1.6	0.9	1.2
Absence due to illness	4.0 %	3.5 %	4.5 %	3.5 %	3.8 %

¹⁾ Rolling average last four quarters

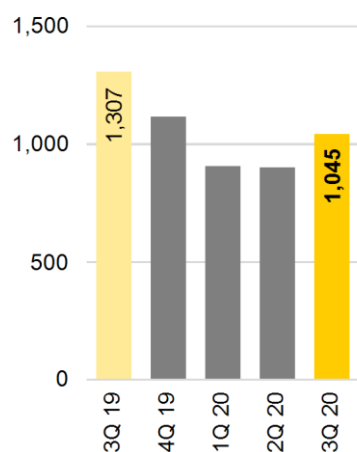
Betonmast became a part of AF Gruppen 31 October 2019 and is only included in the figures after this time point.

Business Areas

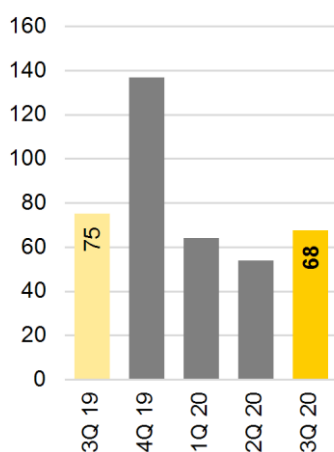


CIVIL ENGINEERING

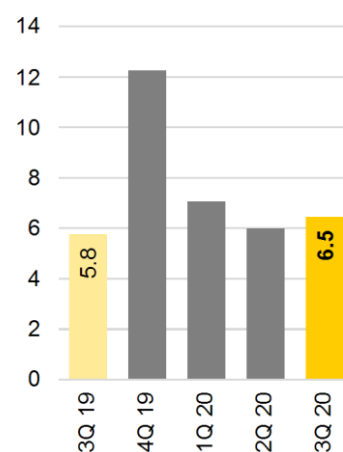
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



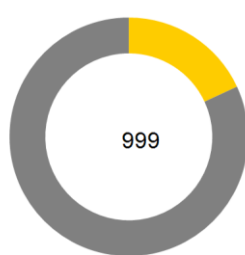
OPERATING PROFIT (%)



KEY FIGURES

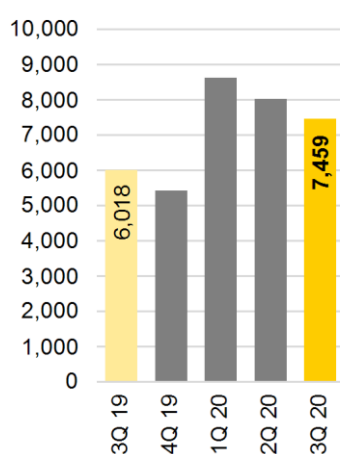
NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Revenues and income	1,045	1,307	2,855	4,670	5,787
Earnings before financial items and tax (EBIT)	68	75	186	236	373
Earnings before tax (EBT)	66	75	186	238	376
Operating profit margin	6.5 %	5.8 %	6.5 %	5.1 %	6.5 %
Profit margin	6.3 %	5.7 %	6.5 %	5.1 %	6.5 %

NUMBER OF EMPLOYEES



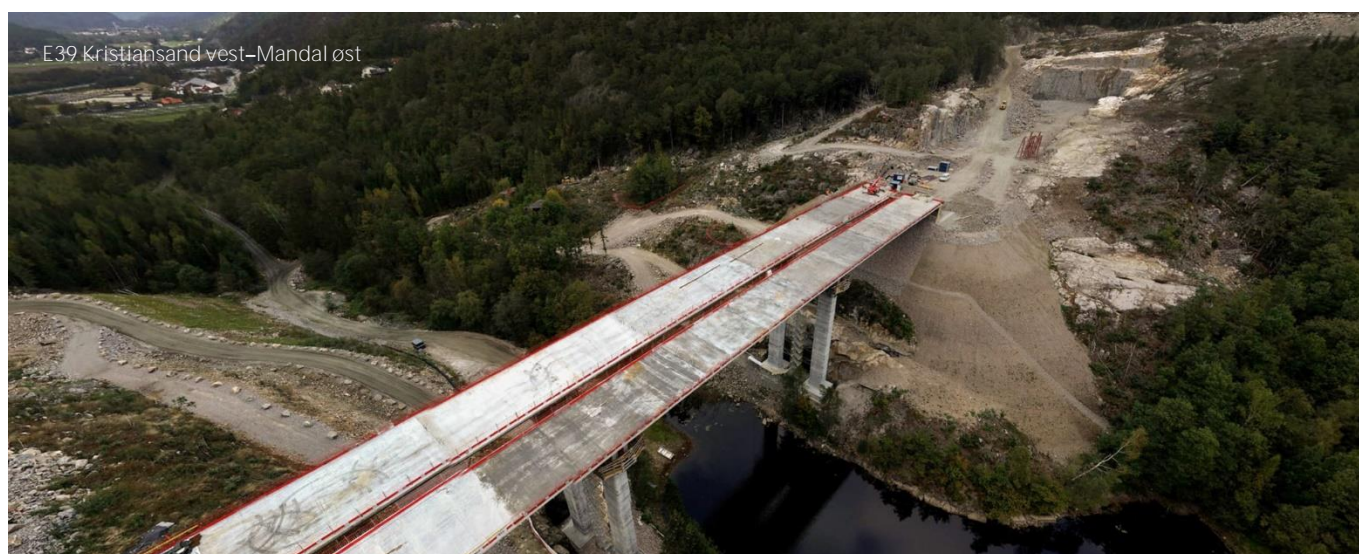
AF Gruppen 5,523

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 level of activity in Civil Engineering was significantly lower compared with the same quarter last year, but the business unit still delivered good results for the period. The Civil Engineering business area reported revenues of NOK 1,045 million (1,307 million) for the 3rd quarter. This is equivalent to a reduction of 20% compared to the same quarter last year. Earnings before tax were NOK 66 million (75 million). Year to date, revenues totalled NOK 2,855 million (4,670 million) and earnings before tax were NOK 186 million (238 million).

AF Anlegg had only one major project in full production during the quarter, E39 Kristiansand vest–Mandal øst. Several projects in the final phase, which overall had relatively low revenues for in the quarter, contributed to

good results. In addition, AF Anlegg began production on the large-scale Bergtunnlar Lovö project in Stockholm at the end of the quarter. The operational performance of the **unit's project portfolio is good in general. The Covid-19 outbreak with associated restrictions creates challenges and affects all projects. However, most projects have managed to maintain good performance in the quarter.**

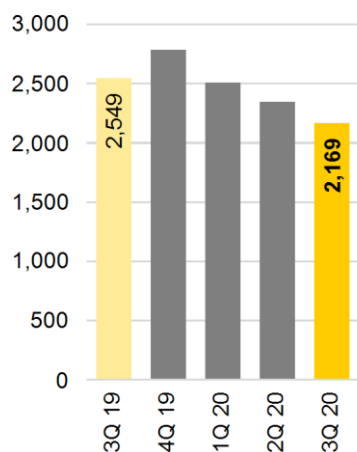
Målselv Maskin & Transport has a large wind turbine project in the final phase and otherwise a good level of activity. The unit continues to deliver strong results.

One new contract was disclosed in the third quarter. AF Anlegg signed a contract with Entreprenørservice to undertake road building and groundworks for Songkjølen and Engerfjellet wind farm in Odalen. The contract has an estimated value of NOK 100-150 million. The interaction phase of the E6 Roterud–Storhove project has begun, and there is a good relationship with the client. A contract for the project will be valued at NOK 3,750 million, excluding VAT. This project has not been included in the order backlog as of 30 September 2020.

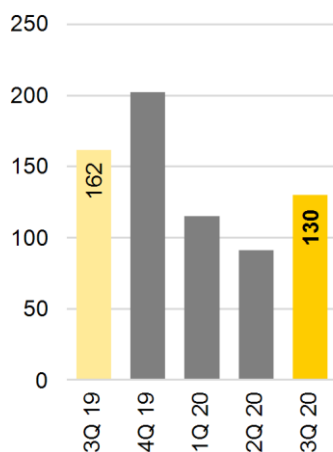
The order backlog for Civil Engineering was NOK 7,459 million (6,018 million) as at 30 September 2020.

BUILDING

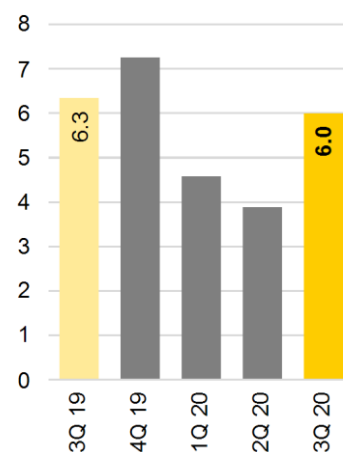
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



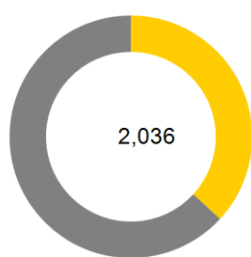
OPERATING MARGIN (%)



KEY FIGURES

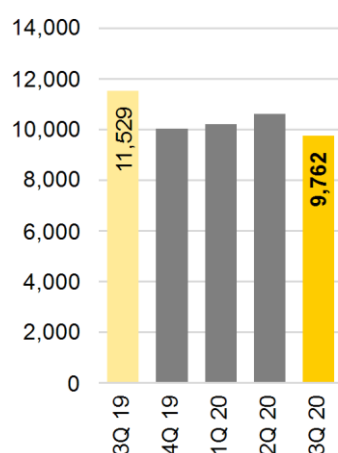
NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Revenues and income	2,169	2,549	7,023	7,793	10,581
Earnings before financial items and tax (EBIT)	130	162	336	454	656
Earnings before tax (EBT)	131	161	340	462	667
Operating profit margin	6.0 %	6.3 %	4.8 %	5.8 %	6.2 %
Profit margin	6.0 %	6.3 %	4.8 %	5.9 %	6.3 %

NUMBER OF EMPLOYEES



AF Gruppen 5,523

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.

Revenues for the Building business area have declined compared with the same period last year, but overall profitability has been maintained at a good level even though performance in the portfolio of building units is variable. Building reported revenues of NOK 2,169 million (2,549 million) for the 3rd quarter. This is equivalent to a reduction of 15% compared to the same quarter last year. Earnings before tax were NOK 131 million (161 million). Year to date revenues totalled NOK 7,023 million (7,793 million) and earnings before tax were NOK 340 million (462 million).

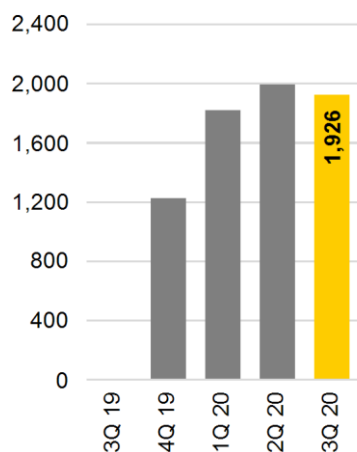
The building businesses AF Bygg Oslo, Haga & Berg and Consolvo are some of the units that delivered very good results for the quarter. Eiçon delivered a break-even result for the quarter, while Strøm Gundersen Vestfold has few active projects and delivered negative results. Measures have been taken in both units to improve the situation. There is still uncertainty about the consequences of Covid-19, resulting in a reduction in the start of new housing project and increased competition for public construction projects.

Two new contracts were disclosed in the third quarter. BaneNOR Eiendom has appointed AF Bygg Oslo as contractor for the development of Støren Verksted. The is a turnkey contract valued at NOK 217 million excluding VAT. LAB Entreprenør has entered into a contract with Haraldsplass Diakonale Stiftelse on installation works in the extended and renovated areas of Haraldsplass Diakonale Sykehus. The contract has a value of NOK 129 million, excluding VAT.

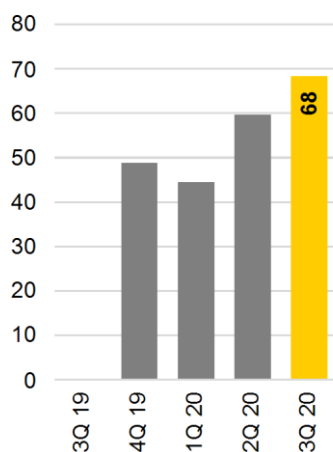
Building's order backlog was NOK 9,762 million (11,529 million) as at 30 September 2020.

BETONMAST

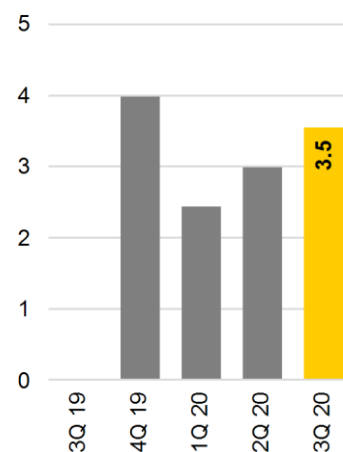
REVENUE (NOK million)*



OPERATING PROFIT (NOK million)*



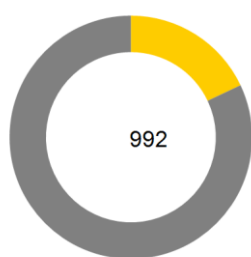
OPERATING MARGIN (%)*



KEY FIGURES*

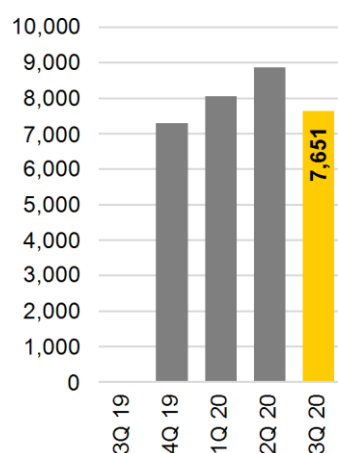
NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Revenues and income	1,926	-	5,746	-	1,226
Earnings before financial items and tax (EBIT)	68	-	172	-	49
Earnings before tax (EBT)	65	-	166	-	46
Operating profit margin	3.5 %	-	3.0 %	-	4.0 %
Profit margin	3.4 %	-	2.9 %	-	3.8 %

NUMBER OF EMPLOYEES



AF Gruppen 5,523

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 Ringerike
- 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 part of AF Gruppen on 31 October 2019 and we are therefore not reporting any comparison figures for 2019. As expected, Betonmast still delivered weak results but profitability is increasing somewhat. Betonmast saw revenues of NOK 1,926 million and reported a pre-tax profit of NOK 65 million in the 3rd quarter. Year to date revenues totalled NOK 5,746 million and earnings before tax were NOK 166 million.

There was a great deal of variation in the earnings of the various units in Norway. Betonmast Romerike excelled with

strong results. The units Betonmast Oslo, Betonmast Buskerud-Vestfold and Betonmast Østfold also delivered good results for the quarter. Betonmast Boligbygg and Betonmast Telemark delivered results below expectations for the quarter. Organisational changes have been made in Betonmast Ringerike.

Betonmast's operations in Sweden had a high level of activity and satisfactory profitability for the quarter.

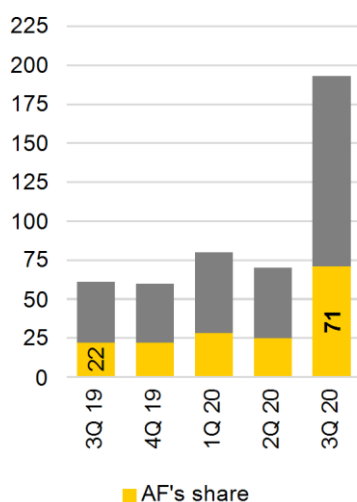
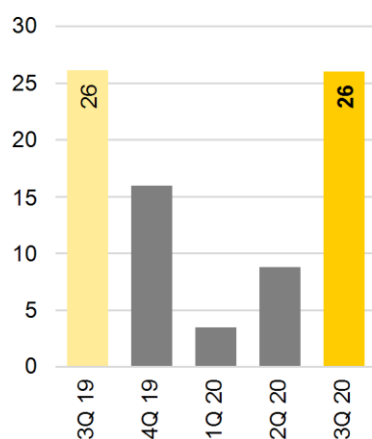
Betonmast has its own property portfolio with two property projects under production. For further information on the projects, see Note 7.

One new contract was disclosed in the third quarter. Betonmast Boligbygg has signed a contract with Selvaag Bolig for the construction of 241 apartments in Skårerbyen in Lørenskog. The contract applies to building stages 3 and 4 and is a turnkey contract of NOK 515 million excluding VAT. In addition, six contracts have been disclosed after the end of the quarter.

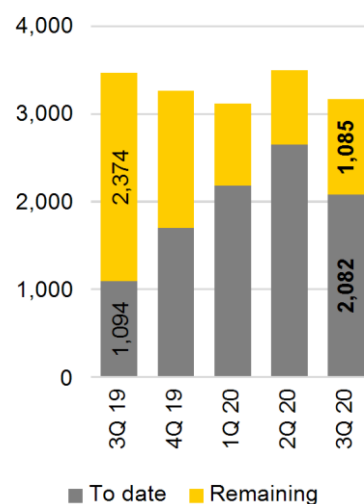
As at 30 September 2020, Betonmast's order backlog was NOK 7,651 million.

PROPERTY

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



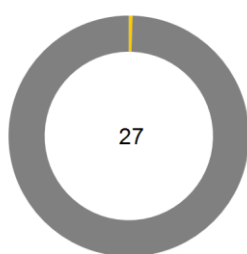
TURNOVER UNITS IN PRODUCTION (NOK million)



KEY FIGURES

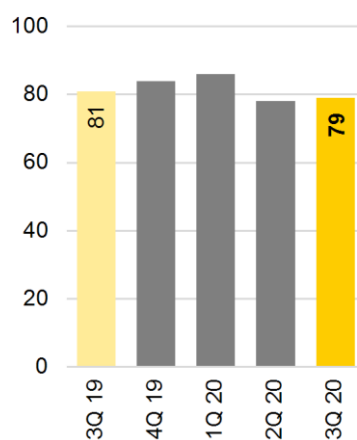
NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Revenues and income	6	4	18	11	18
Earnings before financial items and tax (EBIT)	27	27	41	88	107
Earnings before tax (EBT)	26	26	38	84	100
Capital employed	976	969	976	969	785

NUMBER OF EMPLOYEES



AF Gruppen 5,523

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.

Property reports a pre-tax result of NOK 26 million (26 million) in the 3rd quarter.

Property reported good sales in several projects in the quarter, including Lilleby Triangel, Bo på Billingstad, Brøter Terrasse and Kråkehaugen. A total of 193 (61) **apartments were sold in quarter, of which AF's share was 71 (22)**. A total of 343 (303) apartments have been sold year to date, of which AF's share was 123 (114). The sales ratio for commenced projects was 79 per cent.

In the third quarter, 101 units were handed over at Lillo Gård, 34 units at Lilleby Triangel, 34 units at Kilen Brygge and 4 units at Krydderhaugen, for a total of 173 (138) residential units.

At the end of the quarter, Property had ownership interests in residential projects with a total of 199 (246) units for sale. **AF's share was 76 (94)**. Of these, there was a total of 9 (40) unsold completed apartments, of which AF's share was 3 (14).

There are five residential property projects under production. There was a total 579 units in the projects, of which AF's share was 210:

- Lillo Gård in Nydalen (37 units under production)
- Bo at Billingstad in Asker (186 units under production)
- Lilleby Triangle in Trondheim (149 units under production)
- Skiparviken in Bergen (129 units under production)
- Brøter Terrasse at Lillestrøm (78 units in production)

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

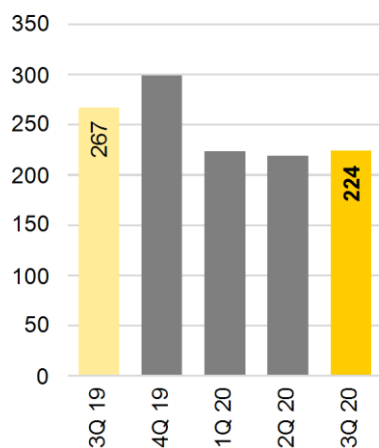
Property also has a significant development portfolio estimated at 2,198 (1,962) units. AF's share of this was 1,124 (949) residential units. The majority of our portfolio is located in Greater Oslo and Bergen.

The Property business area is a partner in the Hasle Linje Næring project in Oslo, and AF's stake is 49.5 per cent. The K4 hotel and offices (GFA of 20,068 square metres) was under construction at the end of the quarter. During the quarter, a bid was accepted from Clarkson Platou Real Estate for the sale of the ATEA building, and the transaction was completed after the end of the quarter.

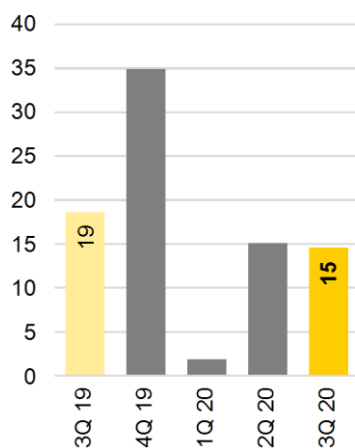
AF has commercial property under construction with a total gross floor area of 145,100 (52,183) square metres. AF's share of this is a total gross area of 43,733 (25,764) square metres.

ENERGY AND ENVIRONMENT

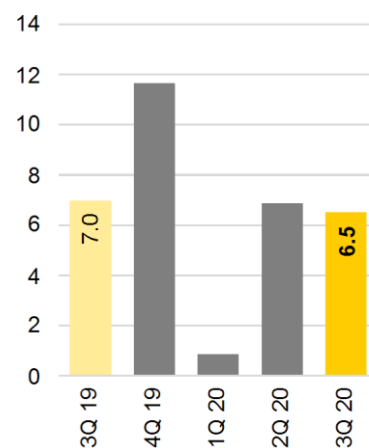
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



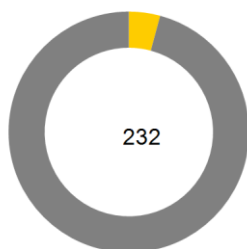
OPERATING MARGIN (%)



KEY FIGURES

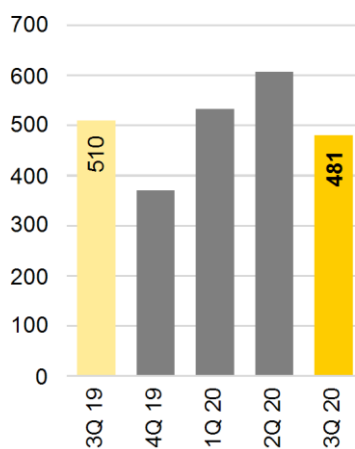
NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Revenues and income	224	267	667	773	1,072
Earnings before financial items and tax (EBIT)	15	19	32	43	78
Earnings before tax (EBT)	14	19	32	41	75
Operating profit margin	6.5 %	7.0 %	4.7 %	5.6 %	7.3 %
Profit margin	6.3 %	7.1 %	4.8 %	5.3 %	7.0 %

NUMBER OF EMPLOYEES



AF Gruppen 5,523

ORDER BACKLOG (NOK million)



ENERGY AND ENVIRONMENT CONSISTS OF

- AF Energi & Miljøteknikk
- AF Decom



Fylkeshuset, Bergen Photo: Rory Sagstad

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.

Energy and environment had slightly lower activity, but maintained a good operating margin for the quarter. Revenues for the 3rd quarter were NOK 224 million (267 million). This corresponds to a reduction of 16% compared to the same quarter last year. Earnings before tax were NOK 14 million (19 million). Year to date revenues totalled NOK 667 million (773 million) and earnings before tax were NOK 32 million (41 million).

AF Energi & Miljøteknikk reported results below expectation for the 3rd quarter. Profitability in its project portfolio has seen variable profitability.

AF Decom had a significantly lower level of activity in the quarter compared to the same quarter last year. The unit maintains good profitability for both demolition and

recycling at AF's environmental centres. In demolition there are a number of projects that contribute to good profitability. The level of activity level in the environmental centres is high and profitability is good.

Instead of contaminated materials going to landfill, the environmental centres are working to reuse as much of the contaminated materials as possible. The environmental centres have recovered a total of 394,323 (265,247) tonnes of materials year to date, and the recycling rate realised for contaminated materials was 86%, well above the target of 80%.

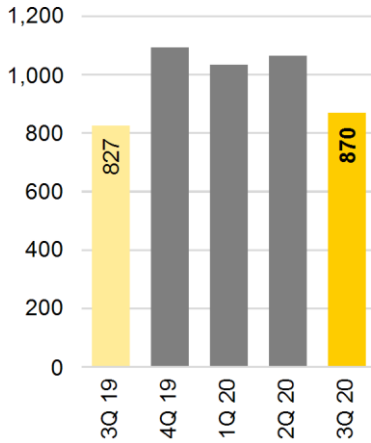
Stålindustrien står for omtrent 7 % av verdens totale CO₂-utslipp. Gjenbruk av stål har 70 % mindre utslipp av CO₂ enn malmbasert produksjon. Dette tilsvarer en reduksjon i utslippene på 1 kg CO₂ For hvert kilo stål som gjenvinnes.

The steel industry accounts for about 7% of the world's total CO₂ emissions. Reuse of steel has 70% less CO₂ emissions than ore-based production. This corresponds to a reduction of 1 kg of CO₂ for each recycled kilo of steel. AF Decom has demolished and facilitated the recycling of approximately 9,500 tonnes of metal so far this year.

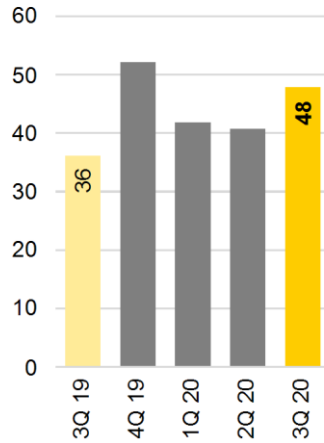
The order backlog for Energy & Environment stood at NOK 481 million (510 million) as at 30 September 2020.

SWEDEN

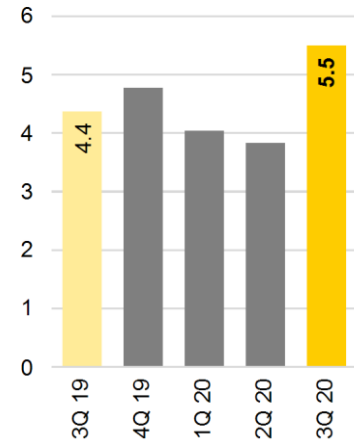
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



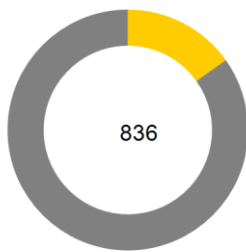
OPERATING MARGIN (%)



KEY FIGURES

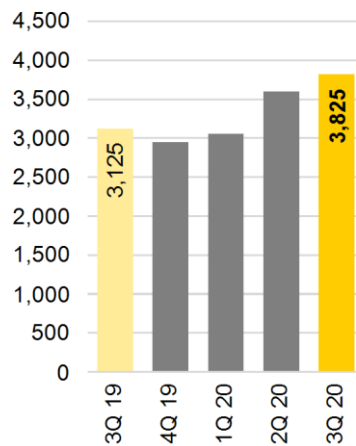
NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Revenues and income	870	827	2,969	2,590	3,683
Earnings before financial items and tax (EBIT)	48	36	130	97	149
Earnings before tax (EBT)	46	35	126	94	146
Operating profit margin	5.5 %	4.4 %	4.4 %	3.7 %	4.0 %
Profit margin	5.3 %	4.3 %	4.2 %	3.6 %	4.0 %

NUMBER OF EMPLOYEES



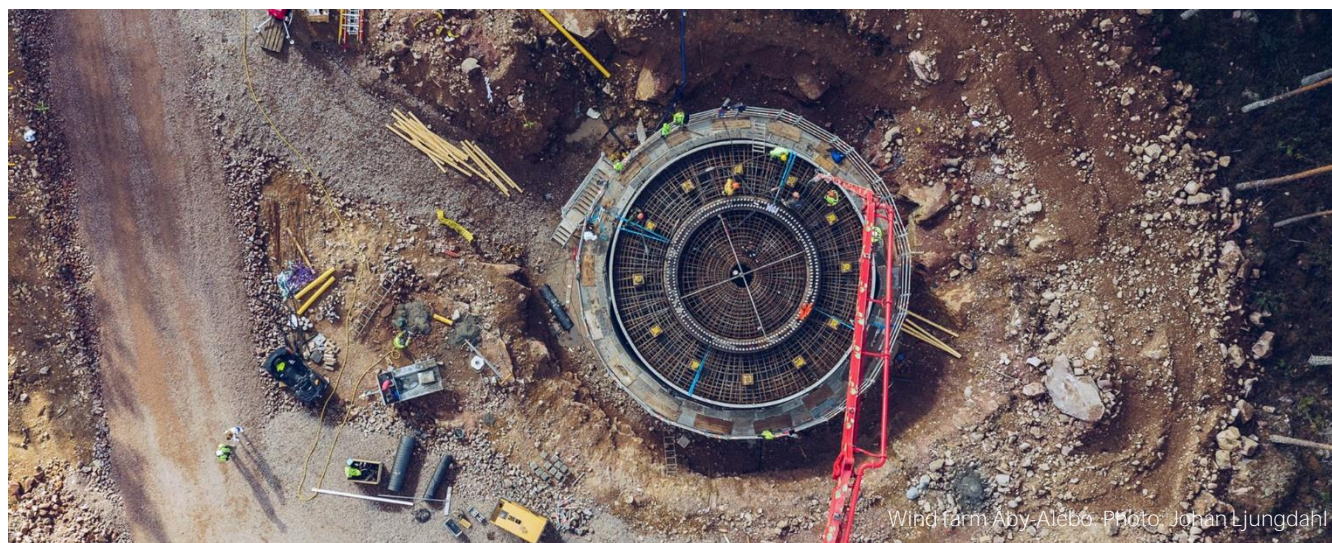
AF Gruppen 5,523

ORDER BACKLOG (NOK million)



SWEDEN CONSISTS OF

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



Wind farm Aby Alabo. Photo: Johan Ljungdahl

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 had increased sales and strong results for the quarter. Sweden reported revenues of NOK 870 million (827 million) for the 3rd quarter. This corresponds to growth of 5% compared to the same quarter last year. Earnings before tax were NOK 46 million (35 million). Year to date revenues totalled NOK 2,969 million (2,590 million) and earnings before tax were NOK 126 million (94 million).

In the Swedish civil engineering market, Kanonaden reported strong revenue growth compared with the same quarter last year and the unit delivered strong results. The liquidation of the Pålplintar foundation business proceeded as planned and Pålplintar delivered positive results for the quarter.

The Swedish building units AF Bygg Syd, AF Bygg Göteborg and HMB had a reduced level of activity in the quarter. AF Bygg Syd maintained good profitability in the quarter, while AF Bygg Göteborg and HMB delivered profitability below expectations. In HMB, individual projects contributed greatly to a weak result. For the demolition business, the level of activity fell for the year, but AF Härnösand Byggreturer maintained good results.

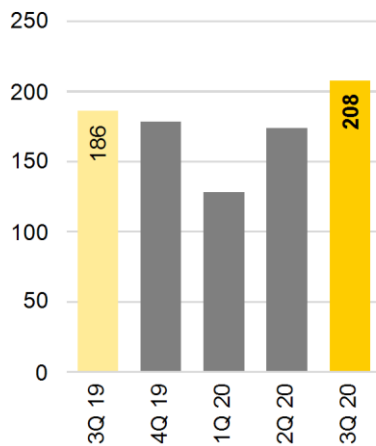
AF Projektutveckling, AF's property business in Sweden, has a residential and a school project under production. For further information on the projects, see Note 7. The unit has a building site inventory (residential units under development) that is estimated at 363 (368) residential units. **AF's share of this was 169 (233) residential units.**

Two contracts were disclosed in the 3rd quarter. AF Bygg Göteborg will build 143 new homes in the Backa district of Gothenburg on behalf of Riksbyggen. The contract is valued at approximately SEK 200 million excluding VAT. HMB will build 120 rental apartments for Riksbyggen in Västerås. This collaborative contract amount is valued at SEK 124 million excluding VAT.

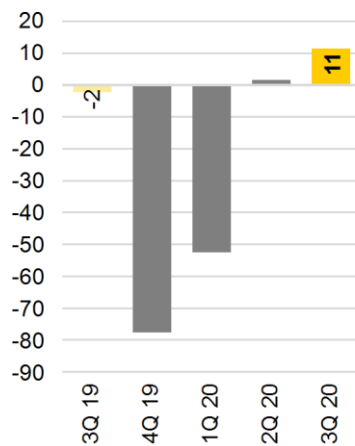
The order backlog for Sweden stood at NOK 3,825 million (3,125 million) as at 30 September 2020.

OFFSHORE

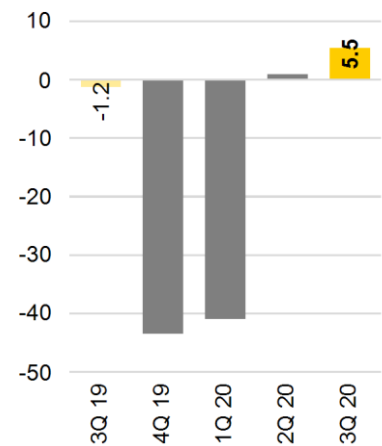
REVENUES (NOK million)



OPERATING PROFIT (NOK million)



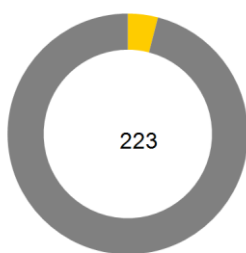
OPERATING MARGIN (%)



KEY FIGURES

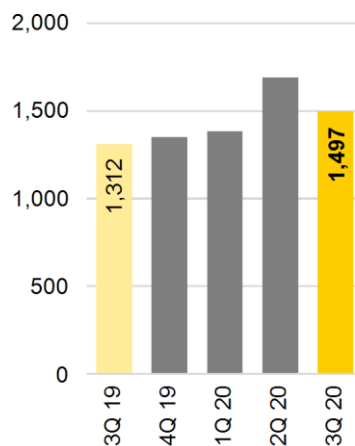
NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Revenues and income	208	186	510	501	679
Earnings before financial items and tax (EBIT)	11	-2	-39	-6	-83
Earnings before tax (EBT)	10	-1	-50	-12	-94
Operating profit margin	5.5 %	-1.2 %	-7.7 %	-1.1 %	-12.2 %
Profit margin	5.0 %	-0.7 %	-9.7 %	-2.4 %	-13.9 %

NUMBER OF EMPLOYEES



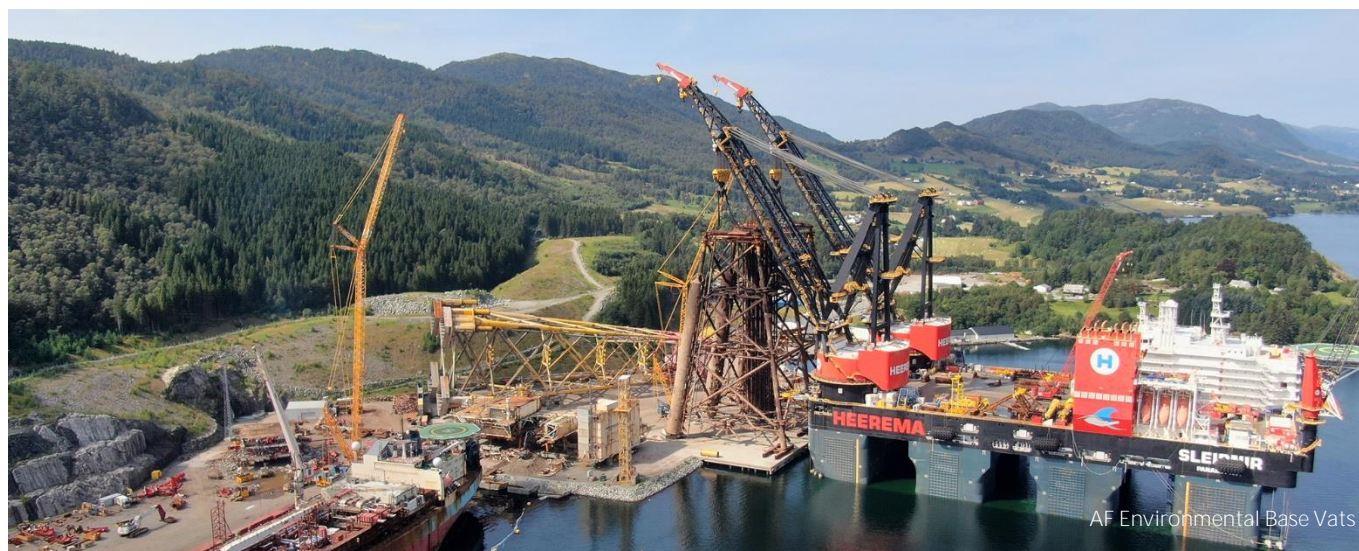
AF Gruppen 5,523

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 implementation of a smaller offshore campaign and the receipt of several structures by AF Environmental Base Vats resulted in increasing activity for the quarter. Revenues in the 3rd quarter were NOK 208 million (186 million). Earnings before tax were NOK 10 million (-1 million). Revenues totalled NOK 510 million (501 million) and earnings before tax were NOK -50 million (-12 million) year to date.

AF Offshore Decom had a higher level of activity and improved profitability compared with the corresponding quarter last year. 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. At AF Environmental Base Vats there has been a high level of activity in the quarter, which contributed to good profitability. High production is expected at AF Environmental Base Vats for the rest of the year. There is also ongoing preparatory work for the coming

offshore campaigns and demolition at the environmental base in 2021 and 2022.

The steel industry accounts for about 7% of the world's total CO₂ emissions. Reuse of steel has 70% less CO₂ emissions than ore-based production. This corresponds to a reduction of 1 kg of CO₂ for each recycled kilo of steel. AF Offshore Decom has demolished and facilitated the recycling of approximately 15,000 tonnes so far this year.

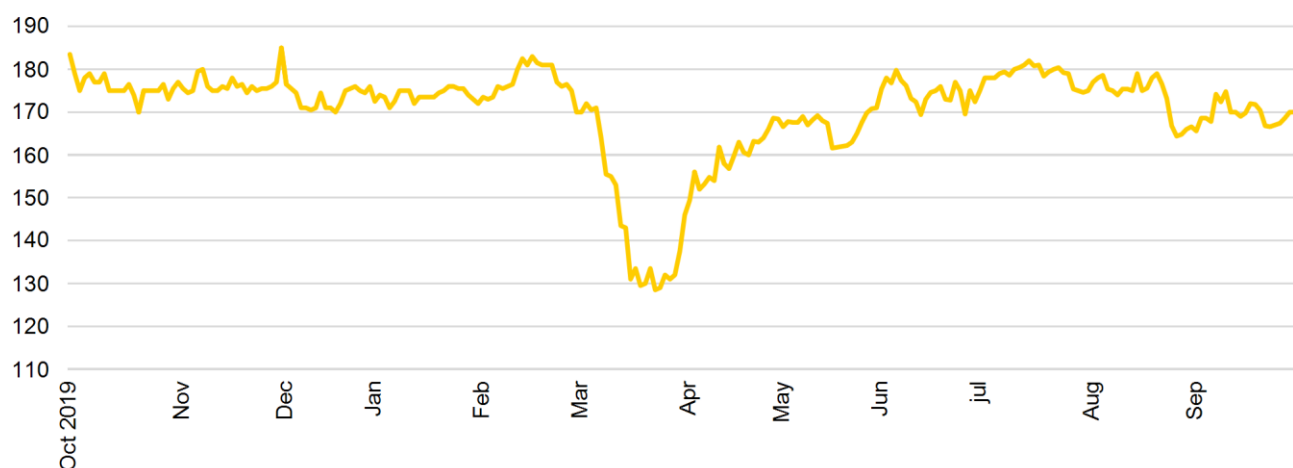
AF AeronMollier reported a fall in revenue in the third quarter, but stable profitability compared to the same period last year. There was also in this quarter a high level of activity in deliveries to the marine sector. So far this year, AF AeronMollier has delivered systems and equipment for the electrification of 33 ferries so far this year, which corresponds to around half of the Norwegian market. Electrification of ferries means that the ferries are mainly charged with electricity from the grid through ordinary grid production, thus resulting in a significant reduction in greenhouse gas emissions compared to the use of fossil fuels.

The outbreak of Covid-19 and the fall in oil prices has resulted in very challenging market conditions for **AF Gruppen's** offshore business.

The order backlog for Offshore was NOK 1,497 million (1,312 million) as at 30 September 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 3rd quarter, net operating cash flow was NOK 574 million (182 million) and net cash flow from investments was NOK -60 million (-220 million). Cash flow before capital transactions and financing was NOK 513 million (-38 million) for the 3rd quarter. Year to date cash flow from operating activities was NOK 1,274 million (724 million), and cash flow from net investments NOK -122 million (-710 million). Cash flow before financing activities was NOK 1,153 million (13 million) year to date.

At the end of the 3rd quarter, AF Gruppen had cash and cash equivalents of NOK 893 million (186 million). Net interest-bearing receivables as at 30 September 2020 were NOK 341 million (-598 million).

AF Gruppen's total financing facilities as at 3rd 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 September 2020, including overdraft facilities with Handelsbanken and DNB, is NOK 3,893 million.

Total assets were NOK 13,429 million (10,254 million) as at 30 September 2020. **The Group's equity** totalled NOK 3,195 million (2,232 million) as at 30 September 2020. This corresponds to an equity ratio of 23.8% (21.8%).

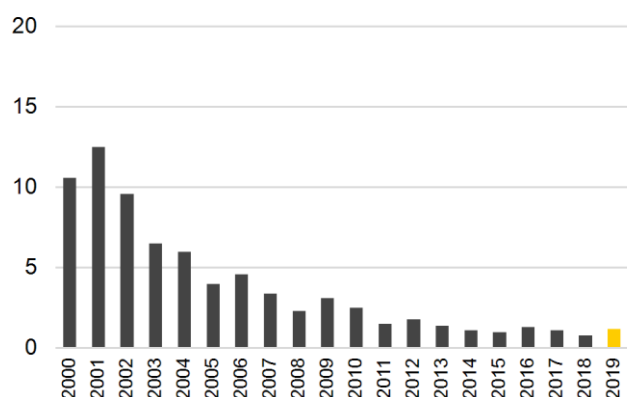
THE SHARE

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).

LIST OF SHAREHOLDERS AS AT 30 SEPTEMBER 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
Skandinaviska Enskilda Banken AB	1,604,107	1.5
Ten largest shareholders	69,768,635	66.3
Total other shareholders	35,232,932	33.5
Own shares	281,704	0.3
Total number of shares	105,283,271	100

LTI-1 RATE DEVELOPMENT



The closing price for the AF share was NOK 171.40 as at 30 September 2020. This corresponds to a year to date return of 0,8% adjusted for dividend of NOK 6.00 per share. The Oslo Børs Benchmark Index showed a return of -8,1% for the same period.

In October, a total of 950 employees subscribed for a total of 1,000,000 shares in connection with AF Gruppen's share programme. The shares were subscribed for at a price of NOK 137.8 per share, which corresponds to a discount of 20 per cent in relation to the average market price during the subscription period. In this connection, the Board of Directors resolved to sell 284,774 treasury shares and issue 715,226 new shares. This was carried out on 22 October 2020. After the sale, AF Gruppen owned no treasury shares.

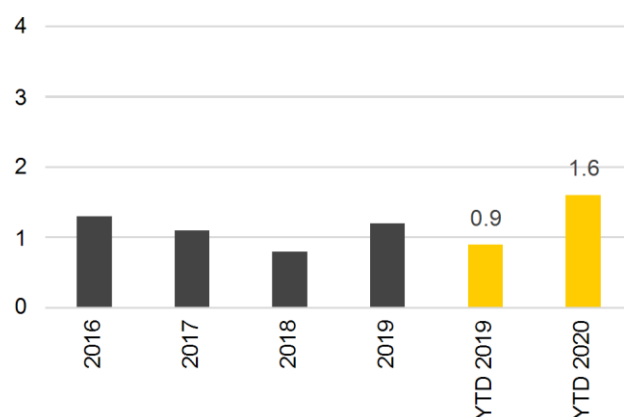
After the issue, the total number of shares in AF Gruppen ASA is 105,998,497, which corresponds to a share capital of 5,299,924.85.

The Board of Directors has assessed AF Gruppens financial **situation and the organisation's ability to address the uncertainty** surrounding the impact of Covid-19. The Board of Directors is of the opinion that the company has equity and liquidity that is adequate based on the risk and scope of **the company's** operations. The Board of Directors has approved a dividend of NOK 3.50 (3.50) per share for the second half of the year. The AF share will be listed ex-dividend on 16 November.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Norway and other countries are experiencing a steady increase in the spread of the Coronavirus. AF Gruppen is following the situation carefully and complying with the recommendations made by the authorities. It is initiated a number of measures at group, business unit and project level. AF's top priority is to protect employees and take its share of corporate social responsibility.

LTI-1 RATE



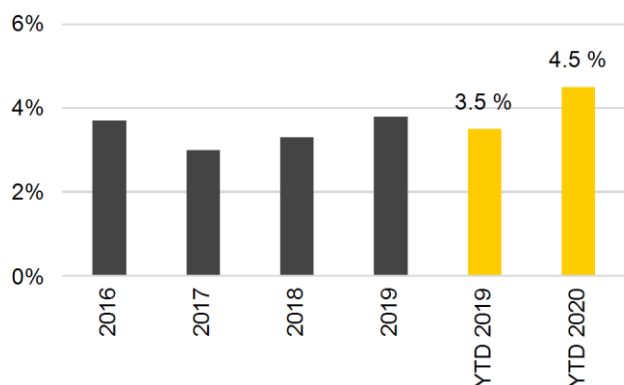
When the Covid-19 situation in Norway escalated in the first quarter and extraordinary measures were introduced by the government, AF Gruppen immediately established a crisis staff. To ensure a full overview of the situation, the Group introduced ongoing reporting of the operational status of ongoing projects, sickness absence and layoffs. The crisis **staff was demobilised to a "Corona Council"** in the second quarter, and the Corona Council's primary task is to follow ongoing development of the spread of infection, and to follow the recommendations and measures implemented by the authorities. AF Gruppen has had individual cases of the disease on several of the company's projects. Individual cases and quarantine have resulted in several projects being affected or shut down. Nevertheless, we see that most of the projects in AF Gruppen have managed to maintain full production. The Board of Directors would like to commend the employees, elected representatives and managers for their flexibility and excellent cooperation in finding good solutions.

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 investigation of the incident completed, and we are working on implementing necessary measures and barriers to prevent a similar incident from happening again.

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 5 (1) injuries resulting in absence were registered in the 3rd quarter. This gives an LTI-1 rate of 1.0 (0.2) for the 3rd quarter. Year to date the LTI-1 rate is 1.6 (0.9).

SICK LEAVE DEVELOPMENT



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. 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.

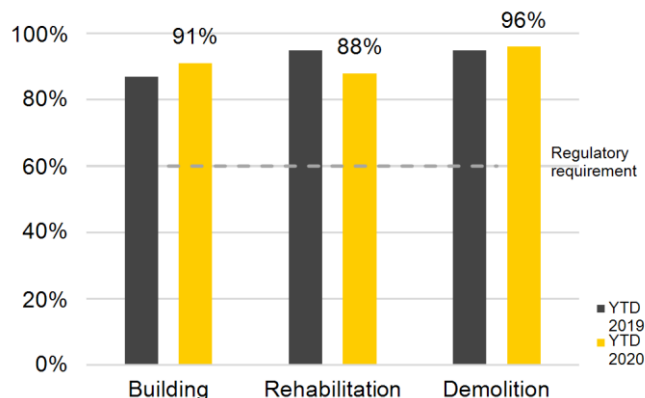
Learning from own mistakes is of critical importance. AF has systematised this through reporting and following up undesired incidents, as well as investigating the most serious incidents. The number of reports has increased steadily during the last 14 years, and we see a clear correlation between the 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 3rd quarter, sickness absence was 4.0% (3.5%), and 4.5% (3.5%) year to date. 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.

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

SOURCE SEPARATION RATE



operations is separated for the purpose of facilitating recycling. For the 3rd quarter, the recycling result for building was 91% (86%), the result for renovation was 88% (86%) and the result for demolition was 98% (95%). Year to date the recycling result for building was 91% (87%), the result for renovation was 88% (95%) 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 62,068 (131,715) tonnes of waste has been sorted in the 3rd quarter, and a total of 221,598 (278,190) tonnes has been sorted in 2020. The environmental centres have recycled a total of 394,323 (265,247) tonnes of materials year to date.

ORGANISATION

On 24 August 2020, Amund Tøftum was appointed CEO of the company. Shortly after Amund Tøftum took office as the new CEO, changes were made to Corporate Management. As of 21 September, Corporate Management at AF Gruppen comprises the following persons: Amund Tøftum (CEO), Sverre Hærem (CFO), Ida Aall Gram (Property, Communications and HR), Geir Flåta (Civil Engineering and Offshore), Bård Frydenlund (Sweden and Betonmast), Eirik Wraal (Building, Energy and Environment) and Tormod Solberg (Building).

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 one of the worst in the class to an industry leader. In the 3rd quarter the share of women is 10.0% (8.9%) in total and 19.7% (19.6%) 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 3rd quarter AF Gruppen had a total of 5,523 (4,732) employees. Of these employees 4,506 (3,880) were employed in Norway, 983 (804) in Sweden, 22 (40) in Lithuania and 12 (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 participates in risk reviews of all projects with a contract value in excess of NOK 100 million. In addition, 25 quarterly reviews in the business units were completed during the 3rd quarter, where the Corporate Management Team also participated.

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 3,893 million as at 30 September 2020.

MARKET OUTLOOK

The Covid-19 pandemic and the fall in oil prices have already had a major impact on the Norwegian and international economies. Although the Covid-19 crisis has so far affected building and construction to a lesser extent than many other industries, there is still a high level of uncertainty about how the markets we are part of will be affected in the time ahead.

Prognosesenteret reports that the level of activity in civil engineering seems to have only been affected by Covid-19 and the infection control measures to a small extent. Their forecasts assume that the direct impact on the construction market will remain low. For 2020, Prognosesenteret expects the overall civil engineering investments to amount to around NOK 96 billion. This corresponds to a 10 per cent increase in civil engineering investments in 2020, compared with 2019. For the period from 2020 to 2022, total growth of close to 30 per cent is expected in civil engineering investments. Growth is primarily expected to come from road projects, but also railway and tramline systems. In

2022, Prognosesenteret expects 50 per cent of construction investments to come from road building, while 15 per cent will come from 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 with the uncertainty about the consequences of Covid-19 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 shown a rise on house prices in the third quarter. In May, Norges Bank lowered the key rate to a record-low 0 per cent. As far as Norges Bank assesses the outlook and the risk situation, the key rate will most likely remain at the current level for some time to come. Numbers from Property Norway for the third quarter of 2020 show a moderate increase in the residential property prices in most areas of Norway. At the end of the 3rd quarter, residential property prices were 5.8 per cent higher nationally than one year ago. For Oslo and Bergen, the twelve-month growth rate was 7.7 per cent and 5.9 per cent, respectively. For October, Property Norway reports that house prices rose by 0.5 per cent. Adjusted for seasonal variations, house prices rose by 1.1 per cent. Property Norway points out that it is now important that higher house prices are followed by increased residential construction in areas where there is a supply-side deficit. **This can contribute positively to AF's property activities going forward.**

The building market in Norway reported a record-high level in 2019 with a total production value of NOK 349 billion. The turnaround in the Norwegian economy now means that Prognosesenteret expects a decline of around 2 per cent in the building market in 2020, to NOK 343 billion. A further fall in production value of 5 per cent is expected in 2021, before a 5 per cent increase is expected in 2022. The largest fall in 2020 is expected for new residential buildings. Start permits for 31,643 new residential units were registered in 2019. This was on par with the previous year. Prognosesenteret now expects that the number of registered start-up permits will decline by around 20 per cent in 2020 to 25,000 residential units. The strongest decline is expected for new apartments.

For 2021 and 2022, start permits are expected to be for 25,000 residential units and 26,000 residential units respectively. For Oslo, housing starts in 2020 are expected to amount to 2,150 residential units, around 15 per cent lower than in 2019. For 2021 and 2022, a significant increase in the number of housing starts is expected in Oslo. The renovation, remodelling and extension market is expected to increase by almost 5 per cent during the period from 2020 to 2022. 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.** Lower housing starts result in a somewhat weaker market for demolition and recycling services. 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. AF supplies heating and cooling to commercial buildings. The demand is closely related to the number of new commercial building starts. Prognosesenteret expects a decline of 10 per cent in the total floor area of commercial building starts in 2020. For 2021 and 2022, the forecast shows growth of 3 per cent and 9 per cent, respectively. For the publicly funded submarkets, the negative consequences of Covid-19 will likely be significantly less than for private commercial buildings. In the forecast, the total floor area for public building starts is expected to set a new record, with growth particularly strong in health and social housing construction. A good **market overall is expected for AF's Energy and Environment activities**, even though the near future is marked by uncertainty.

Offshore services for the removal of decommissioned oil platforms solve a significant societal challenge. In addition, recycling of steel from these platforms will make a significant contribution to reducing greenhouse gas emissions from steel production. This could make a positive contribution to the demand for this type of service. 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. However, latest estimates from the British industry organisation Oil & Gas UK show expectations of a high volume for the demolition and removal of decommissioned oil installations going forward. It is expected that more than 1.2 tonnes of top deck must be removed in the North Sea during the ten-year period from 2019 to 2028. This applies to the British, Norwegian, Danish and Dutch sectors. The corresponding figures for the ten-year period 2018 to 2027 **were in excess of 950,000 tonnes. For AF's offshore climate control business (HVAC), as well as maintenance and modifications, the market conditions are challenging. Uncertainty in the oil industry has affected, and will affect, AF's business activities going forward.**

The spread of Covid-19 has strongly affected the Swedish economy, and there is still uncertainty as to how hard the building and civil engineering markets in Sweden will be affected. Nevertheless, the decline in Swedish GDP for 2020 does not seem to be as sharp as feared in May. In a report from October, the Swedish Construction Federation now expects Swedish GDP to fall by 3.5 per cent in 2020 before GDP growth of 3.7 per cent is expected in 2021. The Swedish central bank Riksbanken decided in September 2020 to maintain a zero interest rate. The Swedish Construction Federation is confident that the zero interest rate will be maintained throughout the forecast period, through 2021. It has been a quarter marked by house price growth in Sweden. Svensk Mäklarstatistik reported a 6 per cent

decline in residential property prices for apartment and 5 per cent growth for detached house prices for the third quarter in Sweden. At the end of the third quarter, residential price growth was 5 per cent for apartments and 10 per cent for detached houses compared with the same period last year. Overall, the Swedish Construction Federation expects a 1 per cent decline in building and civil engineering investments in Sweden in 2020 and an unchanged investment volume in 2021. This follows several years of high growth. For 2021, a 4 per cent fall in residential building production is expected, while growth in building renovation is expected to be 2 per cent. Construction investments are expected to grow by 5 per cent in 2021, with increased public investment in infrastructure making a positive contribution. This indicates that we will also have good opportunities for AF's operations in Sweden in the future, even though competition is tough. The consequences of Covid-19 will nevertheless continue to contribute to a greater degree of uncertainty in Sweden in the near future.

Oslo, 12 November 2020
Board of Directors of AF Gruppen ASA

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Financial information



CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Revenues and income	6,366	5,069	19,540	16,146	22,612
Subcontractors	-3,320	-2,498	-10,520	-7,980	-11,415
Cost of materials	-1,067	-853	-3,067	-3,001	-3,668
Payroll costs	-1,130	-1,022	-3,508	-2,973	-4,205
Operating expenses ex. depreciation and impairment	-410	-310	-1,349	-1,092	-1,682
Net gains (losses) and profit (loss) from associates	67	79	155	192	240
EBITDA	506	465	1,252	1,293	1,882
Depreciation and impairment of tangible fixed assets	-47	-41	-137	-141	-193
Depreciation and impairment of right of use assets	-87	-81	-267	-207	-300
Depreciation and impairment of intangible assets	-	-	-1	-1	-54
Earnings before financial items and tax (EBIT)	371	343	847	943	1,335
Net financial items	-3	-4	-14	-15	-18
Earnings before tax (EBT)	368	339	833	929	1,317
Income tax expense	-67	-63	-170	-189	-290
Net income for the period	301	276	663	740	1,027
Attributable to:					
Shareholders in the Parent Company	251	232	539	626	854
Non-controlling interests	50	44	123	114	173
Net income for the period	301	276	663	740	1,027
Earnings per share (NOK kroner)	2.40	2.32	5.18	6.27	8.51
Diluted earnings per share (NOK kroner)	2.40	2.29	5.18	6.23	8.46
Key figures	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
EBITDA margin	7.9 %	9.2 %	6.4 %	8.0 %	8.3 %
Operating profit margin	5.8 %	6.8 %	4.3 %	5.8 %	5.9 %
Profit margin	5.8 %	6.7 %	4.3 %	5.8 %	5.8 %
Return on capital employed (ROaCE) ¹⁾	-	-	30.5 %	42.9 %	38.2 %
Return on equity	-	-	31.2 %	49.9 %	43.7 %
Equity ratio	23.8 %	21.8 %	23.8 %	21.8 %	23.3 %
Net interest-bearing receivables (debt) ²⁾	341	-598	341	-598	-163
Capital employed ³⁾	4,297	3,482	4,297	3,482	4,183
Order backlog	31,269	23,000	31,269	23,000	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	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Net income for the period	301	276	663	740	1,027
Net actuarial gains and losses	-	-	-	-	-2
Currency translation differences non-controlling interests	2	-9	15	-13	-3
Items that will not be reclassified to income statement in subsequent periods	2	-9	15	-13	-4
Net cash flow hedges	6	-14	-20	-4	4
Currency translation differences	5	2	69	-34	-24
Items that may be reclassified to income statement in subsequent periods	11	-12	49	-38	-20
Other comprehensive income for the period	13	-21	64	-52	-24
Total comprehensive income for the period	314	255	726	688	1,003
Attributable to:					
- Shareholders of the parent	262	220	588	588	832
- Non-controlling interests	52	35	138	101	170
Total comprehensive income for the period	314	255	726	688	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	-	-34	-	-4	626	588	101	688
Capital increase	166	-	-	-	-	166	-	166
Purchase of treasury shares	-	-	-	-	-3	-3	-	-3
Sale of treasury shares	-	-	-	-	35	35	-	35
Dividend paid	-	-	-	-	-498	-498	-136	-634
Share-based remuneration	29	-	-	-	-	29	-	29
Addition from acquisition of subsidiaries	-	-	-	-	-	-	40	40
Transactions with non-controlling interests	-	-	-	-	-213	-213	18	-195
As at 30 September 2019	451	-14	-16	-37	1,448	1,831	401	2,232
As at 31 December 2019	939	-4	-18	-29	1,302	2,189	809	2,999
Comprehensive income	-	69	-	-20	540	588	138	726
Capital increase	-	-	-	-	312	312	49	360
Purchase of treasury shares	-	-	-	-	-50	-50	-	-50
Sale of treasury shares	-	-	-	-	13	13	-	13
Dividend paid	-	-	-	-	-630	-630	-161	-791
Share-based remuneration	15	-	-	-	-	15	1	16
Put options for non-controlling interests	-	-	-	-	-19	-19	-12	-31
Transactions with non-controlling interests	-	-	-	-	-40	-40	-8	-47
As at 30 September 2020	954	65	-18	-49	1,427	2,379	816	3,195

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	30/09/20	30/09/19	31/12/19
Tangible fixed assets	1,495	1,429	1,490
Right of use assets	910	899	991
Intangible assets	4,371	2,612	4,306
Investment in associates and joint ventures	630	554	547
Deferred tax asset	15	4	13
Interest-bearing receivables	428	377	358
Pension plan and other financial assets	11	7	12
Total non-current assets	7,859	5,882	7,718
Inventories	223	222	190
Projects for own account	151	96	157
Trade receivables and other receivables	4,180	3,779	4,127
Interest-bearing receivables	122	89	100
Derivatives	1	1	-
Cash and cash equivalents	893	186	563
Total current assets	5,570	4,373	5,136
Total assets	13,429	10,254	12,854
Equity attributable to shareholders of the parent	2,379	1,831	2,189
Non-controlling interests	816	401	809
Total equity	3,195	2,232	2,999
Interest-bearing debt	161	145	166
Interest-bearing debt - lease liability	625	672	704
Retirement benefit obligations	3	1	3
Provisions	63	191	63
Deferred tax	455	360	440
Derivatives	65	63	47
Total non-current liabilities	1,372	1,432	1,423
Interest-bearing debt	7	159	4
Interest-bearing debt - lease liability	309	274	310
Trade payables and other short-term debt	7,340	5,599	7,048
Derivatives	33	12	14
Provisions	698	280	684
Tax payable	474	267	372
Total current liabilities	8,862	6,590	8,432
Total liabilities	10,234	8,022	9,855
Total equity and liabilities	13,429	10,254	12,854

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
Earnings before financial items and tax (EBIT)	371	343	847	943	1,335
Depreciation, amortisation and impairment	135	122	404	349	547
Change in net working capital	139	-203	238	-319	12
Income taxes paid	-18	-23	-76	-87	-177
Other adjustments	-53	-57	-140	-163	-209
Cash flow from operating activities	574	182	1,274	724	1,508
Net investments	-60	-220	-122	-710	-838
Cash flow before financing activities	513	-38	1,153	13	670
Share issue	-	70	312	70	555
Dividends paid to shareholders in the Parent Company	-	-	-630	-498	-859
Dividends paid to non-controlling interests	-	-	-161	-254	-148
Transactions with non-controlling interests	-17	-	-15	-	-113
Sale (purchase) of treasury shares	-2	24	-37	33	29
Borrowings (repayment) of debt	-174	-221	-274	200	-166
Interest and other financial expenses paid	8	-14	-36	-32	-55
Cash flow from financing activities	-186	-141	-841	-481	-758
Net decrease (increase) in cash and cash equivalents	328	-179	311	-468	-88
Net cash and cash equivalents at the beginning of period	561	370	563	656	656
Change in cash and cash equivalents without cash effect	4	-5	20	-2	-5
Net cash and cash equivalents at the end of period	893	186	893	186	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	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	1,029	1,283	2,798	4,613	5,689
Internal revenue and income	16	24	57	57	98
Total revenue and income	1,045	1,307	2,855	4,670	5,787
EBITDA	116	122	329	371	557
Earnings before financial items and tax (EBIT)	68	75	186	236	373
Earnings before tax (EBT)	66	75	186	238	376
EBITDA-margin	11.1 %	9.4 %	11.5 %	7.9 %	9.6 %
Operating margin	6.5 %	5.8 %	6.5 %	5.1 %	6.5 %
Profit margin	6.3 %	5.7 %	6.5 %	5.1 %	6.5 %
Assets	1,859	2,136	1,859	2,136	1,976
Order backlog	7,459	6,018	7,459	6,018	5,424

Building

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	2,091	2,528	6,875	7,745	10,514
Internal revenue and income	79	21	148	48	67
Total revenue and income	2,169	2,549	7,023	7,793	10,581
EBITDA	157	187	417	525	758
Earnings before financial items and tax (EBIT)	130	162	336	454	656
Earnings before tax (EBT)	131	161	340	462	667
EBITDA-margin	7.2 %	7.3 %	5.9 %	6.7 %	7.2 %
Operating margin	6.0 %	6.3 %	4.8 %	5.8 %	6.2 %
Profit margin	6.0 %	6.3 %	4.8 %	5.9 %	6.3 %
Assets	4,953	5,264	4,953	5,264	5,151
Order backlog	9,762	11,529	9,762	11,529	10,045

Betonmast

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	1,926	-	5,745	-	1,226
Internal revenue and income	0	-	1	-	-
Total revenue and income	1,926	-	5,746	-	1,226
EBITDA	75	-	192	-	59
Earnings before financial items and tax (EBIT)	68	-	172	-	49
Earnings before tax (EBT)	65	-	166	-	46
EBITDA-margin	3.9 %	-	3.3 %	-	4.8 %
Operating margin	3.5 %	-	3.0 %	-	4.0 %
Profit margin	3.4 %	-	2.9 %	-	3.8 %
Assets	3,701	-	3,701	-	3,266
Order backlog	7,651	-	7,651	-	7,293

Property

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	6	4	18	11	18
Internal revenue and income	-	-	-	-	-
Total revenue and income	6	4	18	11	18
EBITDA	27	27	41	88	108
Earnings before financial items and tax (EBIT)	27	27	41	88	107
Earnings before tax (EBT)	26	26	38	84	100
EBITDA-margin	-	-	-	-	-
Operating margin	-	-	-	-	-
Profit margin	-	-	-	-	-
Assets	987	1001	987	1001	840
Order backlog	-	-	-	-	-

Energy and Environment

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	181	227	543	681	939
Internal revenue and income	43	40	124	92	133
Total revenue and income	224	267	667	773	1,072
EBITDA	29	31	72	77	127
Earnings before financial items and tax (EBIT)	15	19	32	43	78
Earnings before tax (EBT)	14	19	32	41	75
EBITDA-margin	12.8 %	11.5 %	10.8 %	10.0 %	11.8 %
Operating margin	6.5 %	7.0 %	4.7 %	5.6 %	7.3 %
Profit margin	6.3 %	7.1 %	4.8 %	5.3 %	7.0 %
Assets	577	612	577	612	674
Order backlog	481	510	481	510	371

Sweden

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	865	826	2,958	2,589	3,681
Internal revenue and income	5	1	11	1	2
Total revenue and income	870	827	2,969	2,590	3,683
EBITDA	64	50	179	135	209
Earnings before financial items and tax (EBIT)	48	36	130	97	149
Earnings before tax (EBT)	46	35	126	94	146
EBITDA-margin	7.4 %	6.1 %	6.0 %	5.2 %	5.7 %
Operating margin	5.5 %	4.4 %	4.4 %	3.7 %	4.0 %
Profit margin	5.3 %	4.3 %	4.2 %	3.6 %	4.0 %
Assets	1,712	1,634	1,712	1,634	1,617
Order backlog	3,825	3,125	3,825	3,125	2,946

Offshore

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	208	186	509	499	677
Internal revenue and income	-	-	1	2	2
Total revenue and income	208	186	510	501	679
EBITDA	20	5	-16	15	-4
Earnings before financial items and tax (EBIT)	11	-2	-39	-6	-83
Earnings before tax (EBT)	10	-1	-50	-12	-94
EBITDA-margin	9.5 %	2.6 %	-3.1 %	3.1 %	-0.7 %
Operating margin	5.5 %	-1.2 %	-7.7 %	-1.1 %	-12.2 %
Profit margin	5.0 %	-0.7 %	-9.7 %	-2.4 %	-13.9 %
Assets	985	1,162	985	1,162	1,378
Order backlog	1,497	1,312	1,497	1,312	1,351

Other Segments (Group)

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	21	14	57	39	50
Internal revenue and income	13	10	30	26	35
Total revenue and income	34	24	87	64	85
EBITDA	3	8	25	35	39
Earnings before financial items and tax (EBIT)	-12	-9	-23	-15	-25
Earnings before tax (EBT)	-6	-11	-18	-24	-29
Assets	1,611	1,017	1,611	1,017	2,381
Order backlog	-	-	-	-	-

Eliminations

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	-38	-50	-79	-154	-206
Internal revenue and income	-156	-95	-372	-225	-338
Total revenue and income	-194	-145	-451	-379	-544
EBITDA	-5	-4	-16	-7	-16
Earnings before financial items and tax (EBIT)	-5	-4	-16	-7	-16
Earnings before tax (EBT)	-5	-4	-16	-7	-16
Assets	-2,889	-2,491	-2,889	-2,491	-4,343
Order backlog	356	242	356	242	406

GAAP adjustments (IFRS 15)

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	78	50	116	124	25
Internal revenue and income	-	-	-	-	-
Total revenue and income	78	50	116	124	25
EBITDA	21	39	29	54	46
Earnings before financial items and tax (EBIT)	21	39	29	54	46
Earnings before tax (EBT)	21	39	29	54	46
Assets	-67	-81	-67	-81	-85
Order backlog	238	264	238	264	363

Segment total

NOK million	3Q 20	3Q 19	YTD 3Q 20	YTD 3Q 19	2019
External revenue and income	6,366	5,069	19,540	16,146	22,612
Internal revenue and income	-	-	-	-	-
Total revenue and income	6,366	5,069	19,540	16,146	22,612
EBITDA	506	465	1,252	1,293	1,882
Earnings before financial items and tax (EBIT)	371	343	847	943	1,335
Earnings before tax (EBT)	368	339	833	929	1,317
EBITDA-margin	7.9 %	9.2 %	6.4 %	8.0 %	8.3 %
Operating margin	5.8 %	6.8 %	4.3 %	5.8 %	5.9 %
Profit margin	5.8 %	6.7 %	4.3 %	5.8 %	5.8 %
Assets	13,429	10,254	13,429	10,254	12,854
Order backlog	31,269	23,000	31,269	23,000	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 3rd 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 3rd 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 have 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 debt, 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 NOK 266 million (211 million), and a corresponding negative effect on cash flow from financing activities year to date.

Year to date the implementation of the standard has resulted in a positive effect on EBITDA and the operating profit of NOK 266 million (211 million) on and NOK 16 million (12 million) respectively. Earnings before tax and Net income for the period are affected by respectively NOK -1 million (-4 million) and NOK 0 million (-3 million) by the standard. As at 30 September 2020 the

balance sheet total has increased by NOK 837 million (853 million). Total interest bearing debt has increased by NOK 869 million (881 million) and equity has been reduced by NOK 24 million (22 million).

Consolidated statement of income – Effect of IFRS 16

NOK million	3Q 20 less IFRS 16	Effect of IFRS 16	3Q 20	YTD 3Q 20 less IFRS 16	Effect of IFRS 16	YTD 3Q 20
Operating expenses excl. depr. and impairment	-496	87	-410	-1,615	266	-1,349
EBITDA	419	87	506	985	266	1,252
Depr. and impairment of right of use assets	-6	-81	-87	-16	-251	-267
Earnings before financial items and tax (EBIT)	366	5	371	832	16	847
Net financial items	2	-5	-3	2	-16	-14
Earnings before tax (EBT)	368	-	368	833	-1	833
Income tax expense	-67	-	-67	-170	-	-170
Net income for the period	301	-	301	663	-	663

NOK million	3Q 19 less IFRS 16	Effect of IFRS 16	3Q 19	YTD 3Q 19 less IFRS 16	Effect of IFRS 16	YTD 3Q 19	2019 less IFRS 16	Effect of IFRS 16	2019
Operating expenses excl. depr. and impairment	-385	75	-310	-1,303	211	-1,092	-1,978	296	-1,682
EBITDA	390	75	465	1,082	211	1,293	1,586	296	1,882
Depr. and impairment of right of use assets	-10	-70	-80	-8	-199	-207	-20	-280	-300
Earnings before financial items and tax (EBIT)	340	4	343	932	12	943	1,319	16	1,335
Net financial items	2	-5	-4	1	-16	-15	4	-21	-18
Earnings before tax (EBT)	341	-1	339	933	-4	929	1,322	-5	1,317
Income tax expense	-63	-	-63	-190	1	-189	-291	1	-290
Net income for the period	278	-1	276	743	-3	740	1,031	-4	1,027

Consolidated statement of financial position – Effect of IFRS 16

NOK million	30.09.20 less IFRS 16	Effect of IFRS 16	30.09.20	30.09.19 less IFRS 16	Effect of IFRS 16	30.09.19	31.12.19 less IFRS 16	Effect of IFRS 16	2019
Right of use assets	72	837	910	47	853	899	81	910	991
Total assets	12,591	837	13,429	9,402	853	10,254	11,944	910	12,854
Total equity	3,219	-24	3,195	2,254	-22	2,232	3,023	-24	2,999
Interest-bearing debt - lease liability (non-current)	53	572	625	65	607	672	63	642	704
Deferred tax	462	-7	455	366	-6	360	446	-7	440
Interest-bearing debt - lease liability (current)	12	296	309		274	274	11	299	310
Total equity and liabilities	12,591	837	13,429	9,402	853	10,254	11,944	910	12,854
Equity ratio	25.6 %	-	23.8 %	24.0 %	-	21.8 %	25.3 %	-	23.3 %
Gross interest-bearing debt	233	869	1,102	369	881	1,250	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-elected board members 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 21 million (39 million) for the 3rd quarter 2020, and NOK 29 million (54 million) year to date. The effect on equity was NOK -71 million (-93 million), and the accumulated reversed revenues were NOK 238 million (264 million) as at 30 September 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⁾	Number of housing units			Construction period		Ownership share AF
		Total number	Hereof transferred in 2020	Hereof completed not transf.	Start up	Completion	
Lillo Gård Haugen, Nydalen	563	174	14	6	Q1 2017	Q2/Q3 2019	25%
Krydderhagen D1/D2/D3/D4, Hasle	355	143	10	2	Q2 2017	Q2 2019	50%
Total completed in 2019 - Property segment ²⁾	918	317	24	8			
Lilleby Triangel B1, Trondheim	92	97	92	-	Q1 2019	Q2 2020	33%
Lilleby Triangel B2, Trondheim	28	29	29	-	Q1 2019	Q3 2020	33%
Nye Kilen Brygge A/C1/C2, Sandefjord	224	100	100	-	Q1 2018	Q1 2020	50%
Nye Kilen Brygge B/C3, Sandefjord	69	35	34	1	Q2 2019	Q3 2020	50%
Lillo Gård Lunden E, Nydalen	436	98	98	-	Q1 2017	Q3 2020	25%
Total completed in 2020 - Property segment	849	359	353	1			
Stronde I, Hardanger (LAB)	87	34	31	3	Q4 2018	Q2 2020	49%
Total completed in 2020 - Building segment	87	34	31	3			
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	7	Q3 2018	Q2 2020	50%
Total completed in 2020 - Betonmast segment	132	51	39	13			
Lillo Gård Lunden F/G, Nydalen	164	37	-	-	Q1 2017	Q4 2020	25%
Bo på Billingstad, Asker	-	186	-	-	Q2 2019	Q1 2021	33%
Skiparviken, Bergen	324	129	-	-	Q2 2018	Q2 2021	50%
Lilleby Triangel B3, Trondheim	20	21	-	-	Q1 2019	Q3 2021	33%
Lilleby Triangel B4, Trondheim	51	54	-	-	Q3 2019	Q3 2021	33%
Lilleby Triangel B5, Trondheim	71	74	-	-	Q2 2020	Q2 2022	33%
Bo på Billingstad, Asker	-	186	-	-	Q2 2019	Q1 2021	33%
Total in production - Property segment	630	687	-	-			
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 per cent is owned by AF Gruppen, 49.5 per cent by Høegh Eiendom and 1 per cent by Vind AS, completed the sale of the shares in Karvesvingen 5 AS to Clarkson Platou Real Estate after the end of the quarter. **Karvesvingen 5 AS owns the newly constructed smart building "K5" at the same address. K5 is an office building with a GBA of 18,000 square metres, and ATEA, the principal tenant, moved into the building during the first quarter of 2020. AF Bygg Oslo has been the contractor for the building.**

There have been no other events since the end of the quarter that would have had a material effect on the quarterly financial statements.

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

Net interest-bearing debt (receivables): Gross interest-bearing debt 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 debt.

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	30/09/20	30/09/19	31/12/19
GROSS INTEREST-BEARING DEBT / NET INTEREST-BEARING DEBT			
Non-current interest-bearing debt	161	145	166
Non-current interest-bearing debt - lease liability	625	672	704
Current interest-bearing debt	7	159	4
Current interest-bearing debt - lease liability	309	274	310
Gross interest-bearing debt	1,102	1,250	1,184
Less:			
Non-current interest-bearing receivables	-428	-377	-358
Current interest-bearing receivables	-122	-89	-100
Cash and cash equivalents	-893	-186	-563
Net interest-bearing debt (receivables)	-341	598	163

NOK million	30/09/20	30/09/19	31/12/19
CAPITAL EMPLOYED			
Shareholders' equity	3,195	2,232	2,999
Gross interest-bearing debt	1,102	1,250	1,184
Capital employed	4,297	3,482	4,183
AVERAGE CAPITAL EMPLOYED			
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	-	-
Capital employed as at 3rd quarter 2020	4,297	-	-
Average capital employed	4,203	3,113	3,603
RETURN ON CAPITAL EMPLOYED			
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 3rd quarter 2020	368	-	-
Earnings before tax last four quarters	1,221	1,301	1,317
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 3rd quarter 2020	11	-	-
Interest expense last four quarters	60	35	58
Earnings before tax and interest expense last four quarters	1,281	1,336	1,375
Divided by:			
Average capital employed	4,203	3,113	3,603
Return on capital employed	30.5 %	42.9 %	38.2 %

NOK million	30/09/20	30/09/19	31/12/19
EQUITY RATIO			
Shareholders' equity	3,195	2,232	2,999
Divided by:			
Total equity and liabilities	13,429	10,254	12,854
Equity ratio	23.8 %	21.8 %	23.3 %
AVERAGE SHAREHOLDERS' EQUITY			
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	-	-
Shareholder's equity as at 3rd quarter 2020	3,195	-	-
Average shareholders' equity	3,040	2,131	2,350
RETURN ON EQUITY			
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 3rd quarter 2020	301	-	-
Period result for the last four quarters	949	1,063	1,027
Divided by:			
Average equity	3,040	2,131	2,350
Return on equity	31.2 %	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

Amund Tøftum, CEO
Sverre Hærem, CFO
Ida Aall Gram, EVP Property, HR and Communications
Geir Flåta, EVP Civil Engineering and Offshore
Bård Frydenlund, EVP Sweden and Betonmast
Eirik Wraal, EVP Building, Energy and Environment
Tormod Solberg, EVP Building

Financial calendar

Presentation of interim accounts:
13.11.2020 Interim report 3rd quarter 2020
12.02.2021 Interim report 4th quarter 2020
11.05.2020 Interim report 1st quarter 2021

The presentation of interim accounts usually take place at Hotel Continental, Stortingsgata 24-26, at 8:30 a.m. For the 3rd quarter 2020 the presentation will be distributed via webcast only.

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

Cover: Drilling rig and excavator E39 Kristiansand vest-Mandal øst

Photo: Heine Robstad / AF Gruppen

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
Eiqon Anlegg
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 Ringerike
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 Environmental Base Vats
AF AeronMollier