

# AF Group – 1<sup>st</sup> quarter 2011

May 13<sup>th</sup>, 2011



# Highlights

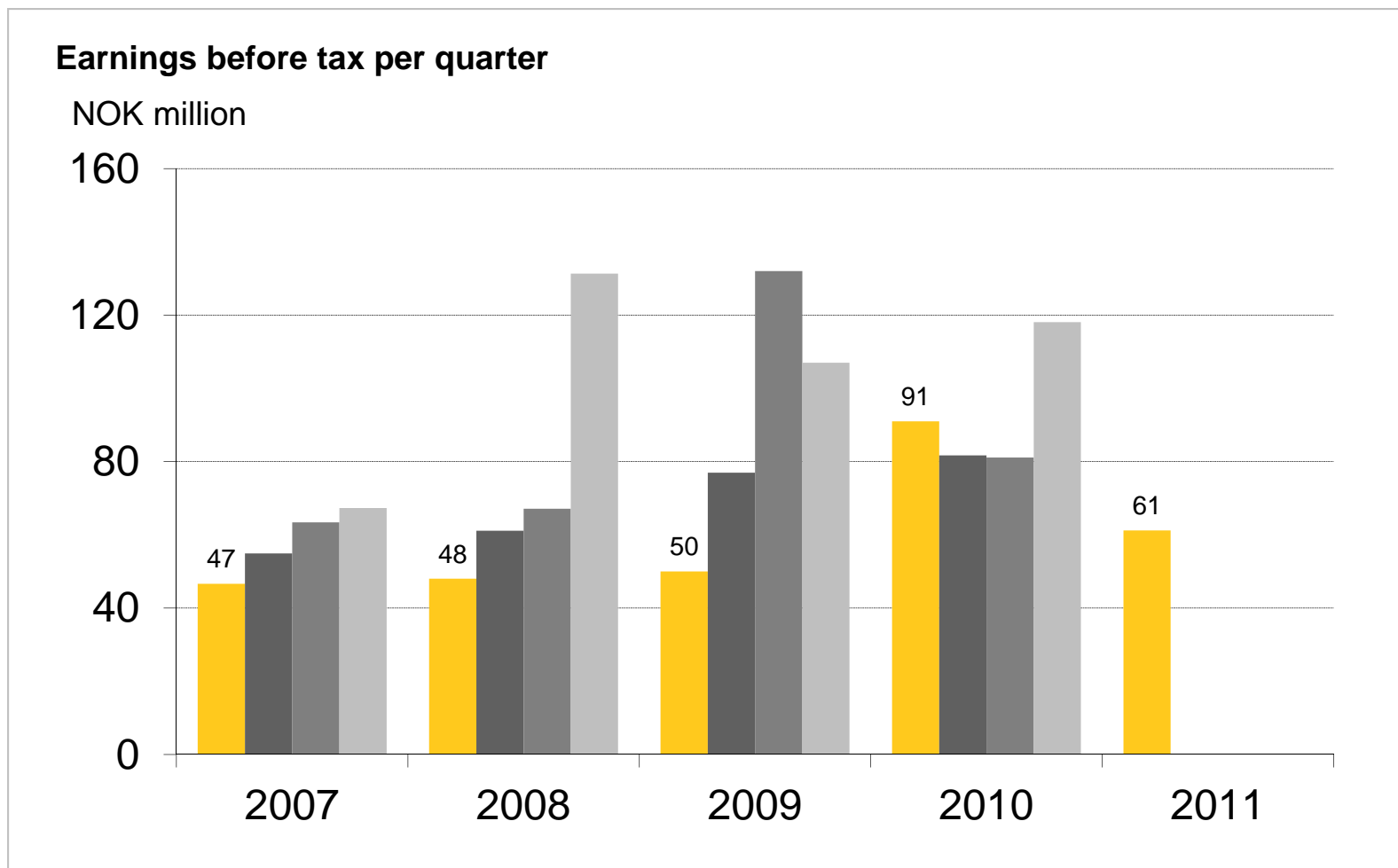
## Good result and record high Inflow of orders

- Earnings before tax (EBT)  
NOK 61 million (91)
- Cash flow from operations  
NOK 67 million (84)
- Net interest bearing receivables  
NOK 774 million (232)
- Return on capital employed  
32.0 % (39.1 %)
- High equity ratio  
34.7 % (32.5 %)
- Very high order backlog  
NOK 7,904 million (6,571)



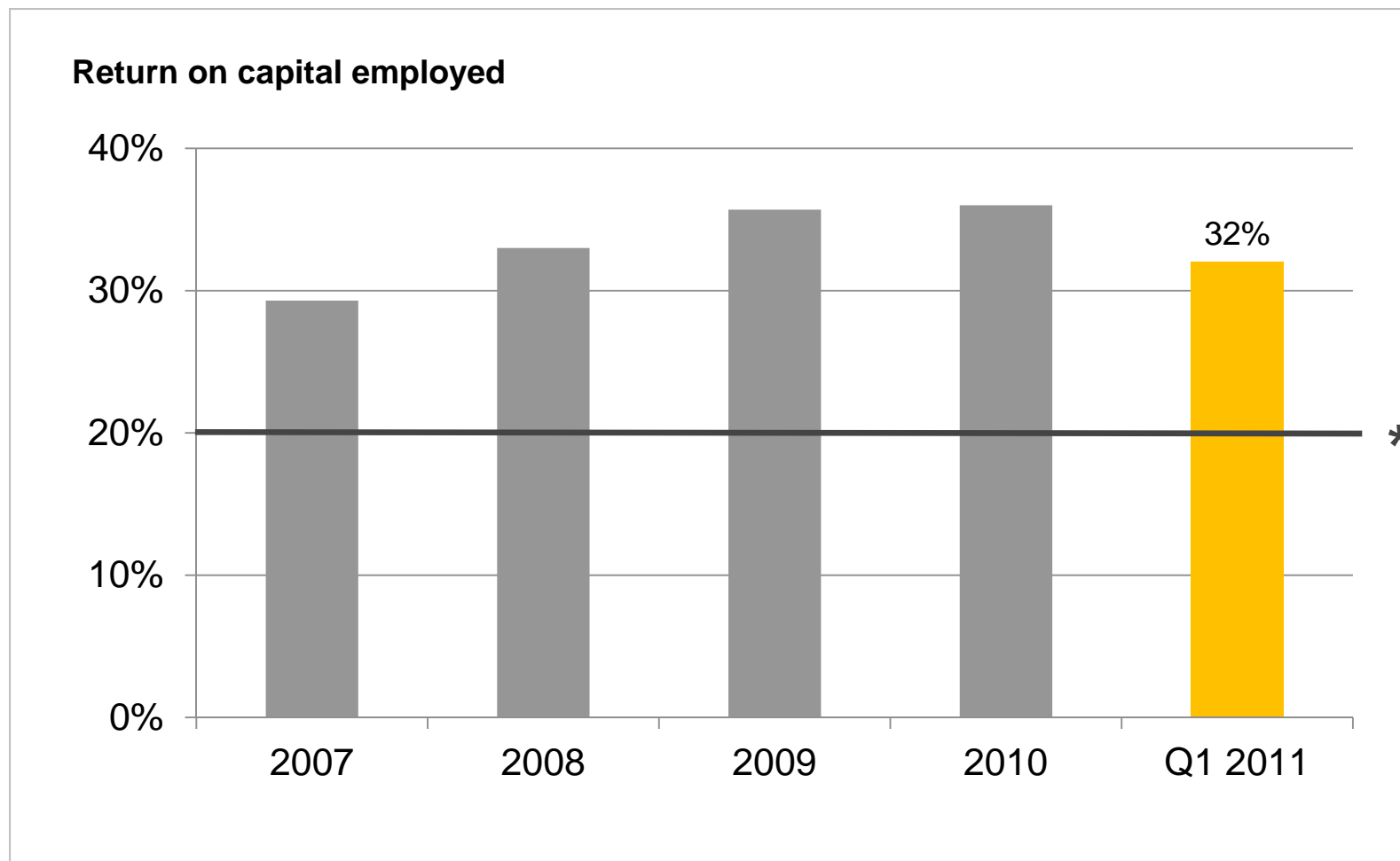
	NOK million		
	Q1 2011	Q1 2010	2010
Revenues	1,467	1,423	5,828
EBIT	57	86	366
EBT	61	91	372
EBIT %	3.9 %	6.0 %	6.3 %
EBT %	4.2 %	6.4 %	6.4 %

# Earnings before tax



# Return on capital employed

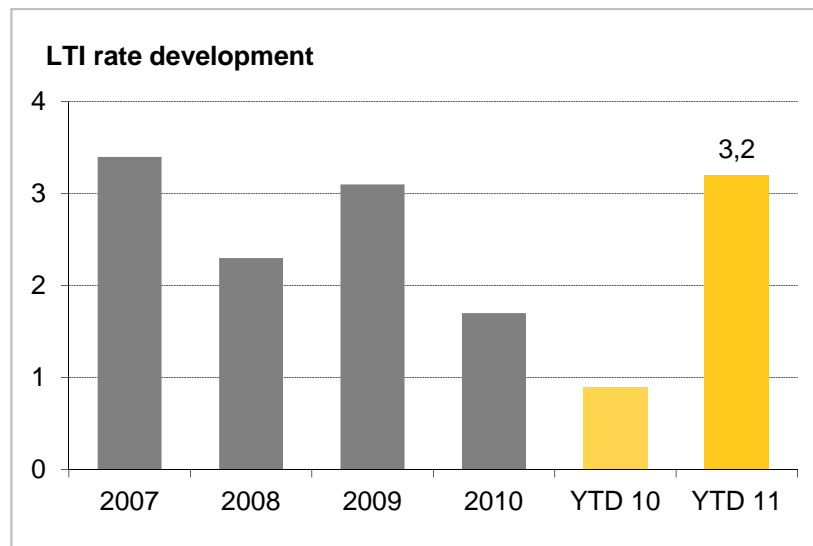
(12 month rolling average)



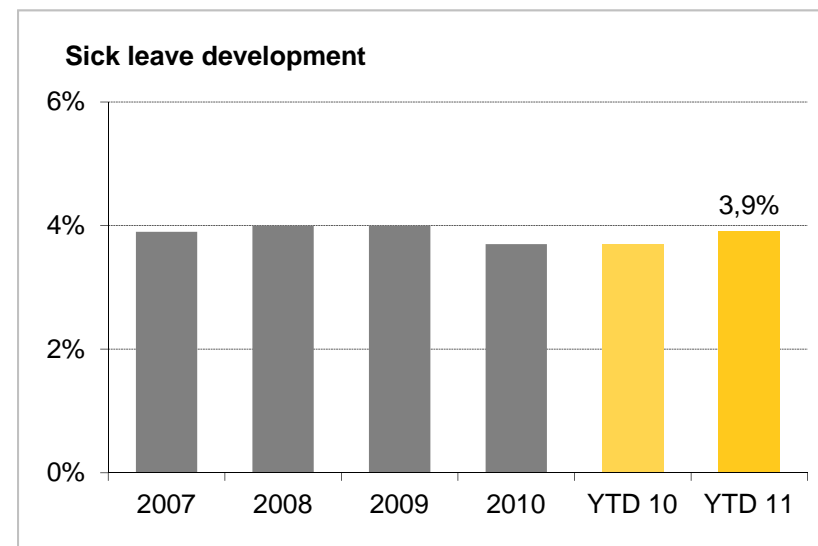
\*AF's target is to achieve a return on capital employed above 20 %.

# Health, safety and the environment

## LTI rate\*

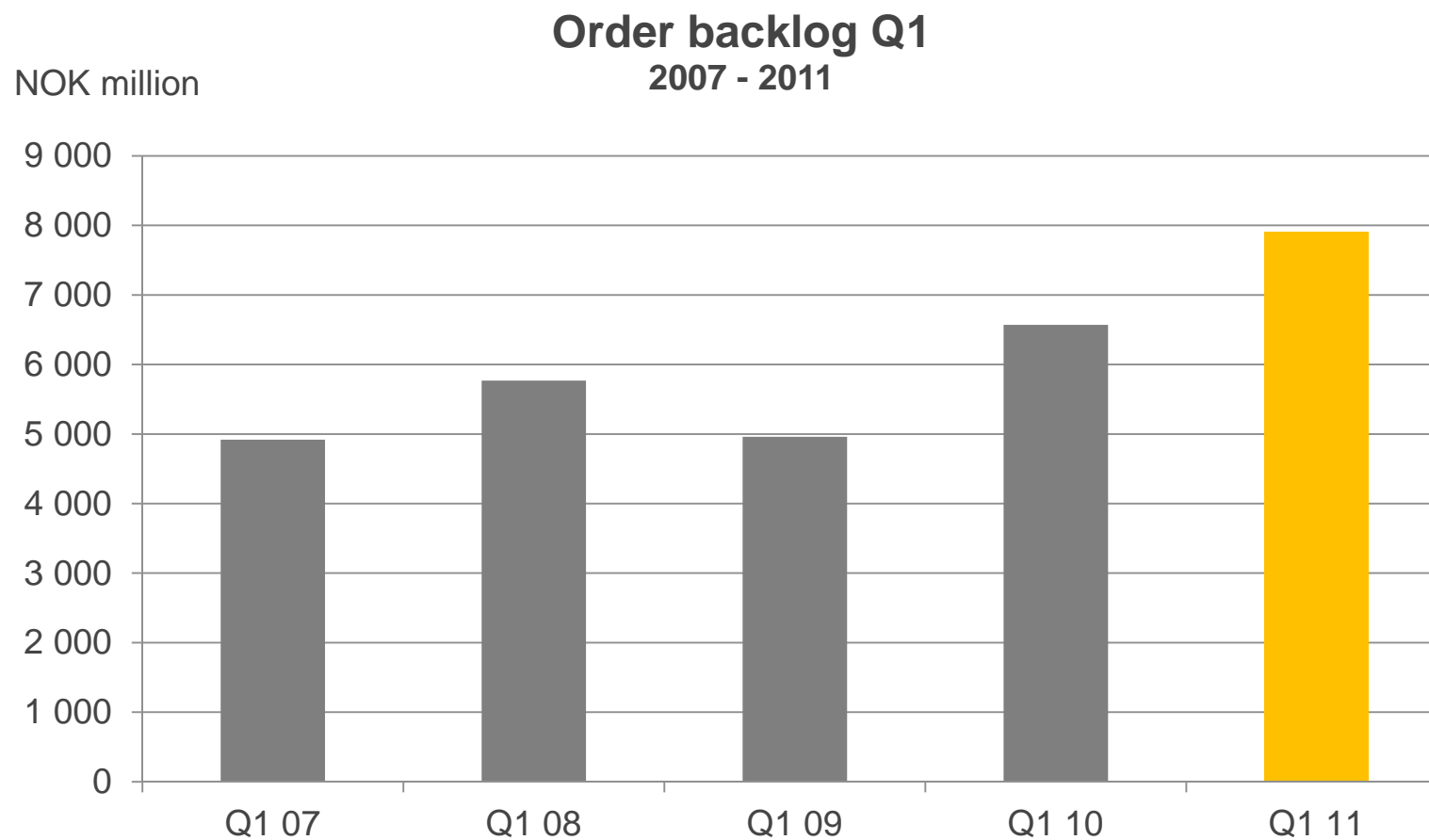


## Sick leave



\* Lost time to injuries (LTI): Number of injuries resulting in absence per million man-hours in the Norwegian part of the AF Group. AF includes all subcontractors in the calculation basis for the LTI rate.

# Order backlog development



# Business areas



Fossumhagen

# Revenues and operating result Q1



AF Group Business area	Q1 2011			Q1 2010		
	Revenues	EBIT	EBIT %	Revenues	EBIT	EBIT %
Civil Engineering	505	30	6.0 %	490	52	10.6 %
Building	686	20	3.0 %	549	14	2.6 %
Property	24	6	23.6 %	26	5	20.5 %
Environment	170	14	8.4 %	212	13	6.2 %
Energy	104	-3	-3.3 %	153	-2	-1.4 %
Group/eliminations	-22	-10		-7	3	
<b>Total</b>	<b>1,467</b>	<b>57</b>	<b>3.9 %</b>	<b>1,423</b>	<b>86</b>	<b>6.0 %</b>

# Civil Engineering

## Good operational performance

- Good result.
- Higher activity and good operational performance in the Swedish unit, Pålplintar.
- Signed final agreement for the purchase of part of the operations of Båtservice Offshore/Verft. The operations will continue as part of AF Gruppen's services to the offshore market.
- Signed contract for the development of Ringway West Stage II in Bergen (NOK 821 million).
- Total order backlog at March 31 is NOK 2,762 million (2,610).



NOK million			
	Q1 2011	Q1 2010	2010
Revenues	505	490	2,158
EBIT	30	52	194
EBT	29	54	198
EBIT %	6.0 %	10.6 %	9.0 %
EBT %	5.7 %	11.0 %	9.2 %

# Building

## High inflow of orders

- Stable operational performance and increasing activity.
- Stabilised operations in Sweden. Positive developments are expected.
- AF Bygg Oslo has entered into agreements for more than NOK 1 billion in Q1.
- After the end of the quarter, AF Bygg Østfold signed an agreement with Sjøgata 25 Moss AS to build 92 apartments on Jeløya in Moss (NOK 208 million).
- Total order backlog at March 31 is NOK 3,067 million (2,324).



	NOK million		
	Q1 2011	Q1 2010	2010
Revenues	686	549	2,267
EBIT	20	14	46
EBT	19	18	51
EBIT %	3.0 %	2.6 %	2.0 %
EBT %	2.8 %	3.3 %	2.3 %

# Property

## Good housing sales

- Good housing sales and start-up of three residential projects in Q1.
- AF has 33 (58) unsold completed housing units. Of these, 20 were leased as at 31 March.
- AF owns land and development rights in progress which amounts to appr. 592 residential units.



	NOK million		2010
	Q1 2011	Q1 2010	
Revenues	24	26	134
EBIT	6	5	42
EBT	4	4	35
EBIT %	23.6 %	20.5 %	31.2 %
EBT %	16.3 %	14.3 %	25.8 %

# Environment

## Good operational performance

- High activity and good operational performance for the land-based activities.
- Good operational performance for AF Decom Offshore at Environmental Base Vats.
- Activities in Poland and Sweden shows positive development.
- Increasing study and tender activity offshore.
- Total order backlog at March 31 is NOK 779 million (1,056).



NOK million			
	Q1 2011	Q1 2010	2010
Revenues	163	160	767
EBIT	57	15	107
EBT	53	11	90
EBIT %	34.9 %	9.3 %	14.0 %
EBT %	32.8 %	7.0 %	11.7 %

# Energy

## Low activity

- Low activity and weak results in Q1.
- Outlook improving.
- Too low activity for AF Energi & Miljøteknikk. The unit has increased their sales activities and further measures to strengthen the organization are taken.
- Good operational performance in Mollier.
- Aeron's focus on the Asian market has lead to a contract in India and a letter of intent in Japan.
- Total order backlog at March 31 is NOK 311 million (440).



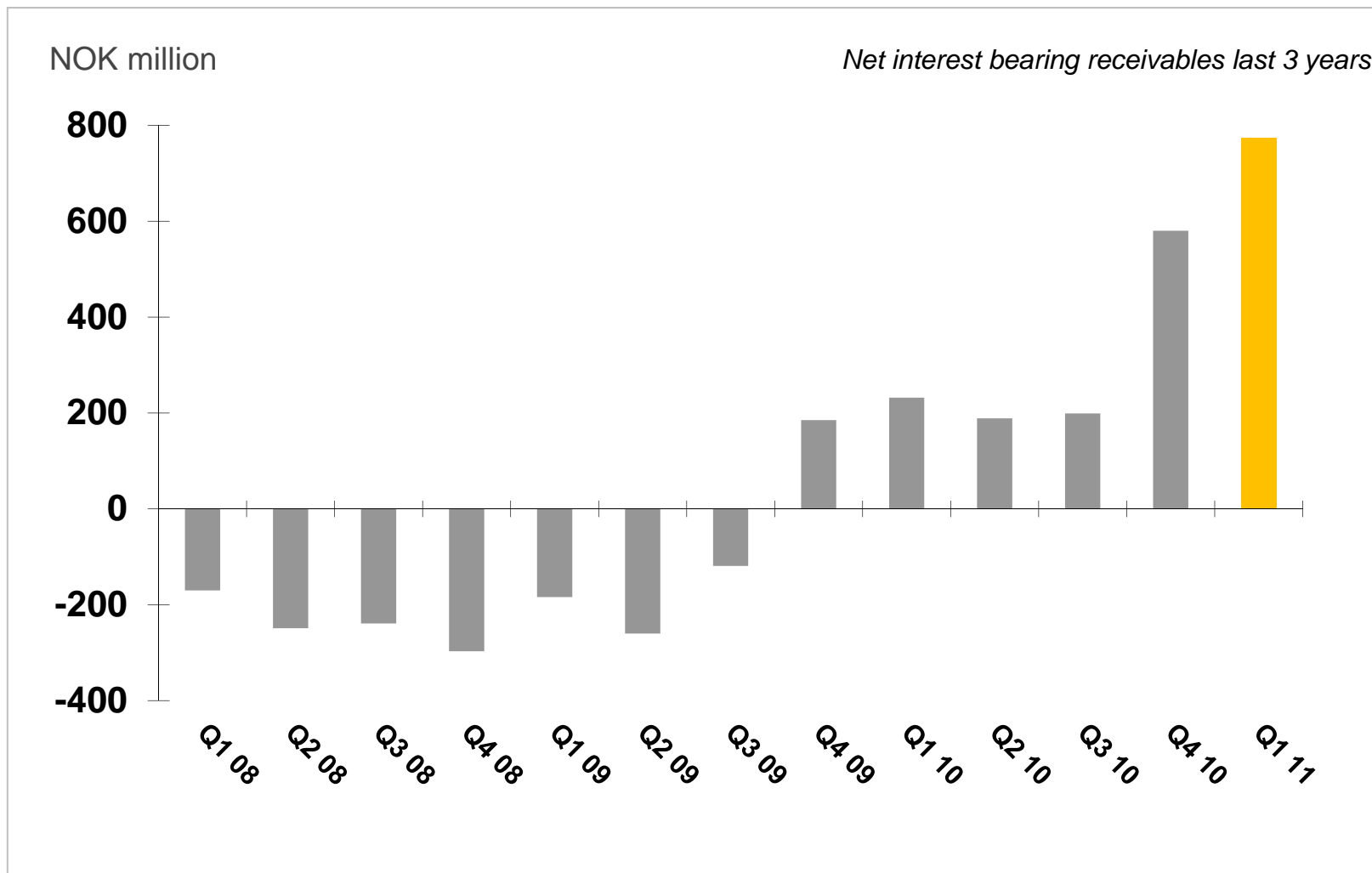
	NOK million		
	Q1 2011	Q1 2010	2010
Revenues	129	172	564
EBIT	-3	6	-15
EBT	-6	5	-21
EBIT %	-2.6 %	3.5 %	-2.6 %
EBT %	-4.4 %	2.7 %	-3.7 %

# Cash flow statement

Cash flow statement NOK Million	Q1 2011	Q1 2010	2010
EBIT	57	86	366
Depreciations, amortization and impairment	22	23	97
Change in net working capital	-1	-24	-151
Other adjustments / taxes paid	-11	-1	-52
<b>Cash flow from operations</b>	<b>67</b>	<b>84</b>	<b>260</b>
Net investments	-9	-34	-1
Cash flow from capital activities	135	-4	-246
Cash effect from net financial items	4	1	6
<b>Net cash flow *</b>	<b>197</b>	<b>47</b>	<b>20</b>
Change in net interest-bearing receivables without cash effect	-3	-	376
<b>Change in net interest-bearing receivables</b>	<b>194</b>	<b>47</b>	<b>395</b>

\* Cash flow before change in net interest-bearing receivables

# Net interest bearing receivables

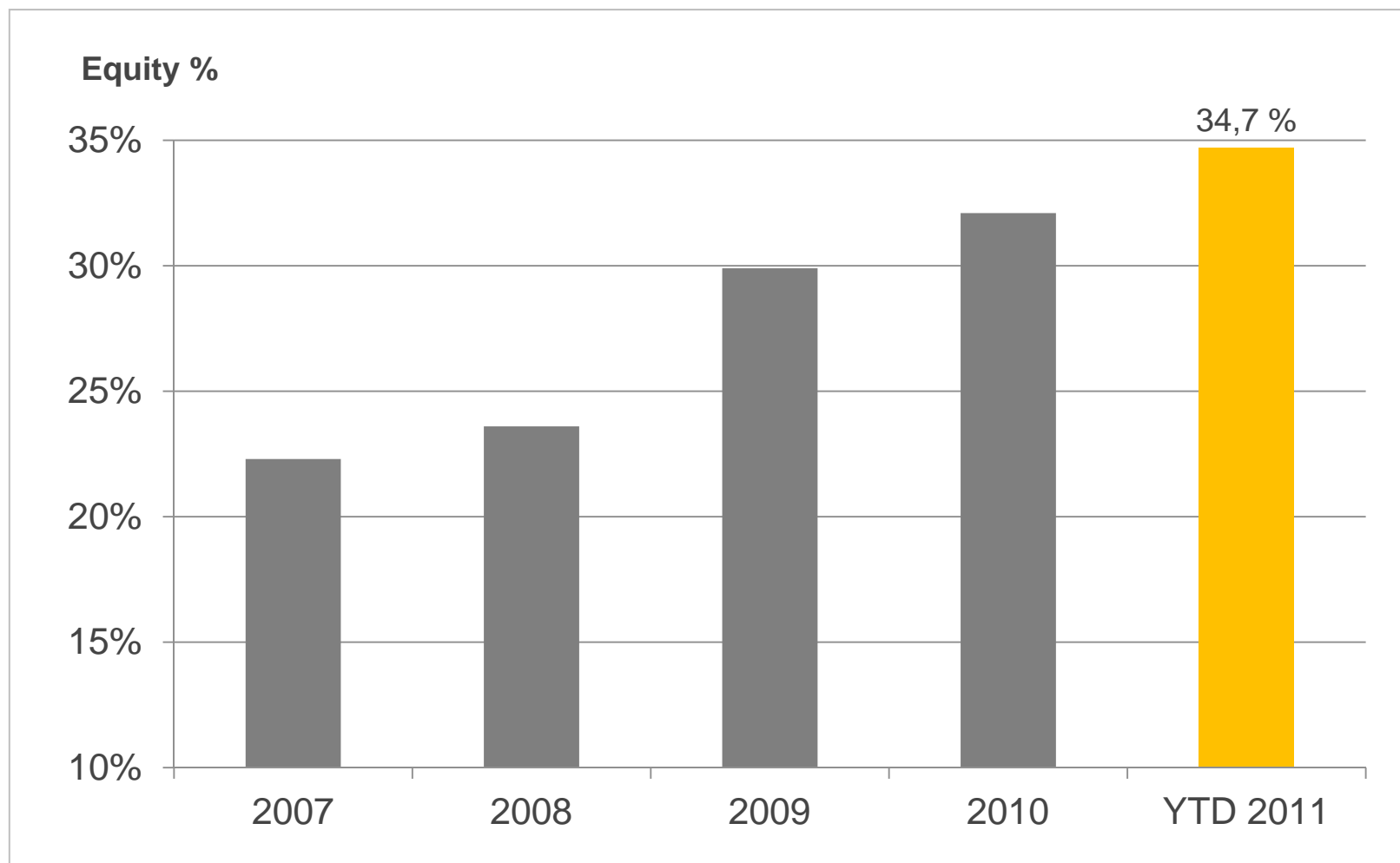


Net interest-bearing receivables at March 31 is MNOK 774 (232).

# Balance sheet

NOK million	31.03.2011	31.03.2010
Non-current assets	970	1,314
Current assets, ex. cash	1,544	1,459
Cash and cash equivalents	790	251
<b>Total assets</b>	<b>3,304</b>	<b>3,024</b>
Equity	1,147	982
Long term debt	353	322
Short term debt	1,804	1,720
<b>Total equity and debt</b>	<b>3,304</b>	<b>3,024</b>

# Equity ratio



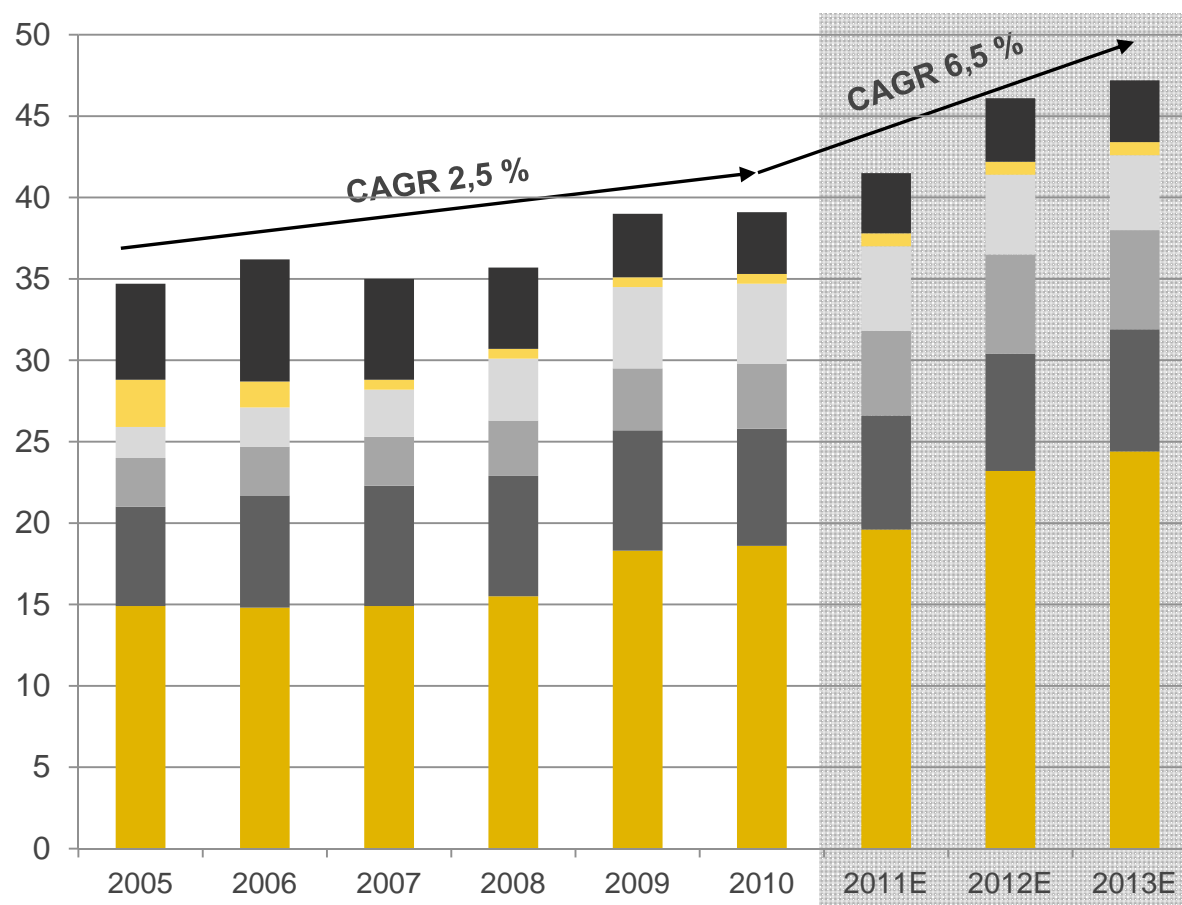
# Market situation

<b>Civil engineering</b>	<ul style="list-style-type: none"> <li>• Large supply of new projects, still strong competition</li> <li>• Higher activity in the Swedish market</li> </ul>	
<b>Building</b>	<ul style="list-style-type: none"> <li>• “Hot” market for residential building projects, improvement within commercial buildings</li> <li>• Stable positive rehabilitation market</li> </ul>	
<b>Property</b>	<ul style="list-style-type: none"> <li>• Good housing sales</li> </ul>	
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Stable market for our land-based activities</li> <li>• Increasing activity for offshore studies and tenders</li> </ul>	
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Increasing supply of projects for EMT</li> <li>• Good market within offshore HVAC</li> <li>• Improving market within the maritime sector</li> </ul>	

# Norwegian Civil engineering market – a growing market



Historic and estimated public and private investments in the Norwegian civil engineering market 2005-2013E in NOK billion



Source: Prognosesenteret

	CAGR	
	2005-10	2010-13
Other	-8.5 %	0.4 %
Oil and gas	-27.2 %	10.1 %
Railway	21.4 %	-1.9 %
Energy and utilities	6.2 %	14.8 %
Public administration	3.4 %	1.0 %
Road (incl. bridge and tunnel)	4.6 %	9.5 %

**Thank you for your attention!**

