



AF Gruppen

Presentation 2. quarter 2006

Agenda

AF continues its progress

Business areas

Business opportunities in environment

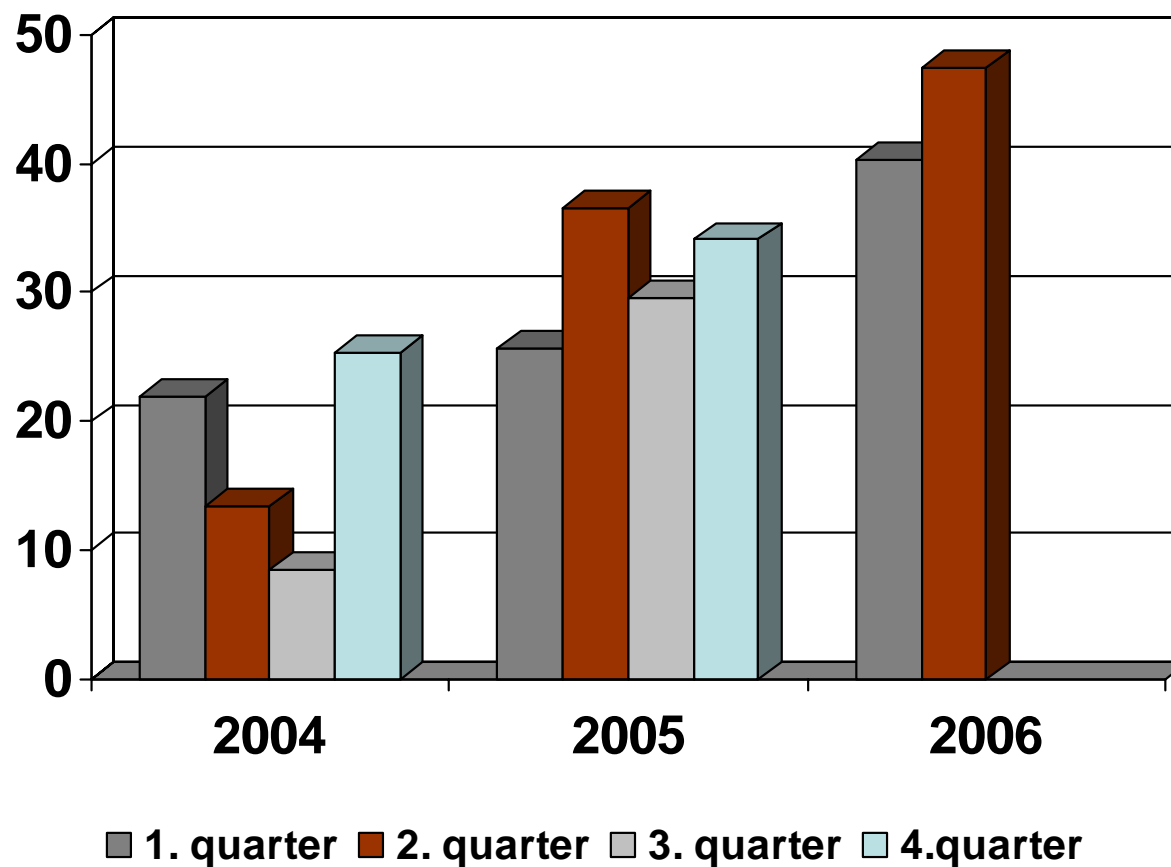
The road ahead

Appendix

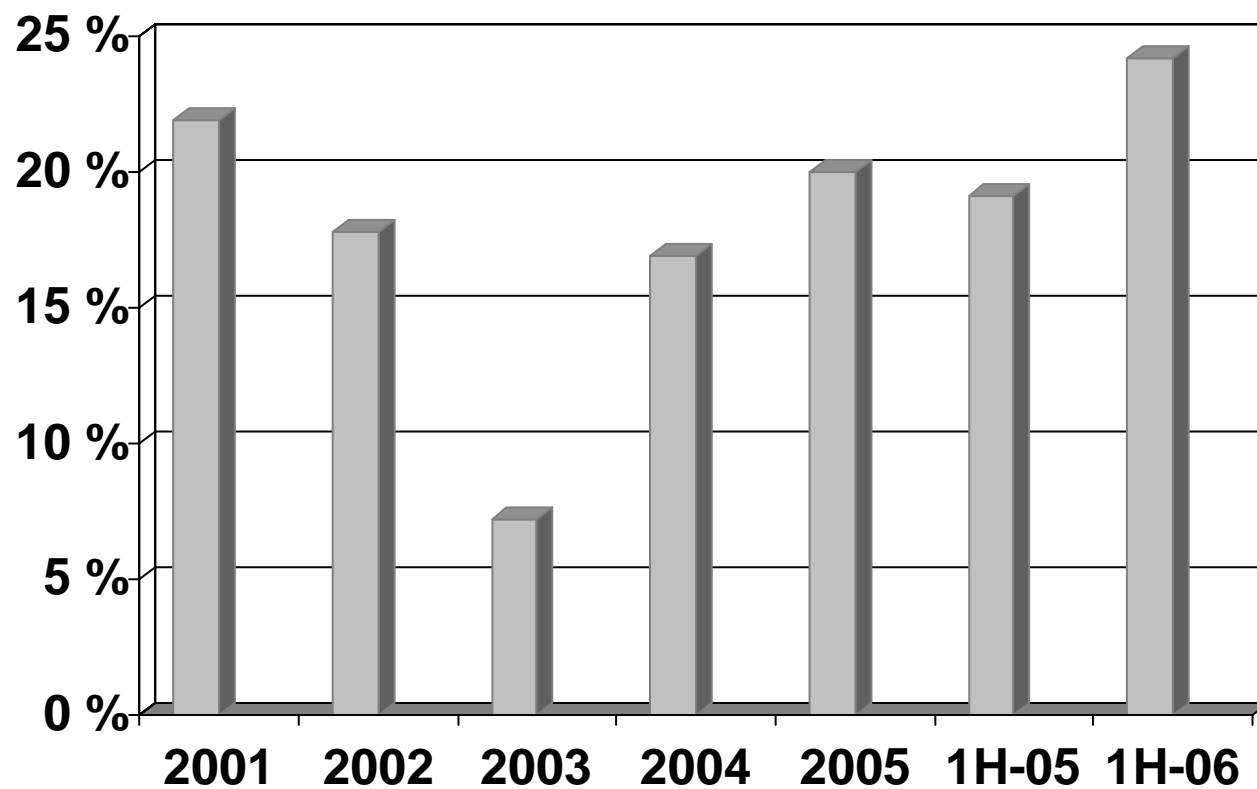
Summary – first six months of 2006

- Highest ever profits in the first six months of 2006
 - *Operating revenue increased by 43% to 2 650 million*
 - *Profit before tax increased by 41% to NOK 87.8 million*
 - *Earnings pr. share was NOK 4.55 (3.42)*
 - *Gross profit margin was 3.3%*
 - *Return on invested capital was 24.2% (19.1)*
 - *Record high orders increase and order reserve*

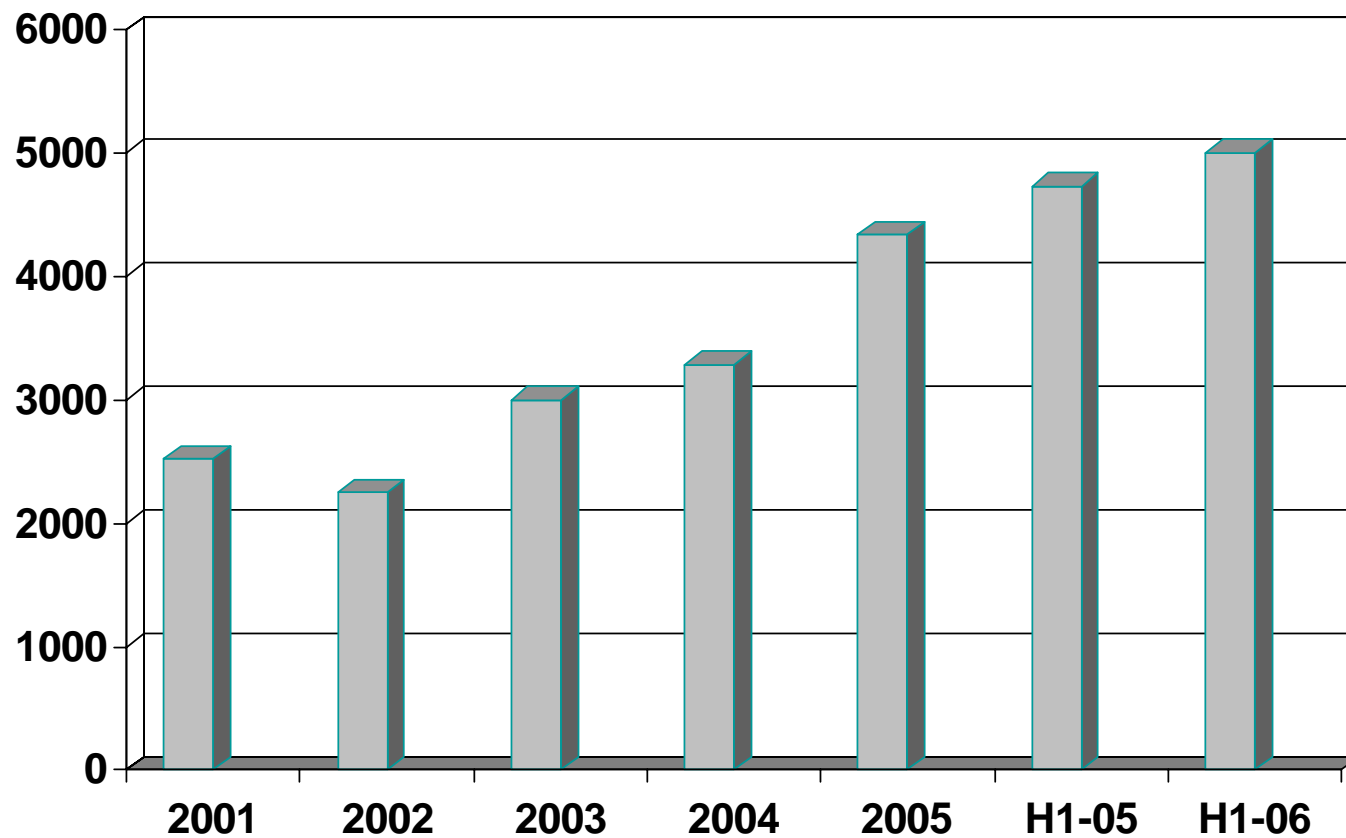
Highest ever quarterly profits



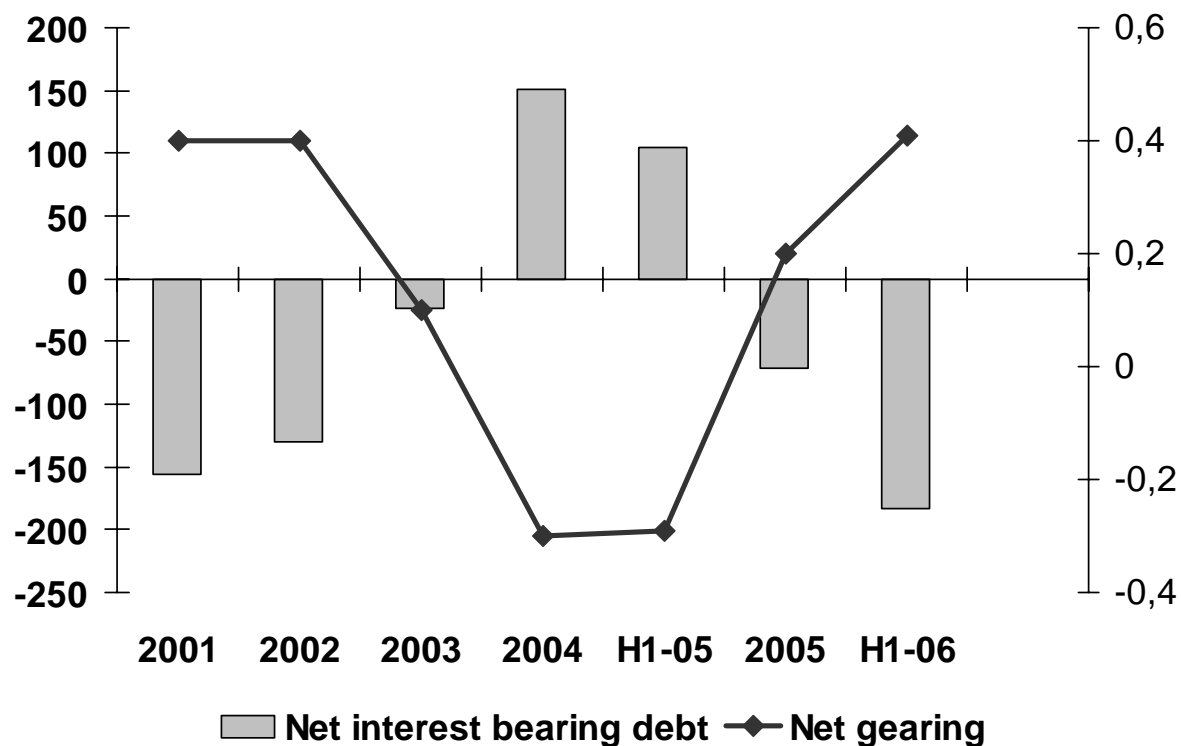
Return on invested capital



Order reserve at 30.06.06



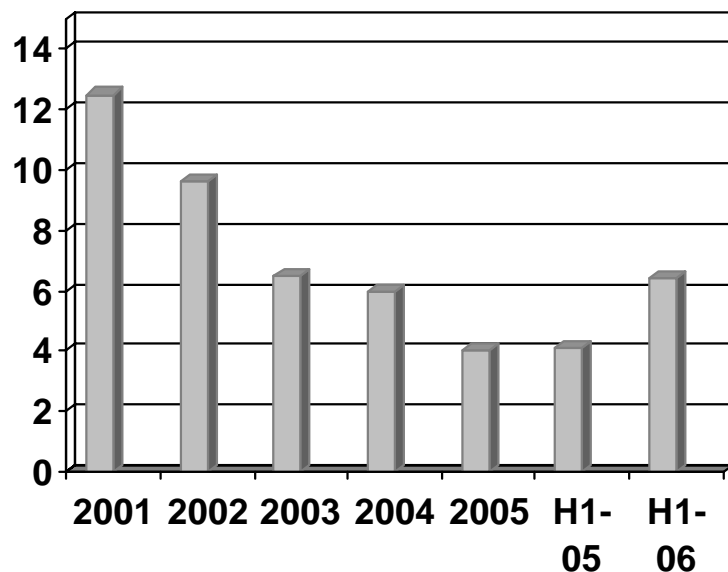
Net interest bearing debt



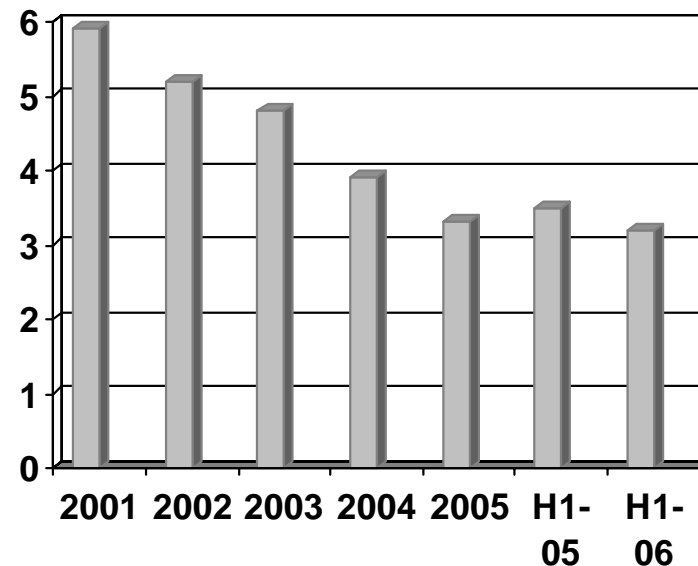
- Strong balance sheet with large potential for continued growth
 - AF has entered into a framework agreement with Handelsbanken in Q2
 - The agreement has a limit of NOK 900 million and will last for three years

HSE - statistics

- H-Value



- Illness



- Good results from focus on HSE in AF Gruppen

– 5 years with year-on-year reduction in absence due to illness and injuries

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Business areas at 30.06.06

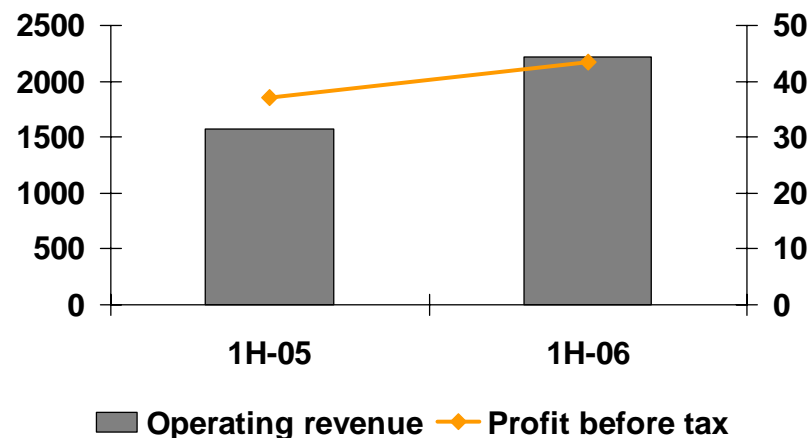
Business area	Operating revenue	Profit before tax	Profit margin (%)
Construction	2 214	43,4	2,0%
Services	324	39,8	12,3%
Property	215	12,7	9,8%*
Other/ Elim.	-103	-8,1	
Total	2 650	87,7	3,3%

* Return on invested capital

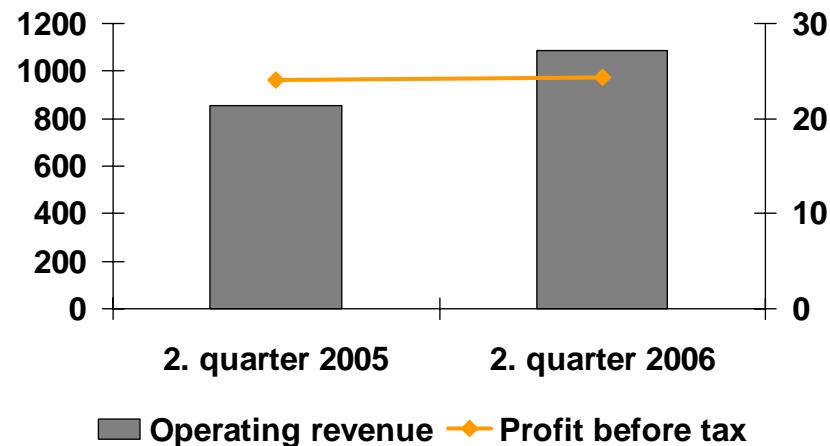
Construction

- Continued stable results from civil engineering
- Improvements in parts of the building business, but Bygg Oslo falls short of expectations
- Record high order reserver with many long-lasting contracts

1H - 2006



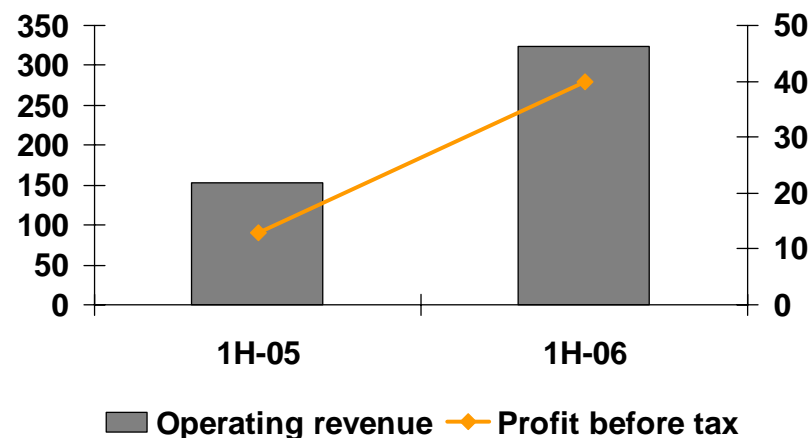
2. kvartal - 2006



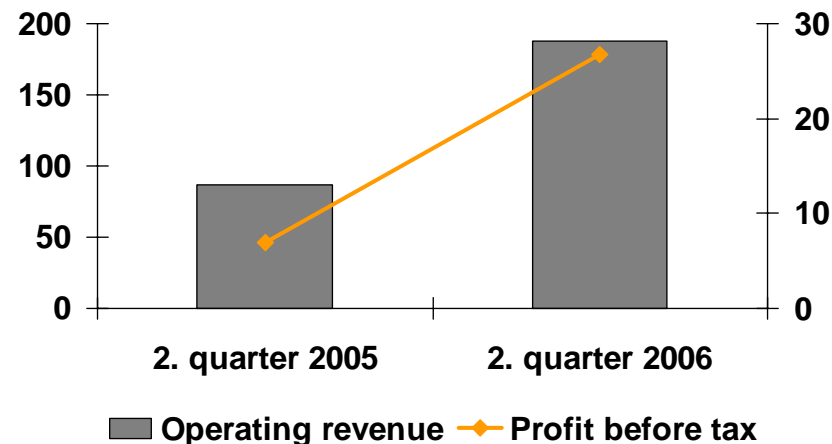
Services

- Very strong results in Services
- Onshore and offshore demolition business constitute a large share of the profits
- Acquisition of two companies in exciting growth market

1H - 2006



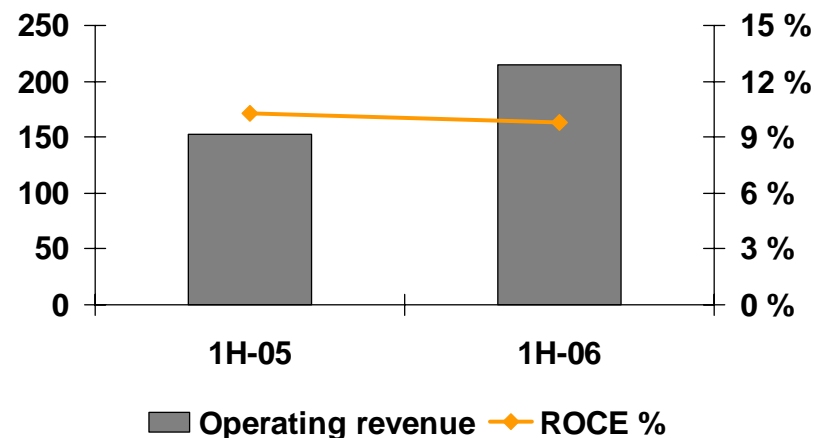
2. quarter - 2006



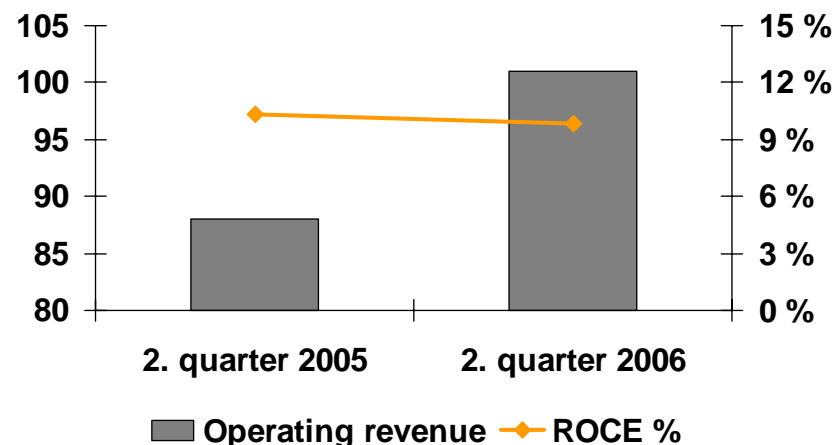
Property development

- Strong increase in operating revenue, but return on capital is below target
- A total of 223 apartments are under construction in our projects
 - *Of this are 54 not sold*
- Positive outlook for the future
 - *Good order reserve*
 - *Several projects in initializing phase*

1H - 2006



2. quarter - 2006



New projects in the second quarter

Project	Type	Size
Leirfossen	Power station	NOK 140 million
Bleikvatn-Røssvatn	Transmission unit	NOK 110 million
Snøhvit	Onshore facility	NOK 75 million
Konows Tårn	Apartments	NOK 90 million
Sofies Hage	Apartments	NOK 70 million
Bertel O. Steen	Head Office	NOK 300 million
Stovnerhjemmet	Nursing home	NOK 200 million
Vasakronan	Police station	SEK 450 million

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AF continues its progress

Business areas

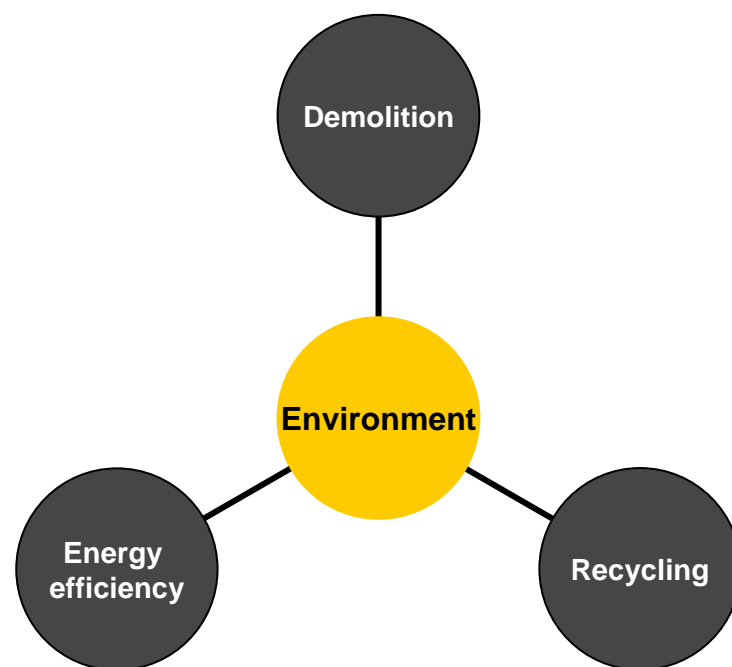
Business opportunities in environment

The road ahead

Appendix

Environmental awareness = Business opportunities

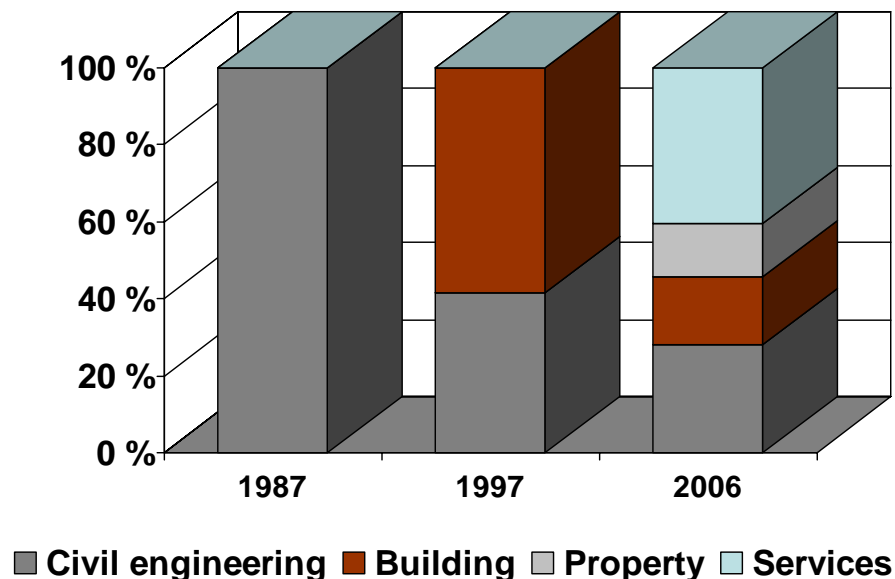
- AF's focus on Services is driven forward by the increased environmental awareness in the society.
- AF cleans up the past and prepares for the future through demolition and recycling.
- Our new business entity within energy efficiency makes use of the possibilities created by higher electricity prices and more environmental awareness.
- Services aimed at environment measures represent today a major share of AF's total business



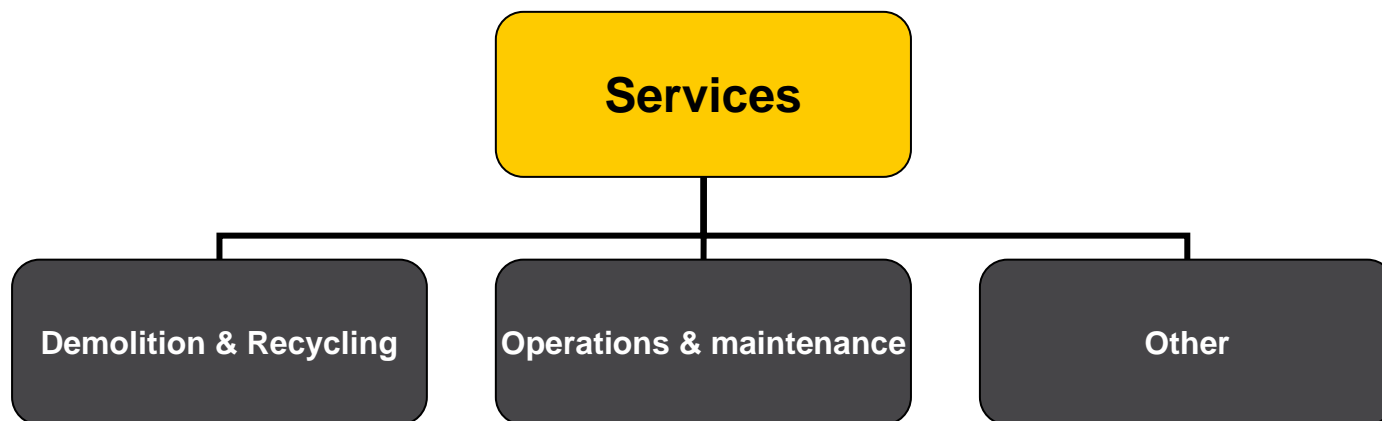
What does this mean for AF?

- Exploit business opportunities driven forward by increased environmental awareness
- Diversification of the business = reduced risk
- A foothold in business areas with high margins
- Profits become more predictable
- Makes it possible to sell more services to the same customer – cross-selling

Profits pr. business area



Business area: Services



Business area

- AF Decom
- BA Gjenvinning
- Skåab AB

Operations & maintenance

- AF Driftspartner

Other

- Påplintar AB

Localization

- Norway, Sweden
- The North Sea

- Norway

- Sweden

Revenue 2006

- NOK 500 Million

- NOK 50 Million

- NOK 100 Million

AF Driftspartner represents growth opportunities

- AF Driftspartner represents AF's new emphasis on operational services related to the property market
- AF has, through the acquisitions of Holst & Brå AS and Energi & Miljøteknikk AS, secured a leading position in a profitable niche
- AF want to build on these acquisitions in order to reach new geographical markets through organic growth

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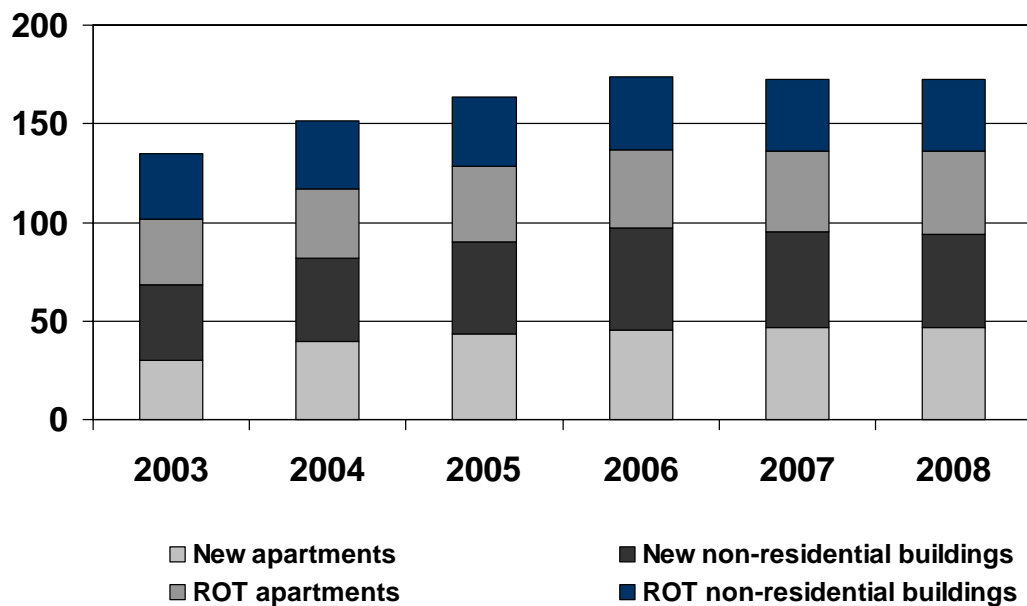
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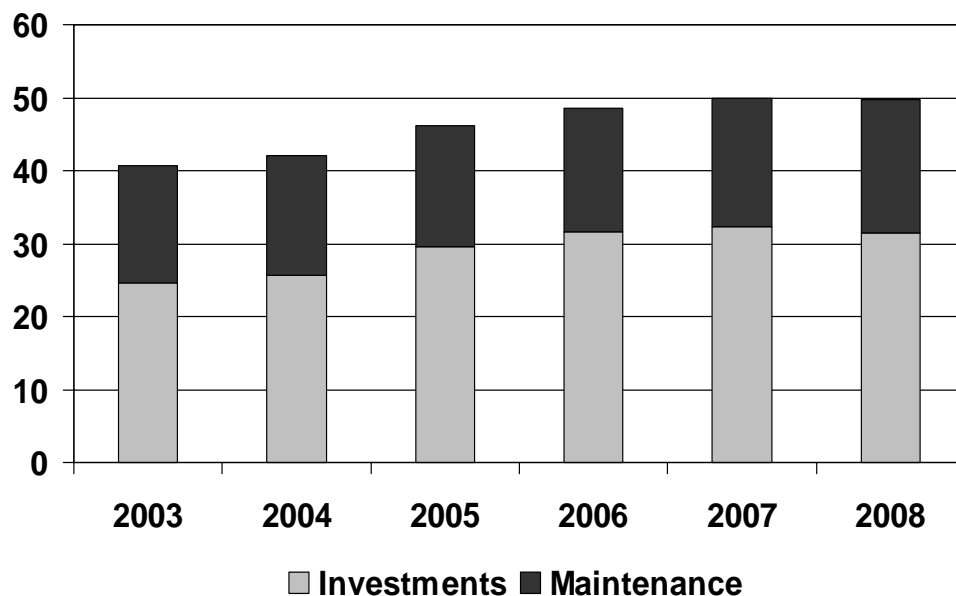
Appendix

Outlook for the building business - Norway



- Good outlook for the building-business
 - 2005 – record year in the business
 - 2006 looks marginally better
 - Good outlook for 2007 and 2008

Outlook for the civil engineering's business - Norway



- Continued growth for civil engineering
 - 2006 will be a new record year in the business
 - Expected growth in 2007 as well
 - Increased interest from international companies

Financial targets 2006 - 2008

	Property	Construction	Services	AF Gruppen
Operating margin %		>4%	>10%	
ROCE %	>15%	>30%	>20%	*
ROE %				>20%

* Higher than the average for stock listed Scandinavian contracting firms

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Thank you for your attention!



Key figures

Key figures	01.01 - 30.06.2006	01.01 - 30.06.2005	Change %
Operating revenue	2 649 616	1 858 856	43 %
Operating profit (EBIT)	93 536	65 266	43 %
Profit before tax (EBT)	87 770	62 282	41 %
Earnings NOK pr. share	4,55	3,42	33 %
Return on invested capital (ROIC)	24,1 %	19,1 %	-
Return on equity	28,3 %	24,1 %	-
Operating margin (EBIT%)	3,5 %	3,5 %	-
Gross margin (EBT%)	3,3 %	3,4 %	-
Order reserve	5 001 243	4 728 000	6 %
Orders received	3 311 859	3 320 895	0 %

Profits first six months 2006

Profit and loss account	01.01 - 30.06.2006	01.01 - 30.06.2005	Change 12 months	2005
Operating revenue	2 649 616	1 858 856	43 %	4 174 868
Materials	(475 467)	(381 031)	25 %	(790 971)
Subcontractors	(1 265 267)	(834 545)	52 %	(1 962 294)
Wages	(553 896)	(411 287)	35 %	(899 890)
Other operating expenses	(227 613)	(139 306)	63 %	(338 671)
Depreciation of fixed assets	(33 837)	(27 421)	23 %	(64 107)
Write down				(623)
Operating profit	93 536	65 266	43 %	118 312
Other interest income	1 137	3 993	-72 %	13 085
Other interest expenses	(7 121)	(6 403)	11 %	(11 832)
Other financial (expenses)/income	218	(574)	-138 %	6 477
Net financial items	(5 766)	(2 984)	93 %	7 730
Profit before tax	87 770	62 282	41 %	126 042
Tax expense	(25 135)	(16 487)	52 %	(38 289)
Net profit for the year	62 635	45 795	37 %	87 753

Balance sheet - Assets

Assets	30.06.2006	30.06.2005	Change 12 months	31.12.2005
Land, buildings and machinery	256 901	222 862	15 %	255 991
Goodwill	152 958	81 824	87 %	107 934
Interest bearing non current receivables	6 600	6 249	6 %	11 642
Other non current assets	18 931	13 786	37 %	8 985
Deferred tax assets	-	22 932	-100 %	10 888
Inventories	67 935	12 158	459 %	51 473
Projects on own account held for sale	444 108	270 693	64 %	356 351
Accounts receivable	925 850	633 770	46 %	843 307
Shares held as current assets	11 152	13 000	-14 %	11 152
Cash and cash equivalents	158 266	324 866	-51 %	200 490
Total assets	2 042 701	1 602 140	27 %	1 858 213

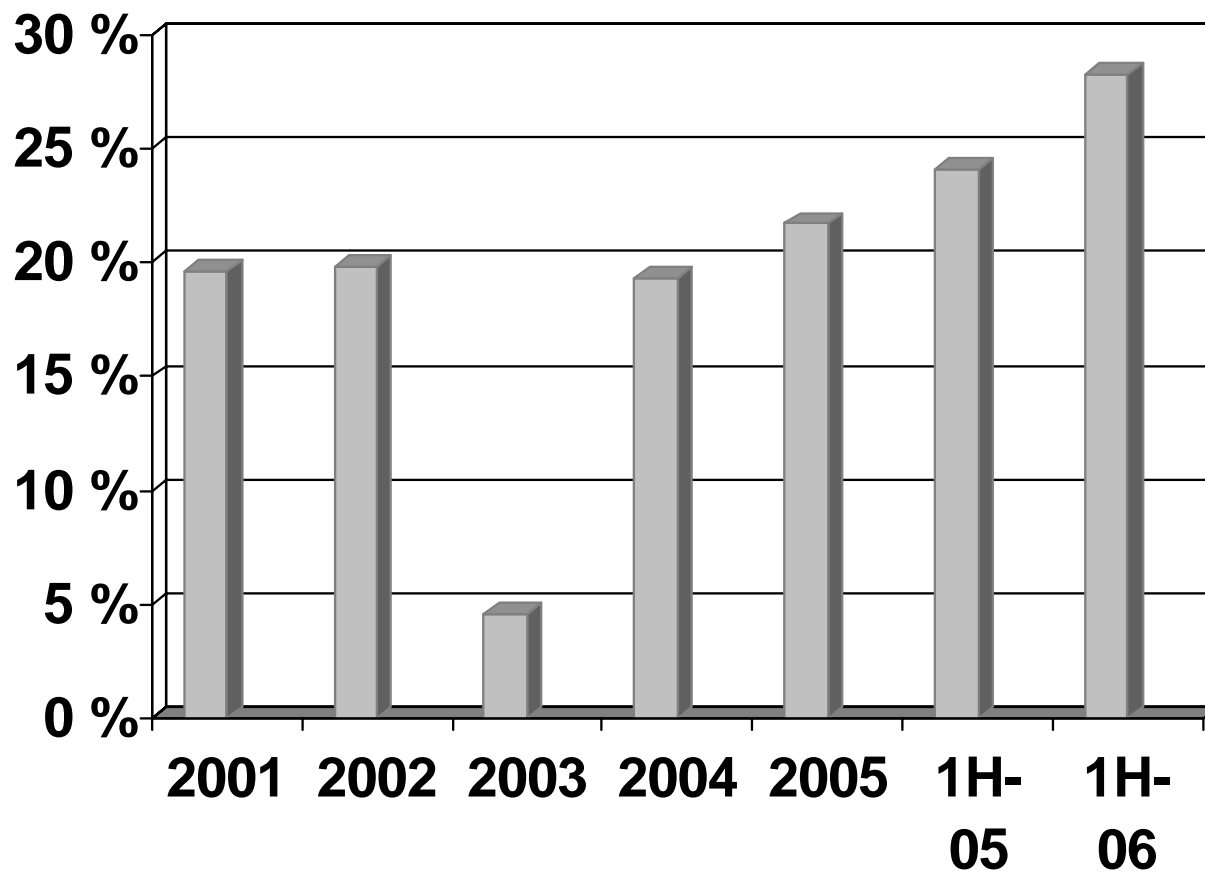
Balance sheet – Debt and equity

Debt and equity	30.06.2006	30.06.2005	Change 12 months	31.12.2005
Contributed equity	12 279	3 442	257 %	12 779
Retained earnings	439 245	363 140	21 %	419 911
Total equity	451 524	366 582	23 %	432 690
Interest bearing loans (long term)	202 586	193 323	5 %	194 836
Retirement benefit obligations	6 521	6 605	-1 %	10 331
Deferred tax obligations	15 464			
Interest bearing loans (short term)	150 765	39 088		95 279
Trade payables and non interest bearing liabilities	1 196 610	984 477	22 %	1 100 253
Provisions	19 231	12 065	59 %	24 824
Total equity and liabilities	2 042 701	1 602 140	27 %	1 858 213

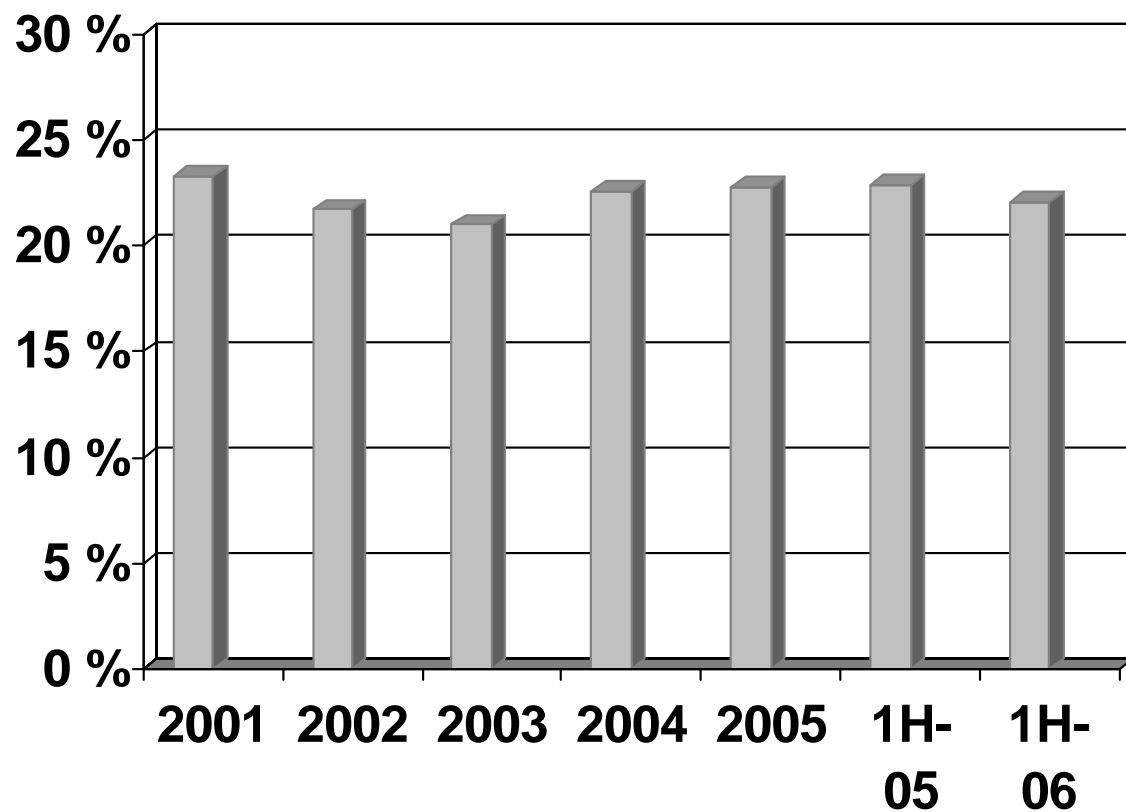
Cash flow

Cash flow	01.01 - 30.06.2006	01.01 - 30.06.2005
Cash flow from operating activities	121,2	84,4
Reduction/(increase) in net operating capital	(92,4)	22,2
Net cash flow from operating activities	28,8	106,6
Cash flow from investing activities	(90,6)	(66,4)
Payed dividend	(41,3)	(67,0)
(Increase)/reduction net interest bearing liabilities	(103,1)	(26,8)
Net interest bearing (liabilities)/assets at the start of period	(80,8)	131,9
Net interest bearing (liabilities)/assets at the end of period	(183,9)	105,1

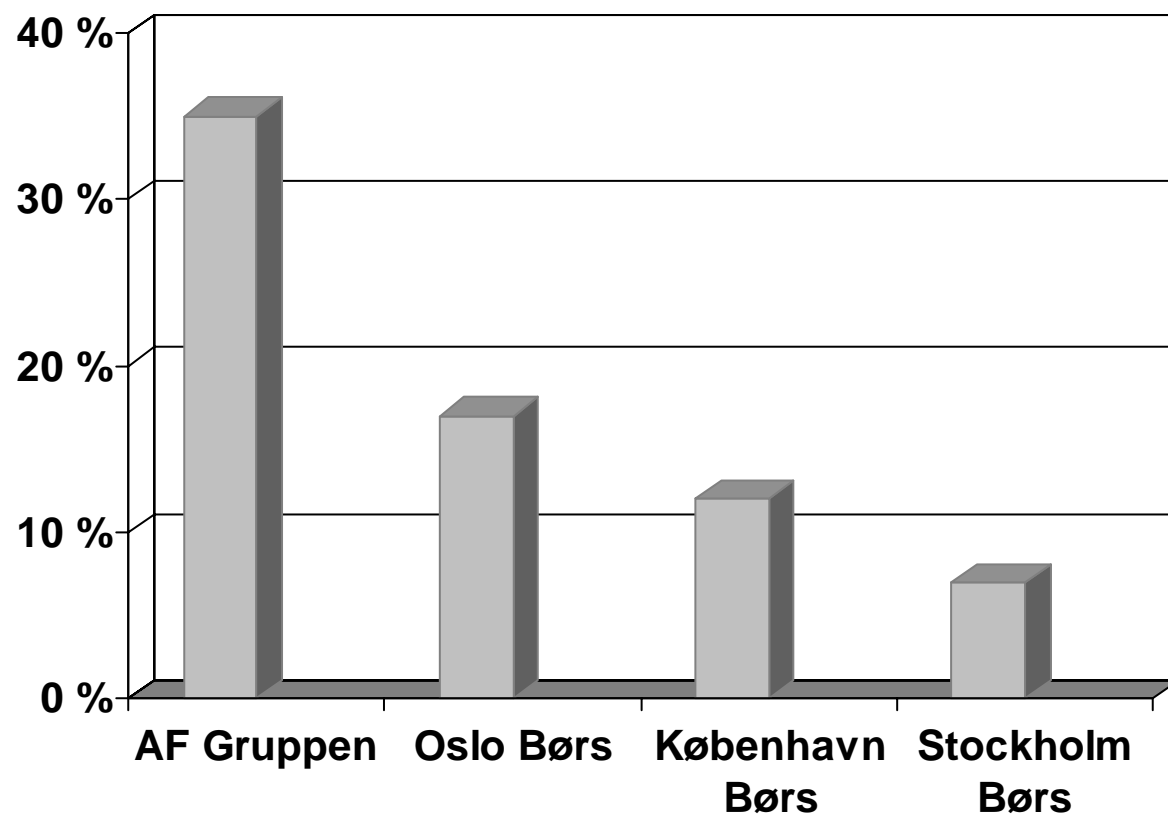
Return on equity – first six months 2006



Equity ratio (%)



Annual return on stock as of 31.12.2005



Share price last 12 months

