

AF Gruppen

2. quarter 2007



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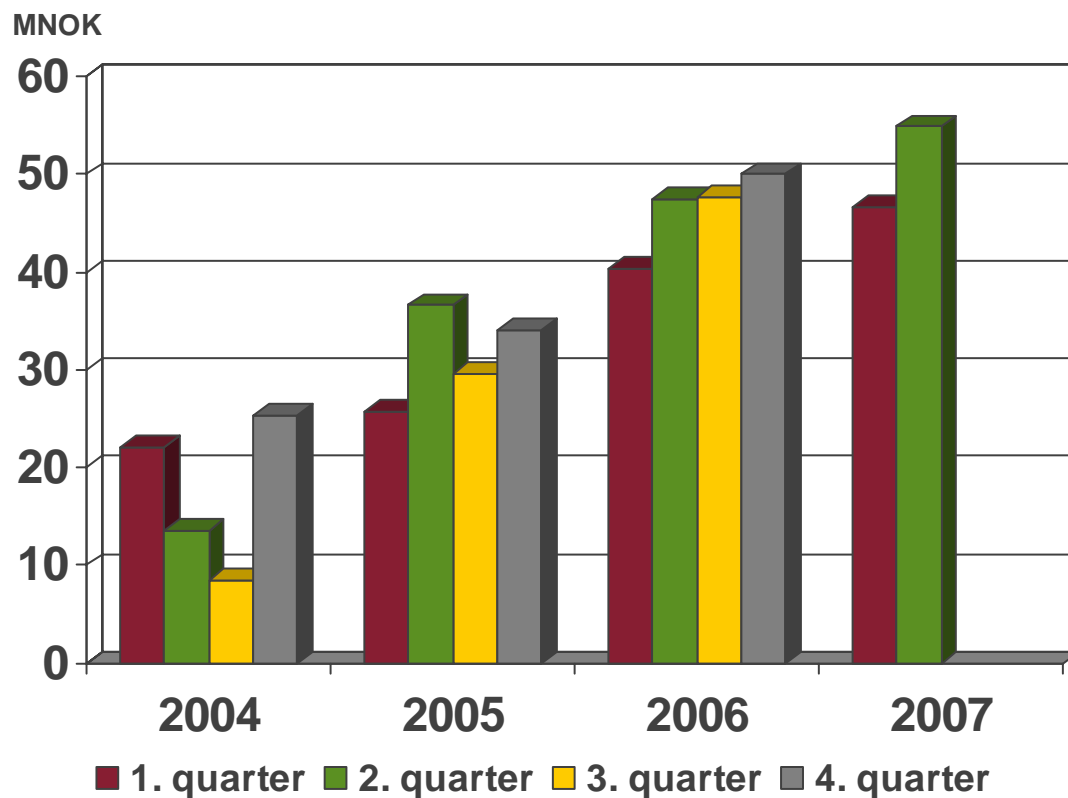
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Summary – 2nd quarter

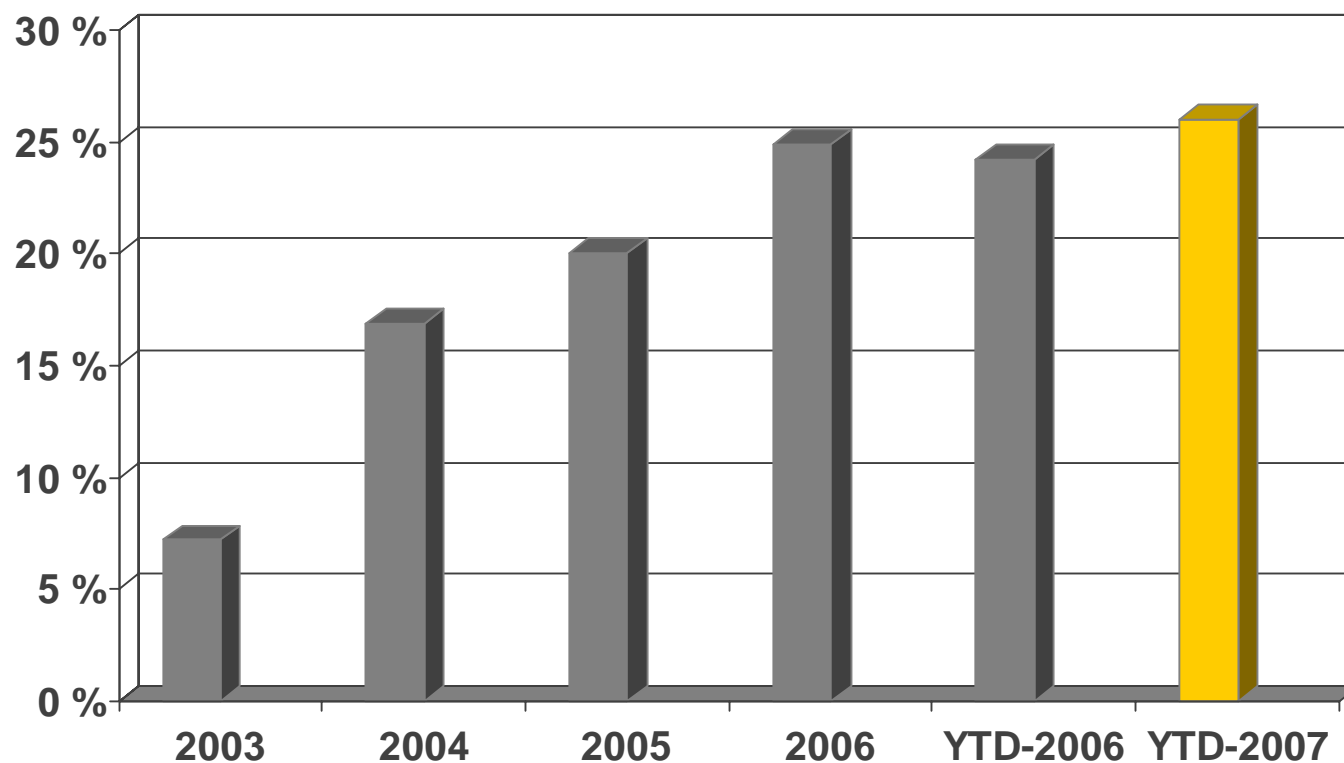
- AF had a strong second quarter
 - Profits before tax increased by 16% to NOK 54.9 million (47.4). Profit before tax in the first six months of 2007 was NOK 101.5 million (87.8).
 - Earnings per share was NOK 2.87 (2.45) in the second quarter. In the first six months, earnings per share was NOK 5.31 (4.55).
 - Return on invested capital (RoIC) was 26.0% (24.2%) by the end of the second quarter.
 - Cash flow from operating activities was NOK 146.0 million (10.6). In the first half-year cash flow was NOK 248.9 mill (28.9).
 - Positive development in HSE-results. H-value was 2,4 (6,4) by the end of the second quarter, while sick leave was 3.4% (3.2%).
 - Record high order backlog at 30.06 of NOK 5,697 million (5,001)

Good outlook for continued profitable growth

- Highest ever quarterly profits



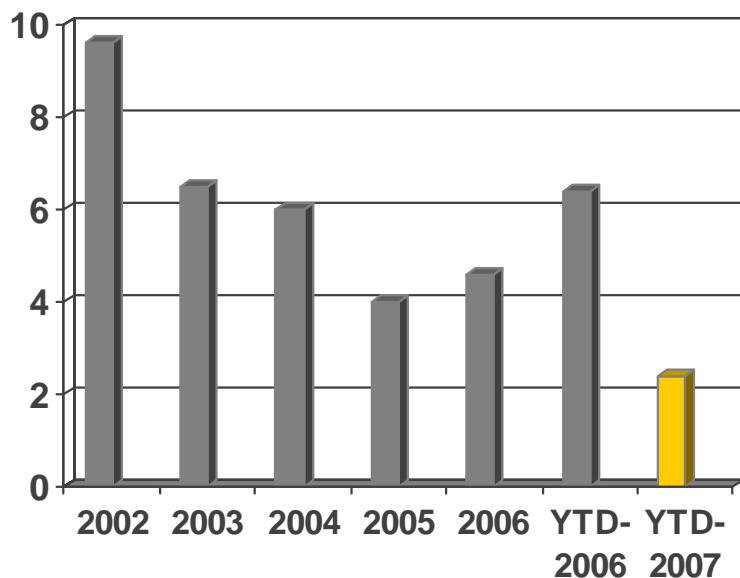
Return on invested capital



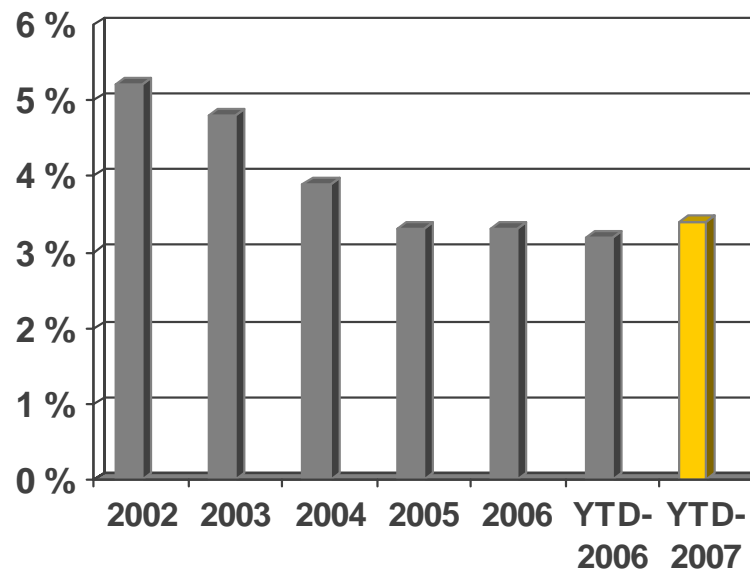
Return on invested capital was 26.0% at June 30 2007

HSE-statistics

- H-Value*



- Sick leave



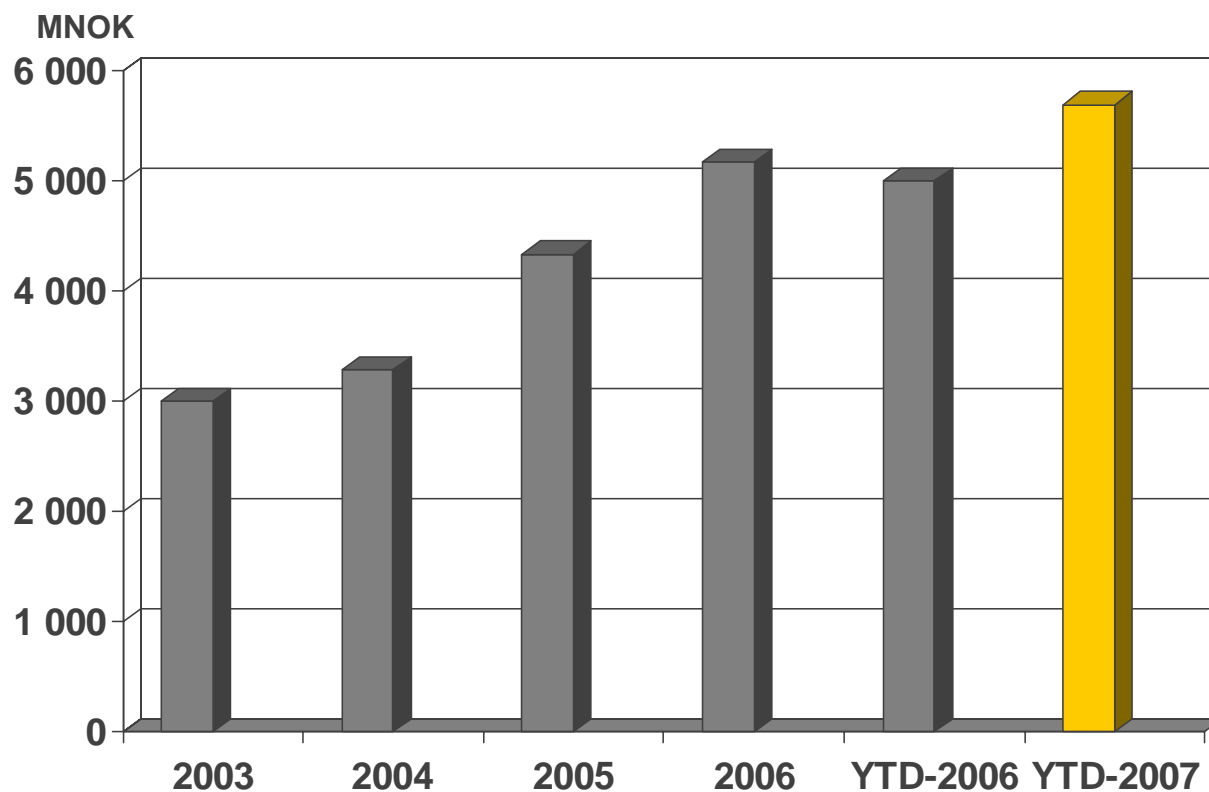
*Number of injuries resulting in absence per million man-hours. AF includes all subcontractors when calculating its H-value.

New projects in the second quarter

Project	Type	Size
Helsfyr Atrium	Office building	NOK 650 million
Halden fengsel	Prison	NOK 217 million
Elvesiden	Apartments	NOK 155 million
Tvillingskolene	Redevelopment of schools	NOK 95 million
Mongstad CHP	Combined heath and power plant	NOK 90 million
Fuglemyra	Renovation of bathrooms	NOK 61 million
Solhøgda	Renovation of bathrooms	NOK 60 million

- Many new projects in the second quarter
- Good spread both on project type and among business units

Order backlog at 30.06.07



Order backlog is at a record high level by the end of the second quarter

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Second quarter profit by business area

MNOK	2. quarter 2007			2. quarter 2006		
	Operating revenue	EBT	EBT (%)	Operating revenue	EBT	EBT (%)
Construction	1,067.4	17.0	1.6%	1,086.3	24.4	2.3%
Services	171.8	27.7	16.1%	187.5	26.8	14.3%
Property	144.9	10.5	-	100.7	6.2	-
Other / Elimination	- 84.5	- 0.3	-	- 60.0	- 10.0	-
Total	1,299.5	54.9	4.2%	1,314.5	47.4	3.6%

* Return on invested capital



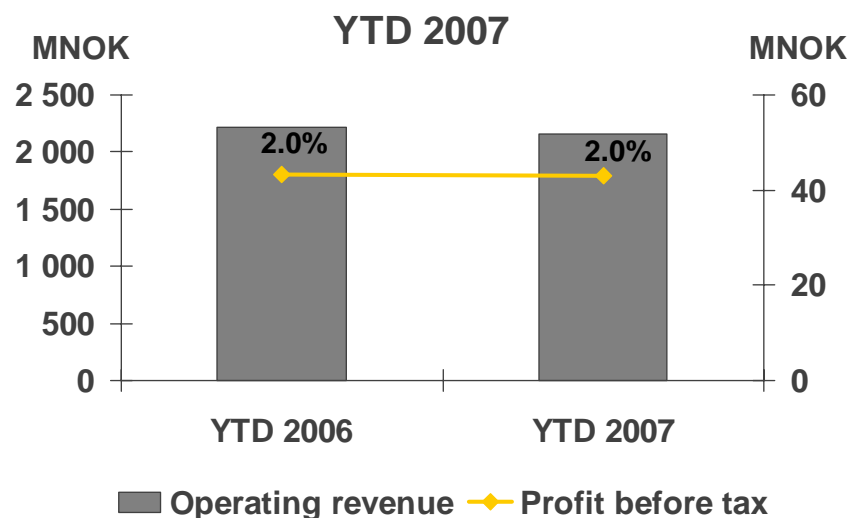
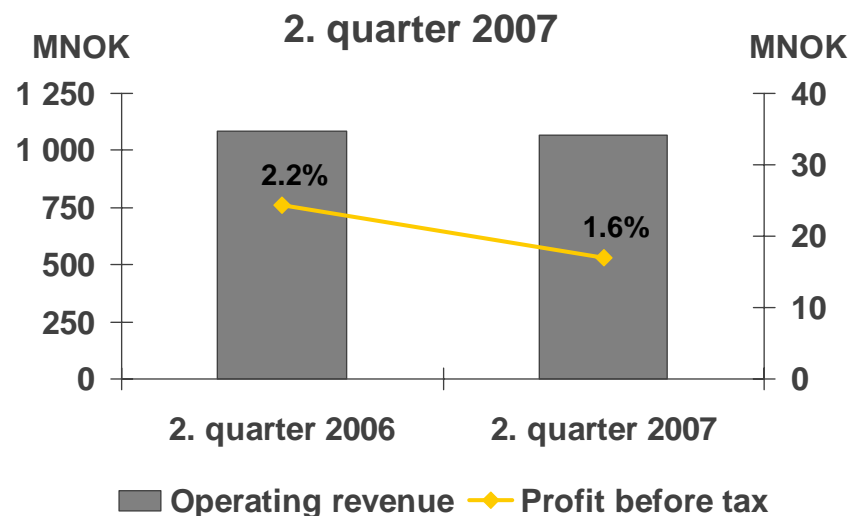
Profit first six months by business area

MNOK	YTD 2007			YTD 2006		
	Operating revenue	EBT	EBT (%)	Operating revenue	EBT	EBT (%)
Construction	2,162.3	42.9	2.0%	2,214.3	43.4	2.0%
Services	344.3	49.6	14.4%	323.5	39.8	12.3%
Property	282.2	11.3	7.7%	214.6	12.7	9.8%*
Other / Elimination	- 142.7	- 2.3	-	-102.8	-8.2	-
Total	2,646.1	101.5	3.8%	2,649.6	87.8	3.3%

* Return on invested capital

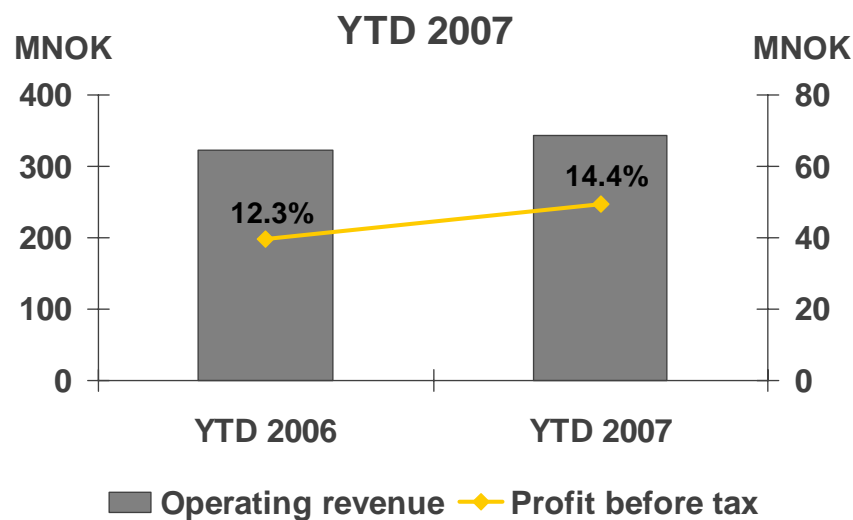
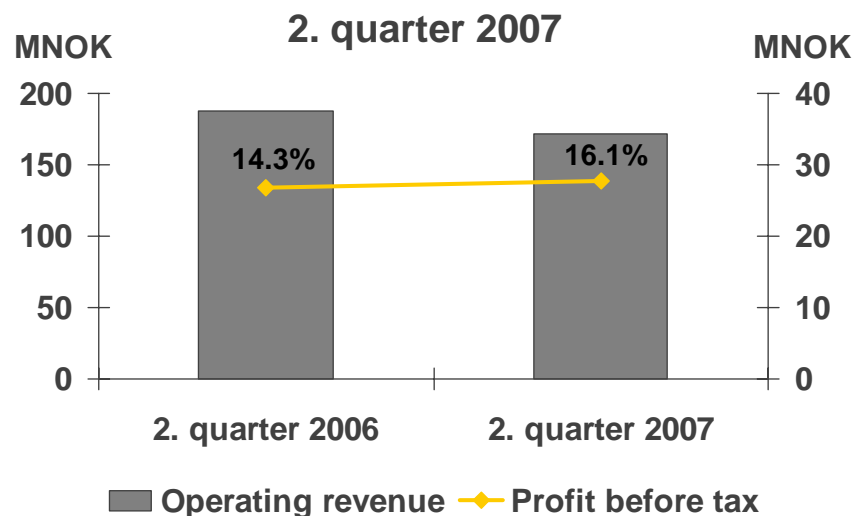
Construction

- Operating revenue is stable, but margins are not satisfactory.
- Increased focus on risk management and profitability in all existing and new projects.



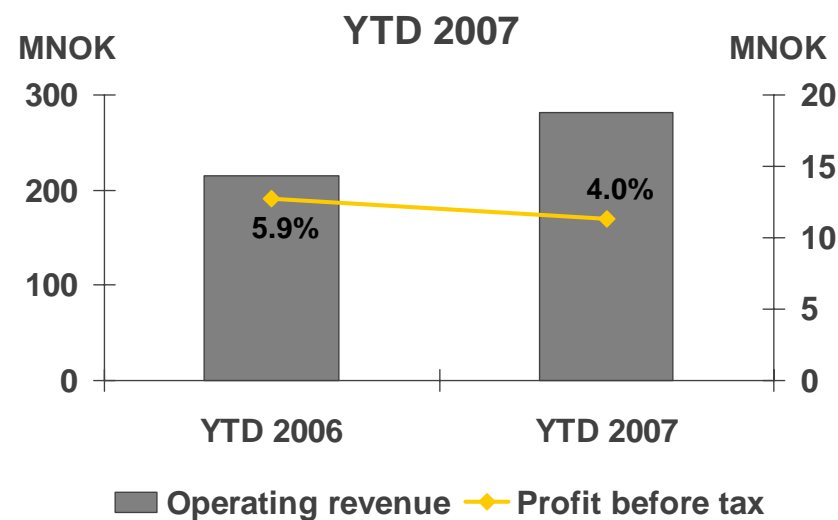
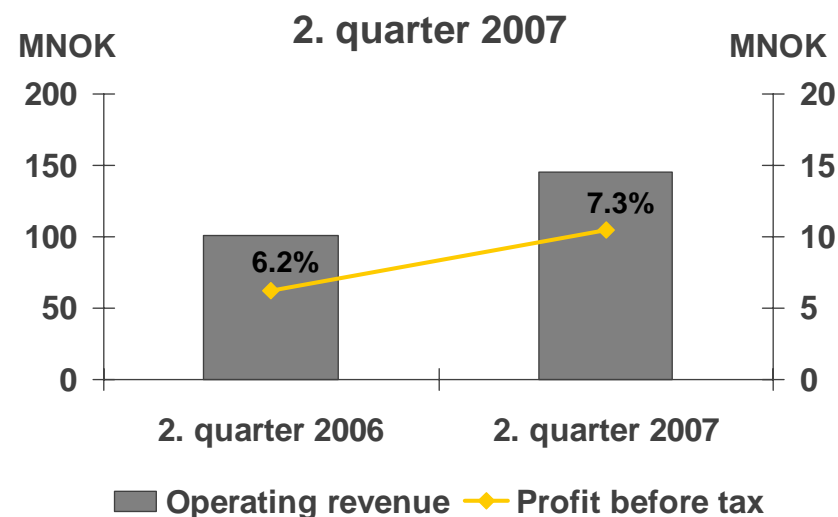
Services

- Very good results.
- High demand for our offshore services.
- Also high demand for AF's onshore demolition services.
- AF's energy and environmental activities are expanding and made a positive contribution to the second quarter profits.
- AF has signed a letter of intent with Mollier AS.



Property

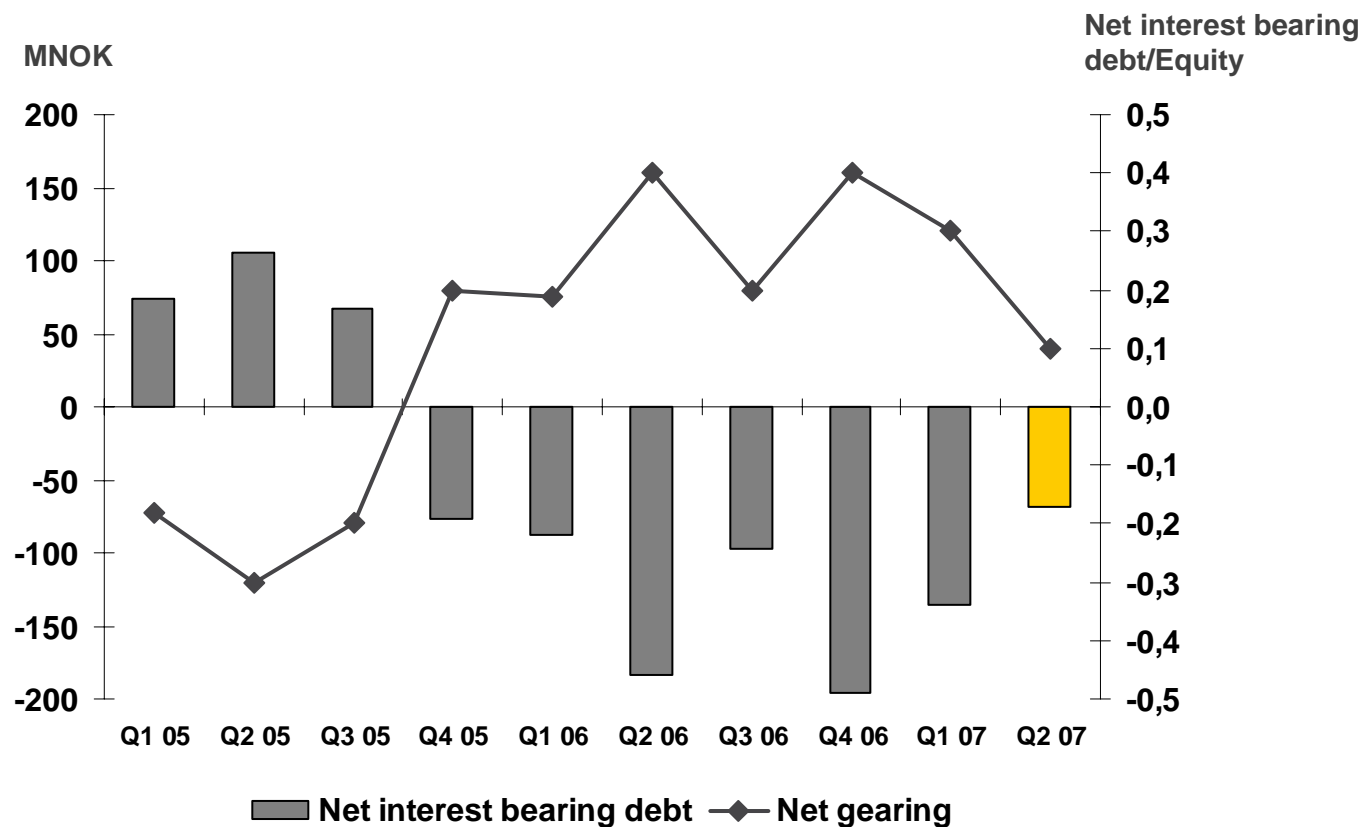
- High level of activity.
- Return on invested capital by the end of the second quarter was 7.7% (9.8%).
- Still a good outlook for 2007.
 - App. 320 residential units under production in Norway and Sweden (70 unsold)
 - App. 1,200 residential units in progress
 - More projects in progress in Sweden



Cash flow statement

Cash flow MNOK	Q2 2007	Q2 2006	YTD 2007	YTD 2006
Cash flow from operating activities	76	64	133	121
Reduction/(increase) in net operating capital	70	(53)	116	(92)
Net cash flow from operating activities	146	11	249	29
Cash flow from investing activities	(29)	(62)	(41)	(91)
Increase/(decrease) interest bearing debt	60	(32)	(76)	59
(Increase)/decrease interest bearing receivables	(2)	(4)	(2)	1
(Increase)/decrease financial assets	6	4	8	-
Net purchase of own shares	(2)	-4	(2)	1
Payed dividend	-69	-41	-69	-41
Cash flow from financial activities	13	(73)	(149)	20
Net change in cash during the year	130	(124)	58	(42)
Cash equivalents at the start of period	78	282	150	200
Cash equivalents at the end of period	208	158	208	158

Net interest bearing debt



Strong balance sheet with potential for growth

Balance sheet at 30.06.2007

Debt and equity NOK 1 000	30.06.2007	30.06.2006	31.12.2006	31.12.2005
Non current assets	520 853	434 990	521 598	381 978
Current assets	1 277 650	1 449 445	1 483 813	1 264 857
Cash	208 485	158 266	150 078	200 490
Total assets	2 006 988	2 042 701	2 155 489	1 847 325
Long term liabilities	235 529	224 571	196 497	204 543
Short term liabilities	1 251 699	1 366 606	1 424 870	1 210 092
Equity	519 760	451 524	534 122	432 690
Total debt and equity	2 006 988	2 042 701	2 155 489	1 847 325

- Paid dividend of NOK 68.8 million in the second quarter.
- Net interest bearing debt was NOK 68.5 million (183.9) by the end of the second quarter.
- Equity ratio at 30.06 was 26.6% (22.3%).

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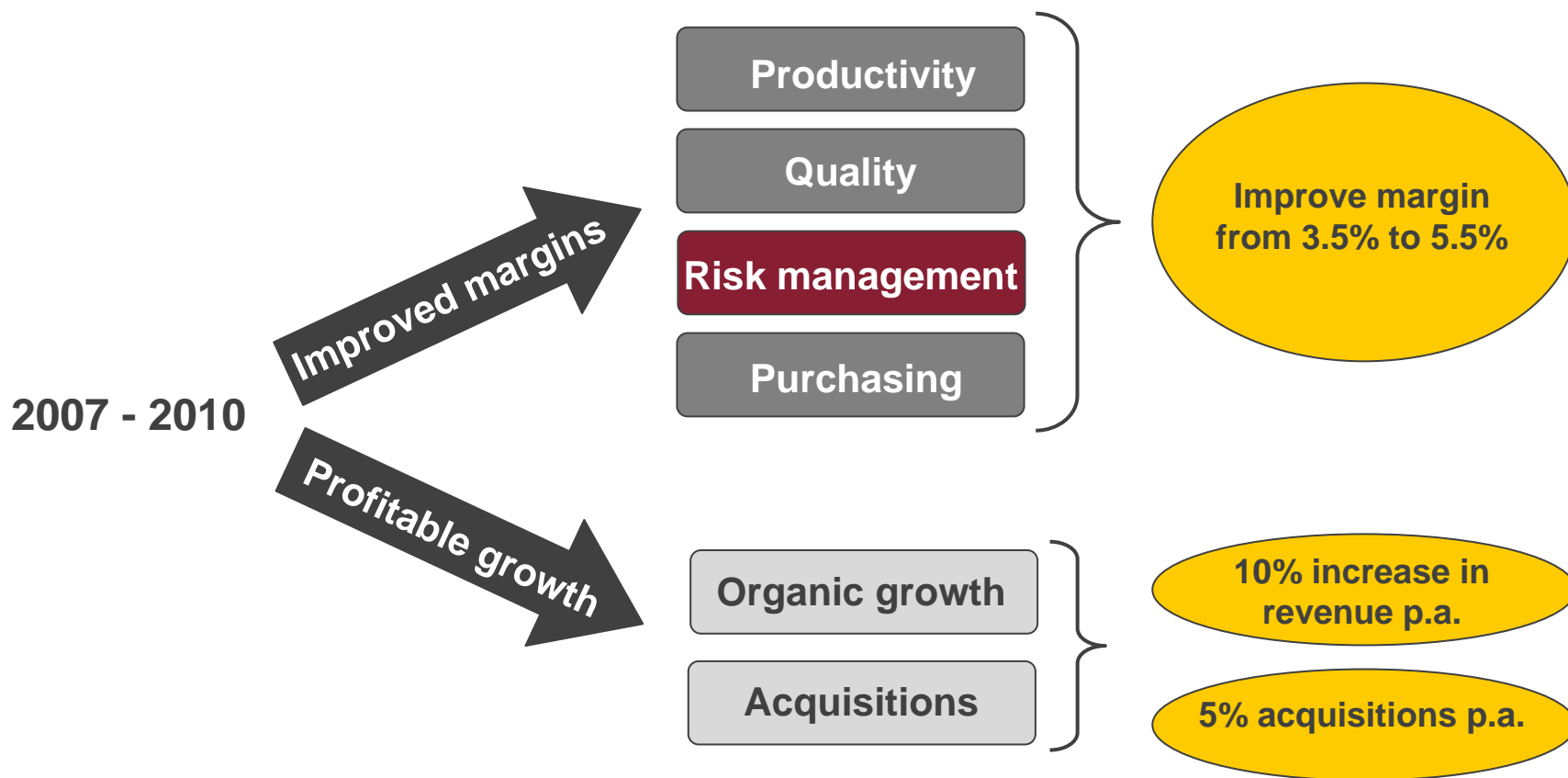
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The road towards higher profitability...



Risk management in AF

- Business characteristics:
 - *Large contracts*
 - *Low margins*
 - *Asymmetric risk profile*
- Risk management and control are essential in order to be competitive and profitable



- AF uses the following definition of risk:
 - *Risk is an uncertain event or action which, if it occurs, has a positive or negative effect on project targets such as time, costs, scope or quality*

Parts of a risk analysis

- Organisation and management
- Progression and cost control
- Suppliers and purchasing
- General conditions (soil condition, geology etc.)
- Terms of contract
- Quality

Before...

Now...

Limited risk analysis before tender



Risk analysis of all major tenders

Limited risk analysis during construction phase



Quarterly risk analysis of all major projects

Limited total overview over portfolio risk



Quarterly portfolio analysis in all business units

Limited overview of the total risk exposure for management and Board of Directors.



Risk management as a strategic management tool

Status YTD

- 50 risk analysis of tenders with more than 300 participants
- Quarterly risk analysis of 60 projects
- Quarterly risk analysis of project portfolio in all business units
- Strong involvement from management
- Risk unit in the Group with experts responsible for facilitating risk analysis and other processes related to risk management

The art is not to eliminate risk, but to identify, handle and price it correctly



Thank you for your attention!



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Key figures

Key figures NOK 1 000	Q2 2007	Q2 2006	YTD 2007	YTD 2006
Operating revenue	1 299 486	1 314 468	2 646 079	2 649 616
Operating profit (EBIT)	54 328	53 583	104 769	93 537
Profit before tax (EBT)	54 940	47 443	101 519	87 770
Earnings NOK pr. share	2,87	2,45	5,31	4,55
Return on invested capital (ROIC)	-	-	26,0 %	24,2 %
Return on equity	-	-	27,7 %	28,3 %
Operating margin (EBIT%)	4,0 %	4,1 %	4,2 %	3,5 %
Gross margin (EBT%)	3,8 %	3,6 %	4,2 %	3,3 %
Order backlog	5 696 678	5 001 243	5 696 678	5 001 243
Order bookings	2 076 942	2 290 711	3 165 508	3 311 859



Profit and loss second quarter and YTD 2007

Profit and loss account NOK 1 000	Q2 2007	Q2 2006	YTD 2007	YTD 2006
Operating revenue	1 299 485	1 314 468	2 646 079	2 649 616
Materials	-167 939	-213 631	-600 794	-475 467
Subcontractors	-683 560	-644 794	-1 049 810	-1 265 267
Wages	-259 135	-267 165	-597 315	-553 896
Other operating expenses	-112 735	-118 734	-252 838	-227 613
Depreciation of fixed assets	-21 788	-16 562	-40 553	-33 837
Operating profit	54 328	53 582	104 769	93 536
Other interest income	2 753	813	3 408	1 137
Other interest expenses	-2 812	-3 537	-6 965	-7 121
Other financial (expenses)/income	671	-3 415	307	218
Net financial items	612	-6 139	-3 250	-5 766
Profit before tax	54 940	47 443	101 519	87 770
Tax expense	-15 383	-13 703	-28 425	-25 135
Net profit for the year	39 557	33 740	73 094	62 635

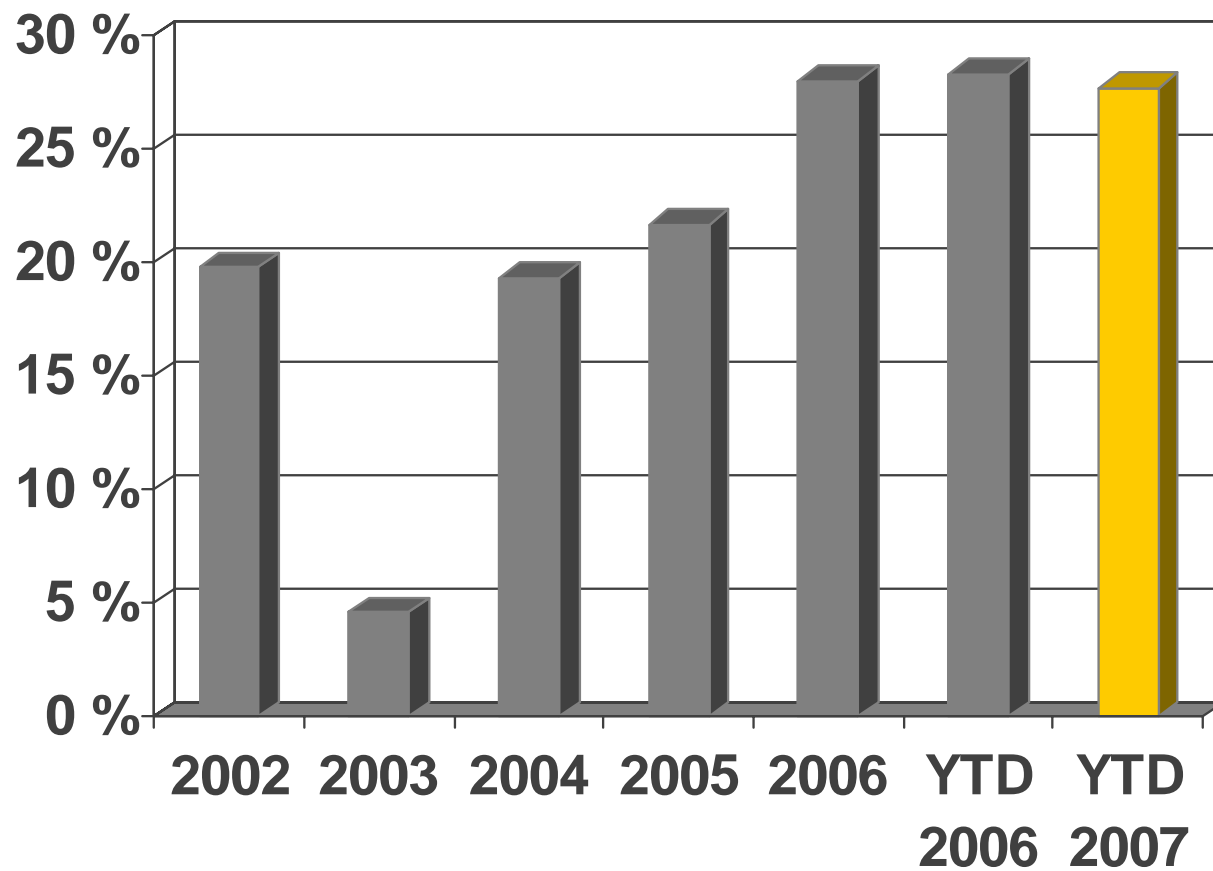
Balance sheet - Assets

Assets NOK 1 000	30.06.2007	30.06.2006	31.12.2006	31.12.2005
Land, buildings and machinery	289 692	256 901	294 909	255 991
Goodwill	192 602	152 958	194 327	107 934
Interest bearing non current receivables	22 603	6 200	22 873	8 985
Other non current receivables	15 956	18 931	9 489	9 068
Inventories	26 346	67 935	39 277	51 473
Projects on own account held for sale	402 414	444 108	316 217	356 351
Accounts receivable	837 250	925 850	1 110 889	843 307
Interest bearing current receivables	3 040	400	400	2 574
Shares held as current assets	8 600	11 152	17 030	11 152
Cash and cash equivalents	208 485	158 266	150 078	200 490
Total assets	2 006 988	2 042 701	2 155 489	1 847 325

Balance sheet – Debt and equity

Debt and equity NOK 1 000	30.06.2007	30.06.2006	31.12.2006	31.12.2005
Contributed equity	3 442	12 279	12 188	12 779
Retained earnings	518 318	439 245	521 934	419 911
Total equity	519 760	451 524	534 122	432 690
Interest bearing loans (long term)	178 524	197 759	165 615	205 100
Retirement benefit obligations	6 378	11 348	7 746	10 331
Deferred tax obligations	50 627	15 464	23 136	-10 888
Interest bearing loans (short term)	126 304	150 765	214 097	95 279
Trade payables and non interest bearing liab	1 125 395	1 215 841	1 210 773	1 114 813
Total equity and liabilities	2 006 988	2 042 701	2 155 489	1 847 325

Return on equity



Equity ratio (%)

