

AF Gruppen

3. quarter 2006



Agenda

A very good quarter for AF 1

Business areas 2

Profit improvements in AF 3

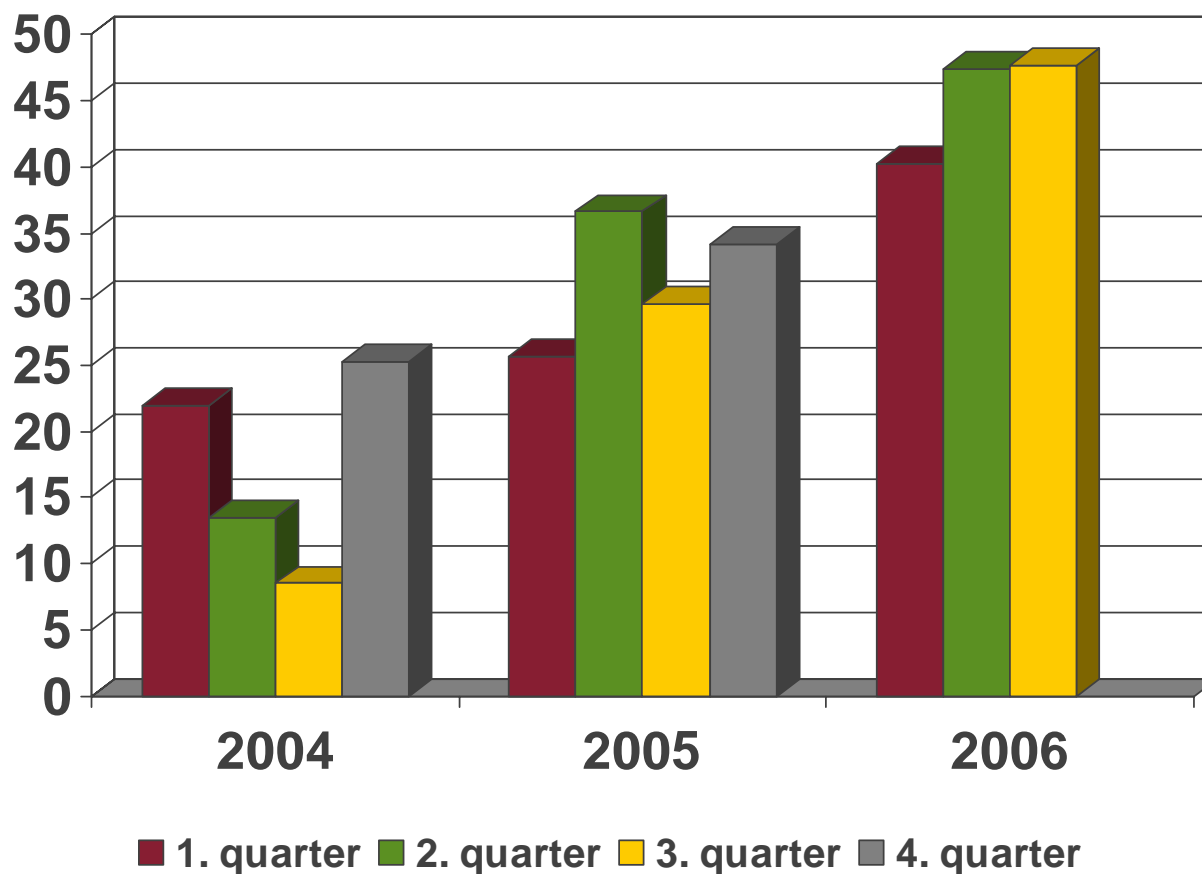
Appendix 4

Summary at 30.09.06

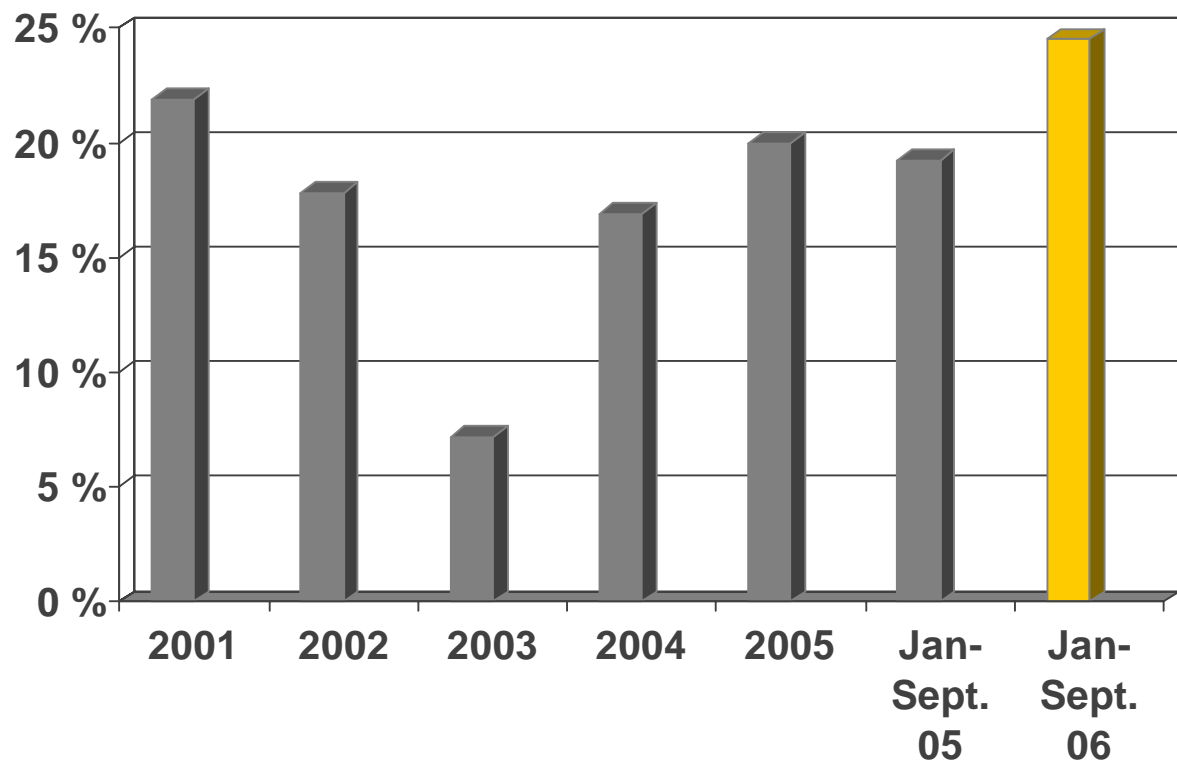
- Very good results at 30.09.06
 - *Operating revenue increased by 35% to 3 854 mill*
 - *Profits before tax increased by 47% to NOK 135.4 mill*
 - *Earnings per share was NOK 7.04 (4.98)*

- Highest ever quarterly profits in Q3
 - *Operating revenue increased by 20% to 1 204 mill*
 - *Profits before tax increased by 61% to NOK 47.6 mill*
 - *Earnings per share was NOK 2.49 (1.56)*

Highest ever quarterly profits

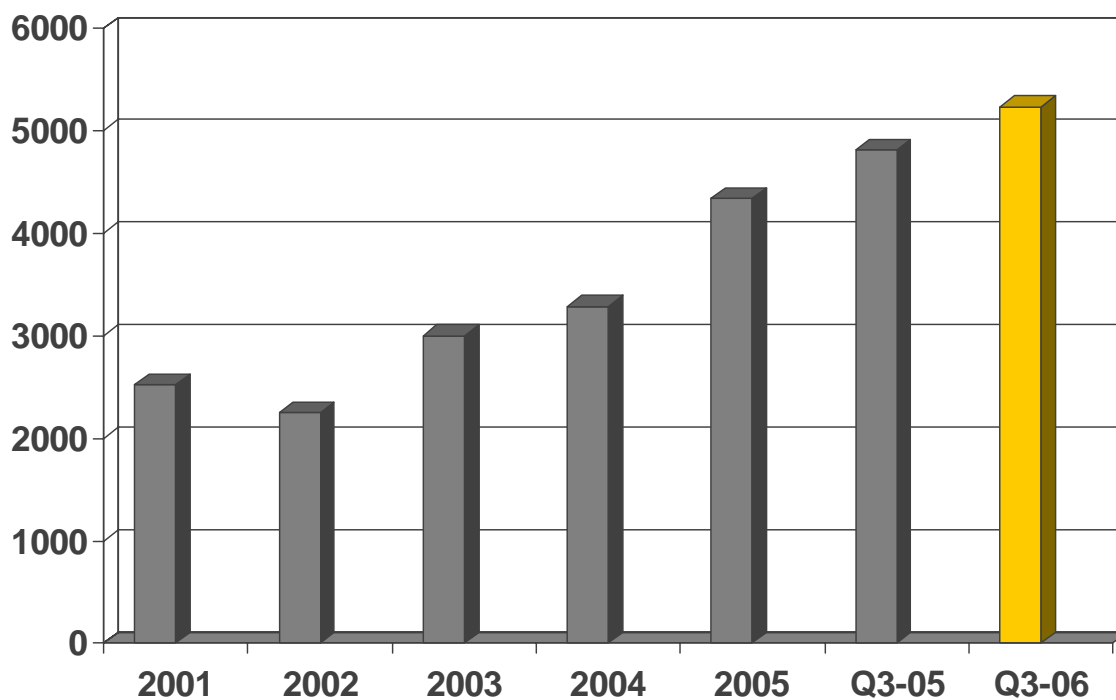


Return on Invested Capital



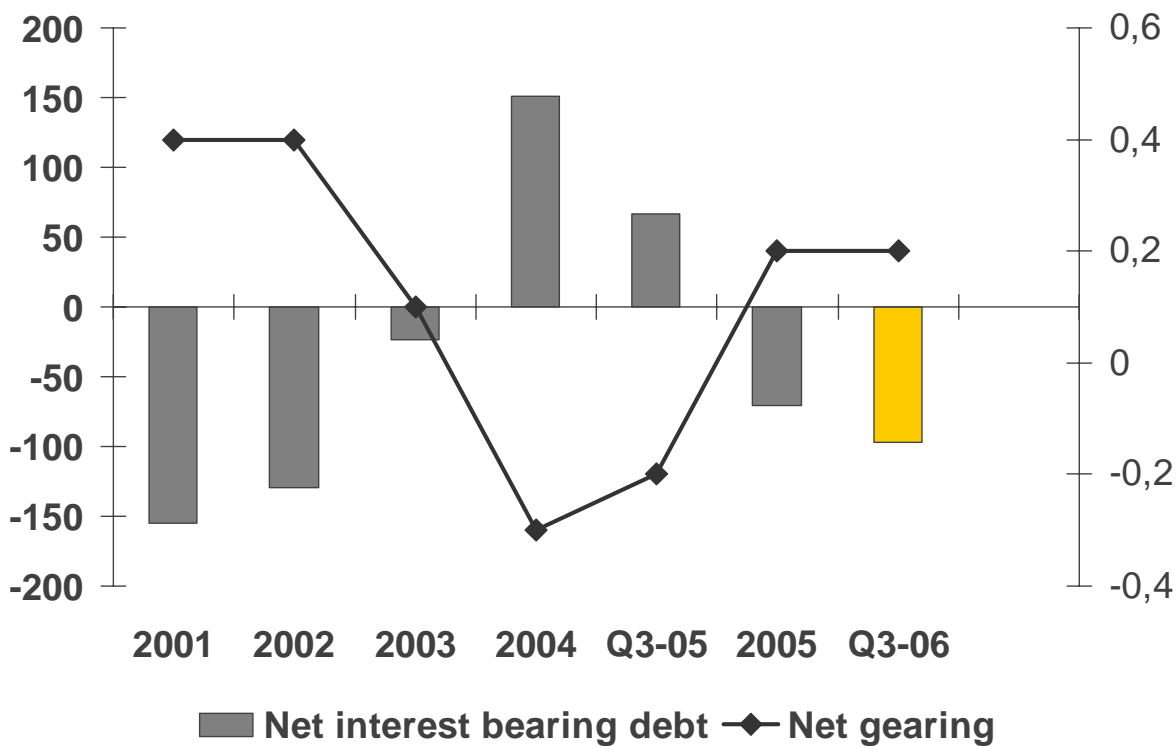
Return on Invested Capital was 24,5% at 30.09.06

Order backlog at 30.09



AF's highest ever order backlog

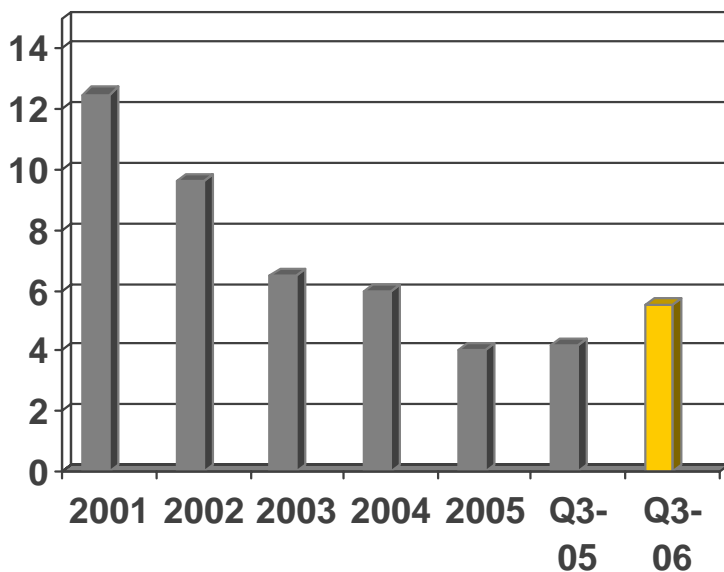
Net interest bearing debt



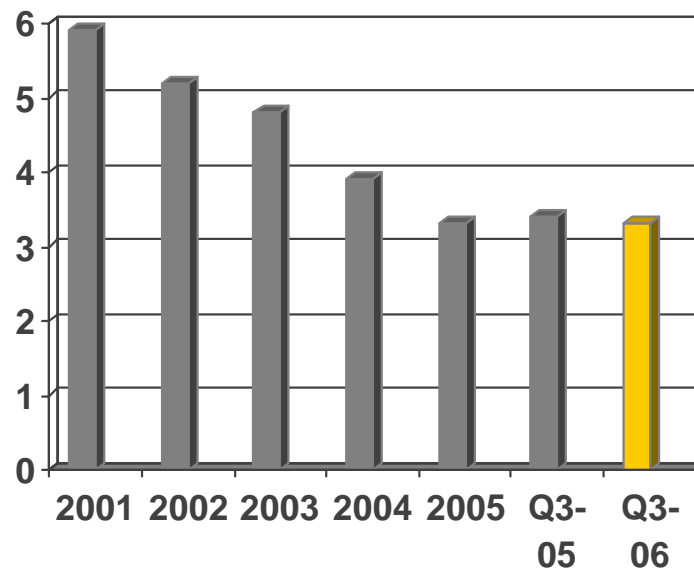
Strong balance sheet with good potential for growth

HSE - statistics

- H-Value



- Sick leave



5 years with year-to-year improvement in HSE-statistics

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Business areas

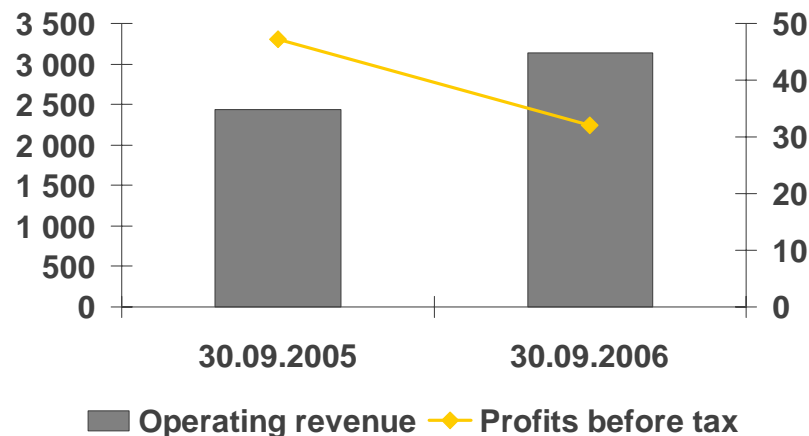
Business area	30.09.2006			3. quarter 2006		
	Operating revenue	Profits before tax	Profit-margin (%)	Operating revenue	Profits before tax	Profit-margin (%)
Construction	3 139,8	32,0	1,0%	925,5	- 11,5	- 1,2%
Services	525,1	78,4	14,9%	201,6	38,6	19,2%
Property Development	335,7	34,2	13,8*	121,2	21,5	22,4%*
Others / Elimination	- 146,9	- 9,2	-	- 44,1	-1,0	-
Total	3 853,7	135,4	3,5%	1 204,1	47,6	4,0%

* Return on Invested Capital

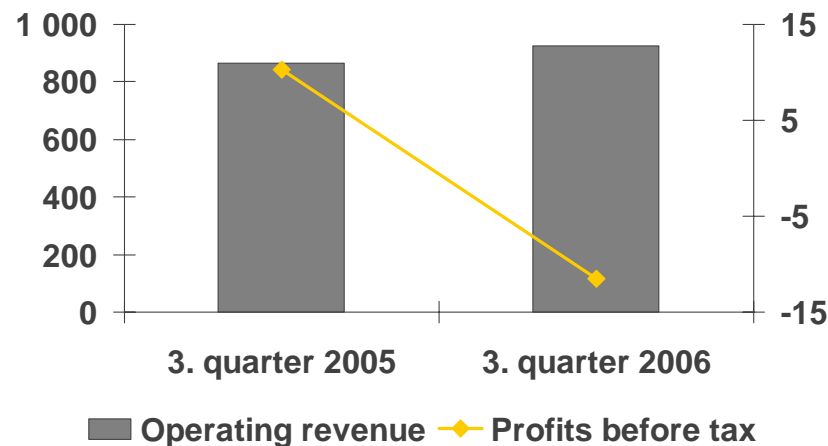
Construction

- Continued stable results from civil engineering, but large negative variances in the building business
- Thorough analysis of loss projects in the third quarter resulted in write downs of approximately 50 mill on three projects
- Still record high order backlog with many long-lasting contracts

30.09.2006



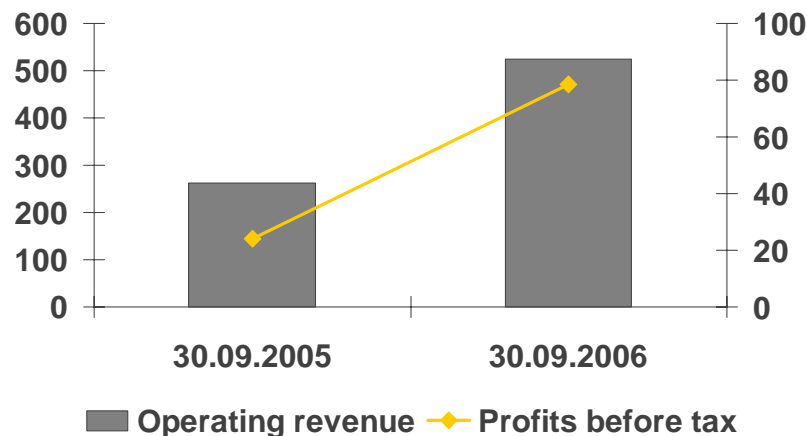
3. quarter - 2006



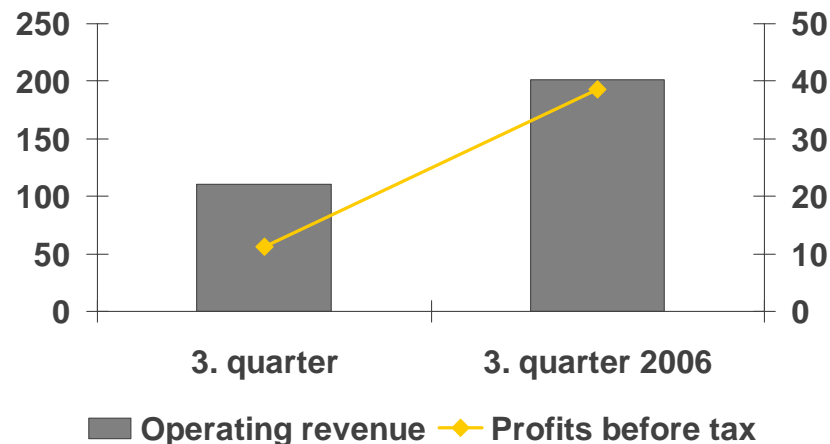
Services

- Improvements in profits continues in Services
- Onshore and offshore demolition business constitute a large share of the profits
- New business entities increase profits and number of new contracts

30.09.2006

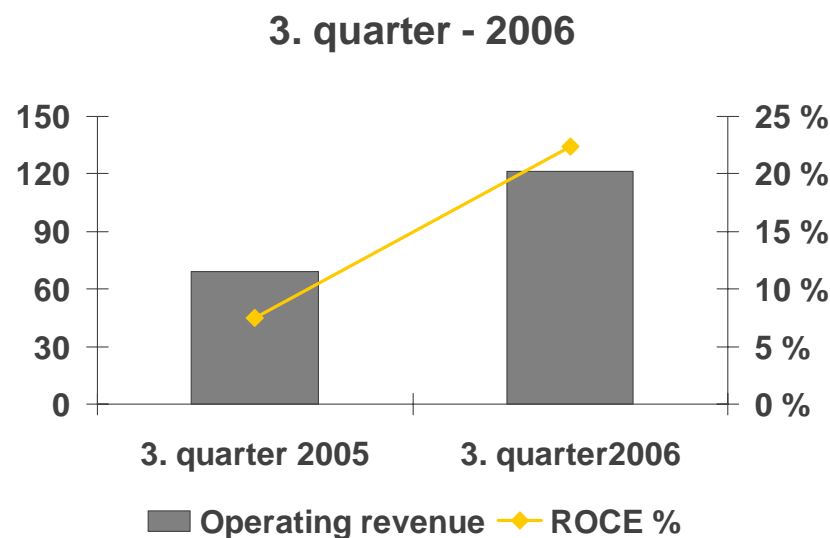
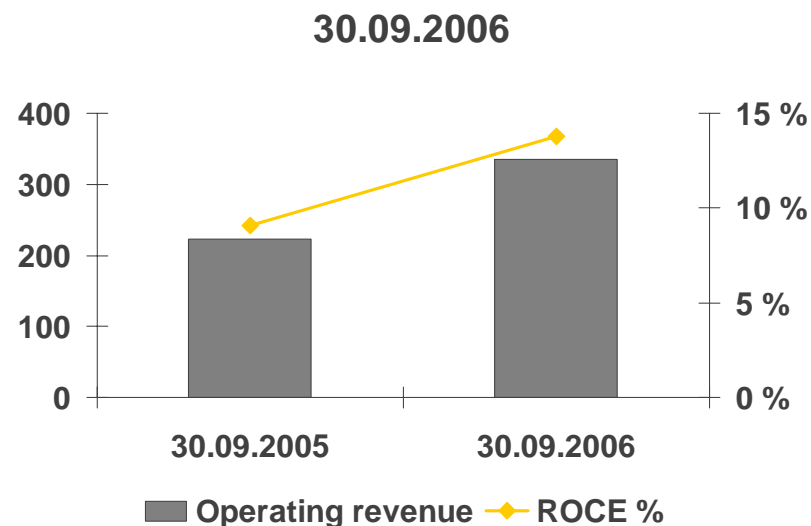


3. quarter - 2006



Property Development

- Substantial increase in profits at 30.09 and in the 3rd quarter
- Return on Invested Capital was 13,8% at 30.09
- Positive outlook for the future
 - About 250 units under construction (52 unsold)
 - About 1 300 units under development



New projects in the third quarter

Project	Type	Size
Lundekroken	Apartments and office building	NOK 260 mill
Helsfyr Rica Hotel	Hotel	NOK 70 mill
Mortensrud	Apartments	NOK 65 mill
Kvartal Venus	Garage facility	SEK 85 mill
Kirkeparken	High school	NOK 148 mill
Gressvik Sykehjem	Nursing home	NOK 66 mill

In addition, high level of order bookings in demolition onshore

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Profit improvements in AF

- Status

- *AF is heading towards all time high profits*
- *Compounded annual growth rate of approximately 20% since stock listing in 1997*
- *Compounded annual return on the stock the last five years is 35%*

- But...

- *Nearly 50% of the projects do not live up to expectations*
- *4 major loss projects during the last 5 years*

Main challenges

Risk handling

Quality

Purchase

Productivity



Who gets the profit?

- Construction companies are dragged between producers and customers

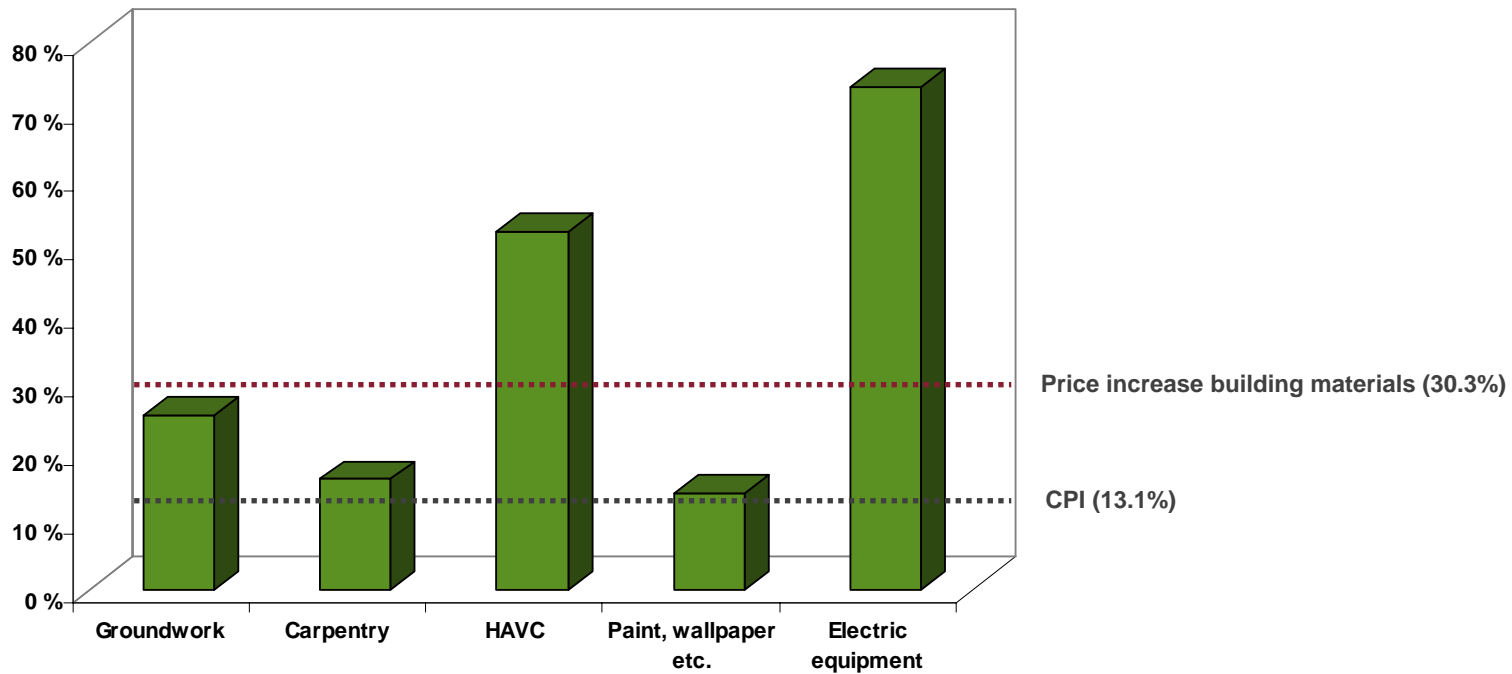


	Producer	Retailer	Contractor	Owner
Selection	262	339	249	156
Profit margin	14,1%	3,5%	4,0%	18,0%

The value chain shows an uneven distribution of profits!

Purchase

- Price increase building materials 2000 - 2005



Producers and wholesalers eat up the margins

Profit improvements purchase

Today's status

- Mainly project based purchasing
- Little coordination in purchasing
- Mainly purchases from local suppliers



Goals

- Strategic purchases
- Project purchases based on centrally negotiated agreements
- Long term relation building with suppliers
- Increased focus on coordinated purchases (projects, business entities)
- Make use of AF's size
- Local and international suppliers
- Increase share of purchases from foreign companies and direct purchases from producers

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



Thank you for your attention!



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Key figures

Key figures NOK 1 000	01.01 - 30.09.2006	01.01 - 30.09.2005	Change %
Operating revenue	3 853 714	2 859 311	35 %
Operating profit (EBIT)	142 665	90 275	58 %
Profit before tax (EBT)	135 404	91 922	47 %
Earnings NOK pr. share	7,04	4,98	41 %
Return on invested capital (ROIC)	24,5 %	19,2 %	-
Return on equity	28,0 %	22,8 %	-
Operating margin (EBIT%)	4,0 %	3,0 %	-
Gross margin (EBT%)	4,1 %	2,5 %	-
Order reserve	5 229 679	4 809 000	9 %
Orders received	4 744 393	4 381 311	8 %

Profits first nine months 2006

Profit and loss account NOK 1 000	01.01 - 30.09.2006	01.01 - 30.09.2005	Change 12 months	31.12.2005
Operating revenue	3 853 714	2 859 311	35 %	4 174 868
Materials	(688 100)	(527 822)	30 %	(790 971)
Subcontractors	(1 826 488)	(1 355 612)	35 %	(1 962 294)
Wages	(814 016)	(640 212)	27 %	(899 890)
Other operating expenses	(328 899)	(201 515)	63 %	(338 671)
Depreciation of fixed assets	(53 546)	(43 875)	22 %	(64 107)
Write down				(623)
Operating profit	142 665	90 275	58 %	118 312
Other interest income	4 300	6 084	-29 %	13 085
Other interest expenses	(12 034)	(10 741)	12 %	(11 832)
Other financial (expenses)/income	473	6 304	-92 %	6 477
Net financial items	(7 261)	1 647	-541 %	7 730
Profit before tax	135 404	91 922	47 %	126 042
Tax expense	(38 473)	(25 314)	52 %	(38 289)
Net profit for the year	96 931	66 608	46 %	87 753



Balance sheet - Assets

Assets NOK 1 000	30.09.2006	30.09.2005	Change 12 months	31.12.2005
Land, buildings and machinery	270 143	257 571	5 %	255 991
Goodwill	154 395	104 436	48 %	107 934
Interest bearing non current receivables	6 599	6 245	6 %	11 642
Other non current assets	9 757	19 969	-51 %	8 985
Deferred tax assets	-	12 423	-100 %	10 888
Inventories	70 079	12 158	476 %	51 473
Projects on own account held for sale	372 123	293 320	27 %	356 351
Accounts receivable	1 011 018	644 965	57 %	843 307
Shares held as current assets	11 152	10 975	2 %	11 152
Cash and cash equivalents	198 263	361 503	-45 %	200 490
Total assets	2 103 529	1 723 565	22 %	1 858 213

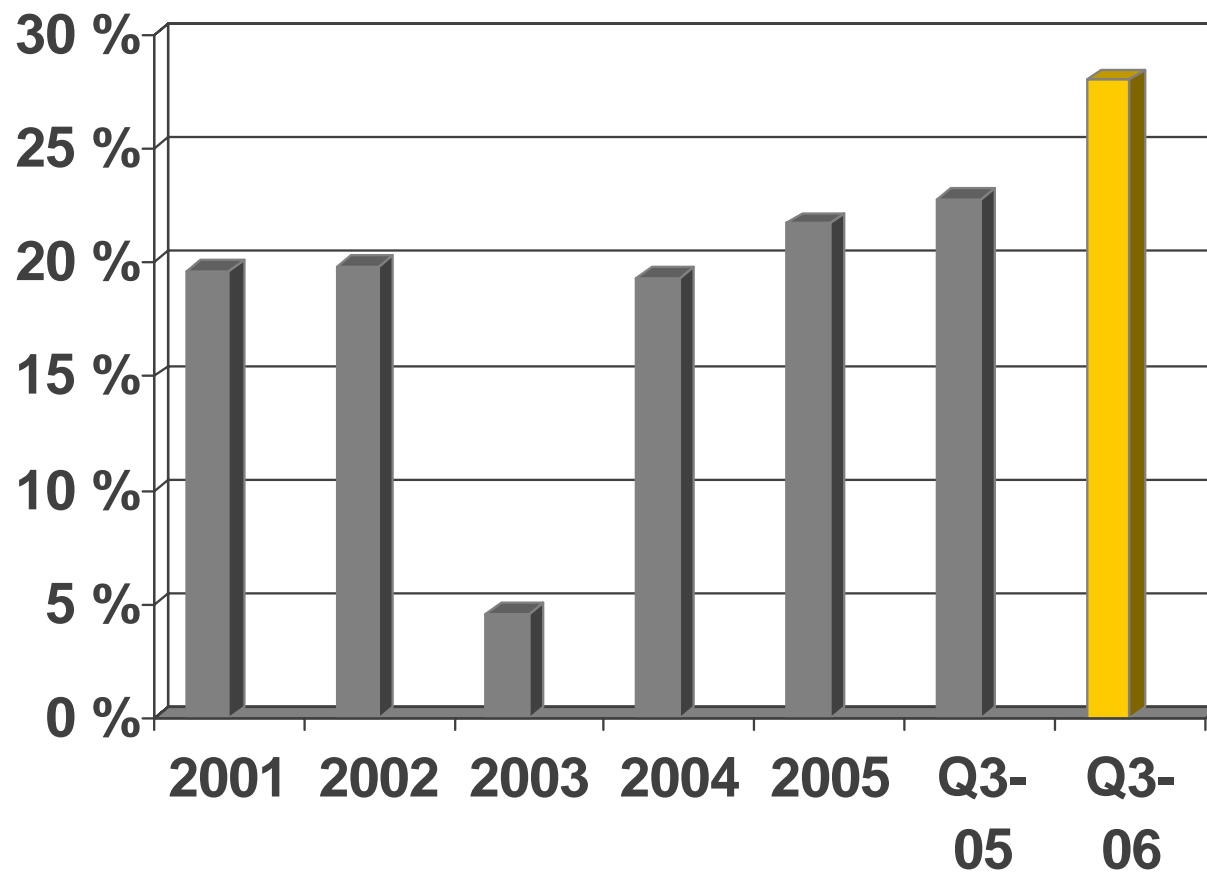
Balance sheet – Debt and equity

Debt and equity NOK 1 000	30.09.2006	30.09.2005	Change 12 months	31.12.2005
Contributed equity	12 279	3 442	257 %	12 779
Retained earnings	477 038	382 203	25 %	419 911
Total equity	489 317	385 645	27 %	432 690
Interest bearing loans (long term)	203 721	242 729	-16 %	194 836
Retirement benefit obligations	6 521	6 605	-1 %	10 331
Deferred tax obligations	29 117			
Interest bearing loans (short term)	103 079	62 552		95 279
Trade payables and non interest bearing liabilities	1 252 543	1 013 969	24 %	1 100 253
Provisions	19 231	12 065	59 %	24 824
Total equity and liabilities	2 103 529	1 723 565	22 %	1 858 213

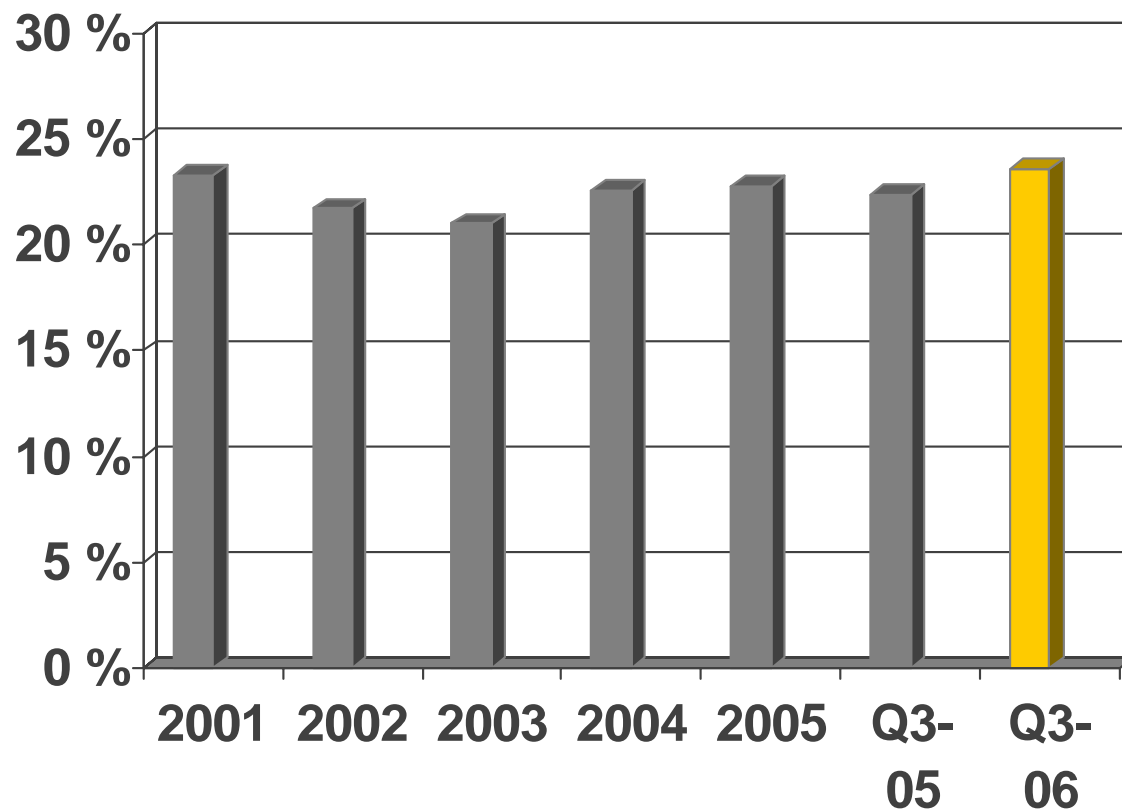
Cash flow

Cash flow NOK 1 000	01.01 - 30.09.2006	01.01 - 30.09.2005
Cash flow from operating activities	193 565	130 762
Reduction/(increase) in net operating capital	(51 769)	17 892
Net cash flow from operating activities	141 796	148 654
Cash flow from investing activities	(114 931)	(146 752)
Increase/(decrease) interest bearing debt	12 875	(34 815)
(Increase)/decrease interest bearing receivables	1 419	7 894
(Increase)/decrease financial assets		2 255
Payed dividend	(41 310)	(66 958)
Net purchase of own shares	(2 076)	
Cash flow from financial activities	(29 092)	(91 624)
Net change in cash during the year	(2 227)	(89 722)
Net interest bearing (liabilities)/assets at the start of period	200 490	451 225
Net interest bearing (liabilities)/assets at the end of period	198 263	361 503

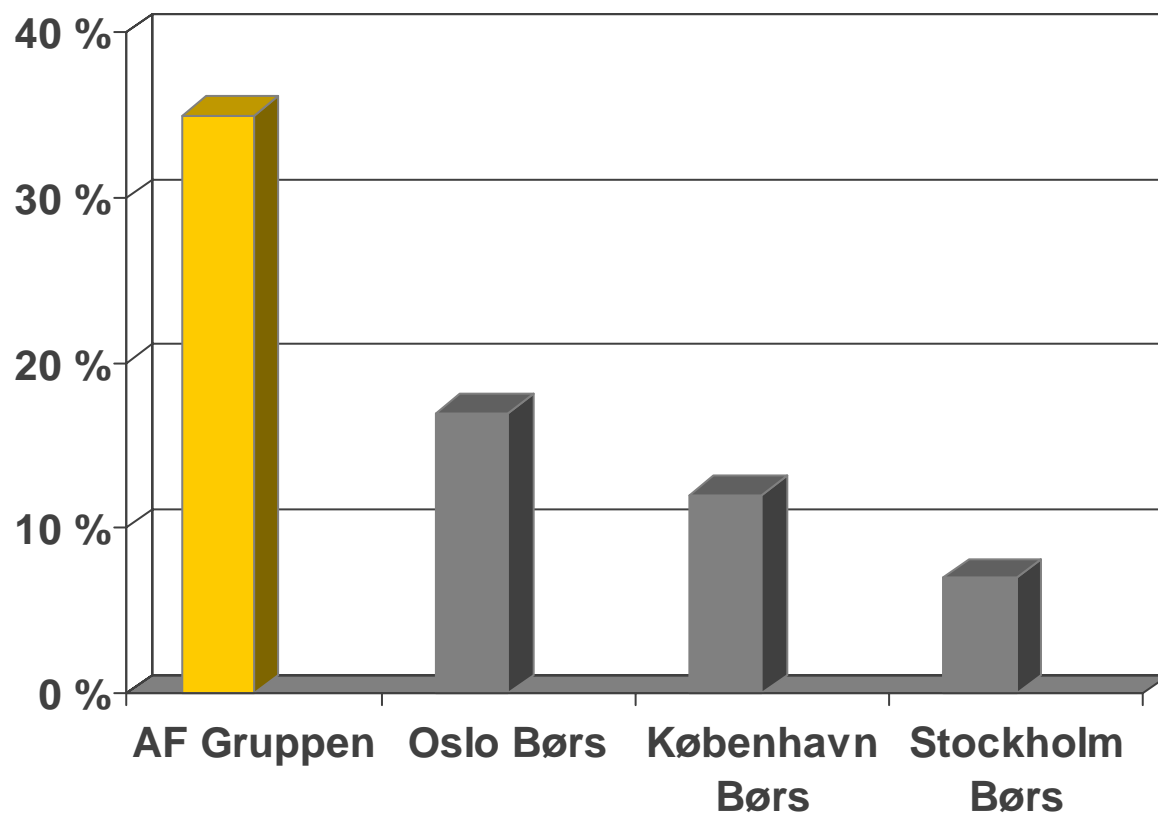
Return on equity – first nine months 2006



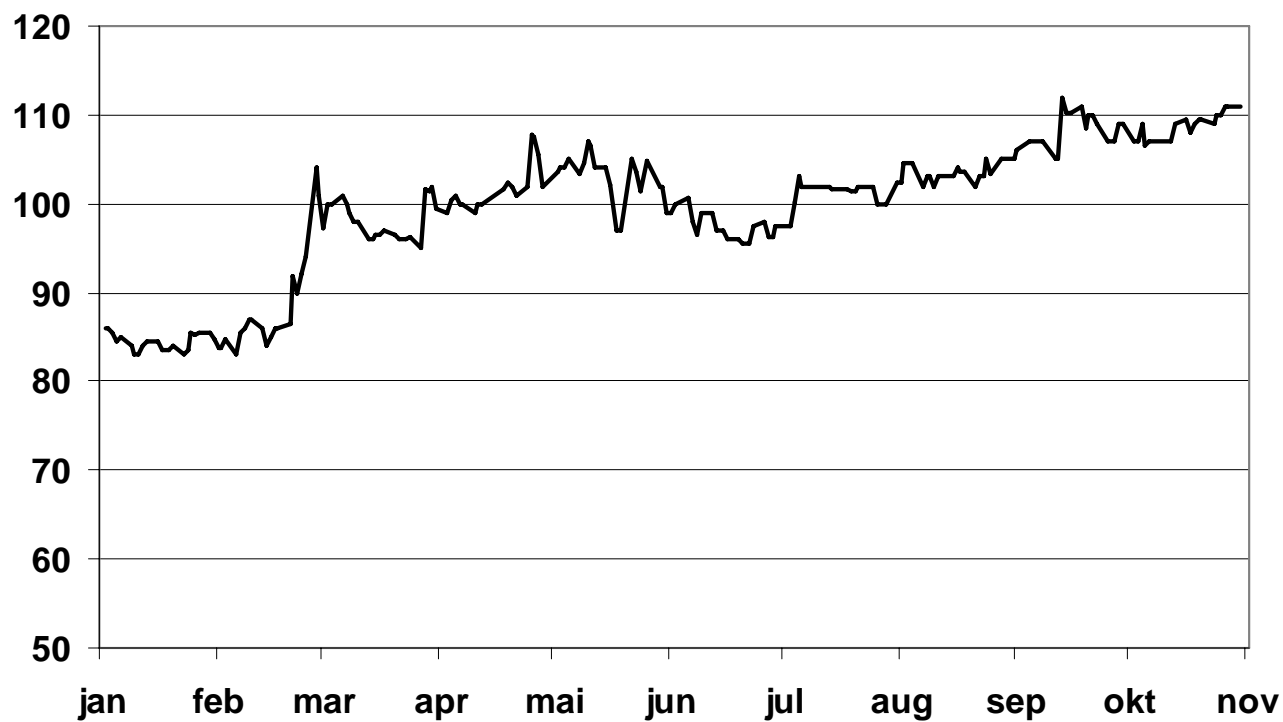
Equity ratio (%)



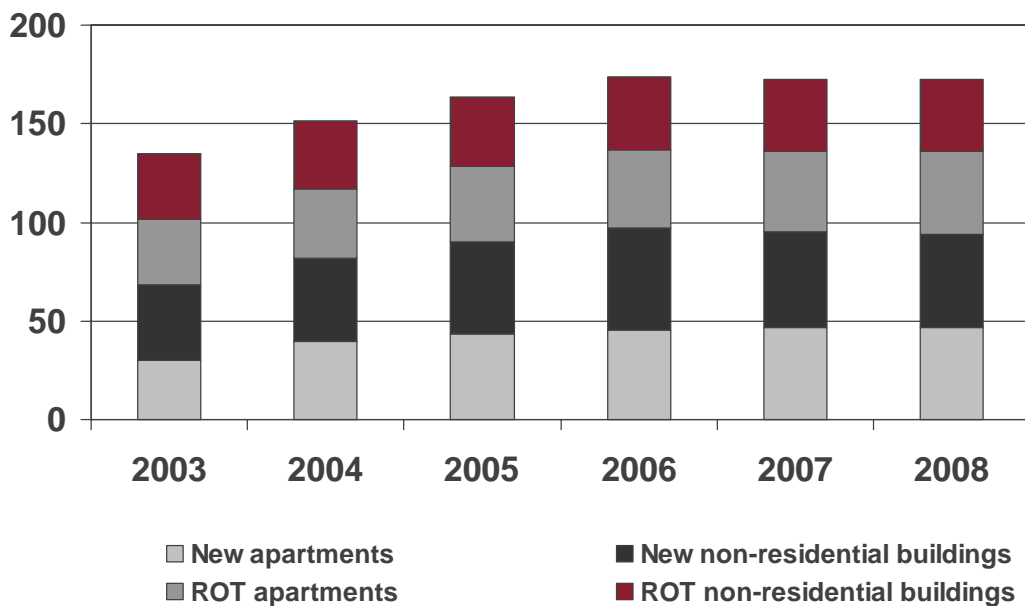
Annual return on stock as of 31.12.2005



Share price last 12 months

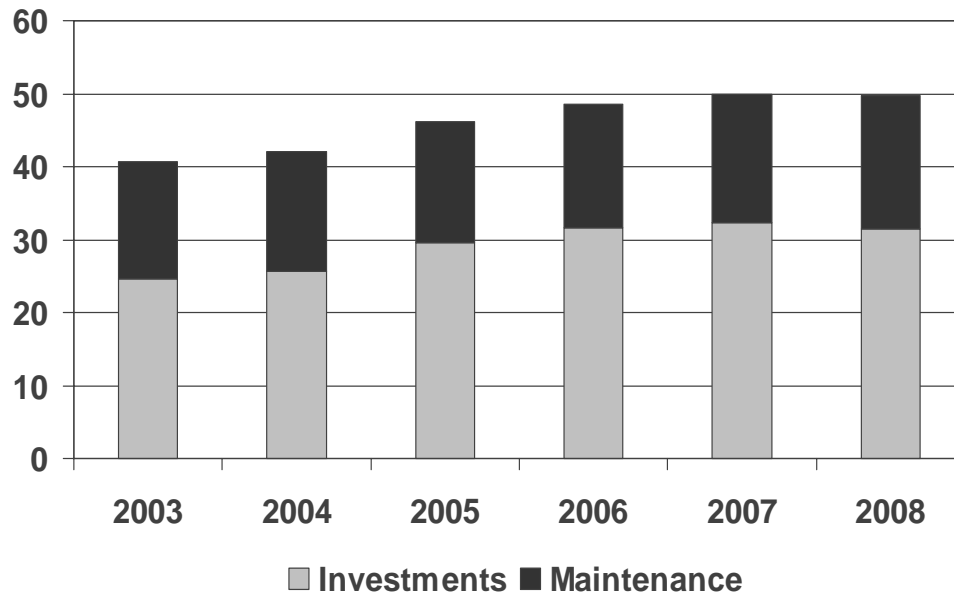


Outlook for the building business - Norway



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

Outlook for the civil engineering 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