

# AF Gruppen ASA Q3 2024

15 November 2024



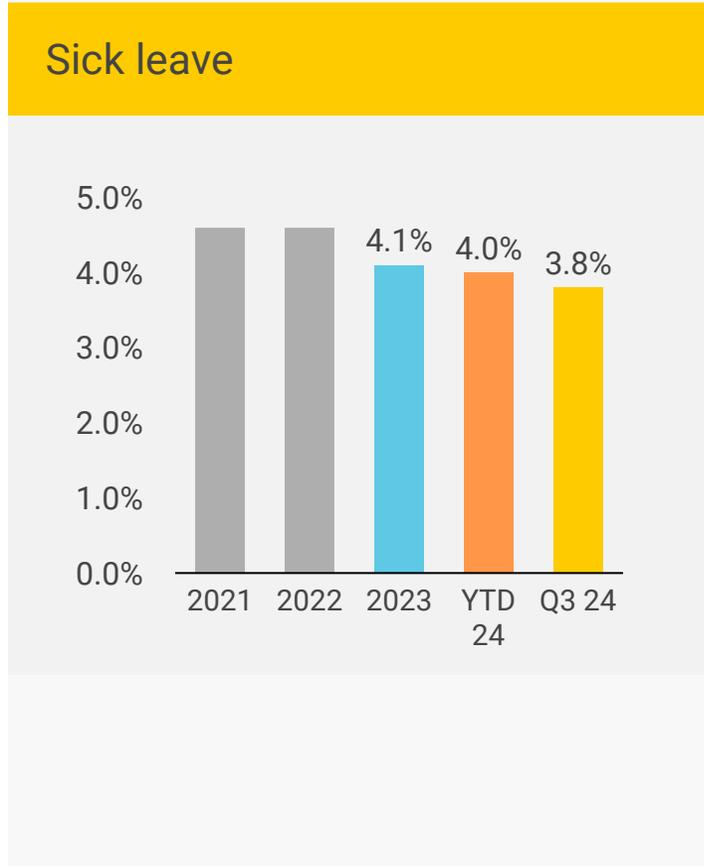
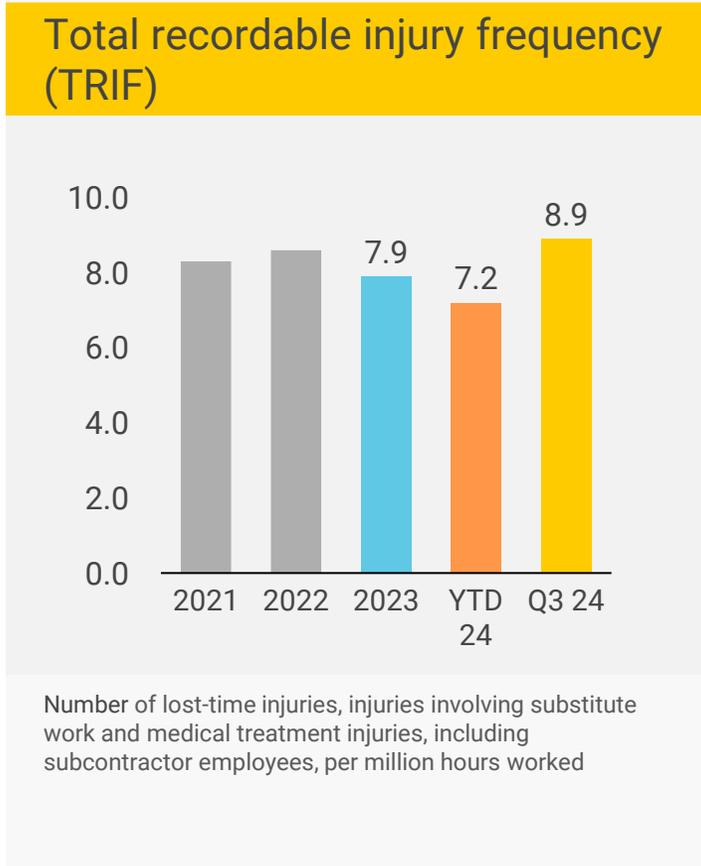
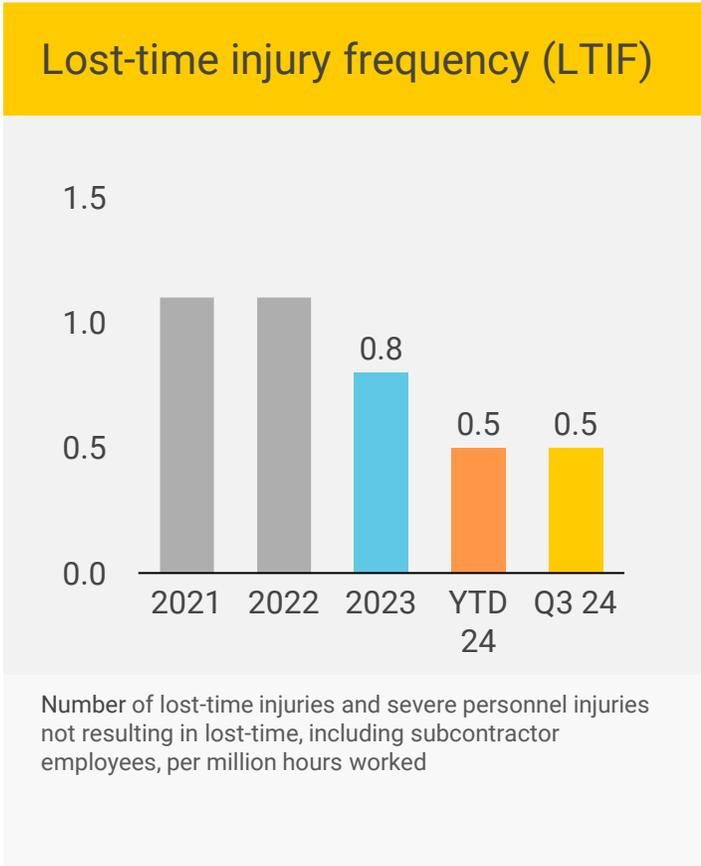
# Overview

## High activity level with improved profitability in the 3<sup>rd</sup> quarter

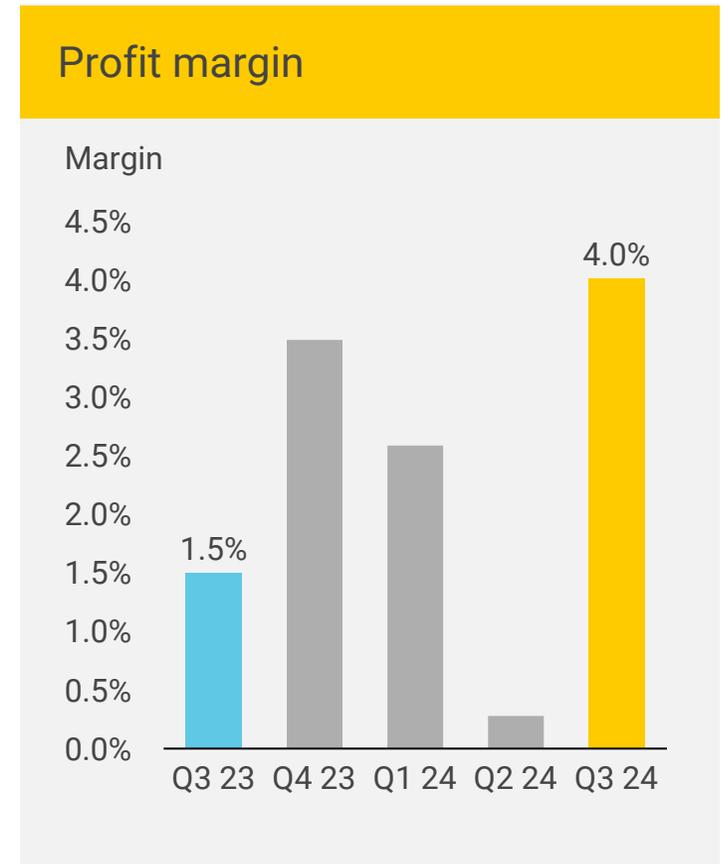
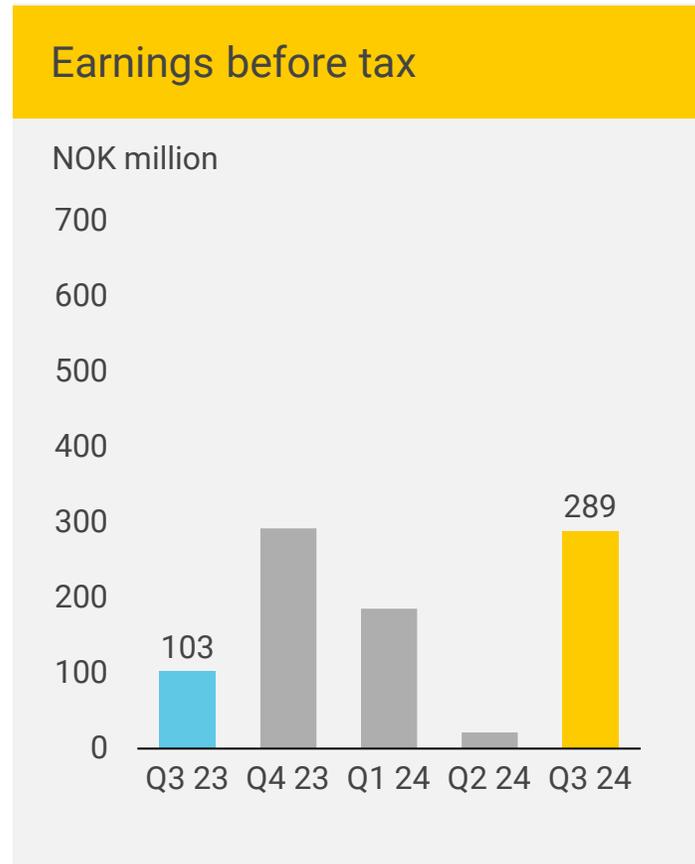
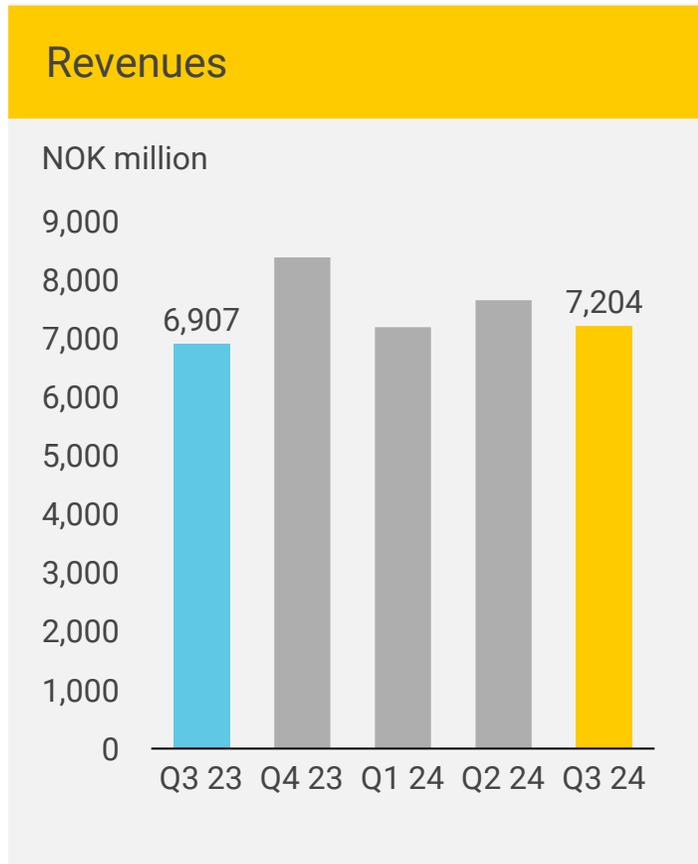
- Revenue of NOK 7,204 (6,907) million in Q3 and NOK 22,043 (22,152) million year-to-date
- Earnings before tax of NOK 289 (103) million in Q3 and NOK 496 (408) million year-to-date
- Profit margin of 4.0% (1.5%) in Q3 and 2.2% (1.8%) year-to-date
- Cash flow from operations of NOK 348 (494) million in Q3 and NOK 1,137 (697) million year-to-date
- Order intake of NOK 5,393 (4,078) million in Q3 and NOK 16,493 (24,251) million year-to-date
- Order backlog of NOK 36,442 (41,864) million as of 30 September 2024
- Net interest-bearing debt of NOK 780 (1,381) million as of 30 September 2024



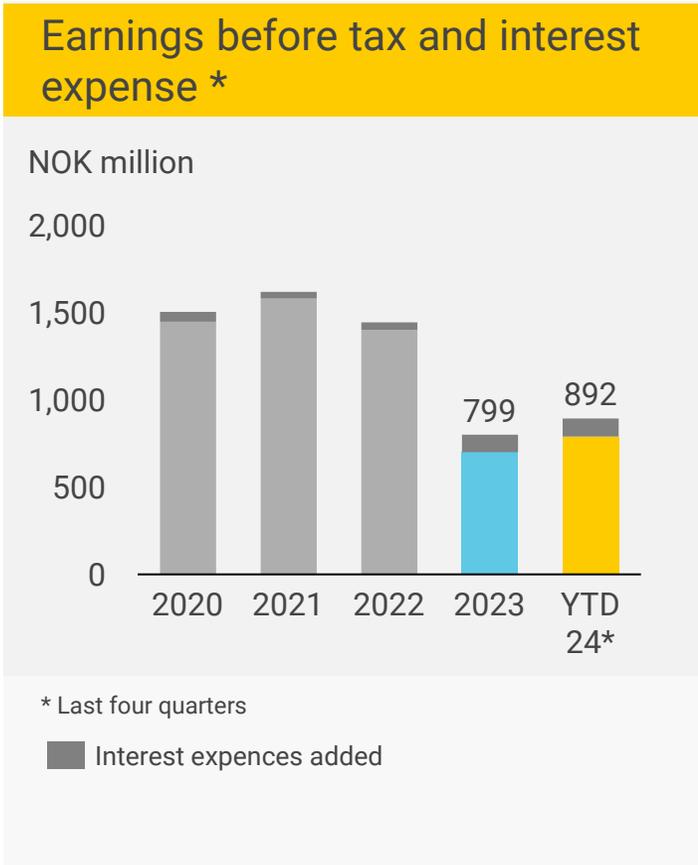
# Health and Safety



# Revenues and earnings



# Return on Capital Employed

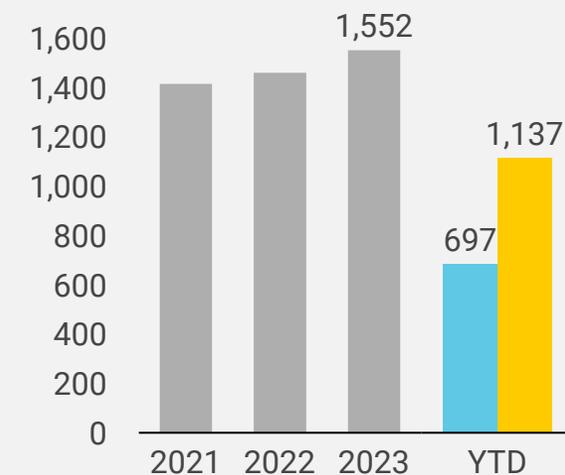


# Cash flow statement

NOK million	Q3 2024	Q3 2023	YTD 2024	YTD 2023
EBIT	304	128	542	447
Depreciation, amortisation and impairment	185	142	514	408
Change in net working capital	-101	240	285	62
Taxes paid	-24	-41	-142	-193
Other	-16	24	-62	-27
<b>Cash flow from operations</b>	<b>348</b>	<b>494</b>	<b>1,137</b>	<b>697</b>
Net investments	-57	-104	-278	-504
Dividend to shareholders in ASA	0	0	-380	-700
Other capital transactions	-31	-22	-336	-185
Interest paid and change in interest bearing debt	-161	-330	30	407
<b>Net change in cash and cash equivalents</b>	<b>98</b>	<b>38</b>	<b>172</b>	<b>-285</b>
Net cash and cash equivalents at beginning of period	411	494	347	765
Change in cash and cash equivalents without cash effect	13	-7	3	45
<b>Net cash and cash equivalents end of period</b>	<b>522</b>	<b>526</b>	<b>522</b>	<b>526</b>

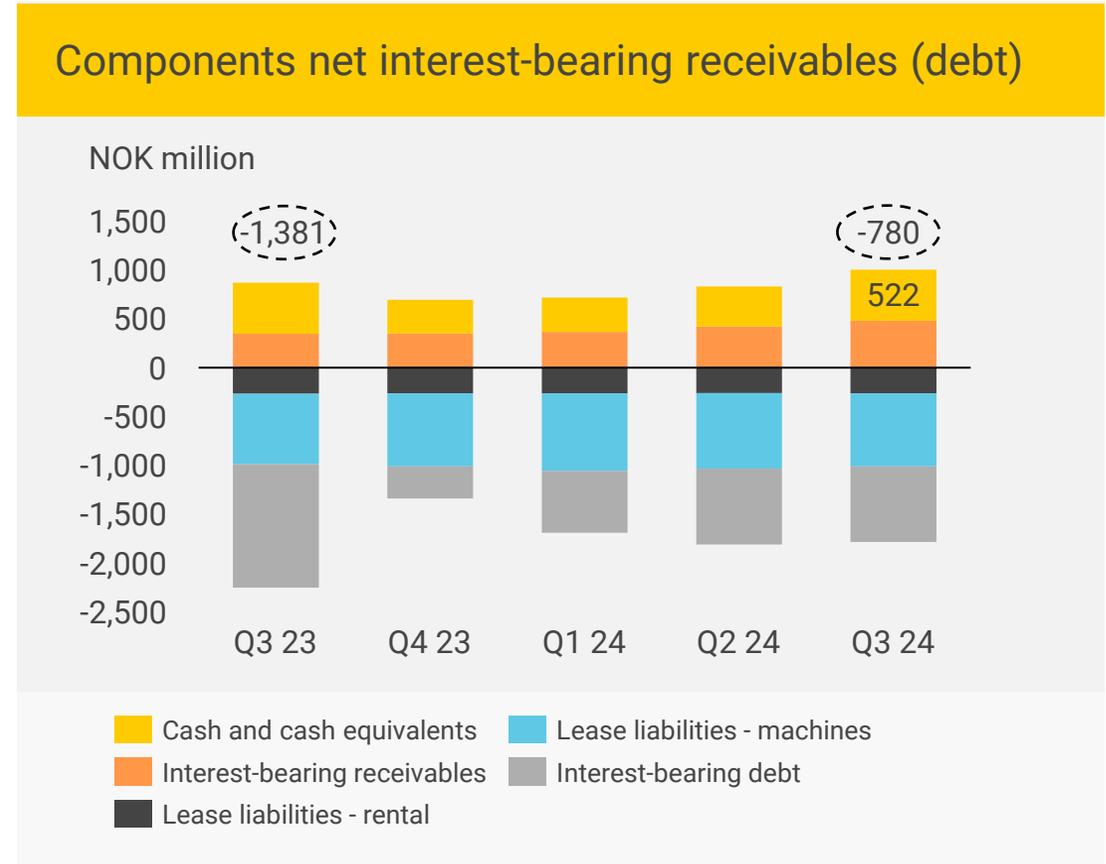
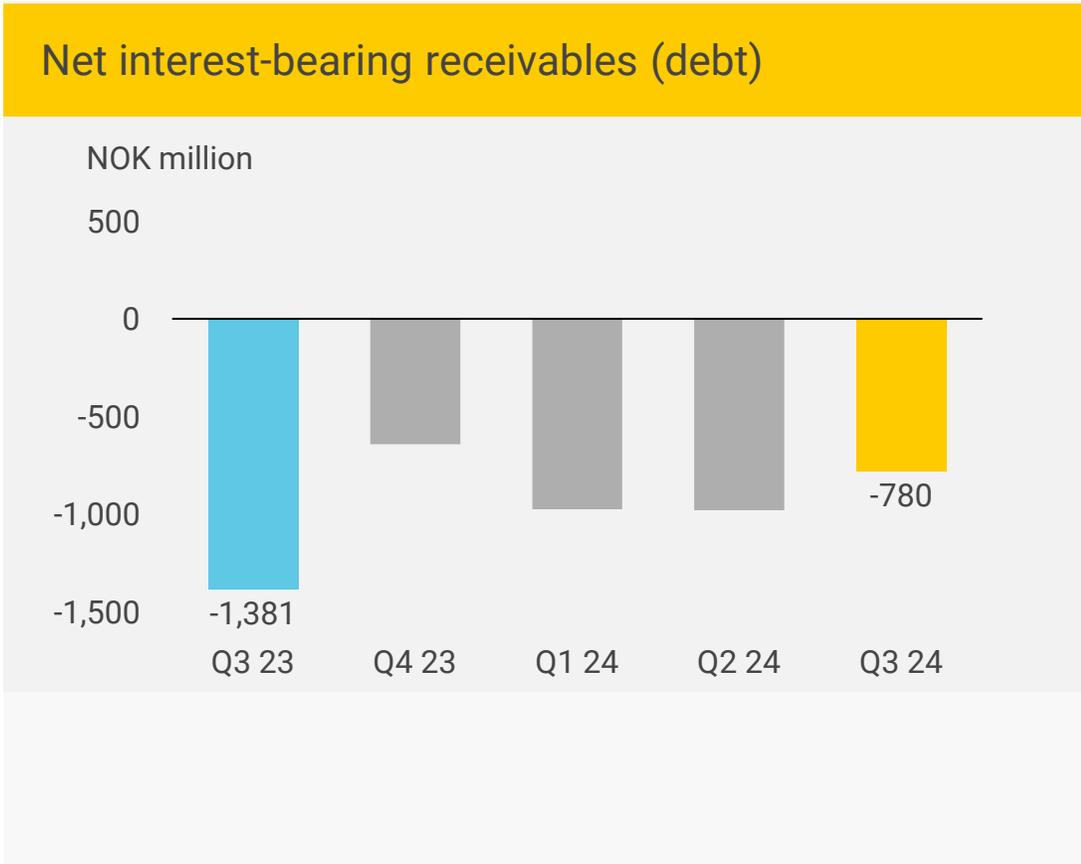
## Cash flow from operations

NOK million



■ YTD 2023  
■ YTD 2024

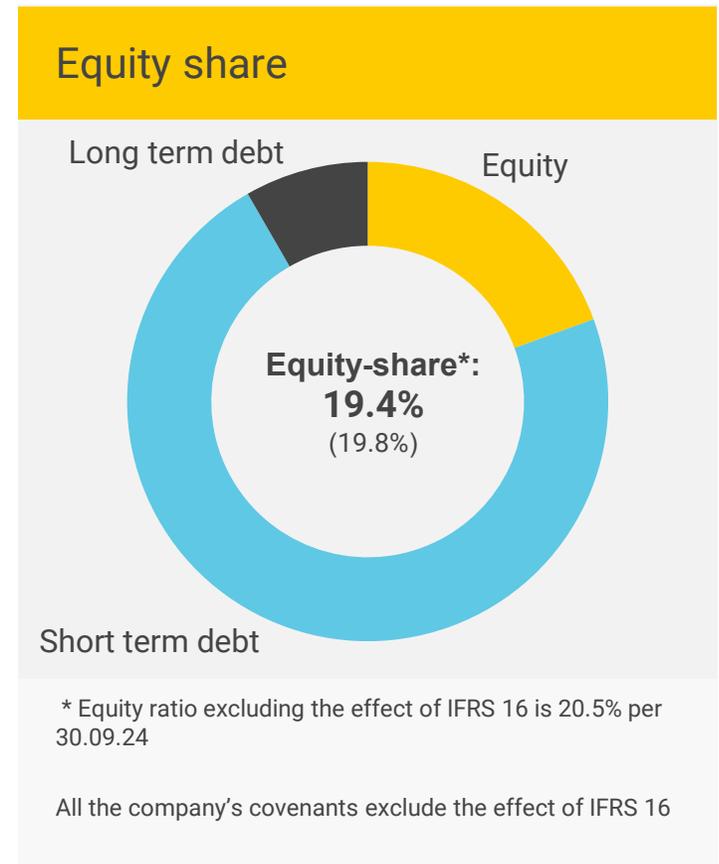
# Net interest-bearing debt and liquidity



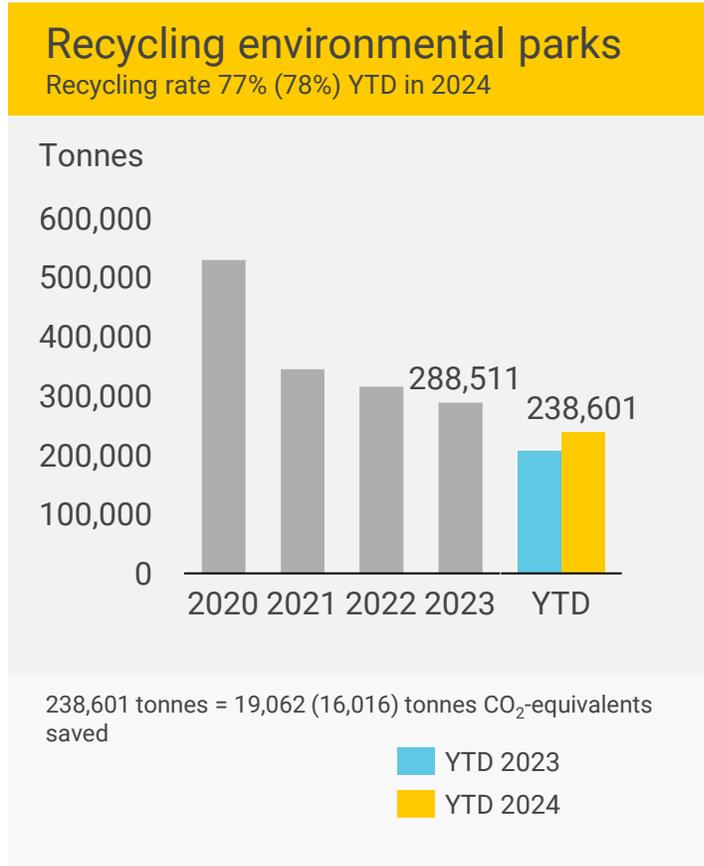
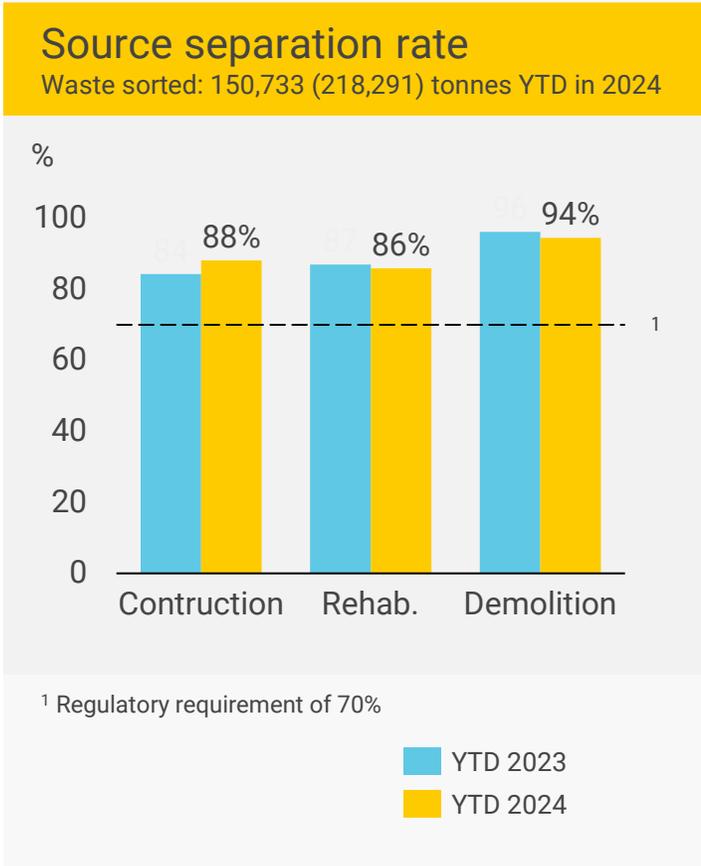
Available liquidity: NOK 3,384 million (including financial facilities of NOK 3,500 million)

# Balance Sheet

NOK million	30.09.24	30.09.23	31.12.23
Non-current assets	8,703	8,242	8,407
Current assets, ex. cash	6,486	6,241	5,894
Cash and cash equivalents	522	526	347
<b>Total assets</b>	<b>15,711</b>	<b>15,009</b>	<b>14,647</b>
Equity	3,051	2,973	3,203
Long term debt	1,306	1,337	1,338
Short term debt	11,354	10,698	10,106
<b>Total equity and debt</b>	<b>15,711</b>	<b>15,009</b>	<b>14,647</b>



# Environment



# Business Areas

3<sup>rd</sup> quarter 2024



# High activity and good profitability

NOK million	Q3 24	Q3 23	YTD 3Q 24	YTD 3Q 23
Revenues	2,353	1,680	6,797	4,636
EBIT	150	129	406	310
EBT	169	135	454	320
EBIT %	6.4%	7.7%	6.0%	6.7%
EBT %	7.2%	8.0%	6.7%	6.9%

- Civil Engineering reports high activity and a good result in Q3
- AF Anlegg deliver strong revenue growth and a good result in Q3. Målselv Maskin & Transport, VSP and Stenseth & RS deliver very good results
- AF Anlegg was awarded a contract for expansion of a sewage treatment plant in Romerike. The collaboration contract has an expected value of NOK 1,000 million excl. VAT and will be included in the order backlog once phase 2 contract is signed
- After the close of the quarter AF Anlegg announced the signing of phase 2 of the contract with Oslo kommune for new water treatment system in Huseby with a value of ca NOK 7,600 million excl. VAT
- Order intake: NOK 1,684 (1,092) million. Order backlog: NOK 14,383 (19,441) million



# Increasing order intake

NOK million	Q3 24	Q3 23	YTD 3Q 24	YTD 3Q 23
Revenues	2,016	2,285	6,499	7,549
EBIT	60	93	219	256
EBT	62	89	225	240
EBIT %	3.0%	4.1%	3.4%	3.4%
EBT %	3.1%	3.9%	3.5%	3.2%

- Construction reports revenue decline of 12% relative to Q3 of last year. AF Bygg Østfold, Strøm Gundersen, Haga & Berg and ÅBF deliver very good results in the quarter. AF Byggfornyelse deliver good results
- AF Bygg Oslo, Strøm Gundersen Vestfold, LAB and HTB have results somewhat below expectations, FAS reports results below expectations and AF Håndverk has a weak result in the quarter
- Four new contracts were announced in the quarter with a combined value of NOK 550 million excl. VAT. After the close of the quarter Construction announced contracts with a combined value of approximately NOK 2,430 million, of which Diakonhjemmet Campus accounts for NOK 1,400 million excl. VAT
- Order intake: NOK 1,317 (1,150) million. Order backlog: NOK 9,444 (9,335) million



# Stable activity and improved profitability

NOK million	Q3 24	Q3 23	YTD 3Q 24	YTD 3Q 23
Revenues	1,061	1,059	3,045	3,382
EBIT	38	19	28	86
EBT	50	25	59	102
EBIT %	3.6%	1.8%	0.9%	2.6%
EBT %	4.7%	2.3%	1.9%	3.0%

- Betonmast maintains activity levels from Q3 of last year
- Betonmast Asker og Bærum delivers a very good result in the quarter. Trøndelag, Røsand, Innlandet, Buskerud-Vestfold and Østfold deliver good results
- Betonmast Romerike has a result somewhat below expectations, and Betonmast Boligbygg and Oslo have weak results in the quarter
- Three new contracts have been announced in the quarter with a combined value of NOK 521 million
- Order intake: NOK 776 (1,047) million. Order backlog: NOK 5,027 (4,887) million



# Low sales

NOK million	Q3 24	Q3 23	YTD 3Q 24	YTD 3Q 23
Revenues	4	4	15	20
EBIT	-14	-4	-28	-9
EBT	-10	0	-16	0
Capital employed	937	792	937	792

- An uncertain market sentiment and high interest rates affect sales negatively and contribute to low sales in the quarter. Sales contracts for 22 (5) residential units were signed in the quarter, whereof AF's share was 11 (2)
- Three residential projects with a total of 368 units are in production (AF's share is 184). The sales ratio in commenced projects is 63%
- Residential portfolio under development: 1,464 (1,629) units. AF's share: 742 (813)
- Commercial portfolio under development: 73,407 (73,107) GFA sqm. AF's share: 36,524 (36,374)



## Continuing low profitability

NOK million	Q3 24	Q3 23	YTD 3Q 24	YTD 3Q 23
Revenues	1,165	1,567	3,927	5,644
EBIT	1	0	4	-135
EBT	-3	-4	-6	-141
EBIT %	0.1%	0.0%	0.1%	-2.4%
EBT %	-0.3%	-0.2%	-0.2%	-2.5%

- Sweden still has large variations in the entities' performances
- AF Prefab deliver very good results. Kanonaden og HMB deliver good results. AF Bygg Syd and AF Härnösand Byggreturer have results somewhat below expectations in the quarter. Remaining entities have weak results in Q3
- HMB has entered a turnkey contract for the construction of 333 new apartments in Stockholm for Reliwe with a combined value of SEK 459 million excl. VAT
- After the close of the quarter Kanonaden together with Hitachi Energy have been awarded a contract by Svenska kraftnät. Kanonadens share amounts to SEK 900 million excl. VAT with options of additional SEK 400 million excl. VAT
- Order intake: NOK 1,245 (511) million. Order backlog: NOK 4,518 (5,156) million



# Stable revenue and good result

NOK million	Q3 24	Q3 23	YTD 3Q 24	YTD 3Q 23
Revenues	383	381	1,109	994
EBIT	24	21	64	51
EBT	23	22	61	56
EBIT %	6.3%	5.6%	5.8%	5.1%
EBT %	6.0%	5.9%	5.5%	5.6%

- Energy and Environment maintains activity levels compared to Q3 of last year and reports a good result in the quarter
- AF Energi reports significant revenue growth from Q3 of last year with a very good result in Q3. AF Decom delivers a good result
- AF Decom has so far this year sorted metal for recycling and recycled materials at the environmental centers corresponding to 24,356 (24,342) CO<sub>2</sub>-equivalents
- Order intake: NOK 361 (300) million. Order backlog: NOK 1,186 (1,403) million



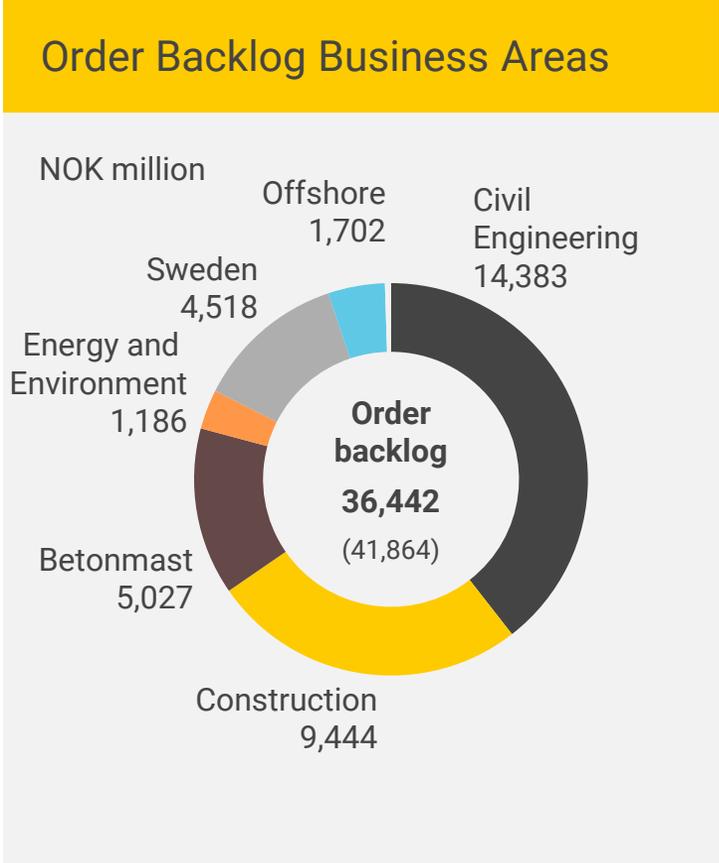
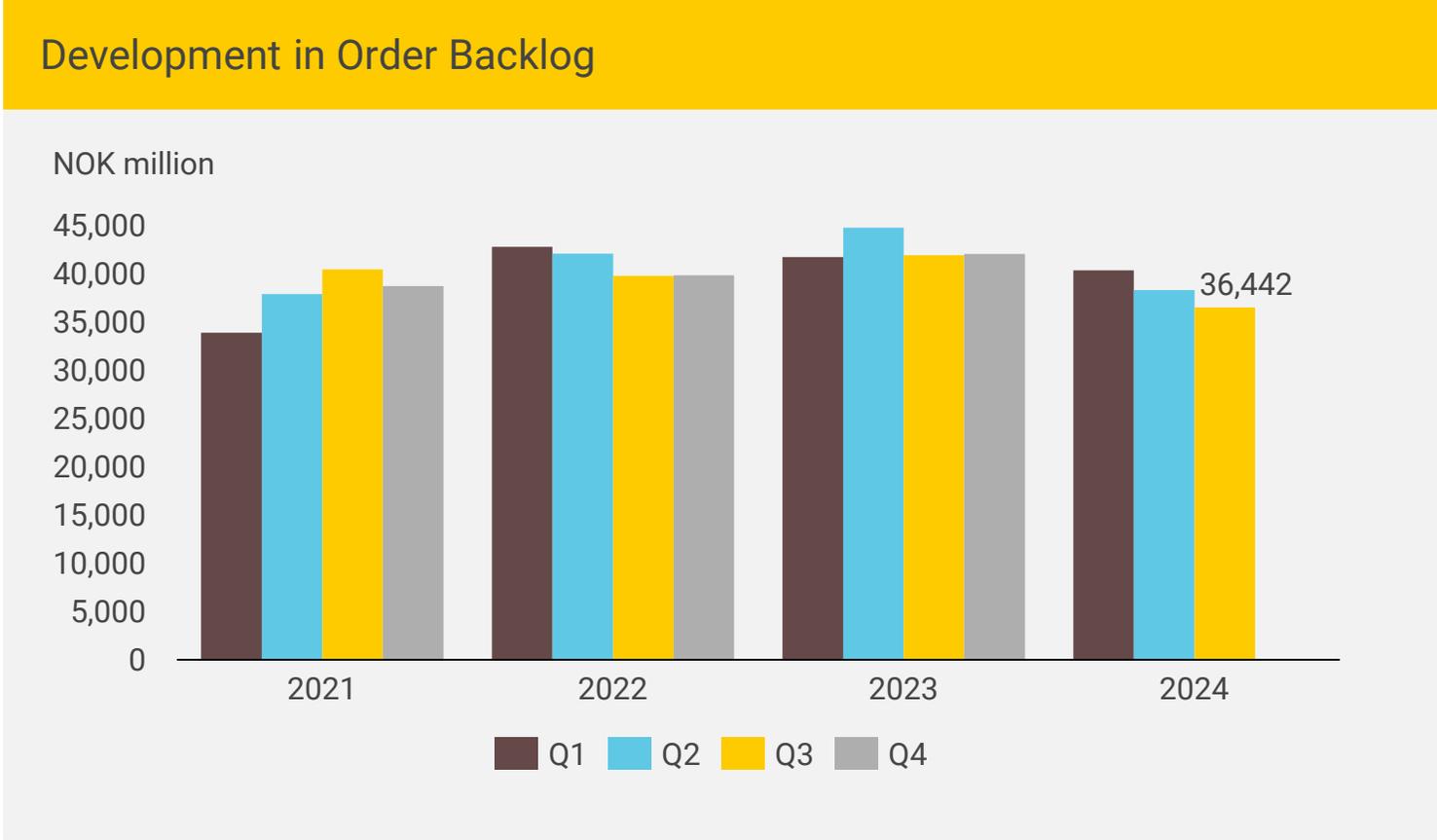
## Higher activity than same quarter last year

NOK million	Q3 24	Q3 23	YTD 3Q 24	YTD 3Q 23
Revenues	242	208	823	795
EBIT	14	-119	-206	-84
EBT	8	-126	-226	-98
EBIT %	6.0%	-56.9%	-25.0%	-10.6%
EBT %	3.2%	-60.2%	-27.5%	-12.3%

- Aeron has strong revenue growth from Q3 of last year and delivers good profitability in the quarter
- AF Offshore Decom maintains activity levels from Q3 of last year and has a weak result
- As of the third quarter, metal sorted for recycling corresponds to savings of 13,878 (23,894) CO<sub>2</sub>-equivalents at AF Miljøbase Vats
- Order intake: NOK 73 (125) million. Order backlog: NOK 1,702 (1,362) million



# Considerable order intake after quarter close



# Concrete: Trends and outlook

Q3 2024 | Theme presentation



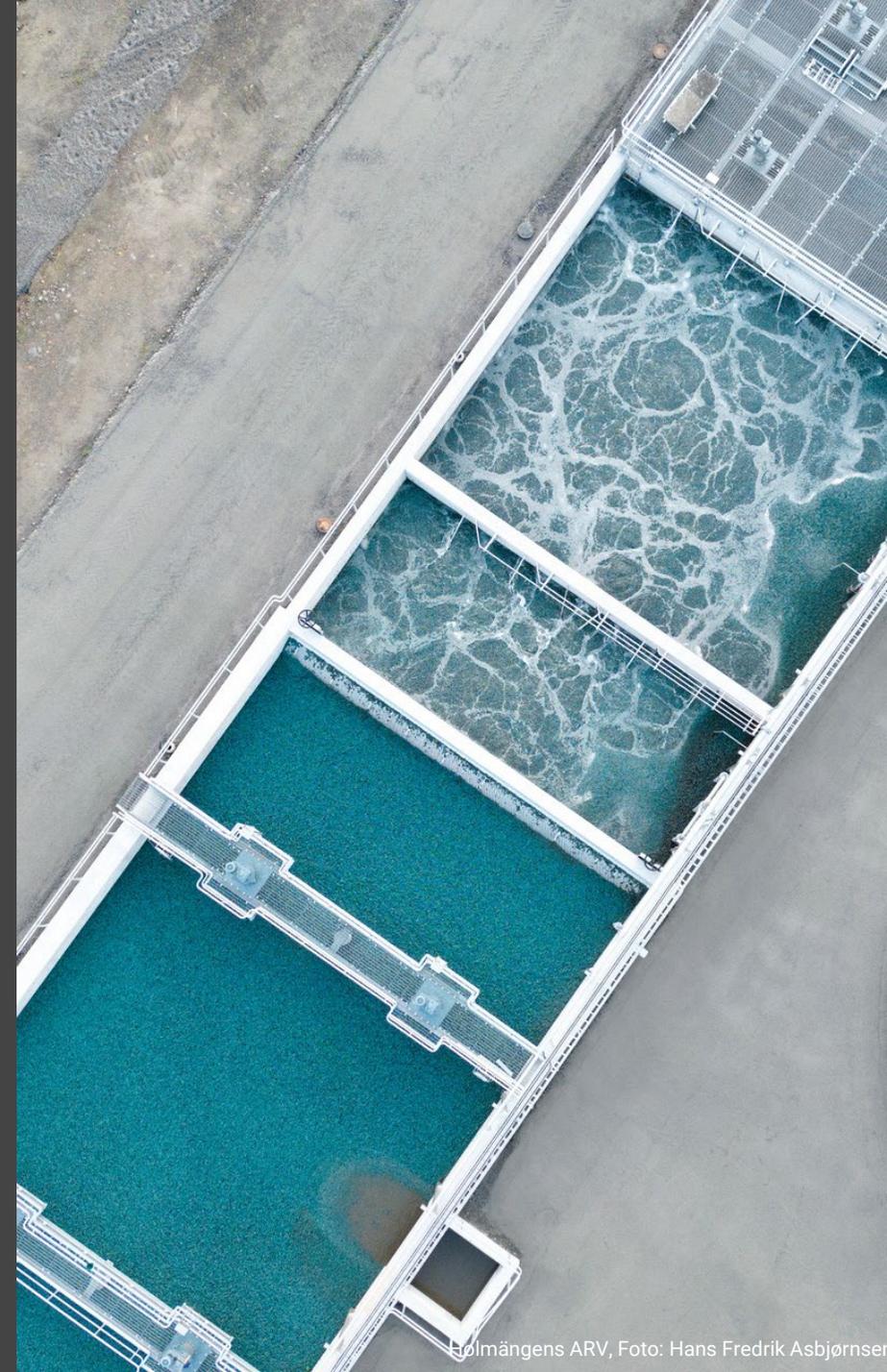
# Current situation for concrete

## Globally

- Concrete is one of the most widely used construction materials in the world
- A considerable source of emissions
  - estimated 5-7% of global greenhouse gas emissions

## Norway

- Concrete is a significant input factor in all construction projects
- Considerable efforts are made in developing environmentally friendly solutions within concrete



# How do we work with concrete in AF Gruppen?

**A wide range of our construction entities have specialised competencies within concrete**

- In total 800 employees

**We experience increased demand for competence and capacity**

- «Internal forum for concrete» for developing competence, connections and arenas for innovation



Anlegg

**Stenseth & RS**



HÅNDVERK



**RaKon**

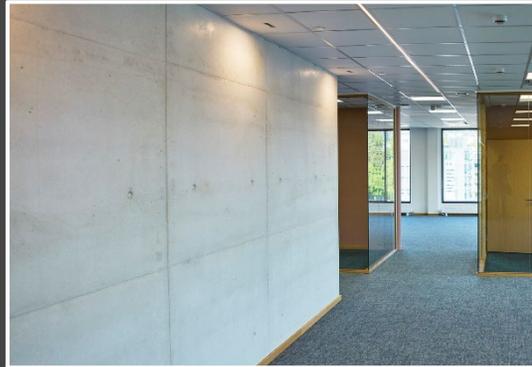


Bygg Østfold

# We have a wide range of projects in AF Gruppen



E39 – AF Anlegg



Thune Eureka – Eiqon



Spro Havn – Stenseth & RS



Blomsterbrua - Consolvo



Wind farm – Kanonaden



Fylkeshuset – Lab



Rock stabilisation – Fjerby



Offshore – Rakon

# Norway is a leading country in developing robust concrete solutions

**NORWAY:**



## DEVELOPMENT OF HIGH-STRENGTH CONCRETE

Norwegian Continental Shelf develops high-strength concrete with up to 90 MPa



## CO<sub>2</sub>-CONTENT REQUIREMENT

Norwegian Concrete Association requires a maximum CO<sub>2</sub>-content/m<sup>3</sup> concrete. Three following revisions of the requirement



**AF:**

### MELKØYA

Development of self-compacting low-strength concrete



### FLY ASH

Project in Bjørvika for Norwegian Public Roads Administration



### AF-CONCRETE

AF-concrete is developed corresponding to Low-carbon A of today



### UNDER GROUND

AF-concrete used for everything under ground in AF Bygg Oslo

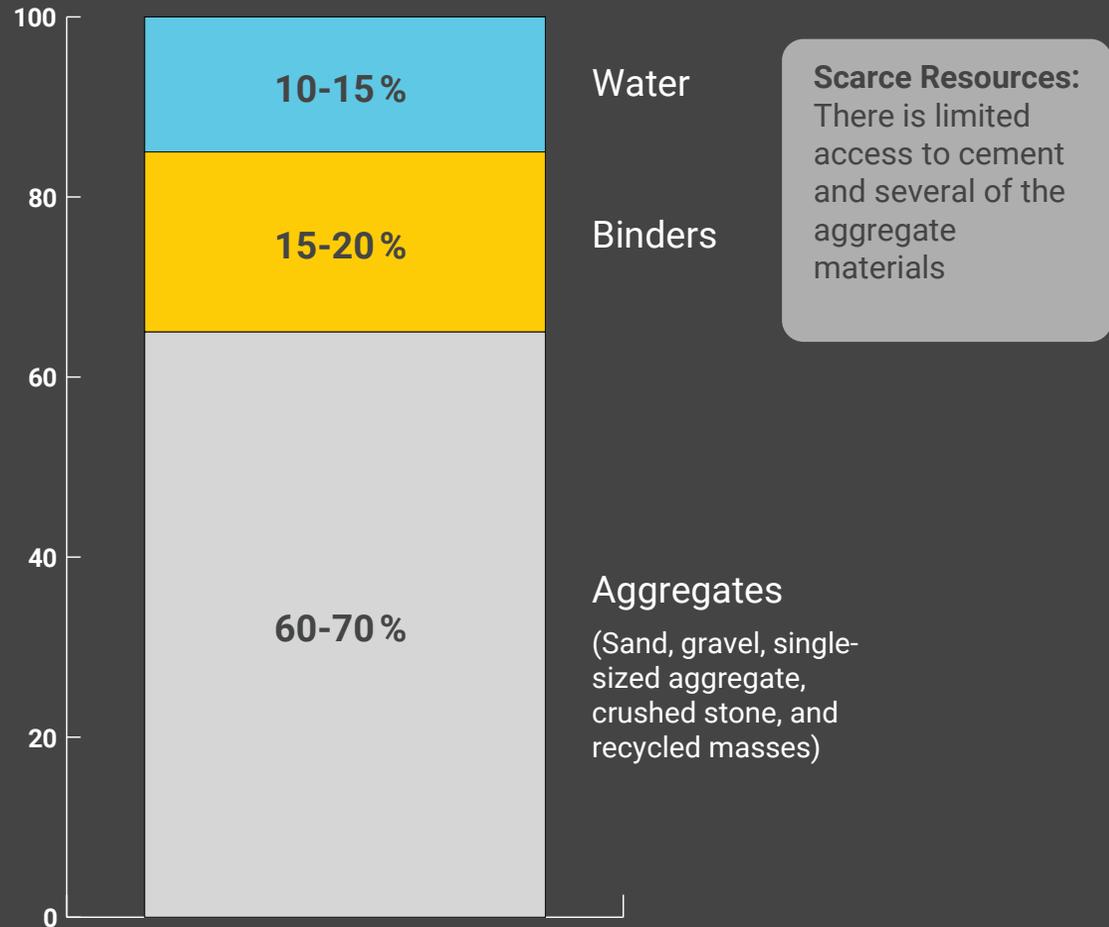


### RECYCLED AGGREGATE

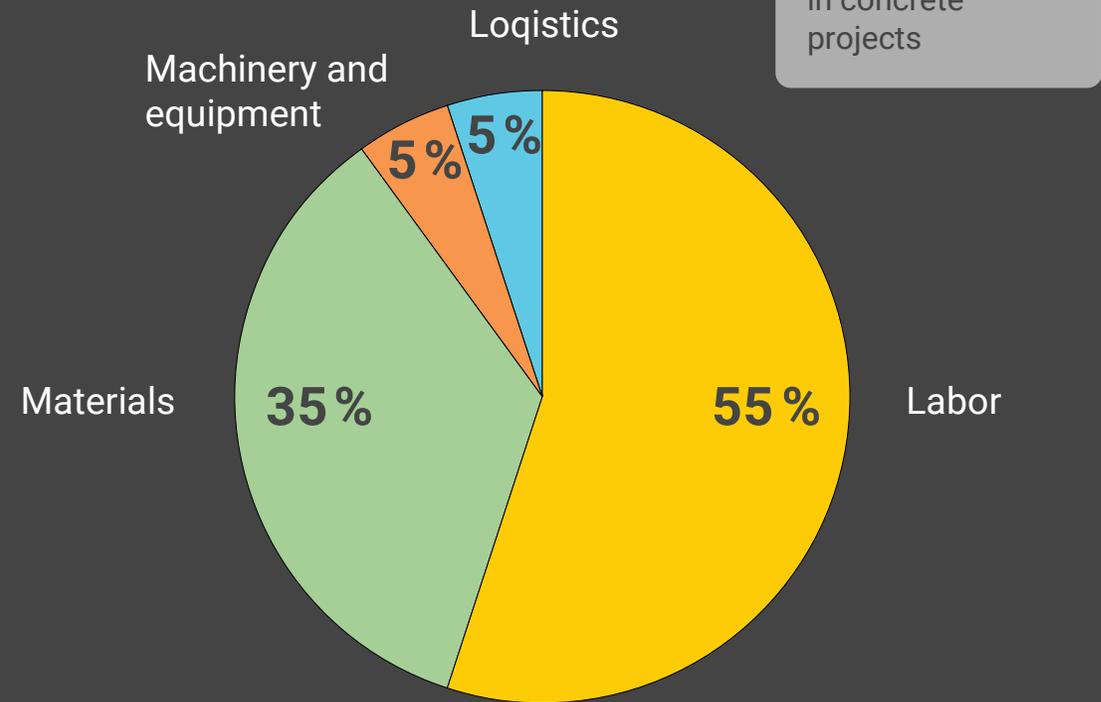
AF developed and applied recycled materials in the aggregate



# Most concrete structures have a relatively similar distribution of input factors and cost allocation

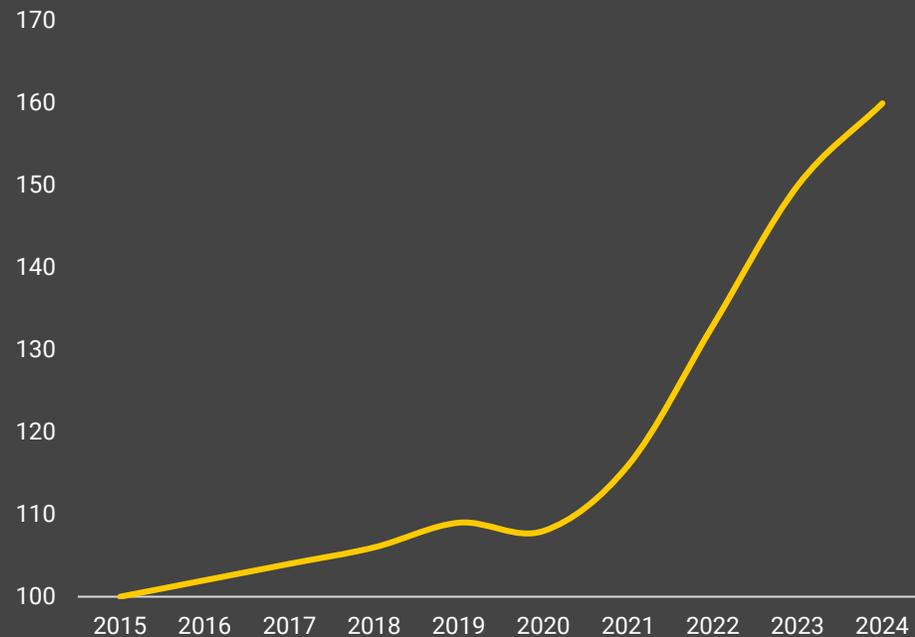


## Input Factors in Concrete



# Ongoing significant price pressures in 2024 and beyond

Price development Concrete 2015-2024



Source: SSB

- **Prices of concrete have increased:** Prices have increased 60% from 2015 to 2024
- **Expected increase in Norwegian CO<sub>2</sub> fees:** Will increase costs for the industry. Norwegian CO<sub>2</sub> fee increases by 19% in 2024 with further linear increases to reach the government goal of 2,000 in 2030
- **Largest effects from cement:** Contributes to increased project costs
- **Increased energy prices:** Increases production costs of concrete

# Future challenges

- All construction projects include use of concrete - there are no alternative solutions
- A shortage of input factors is expected in the future
- New CO<sub>2</sub>-friendly binders create challenges related to progress and frost resistance
- Still a considerable source of emissions



# Innovation in many areas creates better solutions in the projects



Tailored solutions



Robotised iron binding



Measuring



Scanning



Recycled aggregate



Early involvement



Rebuild and reuse

# Expected future demand

**The demand for concrete is expected to be stable and high in the future**

- Expected increase within construction
- Stable/growing within civil engineering

**Reduced access to commodities**

- Eco-friendly binders
- Replace natural sand with crushed mountain
- New types of binders



Project Ny Vannforsyning i Oslo, Foto: Bård Gudim



# Our priorities in the future

- Further improve technical competencies
- Further strengthen innovation
- Increase productivity
- Be the customers preferred partner and a leader within concrete

# Summary

<b>NOK million</b>	<b>Q3 24</b>	<b>Q3 23</b>	<b>YTD 3Q 24</b>	<b>YTD 3Q 23</b>
Revenues	7,204	6,907	22,043	22,152
EBIT	304	128	542	447
EBT	289	103	496	408
EBIT %	4.2%	1.9%	2.5%	2.0%
EBT %	4.0%	1.5%	2.2%	1.8%

- High activity and improved profitability
- Strong financial position
- Order intake: NOK 5,393 (4,078) million
- Order backlog: NOK 36,442 (41,864) million
- Significant order intake after quarter close



# Thank you for your attention

Q4 | 14 February 2025

