



# FRIGAARD

## Property Group

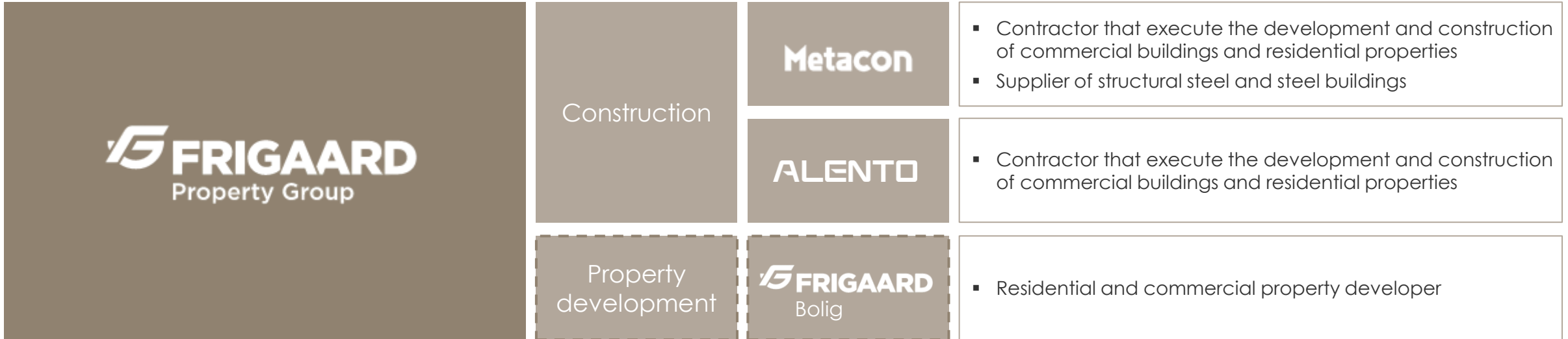
Q3 2020 result presentation

Simon Nyquist Martinsen

CEO

November 17, 2020

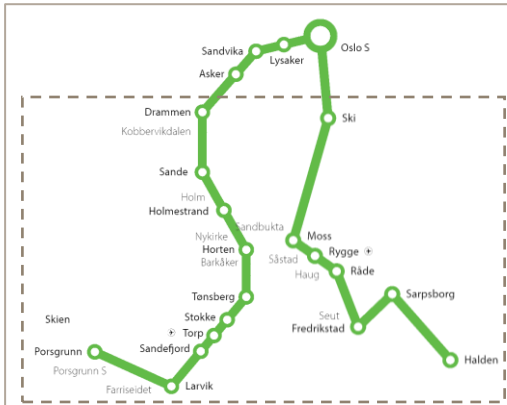
# This is Frigaard Property Group



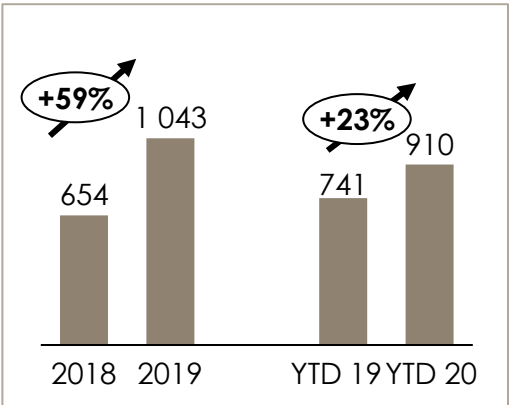
## Strategy

FPG aims to be the leading contractor and residential property developer in its core markets, by combining its industrial and financial expertise

**Focused on "Intercity triangle"**  
Urban areas in Eastern Norway outside Oslo



## Revenue (MNOK)



# Highlights Q3 2020

- Record high order intake in Q3 of MNOK 940.2 (MNOK 188.5), excluding order input towards Frigaard Bolig
- Order backlog ended at BNOK 1.3, including MNOK 107 towards Frigaard Bolig
- Revenue decrease in the quarter by 14.6% to MNOK 272.3 (MNOK 318.8), while revenue increase by 22.9% to MNOK 910.3 (MNOK 740.6) year to date
- EBITDA of MNOK 29.7 (MNOK 28.2) in the quarter and EBITDA of MNOK 74.2 (MNOK 54.2) year to date
- Positive performance from Property development – adjusted results from sale of shares in Höganloftet Fastigheter AB
- Covid-19: Limited effect on the progress of ongoing construction projects and housing sales, measures have been taken to reduce risk of delays in projects
- Organizational changes:
  - Acting CEO hired permanently
  - Gry-Heidi Montelius hired as CFO
  - Øyvind Harridsleff appointed as Managing Director for property development

## Key figures

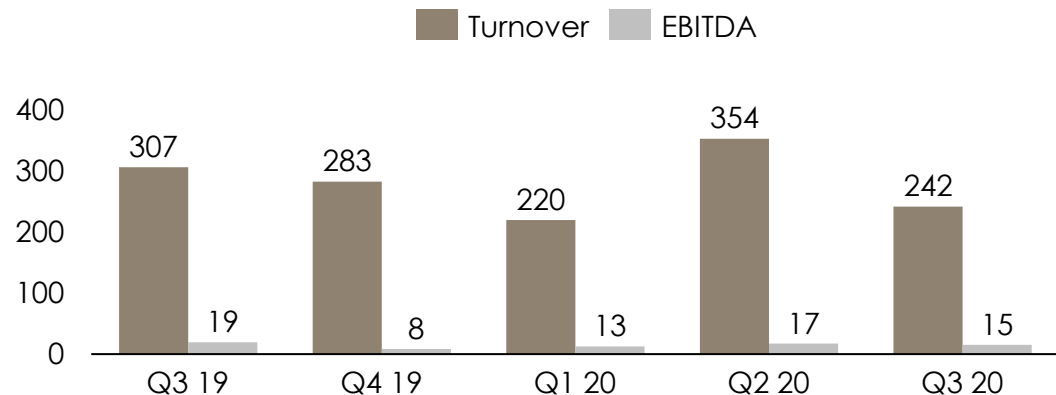
	3Q 2020	3Q 2019
Revenues	272.3	318.8
EBITDA	29.7	28.2
EBIT	27.9	26.5
EBT	22.3	19.5
EBITDA %	10.9 %	8.8 %
EBIT%	10.3 %	8.3 %
EBT%	8.2 %	6.1 %
NIBD	168.2	303.3
Backlog	1 317.2	881.3

# Construction segment: record high order backlog

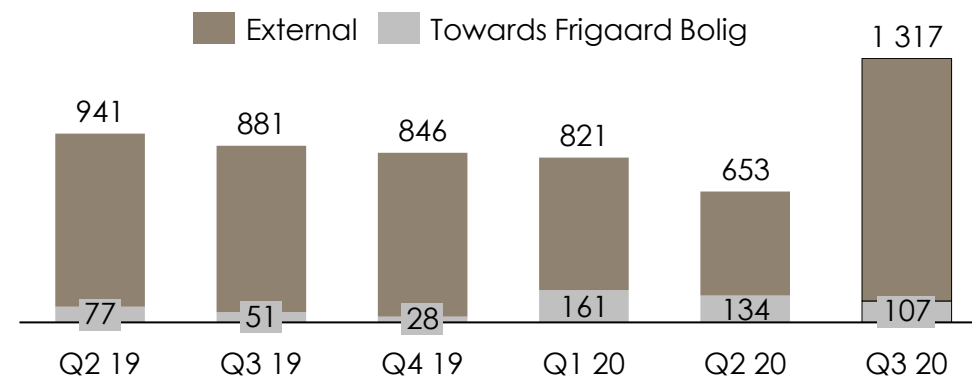
## Highlights

- MNOK 242 revenue and MNOK 14.7 EBITDA generated in the quarter
- A record high order backlog of MNOK 1 317.2, of which MNOK 401.3 attributable to the current year, and MNOK 804.7 relates to 2021
- In Q3 FPG signed two significant contracts with the Bama Group and Neselva Hageby 2 AS.

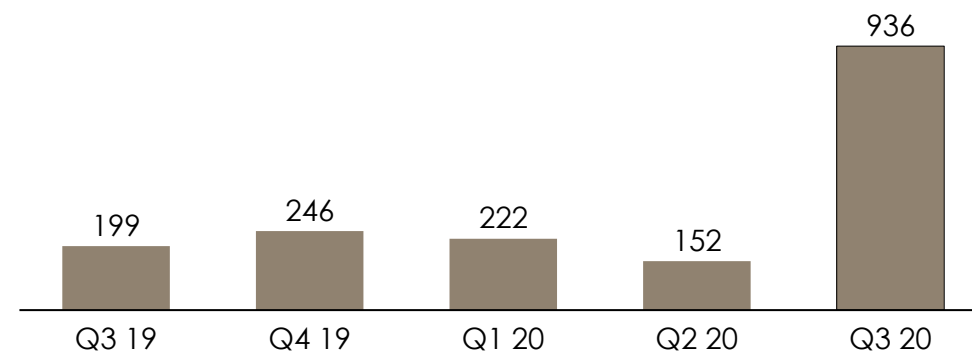
## Revenues and EBITDA



## Order backlog



## Order intake



# Construction segment: 32,000 spm signed with Bama

- In July 2020, FPG signed a contract with KværnerTomta AS, a wholly owned subsidiary in the BAMA Group, for a combined production and office building at Tranby in the Municipality of Lier, Norway
- Bama Group is a leading Norwegian company within fruits and vegetables
- The building is 32,000 sqm, in which about 2/3 relates to processing of fresh salads, fruits and vegetables to finalized vegetable- and potato products. The remaining 1/3 relates to BAMA's flow business
- The project is conducted with Alento as the total contractor, including Metacon as supplier of steel constructions
- The project started in July 2020 and will be finalized during the first quarter of 2022
- The contract is included in FPG's order intake and order backlog in Q3 2020



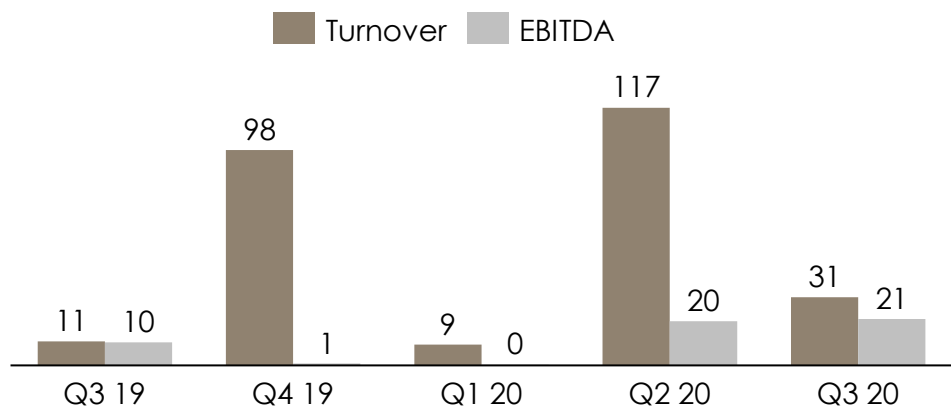
Note: Illustrative purposes only

# Property development segment: Strong contribution

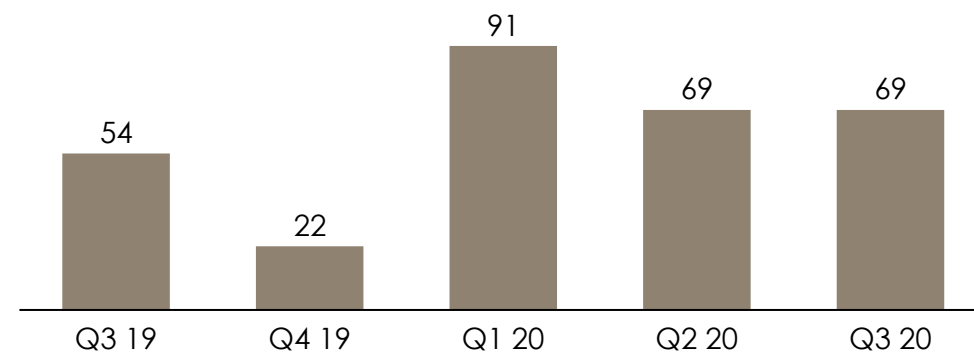
## Highlights

- Revenue of MNOK 30.9 and MNOK 20.5 in EBITDA generated in the quarter
- Adjusted gain from sale of Höganloft Fastigheter AB, generating a MNOK 20.6 in profit for the quarter
- 3 apartments/town houses handed over during the quarter
- 8 units (apartments) sold during the quarter and 69 units currently under construction

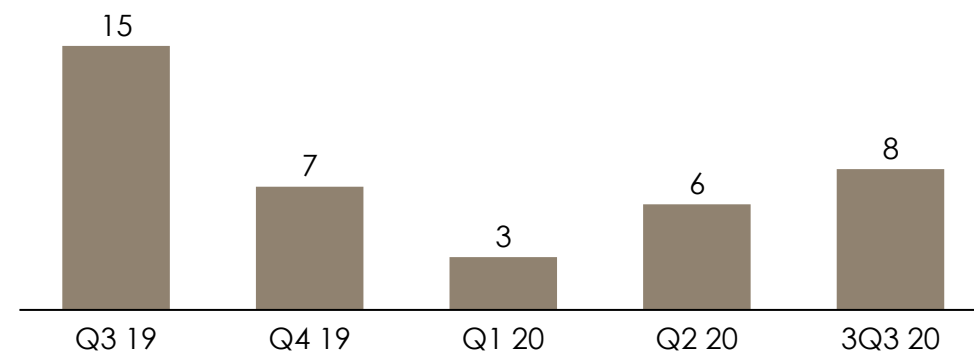
## Revenues and EBITDA



## Units under construction



## Number of units sold



# Property development segment: Sale of Höganloft Fastigheter AB

- Sale of 100% of the shares in Höganloft Fastigheter AB to a syndicated property investment group, in Q2
- FPG will construct a 21,400 sqm warehouse and office building to be delivered Q1 2022
- 15 year lease contract with Sweop AB, a company within FrigaardGruppen
- Property located in Tranås, Sweden, with access to E4 between Gothenburg and Stockholm
- A profit of MNOK 46 is recorded from the sale of the property, the gain from the sale is increased with 20,6 MNOK in Q3 after negotiations with contractors
- Final purchase price and calculation of gain is dependent upon changes in construction costs



# Property development segment: Four residential projects ongoing

## Project overview



Construction phase 1/3  
Total of ~174 apartments  
69 apartments in phase 1  
49/69 units sold  
Completed H1 23  
Total of 12 300 BRAS



61 apartments & 8 townhouses  
Expected sales start Q1 21  
2/3 phases  
Completed H1 23  
Total of 6 200 BRAS



30 apartments & 9 land plots  
Expected sales start H1 21  
Completed H2 22  
Total of 3 200 BRAS



Phasing and strategy TBD





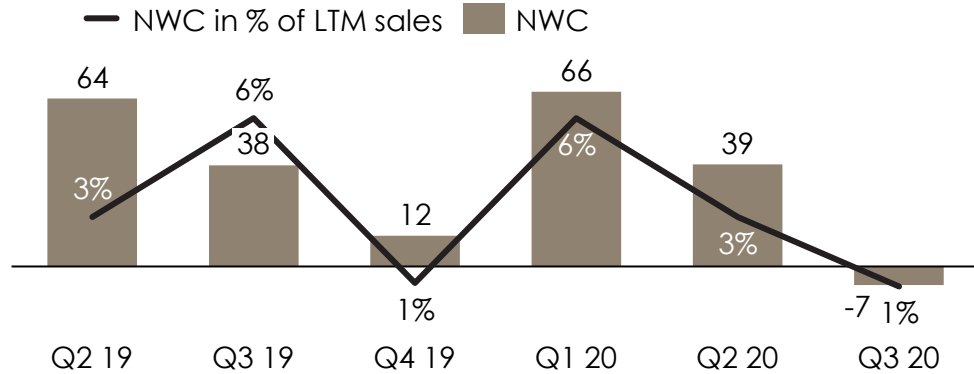
# Income statement

All amounts in MNOK	3Q 2020	3Q 2019	30.09.2020	30.09.2019	2019
Order backlog	1 317.2	881.3	1 317.2	881.3	846.2
Order intake	936.1	198.8	1 309.3	709.9	955.5
Revenue from contracts with customers	251.7	308.4	858.0	729.8	1 032.4
Other operating revenue	20.6	10.4	52.4	10.9	10.3
<b>Total operating revenue</b>	<b>272.3</b>	<b>318.8</b>	<b>910.3</b>	<b>740.6</b>	<b>1 042.8</b>
Materials, subcontractors and consumables	218.9	262.5	727.6	585.4	833.3
Salaries and personnel expense	22.7	22.2	89.6	78.1	110.5
Loss related to sale of investment property	-	-	-	-	9.2
Other operating expense	0.9	6.0	19.0	22.9	37.8
<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>29.7</b>	<b>28.2</b>	<b>74.2</b>	<b>54.2</b>	<b>52.0</b>
Depreciation and amortisation expense	1.8	1.7	5.6	4.8	6.7
<b>Operating profit (EBIT)</b>	<b>27.9</b>	<b>26.5</b>	<b>68.6</b>	<b>49.4</b>	<b>45.3</b>
Net financial costs	5.6	7.0	16.3	21.4	21.5
<b>Profit before income tax</b>	<b>22.3</b>	<b>19.5</b>	<b>52.3</b>	<b>28.0</b>	<b>23.8</b>
Income taxes	0.4	2.1	1.3	3.9	6.6
<b>Net profit for the period</b>	<b>22.0</b>	<b>17.5</b>	<b>51.0</b>	<b>24.1</b>	<b>17.2</b>

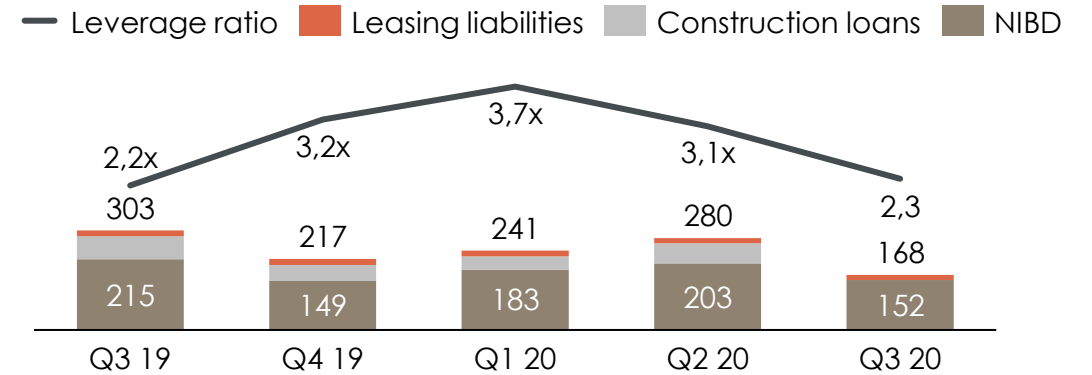
- Record high order inflow and backlog in Q3
- Revenue growth in Property development compared to last year.
- Revenue decrease in Construction, due to no handovers in Q3 20, while R2 Panorama where handed over in Q3 19.
- Profit impacted from sale of shares MNOK 20.6

# Solid cash position and comfortable leverage level

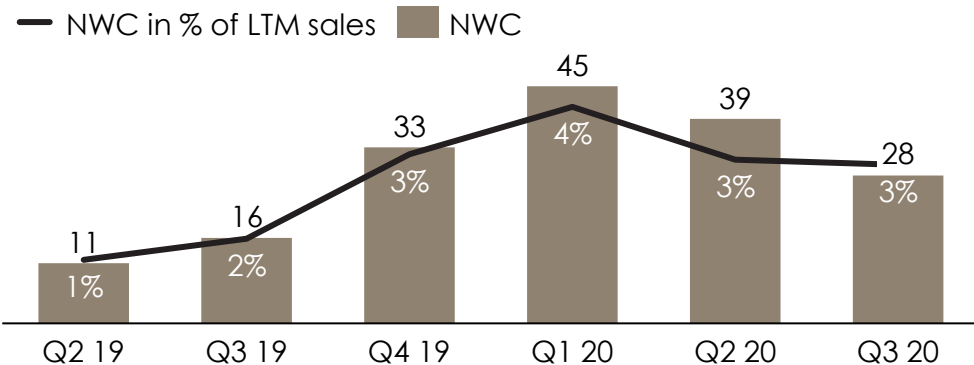
## Net working capital (construction)



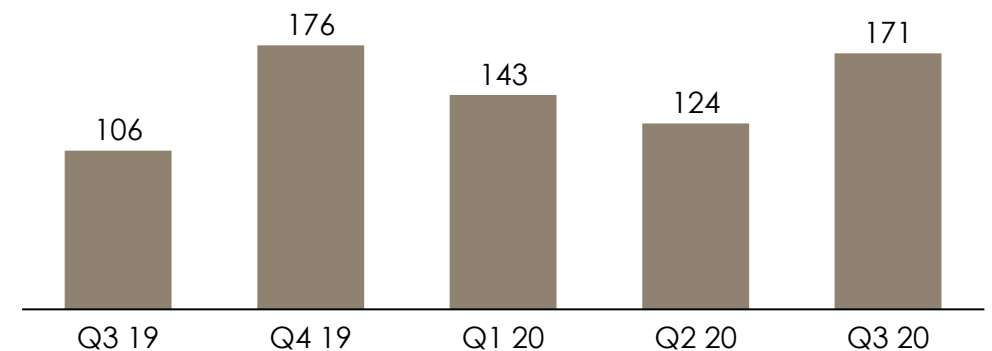
## Net interest-bearing debt and leverage ratio (Group)



## Average working capital LTM (construction)



## Cash position (Group)



Note: Leverage ratio as defined in the bond terms

# Cash flow statement

NOK million	Q3 2020	Q3 2019	30.09.2020	30.09.2019	
Earnings before income taxes	22.3	19.5	52.3	28.0	
Depreciation and impairment	1.8	1.7	5.6	4.8	
Change in net working capital	138.8	59.1	-6.0	-65.8	
Other adjustments/taxes paid	-47.9	14.0	-18.4	-53.0	
<b>Cash flow from operations</b>	<b>115.1</b>	<b>94.2</b>	<b>33.5</b>	<b>-86.0</b>	<ul style="list-style-type: none"> <li>▪ Cash settlement of the residential project Aspelundtunet resulted in positive effect on net working capital, ...</li> <li>▪ ...and down payment of related construction loan.</li> </ul>
Net investment	-1.3	-0.5	22.5	-29.5	<ul style="list-style-type: none"> <li>▪ 25 MSEK is received from sales of shares in Höganloft, YTD. Remaining payment is due March 2022.</li> </ul>
Cash flow from financial activities	-67.0	-58.5	-61.4	11.3	
<b>Net decrease (increase) in cash and cash equivalents</b>	<b>46.8</b>	<b>35.3</b>	<b>-5.4</b>	<b>-104.2</b>	<ul style="list-style-type: none"> <li>▪ Construction loans are secured for Tribunen phase 1, first loan withdrawal in October/Q4 , 49 MNOK.</li> </ul>
Net cash and cash equivalents at beginning of period	124.2	70.8	176.4	210.2	
<b>Total cash and cash equivalents</b>	<b>171.0</b>	<b>106.1</b>	<b>171.0</b>	<b>106.1</b>	

# Balance sheet

Amounts in NOK million	30.09.2020	30.09.2019	31.12.2019
<b>ASSETS</b>			
Goodwill and other intangible assets	284.4	285.0	284.7
Tangible fixed assets	7.9	3.5	8.7
Right-of-use assets	16.7	18.5	19.0
Investment property	-	74.4	-
Other investments and other long term receivables	7.7	0.2	0.1
<b>TOTAL NON-CURRENT ASSETS</b>	<b>316.8</b>	<b>381.6</b>	<b>312.5</b>
Inventories and development properties	282.2	335.2	278.3
Trade receivables, contract assets and other short term receivables	222.9	161.5	182.3
Cash and cash equivalents	171.0	106.1	176.4
<b>TOTAL CURRENT ASSETS</b>	<b>676.1</b>	<b>602.8</b>	<b>637.0</b>
<b>TOTAL ASSETS</b>	<b>992.8</b>	<b>984.3</b>	<b>949.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>TOTAL EQUITY</b>	<b>314.8</b>	<b>282.4</b>	<b>263.7</b>
Deferred tax	17.4	18.5	16.2
Bond loan	-	295.0	295.7
Liabilities to financial institutions	25.1	16.5	25.1
Leasing liabilities	11.5	14.0	14.4
Other non-current liabilities	77.7	71.9	81.3
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>131.8</b>	<b>415.9</b>	<b>432.6</b>
Short term financial liabilities	-	9.9	5.1
Short term construction loan	-	70.1	48.7
Bond loan current	298.1	-	-
Lease liabilities	4.5	3.9	4.1
Trade account payables, contract liabilities and other short term debt	243.7	202.1	195.2
<b>TOTAL CURRENT LIABILITIES</b>	<b>546.3</b>	<b>286.0</b>	<b>253.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>992.8</b>	<b>984.3</b>	<b>949.5</b>

- Goodwill from acquisitions
- IFRS lease assets of MNOK 16.7
- Trade receivables include outstanding from amount related to sale of Höganloft
- Bond maturity in Q2 2021, work and planning towards refinance is ongoing
- Payment of Construction loan Aspelundtunet

# Outlook

- Record high order back log at 1.2 BNOK
  - High volume secured for 2021 – more than 800 MNOK of revenue
- Property development
  - Reorganized and strengthened team
  - Reviewed portfolio and work to secure margins
  - Around 22k sqm residential projects for delivery next 2,5 ys (estimated) – above 145 MNOK invested
- Solid financial development, refinancing process ongoing, expected to be closed Q1 2020

