



# FRIGAARD

## Property Group

Q4 2022 result presentation

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CEO

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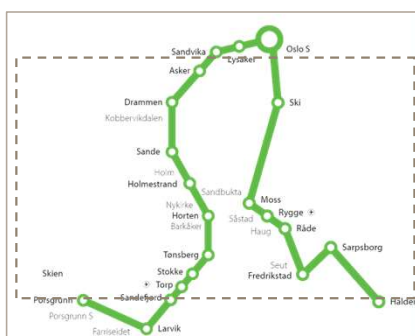
# This is Frigaard Property Group – Q4 2022



## 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



## Key figures (MNOK)

Key figures	2018 <sup>1)</sup>	2019	2020	2021	2022
Revenues	654	1 043	1 267	1 583	1 501
EBITDA	84	52	92 <sup>3)</sup>	21 <sup>2)</sup>	62 <sup>4)</sup>
Net profit	47	17	58	-5	28
EBITDA-margin	12.8%	5.0%	7.3%	1.3%	4.1%
Order backlog	969	846	1,020	1 520	1 529
Equity ratio	29.1%	27.8%	28.7%	22.3%	19.1%

Note: 1) Reported financials. Alento AS was acquired 30 June 2018 and hence not fully reflected in reported financials. 2018 pro forma revenue of NOK 926m and pro forma EBITDA of NOK 110m. 2) After one off costs related to a project within the Construction segment of MNOK 41. 3) Including share sale gain of MNOK 47. 4) Include costs related to a strategic review of Alento of 6,4 MNOK, excluding this the EBITDA is 68.5 MNOK,

The presentation should be read together with the full Q4 text report from Frigaard Property Group.

## Highlights Q4/YTD 2022 (Q4/YTD 2021)

### Q4

- Revenue decreased by 39.7% to MNOK 385.1 (638.5) in the quarter.
  - No delivery of residential project in the quarter, in Q4 in 2021 we delivered the first phase of the project Tribunen in Moss.
- Strong EBITDA for the quarter of MNOK 11.4 (-5.9).
- EBITDA margins of 2.9% (-0.9%) in the quarter.
- Net profit increased to 1 MNOK (-9.9) in the quarter.

### YTD

- Revenue year to date decreased by 5.2% to MNOK 1 500.7 (MNOK 1583.3), EBITDA of MNOK 62.1 (MNOK 21.2).
- Adjusted EBITDA\* of MNOK 68.5 (21.2)
- Continued high order backlog of MNOK 1 528.6 (1 519.6), including MNOK 327.1 (215.7) related to own development projects in Frigaard Bolig.
- Continued sound pipeline and new orders of around 160 MNOK won in Q1 2023 as of this date.
- Expected reduced growth within the industry and potentially a moderate volume reduction due to the macro environment with high inflation and increasing interest and energy prices.

\*Adjusted for MNOK 6.4 related to a strategic review of Alento.

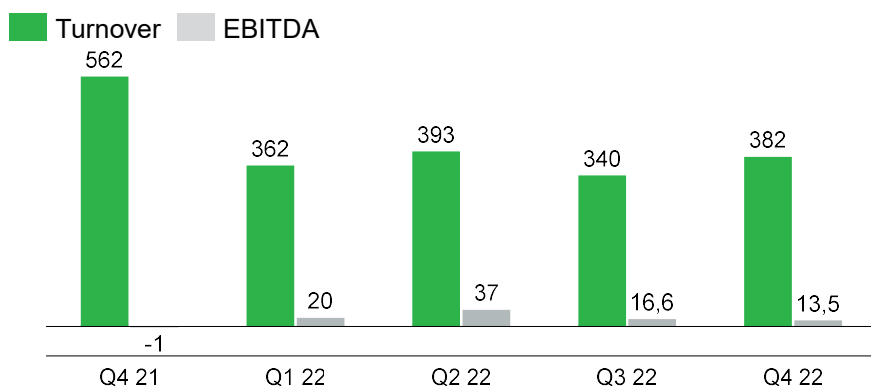
Key figures (NOK million)	4Q 22	4Q 21	31.12.2022	31.12.2021
Revenues Property development	3,1	236,6	23,0	242,9
Revenues Construction	381,8	561,8	1 476,8	1 499,6
Revenues Other	0,2	0,2	0,9	0,8
Elimination of internal income	-	-160,1	-	-160,1
<b>Total revenues and other income</b>	<b>385,1</b>	<b>638,5</b>	<b>1 500,7</b>	<b>1 583,3</b>
EBITDA Property development	2,4	-2,0	-2,0	-5,8
EBITDA Construction	13,5	-1,1	87,2	41,1
EBITDA Other	-4,5	-2,8	-23,1	-14,1
<b>Total EBITDA</b>	<b>11,4</b>	<b>-5,9</b>	<b>62,1</b>	<b>21,2</b>
<b>Earnings before financial items and tax (EBIT)</b>	<b>9,2</b>	<b>-7,8</b>	<b>53,7</b>	<b>13,2</b>
<b>Earnings before tax (EBT)</b>	<b>2,3</b>	<b>-11,5</b>	<b>37,2</b>	<b>-5,3</b>
EBITDA margin	2,9%	-0,9 %	4,1%	1,3 %
Operating profit margin	2,4%	-1,2 %	3,6%	0,8 %
Profit margin	0,6%	-1,8 %	2,5%	-0,3 %

# Construction segment: high activity level

## Highlights

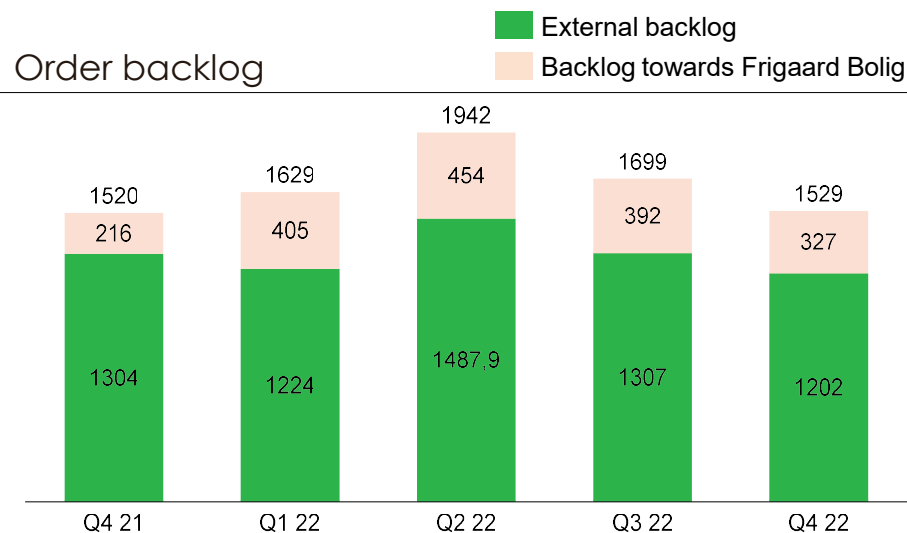
- MNOK 381.8 revenue and MNOK 13.5 EBITDA, generated in the quarter. The good result is to a large extent related to Alento. The activity level in both Metacon and Alento has been high.
- Solid inflow on new orders in the quarter of MNOK 315, and MNOK 1 688 for the year.
- Solid order backlog of MNOK 1 528.6 of which MNOK 1 351.8 attributable to 2023, MNOK relates to 2024. Orders of MNOK 160 (+) won in Q1 2023 as of this date.
- Pipeline is still strong, especially for commercial buildings, still the macro environment is expected to impact overall demand going forward

## Revenues and EBITDA

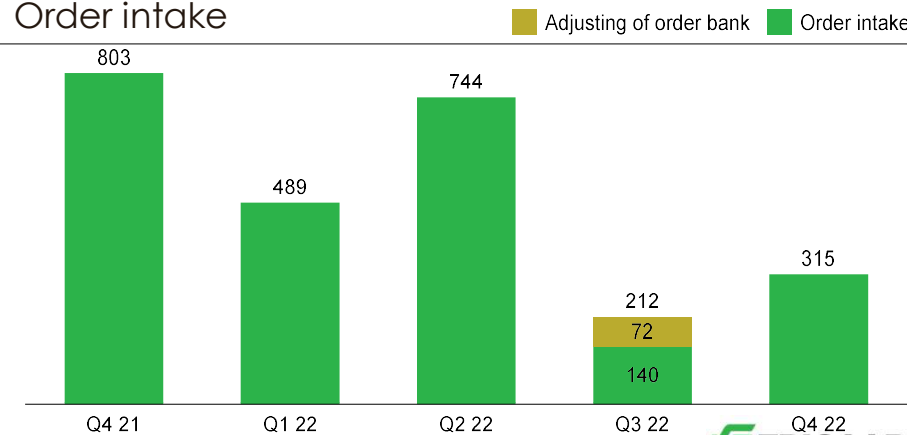


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## Order backlog



## Order intake



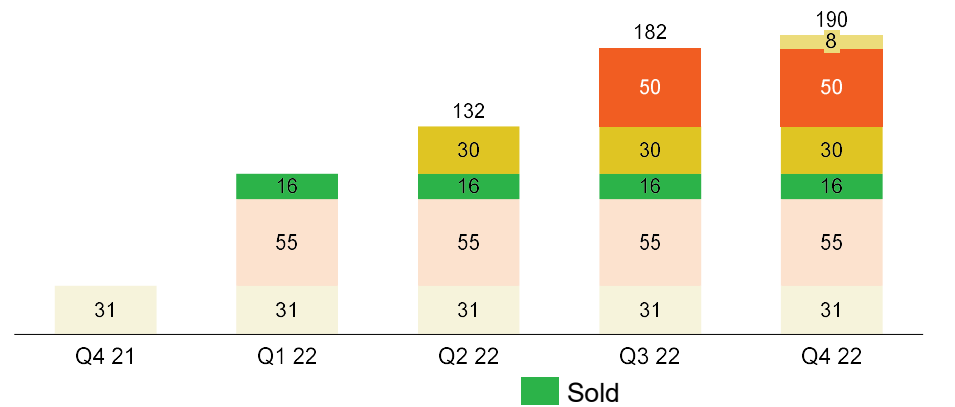
# Property development segment: All time high numbers of units under construction

## Highlights

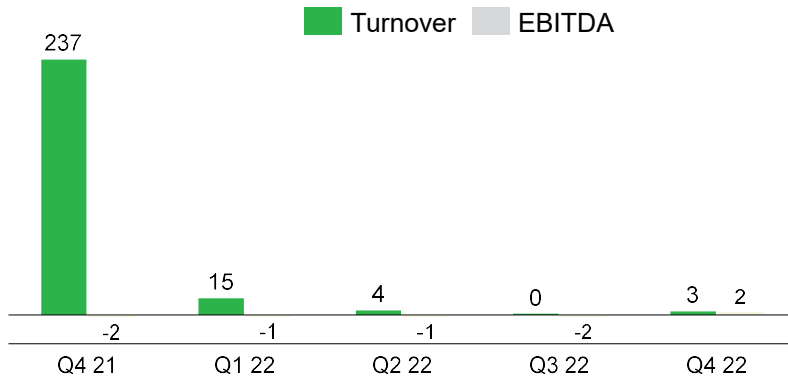
- There has been a smaller adjustment to the revenue related to the final settlement of Höganloft Fastigheter AB, otherwise there has been no revenue related to the property development this quarter.
  - The 20k+ logistic center in Tranås, Sweden was handed over in March, where the settlement was paid in April 2022 (MNOK 60)
- 6 units (apartments) sold during third quarter and 190 units currently under construction.
- The construction of Fagerlia phase two commenced in December 2022.
- Further development area was secured in Q4 in Sarpsborg through a joint venture of Tindlund Terrasse AS (50%).
- Revenue and profit will be seen in the P&L at the time of hand over of the units. Next hand over is planned in April 2023 for Dronningen, Q3 for Fagerlia 1 and Q2 for Tribunen 2 (2023).

■ Fagerlia 2 
 ■ Tribunen 3 
 ■ Høglia 
 ■ Dronningen 
 ■ Tribunen 2 
 ■ Fagerlia 1 
 ■ Tribunen 1

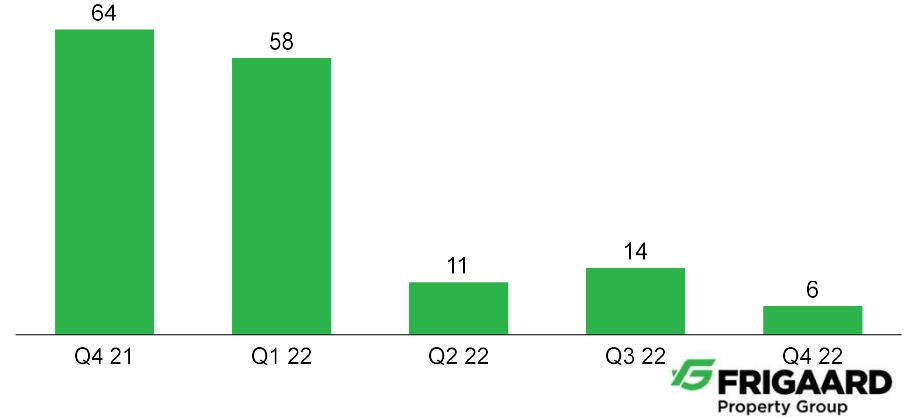
### Units under construction



## Revenues and EBITDA



## Number of units sold





# Property development segment: Five ongoing residential projects

## Project overview Q4 2022

<p><b>Tribunen II &amp; III</b> Moss</p> <p>Ongoing and in sales stage</p>	<p><b>Fagerlia</b> Fredrikstad</p> <p>Ongoing</p>	<p><b>Høgli</b> Mysen</p> <p>Ongoing</p>	<p><b>Dronningen</b> Sarpsborg</p> <p>Ongoing</p>	<p><b>Solbyen</b> Sarpsborg</p> <p>Zoning</p>
<p>Construction phase 2/3 Total of ~174 apartments 55 apartments in phase 2 51/55 units sold 50 apartment in phase 3 43/50 units sold All phases est. completed Q4 23 Total of 12 752 BRAS</p>	<p>61 apartments &amp; 8 townhouses 31 apartments in phase 1 20/31 units sold 8 townhouses in phase 2 6/8 town house sold 30 apartments in phase 3 3/30 units sold Total of 7 163 BRAS</p>	<p>30 apartments &amp; 9 land plots 17/30 units sold and 5 land plots Sale start for plots Q2 2022 All phases est. completed Q4 23 Total of 7 424 BRAS</p>	<p>16 apartments 13/16 units sold Sales start Q1 2022 All phases est. completed Q2 23 Total of 1 111 BRAS</p>	<p>50 apartments Expected sales start Q4 22 Est. completed Q4 25 Total of 2 900 BRAS</p>
<p><b>Aspelundtunet</b> Askim</p> <p>Completed ✓</p>	<p><b>Moenskogen I</b> Sarpsborg</p> <p>Completed ✓</p>	<p><b>Moenskogen II</b> Sarpsborg</p> <p>Completed ✓</p>	<p><b>R2 Panorama</b> Mysen</p> <p>Completed ✓</p>	<p><b>Tribunen I</b> Moss</p> <p>Completed ✓</p>

As of the date of this report the sale figures is adjusted to the following; Fagerlia 3, 4 apartments and Høgli 18 apartments



# Property development projects the next 3 years

## Projects with expected completion over the next three years



7 Financing has been secured for the concrete works of Fagerlia 3. Production start and estimated hand over is dependent upon further sales of apartments and establishing construction loans.

# Income statement

All amounts in MNOK	4Q 2022	4Q 2021	31.12.2022	31.12.2021
Order backlog	1 528,6	1 519,6	1 528,6	1 519,6
Order intake	314,9	803,2	1 688,1	1 970,6
Revenue from contracts with customers	382,1	638,4	1 495,8	1 582,3
Other operating revenue	3,1	0,1	4,9	1,0
<b>Total operating revenue</b>	<b>385,1</b>	<b>638,5</b>	<b>1 500,7</b>	<b>1 583,3</b>
Materials, subcontractors and consumables	318,1	600,9	1 239,0	1 400,5
Salaries and personnel expense	44,1	35,9	155,4	133,6
Other operating expense	11,6	7,6	44,2	27,9
<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>11,4</b>	<b>-5,9</b>	<b>62,1</b>	<b>21,2</b>
Depreciation and amortisation expense	2,2	1,9	8,5	8,0
<b>Operating profit (EBIT)</b>	<b>9,2</b>	<b>-7,8</b>	<b>53,7</b>	<b>13,2</b>
Net financial costs	6,8	3,7	16,5	18,6
<b>Profit before income tax</b>	<b>2,3</b>	<b>-11,5</b>	<b>37,2</b>	<b>-5,3</b>
Income taxes	1,3	-1,5	9,0	-0,2
<b>Net profit for the period</b>	<b>1,0</b>	<b>-9,9</b>	<b>28,2</b>	<b>-5,1</b>

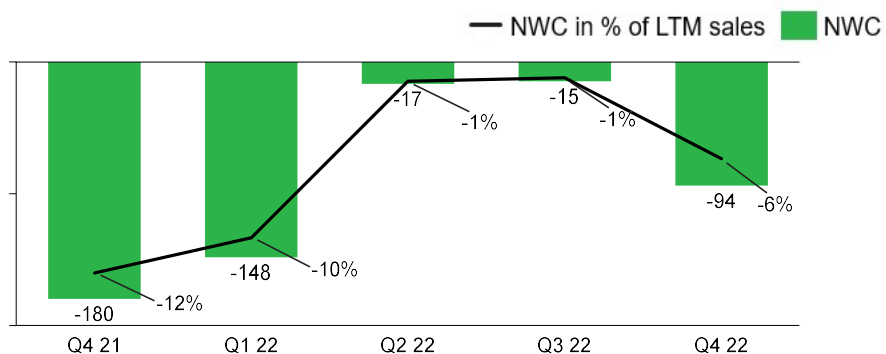
- Solid order backlog and residential units in production at the end of the quarter
- MNOK 1 352 of the order backlog is estimated to be delivered in 2023
- Revenue stems from the Construction segment. Revenue will come in the Property Development segment in 2023 when residential units are handed over.
- Adjusted EBITDA\* of MNOK 68.5 YTD.
- Majority of net finance costs related to a listed bond of MNOK 300. Calculated interest on equity investments into the Property Development projects are being accounted for in the balance sheet and costed as projects are handed over.

\*Adjusted for MNOK 6,4 related to a strategic review of Alento, of which MNOK 5.4 accounted for in Q2 and MNOK 1 in Q3.

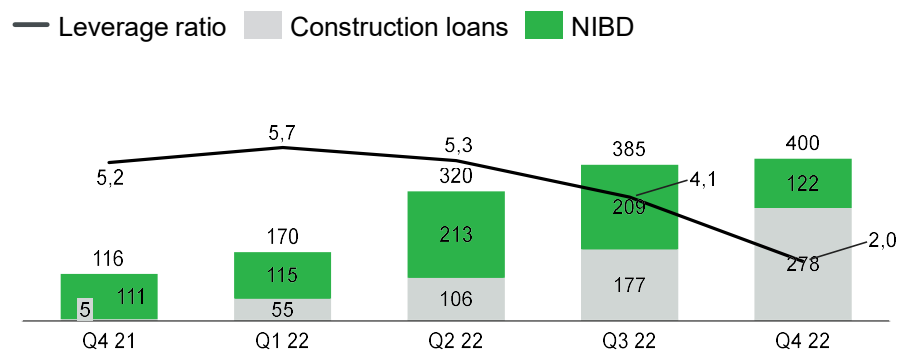


# Solid cash position, from improved NWC

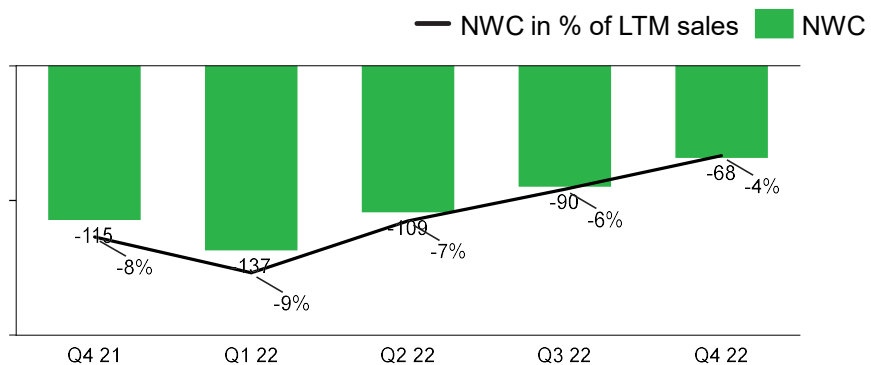
## Net working capital (construction)



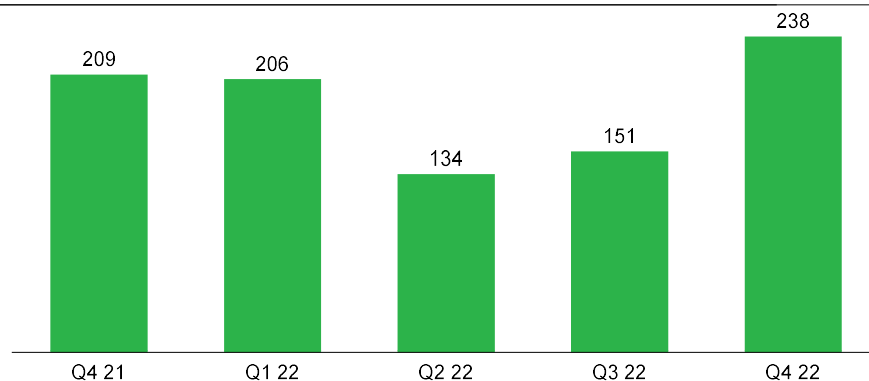
## Net interest-bearing debt and leverage ratio (Group)



## Average working capital LTM (construction)



## Cash position (Group)



Note: Leverage ratio as defined in bond terms, construction loans are excluded in NIBD in bond terms. As per Q3 the ratio is adjusted for exceptional items related to a strategic view of Alento. No adjustments are made related to non-recurring costs in the Construction segment in Q4 2021.

# Cash flow statement

NOK million	4Q 2022	4Q 2021	31/12/2022	31/12/2021
Earnings before income taxes	2.3	-11.5	37.2	-5.3
Depreciation and impairment	2.2	1.9	8.5	8.3
Change in net working capital	-44.7	324.1	-459.6	173.9
Other adjustments/taxes paid	27.0	-79.0	129.9	-58.4
<b>Cash flow from operations</b>	<b>-13.1</b>	<b>235.5</b>	<b>-284.1</b>	<b>118.5</b>
Net investment	-0.7	-0.6	60.1	-26.1
Cash flow from financial activities	100.2	-186.7	252.5	-142.0
<b>Net decrease (increase) in cash and cash equivalents</b>	<b>86.4</b>	<b>48.1</b>	<b>28.6</b>	<b>-49.6</b>
Net cash and cash equivalents at beginning of period	151.3	161.0	209.2	258.8
<b>Total cash and cash equivalents</b>	<b>237.8</b>	<b>209.2</b>	<b>237.8</b>	<b>209.2</b>

- Change in net working capital is to a large extent related to further development of our residential projects. In Q4 this is fully financed with construction loans.

- Strong cash position

- Financing activities for the quarter relates to inflows from construction loans.

# Balance sheet

Amounts in NOK million	31.12.2022	31.12.2021
<b>ASSETS</b>		
Goodwill and other intangible assets	284,3	284,1
Tangible fixed assets	8,0	8,2
Right-of-use assets	9,8	12,6
Investment in joint ventures	3,8	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>305,8</b>	<b>305</b>
Inventories and development properties	661,7	334,8
Trade receivables, contract assets and other short term receivables	234,3	256,6
Cash and cash equivalents	237,8	209,2
<b>TOTAL ASSETS</b>	<b>1 439,5</b>	<b>1 105,5</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>275,2</b>	<b>247,1</b>
Deferred tax	31,3	22,3
Bond loan	298,1	296,3
Liabilities to financial institutions	12,6	38,9
Construction loan	-	4,9
Leasing liabilities	3,9	7,0
Other non-current liabilities	3,8	46,0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>349,7</b>	<b>415,4</b>
Short term financial liabilities	38,8	-
Short term construction loan	278,4	-
Trade account payables, contract liabilities and other short term debt	491,1	437,9
<b>TOTAL CURRENT LIABILITIES</b>	<b>814,6</b>	<b>443,1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 439,5</b>	<b>1 105,5</b>

- Goodwill from acquisitions
- IFRS lease assets of MNOK 9.8
- In February 2021, a new secured floating rate bond of NOK 300 million with a 3-year tenor was issued.
- Construction loan is mainly related to Fagerlia 1, located in Fredrikstad and phase 2 of Tribunen, located in Moss. Scheduled hand over is Q2 2023 for Tribunen 2, and Q3 2023 for Fagerlia 1.
- Construction loan Tribunen 1 was fully repaid in Q4 2021.



## Outlook

- The backlog for our construction companies is high and to a large extent securing a normal activity level for 2023. And, we have a strong pipeline of residential projects with good chances to be awarded these.
- However, the recent changes to the macro-economic environment with higher inflation, energy prices and interest rates have resulted in delays in decisions and start up for new projects. This situation has been characteristic for the housing market, but much less for the commercial market as warehouses and other logistic buildings.
- A large degree of our portfolio of residential units in production is sold (78%). Overall, for the portfolio in production, the sales rate is sufficient to cover the construction loans in the projects. When the sold units will be delivered in 2023 it will improve our results and further sales will also significantly improve our cash flow.