

FRIGAARD

Property Group

Q3 2021 result presentation

Simon Nyquist Martinsen
CEO

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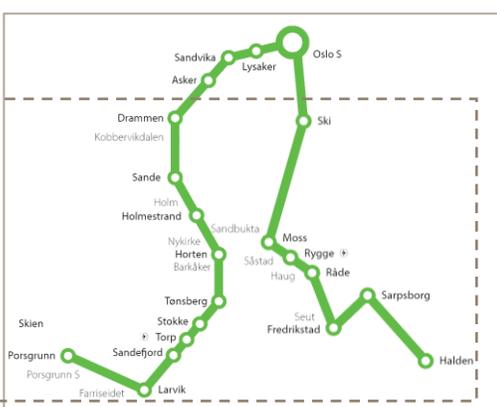
This is Frigaard Property Group



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



Key figures (MNOK)

Key figures	2018 ¹⁾	2019	2020	YTD 2021
Revenues	654	1,043	1267	945
EBITDA	84	52	92	27
Net profit	47	17	58	4.8
EBITDA-margin	12.8%	5.0%	7.3%	2.9%
Order backlog	969	846	1,020	1 133
Equity ratio	29.1%	27.8%	28.7%	23.2%

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.

Highlights Q3 2021

- Revenue increased by 8.6% to MNOK 295.8 (272.3) in the quarter.
 - Q3 2020 was impacted by sale of shares in subsidiaries with MNOK 20.2, excluding this, revenue increased with MNOK 43.9, or 17%, compared to Q3 2020.
- EBITDA decreased to MNOK 5.6 (29.7) in the quarter, last year was impacted by MNOK 20.2 from sales of shares in subsidiaries.
- Revenue year to date increased by 3.8% to MNOK 945 (MNOK 910), while EBITDA decreased to MNOK 27.1 (MNOK 74.2). The YTD figure in 2020 was impacted by a gain from sale of shares with MNOK 46.6.
- Continued high order backlog of MNOK 1132.9, including MNOK 2.9 related to own development projects in Frigaard Bolig, close to 500 MNOK of additional orders are signed in Q4 as of the date of this report.
- Strong financial position at the end of the quarter, cash balances ended at MNOK 161.0. Leverage ratio excluding construction loans ended at 3.5.

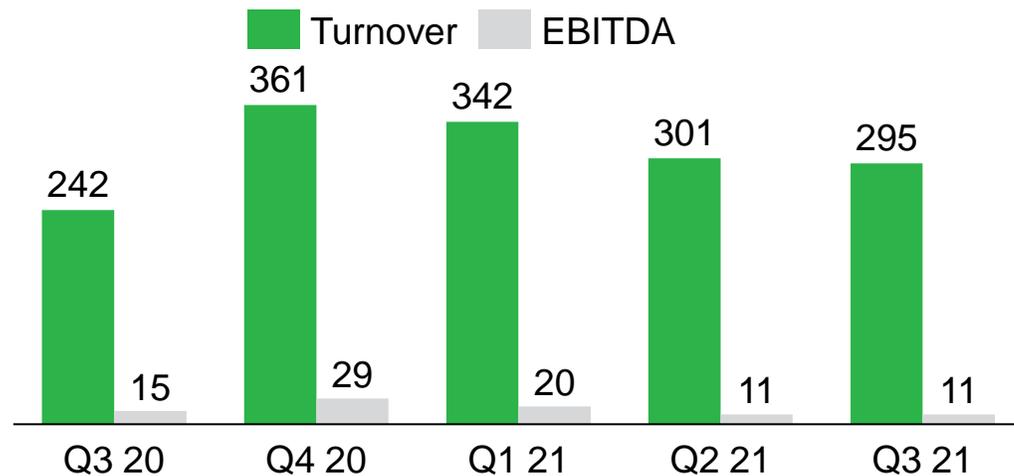


Construction segment: Strong pipeline

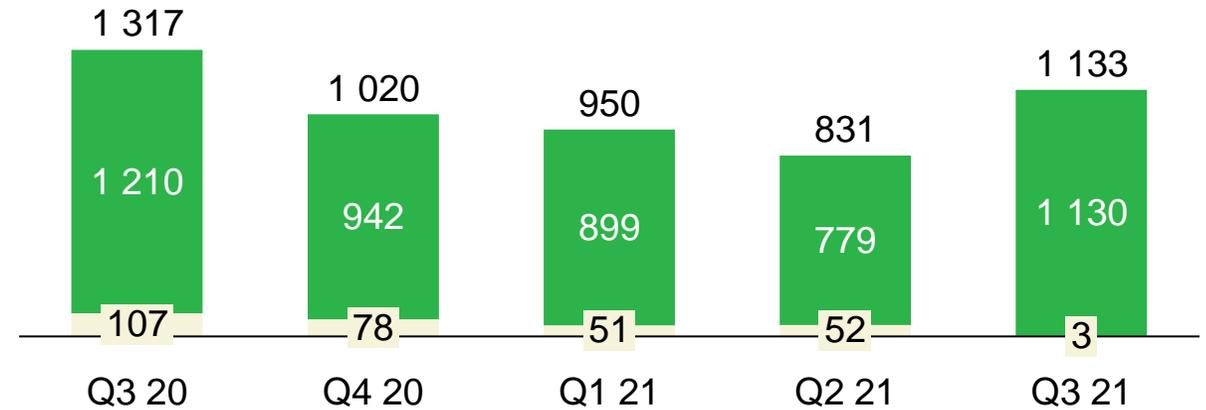
Highlights

- MNOK 295.4 revenue and MNOK 11.0 EBITDA generated in the quarter.
- Very profitable quarter for our subsidiary Alento, continue to deliver best in class margins.
- High order backlog of MNOK 1132.9 of which MNOK 311.9 attributable to 2021, and MNOK 720.9 relates to 2022.
- Stable order intake in Q3, and a strong pipeline secured for Q4.

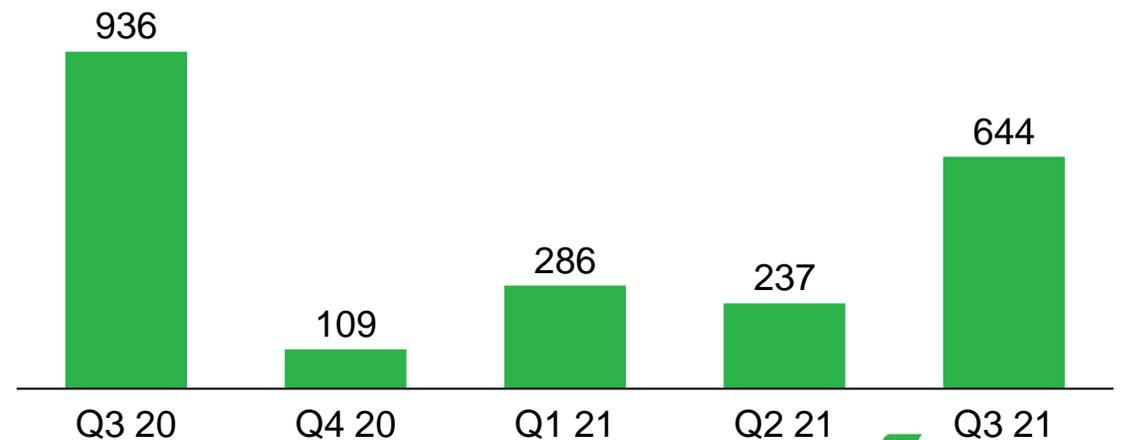
Revenues and EBITDA



Order backlog



Order intake

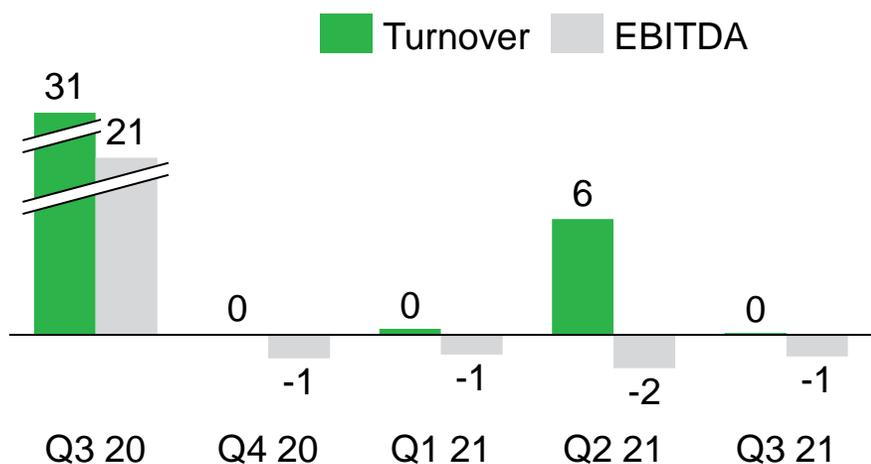


Property development segment: Projects on track

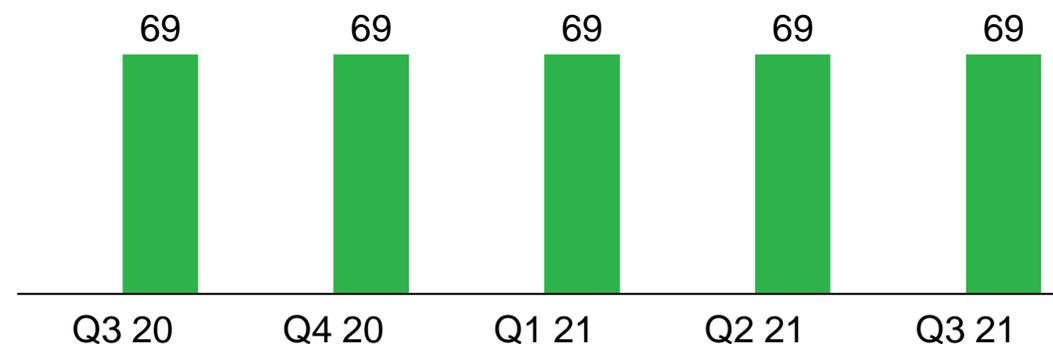
Highlights

- There has been no handover of properties in Q3 21, the next handover is planned to Q4 2021.
- 5 units (apartments) sold during third quarter and 69 units currently under construction.
- Sale for the project Fagerlia in Fredrikstad is going as planned, and construction will start in Q4. Sale start for Tribunen 2 in Moss and Høgli in Mysen started in week 44 (Q4). At the date of this presentation we have sold additional 47 units in Q4.
- Tribunen 1, a project in Moss of 69 properties, is scheduled to be handed over to customers in Q4 2021.

Revenues and EBITDA

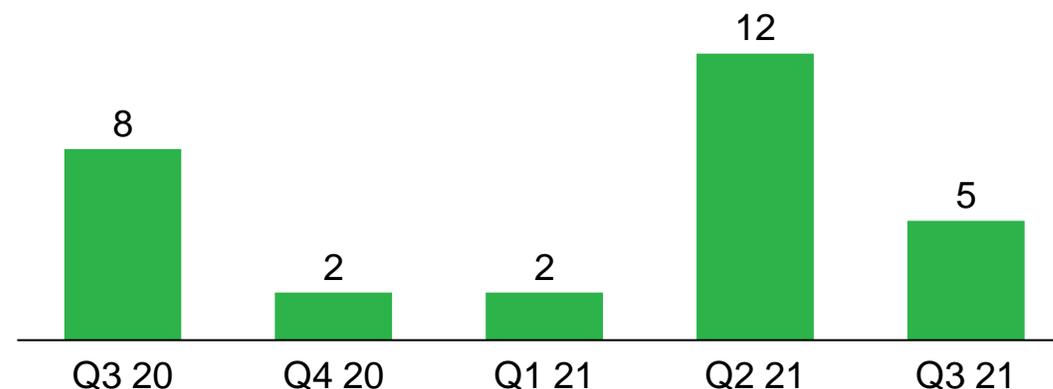


Units under construction ■ Tribunen 1



■ Sold

Number of units sold



Property development segment: Five ongoing residential projects

Project overview Q3 2021

 <p>Tribunen I Moss</p> <p>Ongoing</p>	 <p>Fagerlia Fredrikstad</p> <p>In sales stage</p>	 <p>Høgli Mysen</p> <p>In sales stage</p>	 <p>Dronningen Sarpsborg</p> <p>Zoning</p>	 <p>Solbyen Sarpsborg</p> <p>Zoning</p>
<p>Construction phase 1/3 Total of ~174 apartments 69 apartments in phase 1 56/69 units sold All phases est. completed Q3 23 Total of 12 500 BRAS</p>	<p>61 apartments & 8 townhouses 31 apartments in phase 1 10/31 units sold All phases est. completed Q3 23 Total of 6 900 BRAS</p>	<p>30 apartments & 9 land plots</p> <p>Sales start October 21 All phases est. completed Q2 23 Total of 3 200 BRAS</p>	<p>16 apartments</p> <p>Sales start Q1 2022 All phases est. completed Q1 23 Total of 1 111 BRAS</p>	<p>50 apartments</p> <p>Expected sales start Q4 22 Est. completed Q3 24 Total of 2 900 BRAS</p>





Property development projects the next 3-3.5 years

Projects with expected sale and completion over the next three years



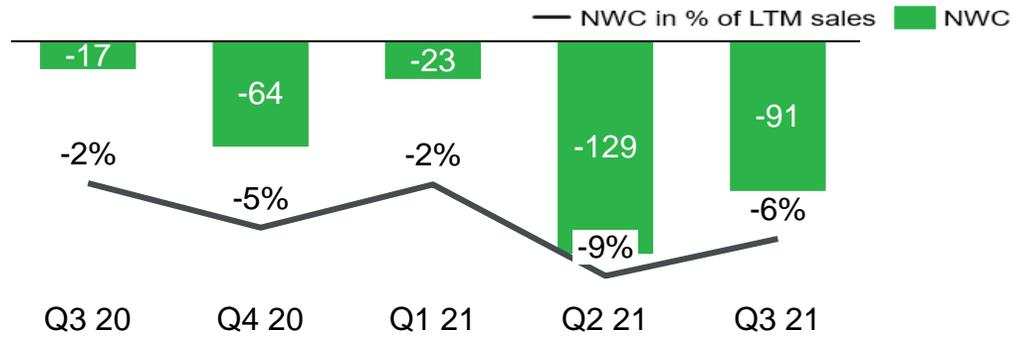
Income statement

All amounts in MNOK	3Q 2021	3Q 2020	30.09.2021	30.09.2020	31.12.2020
Order backlog	1 132.9	1 317.2	1 132.9	1 317.2	1 019.7
Order intake	644.3	936.1	1 167.4	1 309.3	1 417.8
Revenue from contracts with customers	295.5	251.7	943.9	858.0	1 219.1
Other operating revenue	0.3	20.6	0.9	52.4	47.6
Total operating revenue	295.8	272.3	944.8	910.3	1 266.7
Materials, subcontractors and consumables	256.2	218.9	799.6	727.6	1 020.3
Salaries and personnel expense	28.8	22.7	97.7	89.6	129.8
Other operating expense	5.2	0.9	20.4	19.0	24.5
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)	5.6	29.7	27.1	74.2	92.1
Depreciation and amortisation expense	2.0	1.8	6.1	5.6	7.5
Operating profit (EBIT)	3.6	27.9	21.0	68.6	84.6
Net financial costs	2.4	5.6	14.9	16.3	20.0
Profit before income tax	1.3	22.3	6.1	52.3	64.6
Income taxes	0.3	0.4	1.3	1.3	6.3
Net profit for the period	1.0	22.0	4.8	51.0	58.3

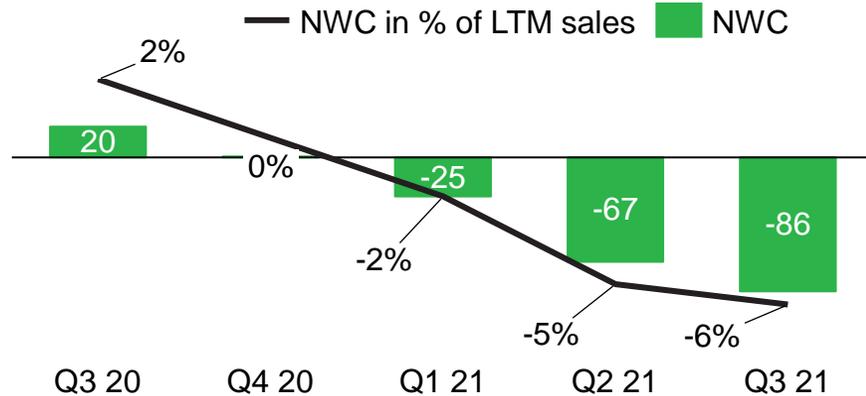
- Stable order intake, and several large orders in the pipeline.
- Income this quarter is primarily from the Construction segment.
- The next residential properties to be recognized in income is Tribunen 1, expected handover in Q4 2021.
- Revenue and EBITDA last year was positive effected from sale of shares in subsidiaries from Property development, with MNOK 20.2 for Q3 2020 and MNOK 46.6 year to date 2020.

Solid cash position

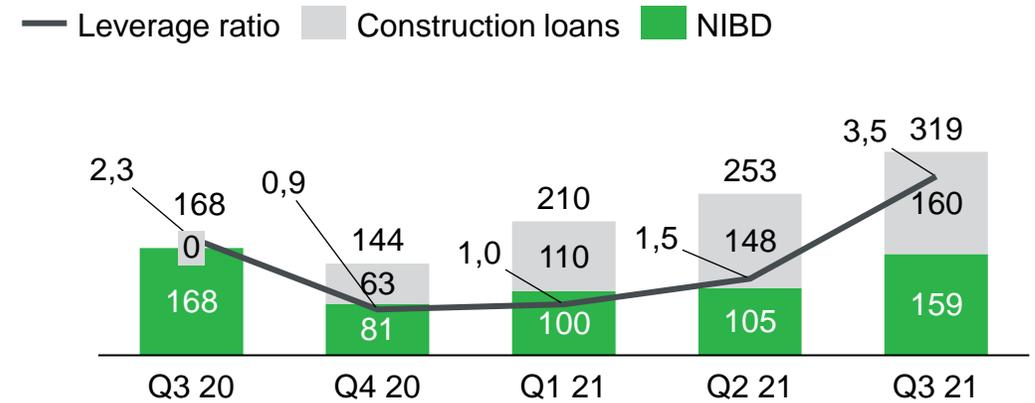
Net working capital (construction)



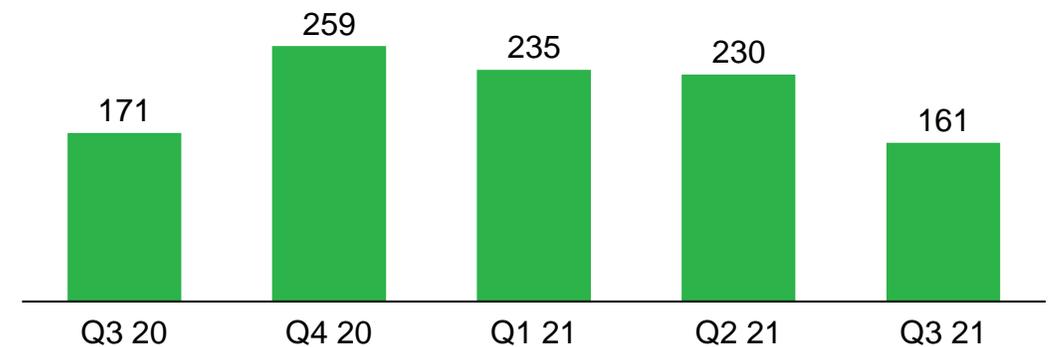
Average working capital LTM (construction)



Net interest-bearing debt and leverage ratio (Group)



Cash position (Group)



Note: Leverage ratio as defined in bond terms, construction loans are excluded.

Cash flow statement

NOK million	3Q 2021	3Q 2020	30.09.2021	30.09.2020	31.12.2020
Earnings before income taxes	1.3	22.3	6.1	52.3	64.6
Depreciation and impairment	2.0	1.8	6.5	5.6	7.5
Change in net working capital	-115.1	138.8	-150.2	-6.0	-20.1
Other adjustments/taxes paid	38.6	-47.9	20.7	-18.4	15.1
Cash flow from operations	-73.2	115.1	-117.0	33.5	67.0
Net investment	-6.0	-1.3	-25.5	22.5	20.0
Cash flow from financial activities	10.7	-67.0	44.7	-61.4	-4.8
Net decrease (increase) in cash and cash equivalents	-68.5	46.8	-97.7	-5.4	82.2
Net cash and cash equivalents at beginning of period	229.6	124.2	258.8	176.4	176.4
Total cash and cash equivalents	161.0	171.0	161.0	171.0	258.6

- Change in net working capital is to a large extent related to further development of our residential projects. This is financed with a mix of construction loans and our cash balances.
- Strong cash position
- Financing activities negative effect from redemption of shares 2021 of MNOK 39.8 and offset by increase in construction loan of MNOK 97.6.
- Net investment impacted by purchase of plot in Sarpsborg (Dronningen) of equity value of MNOK 5.
- Cash effect of 3 MNOK from early termination/refinancing of bond and 5,5 MNOK of direct costs related to the refinancing in Q1.

Balance sheet

Amounts in NOK million

	30.09.2021	30.09.2020	31.12.2020
ASSETS			
Goodwill and other intangible assets	284.3	284.4	284.4
Tangible fixed assets	7.8	7.9	8.4
Right-of-use assets	13.5	16.7	16.7
Other investments and other long term receivables	-	7.7	9.3
TOTAL NON-CURRENT ASSETS	305.6	316.8	318.8
Inventories and development properties	533.6	282.2	327.7
Trade receivables, contract assets and other short term receivables	238.8	222.9	217.0
Cash and cash equivalents	161.0	171.0	258.8
TOTAL CURRENT ASSETS	933.5	676.1	803.5
TOTAL ASSETS	1 239.1	992.8	1 122.2
EQUITY AND LIABILITIES			
TOTAL EQUITY	287.0	314.8	322.0
Deferred tax	23.9	17.4	22.5
Bond loan	295.8	-	-
Liabilities to financial institutions	39.0	25.1	25.1
Construction loan	-	-	62.9
Leasing liabilities	8.8	11.5	11.5
Other non-current liabilities	72.7	77.7	72.7
TOTAL NON-CURRENT LIABILITIES	440.1	131.8	194.6
Short term financial liabilities	-	-	-
Short term construction loan	160.4	-	-
Bond loan current	-	298.1	298.6
Lease liabilities	4.1	4.5	4.9
Trade account payables, contract liabilities and other short term debt	347.4	243.7	302.2
TOTAL CURRENT LIABILITIES	512.0	546.3	605.6
TOTAL EQUITY AND LIABILITIES	1 239.1	992.8	1 122.2

- Goodwill from acquisitions
- IFRS lease assets of MNOK 13.5
- In February 2021, a new secured floating rate bond of NOK 300 million with a 3-year tenor was issued.
- Construction loan is related to Tribunen 1, located in Moss. Scheduled hand over is Q4 2021.

Outlook

- Order intake and order backlog are in Q4, for the year end, secured at significantly higher levels than 2020, meaning that growth in 2022 are expected for our construction companies.
- New management in Metacon AS is established and actions are implemented to regain stronger profitability. Alento AS has very strong order book with partly repetitive projects with controlled execution risk.
- Equity are added to our residential projects and sales have developed well YTD 2021.
- The construction segment are expected to grow in 2022, still no residential projects will be handed over, thus value creation related to these projects will not be recognized until 2023.

