



MAY 19 2020

CEO STATEMENT



The Frigaard Property Group had a good start to the year and progress was as expected. By the end of the quarter however, the Covid-19 pandemic had started to make an impact, and "normal" life as we knew it changed abruptly. Measures were quickly taken based on advice from The Norwegian Institute of Public Health, and management were working from home where and when possible to avoid getting infected by the virus.

As our revenues show, the consequences from the Covid-19 had minor effect in Q1. Revenues increased by 18% to MNOK 233.8 (MNOK 188.8). Profits (EBITDA) were MNOK 12.2 (MNOK 10.5) and an order intake of MNOK 221.6 (MNOK 200.1) makes a further platform for continued growth and development of the Group.

The market outlook is now probably harder to predict than ever before. The consequences of Covid-19 are hard to foresee and we are perceiving more uncertainty from our customers and their willingness to take risk. The orderbook is good but we might experience some delays in ongoing projects going forward that might move forward some of the revenue into 2021. The competition within steel production will still be very hard going forward.

Record low interest rates will be counterbalancing a slower economy with record unemployment. The effect on the housing market, in Østfold where we have our projects, will probably be a slowdown in sales and few new projects for sale in the short picture.

An extraordinary start to the year aside, everyone in Frigaard Property Group is doing their best to handle the abrupt changes in society and at the same time preparing for the future and possible opportunities that might arise in the wake of a crisis.

HIGHLIGHTS

First quarter 2020

- ✓ Revenue increase by 18% to MNOK 233.8 (MNOK 188.8)
- ✓ Operational cashflow of MNOK -19.6 (MNOK -91.6)
- ✓ Order intake of MNOK 221.6 (MNOK 200.1)
- ✓ EBITDA of MNOK 12.2 (MNOK 10.5)
 - Positive performance from Construction MNOK 12.5 (MNOK 11.3)

Outlook 2020

- ✓ The outbreak of Corona has so far had a limited effect on the progress of ongoing construction projects and housing sales, but regulatory restrictions and considerable market uncertainty in the future must be expected to affect Frigaard Property Group operations.

SUMMARY OF 1st QUARTER 2020

Key figures (NOK million)	1Q 20	1Q 19	31.12.2019
Revenues Property development	9.4	1.2	110.5
Revenues Construction	220.0	186.5	1 007.6
Revenues Other	4.8	1.1	4.4
Elimination of internal income	(0.4)	-	(79.8)
Total revenues and other income	233.8	188.8	1 042.8
EBITDA Property development	0.2	(1.1)	11.2
EBITDA Construction	12.5	11.3	55.5
EBITDA Other	(0.5)	0.3	(14.6)
Total EBITDA	12.2	10.5	52.0
Earnings before financial items and tax (EBIT)	10.3	8.9	45.3
Earnings before tax (EBT)	4.5	1.5	23.8
EBITDA margin	5.2 %	5.6 %	5.0 %
Cash flow from operating activities	(19.6)	(91.6)	(44.5)
Net interest-bearing debt (NIBD)	241.3	302.8	216.7
Net interest-bearing debt exclusive IFRS 16 debt	224.0	284.3	198.1
Equity ratio	29.0 %	26.9 %	27.8 %
Order backlog	821.0	957.8	846.2
<i>of which toward Frigaard Bolig</i>	<i>161.2</i>	<i>50.8</i>	<i>27.7</i>



Neselva Hageby BT1, Billingstad

FINANCIAL REVIEW

Income statement and order intake

Frigaard Property Group reported revenues of MNOK 233.8 (MNOK 188.8) and EBITDA of MNOK 12.2 (MNOK 10.5 for the quarter).

Total order intake in the first quarter was MNOK 221.6 (MNOK 200.1). Order backlog at the end of the quarter is MNOK 821 (MNOK 957.8).

Cash flow

Cash flow from operations amounted to MNOK -19.6 (MNOK -91.6). The Cash and cash equivalents as of 31th of March 2020 amounts to MNOK 143.2 (MNOK 108.2). The liquidity situation of the Group is according to plan.

Balance sheet

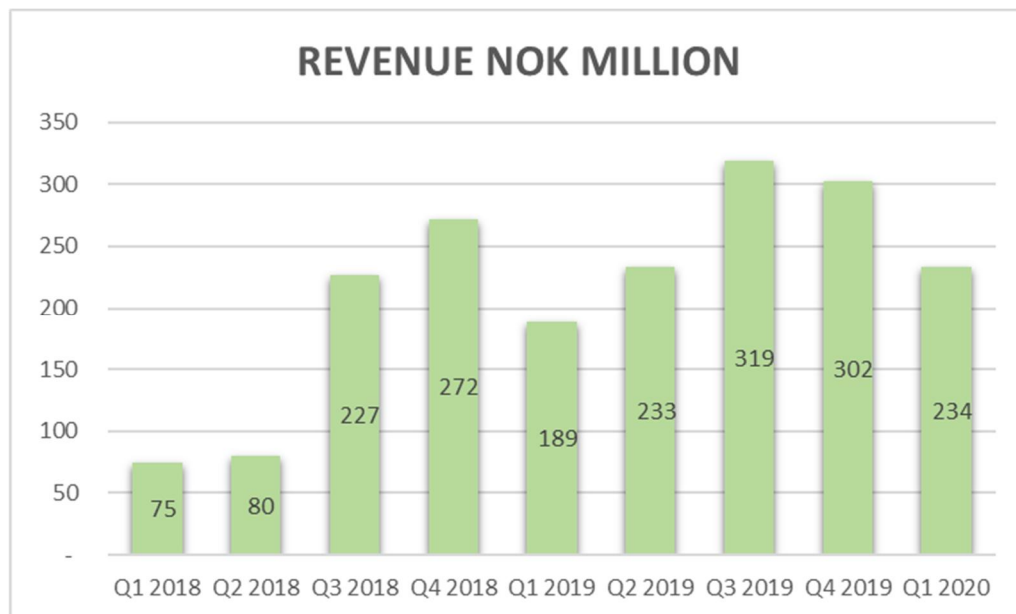
The Group had an equity of MNOK 267.2 (MNOK 259.5) per 31 of March 2020, corresponding to an equity ratio of 29.0 percent.

Net interest-bearing debt was MNOK 241.3 (MNOK 302.8). Net interest-bearing debt after adjustment for leasing liability, were MNOK 224 (MNOK 284.3).

Segments

Frigaard Property Group consists of two segments, Construction and Property development.

Construction reported revenues of MNOK 220 (MNOK 186.5) and EBITDA of MNOK 12.5 (MNOK 11.3) in the quarter. Property development reported revenues of MNOK 9.4 (MNOK 1.2) and EBITDA of MNOK 0.2 (MNOK -1.1).



BUSINESS AREAS

Construction

NOK million	1Q 20	1Q 19	31.12.2019
Revenues and other income	220.0	186.5	1 007.6
EBITDA	12.5	11.3	55.5
EBIT	10.9	9.8	49.2
EBITDA margin	5.7 %	6.1 %	5.5 %
Operating profit margin	5.0 %	5.3 %	4.9 %

The business area construction consists of two business units, Alento AS and Metacon AS. Both are turn-key contractors that execute the development and construction of commercial buildings and residential properties.

Reported revenues were MNOK 220 (MNOK 186.5) for the first quarter. This corresponds to a growth of 18 percent compared to the same quarter last year. EBIT was MNOK 10.9 (MNOK 9.8).

The construction activity in Østlandet have remained on a high level, despite the Corona pandemic. But there is a risk that projects will be delayed (order input), and that one will experience a reduction in the sale of new apartments due to market uncertainty. Frigaard Property Group has recruited two new employees to handle future growth and demand. Whilst growing in number of projects, FPG also remain conscious on delivering on all projects both in terms of overall project progress and quality.

During the quarter we added new contracts of MNOK 221.6 (MNOK 200.1), a consequence of our focused work towards securing new order backlog. The most significant contract is the Tribunen project located in Moss. Tribunen is a housing project including 69 apartments in the first building phase. This is an internal project where Frigaard Bolig (Frigaard Property development) is the customer.

The main projects in Alento consist of a combination of residential and commercial projects, were the housing projects Neselva and Elvebredden Park located in Asker and Lier, with a total contract value of approximately MNOK 420 are the most significant. Alento has four major ongoing projects at the end of the first quarter 2020, two of these projects will be handed over during 2020. Alento has one project that is delayed due to general permissions, otherwise all projects related to Alento are progressing according to plan.

The commercial projects Scandiamaskin and Solkilen, a combined housing and commercial project, were handed over by Alento in the first quarter 2020.

Property development

NOK million	1Q 20	1Q 19	31.12.2019
Revenues and other income	9.4	1.2	110.5
EBITDA	0.2	-1.1	11.2
EBIT	0.2	-1.2	10.8
EBITDA margin	2.6 %	-93.0 %	10.1 %
Operating profit margin	1.7 %	-98.2 %	9.8 %
No. of units under construction	91	61	22
No. of units sold	3	6	47

The business area Property development develops residential units and commercial buildings within the inter-city triangle. The table above is in accordance with IFRS, recognising all revenue when the control of the property has been transferred to the customer.

Revenues in the quarter amounted to MNOK 9.4, compared to MNOK 1.2 in the same period last year. EBIT amounted to MNOK 0.2 (MNOK -1.2).

No projects have been finalised during the quarter. Aspelundtunet located in Askim consisting of 22 town houses with a contract value of MNOK 55, is going according to plan and will be handed over by the end of the second quarter in 2020.

The business area consists of several residential and commercial projects. The status of the projects varies; some projects are early in their regulatory phase (Solbyen, Høgliveien, Faglifjellet), some are under construction (Aspelundtunet and Tribunen). The construction of Tribunen started in Q1 2020. For both Aspelundtunet and Tribunen Metacon is the turn-key contractor.

During the quarter, three apartments were sold. Sales were somewhat slower than in the preceding quarter. Sales will naturally fluctuate quarter over quarter depending on the maturity of the projects.

Other information

HSE

Health, Safety and Environment is a core focus area for Frigaard Property Group. The group is constantly working to make sure everybody that works for- and with us gets home safely to their families everyday. During first quarter 2020 we are happy to once again report that we experienced no injuries to our workers, (Q1 2019 one injury).



Hesselberg, Metacon

Outlook

The board expects continued growth and development for Frigaard Property Group in 2020. The order backlog for the year is solid but uncertainty of the consequences of Covid-19 will be a factor in the coming quarters.

Both segments as well as the group management are strengthening the organisation and new CFO Simon Martinsen (from Akva Group) will join on the 1st of June, together with two project managers for property development.

The macro environment for construction and property development will likely experience a slowdown caused by a reduction in the start of new housing projects. However record low interest rates and public stimulus might ease the slowdown. The fact that about 30% of people in Norway are employed by the government, and therefore have a stable work situation, will also help in regards to selling apartments that are moderately priced and of good value.

Our projectmix of private housing projects and commercial logistics and office buildings gives us a good platform for handling a changing and uncertain market going forward.

The Group has identified several potential acquisition targets, that match the current expansion strategy in terms of business model, culture and geography, but these processes will be put on hold in the short picture.



Tribunen, Moss

INCOME STATEMENT

All amounts in NOK thousand	1Q 2020	1Q 2019	2019
Revenue from contracts with customers	232 821	188 591	1 032 449
Other operating revenue	991	226	10 319
Total operating revenue	233 812	188 817	1 042 768
Materials, subcontractors and consumables	181 695	142 524	833 287
Salaries and personnel expense	31 084	27 409	110 487
Loss related to sale of investment property	-	-	9 185
Other operating expense	8 791	8 380	37 815
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)	12 242	10 504	51 994
Depreciation and amortisation expense	1 925	1 594	6 729
Operating profit (EBIT)	10 317	8 909	45 265
Interest income	134	48	8 571
Interest expense	5 925	7 306	30 060
Other financial expense	-	147	-
Profit before income tax	4 526	1 504	23 776
Income taxes	996	331	6 597
Net profit for the period	3 530	1 173	17 179
<i>Profit/(loss) is attributable to:</i>			
Majority share of profit/(loss)	3 530	1 173	17 179
Minority share of profit/(loss)	-	-	-
Total	3 530	1 173	17 179

STATEMENT OF COMPREHENSIVE INCOME

	1Q 2020	1Q 2019	2 019
Other comprehensive income			
<i>Items which may be reclassified to profit and loss in subsequent periods</i>			
Exchange differences on translation of foreign subsidiaries	-	-3	9
Total comprehensive income for the year	3 530	1 170	17 188
Profit for the year attributable to:			
Equity holders of the parent company	3 530	1 173	17 179
Non-controlling interests	-	0	-
	3 530	1 173	17 179

STATEMENT OF FINANCIAL POSITION

ASSETS	31.03.2020	31.03.2019	31.12.2019
All amounts in NOK thousand			
Non-current assets			
Other intangible assets	583	989	666
Goodwill	284 019	284 019	284 019
Buildings and land	4 691	136 694	4 827
Machinery and equipment	3 867	2 929	3 888
Right-of-use assets	17 834	19 066	18 979
Investment property	-	74 404	-
Other investments	5	160	35
Other long term receivables	67	59	67
TOTAL NON-CURRENT ASSETS	311 066	518 320	312 481
Current assets			
Inventories and development properties	295 613	217 288	278 288
Trade receivables	109 268	67 208	81 001
Contract assets	54 277	40 053	54 071
Other short-term receivables	7 497	14 947	47 219
Cash and cash equivalents	143 279	108 286	176 410
TOTAL CURRENT ASSETS	609 934	447 782	636 989
TOTAL ASSETS	921 000	966 102	949 470

STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	31.03.2020	31.03.2019	31.12.2019
All amounts in NOK thousand			
Equity			
Share capital	543	550	543
Share premium reserve	216 389	228 178	216 389
Total paid-in capital	216 932	228 728	216 932
Retained earnings	50 328	30 781	46 798
Total retained earnings	50 328	30 781	46 798
TOTAL EQUITY	267 260	259 509	263 730
Non-current liabilities			
Deferred tax	17 157	41 823	16 167
Bond loan	296 420	293 561	295 706
Liabilities to financial institutions	24 904	26 622	25 062
Leasing liabilities	13 304	14 249	14 406
Other non-current liabilities	77 719	72 518	81 259
TOTAL NON-CURRENT LIABILITIES	429 504	448 773	432 600
Current liabilities			
Short term financial liabilities	5 236	-	5 078
Short term construction loan	40 730	72 374	48 711
Lease liabilities	3 968	4 265	4 128
Trade account payables	80 450	82 364	120 470
Tax payable	-	-3 242	-
Public duties payable	13 962	9 325	9 184
Contract liabilities	27 171	54 424	15 514
Other short-term liabilities	52 719	38 310	50 055
TOTAL CURRENT LIABILITIES	224 236	257 820	253 140
TOTAL LIABILITIES	653 740	706 593	685 740
TOTAL EQUITY AND LIABILITIES	921 000	966 102	949 470

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company				Total equity
			Other Equity		
	Share capital	Share premium reserve	Retained earnings	Total other equity	
Equity as at 01.01 2019	550	228 178	29 611	29 611	258 339
Comprehensive income					
Profit for the period			1 173	1 173	1 173
Other comprehensive income			-3	-3	-3
Equity as at 31.03.2019	550	228 178	30 781	30 781	259 509
Transaction with owners					
- Capital decrease	-7	-11 789			-11 796
Comprehensive income					
Profit for the period Q2-Q4 2019			16 006	16 006	16 006
Other comprehensive income			12	12	12
Equity as at 31.12 2019	543	216 389	46 798	46 798	263 730
Equity as at 01.01 2020	543	216 389	46 798	46 798	263 730
Transaction with owners					
- Capital decrease					
Comprehensive income					
Profit for the period			3 530	3 530	3 530
Other comprehensive income					
Equity as at 31.03 2020	543	216 389	50 328	50 328	267 260

STATEMENT OF CASHFLOW

All amounts in NOK thousand	01.01-31.03 2020	01.01-31.03 2019	01.01-31.12 2019
Cash flow from operations			
Profit before income taxes	4 526	1 504	23 776
Taxes paid in the period	-	-4 006	-782
Gain/loss from sale of fixed assets	-	-	8 765
Depreciation	1 925	1 594	6 729
Change in inventory	-17 325	-55 828	4 646
Change in trade receivables	-16 610	23 850	-3 960
Change in trade account payables	-40 020	-6 693	31 413
Change in other provisions	47 877	-52 048	-115 101
Net cash flow from operations	-19 627	-91 627	-44 514
Cash flow from investments			
Proceeds from sale of fixed assets	-	-	-
Purchase of fixed assets and investment property	-312	-608	-6 356
Proceeds from disposals of investment property	-	-	65 235
Purchase of subsidiaries (net of cash)	-	-28 250	-29 234
Proceeds from sale of other investments	30	-	125
Purchase of other investment	-206	-	-8
Net cash flow from investments	-488	-28 858	29 762
Cash flow from financing			
Repayment of long term loans	-	-9 000	-2 763
Proceeds from construction loans	12 389	29 858	43 811
Repayment of construction loans	-20 370	-779	-43 295
Proceeds from short term loans	-	-	-
Repayment of short term loans	-3 540	-	-
Repayment of financial lease liabilities	-1 495	-1 524	-5 010
Capital reduction	-	-	-11 796
Net cash flow from financing	-13 016	18 555	-19 053
Net change in cash and cash equivalents	-33 131	-101 930	-33 805
Cash and cash equivalents at the beginning of the period	176 410	210 215	210 215
Cash and cash equivalents at the end of the period	143 279	108 286	176 410

NOTES

NOTE 1. GENERAL INFORMATION

Frigaard Property Group AS is a Norwegian building- and construction group with its main office located in Sarpsborg. The Group is operating in Norway.

The head office is located at Bredmyra 4, 1739 Borgenhaugen.

This summary of financial information for first quarter 2020 has not been audited.

NOTE 2. BASIS OF PREPERATION

Frigaard Property Group AS' consolidated financial statements are prepared in accordance with IAS 34 Interim accounts. The summary of the financial information presented in the quarterly accounts is intended to be read in conjunction with annual report for 2019, which have been prepared in accordance with the international Financial Reporting Standards (IFRS).

NOTE 3. CHANGES IN GROUP STRUCTURE

Subsidiaries

Group Companies	Location	Ownership
Frigaard Property Group AS (parent company)	Sarpsborg	100 %
Metacon AS	Rakkestad	100 %
Alento AS	Drammen	100 %
Sub-group Frigaard Bolig:		
Frigaard Bolig AS (parent company in sub-group)	Sarpsborg	100 %
Høgliveien 30 AS	Sarpsborg	100 %
Aspelundveien 5 AS	Sarpsborg	100 %
Fagerliveien Utvikling AS	Sarpsborg	100 %
Moenskogen Utvikling AS	Sarpsborg	100 %
Rugdeveien 2 AS	Sarpsborg	100 %
Höganloft Fastigheter AB	Tranås	100 %
Ryggeveien 33 AS	Sarpsborg	100 %
Solbyen Utvikling AS	Sarpsborg	100 %

There has been no purchases during first quarter 2020.

NOTE 4 ACCOUNTING POLICIES

The accounting policies applied to the accounts are consistent with those described in the annual report for 2019.

New and amended accounting standards

Frigaard Property Group AS has not implemented new or changed standards in 2020 with material effect on the Group's financial position and results.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated, and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

NOTE 5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Frigaard Property Group AS has defined its two segments as:

- Property development
- Construction

All amounts in NOK thousand	First quarter		Year
	2020	2019	2019
Income statement			
Property development	9 440	1 199	110 462
Construction	219 984	186 502	1 007 648
Other	4 836	1 116	4 416
Eliminations	-448	-	-79 758
Total operating revenue	233 812	188 817	1 042 768
Property development	245	-1 115	11 155
Construction	12 483	11 327	55 478
Other	-486	292	-14 640
EBITDA	12 242	10 504	51 994
Property development	162	-1 177	10 822
Construction	10 908	9 794	49 223
Other	-753	292	-14 780
EBIT	10 317	8 909	45 265

Segment information is presented in the accordance with Frigaard Property Group's accounting policies in accordance with IFRS. Revenue from Property development from project for own account is recognised upon handover as regulated in IFRS 15. The largest operating segment in the Group relates Construction projects. These are engineering and construction projects delivered to public and private customers based on contractual agreed scope and price.

Segment assets and liabilities is not reported to the chief operating decision maker on a regularly basis.

The group "other" consists of the change in fair value on investment property, rental income and other operating expense for the investment property and the holding company FPG AS. Eliminations is intra group sales, where Property development is the contracting customer and Construction is the builder.

NOTE 6. RELATED PARTY TRANSACTIONS

The Group had no significant transactions with related parties in 2020. All transactions with related parties are priced on arm's length basis. Transaction between subsidiaries are eliminated in the consolidated financial statements and do not represent related parties. Frigaard Property Group has during the quarter, in addition to ordinary business transactions, not had any significant transactions with related parties.

NOTE 7. EVENTS AFTER THE REPORTING DATE

Frigaard Property Group has been operating as relatively as normal in the first quarter, and the corona outbreak has so far had a limited effect. Regards to our ongoing projects, which will be finalized during first half year, we are on plan to deliver. Great precautions have been taken according to the FHI guidelines. The concern for life and health is Frigaard Property Group's first priority, and the company has implemented a number of measures to protect employees and those working at Frigaard Property Group's projects sites, against the spread of the coronavirus. On the management side, our employees have been working from home when and where possible.

Frigaard Property Group had to lay off 10 persons for a short period of time as a result of the corona pandemic, but 4 of those have already been called back. The layoffs were related to the production and mounting of steel structures. The travel restrictions and quarantine, two weeks for employees coming from abroad, might cause some increased cost of production if measures are prolonged over a longer period of time. We are working together with our suppliers every day to make the consequences as small as possible, and have so far only experienced a few shortages of supplies or deliveries of materials. The progress on ongoing projects may be affected by the coronavirus, depended on its scope and duration, and all customers have been notified of possible "force majour" consequences.

In the end of April 2020 Frigaard Property Group AS sold the shares in Höganloft Fastigheter AB. The sale of the shares will give a positive EBITDA effect in Q2.

No other events have occurred after the balance sheet date which have had a material effect on the submitted accounts.

FINANCIAL CALENDAR

2020 H1 report: 28.08.2020

2020 Q3 report: 17.11.2020

ADDITIONAL INFORMATION

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