



FRIGAARD

Property Group

Q2 2020 result presentation

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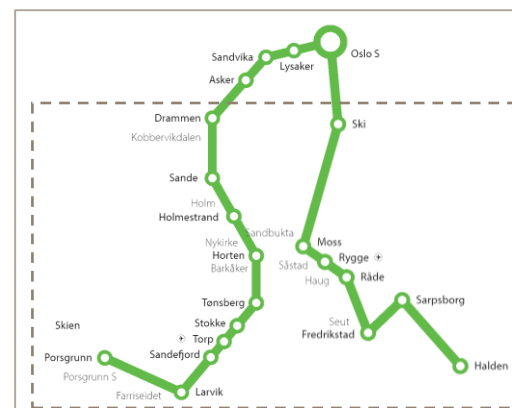
Introduction to Frigaard Property Group



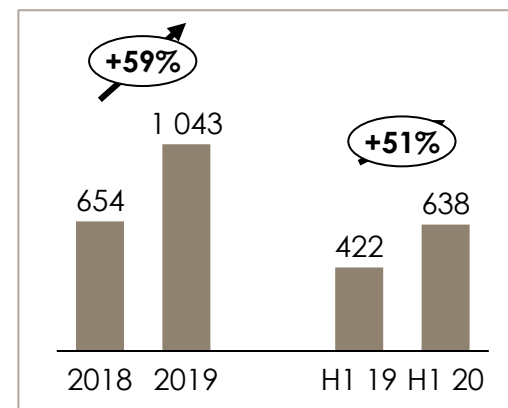
Strategy

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 Q2 and H1 2020

- Revenue increase by 73.5% to MNOK 404.2 (MNOK 233.0) in the quarter, EBITDA of MNOK 32.2 (MNOK 15.6)
- H1 revenue of MNOK 638m (MNOK 422), EBITDA of MNOK 45
- Q2 order intake of MNOK 151.6 (MNOK 311.0), of which MNOK 5.8 towards Frigaard Bolig (MNOK 61.7)
- Positive performance from Property development – shares in Höganloftet Fastigheter AB sold
- Aspelundtunet completed
- Covid-19: Limited effect on the progress of ongoing construction projects and housing sales, but the organization is preparing for regulatory restrictions and market uncertainty

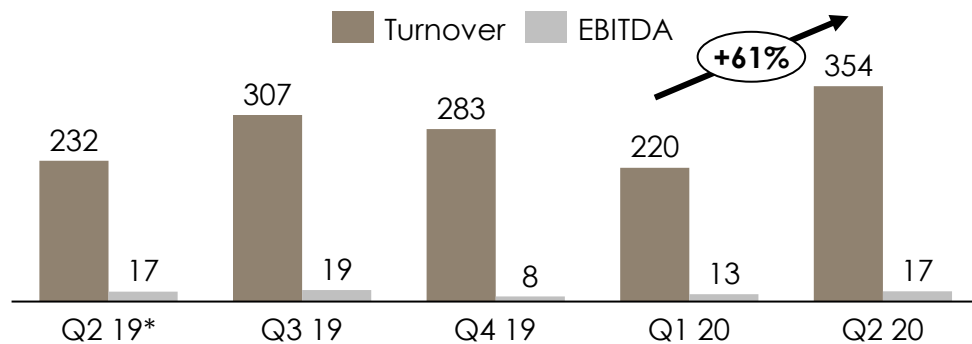


Construction segment: High activity, +61% y-o-y

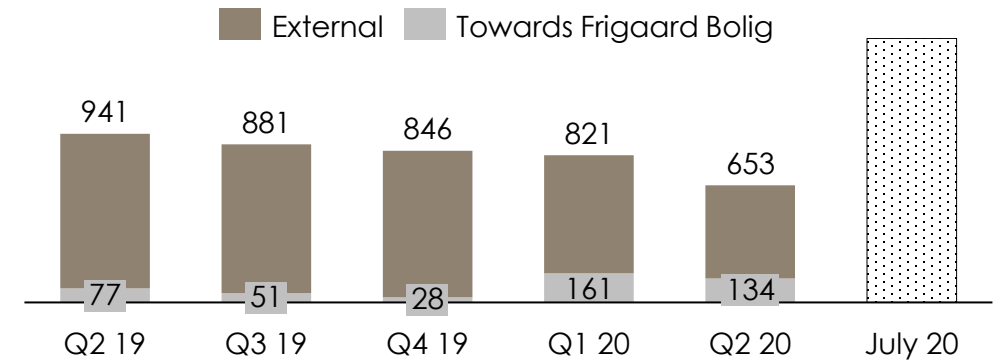
Highlights

- MNOK 354 revenue and MNOK 17 EBITDA generated in the quarter
- Total order backlog of MNOK 653, of which MNOK 410 attributable to the current year, and MNOK 226 relates to 2021
- In July, FPG signed a significant contract with the Bama Group and has commenced the ground work on a phase two residential building project in Asker*

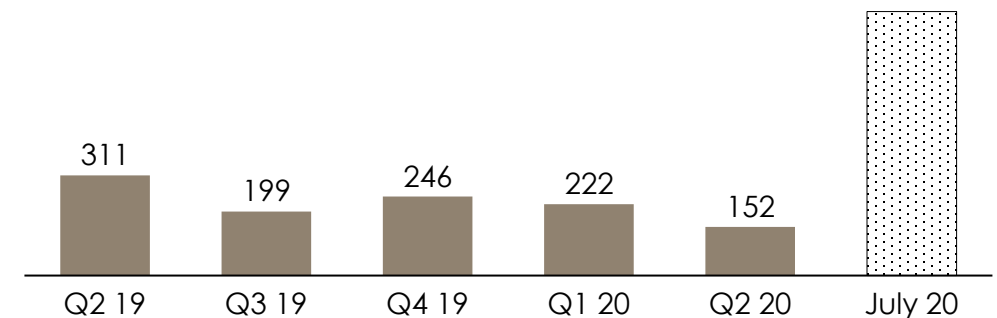
Revenues and EBITDA



Order backlog



Order intake



* Phase two out of four. Terms have been agreed, but the signature is pending

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 will be included in FPG's order intake and order backlog in Q3 2020



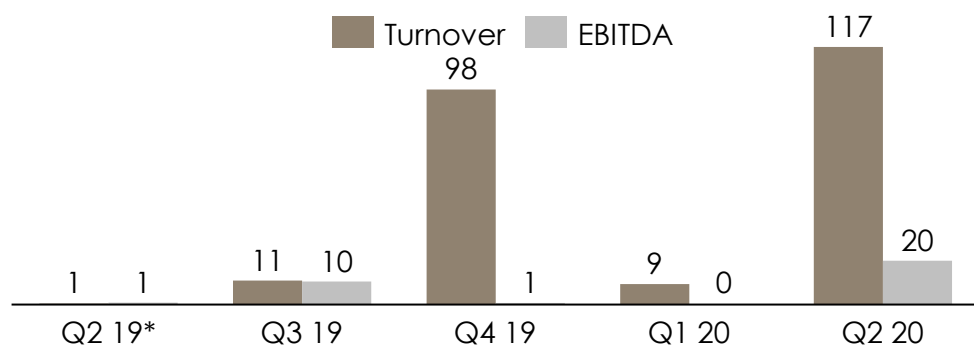
Note: Illustrative purposes only

Property development segment: Strong contribution

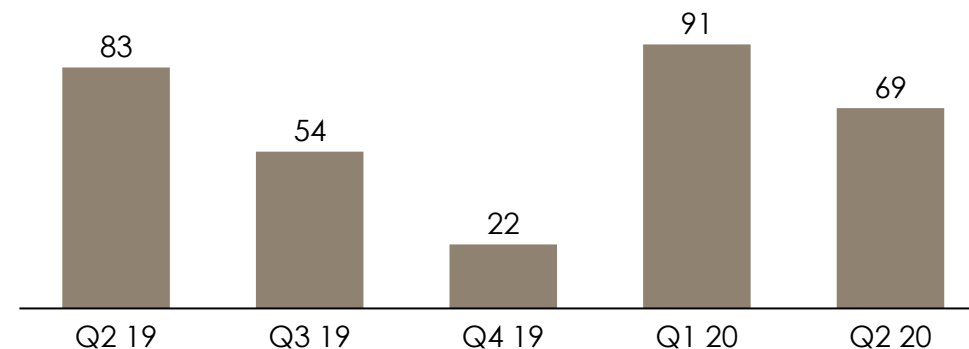
Highlights

- MNOK 117 revenue and MNOK 20 EBITDA generated in the quarter
- Höganloft Fastigheter AB sold, generating a MNOK 26 profit
- Aspelundtunet (22 town houses in Askim) finalised and delivered
- Six units (apartments) sold during the quarter
- 69 units currently under construction

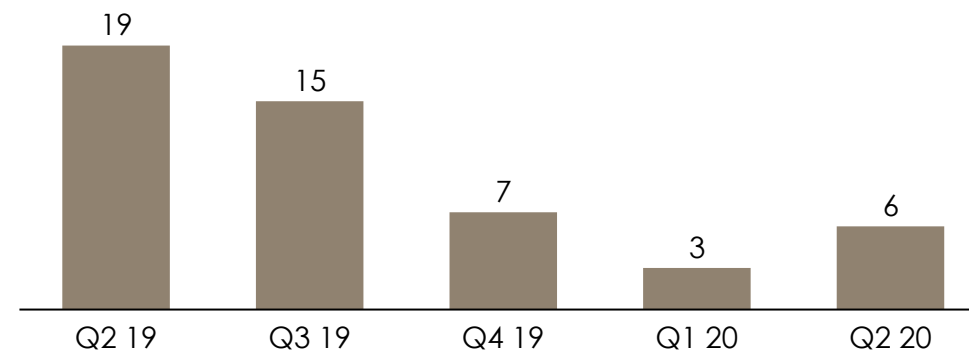
Revenues and EBITDA



Units under construction



Number of units sold



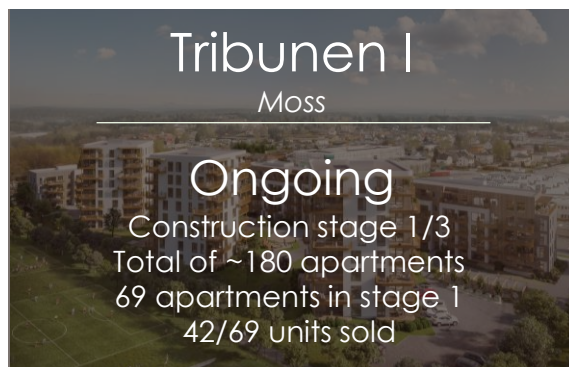
Property development segment: Sale of Höganloft Fastigheter AB

- Sale of 100% of the shares in Höganloft Fastigheter AB to a syndicated property investment group
- 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 26 is recorded from the sale of the property
- Final purchase price and calculation of gain is dependent upon changes in construction costs



Property development segment: Four residential projects ongoing

Project overview



Tribunen I
Moss

Ongoing
Construction stage 1/3
Total of ~180 apartments
69 apartments in stage 1
42/69 units sold



Fagerlifjellet
Fredrikstad

Zoning
62 apartments & 8 townhouses
Expected sales start Q4 20/Q1 21
Expected completion Q4 22



Høgliveien
Mysen

Zoning
~30 housing units and 9 land plots



Solbyen
Sarpsborg

Zoning
~57 apartments



Aspelundtunet
Askim

Completed ✓



Moenskogen II
Sarpsborg

Completed ✓



Moenskogen I
Sarpsborg

Completed ✓



R2 Panorama
Mysen

Completed ✓

Income statement

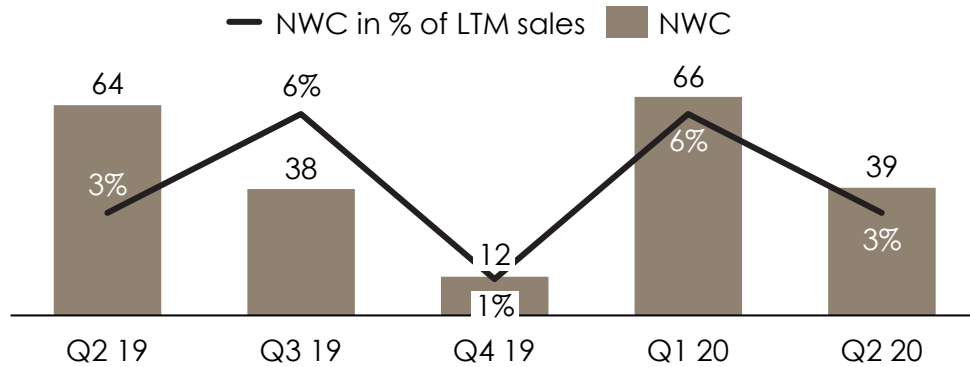
All amounts in MNOK

	Q2 2020	2Q 2019	H1 2020	H1 2019	2019
Order backlog	653.3	941.0	653.3	941.0	846.0
Order intake	151.6	311.0	373.2	511.1	955.5
Revenue from contracts with customers	373.4	232.8	606.3	421.4	1 032.5
Other operating revenue	30.8	0.2	31.8	0.5	10.3
Total operating revenue	404.2	233.0	638.0	421.8	1 042.8
Materials, subcontractors and consumables	327.0	180.3	508.6	322.9	833.3
Salaries and personnel expense	35.7	28.5	66.8	55.9	110.5
Loss related to sale of investment property	-	-	-	-	9.2
Other operating expense	9.3	8.6	18.1	17.0	37.8
Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)	32.2	15.6	44.5	26.1	52.0
Depreciation and amortisation expense	1.9	1.6	3.8	3.1	6.7
Operating profit (EBIT)	30.3	14.0	40.7	22.9	45.3
Net financial costs	4.9	7.0	10.7	14.4	21.5
Profit before income tax	25.4	7.0	29.9	8.5	23.8
Income taxes	-0.1	1.5	0.9	1.9	6.6
Net profit for the period	25.5	5.5	29.1	6.6	17.2

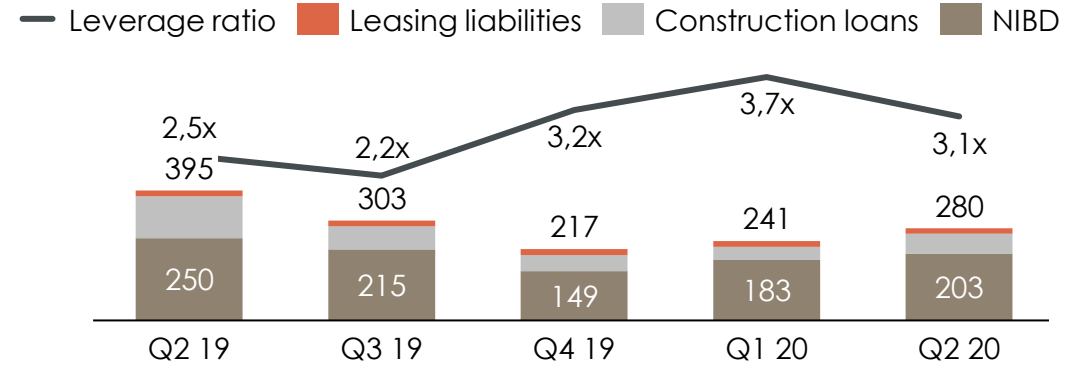
- Strong increase in order inflow and backlog post Q2
- Revenue growth both in Construction and Property development, amongst others from hand over of the Aspelundtunet project
- Profit impacted from gain from sale of commercial project on a forward contract (MNOK 29)
- Exceptional items related to severance payments of MNOK 3.7

Solid cash position and comfortable leverage level

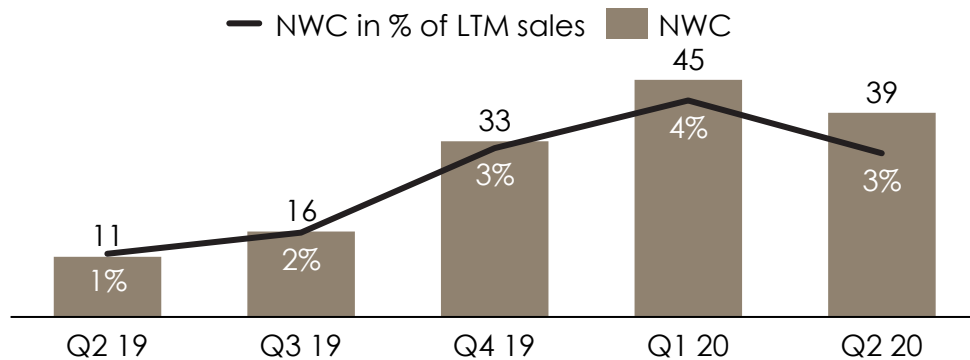
Net working capital (construction)



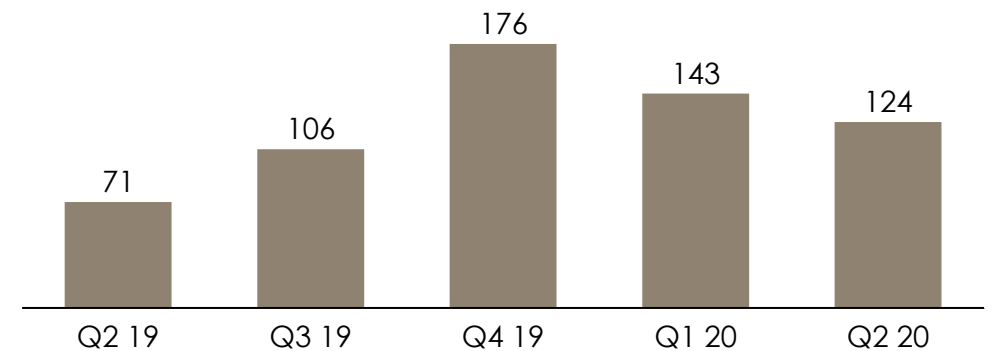
Net interest-bearing debt and leverage ratio (Group)



Average working capital LTM (construction)



Cash position (Group)



Note: Leverage ratio as defined in the bond terms

Cash flow statement

All amounts in MNOK

	Q2 2020	Q2 2019	H1 2020	H1 2019
Earnings before income taxes	25.4	7.0	29.9	8.5
Depreciation and impairment	1.9	1.6	3.8	3.1
Change in net working capital	-43.2	-86.2	-117.2	-124.9
Other adjustments/taxes paid	-46.0	-11.0	1.9	-67.0
Cash flow from operations	-61.9	-88.6	-81.6	-180.3
Net investment	24.3	-0.1	23.8	-28.9
Cash flow from financial activities	18.6	51.2	5.6	69.8
Net decrease (increase) in cash and cash equivalents	-19.0	-37.5	-52.2	-139.4
Net cash and cash equivalents at beginning of period	143.3	108.3	176.4	210.2
Net cash and cash equivalents end of period	124.2	70.8	124.2	70.8

- Growth in the Construction segment and finalization of the Aspelundtunet project has pressured working capital as of end June
- MSEK 25 received from the sale of Höganloftet in Q2
- Construction loan for the next residential project Tribunen has been secured, and will be drawn in Q3 2020

Balance sheet

Amounts in MNOK

	30.06.2020	30.06.2019	31.12.2019
ASSETS			
Goodwill and other intangible assets	284.5	285.0	284.7
Tangible fixed assets	8 283	3.4	8.7
Right-of-use assets	16 526	18.7	19.0
Investment property	-	74.3	-
Other investments and other long term receivables	6 490	0.2	0.1
TOTAL NON-CURRENT ASSETS	315.8	381.6	312.5
Inventories and development properties	249.6	395.4	278.3
Trade receivables, contract assets and other short term receivables	339.3	208.6	182.3
Cash and cash equivalents	124.2	70.8	176.4
TOTAL CURRENT ASSETS	713.2	674.8	637.0
TOTAL ASSETS	1 029.0	1 056.3	949.5
EQUITY AND LIABILITIES			
TOTAL EQUITY	292.8	265.0	263.7
Deferred tax	17.0	43.4	16.2
Bond loan	297.1	294.3	295.7
Liabilities to financial institutions	25.1	21.6	25.1
Construction loan	-	2.0	-
Leasing liabilities	12.2	14.1	14.4
Other non-current liabilities	77.7	71.9	81.3
TOTAL NON-CURRENT LIABILITIES	429.2	447.2	432.6
Short term financial liabilities	5.0	4.9	5.1
Short term construction loan	60.7	125.1	48.7
Lease liabilities	3.8	4.0	4.1
Trade account payables, contract liabilities and other short term debt	237.5	210.1	195.2
TOTAL CURRENT LIABILITIES	307.0	344.2	253.1
TOTAL EQUITY AND LIABILITIES	1 029.0	1 056.3	949.5

- Goodwill from acquisitions
- IFRS lease assets of MNOK 16.5
- Trade receivables include outstanding from customers of the Aspelundtunet project, down payment received in Q3
- Bond maturity in Q2 2021, work and planning to refinance has started
- Construction loan paid down in Q3

Outlook

- Healthy back log for both contractors for H2, including strong volume for our own steel manufacturing unit
- Largest ever contract secured in Q3, and work commenced on large residential project in Asker, final contract pending signing
- Pipeline of orders good, uncertainty from the Covid-19 situation with regards to market/end user
- Resources and competence added to the Property Development segment
- Solid financial profile
- CEO resigned, as of September 1st, work commenced to replace

