



# FRIGAARD

Property Group

Q2 2023 result presentation

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# This is Frigaard Property Group – H1 2023



**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	2019	2020	2021	2022	H1 2023
Revenues	1 043	1 267	1 583	1 501	1 012
EBITDA	52	92 <sup>2)</sup>	21 <sup>1)</sup>	62 <sup>3)</sup>	44
Net profit	17	58	-5	28	26
EBITDA-margin	5.0%	7.3%	1.3%	4.1%	4.3%
Order backlog	846	1,020	1 520	1 529	918
Equity ratio	27.8%	28.7%	22.3%	19.1%	21.3%

Note: 1 After one off costs related to a project within the Construction segment of MNOK 41. 2) Including share sale gain of MNOK 47. 3) 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 Q2 text report from Frigaard Property Group.

## Highlights Q2 2023 (Q2 2022)

- Revenue increased by 56.2% to MNOK 621.4 (397.7) in the quarter.
  - Tribunen phase 2 finalized and delivered.
- Strong EBITDA for the quarter MNOK 28.9 (25.9), increase of 11.8% compared second quarter to last year.
- EBITDA margins of 4.7% (6.5%) in the quarter.
- Net profit increased to 17.1 MNOK (15.8) in the quarter.
- H1 revenue increased by 30.5% to MNOK 1 011.5 (MNOK 775.3), EBITDA of MNOK 43.9 (MNOK 40.7).
- Solid and healthy order backlog of MNOK 918.4 (1 941.5), including MNOK 117.8 (453.6) related to own development projects in Frigaard Bolig.
  - Intensive sales work towards the public and private sector, continued inflow of commercial projects, but slow housing market.
  - Alento secured two new contracts of a total of MNOK 585 with Møller Eiendom and Phase 4 of Neselva Hageby, in July 2023.
  - Solid pipeline of new housing projects in the Construction Segment, awaiting sufficient sales rate before start up.
- Strong financial position at the end of the quarter, cash balances ended at MNOK 181.6.

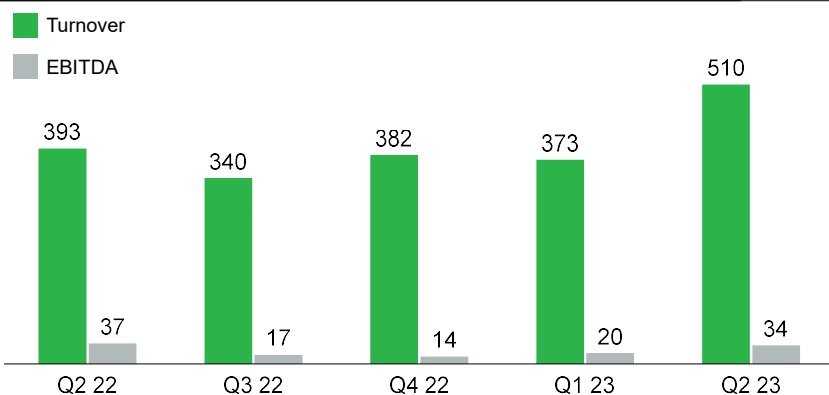
Key figures (NOK million)	2Q 23	2Q 22	H1 2023	H1 2022
Revenues Property development	262.7	4.0	279.3	19.5
Revenues Construction	510.5	393.4	883.6	755.4
Revenues Other	0.3	0.2	0.7	0.4
Elimination of internal income	-152.1	-	-152.1	-
<b>Total revenues and other income</b>	<b>621.4</b>	<b>397.7</b>	<b>1 011.5</b>	<b>775.3</b>
EBITDA Property development	5.6	-1.4	4.6	-2.6
EBITDA Construction	33.9	37.5	53.8	57.1
EBITDA Other	-3.1	-10.2	-7.1	-13.7
Elimination of internal cost	-7.4	-	-7.4	-
<b>Total EBITDA</b>	<b>28.9</b>	<b>25.9</b>	<b>43.9</b>	<b>40.7</b>
<b>Earnings before financial items and tax (EBIT)</b>	<b>26.9</b>	<b>23.7</b>	<b>39.8</b>	<b>36.6</b>
<b>Net profit for the period</b>	<b>17.1</b>	<b>15.8</b>	<b>25.6</b>	<b>23.6</b>
EBITDA margin	4.7%	6.5 %	4.3%	5.3 %
Operating profit margin	4.3%	6.0 %	3.9%	4.7 %
Profit margin	3.6%	5.1 %	3.2%	3.9 %

# Construction segment: high activity level

## Highlights

- MNOK 510 revenue and MNOK 54 in EBITDA, generated in the quarter.
  - Increased revenue for the segment of MNOK 152, from the handover of phase 2 of Tribunen in Moss.
- Frigaard Entreprenør successfully demerged from Metacon AS.
- Inflow on new orders in the quarter of MNOK 200, and further contracts of MNOK 585 secured in July 2023. Adjustment Q3 2022, was related to a delayed project.
- Solid order backlog of MNOK 1 503 of which MNOK 667.8 attributable to 2023, MNOK 762.1 relates to 2024, and MNOK 73.4 is related to 2025.
- Continued good pipeline of Commercial projects, and significant pipeline of residential projects, however, start up for these are delayed due to the slow housing market.

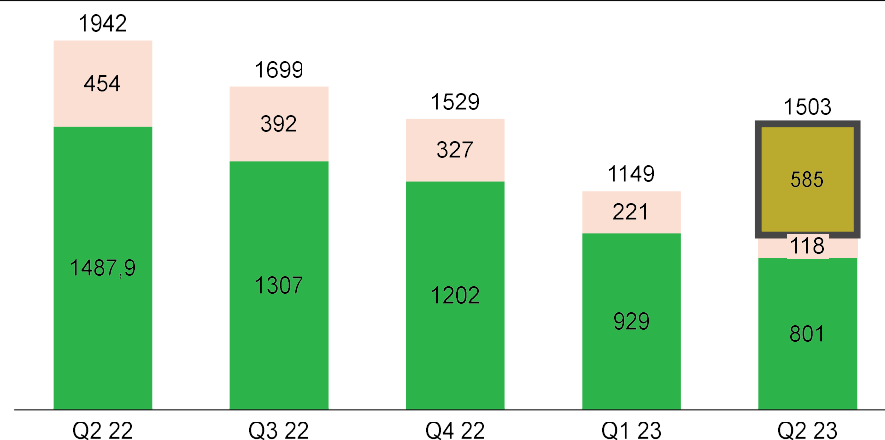
## Revenues and EBITDA



4 Note: Adjustment of Order intake of MNOK 585 in Q2 2023 is related to secured contracts in July.

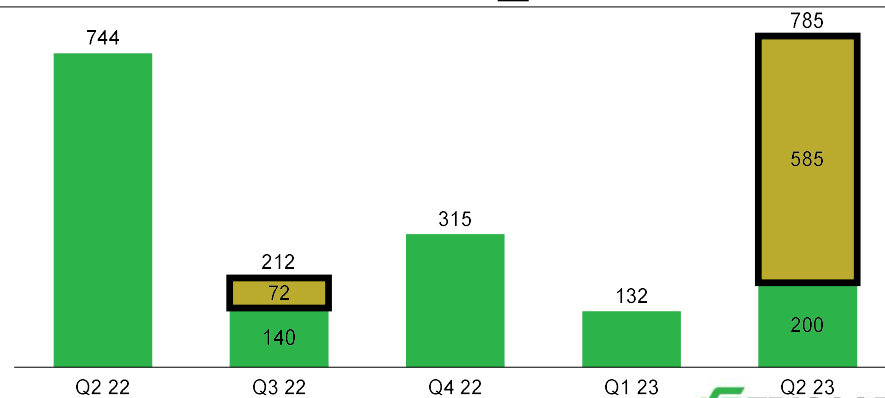
## Order backlog

■ Adjusting of order bank  
 ■ Backlog towards Frigaard Bolig ■ External backlog



## Order intake

■ Adjusting of order bank ■ Order intake

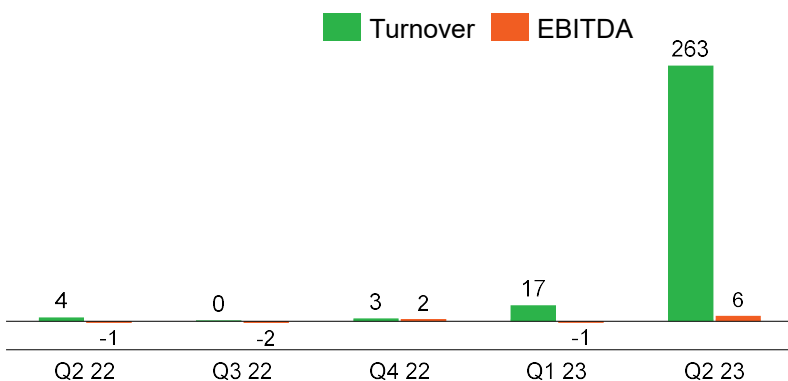


# Property development segment: still high numbers of units under construction

## Highlights

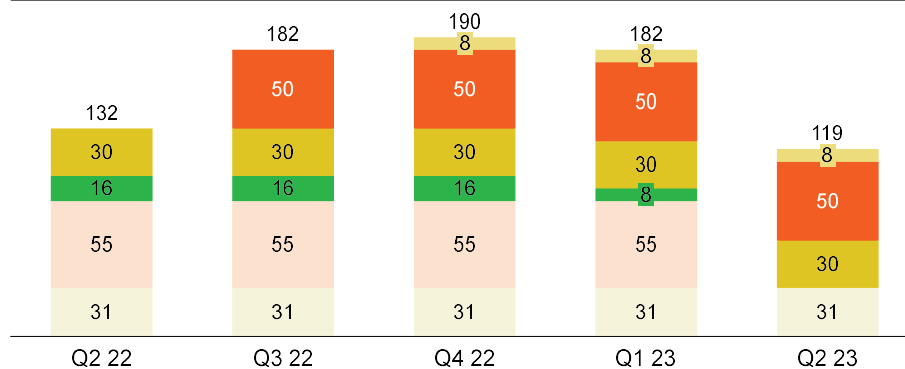
- Income this quarter is mainly from the handover of the second phase of Tribunen in Moss, and Dronningen in Sarpsborg, these projects totaled 71 apartments whereof 65 were sold and 57 delivered to customers YTD.
- 4 units (apartments) sold during second quarter and 119 units currently under construction. The sales activity in the residential market for new apartments is still low.
- Uncertainty in the market remains, which give an effect where the customers want to sell and buy in the same market. Our expectation is that the sales activity in our projects under construction will pick up closer to completion.
- Revenue and profit will be seen in the P&L at the time of hand over of the units. Next hand over is planned Q3 for Fagerlia 1 and Q4 for Tribunen 3, Fagerlia 2 and Høglia (2023). The EBITDA is impacted by non cash interest on equity in the projects of around [6.5 MNOK]

## Revenues and EBITDA

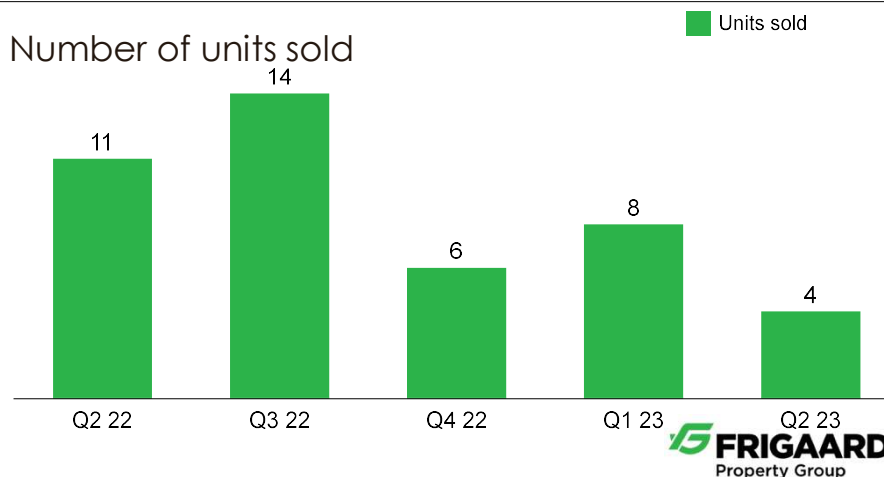


■ Fagerlia 2 
 ■ Tribunen 3 
 ■ Høglia 
 ■ Dronningen 
 ■ Tribunen 2 
 ■ Fagerlia 1 
   
■ Tribunen 1

## Units under construction



## Number of units sold



# Property development segment: Five ongoing residential projects

## Project overview Q2 2023

<p><b>Tribunen 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>Tindlund Terrasse</b> Sarpsborg</p> <p>Zoning</p>	<p><b>Solbyen</b> Sarpsborg</p> <p>Zoning</p>
<p>Construction phase 3 Total of ~174 apartments 50 apartment in phase 3 46/50 units sold All phases est. completed Q3 23 Total of 12 752 BRAS</p>	<p>61 apartments &amp; 8 townhouses 31 apartments in phase 1 21/31 units sold 8 townhouses in phase 2 6/8 town house sold 30 apartments in phase 3 7/30 units sold Total of 7 163 BRAS</p>	<p>30 apartments &amp; 9 land plots 20/30 units sold and 5 land plots All phases est. completed Q4 23 Total of 7 424 BRAS</p>	<p>94 apartments Ownership 50% Expected sales start Q1 24 Est. completed Q1 26 Total of 8 268 BRAS</p>	<p>50 apartments Expected sales start Q4 23 Est. completed Q1 26 Total of 2 900 BRAS</p>
<p><b>Aspelundtunet</b> Askim</p> <p>Completed ✓</p>	<p><b>Moenskogen I &amp; II</b> Sarpsborg</p> <p>Completed ✓</p>	<p><b>Dronningen</b> Sarpsborg</p> <p>Completed ✓</p>	<p><b>R2 Panorama</b> Mysen</p> <p>Completed ✓</p>	<p><b>Tribunen I &amp; II</b> Moss</p> <p>Completed ✓</p>



# 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

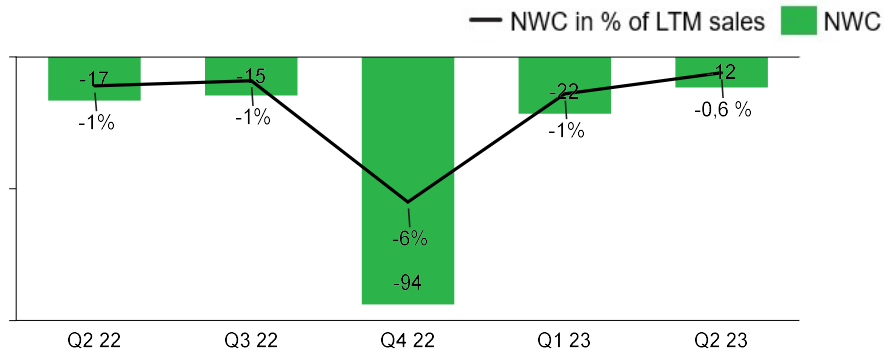
All amounts in MNOK	2Q 2023	2Q 2022	30.06.2023	30.06.2022	31.12.2022
Order backlog	918,4	1 941,5	918,4	1 941,5	1 528,6
Order intake	199,9	744,3	332,1	488,7	1 688,1
Revenue from contracts with customers	621,0	396,3	1 010,8	773,6	1 495,8
Other operating revenue	0,3	1,4	0,7	1,6	4,9
<b>Total operating revenue</b>	<b>621,4</b>	<b>397,7</b>	<b>1 011,5</b>	<b>775,3</b>	<b>1 500,7</b>
Materials, subcontractors and consumables	539,1	315,8	860,9	635,0	1 239,0
Salaries and personnel expense	41,4	40,3	82,9	76,5	155,4
Other operating expense	12,0	15,7	23,8	23,1	44,2
<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>28,9</b>	<b>25,9</b>	<b>43,9</b>	<b>40,7</b>	<b>62,1</b>
Depreciation and amortisation expense	2,0	2,2	4,1	4,2	8,5
<b>Operating profit (EBIT)</b>	<b>26,9</b>	<b>23,7</b>	<b>39,8</b>	<b>36,6</b>	<b>53,7</b>
Net financial costs	4,7	3,4	6,9	6,4	16,5
<b>Profit before income tax</b>	<b>22,2</b>	<b>20,3</b>	<b>32,9</b>	<b>30,2</b>	<b>37,2</b>
Income taxes	5,0	4,5	7,3	6,6	9,0
<b>Net profit for the period</b>	<b>17,1</b>	<b>15,8</b>	<b>25,6</b>	<b>23,6</b>	<b>28,2</b>

- Solid order backlog and residential units in production at the end of the quarter
  - MNOK 585 in new orders secured in July 2023
  - Included new secured orders MNOK 667.8 of the order backlog is estimated to be delivered in 2023
- Revenue this quarter is affected by MNOK 235 from the handover of Tribunen in Moss, phase 2. At the date of this report, the Property Development segment has as well successfully handed over Fagerlia phase 1 in Fredrikstad.
- EBITDA increased with 11.8% compared to second quarter 2022, and 7.7% YoY.
- Majority of net finance costs is 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 cost is taken when residential units are handed over.

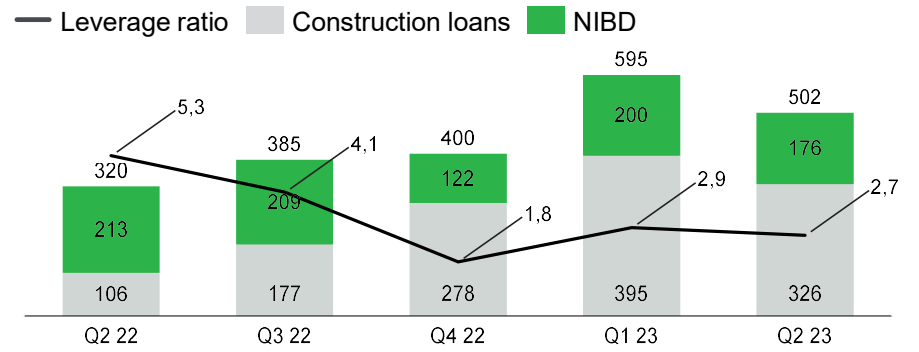


# Working capital, net interest-bearing debt and Cash

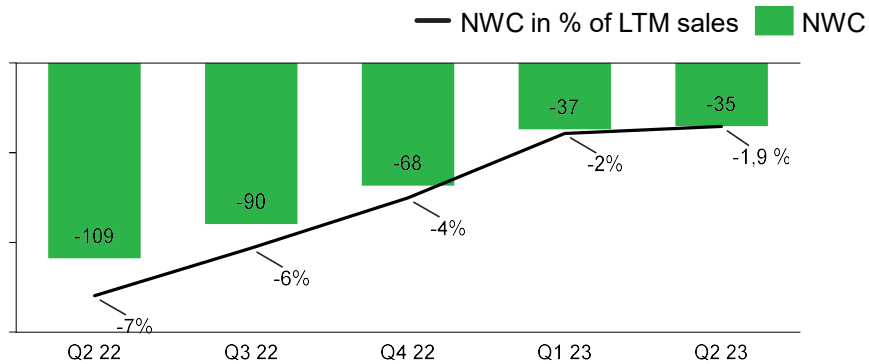
## Net working capital (construction)



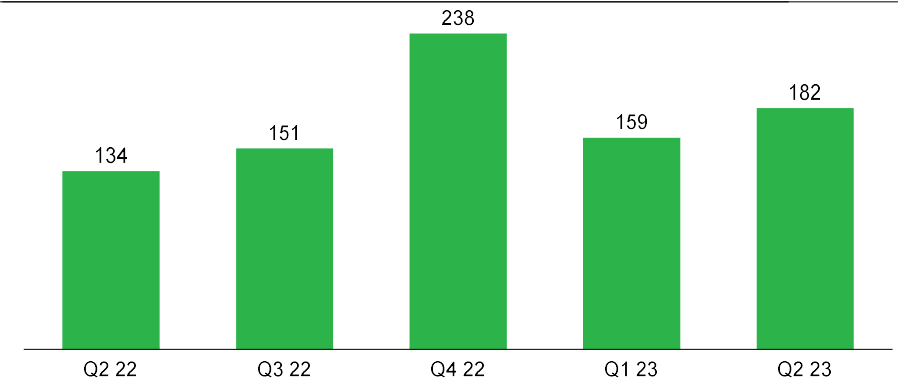
## Net interest-bearing debt and leverage ratio (Group)



## 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.

# Cash flow statement

NOK million	2Q 2023	2Q 2022	30/06/2023	30/06/2022
Earnings before income taxes	22.2	20.3	32.9	30.2
Depreciation and impairment	2.0	2.2	4.1	4.2
Change in net working capital	126.7	-265.4	-62.1	-314.2
Other adjustments/taxes paid	-57.2	63.7	-57.4	72.4
<b>Cash flow from operations</b>	<b>93.8</b>	<b>-179.2</b>	<b>-82.5</b>	<b>-207.4</b>
Net investment	-0.1	61.8	-0.3	61.3
Cash flow from financial activities	-71.3	45.9	26.7	71.1
<b>Net decrease (increase) in cash and cash equivalents</b>	<b>22.4</b>	<b>-71.5</b>	<b>-56.1</b>	<b>-75.0</b>
Net cash and cash equivalents at beginning of period	159.2	205.6	237.8	209.2
<b>Total cash and cash equivalents</b>	<b>181.6</b>	<b>134.2</b>	<b>181.6</b>	<b>134.2</b>

- Change in net working capital is to a large extent related handover of development project Tribunen phase 2.
- Tribunen 2 was financed with a mix of construction loans and equity.
- Strong cash position
  - All our property development projects under construction is fully financed.
  - Net negative financial cashflow in the second quarter is mainly related to fully down payment of the Construction loan related to Tribunen phase 2, in Moss.

# Balance sheet

Amounts in NOK million	30.06.2023	30.06.2022
<b>ASSETS</b>		
Goodwill and other intangible assets	284,2	284,1
Tangible fixed assets	7,1	7,9
Right-of-use assets	6,9	11,1
Investment in joint ventures	3,8	-
Other long term receivables	1,8	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>303,8</b>	<b>303</b>
Inventories and development properties	634,0	442,7
Trade receivables, contract assets and other short term receivables	302,2	343,2
Cash and cash equivalents	181,6	134,2
<b>TOTAL CURRENT ASSETS</b>	<b>1 117,8</b>	<b>920,1</b>
<b>TOTAL ASSETS</b>	<b>1 421,7</b>	<b>1 223,2</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>300,8</b>	<b>270,6</b>
Deferred tax	38,6	29,0
Bond loan	-	297,2
Liabilities to financial institutions	12,4	24,9
Construction loan	-	105,2
Leasing liabilities	2,2	5,7
Other non-current liabilities	3,8	46,0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>57,0</b>	<b>507,9</b>
Short term financial liabilities	38,8	14,0
Bond loan	299,1	-
Short term construction loan	325,7	1,2
Lease liabilities	5,2	5,7
Trade account payables, contract liabilities and other short term debt	395,2	423,8
<b>TOTAL CURRENT LIABILITIES</b>	<b>1 063,9</b>	<b>444,7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 421,7</b>	<b>1 223,2</b>

- Goodwill from acquisitions
- IFRS lease assets of MNOK 6.9
- 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 3 of Tribunen, located in Moss. Scheduled hand over is Q3 2023 for Tribunen 3 and Fagerlia 1.

# Outlook

- The housing market is slow, and projects are being delayed due to the lack of pre-sales. Still, we have projects in our portfolio where the contractor have decided start up disregarding the sales rate. And we are in a good position to win several residential projects when this market turns.
- The commercial segment is still having a steady pipeline of projects, and we are increasing our offers to this segment as well as for public projects.
- The backlog, including two large orders won in the first days of July, are solid at 1,5 BNOK and [more than 800] MNOK of this is planned for 2024 and onwards.
- The property development segment is still focusing on finalizing the ongoing projects, in 2023. The projects in production is fully financed, and the properties still not delivered represents an estimated sales value of 720 MNOK and an estimated net cash value of above 220 MNOK. In addition, we continue develop our land bank, to be ready for a normalized housing market.

