

# FRIGAARD

Property Group

Q2 2021 result presentation

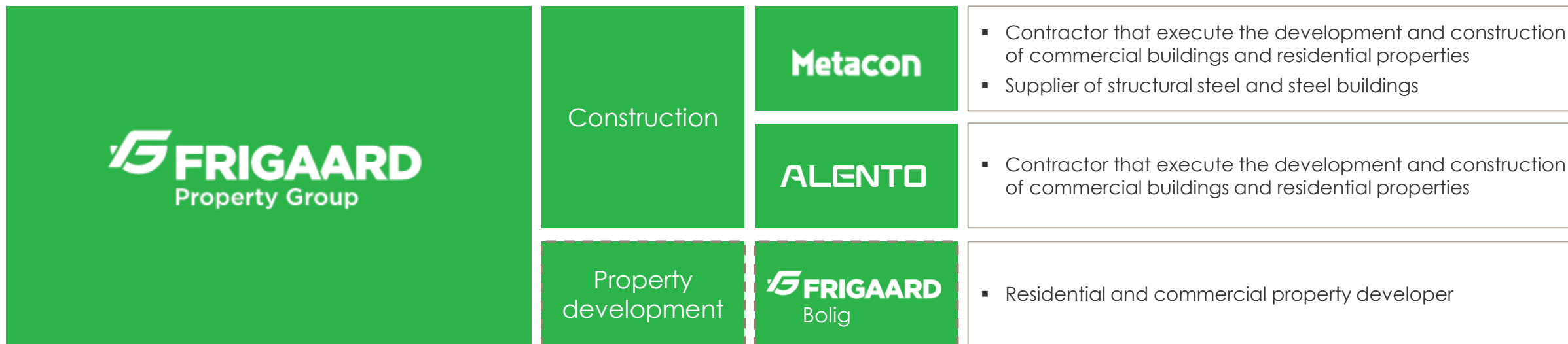
Simon Nyquist Martinsen

CEO

August 27, 2021



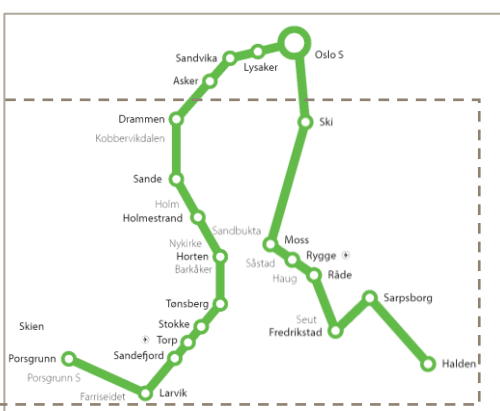
# This is Frigaard Property Group



## 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 <sup>1)</sup>	2019	2020	H1 2021
Revenues	654	1,043	1267	649
EBITDA	84	52	92	21.6
Net profit	47	17	58	3.8
EBITDA-margin	12.8%	5.0%	7.3%	3.3%
Order backlog	969	846	1,020	831
Equity ratio	29.1%	27.8%	28.7%	23.8%

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 Q2 2021

- Revenue decreased by 24% to MNOK 306.6 (404.2) in the quarter.
  - Reduction due to no handover of residential projects in Q2 2021. Residential project hand overs had an impact of MNOK 86 in Q2 2021
  - Positive performance in Q2 2020 from sale of shares in subsidiaries, MNOK 25.9
- EBITDA decreased to MNOK 5.6 (32.2) in the quarter, last year was impacted by 25.9 MNOK from sales of shares in subsidiaries. EBITDA negatively impacted by poor performance in own steel production, caused by raw material price increases, travel restrictions and project execution issues.
- H1 revenue increased by 11% to MNOK 649 (MNOK 638), EBITDA of MNOK 21.6 (MNOK 44.5).
- Continued high order backlog of MNOK 831.3, including MNOK 52.0 related to own development projects in Frigaard Bolig, and processes ongoing to secure around MNOK 1 000 of new orders in Q3.
- Strong financial position at the end of the quarter, cash balances ended at MNOK 229.6 and leverage ratio excluding construction loans ended at 1.5.
- Covid-19: Limited effect on the progress of ongoing construction projects and housing sales, measures have been taken to reduce risk of delays in projects.

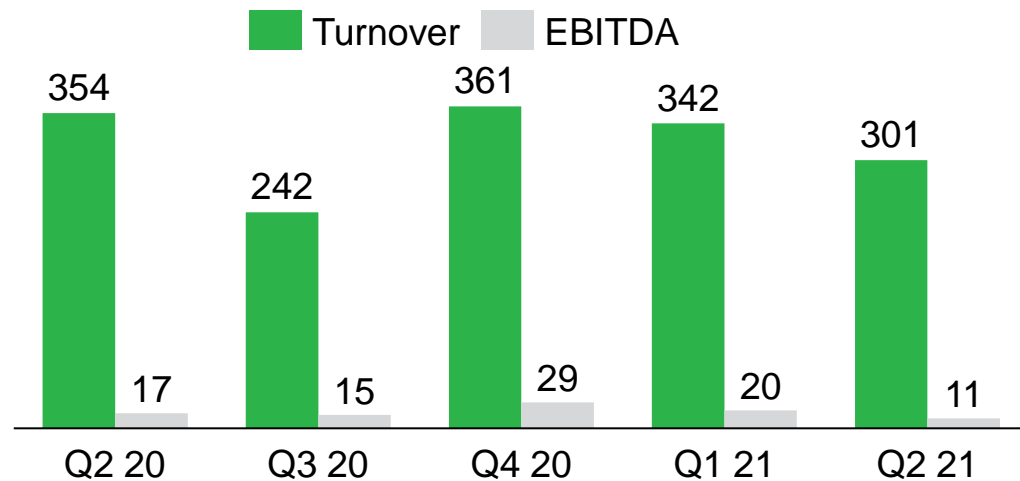


# Construction segment: Strong pipeline

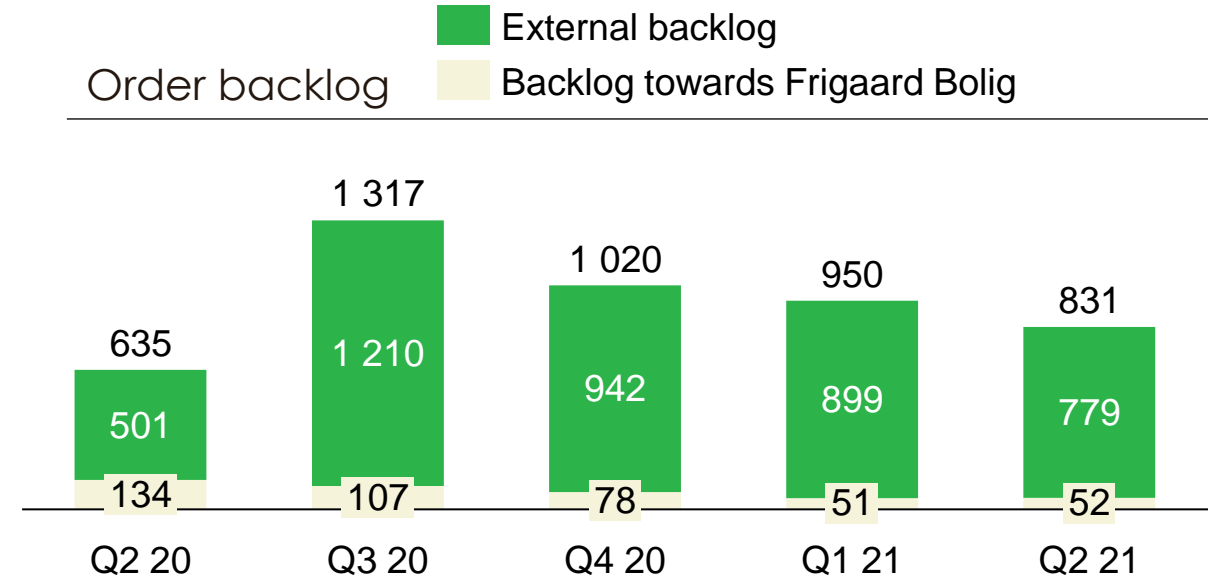
## Highlights

- MNOK 300.5 revenue and MNOK 11.3 EBITDA generated in the quarter. Negative impact from own production of steel.
- Very profitable quarter for our subsidiary Alento, continue to deliver best in class margins.
- High order backlog of MNOK 831.3 of which MNOK 697.3 attributable to 2021, and MNOK 134 relates to 2022.
- Stable order intake in Q2, and a very strong pipeline

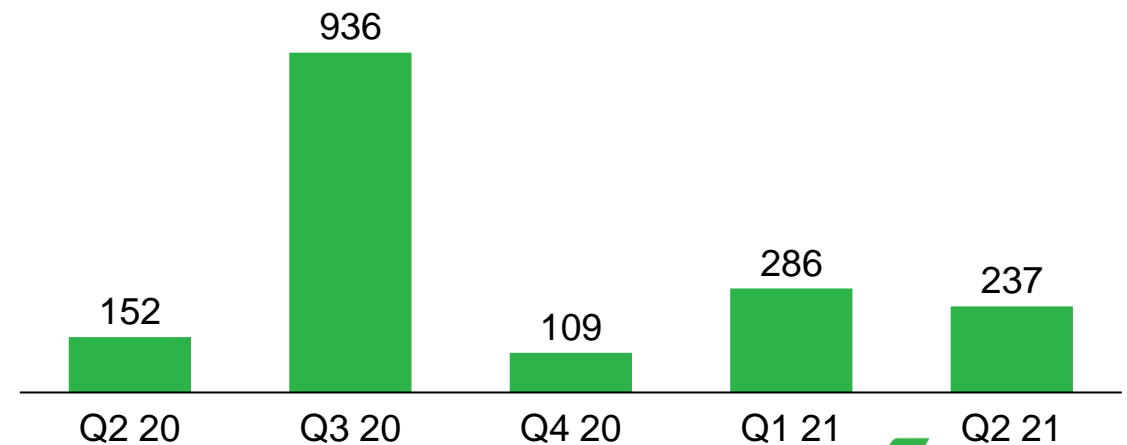
## Revenues and EBITDA



## Order backlog



## Order intake

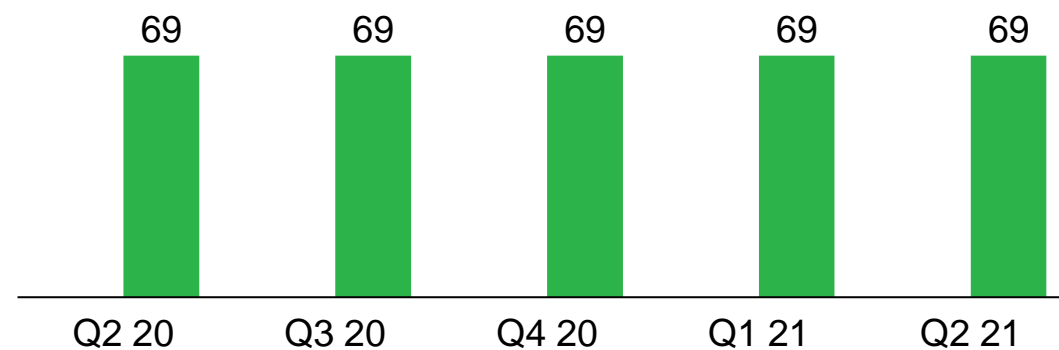


# Property development segment: Projects on track

## Highlights

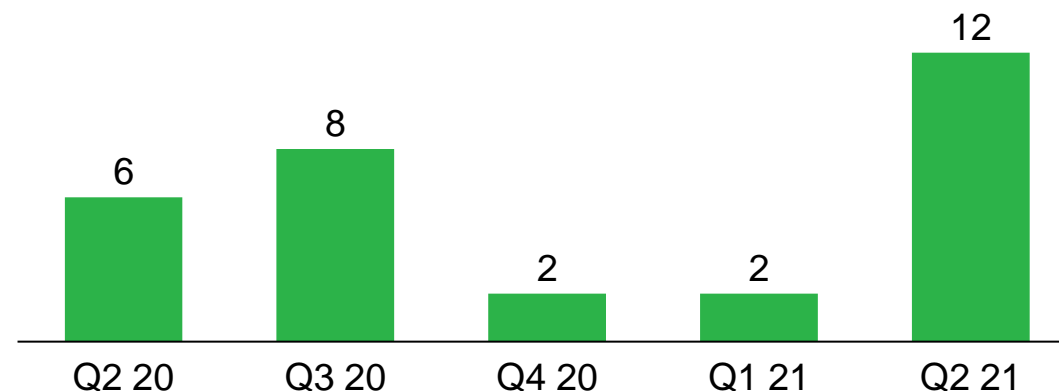
- There has been no significant handover of homes in Q2 20, the next handover is planned to Q4 2021
- 12 units (apartments) sold during the quarter and 69 units currently under construction (4 additional sales in Q3 per the date of this report)
- Sale for the project Fagerlia in Fredrikstad is going as planned. Sale start for Tribunen 2 in Moss and next phase of Fagerlia is planned for Q3
- Tribunen 1, a project in Moss of 69 properties, is scheduled to be finalized in Q4 2021.

## Units under construction ■ Tribunen 1

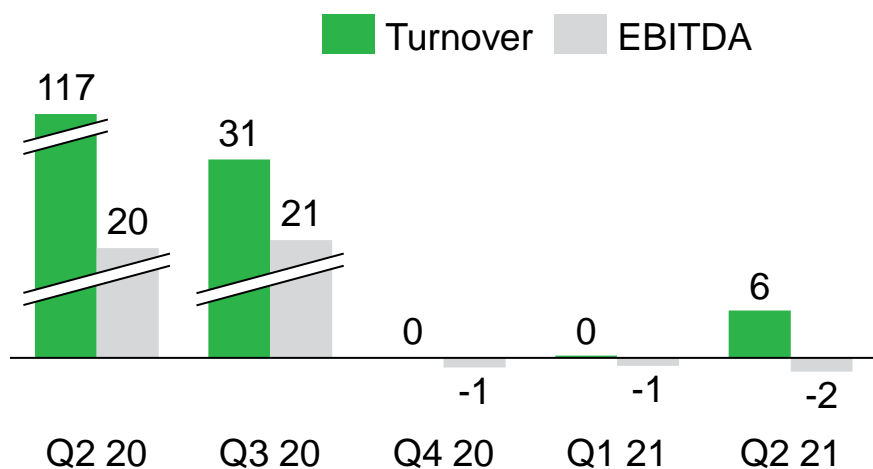


## ■ Sold

## Number of units sold



## Revenues and EBITDA



# Property development segment: Four residential projects ongoing

## Project overview



Construction phase 1/3  
Total of ~174 apartments  
69 apartments in phase 1  
53/69 units sold  
All phases est. completed Q3 23  
Total of 12 500 BRAS



61 apartments & 8 townhouses  
31 apartments in phase 1  
10/31 units sold  
All phases est completed Q3 23  
Total of 6 900 BRAS



30 apartments & 9 land plots  
Expected sales start Q3 21  
All phases est. completed Q2 23  
Total of 3 200 BRAS



50 apartments  
Expected sales start Q4 22  
Est. completed Q3 24  
Total of 2 900 BRAS





# Property development projects the next 3-3.5 years

## Projects with expected sale and completion over the next three years



# Income statement

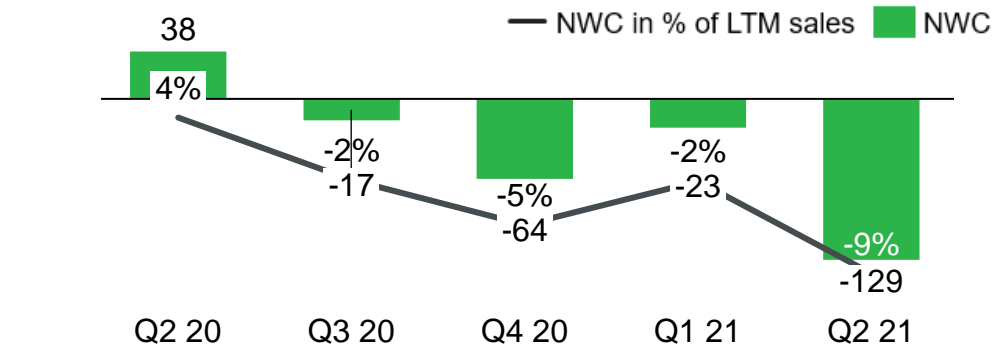
All amounts in MNOK	2Q 2021	2Q 2020	H1 2021	H1 2020	31.12.2020
Order backlog	831.3	635.3	831.3	635.3	1 019.7
Order intake	237.0	151.6	523.1	373.2	1 417.8
Revenue from contracts with customers	306.3	373.4	648.4	606.3	1 219.1
Other operating revenue	0.3	30.8	0.6	31.8	47.6
<b>Total operating revenue</b>	<b>306.6</b>	<b>404.2</b>	<b>649.0</b>	<b>638.0</b>	<b>1 266.7</b>
Materials, subcontractors and consumables	258.1	326.9	543.4	508.6	1 020.3
Salaries and personnel expense	35.8	35.7	68.8	66.8	129.8
Other operating expense	7.1	9.3	15.2	18.1	24.5
<b>Operating profit (loss) before depreciation, amortisation and impairment losses (EBITDA)</b>	<b>5.6</b>	<b>32.2</b>	<b>21.6</b>	<b>44.5</b>	<b>92.1</b>
Depreciation and amortisation expense	2.0	1.9	4.2	3.8	7.5
<b>Operating profit (EBIT)</b>	<b>3.6</b>	<b>30.3</b>	<b>17.4</b>	<b>40.7</b>	<b>84.6</b>
Net financial costs	4.7	4.9	12.5	10.7	20.0
<b>Profit before income tax</b>	<b>-1.1</b>	<b>25.4</b>	<b>4.9</b>	<b>29.9</b>	<b>64.6</b>
Income taxes	-0.2	-0.1	1.1	0.9	6.3
<b>Net profit for the period</b>	<b>-0.9</b>	<b>25.5</b>	<b>3.8</b>	<b>29.1</b>	<b>58.3</b>

- Stable order intake, and several large order 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.
- Construction segment negative effected of results in Steel factory
- Revenue and EBITDA last year was positive effected from sale of shares in subsidiaries MNOK 25.9 from Property development.



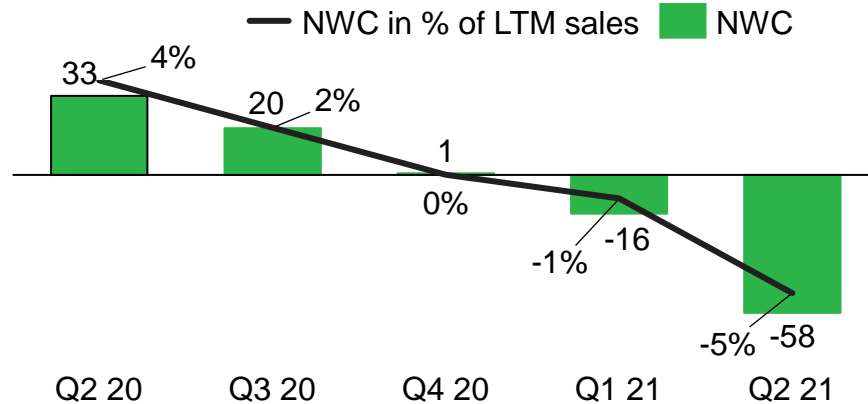
# Solid cash position and comfortable leverage level

## Net working capital (construction)



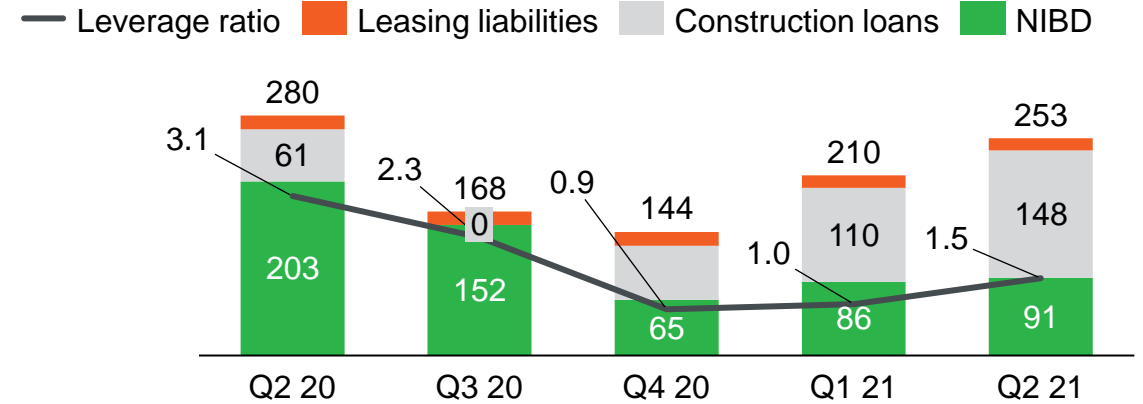
Note: Q4 adjusted for group contribution and internal dividend

## Average working capital LTM (construction)

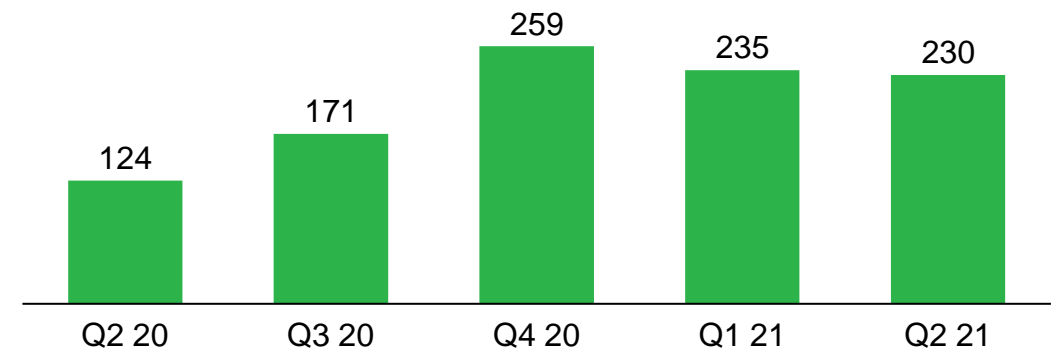


Note: Leverage ratio as defined in bond terms, construction loans are excluded.

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



## Cash position (Group)



# Cash flow statement

NOK million	2Q 2021	2Q 2020	1H 2021	1H 2020	31.12.2020
Earnings before income taxes	-1.1	25.4	4.9	29.9	64.6
Depreciation and impairment	2.0	1.9	4.5	3.8	7.5
Change in net working capital	39.6	-43.2	-35.1	-117.2	-20.1
Other adjustments/taxes paid	-41.9	-46.0	-18.0	1.9	15.1
<b>Cash flow from operations</b>	<b>-1.5</b>	<b>-61.9</b>	<b>-43.8</b>	<b>-81.6</b>	<b>67.0</b>
Net investment	-0.7	24.3	-19.4	23.8	20.0
Cash flow from financial activities	-2.8	18.6	34.0	5.6	-4.8
<b>Net decrease (increase) in cash and cash equivalents</b>	<b>-5.0</b>	<b>-19.0</b>	<b>-29.2</b>	<b>-52.2</b>	<b>82.2</b>
Net cash and cash equivalents at beginning of period	234.6	143.3	258.8	176.4	176.4
<b>Total cash and cash equivalents</b>	<b>229.6</b>	<b>124.2</b>	<b>229.6</b>	<b>124.2</b>	<b>258.6</b>

- Change in net working capital
  - Increase due to further development of residential properties; the increase is financed by construction loans
  - Decreased due to increase in accounts payables in construction projects
- Strong cash position, increase of 84.8 % (MNOK 124.2) compared to same quarter last year.
- Financing activities negative effect from redemption of shares 2021 and offset by increase in construction loan.
- 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

	30.06.2021	30.06.2020	31.12.2020
<b>ASSETS</b>			
Goodwill and other intangible assets	284.1	284.5	284.4
Tangible fixed assets	8.2	8.3	8.4
Right-of-use assets	15.0	16.5	16.7
Other investments and other long term receivables	-	6.5	9.3
<b>TOTAL NON-CURRENT ASSETS</b>	<b>307.3</b>	<b>315.8</b>	<b>318.8</b>
Inventories and development properties	454.3	249.6	327.7
Trade receivables, contract assets and other short term receivables	208.4	339.3	217.0
Cash and cash equivalents	229.6	124.2	258.8
<b>TOTAL CURRENT ASSETS</b>	<b>892.3</b>	<b>713.2</b>	<b>803.5</b>
<b>TOTAL ASSETS</b>	<b>1 199.5</b>	<b>1 029.0</b>	<b>1 122.2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>TOTAL EQUITY</b>	<b>285.9</b>	<b>292.8</b>	<b>322.0</b>
Deferred tax	23.6	17.0	22.5
Bond loan	295.1	-	-
Liabilities to financial institutions	25.0	25.1	25.1
Construction loan	-	-	62.9
Leasing liabilities	9.4	12.2	11.5
Other non-current liabilities	72.7	77.7	72.7
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>425.8</b>	<b>132.1</b>	<b>194.6</b>
Short term financial liabilities	-	5.0	-
Short term construction loan	148.4	60.7	-
Bond loan current	-	297.1	298.6
Lease liabilities	4.9	3.8	4.9
Trade account payables, contract liabilities and other short term debt	334.5	237.5	302.2
<b>TOTAL CURRENT LIABILITIES</b>	<b>487.8</b>	<b>604.1</b>	<b>605.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 199.5</b>	<b>1 029.0</b>	<b>1 122.2</b>

- Goodwill from acquisitions
- IFRS lease assets of MNOK 15.0
- Other short term receivables include remaining amount related to the sale of shares in Höganloft in 2020.
- 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

- Strong backlog above BNOK 0.8 – large portion of 2021 revenue secured
- Strong financial position, cash balances at MNOK 230 and leverage ratio at 1.5 (excluding construction loans)
- Residential development projects on track – next significant project to be delivered Q4 2021
- Significant pipeline of new orders expected to be signed in Q3 2021
- Organization continues to be strengthened, new general manager and finance manager in our construction company Metacon, started at the end of Q2/early Q3.

