



FRIGAARD PROPERTY GROUP

H1 2018 Report

Frigaard Property Group AS



Financial highlights

- ✓ Frigaard Property Group AS (“FPG”) acquired Alento, a Buskerud based contracting company, in Q2 2018. Alento is included in the balance sheet as of H1 2018; however, sales and operating results are not included in the overall formal results reporting.
- ✓ FPG secured financing through placement of a NOK 300 million senior secured bond issue with a three year tenor in Q2 2018.
- ✓ Contractor Metacon signed large contract with Borregaard in May 2018; building a new 19,000 sqm lignin warehouse and a lignin spray dryer.
- ✓ Pro forma revenue and EBITDA last twelve months (“LTM”), including Alento, of NOK 52.9 mill as of H1 2018. Pro forma revenue and EBITDA including Alento of NOK 350.7 million and NOK 20.0 million, respectively in H1 2018 - In line with expectations and according to budget and previous presentations.
- ✓ Reported EBITDA of NOK 8.5 million in H1 2018 compared to NOK 6.2 million in H1 2017.
- ✓ 45 housing units sold in H1 2018 compared to 4 housing units sold in H1 2017.
- ✓ Equity ratio of 32.1% and NIBD / LTM EBITDA of 3.0x as of H1 2018.



Frigaard Property Group at a glance

Frigaard Property Group aims to be a leading building constructor and housing developer by combining industrial and financial competences.

Core business ares

1. Turnkey contractor: Full service turn-key contractor and one of the market leaders in Østfold, Vestfold and Buskerud, through Alento and Metacon.
2. Steel constructions and buldings: National coverage with own steel production in Rakkestad through Metacon.
3. Housing development: Acquiring and developing land and properties through Frigaard Bolig.



Key figures

	Reported H1 2018	Pro forma H1 2018	Reported H1 2017	Pro forma LTM H1 2018
Revenue	180.5	350.7	133.4	734.3
EBITDA	8.5	20.0	6.2	52.9
EBITDA margin	4.7%	5.7%	4.6%	7.2%
Equity ratio	32.1%	32.1%	3.2%	3.2%
NIBD	159.0	159.0	91.9	159.0
NIBD / LTM EBITDA	n.a.	n.a.	n.a.	3.0x

Note:

- Alento results are excluded from the H1 2018 formal reporting ("Reported H1 2018") and will be included in the H2 2018 formal reporting.
- Pro forma figures presented include Alento results.

Financial results

Profit & loss

Pro forma revenue of NOK 350.7 million including Alento per H1 2018. Pro forma EBITDA of NOK 20.0 million including Alento per H1 2018. This is according to budget, as a large portion of the 2018 budget is planned to materialise in Q3 and Q4 this year as a direct result of the timing of the difference projects. Pro forma LTM EBITDA was NOK 52.9 mill per H1 2018. Total sales in H1 2018 of NOK 527 million compared to NOK 351.7 million same periode last year, corresponding to an increase of 50% (including Alento).

Balance sheet

FPG has improved its balance sheet substantially through two major events. In connection with the acquisition of Alento, NOK 226 million in new shares was issued to the Alento founders, strengthening the equity of the group accordingly. In addition to this, FPG raised a NOK 300 million senior secured bond, increasing the long-term interest-bearing debt of the company, providing flexibility to further expand the business, both organically and through acquisitions. The net interest-bearing debts as of H1 2018 was NOK 159 million, the NIBD / LTM EBITDA was 3.0x.

Cash flow

In total, cash grew with NOK 160.7 million in H1 2018. Net cash flow from operations is slightly negative as the group has two internal ongoing projects that will be handed over to the buyers next year. The group has also purchased land for NOK 15 million, and paid NOK 100 million in cash in connection with the acquisition of Alento. Proceeds from the bond issue (net of refinancing and costs) was NOK 228 million.

Status ongoing projects – Alento

4 largest ongoing projects per H1 2018

Stadionkvartalet BT4

Principal:	Vestaksen Mjøndalen Stadion AS
Type of building:	Apartment building with underground parking
Size:	Approx. 4,000 m ² , NOK 56 million excl. VAT
Progression:	Progression according to plan
Handover:	Q4 2018

Nordre Jarlsberg Brygge - Bygg N

Principal:	Schage Eiendom AS
Type of building:	Apartment building with underground parking, 52 apartments
Size:	Approx. 7,700 m ² , NOK 130 million excl. VAT
Progression:	Progression according to plan
Handover:	Q4 2018

Maskinpakking

Principal:	Ticon Follestad AS
Type of building:	Commercial
Size:	Approx. 4,200 m ² , NOK 45 million excl. VAT
Progression:	Progression according to plan
Handover:	Q4 2018

Solkilen

Principal:	Solkilen Terrasse AS
Type of building:	Combined commercial and apartment building; 30 apartments
Size:	Approx. 5,600 m ² commercial and residential, NOK 114 million excl. VAT
Progression:	2-3 months behind schedule due to proliferation and security complications, comprising a potential builder risk
Handover:	Q4 2019

Status ongoing projects – Metacon

4 largest ongoing projects per H1 2018

Sandbakken Flerbrukshall

Principal:	Sarpsborg kommune
Type of building:	Multipurpose hall
Size:	Approx. 3,500 m ² , NOK 43 million excl. VAT
Progression:	Progression according to plan
Handover:	Q3 2018

R2 Panorama

Principal:	Rugdeveien 2 AS
Type of building:	3 apartment buildings with underground parking, 29 apartments
Size:	Approx. 4,500 m ² ; NOK 77 million excl. VAT
Progression:	Progression according to plan
Handover:	Q3 2019

Tuneveien 89

Principal:	ABE Eiendom AS
Type of building:	Commercial
Size:	Approx. 2,750 m ² offices, NOK 50 million excl. VAT
Progression:	Progression according to plan
Handover:	Q4 2018

Borg Havn, Lager 14

Principal:	Borg Havn Eiendom AS
Type of building:	Storehouse
Size:	Approx. 20,000 m ² , NOK 134 million excl. VAT
Progression:	Progression according to plan
Handover:	Q2 2019

Status ongoing projects – Frigaard Bolig

4 largest ongoing projects per H1 2018

R2 Panorama, Eidsberg municipality

20 out of 29 units sold. Metacon engaged as contractor. Ground and concrete works have started. Progression according to plan with expected completion and handover in Fall 2019. For more information go to: www.rugdeveien2.no

Moenskogen, trinn 2, Sarpsborg municipality

26 of 32 units sold. Frame application approved. Metacon engaged as contractor. Ground works expected to start in September 2018 with expected completion and handover in December 2019. For more information go to: www.moenskogen.no

Aspelundtunet, Askim municipality

The project is currently in the regulation phase with expected completion in October/November 2018; the sales process will be launched immediate thereafter. The project is situated 700 meters from the railway station in Askim and will comprise chained row houses, hereunder 5 units over 3 levels including roof terrasse, 9 units over 2 levels og 4 horizontally divided semi-detached units. For more information go to: www.fpg.no

Fagerliveien, Fredrikstad municipality

The project is currently in the regulation phase with expected completion in Spring 2019. The project is situated som 1 000 meters from the railway station in Fredrikstad, comprising several buldings with approximately 90 units. For more information go to: www.fpg.no

Høgliveien, Eidsberg municipality

The project is currently in the regulation phase with expected completion in Q4 2018/Q1 2019. The project has an elevated and sentral location in Mysen and will comprise several buildings with approximately 56 units in addition to 10 self build plots. For more information go to: www.fpg.no

Hans Nilsen Haugesvei, Fredrikstad municipality

The project is a commercial - and retail building of approximately 5000 kvm2 to be renovated. The building has 76 % occupancy rate and the remaing available rental space is expeted to be rented out in the near future. Several of the shops have already moved in and the building is expected to be completed by Octover 2018.

Other information

HMS

Health, Environment and security are an important focus area for Frigaard Property Group. We are constantly working to reduce the number of injuries, and have strict routines and procedures in place to ensure this. HMS is on the agenda on every board meeting. As of first half year we have had two minor injuries that resulted in a total of 33 days of sick-leave.



Outlook

The board is pleased with the H1 2018 results and the strong order intake during the period. This, combined with the expected development of current internal projects, supports a positive outlook for H2 2018 and 2019.

The macro environment for housing and building development still gives us an optimistic outlook for the markets FPG operates within. The market seems to be differentiated with good demand for attractive locations and projects of high quality and with good architecture. All our construction projects are going according to plan.

The company has improved its capitalization and has a robust cash position after raising the NOK 300 million bond in Q2. This gives the company high degree of flexibility to expand (organically and through acquisitions) and at the same time make good investments to increase land bank further. The company has good access to, and are constantly evaluating, many potential projects. This provides the basis for maintaining a selective and opportunistic approach to new investments.

The company is working with several acquisition targets, and will seek to find targets that match our current expansion strategy both within business model, culture and geography.

Financial statements

Consolidated statement of profit and loss

	Notes	2018 01.01.-30.06.	2017 01.01.-31.12.
<i>All amounts in NOK thousand</i>			
Revenue		180 448	315 707
Other operating revenue		0	292
Total operating revenue		180 448	315 999
Cost of goods sold		128 004	227 024
Salaries and personnel expense		32 061	54 168
Depreciation and amortisation expense		2 975	4 205
Other operating expense		11 882	18 201
Total operating expense		174 922	303 598
Operating profit		5 526	12 401
Interest income		187	149
Interest expense		1 622	2 036
Profit before income tax		4 091	10 514
Income tax expense		941	2 678
Net profit for the period		3 150	7 836
Profit/(loss) is attributable to:			
Majority share of profit/(loss)		1 389	5 288
Minority share of profit/(loss)		1 761	2 548
Total		3 150	7 836

Balance sheet

All amounts in NOK thousand

ASSETS	Notes	2018 30.06.	2017 31.12.
Goodwill		304 495	8 831
Total intangible assets		304 495	8 831
Property and plant		33 883	21 102
Machinery		7 230	7 401
Office machinery, equipment and similar		931	979
Total property, plant and equipment		42 044	29 482
Other investments		170	170
Other long term receivables		215	0
Total non-current financial assets		385	170
TOTAL NON-CURRENT ASSETS		346 924	38 483
Inventories and development properties		102 027	58 964
Accounts receivables		75 810	48 876
Other short-term receivables		13 252	1 447
Total receivables		89 062	50 323
Cash and cash equivalents		183 604	22 936
TOTAL CURRENT ASSETS		374 693	132 223
TOTAL ASSETS		721 617	170 706

Balance sheet contd.

All amounts in NOK thousand

EQUITY AND LIABILITIES	Notes	2018	2017
Share capital		550	414
Share premium reserve		232 186	6 594
Total paid-in capital		232 736	7 008
Retained earnings		-157	-1 546
Total retained earnings		-157	-1 546
Minority interests		0	6 262
TOTAL EQUITY		232 579	11 724
Deferred tax		1 158	1 957
Total provisions		1 158	1 957
Bonds		291 750	0
Liabilities to financial institutions		46 543	27 300
Leasing liabilities		4 384	4 464
Other non-current liabilities		0	64 603
Total non-current liabilities		342 677	96 367
Accounts payable		69 348	26 878
Tax payable		4 505	101
Public duties payable		17 430	6 168
Other short-term liabilities		53 920	27 511
Total current liabilities		145 203	60 658
TOTAL LIABILITIES		489 038	158 982
TOTAL EQUITY AND LIABILITIES		721 617	170 706

Statement of cash flows

All amounts in NOK thousand

	01.01 - 30.06 2018	01.01-31.12 2017
Cash flow from operations		
Profit before income taxes	4 091	10 514
Taxes paid in the period	-281	-292
Depreciation	2 975	4 205
Change in inventory	-43 063	-20 303
Change in trade debtors	-1 397	-11 771
Change in trade creditors	18 491	6 657
Change in other provisions	8 078	18 807
Net cash flow from operations	-11 106	7 817
Cash flow from investments		
Purchase of fixed assets	-14 932	-1 325
Payments from loans in group companies	-191	0
Proceeds from loans in group companies	0	407
Purchase of shares in subsidiaries	-100 000	-11 619
Net cash flow from investments	-115 123	-12 537
Cash flow from financing		
Proceeds from long term loans	228 320	25 227
Repayment of short term loans	0	-2 413
Group contribution paid	0	-1 750
Net cash flow from financing	228 320	21 064
Net change in cash and cash equivalents	102 091	16 344
Cash and cash equivalents at the beginning of the period	22 936	3 730
Cash and cash equivalents from purchased subsidiaries	58 577	2 862
Cash and cash equivalents at the end of the period	183 604	22 936

Notes to the consolidated financial statements

Basis for preparation

Frigaard Property Group consists of the mother company Frigaard Property Group with daughter companies. The condensed consolidated financial statement is prepared according to Norwegian accounting rules. This interim financial statement is unaudited.

When preparing the consolidated financial statement the management is required to make judgements, estimates and assumptions for certain part of the statement.

These assumptions represent the management's best judgement at the date presented in the financial statement, and may deviate from the final results.

The following companies are part of the consolidated statement as of 30-June-2018:

Frigaard Property Group AS
 Frigaard Bolig AS
 Metacon AS
 Alento AS
 Aspelundveien 5 AS
 Fagerliveien Utvikling AS
 Høgliveien 30 AS
 Moenskogen Utvikling AS
 Rugdeveien 2 AS
 Hans Nielsen Hauges Vei 1 AS
 Hans Nielsen Hauges Vei 1 Hjemmel AS

Frigaard Property Group has an ownership of 100% in all daughter companies. Alento AS is recognized as of 30-June-2018.

Consolidated changes in equity

All amounts in NOK thousand

This year changes in equity	Share capital	Share premium reserve	Other equity	Non-controlling interests	Total
Equity as of 31-December-2017	414	6 594	-1 546	6 262	11 724
Capital increase	136	225 591			225 727
Acquisition of shares from non-controlling interests				-8 023	-8 023
Profit for the period YTD 2018			1 389	1 761	3 151
Equity as of 30-June-2018	550	232 185	-157	0	232 579

Board of Frigaard Property Group, Sarpsborg, 28.8.2018

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Financial calendar

Third quarter 2018: 28.11.2018

Fourth quarter 2018: 25.04.2019