



# **FRIGAARD** PROPERTY GROUP

**Third quarter 2018**

**Frigaard Property Group AS**



## Financial highlights

- ✓ Frigaard Property Group AS ("FPG") acquired Alento, a Buskerud based contracting company, in Q2 2018 and was included in the financial numbers as of July 2018.
- ✓ Third quarter revenue of NOK 252.0 million and EBITDA of NOK 27.4 million.
- ✓ Pro forma revenue and EBITDA including Alento of NOK 602.5 million and NOK 47.4 million, respectively year-to-date ("YTD") per Q3 2018 - in line with expectations and according to budget and previous presentations. Pro forma revenue and EBITDA before one-offs last twelve months ("LTM") including Alento of NOK 807.4 and NOK 61.0 mill respectively, also in line with expectations..
- ✓ Reported EBITDA of NOK 35.9 million YTD compared to NOK 15.3 million for the same period in 2017.
- ✓ 48 housing units sold YTD compared to 27 housing units sold same period 2017.
- ✓ Equity ratio of 30.3% and NIBD / LTM EBITDA before one-offs of 3.6x.
- ✓ Numbers not audited by the groups auditor.



## 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.

## Our customer promise

***"We make modern homes available to all"***



## Key figures

	YTD per Q3 2018 *)	Q3 2018	Pro forma YTD per Q3 2018 **)	YTD per Q3 2017	Pro forma LTM Q3 18 ***)
<b>Revenue</b>	432.3	252.0	602.5	236.6	807.4
<b>EBIT</b>	24.1	18.6	35.6	12.6	32.6
<b>EBITDA</b>	35.9	27.4	47.4	15.3	46.0
<b>EBITDA margin</b>	8.3%	10.9%	7.9%	6.5%	5.7%
<b>Equity ratio</b>	30.3%	30.3%	30.3%	8.7%	30.3%
<b>NIBD</b>	220.3	220.3	220.3	122.4	220.3
<b>NIBD/LTM EBITDA</b>					4.79x

### Note:

- \*) Alento results are included as of 1. July 2018 in the formal reporting. Hence, their first half year results are not included in the formal Q3 2018 reporting.
- \*\*) Pro forma figures presented include Alento results for whole year.
- \*\*\*) LTM pro forma includes a NOK 15 mill one-off related to a dispute with a former Alento client.



## Financial results

### Profit & loss

YTD pro forma revenue of NOK 602.5 million per Q3 2018 (including Alento.) Pro forma EBITDA of NOK 47.4 million (including Alento). This is according to budget, as a large portion of the 2018 budget is planned to materialise by the end of this year as a direct result of the timing of the various projects. YTD pro forma LTM EBITDA was NOK 46.0 million (including Alento). This includes a NOK 15 million one-off related to a dispute with a former Alento client.

Total order intake YTD was NOK 341.7 million compared to NOK 322.5 million same periode last year, corresponding to an increase of 6% on a pro forma basis (including Alento).

### Segment reporting

FPG consists of two construction companies in addition to own projects where we are the developer. YD per Q3 2018, Metacon reports revenue of NOK 314.7 million and EBITDA of NOK 22.7 million, and Alento reports revenue of NOK 279.2 million and EBITDA of NOK 23.3 million.

### Balance sheet

The net interest-bearing debts as of Q3 2018 was NOK 220.3 million, the NIBD / LTM EBITDA was 4.8x. (Including a NOK 15 mill one-off related to a dispute with a former client)

### Cash flow

FPG's cash position has grown by NOK 107.0 million YTD per Q3 2018. Net cash flow from operations was negative as the group currently has two internal ongoing projects that will be handed over to the buyers next year. The group has also purchased land for NOK 21.2 million, and paid NOK 100 million in cash in connection with the acquisition of Alento. Proceeds from the bond issued in Q2 (net of refinancing and costs) was NOK 228 million.

## Status ongoing projects – Alento

### 4 largest ongoing projects per Q3 2018

#### **Stadionkvartalet BT4**

Principal:	Vestaksen Mjøndalen Stadion AS
Type of building:	Apartment building with underground parking
Size:	Approx. 4,000 m <sup>2</sup> , 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 <sup>2</sup> , NOK 130 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 <sup>2</sup> 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

#### **Nordre Jarlsberg Brygge - Bygg R**

Principal:	Schage Eiendom AS
Type of building:	Apartment building with underground parking, 54 apartments
Size:	Approx. 8,500 m <sup>2</sup> commercial and residential, NOK 160 million excl. VAT
Progression:	Progression according to plan
Handover:	Q1 2020



## Status ongoing projects – Metacon

### 4 largest ongoing projects per Q3 2018

#### **Moenskogen, phase 2**

Principal:	Moenskogen Utvikling AS
Type of building:	2 apartment buildings with underground parking, 32 apartments
Size:	Approx. 3,000 m <sup>2</sup> , NOK 73 million excl. VAT
Progression:	Progression according to plan
Handover:	Q4 2018

#### **R2 Panorama**

Principal:	Rugdeveien 2 AS
Type of building:	3 apartment buildings with underground parking, 29 apartments
Size:	Approx. 3,000 m <sup>2</sup> ; 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 <sup>2</sup> 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 <sup>2</sup> , NOK 134 million excl. VAT
Progression:	Progression according to plan
Handover:	Q2 2019

## Status ongoing projects – Frigaard Bolig

### 4 largest ongoing projects per Q3 2018

#### **R2 Panorama, Eidsberg municipality**

20 out of 29 units sold. Metacon engaged as contractor. Building frame erected. Progression according to plan with expected completion and handover early Fall 2019. For more information go to: [www.rugdeveien2.no](http://www.rugdeveien2.no)

#### **Moenskogen, phase 2, Sarpsborg municipality**

27 of 32 units sold. Metacon engaged as contractor. Ground works started with expected completion and handover in December 2019. For more information go to: [www.moenskogen.no](http://www.moenskogen.no)

#### **Aspelundtunet, Askim municipality**

The project is currently in the regulation phase with expected completion in November 2018. Sales scheduled to start 25.10.2018. The project is situated 700 meters from the railway station in Askim and will comprise 22 units of chained row houses. For more information go to: [www.aspelundtunet.no](http://www.aspelundtunet.no)

#### **Fagerliveien, Fredrikstad municipality**

The project is currently in the regulation phase with expected completion in autumn 2019. The project is situated som 300 meters from the railway station in Fredrikstad, comprising several buldings with approximately 90 units. For more information go to: [www.fpg.no](http://www.fpg.no)

#### **Høgliveien, Eidsberg municipality**

The project is currently in the regulation phase with expected completion in 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](http://www.fpg.no)

#### **Hans Nilsen Haugesvei, Fredrikstad municipality**

The project is a commercial - and retail building of approximately 5000 kvm2 totally renovated this year. 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. The sales work of this project has started



## 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 Q3 we have had four minor injuries that resulted in a total of 74 days of sick-leave.



## Outlook

The board is pleased with the Q3 2018 results and the progress of all our ongoing projects. The expected development of current external and internal projects, supports a positive outlook for for the annual 2018 numbers and 2019 onwards.

The macro environment for housing and building development in our markets outside Oslo 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. The group has defined clear ROI objectives for new projects and evaluate accourngly. 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.

## Risk factors

Frigaard Property Gourp is exposed to various forms of market, operational and financial risks that could affect performance, the ability to meet strategic goals and the company's reputation.

Financial results are affected by project execution, customer behavior and market developments, including fluctuations in housing and property prices. Results are also impacted by costs, both the company's own and those charged by suppliers, as well as customers' ability to pay. The company is also exposed to financial market risks, including changes in interest rates, tax and counterparty risks, as well as risks associated with access to and terms of financing. The annual report for 2018 will provide more information on risks and uncertainties.

## Financial statements

### Consolidated statement of profit and loss

#### Frigaard Property Group AS - Konsern

##### RESULTATREGNSKAP

	2018 01.01.-30.09.	2018 30.06.-30.09.	2017 01.01.-31.12.
<i>All amounts in NOK thousand</i>			
Revenue	432 054	251 606	315 707
Other operating revenue	290	290	292
<b>Total operating revenue</b>	<b>432 344</b>	<b>251 896</b>	<b>315 999</b>
Cost of goods sold	328 562	200 558	227 024
Salaries and personnel expense	53 120	21 059	54 168
Depreciation and amortisation expense	11 824	8 849	4 205
Other operating expense	14 753	2 871	18 201
<b>Total operating expense</b>	<b>408 259</b>	<b>233 337</b>	<b>303 598</b>
<b>Operating profit</b>	<b>24 085</b>	<b>18 559</b>	<b>12 401</b>
Interest income	367	180	149
Interest expense	9 557	7 935	2 036
		0	
<b>Profit before income tax</b>	<b>14 895</b>	<b>10 804</b>	<b>10 514</b>
Income tax expense	3 426	2 485	2 678
<b>Net profit for the period</b>	<b>11 469</b>	<b>8 319</b>	<b>7 836</b>
<b>Profit/(loss) is attributable to:</b>			
Majority share of profit/(loss)	9 708	8 319	5 288
Minority share of profit/(loss)	1 761	0	2 548
<b>Total</b>	<b>11 469</b>	<b>8 319</b>	<b>7 836</b>

## Balance sheet

# Frigaard Property Group AS - Konsern

BALANSE PR. 30.09

*All amounts in NOK thousand*

ASSETS	2018 30.09.	2017 31.12.
Goodwill	296 951	8 831
<b>Total intangible assets</b>	<b>296 951</b>	<b>8 831</b>
Property and plant	37 193	21 102
Machinery	6 867	7 401
Office machinery, equipment and similar	863	979
<b>Total property, plant and equipment</b>	<b>44 923</b>	<b>29 482</b>
Other investments	160	170
Other long term receivables	198	0
<b>Total non-current financial assets</b>	<b>358</b>	<b>170</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>342 232</b>	<b>38 483</b>
<b>Inventories and development properties</b>	<b>123 105</b>	<b>58 964</b>
Accounts receivables	180 269	48 876
Other short-term receivables	18 998	1 447
<b>Total receivables</b>	<b>199 267</b>	<b>50 323</b>
<b>Cash and cash equivalents</b>	<b>129 917</b>	<b>22 936</b>
<b>TOTAL CURRENT ASSETS</b>	<b>452 289</b>	<b>132 223</b>
<b>TOTAL ASSETS</b>	<b>794 521</b>	<b>170 706</b>

Balance sheet contd.

## Frigaard Property Group AS - Konsern

BALANSE PR. 30.09

*All amounts in NOK thousand*

<b>EQUITY AND LIABILITIES</b>	<b>2018 30.09.</b>	<b>2017 31.12.</b>
Share capital	550	414
Share premium reserve	232 186	6 594
<b>Total paid-in capital</b>	<b>232 736</b>	<b>7 008</b>
Retained earnings	8 162	-1 546
<b>Total retained earnings</b>	<b>8 162</b>	<b>-1 546</b>
Minority interests	0	6 262
<b>TOTAL EQUITY</b>	<b>240 898</b>	<b>11 724</b>
Deferred tax	1 158	1 957
<b>Total provisions</b>	<b>1 158</b>	<b>1 957</b>
Bonds	292 194	0
Liabilities to financial institutions	58 057	27 300
Leasing liabilities	4 041	4 464
Other non-current liabilities	348	64 603
<b>Total non-current liabilities</b>	<b>354 640</b>	<b>96 367</b>
Accounts payable	90 697	26 878
Tax payable	6 990	101
Public duties payable	20 008	6 168
Other short-term liabilities	80 130	27 511
<b>Total current liabilities</b>	<b>197 825</b>	<b>60 658</b>
<b>TOTAL LIABILITIES</b>	<b>553 623</b>	<b>158 982</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>794 521</b>	<b>170 706</b>

## Statement of cash flows

### Cash flow statement

Frigaard Property Group AS - Group	01.01 - 30.09 2018	01.01-31.12 2017
<b>Cash flow from operations</b>		
Profit before income taxes	14 895	10 514
Taxes paid in the period	-281	-292
Depreciation	11 824	4 205
Change in inventory	-64 141	-20 303
Change in trade debtors	-120 783	-11 771
Change in trade creditors	39 840	6 657
Change in other provisions	28 068	18 807
<b>Net cash flow from operations</b>	<b>-90 578</b>	<b>7 817</b>
<b>Cash flow from investments</b>		
Proceeds from sale of fixed assets	2 113	0
Purchase of fixed assets	-21 230	-1 325
Payments from loans in group companies		0
Proceeds from loans	-174	407
Purchase of shares in subsidiaries	-100 000	-11 619
<b>Net cash flow from investments</b>	<b>-119 291</b>	<b>-12 537</b>
<b>Cash flow from financing</b>		
Proceeds from long term loans	322 528	25 227
Repayment of long term loans	-64 255	0
Repayment of short term loans	0	-2 413
Group contribution paid	0	-1 750
<b>Net cash flow from financing</b>	<b>258 273</b>	<b>21 064</b>
Net change in cash and cash equivalents	48 404	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
<b>Cash and cash equivalents at the end of the period</b>	<b>129 917</b>	<b>22 936</b>

## 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 represents the managements best judgement at the date presented in the financial statement, and may deviate from the final results.

The following companies is part of the consolidated statement as of 30-September-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 daughtercompanies. 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			9 708	1 761	11 470
<b>Equity as of 30-September-2018</b>	<b>550</b>	<b>232 185</b>	<b>8 162</b>	<b>0</b>	<b>240 898</b>

Board of Frigaard Property Group, Sarpsborg, 28.11.2018

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## Additional information

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## Financial calendar

2018 annual report: 25.04.2019