

Interim Financial Statements

For the period ended September 30, 2019



Q3 2019

Fibo

Fibo started out quite modestly as a small factory for wall panels made from Norwegian wood. It became our mission to develop the walls which make wet room challenges easy. Now Fibo is a leading supplier of high-quality, waterproof wall systems. Our wall systems are inherently waterproof, eliminating the need for a separate membrane layer. Furthermore, our wall systems are easier to install, more affordable and represent a more environmentally friendly alternative to ceramic tiles.

A smart way to transform walls.



Highlights

Executive Summary

Management is very pleased with the results for Q3-19 that show a Net Sales growth of 8 % and EBITDA margin uplift of 2 %. This confirms that the measures and actions implemented at end of last year has yielded the expected impact in terms of both improved profits and pay-off from investments in core markets. Furthermore, this has also led to a more stable and sound financial position for the Group and by end Q3-19 the Leverage Ratio was 3,9 (6,3 in Q3-18) and Cash Covenant at 4,9 (relative to the min. required cash position of NOKm 10). The sales development in most markets has been good and the outlook seems positive as well. However, for the Norwegian market, the outlook is more uncertain and consensus in the industry assumes a flat development. Over the last months, Fibo has launched several new designs and products that have strengthened the product offering and the positioning of wall panels vs. substitutes. Market feedback has so far been very positive, confirmed particularly during presentation of the products at Bygg Reis Deg in October `19.

Third Quarter 2019

SALES **132** | EBITDA **33%** | EBITDA **9%** | CASH **92%**
NOKm Growth + Margin Conversion

Net Sales for the Quarter came in at NOKm 132 compared to NOKm 123 for Q3-18. The Norwegian market made a strong comeback from Q2-19 with a growth rate of 9 % for the Quarter compared to last year. Similar strong development for Sweden and UK with growth rates respectively of 22 % and 18 %. Export markets in the first quarter this year, had a slower development ending in sales 13 % below last year. Sales start Q4-19 has given an early indication that drop in sales seems more a result of timing (i.e. distribution of volumes) rather than a significantly weaker market development.

EBITDA for the Quarter came in at NOKm 12 compared to NOKm 9 for Q3-18. The EBITDA uplift for the Quarter is driven by price increases, cost savings from lower raw material consumption, production efficiency gains and OPEX savings. In addition and compared to last year, a positive development for production wages and logistics cost as well. Exceptional items for the quarter relate mainly to re-classified production wages in line with the FTE reduction plan for 2019.

Year to Date 2019

SALES **+4%** | EBITDA **30%** | EBITDA **10%** | CASH **96%**
Growth + Growth + Margin Conversion

By year-to-date September, Net Sales grew by 4 % compared to last year. Positive development for most markets except for Sweden that is still recovering from a drop in sales to the house builder segment. However, the development in Sweden has improved over the last months and from Q2 to Q3 the index vs. last year has improved by 12 %. Combined accumulated growth rate for international sales ended at 8 % with Export Markets contributing with 14 %, UK with 10 %, and Sweden has a 2 % decline compared to last year. Domestic sales grew by 3 % in the same period.

By year-to-date September, EBITDA grew by 30 % (NOKm 11) compared to last year. The EBITDA uplift for the period is driven by both Net Sales growth (appr. 40 %) and combined cost savings and price increases (appr. 60 %). The Contribution Margin (CMI) improved from 33,3 % last year to 34,6 % this year. Improvement is mostly driven by lower raw material consumption and production efficiency measures in combination with price increases. Relative OPEX share dropped by 0,6 % for the period and adjusted for inflation in the cost base vs. last year, this represents the size of the savings made year-to-date. Exceptional items for the period relate to legal settlements made, production wages in line with the FTE reduction plan for 2019 and some cost related to the refinancing process that took place in Q1 and Q2.

Group key figures

NOKm	Q319	Q318	YTD19	YTD18	LTM	FY18
Net Sales	132	123	463	444	602	583
EBITDA excl. Exceptional items	12	9	46	35	52	41
EBITDA %	9%	7%	10%	8%	9%	7%
EBIT excl. Exceptional Items	6	3	29	17	28	13
EBIT %	5%	2%	6%	4%	5%	2%
Exceptional Items	0.4	0.8	2.0	2.6	3.9	4.8
Net Debt	201	255	201	255	NA	250
Leverage Ratio	3.9	6.3	3.9	6.3	NA	6.1
Cash Cover Ratio	4.9	1.6	4.9	1.6	NA	0.8

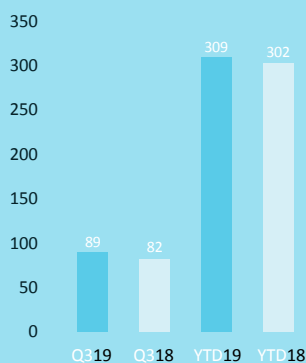
DOMESTIC Q3
Sales
growth ↗ 9%

INTERNATIONAL Q3
Sales growth ↗ 7%

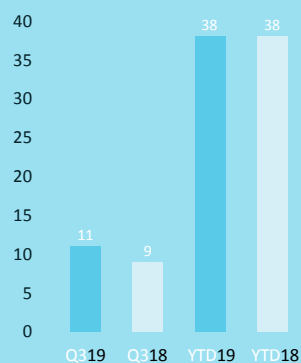
NET DEBT Q3
NOKm 201

LEVERAGE Q3
Ratio 3.9

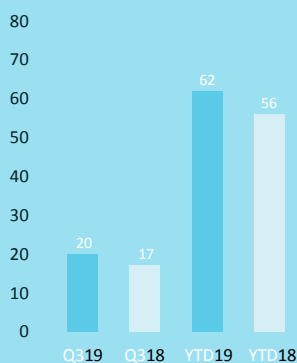
Norway NOKm



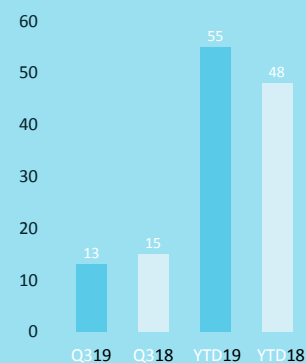
Sweden NOKm



UK NOKm



Export markets NOKm



Consolidated Income statement

NOKm	Q319	Q318	YTD19	YTD18	LTMQ319	FY18
Net sales	132.3	122.7	463.3	443.8	602.3	582.8
Cost of goods sold	-70.6	-67.3	-245.4	-238.7	-320.2	-313.5
Production wages	-8.8	-7.7	-31.8	-32.7	-43.0	-43.6
Logistics costs	-7.4	-7.2	-25.7	-24.8	-34.0	-33.1
CM I	45.5	40.5	160.3	147.7	205.2	192.7
Maintenance costs	-1.7	-1.7	-4.5	-3.9	-6.3	-5.7
CM II	43.8	38.8	155.8	143.8	198.9	187.0
Operating expenses	-32.2	-30.5	-110.6	-108.9	-147.3	-145.7
Bad debt	0.0	0.4	0.4	-0.1	0.0	-0.3
EBITDA excl. exceptional items	11.6	8.7	45.6	35.0	51.6	41.0
D&A	-5.6	-5.9	-16.7	-17.6	-23.5	-24.4
EBIT excl. exceptional items	6.0	2.8	28.9	17.3	28.1	16.6
Exceptional items	-0.4	-0.8	-2.0	-2.6	-3.9	-4.4
EBIT incl. exceptional items	5.6	1.9	26.8	14.8	24.2	12.2
Net financial items	-11.0	-4.6	-22.7	-4.2	-31.3	-16.5
Operating profit	-5.4	-2.7	4.1	10.5	-7.1	-4.3
Revenue growth	7.8 %	NA	4.4 %	NA	3.3 %	NA
CM I-margin	34.4 %	33.0 %	34.6 %	33.3 %	34.1 %	33.1 %
Adj. EBITDA-margin	8.8 %	7.1 %	9.8 %	7.9 %	8.6 %	7.0 %
Reported EBITDA-margin	8.5 %	6.4 %	9.4 %	7.3 %	7.9 %	6.3 %
Adj. EBIT-margin	4.6 %	2.3 %	6.2 %	3.9 %	4.7 %	2.8 %
Reported EBIT-margin	4.2 %	1.6 %	5.8 %	3.3 %	4.0 %	2.1 %

Cash flow statement

NOKm	2016	2017	2018	Q319	Q318
Cash flow from operations					
EBITDA incl. exceptional items	41.2	33.9	36.7	11.2	8.0
Changes in NWC	30.9	-34.1	5.1	1.2	1.3
- Inventories	8.3	-0.5	-3.6	-7.7	0.5
- Trade and other receivables	35.7	-8.1	-5.0	1.8	4.6
- Trade and other payables	-6.1	-31.3	8.6	1.9	-16.5
- Other current assets and liabilities	-4.6	10.0	7.3	5.2	10.9
- Other changes in net working capital	-2.3	-4.2	-2.2	-	1.9
- Changes in non-current assets	-0.5	-2.7	0.0	-	-
- FX adjustment of net working capital	-1.8	-1.4	-2.2	-	1.9
Income taxes paid	-1.8	-3.7	0.0	-	-
Net cash flow from operations	70.4	-4.0	41.9	12.3	9.3
Cash flow from investments					
Purchase of property, plant and equipment	-94.0	-32.4	-10.8	-0.8	-1.3
- Maintenance CAPEX	0.0	-3.0	0.0	-0.7	-1.1
- Expansion CAPEX	-89.5	-27.8	-9.0	-	-
- Other CAPEX (IT, F&F, etc.)	-4.5	-1.6	-1.8	-0.1	-0.2
Net cash flow from investments	-94.0	-32.4	-10.8	-0.8	-1.3
Cash flows financing activities					
Proceeds from issue of equity net of transaction cost	0.0	0.0	0.0	-	-
Proceeds from borrowings	32.0	42.8	0.0	-	-
Repayment of borrowings	-4.0	-23.3	-12.9	-	-3.6
Transaction Cost Related to Borrowings	-	-	-	-1.8	-
Interest payments & other financial items	-13.1	-13.8	-18.3	-9.1	-4.0
- Interest Paid	-12.4	-13.6	-15.3	-7.4	-4.0
- Factoring Fee`s (Avida) and Other Bank Fees	-0.7	-0.2	-3.1	-1.6	-
Net cash flow from financing	14.9	5.7	-31.1	-10.9	-7.6
Net currency translation effect (bank accounts)	4.1	-5.4	1.1	0.1	-2.3
Net change in cash/cash equivalent	-4.5	-36.2	0.8	0.8	-1.9
Cash/cash equivalents beginning of period	48.0	43.6	7.4	48.0	11.2
Cash and cash equivalents end of period	43.6	7.4	8.2	48.8	9.3

Balance sheet

NOKm	2016	2017	2018	Q319	Q318
ASSETS					
Research and development	1.2	0.8	0.4	0.4	0.8
Concessions/patents/licences	156.0	155.4	154.8	154.3	154.9
Other intangible assets	31.8	28.9	25.2	21.3	26.2
Deferred tax assets	-	-	-	-	-
Goodwill	246.8	246.8	246.8	246.8	246.8
Total intangible assets	435.8	431.9	427.2	422.8	428.7
Plant, machinery and equipment	111.3	128.0	119.8	103.4	123.4
Total tangible fixed assets	111.3	128.0	119.8	103.4	123.4
Other assets	0.3	0.3	0.5	0.5	0.5
Total non-current assets	547.4	560.2	547.4	526.7	552.6
Inventories	59.5	60.0	63.6	77.7	50.3
Accounts receivable	56.5	64.5	69.5	10.1	94.7
Other receivables	0.7	3.6	1.6	1.6	2.5
Other short term assets	8.9	-	0.1	0.2	0.1
Total receivables and short term assets	66.0	68.1	71.2	11.8	97.3
Cash and cash equivalents	43.6	7.4	8.2	48.8	9.3
Total current assets	169.0	135.4	143.0	138.2	156.9
TOTAL ASSETS	716.4	695.7	690.4	664.9	709.5
EQUITY AND LIABILITIES					
Share capital	29.8	29.8	29.8	32.8	29.8
Share premium account	268.3	268.3	268.3	271.1	268.3
Total paid-in capital	298.2	298.2	298.2	303.9	298.2
Retained earnings	5.7	-2.1	-11.3	-4.5	7.1
Total shareholders equity	295.5	296.1	286.9	299.4	305.2
Pension obligation	1.3	1.7	3.8	3.8	1.9
Deferred tax	49.4	43.9	44.3	37.3	44.2
Provisions for liabilities	50.7	45.6	48.1	41.1	46.1
Non current interest bearing liabilities	234.7	255.8	253.5	241.2	260.2
Derivative financial instruments	1.4	2.2	2.8	-	-
Total non-current liabilities	236.1	258.0	256.3	241.2	260.2
Debt to financial institutions	10.0	10.0	-	-	-
Accounts payable	80.7	49.4	58.0	45.0	41.7
Accounts payable group companies	2.3	2.3	2.3	1.4	2.3
Current income taxes payable	4.0	0.8	-	0.0	-1.1
Other taxes and withholdings	6.4	15.8	14.3	23.0	21.1
Other current liabilities	22.2	17.6	24.5	13.7	34.0
Total current liabilities	125.7	95.9	99.1	83.2	98.0
Total liabilities	412.5	399.5	403.5	365.5	404.3
TOTAL EQUITY & LIABILITIES	716.4	695.7	690.4	664.9	709.5
Net Working Capital	16.2	45.3	38.0	7.7	50.8
Net Working Capital incl. Accounta Payable group	13.9	43.0	35.7	6.3	48.5
Equity ratio	42 %	43 %	42 %	45 %	43 %

Specification of Net Financial Items

NOKm	YTD19	YTD18
Net Financial Items in the consolidated income statement		
Financial income	7.7	21.3
Financial expense	-30.5	-25.5
Total	-22.7	-4.2
Interest expense	-22.0	-11.5
Interest Capitalized*	-5.5	-1.1
Exchange gains and losses	4.7	6.0
Fair value hedges	0.0	2.4
Other financial expenses	-0.3	-0.3
Interest income	0.3	0.3
Total	-22.7	-4.2

* includes write-off for capitalized fee's related to previous loan facilities from Nordea

Statement of Changes in Equity

NOKm	Share Capital	Share Premium Account	Total Paid In Equity	Retained Earnings	Total Equity
Balance 31 Dec. 2018	29.8	268.3	298.2	-9.2	289.0
Profit/loss for the year	-	-	-	4.1	4.1
Capital increase	3.0	2.8	5.7	-	5.7
Changes in translation reserves	-	-	-	0.5	0.5
Balance 30 Sept. 2019	32.8	271.1	303.9	-4.5	299.4

Definitions and calendar

Definitions

Net Sales

Sales Net of VAT, discounts and sales bonuses.

EBITDA

Earnings before interest, tax, depreciations and amortization.

Exceptional Items

Items that are unusual or infrequent in their nature.

Adjusted EBITDA Margin

EBITDA excluding Exceptional Items divided on Net Sales.

EBIT

Earnings before interest and tax.

Net Financial Items

Financial income minus financial expenses including exchange rate differences related to financial assets and liabilities.

Net Debt

Interest bearing debt (excluding pension and leasing debts) minus cash and cash equivalents.

Leverage Ratio

Net Debts divided on EBITDA Excl. Exceptional Items.

Cash Cover Ratio

Cash and cash equivalents divided on minimum cash position of NOKm 10 per quarter.

The Group's key figures are presented in million-NOK, rounded off to the nearest thousand, unless otherwise stated. All individual figures (including totals and sub-totals) are rounded off to the nearest thousand. From a presentation standpoint, certain individual figures may therefore differ from the computed totals.

This report has not been subject to audit.

Financial calendar for 2019 and 1H 2020

Interim Report

Q4-19 no later than Feb 28 2020

Q1-20 no later than May 31 2020

Q2-20 no later than Aug 31 2020

For more information please contact

Martin Prytz

MPr@fibosystem.com

www.fiboinvestor.com

Fibo Group AS

Karenslyst Allé 8 B

0278 Oslo

Norway

Q3 2019