



# **Self Storage Group ASA**

*Second quarter 2019*

15 August 2019



## FINANCIALS 1H 2019 AND Q2 2019



# SELF STORAGE GROUP AT A GLANCE

106

Facilities

20 500

Storage rooms

122 000 m<sup>2</sup>

Current lettable area

135 700 m<sup>2</sup>

Total lettable area

79 200 m<sup>2</sup>

Gross owned area

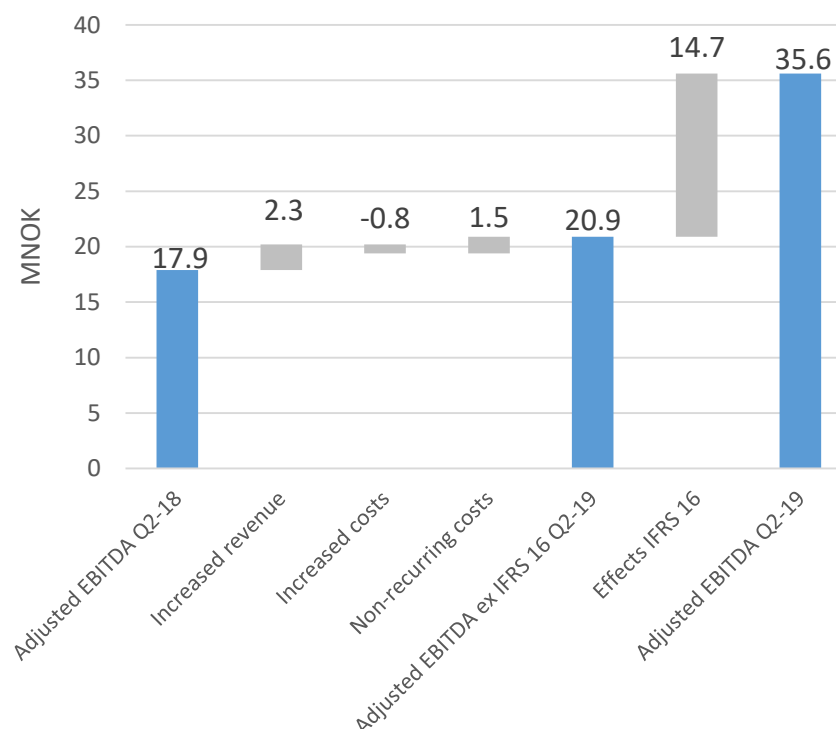
13 700 m<sup>2</sup>

Lettable area under  
development

# GROUP HIGHLIGHTS – SECOND QUARTER 2019

- Revenues in Q2 2019 of NOK 61.0 million, up from NOK 58.7 million in Q2 2018
- Adjusted EBITDA<sup>1)</sup> in Q2 2019 of NOK 35.6 million
- Adjusted EBITDA<sup>1)</sup> ex IFRS 16 in Q2 2019 of NOK 20.9 million, up from NOK 17.9 million in Q2 2018
- Adjusted profit before tax<sup>1)</sup> in Q2 2019 of NOK 18.6 million
- Adjusted profit before tax<sup>1)</sup> ex IFRS 16 in Q2 2019 of NOK 21.9 million, up from NOK 16.4 million in Q2 2018
- Average occupancy in Q2 2019 for sites with more than 12 months of operation was 85% (86%) with an average rent per m<sup>2</sup> of NOK 2 338 per year (2 281 NOK)
- Acquisition of three properties in Kristiansand, Oslo and Halden
- Announcement of acquisition of Eurobox and two additional large properties in Oslo
- Private placement with gross proceeds of NOK 250 million at market

EBITDA development Q2 2018 vs Q2 2019, including impact of IFRS 16

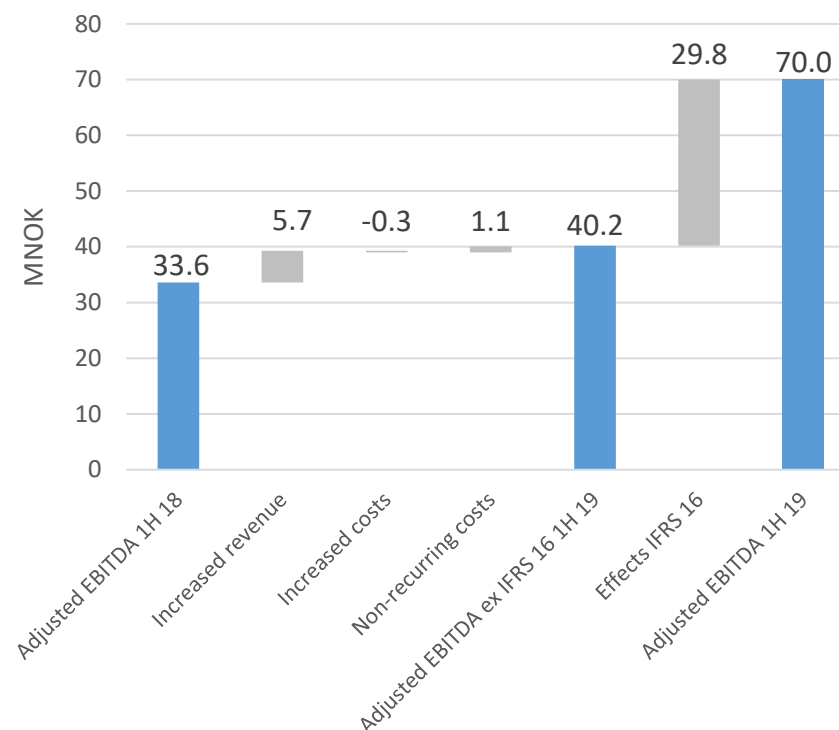


Notes: 1) Adjusted for non-recurring costs of NOK 2.5 million in Q2 2019 and NOK 1.0 million in Q2 2018

# GROUP HIGHLIGHTS – FIRST HALF YEAR 2019

- Revenues in first half year 2019 of NOK 122.7 million, up from NOK 117.0 million in 1H 2018
- Adjusted EBITDA<sup>1)</sup> in first half year 2019 of NOK 70.0 million
- Adjusted EBITDA<sup>1)</sup> ex IFRS 16 in first half year 2019 of NOK 40.2 million, up from NOK 33.6 million in 1H 2018
- Adjusted profit before tax<sup>1)</sup> in first half year 2019 of NOK 31.9 million
- Adjusted profit before tax<sup>1)</sup> ex IFRS 16 in first half year 2019 of NOK 37.8 million, up from NOK 29.3 million in 1H 2018
- Current lettable area end of June 2019 was 122 000 m<sup>2</sup>, up from 112 900 m<sup>2</sup> end of June 2018
- Total value of freehold investment property end June 2019 of NOK 606.5 million
- Cash position end June 2019 of NOK 423.4 million

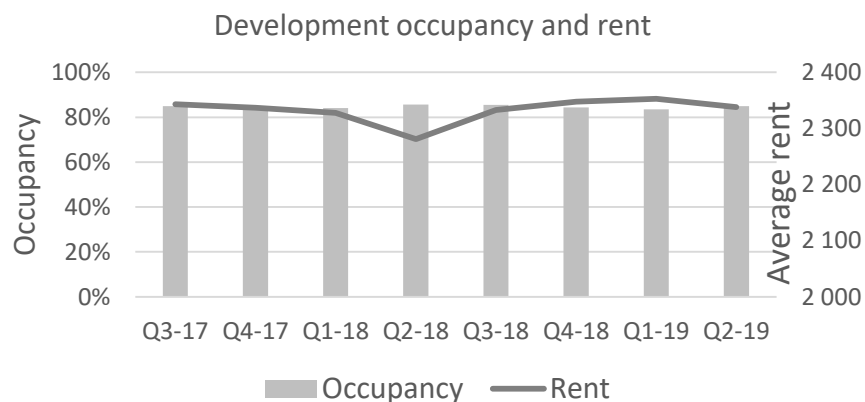
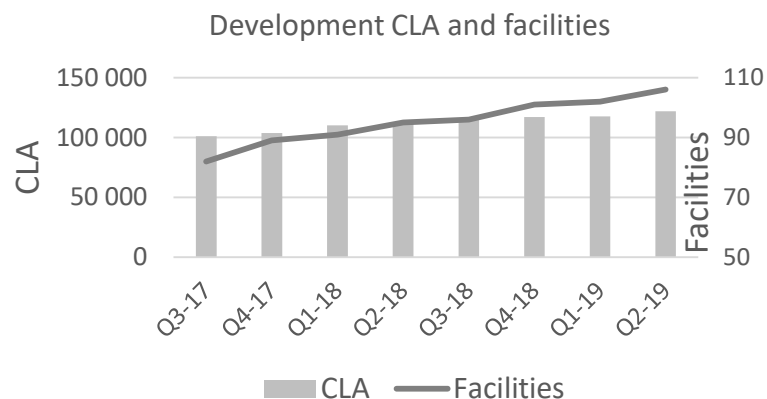
EBITDA development first half year 2018 vs first half year 2019, including impact of IFRS 16



Notes: 1) Adjusted for non-recurring costs of NOK 3.0 million in first half year 2019 and NOK 1.9 million in first half year 2018

# KEY PERFORMANCE INDICATORS – SECOND QUARTER 2019

	CLA	Facilities	Occupancy <sup>1)</sup>	Average rent <sup>1)</sup>
Q2 2019	122 000 m <sup>2</sup>	106	85%	2 338 NOK pr m <sup>2</sup>
Q2 2018	112 900 m <sup>2</sup>	95	86%	2 281 NOK pr m <sup>2</sup>
▲	+9 100 m <sup>2</sup>	+11	-1%	+57 NOK pr m <sup>2</sup>



Notes: 1) Average occupancy and rent price pr m<sup>2</sup> for all sites with more than 12 months of operation, expansions are included

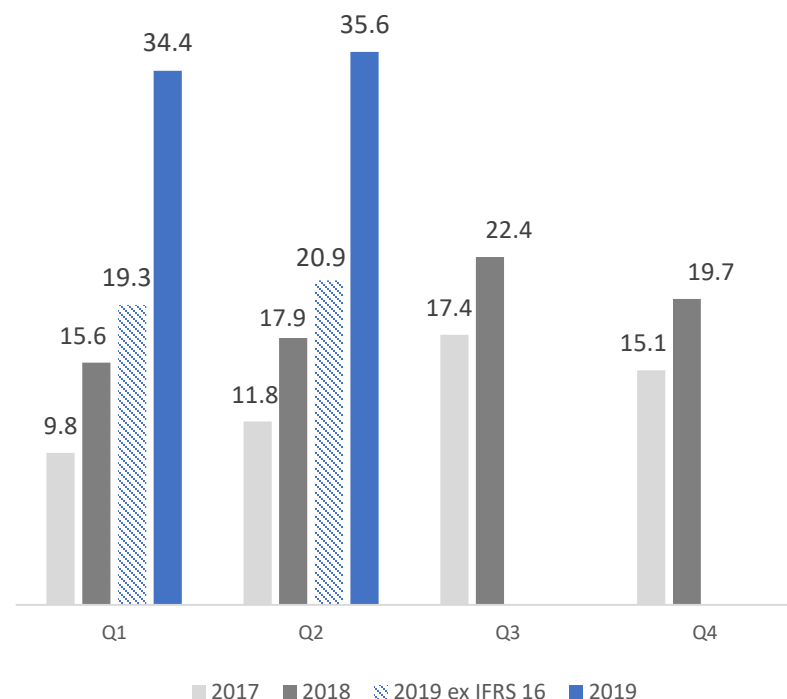
# KEY FIGURES – SECONUD QUARTER AND FIRST HALF YEAR 2019

(NOK million)

## KEY FIGURES

	2019	2018	2019	2018	2018
	Q2	Q2	1H	1H	FY
Revenue	61.0	58.7	122.7	117.0	238.4
Total operating costs <sup>1)</sup> ex IFRS 16	-40.1	-40.8	-82.5	-83.4	-162.6
<b>Adjusted EBITDA ex IFRS 16</b>	<b>20.9</b>	<b>17.9</b>	<b>40.2</b>	<b>33.6</b>	<b>75.7</b>
Effect IFRS 16	+14.7	0.0	+29.8	0.0	0.0
<b>Adjusted EBITDA</b>	<b>35.6</b>	<b>17.9</b>	<b>70.0</b>	<b>33.6</b>	<b>75.7</b>
<i>Non-recurring costs</i>	<i>2.5</i>	<i>1.0</i>	<i>3.0</i>	<i>1.9</i>	<i>1.9</i>
<b>Reported EBITDA</b>	<b>33.1</b>	<b>16.9</b>	<b>67.0</b>	<b>31.7</b>	<b>73.8</b>

## ADJUSTED EBITDA Q2 2017-Q2 2019



1) Adjusted for non-recurring costs of NOK 2.5 million in Q2 2019, NOK 3.0 million in 1H 2019, NOK 1.0 million in Q2 2018, NOK 1.9 million in 1H 2018 and NOK 1.9 million in FY 2018

# KEY FIGURES<sup>1)</sup> – Q2 2019

(NOK million)

P&L	Q2 18	Operational change	Impact IFRS16	Q2 19	FY 18
Revenue	58.7	+2.3	0.0	61.0	238.4
Total operating costs <sup>2)</sup>	-40.8	+0.7	+14.7	-25.4	-162.6
Adjusted EBITDA	17.9	+3.0	+14.7	35.6	75.7
Adjusted EBIT	15.6	+2.8	+14.6	33.0	65.2
Change in fair value of inv. property	+2.0	+2.7	0.0	+4.7	38.2
Change in fair value of lease property	0.0	0.0	-13.4	-13.4	0.0
Adjusted Pre-tax profit	16.4	+5.5	-3.3	18.6	100.3
Adjusted Net profit	12.6	+4.7	-3.3	14.0	81.1
Current lettable area (thousands m2)	112.9	+9.1	0.0	122.0	117.0
Lettable area under development (thousands m2)	13.5	+0.2	0.0	13.7	13.4
Cash flows					
Net cash flows from operating activities	18.7	+0.8	+14.6	34.1	66.0
Net cash flows from investing activities	-25.5	-48.1	0.0	-73.6	-157.5
Net cash flows from financing activities	-15.0	+363.1	-14.6	333.5	18.6
Cash and cash equivalents at beginning of the period	130.4	-0.9	0.0	129.5	195.2
Cash and cash equivalents at end of the period	108.3	+315.1	0.0	423.4	122.2

## Balance sheet

	31 Dec 18	30 June 19	Impact IFRS 16
<b>ASSETS</b>			
Investment property	524.5	606.5	0.0
Right-of-use assets (lease)	0.0	433.2	433.2
Property, plant and equipment	71.8	82.8	0.4
Goodwill	94.6	94.7	0.0
Total non-current assets	690.9	1 217.3	433.6
Other current assets	37.3	30.8	-2.6
Cash and bank deposits	122.2	423.4	0.0
Total current assets	159.5	454.2	-2.6
TOTAL ASSETS	850.4	1 671.5	431.0
<b>EQUITY AND LIABILITIES</b>			
Total equity	625.1	891.0	-6.0
Long-term interest-bearing debt	118.0	214.7	0.0
Long-term obligations under finance leases	0.1	395.4	395.3
Deferred tax liabilities	34.9	40.8	0.0
Other non-current liabilities	1.0	0.6	0.0
Total current liabilities	71.4	129.0	41.7
Total liabilities	225.4	780.5	437.0
TOTAL EQUITY AND LIABILITIES	850.4	1 671.5	431.0

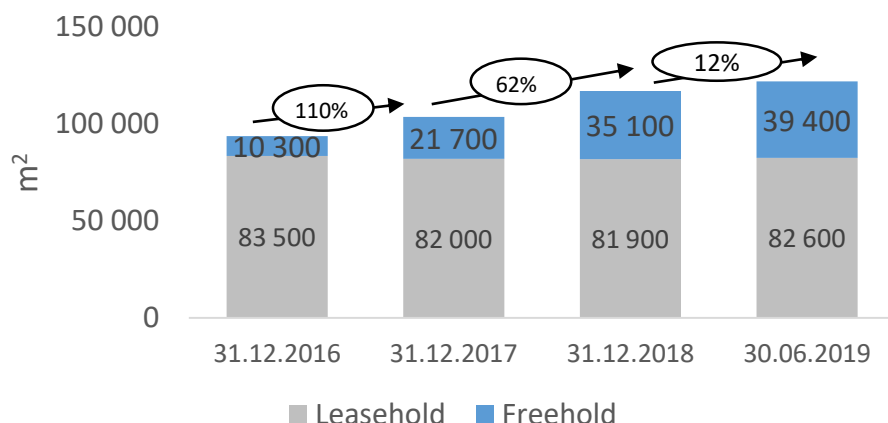
1) Unaudited figures for 2019

2) Adjusted for non-recurring costs of NOK 2.5 million in Q2 2019, NOK 1.0 million in Q2 2018, and NOK 1.9 million in FY 2018

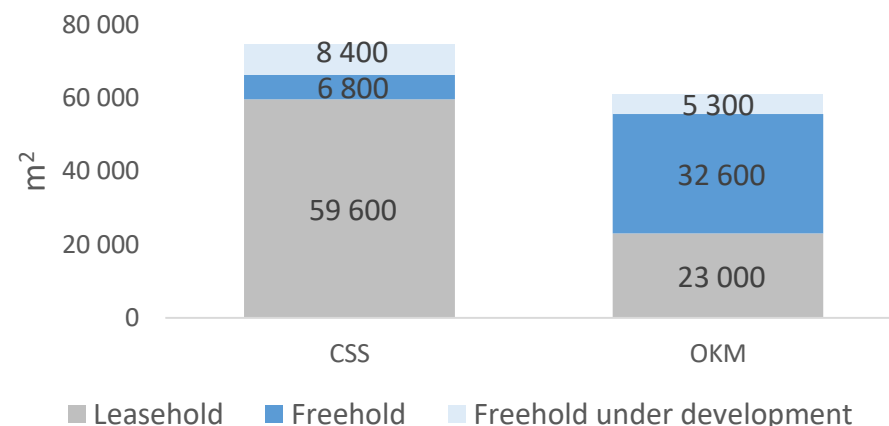


# STEADY GROWTH IN SHARE OF FREEHOLD PORTFOLIO

## DEVELOPMENT IN SHARE OF FREEHOLD FACILITIES



## SHARE OF FREEHOLD FACILITIES PER CONCEPT



- SSG's strategy is to expand within freehold facilities
- 32% of current lettable area in operation at the end of June 2019 was freehold
- Freehold m² increased with 110% during 2017 and additional 62% during 2018
- SSG plans to open 10 000 m² in 2019, mainly freehold
- 48 of a total of 106 facilities in operation (45%) were freehold as of June 2019

30.6.2019 m²	Current lettable area	Under development	Total lettable area
Freehold facilities	39 400	13 700	53 100
Leased facilities	82 600	0	82 600
<b>SUM</b>	<b>122 000</b>	<b>13 700</b>	<b>135 700</b>

# FREEHOLD PROPERTY AS OF JUNE 2019

## -PROPERTY VALUE INCREASED BY 16% FROM Q4 2018

### Freehold portfolio

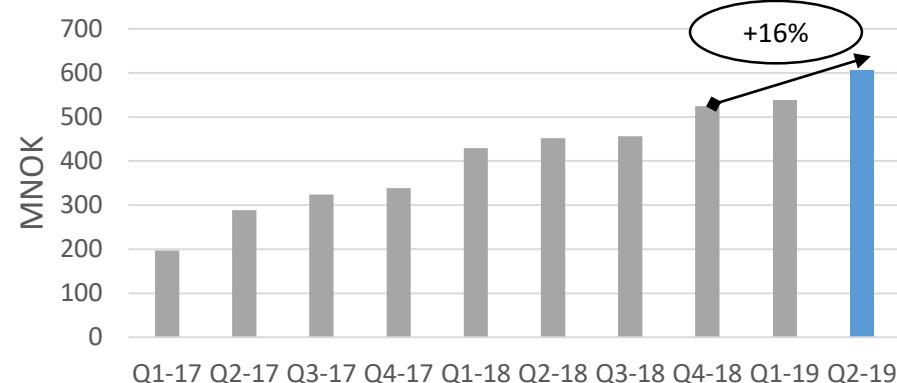
- SSG owns 54 properties with a total gross area of 91 600 m<sup>2</sup>

31.3.2019 m <sup>2</sup>	Gross area	Total lettable area	Current lettable area	Area under <sup>1)</sup> development
Facilities in operation	78 100	52 300	39 400	12 900
Facilities not yet opened	1 100	800	0	800
<b>Sum ex Tiller &amp; Alna</b>	<b>79 200</b>	<b>53 100</b>	<b>39 400</b>	<b>13 700</b>
Tiller <sup>2)</sup>	5 400	3 600	0	3 600
Alna <sup>2)</sup>	7 000	4 900	0	4 900
<b>Sum</b>	<b>91 600</b>	<b>61 600</b>	<b>39 400</b>	<b>22 200</b>

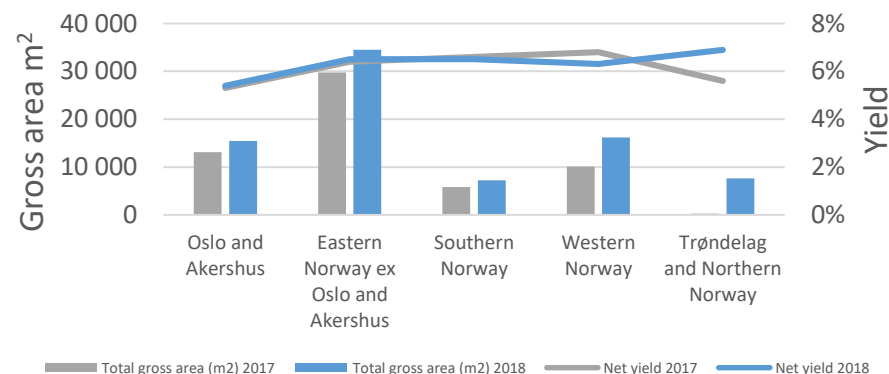
- Internal lease agreements at commercial terms are signed between OK Property and the operating companies in the Group
- External valuations by real estate appraiser Newsec once a year, quarterly assesment of indications of change

1) 2 200 m<sup>2</sup> leased to office-tenants on expiring contracts  
 2) The potential lettable area for the properties Alna and Tiller is subject to building permits

### Total investment property of 606.5 MNOK

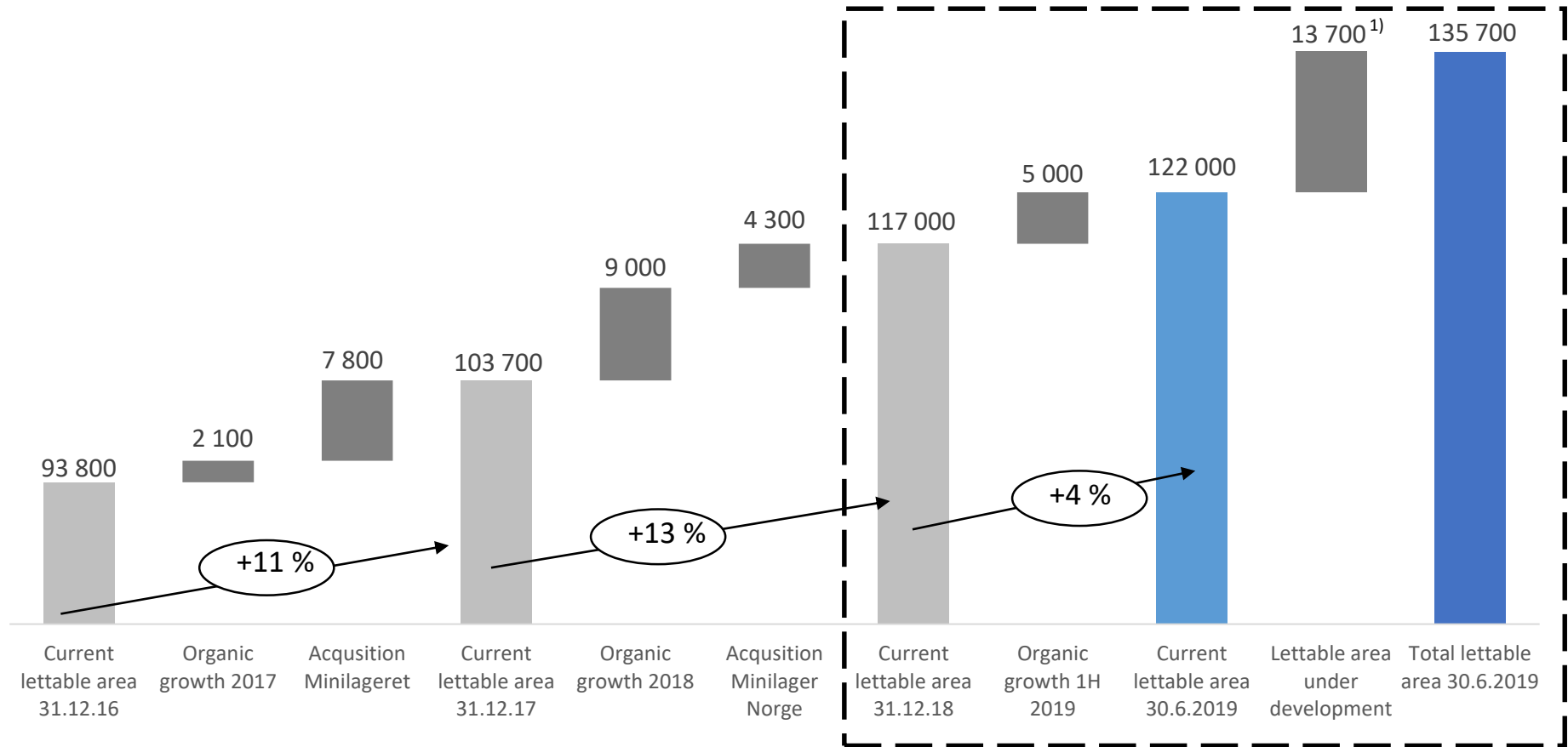


### Gross area pr region and yield as of 31.12.18



# CURRENT LETTABLE AREA OF 122 000 M<sup>2</sup> AS OF JUNE 2019

## – 13 700 M<sup>2</sup> IN PIPELINE<sup>1)</sup>



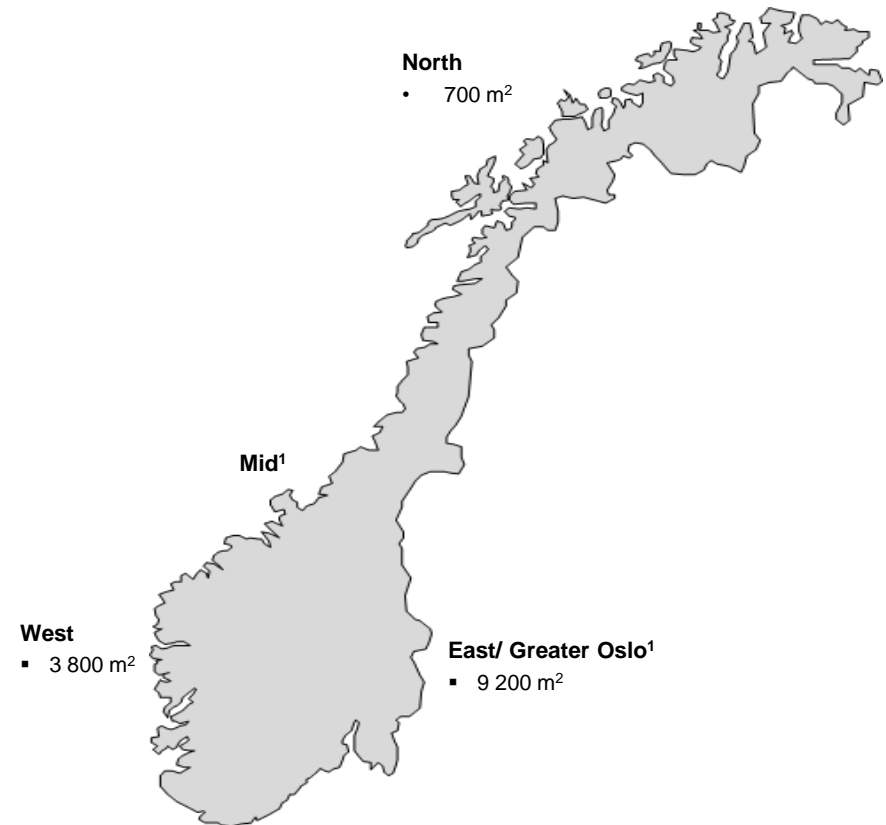
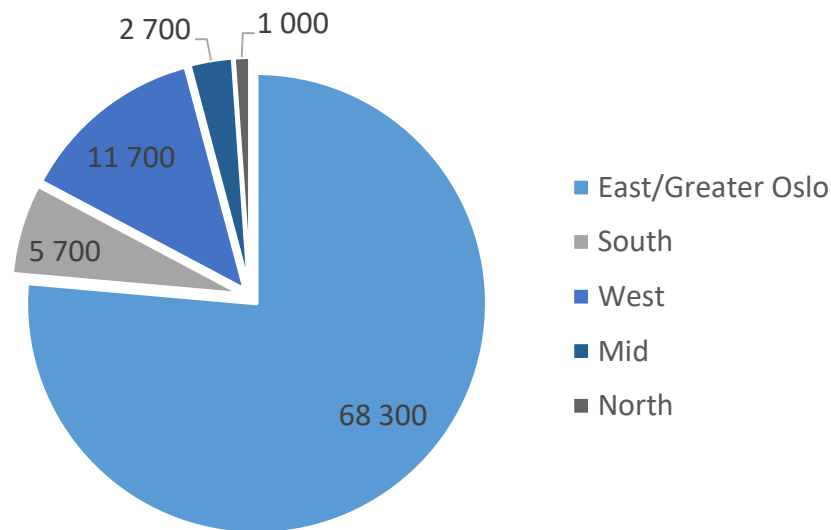
1) Potential lettable area of 3 600 m<sup>2</sup> from the greenfield project in Trondheim and 4 900 m<sup>2</sup> from the greenfield project in Alnabru, Oslo, is not included in the KPIs of Q2 2019, pending building permits

# 13 700 M<sup>2</sup> IN POTENTIAL LETTABLE AREA<sup>1)</sup>

- The potential m<sup>2</sup> is in freehold facilities in Norway
- Rent income from expiring lease contracts from 2 200 m<sup>2</sup> of the 13 700 m<sup>2</sup> not yet built into self-storage units
- 10 000+ m<sup>2</sup> are planned to open during 2019

## Lettable area under development<sup>2</sup>

### Current lettable area pr region in Norway<sup>2</sup>



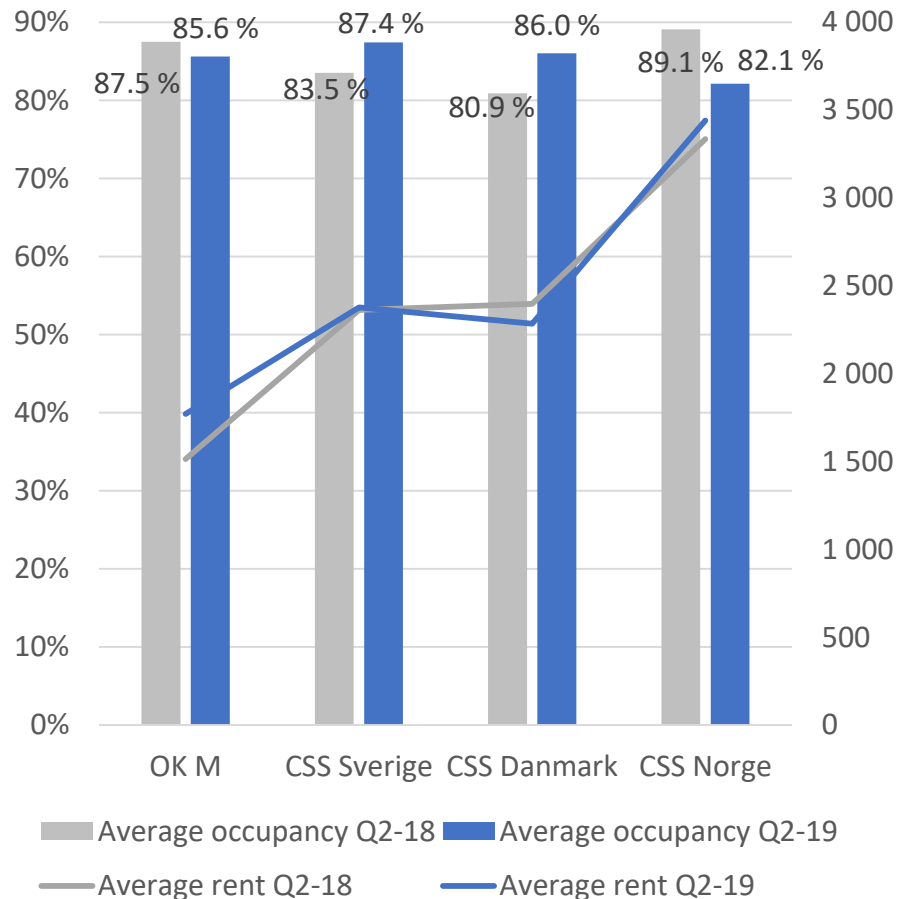
1) In addition there is a potential lettable area of 3 900 m<sup>2</sup> from the greenfield project in Trondheim and 4 900 m<sup>2</sup> from the greenfield project at Alnabru in Oslo that is not included in the KPIs of Q2 2019

2) As of 30 June 2019

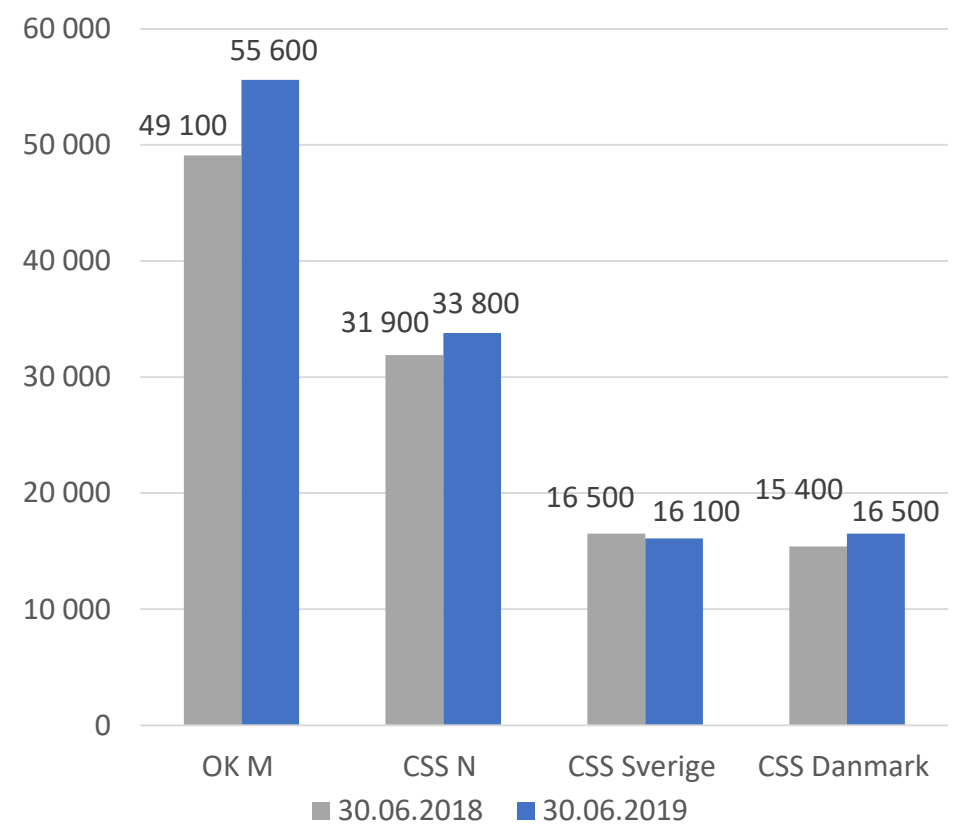
# DEVELOPMENT IN CAPACITY, OCCUPANCY AND RENT

- Occupancy in CSS Norway and OKM has decreased due to expansions of lettable area during the year, and due to longer filling-up phase than 12 months for some large facilities opened last year. Increased average rent pr m<sup>2</sup> for both brands
- Increasing occupancy in CSS Sweden and CSS Denmark. Stable rent per m<sup>2</sup> in CSS Sweden, slightly reduced rent per m<sup>2</sup> in Denmark

## AVERAGE OCCUPANCY<sup>1)</sup> AND RENT<sup>1)</sup>

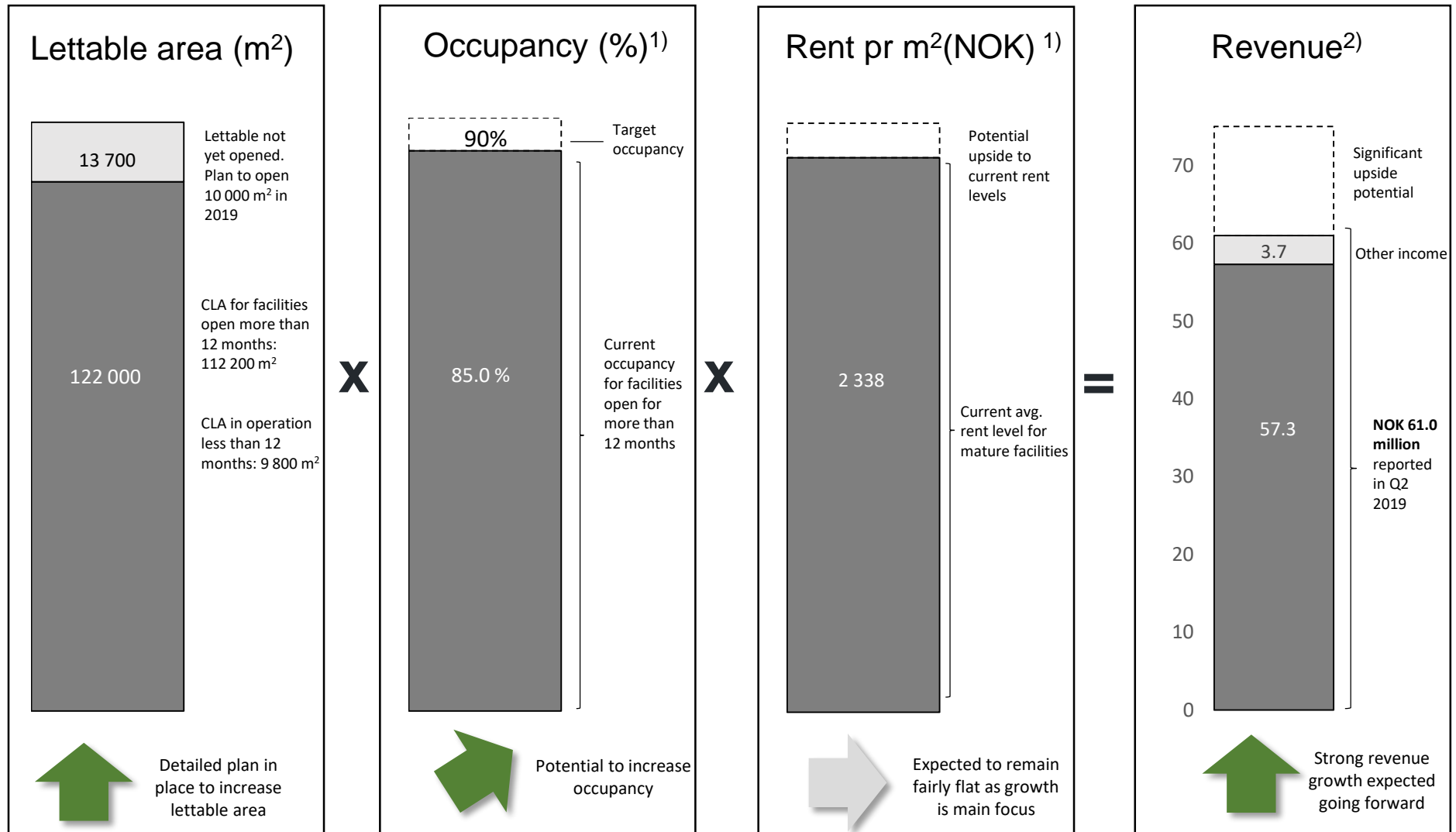


## CURRENT LETTABLE AREA



1) Average occupancy and rent per m<sup>2</sup> for sites with more than 12 months of operation in NOK, expansions are included

# REVENUE DYNAMICS Q2 2019

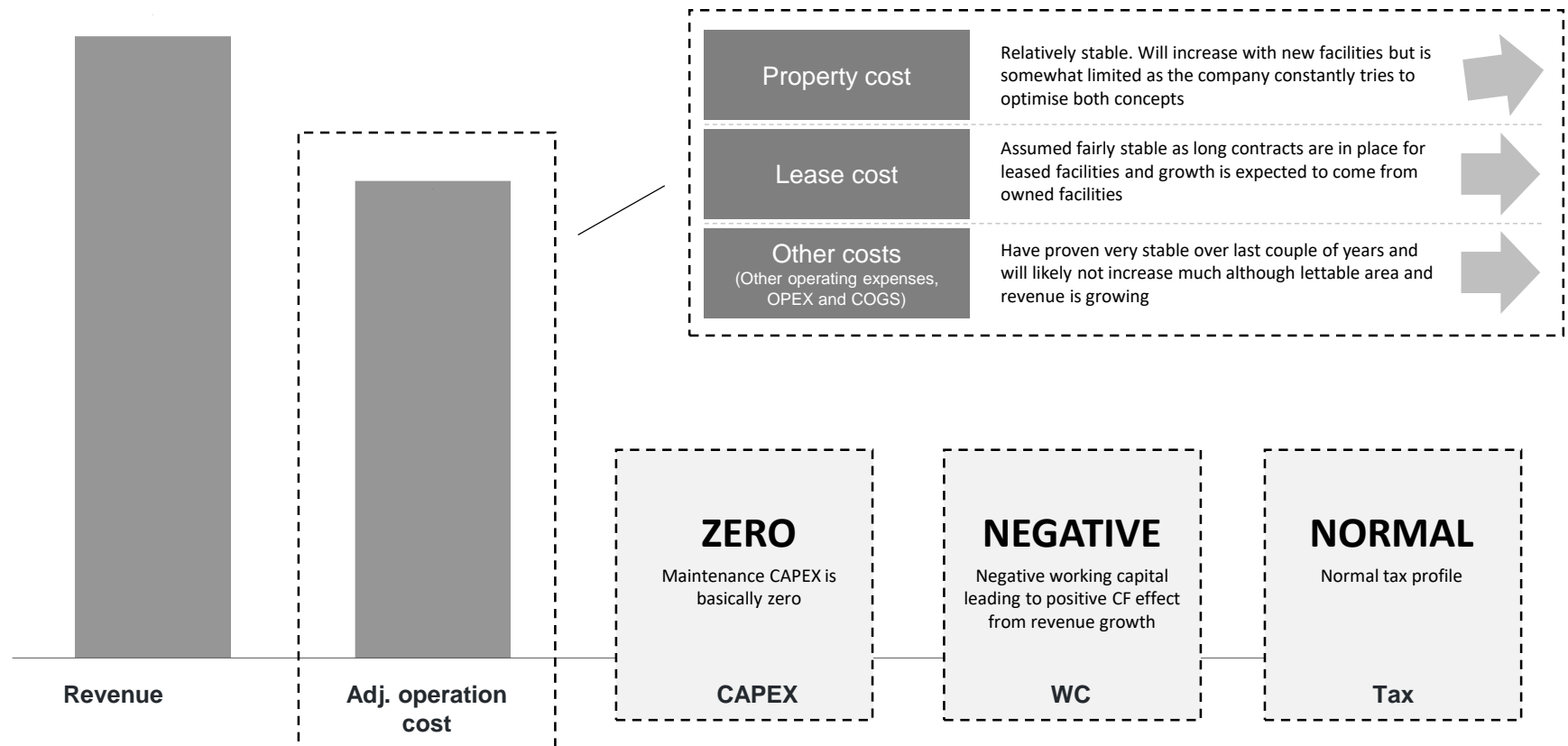


1) Average occupancy and rent pr m² for sites with more than 12 months of operation in NOK

2) Numbers in NOK million

# STRONG LINK BETWEEN REVENUE GROWTH AND ABSOLUTE GROWTH IN PRE TAX FREE CASH FLOW

## Strong link between further growth in revenue and EBITDA



## THE COMPANY





# SELF STORAGE GROUP AT A GLANCE

106

Facilities

20 500

Storage rooms

122 000 m<sup>2</sup>

Current lettable area

135 700 m<sup>2</sup>

Total lettable area

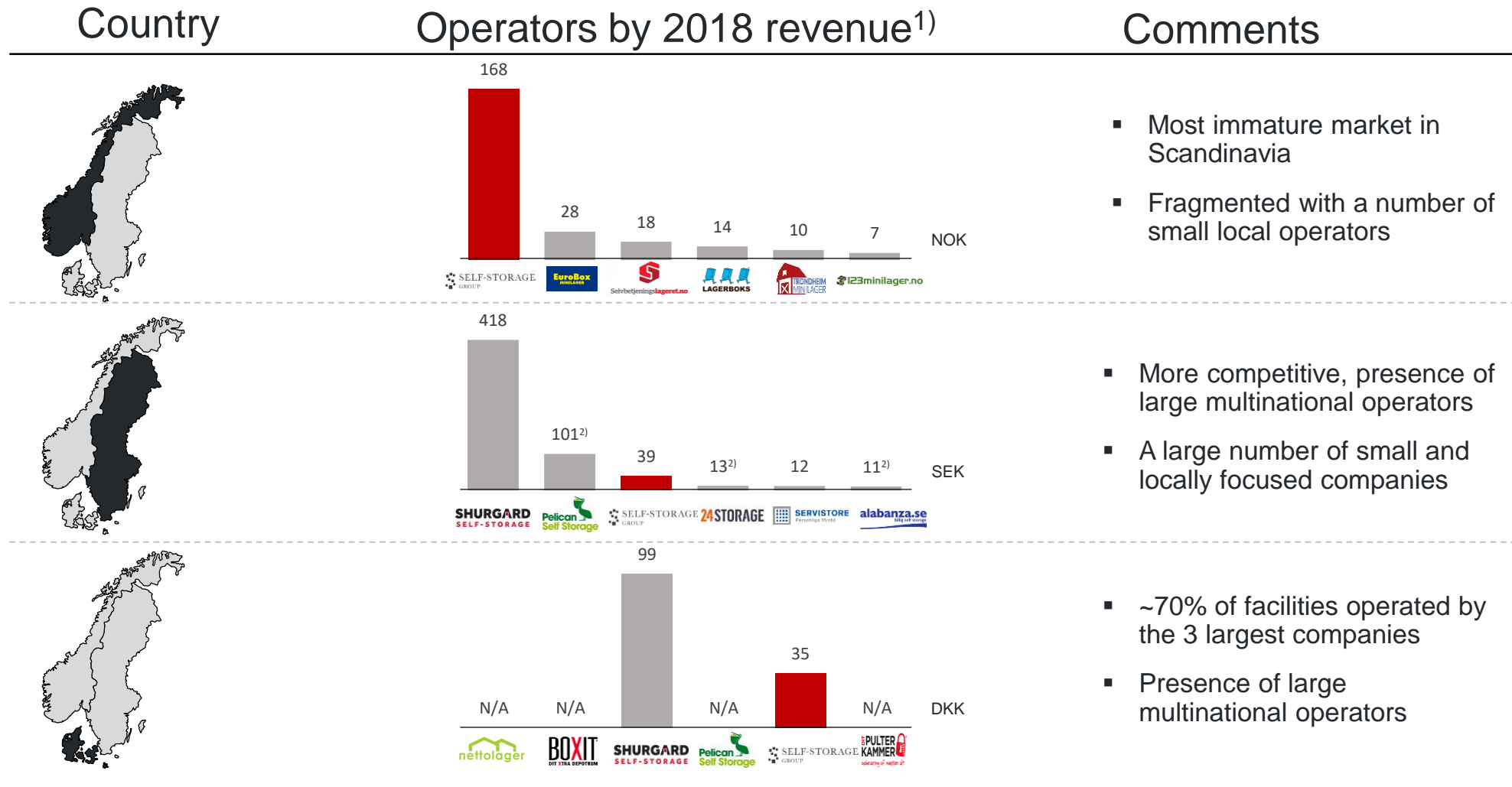
79 200 m<sup>2</sup>

Gross owned area

13 700 m<sup>2</sup>

Lettable area under  
development

# THE SCANDINAVIAN SELF STORAGE MARKET AT A GLANCE



Source: Company information, proff.no, allabolag.se, proff.se

1) Showing revenue in local currencies. Ranking in Denmark based on number of sites as revenue is not available

2) 2017 revenue

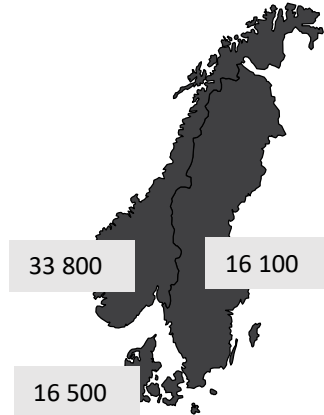
# SSG CONSISTS OF TWO DISTINCT BUSINESS CONCEPTS

## City Self-Storage



*High-end brand providing self-storage rental and ancillary products and services in Scandinavia's larger cities*

- 34<sup>1)</sup> temperate storage facilities across Scandinavia
- One of the leading self-storage providers in the Scandinavian market
- Located in Oslo, Stavanger, Stockholm and Copenhagen, due to open in Trondheim
- 66 400 m<sup>2</sup> CLA (6 800 m<sup>2</sup> is freehold)



## OK Minilager



*Countrywide, discount-priced offering of self-served storage facilities in Norway*

- 72<sup>1)</sup> facilities located across Norway
- 43 temperate storage facilities and 29 drive-in storage facilities
- 2<sup>nd</sup> largest player in Norway, behind CSS
- Self service, open 24 hr/day and 7 days a week
- 55 500m<sup>2</sup> CLA ( 32 600 m<sup>2</sup> is freehold)



1) As of 30 June 2019

# OUR HISTORY



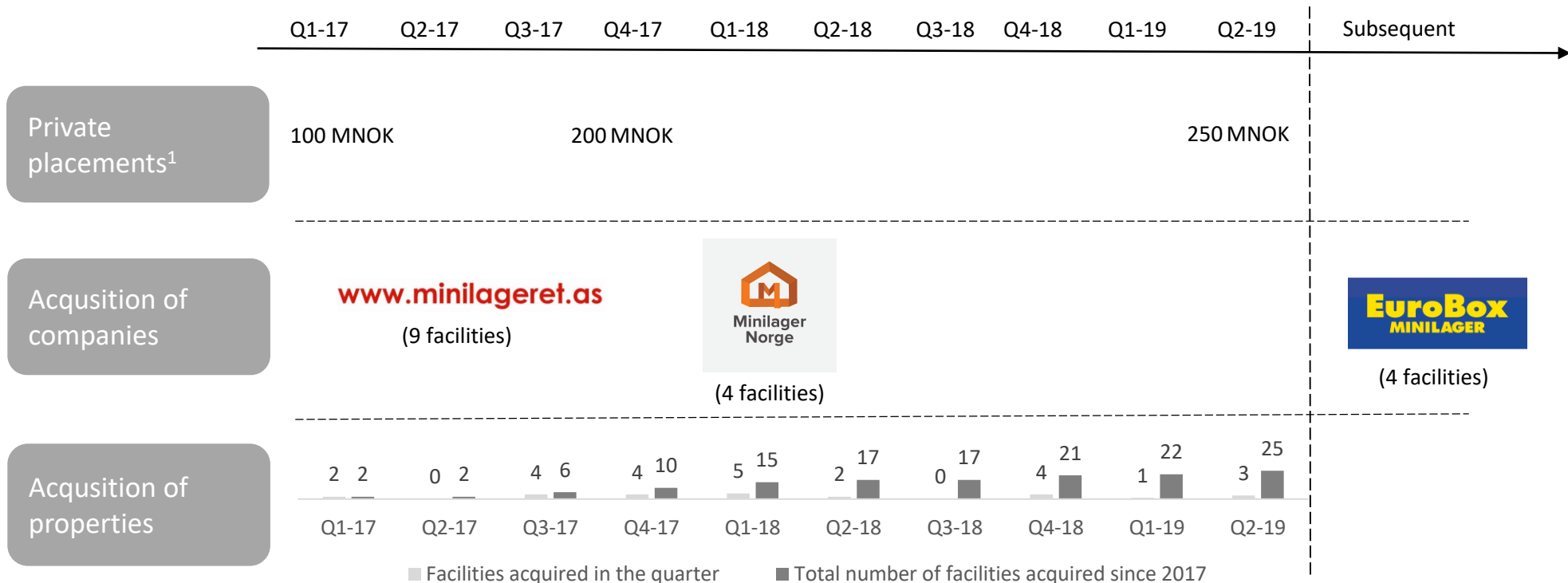
• First CSS site established in Norway, investment in “Safe Mini Lager” in Sweden

• Selvaag Group entered into the business and CSS expanded to Denmark

• OK Minilager was established by Gustav and Fabian Søbak

• Ferncliff invested in OK Minilager  
• OK Minilager acquired CSS

• SSG established  
• Listed on OSE



1) Gross proceeds

# ACQUISITIONS IN THE QUARTER

## KRISTIANSAND - VÅGSBYGD

**Date<sup>1</sup>** : 01.04.2019

**Type:** Property

**Potential lettable area:**  
750 m<sup>2</sup>

**Location:**

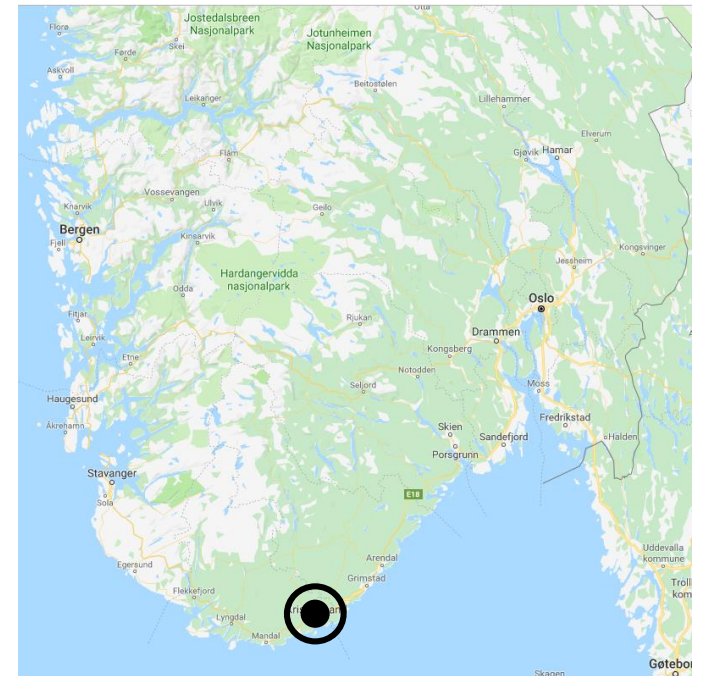
Located in Vågsbygd, just outside of Kristiansand. With this acquisition we strengthen our position as the market leader in the region. Kristiansand is the 6<sup>th</sup> largest city in Norway, and this facility is SSG's 4<sup>th</sup> freehold facility in the city.

**Brand:**

The property is operated under the OK Minilager brand

**Opening:**

The facility opened in June 2019



<sup>1</sup>Date of acquisition

# ACQUISITIONS IN THE QUARTER

## HALDEN

**Date<sup>1</sup>** : 01.04.2019

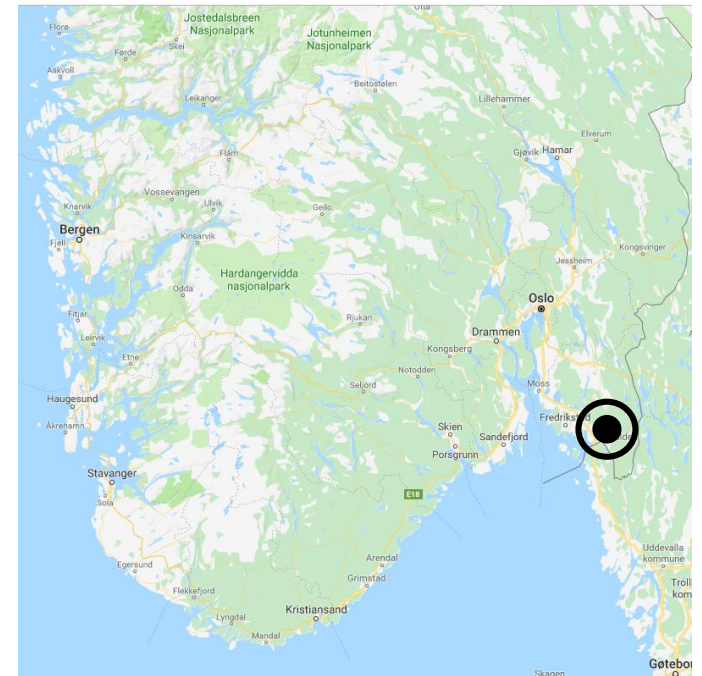
**Type:** Company asset acquisition

**Potential lettable area:**  
970 m<sup>2</sup>

**Location:**  
Located in the city of Halden in the Østfold county.

**Brand:**  
The property is operated under the City Self Storage brand

**Opening:**  
The facility opened in August 2017. The option to acquire this leasehold property was executed in Q2 2019



<sup>1</sup>Date of acquisition



# ACQUISITIONS IN THE QUARTER

## OSLO - ALNABRU

**Date<sup>1</sup>** : 10.04.2019

**Type:** Development property

**Potential lettable area:**  
4 900 m<sup>2</sup>

**Location:**

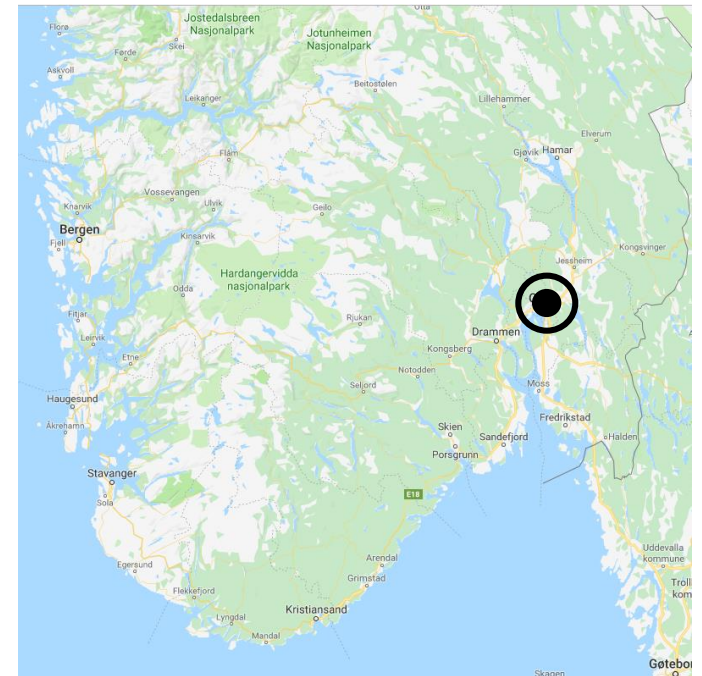
Landmark development property centrally located at Alnabru in Oslo. This greenfield property is highly visible from E6, one of the busiest highways in Norway.

**Brand:**

The property will be operated under the City Self Storage brand




**Expected opening:**

The facility is expected to open in 2021



<sup>1</sup>Date of acquisition

# DEVELOPMENT PIPELINE – GREENFIELD PROJECTS

SITE	LOCATION	STATUS	POTENTIAL CLA (Approx.)	EXPECTED OPENING	CONCEPT
Oslo – Breivollveien	Landmark location with unique visibility	Site acquired in April 2019 Planning application to be submitted in Q3 2019	4 900 m <sup>2</sup>	2021	
Trondheim – Tiller	Prime location with great visibility	Site acquired in June 2018 Planning application submitted in Q2 2019	3 600 m <sup>2</sup>	2020	
Moss - Nøkkeveien	Prime location with great visibility	Construction in progress (extension of existing facility)	1 200 m <sup>2</sup>	Q4 2019	



# ACQUISITION OF EUROBOX – NORWAY'S #2 SELF-STORAGE PLAYER

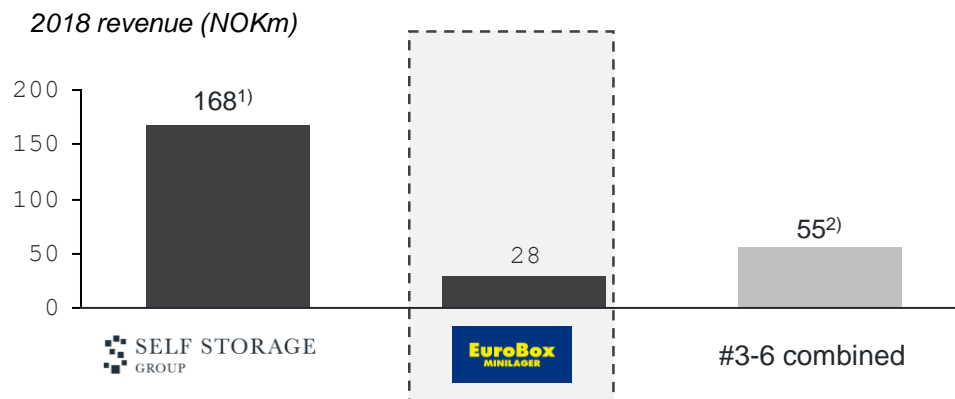
## Eurobox acquisition

- Enterprise Value of NOK 320m
  - Tranche one of two tranches was closed on 1 July 2019
  - NOK 75m settled in SSG consideration shares on 1 July 2019
- Eurobox represents a significant addition to SSG's freehold portfolio
  - 61% of portfolio is freehold with substantial expansion potential
- Option to acquire neighboring building at Billingstad for NOK 31.5 million, with a CLA potential of 3 150 m<sup>2</sup>
- In line with SSG's M&A strategy of strengthening market position and gaining attractive assets with further development potential

## Eurobox in numbers

NOK 28.3m Revenue 2018	10,836 m <sup>2</sup> Current lettable area	19,500 m <sup>2</sup> Gross owned area
NOK 11.7m EBITDA 2018	8,119 m <sup>2</sup> CLA expansion potential <sup>3)</sup>	1,912 Storage rooms

## Strengthening the #1 position in Norway



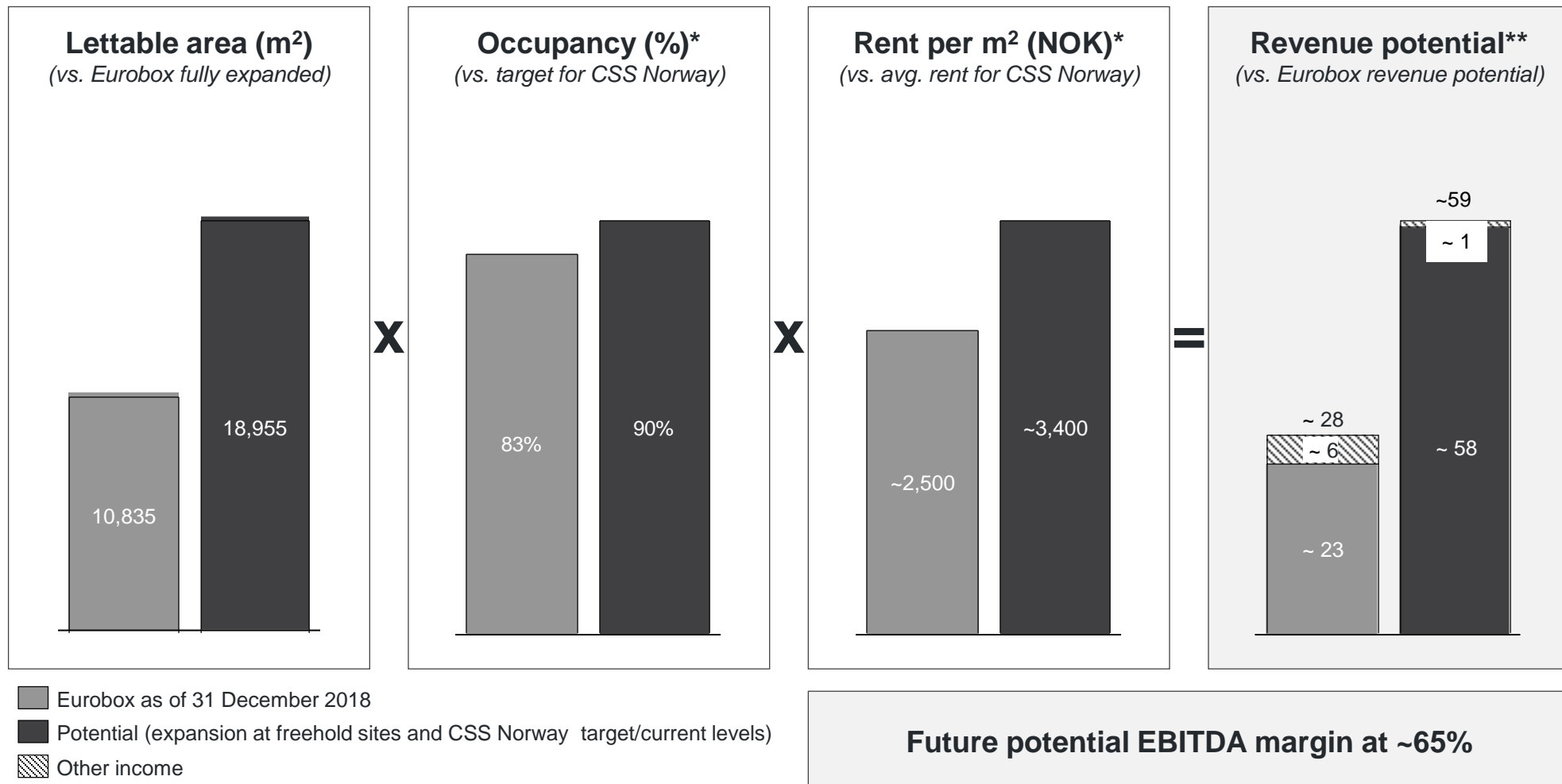
## Four locations in the Oslo-area



Note: <sup>1)</sup>Revenues for the Norwegian market, <sup>2)</sup>2017 revenues if no 2018 numbers available, <sup>3)</sup>Including CLA potential from option to acquire neighbouring building at Billingstad

# SIGNIFICANT REVENUE POTENTIAL FROM EUROBOX

-rebranding to CSS and taking advantage of expansion potential in freehold facilities



Note: \*Average occupancy and rent pr m² for sites with more than 12 months of operation in NOK

\*\* Comprising revenue from renting out storage units (solid grey) and other income (shaded grey)

# AGREEMENTS TO ACQUIRE TWO ATTRACTIVE PROPERTIES CENTRALLY LOCATED IN OSLO

## Kalbakken (Østre Aker vei 101)



Property value	NOK 55m
Expected rent levels	Average CSS levels
Current income	NOK 3.4m
Gross property	4,700 m <sup>2</sup>
CLA	3,000 m <sup>2</sup>

- Facility located alongside Østre Aker vei, with ~23,000 vehicles passing every day
- Feasibility study conducted for expanding the property with an extra floor
- Great visibility and easy access from main roads
- Transaction status: closure on 2 September 2019

## Skøyen (Hovfaret 11)

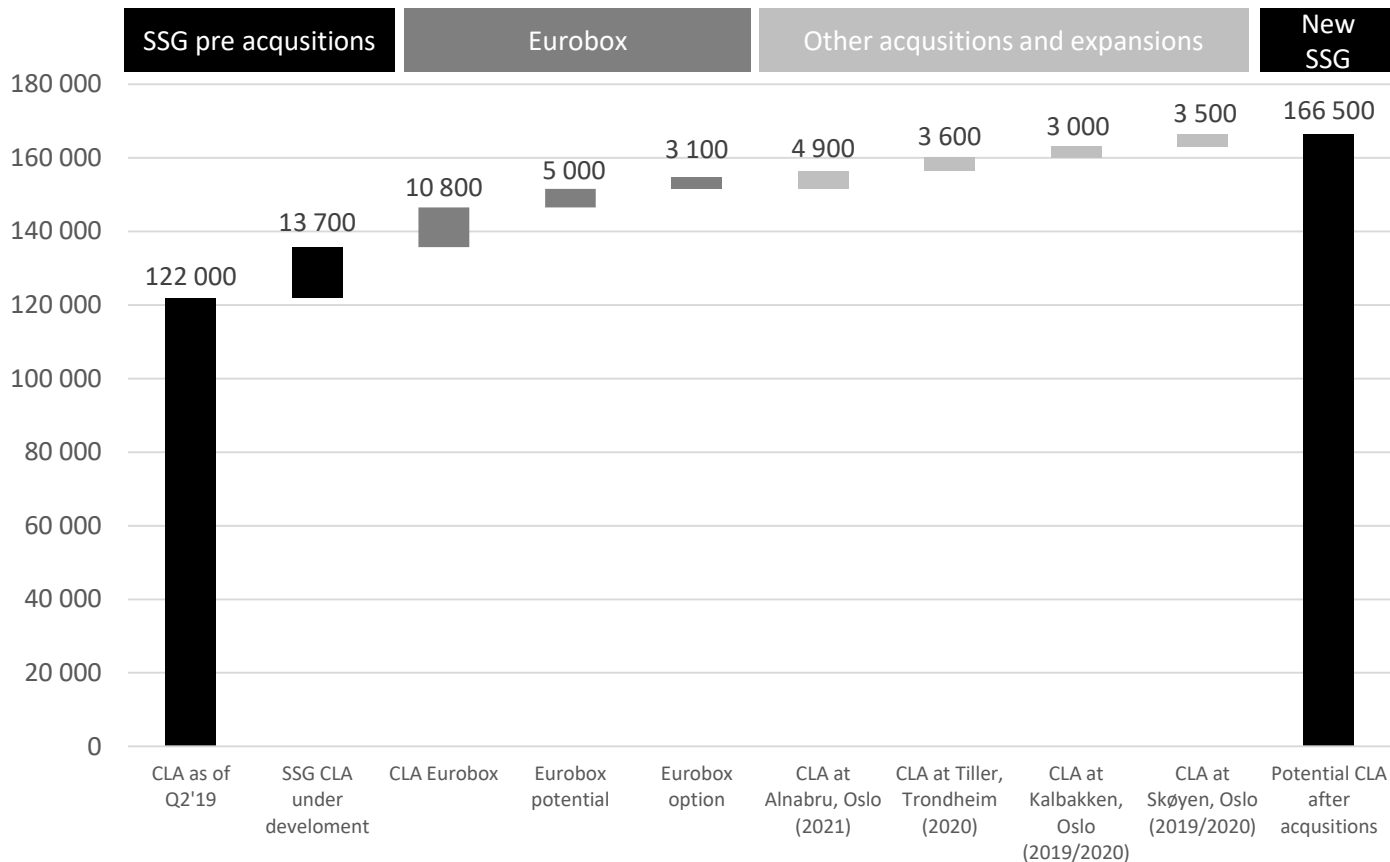


Property value	NOK 145m
Expected rent levels	Above CSS levels
Current income	NOK 0m
Gross property	5,600 m <sup>2</sup>
CLA	3,500 m <sup>2</sup>

- Facility located in Skøyen, an attractive commercial hub with a significant catchment area
- An attractive market opportunity in Oslo West with a higher income demographic
- Low penetration of self storage and high entry barriers in Oslo West
- Transaction status: closure on 30 August 2019

# SIGNIFICANT CLA POTENTIAL FROM ACQUISITIONS

## Rapidly expanding current lettable area



## Comments

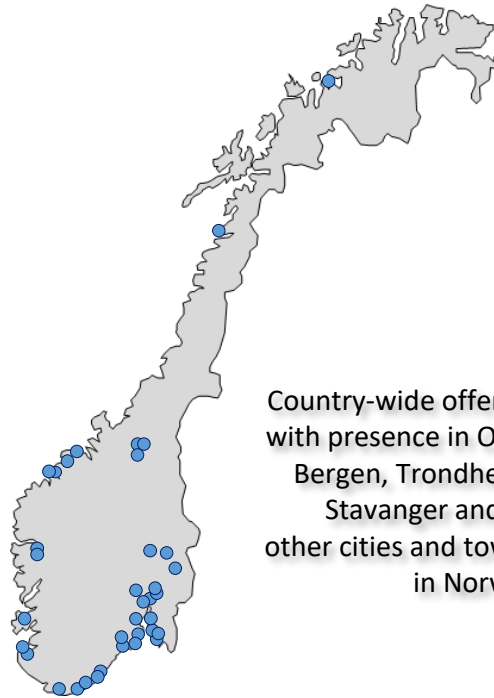
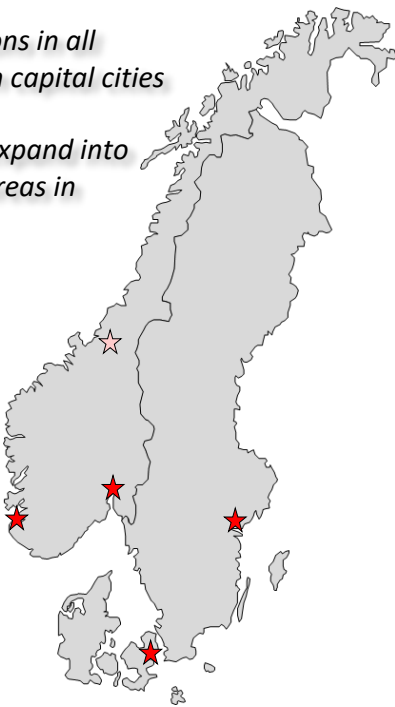
- Significant potential for expansion at Eurobox facilities as well as within the current SSG portfolio
- Capital structure allows for further expansion and to exercise option at Billingstad
- 13,700 m² under development within current SSG portfolio
- 8,100 m² of expansion potential at acquired Eurobox facilities
- 8,500 m² of additional lettable area unlocked by developing existing greenfield projects at Alnabru and in Trondheim
- 6,500 m² CLA from ongoing acquisitions of properties at Kalbakken and Skøyen
- Current expected annual organic growth of 10 000+m²

# SSG HAS A STRONG PLATFORM FOR FUTURE GROWTH



*Prime locations in all  
Scandinavian capital cities*

*Strategy to expand into  
new urban areas in  
Norway*



- Focus on organic growth in Greater Oslo. Strengthening the position of both the CSS and OK Minilager brands in the region
- Focus on the larger urban areas in Norway.
- Potential to enter 30+ smaller markets with population of 10.000<
- Growth potential within existing smaller markets
- Opportunity for M&A in selected markets

# STRATEGIC SUMMARY

- Grow our freehold portfolio in selected urban markets
- Focus on the larger urban areas in Norway
- Occupancy target of 90%
- Investments in CRM, automation and digital platforms
- Creating Great customer experiences
- Lean operation and self-service
- Opportunistic approach to expansion in Sweden and Denmark
- Looking to selectively acquire existing self storage providers in Scandinavia



Illustration of a greenfield project developed under the CSS brand



# Disclaimer

The information included in this Presentation contains certain forward-looking statements that address activities, events or developments that Self Storage Group ASA (“the company”) expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to economic and market conditions in the geographic areas and markets in which Self Storage Group is or will be operating, counterpart risk, interest rates, access to financing, fluctuations in currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors we refer to the Annual Report for 2018 for Self Storage Group. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and Self Storage Group disclaims any and all liability in this respect.

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# Appendix





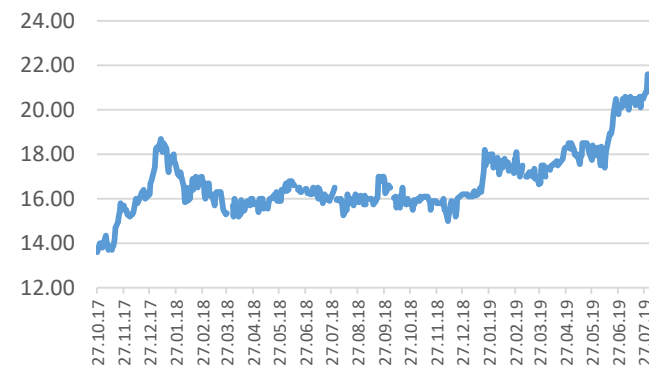
# SSG LISTED ON OSLO STOCK EXCHANGE SINCE 27.10.2017

## Largest shareholders

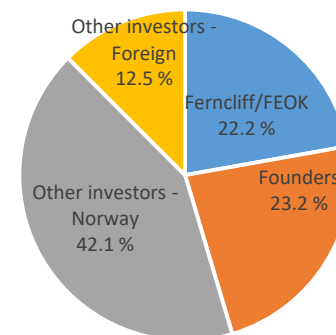
	Holding	%	Name	Country
1	14 297 922	17,3 %	FEOK AS	Norway
2	9 565 000	11,6 %	FABIAN HOLDING AS	Norway
3	9 565 000	11,6 %	CENTRUM SKILT AS	Norway
4	4 080 000	4,9 %	FERNCLIFF INVEST AS	Norway
5	3 896 103	4,7 %	FIRST RISK CAPITAL AS	Norway
6	3 623 214	4,4 %	VATNE EQUITY AS	Norway
7	2 844 978	3,4 %	SKAGEN M2 VERDIPAPIRFOND	Norway
8	2 811 064	3,4 %	HOLTA INVEST AS	Norway
9	2 765 000	3,3 %	HANDELSBANKEN Nordiska Smabolag	Sweden
10	2 095 734	2,5 %	VERDIPAPIRFONDET DNB SMB	Norway
11	1 956 674	2,4 %	ODIN EIENDOM	Norway
12	1 923 074	2,3 %	HSBC TTEE MARLB EUROPEAN TRUST	United Kingdom
13	1 498 432	1,8 %	EATS AS	Norway
14	1 321 428	1,6 %	Danske Invest Norge Vekst	Norway
15	1 070 677	1,3 %	STOREBRAND VEKST VERDIPAPIRFOND	Norway
16	1 000 000	1,2 %	HOLBERG NORGE	Norway
17	993 078	1,2 %	KLAVENESS MARINE FINANCE AS	Norway
18	932 794	1,1 %	BNP Paribas Securities Services	Luxembourg
19	777 569	0,9 %	GRANDEUR PEAK GLOBAL REACH FUND	United States
20	675 000	0,8 %	BNP Paribas Securities Services	France
	67 692 741	81,9 %		

Total number of shares: 82 617 226

## Share development



## Shareholder structure



# SECOND QUARTER 2019

## COMPREHENSIVE INCOME

### Profit and loss statement

(Amounts in NOK 1 000)		Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Note	For the three months ended 30 June 2019	For the three months ended 30 June 2018	For the six months ended 30 June 2019	For the six months ended 30 June 2018	For the twelve months ended 31 December 2018
Revenue	3	61 022	58 695	122 660	116 981	238 361
Lease expenses	2,3	3 215	18 037	6 323	36 094	71 451
Property-related expenses	3	6 013	5 773	12 987	13 060	25 425
Salary and other employee benefits	3	9 734	9 942	19 484	19 309	37 403
Depreciation		2 533	2 372	4 961	4 758	10 527
Other operating expenses	3	8 968	8 036	16 826	16 893	30 311
<b>Operating profit before fair value adjustments</b>		<b>30 559</b>	<b>14 535</b>	<b>62 079</b>	<b>26 867</b>	<b>63 244</b>
Change in fair value of investment properties	6	4 667	2 011	5 073	2 500	38 223
Change in fair value of leasehold properties	2,6	-13 433	-	-26 653	-	-
<b>Operating profit after fair value adjustments</b>		<b>21 793</b>	<b>16 545</b>	<b>40 499</b>	<b>29 366</b>	<b>101 467</b>
Finance income		126	60	284	612	1 511
Finance expense	2	5 833	1 214	11 892	2 587	4 632
<b>Profit before tax</b>		<b>16 086</b>	<b>15 391</b>	<b>28 891</b>	<b>27 391</b>	<b>98 346</b>
Income tax expense		3 989	3 540	6 202	6 350	18 856
<b>Profit for the period</b>		<b>12 097</b>	<b>11 851</b>	<b>22 689</b>	<b>21 040</b>	<b>79 490</b>
<b>Total non-recurring costs</b>		<b>2 489</b>	<b>1 021</b>	<b>2 989</b>	<b>1 942</b>	<b>1 942</b>

### Comments

- Financial development is highly impacted by the implementation of IFRS 16 from 1 January 2019
- Revenue for Q2 2019 was NOK 61.0 million, up NOK 2.3 million from Q2 2018. The increase is related to growth in lettable area and rentals.
- Operating profit in Q2 2019 of NOK 30.6 million was impacted by the implementation of IFRS 16. The increase from Q2 2018 was NOK 16.0 million, whereof NOK 14.6 million relates to the implementation of IFRS 16. In total non-recurring items amounted to NOK 2.5 million in Q2 2019 and NOK 1.0 million in Q2 2018.
- The fair value of investment properties is based on external valuations on owned properties and fair value of leasehold properties relates value adjustment due to passage of time of recognised leases.

# YTD 2019 – FINANCIAL POSITION

## Financial position

(Amounts in NOK 1 000)		Unaudited	Audited	(Amounts in NOK 1 000)		Unaudited	Audited
		30 June	31 December			30 June	31 December
		2019	2018			2019	2018
<b>ASSETS</b>							
<b>Non-current assets</b>	Note			<b>EQUITY AND LIABILITIES</b>			
Investment property	6	606 490	524 505	<b>Equity</b>			
Right-of-use assets - leasehold property	2,6	433 209	-	Issued share capital	7	7 872	6 573
Property, plant and equipment		81 321	70 405	Share premium		670 494	427 889
Goodwill		94 749	94 639	Other reserves		- 361	290
Other intangible assets		1 525	1 376	Retained earnings		212 988	190 299
<b>Total non-current assets</b>		<b>1 217 294</b>	<b>690 925</b>	<b>Total equity</b>		<b>890 993</b>	<b>625 051</b>
<b>Current assets</b>				<b>LIABILITIES</b>			
Inventories		1 647	1 270	<b>Non-current liabilities</b>			
Trade and other receivables		14 915	13 421	Long-term interest-bearing debt	8	214 715	118 023
Other current assets		14 249	22 598	Long-term obligations under finance leases	2,8	395 368	143
Cash and bank deposits		423 391	122 228	Other financial liabilities		655	873
<b>Total current assets</b>		<b>454 202</b>	<b>159 517</b>	Deferred tax liabilities		40 797	34 911
<b>TOTAL ASSETS</b>		<b>1 671 496</b>	<b>850 442</b>	<b>Total non-current liabilities</b>		<b>651 535</b>	<b>153 950</b>
				<b>Current liabilities</b>			
				Short-term interest-bearing debt	8	17 150	11 750
				Short-term obligations under finance leases	2,8	44 372	74
				Trade and other payables		12 068	11 404
				Income tax payable		10 971	11 647
				Other taxes and withholdings		6 130	5 291
				Other current liabilities		38 277	31 275
				<b>Total current liabilities</b>		<b>128 968</b>	<b>71 441</b>
				<b>Total liabilities</b>		<b>780 503</b>	<b>225 391</b>
				<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 671 496</b>	<b>850 442</b>

## Comments

- Total assets of NOK 1 671 million
- Owned investment property increased by NOK 82.0 million since 31 December 2018, and implementation of IFRS 16 with recognition of leasehold property amounted to NOK 433.2 million end June
- Cash and bank deposits increased with NOK 301.2 million mainly due to net proceeds from private placement of NOK 243.9 million and a new loan under the existing loan facility
- Increased equity through the private placement and result for the period
- Positive net interest-bearing debt was NOK 191.5 million. Increased obligations under financial lease due to implementation of IFRS 16, with NOK 439.5 million in the balance as of 30 June 2019
- Equity ratio was 53%
- Negative working capital due to invoicing of customers in advance and stable costs

# Q2 AND YTD 2019 – CASH FLOW

## Condensed consolidated statement of cash flows

### Comments

#### Operating activities

- Implementation of IFRS 16 impacts the cash flow from operating activities positive with NOK 14.6 million for Q2 2019 due to reduced lease expense
- Strong cash flow
- Invoicing of customers in advance – predictable and stable costs

#### Investing activities

- Acquisition of 2 company assets acquisitions (cash) in 2019
- Establishment and fit out new facilities and expansions
- Maintenance is posted as property cost

#### Financing activities

- Private placement with net proceeds of NOK 243.9 million
- Proceeds from a new loan under the existing loan facility and repayment of loan facility in Q2 2019
- Implementation of IFRS 16 impacts the net cash flow from financing activities negative with NOK 14.6 million due to payments of lease liabilities

**SSG's cash position at the end of June 2019 was NOK 423.4 million**

		Unaudited For the three months ended 30 June 2019	Unaudited For the three months ended 30 June 2018	Unaudited For the six months ended 30 June 2019	Audited For the six months ended 30 June 2018	Audited For the year ended 31 December 2018
(Amounts in NOK 1 000)	Note					
<b>Cash flow from operating activities</b>						
Profit before tax		16 086	15 390	28 891	27 391	98 346
Income tax paid		- 723	- 1 853	- 1 446	- 1 853	- 2 244
Interest expense	2	5 236	518	10 474	553	1 819
Depreciation		2 533	2 372	4 961	4 758	10 527
Gain/loss on disposal of property, plant and equipment		- 41	-	-	-	- 47
Change in fair value of investment property	6	- 4 667	- 2 010	- 5 073	- 2 500	- 38 223
Change in fair value of leasehold property	2,6	13 433	-	26 653	-	-
Change in trade and other receivables		- 879	- 655	- 1 482	- 436	- 1 946
Change in trade and other payables		4 121	1 288	609	1 731	791
Change in other current assets		1 127	4 682	1 936	- 523	- 2 414
Change in other current liabilities		- 2 140	- 528	7 759	- 2 059	- 582
<b>Net cash flow from operating activities</b>		<b>34 086</b>	<b>19 204</b>	<b>73 282</b>	<b>27 062</b>	<b>66 027</b>
<b>Cash flow from investing activities</b>						
Payments for investment property		- 16 305	- 20 197	- 22 412	- 46 756	- 62 902
Payments for property, plant and equipment		- 8 964	- 4 468	- 15 231	- 9 323	- 21 648
Net cash outflow on acquisition of subsidiaries		- 48 377	- 806	- 48 356	- 39 454	- 72 957
Net cash outflow from disposal of subsidiaries		-	-	-	-	-
<b>Net cash flow from investing activities</b>		<b>- 73 646</b>	<b>- 25 471</b>	<b>- 85 999</b>	<b>- 95 533</b>	<b>- 157 507</b>
<b>Cash flow from financing activities</b>						
Net proceeds from issue of equity instruments of the Company	7	243 904	-	243 904	-	-
Proceeds from borrowing	8	108 000	-	108 000	-	40 000
Repayment of borrowings	8	- 2 937	- 14 974	- 5 875	- 16 691	- 19 066
Payments of lease liabilities	2,8	- 10 101	-	- 20 744	-	-
Payments of leases classified as interest	2,8	- 4 483	-	- 9 044	-	-
Interest paid	8	- 856	- 506	- 1 683	- 1 135	- 2 312
<b>Net cash flow from financing activities</b>		<b>333 527</b>	<b>- 15 480</b>	<b>314 558</b>	<b>- 17 826</b>	<b>18 622</b>
Net change in cash and cash equivalents		293 967	- 21 747	301 841	- 86 297	- 72 858
Cash and cash equivalents at beginning of the period		129 522	130 374	122 228	195 224	195 224
Effect of foreign currency rate changes on cash and cash equivalents		- 98	- 303	- 678	- 603	- 138
<b>Cash and equivalents at end of the period</b>		<b>423 391</b>	<b>108 324</b>	<b>423 391</b>	<b>108 324</b>	<b>122 228</b>