PHM Group Holding Oyj’s Half-year report January – June 2022: Strategy execution continued – Net sales grew and M&A activity was high

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This release is a summary of PHM Group Holding Oyj’s half year report January – June 2022. The full release is attached and is available on our website at https://www.phmgroup.com/investors/.

April–June 2022

- Reported revenue increased by 32% to 111.1 MEUR (84.3)
- Reported EBITDA increased 22% to 15.7 MEUR (12.8)
- LFL revenue increased by 6% to 113.4 MEUR (107.4)
- LFL adjusted EBITDA increased by 1% to 18.2 MEUR (18.0)
- LTM LFL adjusted EBITDA amounted to 77.5 MEUR as at June 2022
- Leverage amounted to 4.70x
- Twelve acquisitions completed during Q2 2022 with total annual sales of 24.1 MEUR
- PHM Group’s senior secured callable fixed rate notes were listed on Nasdaq Helsinki in June as planned
- Development and execution of ESG strategy and policies continued well

January–June 2022

- Reported revenue increased by 37% to 226.7 MEUR (165.3)
- Reported EBITDA increased 34% to 35.2 MEUR (26.3)
- LFL revenue increased by 6% to 235.9 MEUR (223.2)
- LFL adjusted EBITDA increased by 1% to 38.8 MEUR (38.5)
- Profit for the period amounted to -1.3 MEUR (0.4)
- Operating cash flow before acquisitions increased by 23% to 26.7 MEUR (21.6)

Group key figures

MEUR, IFRS	**4-6/22**	**4-6/21**	**Change %**	**1-6/22**	**1-6/21**	**Change %**	**1-12/21**	**LTM**
Reported								
Revenue	111.1	84.3	32%	226.7	165.3	37%	364.2	N/A
EBITDA	15.7	12.8	22%	34.6	26.3	31%	57.0	N/A
Adjusted EBITDA	17.2	14.5	18%	36.5	29.5	24%	62.8	N/A
Adjusted EBITDA margin %	15.5%	17.2%	-1.8%	16.1%	17.9%	-1.8%	17.2%	N/A
Adjusted EBITA	10.5	8.6	22%	23.4	16.2	44 %	36.1	N/A
Adjusted EBITDA margin %	9.4 %	10.2%	-0.7%	10.3%	9.8%	0.5%	9.9%	N/A
LFL *) financials								

LFL Revenue	113.4	107.4	6%	235.9	223.2	6%	447.6	460.3
LFL EBITDA	16.6	16.3	2%	36.9	35.3	5%	71.4	73.0
Adjusted LFL EBITDA	18.2	18.0	1%	38.8	38.5	1%	77.2	77.5
Adjusted LFL EBITDA margin %	16.0%	16.7%	-0.7%	16.5%	17.2%	-0.8%	17.2%	16.8%
Adjusted LFL EBITA	11.2	10.7	5%	25.0	22.1	13%	46.1	49,0
Adjusted LFL EBITDA margin %	9.9%	10.0%	-0.1%	10.6%	9.9%	0.7%	10.3%	10.6%
Financial position								
Operating cash flow before acquisitions**	6.3	6.2	1_%	26.7	21.6	23%	42.0	
Cash conversion before acquisitions***	40%	48%	-8%	77%	82%	-5%	74%	
Interest bearing net debt	367.8	312.1	18%	367.8	312.1	18%	346.3	
Leverage, x****	4.70	4.55		4.70	4.55		4.48	

*) LFL = Like-for-like, financials adjusted to reflect full 12 months of all entities owned at the end of the period
**) EBITDA + change in NWC (excluding intra group liability to ultimate parent) – CAPEX (excluding acquisition capex)
***) EBITDA / Operating cash flow before acquisitions
****) Interest bearing net debt / (LFL LTM adjusted EBITDA + run rate synergies). The Q2/21 comparison period Leverage recalculated with IFRS numbers compared to originally reported leverage KPI

Management review

During the second quarter, PHM continued executing its strategy of growth both through M&A and organically, as well as improving the operational performance of the acquired businesses. Like-for-like revenue increased by 6% to 113.4 MEUR and LFL adjusted EBITDA grew slightly to 18.2 MEUR. Profitability was impacted by a weaker add on sales mix and high share of contractual work, high sick leave rates and increased fuel and energy costs.

During the quarter PHM continued to develop its business by completing twelve acquisitions in all the countries it operates in. The Group significantly increased its size in Denmark by acquiring Altiren A/S and Alt I Polering ApS, a group active in cleaning in the Copenhagen area. The Group also completed several acquisitions in its other operating countries increasing the scale of the business further and entering new geographical markets. Furthermore, development and execution of ESG policies of the Group progressed well and as part of this development PHM Group set a target of becoming climate neutral by 2035.

As a local Nordic service business, PHM’s business continued to show a relatively mild impact from the war in Ukraine due to its limited direct exposure to the crisis. The main impacts from the war are the increased fuel and energy prices as well as the general price inflation. Q2/22 continued to show a high number of sick leaves in the Group, which had an impact on the Group’s ability to capitalize on add on sales opportunities, as well as increased the Group’s operating costs especially related to sand removal and clean-up after the busy winter season.

The war in Ukraine has so far not materially impacted the demand for the Group’s services. The demand for the Group’s services has remained good and the pipeline for add on services continues to look strong compared to previous years despite the crisis in Ukraine. The Group has taken active measures to end cooperation with suppliers with Russian ownership and ensure that its employees are treated equally regardless of their nationality or background. Although the war in Ukraine has no direct impact on PHM Group’s operations, as all other companies, PHM is not isolated from the indirect effects of the war such as increased price inflation and general economic uncertainty. The Group’s good pricing power enables it to pass on price inflation relatively effectively to customers, but high inflation rates may temporarily impact the Group’s margins. Also, the generally rising cost of living and financing might postpone some nonessential maintenance and improvement work and therefore impact the business in the short-term.

In the long-term PHM sees that the situation will create opportunities to the Group as more focus is put on improving the energy efficiency of real estate and providing energy efficient solutions to residents and tenants. The technical services and other on demand work that was already postponed due to the Covid-19 pandemic is expected to provide further opportunities in the short to mid-term depending on the development of the general economy. Long-term market trends such as continuing urbanization, ageing building stock and interest towards upgrading homes and residential buildings also support the growth of the underlying market.

During the review period (1-6/2022) PHM Group completed a tap issue of its senior secured callable fixed rate notes in the nominal amount of 40 MEUR under the existing 450 MEUR notes' framework. Demand for the issue was good. The Group also completed the listing of the Bonds to Nasdaq Helsinki as planned.

Events after the review period

After the review period the Group has completed four acquisitions, one in Sweden, one in Norway and two in Denmark.

Briefing invitation

PHM Group Holding Oyj's CEO Ville Rantala and CFO Petri Pellonmaa will present the result to the investors and analysts on 15 August 2022 from 11:00 a.m. EET as a Teams meeting. Invitations to investor meetings can be subscribed from the website.

Publication of the next financial results

PHM Group will publish its Q3/2022 interim report on 14 November 2022 at 10:00 a.m. EET.

PHM GROUP HOLDING OYJ

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PHM Group Holding Oyj in brief

PHM Group is a Nordic provider of residential property maintenance services. PHM Group cares about people by taking care of their surroundings. PHM Group consists of the best local enterprises, who share the same values and motives: entrepreneurship and a fair and responsible way of working. PHM Group believes that the only thing better than local service is local service with big resources. With PHM Group you do not have to choose between your well-known local entrepreneur and a big Nordic provider. With PHM Group, you get both. Read more at https://www.phmgroup.com/.

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Attachments

- Download announcement as PDF.pdf
- PHM Group Holding Oyj Half-Year Report 1-6 2022.pdf