



PHM Group Holding Oyj's Financial Statements Bulletin 2022: Net sales continued to grow, strategy executed by market entry to Germany

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PHM Group Holding Oyj Stock Exchange Release 14.2.2022 at 10:00 a.m. EET

This release is a summary of PHM Group Holding Oyj's financial statements bulletin 2022. The full release is attached and available on our website at <https://www.phmgroupp.com/investors/>.

Highlights of October-December 2022

- Reported revenue increased by 35% to 144.2 MEUR (106.7)
- Reported EBITDA increased 33% to 18.4 MEUR (13.9)
- LFL revenue increased by 3% to 144.9 MEUR (140.5)
- LFL adjusted EBITDA increased by 1% to 21.1 MEUR (21.0)
- Leverage amounted to 4.82x
- Entry to the German market by acquisition of Schultz Gruppe, a property service company operating in Northern Germany with its seat in Hamburg
- Seven acquisitions in total completed during Q4 2022 with total annual sales of 51.9 MEUR
- Demand for services remained at a good level and operations in general remain relatively mildly impacted by the war in Ukraine
- Result supported by successful price increases but was negatively impacted by lower volume and weaker sales mix of additional sales, fuel price inflation and continued increased sickness related absenteeism
- Issue of new senior secured floating rate notes in a nominal amount of EUR 70 million under a new framework of EUR 200 million completed
- Execution of Corporate Responsibility Strategy and implementation of corporate governance policies continued well

Highlights of January-December 2022

- Reported revenue increased by 33% to 483.3 MEUR (364.2)
- Reported EBITDA increased 26% to 72.0 MEUR (57.0)
- LFL revenue increased by 5% to 550.1 MEUR (523.9)
- LFL adjusted EBITDA increased by 1% to 86.5. MEUR (85.4)
- Profit for the period amounted to 13.3 MEUR (-4.8)
- Operating cash flow before acquisitions increased by 26% to 53.0 MEUR (42.0)

Group key figures

MEUR, IFRS	10-12/22	10-12/21	Change %	1-12/22	1-12/21	Change %
Reported						
Revenue	144.2	106.7	35%	483.3	364.2	33%
EBITDA	18.4	13.9	33%	72.0	57.0	26%
Adjusted EBITDA	21.1	16.2	30%	78.2	62.8	25%
Adjusted EBITDA margin %	14.6%	15.2%	-0.5%	16.2%	17.2%	-1.0%
Adjusted EBITA	20.3	10.0	102%	56.9	36.6	56%
Adjusted EBITA margin %	14.1%	9.4%	4.7%	11.8%	10.0%	1.7%

LFL *) financials						
LFL Revenue	144.9	140.4	3%	550.1	523.9	5%
LFL EBITDA	18.5	18.7	-1%	80.8	79.6	1%
Adjusted LFL EBITDA	21.1	21.0	1%	86.5	85.4	1%
Adjusted LFL EBITDA margin %	14.6%	15.0%	-0.4%	15.7%	16.3%	-0.6%
Adjusted LFL EBITA	14.8	13.1	13%	62.4	52.3	19%
Adjusted LFL EBITA margin %	10.2%	9.3%	0.9%	11.4%	10.0%	1.4%
Financial position						
Operating cash flow before acquisitions**	13.9	10.1	38%	53.0	42.0	26%
Cash conversion before acquisitions***	76%	73%	3%	74%	74%	0%
Interest bearing net debt	421.8	346.3	22%	421.8	346.3	22%
Leverage, x****	4.82	4.84	0%	4.82	4.84	0%

*) 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). Run rate synergies per 31.12.2022 amounted to 1.0 MEUR (31.12.2021: 1.2 MEUR).

Management review

During the fourth 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. A significant growth leap was taken by acquiring German Schultz Gruppe, an owner-managed company offering a wide range of property services in Northern Germany to a wide range of clients. The acquisition is strategically important to the Group as it opens a new market with significant growth opportunities and enables the continuing execution of the Group's strategy and diversification of the geographical risk of the Group.

Operationally, both like-for-like revenue and like-for-like adjusted EBITDA grew by 3% to 144.9 MEUR and 1% to 21.1 MEUR respectively. The result was supported by price increases and growth of customer base but offset by weaker margin sales mix of additional sales, lower demand for technical and other nonessential services and increased fuel and energy costs. Weakening Swedish Crown also impacted the result by 0.4 MEUR during the quarter.

During the quarter PHM continued to develop its business by completing seven acquisitions, of which the most significant was the acquisition of German Schultz Gruppe. The Group also significantly increased its size in Norway with five acquisitions in different geographical areas. Furthermore, the Group completed one add-on acquisition in Finland. Development and implementation of corporate governance policies progressed well as training of personnel for ethical business conduct continued. A Nordic PHM Climate Working Group was also established to drive the Group's agenda of becoming carbon neutral in 2035 and develop new sustainable business models.

As a local 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 crisis continue to be the increased fuel and energy prices as well as the general price inflation, which the Group has succeeded fairly well in passing on to its own sales prices. Heavy snowfall in December shifted the Groups resources for additional sales towards weaker margin sales which together with the elevated sickness related absenteeism had an impact on the Group's ability to capitalize on add on sales opportunities, as well as increased the Group's operating costs. This in particular offset the impact of price increases that the Group has been able to pass through.

The war in Ukraine has so far not materially impacted the demand for the Group's services. Contract sales has remained unaffected and the demand for add on services has continued largely in line with previous years, albeit demand for some technical and other nonessential services showed a slight weakening during the quarter. The Group has taken active measures to abide by the sanctions imposed against Russia 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'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 costs might postpone some nonessential maintenance and improvement work and therefore impact the business in the short-term.

In the long term, PHM sees that more focus is put on improving the energy efficiency of real estate and providing energy efficient solutions to residents and tenants, which will create opportunities for the Group. 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 Q4/22 the Group took measures to secure financing for future acquisitions and continuation of its growth strategy. The Group increased its Senior Secured Revolving Credit Facility by 12.5 MEUR to 62.5 MEUR. The increase is agreed for 12 months and is in-line with the terms set out in the current financing agreements. Furthermore, new euro-denominated senior secured floating rate notes in a nominal amount of EUR 70 million under a framework of EUR 200 million were issued. Despite challenging conditions in the financial markets the demand for the issue was good, showing the markets conviction towards the Groups strategy and strong resilience of its operations.

During the review period (1-12/2022) in February, PHM Group has also completed a tap issue of its senior secured 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 fixed rate Bonds to Nasdaq Helsinki in June as planned.

Events after the review period

After the review period the Group has completed one acquisition in Finland, one in Denmark and two in Sweden.

Briefing invitation

PHM Group Holding Oyj's CEO Ville Rantala and CFO Petri Pellonmaa will present the result to investors and analysts on 15 February 2023 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

The Financial Statements and Annual Report for 2022 will be published during the week starting on April 24, 2023 (week 17) at the latest.

PHM Group Holding Oyj will publish its Q1/2023 interim report on 15 May, 2023 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 property services group whose mission is to care 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](#)
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