



PHM Group Holding Oyj's Interim Report January - March 2023: Solid quarter in challenging market environment

15.5.2023 10:00:00 EEST | PHM Group Holding Oyj | Interim report (Q1 and Q3)

PHM Group Holding Oyj Stock Exchange Release 15.5.2023 at 10:00 a.m. EEST

This release is a summary of PHM Group Holding Oyj's unaudited interim report January - March 2023. The full release is attached and available on our website at <https://www.phmgroup.com/investors/>.

Highlights of January - March

- Reported revenue increased by 22% to EUR 140.9 million (115.6)
- Reported EBITDA increased 5% to EUR 19.8 million (18.9)
- LFL revenue decreased by 2% to EUR 142.8 million (146.2)
- LFL adjusted EBITDA decreased by 10% to EUR 21.1 million (23.5)
- Profit for the period amounted to EUR 1.9 million (3.2)
- Operating cash flow before acquisitions was strong at EUR 20.2 million (20.5)
- Leverage amounted to 4.86x (4.83)
- Operationally solid quarter but revenue and result impacted negatively by low winter related additional sales in Finland and headwind from exchange rates development.
- Five acquisitions completed during Q1 2023 with total annual sales of EUR 17.5 million.
- Country Director for Denmark recruited with start date during Q2 2023.
- Corporate responsibility reporting with reference to the Global Reporting Initiative (GRI framework) and Taxonomy Regulation developed significantly.

Group key figures

MEUR, IFRS	1-3/23	1-3/22	Change %	1-12/22	LTM
Reported					
Revenue	140.9	115.6	22%	483.3	N/A
EBITDA	19.8	18.9	5%	71.9	N/A
Adjusted EBITDA	20.9	19.4	8%	77.9	N/A
Adjusted EBITDA margin %	14.8%	16.8%	-1.9%	16.1%	N/A
Adjusted EBITA	14.7	13.0	13%	56.6	N/A
Adjusted EBITA margin %	10.4%	11.2%	-0.8%	11.7 %	N/A
LFL *) financials					
LFL Revenue	142.8	146.2	-2%	567.9	564.4
LFL EBITDA	20.0	23.1	-13%	83.4	80.4
Adjusted LFL EBITDA	21.1	23.5	-10%	88.9	86.6
Adjusted LFL EBITDA margin %	14.8%	16.1%	-1.3%	15.7%	15.3%
Adjusted LFL EBITA	14.8	17.5	-15%	63.9	61.3
Adjusted LFL EBITA margin %	10.4%	11.9%	-1.6%	11.3%	10.9%

Financial position					
Operating cash flow before acquisitions**	20.2	20.5	-1%	52.7	
Cash conversion before acquisitions***	102%	108%	-6%	73%	
Interest bearing net debt	425.0	350.1	21%	421.2	
Leverage, x****	4.86	4.83	1%	4.81	

*) 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 31.3.2023 amounted to EUR 0.9 million (31.3.2022: 0.7).

Management review

During the first quarter, PHM Group continued executing its strategy of growth both through M&A and organically, as well as improving the operational performance of the acquired businesses. In addition to solid operational performance, several steps to improve Corporate Responsibility were taken and strengthening of the organization was done by recruitment of a Country Director for Denmark. Despite results headwinds from both low seasonal additional sales and unfavorable exchange rate development, the operating cash flow was very strong.

Like-for-like revenue decreased by 2% to EUR 142.8 million and LFL adjusted EBITDA decreased by 10% to EUR 21.1 million. The result was supported by a clear growth in contract sales across the countries where PHM operates driven by both successfully implemented price increases as well as growth of the customer base. The positive contract sales development was however, offset by the fluctuating weather conditions in Finland resulting in low amount of winter related additional sales coupled with high fuel and labor costs. Impact of weakening exchange rates on like-for like net sales was EUR -4.3 million and on like-for-like adjusted EBITDA was EUR -0.5 million during the quarter.

During the quarter PHM continued to develop its business by completing five acquisitions, of which the most significant was the acquisition of MBA Fastighetservice AB, a full-service property maintenance company with its seat in Gothenburg. The Group also made one further acquisition in Sweden, and one each in Finland, Norway and Denmark. Development and implementation of Corporate Responsibility Strategy progressed well as new HSE tools were introduced and a new Code of Conduct online training for employees was launched.

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 of the crisis continue to be the increased fuel and energy prices as well as the general price inflation, which the Group has succeeded rather well in passing on to its own sales prices. Despite the relatively normal level of snowfall, the rapid changes in temperature especially in Finland led to absence of winter related additional sales while the costs for winter maintenance included in the fixed contracts realized, which had a large negative impact on the Q1/23 result. On the other hand, many of the Swedish and Norwegian operating companies saw increase in snow clearance revenues that supported further the revenue growth y-o-y in local currency.

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 non-essential services showed a slight weakening during the quarter compared to previous year. 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. 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.

Events after the review period

After the review period the Group has completed one acquisition in Sweden. Additionally, PHM completed the listing the new euro-denominated senior secured floating rate notes in a nominal amount of EUR 70 million issued in Q4/2022 on the Nasdaq Helsinki as planned.

Briefing invitation

PHM Group Holding Oyj's CEO Ville Rantala and CFO Petri Pellonmaa will present the result to investors and analysts on 16 May 2023 from 10:00 a.m. CET as a Teams meeting. Invitations to investor meetings can be subscribed from the website.

Publication of the next financial results

PHM Group Holding Oyj will publish its half-year report 2023 on 14 August, 2023 at 9:00 a.m. CET.

PHM GROUP HOLDING OYJ

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PHM Group Holding Oyj in brief

PHM Group is a 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. We believe 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 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 Interim Report 1-3 2023.pdf](#)