



PHM Group Holding Oyj's Half-year report January - June 2023: Organic revenue grew, profitability improved and M&A activity was high

14.8.2023 10:00:09 EEST | PHM Group Holding Oyj | Half Year financial report

PHM Group Holding Oyj Stock Exchange Release 14 August 2023 at 10:00 a.m. (EEST)

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

Second quarter highlights

- Reported revenue increased by 28% to EUR 141.8 million (111.1)
- Reported EBITDA increased 34% to EUR 20.9 million (15.7)
- LFL revenue increased by 1% to EUR 142.8 million (141.7). At comparable exchange rates, LFL revenue increased by 5%
- LFL adjusted EBITDA increased by 3% to EUR 22.7 million (22.1). At comparable exchange rates, LFL adjusted EBITDA increased by 7%
- Profit for the period amounted to EUR -0.7 million (-4.5)
- Operating cash flow before acquisitions increased by 160% to EUR 16.3 million (6.3)
- Leverage amounted to 4.76x (4.70)

January - June highlights

- Reported revenue increased by 25% to EUR 282.7 million (226.7)
- Reported EBITDA increased 18% to EUR 40.7 million (34.6)
- LFL revenue decreased by 1% to EUR 287.6 million (289.7). At comparable exchange rates, LFL revenue increased by 3%
- LFL adjusted EBITDA decreased by 3% to EUR 44.4. million (46.0). At comparable exchange rates, LFL adjusted EBITDA remained nearly unchanged
- Profit for the period amounted to EUR 1.2 million (-1.3)
- Operating cash flow before acquisitions increased by 37% to EUR 36.6 million (26.7)

Significant events during the quarter

- Strengthening of PHM's position in Sweden as a national operator and market leader by acquisition of Bredablick. The acquisition was closed in August 2023
- Six acquisitions completed during Q2 2023 with total annual sales of EUR 8.9 million
- Result supported by price increases, improved add-on sales mix and lower operating expenses but was negatively impacted by lower additional sales volume and headwind from exchange rates development
- Tap issue of new senior secured floating rate notes in a nominal amount of EUR 55 million under the existing framework of EUR 200 million completed
- Kasper Bygholm started as Danish Country Manager and member of the Group Management Team
- Execution of Corporate Responsibility Strategy and implementation of corporate governance policies continued well.

Group key figures

| EUR million, IFRS | 4-6/23 | 4-6/22 | Change % | 1-6/23 | 1-6/22 | Change % | 1-12/22 | LTM |
|-------------------|--------|--------|----------|--------|--------|----------|---------|-------|
| Reported | | | | | | | | |
| Revenue | 141.8 | 111.1 | 28% | 282.7 | 226.7 | 25% | 483.3 | 539.3 |
| EBITDA | 20.9 | 15.7 | 34% | 40.7 | 34.6 | 18% | 71.9 | 78.0 |
| Adjusted EBITDA | 22.1 | 17.2 | 29% | 43.2 | 36.6 | 18% | 77.9 | 84.5 |

| | | | | | | | | |
|---|-------|-------|------|-------|-------|-------|-------|-------|
| Adjusted EBITDA margin % | 15.6% | 15.5% | 0.1% | 15.3% | 16.1% | -0.9% | 16.1% | 15.7% |
| Adjusted EBITA | 15.6 | 10.5 | 49% | 30.3 | 23.5 | 29% | 56.6 | 63.5 |
| Adjusted EBITA margin % | 11.0% | 9.4% | 1.5% | 10.7% | 10.4% | 0.4% | 11.7% | 11.8% |
| | | | | | | | | |
| LFL *) financials | | | | | | | | |
| LFL Revenue | 142.8 | 141.7 | 1% | 287.6 | 289.7 | -1% | 576.5 | 574.4 |
| LFL EBITDA | 21.5 | 20.5 | 5% | 42.0 | 44.1 | -5% | 85.5 | 83.4 |
| Adjusted LFL EBITDA | 22.7 | 22.1 | 3% | 44.4 | 46.0 | -3% | 90.8 | 89.3 |
| Adjusted LFL EBITDA margin % | 15.9% | 15.6% | 0.3% | 15.4% | 15.9% | -0.4% | 15.8% | 15.5% |
| Adjusted LFL EBITA | 16.1 | 15.8 | 2% | 31.4 | 33.6 | -7% | 65.2 | 63.0 |
| Adjusted LFL EBITA margin % | 11.3% | 11.2% | 0.1% | 10.9% | 11.6% | -0.7% | 11.3% | 11.0% |
| | | | | | | | | |
| Financial position | | | | | | | | |
| Operating cash flow before acquisitions** | 16.3 | 6.3 | 160% | 36.6 | 26.7 | 37% | 52.7 | |
| Cash conversion before acquisitions*** | 78% | 40% | 38% | 90% | 77% | 13% | 73% | |
| Interest bearing net debt | 428.1 | 367.8 | 16% | 428.1 | 367.8 | 16% | 421.2 | |
| Leverage, x**** | 4.76 | 4.70 | 1% | 4.76 | 4.70 | 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 30.6.2023 amounted to EUR 0.6 million (30.6.2022: 0.7, 31.12.2022: 1.0).

Management review

During the second 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, M&A activity during the quarter was high. During the quarter, six acquisitions were closed, and the Group expanded its operations in Sweden significantly by signing an agreement to acquire Bredablick, a group of companies operating across Sweden offering services mainly related to residential property management and maintenance as well as facility services. The acquisition was subject to approval from the Swedish Competition Authority and was closed in August 2023 increasing the size of PHM's Swedish business by approximately one third in terms of like-for-like revenue.

Like-for-like revenue increased by 1% to EUR 142.8 million and LFL adjusted EBITDA increased by 3% to EUR 22.7 million. The results continued to be negatively impacted by headwinds from exchange rate development that materialized in a EUR -5.7 million impact on like-for-like revenue and a EUR -0.8 million impact on like-for-like adjusted EBITDA during the quarter. Hence on a fixed FX basis sales grew by 5% and EBITDA by 7%, respectively. The revenue was supported by growth in contract sales across the countries where PHM operates, which in turn was driven by both price increases as well as moderate growth of the customer base. The positive contract sales development was however, offset by the clearly lower additional sales volume in Sweden driven by postponement of non-essential improvement and maintenance work due to general weakening of the economic climate and higher interest rates. Despite additional sales volume being lower the sales mix improved, and this coupled with lower operating expenses resulted in improved margins.

The war in Ukraine has so far not materially impacted the demand for the Group's services. Contract sales has remained unaffected and the lower demand for add on services has largely been related to postponement of some technical and other non-essential services. 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. This will, however, provide the Group with increased growth opportunities when the economic conditions improve.

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.

During Q2/23 PHM secured financing for future acquisitions and continuation of its growth strategy. The Group completed a tap issue in a nominal amount of EUR 55 million of its senior secured callable floating rate notes due 2026, increasing the total outstanding amount to EUR 125 million. Further the super senior revolving credit facility was permanently increased by EUR 27.5 million to EUR 77.5 million in line with the terms and conditions of the Group's current financing. 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.

Events after the review period

After the review period the Group has completed one acquisition in Denmark and three in Sweden, of which the most significant is the acquisition of Bredablick.

Briefing invitation

PHM Group Holding Oyj's CEO Ville Rantala and CFO Petri Pellonmaa will present the result to investors and analysts on 15 August, 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 Q3/2023 interim report on 14 November, 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 Half-Year Report January - June 2023.pdf](#)