



PHM Group Holding Oyj's Interim report January–September 2023: Solid operational performance in a challenging market and all-time high M&A activity

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PHM Group Holding Oyj Stock Exchange Release 14 November 2023 at 10:00 (EET)

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

Third quarter highlights

- Reported revenue increased by 30% to EUR 146.3 million (112.5).
- Reported EBITDA increased by 7% to EUR 20.3 million (19.0).
- LFL revenue increased by 1% to EUR 155.4 million (153.9). At comparable exchange rates, LFL revenue increased by 5%.
- LFL adjusted EBITDA increased by 2% to EUR 25.2 million (24.8). At comparable exchange rates, LFL adjusted EBITDA increased by 5%.
- Profit for the period amounted to EUR -0.9 million (6.5).
- Operating cash flow before acquisitions decreased by 71% to EUR 3.6 million (12.4)
- Leverage amounted to 5.01x (4.71).

January–September highlights

- Reported revenue increased by 26% to EUR 429.0 million (339.2).
- Reported EBITDA increased by 14% to EUR 61.0 million (53.6).
- LFL revenue increased by 1% to EUR 484.2 million (480.3). At comparable exchange rates, LFL revenue increased by 5%.
- LFL adjusted EBITDA increased by 0.4% to EUR 73.5 million (73.2). At comparable exchange rates, LFL adjusted EBITDA increased by 3%.
- Profit for the period amounted to EUR 0.3 million (5.1).
- Operating cash flow before acquisitions increased by 3% to EUR 40.2 million (39.1).

Significant events during the quarter

- All-time high M&A activity; Closing of the acquisition of Bredablick, making PHM the market leader in Sweden, and acquisition of Sefbo, the leading service provider of contract and subscription-based property services to housing associations in Norway. The Sefbo acquisition was closed in October 2023.
- Eight acquisitions closed during Q3 2023 with total annual sales of EUR 85.2 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.
- Amendments to the terms and conditions of PHM Group Holding Oyj's floating rate notes due 2026 and increase of the framework from EUR 200 million to EUR 450 million were approved. Financing for the acquisition of Sefbo secured. Underwriting commitments received in an amount of EUR 140 million, with a subsequent tap issue of the floating rate notes made in October 2023.

Group key figures

EUR million, IFRS	7-9/23	7-9/22	Change %	1-9/23	1-9/22	Change %	1-12/22	LTM
Reported								
Revenue	146.3	112.5	30%	429.0	339.2	26%	483.3	573.1
EBITDA	20.3	19.0	7%	61.0	53.6	14%	71.9	79.3
Adjusted EBITDA	22.0	20.1	9%	65.1	56.5	15%	77.3	85.9
Adjusted EBITDA margin %	15.1%	17.9%	-3%	15.2%	16.7%	-1%	16.0%	15.0%
Adjusted EBITA	14.8	12.7	16%	45.1	36.0	25%	56.0	65.1
Adjusted EBITA margin %	10.1%	11.3%	-1%	10.5%	10.6%	0%	11.6%	11.4%
LFL *) financials								
LFL Revenue	155.4	153.9	1%	484.2	480.3	1%	654.9	658.8
LFL EBITDA	23.5	24.0	-2%	69.3	70.4	-2%	92.0	90.9
Adjusted LFL EBITDA	25.2	24.8	2%	73.5	73.2	0%	97.3	97.6
Adjusted LFL EBITDA margin %	16.3%	16.1%	0%	15.2%	15.2%	0%	14.9%	14.8%
Adjusted LFL EBITA	17.7	17.6	1%	51.1	52.0	-2%	68.4	67.5
Adjusted LFL EBITA margin %	11.4%	11.4%	0%	10.5%	10.8%	0%	10.4%	10.2%
Financial position								
Operating cash flow before acquisitions**	3.6	12.4	-71%	40.2	39.1	3%	52.7	
Cash conversion before acquisitions***	18%	65%	-47%	66%	73%	-7%	73%	
Interest bearing net debt	503.4	384.0	31%	503.4	384.0	31%	421.2	
Leverage, x****	5.01	4.71	6%	5.01	4.71	6%	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 30.9.2023 amounted to EUR 2.9 million (30.9.2022: 1.0, 31.12.2022: 1.0).

Management review

The third quarter of 2023 was characterized by all-time high M&A activity and solid operational performance in a challenging market. During the quarter, PHM Group closed the acquisition of Bredablick that it had signed in Q2/23, grew its business in Denmark significantly with two large acquisitions, and signed an agreement to acquire Sefbo -Group, the leading service provider of contract and subscription-based property services to housing associations in Norway. The Sefbo acquisition required the approval of the Norwegian Competition Authority and was closed in October 2023. The transactions, including the Sefbo transaction that closed in Q4/23, will grow PHM's business significantly: the Swedish business by approximately one third, the Danish business by approximately two thirds and the Norwegian business will more than double in terms of like-for-like revenue. Operationally, PHM continued developing its existing business in-line with the strategy of organic growth and improving the operational performance of the acquired businesses.

Like-for-like revenue increased by 1% to EUR 155.4 million and LFL adjusted EBITDA increased by 2% to EUR 25.2 million. The results continued to be negatively impacted by headwinds from exchange rate development that materialized in a EUR

-6.6 million impact on like-for-like revenue and a EUR -0.7 million impact on like-for-like adjusted EBITDA during the quarter. Hence on a fixed FX basis sales and adjusted EBITDA grew by 5%, 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 and growth of the customer base, as well as strong add-on sales development in Denmark and Germany. The positive sales development was, however, offset by lower additional sales volume especially in Sweden and Norway 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 Q3/23 PHM increased the framework of its senior secured callable floating rate notes due 2026 from the previous EUR 200 million to EUR 450 million, to secure its capacity to continue its growth strategy. Also PHM secured the financing for the acquisition of Sefbo by receiving underwriting commitments in an amount of EUR 140 million and a minimum issue price of 100% of par in relation to a tap issue of its existing EUR 125 million senior secured callable floating rate notes due 2026. The tap issue was subsequently completed in October and despite challenging conditions in the financial markets, the demand for the issue was good, showing the markets conviction towards the Group's strategy and strong resilience of its operations. Additional Notes were issued to the market in October at 100.25% of par.

Events after the review period

After the review period the Group has completed one acquisition in Sweden, one in Germany, one in Finland and closed the acquisition of Sefbo in Norway. In connection with closing the Sefbo acquisition, Tommy Fredriksen, current CEO of Sefbo, was appointed Country Director of Norway and member of the Group's Management Team. Further, the Group issued a tap issue of senior secured callable floating rate notes in a nominal amount of EUR 140 million.

Briefing invitation

PHM Group Holding Oyj's CEO Ville Rantala and CFO Petri Pellonmaa will present the result to investors and analysts on 15 November 2023 at 13:00 CET / 14:00 EET 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 Q4/2023 Financial Statements bulletin release on 14 February 2024 at 9:00 CET / 10:00 EET.

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 January - September 2023.pdf](#)