

Big or local? Why not both. 

PHM Group Holding Oy  
Interim report 1-3 2022  
16 May 2022

# Presenting today



Ville Rantala  
Chief Executive Officer



Petri Pellonmaa  
Chief Financial Officer

# Agenda

A stylized floral graphic with five petals in shades of yellow, orange, and pink.

Q1  
HIGHLIGHTS

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BUSINESS  
REVIEW

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FINANCIAL  
POSITION

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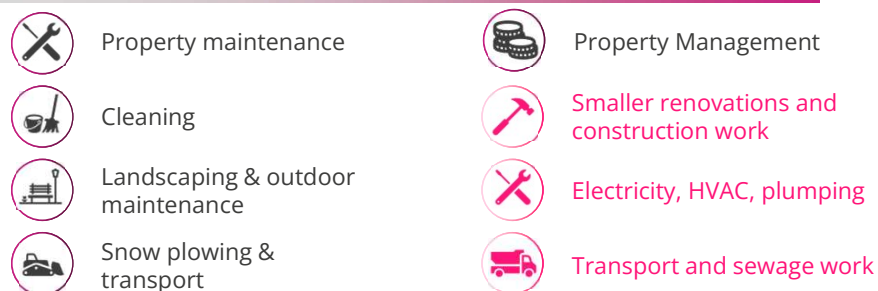
APPENDIX

# PHM Group is a leading provider of local property services in the Nordics

## KEY FACTS AS PER 31 MARCH 2022



## BROAD SERVICE OFFERING

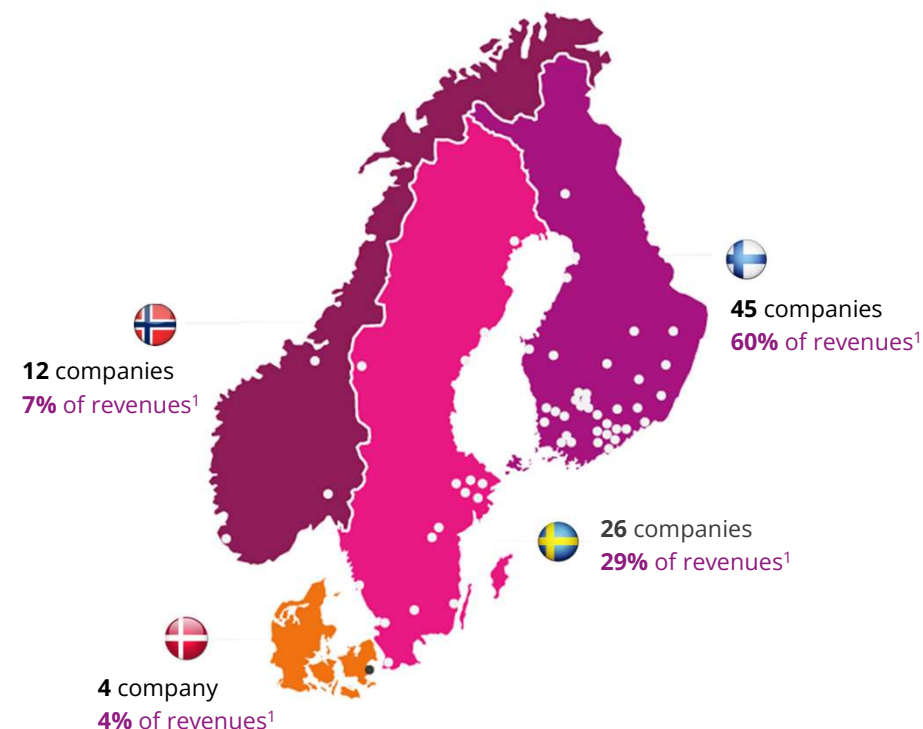


○ TRADITIONAL

○ ADD-ON SERVICES

**phm\*** Nordic all-stars in local property service.

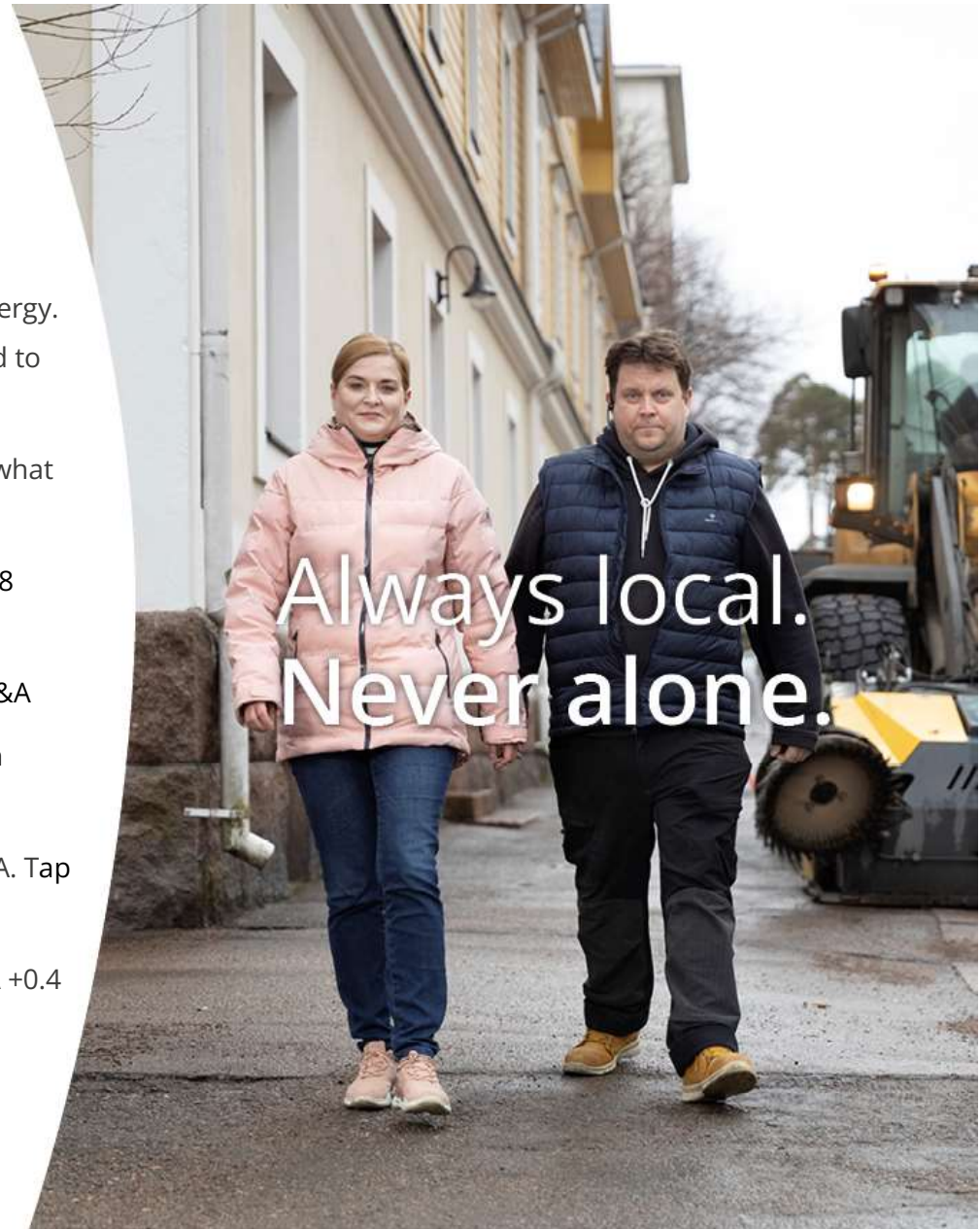
## FINNISH MARKET LEADER WITH A NORDIC STRONGHOLD



# Highlights Q1/2022

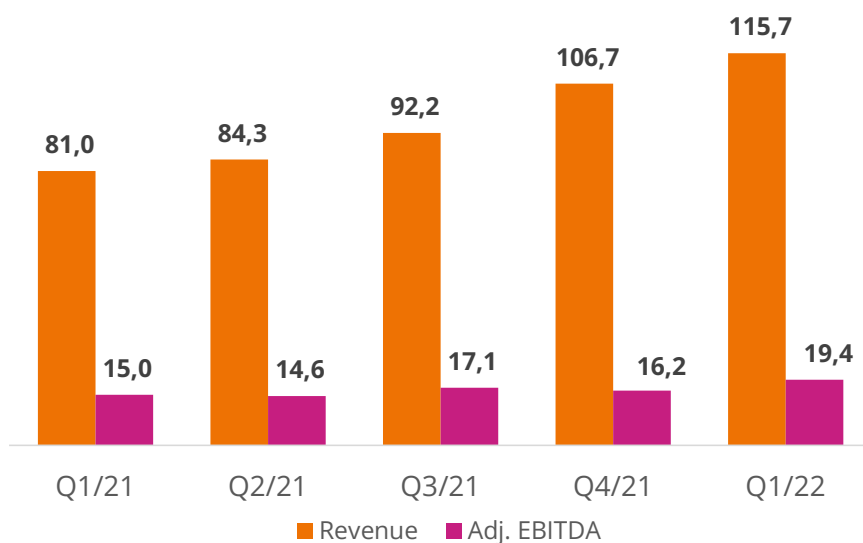
- ★ The situation in Ukraine impacting the business through price inflation in fuel and energy. Active measures taken to end cooperation with suppliers with Russian ownership and to ensure employee well being regardless of their background
- ★ Covid-19 sick leaves on a high level causing direct and indirect costs, as well as somewhat impacting ability to execute on add on sales opportunities
- ★ M&A activity remained high during Q1: 7 acquisitions closed during Q1 and a further 8 acquisitions closed after the review period. Pipeline very strong
- ★ Continued clear growth y-o-y in terms of actual revenue and profitability driven by M&A
- ★ LFL revenue increased and adjusted EBITDA remained stable due to cost effects from Covid-19, price inflation and heavy winter
- ★ Strong operating cash flow driven by seasonality in working capital and strong EBITDA. Tap issue of 40 MEUR completed and improving liquidity
- ★ Transition to IFRS impacting figures. LTM LFL adjusted EBITDA +11.7 MEUR and EBITA +0.4 MEUR. Interest-bearing net debt +22.3 MEUR (3/2022)
- ★ Rebranding of PHM Group complete

**phm**<sup>\*</sup> Nordic all-stars in local property service.



# Reported revenue and earnings continued to grow

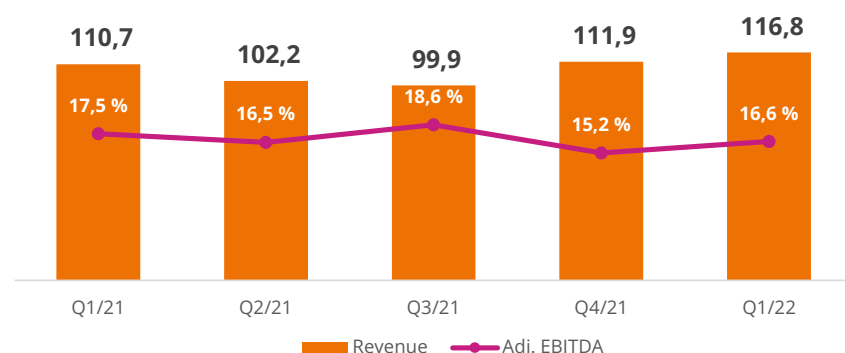
GROUP REVENUE (MEUR) AND ADJUSTED EBITDA MARGIN (%), LIKE-FOR-LIKE



- ★ The Group's reported revenue was 115.7 MEUR (81.0) in Q1 2022.
- ★ The business scale has increased materially compared to the comparison period as the Group has completed several sizeable add on acquisitions during 2021.
- ★ The Group's adjusted EBITDA was 19.4 MEUR (15.0) in Q1 2022. The increase in adjusted EBITDA is largely explained by the difference in scale of operations explained above.

# Like-for-like revenue grew, but adjusted EBITDA impacted by Covid-19 and fuel prices

GROUP REVENUE (MEUR) AND ADJUSTED EBITDA MARGIN (%), LIKE-FOR-LIKE



★ LFL revenue increased by 5%

- ★ Growth driven by an active winter season in Finland, increased contract customer base and increased project revenue in Norway, offset by a mild winter season in Sweden
- ★ Covid 19 impacting the Group's ability to execute on add on work
- ★ At comparable exchange rates, LFL revenue increased 6%

★ LFL adjusted EBITDA remained stable at 19.4 MEUR

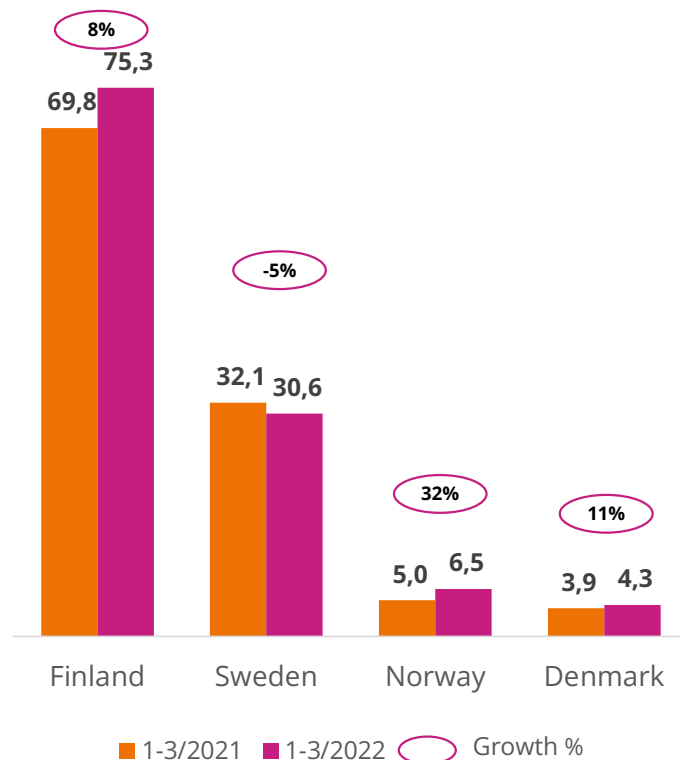
- ★ Adjusted EBITDA was supported by the increased sales, albeit with a weaker profitability. Resources constrained due to Covid-19 and focused on contractual work and lower-margin snow clearance activities instead of other additional sales.
- ★ Covid-19 additionally increasing costs in terms of direct sickness absence costs as well as increased replacement costs in terms of overtime and external services during the busy winter season. Increased fuel and energy prices as well as increased raw material prices further weakened adjusted EBITDA

GROUP REVENUE (MEUR) AND ADJUSTED EBITDA MARGIN (%), LIKE-FOR-LIKE

MEUR	Q1/22	Q1/21	Change, %	LTM 3/2022	2021
<b>Net Sales</b>	<b>116,8</b>	<b>110,7</b>	<b>5 %</b>	<b>430,7</b>	<b>424,7</b>
Gross margin	<b>84,9</b>	<b>82,3</b>	<b>3 %</b>	<b>319,5</b>	<b>316,9</b>
Gross margin %	72,7 %	74,3 %	-2 %	0,7	74,6 %
Personnel costs	-52,2	-50,7	3 %	-197,8	-196,2
% of revenue	-44,7 %	-45,7 %	1 %	-0,5	-46,2 %
Other operating expenses	-13,4	-12,2	9 %	-49,9	-48,8
% of revenue	-11,4 %	-11,0 %	0 %	-0,1	-11,5 %
<b>Adjusted EBITDA</b>	<b>19,4</b>	<b>19,4</b>	<b>0 %</b>	<b>71,8</b>	<b>71,8</b>
Adjusted EBITDA margin %	16,6 %	17,5 %	-1 %	0,2	16,9 %

# LFL revenue continued to grow in all geographies except Sweden

LFL REVENUE (MEUR) BY COUNTRY AND GROWTH Y-O-Y (%)

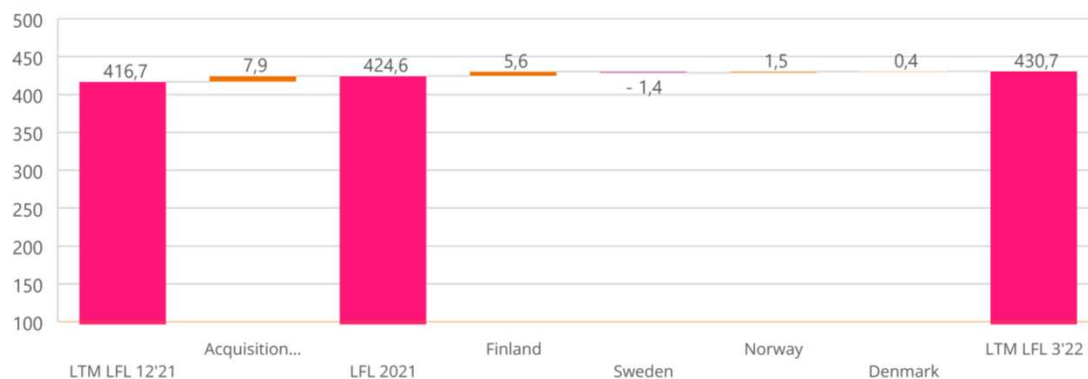


- ★ Limited impact from the Covid -19 pandemic on demand for services thanks to high share of recurring revenues from necessary day to day services.
- ★ Ability to execute on add on sales opportunities impaired due to high sick leaves especially in Sweden and Finland.
- ★ Active winter season boosting snow related sales especially in Finland. Contract sales also showing a material increase
- ★ Mild winter and FX effect main drivers for the negative development in Sweden. Contract sales have, however, grown during the period.
- ★ Strong growth continued in Norway driven by increased add on sales revenues as well as contract revenues. Growth in Denmark driven mainly by increased customer base
- ★ The war in Ukraine has not had a visible impact on demand nor the Group's ability to execute work



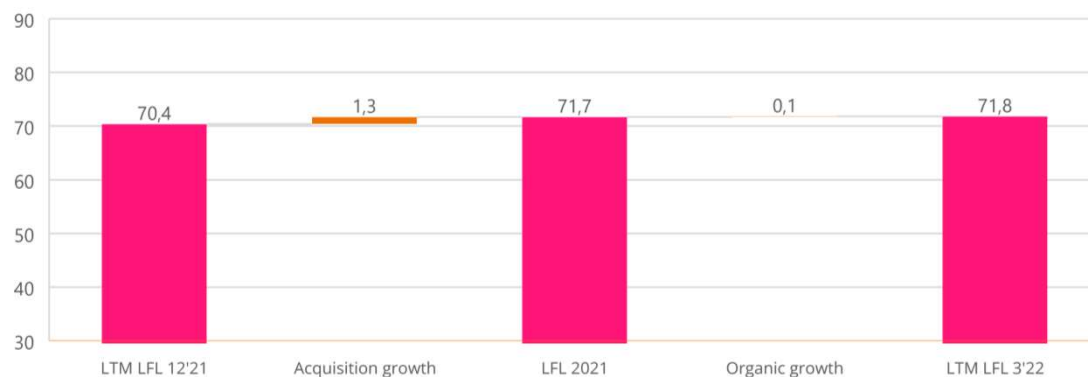
# Both organic and M&A growth continued

LTM LFL REVENUE DEVELOPMENT, MEUR



- ★ 7 closed acquisitions having a 7,9 MEUR impact on sales and 1,3 MEUR impact on EBITDA, respectively
- ★ Organic sales growth strong driven mainly by
  - ★ Good winter conditions in Finland
  - ★ Active add on sales in Norway
  - ★ Increased customer base in Denmark
  - ★ Offset by mild winter conditions in Sweden
- ★ Organic growth in sales strong, but EBITDA limited due to negative cost implications from Covid, fuel prices and timing of snow fall as described earlier

LTM LFL ADJ. EBITDA DEVELOPMENT, MEUR



# 7 transactions closed in Q1/22

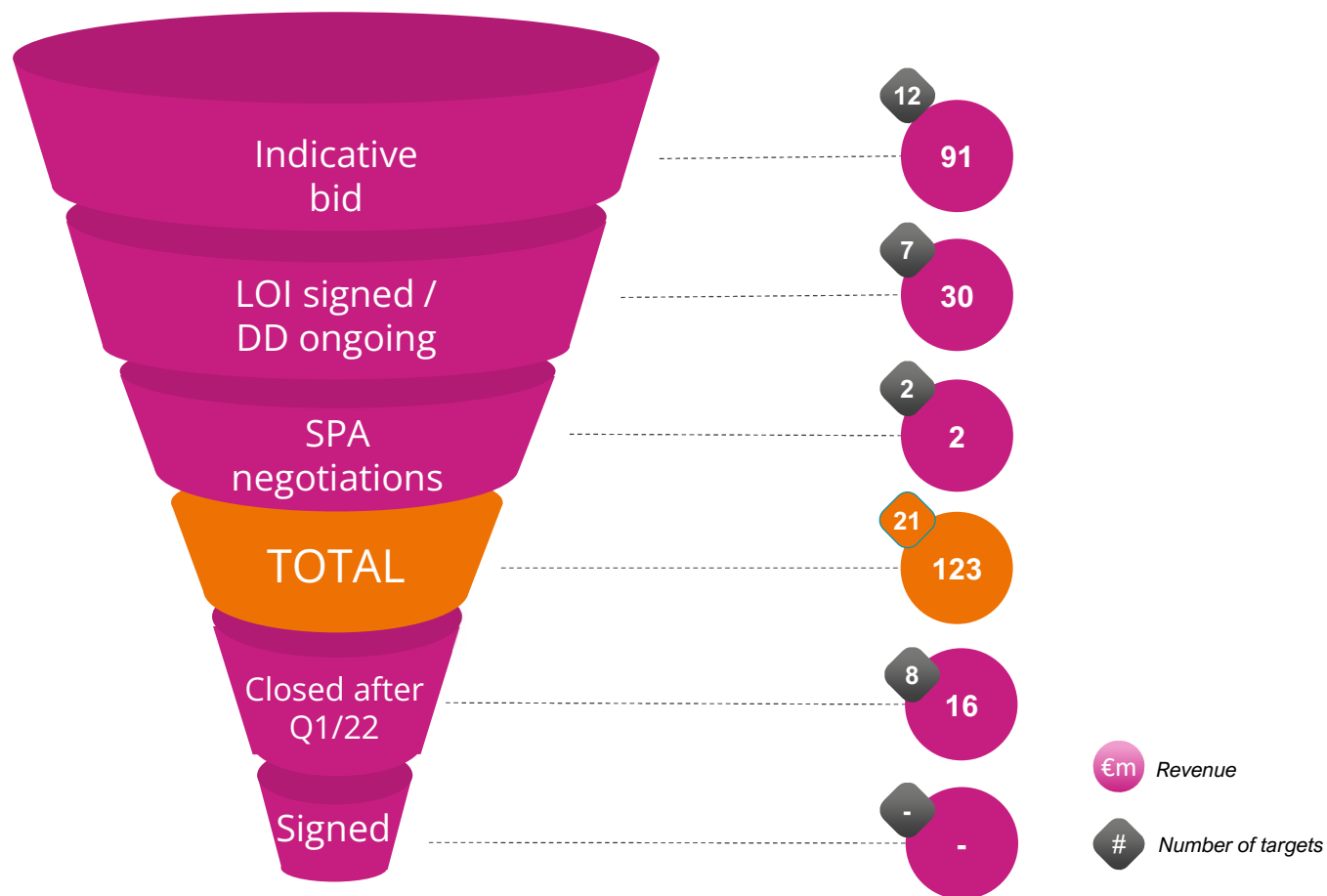
COMPLETED ACQUISITIONS 1-3/2022						
Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
Hagen Hageservice AS	Norway	Oslo	January	NOKm	12,8	2,4
Princip Redovisning Ab	Sweden	Stockholm	January	SEKm	5,5	1,4
Sundby Rengørings Service Aps	Denmark	Copenhagen	February	DKKm	11,3	2,1
Daseko Aps	Denmark	Copenhagen	March	DKKm	11,4	1,0
Vaktmester-Gruppen AS	Norway	Oslo	March	NOKm	12,1	-0,2
Vammalan Talonmies ja Siivouspalvelu Oy	Finland	Vammala	March	EURm	0,9	0,1
Turun Sähköhuolto Oy	Finland	Turku	March	EURm	0,8	0,0

\*) Presented financials are based on latest available audited financial statements

\*\*) Unofficial consolidation of group entities

- ★ Good M&A activity continued in Q1/2022 with all in all seven deals closed during the period.
- ★ Acquisitions in all operating countries
  - ✳ In Finland, service portfolio in Turku strengthened with one acquisition together with market expansion in Vammala/Sastamala.
  - ✳ In Sweden, financial management business strengthened by a bolt on acquisition to the service area in Stockholm.
  - ✳ In Norway, market position strengthened in Oslo in the cleaning and property maintenance markets with two acquisitions.
  - ✳ In Denmark, two bolt on acquisitions made to strengthen residential maintenance and cleaning offering in the Copenhagen area.
- ★ In addition, seven deals negotiated during the period which have been subsequently closed early Q2/22 with total combined sales impact of c.a. 16 MEUR

# Strong M&A pipeline with total revenues of ~EUR 123m.



# Strong operating cash flow in Q1

- ★ The Group's operating cash flow before acquisitions and financial items was strong amounting to 20,5 MEUR
- ★ Operating cash flow was supported by strong EBITDA and positive cash flow from working capital translating into very strong cash conversion
- ★ Seasonality in working capital driven by increased payables and holiday pay liabilities.
- ★ Investments into tangible and intangible assets was 3.7 MEUR comprising mainly of acquisitions of machinery and equipment.
- ★ M&A made during Q1 funded mainly through operating cash flows. M&A capex amounted to 9 MEUR in the period comprising also deferred elements from 2021 acquisitions.

OPERATING CASH FLOW AND INVESTMENTS BREAKDOWN, MEUR		
Operating cash flow, MEUR	1-3 2022	1-12 2021
EBITDA	18,9	57,0
Change in net working capital	5,2	-2,0
CAPEX	-3,7	-13,1
<b>Operating cash flow before acquisitions</b>	<b>20,5</b>	<b>42,0</b>
Acquisition of subsidiaries net of cash acquired	-9,0	-86,0
<b>Operating cash flow after acquisitions</b>	<b>11,5</b>	<b>-44,0</b>
Cash conversion	1-3 2022	1-12 2021
EBITDA, MEUR	18,9	57,0
Operating cash flow before acquisitions, MEUR	20,5	42,0
<b>Cash conversion before acquisitions</b>	<b>108 %</b>	<b>74 %</b>
Maintenance CAPEX	1-3 2022	1-12 2021
CAPEX, MEUR	-3,7	-13,1
Revenue, reported MEUR	115,6	364,2
<b>CAPEX % of revenue</b>	<b>3,2 %</b>	<b>3,6 %</b>

# Clear headroom with leverage, liquidity strengthened

- ★ Interest-bearing net debt and leverage nearly unchanged from 12/2021.
  - ★ Net debt includes IFRS16 lease liabilities of 22.3 MEUR.
- ★ Liquidity is strong as cash and cash equivalents at the end of the review period was 33.5 MEUR and the Group has fully at its disposal the Super Senior RCF of 50 MEUR.
- ★ Liquidity strengthened in January 2022 by the 40 MEUR tap issue of the senior secured callable fixed rate notes.
- ★ Proceeds of the tap issue used to clean down the RCF and provide liquidity to fund possible future M&A

LEVERAGE BREAKDOWN	
Leverage	31.3.2022
Senior Secured Fixed Rate Bond	340,0
Super Senior Revolving Credit Facility	0,0
Other interest bearing liabilities	43,6
Interest bearing liabilities	383,6
Cash and cash equivalents	-33,5
<b>Interest bearing net debt 31.3.2022, MEUR</b>	<b>350,1</b>
EBITDA LTM, reported	62,5
LFL adjustments	4,7
Non recurring items	4,7
Unrealised synergies	0,7
<b>Synergy adjusted EBITDA, MEUR</b>	<b>72,5</b>
<b>Leverage, x</b>	<b>4,83</b>



Thank you for  
your attention

# Appendix

- ★ Consolidated income statement
- ★ Consolidated balance sheet
- ★ Consolidated cash flow statement

# Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT, IFRS EUR THOUSAND	1-3 2022	1-3 2021	1-12 2021
<b>Net sales</b>	<b>115 602</b>	<b>80 996</b>	<b>364 215</b>
Other operating income	735	587	3 488
Materials and services	-32 200	-22 185	-96 480
Personnel expenses	-51 546	-36 146	-167 978
Other operating expenses	-13 664	-9 791	-46 260
<b>EBITDA</b>	<b>18 927</b>	<b>13 461</b>	<b>56 985</b>
<i>% of revenue</i>	<i>16,4 %</i>	<i>16,6 %</i>	<i>15,6 %</i>
Depreciation	-6 387	-7 347	-26 715
<b>EBITA</b>	<b>12 539</b>	<b>6 114</b>	<b>30 270</b>
<i>% of revenue</i>	<i>10,8 %</i>	<i>7,5 %</i>	<i>8,3 %</i>
Amortisation and impairment	-3 223	-2 618	-11 612
<b>Operating result</b>	<b>9 316</b>	<b>3 497</b>	<b>18 658</b>
<i>% of revenue</i>	<i>8,1 %</i>	<i>4,3 %</i>	<i>5,1 %</i>
Net financial expenses	-4 871	-3 236	-22 740
<b>Result before taxes</b>	<b>4 445</b>	<b>261</b>	<b>-4 082</b>
Income taxes	-1 278	739	-680
Group contribution	0	0	0
<b>Result for the financial period</b>	<b>3 168</b>	<b>1 000</b>	<b>-4 762</b>



# Consolidated Balance Sheet - Assets

CONSOLIDATED BALANCE SHEET, IFRS			
EUR THOUSAND	3 2022	3 2021	12 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	357 959	282 285	350 561
Intangible assets other than goodwill	120 246	109 853	122 758
Tangible assets	45 467	35 287	45 295
Right-of-use assets	21 977	19 340	22 285
Other shares	2 873	2 852	2 965
Other receivables	209	246	273
Deferred tax assets	2 411	1 012	2 202
<b>Total non-current assets</b>	<b>551 142</b>	<b>450 875</b>	<b>546 338</b>
<b>Current assets</b>			
Trade receivables	37 798	21 741	37 086
Inventories	1 194	1 011	1 112
Other current financial assets	1 727	1 229	15 086
Other current assets	10 914	7 093	10 174
Cash and cash equivalents	33 515	21 484	18 331
<b>Total current assets</b>	<b>85 148</b>	<b>52 556</b>	<b>81 789</b>
<b>Total assets</b>	<b>636 289</b>	<b>503 432</b>	<b>628 127</b>

# Consolidated Balance Sheet – Equity and Liabilities

CONSOLIDATED BALANCE SHEET, IFRS			
EUR THOUSAND	3 2022	3 2021	12 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Translation differences	-182	0	343
Fund for unrestricted equity	160 318	174 778	158 318
Subordinated loan	0	19 132	0
Retained earnings	-9 756	-6 131	-13 219
<b>Total equity</b>	<b>150 380</b>	<b>187 779</b>	<b>145 442</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	344 728	191 102	303 971
Other non-current liabilities	1 258	20 902	18 453
Lease liabilities	12 507	12 269	13 494
Deferred tax liabilities	27 104	24 077	27 982
<b>Total non-current liabilities</b>	<b>385 596</b>	<b>248 350</b>	<b>363 901</b>
<b>Current liabilities</b>			
Trade payables and other payables	81 541	51 847	73 557
Interest-bearing loans and borrowings	5 147	6 947	33 584
Lease liabilities	10 034	7 344	9 362
Income tax payable	3 591	1 165	2 281
<b>Total current liabilities</b>	<b>100 313</b>	<b>67 303</b>	<b>118 784</b>
<b>Total liabilities</b>	<b>485 909</b>	<b>315 652</b>	<b>482 685</b>
<b>Total equity and liabilities</b>	<b>636 289</b>	<b>503 432</b>	<b>628 127</b>

# Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT, IFRS			
EUR THOUSAND	1-3 2022	1-3 2021	1-12 2021
<b>Operating activities</b>			
Profit before tax	4 445	261	-4 082
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment	9 611	9 964	38 327
Finance income and expenses	4 871	3 236	22 740
Other adjustments	-219	-168	-695
Change in working capital	-11 961	4 212	14 923
Other adjustments without payment	-667	-553	0
Income tax paid	-820	-306	-2 569
<b>Net cash flow from operating activities</b>	<b>5 260</b>	<b>16 646</b>	<b>68 644</b>
<b>Net cash flow from investing activities</b>			
Acquisition of tangible and intangible assets	-3 676	-2 113	-13 052
Acquisition of a subsidiary, net of cash acquired	-8 971	-7 576	-85 999
<b>Net cash flow from investing activities</b>	<b>-12 647</b>	<b>-9 689</b>	<b>-99 050</b>
<b>Net cash flow from financing activities</b>			
Change in equity	16 331	0	-68 524
Net change in borrowings	9 468	1 901	132 630
Net interests and finance costs paid	-223	-2 960	-22 489
Payments of lease liabilities	-3 004	-1 943	-10 409
<b>Net cash from financing activities</b>	<b>22 571</b>	<b>-3 003</b>	<b>31 208</b>
<b>Net increase in cash and cash equivalents</b>	<b>15 185</b>	<b>3 954</b>	<b>801</b>
Cash and cash equivalents at 1.1.	18 331	17 530	17 530
<b>Cash and cash equivalents at reporting period end</b>	<b>33 515</b>	<b>21 484</b>	<b>18 331</b>



phm\*

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