

Big or local? Why not both. 

PHM Group Holding Oyj  
Half-year report 1-6 2022  
15 August 2022

# Presenting today



Ville Rantala  
Chief Executive Officer



Petri Pellonmaa  
Chief Financial Officer

# Agenda











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

## KEY FACTS AS PER 30 JUNE 2022

	<b>1989</b> Founded		<b>~EUR 460m</b> LTM 6'22 LfL revenue
	<b>#1</b> Market leader in Finland		<b>~EUR 77.5m</b> LTM 6'22 LfL adj. EBITDA
	<b>~5,200</b> Professionals		<b>~19 000</b> Customers
	<b>99</b> Locally operating companies		<b>19</b> Acquisitions in 1-6/2022

## BROAD SERVICE OFFERING

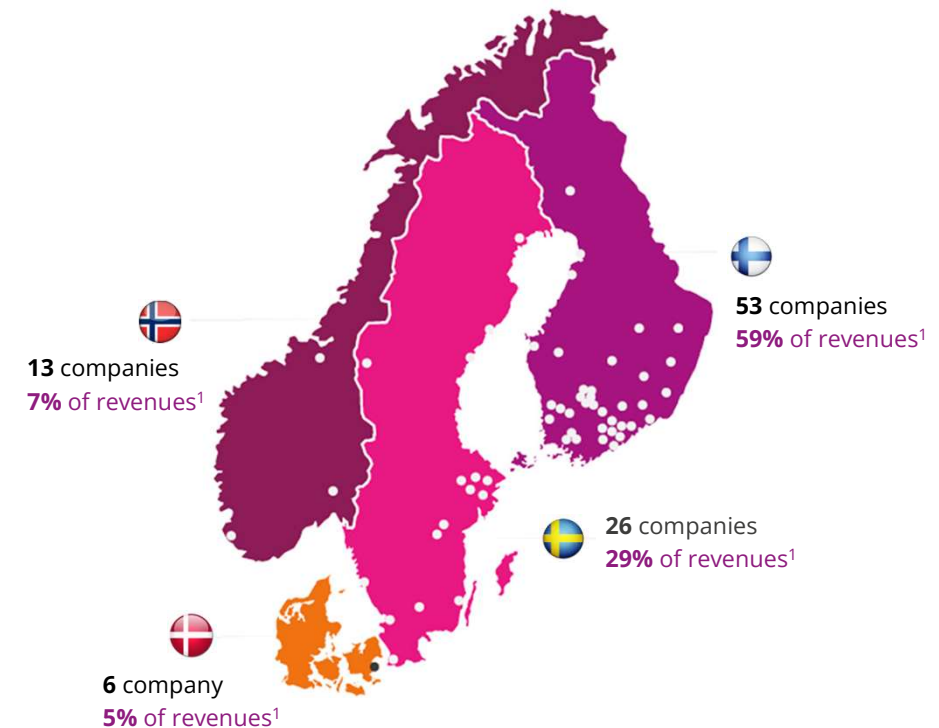
	Property maintenance		Property Management
	Cleaning		Smaller renovations and construction work
	Landscaping & outdoor maintenance		Electricity, HVAC, plumbing
	Snow plowing & transport		Transport and sewage work

○ TRADITIONAL

○ ADD-ON SERVICES

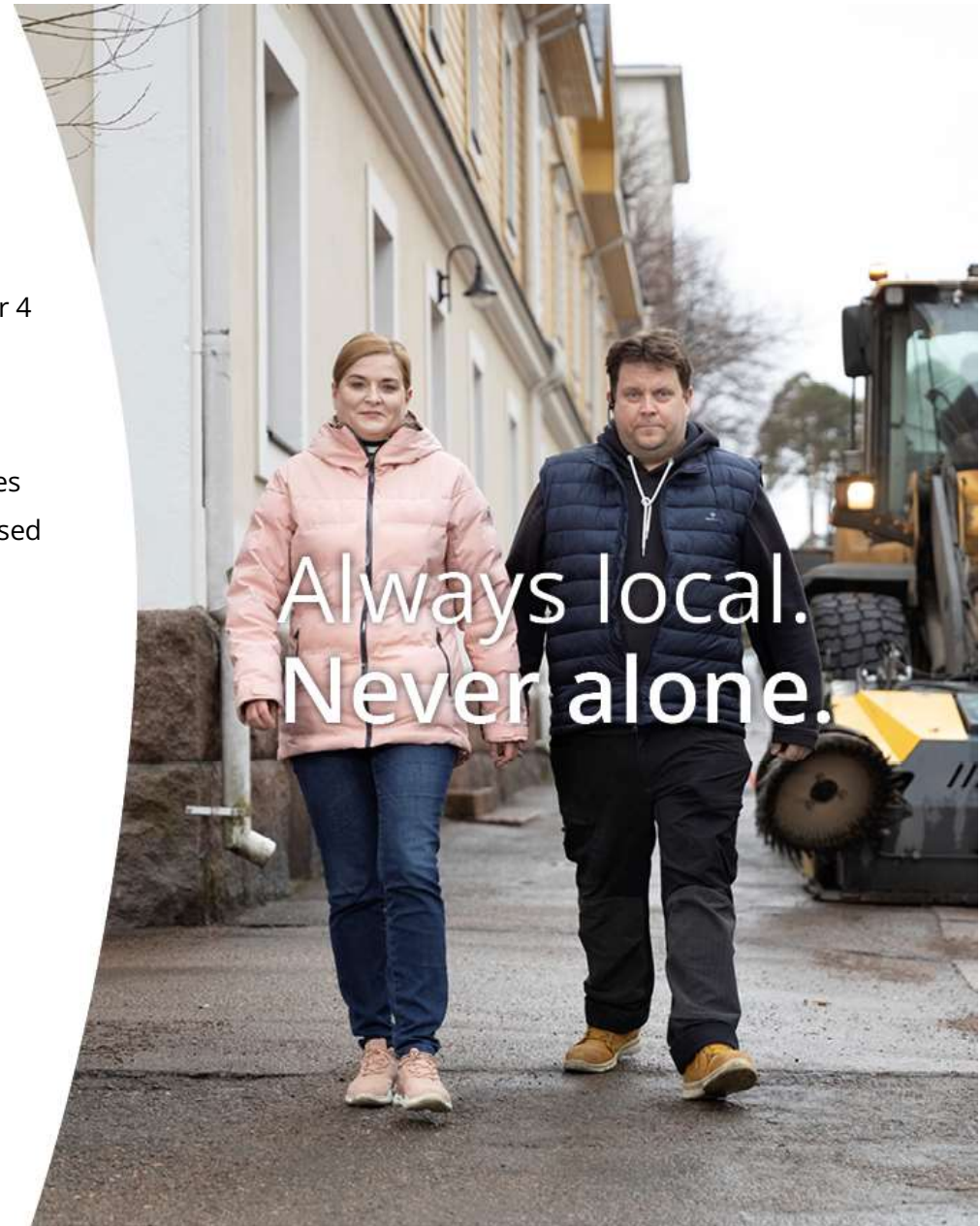
**phm\*** Nordic all-stars in local property service.

## FINNISH MARKET LEADER WITH A NORDIC STRONGHOLD



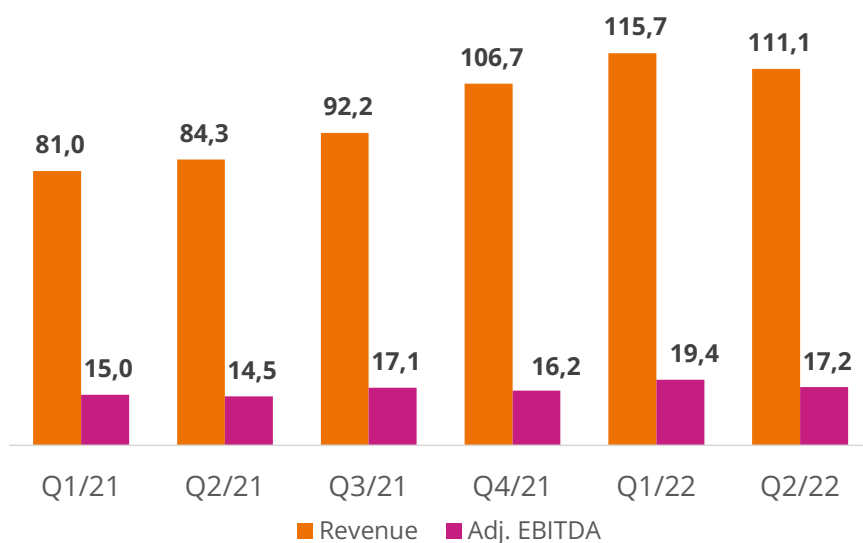
# Highlights Q2/2022

- ★ M&A activity remained high during Q2: 12 acquisitions closed during Q2 and a further 4 acquisitions closed after the review period. Pipeline remained strong
- ★ Continued clear growth y-o-y in terms of actual revenue and EBITDA driven by M&A
- ★ LFL revenue increased driven by both increased customer base as well as add on sales driving also the increase in LFL adjusted EBITDA. LFL Adjusted EBITDA margin decreased slightly due to add-on sales mix and cost inflation
- ★ Operating cash flow remained stable y-o-y but was seasonally low
- ★ Clear steps in ESG work taken:
  - ★ Governance trainings and HSE –audits initiated
  - ★ PHM Group decided to commit to becoming climate neutral by 2035
- ★ The Group's bond was listed on to Nasdaq Helsinki in June



# Reported revenue and earnings continued to grow y-o-y

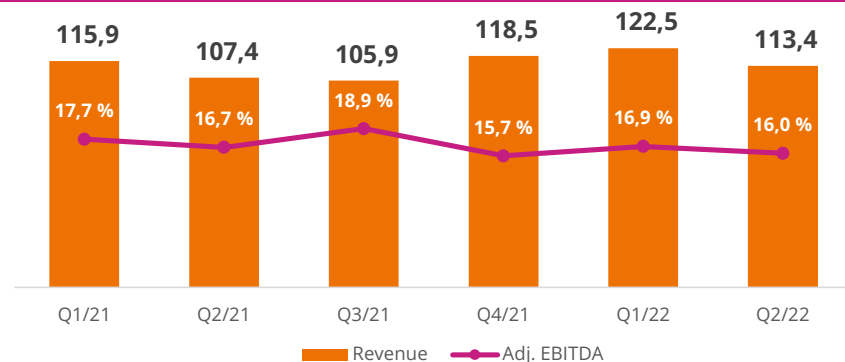
GROUP REVENUE (MEUR) AND ADJUSTED EBITDA, REPORTED



- ★ The Group's reported revenue was 111.1 MEUR (84.3) in Q2 2022.
- ★ Growth vs previous year mainly driven by M&A as the Group has completed several sizeable add on acquisitions during 2021 and 2022.
  - ★ Organic growth amounted to 6 MEUR (6%) and Acquisition growth 20,8 MEUR vs Q2/21.
- ★ The Group's adjusted EBITDA was 17.2 MEUR (14.5) in Q2 2022. The increase in adjusted EBITDA was also largely M&A driven.

# Like-for-like revenue grew, but adjusted EBITDA impacted by increased costs

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



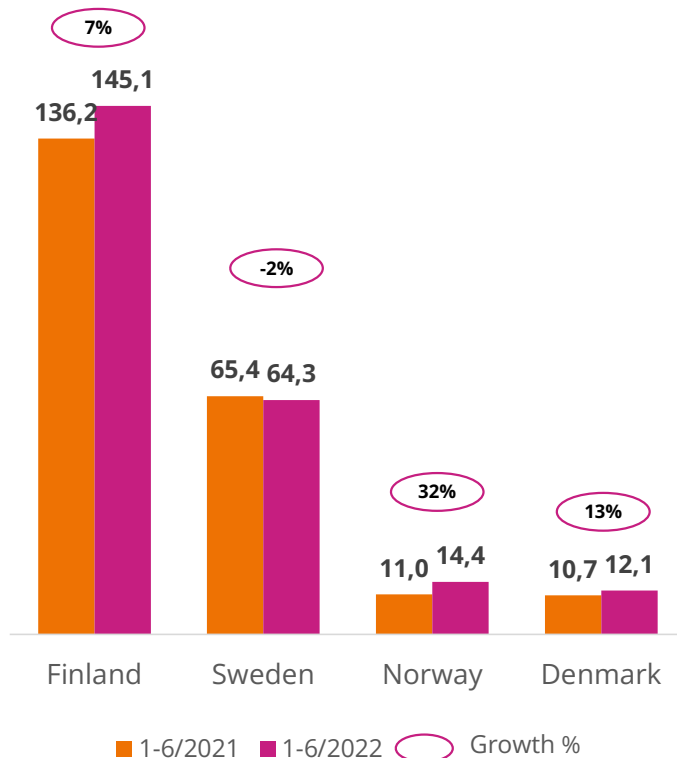
GROUP PnL KEY FIGURES, LIKE-FOR-LIKE

MEUR	Q2/22	Q2/21	Change, %	1-6/22	1-6/21	Change, %	LTM 6/22	2021
<b>Net Sales</b>	<b>113.4</b>	<b>107.4</b>	<b>6%</b>	<b>235.9</b>	<b>223.2</b>	<b>6%</b>	<b>460.3</b>	<b>447.6</b>
<b>GROSS MARGIN</b>	<b>86.7</b>	<b>82.0</b>	<b>6%</b>	<b>176.3</b>	<b>168.3</b>	<b>5%</b>	<b>343.7</b>	<b>335.7</b>
Gross margin %	76.5%	76.3%	0.1%	74.7%	75.4%	-0.6%	74.7%	75.0%
Personnel costs	-54.0	-51.8	4%	-109.1	-104.8	4%	-211.8	-207.6
% of revenue	-47.7%	-48.2%	0.6%	-46.2%	-47.0%	0.7%	-46.0%	-46.4%
Other operating expense	-14.5	-12.2	19%	-28.4	-24.9	14%	-54.4	-50.9
% of revenue	-12.8%	-11.4%	-1.4%	-12.0%	-11.2%	-0.9%	-11.8%	-11.4%
<b>ADJUSTED EBITDA</b>	<b>18.2</b>	<b>18.0</b>	<b>1%</b>	<b>38.8</b>	<b>38.5</b>	<b>1%</b>	<b>77.5</b>	<b>77.2</b>
ADJUSTED EBITDA margin %	16.0%	16.7%	-0.7%	16.5%	17.2%	-0.8%	16.8%	17.2%

- ★ LFL revenue increased by 6% in Q2
  - ★ Increased contract sales in all countries
  - ★ Increased sand removal and clean-up works related to winter maintenance especially in Finland
  - ★ Increased other add on sales revenue in Norway and Denmark
- ★ LFL adjusted EBITDA grew slightly to 18.2 MEUR in Q2, but Adjusted EBITDA margin decreased by 0,7 p.p.
  - ★ Adjusted EBITDA was supported by the increased sales, albeit with slightly weaker profitability. Add-on sales realized more on lower-margin clean-up activities related to winter maintenance instead of other additional sales
  - ★ Sick leave rates continued to be proportionately high resulting in higher overtime and subcontracting within fixed contracts.
  - ★ Additionally, increased fuel and energy prices impacted the adjusted EBITDA negatively
- ★ FX impacting revenue YTD by 1,5 MEUR and EBITDA by 0,3 MEUR

# LFL revenue continued to grow in all geographies except Sweden

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

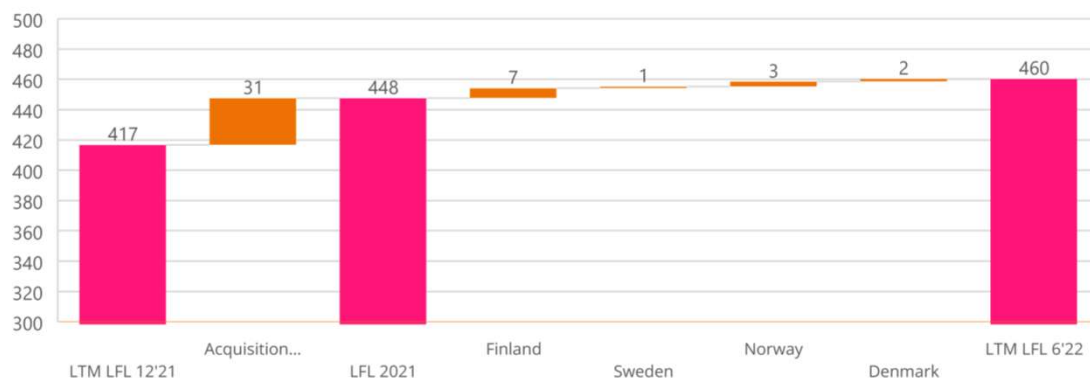


- ★ The war in Ukraine has not had a visible impact on demand nor the Group's ability to execute work
- ★ Active winter season boosting winter related add on sales in Finland. Contract sales also showing a material increase
- ★ Mild winter and FX effect main drivers for the negative development in Sweden. Growth at comparable FX rates +1,2%. Contract sales have 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
- ★ FX impact on revenue in 1-6/2022 was -1,5 MEUR mainly impacting Sweden

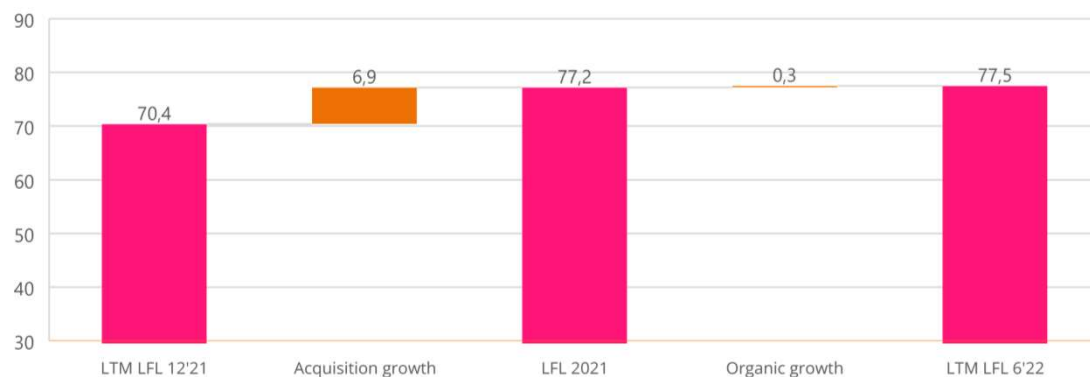


# Both organic and M&A growth continued

LTM LFL REVENUE DEVELOPMENT, MEUR



LTM LFL ADJ. EBITDA DEVELOPMENT, MEUR



- ★ 12 closed acquisitions in Q2 having a 24.1 MEUR impact on sales and 5.5 MEUR impact on EBITDA, respectively
- ★ Organic sales growth strong driven mainly by
  - ★ Increased contract sales in all countries
  - ★ Good winter conditions in Finland offset by mild winter conditions in Sweden
  - ★ Active add on sales in Norway
- ★ Organic growth in sales strong, but EBITDA impact limited due to negative cost implications from high sick leave rates, fuel prices and sales mix

# 12 Acquisitions closed in Q2/22

## COMPLETED ACQUISITIONS 1-6/2022

Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
<b>Acquisitions</b>						
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
Parkkompaniet i Boden Ab	Sweden	Boden	April	SEKm	44.0	11.3
RenBolg Service og Omsorg As	Norway	Fredrikstad	April	NOKm	12.2	1.4
Sähköasennus Salminen Oy	Finland	Tampere	April	EURm	2.0	0.4
P. Kiinteistöpalvelut Oy	Finland	Uusimaa	April	EURm	1.1	0.2
Unce Oy	Finland	Helsinki	April	EURm	2.5	0.5
Lojonia Palvelut Oy	Finland	Lohja	April	EURm	0.8	0.1
Karkkilan Huolto Oy	Finland	Karkkila	April	EURm	1.1	0.0
Porvoon Talotiimi Oy	Finland	Porvoo	May	EURm	2.0	0.6
Siniservice Oy and Puhtaasti Mäkinen Oy	Finland	Seinäjoki	May	EURm	0.7	0.1
Altiren As and Altipolering ApS	Denmark	Copenhagen	June	DKKm	44.4	8.2
HuoneistoHait Oy	Finland	Helsinki	June	EURm	0.3	0.0
H.N. Service***	Denmark	Copenhagen	June	DKKm	5.8	2.3
<b>Disposals</b>						
Berga Lås & Larm Ab	Sweden	Stockholm	June	SEKm	6.9	0.5

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

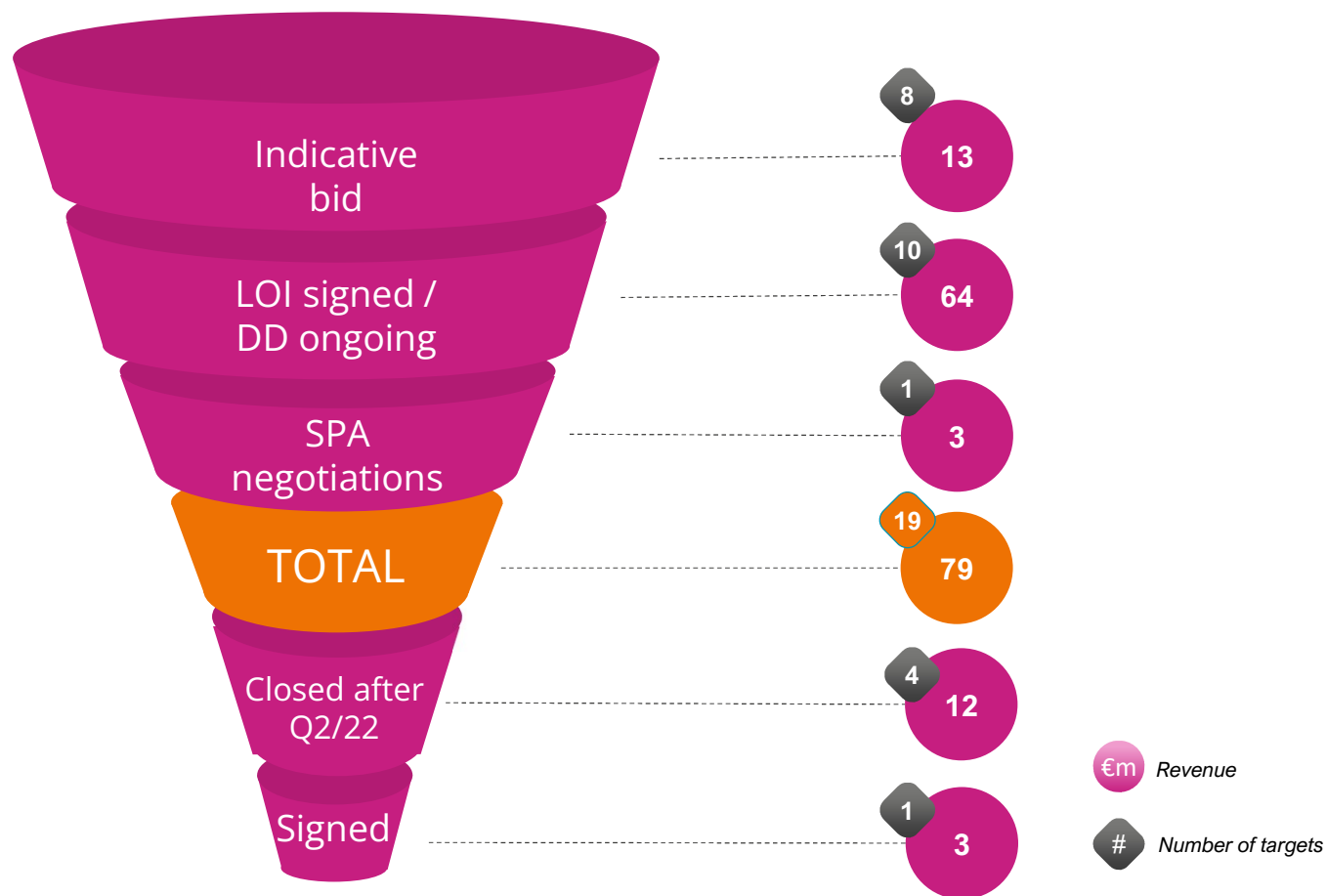
\*\*) Asset purchase



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- ★ Good M&A activity continued in Q2 with all in all twelve acquisitions closed during the period.
- ★ Acquisitions in all operating countries
  - ★ Size in Denmark increased significantly by acquisition of Altiren A/S and Alt I Polering ApS, a group active in cleaning in the Copenhagen area
  - ★ Several acquisitions that strengthen the current market position in various locations around the country made in Finland
  - ★ Expansion to Fredrikstad in Norway
  - ★ Market position in Northern Sweden strengthened with the acquisition of Parkkompaniet i Boden Ab, a fast-growing outdoor maintenance company
  - ★ Small divestment in Sweden of a company with non-core service offering

# Strong M&A pipeline with total revenues of ~EUR 79m.



# Seasonally low operating cash flow in Q2

- ★ The Group's operating cash flow before acquisitions and financial items was stable y-o-y amounting to 6.3 MEUR (6.2).
- ★ Operating cash flow was supported by strong EBITDA offset by increase in working capital in line with normal seasonality.
  - ★ Main driver was normalization of payables and cost accruals from high level at the end of Q1/22.
- ★ Investments into tangible and intangible assets was 2.9 MEUR comprising mainly of acquisitions of machinery and equipment.
- ★ Operating cash flow in H1/22 was strong supported by strong EBITDA and a stable working capital.
  - ★ Working capital developed in line with normal seasonality, as the increase in holiday pay accruals was offset by lower level of accounts payable.

## OPERATING CASH FLOW AND INVESTMENTS BREAKDOWN, MEUR

Operating cash flow, MEUR	4-6 2022	4-6 2021	1-6 2022	1-6 2021
EBITDA	15.7	12.8	34.6	26.3
Change in net working capital	-6.5	-3.8	-1.3	0.3
CAPEX	-2.9	-2.8	-6.6	-5.0
<b>Operating cash flow before acquisitions</b>	<b>6.3</b>	<b>6.2</b>	<b>26.7</b>	<b>21.6</b>
Acquisitions and disposals of subsidiaries net of cash	-23.9	-45.4	-32.9	-53.0
<b>Operating cash flow after acquisitions</b>	<b>-17.6</b>	<b>-39.2</b>	<b>-6.2</b>	<b>-31.4</b>

Cash conversion	4-6 2022	4-6 2021	1-6 2022	1-6 2021
EBITDA, MEUR	15.7	12.8	34.6	26.3
Operating cash flow before acquisitions, MEUR	6.2	6.2	26.7	21.6
<b>Cash conversion before acquisitions</b>	<b>39%</b>	<b>48%</b>	<b>77%</b>	<b>82%</b>

Maintenance CAPEX	4-6 2022	4-6 2021	1-6 2022	1-6 2021
CAPEX, MEUR	-2.9	-2.8	-6.6	-5.0
Revenue, reported MEUR	111.1	84.3	226.7	165.3
<b>CAPEX % of revenue</b>	<b>2.6 %</b>	<b>3.4 %</b>	<b>2.9 %</b>	<b>3.0 %</b>

# Clear headroom with leverage remains

- ★ Interest-bearing net debt increased from the end of Q1 due to high M&A activity, Bond coupon payment and seasonally low operating cash flow

- ★ Acquisitions and disposals of subsidiaries amounted to 23.9 MEUR

- ★ Liquidity is strong as cash and cash equivalents at the end of the review period was 17.7 MEUR and 29.5 MEUR of the Super Senior RCF was undrawn

- ★ Leverage remains clearly below Bond incurrence test level at 4.70x

- ★ The Group's bond was listed on to Nasdaq Helsinki in June

LEVERAGE BREAKDOWN	
Leverage	30.6.2022
Senior Secured Fixed Rate Bond	340.0
Super Senior Revolving Credit Facility	0.0
Other interest bearing liabilities	42.9
Interest bearing liabilities	382.9
Other net debt items	2.6
Cash and cash equivalents	-17.7
<b>Interest bearing net debt 30.6.2022, MEUR</b>	<b>367.8</b>
EBITDA LTM, reported	37.4
LFL adjustments	35.6
Non recurring items	4.5
Unrealised synergies	0.7
<b>Synergy adjusted EBITDA, MEUR</b>	<b>78.2</b>
<b>Leverage, x</b>	<b>4.70</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	4-6 2022	4-6 2021	1-6 2022	1-6 2021	1-12 2021
<b>Net sales</b>	<b>111,052</b>	<b>84,334</b>	<b>226,654</b>	<b>165,330</b>	<b>364,215</b>
Other operating income	999	470	1,734	1,056	3,488
Materials and services	-27,607	-20,325	-59,807	-42,510	-96,480
Personnel expenses	-52,961	-40,714	-104,507	-76,860	-167,978
Other operating expenses	-15,826	-10,921	-29,489	-20,712	-46,260
<b>EBITDA</b>	<b>15,657</b>	<b>12,843</b>	<b>34,584</b>	<b>26,304</b>	<b>56,985</b>
<i>% of revenue</i>	<i>14.1 %</i>	<i>15.2 %</i>	<i>15.3 %</i>	<i>15.9 %</i>	<i>15.6 %</i>
Depreciation	-6,731	-5,958	-13,118	-13,305	-26,715
<b>EBITA</b>	<b>8,926</b>	<b>6,885</b>	<b>21,466</b>	<b>12,999</b>	<b>30,270</b>
<i>% of revenue</i>	<i>8.0 %</i>	<i>8.2 %</i>	<i>9.5 %</i>	<i>7.9 %</i>	<i>8.3 %</i>
Amortisation and impairment	-3,221	-2,949	-6,445	-5,567	-11,612
<b>Operating result</b>	<b>5,705</b>	<b>3,935</b>	<b>15,021</b>	<b>7,432</b>	<b>18,658</b>
<i>% of revenue</i>	<i>5.1 %</i>	<i>4.7 %</i>	<i>6.6 %</i>	<i>4.5 %</i>	<i>5.1 %</i>
Net financial expenses	-8,824	-4,938	-13,695	-8,174	-22,740
<b>Result before taxes</b>	<b>-3,119</b>	<b>-1,003</b>	<b>1,326</b>	<b>-742</b>	<b>-4,082</b>
Income taxes	-1,391	416	-2,669	1,155	-680
<b>Result for the financial period</b>	<b>-4,511</b>	<b>-587</b>	<b>-1,343</b>	<b>413</b>	<b>-4,762</b>



# Consolidated Balance Sheet - Assets

## CONSOLIDATED BALANCE SHEET, IFRS

EUR THOUSAND

	6 2022	6 2021	12 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	372,158	314,572	350,561
Intangible assets other than goodwill	121,397	120,082	122,758
Tangible assets	46,339	43,092	45,295
Right-of-use assets	21,880	21,963	22,285
Other shares	3,091	2,964	2,965
Other receivables	266	228	273
Deferred tax assets	2,366	1,604	2,202
<b>Total non-current assets</b>	<b>567,498</b>	<b>504,504</b>	<b>546,338</b>
<b>Current assets</b>			
Trade receivables	37,613	27,575	37,086
Inventories	1,300	1,210	1,112
Other current financial assets	0	0	15,086
Other current assets	11,627	11,164	10,174
Cash and cash equivalents	17,722	18,304	18,331
<b>Total current assets</b>	<b>68,262</b>	<b>58,252</b>	<b>81,789</b>
<b>Total assets</b>	<b>635,760</b>	<b>562,757</b>	<b>628,127</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Translation differences	-1,107	377	343
Fund for unrestricted equity	160,318	143,318	158,318
Subordinated loan	0	0	0
Retained earnings	-14,559	-8,016	-13,219
<b>Total equity</b>	<b>144,653</b>	<b>135,679</b>	<b>145,442</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	345,155	304,009	303,971
Other non-current liabilities	2,726	8,963	18,453
Lease liabilities	12,289	13,659	13,494
Deferred tax liabilities	27,737	27,182	27,982
<b>Total non-current liabilities</b>	<b>387,907</b>	<b>353,813</b>	<b>363,901</b>
<b>Current liabilities</b>			
Trade payables and other payables	73,231	59,629	73,557
Interest-bearing loans and borrowings	15,186	4,030	33,584
Lease liabilities	10,235	8,668	9,362
Income tax payable	4,548	939	2,281
<b>Total current liabilities</b>	<b>103,200</b>	<b>73,265</b>	<b>118,784</b>
<b>Total liabilities</b>	<b>491,107</b>	<b>427,078</b>	<b>482,685</b>
<b>Total equity and liabilities</b>	<b>635,760</b>	<b>562,757</b>	<b>628,127</b>



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# Consolidated Cash Flow Statement

## CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR THOUSAND	4-6 2022	4-6 2021	1-6 2022	1-6 2021	1-12 2021
<b>Operating activities</b>					
Profit before tax	-3,119	-1,003	1,326	-742	-4,082
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment	9,952	8,907	19,563	18,872	38,327
Finance income and expenses	8,826	4,938	13,696	8,174	22,740
Other adjustments	-486	-79	-705	-248	-695
Change in working capital	-3,965	3,380	-15,926	7,592	14,923
Other adjustments without payment	1,187	-156	520	-708	0
Income tax paid	-1,201	-1,445	-2,021	-1,750	-2,569
<b>Net cash flow from operating activities</b>	<b>11,194</b>	<b>14,543</b>	<b>16,454</b>	<b>31,190</b>	<b>68,644</b>
<b>Net cash flow from investing activities</b>					
Acquisition of tangible and intangible assets	-2,926	-2,846	-6,602	-4,959	-13,052
Acquisition of subsidiaries, net of cash acquired	-24,683	-45,425	-33,654	-53,001	-85,999
Proceeds from sale of subsidiaries	767	0	767	0	0
<b>Net cash flow from investing activities</b>	<b>-26,843</b>	<b>-48,271</b>	<b>-39,489</b>	<b>-57,960</b>	<b>-99,050</b>
<b>Net cash flow from financing activities</b>					
Equity refund	0	-68,524	0	-68,524	-68,524
Increase in fund for unrestricted equity for consideration	0	0	16,331	0	0
Net change in borrowings	12,583	108,606	22,051	110,507	132,630
Net interests and finance costs paid	-9,468	-6,734	-9,691	-9,694	-22,489
Payments of lease liabilities	-3,012	-2,804	-6,016	-4,747	-10,409
<b>Net cash from financing activities</b>	<b>103</b>	<b>30,544</b>	<b>22,674</b>	<b>27,541</b>	<b>31,208</b>
<b>Net increase in cash and cash equivalents</b>	<b>-15,546</b>	<b>-3,184</b>	<b>-362</b>	<b>770</b>	<b>801</b>
Cash and cash equivalents at the beginning of the period	33,515	21,484	18,331	17,530	17,530
Effect of exchange rate changes on cash and cash equivalents	-247	4	-247	4	
<b>Cash and cash equivalents at reporting period end</b>	<b>17,722</b>	<b>18,304</b>	<b>17,722</b>	<b>18,304</b>	<b>18,331</b>



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