

Big or local? Why not both. 

PHM Group Holding Oyj

Interim Report 1-9 2022

14 November

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 SEPTEMBER 2022

	1989 Founded		~EUR 494m LTM 9'22 LfL revenue
	#1 Market leader in Finland		~EUR 80.6m LTM 9'22 LfL adj. EBITDA
	~5,700 Professionals		~20 000 Customers
	104 Locally operating companies		27 Acquisitions in 1-9/2022

BROAD SERVICE OFFERING

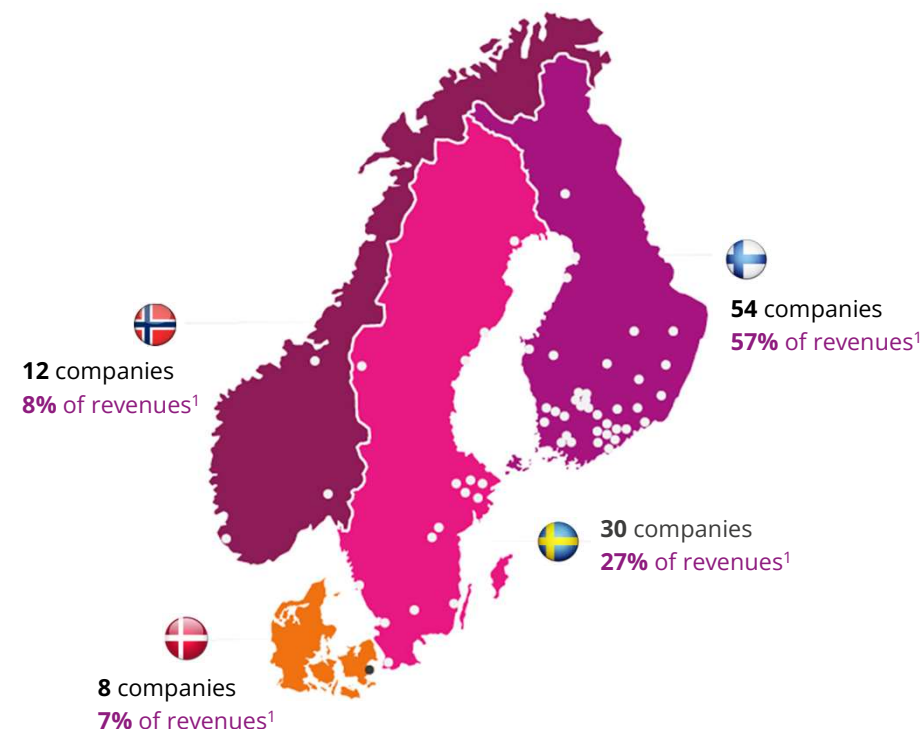
	Property maintenance		Property Management
	Cleaning		Smaller renovations and construction work
	Landscaping & outdoor maintenance		Electricity, HVAC, plumbing
	Snow plowing & transport		Transport and sewage work

○ TRADITIONAL

○ ADD-ON SERVICES

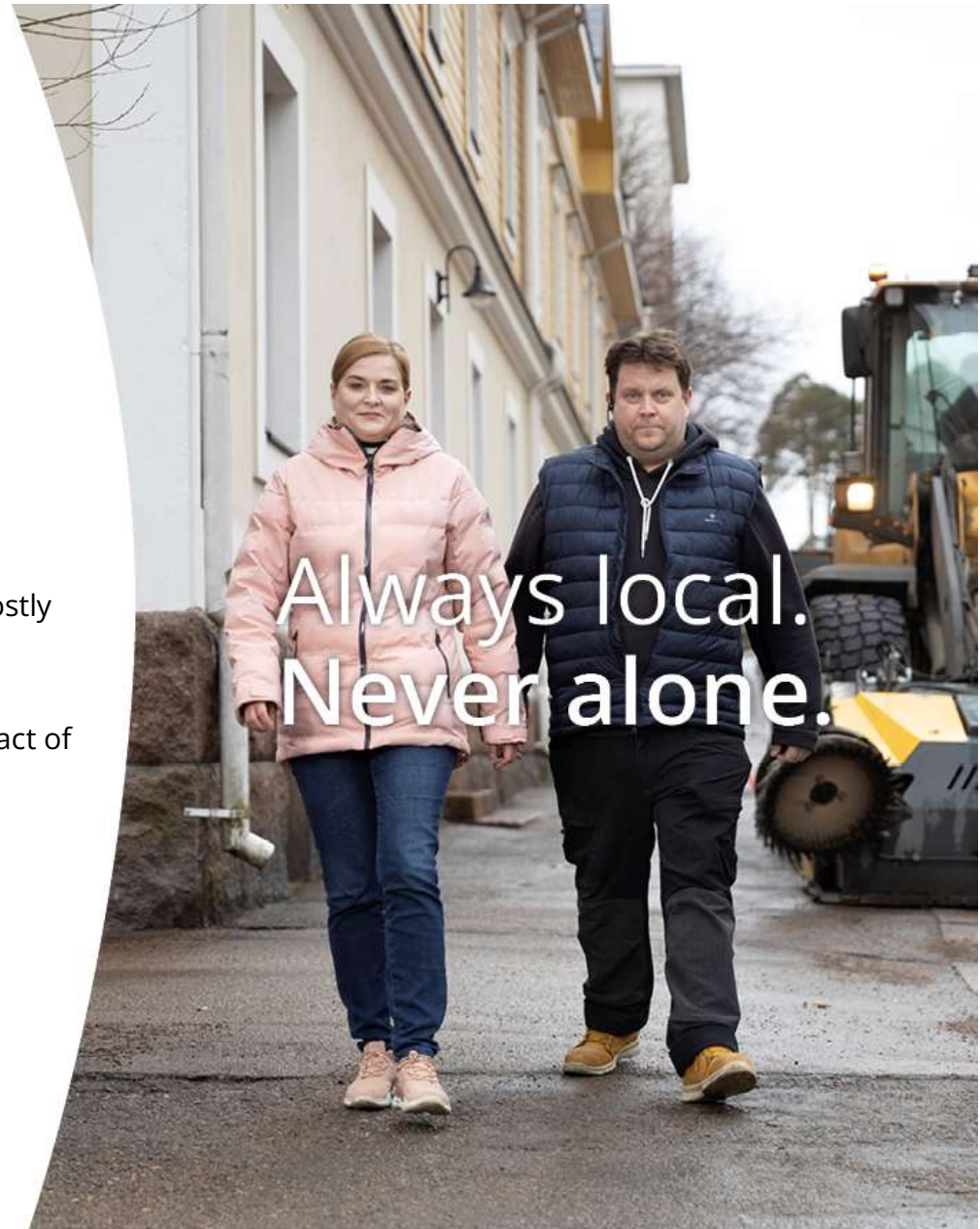
phm* Nordic all-stars in local property service.

FINNISH MARKET LEADER WITH A NORDIC STRONGHOLD



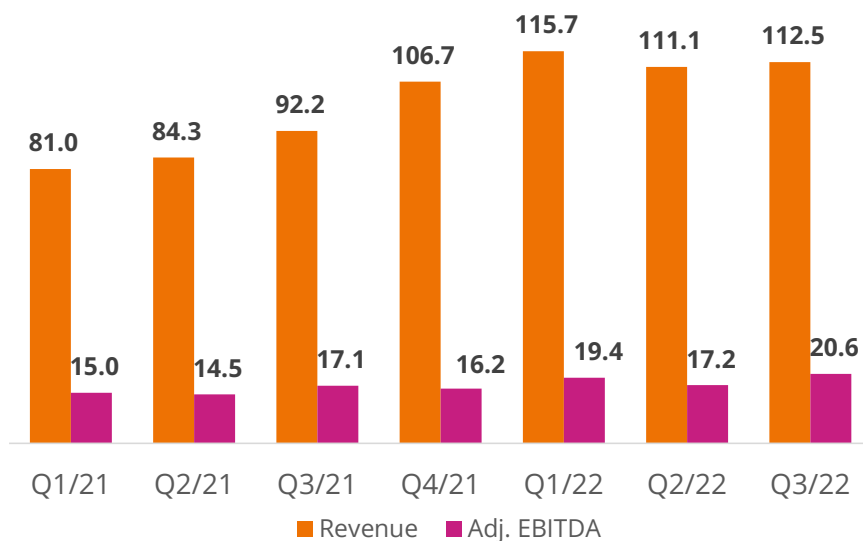
Highlights Q3/2022

- ★ M&A activity remained high during Q3:
 - ★ 8 acquisitions closed during Q3/22
 - ★ further 5 acquisitions closed after the review period, of which the most significant is the acquisition of German Schultz Gruppe
- ★ Continued clear growth y-o-y in terms of actual revenue and EBITDA driven mostly by M&A
- ★ LFL revenue continued to grow driven by price increases, which offset the impact of increased fuel and energy costs and increase in Covid-19 related sick leaves. Consequently, also LFL adjusted EBITDA grew slightly
- ★ Operating cash flow was strong and grew clearly y-o-y
- ★ Governance trainings and HSE –audits continued



Reported revenue and earnings grew

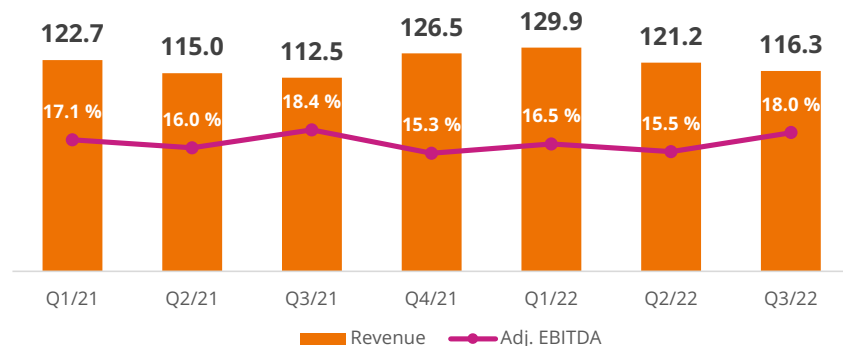
GROUP REVENUE (MEUR) AND ADJUSTED EBITDA, REPORTED



- ★ The Group's reported revenue was 112.5 MEUR (92.2) in Q3 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 4,4 MEUR (5%) and Acquisition growth 16,0 MEUR vs Q3/21.
- ★ The Group's adjusted EBITDA was 20.6 MEUR (17.1) in Q3 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	Q3/22	Q3/21	Change,%	1-9/22	1-9/21	Change,%	LTM 9/22	2021
Net Sales	116.3	112.5	3%	367.4	350.2	5%	493.9	476.7
GROSS MARGIN	89.0	85.4	4%	278.5	265.5	5%	373.0	360.0
Gross margin -%	76.6%	75.9%	0.6%	75.8%	75.8%	0.0%	75.5%	75.5%
Personnel costs	-54.7	-52.6	4%	-172.5	-166.0	4%	-231.4	-224.9
% of revenue	-47.0%	-46.8%	-0.3%	-47.0%	-47.4%	0.4%	-46.9%	-47.2%
Other operating expense	-13.4	-12.1	10%	-44.8	-39.5	13%	-61.0	-55.7
% of revenue	-11.5%	-10.8%	-0.7%	-12.2%	-11.3%	-0.9%	-12.3%	-11.7%
ADJUSTED EBITDA	20.9	20.7	1%	61.2	60.0	2%	80.6	79.4
ADJUSTED EBITDA margin -%	18.0%	18.4%	-0.4%	16.7%	17.1%	-0.5%	16.3%	16.7%

★ LFL revenue increased by 3% in Q3

- ★ Successful price increases and increased additional sales in Finland, Sweden and Denmark
- ★ Increased contract base in Sweden and Denmark
- ★ Revenue remained on a par with the previous year in Norway on the back of a strong comparison period

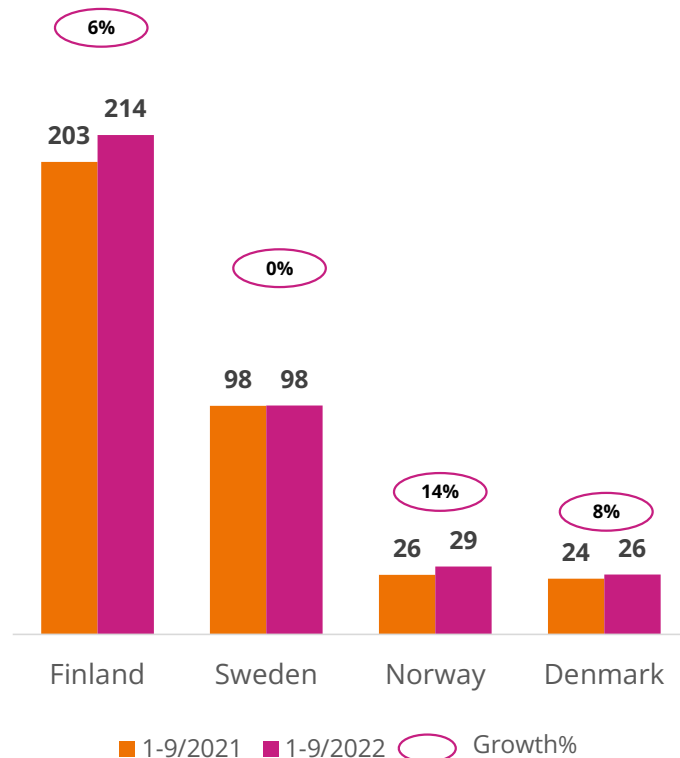
★ LFL adjusted EBITDA grew slightly to 20.9 MEUR in Q3, but adjusted EBITDA margin decreased by 0,4 p.p.

- ★ LFL adjusted EBITDA supported by increased sales, improved operational efficiency and improved profitability of the contract base in Sweden
- ★ Higher personnel costs are largely attributable to increase in Covid-19 related sick leave resulting in higher overtime pay.
- ★ Additionally, increased fuel and energy prices impacted the adjusted EBITDA negatively

★ FX impacting revenue YTD by -3.1 MEUR and EBITDA by -0,4 MEUR

LFL revenue continued to grow in all geographies except Sweden

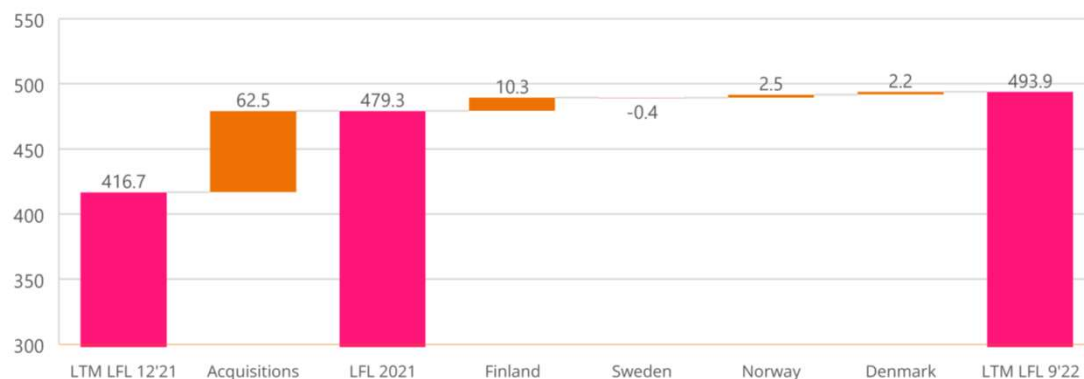
LFL REVENUE (MEUR) BY COUNTRY AND GROWTH Y-O-Y (%)



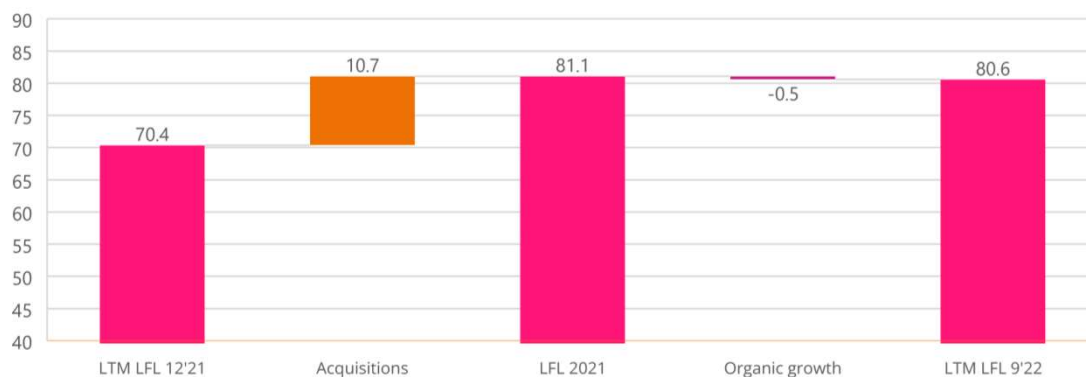
- ★ The war in Ukraine has not had a visible impact on demand nor the Group's ability to execute work to date
- ★ Successful price increases materialized in Q3 revenue
- ★ Active winter season boosting winter related add on sales in Finland in H1. Positive development also on contract sales.
- ★ Mild winter and FX effect main drivers for the stagnant development in Sweden. Growth at comparable FX rates +4%. Contract sales have grown during the period.
- ★ Q3 revenue stable y-o-y, but YTD growth was strong 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 1-9/2022 was -3,1 MEUR mainly impacting Sweden

Both organic and M&A growth continued

LTM LFL REVENUE DEVELOPMENT, MEUR



LTM LFL ADJ. EBITDA DEVELOPMENT, MEUR



- ★ 8 closed acquisitions in Q3 having a 30.6 MEUR impact on sales and 3.9 MEUR impact on EBITDA, respectively
- ★ Organic sales growth strong driven mainly by
 - ★ Successful price increases and increased contract sales
 - ★ Good winter conditions in Finland offset by mild winter conditions in Sweden
 - ★ Active add on sales in Norway
 - ★ Increased customer base in Denmark
- ★ Organic growth in sales strong, but EBITDA impact limited due to negative cost implications from high sick leave rates, fuel prices and sales mix

8 Acquisitions closed in Q3/22

COMPLETED ACQUISITIONS 1-9/2022

Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
Acquisitions						
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 Talotie 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
International NordicLife Förvaltning AB	Sweden	Gothenburg	July	SEKm	34.3	-3.1
OK Rengøring AS and KRS Service ApS	Denmark	Copenhagen	July	DKKm	46.5	6.0
Grindsted Vinduesservice ApS	Denmark	Copenhagen	July	DKKm	10.9	1.7
Kilderent AS	Norway	Trondheim	July	NOKm	5.4	0.6
WA ApS	Denmark	Copenhagen	August	DKKm	18.5	0.9
Ren Service AS	Norway	Oslo	September	NOKm	83.9	7.6
Karsikon Talohuolto Oy	Finland	Joensuu	September	EURm	2.8	0.1
Pukimäen Kiinteistöhuolto and PK Kuivaus Oy	Finland	Helsinki	September	EURm	3.8	0.3
Disposals						
Berga Lås & Larm Ab	Sweden	Stockholm	June	SEKm	6.9	0.5

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

**) Asset purchase



Nordic all-stars in local property service.

- ★ Good M&A activity continued in Q3 with all in all eight acquisitions closed during the period.
- ★ Acquisitions in all operating countries
 - ★ Size in Norway increased significantly by acquisition of Ren Service AS, a property service company providing a variety of cleaning and janitorial services
 - ★ Size in Denmark increased significantly by acquisition of OK Rengøring AS and KRS Service ApS, a group active in cleaning in the Copenhagen area
 - ★ In Finland, market position strengthened in the Capital region by acquiring its main competitor in Northern Helsinki
 - ★ In Sweden, the Group strengthened its market position in the Gothenburg area with the acquisition of International NordicLife Förvaltning Ab

Acquisition of Schultz Gruppe

A leading German facility and property service player

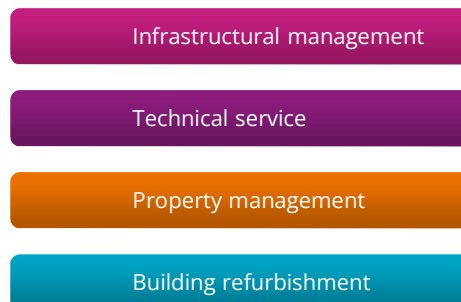
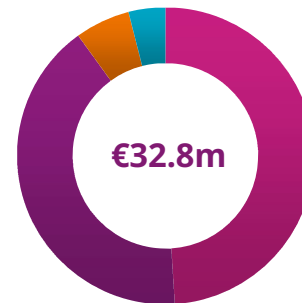
Business description

- Schultz Gruppe was founded in 1904 and is based in Hamburg. The group offers its services mainly in the Hamburg area in Germany
- Schultz Gruppe is organized in four business lines (IGM, TGM, KGM, BGM⁽¹⁾) through which they offer their services in facility and property management as well as in electrical engineering and building services
- The company serves a wide range of commercial and residential customers with the number of customers totaling ~600
- As of July 2022, the group employs 874 people of whom 708 work in the IGM line. More than 80% of Schultz Gruppe's employees work as cleaners, mechanics and workers

Service offering



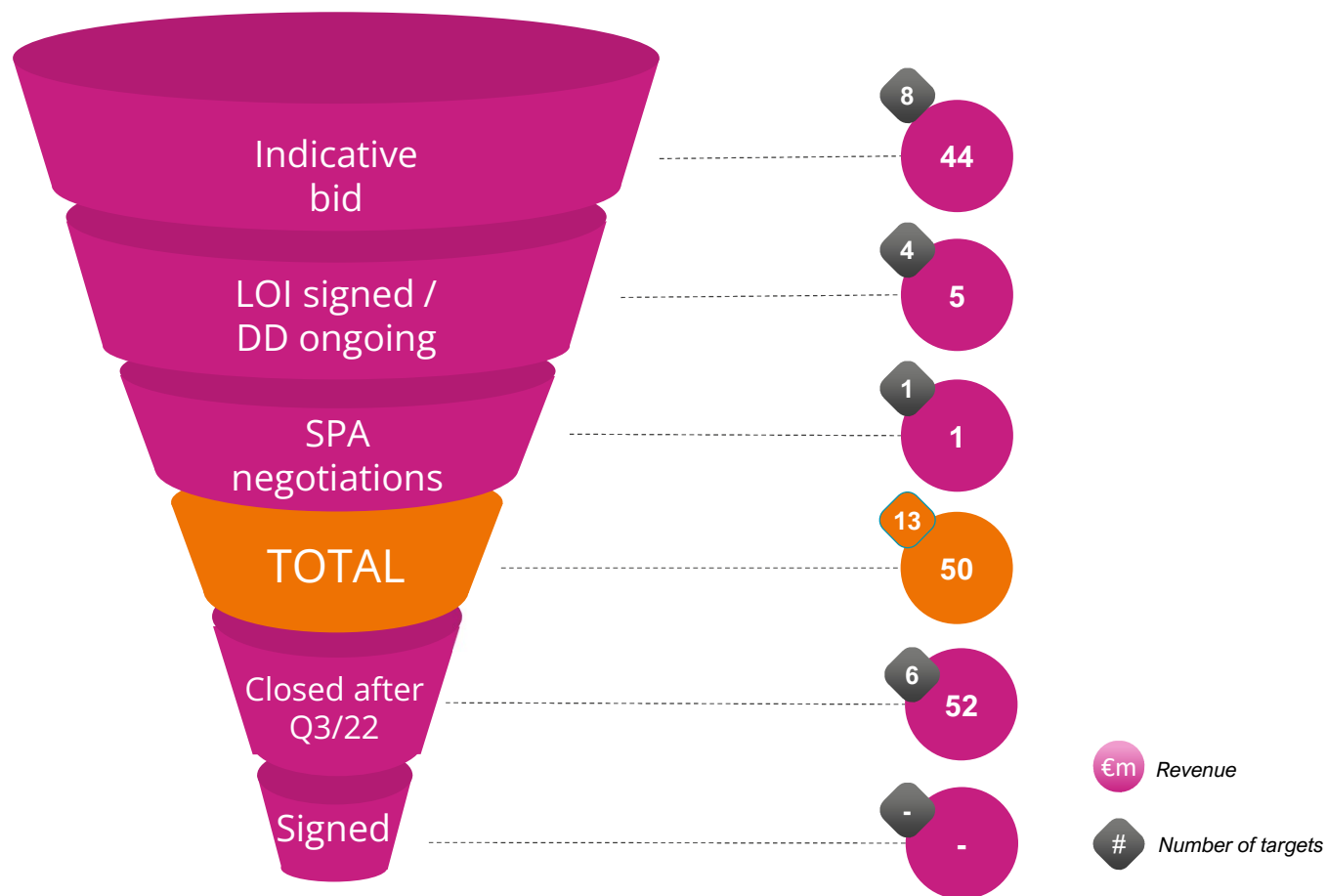
Revenue split



Key facts

~600	Customers
874	Employees
145	Vehicles in daily use
€32.8m	Reported revenue (FY'21)
+8.7%	Revenue growth p.a. (2019-'21)
€3.5m	Reported EBITDA (FY'21)
€4.4m	Adjusted EBITDA (FY'21)

Strong M&A pipeline with total revenues of ~EUR 50m.



Strong operating cash flow in Q3

- ★ Operating cash flow before acquisitions and financial items was strong and grew clearly to 12.4 MEUR (3.8)
 - ★ Both the negative cash flow impact of working capital and amount of investments were lower in Q3/22 vs. Q3/21
- ★ Operating cash flow was supported by strong EBITDA but offset by increase in working capital in line with normal seasonality.
 - ★ Increase in working capital was driven by payout of accrued holiday pay after the summer holiday season
- ★ Investments into tangible and intangible assets was 1.7 MEUR comprising mainly of acquisitions of machinery and equipment.
- ★ Operating cash flow 1-9/22 supported by strong EBITDA but offset by increase in working capital and investments.
 - ★ Working capital developed in-line with normal seasonality, as accounts payables and holiday pay accruals decreased, and accounts receivables remained stable

OPERATING CASH FLOW AND INVESTMENTS BREAKDOWN, MEUR

Operating cash flow, MEUR	7-9 2022	7-9 2021	1-9 2022	1-9 2021
EBITDA	19.0	16.8	53.6	43.1
Change in net working capital	-4.8	-9.9	-6.1	-9.7
CAPEX	-1.7	-3.0	-8.3	-8.0
Operating cash flow before acquisitions	12.4	3.8	39.1	25.4
Acquisitions and disposals of subsidiaries net of cash acquired	-18.2	-25.1	-51.1	-78.1
Operating cash flow after acquisitions	-5.8	-21.3	-12.0	-52.7
Cash conversion	7-9 2022	7-9 2021	1-9 2022	1-9 2021
EBITDA, MEUR	19.0	16.8	53.6	43.1
Operating cash flow before acquisitions, MEUR	12.4	3.8	39.1	25.4
Cash conversion before acquisitions	65%	23%	73%	59%
Maintenance CAPEX	7-9 2022	7-9 2021	1-9 2022	1-9 2021
CAPEX, MEUR	-1.7	-3.0	-8.3	-8.0
Revenue, reported MEUR	112.5	92.2	339.2	257.5
CAPEX % of revenue	1.5%	3.3%	2.5%	3.1%

Clear headroom in leverage sustained

- ★ Interest-bearing net debt increased from the end of Q2 due to high M&A activity
 - ★ M&A capex amounted to 18.2 MEUR
- ★ Liquidity is strong. Cash and cash equivalents including unutilized overdraft facility was 31.9 MEUR and 14.5 MEUR of the Super Senior RCF was undrawn by 30 September
- ★ Leverage remained clearly below Bond incurrence test level at 4.71x, almost unchanged from the end of June 2022
- ★ Post Q3 the Group has increased its SSRCF facility by 12.5 MEUR to 62.5 MEUR in accordance with the terms and conditions of its current financing arrangements
- ★ Acquisitions post Q3 have been financed using cash reserves, existing facilities and re-investments from sellers

LEVERAGE BREAKDOWN	
Leverage	30.9.2022
Senior Secured Fixed Rate Bond	340.0
Super Senior Revolving Credit Facility	25.0
Other interest bearing liabilities	32.5
Interest bearing liabilities	397.5
Other net debt items	8.5
Cash and cash equivalents	-21.9
Interest bearing net debt 30.9.2022, MEUR	384.0
EBITDA LTM, reported	67.4
LFL adjustments	7.8
Non recurring items	5.3
Unrealised synergies	1.0
Synergy adjusted EBITDA, MEUR	81.6
Leverage, x	4.71



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	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Net sales	112,515	92,161	339,169	257,491	364,215
Other operating income	595	721	2,329	1,777	3,488
Materials and services	-27,355	-23,880	-87,162	-66,390	-96,480
Personnel expenses	-52,771	-42,382	-157,279	-119,242	-167,978
Other operating expenses	-14,007	-9,821	-43,496	-30,533	-46,260
EBITDA	18,977	16,800	53,561	43,103	56,985
<i>% of revenue</i>	<i>16,9%</i>	<i>18,2%</i>	<i>15,8%</i>	<i>16,7%</i>	<i>15,6%</i>
Depreciation	-7,411	-6,779	-20,530	-20,083	-26,715
EBITA	11,565	10,021	33,031	23,020	30,270
<i>% of revenue</i>	<i>10,3%</i>	<i>10,9%</i>	<i>9,7%</i>	<i>8,9%</i>	<i>8,3%</i>
Amortisation and impairment	-2,951	-2,985	-9,395	-8,552	-11,612
Operating result	8,615	7,036	23,636	14,468	18,658
<i>% of revenue</i>	<i>7,7%</i>	<i>7,6%</i>	<i>7,0%</i>	<i>5,6%</i>	<i>5,1%</i>
Net financial expenses	-2,280	-5,865	-15,975	-14,039	-22,740
Result before taxes	6,334	1,171	7,660	429	-4,082
Income taxes	152	1,189	-2,518	2,345	-680
Result for the financial period	6,486	2,360	5,143	2,773	-4,762

Consolidated Balance Sheet - Assets

CONSOLIDATED BALANCE SHEET, IFRS

EUR THOUSAND	9 2022	9 2021	12 2021
ASSETS			
Non-current assets			
Goodwill	387,317	337,767	350,561
Intangible assets other than goodwill	121,987	125,852	122,758
Tangible assets	44,682	42,876	45,295
Right-of-use assets	22,887	22,455	22,285
Other shares	3,090	2,889	2,965
Other receivables	343	244	273
Deferred tax assets	2,446	1,644	2,202
Total non-current assets	582,752	533,728	546,338
Current assets			
Trade receivables	40,329	33,365	37,086
Inventories	1,403	1,233	1,112
Other current financial assets	0	0	15,086
Other current assets	14,490	11,187	10,174
Cash and cash equivalents	21,935	15,765	18,331
Total current assets	78,158	61,550	81,789
Total assets	660,909	595,278	628,127
EQUITY AND LIABILITIES			
Equity			
Translation differences	-6,234	251	343
Fund for unrestricted equity	160,318	143,318	158,318
Subordinated loan	0	0	0
Retained earnings	-8,102	-5,660	-13,219
Total equity	145,983	137,910	145,442
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	345,001	304,335	303,971
Other non-current liabilities	4,487	14,443	18,453
Lease liabilities	12,080	13,694	13,494
Deferred tax liabilities	28,118	27,402	27,982
Total non-current liabilities	389,686	359,875	363,901
Current liabilities			
Trade payables and other payables	81,445	62,201	73,557
Interest-bearing loans and borrowings	28,950	25,461	33,584
Lease liabilities	11,422	9,236	9,362
Income tax payable	3,423	596	2,281
Total current liabilities	125,241	97,494	118,784
Total liabilities	514,927	457,368	482,685
Total equity and liabilities	660,909	595,278	628,127

Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR THOUSAND	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Operating activities					
Profit before tax	6,334	1,171	7,660	429	-4,082
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment	10,362	9,763	29,925	28,635	38,327
Finance income and expenses	2,282	5,865	15,978	14,039	22,740
Other adjustments	-20	-75	-726	-323	-695
Change in working capital	-3,447	-4,568	-19,373	3,025	14,923
Other adjustments without payment	1,744	226	2,264	-482	0
Income tax paid	-1,415	-58	-3,436	-1,809	-2,569
Net cash flow from operating activities	15,840	12,325	32,294	43,514	68,644
Net cash flow from investing activities					
Acquisition of tangible and intangible assets	-1,734	-3,040	-8,336	-7,999	-13,052
Acquisition of subsidiaries, net of cash acquired	-17,936	-25,099	-51,590	-78,100	-85,999
Proceeds from sale of subsidiaries	-301	0	466	0	0
Net cash flow from investing activities	-19,971	-28,139	-59,460	-86,099	-99,050
Net cash flow from financing activities					
Equity refund	0	0	0	-68,524	-68,524
Increase in fund for unrestricted equity for consideration	0	0	16,331	0	0
Net change in borrowings	13,643	17,024	35,694	127,531	132,630
Net interests and finance costs paid	-1,383	-784	-11,075	-10,478	-22,489
Payments of lease liabilities	-3,683	-2,927	-9,699	-7,674	-10,409
Net cash from financing activities	8,577	13,313	31,251	40,855	31,208
Net increase in cash and cash equivalents	4,446	-2,501	4,084	-1,730	801
Cash and cash equivalents at the beginning of the period	17,722	18,304	18,331	17,530	17,530
Effect of exchange rate changes on cash and cash equivalents	-233	-38	-480	-34	0
Cash and cash equivalents at reporting period end	21,935	15,765	21,935	15,765	18,331



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