

PHM Group

Interim Report 1-9 2021

30 November 2021

Presenting today



Ville Rantala

Chief Executive Officer



Petri Pellonmaa

Chief Financial Officer

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PHM Group is a leading residential property maintenance company in the Nordics

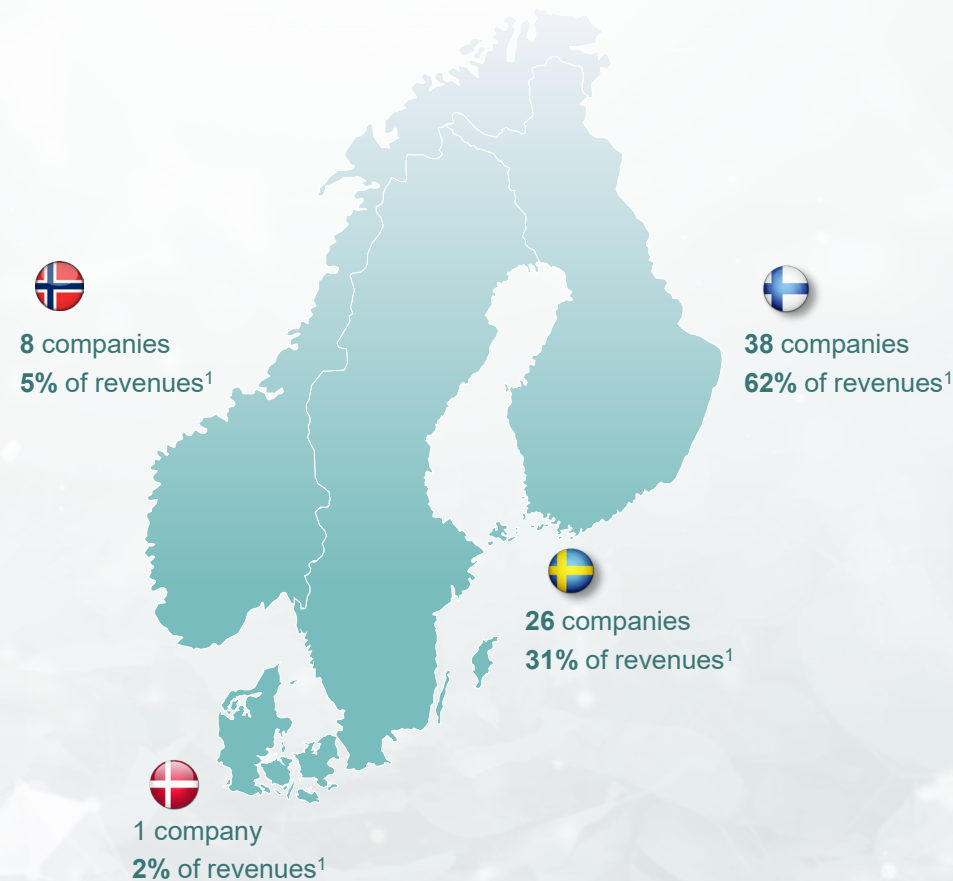
Key facts as per 30 September 2021



Broad service offering



Finnish market leader with a Nordic stronghold



Note: (1) LTM Like-for-Like net sales

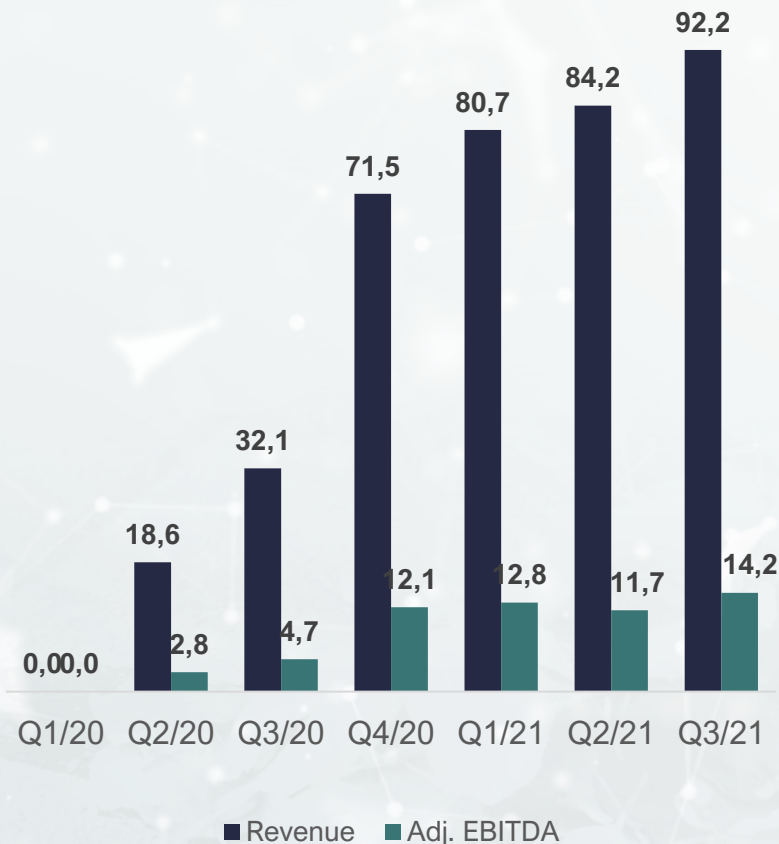
Highlights Q3/2021

- Despite Covid-19 pandemic demand for PHM Group's services remained good and operations remained nearly unaffected
- Revenue increased and profitability improved both on a reported and LFL basis
- Execution of M&A strategy continued strong during Q3
 - 4 acquisitions during Q3, making total acquisition growth 92 MEUR for the first nine months of the year
 - Further 4 acquisitions signed but not closed
 - Acquisition of major competitor Flow Group in Sweden
- Integration project launched in 2020 progressed well, with synergies realizing as planned
- Integration and build up of the Swedish country organization started to boost synergies in Sweden going forward. Renewal of sales and organizational model in Finland completed with the aim to boost organic sales growth
- Head of ESG recruited to drive group wide development of ESG



Reported revenue and earnings grew clearly

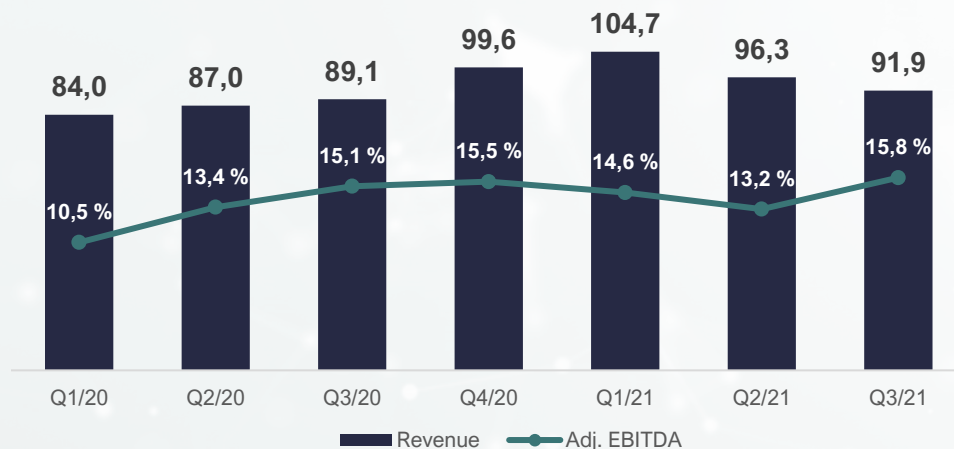
Group revenue and adjusted EBITDA, MEUR reported



- The Group was established in March 2020 and ramped up its operations in April 2020 when the Group acquired PHM Finland Oy (formerly PHM Group Oy) and its subsidiaries from funds managed by Intera Partners and former management in an acquisition completed on 30th April 2020.
- Further the Group acquired Kotikatu Group in September 2020, which materially increased the scale PHM Group's operations
- This together with the several add on acquisitions completed in 2021 saw revenues increase materially from Q4/20 onwards and further in Q3/21
- EBITDA improved due to increased scale of the business, but also organically driven by increased sales and improved operational efficiency as evidenced by the like-for-like development.
- Adjusted EBITDA increased in all operating countries.

Like-for-like revenue grew and profitability improved

Group revenue (MEUR) and adjusted EBITDA margin (%), Like-for-Like



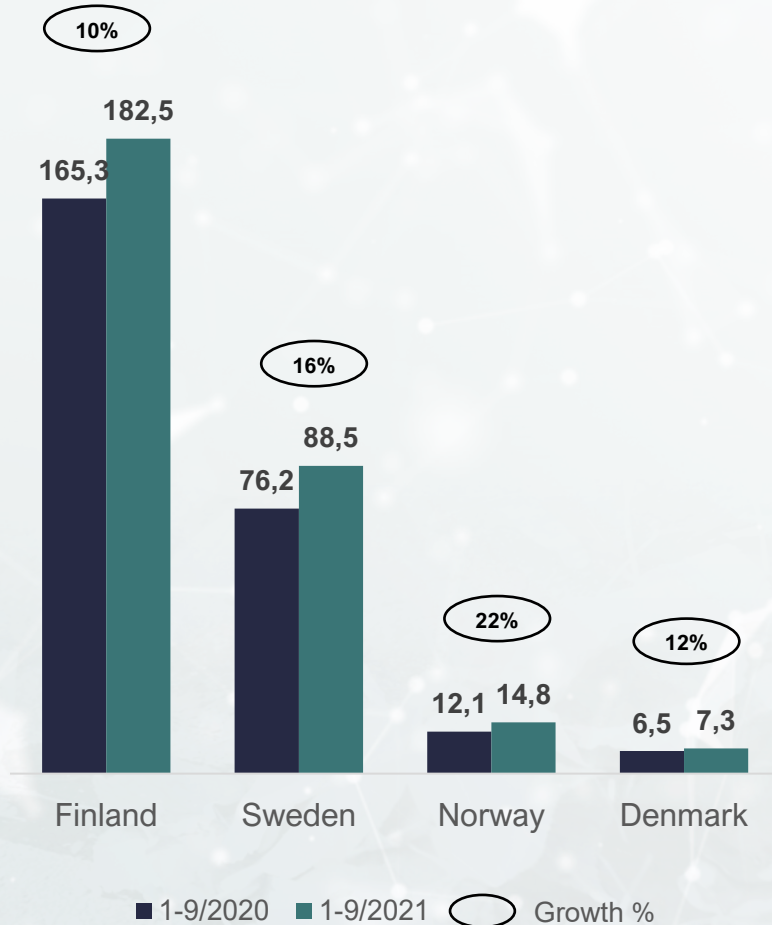
Group revenue (MEUR) and adjusted EBITDA margin (%), Like-for-Like

MEUR	Q3/21	Q3/20	Change, %	1-9/21	1-9/20	Change, %	LTM 9/2021	2020
Net Sales	91.9	89.1	3.2 %	293.0	260.0	12.7 %	392.5	359.6
Gross margin	69.8	67.6	3.3 %	220.0	199.3	10.4 %	295.0	274.4
Gross margin %	75.9 %	75.9 %	0.1 %	75.1 %	76.7 %	-1.6 %	75.2 %	76.3 %
Personnel costs	-42.4	-41.7	1.8 %	-136.2	-126.3	7.8 %	-181.2	-171.3
% of revenue	-46.1 %	-46.8 %	0.7 %	-46.5 %	-48.6 %	2.1 %	-46.2 %	-47.6 %
Other operating expenses	-12.9	-12.4	3.5 %	-41.2	-39.1	5.4 %	-55.8	-53.7
% of revenue	-14.0 %	-13.9 %	0.0 %	-14.1 %	-15.0 %	1.0 %	-14.2 %	-14.9 %
Adjusted EBITDA	14.6	13.5	8.0 %	42.6	34.0	25.4 %	58.0	49.4
Adjusted EBITDA margin %	15.8 %	15.1 %	0.7 %	14.5 %	13.1 %	1.5 %	14.8 %	13.7 %

- Q3 trading fairly well aligned with previous year. No clear difference in add on sales activity year on year.
- Q3/21 revenue increase compared to Q3/20 was driven by increased contract customer base as well as a respective increase in additional sales.
- Q3/21 Adjusted EBITDA increased due to increased revenue and synergies and operational efficiencies gained from acquired entities.
- 1-9/21 revenue increase was driven by an active winter season coupled with increased contract customer base as well as increased additional sales.
- Gross margin in Q3/21 remained stable compared to Q3/21. 1-9/21 gross margin was lower than previous year driven by the increased winter volumes in Q1 increasing the use of subcontracting. Personnel costs were, however, on a lower level compared to sales, respectively.
- In 1-9/21 adjusted EBITDA increased clearly due to increased revenue and efficient utilization of the Group's resources combined with successful use of subcontracting during workload peaks.
- Adjusted EBITDA increased in all countries
- Profitability improved especially in newly acquired units

LFL revenue increased in all operating countries

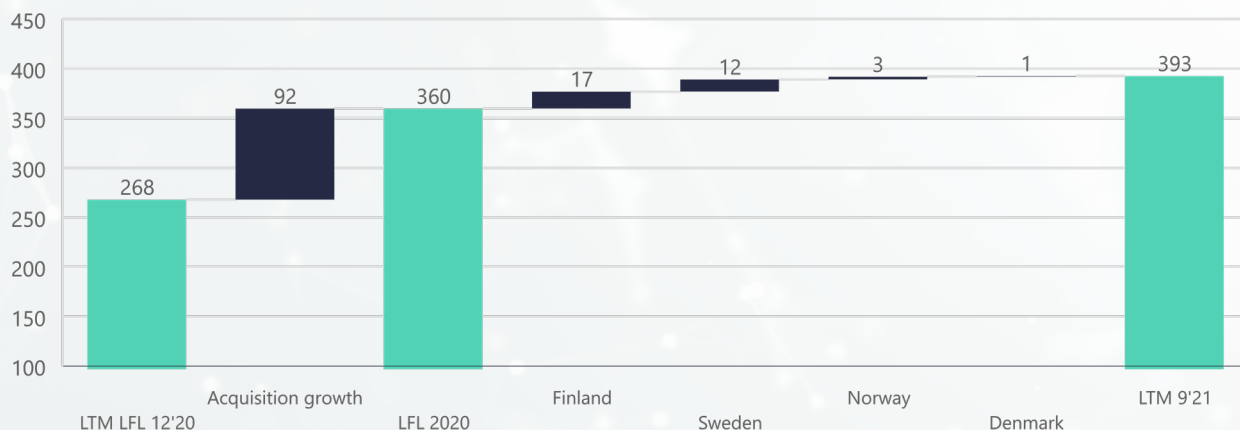
LFL revenue (MEUR) by country and growth y-o-y (%)



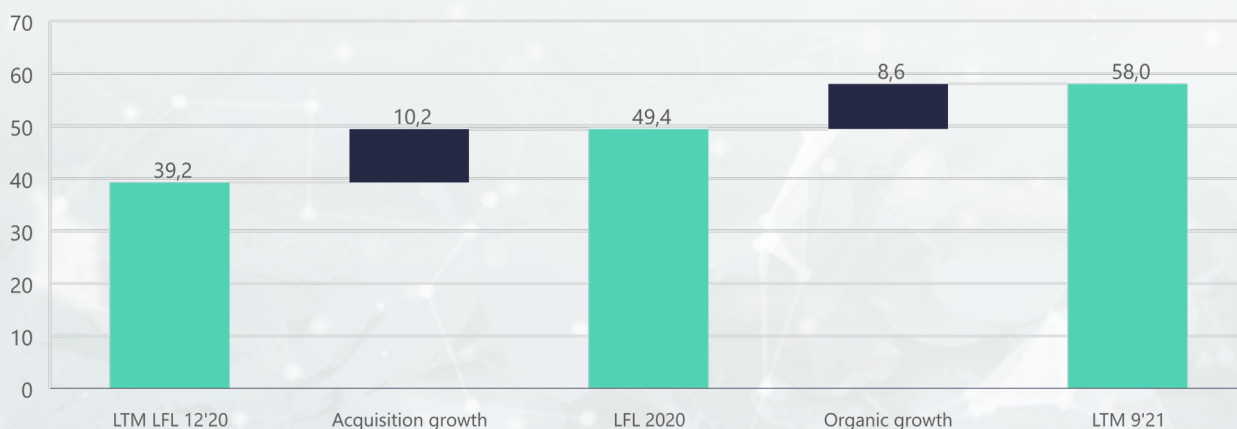
- Active winter season boosting snow related sales especially in Finland and Sweden compared to 2020.
- Limited impact from the Covid –19 pandemic thanks to high share of recurring revenues from necessary day to day services.
- The main impact from the unusual situation is on postponement of non-essential additional works, however offset slightly by increased demand for mainly cleaning services. Some positive signs visible in Q3/21 especially in Sweden and Norway with higher technical sales compared to 2020
- Sales of postponed technical works picked up in Q3
- Increase in customer base driving growth in Norway and Denmark, with positive development also in Sweden and Finland

Strong growth in LTM revenue and EBITDA compared to Dec20

LTM LFL revenue development, MEUR



LTM LFL adj. EBITDA development, MEUR



- Successful M&A activity during 1-9/2021 drove LTM revenue growth, but also clear organic growth in all operating countries
- LTM EBITDA has grown from 39,0 MEUR at the end of 2020 to 58,0 MEUR at the end of Q3/21
- Growth explained by an even mix of organic and acquired growth.
- Organic EBITDA growth driven by improved operational efficiency and synergies realised both from the Kotikatu merger as well as by improving the performance of other add on acquisitions according to PHM's integration model.
- Realized synergies from the PHM Kotikatu merger included in the LTM adjusted EBITDA amounted to 2,3 MEUR, with another 1,9 MEUR still to be realized from actions taken to date

High M&A activity continued in Q3

Completed acquisitions 1-9/2021

Target company	Country	Region	Closing	Currency	Net sales *)	EBITDA *)
Tomina AB	Sweden	Stockholm	January	SEKm	39.0	3.90
Montasjelaget AS	Norway	Stavanger	February	NOKm	18.9	1.9
Olies Renhold AS	Norway	Stavanger	February	NOKm	4.9	0.7
Meranti Siivouspalvelut Oy	Finland	Oulu	March	EURm	3.6	0.5
Janitor Oy	Finland	Hyvinkää	March	EURm	0.8	0.1
Kiinteistöhuolto 3J Oy	Finland	Paimio	April	EURm	1.2	0.1
QSC Group	Finland	Oulu, Joensuu, Rovaniemi	April	EURm	16.8	2.2
Viherkehä Oy	Finland	Capital region	April	EURm	1.5	0.2
Ejendomsvirke A/S	Denmark	Copenhagen	April	DKKm	67.5	6.7
Höga Kusten Skog & Fastighet AB	Sweden	Northern Sweden	April	SEKm	63.7	6.8
Vihdin Rakennustekniikka VRT Oy	Finland	Vihti	May	EURm	1.7	0.2
Optimal Service Sverige AB **)	Sweden	Göteborg	May	SEKm	31.2	2.9
Gröna Gården AB	Sweden	Landskrona	May	SEKm	27.7	5.1
Ostkustens Trädgårdsservice AB	Sweden	Kalmar	May	SEKm	18.7	1.3
Trondheim Renholdsservice AS	Norway	Trondheim	June	NOKm	12.7	1.0
Uterom Entreprenør AS **)	Norway	Oslo	June	NOKm	28.1	9.1
Kiinteistöhuolto Lyijynen Oy	Finland	Lappeenranta	June	EURm	4.3	1.9
Kiinteistöpalvelu Tim Turunen Oy	Finland	Savonlinna	June	EURm	1.6	0.2
Flow Fastighetsvärden AB	Sweden	Stockholm, Mälardalen and Southern Sweden	July	SEKm	231.9	9.4
Mark & Fastighetsservice i Kalmar Ab	Sweden	Kalmar	July	SEKm	27.5	1.4
Uudenmaan Huoltokeskus Oy	Finland	Capital region	September	EURm	1.6	0.2
Økonomiske Løsninger AS	Norway	Oslo	September	NOKm	19.3	4.0

Q3 M&A highlights

- Strategic acquisition of Flow Group closed in July
 - Four operating entities
 - Opening new geographies complementing PHM's current portfolio
 - Eliminating main competitor in M&A
 - Proprietary digital property management system that can be used widely also in PHM's other operations
- Three other smaller acquisitions in growth areas closed

*) Presented financials are based on latest available audited financial statements
 **) Unofficial consolidation of group entities

Strong M&A pipeline with total revenues of ~EUR 47m. Seven deals signed but not closed at the end of Q3



Number of targets

Note: Pipeline is as of 29 November 2021 and only includes companies which PHM has at minimum submitted an indicative bid to. In addition, there are several companies where PHM is in dialogue with to initiate a process.

Seasonality and high capex impacted Q3 cash flow

- Strong EBITDA supported operating cash flow
- Normal seasonality in working capital driven by the pay out of holiday pay liabilities on the back of the most active holiday period of the year
- Investments into tangible assets were considerably higher than in 1-6/21. Higher capex is partly attributable to normal seasonality as machinery is renewed in preparation for the winter season. Also, investments in 2021 have been higher due to a decision to renew more machinery to secure quality of delivery and to lower maintenance costs.
- Successful M&A activity 1-9/21 visible in high M&A capex recorded. M&A activity financed through cash flows, increased senior lending and subsequent refinancing through a bond issue in June 2021

Operating cash flow and investments breakdown, MEUR

Operating cash flow, MEUR	1-9 2021
EBITDA	37.1
Change in net working capital	-7.0
CAPEX	-8.7
Operating cash flow before acquisitions*	21.4
Acquisition of subsidiaries net of cash acquired	-79.4
Operating cash flow after acquisitions	-57.9
Cash conversion	1-9 2021
EBITDA, MEUR	37.1
Operating cash flow before acquisitions, MEUR	21.4
Cash conversion before acquisitions**	58%
Maintenance CAPEX	1-9 2021
CAPEX, MEUR	-8.7
Revenue, reported MEUR	257.0
CAPEX % of revenue	3.4%

*) EBITDA + change in NWC (excluding intra group liability to ultimate parent) – CAPEX (excluding acquisition capex)

**) EBITDA / Operating cash flow before acquisitions

Leverage increased slightly, liquidity remains strong

- Acquisitions and seasonality in operating cash flow increased interest bearing net debt
- Leverage increase in Q3 was attributable to the strategic acquisition of Flow Group, where the multiple on reported historical earnings was significantly higher than in average transactions due to
 - higher perceived run rate of the stand-alone group
 - expected higher future earnings compared to historical levels
 - expected synergies from combining the business with PHM's existing businesses
 - valuation premium allocated to proprietary software Realnode
- The presented leverage has not been adjusted for expected synergies or run rate adjustments for the Flow Group transaction.
- Liquidity position remains strong backed by 15.7 MEUR cash and cash equivalents, as well as undrawn 29 MEUR super senior RCF
- Leverage increased slightly during Q3, but still below incurrence test threshold of 5,5x

Leverage breakdown

Leverage	30.9.2021
Senior Secured Fixed Rate Bond	300.0
Super Senior Revolving Credit Facility	21.0
Other interest bearing liabilities	16.3
Interest bearing liabilities 30.9.2021	337.3
Cash and cash equivalents	-15.7
Interest bearing net debt 30.9.2021, MEUR	321.5
EBITDA LTM, reported	46.5
LFL adjustments	7.1
Non recurring items	4.4
Unrealised synergies	1.9
Synergy adjusted EBITDA, MEUR	59.9
Leverage*, x	5.37

The background of the slide is a light green, semi-transparent image of a forest. Overlaid on this is a faint, white network diagram consisting of interconnected nodes and lines, suggesting a digital or technological theme.

PHM Group

Thank you for your attention

Appendix

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Consolidated income statement

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Consolidated balance sheet

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Consolidated cash flow statement

Consolidated income statement

CONSOLIDATED INCOME STATEMENT, FAS

EUR THOUSAND	7-9 2021	7-9 2020	1-9 2021	1-9 2020	1-12 2020
Revenue	92,162	32,082	257,007	50,650	122,176
Other operating income	721	0	1,789	50	671
Materials and services	-23,884	-18,439	-66,312	-23,825	-33,052
Personnel expenses	-42,244	-13,220	-119,085	-21,104	-54,807
Other operating expenses	-12,611	-4,639	-36,269	-7,649	-19,034
EBITDA	14,144	4,216	37,131	6,553	15,954
<i>% of revenue</i>	<i>15.3 %</i>	<i>13.1 %</i>	<i>14.4 %</i>	<i>12.9 %</i>	<i>13.1 %</i>
Depreciation	-3,930	-1,113	-12,876	-1,821	-7,199
EBITA	10,213	3,103	24,256	4,732	8,755
<i>% of revenue</i>	<i>11.1 %</i>	<i>9.7 %</i>	<i>9.4 %</i>	<i>9.3 %</i>	<i>7.2 %</i>
Amortisation and impairment	-12,180	-5,472	-34,514	-7,927	-18,762
Operating result	-1,966	-2,369	-10,259	-3,196	-10,008
<i>% of revenue</i>	<i>-2.1 %</i>	<i>-7.4 %</i>	<i>-4.0 %</i>	<i>-6.3 %</i>	<i>-8.2 %</i>
Net financial expenses	-4,645	-7,000	-12,808	-9,108	-12,369
Result before taxes	-6,612	-9,369	-23,067	-12,303	-22,377
Income taxes	-259	-19	-2,297	-42	-912
Result for the financial period	-6,871	-9,388	-25,363	-12,345	-23,289

Consolidated balance sheet

CONSOLIDATED BALANCE SHEET, FAS
EUR THOUSAND

	9 2021	9 2020	12 2020
ASSETS			
Non-current assets			
Intangible assets			
Consolidated goodwill	393,412	349,687	346,565
Goodwill	4,943	4,507	5,822
Other long-term expenditure	2179	481	369
Property, plant and equipment	40,350	34,849	36,216
Other tangible assets	1,230	278	1,355
Investments	3,305	2,916	2,547
Advance payments	1,296	2	562
Total non-current assets	446,716	392,720	393,436
Current assets			
Inventories	1,233	1,914	971
Trade receivables	33,365	18,766	21,177
Other receivables	8,431	7,025	6,049
Deferred tax assets	-85	594	116
Cash and cash equivalents	15,745	9,561	17,531
Total current assets	58,688	37,858	45,844
Total assets	505,405	430,579	439,279
EQUITY AND LIABILITIES			
Equity			
Invested unrestricted equity	143,318	116,790	193,910
Retained earnings	-24,307	0	-46
Profit for the period	-25,363	-12,345	-23,289
Total equity	93,648	104,445	170,574
LIABILITIES			
Non-current liabilities			
Subordinated loans	0	0	18,711
Long-term interest-bearing liabilities	311,828	274,579	187,210
Deferred tax liabilities	1,300	50	865
Total non-current liabilities	313,128	274,629	206,786
Current liabilities			
Short-term interest-bearing liabilities	25,461	8,739	13,222
Accounts payable	13,832	11,125	10,137
Other liabilities	56,952	31,641	37,153
Current tax liabilities	2,384	0	1,408
Total current liabilities	98,629	51,505	61,919
Total liabilities	411,757	326,134	268,705
Total equity and liabilities	505,405	430,579	439,279

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT, FAS
EUR THOUSAND

	7-9 2021	1-9 2021
Operating profit	-1,966	-10,259
Profit (Loss) before income taxes for the financial year	-6,612	-23,067
Adjustments:		
Depreciation	16,110	47,390
Finance income and finance expenses	4,645	12,808
Other adjustments	-265	-937
Cash flows before change in net working capital	13,879	36,194
Change in net working capital:		
Change in trade and other receivables (increase (-) / decrease (+))	-759	-1,686
Change in inventories (increase (-) / decrease (+))	118	39
Change in trade and other payables (increase (+) / decrease (-))	2,132	7,472
Cash flows before finance items	15,370	42,019
Income taxes paid	-45	-1,310
Net cash from operating activities (A)	15,325	40,709
Cash flows from investing activities		
Acquisition of intangible and tangible assets	-4,052	-8,732
Acquisition of subsidiaries net of cash acquired	-24,409	-79,366
Net cash used in investing activities (B)	-28,460	-88,098
Cash flows from financing activities		
Decrease in share capital for consideration	0	-50,592
Repayment of loans and borrowings	-20,237	-373,546
Proceeds from current loans and borrowings	38,330	484,052
Net interest and finance costs paid	-7,077	-14,277
Net cash from financing activities (C)	11,017	45,637
Net cash from (used in) operating, investing and financing activities (A+B+C)	-2,119	-1,752
Net increase (decrease) in cash and cash equivalents	-2,119	-1,752
Cash and cash equivalents at the beginning of the period	17,902	17,531
Effect of fluctuations in exchange rate on cash held	-39	-34
Cash and cash equivalents at reporting end	15,745	15,745