

Big or local? Why not both.

Pareto Securities' Nordic Corporate Bond Conference

23 March 2023

Presenting today



Ville Rantala
Chief Executive Officer

Agenda

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WHAT IS
PHM?

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BUSINESS
REVIEW

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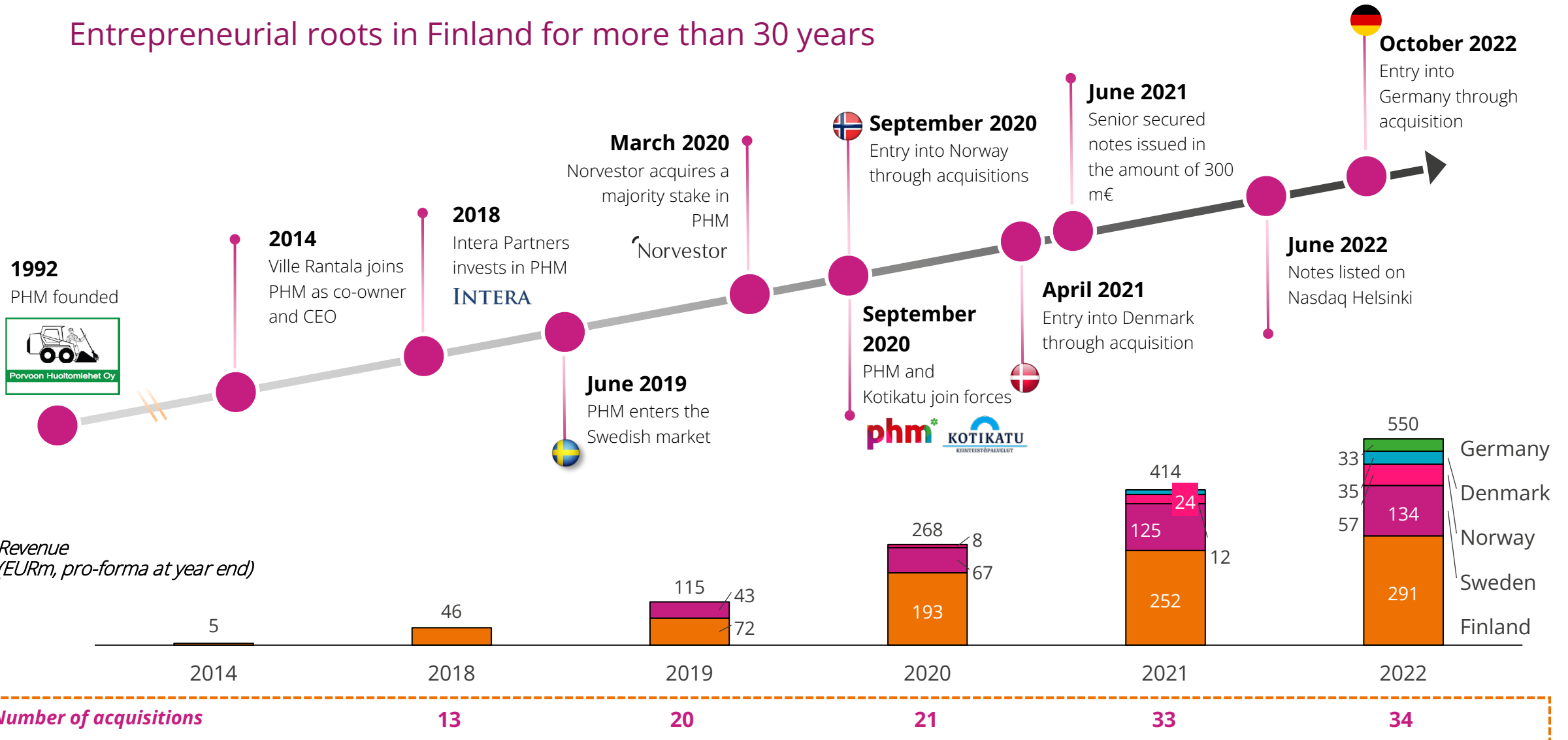
FINANCIAL
PERFORMANCE

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Q&A

Our history

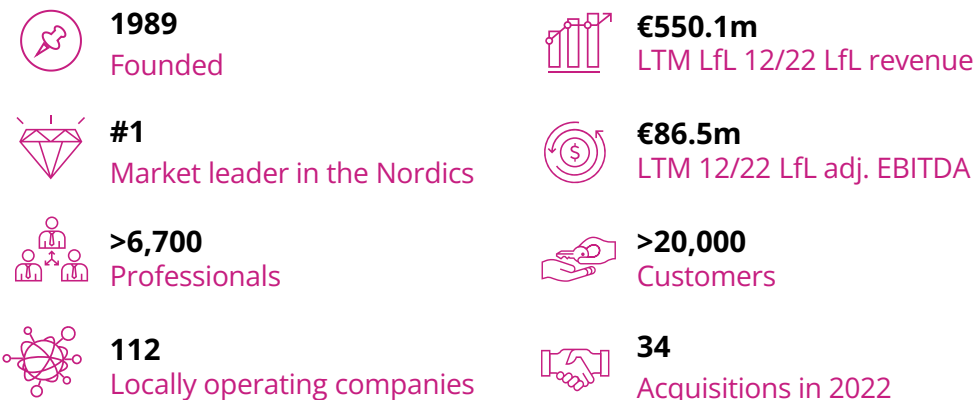
Entrepreneurial roots in Finland for more than 30 years



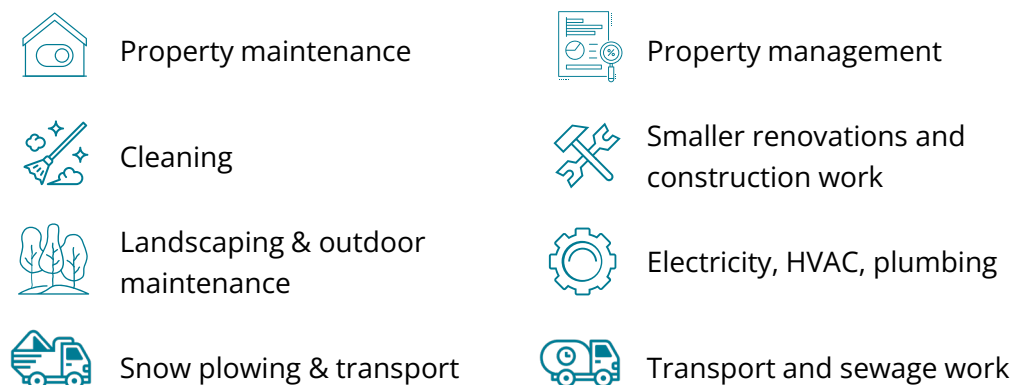
PHM is a leading provider of local property services

A Nordic leader with an emerging European foothold

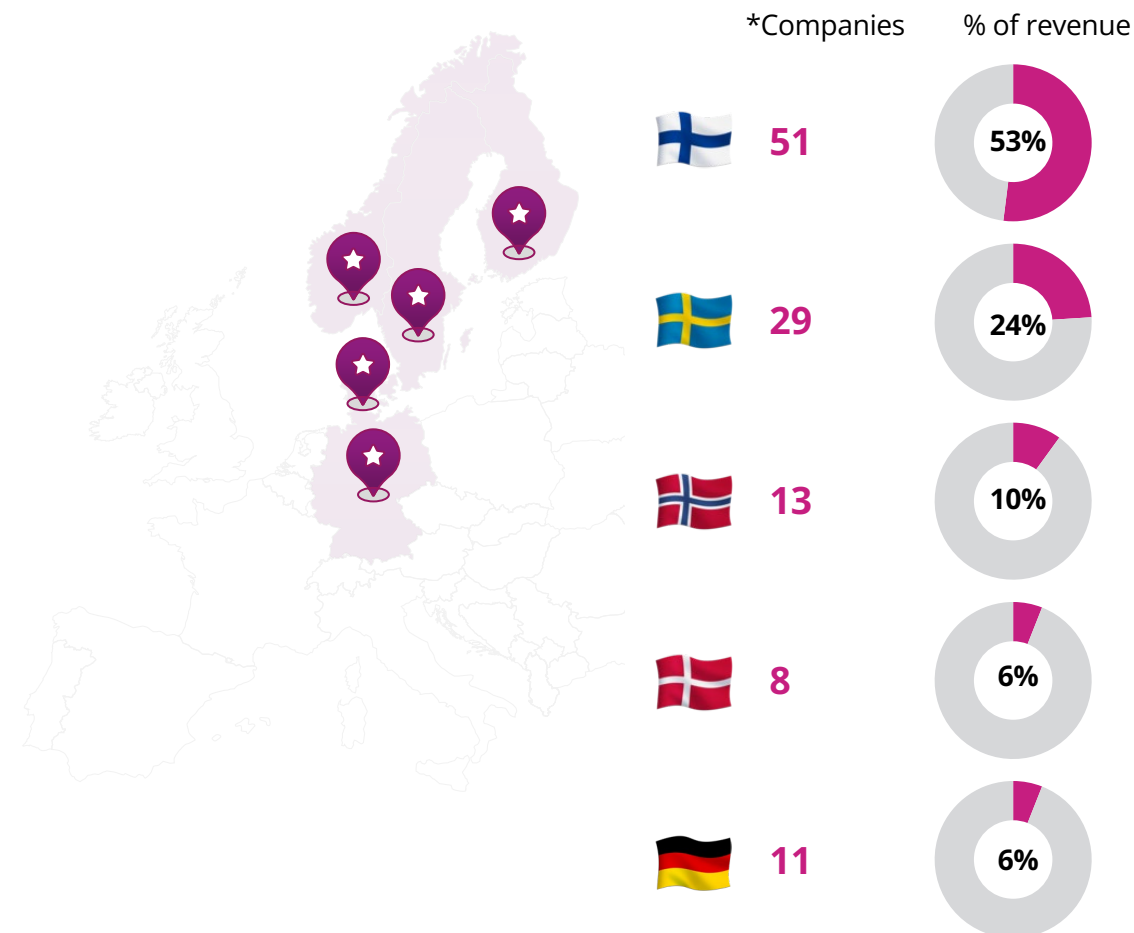
Key facts



Broad service offering



Strong Nordic presence – recent diversification into Germany



Our unique game plan: **Always local. Never alone.**



Organic growth

We are growing nationally by leveraging local expertise as well as our extensive geographical network and range of services.



Mergers and acquisitions

We create value through acquisitions. Our finetuned acquisition process and entrepreneurial spirit as our corporate value create the basis for our geographic and service portfolio growth.



Operational excellence

Competitive and efficient operation, high quality, digitalization and continuous improvement makes us the most profitable service company in the market.



Responsibility and good governance

We deliver sustainable services for our customers and take transparency and our responsibility for people and our shared environment seriously.



Employee experience

Excellent leadership, smooth everyday life and a safe and inspiring working environment, combined in a large company with career opportunities and local company culture are the foundation of our working experience.



OUR VISION

We will be the market leader across all our markets. Town by town.



OUR MISSION

We care about people by taking care of their surroundings.



OUR VALUES

Entrepreneurial.
Fair.
Responsible.



All-stars in local property service.

PHM offers a broad and diverse range of essential services

>90% of revenues stem from contract customers

48%



Contractual services

” Property maintenance tasks



Performed on a recurring basis



Included in customer's annual budget

34%



Add-on services

” Seasonal and supplementary work



Performed on a re-occurring basis



Partially included in customer's annual budget

18%



Technical services

” Services for building technology



Sold to contracted customer base as well as to other customers on an ad-hoc basis

Example tasks



Contractual maintenance



Facility cleaning



Ground Management



Conveyance system & window cleaning



Ad-hoc repairs



Snow removal & sand gravelling



HVAC⁽¹⁾



Plumbing



Small-scale renovation

Key credit highlights



Providing essential and non-cyclical services

- >90% of revenues stem from contract customers
- No reliance on a single customer and >90% retention rates
- Non-cyclical market growing at ~3-5% per annum



Recurring revenue business model

- >80% of revenues are of a recurring or re-occurring nature
- >80% of PHM's revenues are included in the customers' budgets
- High share of long-term contracts with low-churn



Nordic champion with a local operating model

- Clear market leader in Finland, several times larger than the closest competitor
- Successfully established a leading position in Sweden
- Platform acquisitions executed in Norway, Denmark, and Germany



Low-risk consolidation strategy

- Highly fragmented market with many smaller companies
- Average EV/EBITDA acquisition multiple of ~5.0x⁽¹⁾
- Strong ability to elevate performance of acquired entities



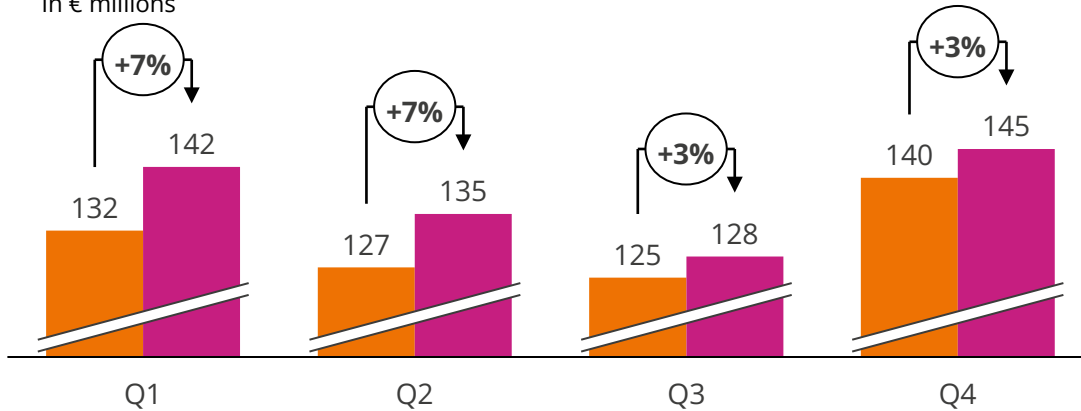
Attractive cash flow metrics

- Industry leading EBITDA margin
- Low maintenance capex: ~3-4% of sales
- Asset light operating model enabling strong cash conversion

Sales has continued developing positively in all countries driven by increased contract base and add on volumes

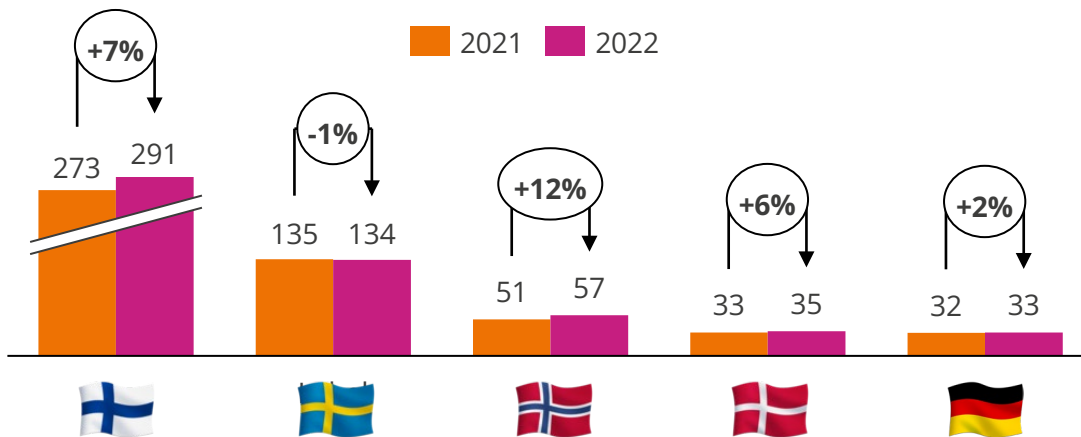
Quarterly Like-for-like revenue development

In € millions



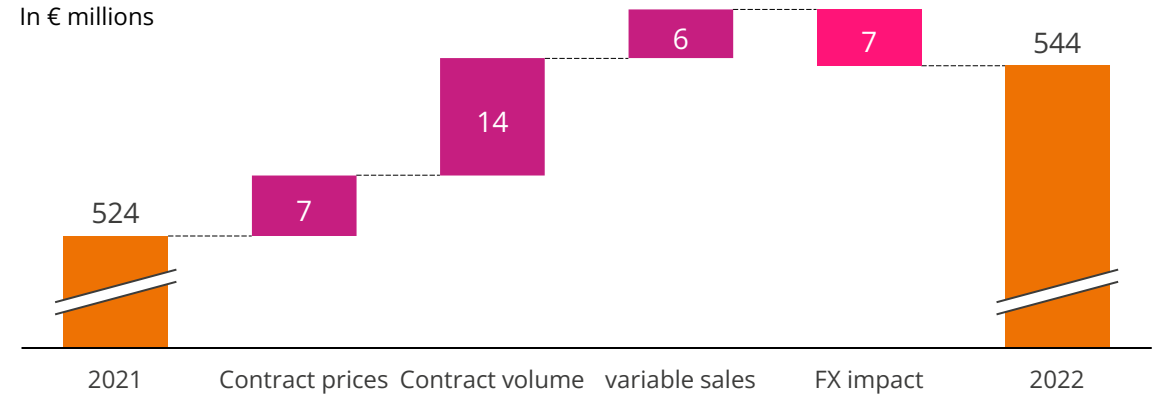
FY22 Like-for-like revenue development by country

In € millions



Illustrative sales drivers y-o-y

In € millions



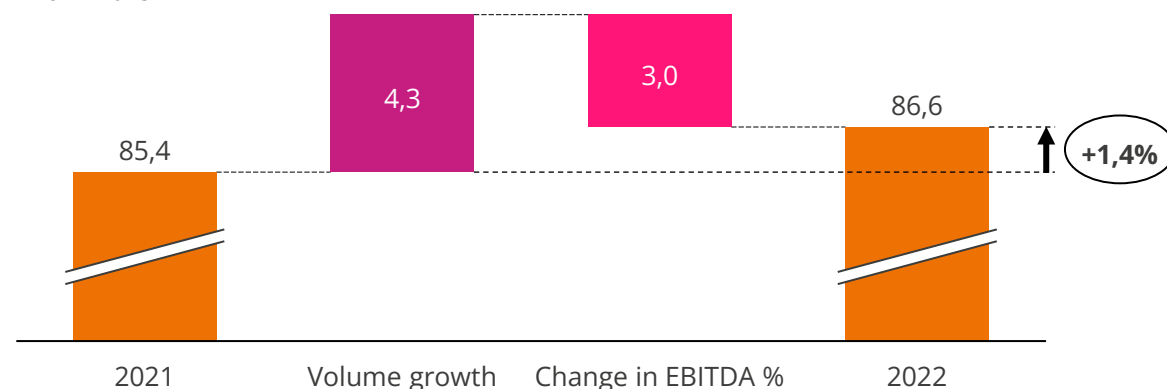
Comments

- ★ PHM has continued showing positive LFL growth in sales during all quarters in 2022 despite the challenging economic conditions
- ★ Sales has developed positively in all countries on a fixed FX basis (Sweden +4%)
- ★ Y-o-y sales growth in 2022 was 5% on a fixed FX basis.
 - ★ Contract sales has grown both driven by successful price increases and growing contract base in all countries
 - ★ Variable sales driven by active winter season in Finland and growing add on volumes Denmark. Other countries suffered slightly from lower winter volumes combined with the effects of the economic downturn

LFL EBITDA grew by 1,4% driven by sales growth, but EBITDA margin deteriorated due to fuel cost inflation and increased absenteeism

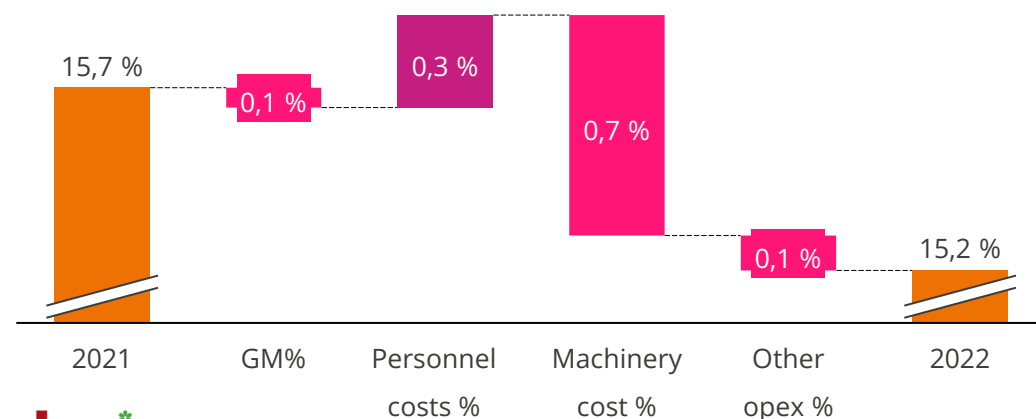
LFL EBITDA development y-o-y

In € millions



LFL EBITDA margin evolution during 2022

In %



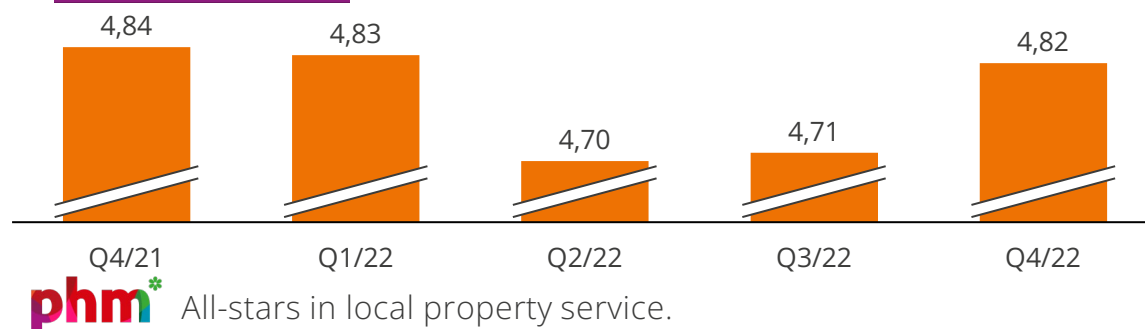
Comments

- ★ LFL EBITDA grew by 1.2 m€ during 2022 with the improvement mainly coming from the organizationally mature countries Finland and Sweden.
- ★ EBITDA growth was driven by the increased volumes explained on the previous page.
- ★ EBITDA margin deteriorated during 2022 by 0.5 p.p. having a 3 m€ negative impact on EBITDA
 - ★ The decrease can be largely explained by increased machinery costs driven by fuel cost inflation experienced during 2022. Machinery costs in relation to net sales increased in total by 0.7 p.p. having a 3.8 m€ negative impact.
 - ★ Efficiency in personnel costs improved by 0.3 p.p. due to synergies and operational improvement. However, offsetting the impact, the sickness absences increased by nearly 1.5 percentage points as a result of increased COVID-19 related absences, which impacted the result negatively
 - ★ Decreased GM% mainly stems from higher use of subcontractors in seasonal works.

Strong cash flow driven by high EBITDA, favorable WC profile and low capex

- ★ Operating cash flow before acquisitions and financial items in 2022 was strong and grew clearly to 53 m€ (42)
- ★ Operating cash flow was supported by strong EBITDA relatively modest investments into tangible and intangible assets that have been stable at 3.6% of revenues in 2022 and 2021. Cash conversion before acquisitions has also remained stable at 74%
- ★ M&A capex amounted to 88.3 m€ (86.0 m€) in 2022 in line with previous year
- ★ Leverage increased slightly in Q4/22 driven by the acquisition of Schultz Gruppe and other larger acquisitions, but has remained stable y-o-y.
- ★ PHM issued new euro-denominated senior secured floating rate notes in a nominal amount of 70 m€ under a framework of 200 m€ in December 2022. Liquidity post issue is strong with available super senior facilities amounting to 62 m€ and cash to 31.6 m€ at year end.

Leverage development quarterly



Operating cash flow and investments breakdown

Operating cash flow, MEUR	10-12 2022	10-12 2021	1-12 2022	1-12 2021
EBITDA	18.4	13.9	72.0	57.0
Change in net working capital	4.5	7.7	-1.6	-2.0
CAPEX	-9.0	-5.1	-17.4	-13.1
Operating cash flow before acquisitions	13.9	10.1	53.0	42.0
Acquisitions and disposals of subsidiaries net of cash acquired	-37.2	-7.9	-88.3	-86.0
Operating cash flow after acquisitions	-23.3	-2.0	-35.3	-44.0
Cash conversion	10-12 2022	10-12 2021	1-12 2022	1-12 2021
EBITDA, MEUR	18.4	13.9	72.0	57.0
Operating cash flow before acquisitions, MEUR	13.9	16.5	53.0	42.0
Cash conversion before acquisitions	76%	119%	74%	74%
Maintenance CAPEX	10-12 2022	10-12 2021	1-12 2022	1-12 2021
CAPEX, MEUR	-9.0	-5.1	-17.4	-13.1
Revenue, reported MEUR	144.2	106.7	483.3	364.2
CAPEX % of revenue	6.3%	4.7%	3.6%	3.6%



All-stars in local property service.