

Big or local? Why not both. 

PHM Group Holding Oyj

Interim Report January – March 2023

16 May 2023

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

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

BUSINESS
REVIEW

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

FINANCIAL
POSITION

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

APPENDIX









PHM is a leading provider of local property services

A Nordic leader with an emerging European foothold

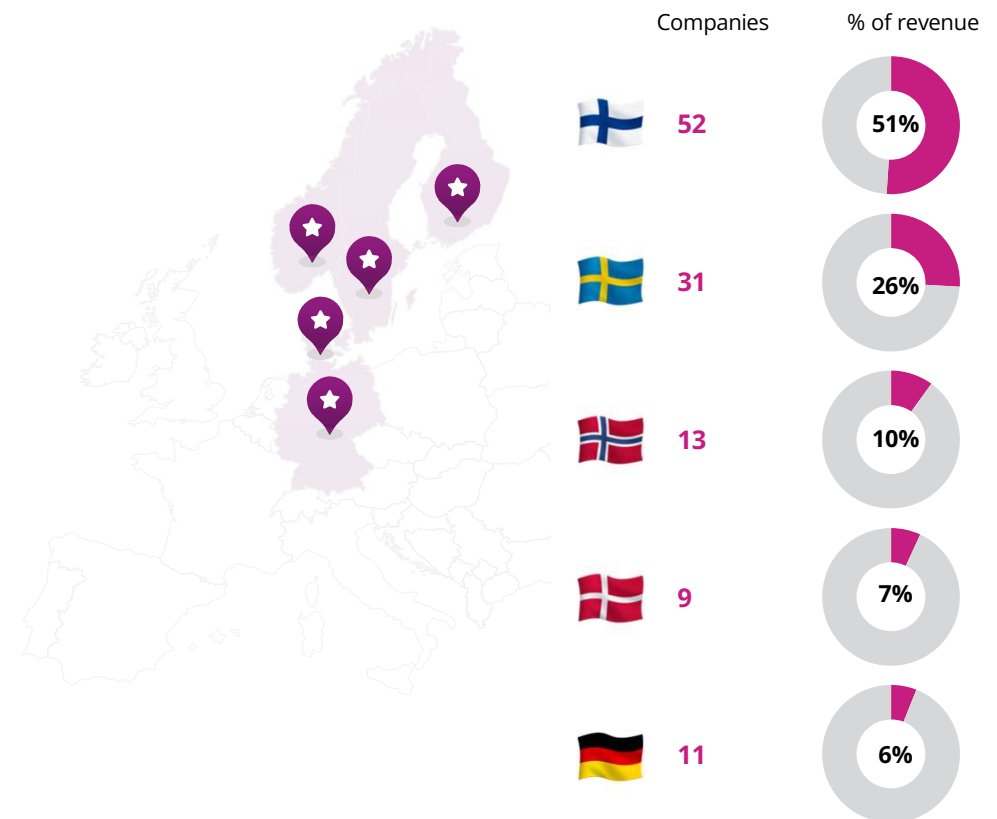
Key facts

	1989 Founded		€564.4m LTM LfL 3/23 LfL revenue
	#1 Market leader in the Nordics		€86.6m LTM 3/23 LfL adj. EBITDA
	~6,900 Professionals		>26,000 Contract customers
	116 Locally operating companies		5 Acquisitions in 2023

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

Strong Nordic presence – recent diversification into Germany



Highlights Q1/2023

- ★ M&A activity continued as planned Q1:
 - ★ One sizeable acquisition in Sweden as well as smaller add-on acquisitions in the other Nordic countries
 - ★ Good pipeline for Q2 and Q3
- ★ Governance and organization developed by improving Corporate responsibility reporting and recruiting a Country Director for Denmark
- ★ Continued clear growth y-o-y in terms of actual revenue and EBITDA driven mostly by M&A
- ★ Operationally solid quarter but like-for-like revenue and result impacted negatively by challenging winter conditions in Finland and headwind from exchange rates development
- ★ Operating cash flow was seasonally strong



5 Acquisitions closed in Q1/23

COMPLETED ACQUISITIONS 1-3/2023

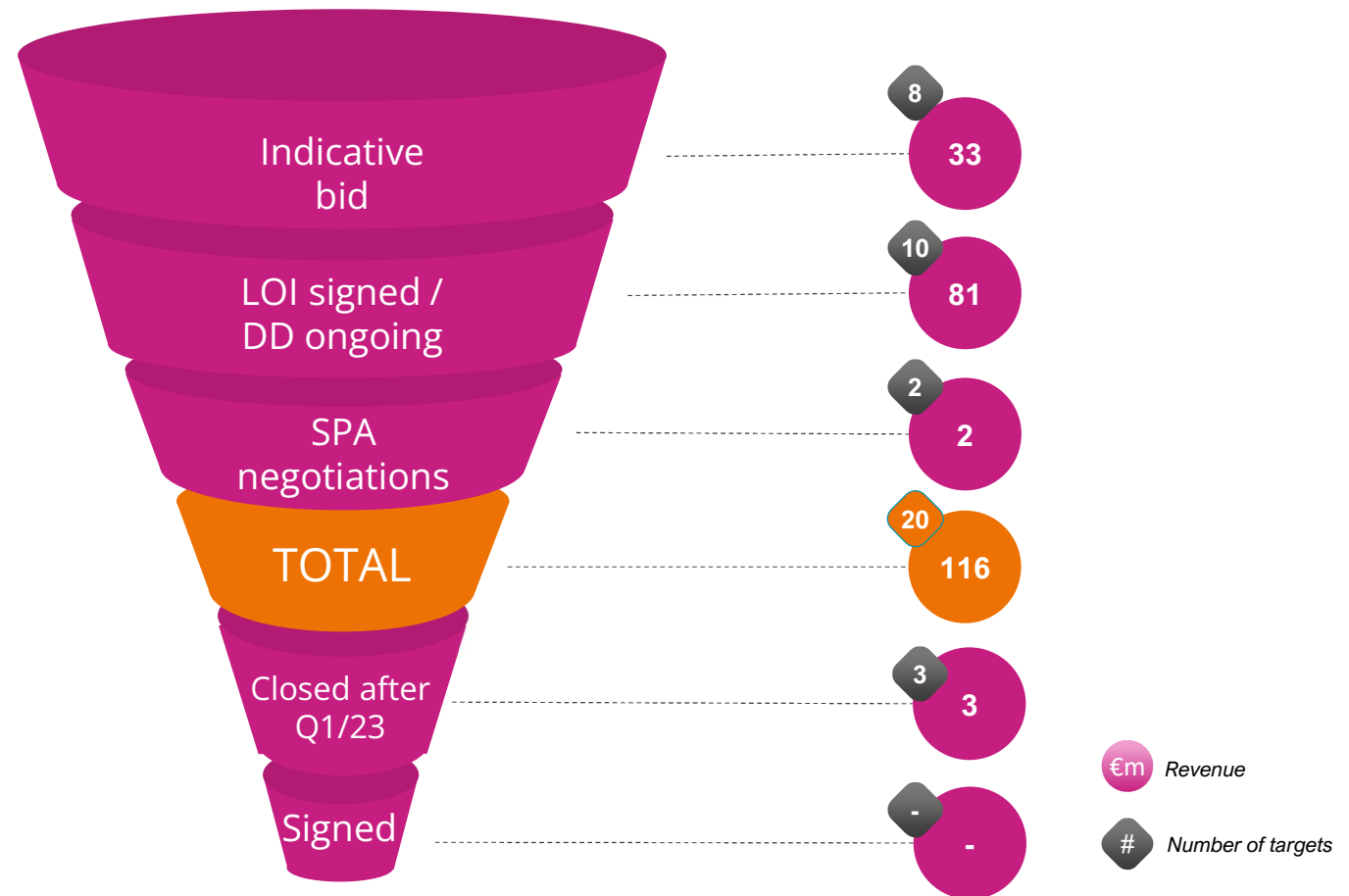
Completed acquisitions and disposals 1-3/2023

Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
Acquisitions						
SaniService ApS	Denmark	Copenhagen	January	DKKm	19.3	2.6
Pirkanmaan Viemäritekniikka Oy	Finland	Tampere	January	EURm	1.0	0.1
MBA Fastighetsservice AB and MBA Bygg AB	Sweden	Gothenburg	February	SEKm	132.6	13.2
Vänerförvaltning AB	Sweden	Karlstad	February	SEKm	9.9	1.9
B.O Drift AS	Norway	Oslo	March	NOKm	16.7	2.2

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

- ★ M&A activity continued as planned
- ★ One sizeable acquisition in Sweden as well as smaller add-on acquisitions in the other Nordic countries, completing five acquisitions in total
- ★ Prescence strengthened in southern parts of Sweden by acquisition of MBA Fastighetsservice, a full-service property maintenance company headquartered in Gothenburg
- ★ Other add-ons to strengthen both service offering and geographical presence in selected areas.
- ★ Together the acquired entities had a EUR 17.5 million positive impact on LTM LFL revenue and EUR 2.4 million positive impact on LTM LFL adjusted EBITDA, respectively.

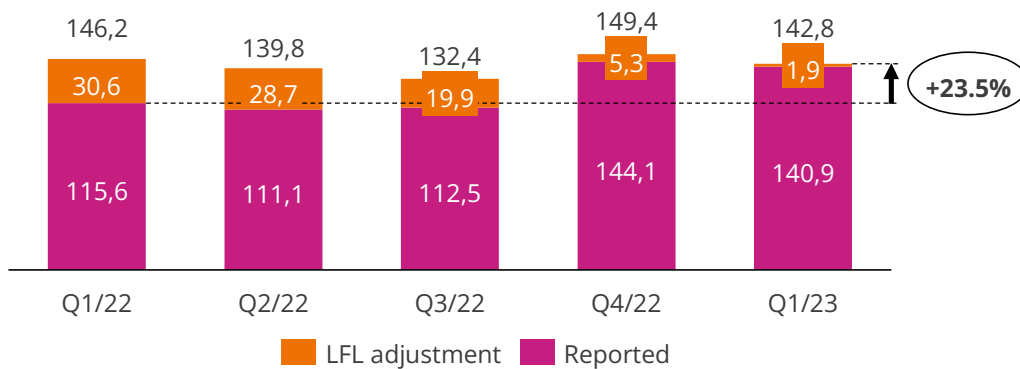
Strong M&A pipeline with total revenues of ~EUR 116m.



PHM recorded an all-time high quarterly reported EBITDA despite challenging winter conditions

GROUP REVENUE, reported and LFL

In EUR million



★ The Group's reported revenue was EUR 140.9 million (115.6) in Q1 2023 showing a growth of 23.5% y-o-y.

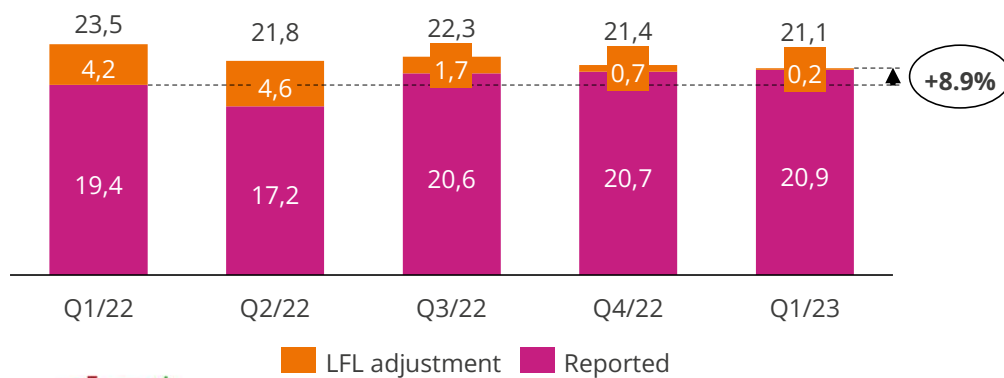
- ★ Business scale continued to grow y-o-y thanks to successful acquisition strategy
- ★ Impact of acquisitions on sales and EBITDA amounted to EUR 28.7 million

★ The Group's adjusted EBITDA was EUR 20.9 million (19.4) in Q1 2023 showing a growth of 8.9 % y-o-y.

- ★ The increase in adjusted EBITDA was largely M&A driven, with acquisitions impacting positively EUR 4.0 million on the y-o-y growth.
- ★ Organic development y-o-y was slightly negative driven by challenging winter conditions in Finland.

GROUP EBITDA, reported and LFL

In EUR million

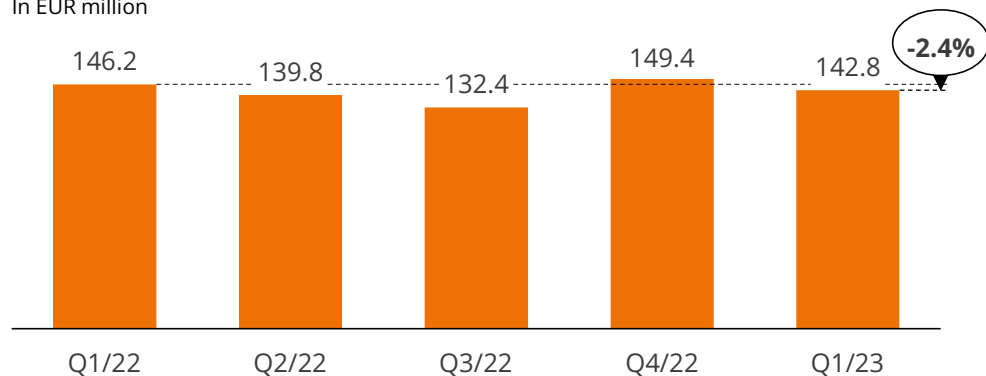


★ LTM LFL Revenue stood at EUR 564.4 million and LFL adjusted EBITDA as at 3/2023 was EUR 86.6 million, respectively

Growth in contract sales supported revenue, headwind from FX and low winter sales in Finland

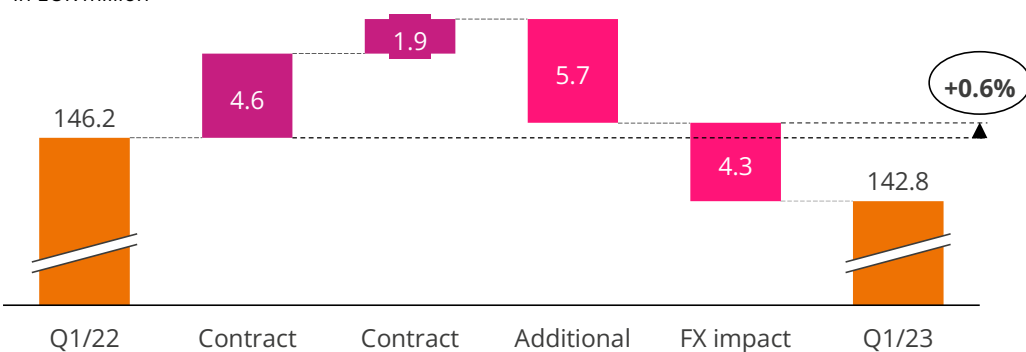
Quarterly LFL revenue

In EUR million



Illustrative LFL sales drivers y-o-y

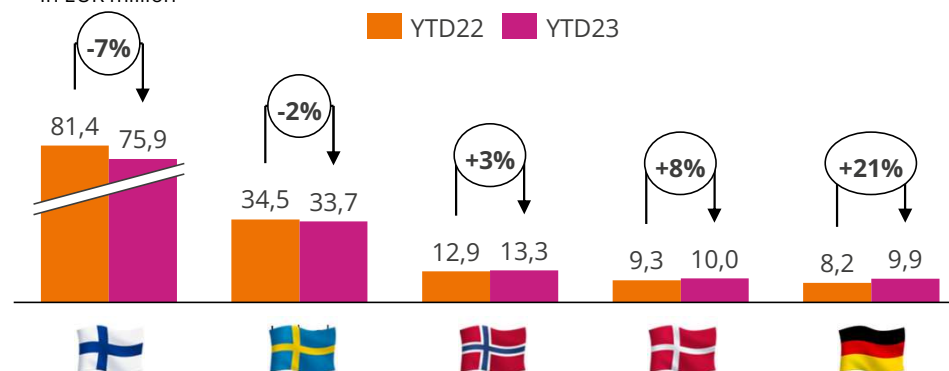
In EUR million



All-stars in local property service.

LFL revenue development by country

In EUR million



- ★ LFL revenue decreased by 2.4% in Q1 y-o-y (+0.6% with fixed FX).
 - ★ FX impacting LFL revenue in Q1 by EUR -4.3 million.
- ★ Contract price increases and increased contract customer base supported revenue in all countries.
- ★ Additional sales decreased due to low amount of winter related additional sales in Finland. Additional sales in other countries developed positively.
- ★ Sales in Sweden and Norway impacted by FX rates. In local currency sales developed positively in both countries.

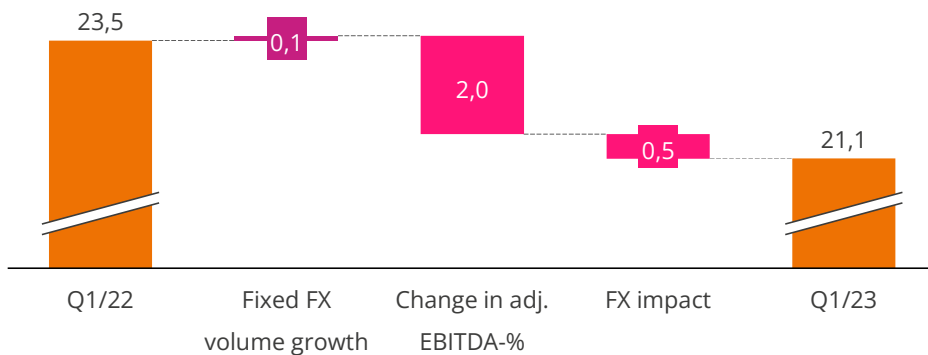
LFL EBITDA impacted by the challenging winter conditions in Finland

LFL PROFIT & LOSS

In EUR million	Q1/23	Q1/22	Change, %	LTM 3/23	2022
Net Sales	142.8	146.2	-2%	564.4	567.9
GROSS MARGIN	107.7	107.8	0%	424.3	424.4
Gross margin %	75.4%	73.7%	1.7%	75.2%	74.7%
Personnel costs	-69.3	-67.3	3%	-267.8	-265.8
% of revenue	-48.5%	-46.0%	-2.5%	-47.4%	-46.8%
Other operating expense	-17.3	-17.0	1%	-69.9	-69.7
% of revenue	-12.1%	-11.6%	-0.4%	-12.4%	-12.3%
ADJUSTED EBITDA	21.1	23.5	-10%	86.6	88.9
ADJUSTED EBITDA margin %	14.8%	16.1%	-1.3%	15.3%	15.7%

LFL adjusted EBITDA development y-o-y

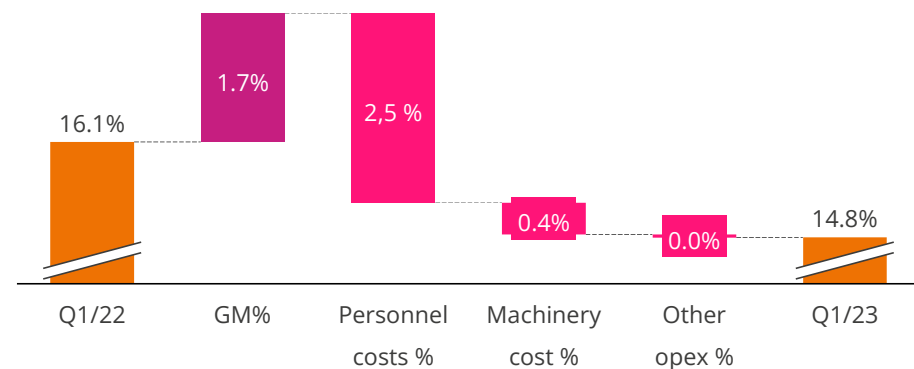
In EUR million



All-stars in local property service.

LFL EBITDA margin evolution y-o-y

In %



- ★ LFL adjusted EBITDA decreased to EUR 21.1 million (-10%).
 - ★ FX impacting LFL adjusted EBITDA in Q1 by EUR -0.5 million (2%).
- ★ EBITDA weakened by lower winter related additional sales in Finland, while the costs for winter maintenance included in the fixed contracts realized at last year's levels due to fluctuating winter conditions.
- ★ Personnel cost increased largely due to in housing of services provided and overtime pay for snow clearance work.
- ★ Additionally, increased fuel and energy prices impacted the adjusted EBITDA negatively throughout the Group.

Seasonally strong operating cash flow in Q1

- ★ Operating cash flow before acquisitions and financial items was seasonally strong at EUR 20.2 million (20.5).
- ★ Operating cash flow was supported by strong EBITDA and release of working capital due to increase of holiday pay accrual in-line with normal seasonality.
- ★ Investments into tangible and intangible assets were on a normal level amounting to EUR 4.4 million comprising mainly of acquisitions of machinery and equipment.
- ★ Cash conversion and investments as share of revenue remained stable comparing to Q1/22.

OPERATING CASH FLOW AND INVESTMENTS BREAKDOWN

Operating cash flow, EUR million	1-3 2023	1-3 2022	1-12 2022
EBITDA	19.8	18.9	71.9
Change in net working capital	4.8	5.2	-1.4
CAPEX	-4.4	-3.7	-17.7
Operating cash flow before acquisitions	20.2	20.5	52.7
Acquisitions and disposals of subsidiaries net of cash acquired	-10.8	-9.0	-87.0
Operating cash flow after acquisitions	9.4	11.5	-34.3
Cash conversion	1-3 2023	1-3 2022	1-12 2022
EBITDA, EUR million	19.8	18.9	71.9
Operating cash flow before acquisitions, EUR million	20.2	20.5	52.7
Cash conversion before acquisitions	102%	108%	73%
Maintenance CAPEX	1-3 2023	1-3 2022	1-12 2022
CAPEX, EUR million	-4.4	-3.7	-17.7
Revenue, reported EUR million	140.9	115.6	483.3
CAPEX % of revenue	3.1%	3.2%	3.7%

Clear headroom in leverage sustained

- ★ Interest-bearing net debt increased from the end of 2022 due to increase in lease liabilities and M&A activity.
 - ✳ Rent indexation of properties reflecting the inflationary environment of 2022 having an increasing effect on lease liabilities.
 - ✳ Liabilities of open-ended lease contracts were reassessed in accordance with IFRS rules increasing the liability by EUR 1.7 million.
 - ✳ M&A capex was EUR 10.8 million.
- ★ Liquidity remained strong. Cash and cash equivalents was EUR 32.2 million and EUR 61.5 million of the Super Senior RCF was available by 31 March
- ★ Leverage remained clearly below Bond incurrence test level at 4.86x, but was up from the end of 2022 due to net debt development coupled with stable synergy adjusted EBITDA

LEVERAGE BREAKDOWN	
Leverage	31.3.2023
Senior Secured Fixed Rate Bond	340.0
Senior Secured Floating Rate Bond	70.0
Super Senior Revolving Credit Facility	0.0
Other interest bearing liabilities	44.4
Interest bearing liabilities	454.4
Other net debt items	2.8
Cash and cash equivalents	-32.2
Interest bearing net debt 31.12.2022, EUR million	425.0
EBITDA LTM, reported	72.7
LFL adjustments	7.7
Non-recurring items	6.2
Unrealised synergies	0.9
Synergy adjusted EBITDA, EUR million	87.5
Leverage, x	4.86



Thank you for
your attention

Appendix

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

Consolidated Income Statement

EUR THOUSAND	1-3 2023	1-3 2022	1-12 2022
Net sales	140,896	115,602	483,282
Other operating income	764	735	3,547
Materials and services	-35,331	-32,200	-124,076
Personnel expenses	-68,914	-51,546	-225,493
Other operating expenses	-17,622	-13,664	-65,407
EBITDA	19,794	18,927	71,853
<i>% of revenue</i>	<i>14.0%</i>	<i>16.4%</i>	<i>14.9%</i>
Depreciation	-6,252	-6,387	-21,281
EBITA	13,542	12,539	50,572
<i>% of revenue</i>	<i>9.6%</i>	<i>10.8%</i>	<i>10.5%</i>
Amortisation and impairment	-3,672	-3,223	-13,578
Operating result	9,869	9,316	36,994
<i>% of revenue</i>	<i>7.0%</i>	<i>8.1%</i>	<i>7.7%</i>
Net financial expenses	-7,845	-4,871	-22,257
Result before taxes	2,025	4,445	14,738
Taxes	-90	-1,278	-539
Result for the financial period	1,935	3,168	14,198

Consolidated Balance Sheet

EUR THOUSAND	03 2023	03 2022	12 2022
ASSETS			
Non-current assets			
Goodwill	420,961	357,959	416,764
Intangible assets other than goodwill	124,889	120,246	124,978
Tangible assets	60,770	45,467	59,034
Right-of-use assets	32,425	21,977	26,536
Other shares	3,330	2,873	3,223
Other receivables	342	209	332
Deferred tax assets	3,297	2,411	3,150
Total non-current assets	646,015	551,142	634,018
Current assets			
Trade receivables	47,527	37,798	56,204
Inventories	3,342	1,194	3,007
Other current financial assets	216	1,727	291
Other current assets	15,881	10,914	15,049
Cash and cash equivalents	32,165	33,515	31,632
Total current assets	99,131	85,148	106,183
Total assets	745,145	636,289	740,201
EQUITY AND LIABILITIES			
Equity			
Share capital	80	0	80
Fund for unrestricted equity	160,238	160,318	160,238
Retained earnings	1,604	-9,756	-393
Translation differences	-11,297	-182	-7,709
Total equity	150,625	150,380	152,216
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	416,959	344,728	418,297
Other non-current liabilities	8,737	1,258	7,923
Lease liabilities	19,452	12,507	15,020
Deferred tax liabilities	31,025	27,104	30,961
Total non-current liabilities	476,173	385,596	472,201
Current liabilities			
Trade payables and other payables	100,085	81,541	98,401
Interest-bearing loans and borrowings	4,292	5,147	4,314
Lease liabilities	13,711	10,034	12,202
Income tax payable	259	3,591	866
Total current liabilities	118,347	100,313	115,783
Total liabilities	594,520	485,909	587,985
Total equity and liabilities	745,145	636,289	740,201

Consolidated Cash Flow Statement

EUR THOUSAND	1-3 2023	1-3 2022	1-12 2022
Operating activities			
Profit before tax	2,025	4,445	14,738
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment	9,925	9,611	34,847
Finance income and expenses	7,845	4,871	20,945
Other adjustments	-242	-219	-1,720
Change in working capital	5,941	-11,961	-12,064
Other adjustments without payment	1,202	-667	2,564
Income tax paid	-1,537	-820	-3,829
Net cash flow from operating activities	25,158	5,260	55,480
Net cash flow from investing activities			
Acquisition of tangible and intangible assets	-4,384	-3,676	-17,711
Acquisition of subsidiaries, net of cash acquired	-10,848	-8,971	-87,507
Proceeds from sale of subsidiaries	0	0	465
Net cash flow from investing activities	-15,232	-12,647	-104,754
Net cash flow from financing activities			
Increase in fund for unrestricted equity for consideration	0	16,331	16,331
Net change in borrowings	-1,393	9,468	82,536
Net interests and finance costs paid	-3,406	-223	-20,933
Payments of lease liabilities	-4,147	-3,004	-14,834
Net cash from financing activities	-8,945	22,571	63,100
Net increase in cash and cash equivalents	981	15,185	13,827
Cash and cash equivalents at the beginning of the period	31,632	18,331	18,331
Effect of exchange rate changes on cash and cash equivalents	-448	0	-525
Cash and cash equivalents at reporting period end	32,165	33,515	31,632



phm*

Nordic all-stars in local property service.