

Big or local? Why not both. 

# PHM Group Holding Oyj

Interim Report January – June 2023

15 August 2023

# Presenting today



Ville Rantala  
Chief Executive Officer



Petri Pellonmaa  
Chief Financial Officer

# Agenda

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Q2  
HIGHLIGHTS

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BUSINESS  
REVIEW

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FINANCIAL  
POSITION

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APPENDIX









# PHM is a leading provider of local property services

A Nordic leader with an emerging European foothold

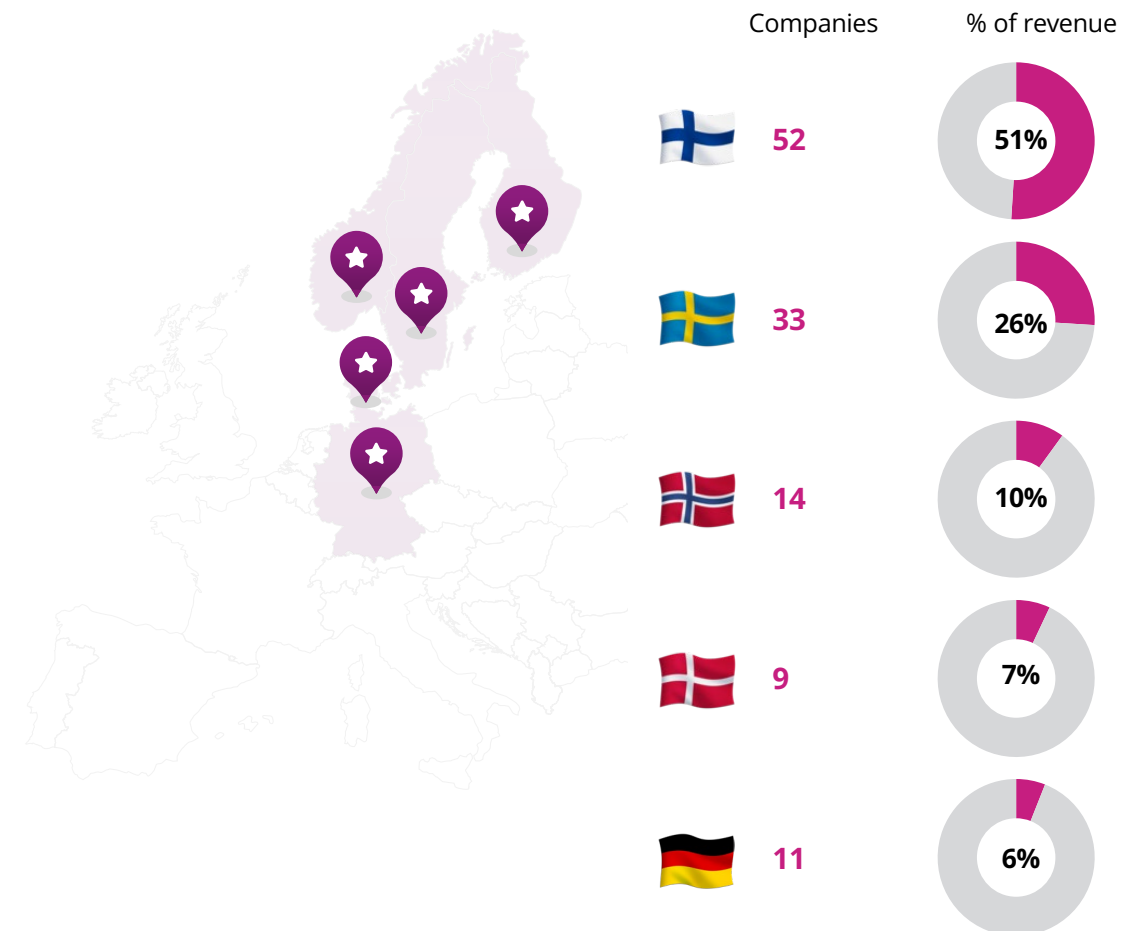
## Key facts

-  **1989**  
Founded
-  **€574.4m**  
LTM LfL 6/23 LfL revenue
-  **#1**  
Market leader in the Nordics
-  **€89.3m**  
LTM 6/23 LfL adj. EBITDA
-  **~7,000**  
Professionals
-  **>26,000**  
Contract customers
-  **119**  
Locally operating companies
-  **11**  
Acquisitions in 1-6/2023

## 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 Q2/2023

- ★ High M&A activity in Q2:
  - ★ SPA for acquisition of Bredablick signed strengthening PHM's position in Sweden as a national operator and market leader
  - ★ Six acquisitions completed in Q2
  - ★ Strong pipeline for the rest of the year
- ★ Continued clear growth y-o-y in terms of actual revenue and EBITDA driven by both M&A and organic improvement
- ★ Result supported by price increases, improved add-on sales mix and lower operating expenses, but impacted negatively by lower additional sales volume and headwind from exchange rates development
- ★ Tap issue of EUR 55 million of the senior secured floating rate notes completed together with a permanent increase in the SSRCF facility to EUR 77.5 million
- ★ Danish country manager started as part of the group management team.



# 6 Acquisitions closed in Q2/23

## COMPLETED ACQUISITIONS 1-6/2023

Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
<i>Acquisitions</i>						
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
Väner Förvaltning AB	Sweden	Karlstad	February	SEKm	9.9	1.9
B.O Drift AS	Norway	Oslo	March	NOKm	16.7	2.2
Cubile Utemiljö AB	Sweden	Stockholm	April	SEKm	36.9	5.9
JS-Ilmastointipuhdistus Oy	Finland	Turku	May	EURm	0.5	0.1
Oslo Renhold AS	Norway	Oslo	May	NOKm	7.1	2.0
Alliansen Renhold AS	Norway	Oslo	May	NOKm	14.3	1.8
Norrland Park & Mark AB	Sweden	Härnösand	June	SEKm	20.7	5.9
Turun Talopalvelu Oy	Finland	Turku	June	EURm	0.3	0.1

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

- ★ Good M&A activity continued in Q2 with all in all six acquisitions closed during the period
- ★ SPA signed for the acquisition of Swedish Bredablick
  - ★ One of the main competitors in Sweden
  - ★ The acquisition strengthens PHM's position in Sweden as a national market leading operator
  - ★ The acquisition was subject to approval from the Swedish Competition Authority and has been closed in August 2023 and will be consolidated to the Group in Q3/23
- ★ Offering in the Swedish outdoor maintenance sector was expanded by acquisition of Cubile Utemiljö AB and Norrland Park & Mark AB
- ★ Market position in residential cleaning business strengthened in Oslo with two acquisitions
- ★ Presence in Western Finland strengthened with two acquisitions
- ★ Acquisitions had a EUR 8.9 million positive impact on LTM LFL revenue and EUR 2.4 million positive impact on LTM LFL adjusted EBITDA, respectively

# Acquisition of Bredablick

## Bredablick in brief

### Founded

2009 by Limhamnshus in Malmö together with management

### Head office

Salt import, Nyhamnen in Malmö

### Footprint

Malmö, Stockholm, Gothenburg, Uppsala, Linköping, Västerås, Helsingborg, Norrköping, Lund, and Karlstad

### Focus

Larger housing associations (+50 units)

### Employees

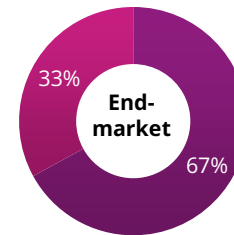
About 500 FTE

### Customer base

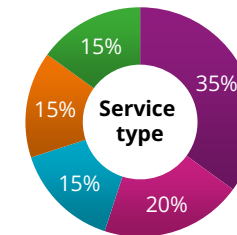
Approximately 50,000 homes spread out across Sweden

## Indicative revenue breakdowns (FY'22)

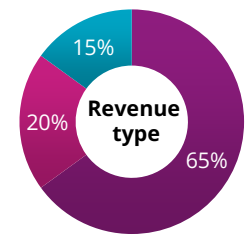
In % of revenue



Residential  
Commercial



Cleaning Indoor Outdoor  
Technical mgmt. Financial mgmt.



Fixed Semi-fixed  
Variable

## Acquisition rationale



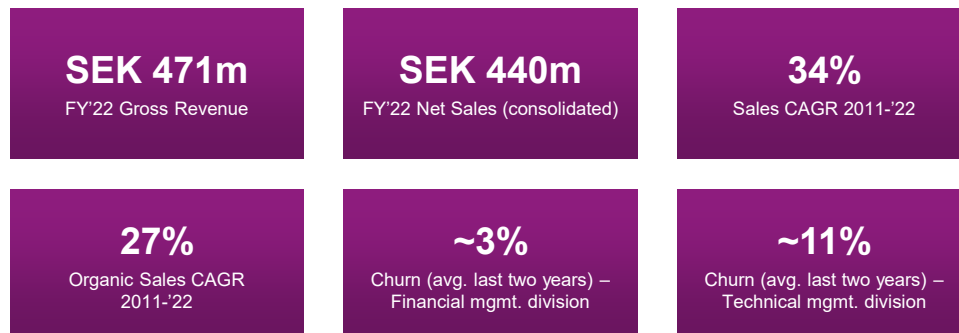
### Strengthen position in Sweden

- Adds a national top 5 brand to build on, and complements PHM's market leadership
- Bredablick has established itself as a leading player in key cities across Sweden with a local operating model. The company has the most relevant platform for any other actor to enter the Swedish market through
- With Bredablick, PHM becomes the regional champion in the 2<sup>nd</sup> and 3<sup>rd</sup> largest regions in Sweden, Gothenburg and Skåne, respectively

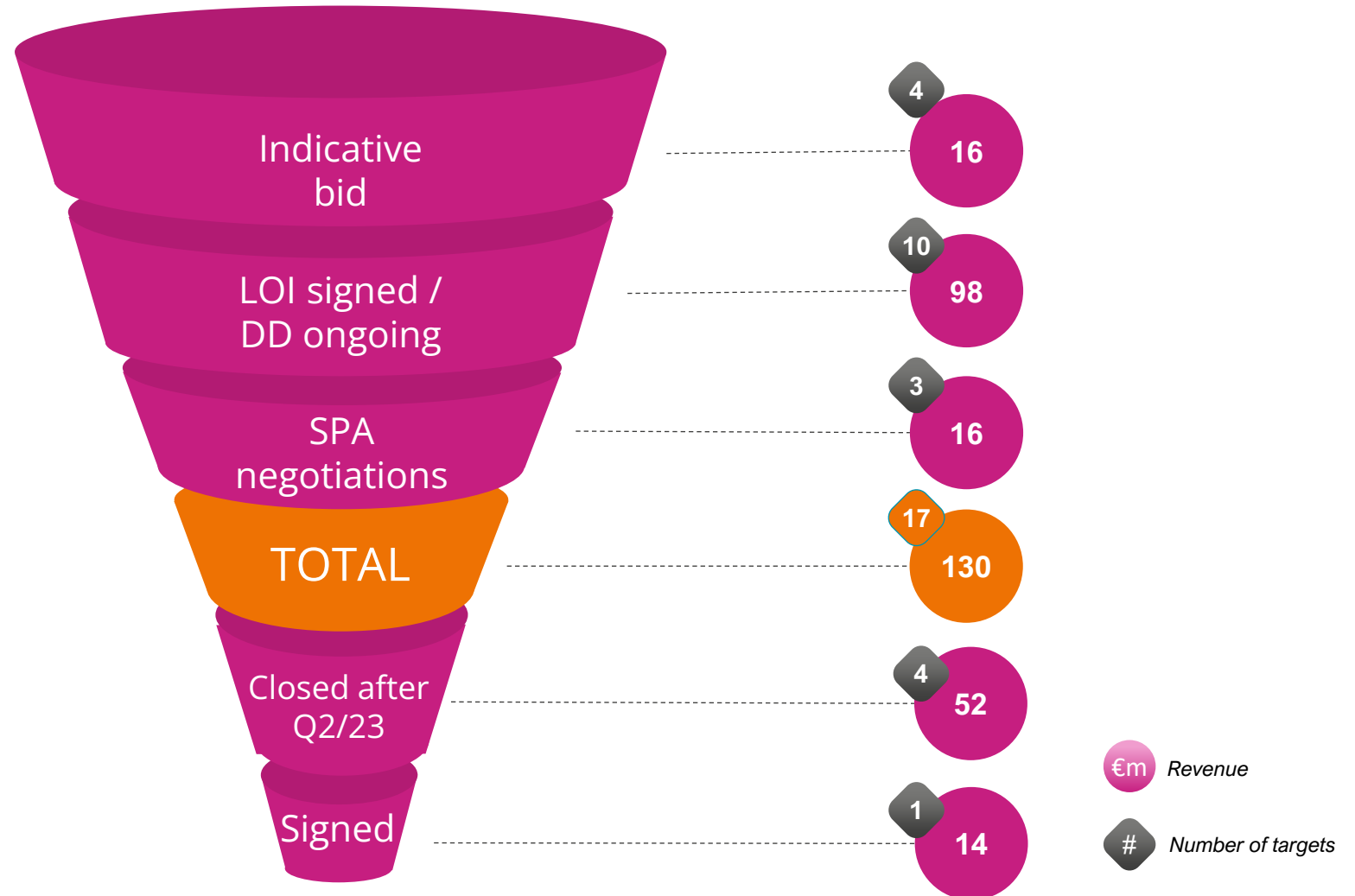


### Significant synergy potential

- PHM has identified several initiatives with the intention to increase the entity's margins
- Overlapping back-office functions with PHM including services that can be leveraged across companies
- Initiatives include increased sales of add-on services, optimizing contract portfolios, streamlining of organization, procurement savings, and implementation of best practices across the Group



# Strong M&A pipeline with total revenues of ~EUR 130m

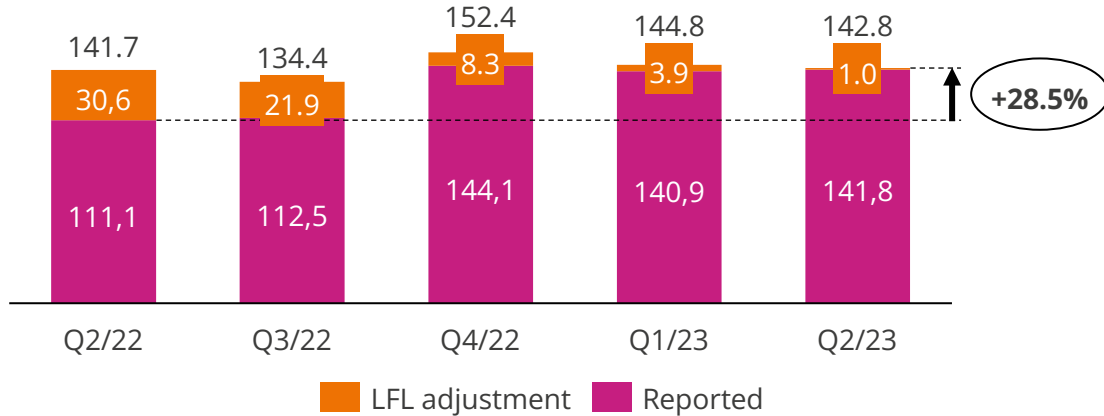




# PHM recorded an all-time high quarterly reported EBITDA

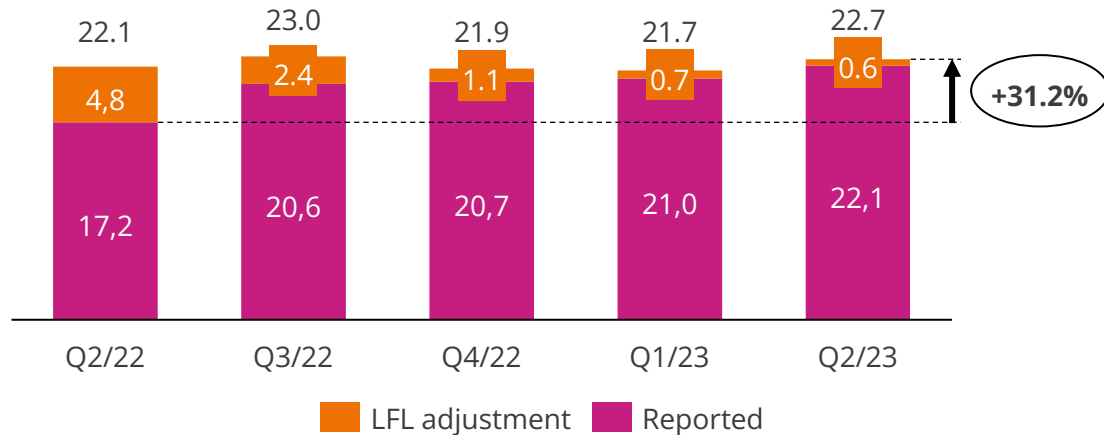
## GROUP REVENUE, reported and LFL

In EUR million



## GROUP adjusted EBITDA, reported and LFL

In EUR million

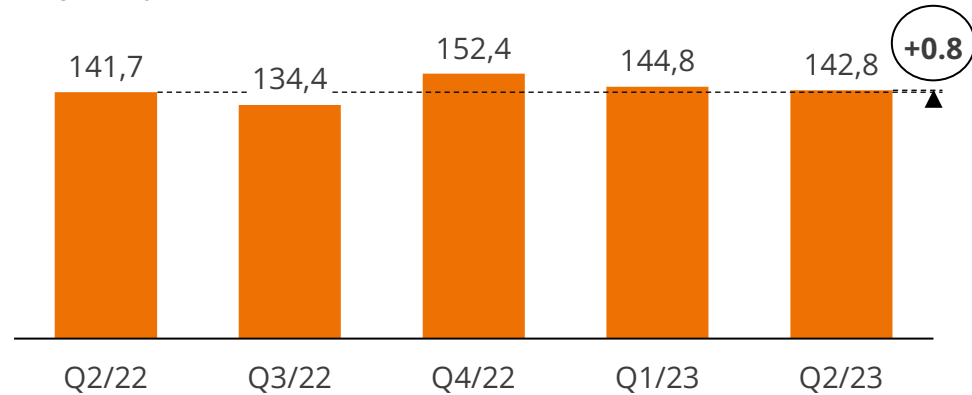


- ★ The Group's reported revenue was EUR 141.8 million (111.1) in Q2 2023 showing a growth of 28.5% y-o-y.
  - ★ Business scale continued to grow y-o-y thanks to successful acquisition strategy
  - ★ Impact of acquisitions on sales amounted to EUR 29.6 million
  - ★ Organic growth on sales amounted to EUR 1.1 million including a negative EUR 5.7 million currency effect.
- ★ The Group's adjusted EBITDA was EUR 22.1 million (17.2) in Q2 2023 showing a growth of 31.2% y-o-y.
  - ★ Acquisitions impacted positively by EUR 4.2 million on the y-o-y growth.
  - ★ Organic development was strong supported by both increased revenue and improved margins. Organic growth in EBITDA amounted to EUR 0.6 million including a negative currency effect of EUR 0.8 million
- ★ LTM LFL Revenue stood at EUR 574.4 million and LFL adjusted EBITDA as at 6/2023 was EUR 89.3 million, respectively

# Contract sales grew clearly in Q2, headwind from FX and lower additional sales volume during H1

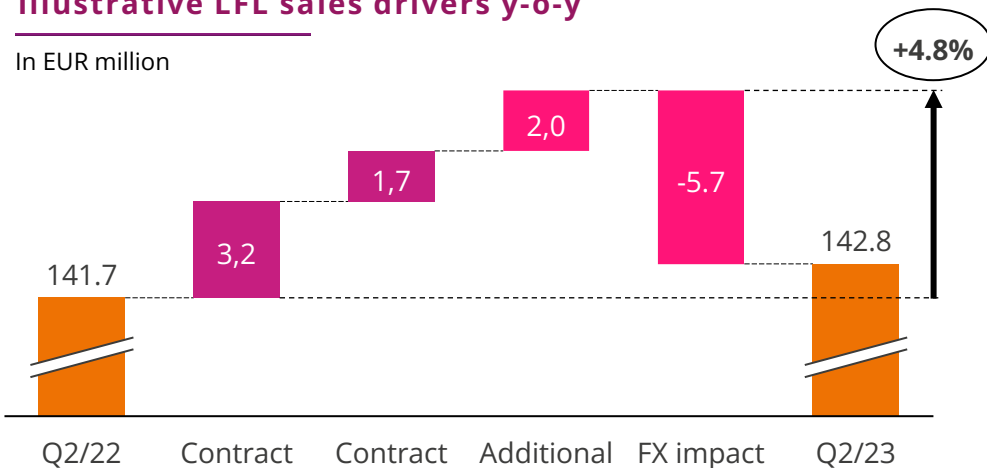
## Quarterly LFL revenue

In EUR million



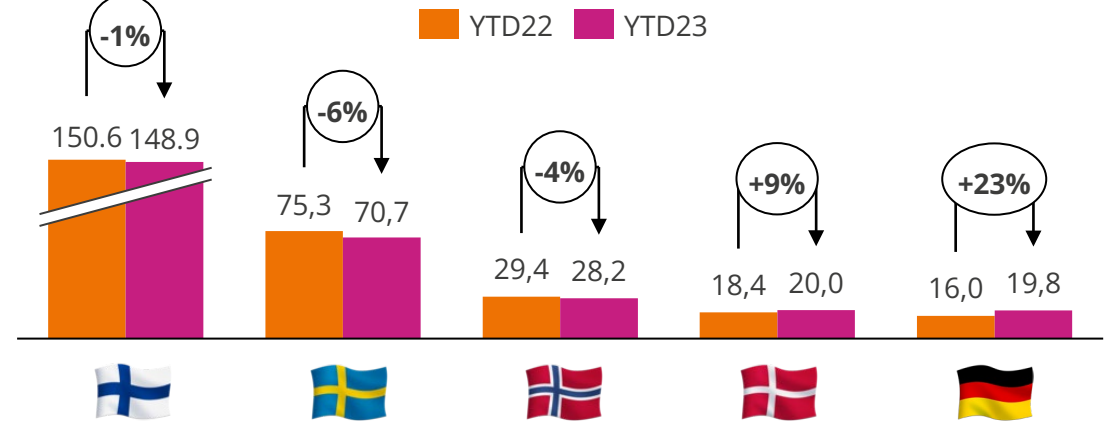
## Illustrative LFL sales drivers y-o-y

In EUR million



## LFL revenue development by country

In EUR million



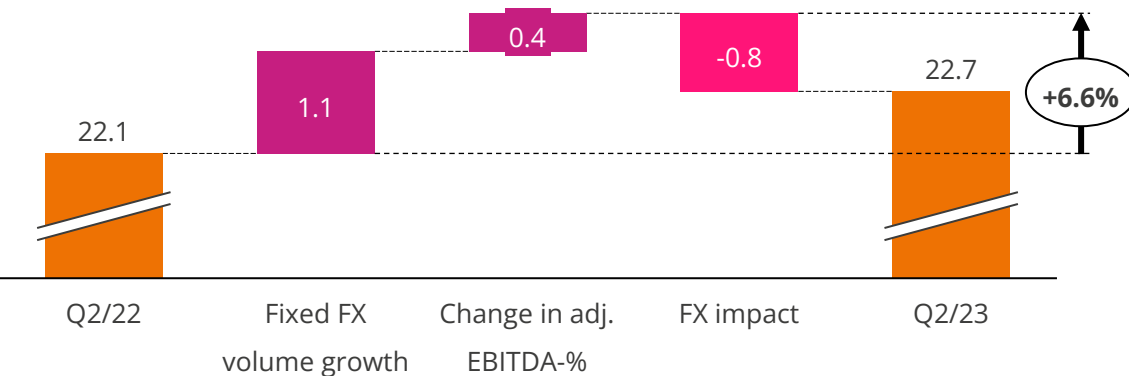
- ★ LFL revenue increased by 0.8% in Q2 y-o-y (+4.8% with fixed FX).
  - ★ FX impacting LFL revenue in Q2 by EUR -5.7 million.
- ★ Price increases and growth in the contract base supported revenue in all countries in Q2 and H1.
- ★ Clearly lower additional sales volume in Finland in and Sweden impacted revenue negatively during H1 but was mitigated by increased additional sales of maintenance services in Denmark and technical services in Germany. Additional sales volume in Finland grew slightly in Q2.
- ★ Sales in Sweden and Norway impacted by FX rates. In local currency revenue grew in H1/2023 in both countries.

# Price increases, improved add-on sales mix and lower OPEX supported margins in Q2

LFL PROFIT & LOSS								
In EUR million	Q2/23	Q2/22	Change, %	1-6/23	1-6/22	Change, %	LTM 6/23	2022
Net Sales	142.8	141.7	1%	287.6	289.7	-1%	574.4	576.5
GROSS MARGIN	110.4	108.1	2%	219.8	217.4	1%	434.0	431.6
Gross margin %	77.3%	76.3%	1.0%	76.4%	75.0%	1.4%	75.6%	74.9%
Personnel costs	-70.6	-67.4	5%	-140.5	-135.6	4%	-274.9	-270.0
% of revenue	-49.4%	-47.6%	-1.9%	-48.9%	-46.8%	-2.1%	-47.9%	-46.8%
Other operating expense	-17.1	-18.6	-8%	-34.9	-35.9	-3%	-69.8	-70.8
% of revenue	-12.0%	-13.1%	1.2%	-12.1%	-12.4%	0.2%	-12.2%	-12.3%
ADJUSTED EBITDA	22.7	22.1	3%	44.4	46.0	-3%	89.3	90.8
ADJUSTED EBITDA margin %	15.9%	15.6%	0.3%	15.4%	15.9%	-0.4%	15.5%	15.8%

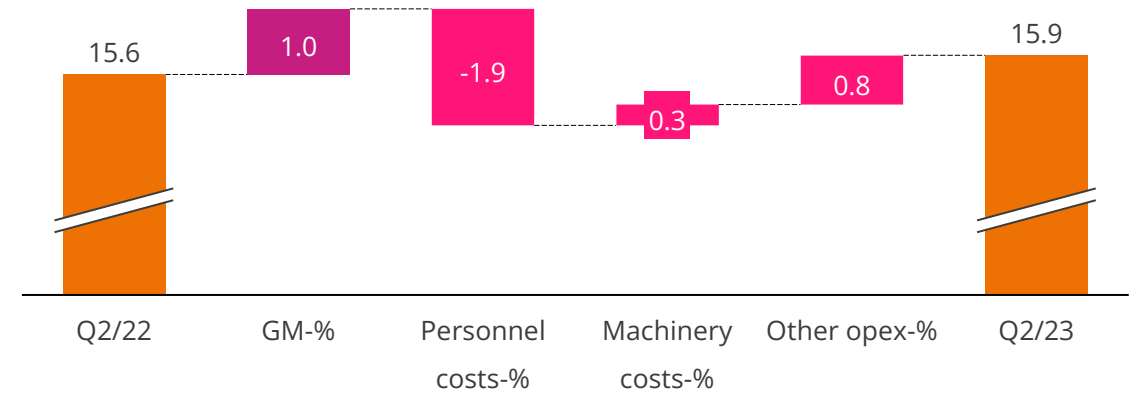
## LFL adjusted EBITDA development y-o-y

In EUR million



## LFL adjusted EBITDA margin evolution y-o-y

In %



- ★ LFL adjusted EBITDA increased to EUR 22.7 million (+3%).
  - ★ FX impacting LFL adjusted EBITDA in Q2 by EUR -0.8 million. At comparable FX adjusted EBITDA growth amounted to 6.6%.
- ★ EBITDA in Q2 increased as a result of higher contract revenue, improved sales mix of additional services and lower operating expenses.
- ★ Personnel cost increased largely due to add on sales mix focusing more on in-house services, relatively higher share of contract sales in total sales mix and wage increases.
- ★ H1 profitability was burdened especially by lower winter related additional sales in Finland, lower additional sales in Sweden as well as increased personnel costs due to overtime pay for snow clearance work

# Clearly stronger operating cash flow in Q2

- ★ Operating cash flow before acquisitions and financial items increased significantly to EUR 16.3 million (6.3).
- ★ Operating cash flow was supported by strong EBITDA and stable working capital despite seasonal payments of holiday pay. Trade working capital improved y-o-y contributing to cash flows
- ★ Capital expense were on a normal level amounting to EUR -4.5 million comprising mainly of acquisitions of machinery and equipment.
- ★ Cash conversion improved y-o-y driven by the working capital development.

OPERATING CASH FLOW AND INVESTMENTS BREAKDOWN				
Operating cash flow, EUR million	4-6 2023	4-6 2022	1-6 2023	1-6 2022
EBITDA	20.9	15.7	40.7	34.6
Change in net working capital	-0.1	-6.5	4.7	-1.3
CAPEX*	-4.5	-2.9	-8.9	-6.6
<b>Operating cash flow before acquisitions</b>	<b>16.3</b>	<b>6.3</b>	<b>36.6</b>	<b>26.7</b>
Acquisitions and disposals of subsidiaries net of cash acquired	-4.7	-23.9	-15.6	-32.9
<b>Operating cash flow after acquisitions</b>	<b>11.6</b>	<b>-17.6</b>	<b>21.0</b>	<b>-6.2</b>
Cash conversion	4-6 2023	4-6 2022	1-6 2023	1-6 2022
EBITDA, EUR million	20.9	15.7	40.7	34.6
Operating cash flow before acquisitions, EUR million	16.3	6.3	36.6	26.7
<b>Cash conversion before acquisitions</b>	<b>78%</b>	<b>40%</b>	<b>90%</b>	<b>77%</b>
CAPEX	4-6 2023	4-6 2022	1-6 2023	1-6 2022
CAPEX*, EUR million	-4.5	-2.9	-8.9	-6.6
Revenue, reported EUR million	141.8	111.1	282.7	226.7
<b>CAPEX % of revenue</b>	<b>3.2%</b>	<b>2.6%</b>	<b>3.1%</b>	<b>2.9%</b>

\*Capital expense excludes gains and losses on sales of assets which are included in the Groups cash flow of investments into tangible and intangible assets

# Clear headroom in leverage sustained

- ★ No material change in Interest-bearing net debt since March 2023
  - ★ Payments of bond coupons and M&A activity increased net debt, but the impact was mitigated by the strong operating cash flow
- ★ Liquidity remained strong. Cash and cash equivalents was EUR 79.8 million and EUR 76.5 million of the Super Senior RCF was available by 30 June
  - ★ Tap issue of EUR 55 million of the senior secured floating rate notes completed in Q2 contributing to liquidity
  - ★ SSRCF facility increased to EUR 77.5 million in accordance with existing financing agreements
- ★ Leverage decreased from the end of March 2023 due to only moderate net debt increase coupled with higher LTM synergy adjusted EBITDA

## LEVERAGE BREAKDOWN

Leverage	30.6.2023
Senior Secured Fixed Rate Bond	340.0
Senior Secured Floating Rate Bond	125.0
Super Senior Revolving Credit Facility	0.0
Other interest bearing liabilities	41.7
Interest bearing liabilities	506.7
Other net debt items	1.3
Cash and cash equivalents	-79.8
<b>Interest bearing net debt 30.6.2023, EUR million</b>	<b>428.1</b>
EBITDA LTM, reported	78.0
LFL adjustments	4.8
Non recurring items	6.5
Unrealised synergies	0.6
<b>Synergy adjusted EBITDA, EUR million</b>	<b>89.9</b>
<b>Leverage, x</b>	<b>4.76</b>



Thank you for  
your attention

# Appendix

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

# Consolidated Income Statement

EUR THOUSAND	4-6 2023	4-6 2022	1-6 2023	1-6 2022	1-12 2022
<b>Net sales</b>	<b>141,765</b>	<b>111,052</b>	<b>282,661</b>	<b>226,654</b>	<b>483,282</b>
Other operating income	935	999	1,699	1,734	3,547
Materials and services	-33,510	-27,607	-68,841	-59,807	-124,076
Personnel expenses	-70,431	-52,961	-139,346	-104,507	-225,493
Other operating expenses	-17,811	-15,826	-35,433	-29,489	-65,407
<b>EBITDA</b>	<b>20,947</b>	<b>15,657</b>	<b>40,741</b>	<b>34,584</b>	<b>71,853</b>
<i>% of revenue</i>	<i>14.8%</i>	<i>14.1%</i>	<i>14.4%</i>	<i>15.3%</i>	<i>14.9%</i>
Depreciation	-6,554	-6,731	-12,806	-13,118	-21,281
<b>EBITA</b>	<b>14,393</b>	<b>8,926</b>	<b>27,935</b>	<b>21,466</b>	<b>50,572</b>
<i>% of revenue</i>	<i>10.2%</i>	<i>8.0%</i>	<i>9.9%</i>	<i>9.5%</i>	<i>10.5%</i>
Amortisation and impairment	-3,715	-3,221	-7,387	-6,445	-13,578
<b>Operating result</b>	<b>10,678</b>	<b>5,705</b>	<b>20,548</b>	<b>15,021</b>	<b>36,994</b>
<i>% of revenue</i>	<i>7.5%</i>	<i>5.1%</i>	<i>7.3%</i>	<i>6.6%</i>	<i>7.7%</i>
Net financial expenses	-11,276	-8,824	-19,120	-13,695	-22,257
<b>Result before taxes</b>	<b>-598</b>	<b>-3,119</b>	<b>1,427</b>	<b>1,326</b>	<b>14,738</b>
Taxes	-151	-1,391	-241	-2,669	-539
<b>Result for the financial period</b>	<b>-749</b>	<b>-4,511</b>	<b>1,187</b>	<b>-1,343</b>	<b>14,198</b>



# Consolidated Balance Sheet

EUR THOUSAND	6 2023	6 2022	12 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	420,146	372,158	416,764
Intangible assets other than goodwill	121,229	121,397	124,978
Tangible assets	62,494	46,339	59,034
Right-of-use assets	29,448	21,880	26,536
Other shares	3,027	3,091	3,223
Other receivables	364	266	332
Deferred tax assets	2,920	2,366	3,150
<b>Total non-current assets</b>	<b>639,628</b>	<b>567,498</b>	<b>634,018</b>
<b>Current assets</b>			
Trade receivables	49,117	37,613	56,204
Inventories	3,100	1,300	3,007
Other current financial assets	83	0	291
Other current assets	17,916	11,627	15,049
Cash and cash equivalents	79,850	17,722	31,632
<b>Total current assets</b>	<b>150,066</b>	<b>68,262</b>	<b>106,183</b>
<b>Total assets</b>	<b>789,694</b>	<b>635,760</b>	<b>740,201</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	80	-1,107	80
Fund for unrestricted equity	164,239	160,318	160,238
Retained earnings	699	0	-393
Translation differences	-12,410	-14,559	-7,709
<b>Total equity</b>	<b>152,608</b>	<b>144,653</b>	<b>152,216</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	472,077	345,155	418,297
Other non-current liabilities	2,076	2,726	7,923
Lease liabilities	17,164	12,289	15,020
Deferred tax liabilities	30,689	27,737	30,961
<b>Total non-current liabilities</b>	<b>522,007</b>	<b>387,907</b>	<b>472,201</b>
<b>Current liabilities</b>			
Trade payables and other payables	97,737	73,231	98,401
Interest-bearing loans and borrowings	4,443	15,186	4,314
Lease liabilities	13,060	10,235	12,202
Income tax payable	-161	4,548	866
<b>Total current liabilities</b>	<b>115,080</b>	<b>103,200</b>	<b>115,783</b>
<b>Total liabilities</b>	<b>637,087</b>	<b>491,107</b>	<b>587,985</b>
<b>Total equity and liabilities</b>	<b>789,694</b>	<b>635,760</b>	<b>740,201</b>

# Consolidated Cash Flow Statement

EUR THOUSAND	4-6 2023	4-6 2022	1-6 2023	1-6 2022	1-12 2022
<b>Operating activities</b>					
Profit before tax	-598	-3,119	1,427	1,326	14,738
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment	10,269	9,952	20,193	19,563	34,847
Finance income and expenses	11,276	8,826	19,121	13,696	20,945
Other adjustments	-547	-486	-789	-705	-1,720
Change in working capital	-5,440	-3,965	501	-15,926	-12,064
Other adjustments without payment	48	1,187	1,251	520	2,564
Income tax paid	-866	-1,201	-2,403	-2,021	-3,829
<b>Net cash flow from operating activities</b>	<b>14,143</b>	<b>11,194</b>	<b>39,301</b>	<b>16,454</b>	<b>55,480</b>
<b>Net cash flow from investing activities</b>					
Acquisition of tangible and intangible assets	-3,765	-2,926	-8,149	-6,602	-17,711
Acquisition of subsidiaries, net of cash acquired	-4,723	-24,683	-15,571	-33,654	-87,507
Proceeds from sale of subsidiaries	0	767	0	767	465
<b>Net cash flow from investing activities</b>	<b>-8,488</b>	<b>-26,843</b>	<b>-23,720</b>	<b>-39,489</b>	<b>-104,754</b>
<b>Net cash flow from financing activities</b>					
Increase in fund for unrestricted equity for consideration	2,685	0	2,685	16,331	16,331
Net change in borrowings	55,430	12,583	54,037	22,051	82,536
Net interests and finance costs paid	-11,541	-9,468	-14,946	-9,691	-20,933
Payments of lease liabilities	-4,223	-3,012	-8,370	-6,016	-14,834
<b>Net cash from financing activities</b>	<b>42,352</b>	<b>103</b>	<b>33,406</b>	<b>22,674</b>	<b>63,100</b>
<b>Net increase in cash and cash equivalents</b>	<b>48,006</b>	<b>-15,546</b>	<b>48,987</b>	<b>-362</b>	<b>13,827</b>
Cash and cash equivalents at the beginning of the period	32,165	33,515	31,632	18,331	18,331
Effect of exchange rate changes on cash and cash equivalents	-321	-247	-770	-247	-525
<b>Cash and cash equivalents at reporting period end</b>	<b>79,850</b>	<b>17,722</b>	<b>79,850</b>	<b>17,722</b>	<b>31,632</b>



phm<sup>i</sup>

All-stars in local property service.