

Big or local? Why not both. 

PHM Group Holding Oyj

Financial statements bulletin 2023

15 February 2023

Presenting today



Ville Rantala
Chief Executive Officer



Petri Pellonmaa
Chief Financial Officer

Agenda

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Q4
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

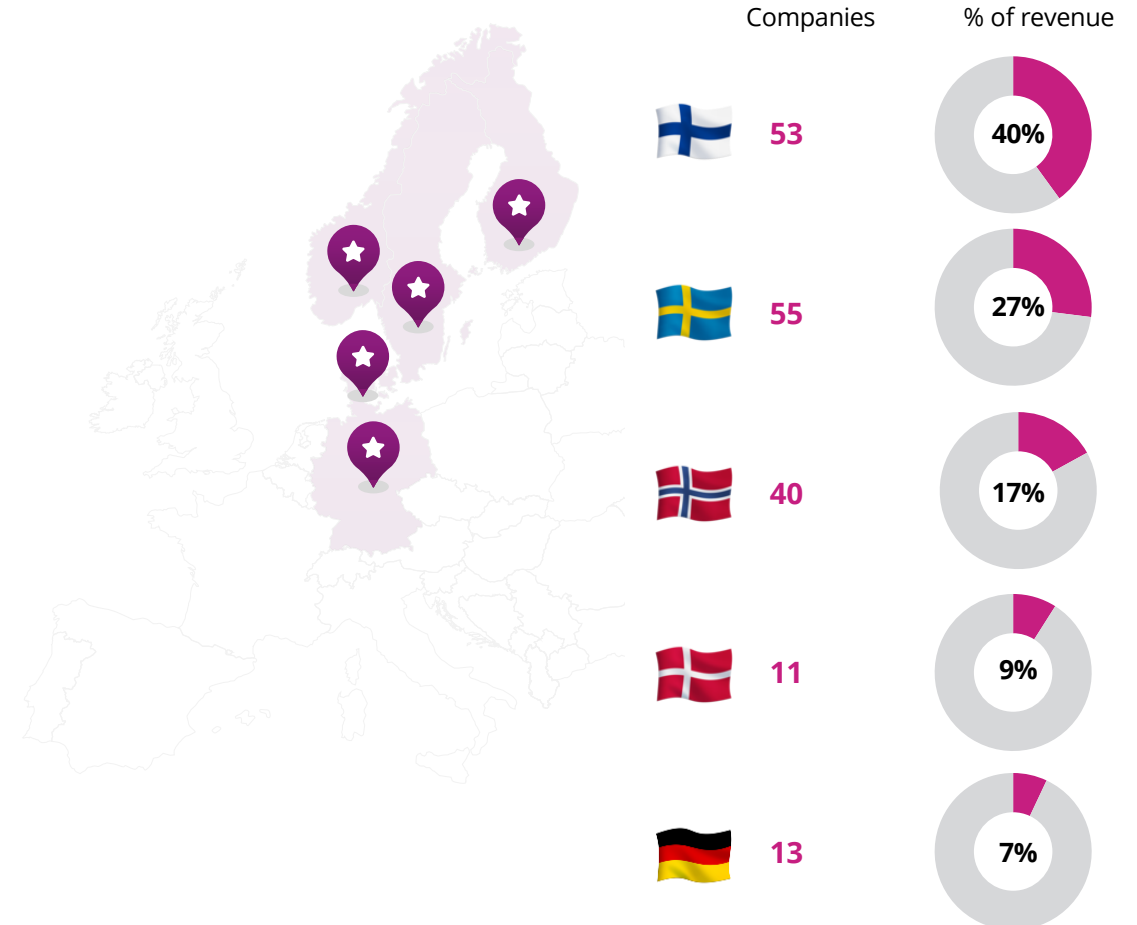
Key facts

-  **1989**
Founded
-  **€758.9m**
LTM LfL 12/23 LfL revenue
-  **#1**
Market leader in the Nordics
-  **€115.8m**
LTM 12/23 LfL adj. EBITDA
-  **~9,800**
Professionals
-  **~42,000**
Contract customers
-  **172**
Locally operating companies
-  **29**
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 Q4/2023

- ★ High M&A activity continued in Q4
 - ★ Acquisition of Sefbo, making PHM the market leader in Norway
 - ★ Continued growth outside the Nordics by two acquisitions in Germany
 - ★ Several smaller acquisitions in Finland and Sweden
- ★ LFL result improved by increased revenues and improved margins, but was negatively impacted by headwind from exchange rates development
- ★ Launch of PHM Digital customer portal to property maintenance customers in Finland
- ★ Tap issue of senior secured callable floating rate notes of EUR 140 million completed and well received by the market at 100.25
- ★ Tommy Fredriksen nominated Country Director of Norway and part of the Group Management Team



10 Acquisitions closed in Q4/23

COMPLETED ACQUISITIONS 1-12/2023

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 Fastighetservice 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
MARK Fastighet Mälardalen AB**	Sweden	Västerås	July	SEKm	98.1	3.3
Lilla Kloster Gruppen**	Sweden	Skåne	July	SEKm	29.7	1.8
Meincke's Total-Service A/S	Denmark	Copenhagen	July	DKKm	8.0	1.9
Bredablick Gruppen***	Sweden	Nationwide	August	SEKm	430.3	14.4
Green Carpet Turku Oy	Finland	Turku	August	EURm	0.7	0.2
Vakka-Suomen Talohuolto Oy	Finland	Laitila	September	EURm	0.3	0.0
Taurus Ejendomsadministration ApS	Denmark	Aarhus	September	DKKm	73.3	4.2
Vækst & Miljø A/S	Denmark	Slagelse	September	DKKm	105.4	13.3
Sefbo Group****	Norway	Nationwide	October	NOKm	730.4	90.9
We Go Fastighet AB	Sweden	Stockholm	October	SEKm	29.5	3.5
Marnach Hauswartung GmbH	Germany	Berlin	October	EURm	3.6	0.7
Kiinteistötyöt Neitola Oy	Finland	Rovaniemi	November	EURm	0.6	0.1
JS Fastighetservice Ab Oy	Finland	Pietarsaari	November	EURm	1.9	0.2
TR-Kiinteistöhuolto Oy	Finland	Mäntsälä	November	EURm	0.8	0.0
Hagtorn Fastighetservice AB and Hagtorn VVS AB**	Sweden	Malmö	December	SEKm	31.6	-0.4
MÜTRA Objektmanagement GmbH	Germany	Berlin	December	EURm	6.2	0.6
Punavaara Oy	Finland	Mäntyharju	December	EURm	2.0	0.4
Golden Shine Oy	Finland	Turku	December	EURm	1.3	0.2

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

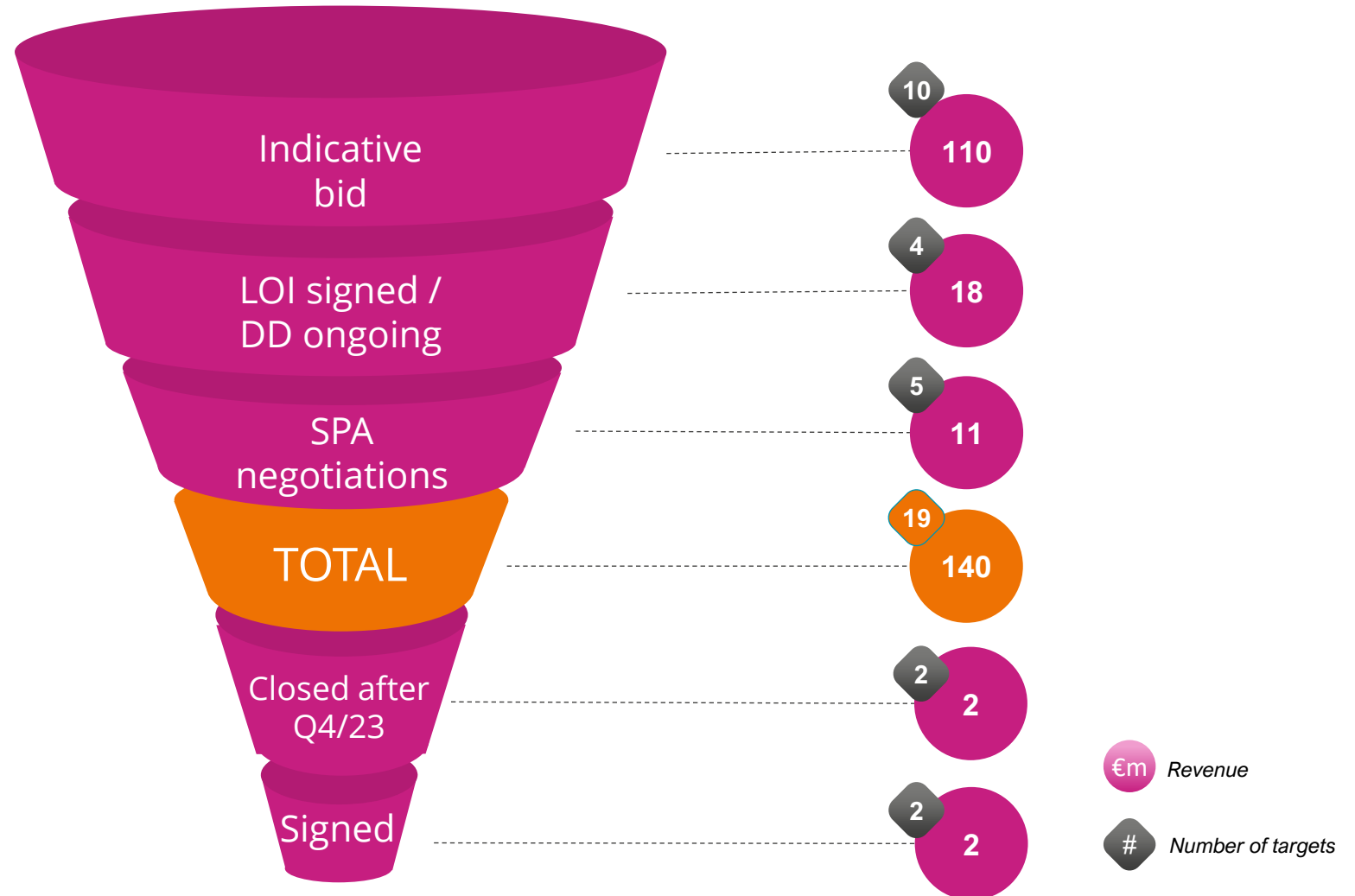
***) Unofficial consolidation of group entities

****) No statutory consolidated financials available presented financials are based on management reporting FY22

*****) Like-for-like revenue and adjusted EBITDA

- ★ Acquisition of Norwegian Sefbo –Group closed
 - ★ The leading service provider of contract and subscription-based property services to housing associations in Norway
 - ★ Main competitor and market leader in Norway
- ★ Entering the residential property service market in Berlin with two acquisitions; Marnach Hauswartung GmbH and MÜTRA Objektmanagement GmbH
- ★ Several acquisitions in Finland whereby expanding to new cities and strengthening the service portfolio and market position of existing businesses
- ★ Two acquisitions in the property maintenance sector in Sweden
- ★ Acquisitions had a EUR 92.4 million positive impact on LTM LFL revenue and EUR 15.7 million positive impact on LTM LFL adjusted EBITDA, respectively

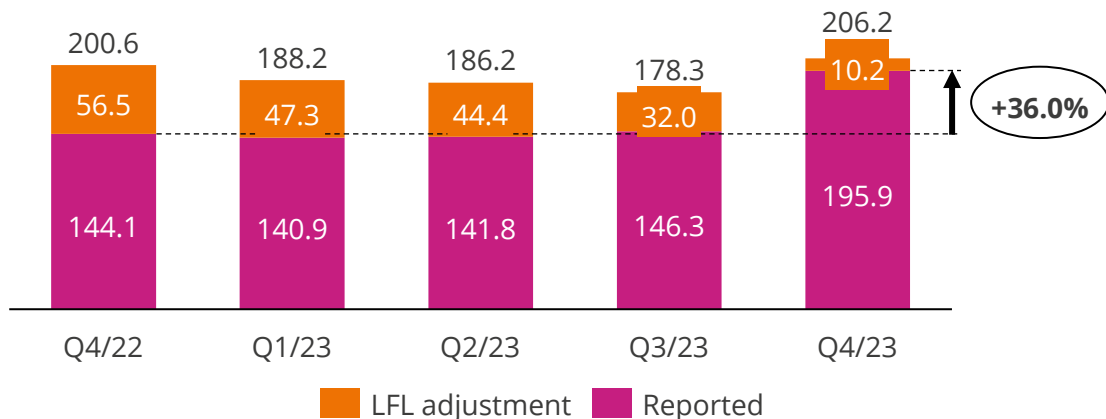
Strong M&A pipeline with total revenues of ~EUR 140m



Clear step-up in quarterly reported figures

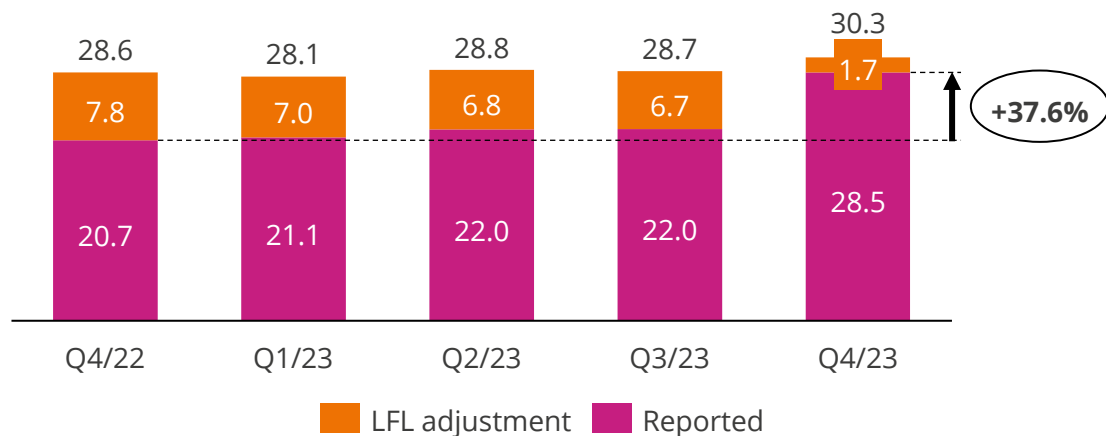
GROUP REVENUE, reported and LFL

In EUR million



GROUP adjusted EBITDA, reported and LFL

In EUR million

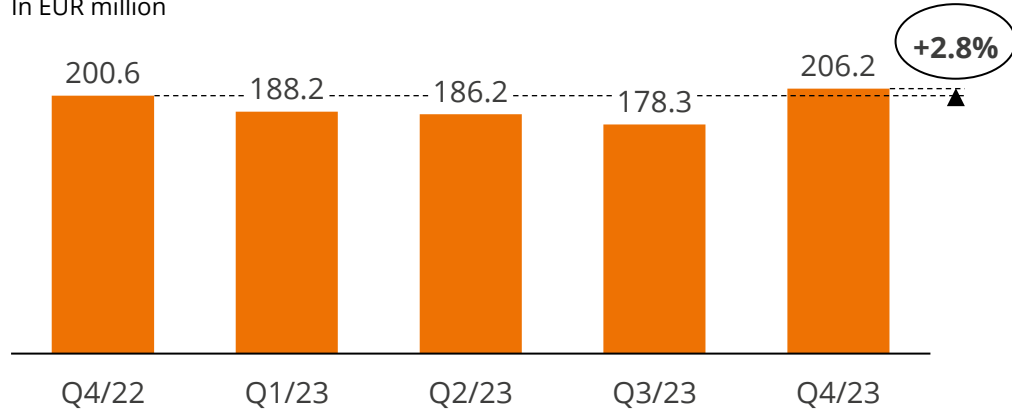


- ★ Several large acquisitions during H2 2023 are reflected as clearly higher reported revenues and EBITDA in Q4 2023, supported further by strong organic development
- ★ The Group's reported revenue was EUR 195.9 million (144.1) in Q4 2023 showing a growth of 36.6% y-o-y.
 - ★ Impact of acquisitions on sales amounted to EUR 46.3 million
 - ★ Organic growth on sales amounted to EUR 5.5 million including a negative EUR 7.0 million currency effect.
- ★ The Group's adjusted EBITDA was EUR 30.3 million (20.7) in Q4 2023 showing a growth of 37.6% y-o-y.
 - ★ Acquisitions impacted positively by EUR 6.1 million on the y-o-y growth.
 - ★ Organic growth in adj. EBITDA amounted to EUR 1.7 million including a negative currency effect of EUR 0.9 million
 - ★ Profitability of certain recent acquisitions lower than the previously existing PHM Group's business, which has diluted the reported EBITDA margin in the short-term. Profitability expected to improve going forward through synergies and operational improvement of acquired entities
- ★ LTM LFL Revenue stood at EUR 758.9 million and LFL adjusted EBITDA as at 12/2023 was EUR 115.8 million, respectively

Sales grew clearly in Q4, headwind from FX continued

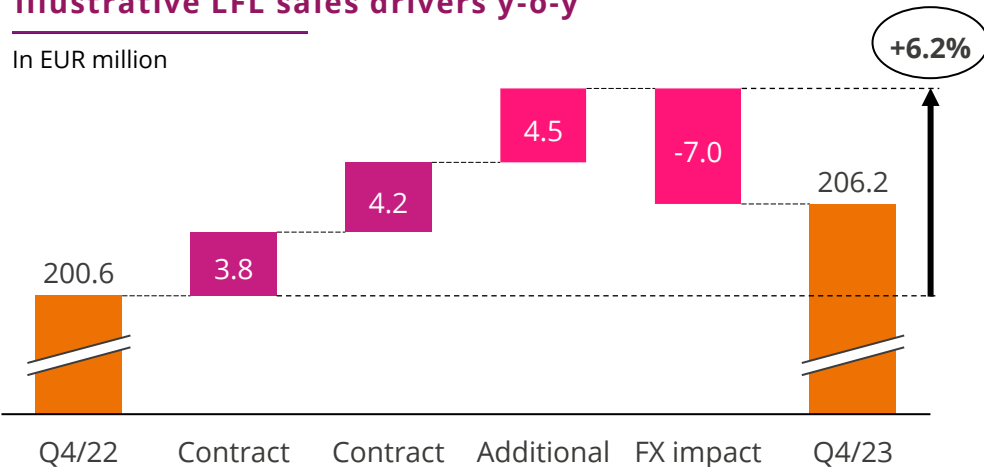
Quarterly LFL revenue

In EUR million



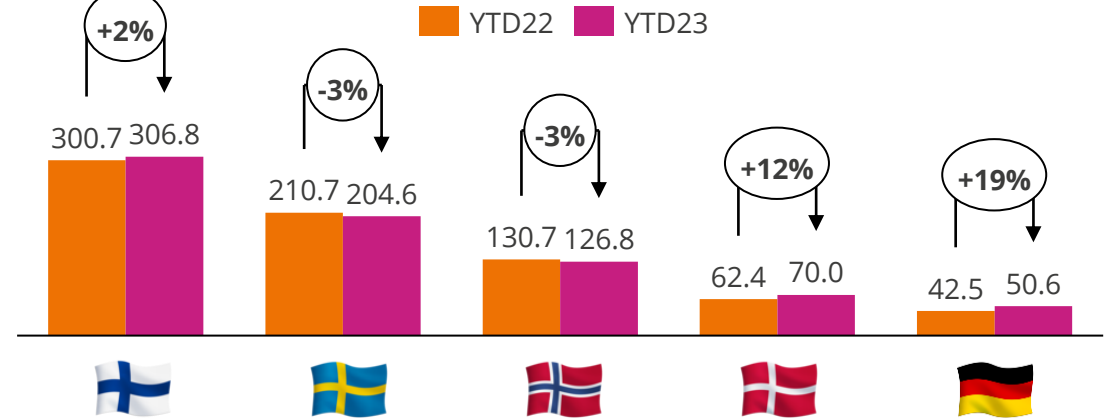
Illustrative LFL sales drivers y-o-y

In EUR million



LFL revenue development by country

In EUR million

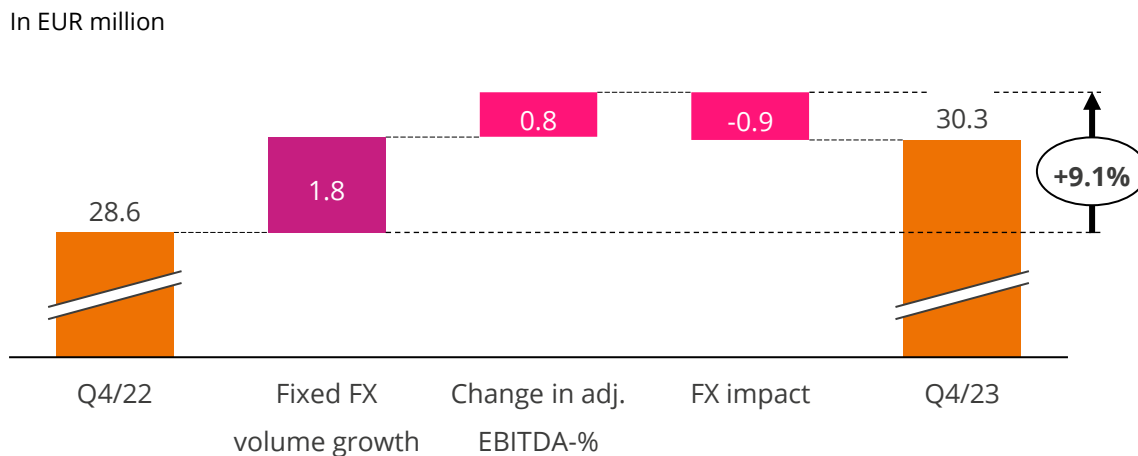


- ★ LFL revenue increased by 2.8% in Q4 y-o-y (+6.2% with fixed FX).
 - ★ FX impacting LFL revenue in Q4 by EUR -7.1 million.
- ★ Price increases and growth in the contract base supported revenue in all countries in Q4 and during FY2023.
- ★ Additional sales grew in Q4 thanks to increased winter related sales in Finland, Sweden and Denmark, and higher project revenue from a few large projects in Norway and Germany.
- ★ Uncertain economic climate continued to impact additional sales volumes and clients to some extent postpone non-essential improvement and maintenance works.
- ★ Sales in Sweden and Norway impacted by FX rates. In local currency revenue grew in FY2023 in both countries.

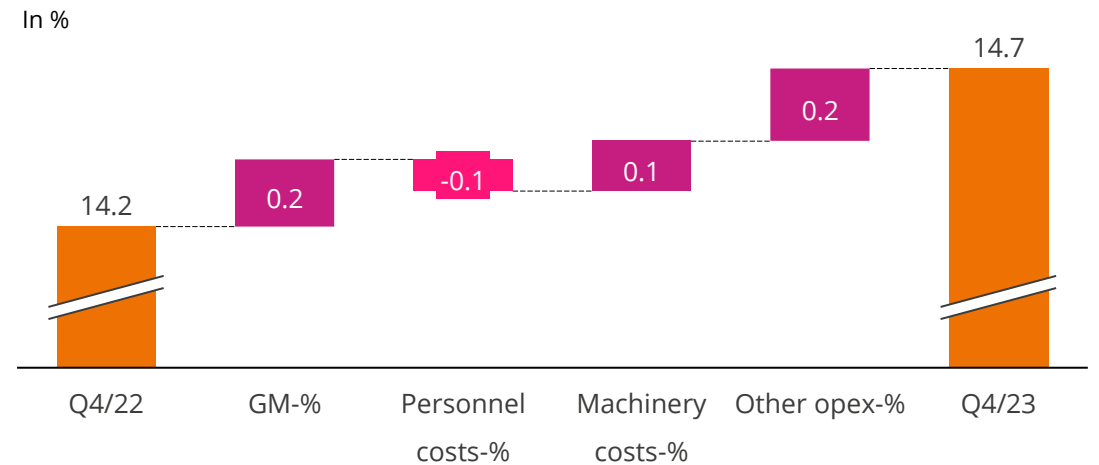
LFL adjusted EBITDA continued to grow in Q4

LFL PROFIT & LOSS						
In EUR million	Q4/23	Q4/22	Change, %	1-12/23	1-12/22	Change, %
Net Sales	206.2	200.6	3%	758.9	747.0	2%
GROSS MARGIN	153.7	149.1	3%	579.4	568.2	2%
Gross margin %	74.5%	74.3%	0.2%	76.3%	76.1%	0.3%
Personnel costs	-97.3	-94.5	3%	-369.4	-359.5	3%
% of revenue	-47.2%	-47.1%	-0.1%	-48.7%	-48.1%	-0.5%
Other operating expense	-26.1	-26.1	0%	-94.2	-96.5	-2%
% of revenue	-12.6%	-13.0%	0.4%	-12.4%	-12.9%	0.5%
ADJUSTED EBITDA	30.3	28.6	6%	115.8	112.2	3%
ADJUSTED EBITDA margin %	14.7%	14.2%	0.5%	15.3%	15.0%	0.3%

LFL adjusted EBITDA development y-o-y



LFL adjusted EBITDA margin evolution y-o-y



- ★ LFL adjusted EBITDA increased to EUR 30.3 million (+6.0%).
 - ★ FX impacting LFL adjusted EBITDA in Q4 by EUR -0.9 million. At comparable FX adjusted EBITDA growth amounted to 9.1%.
- ★ EBITDA in Q4/23 continued to increase resulting from higher revenue, improved gross margin and stable operating expenses.
- ★ Personnel cost increased due to add on sales mix focusing more on in-house services
- ★ The profitability in FY2023 was burdened by lower additional sales volume in Finland, Sweden and Norway as well as increased personnel costs driven by general salary increases and higher overtime pay for snow clearance work.
 - ★ On an FX adjusted basis LFL EBITDA grew by EUR 8.1 million (7.3%)

Strong operating cash flow in Q4

- ★ Operating cash flow before acquisitions and financial items increased clearly to EUR 28.7 million (13.7).
- ★ Compared to the corresponding period of the previous year, operating cash flow was supported by higher EBITDA and release of working capital but offset by slightly higher capital expenditure.
 - ★ Both trade working capital and other operating working capital items were on a lower level than at the end of Q3/23.
 - ★ Capital expenditure was on a seasonally high level in Q4/23 amounting to EUR -10.6 million comprising mainly replacement investments of machinery and equipment.
- ★ The strong Q4/23 operating cash flow improved the cash conversion for the full year, which exceeded the 2022 level due to the release in working capital.

OPERATING CASH FLOW AND INVESTMENTS BREAKDOWN

Operating cash flow, EUR million	10-12 2023	10-12 2022	1-12 2023	1-12 2022
EBITDA	25.2	18.3	86.2	71.9
Change in net working capital	14.1	4.7	6.4	-1.4
CAPEX*	-10.6	-9.4	-23.7	-17.7
Operating cash flow before acquisitions	28.7	13.7	68.9	52.7
Acquisitions and disposals of subsidiaries net of cash acquired	-147.2	-35.9	-222.7	-87.0
Operating cash flow after acquisitions	-118.6	-22.3	-153.8	-34.3

Cash conversion	10-12 2023	10-12 2022	1-12 2023	1-12 2022
EBITDA, EUR million	25.2	18.3	86.2	71.9
Operating cash flow before acquisitions, EUR million	28.7	13.7	68.9	52.7
Cash conversion before acquisitions	114 %	75 %	80 %	73 %

CAPEX	10-12 2023	10-12 2022	1-12 2023	1-12 2022
CAPEX*, EUR million	-10.6	-9.4	-23.7	-17.7
Revenue, reported EUR million	195.9	144.1	624.9	483.3
CAPEX % of revenue	5.4 %	6.5 %	3.8 %	3.7 %

*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

Strategic acquisitions increased leverage from Q3

- ★ Interest-bearing net debt increased from the end of Q3 mainly due to the several large acquisitions made.
- ★ The synergy adjusted LFL EBITDA for the previous twelve months also increased driven by acquisitions and organic growth, respectively.
- ★ Leverage increased because of the above but remained clearly below the incurrence test level at 5.36x.
- ★ Tap issue of senior secured callable floating rate notes in a nominal amount of EUR 140 million completed to finance the acquisition of Sefbo
 - ★ Tap issue was well received by the market and priced above par at 100.25
- ★ Liquidity remained strong. Cash and cash equivalents was EUR 35.0 million and EUR 56.0 million of the Super Senior RCF was available by 31 December.

LEVERAGE BREAKDOWN	
Leverage	31.12.2023
Senior Secured Fixed Rate Bond	340.0
Senior Secured Floating Rate Bond	265.0
Super Senior Revolving Credit Facility	20.0
Other interest bearing liabilities	52.6
Interest bearing liabilities	677.6
Other net debt items	5.2
Cash and cash equivalents	-35.0
Interest bearing net debt 31.12.2023, EUR million	647.8
EBITDA LTM, reported	86.2
LFL adjustments	22.1
Non-recurring items	7.5
Unrealised synergies	5.0
Synergy adjusted EBITDA, EUR million	120.8
Leverage, x	5.36



Thank you for
your attention

Appendix

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

Consolidated Income Statement

EUR THOUSAND	10-12 2023	10-12 2022	1-12 2023	1-12 2022
Net sales	195,911	144,113	624,904	483,282
Other operating income	1,352	1,218	3,541	3,547
Materials and services	-52,713	-36,914	-155,538	-124,076
Personnel expenses	-92,690	-68,214	-307,493	-225,493
Other operating expenses	-26,655	-21,910	-79,194	-65,407
EBITDA	25,204	18,292	86,219	71,853
<i>% of revenue</i>	12.9 %	12.7 %	13.8 %	14.9 %
Depreciation	-8,690	-751	-28,716	-21,281
EBITA	16,514	17,541	57,504	50,572
<i>% of revenue</i>	8.4 %	12.2 %	9.2 %	10.5 %
Amortisation and impairment	-5,267	-4,183	-16,684	-13,578
Operating result	11,247	13,358	40,819	36,994
<i>% of revenue</i>	5.7 %	9.3 %	6.5 %	7.7 %
Net financial expenses	-13,159	-6,281	-41,281	-22,257
Result before taxes	-1,912	7,077	-462	14,738
Taxes	-631	1,978	-1,811	-539
Result for the financial period	-2,543	9,056	-2,273	14,198

Consolidated Balance Sheet

EUR THOUSAND	12 2023	12 2022
ASSETS		
Non-current assets		
Goodwill	624,621	416,764
Intangible assets other than goodwill	183,198	124,978
Tangible assets	78,335	59,034
Right-of-use assets	47,701	26,536
Other shares	3,011	3,223
Other receivables	842	332
Deferred tax assets	3,295	3,150
Total non-current assets	941,004	634,018
Current assets		
Trade receivables	87,121	56,204
Inventories	3,243	3,007
Other current financial assets	138	291
Other current assets	29,171	15,049
Cash and cash equivalents	35,026	31,632
Total current assets	154,699	106,183
Total assets	1,095,703	740,201
EQUITY AND LIABILITIES		
Equity		
Share capital	80	80
Fund for unrestricted equity	208,239	160,238
Retained earnings	-4,087	-393
Translation differences	3,296	-7,709
Total equity	207,527	152,216
LIABILITIES		
Non-current liabilities		
Interest-bearing loans and borrowings	603,940	418,297
Other non-current liabilities	3,375	7,923
Lease liabilities	29,476	15,020
Deferred tax liabilities	43,723	30,961
Total non-current liabilities	680,514	472,201
Current liabilities		
Trade payables and other payables	155,898	98,401
Interest-bearing loans and borrowings	24,706	4,314
Lease liabilities	19,459	12,202
Income tax payable	7,598	866
Total current liabilities	207,662	115,783
Total liabilities	888,176	587,985
Total equity and liabilities	1,095,703	740,201

Consolidated Cash Flow Statement

EUR THOUSAND	10-12 2023	10-12 2022	1-12 2023	1-12 2022
Operating activities				
Profit before tax	-1 912	7 077	-463	14 738
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and impairment	13 957	4 922	45 400	34 847
Finance income and expenses	11 848	4 967	39 972	20 945
Other adjustments	-3 803	-994	-3 846	-1 720
Change in working capital	10 036	7 309	545	-12 064
Other adjustments without payment	-3 389	299	-2 792	2 564
Income tax paid	222	-393	-3 439	-3 829
Net cash flow from operating activities	26 959	23 186	75 378	55 480
Net cash flow from investing activities				
Acquisition of tangible and intangible assets	-10 116	-9 376	-22 490	-17 711
Acquisition of subsidiaries, net of cash acquired	-147 242	-35 917	-222 710	-87 507
Proceeds from sale of subsidiaries	0	-1	0	465
Net cash flow from investing activities	-157 357	-45 294	-245 201	-104 754
Net cash flow from financing activities				
Equity refund				
Increase in fund for unrestricted equity for consideration	45 315	0	48 002	16 331
Net change in borrowings	120 313	46 843	179 966	82 536
Net interests and finance costs paid	-15 952	-9 858	-35 069	-20 933
Payments of lease liabilities	-5 768	-5 135	-18 807	-14 834
Net cash from financing activities	143 908	31 850	174 093	63 100
	0	0		0
Net increase in cash and cash equivalents	13 510	9 742	4 270	13 827
Cash and cash equivalents at the beginning of the period	21 668	21 935	31 632	18 331
Effect of exchange rate changes on cash and cash equivalents	-137	-45	-861	-525
Cash and cash equivalents at reporting period end	35 041	31 632	35 027	31 632



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All-stars in local property service.