

Big or local? Why not both. 

# PHM Group Holding Oyj

Interim report January - March 2024

15 May 2024

# Presenting today



Ville Rantala  
Chief Executive Officer



Petri Pellonmaa  
Chief Financial Officer

# Agenda

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Q1  
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 market leader with an emerging European foothold

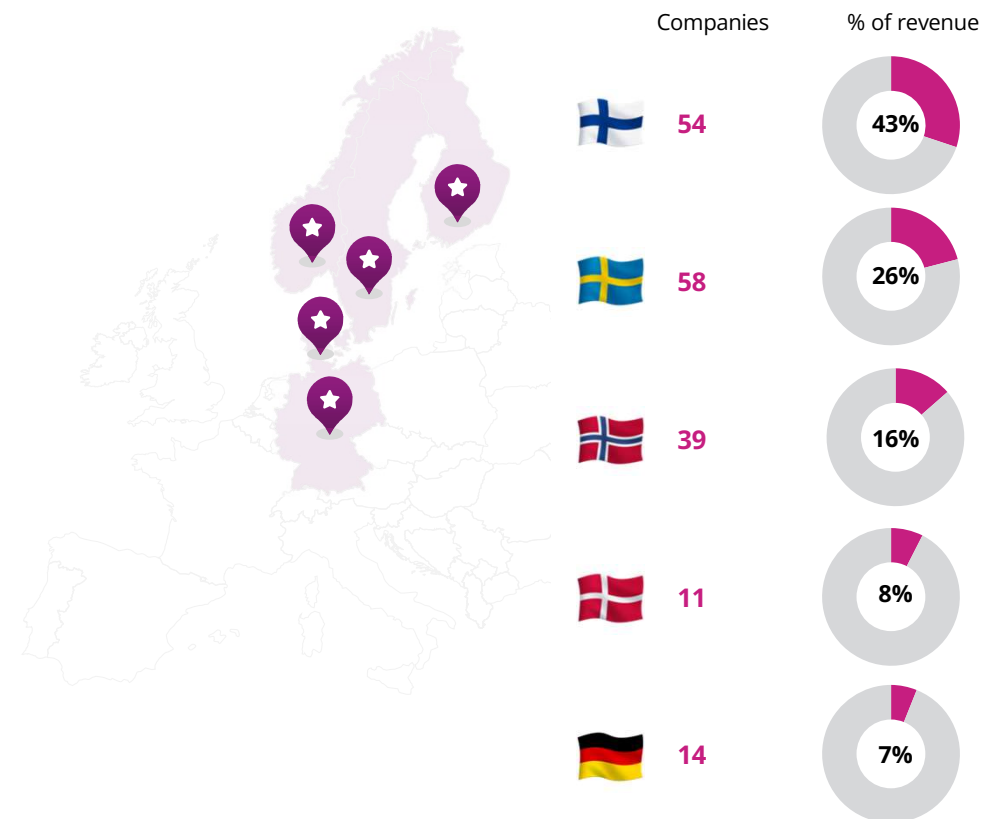
### Key facts

-  **1989**  
Founded
-  **€786.0m**  
LTM LfL 3/24 LfL revenue
-  **#1**  
Market leader in the Nordics
-  **€122.2m**  
LTM 3/24 LfL adj. EBITDA
-  **~10,200**  
Professionals
-  **>40,000**  
Contract customers
-  **176**  
Locally operating companies
-  **6**  
Acquisitions in 2024

### 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 Q1/2024

- ★ Strong result in Q1/24 driven by price increases, growth in contract customer base, active winter season and realisation of synergies and efficiency improvement according to plan
- ★ FX corrected LFL sales improved by 10% and EBITDA by 17%, respectively
- ★ M&A activity continued as planned in Q1. One slightly bigger acquisition completed in Sweden as well as smaller add-on acquisitions in the other Nordic countries and one in Germany
- ★ Acquisition of the leading Danish property service provider, DEAS A/S, signed post Q1, cementing PHM's Danish market leadership. Strong M&A pipeline for upcoming quarters
- ★ Tap issue of senior secured callable floating rate notes in a nominal amount of EUR 35 million completed at 104.25



# 6 Acquisitions closed in Q1/24

## COMPLETED ACQUISITIONS 1-3/2024

Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
<b>Acquisitions</b>						
Savonlinnan Siivous- ja Kiinteistöhuoltokeskus SK2**	Finland	Savonlinna	January	EURm	0,9	0,2
Nokian Saneeraus Asiantuntijat Oy	Finland	Nokia	February	EURm	1,0	0,2
Høvik Eiendomsdrift AS	Norway	Drammen	March	NOKm	17,1	2,2
Pur98100 Gebäude-Service**	Germany	Flensburg	March	EURm	2,6	0,5
Allgranthgruppen***	Sweden	Stockholm	March	SEKm	49,7	6,7
Korrekt Bostadsrättsförvaltning****	Sweden	Stockholm	March	SEKm	3,3	1,6

- ★ PHM's presence strengthened in Norway in Drammen by acquisition of Høvik Eiendomsdrift, a provider of various indoor and outdoor maintenance services.
- ★ Acquisition of Allgranth Group in Stockholm area in Sweden. The group consists of three legal entities and offers a wide range of property services.
- ★ Third add-on acquisition completed in Germany establishing a presence in Flensburg through the acquisition of Pur98100 Gebäude-Service
- ★ Smaller add-on acquisitions in Finland and Sweden.
- ★ Acquisitions had a EUR 10.7 million positive impact on LTM LFL revenue and EUR 1.9 million positive impact on LTM LFL adjusted EBITDA, respectively.
- ★ Signed and/or closed deals after Q1
  - ★ DEAS A/S signed 10 May, closing expected in Q2 or early Q3 pending competition authority approval.
  - ★ Additionally, one acquisition closed in Denmark, two in Finland, and one in Germany.

\*) 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

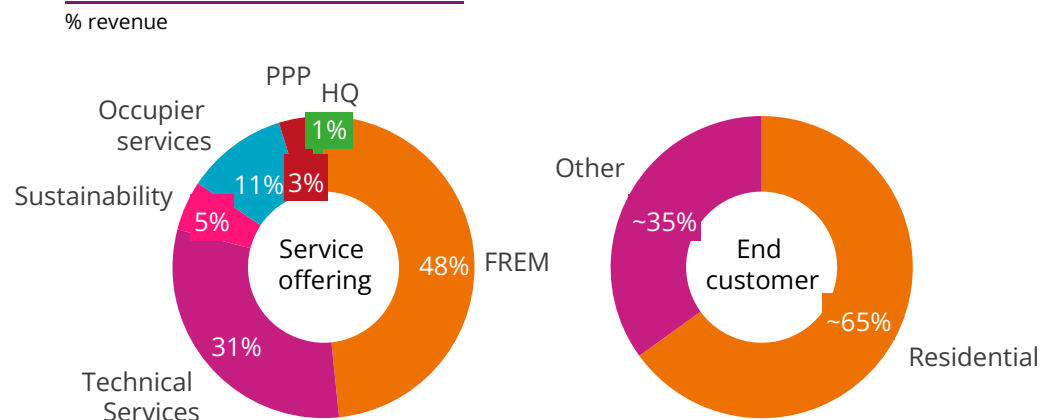
\*\*\*\*) Like-for-like revenue and adjusted EBITDA

# Acquisition of DEAS Real Estate Services

## DEAS in brief

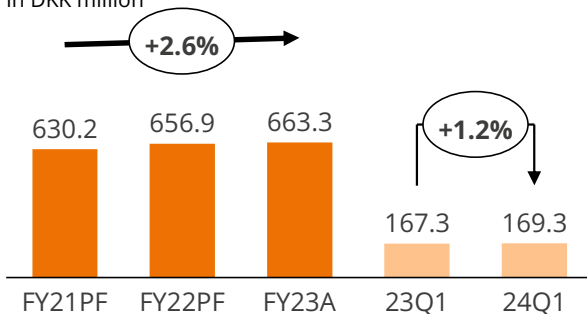
- ★ DEAS Real Estate Services ("DEAS") is part of DEAS Group and is the leading property services provider for housing associations, property owners, real estate investors, and tenants in Denmark. The transaction does not include DEAS Asset Management.
- ★ The Company was founded in 1989 as a property management company for Danish pension funds and has since grown into the market leader through primarily organic growth and selective M&A.
- ★ DEAS is known as a one-stop-shop in Denmark, offering property management services, janitorial services, cleaning and technical services, as well as sustainability solutions.
- ★ The Company has a strong geographic presence throughout Denmark, with its headquarters in Copenhagen.

## Revenue splits (FY23)



## Sales development<sup>1)</sup>

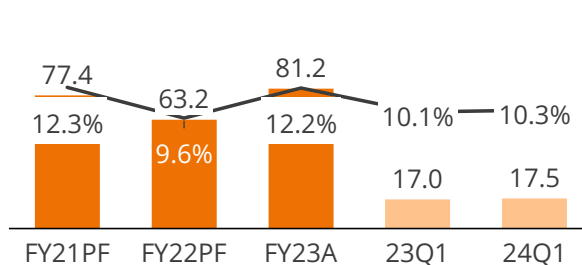
In DKK million



**phm**\* All-stars in local property service.

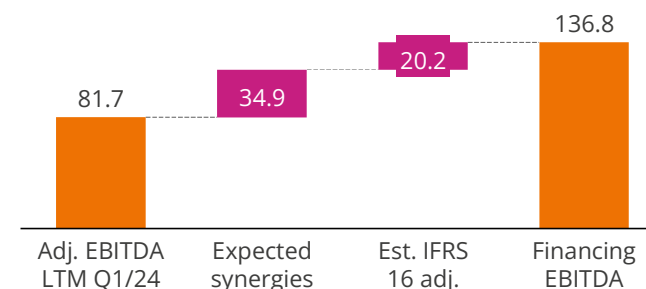
## Adj. EBITDA - Local GAAP<sup>2)</sup>

In DKK million



## Financing EBITDA Bridge

In DKK million

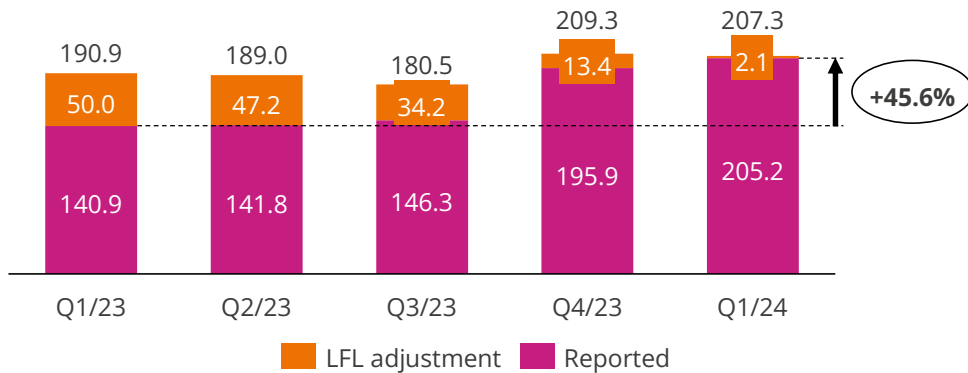


1) DEAS Real Estate Services revenue and minor headquarter revenue part of the target perimeter, ranging between c DKK 10-20m p.a.  
 2) DEAS RES Segment EBITDA including carve out allocation of HQ costs attributable to the segment on a stand alone basis

# All-time high quarterly reported EBITDA

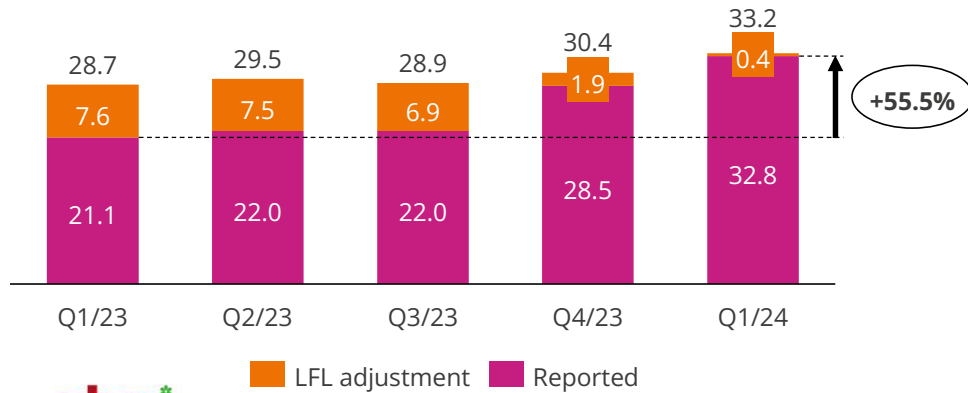
## GROUP REVENUE, reported and LFL

In EUR million



## GROUP adjusted EBITDA, reported and LFL

In EUR million

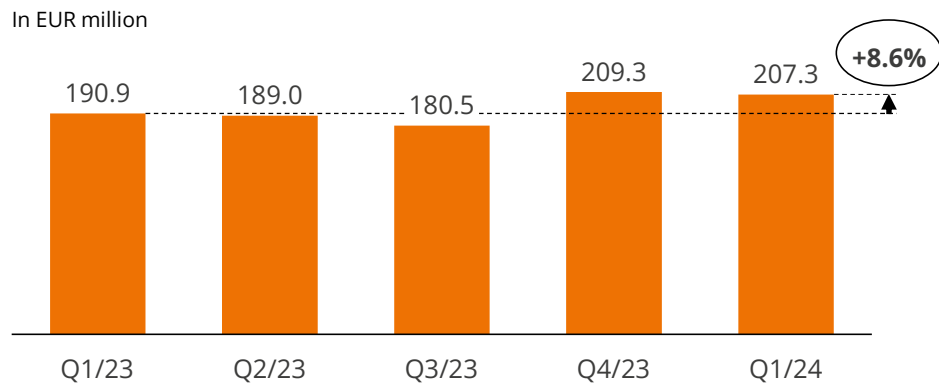


- ★ The Group's reported revenue was EUR 205.2 million (140.9) in Q1 2024 showing a growth of 45.6% y-o-y.
  - ★ Impact of acquisitions on sales amounted to EUR 47.9 million
  - ★ Organic growth on sales amounted to EUR 16.4 million including a negative EUR 1.7 million currency effect.
- ★ The Group's adjusted EBITDA was EUR 32.8 million (21.1) in Q1 2024 showing a growth of 55.5% y-o-y.
  - ★ Acquisitions impacted positively by EUR 7.2 million on the y-o-y growth.
  - ★ Organic growth in adj. EBITDA amounted to EUR 4.5 million including a negative currency effect of EUR 0.3 million
- ★ LTM LFL Revenue stood at EUR 786.0 million and LFL adjusted EBITDA as at 3/2024 was EUR 122.2 million, respectively

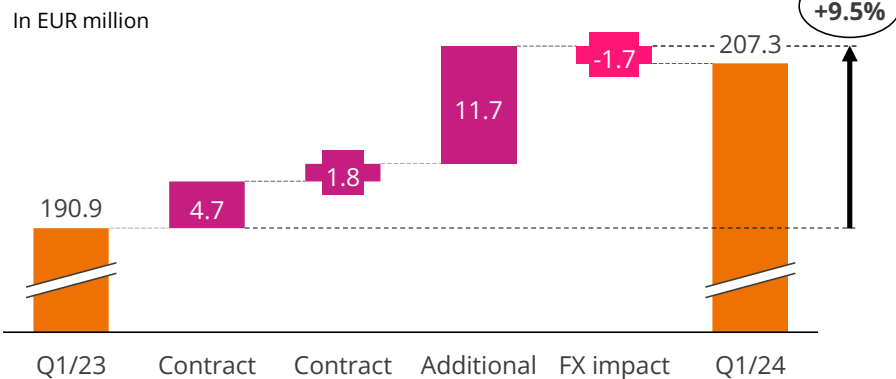


# Increased additional sales supported growth in revenue together with price increases

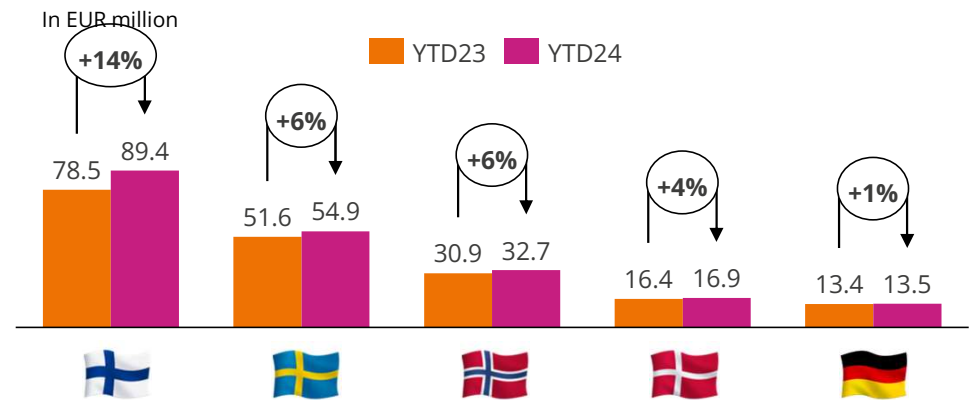
## Quarterly LFL revenue



## Illustrative LFL sales drivers y-o-y



## LFL revenue development by country



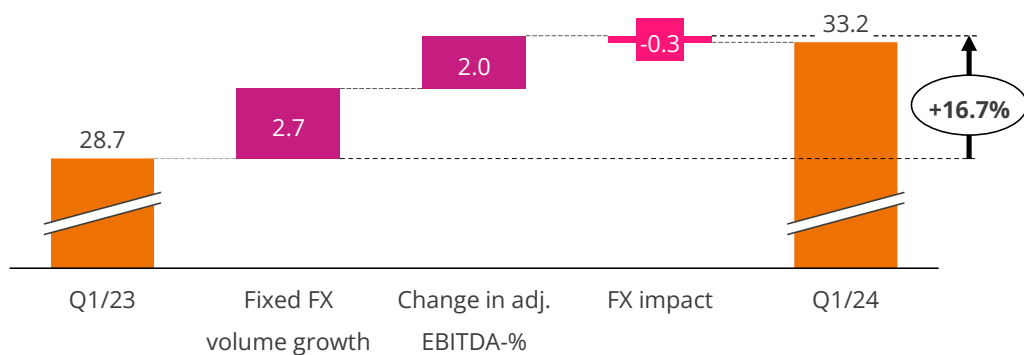
- ★ LFL revenue increased by 8.6% in Q1 y-o-y (+9.5% with fixed FX).
  - ★ FX impacting LFL revenue in Q1 by EUR -1.7 million.
- ★ Contract price increases positively impacted topline in all countries in Q1. Also contract volume developed positively in all countries.
- ★ Additional sales grew in Q1 mainly thanks to normalised winter related sales compared to a weak winter season in Q1/23
- ★ Sales in Sweden and Norway continued to be negatively impacted by FX rates.

# LFL adjusted EBITDA continued to grow in Q1

LFL PROFIT & LOSS			
MEUR	Q1/24	Q1/23	Change,%
Net Sales	207.3	190.9	8.6%
GROSS MARGIN	157.2	146.1	7.6%
Gross margin %	75.8%	76.5%	-0.7%
Personnel costs	-99.0	-92.5	7.0%
% of revenue	-47.7%	-48.5%	0.7%
Other operating expense	-24.9	-24.8	0.4%
% of revenue	-12.0%	-13.0%	1.0%
<b>ADJUSTED EBITDA</b>	<b>33.2</b>	<b>28.7</b>	<b>15.8%</b>
ADJUSTED EBITDA margin %	16,0%	15,0%	1,0%

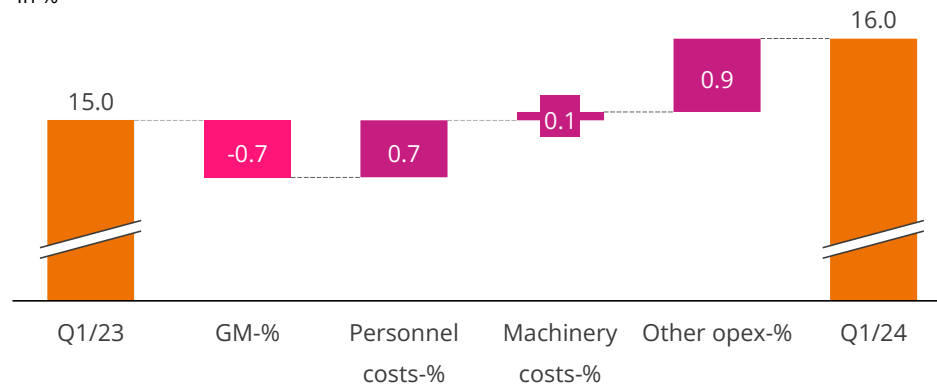
## LFL adjusted EBITDA development y-o-y

In EUR million



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

In %



- ★ LFL adjusted EBITDA increased to EUR 33.2 million (+16.0%).
  - ★ FX impacting LFL adjusted EBITDA in Q1 by EUR -0.3 million. At comparable FX adjusted EBITDA growth amounted to 16.7%.
- ★ EBITDA in Q1/24 continued to increase resulting from higher revenue and stable operating expenses
- ★ Gross margin % decreased as a result of higher share of seasonal sales that is typically involving more subcontracting. Due to the same reason, personnel costs relative to net sales decreased.
- ★ Opex remained stable providing scale benefits in terms of EBITDA %

# Strong operating cash flow in Q1

- ★ Operating cash flow before acquisitions and financial items was strong and increased to EUR 26.9 million (20.2).
- ★ Operating cash flow was supported by high EBITDA and release of working capital due to mainly increase of holiday pay accrual.
- ★ Capital expenditure increased slightly from previous year's level amounting to EUR -6.5 million.
  - ★ Investments include acquisitions completed as asset deals explaining the higher level versus previous year.

## OPERATING CASH FLOW AND INVESTMENTS BREAKDOWN

Operating cash flow, EUR million	1-3 2024	1-3 2023	1-12 2023
EBITDA	30.4	19.8	86.2
Change in net working capital	3.0	4.8	6.4
CAPEX*	-6.5	-4.4	-23.7
<b>Operating cash flow before acquisitions</b>	<b>26.9</b>	<b>20.2</b>	<b>68.9</b>
Acquisitions and disposals of subsidiaries net of cash acquired	-3.9	-10.8	-222.7
<b>Operating cash flow after acquisitions</b>	<b>23.0</b>	<b>9.4</b>	<b>-153.8</b>
Cash conversion	1-3 2024	1-3 2023	1-12 2023
EBITDA, EUR million	30.4	19.8	86.2
Operating cash flow before acquisitions, EUR million	26.9	20.2	68.9
<b>Cash conversion before acquisitions</b>	<b>88 %</b>	<b>102 %</b>	<b>80 %</b>
CAPEX	1-3 2024	1-3 2023	1-12 2023
CAPEX*, EUR million	-6.5	-4.4	-23.7
Revenue, reported EUR million	205.2	140.9	624.9
<b>CAPEX % of revenue</b>	<b>3.2 %</b>	<b>3.1 %</b>	<b>3.8 %</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

# Decreased leverage ratio in Q1

- ★ Interest-bearing net debt remained relatively stable compared to Q4 due to low M&A activity.
- ★ The synergy adjusted LFL EBITDA for the previous twelve months increased by EUR 5 million driven by organic growth and acquisitions, respectively.
- ★ Leverage ratio decreased from the 5.36x level at end of 2023 to a level of 5.16x due to strong EBITDA growth in Q1 and stable cash flows.
- ★ Liquidity remained strong. Cash and cash equivalents was EUR 52.5 million and EUR 73.5 million of the Super Senior RCF was available by 31 March.
- ★ The amount of Senior Floating Rate Bonds increased as a result of the EUR 35 million tap issue completed in Q1

LEVERAGE BREAKDOWN	
Leverage	31.3.2024
Senior Secured Fixed Rate Bond	340.0
Senior Secured Floating Rate Bond	300.0
Super Senior Revolving Credit Facility	0.0
Other interest bearing liabilities	57.9
Interest bearing liabilities	697.9
Other net debt items	4.1
Cash and cash equivalents	-52.5
<b>Interest bearing net debt 31.3.2024, EUR million</b>	<b>649.6</b>
EBITDA LTM, reported	96.9
LFL adjustments	16.9
Non-recurring items	8.4
Unrealised synergies	3.8
<b>Synergy adjusted EBITDA, EUR million</b>	<b>125.9</b>
<b>Leverage, x</b>	<b>5.16</b>



Thank you for  
your attention

# Appendix

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

# Consolidated Income Statement

EUR THOUSAND	1-3 2024	1-3 2023	1-12 2023
<b>Net sales</b>	<b>205,205</b>	<b>140,896</b>	<b>624,904</b>
Other operating income	2,162	764	3,541
Materials and services	-51,944	-35,331	-155,538
Personnel expenses	-98,774	-68,914	-307,493
Other operating expenses	-26,205	-17,622	-79,194
<b>EBITDA</b>	<b>30,445</b>	<b>19,794</b>	<b>86,219</b>
<i>% of revenue</i>	<i>14.8 %</i>	<i>14.0 %</i>	<i>13.8 %</i>
Depreciation	-9,037	-6,252	-28,716
<b>EBITA</b>	<b>21,408</b>	<b>13,542</b>	<b>57,504</b>
<i>% of revenue</i>	<i>10.4 %</i>	<i>9.6 %</i>	<i>9.2 %</i>
Amortisation and impairment	-5,231	-3,672	-16,684
<b>Operating result</b>	<b>16,177</b>	<b>9,869</b>	<b>40,819</b>
<i>% of revenue</i>	<i>7.9 %</i>	<i>7.0 %</i>	<i>6.5 %</i>
Net financial expenses	-15,841	-7,845	-41,281
<b>Result before taxes</b>	<b>336</b>	<b>2,025</b>	<b>-462</b>
Taxes	-2,305	-90	-1,811
<b>Result for the financial period</b>	<b>-1,969</b>	<b>1,935</b>	<b>-2,273</b>

# Consolidated Balance Sheet

EUR THOUSAND	3 2024	3 2023	12 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	616,999	420,961	624,621
Intangible assets other than goodwill	175,624	124,889	183,198
Tangible assets	80,064	60,770	78,335
Right-of-use assets	48,644	32,425	47,701
Other shares	3,020	3,330	3,011
Other receivables	2,200	342	842
Deferred tax assets	3,290	3,297	3,295
<b>Total non-current assets</b>	<b>929,840</b>	<b>646,015</b>	<b>941,004</b>
<b>Current assets</b>			
Trade receivables	78,414	47,527	87,121
Inventories	2,146	3,342	3,243
Other current financial assets	2,211	216	138
Other current assets	28,233	15,881	29,171
Cash and cash equivalents	52,477	32,165	35,026
<b>Total current assets</b>	<b>163,481</b>	<b>99,131</b>	<b>154,699</b>
<b>Total assets</b>	<b>1,093,321</b>	<b>745,145</b>	<b>1,095,703</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	80	80	80
Fund for unrestricted equity	209,550	160,238	208,239
Retained earnings	-6,229	1,604	-4,087
Translation differences	-10,376	-11,297	3,296
<b>Total equity</b>	<b>193,024</b>	<b>150,625</b>	<b>207,527</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	642,821	416,959	603,940
Other non-current liabilities	3,786	8,737	3,375
Lease liabilities	29,970	19,452	29,476
Deferred tax liabilities	41,603	31,025	43,723
<b>Total non-current liabilities</b>	<b>718,181</b>	<b>476,173</b>	<b>680,514</b>
<b>Current liabilities</b>			
Trade payables and other payables	150,752	100,085	155,898
Interest-bearing loans and borrowings	5,106	4,292	24,706
Lease liabilities	20,044	13,711	19,459
Income tax payable	6,214	259	7,598
<b>Total current liabilities</b>	<b>182,116</b>	<b>118,347</b>	<b>207,662</b>
<b>Total liabilities</b>	<b>900,297</b>	<b>594,520</b>	<b>888,176</b>
<b>Total equity and liabilities</b>	<b>1,093,321</b>	<b>745,145</b>	<b>1,095,703</b>



# Consolidated Cash Flow Statement

EUR THOUSAND	1-3 2024	1-3 2023	1-12 2023
<b>Operating activities</b>			
Profit before tax	179	2,025	-463
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment	14,269	9,925	45,400
Finance income and expenses	15,842	7,845	41,284
Other adjustments	1,154	-242	-3,846
Change in working capital	2,970	5,941	545
Other adjustments without payment	-3,367	1,202	-2,792
Income tax paid	-5,168	-1,537	-3,439
<b>Net cash flow from operating activities</b>	<b>25,880</b>	<b>25,158</b>	<b>76,689</b>
<b>Net cash flow from investing activities</b>			
Acquisition of tangible and intangible assets	-6,102	-4,384	-22,490
Acquisition of subsidiaries, net of cash acquired	-3,932	-10,848	-222,710
Proceeds from sale of subsidiaries	0	0	0
<b>Net cash flow from investing activities</b>	<b>-10,034</b>	<b>-15,232</b>	<b>-245,201</b>
<b>Net cash flow from financing activities</b>			
Equity refund			
Increase in fund for unrestricted equity for consideration	1,311	0	48,002
Net change in borrowings	17,942	-1,393	178,655
Net interests and finance costs paid	-11,008	-3,406	-35,083
Payments of lease liabilities	-6,202	-4,147	-18,807
<b>Net cash from financing activities</b>	<b>2,043</b>	<b>-8,945</b>	<b>172,767</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,889</b>	<b>981</b>	<b>4,255</b>
Cash and cash equivalents at the beginning of the period	35,026	31,632	31,632
Effect of exchange rate changes on cash and cash equivalents	-434	-448	-861
<b>Cash and cash equivalents at reporting period end</b>	<b>52,480</b>	<b>32,165</b>	<b>35,026</b>



**phm**<sup>\*</sup>

All-stars in local property service.