

Big or local? Why not both. 

PHM Group Holding Oyj

Interim report January - June 2024

14 August 2024

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 Northern European leader rooted in the Nordics with a strong foothold in DACH

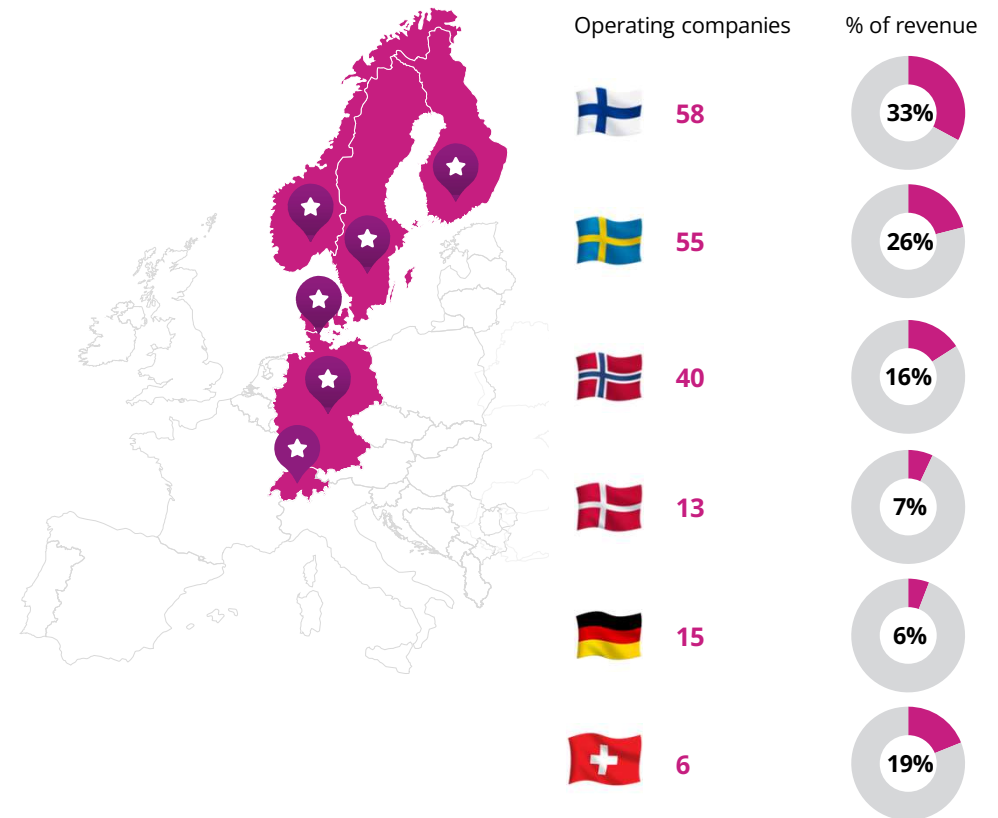
Key facts

-  **1989**
Founded
-  **€1,006m**
LTM 6/24 LfL revenue
-  **#1**
Market leader in the Nordics
-  **€159m**
LTM 6/24 LfL adj. EBITDA
-  **~13,400**
Professionals
-  **~49,000**
Contract customers
-  **187**
Locally operating companies
-  **16**
Acquisitions in 2024

Broad service offering

-  Property maintenance
-  Property management
-  Cleaning
-  Smaller renovations and construction work
-  Landscaping & outdoor maintenance
-  Electricity, HVAC, plumbing
-  Snow ploughing & transport
-  Transport and sewage work

Strong Northern European footprint



Highlights Q2/2024

- ★ Expansion to Switzerland by acquisition of Investis Group's Real Estate Services business (Valores Group), one of Switzerland's largest providers of property management and maintenance services for residential and commercial properties
- ★ Acquisition of the leading Danish property service provider, DEAS A/S, cementing PHM's Danish market leadership. Acquisition was closed in Q3/24
- ★ Financing strengthened significantly by launching a new EUR 300 million term loan B and upsizing the SSRCF to 92.5 MEUR
- ★ Strong results development continued in Q2/24 driven by higher revenue across the board, and realisation of synergies and efficiency improvement according to plan



Record high M&A activity in Q2/24

COMPLETED ACQUISITIONS 1-6/2024

Target company	Country	Region	Closing	Currency	Revenue *)	EBITDA *)
Acquisitions						
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
Kiinteistöpalvelu Kukkonen Oy	Finland	Heinola	April	EURm	2.0	0.2
Borg Service*****	Denmark	Jutland	May	DKKm	2.9	0.4
Rauman Pihapojat Oy	Finland	Rauma	May	EURm	1.2	0.2
J S E Ejendomsservice ApS	Denmark	Copenhagen	May	DKKm	5.1	0.9
Schöne & Co. Tech GmbH and Schöne Gebäude-Reinigung GmbH	Germany	Kassel	May	EURm	6.6	1.2
KS-Kiinteistö Oy	Finland	Jyväskylä	June	EURm	1.7	0.1
Kiinteistöhuolto Hautanen Oy	Finland	Seinäjoki	June	EURm	1.6	0.4
Päre Siivous**	Finland	Rovaniemi	June	EURm	0.4	0.0
Absolutt Rent AS	Norway	Oslo	June	NOKm	10.4	3.7
Valores Group*****	Switzerland	Nationwide	June	CHFm	184.8	22.9

*) Presented financials are based on latest available audited financial statements (local GAAP)
 **) Asset purchase
 ***) Unofficial consolidation of group entities
 ****) Asset purchase, management estimation of like-for-like revenue and adjusted EBITDA
 *****) Like-for-like revenue and adjusted EBITDA

- ★ 10 acquisitions in total closed in Q2
- ★ Continued expansion in Central Europe by establishing a foothold in Switzerland by acquiring Valores Group, one of Switzerland's largest providers of property management and maintenance services for residential and commercial properties.
- ★ Expansion in Germany continued by acquiring Schöne in central Germany, a Kassel based provider of high-quality cleaning and property maintenance services.
- ★ Several smaller add-on acquisitions in Finland, Norway and Denmark.
- ★ Acquisitions during H1 had a EUR 210.4 million positive impact on LTM LFL revenue and EUR 31.4 million positive impact on LTM LFL adjusted EBITDA, respectively.
- ★ Closed deals after Q2
 - ★ DEAS A/S 1st August
 - ★ Additionally, two acquisitions in Germany, one each in Finland, Sweden and Switzerland

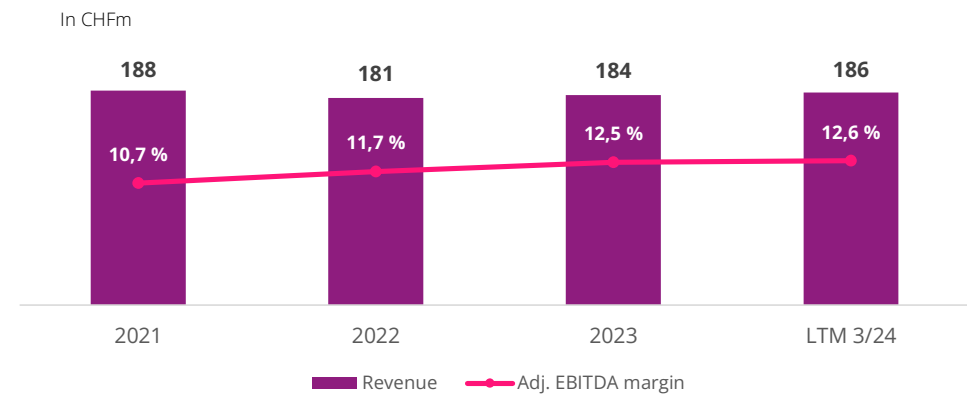
Acquisition of Valores Group

A Switzerland based market leader in residential facility services

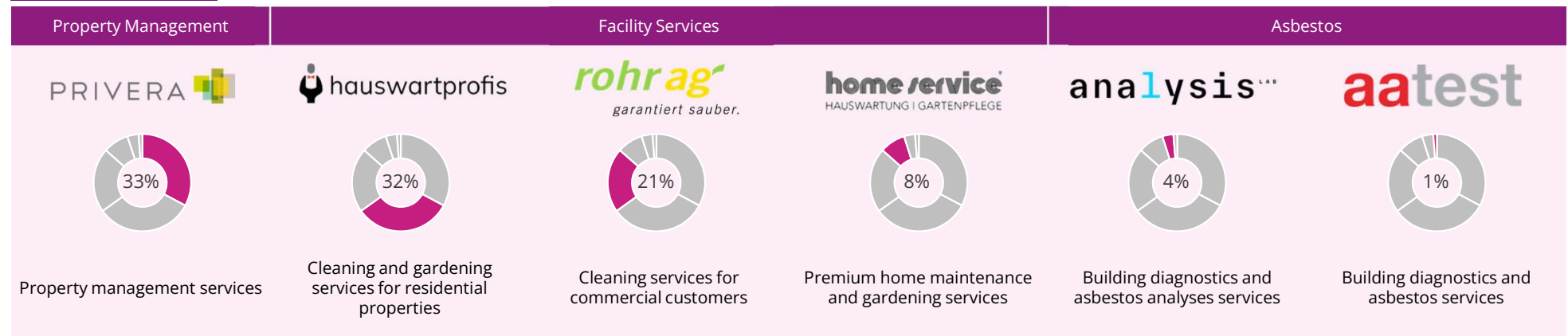
Valores Group overview

- ★ Valores Group is a market leader in residential facility services in Switzerland and one of the leading players in the Swiss property management with nation-wide presence via multiple brands in both segments.
- ★ Service offering consists of property management, wide range of facility services and building pollutant analysis. All the business lines are predominantly focused on the residential segment
- ★ The business model is highly recurring with ~80% of recurring revenue streams, typically involving subscription-based services rendered to customers through annual or multi-year contacts. The group has more than 15,000 recurring customers
- ★ Governance model is decentralised managed via individual P&Ls

Revenue and adj. EBITDA margin (pro forma)⁽²⁾



Service overview⁽¹⁾



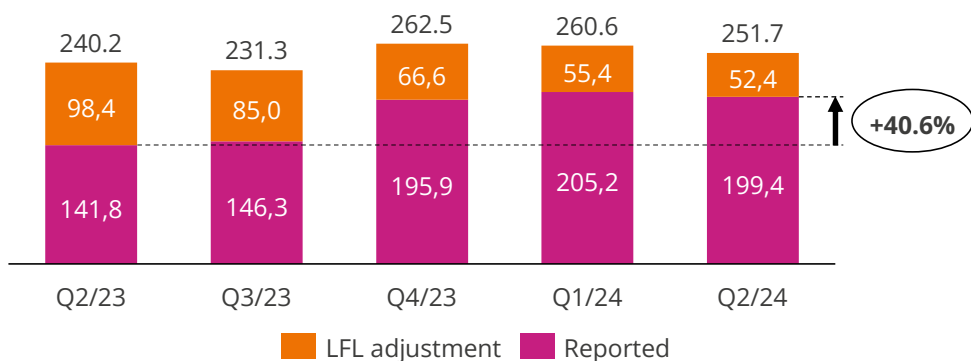
phm* All-stars in local property service.

1) Pie charts reflects share of total revenue in FY23.
2) Local GAAP

Clear growth year on year driven by M&A

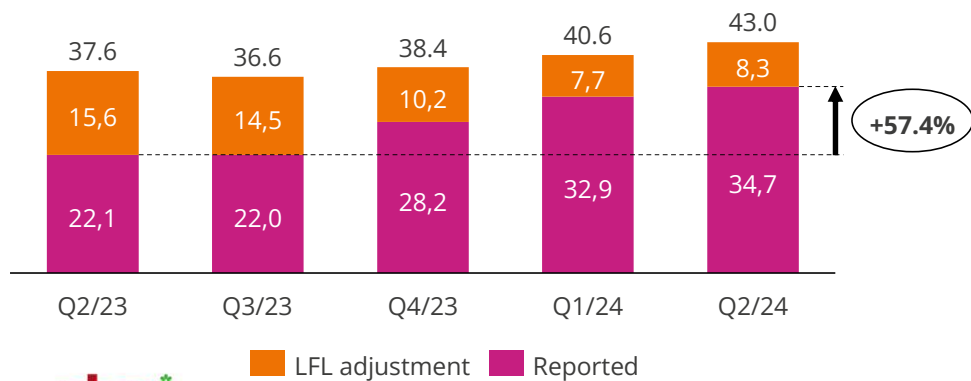
GROUP REVENUE, reported and LFL

In EUR million



GROUP adjusted EBITDA, reported and LFL

In EUR million

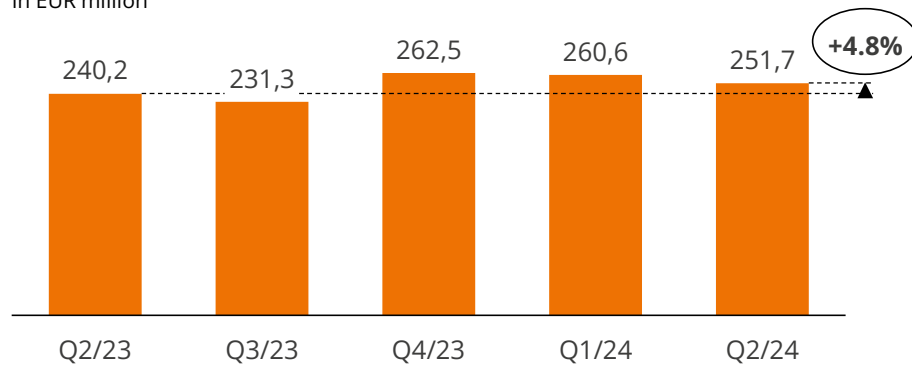


- ★ The Group's reported revenue was EUR 199.4 million (141.8) in Q2 2024 showing a growth of 40.6% y-o-y.
 - ★ Impact of acquisitions on sales amounted to EUR 46.1 million
 - ★ Organic growth on sales amounted to EUR 11.5 million
- ★ The Group's adjusted EBITDA was EUR 34.7 million (22.1) in Q2 2024 showing a growth of 57.4% y-o-y.
 - ★ Acquisitions impacted positively by EUR 7.3 million on the y-o-y growth.
 - ★ Organic growth in adj. EBITDA amounted to EUR 5.4 million
- ★ LTM LFL Revenue stood at EUR 1,006 million and LFL adjusted EBITDA as at 3/2024 was EUR 158.5 million, respectively
 - ★ The revenue and EBITDA exclude acquisitions closed after Q2, including the acquisition of DEAS A/S

Sales grew clearly on multiple fronts

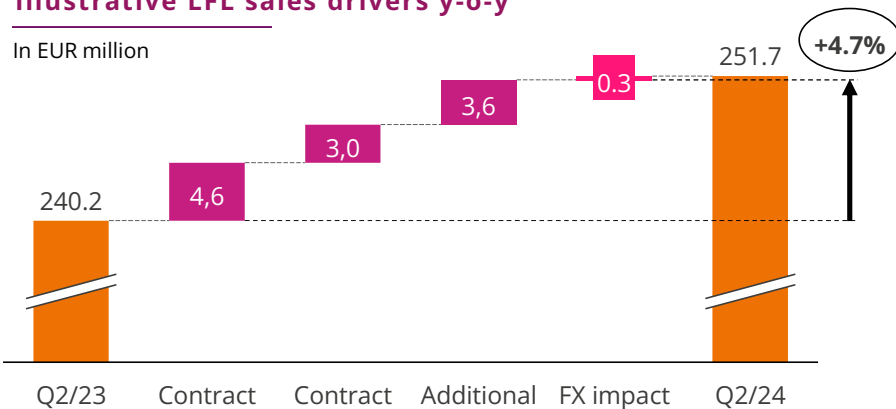
Quarterly LFL revenue

In EUR million



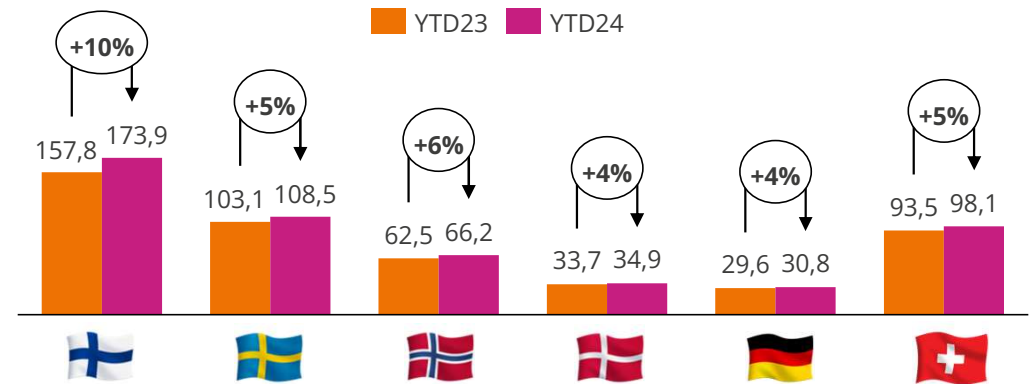
Illustrative LFL sales drivers y-o-y

In EUR million



LFL revenue development by country

In EUR million

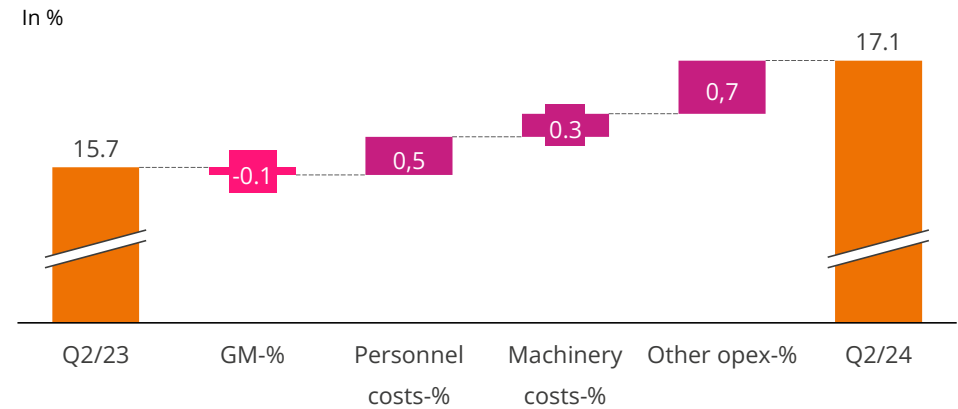


- ★ LFL revenue increased by 4.7% in Q2 y-o-y.
- ★ Contract price increases positively impacted topline in all countries in Q2. Contract volumes also continued to develop positively.
- ★ Additional sales grew in Q2 driven by seasonal services in Finland, Sweden and Denmark, sales of additional technical services in Germany, and sales of expert services in Switzerland. Additional sales growth was negatively impacted by lower project sales volumes in especially Norway and Germany
- ★ FX impact was minor, albeit country specific fluctuation continued.

LFL adjusted EBITDA continued to grow and profitability improved in Q2

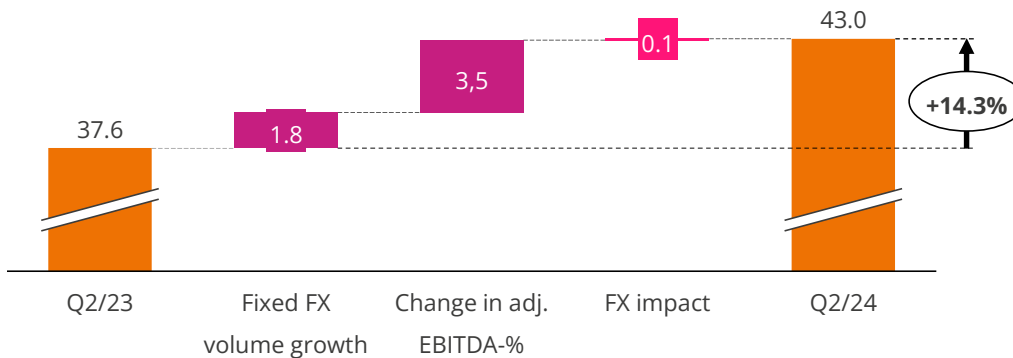
LFL PROFIT & LOSS								
EUR million	Q2/24	Q2/23	Change, %	1-6/24	1-6/23	Change, %	LTM 6/24	2023
Net Sales	251.7	240.2	4.8%	512.3	480.3	6.7%	1,006.1	974.1
GROSS MARGIN	206.3	197.1	4.7%	414.5	390.9	6.0%	812.0	788.4
Gross margin %	82.0%	82.1%	-0.1%	80.9%	81.4%	-0.5%	0.8	80.9%
Personnel costs	-133.1	-128.2	3.8%	-267.4	-253.4	5.5%	-527.5	-513.5
% of revenue	-52.9%	-53.4%	0.5%	-52.2%	-52.8%	0.6%	-0.5	-52.7%
Other operating expense	-30.2	-31.3	-3.4%	-63.5	-64.1	-1.0%	-125.9	-126.5
% of revenue	-12.0%	-13.0%	1.0%	-12.4%	-13.3%	1.0%	-0.1	-13.0%
ADJUSTED EBITDA	43.0	37.6	14.3%	83.6	73.4	13.9%	158.5	148.3
ADJUSTED EBITDA margin %	17.1%	15.7%	1.4%	16.3%	15.3%	1.0%	15.8%	15.2%

LFL adjusted EBITDA margin evolution y-o-y



LFL adjusted EBITDA development y-o-y

In EUR million



- ★ LFL adjusted EBITDA increased clearly to EUR 43.0 million (+14.3%).
- ★ EBITDA in Q2/24 continued to increase resulting from higher revenue and lower fixed cost base
- ★ Gross margin % decreased as a result of higher seasonal activity involving more subcontracting.
- ★ Personnel costs relative to net sales decreased due to successful realisation of synergies and insourcing of service production
- ★ OPEX decreased due to synergy realisation and tight cost control

Operating cash flow continued to grow in Q2

- ★ Operating cash flow before acquisitions and financial items grew 31% to EUR 21.3 million (16.3).
- ★ Operating cash flow was supported by higher EBITDA but weakened by increased working capital and higher capital expenditure.
- ★ Capital expenditure increased from previous year's level amounting to EUR -7.4 million.
 - ★ Investments include acquisitions completed as asset deals of around EUR 2.4 million which, in addition to the larger business scale, explain the higher level versus previous year.

OPERATING CASH FLOW AND INVESTMENTS BREAKDOWN					
Operating cash flow, EUR million	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
EBITDA	31.7	20.9	62.1	40.7	86.2
Change in net working capital	-3.0	-0.1	0.0	4.7	6.4
CAPEX*	-7.4	-4.5	-13.9	-8.9	-23.7
Operating cash flow before acquisitions	21.3	16.3	48.2	36.6	68.9
Acquisitions and disposals of subsidiaries net of cash acquired	-248.7	-4.7	-252.7	-15.6	-222.7
Operating cash flow after acquisitions	-227.4	11.6	-204.4	21.0	-153.8
Cash conversion	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
EBITDA, EUR million	31.7	20.9	62.1	40.7	86.2
Operating cash flow before acquisitions, EUR million	21.3	16.3	48.2	36.6	68.9
Cash conversion before acquisitions	67.3%	77.9%	77.6%	89.7%	79.9%
CAPEX	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
CAPEX*, EUR million	-7.4	-4.5	-13.9	-8.9	-23.7
Revenue, reported EUR million	199.4	141.8	404.6	282.7	624.9
CAPEX % of revenue	3.7%	3.2%	3.4%	3.1%	3.8%

*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

Financing significantly strengthened in Q2

- ★ PHM Group significantly strengthened its financing in Q2 to finance the acquisitions of Valores Group and DEAS and to support growing business size
 - ★ New senior secured term loan B of EUR 300 million.
 - ★ Increase in the size of SSRCF to EUR 92.5 million.
- ★ Due to high M&A activity and semi-annual payments of bond coupons, net debt increased from the end of March 2024.
- ★ The synergy adjusted LFL EBITDA for the previous twelve months increased by EUR 35 million driven by organic growth and acquisitions, respectively.
- ★ Despite clearly higher LTM synergy adjusted LFL EBITDA, the leverage ratio increased from the 5.16x level at end of March 2024 to a level of 5.55x due to high M&A activity,
 - ★ Leverage also impacted by the highly synergistic DEAS A/S being closed in Q3 2024
- ★ Liquidity remained strong. Cash and cash equivalents was EUR 118.8 million and the Super Senior RCF of EUR 92.5 million was undrawn in its entirety.

LEVERAGE BREAKDOWN	
Leverage	30.6.2024
Senior Secured Fixed Rate Bond	340.0
Senior Secured Floating Rate Bond	300.0
Term Loan B	300.0
Super Senior Revolving Credit Facility	0.0
Other interest bearing liabilities	69.5
Interest bearing liabilities	1,009.5
Other net debt items	2.2
Cash and cash equivalents	-118.8
Interest bearing net debt 30.6.2024, EUR million	892.9
EBITDA LTM, reported	107.6
LFL adjustments	40.7
Non-recurring items	10.2
Unrealised synergies	2.3
Synergy adjusted EBITDA, EUR million	160.9
Leverage, x	5.55



Thank you for
your attention

Appendix

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

Consolidated Income Statement

EUR THOUSAND	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
Net sales	199,357	141,765	404,562	282,661	624,904
Other operating income	2,273	935	4,436	1,699	3,541
Materials and services	-45,074	-33,510	-97,018	-68,841	-155,538
Personnel expenses	-99,357	-70,431	-198,130	-139,346	-307,493
Other operating expenses	-25,511	-17,811	-51,715	-35,433	-79,194
EBITDA	31,689	20,947	62,134	40,741	86,219
<i>% of revenue</i>	<i>15.9%</i>	<i>14.8%</i>	<i>15.4%</i>	<i>14.4%</i>	<i>13.8%</i>
Depreciation	-10,710	-6,554	-19,747	-12,806	-28,716
EBITA	20,979	14,393	42,387	27,935	57,504
<i>% of revenue</i>	<i>10.5%</i>	<i>10.2%</i>	<i>10.5%</i>	<i>9.9%</i>	<i>9.2%</i>
Amortisation and impairment	-5,828	-3,715	-11,059	-7,387	-16,684
Operating result	15,151	10,678	31,328	20,548	40,819
<i>% of revenue</i>	<i>7.6%</i>	<i>7.5%</i>	<i>7.7%</i>	<i>7.3%</i>	<i>6.5%</i>
Net financial expenses	-16,816	-11,276	-32,657	-19,120	-41,281
Result before taxes	-1,665	-598	-1,330	1,427	-462
Taxes	469	-151	-1,836	-241	-1,811
Result for the financial period	-1,196	-749	-3,166	1,187	-2,273

Consolidated Balance Sheet

EUR THOUSAND	6 2024	6 2023	12 2023
ASSETS			
Non-current assets			
Goodwill	826,305	420,146	624,621
Intangible assets other than goodwill	262,553	121,229	183,198
Tangible assets	88,421	62,494	78,335
Right-of-use assets	69,054	29,448	47,701
Other shares	3,336	3,027	3,011
Other non-current assets	2,414	364	842
Deferred tax assets	3,529	2,920	3,295
Total non-current assets	1,255,611	639,628	941,004
Current assets			
Trade receivables	94,382	49,117	87,121
Inventories	2,401	3,100	3,243
Other current financial assets	100	83	138
Other current assets	42,295	17,916	29,171
Cash and cash equivalents	118,799	79,850	35,026
Total current assets	257,977	150,066	154,699
Total assets	1,513,588	789,694	1,095,703
EQUITY AND LIABILITIES			
Equity			
Share capital	80	80	80
Fund for unrestricted equity	261,644	164,239	208,239
Retained earnings	-8,931	699	-4,087
Translation differences	-1,428	-12,410	3,296
Total equity	251,365	152,608	207,527
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	933,513	472,077	603,940
Other non-current liabilities	2,426	2,076	3,375
Defined benefits obligations	20,996	0	0
Lease liabilities	45,057	17,164	29,476
Deferred tax liabilities	53,164	30,689	43,723
Total non-current liabilities	1,055,156	522,007	680,514
Current liabilities			
Trade payables and other payables	167,077	97,737	155,898
Interest-bearing loans and borrowings	5,301	4,443	24,706
Lease liabilities	25,607	13,060	19,459
Income tax payable	9,083	-161	7,598
Total current liabilities	207,068	115,080	207,662
Total liabilities	1,262,224	637,087	888,176
Total equity and liabilities	1,513,588	789,694	1,095,703

Consolidated Cash Flow Statement

EUR THOUSAND	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
Operating activities					
Profit before tax	-1,708	-598	-1,529	1,427	-463
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment	16,537	10,269	30,807	20,193	45,400
Finance income and expenses	16,817	11,276	32,659	19,121	41,284
Other adjustments	-2,631	-547	-1,476	-789	-3,846
Change in working capital	-2,999	-5,440	-29	501	545
Other adjustments without payment	-747	48	-4,114	1,251	-2,792
Income tax paid	333	-866	-4,835	-2,403	-3,439
Net cash flow from operating activities	25,603	14,143	51,483	39,301	76,689
Net cash flow from investing activities					
Acquisition of tangible and intangible assets	-6,773	-3,765	-12,875	-8,149	-22,490
Acquisition of subsidiaries, net of cash acquired	-248,720	-4,723	-252,652	-15,571	-222,710
Proceeds from sale of subsidiaries	0	0	0	0	0
Net cash flow from investing activities	-255,493	-8,488	-265,527	-23,720	-245,201
Net cash flow from financing activities					
Increase in fund for unrestricted equity for consideration	52,094	2,685	53,405	2,685	48,002
Paid dividends and other distribution of profit	0	0	0	0	-1
Net change in borrowings	269,269	55,430	287,212	54,037	178,655
Net interests and finance costs paid	-18,560	-11,541	-29,568	-14,946	-35,083
Payments of lease liabilities	-6,862	-4,223	-13,064	-8,370	-18,807
Net cash from financing activities	295,941	42,352	297,984	33,406	172,767
Net increase in cash and cash equivalents	66,051	48,006	83,940	48,987	4,255
Cash and cash equivalents at the beginning of the period	52,480	32,165	35,026	31,632	31,632
Effect of exchange rate changes on cash and cash equivalents	267	-321	-167	-770	-861
Cash and cash equivalents at reporting period end	118,799	79,850	118,799	79,850	35,026



phm^{*}

All-stars in local property service.