



HusCompagniet 17 March 2022

# Full year 2021 Conference call

## Full year 2021

---

### Disclaimer

#### **Forward-looking statements**

This presentation includes forward-looking statements on various matters, such as expected earnings and future strategies and expansion plans. Such statements are uncertain and involve various risks, as many factors, some of which are beyond our control, may result in actual developments differing considerably from the expectations expressed. Such factors include, but are not limited to, general economic and business conditions, exchange rate and interest rate fluctuations, the demand for our services and competition in the market.



# Full year 2021 - summary

---

## FY 2021 Highlights

- Revenue growth of 20% to DKK 4,315 million
- Sales grew 24% y-o-y. Higher sales rates than expected in the first six months
- EBITDA of DKK 401 million, margin was 9.3% - despite challenging market environment
- The target of delivering 98% of houses on time was maintained
- Dividend per share of DKK 7.35
- Share buyback of DKK 180m completed in August and new programme of up to DKK 40m launched in January 2022

## Market

- **Market demand decreased in H2 after extraordinary high market activity in H1 2021**
- **Two main market challenges in 2021:**
  - Cost inflation from materials and subcontractors
  - Access to materials and subcontractors (scarcity increased in Q4)
- **Reduced visibility for 2022 due to the Russian invasion of Ukraine**

## Outlook

### Outlook for 2022 reiterated

- Revenue at DKK 4,350 - 4,650 million
- EBITDA before special items at DKK 420 – 450 million
- EBIT at DKK 370 - 400 million

Expected leverage ratio below 2.0x net debt to EBITDA (LTM) bsi at the end of 2022

# Market update

---

## Sales activity

---

### Detached

- Market levels decreased after extraordinary high activity in H1 2021

### Semi-detached

- High sales activity in 2021
- Increasing market share

### Sweden

- High sales activity in 2021
- Increasing market share

## Supply chains

---

- Cost pressure on raw materials such as wood, steel and polystyrene
- Distressed supply chains
- The Russian invasion of Ukraine has reduced visibility further
- We are monitoring the market closely
- Cost inflation is successfully mitigated and supply chains are so far overall intact

## Subcontractors

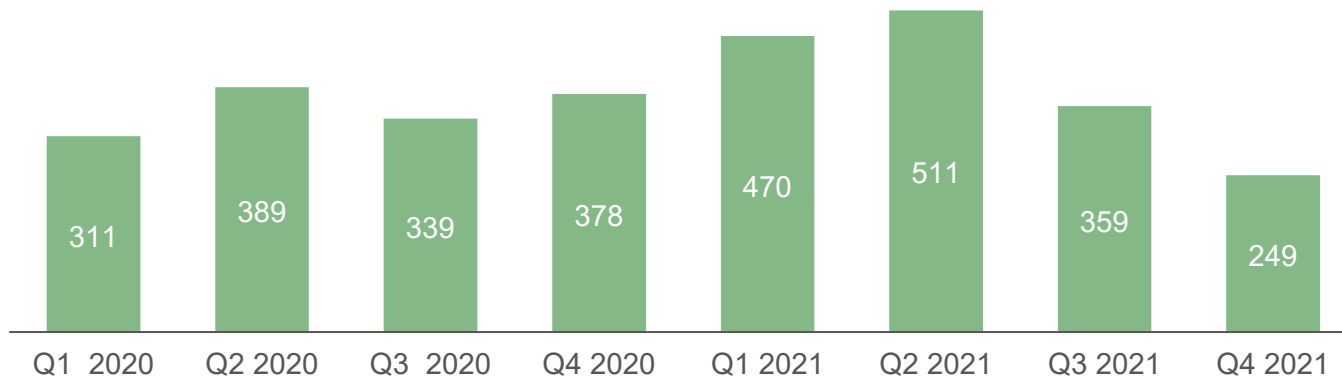
---

- Increased scarcity creating bottlenecks in Q4 2021
- High demand for contractors due to the high building activity expected to continue in H1
- We engage with the contractors needed to secure an efficient building process
- Bottlenecks are expected to improve in H2 2022.
- Tax reimbursement (DK) for craftsman work removed by end of March 2022 – expected to lower demand on renovation market

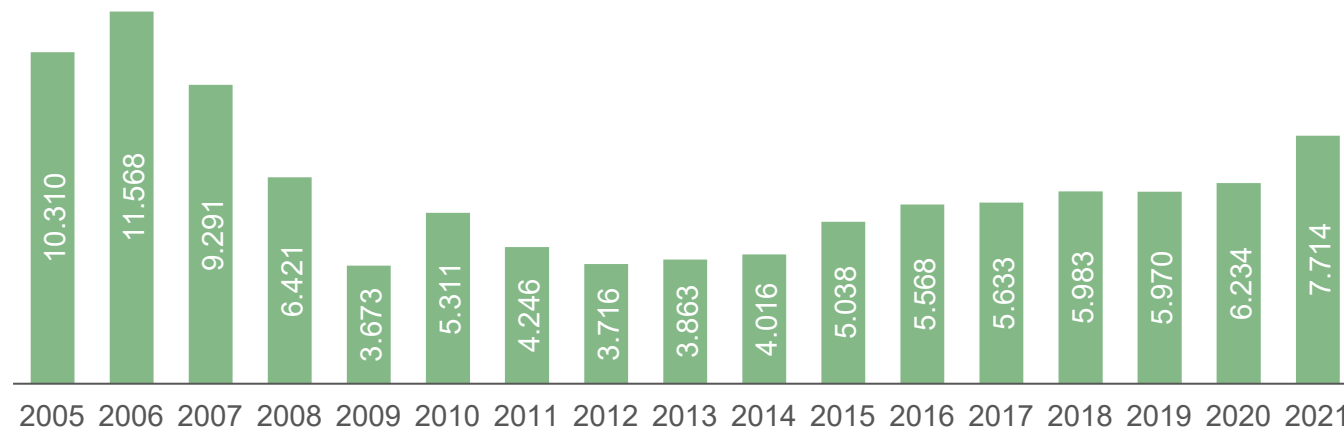
# Detached demand decreased - adjusting the organisation

## Demand decreased in H2 after extraordinary high H1 2021

HusCompagniet quarterly detached sales (units)



Permits since 2005, Detached market Denmark (units)



Source: [www.statistikbanken.dk/BYGV90](http://www.statistikbanken.dk/BYGV90)

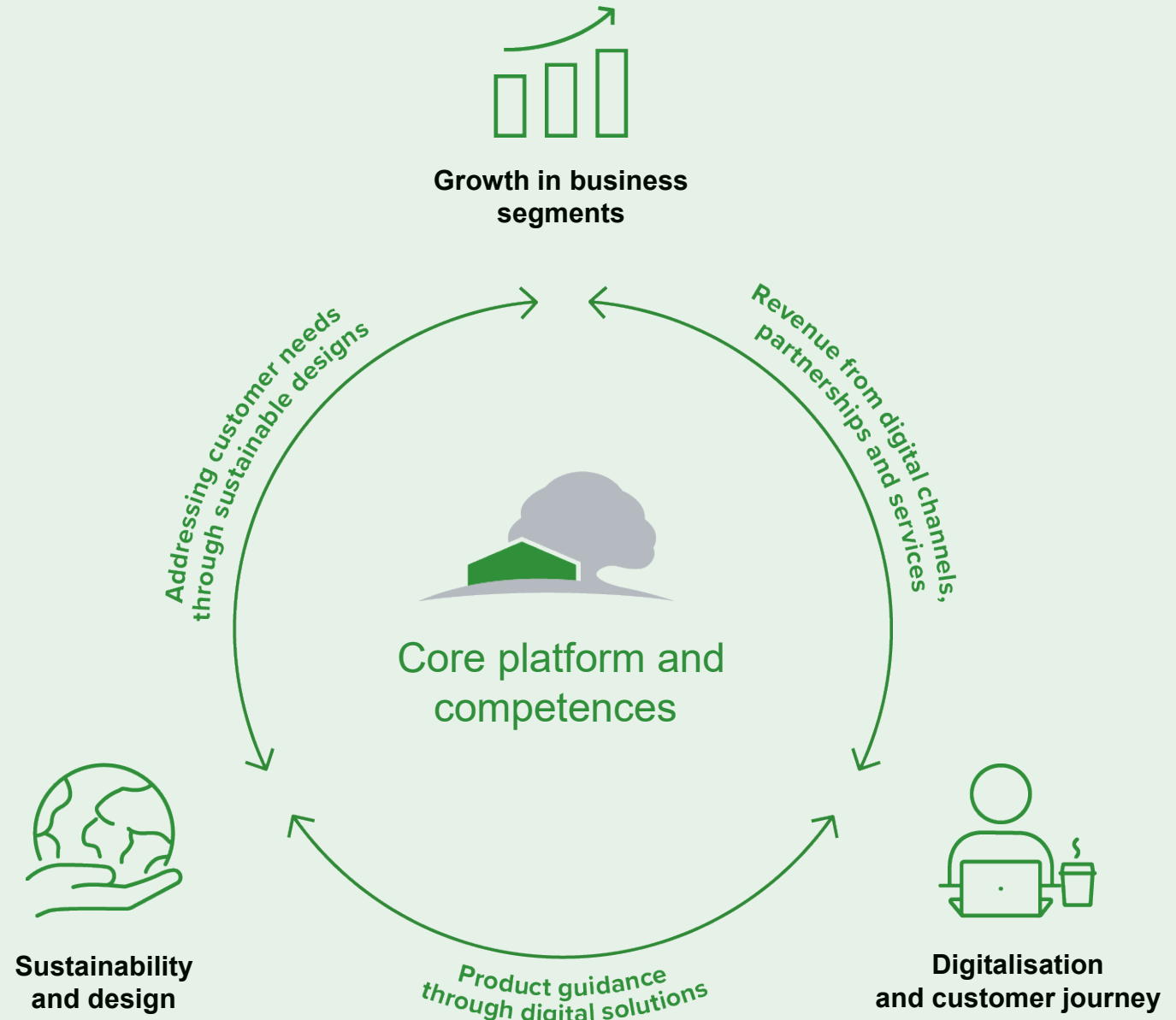
## Lower expected demand in 2022

- Private customers, especially in the Danish detached market, are more hesitant.
- We have adjusted the organisation in February with 28 FTE's to align with expected future demand
- The quarterly flow is expected to be more even in 2022 compared to 2021
- The Russian invasion of Ukraine has increased uncertainty and 2022 visibility is reduced – market development is monitored closely.

# Strategy

We strengthen our core through digitalisation, sustainable solutions and growth in all business segments

**Our purpose:**  
*Co-creating the homes of tomorrow - today*



# Energy savings outweigh increase in interest rates

## Interest rate sensitivity (example)

### DKK 3,000,000 house

**Financing:** 80% mortgage loan / 20% equity

**Loan type:** 30 year fixed rate annuity

**interest rate:** 1.5% to 2.5%

**Loan amount:** 2,400,000

### Interest rate sensitivity +1%-point)

Approx. **DKK 700** month / **DKK 8,400** yearly

Source: Own calculations, approx. first year effect.

## Energy savings (DKK) new-build versus existing housing stock (avr. 140 sqm)

Heating type	Annual cost	Additional annual cost					
District heating	2,600	+4,750	+8,100	+12,700	+17,350	+22,600	+28,400
Natural gas	2,800	+5,100	+8,700	+13,650	<b>+18,600</b>	+24,200	+30,400
Oil	4,500	+8,100	+13,850	+21,750	+29,700	+38,650	+48,550
Energy label	 <b>A</b> 	 <b>B</b>	 <b>C</b>	 <b>D</b>	 <b>E</b>	 <b>F</b>	 <b>G</b>

Source: SparEnergi/Realkredit Danmark. Prices as of June 2021  
(before energy price hikes)

**c. 70% of Danish houses today**

**DKK 8,400 yearly**  
Annual cost increase from rising rates

**DKK 18,600 yearly**  
Annual energy savings (Energy label  
E, Natural gas)



**Increases in interest rates are outweighed by energy savings**

(Savings of DKK 18,600 equals approx. 500,000 additional borrowing capacity)

# Highlights FY 2021

## Revenue

**DKK 4,315 million** ↑

Up 20% from 2020

## EBITDA bsi

**DKK 401 million** ↑

Up 16% from DKK 346 million in 2020

## EBIT

**DKK 355 million** ↑

Up 61% from DKK 220 million in 2020

## Free cash flow

**DKK 237 million** ↑

Up DKK 127 million from DKK 110 million in 2020

## Deliveries

**1,831 houses** ↑

Up 11.8% from 2020

## EBITDA bsi margin

**9.3%** ↓

9.6% in 2020

## EBIT margin

**8.2%** ↑

6.1% in 2020

## Financial gearing (NIBD/EBITDA bsi)

**1.8x** ↓

2.0x at year-end 2020





# Highlights Q4 2021

## Revenue

**DKK 1,201 million** ↑

Up 18.6% from 1,012 in Q4 2020

## EBITDA bsi

**DKK 116 million** ↓

Down 1.7% from DKK 118 million in Q4 2020

## EBIT

**DKK 104 million** ↑

Up 104% from DKK 51 million in Q4 2020

## Deliveries

**623 houses** ↑

Up 16.0% from Q4 2020

## EBITDA bsi margin

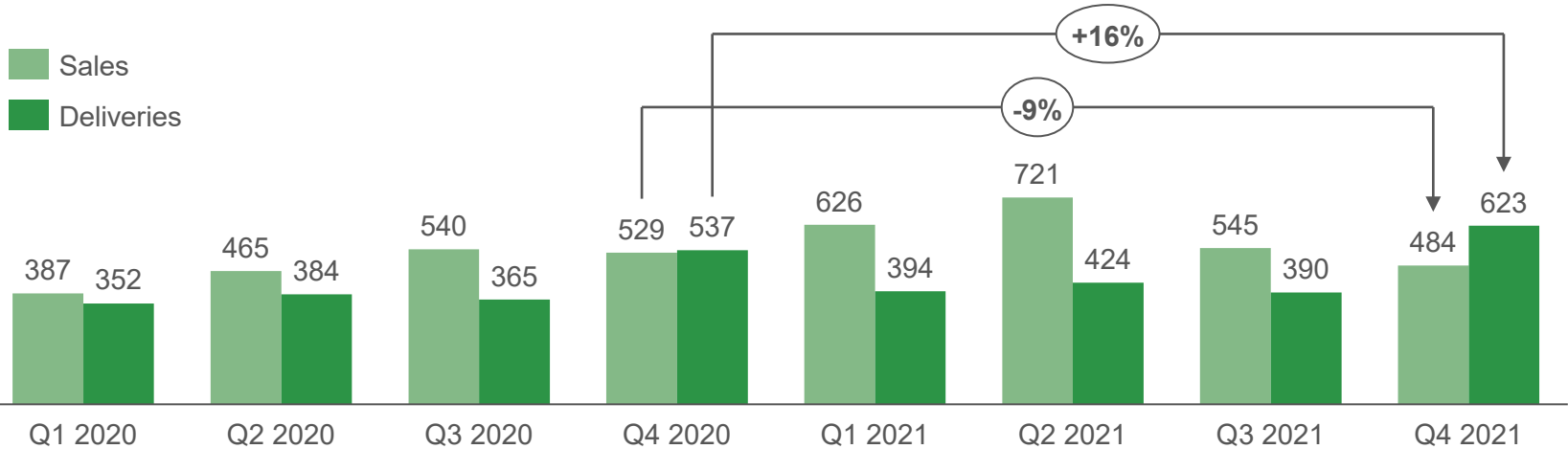
**9.7%** ↓

11.7% in Q4 2020

## EBIT margin

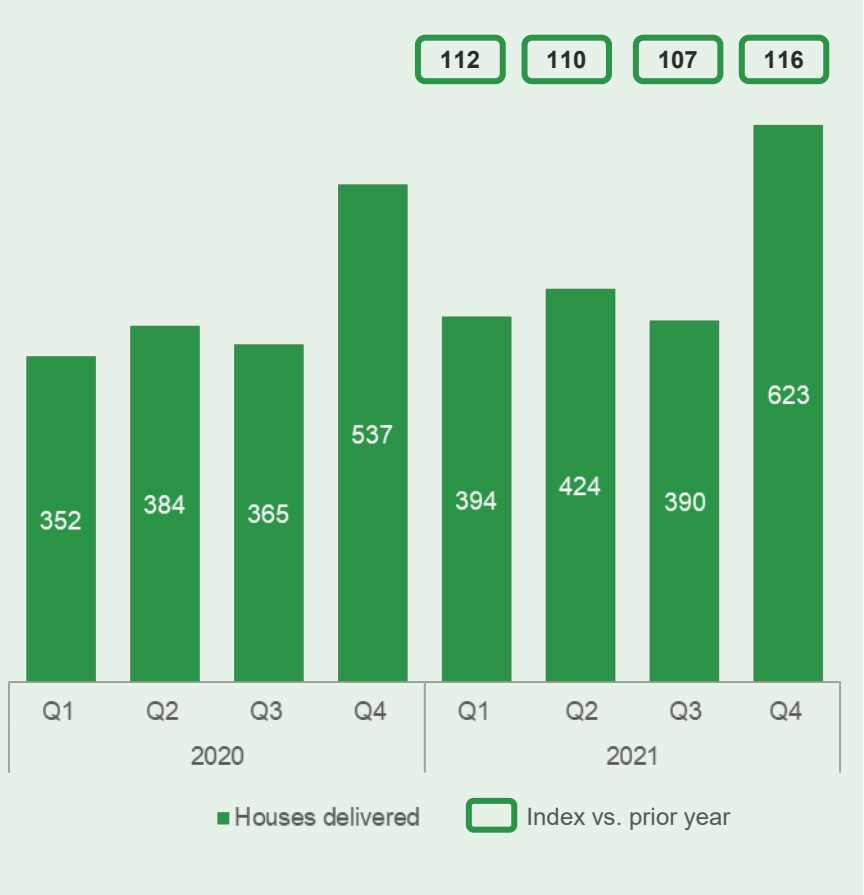
**8.7%** ↑

5.0% in Q4 2020



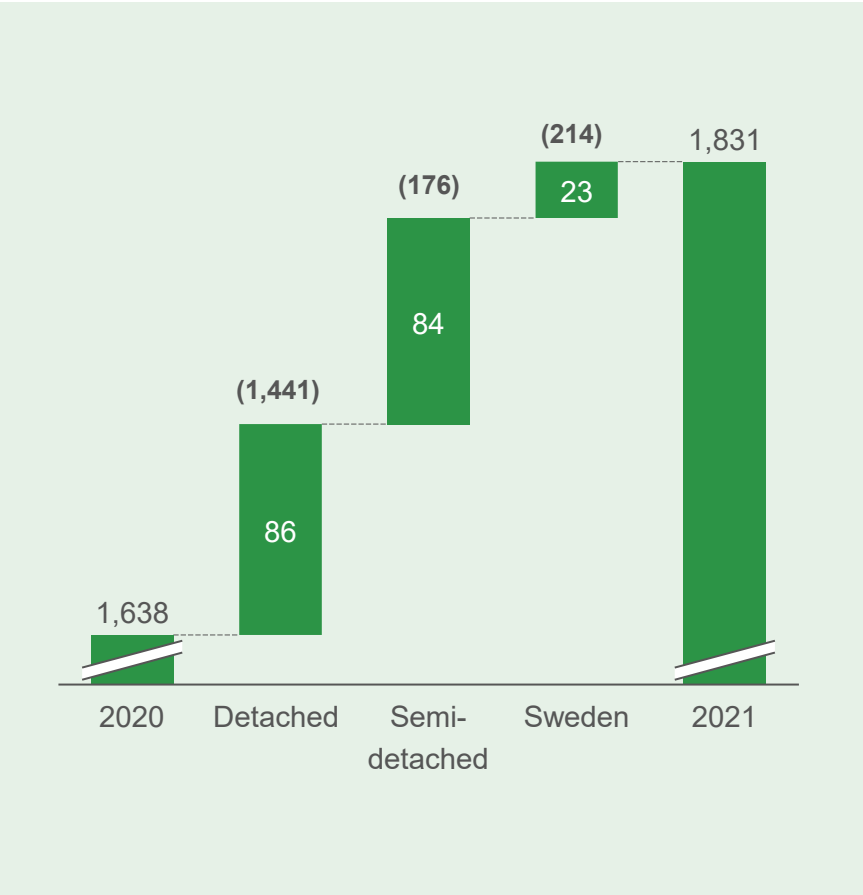
# 2021 deliveries up 11.8% y-o-y

## 1,831 houses delivered in 2021



## Segment split - development

(total)

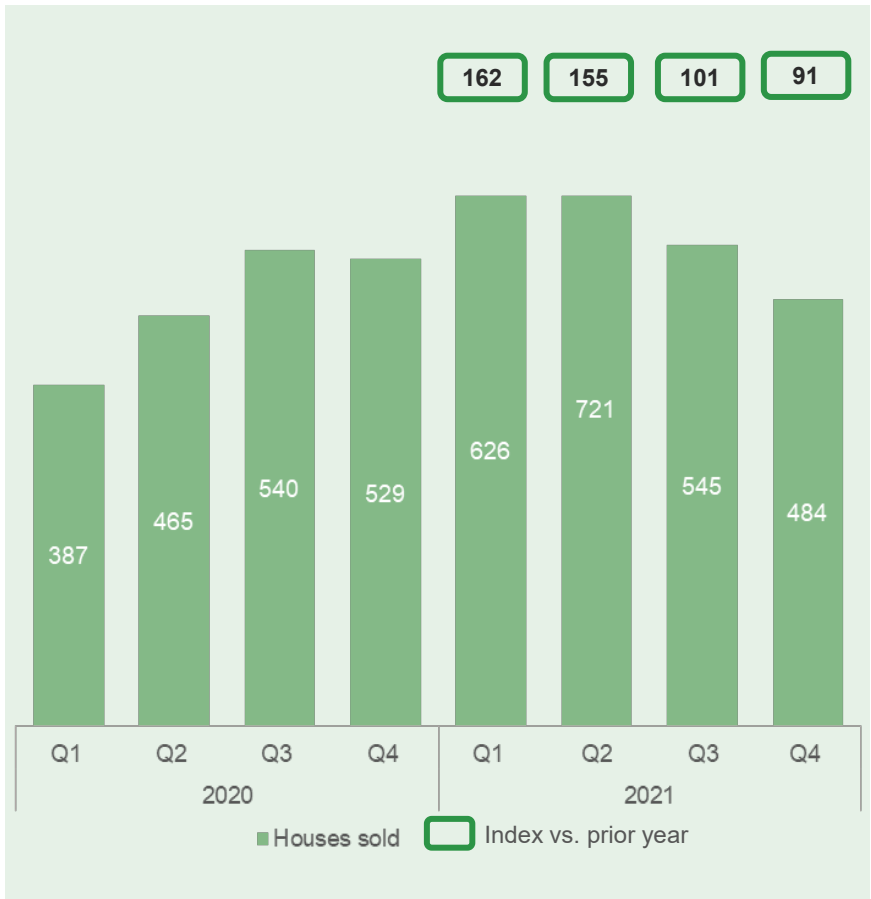


## Comments

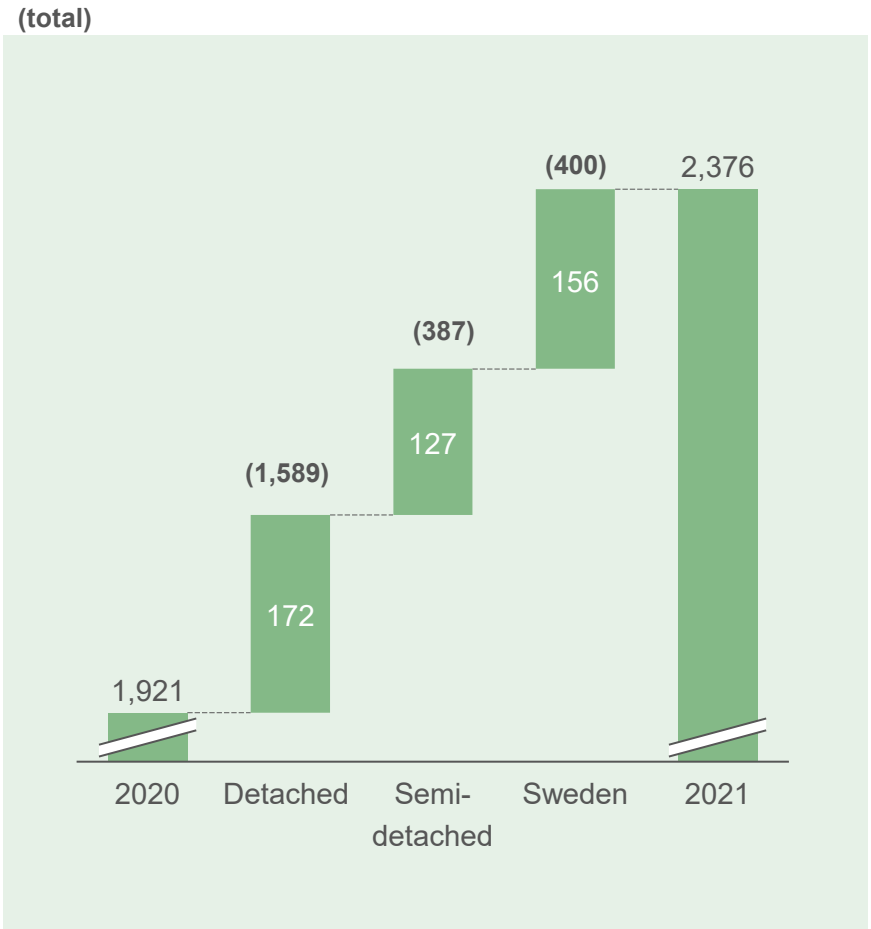
- 2021 deliveries up 11.8% from 2020
- The high completion rate in 2021 exceeded last year level
- Increased capacity utilisation and phasing of deliveries in detached
- High level of deliveries in Q4, affected by many deliveries in Semi-detached

# 2021 sales up 24% y-o-y despite lower detached sales in Q4 2021

## 2,376 houses sold in 2021



## Segment split - development

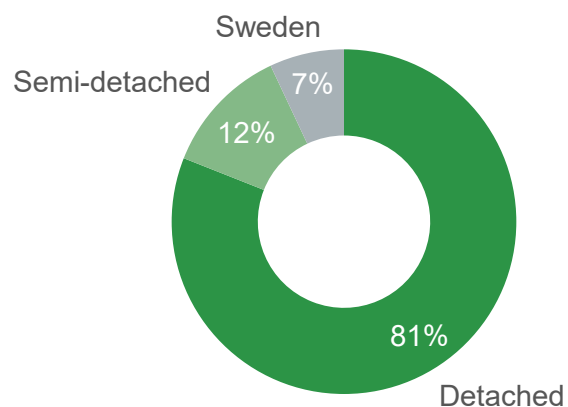


## Comments

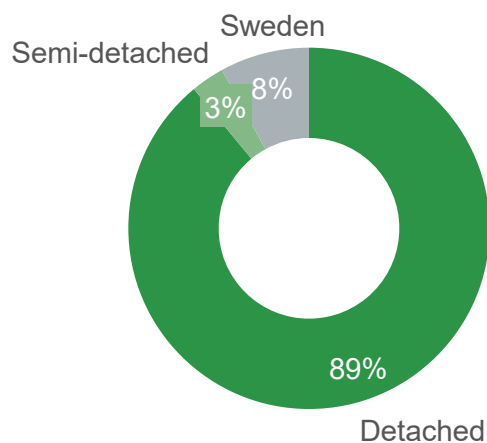
- Extraordinary high market activity in H1 2021 for detached
- Sales rate decreased in H2 2021 to lower levels
- 387 units sold in Semi-detached of which 322 were B2B sales
- High growth level in Sweden in 2021 with 400 units sold

# Segments 2021

## Revenue split 2021



## Revenue split 2020

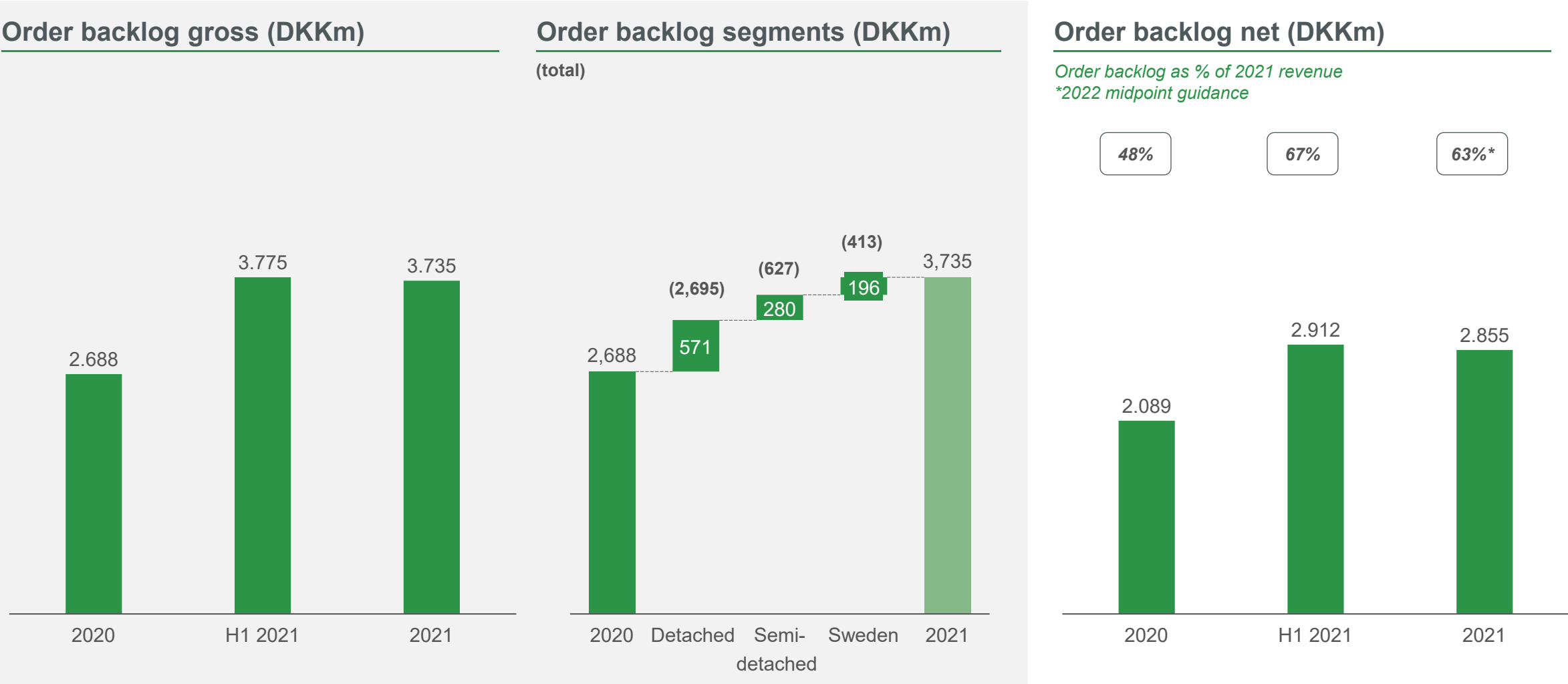


DKK <b>m</b>	Denmark				Swedish business		Group	
	Detached Houses		Semi-detached Houses					
	2021	2020	2021	2020	2021	2020	2021	2020
Order backlog (gross)	2,695	2,123	627	348	413	217	3,735	2,688
Order backlog (net)	2,059	1,558	434	340	362	191	2,855	2,089
Revenue	3,492	3,209	504	117	319	273	4,315	3,598
Gross profit	693	629	63	27	119	100	875	756
EBITDA bsi	311	300	44	8	46	38	401	346
Share of own land*	14.5%	17.0%	60.8%	70.7%	n/a	n/a	19.5%	20.5%
Average Selling Price	2.3	2.3	1.8	1.8	1.5	1.4	n/a	n/a
Revenue growth (%)	8.8%	-	331%	-	16.9%	-	19.9%	-
Gross margin	19.8%	19.6%	12.5%	22.9%	37.4%	36.6%	20.3%	21.0%
EBITDA margin bsi	8.9%	9.4%	8.7%	7.2%	14.5%	13.9%	9.3%	9.6%

\*Includes houses delivered solely in Denmark.



# Order backlog – gross and net



# Outlook for 2022

## Financial outlook for 2022 reiterated:

- Revenue is expected to be DKK 4,350 – 4,650 million
- EBITDA before special items is expected to be DKK 420 - 450 million
- EBIT is expected to be DKK 370 - 400 million
- Leverage ratio below 2.0x NIBD/EBITDA before special items

## Assumptions for the outlook

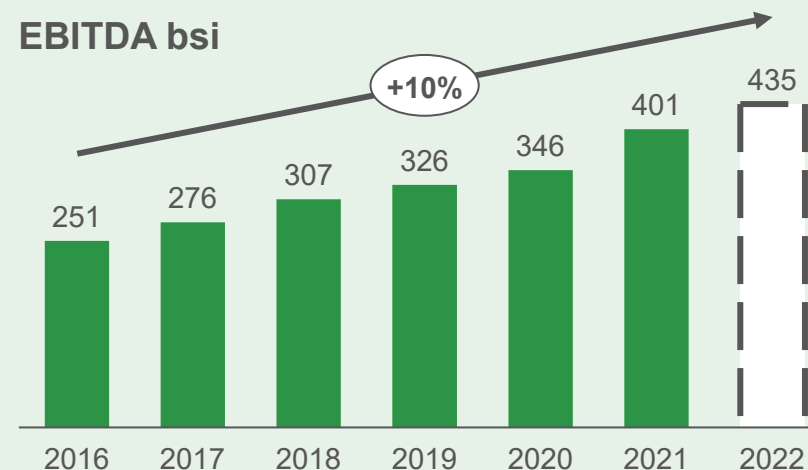
The 2022 guidance is based on no severe disruption of supply chains emerging and on raw material prices not significantly exceeding current levels. Further, the current outlook is based on the increased geopolitical uncertainty in Europe will not severely affect macroeconomic factors and supply chains.

- Current expectations for 2022 sales are between 1,900 and 2,100 houses. (from 2,200 – 2,400)
- Current expectations for 2022 deliveries are between 2,020 and 2,160 houses.
- Revenue from the semi-detached segment is assumed to be around DKK 500 million.
- Share of deliveries on own land is expected to be below 10% due to the current size of the land bank. Long-term target remains at around 20%.
- Current expectations for capital expenditures are DKK 40–60m and comprise investments in digitalisation, automation, B2B and sustainability.
- Full year cash conversion (free cash flow to EBITDA) is expected to be at least 60% despite the increased capex level.
- No significant special items are expected.

## Revenue



## EBITDA bsi



# Capital structure and dividend policy

---

## Capital structure

---

- HusCompagniet has a **target leverage of below 2.0x** net debt to EBITDA before special items considering the Group's cash flow profile, with level moving towards 1.5x.
- If the leverage ratio is **below 1.5x** and capital is not committed or expected to be short term committed towards investments, HusCompagniet **will seek to return capital to shareholders** in addition to the initial **pay-out ratio through dividends and/or share buybacks**.

## Updated dividend policy

---

- The Board of Directors has adopted a dividend policy with a target initial pay-out ratio of at least 50% of reported profit for the year.
- From 2022, HusCompagniet has updated the dividend policy from at least 50% by means of dividend to at least **25% dividend, supplemented by means of share buyback for around 25%**. The dividend policy is updated to enhance flexibility between dividend and share buybacks
- The Board of Directors proposes that an ordinary dividend of **DKK 7.35 per share (DKK 132 million) be paid for the 2021** financial year, corresponding to a payout ratio of 50%. No dividend will be paid out on treasury shares.

# Around DKK 400m in dividend and share buyback since listing

## Share buyback

HusCompagniet launched a **share buyback of up to DKK 40 million in January 2022**, of which around DKK 30 million is subject to cancellation.

Including the **DKK 180 million share** buyback completed in August 2021, the Board of Directors will propose that **9.0% of the share capital be cancelled** in a share capital reduction, subject to approval at the Annual General Meeting in 2022.

## Dividends

The Board of Directors proposes that an ordinary dividend of **DKK 7.35 per share or DKK 132 million** be paid for the 2021 financial year. No dividend will be paid out on treasury shares

**A dividend of DKK 60 million** was paid in April 2021, corresponding to **DKK 3.00 per share**.

**Total distribution to shareholders of around DKK 400 million since listing**

**DKK 60m dividend      DKK 180m share buyback      DKK 40m share buyback      DKK 132m dividend**







Q&A

# Equity story

Driving profitable growth and promoting sustainability whilst benefiting from scale to innovate and disrupt the industry



## Resilient business model through cycles

- Asset-light structure with outsourced construction and scale benefits from strong relations with suppliers
- High visibility in order book and ability to adapt capacity and costs to market fluctuations
- Limited financial risk with payment guarantee at the time of order
- Strong financial position and high cash generation



## Prove of execution

- Danish market leader since 2010 in detached houses
- Documented annual growth through core platform
- Clear benefits from scale and flexible business model
- Growing market shares and leading the concentration of the Danish detached market
- Proven progress in targeting Danish semi-detached and Swedish markets – both highly fragmented markets with attractive growth opportunities



## Sustainability

- Driving the sustainability agenda as market leader
- Facilitating house construction of the future with focus on more sustainable housing
- Ongoing initiatives throughout the portfolio to avoid emissions and promote sustainable choices
- Creating a positive impact for both our company, our customers and society



## Digital ambitions

- From analogue to fully digital platform
- Professionalising the industry through digitalisation and automation of all elements in the building process across segments
- Best-in-class sales process
- Improved customer experience with overview and safety from order to delivery
- Low-complexity projects
- Automation of factories ensuring efficiencies and reduced costs
- After-sales services to retain customers
- Cross-function best-practice across segments

## Market drivers

Stable low-risk economies. Strong structural trends in demographics. Limited cyclicalities in core market.  
Strong growth potential in Danish semi-detached market. Opportunities for both organic and acquisitive growth in Sweden.

# Business model

## Resources

### People

Our diverse workforce and industry experience are at the core of our business

### Natural resources

HusCompagniet houses are built from raw materials, such as timber, aircrete, concrete, brick, steel and glass

### Partners

We rely on strong, long-term relations with our material suppliers and subcontractors

### Innovation

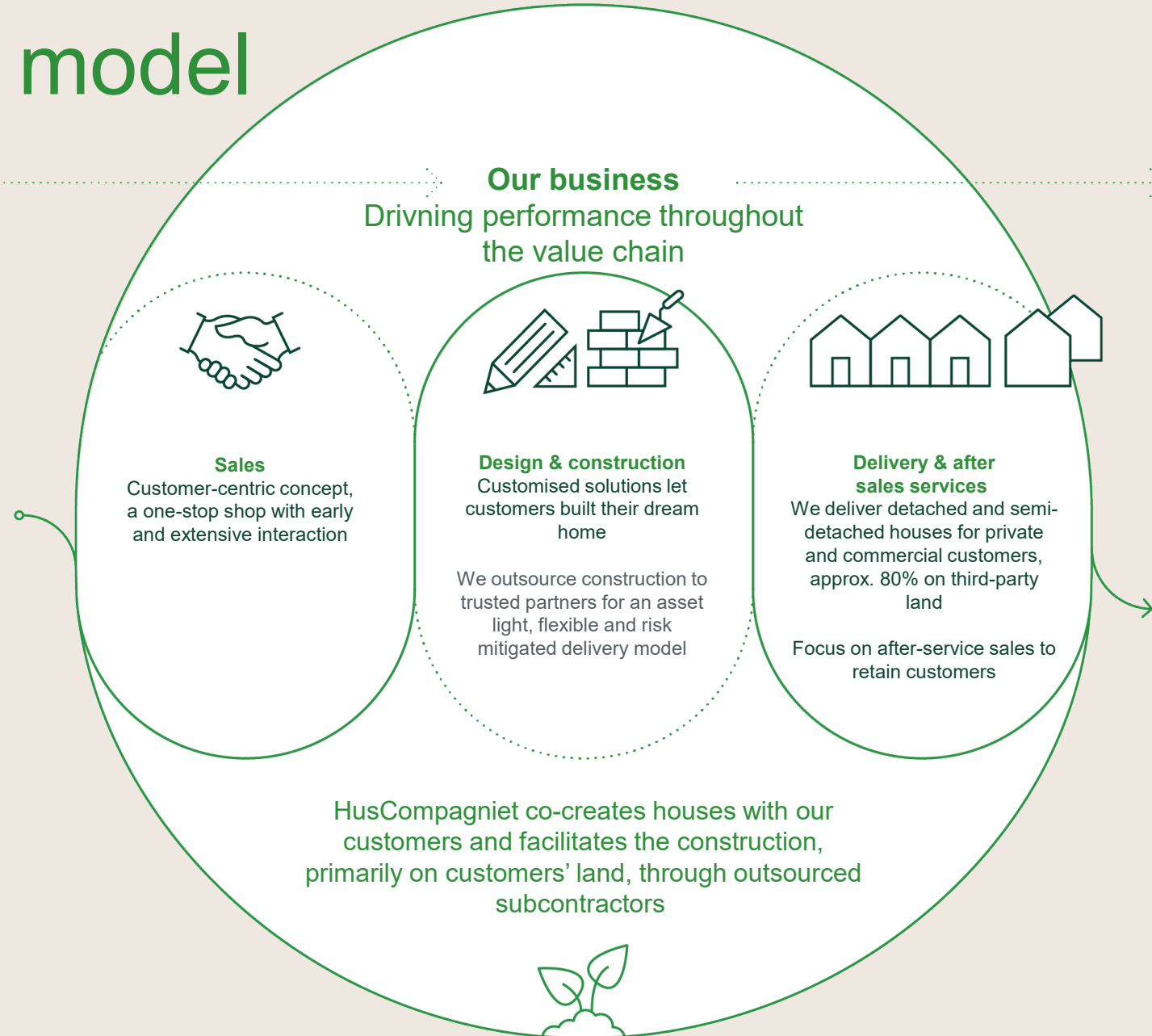
Digital and sustainable innovation

### Our brand

Our private and B2B customers know us as a trusted brand in the industry

### Financial capital

We finance investments through cash flow from operations and credit facilities. Financial strength to offer customers bank guaranteed payment at delivery



## Value created

### Customer value

- 1,831 houses delivered, providing quality houses at competitive prices
- Customer satisfaction score of 4.8 out of 5.0, being highest in the industry

### Sustainable products

- Climate-Improved House
- Gas no longer offered as energy source from 1 January 2022
- Energy efficient, comfortable houses

### Planet

18 kg CO<sub>2</sub> e/m<sup>2</sup> delivered (scope 1-2) - market-based in 2021, reduced 14% from 2019

### Safety and well-being at work

- LTIf 9.3 down from 12.0 in 2019
- eNPS engagement score of +41

### Shareholder value

- DKK 270m returned to shareholders since listing
- 4.3 DKKbn in revenue
- 132 DKKm in shareholder dividends