

HusCompagniet announces intention to launch an Initial Public Offering on Nasdaq Copenhagen

22.10.2020 08:30:02 CEST | HusCompagniet A/S

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HusCompagniet, a leading asset-light detached single-family housebuilder in Denmark which also builds semi-detached houses for consumers and professional investors, today announced its intention to launch an Initial Public Offering ("IPO" or "Offering") of its shares and to list on Nasdaq Copenhagen.

The contemplated IPO is expected to consist of the sale of existing shares by the current shareholders in HusCompagniet and, therefore, the Company is not expected to receive any proceeds from the contemplated IPO. The total offer size will be announced in connection with the publication of the Offering Circular. HusCompagniet is currently owned by EQT VI, the fund managed and/or operated by EQT VI (General Partner) LP (acting by its general partner, EQT VI Limited), together with associated co-investment vehicles ("**EQT**") with the remaining shares in the Company held by other co-investors, including management and certain existing and former employees as well as other third parties.

Chairperson of the Board of Directors, Claus V. Hemmingsen, said:

"HusCompagniet has demonstrated a remarkable growth track record for over a decade, underpinned by a continuous focus on driving both the digital and sustainability agenda as the market leader in detached single-family houses. I believe the contemplated IPO is now the right next step to support future growth, particularly in Denmark as well as in Sweden. It will provide a strong platform for continued growth by enhancing the visibility of the Company, further strengthening the brand and improving the ability to attract and retain talented employees as well as reinforcing relationships with our suppliers and sub-contractors."

Group CEO, Martin Ravn-Nielsen, said:

"In the recent years, we have seen double-digit annual average growth rates, a testament to the strength of our core business and leading market position in the detached single-family market segment. We see room for further growth in our core business, and in particular in the semi-detached new build market aimed at professional investors, which is a market where we have long-time experience but only scratched the surface of its potential. We continue to push the digital agenda in HusCompagniet and are excited about the prospects of our current and future initiatives. I am also convinced that our efforts to integrate sustainability throughout our business and in the entire value chain of our houses are noticed by our customers, and will help us achieve our targets of continued profitable growth in both Denmark and Sweden, while at the same time make it possible to meet our ambitious CO₂ reduction targets."

Head of EQT Partners Denmark and Investment Advisor to EQT VI, Mads Ditlevsen, said:

"During EQT's ownership of HusCompagniet, the Company has achieved tremendous results, and we are highly impressed by the efforts and dedication of the employees and the management team. We believe the Company is well-positioned to continue its strong growth trajectory, and we are excited about being part of the future journey as investors together with new Danish and international institutional shareholders."

Information on HusCompagniet

HusCompagniet is a leading provider of single-family detached houses in Denmark. The Company's core activity is the entire customer journey from inspiration, design, sale and delivery of customizable high-quality detached houses in Denmark to consumers, built on-site on customer-owned land. HusCompagniet also designs, sells and delivers semi-

detached houses in Denmark to consumers and to professional investors, who either lease or sell the houses to end-users. HusCompagniet operates an asset light business model where almost all construction is outsourced to sub-contractors allowing for a flexible cost base.

The Group is also present in Sweden, where it operates through the VårgårdaHus brand, and where it produces prefabricated wood-framed detached houses in its factory in Vårgårda, which are sold by agents and finalized on-site on customer-owned land.

Based on a number of standardized house designs, HusCompagniet offers significant customization options for the customer; ensuring efficiency in the house building process while still providing a vast number of options to the customer.

The core market segment for detached houses in Denmark accounted for around 89% of HusCompagniet's revenues in 2019 excluding discontinued operations (German and Swedish brick house activities closed down in September 2020). The semi-detached segment in Denmark accounted for around 5%, while the Swedish wood-framed detached houses accounted for the remaining 6%.

HusCompagniet delivered 1,400 houses in Denmark in 2019, of which 1,325 were detached houses and 75 were semi-detached houses, corresponding to a market share of approximately 24% of the detached-house new build market segment in Denmark (as measured by the number of new builds delivered in 2019). This leading position in the detached market segment is built on HusCompagniet's constant focus on innovation and customer satisfaction with end-to-end turnkey houses delivered at the agreed time, at a fixed price and payable at delivery.

HusCompagniet has 16 offices with show rooms and more than 60 show houses throughout Denmark. In Sweden, HusCompagniet has 27 sales agents and sub-agents. At the end of September 2020, HusCompagniet had 437 employees.

Highlights and key strengths

- **Stable, growing core market with structural upsides**
 - Stable volume of new build detached houses in Denmark, but still well below historical levels, combined with a huge pool of old houses with strong economics for teardown and rebuild projects. The Danish housing market is supported by the healthy Danish macroeconomic environment with a long track record of stable growth and low levels of government debt.
- **Market-leading house builder benefitting from brand, innovation and scale**
 - Leading 24% market share in the Danish detached-house new-build market segment. HusCompagniet's innovation, including the introduction and implementation of a range of new concepts focused on delivering a customer-centric, sustainable and professional end-to-end solution, underpins this leading market position.
- **Differentiated business model delivering value to all stakeholders**
 - Combination of leading market position, customer-centric model and supplier relationships delivers a "win-win-win" proposition for all stakeholders, across customers, suppliers and sub-contractors, and HusCompagniet.
- **Customer-centric go-to-market approach providing an exceptional customer journey**
 - One-stop shop with high customer engagement and extensive interaction through every step from providing an attractive house concept through to delivery and after-sales, ensuring every customer receives a seamless experience.
- **Asset-light and flexible delivery model**
 - Almost all construction is outsourced to sub-contractors, allowing HusCompagniet to swiftly adapt costs to changes in the order backlog and reduce exposure to cyclicalities. The standardized house concept ensures a streamlined and lean building process, while a high building volume allows for attractive terms and conditions with sub-contractors and suppliers.
 - This model is a key contributor to HusCompagniet yielding a ROIC of 61% on average between 2017 and 2019 (excluding discontinued operations) and low capital expenditure requirements, contributing to a cash conversion of 80% on average between 2017 and 2019 (before financing and tax, and excluding discontinued operations).
- **Accelerated growth from semi-detached B2B offering**
 - Seizing the business-to-business opportunity in the fragmented semi-detached market through the implementation of a new, focused strategy, leveraging the existing HusCompagniet market position and asset-light delivery model.

Key financials

Over the past years, HusCompagniet has shown robust financial performance with growth in revenue and EBITA (adjusted for discontinued operations closed down in 2020). From 2017 to 2019, revenues excluding discontinued operations grew around 11% (CAGR) to DKK 3,496 million, while EBITA before special items excluding discontinued operations rose to around DKK 297 million in 2019 from around DKK 267 million in 2017. In the same period, HusCompagniet generated an average

adjusted cash conversion of 80%. This strong performance continued in the nine months ending 30 September 2020 with revenues excluding discontinued operations and EBITA before special items excluding discontinued operations increasing by 3% and 5%, respectively, compared to the same period in 2019.

Order backlog has been equivalent to approximately 65% of anticipated next year sales, providing for a high degree of visibility on future performance.

The table below summarizes the key financials for the nine months ending 30 September 2020 with comparative numbers for 2019 and for the financial years 2017, 2018 and 2019.

DKK million	9M 2020	9M 2019	2019	2018	2017
Revenue	2,586	2,506	3,496	3,095	2,816
Revenue growth	3.2%	-	13.0%	9.9%	-
Gross profit	537	498	716	671	576
EBITA before special items	206	196	297	295	267
EBITA before special items margin	8.0%	7.8%	8.5%	9.5%	9.5%

The numbers presented in the table are excluding discontinued operations (German and Swedish brick house activities closed down in September 2020) etc. compared to the previously published financial statements for 2019, 2018 and 2017.

Financial guidance and medium-term operational targets

For 2020, HusCompagniet targets revenues of DKK 3,550-3,600 million, EBITA before special items of approx. DKK 315 million and Operating Profit (EBIT) after special items of DKK 215-220 million (each excluding discontinued German and Swedish brick house activities closed down in September 2020).

For 2021, HusCompagniet targets revenues of DKK 3,800-4,150 million, EBITA before special items of DKK 350-360 million and Operating Profit (EBIT) of DKK 325-335 million.

In the medium-term, HusCompagniet has set the following operational targets:

- *Detached segment (Denmark)* - Continued growth of its business in line with the detached market segment whilst maintaining strong margins.
- *Semi-detached segment (Denmark)* - Seize the attractive business-to-business opportunity in the semi-detached market segment, targeting a run-rate of 500 houses sold per year within three to five years.
- *Swedish segment* - Drive profitable growth in the business.

Bank syndicate and Financial Advisor supporting the IPO

Citigroup Global Markets Limited, Danske Bank A/S and Nordea Danmark, Filial af Nordea Bank Abp, Finland have been appointed to act as Joint Global Coordinators and Joint Bookrunners in the contemplated offering.

N.M. Rothschild & Sons Limited ("Rothschild & Co") is acting as Financial Advisor.

For additional information, please contact:

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Attachments

- [Download announcement as PDF.pdf](#)