

Company announcement 20/2022

22 April 2022

HusCompagniet acquires prefab factory to accelerate production in the growing semi-detached segment – mid-term sales target increased from 500 to 750 units a year towards 2025

HusCompagniet A/S (“HusCompagniet”) has signed agreement to acquire prefabricated (prefab) factory from NVV GmbH and JAWS Holding ApS (“Danhaus”) including order book of around DKK 200 million. The factory is in Esbjerg, Denmark. Closing is expected to be in May 2022.

The factory is one of the most well-automated factories in the Nordics and entering this part of the supply chain in Denmark will further strengthen HusCompagniets strategic ambitions. Prefab is especially well suited for more sustainable semi-detached new-builds such as DGNB-certified projects while the high building quality is maintained. Further, prefab production supports efficient building time and with the newly acquired factory, HusCompagniet can secure production in our growing semi-detached segment and mitigate supply chain challenges both within subcontractors as well as certain materials.

Martin Ravn-Nielsen says:

“With the acquisition, we raise our ambitions for the B2B market, which has already shown its great potential for HusCompagniet in the recent years. At the same time, we strengthen our value chain, so that we become strong in the sales, production, and construction phase of semi-detached houses - and this gives us a unique position in the market. We already have our factory in Sweden under the name VårgårdaHus, where we also produce sustainable wooden houses. And with the new factory in Esbjerg, we can benefit from synergies between the factories within know-how, procurement, IT, production, etc.”

Highlights

- The transaction represents an enterprise value on a cash and debt free basis of DKK 90 million. The acquisition will be structured as a 100% cash payment financed through existing revolving credit facility
- The factory is acquired including existing orderbook of around DKK 200 million
- The factory will support the increasing production demand and amplify HusCompagniets increasing market shares in the semi-detached segment
- With different initiatives the capacity is expected to increase to approximately 800 units, thus the factory can produce all semi-detached units
- The production will meet the requirements for sustainable building such as DGNB-certified buildings
- Automation and benefits obtained between our Swedish factory and the newly acquired factory
- In-house factory production mitigates supply chain challenges both within subcontractors as well as certain materials

Factory acquired

The factory is in Esbjerg, Jutland in Denmark and constitute approx. 12,000 sqm. The factory currently produces around 400 units a year. HusCompagniet will be able to deliver nationwide in Denmark and will by scale and optimisation be able to utilise maximum capacity with an expected production capacity of up to 800 units a year in a more streamlined production.

The factory currently employs 51 blue collar workers and 21 white collar workers. The blue-collar workers are mainly unskilled labour and prefabricated production can therefore mitigate future expected scarcity and bottlenecks in the market of subcontractors.

Strategic rationale

Danhaus has a factory for prefabricated products, which is unique in Denmark as “in situ” (on-site) build in the normal way of building versus most of continental Europe where prefabricated is the norm.

Acquiring the factory will be a great strategic opportunity for our semi-detached segment. Especially as the larger pension and real estate funds are focused on sustainability. We believe it also supports our efforts in making sustainable building more efficient and cost effective and thereby driving the sustainability agenda. Another driver is the increasingly difficulty finding qualified craftsmen, as the factory mainly employs unskilled labour.

We believe HusCompagniet can benefit from learnings of our Swedish factory and the newly acquired factory and drive efficient production with scale benefits.

About Danhaus

Danhaus was founded in 1978 with focus on building energy and environmentally sustainable Danish houses on the German housing market. In the following 20 years, the business model remained unchanged with the sale of Danish houses to Germany and in 1998 a factory was built in Esbjerg. The factory has since been expanded several times to the present size of ~12,000 m² and about 70 employees. Danhaus houses are built on wooden structures, but the houses can be fitted with brick, slate, or wooden facades. Danhaus divested the German part of the business in 2021 to a manufacturer in Germany.

Key transaction and financial highlights

The transaction represents an enterprise value on a cash and debt free basis of DKK 90 million. The acquisition will be structured as a 100% cash payment financed through existing revolving credit facility.

The acquisition will be presented in the financials for 2022 as a separate segment and integrated in semi-detached segment in 2023 with adjusted comparable figures.

2022 expected revenue from the factory is around DKK 100 million with an expected break-even EBITDA result. Earning level is expected to increase in 2023 due to streamlining of production and increased utilisation. The integration of the factory in the semi-detached segment from 2023 is not expected to impact the overall margin level.

The impact on 2022 financial outlook and targets from the transaction

- The medium-term target aiming for selling 500 semi-detached houses a year by 2023-2025 will be updated to 750 houses a year towards 2025

- 2022 expected revenue from the factory is DKK 100m with an expected break even result
- Special items is expected to be in the range DKK 2-5m

Leverage is expected to be around 2.25x after acquisition with a target below 2.0x by end of 2023 at the latest.

The transaction does not impact HusCompagniets capital allocation and dividend policy to return excess liquidity to shareholders through dividends and share buybacks. HusCompagniet will target a pay-out ratio of 50% of net profit divided between 25% in the form of dividends and around 25% in the form of share buybacks.

Due to the size of revenue in DKK, the acquisition does not require approval from the competition authorities.

Financial guidance for 2022 excluding the transaction and related costs is unchanged, however the visibility has further been reduced due to the war in Ukraine. The geopolitical situation has not been as unstable for the past 50 years or more, and high cost inflation and distressed supply chains are affecting the market situation.

Advisors

PWC is serving as Financial Advisors and Bech Bruun is serving as Legal Advisors.

For additional information, please contact:

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Information on HusCompagniet

HusCompagniet is a leading provider of single-family detached houses in Denmark. The company also builds semi-detached houses to both private consumers and professional investors and has a presence in Sweden where it produces prefabricated wood-framed detached houses through its VårgårdaHus brand.

The Group operates an asset-light and flexible delivery model with on-site building, primarily on customer-owned land. The construction is outsourced to subcontractors, allowing for a flexible cost base. In 2021, HusCompagniet generated revenue of approximately DKK 4.3 billion.

HusCompagniet delivered 1,831 houses in 2021, of which 1,441 were detached houses in Denmark, corresponding to a market share of approximately 24% of the Danish detached-house new-build market segment. HusCompagniet has 16 offices with showrooms in Denmark and Sweden and more than 60 show houses and offers digital sales through the online platform "HusOnline". HusCompagniet currently has more than 400 employees.

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