

Company Announcement 10/2023

4 May 2023

## **Trading Statement for 1 January – 31 March 2023**

**We have, due to enhanced visibility, adjusted full-year 2023 outlook and increased EBITDA before special items (bsi) to DKK 100-130 million. HusCompagniet generated revenue of DKK 656 million for the first quarter of 2023 reflecting a quarter affected by the low demand for newbuild in the previous year. EBITDA before special items (bsi) in Q1 2023 ended at DKK 42 million. The demand for newbuild increased during Q1 compared to Q4, resulting in 226 sold houses.**

We have experienced rapid shifts in market conditions in the last couple of years. Hence, it is less relevant to compare our Q1 2023 results with historical figures. This might be a new normal for an extended period and will likely be the case for the rest of 2023. 2023 will be a year affected by the low sales level we saw during H2 2022. We do, however, see a positive trend in our sales volumes in line with our expectations.

“Overall, our Q1 result reflects a quarter impacted by the low demand for newbuild we witnessed in the previous year caused by unprecedented market conditions, low consumer confidence, reduced visibility, and higher interest rates. Despite these circumstances I am pleased with the financial results in Q1 and an EBITDA before special items of DKK 42 million. We have managed to maintain margins at satisfactory levels which is a focus area within our organisation. This demonstrates the robustness of our business model.” says CEO Martin Ravn-Nielsen and continues

“During the first three months of the year the activity on the general housing market has improved, which has a positive effect on our business. Hence, I am very glad that we in the beginning of 2023 again saw some recovery in the demand for newbuilds after some rough quarters with unprecedented low market activity. However, the activity is still below historic average.”

Management is progressing the review of the financing and capital structure of HusCompagniet. The review includes measures to optimise the cost structure and a review of the balance sheet, as well as optimisation of the company’s capital structure. The company is progressing discussions with its financing banks regarding a refinancing of the current bank financing agreement and may, in addition, consider opportunities to act under the recently obtained authorisation to increase its share capital.

## Selected key highlights Q1 2023

<i>DKK</i> m	Q1 2023	Q1 2022	Change Q1/Q1	Q4 2022	Change Q1/Q4	FY 2022	FY 2021	Change
Houses sold (units)	226	374	-39.6%	87	159.8%	957	2,376	-59.7%
Houses delivered (units)	344	480	-28.3%	580	-40.7%	2,003	1,831	9.4%
Order backlog, gross	1,770	3,724	-52.5%	2,057	-14.0%	2,057	3,735	-44.9%
Order backlog, net	1,154	2,742	-57.9%	1,300	-11.2%	1,300	2,855	-54.5%
Revenue	656	1,173	-44.1%	980	-33.1%	4,330	4,315	0.3%
Gross profit	149	218	-31.7%	195	-23.6%	837	875	-4.3%
EBITDA bsi*	42	99	-57.6%	68	-38.2%	348	401	-13.2%
Special items	-2	0	n/a	-18	-88.9%	-32	0	n/a
EBIT	29	88	-67.0%	38	-23.7%	268	355	-24.5%
Gross margin bsi*	22.7%	18.6%	4.1 ppt.	19.9%	2.8 ppt.	19.3%	20.3%	-1.0 ppt.
EBITDA margin bsi*	6.4%	8.5%	-2.1 ppt.	6.9%	-0.5 ppt.	8.0%	9.3%	-1.3 ppt.
EBIT margin	4.4%	7.5%	-3.1 ppt.	3.8%	0.6 ppt.	6.2%	8.2%	-2.0 ppt.
Contract assets, net	480	806	-40.4%	626	-23.3%	626	725	-13.7%
Inventories	365	261	39.8%	343	6.4%	343	316	8.5%
Available cash	415	400	3.8%	404	2.7%	404	455	-11.2%
Net interest-bearing debt	751	764	-1.7%	768	-2.2%	768	713	7.7%
NIBD/LTM EBITDA bsi*	2.6x	1.8x	0.8x	2.2x	0.4x	2.2x	1.8x	0.4x
FTEs end of period	404	488	-17.2%	471	-14.2%	471	481	-2.1%

\*Before special items

## Highlights Q1 2023

- HusCompagniet generated revenue of DKK 656 million in Q1 2023 reflecting a lower work-in-progress driven by the decreasing sales levels in 2022 combined with fewer deliveries.
- During Q1 2023 we saw an increasing demand for newbuilds resulting in 226 homes sold. All three segments experienced positive sales growth compared to the last quarter. However, the sales rate is still affected by the current market conditions and visibility continue to be reduced.
- EBITDA before special items (bsi) was DKK 42 million corresponding to an EBITDA margin bsi of 6.4%. The overall level was impacted by lower revenue reflecting the lower sales demand during 2022.
- Gross margin was 22.7% in Q1 2023 up from 18.6% in Q1 2022. The margin was positively impacted by an increased share of our high margin segments and the inclusion of the factory in Esbjerg.
- The order backlog (net) on 31 March 2023 amounted to DKK 1,154 million compared to DKK 1,300 million at year-end 2022. A reduction of only 11% as sales level increased compared to Q4 2022.
- Net debt (NIBD) amounted to DKK 751 million. The leverage ratio (NIBD/LTM EBITDA) was 2.6x compared to 2.2x at year end 2022.
- Inventories were DKK 365 million, up from 343 million at year-end 2022 impacted by land purchase, of which some sold already. Inventories comprised; Raw materials of DKK 21 million; Show-houses of DKK 154 million; and Land of DKK 190 million.

- FTEs decreased 14% compared to the level year-end 2022 due to the collective layoffs conducted during last year.
- 13 showhouses were sold in Q1 2023 with delivery later in the year.

### Q1 segmental development

	Detached houses		Semi-detached houses		Sweden		Group	
	Q1-2023	Q1-2022	Q1-2023	Q1-2022	Q1-2023	Q1-2022	Q1-2023	Q1-2022
<i>DKK</i> m								
Houses sold (units)	118	278	92	74	16	22	226	374
Houses delivered (units)	200	341	72	72	72	67	344	480
Houses delivered on own land (%)	8.0%	8.5%	23,6%	86.1%	n/a	n/a	12,1%*	22.0%*
Order backlog, gross	1,026	2,652	590	706	154	365	1,770	3,724
Order backlog, net	701	1,941	367	465	85	336	1,154	2,742
Revenue	447	882	116	205	93	86	656	1,173
Gross profit	82	170	33	15	34	33	149	218
EBITDA bsi	18	78	15	9	9	12	42	99
Average selling price (ASP)	2.9	2.3	1.4	2.2	1.3	1.3	n/a	n/a
Revenue growth (%)	-49.3%	16.5%	-43.1%	55.3%	7.4%	26.5%	-44.0%	22.6%
Gross margin	18.4%	19.3%	28.1%	7.4%	36.8%	37.8%	22.7%	18.6%
EBITDA margin bsi	3.9%	8.9%	13.0%	4.4%	10.1%	14.2%	6.4%	8.5%

\*Only includes houses delivered in Denmark.

#### Detached houses

- After a period of very low sales activity, we saw sales rate slightly increase in the beginning of 2023 resulting in a total sale of 118 houses sold. However, the sales levels are still affected by the current market situation with uncertainty and higher interest rates.
- Revenue was affected negatively by the lower sales levels during 2022 resulting in fewer deliveries as well as a lower work-in-progress.
- EBITDA bsi was DKK 18 million corresponding to an EBITDA margin bsi of 3.9%. The overall level was negatively impacted by a lower level of revenue despite lower SG&A.
- Average selling price (ASP) was DKK 2.9 million, up from DKK 2.3 million in Q1 2022. Development was affected by price adjustments during 2022 combined with a higher share of houses produced in the high ASP regions.

#### Semi-detached houses

- Q1 unit sales amounted to 92 units positively impacted by a periodic fluctuation in the B2B sales, which is not unusual.
- Revenue amounted to DKK116 million. HC Production contributed with DKK 27 million.
- Gross margin increased due to individual projects and a smaller inter-segment movement between semi-detached and detached. The gross margin was also positively affected by HC Production. This also drove an increase in the EBITDA margin bsi. EBITDA margin bsi ended at 13.0%, against 4.4% in Q1 2022.

- Average selling price (ASP) decreased from DKK 2.2 million Q1 2022 to DKK 1.4 million in Q1 2023 as number of houses on own land decreased from 86.1% to 23.6%.
- Order backlog (net) was DKK 367 million at the end of March 2023 against DKK 465 million end of March 2022, reflecting the lower activity.

#### **Sweden**

- Q1 2023 sales totalled 16 houses, down from 22 houses in Q1 2022. The sales rate was impacted by lower market activity.
- Revenue totalled DKK 93 million, up 7.4% from DKK 86 million in Q1 2022 supported by a long order book combined with increased productivity due the upgraded production line. Deliveries amounted to 72 homes, up from 67 homes in Q1 2022.
- EBITDA margin bsi was 10.1% against 14.2%. The margin was impacted by a higher level of management fees. Quarterly fluctuations are expected.
- Order back log (net) was DKK 85 million as of 31 March 2023 against DKK 336 million 31 March 2022.

#### **Outlook for 2023 adjusted**

- Revenue is expected to be DKK 2,250-2,500 million (previously DKK 2,200-2,500)
- EBITDA before special items is expected to be DKK 100-130 million (previously DKK 75-125)
- Operating profit (EBIT) is expected to be DKK 50-75 million (previously DKK 50-75)

*EBIT guidance adjustment includes special items effect of DKK 5-10 million from reorganisation.*

#### **Assumptions for the outlook**

- The 2023 guidance is based on no severe disruption of supply chains emerging, on raw material prices not significantly exceeding current levels and that the market will slowly pick-up during 2023.
- Current expectations for 2023 deliveries are between 950 and 1,100 houses (previously 900 and 1,100 houses)
- Revenue from the semi-detached segment is assumed to be between DKK 350-450 million. (unchanged)
- Special items between DKK 5-10 million related to reorganisation in all segments and management changes in Sweden. (unchanged)
- Dividends are suspended in 2023 leading to no distribution to shareholders in 2023. HusCompagniet expects to resume dividend payments once the leverage is back at appropriate levels.

#### **Webcast and conference call**

HusCompagniet will host a conference call (in Danish) for investors and analysts today, Thursday 4 May 2023 at 10:00 (CEST). The conference call and presentation will be available from HusCompagniet's investor website.

Conference call dial-in numbers for investors and analysts:

Participant Dial-in:  
Denmark: +45-7-8768490  
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<https://huscompagniet-events.eventcdn.net/events/huscompagniet-q1-2023>

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**Forward-looking statements**

This announcement 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 set out. 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.