

Company Announcement 9/2024

2 May 2024

HusCompagniet delivered Q1 2024 results as expected and confirms full-year guidance

Trading Statement for 1 January – 31 March 2024

In Q1 2024, HusCompagniet generated revenue of DKK 483 million, down from DKK 656 million in Q1 2023, due to a decline in deliveries across segments following lower sales in 2023. The gross margin increased to 25.0% from 22.7%, primarily driven by lower-than-expected material costs and efficient execution of projects notably in the Semi-detached segment. EBITDA after special items amounted to DKK 21 million corresponding to an EBITDA margin of 4.4%. EBIT came in at DKK 9 million.

Group CEO of HusCompagniet, Martin Ravn-Nielsen says: *“We delivered revenue and earnings in line with our guidance in a continuously challenging housebuilding market and were pleased to improve our gross margin based on our relentless focus on quality, firm pricing, and strict cost control. The macroeconomic environment showed small signs of early recovery in the Danish market in terms of gradually improved consumer confidence, continued high employment, decreasing core inflation and stabilisation of interest rates. We maintain our outlook for 2024, as we see the level of uncertainty remaining high and near-term visibility is limited.”*

“As expected, we saw a moderate pickup in activity in the quarter and increased sales by 20% to 272 units from a low base of 226 units in Q1 2023. The progress was driven by the Detached segment where we see a pick-up in meeting activity with potential customers, while noting a longer lead time from the initial contact to contract signing. In the professional segment, we secured several smaller contracts totalling 88 units which contribute to the desired diversification of our Semi-detached project portfolio with varying project sizes”, continues Martin Ravn-Nielsen.

Based on the Q1 2024 performance, HusCompagniet confirms the full-year outlook for 2024, with revenue of DKK 2,300-2,600 million, EBITDA of DKK 80-130 million, and EBIT of DKK 30-80 million.

Selected key highlights Q1 2024

<i>DKKm</i>	Q1 2024	Q1 2023	Change Q1/Q1	Q4 2023	Change Q1/Q4	FY 2023	FY 2022	Change
Houses sold (units)	272	226	20%	212	28%	851	957	-11%
Houses delivered (units)	167	344	-51%	232	-28%	1,054	2,003	-47%
Order backlog, gross	1,728	1,770	-2%	1,513	9%	1,513	2,057	-26%
Order backlog, net	1,297	1,216	7%	1,145	13%	1,145	1,364	-16%
Revenue	483	656	-26%	531	-9%	2,381	4,330	-45%
Gross profit	121	149	-19%	129	-6%	517	837	-38%
EBITDA	21	40	-48%	18	17%	108	316	-69%
Special items	0	-2	n/a	1	n/a	0	-32	n/a
EBIT	9	29	-69%	6	50%	62	268	-77%
Gross margin	25.0%	22.7%	2.3 ppt.	24.3%	0.7%	21.7%	19.3%	2.4 ppt.
EBITDA margin	4.4%	6.1%	n/a	3.4%	1.2%	4.5%	8.0%	-3.5 ppt.
EBIT margin	1.8%	4.4%	n/a	1.0%	0.8%	2.6%	6.2%	-3.6 ppt.
Contract assets, net	318	480	-152	262	66	262	626	-364
Inventories	260	365	-104	281	-20	281	343	-62
Available cash	464	415	49	473	-8	473	404	69
Net interest-bearing debt	360	751	-391	356	4	356	768	-412
NIBD/LTM EBITDA	4.0x	2.9x	1.1x	3.3x	0.7x	3.3x	2.4x	0.9x
FTEs end of period	396	404	-8	393	3	393	471	-78

Highlights Q1 2024

- HusCompagniet generated revenue of DKK 483 million in Q1 2024 reflecting lower work-in-progress due to decreasing sales levels in 2023 combined with fewer deliveries.
- During Q1 2024, demand for newbuilds increased moderately resulting in 272 houses sold. The increase was driven by sales growth in the Detached segment compared to Q1 2023.
- Gross margin was 25.0% in Q1 2024 up from 22.7% in Q1 2023. The margin increased across all segments.
- EBITDA was DKK 21 million corresponding to an EBITDA margin of 4.4%. The overall level was impacted by lower revenue reflecting the lower sales during 2023.
- The order backlog (net) on 31 March 2024 amounted to DKK 1,297 million compared to DKK 1,145 million at year-end 2023.
- Net debt (NIBD) amounted to DKK 360 million compared to DKK 751 million in Q1 2023 following the refinancing of the bank agreement in Q2 2023. NIBD level in Q1 2024 is unchanged from Q4 2023. The leverage ratio (NIBD/LTM EBITDA) was 4.0x end of Q1 2024 compared to 3.3x at year end 2023.
- Inventories were DKK 260 million, down from 365 million in Q1 2023 following sales of land and show houses primarily during 2023. Inventories comprised; Raw materials of DKK 20 million; Show-houses of DKK 121 million; and Land of DKK 120 million. In the Financial statements for 2023, note 3.1 "Inventories" at page 103, the total inventory amounts to DKK 281 million, of which DKK 178 million is classified as "Land" and DKK 82 million is classified as "Show houses and semi-detached houses". The correct numbers should have been DKK 139 million classified as Land and DKK 121 million classified as "Show houses and semi-detached houses".
- FTEs decreased 2% compared to Q1 2023.

Q1 segmental development

<i>DKKm</i>	Detached houses		Semi-detached houses		Sweden		Group	
	Q1-2024	Q1-2023	Q1-2024	Q1-2023	Q1-2024	Q1-2023	Q1-2024	Q1-2023
Houses sold (units)	172	118	88	92	12	16	272	226
Houses delivered (units)	112	200	38	72	17	72	167	344
Houses delivered on own land (%)	4.5%	8.0%	18.4%	23,6%	n/a	n/a	8.0%	12,1%*
Order backlog, gross	1,237	1,026	403	590	88	154	1,728	1,770
Order backlog, net	944	701	267	367	86	147	1,297	1,216
Revenue	356	447	101	116	26	93	483	656
Gross profit	72	82	39	33	11	34	121	149
EBITDA	3	17	19	15	-1	8	21	40
Average selling price (ASP)	2.8	2.9	1.7	1.4	1.6	1.3	n/a	n/a
Revenue growth (%)	-20.4%	-49.3%	-12.9%	-43.1%	-72.0%	7.4%	-26.4%	-44.0%
Gross margin	20.1%	18.4%	38.4%	28.1%	40.5%	36.8%	25.0%	22.7%
EBITDA margin	1.0%	3.8%	18.4%	13.2%	n/a	8.1%	4.4%	6.1%

*Only includes houses delivered in Denmark.

Detached houses

- After a period of very low sales activity, sales have increased in the beginning of 2024 resulting in a total sale of 172 houses compared to 118 houses in Q1 2023.
- Revenue was affected negatively by the lower sales levels during 2023 resulting in fewer deliveries as well as lower work-in-progress.
- EBITDA was DKK 3 million corresponding to an EBITDA margin of 1.0% The overall level was negatively impacted by a lower level of revenue.
- Average selling price (ASP) was DKK 2.8 million, down from DKK 2.9 million in Q1 2023 as expected due to a higher share of houses delivered on Zealand in Q1 2023.

Semi-detached houses

- Q1 2024 semi-detached house sales amounted to 88 compared to 92 sales in Q1 2023. Quarterly fluctuations are expected.
- Revenue amounted to DKK 101 million in Q1 2024 compared to 116 in Q1 2023.
- Gross margin increased across various projects leading to an increase in EBITDA to DKK 19 million and a margin of 18.4% in Q1 2024, against 13.2% in Q1 2023.
- Order backlog (net) was DKK 267 million at the end of Q1 2024 against DKK 367 million in Q1 2023, reflecting the lower activity.

Sweden

- Q1 2024 sales totalled 12 houses, down from 16 houses in Q1 2023.
- Revenue totalled DKK 26 million, down from DKK 93 million in Q1 2023, due to fewer deliveries and a lower order book because of lower market activity in Sweden. Deliveries amounted to 17 houses, down from 72 houses in Q1 2023.

- EBITDA was negative DKK 1 million in Q1 2024 against DKK 8 million in Q1 2023.

Outlook for 2024

We reiterate the full-year 2024 guidance issued on 8 March 2024

- Revenue is expected to be DKK 2,300-2,600 million
- EBITDA is expected to be DKK 80-130 million
- Operating profit (EBIT) is expected to be DKK 30-80 million

Assumptions for the 2024 outlook

- Current expectations for 2024 deliveries are between 800 and 1,000 houses.
- The 2024 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 2024.
- Dividend distribution to shareholders is suspended and expected to be reintroduced when leverage is back within the long-term target of around 2x net debt to EBITDA.

Webcast and conference call

HusCompagniet will host a conference call (in English) for investors and analysts today, Thursday 2 May 2024 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

France: +33-1-81221259

Germany: +49-30-21789327

Sweden: +46 31-311 50 03

United Kingdom: +44-203-7696819

United States: +1 646-787-0157

PIN: 649396

<https://huscompagniet-events.eventcdn.net/events/q1-2024>

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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.