

Company Announcement 15/2024

8 November 2024

HusCompagniet reports steady performance in the first nine months and narrows 2024 earnings guidance

Trading Statement for 1 January – 30 September 2024

HusCompagniet reported revenue in line with expectations of DKK 1,650 million in the first nine months of 2024 compared to DKK 1,851 million in the same period in 2023. Following a first half impacted by fewer deliveries after lower sales in 2023, HusCompagniet generated higher revenue in Q3 2024 and continued the gradual increase in house sales.

The gross margin increased to 22.7% in the first nine months of 2024 from 21.0% in the same period in 2023, which was impacted by re-evaluation of provisions related to prior years and write-down of a commercial contract in Sweden. HusCompagniet generated EBITDA of DKK 77 million and an EBITDA margin of 4.7% against DKK 91 million and 4.9% in the same period in 2023. EBIT was DKK 41 million compared to DKK 57 million last year.

Year-to-date house sales (units) increased by 38% to 881 houses driven by higher activity in both the detached and the semi-detached segment. HusCompagniet's net order backlog grew by 29% to DKK 1,413 million at the end of Q3 2024 compared to the same period last year.

Group CEO of HusCompagniet, Martin Ravn-Nielsen says: *"We are pleased to report steady performance in the first nine months of 2024 based on several project wins in the B2B business and progress in the detached segment. Institutional investors' increasing appetite for quality semi-detached housing with wooden frames and roof cassettes is driving higher capacity utilisation at our own production facilities, and we were excited to note a great reception of our new high-end B2C business unit FORMIUM offering a truly exclusive and bespoke housebuilding process."*

"We are seeing increased activity across segments supported by several great partnerships and exciting projects with professional investors in the B2B business this year and somewhat positive macroeconomic trends stimulating greater curiosity and interest in housebuilding. The market recovery continues at a moderate pace, and we are booking more sales meetings today than a year ago," says Martin Ravn-Nielsen.

Based on the financial performance in the first nine months of 2024 and expectations for the remainder of the year, HusCompagniet confirms the full-year revenue outlook of DKK 2.3-2.4 billion and narrows the earnings outlook for EBITDA to DKK 95-115 million (previously DKK 90-120 million) and for operating profit (EBIT) to DKK 45-65 million (previously DKK 40-70 million).

Selected key highlights Q3 and Q1-Q3 2024

<i>DKKm</i>	Q3 2024	Q3 2023	Change	Q1-Q3 2024	Q1-Q3 2023	Change
Houses sold (units)	241	194	24%	881	639	38%
Houses delivered (units)	187	213	-12%	569	822	-31%
Order backlog, gross				1,999	1,550	29%
Order backlog, net				1,413	1,098	29%
Revenue	588	571	3%	1,650	1,851	-11%
Gross profit	126	121	4%	375	388	-1%
EBITDA	32	33	-3%	77	91	-15%
Special items	0	0	0%	0	1	-100%
EBIT	20	22	-9%	41	57	-28%
Gross margin	21.4%	21.2%	0.2 ppt.	22.7%	21.0%	1.7 ppt.
EBITDA margin	5.5%	5.9%	-0.3 ppt.	4.7%	4.9%	-0.2 ppt.
EBIT margin	3.4%	3.9%	-0.5 ppt.	2.5%	3.1%	-0.6 ppt.
Contract assets, net				336	547	-40%
Inventories				275	291	-5%
Free cash flow	-4	56	-107%	126	143	-12%
Available cash incl. RCF				577	395	46%
Net interest-bearing debt				245	435	-44%
NIBD/LTM EBITDA				2.6x	3.1x	-0.5x
FTEs end of period				401	378	23

Highlights Q1-Q3 2024

- In the first nine months of 2024, sales increased by 38% to 881 houses (units) driven by the detached and semi-detached segments. The previously announced Velkomn and NREP projects of 153 and 164 units, respectively, are not included as building permit for the Velkomn project was only obtained in October while the NREP project still awaits building permit. On 16 October 2024, HusCompagniet furthermore announced a contract with Thylander Gruppen for a project of 106 semi-detached units to be recognised in the orderbook upon receipt of building permit.
- Despite moderate revenue growth in Q3, total revenue for the first nine months decreased by 11% to DKK 1,650 million, mainly related to first half 2024 being impacted by fewer deliveries after lower sales in 2023. Total deliveries came to 569 houses (units) in the first nine months of 2024 compared to 822 in the same period last year.
- Gross margin came to 22.7% up from 21.0% in the same period last year, supported by all segments. Furthermore, last year was impacted by provisions of DKK 24 million from re-evaluation of provisions related to prior years including a write-down of a commercial contract in the Swedish wooden houses segment.
- EBITDA for the first nine months amounted to DKK 77 million for an EBITDA margin of 4.7% compared to DKK 91 million and a margin of 4.9% last year.
- EBIT came to DKK 41 million, down 28% from prior year due to increased depreciations.
- The order backlog (net) at end-Q3 2024 amounted to DKK 1,413 million, up 29% from the same period last year driven by gradually improving sales.
- At end-Q3 2024, net debt (NIBD) amounted to DKK 245 million, a decrease from DKK 435 million at the same time last year. The leverage ratio (NIBD/LTM EBITDA) was 2.6x, down from last year 3.1x.
- Inventories were DKK 275 million, a decrease of 5% from end-Q3 2023 driven by fewer own land plots and show-houses.

Q3 segmental development

	Detached houses		Semi-detached houses		Sweden		Group	
	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Q3 2024	Q3 2023
<i>DKKm</i>								
Houses sold (units)	176	132	32	45	33	17	241	194
Houses delivered (units)	138	126	36	50	13	37	187	213
Houses delivered on own land (%)*	9.4%	10.3%	0.0%	34.0%	n/a	n/a	7.5%	17.0%
Order backlog, gross	1,458	1,071	428	378	113	101	1,999	1,550
Order backlog, net	1,061	723	241	278	111	96	1,413	1,098
Revenue	481	425	78	98	29	48	588	571
Gross profit	98	88	17	22	11	11	126	121
EBITDA	31	30	-2	6	2	-3	32	33
EBIT	22	23	-3	4	1	-5	20	22
Average selling price (ASP)	2.8	2.9	1.5	2.6	1.4	1.3	2.4	n/a
Revenue growth (%)	13.3%	-52.2%	-19.9%	-16.8%	-41.0%	-37.7%	3.0%	-47.3%
Gross margin (%)	20.3%	20.7%	21.4%	22.4%	39.6%	23.4%	21.4%	21.2%
EBITDA margin (%)	6.5%	7.2%	-2.0%	6.2%	8.7%	-6.1%	5.5%	5.9%

*Only includes houses delivered in Denmark.

Q1-Q3 segmental development

	Detached houses		Semi-detached houses		Sweden		Group	
	Q1-Q3 2024	Q1-Q3 2023	Q1-Q3 2024	Q1-Q3 2023	Q1-Q3 2024	Q1-Q3 2023	Q1-Q3 2024	Q1-Q3 2023
<i>DKKm</i>								
Houses sold (units)	549	419	260	146	72	74	881	639
Houses delivered (units)	410	468	107	195	52	159	569	822
Houses delivered on own land (%)*	7.3%	9.0%	15.0%	26.2%	n/a	n/a	8.9%	14.0%
Order backlog, gross	1,458	1,071	428	378	113	101	1,999	1,550
Order backlog, net	1,061	723	241	278	111	96	1,413	1,098
Revenue	1,298	1,283	270	344	82	223	1,650	1,851
Gross profit	261	232	79	86	35	71	375	388
EBITDA	55	42	20	35	2	14	77	91
Special items	0	1	0	0	0	-2	0	-1
EBIT	27	18	16	32	-3	7	40	57
Average selling price (ASP)	2.8	2.9	1.6	2.0	1.3	1.4	2.5	n/a
Revenue growth (%)	1.2%	-51.7%	-21.6%	-21.0%	-63.2%	-12.5%	-10.8%	-44.7%
Gross margin (%)	20.1%	18.1%	29.2%	24.9%	42.1%	31.6%	22.7%	21.0%
EBITDA margin (%)	4.2%	3.3%	7.5%	10.3%	2.7%	5.4%	4.7%	4.9%

*Only includes houses delivered in Denmark.

Highlights - segments

Detached houses

- Q3 2024 revenue increased to DKK 481 million from DKK 425 million in Q3 2023. In the period, average selling price (ASP) was DKK 2.8 million, down from DKK 2.9 million. Deliveries totalled 138 units against 126 last year, and share of own land deliveries was 9.4%, down from 10.3%. Sales came to 176 housing units, up from 132 in Q3 2023.
- Q3 2024 gross margin was 20.3%, down from 20.7%, and EBITDA amounted to DKK 31 million, slightly up from DKK 30 million in the comparison period. In Q3 2024, EBIT came to DKK 22 million compared to DKK 23 million in Q3 2023.
- In the first nine months of 2024, revenue amounted to DKK 1,298 million, up from DKK 1,283 million last year. ASP was DKK 2.8 million, down from DKK 2.9 million. Deliveries totalled 410 units down from 468 in the same period last year, and share of own land deliveries was 7.3%, down from 9.0%. Sales totalled 549 units, up from 419 in the same period last year.
- Gross margin for the first nine months of 2024 was 20.1% against 18.1% in the comparison period which was impacted by provisions of DKK 15 million from re-evaluation of provisions related to prior years. EBITDA increased to DKK 55 million from DKK 42 million. EBIT came to DKK 27 million compared to DKK 18 million in the period last year.
- In October 2024, 44 houses were delivered, and 72 units were sold compared to 45 deliveries and 55 sales in October 2023.

Semi-detached houses

- Q3 2024 revenue amounted to DKK 78 million, down from DKK 98 million in Q3 2023. In the period, ASP decreased to DKK 1.5 million from DKK 2.6 million due to changed price mix. Deliveries declined to 36 from 50 last year, and there were no deliveries on own land in the period compared to 34% in Q3 2023. Sales came to 32 units compared to 45 last year.
- Q3 2024 gross margin was 21.4% compared to 22.4% in Q3 2023, and EBITDA was negative by DKK 2 million, down from a positive result of DKK 6 million. EBIT amounted to DKK -2 million compared to DKK 4 million in Q3 2023.
- In the first nine months of 2024, revenue amounted to DKK 270 million against DKK 344 million in the same period last year. ASP was DKK 1.6 million, down from DKK 2.0 million. Deliveries were 107 units against 195 units in the comparison period. Deliveries on own land was 15.0% compared to 26.2% last year. Sales came to 260 units, up from 146 in the same period last year.
- Gross margin for the first nine months of 2024 was 29.2%, up from 24.9% while EBITDA was DKK 20 million, down from DKK 35 million last year due to fewer houses delivered and lower revenue. EBIT came to DKK 16 million compared to DKK 32 million in the period last year.
- In October 2024, 3 houses were delivered, and 153 units were sold compared to 9 deliveries and 3 sales in October 2023.

Wooden houses (Sweden)

- Q3 2024 revenue decreased to DKK 29 million from DKK 49 million in Q3 2023 and ASP increased slightly to DKK 1.4 million from DKK 1.3 million. Deliveries totalled 13 units, down from 37 houses. Sales came to 33 units, up from 17 in Q3 2023, mainly driven by gradually improving macroeconomics.

- The Q3 2024 gross margin increased due to sales of land plots and reached 39.6% against 23.4% in Q3 2023, which was negatively impacted by DKK 9 million provision for write-down of a commercial contract. EBITDA came to DKK 2 million, up from negative DKK 3 million. EBIT amounted to DKK 1 million compared to DKK -5 million in Q3 2023.
- In the first nine months of 2024, revenue came to DKK 82 million, down from DKK 223 million in the comparison period. ASP was DKK 1.3 million compared to DKK 1.4 million last year. 52 units were delivered against 159 in the comparison period, while 72 units sold was on par with last year.
- Gross margin for the first nine months of 2024 was 42.1% against 31.6% in the comparison period. The positive development was mainly impacted by the sales of land plots in Q3 2024. EBITDA decreased to DKK 2 million from DKK 14 million. EBIT came to DKK -3 million compared to DKK 7 million in the period last year.
- In October 2024, 10 houses were delivered, and 9 units were sold compared to 11 deliveries and 6 sales in October 2023.

Outlook for 2024

Based on the financial performance in the first nine months of 2024 and expectations for the remainder of the year, the earnings guidance provided in the Q2 interim report on 23 August 2024 is narrowed:

- Revenue is still expected to be DKK 2.3-2.4 billion
- EBITDA is narrowed to DKK 95-115 million (previously DKK 90-120 million)
- Operating profit (EBIT) is narrowed to DKK 45-65 million (previously DKK 40-70 million)

Assumptions for the 2024 outlook

- Current expectations for 2024 deliveries are now between 850 and 900 houses (previously between 850 and 950 houses).
- The 2024 guidance is based on no severe disruption of supply chains emerging and on raw material prices not significantly exceeding current levels.
- Dividend distribution to shareholders remains suspended and is not expected to be reintroduced before leverage is below the long-term target of 2x net debt to EBITDA.

Webcast and conference call

HusCompagniet will host a conference call for investors and analysts at 10:00 (CET) today, 8 November 2024. The conference call and presentation will be available from HusCompagniet's investor website.

Conference call dial-in numbers for investors and analysts:

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

Webcast link: <https://huscompagniet-events.eventcdn.net/events/q3-2024>

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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.