



HusCompagniet 4 November 2022

# Q1-Q3 2022

## Conference call

## Q1-Q3 2022 Trading statement

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### Disclaimer

#### **Forward-looking statements**

This presentation 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 expressed. 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.

# Q1-Q3 2022 - summary

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## Q1-Q3 2022 Highlights

- Sales decreased 54% y-o-y, while the decrease in Q3 2022 was 75%
- Collective redundancy initiated in October - Latest round ~60 FTEs and closing of 5 offices
- EBITDA of DKK 280 million. Margin was 8.4% - Trending upwards in Q3, despite extraordinary challenging market environment
- The target of delivering 98% of houses on time was maintained
- Factory in Esbjerg, Denmark closed 1 July 2022 – Renamed to HusCompagniet Production A/S

## Q1-Q3 2022 Market

- Market conditions continue to be challenging impacting all three segments
- Continued high cost inflation from material providers due to accelerated energy prices
- Supply/demand balance for subcontractors more normalised in Jutland and Funen – while bottlenecks on Zealand is currently dissolving

## 2022 Outlook

### **HusCompagniet reiterate the updated 2022 Outlook presented 18 August**

- Revenue at DKK 4,100 - 4,400 million
- EBITDA before special items at DKK 340 - 360 million
- EBIT at DKK 265 – 290 million
- EBIT guidance adjustment includes special items effect of DKK 20-25 million from reorganisation
- Expected leverage ratio around 2.0x net debt to EBITDA (LTM) bsi at the end of 2022

# Market update

## Sales activities

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- Continued decreased demand in Q3 2022 which has continued in October
- Rising interest rate and high cost inflation has caused a slow down in the building industry
- Uncertainty going forward due to low visibility

## B2B - market

- The professional market is also impacted by slowdown and the sales level for 2022 is expected to be lower than 2021
- Strategic mid-term target cancelled

## Subcontractors

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- Normalised supply chains in Jutland and Funen
- Zealand starting to normalise supply demand balance

## Supply chains

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- Visibility has reduced further - whole industry is impacted
- 98% delivery on time maintained in a distressed market
- Further increases in prices on selected suppliers due to accelerated energy prices
- Bottlenecks are decreasing, but decrease in price of materials are still not materialising

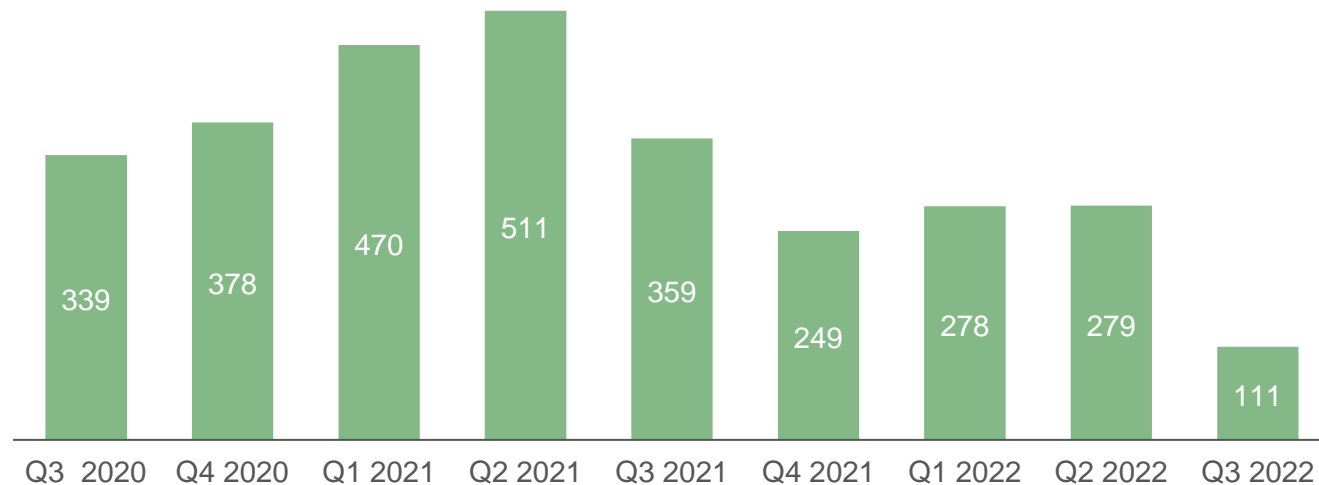
## Current supply chain risks:

- Gas supply shutting down
- Geopolitical uncertainty

# Detached demand decreased - organisation adjusted

## Hard market slowdown as demand continued to decrease in Q3 2022

HusCompagniet quarterly detached sales (units)



## Lower expected demand in 2022

- Private customers and banks are more hesitant in the current markets
- To align with the newbuild demand, we have made four redundancies rounds. Last one conducted in October of ~60 in total ~150 have been made redundant in 2022
- The reorganisations in 2022 are expected to generate an annual SG&A saving of approximately DKK 105-115 million
- In connection with the October redundancy round HusCompagniet will close additional 5 offices reducing the total number to 8 offices, but a full national footprint is withheld
- Visibility is reduced – market development is monitored closely



# Highlights Q1-Q3 2022

## Revenue

**DKK 3,350 million** ↑

Up 7.6% from Q1-Q3 2021

## EBITDA bsi

**DKK 280 million** ↓

Down from DKK 285 million in Q1-Q3 2021

## EBIT

**DKK 230 million** ↓

Down from DKK 251 million in Q1-Q3 2021

## Available cash

**DKK 152 million** ↓

Down from DKK 192 million end of Q3 2021

## Deliveries

**1,423 houses** ↑

Up 17.8% from 1,208 houses in Q1-Q3 2021

## EBITDA bsi margin

**8.4%** ↓

9.2% in Q1-Q3 2021

## EBIT margin

**6.9%** ↓

8.0% in Q1-Q3 2021

## Financial gearing (NIBD/EBITDA bsi)

**2.6x** ↑

2.4x at end of Q3 2021



# Highlights Q3 2022

Revenue

**DKK 1,083 million** ↑

Up 0.8% from Q3 2021

EBITDA bsi

**DKK 105 million** ↓

Down 4.5% from DKK 110 million in Q3 2021

EBIT

**DKK 79 million** ↓

Down 20.2% from DKK 99 million in Q3 2021

Deliveries

**417 houses** ↑

Up 6.9% from Q3 2021

EBITDA bsi margin

**9.7%** ↓

10.2% in Q3 2021

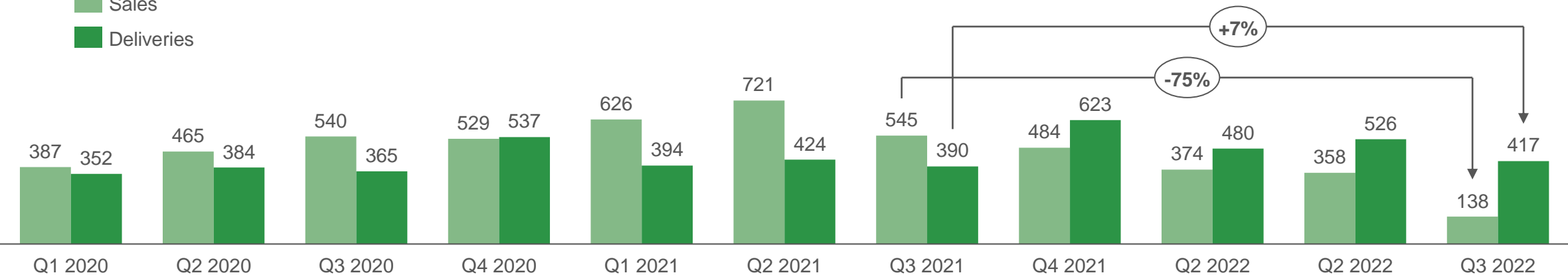
EBIT margin

**7.3%** ↓

9.2% in Q3 2021

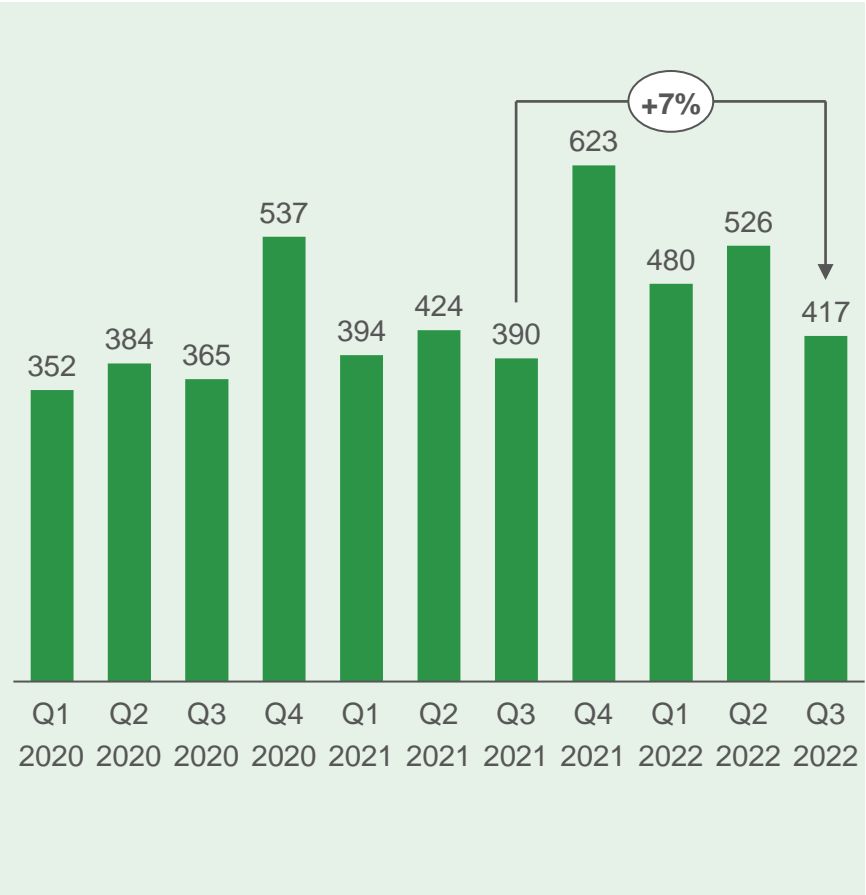


Sales  
Deliveries



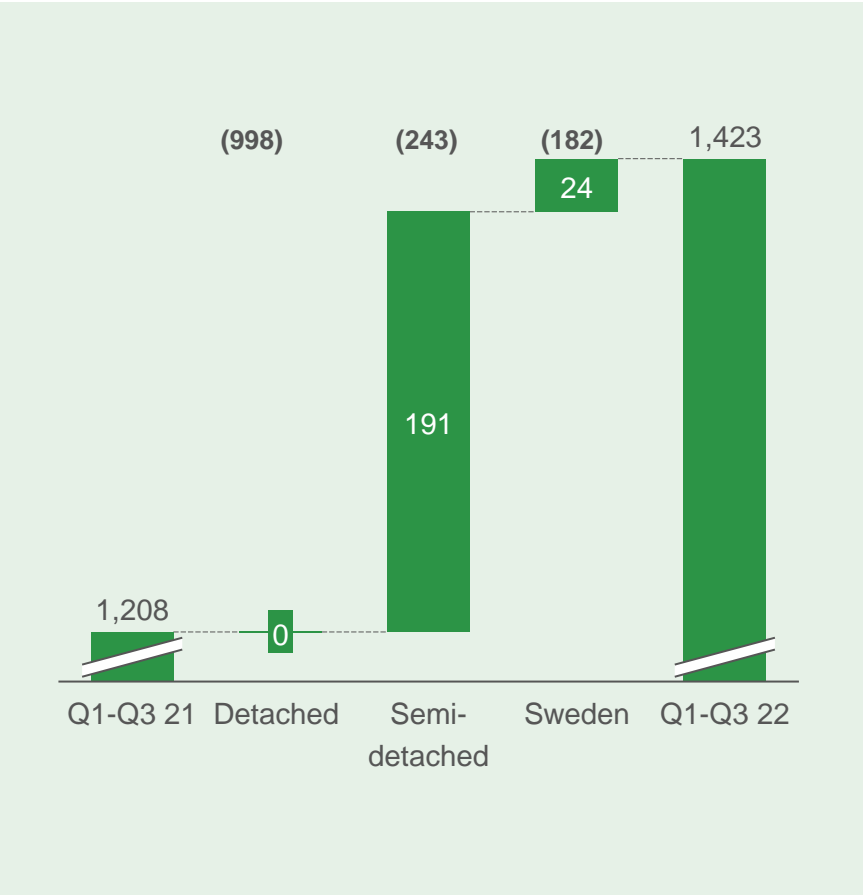
# Q1-Q3 2022 deliveries up 17.8% year on year

## 1,423 houses delivered in Q1-Q3 2022



## Segment split - development

(total)



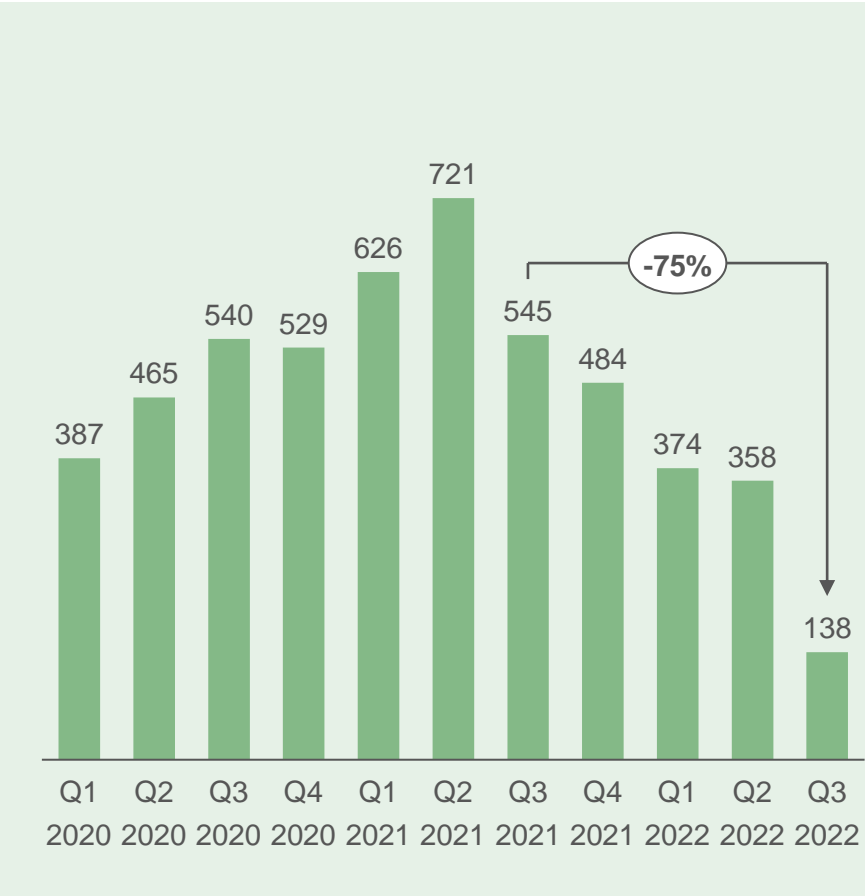
## Comments

- Q1-Q3 2022 deliveries up 17.8% from Q1-Q3 2021
- The detached completion rate in 2022 exceeded last year level – expect to improve full year flow, yet Q4 expected to be a heavy quarter
- Semi-detached deliveries comprised several projects, both larger and smaller projects



# Q3 2022 sales down 75% year on year

## 870 houses sold in Q1-Q3 2022



## Segment split - development



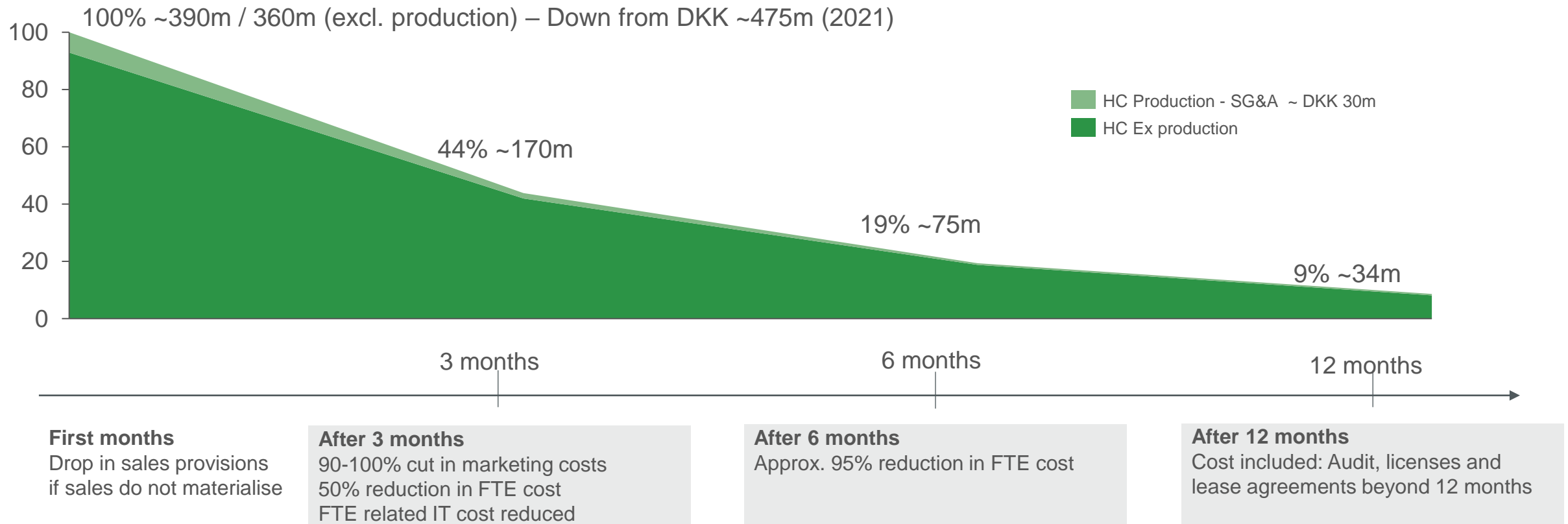
## Comments

- Market conditions unprecedented and not seen the last decade and worse than the financial crisis
- All three segments impacted

# Flexible business model

## Fully outsourced subcontractors and flexible SG&A cost structure with minimum 8-12 months visibility in orderbook

### SG&A



\*Estimated annual spend. 9M 2022 + average quarter.

Source: HusCompagniet

# The current banking agreement comprise a DKK 1,075m facility

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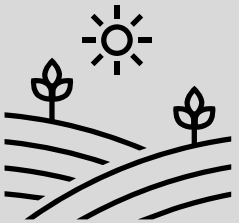
## Key terms

- Current loan package comprise a DKK 675 million term loan and a DKK 400 million revolving facility of which DKK 100 million is an ancillary facility
- Financial covenants governs the agreement:
  1. Leverage ratio - Net debt divided LTM adjusted EBITDA may never exceed 3.5x end of quarters, which also defines the margin on the facilities
  2. Land holding may never excess DKK XXXm – Land Holding defined as unsold inventories. – Historical and current levels are well below
- Interest comprise the facility margin and a base rate equivalent to CIBOR 3-month – At the time of the listing the facility margin was 155 BpS. Post Q3 level is 165 BpS
- Existing agreement terminates November 2023, but we have exercised our option to extend the loan for one extra year thereby having expiry November 2024
- No repayments scheduled within the loan period

# Potential 2023 liquidity levers currently on the balance sheet amounts to DKK ~200 million

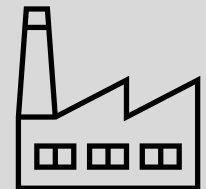
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Based on estimated show house portfolio at year-end 2022, a reduction to ~40 houses should trigger DKK ~75 million in cash



The current land basket includes DKK ~80 million in land holdings for sale

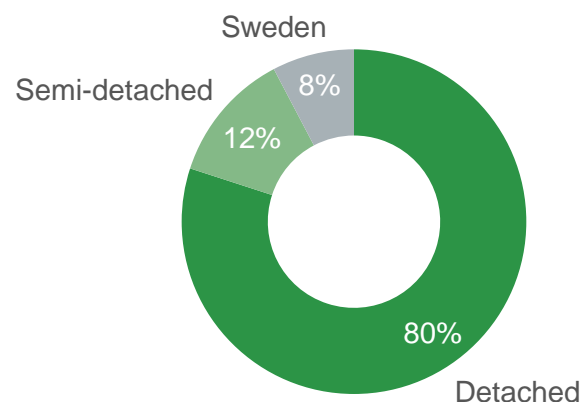
Third party agent estimate that the Factory in Esbjerg could enable DKK 40-50 million in a sale and leaseback agreement



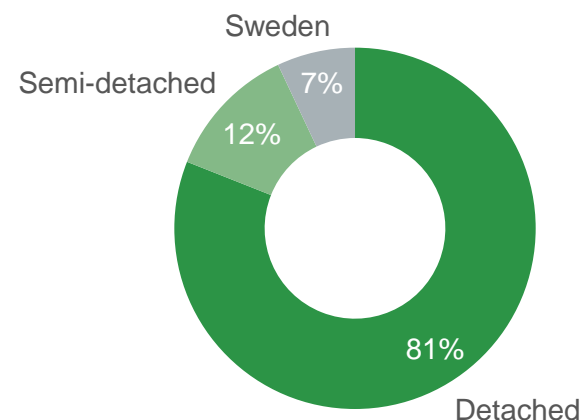


# Segments Q1-Q3 2022

## Revenue split Q1-Q3 2022



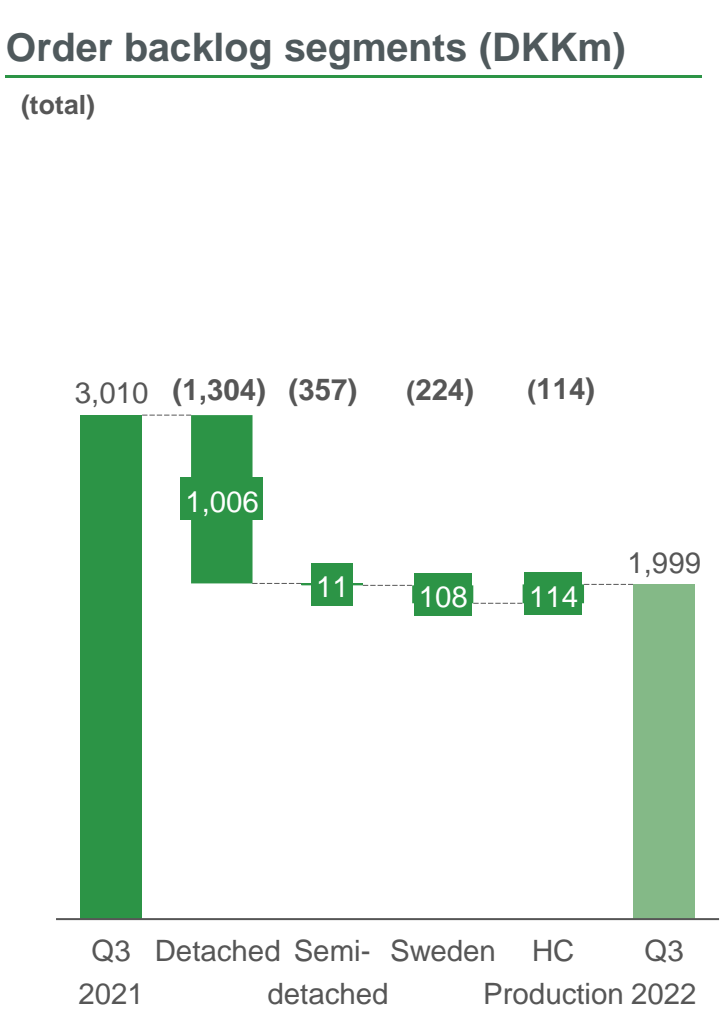
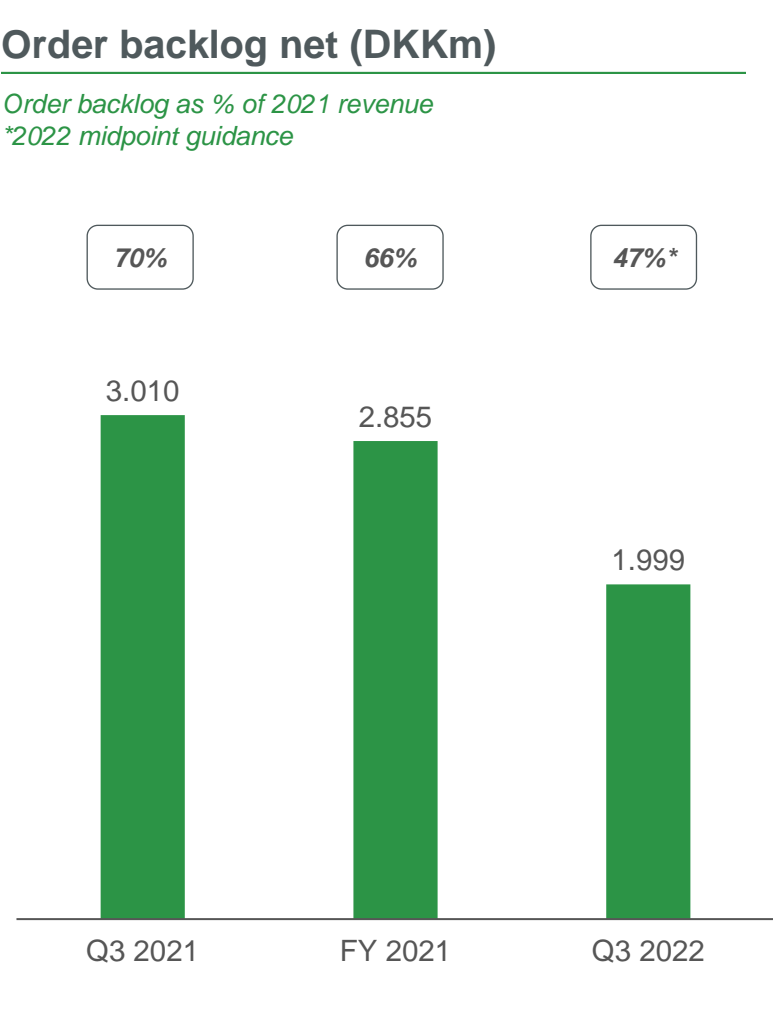
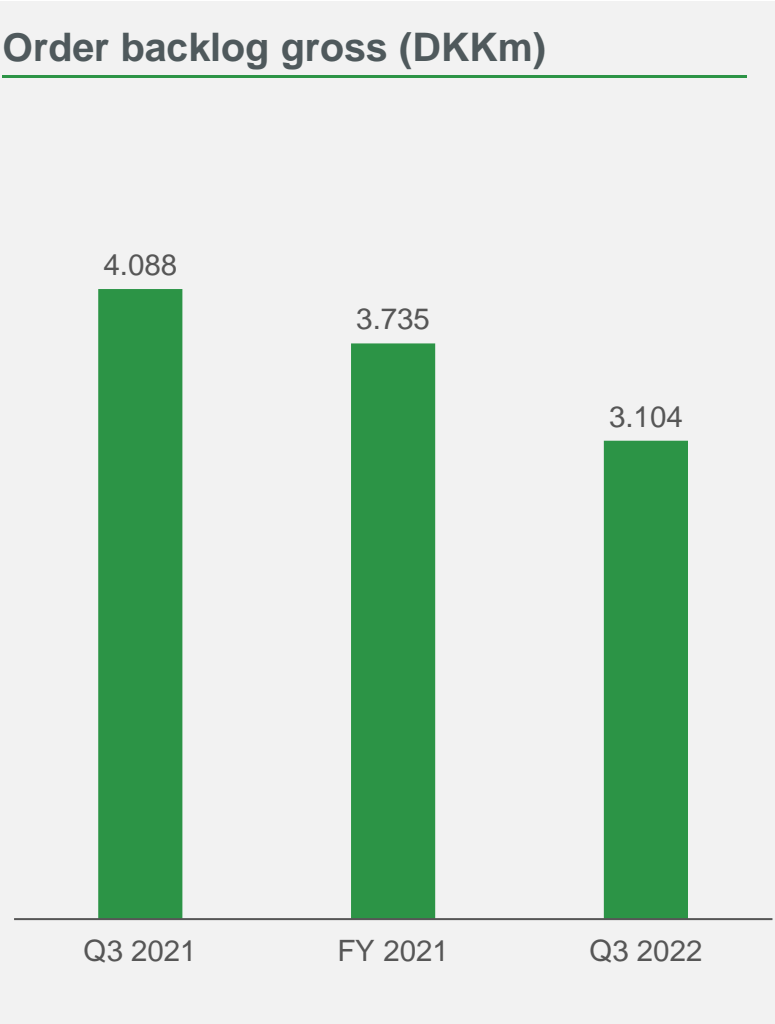
## Revenue split Q1-Q3 2021



	Denmark								Group
	Detached Houses		Semi-detached Houses		Swedish business		HC Prod.		
	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Q1-Q3 2021	Q1-Q3 2022		
DKK <b>m</b>									
Order backlog (gross)	2,117	3,048	589	659	280	382	118	3,104	4,088
Order backlog (net)	1,304	2,310	357	368	224	332	114	1,999	3,010
Revenue	2,659	2,532	413	361	255	221	22	3,350	3,114
Gross profit	504	513	37	42	93	83	8	642	638
EBITDA bsi	233	224	16	29	31	32	1	280	285
Share of own land*	9.0%	14.2%	32.9%	38.5%	n/a	n/a	n/a	13.7%	15.4%
Average Selling Price	2.5	2.2	1.5	1.4	1.4	1.4	n/a	n/a	n/a
Revenue growth (%)	5.0%	10.7%	14.4%	276%	15.4%	8.9%	n/a	7.6%	20.4%
Gross margin	19.0%	20.2%	8.9%	11.7%	36.5%	37.9%	34.7%	19.2%	20.5%
EBITDA margin bsi	8.8%	8.8%	3.8%	8.1%	12.2%	14.6%	4.0%	8.4%	9.2%

\*Includes houses delivered solely in Denmark.

# Order backlog – gross and net



# Outlook (1 of 2)

## We reiterate the updated 2022 Outlook presented 18 August

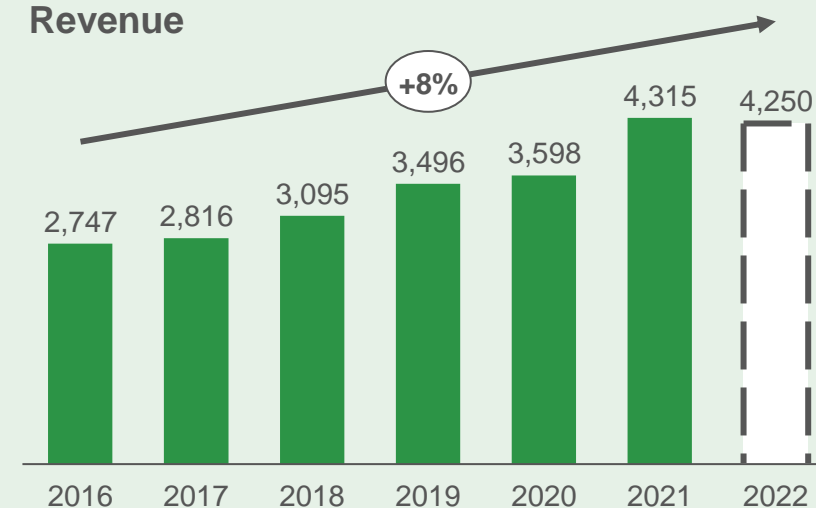
- Revenue is expected to be DKK 4,100 - 4,400 million
- EBITDA before special items is expected to be DKK 340 - 360 million
- EBIT is expected to be DKK 265 – 290 million
  - EBIT guidance adjustment includes special items effect of DKK 20-25 million from reorganisation
- Leverage ratio around 2.0x NIBD/EBITDA bsi

## Assumptions for the 2022 outlook

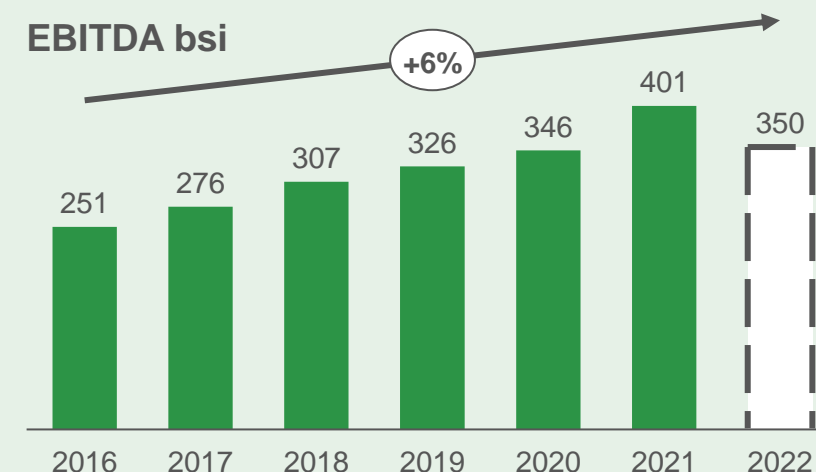
The 2022 guidance is based on no severe disruption of supply chains including gas supply emerging and on raw material prices not significantly exceeding current levels.

- **Going forward HusCompagniet will not provide expectations on sales and have therefore decided to remove this metric already in Q3 2022 following the currently low visibility in the market. (previously expected was between 1,100 – 1,400)**
- Current expectations for 2022 deliveries are between 1,925 and 2,050 houses
- Revenue from the semi-detached segment is assumed to be around DKK 450-500 million
- Share of deliveries on own land is expected to be around 10% due to the current size of the land bank. Long-term target remains at around 20%
- Current expectations for capital expenditures are DKK 40 - 60 million and comprise investments in digitalisation, automation, B2B and sustainability
- Full year cash conversion (free cash flow to EBITDA) is expected to be at least 50% despite the increased capex level
- Special items of DKK 25 -30 million is expected including expenses for redundancies in October
- The newly acquired factory is expected to generate around DKK 50-80 million in revenue and break-even EBITDA result

Revenue



EBITDA bsi



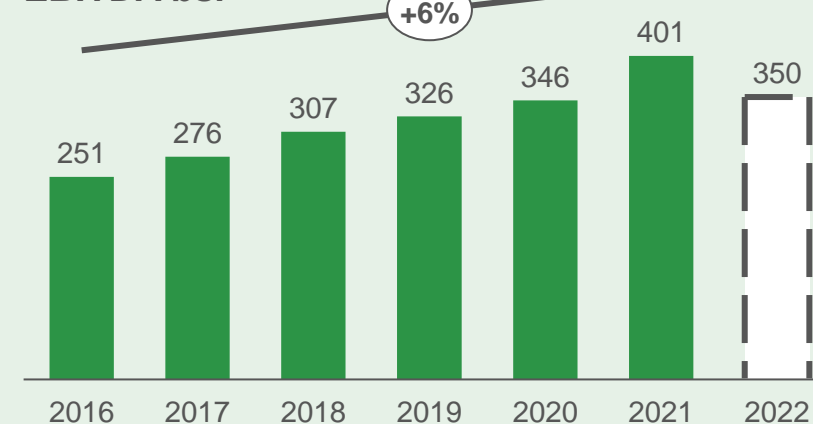
## Outlook (2 of 2)

- As HusCompagniet will not provide sales expectations going forward the mid-term sales target of selling 750 semi-detached houses towards 2025 is also removed
- Due to continued lack of visibility HusCompagniet will present 2023 guidance along with the annual report
- Dividends suspended in 2023 and therefore there is no distribution to shareholders in 2023

Revenue



EBITDA bsi







Q&A