

Company Announcement 27/2023

3 November 2023

Trading Statement for 1 January – 30 September 2023

Outlook for 2023 Reconfirmed

HusCompagniet generated a revenue of DKK 571 million and EBITDA of DKK 33 million bringing the year-to-date revenue to DKK 1,851 million and EBITDA to 91 million. Sales was 194 houses in Q3 2023. The results are in line with expectations; however, continue to be negatively impacted by sales level below historical average.

“We are in a much better place compared to the same period last year, and we are pleased to see the financial results develop as expected and that we have managed to keep profitability at a satisfactory level. However, 2023 reflects a period impacted by lower revenue and sales levels below historical average.” says CEO Martin Ravn-Nielsen

The demand for new build increased in the first half of 2023 and has stagnated at lower levels in Q3 2023. This is mainly driven by increased uncertainty with our customers due to the macro-economic situation, e.g. inflation and interest levels. We, nevertheless, experience good and consistent interest from customers.

“Whereas we at the beginning of the first half of 2023 could see a general increase in activity, the sales results in Q3 indicate that the entire industry is looking towards a more flat development. Fortunately, we have adapted our business continuously and acted responsibly, which means that we remain financially solid in a challenged market.

The Swedish business was negatively impacted by a provision for a write-down of a commercial contract of DKK 9 million in Q3 2023.

HusCompagniet confirms its outlook for 2023 with an EBITDA of DKK 100-130m.

Selected key highlights Q3 2023

<i>DKK</i> m	Q3 2023	Q3 2022	Change	Q1-Q3 2023	Q1-Q3 2022	Change	FY 2022
Houses sold (units)	194	138	41%	639	870	-27%	957
Houses delivered (units)	213	417	-49%	822	1,423	-42%	2,003
Order backlog, gross	1,550	3,104	-50%	1,550	3,104	-50%	2,057
Order backlog, net	1,098	2,041	-46%	1,098	2,041	-46%	1,300
Revenue	571	1,083	-47%	1,851	3,350	-45%	4,330
Gross profit	121	217	-44%	388	642	-40%	837
EBITDA bsi*	33	105	-69%	91	280	-68%	348
Special items	0	13	n/a	1	14	-93%	32
EBIT	22	79	-72%	57	230	-75%	268
Gross margin bsi*	21.2%	20.0%	1.2 ppt.	21.0%	19.2%	1.8 ppt.	19.3%
EBITDA margin bsi*	5.8%	9.7%	-3.9 ppt.	4.9%	8.4%	-3.4 ppt.	8.0%
EBIT margin	3.9%	7.3%	-3.4 ppt.	3.1%	6.9%	-3.7 ppt.	6.2%
Contract assets, gross	547	916	-40%	547	916	-40%	731
Inventories	291	361	-19%	291	361	-19%	343
Available cash**	395	152	161%	395	152	161%	404
Net interest-bearing debt	435	1,021	-57%	435	1,021	-57%	768
NIBD/LTM EBITDA	3.1x	2.7x	0.4x	3.1x	2.7x	0.4x	2.4x
FTEs end of period	378	521	-143	378	521	-143	471

*Before special items **With a RCF facility agreement of DKK 250 million

Highlights Q1-Q3 2023

- Sales amounted to 639 houses in Q1-Q3 2023, down from 870 in Q1-Q3 2022. The development is mainly due to a decrease in the sales of detaches houses. During Q3 2023 we saw a higher demand for newbuilds compared to Q3 2022 resulting in 194 homes sold. However, the sales levels are still below historical average and continued to be affected by current market conditions with higher interest rates and economic uncertainty.
- HusCompagniet generated revenue of DKK 1,851 million in Q1-Q3 2023 compared to DKK 3,350 in Q1-Q3 2022. The decrease is due to a lower level of work in progress and sales activity compared to Q1-Q3 2022.
- EBITDA margin before special items (bsi) was 4.9% in Q1-Q3 2023, down from 8.4% in Q1-Q3 2022.
- Extraordinary provisions were made of DKK 24 million in relation to 1) re-evaluation of provisions related to prior years of DKK 15 million and 2) commercial contract in Sweden of DKK 9 million.
- Gross margin was 21.0% in Q1-Q3 2023 up from 19.2% in Q1-Q3 2022. The increase was mainly due to the semi-detached segment where the acquisition of the factory has been contributing to the positive development in the margins.
- Net debt (NIBD) amounted to DKK 435 million a decrease from DKK 1.021 million in Q3 2022. The leverage ratio (NIBD/LTM EBITDA) was 3.1x.
- FTEs decreased 27% compared to Q3 2022 due to the collective layoffs conducted during last year.

- There is an uncertainty in the market caused by Inflation and interest levels. The new system for calculating tax on private ownership of a house might further increase the uncertainty. There is however still a consistent interest from customers.

Q3 segmental development

	Detached houses		Semi-detached houses		Sweden		Group	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
<i>DKK</i> m								
Houses sold (units)	132	111	45	11	17	16	194	138
Houses delivered (units)	126	293	50	78	37	46	213	417
Houses delivered on own land (%)*	10.3%	10.9%	34.0%	1.3%	n/a	n/a	17.0%	8.9%
Order backlog, gross	1,071	2,117	378	707	101	280	1,550	3,104
Order backlog, net	723	1,304	278	471	96	265	1,098	2,041
Revenue	425	890	98	117	48	77	571	1,083
Gross profit	88	172	22	18	11	27	121	217
EBITDA bsi	30	94	6	4	-3	8	33	105
Special items	0	-12	0	-1	0	0	0	-13
Average selling price (ASP)	2.9	2.6	2.6	1.1	1.3	1.7	n/a	n/a
Revenue growth (%)	-52.2%	1.1%	-16.8%	-3.9%	-37.7%	8.5%	-47.3%	0.8%
Gross margin	20.7%	19.4%	22.4%	15.2%	23.4%	34.7%	21.2%	20.0%
EBITDA margin bsi	7.1%	10.6%	6.2%	3.0%	-6.1%	10.0%	5.8%	9.7%
EBITDA margin	7.2%	9.2%	6.2%	1.6%	-6.1%	10.0%	5.9%	8.4%

*Only includes houses delivered in Denmark.

Q1-Q3 segmental development

	Detached houses		Semi-detached houses		Sweden		Group	
	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2022
<i>DKKm</i>								
Houses sold (units)	419	668	146	137	74	65	639	870
Houses delivered (units)	468	998	195	243	159	182	822	1,423
Houses delivered on own land (%)*	9.0%	9.0%	26,2%	32.9%	n/a	n/a	14,0%	13.7%
Order backlog, gross	1,071	2,117	378	707	101	280	1,550	3,104
Order backlog, net	723	1,304	278	471	96	265	1,098	2,041
Revenue	1,283	2,659	344	436	223	255	1,851	3,350
Gross profit	232	504	86	44	71	93	388	642
EBITDA bsi	42	233	35	16	14	31	91	280
Special items	1	-12	0	-2	-2	0	-1	-14
Average selling price (ASP)	2.9	2.5	2.0	1.5	1.4	1.4	n/a	n/a
Revenue growth (%)	-51.7%	5.0%	-21.0%	20.7%	-12.5%	15.4%	-44.7%	7.6%
Gross margin	18.1%	19.0%	24.9%	10,2%	31.6%	36.5%	21.0%	19.2%
EBITDA margin bsi	3.3%	8.8%	10.3%	3.8%	6.2%	12.2%	4.9%	8.4%
EBITDA margin	3.3%	8.3%	10.3%	3.4%	5.4%	12.2%	4.9%	7.9%

*Only includes houses delivered in Denmark.

Highlights Q3 – segments

Detached houses

- Q3 sales totalled 132 houses, up 21 or 18.9% from 111 houses in Q3 2022. Despite the increase the sales levels are still affected by the current market situation with uncertainty and higher interest rates.
- Revenue was DKK 425 million down from DKK 890 million in Q3 2022 while deliveries were 126 down from 293.
- The average selling price (ASP) was DKK 2.9 million up from DKK 2.6 million in Q3 2022. The increase was due to higher sales prices and higher proportion of houses delivered in Zealand region. The average selling price is expected to normalize.
- Gross margin in Q3 2023 was 20.7%, up 1.3 ppt. from Q3 2022, mainly due to the lower material prices.
- EBITDA bsi was DKK 30 million down from DKK 94 million in Q3 2022, a decrease of 68%, corresponding to an EBITDA margin bsi of 7.2%. The decrease is mainly due to the low activity.
- Order backlog (net) was DKK 723 million at the end of Q3 against DKK 1,304 million end of Q3 2022.

Semi-detached houses

- Q3 2023 sales amounted to 45 units, up 34 units from Q3 2022, impacted by a periodic fluctuation in the B2B sales, which is not unusual.

- Revenue decreased to DKK 98 million in Q3 from DKK 117 million in Q3 2022. HC Production contributed with DKK 17 million.
- Order backlog (net) was DKK 278 million at the end of Q3 against DKK 471 million end of Q3 2022, reflecting the lower activity.

Sweden

- Sales totalled 17 houses, up 1 house from Q3 2022. The sales rate continues to be impacted by unprecedented low market activity in Sweden.
- Revenue totalled DKK 48 million, down 37.7% from DKK 77 million in Q3 2022. Deliveries amounted to 37 homes, down from 46 homes in Q3 2022.
- EBITDA margin bsi was negative 6.1% against 9.9% in Q3 2022. The margin was impacted by provision for write-down on a commercial contract of DKK 9 million

Outlook for 2023

We reiterate the last full-year 2023 guidance from August 2023

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

Assumptions for the 2023 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.
- Revenue from the semi-detached segment is assumed to be between DKK 350-450 million.
- 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, Friday 3 November 2023 at 10:00 (CET). 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: +46-8-1241-0952

United Kingdom: +44-203-7696819

United States: +1 646-787-0157

PIN: 649396

<https://huscompagniet-events.eventcdn.net/events/HusCompagniet-trading-statement-q3-2023>

For additional information, please contact:

Martin Ravn-Nielsen, Group CEO +45 51 15 65 16

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.