

5 November 2021

Company Announcement No 21/2021

Trading Statement for 1 January – 30 September 2021

HusCompagniet generated solid growth with more than DKK 1 billion in reported revenue for the quarter, bringing year-to-date revenue to over DKK 3 billion. EBITDA margin was at a satisfactory level of 10.2% despite increased cost inflation on raw materials. The profitable order book exceeded DKK 4 billion and underpins the continued growth journey.

“We are reporting growth rates in all segments while maintaining strong margins, and our growth journey continues as reflected in our newly released guidance for 2022.

Through continuous price adjustments to adapt to market developments, HusCompagniet is reporting solid performance in a challenging environment with increased cost inflation on raw materials, distressed supply chains and a scarce supply of contractors. We continue to benefit from our unique business model and market leading position,” says CEO Martin Ravn-Nielsen.

“In the interest of our shareholders, we completed a DKK 180 million share buyback in August in connection with EQTs sale of their remaining shares, corresponding to 7.7% of the total share capital. In addition, we expect to initiate a share buyback of up to DKK 40 million with an expected start in Q1 2022. Consequently, our Board of Directors will propose that about 9% of the share capital be cancelled in a share capital reduction. I’m pleased to report a total distribution to our shareholders of DKK 280 million since listing, including the DKK 60 million dividend paid in April 2021,” says CFO Mads Dehlsen Winther.

Selected key highlights Q1-Q3

<i>DKKm</i>	Q3 2021	Q3 2020	Change	Q1-Q3 2021	Q1-Q3 2020	Change	FY 2020
Houses sold (units)	545	540	1%	1,892	1,392	36%	1,921
Houses delivered (units)	390	365	7%	1,208	1,101	10%	1,638
Order backlog	4,088	2,684	52%	4,088	2,684	52%	2,688
Revenue	1,074	894	20%	3,114	2,586	20%	3,598
EBITDA (bsi)*	110	105	5%	285	228	25%	346
EBITA (bsi)*	103	98	5%	264	206	28%	317
Special items	0	-5	n/a	0	-20	n/a	-79
EBIT	99	87	13%	251	169	48%	220
EBITDA margin (bsi)*	10.2%	11.7%	-1.5 ppt.	9.2%	8.8%	0.4 ppt.	9.6%
EBITA margin (bsi)*	9.6%	11.0%	-1.4 ppt.	8.5%	8.0%	0.5 ppt.	8.8%
EBIT margin	9.2%	9.7%	-0.5 ppt.	8.0%	6.5%	1.5 ppt.	6.1%
Contract assets, gross	970	727	33%	970	727	33%	548
Inventories	289	424	-32%	289	424	-32%	360
Available cash**	192	424	-55%	192	424	-55%	477
NIBD	980	857	14%	980	857	14%	697
NIBD/LTM EBITDA (bsi)*	2.4x	n/a		2.4x	n/a		2.0x

*Before special items

**Available cash includes an RCF facility. Q3 2020 includes a DKK 450m RCF facility. The RCF facility agreement was reduced to DKK 400m in October 2020.

Highlights, Q1-Q3 2021

- HusCompagniet generated revenue of DKK 3,114 million in Q1-Q3 2021, an increase of 20% year-over-year. Deliveries of 1,208 houses, up by 107 from 1,101 houses in Q1-Q3 2020, supported the higher level of revenue. Q3 2021 revenue totalled DKK 1,074 million, up 20% from Q3 2020.
- Our strong supplier and sub-contractor relationships supported the high completion rate in deliveries in a challenging environment with distressed supply chains and a scarcity of sub-contractors, and the target of delivering 98% of our houses on time was maintained. The organisation is ramping up to meet the increased building activity.
- Sales grew 36%, totalling 1,892 homes sold in the period. From an extraordinarily high market activity in H1 2021, Q3 2021 was characterised by a more normalised level of activity. The sales rate in Q3 2021 was 545 houses, up 1% from 540 in Q3 2020.
- EBITA before special items (bsi) was DKK 264 million, up 28% from DKK 206 million in Q1-Q3 2020. EBITA margin was 8.5% against 8.0% in Q1-Q3 2020. The EBITA margin in Q3 2021 was at a satisfactory level of 9.6%, despite increased cost pressures. In Q3 2020, the EBITA Margin was at an extraordinarily high level of 11.0%, due to full effect of COVID-19 supplier discounts.
- The year-to-date margin improvement was mainly driven by the continued price adjustments to counter the increased cost inflation, partly offset by higher sales commissions due to the higher sales rate for the period.
- The order backlog at 30 September 2021 amounted to DKK 4,088 million, an increase of 52% from DKK 2,688 million at year end 2020. The order backlog level was a result of the strong sales rate in 2021 with solid margins and exceeded DKK 4 billion for the first time in HusCompagniets history.
- Net debt (NIBD) amounted to DKK 980 million, while the leverage ratio (NIBD/LTM EBITDA) was 2.4x compared to 2.0x at year end 2020. The leverage ratio is expected to be reduced to the target level of below 2.0x at year end.
- The net debt level was due to the seasonal build-up of contract assets. Further, HusCompagniet completed a DKK 180 million share buyback in August 2021, corresponding to 1,546,306 shares and 7.7% of the total share capital. The shares are proposed cancelled in a share capital reduction, subject to approval at the Annual General Meeting in April 2022.
- Contract assets, gross, amounted to DKK 970 million compared to DKK 548 million at year end 2020, due to increased building activity and seasonality. Including contract liabilities, contract assets amounted to DKK 885 million against DKK 445 million at year end 2020.
- Inventories were DKK 289 million, down from 360 million at year-end 2020. Inventories comprised; Raw materials of DKK 8 million; Show-houses of DKK 144 million; and Land of DKK 137 million
- As at 30 September 2021, the Group's land bank comprised 377 individual land plots (including show houses and project houses) valued at DKK 233 million (of which DKK 96 million was reclassified to contract assets). At year-end 2020, the Group's land bank comprised 487 individual land plots (including show houses and project houses) valued at DKK 228 million. The value of land increased despite a reduced number of plots, mainly due to new land acquired in Roskilde, Denmark in June 2021.

Q1- Q3 segmental developments

	Detached houses		Semi-detached houses		Sweden		Group	
	Q3-2021	Q3-2020	Q3-2021	Q3-2020	Q3-2021	Q3-2020	Q3-2021	Q3-2020
<i>DKKm</i>								
Houses sold (units)	359	339	100	142	86	59	545	540
Houses delivered (units)	323	306	21	16	46	43	390	365
Houses delivered on own land (%)	14.2%	15.7%	19.0%	87.5%	n/a	n/a	14.5%*	19.3%*
Order backlog	3,048	2,301	659	213	382	170	4,088	2,684
Revenue	880	815	122	18	71	61	1,074	894
EBITDA bsi	89	97	12	1	9	6	110	105
EBITA bsi	83	92	12	1	8	6	103	98
Average selling price (ASP)	2.2	2.3	1.4	2.0	1.5	1.4	n/a	n/a
Revenue growth (%)	8.0%	n/a	564%	n/a	17.5%	n/a	20.1%	n/a
EBITDA margin bsi	10.1%	11.9%	9.6%	5.5%	12.9%	10.5%	10.2%	11.7%
EBITA margin bsi	9.5%	11.2%	9.6%	4.2%	10.9%	9.8%	9.6%	11.0%

*Includes houses delivered solely in Denmark.

	Detached houses		Semi-detached houses		Sweden		Group	
	Q1-Q3 2021	Q1-Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Q1-Q3 2021	Q1-Q3 2020	Q1-Q3 2021	Q1-Q3 2020
<i>DKKm</i>								
Houses sold (units)	1,340	1,039	238	178	314	175	1,892	1,392
Houses delivered (units)	998	882	52	79	158	140	1,208	1,101
Houses delivered on own land (%)	14.2%	17.5%	38.5%	72.2%	n/a	n/a	15.4%*	22.0%*
Order backlog	3,048	2,301	659	213	382	170	4,088	2,684
Revenue	2,532	2,287	361	96	221	203	3,114	2,586
EBITDA bsi	224	194	29	7	32	27	285	228
EBITA bsi	207	178	29	6	28	22	264	206
Average selling price (ASP)	2.2	2.2	1.4	1.8	1.4	1.5	n/a	n/a
Revenue growth (%)	10.7%	n/a	276%	n/a	8.9%	n/a	20.4%	n/a
EBITDA margin bsi	8.8%	8.5%	8.1%	7.1%	14.6%	13.4%	9.2%	8.8%
EBITA margin bsi	8.2%	7.8%	8.1%	6.2%	12.6%	10.8%	8.5%	8.0%

*Includes houses delivered solely in Denmark.

Q3 highlights - segments

Detached houses

- Q3 sales increased 6%, reflecting a more normalised market compared to the extraordinarily high demand in the housing market during the first six months 2021.
- Revenue was DKK 880 million, up 8.0% from Q3 2020. Deliveries increased 5.6% in the period to 323 houses.
- The EBITA margin was at a satisfactory level of 9.5%, down 1.7% from 11.2% in Q3 2020. The EBITA margin in Q3 2020 was extraordinarily high due to full effect of COVID-19 supplier discounts.
- Despite a lower share of deliveries on own land, the EBITA margin increased from Q1 through Q3 2021.
- The order backlog increased 33% to DKK 3,048 million. The high building activity in the market is expected to create bottlenecks in Q4 2021.
- Average selling prices decreased slightly due to the reduced level of show houses delivered during the period. Excluding deliveries of show houses, ASP was on par with same period 2020 reflecting an underlying geographic mix.

Semi-detached houses

- Q3 unit sales amounted to 100 units, down from 142 units in Q3 2020. The largest B2B project sold in Q3 2021 comprised 49 units. A single large project of 71 units drove up the level in Q3 2020.
- Revenue increased to DKK 122 million from DKK 18 million and comprised mainly contracted work-in-progress for projects under construction (DKK 291m), reflecting an increased run rate.
- The order book reached DKK 659 million as at 30 September 2021.
- The EBITA margin was 9.6%, up from 4.2% in Q3 2020. The B2B segment delivered the first project based on own production capacity in Q3 and at satisfactory margin level.
- The share of own land deliveries was 19.0% compared to 87.5% in Q3 2020. The development reflected the increased share of semi-detached houses from B2B, which generally comprise smaller shares of own land compared to B2C projects. The lower share of own-land deliveries also affected the ASP.
- The Group continues to ramp up the organisation to support the high growth rate.

Sweden

- Q3 sales were up by 46% to 86 houses, driven by strong market activity and the execution of strategic initiatives.
- Revenue was DKK 71 million, an increase of 18% from DKK 61 million in Q3 2020. Deliveries increased from 43 to 46 during the period. The current growth rate has increased utilisation of production capacity.
- The lower share of on-site construction projects had a positive impact on margins, while also affecting the development in ASP.
- A ramp up of the organisation in Sweden was completed in Q3 to support the increased building activity.

Outlook for 2021

We reiterate the full-year 2021 guidance issued in May 2021. Further, we add EBITDA (bsi) to the 2021 guidance, as HusCompagniet will provide guidance for EBITDA (bsi) instead of EBITA (bsi) in the 2022 guidance.

- Revenue is expected to be in the DKK 4,100–4,250 million range.
- EBITDA before special items is expected to be in the DKK 390–400 million range.
- EBITA before special items is expected to be in the DKK 360–370 million range.
- Operating profit (EBIT) is expected to be in the DKK 335–345 million range.

HusCompagniet expects a leverage ratio of below 2.0x net debt to LTM EBITDA before special items at the end of 2021.

The Danish and Swedish housing markets remain attractive, underpinned by low interest rates. Yet, the current market situation is characterised by high cost inflation on certain raw materials and distressed supply chains are increasing market uncertainty for an overall positive market outlook.

Furthermore, prolonged processing times on building permits have extended the delivery process by a couple of months, and the scarcity of sub-contractors is expected to increase in Q4 2021.

Assumptions for the 2021 outlook

HusCompagniet estimates for 2021 are primarily based on its historic execution rate, existing order backlog and current market expectations.

- Revenue from the semi-detached segment is expected to be around DKK 500 million.
- Expected deliveries for the year is between 1,800 and 1,900 houses.
- Current expectations for 2021 sales are between 2,300 and 2,400 houses (adjusted from between 2,100 and 2,250).

Detailed assumptions for the outlook can be found in the Annual Report 2020 and the interim report for the period 1 January – 30 June 2021.

Outlook for 2022

HusCompagniet introduces full-year 2022 guidance:

- Revenue is expected to be in the DKK 4,350–4,650 million range.
- EBITDA before special items is expected to be in the DKK 420–450 million range.
- Operating profit (EBIT) is expected to be in the DKK 370–400 million range.

HusCompagniet expects a leverage ratio of below 2.0x net debt to LTM EBITDA before special items at the end of 2022.

Assumptions for the 2022 outlook

Whilst there continues to be some macroeconomic uncertainty, HusCompagniets business model and strong financial position provides the necessary platform and flexibility to react to changes in the market environment.

The 2022 guidance is based on no severe disruption of supply chains emerging and on raw material prices not significantly exceeding current levels. Further, due to the current market situation, it is expected that projects in the semi-detached segment will have a prolonged delivery

process and encounter delays in building permits, which may postpone some revenue recognition into 2023.

In Sweden, an investment to automate and increase utilisation capacity of the factory is planned for 2022, consequently closing the factory up to two months. The upgrade is expected to increase the production capacity by 40%.

- Current expectations for 2022 sales are between 2,200 and 2,400 houses.
- Current expectations for 2022 deliveries are between 2,020 and 2,160 houses.
- Revenue from the semi-detached segment is assumed to be around DKK 500 million.
- Share of deliveries on own land is expected to be below 10% due to the current size of the land bank. Long-term target remains at around 20%.
- Current expectations for capital expenditures are DKK 40–60m and comprise investments in digitalisation, automation, B2B and sustainability.
- Full year cash conversion (free cash flow to EBITDA) is expected to be at least 60% despite the increased capex level.
- No significant special items are expected.

Share buyback

Considering the company's strong cash flow, HusCompagniet expects to initiate a share buyback of up to DKK 40 million with an expected start in Q1 2022. Including the DKK 180 million share buyback completed in August 2021, the Board of Directors is expected to propose that about 9% of the share capital be cancelled in a share capital reduction, subject to approval at the Annual General Meeting in April 2022.

Webcast and conference call

HusCompagniet will host a conference call (in English) for investors and analysts on Monday 8 November 2021 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:

DK: +45 78150110

UK: +44 3333009262

US: +1 6467224904

<https://streams.eventcdn.net/huscompagniet/2021q3>

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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 subject to uncertainty and involve various risks, as many factors, some of which are beyond our control, may result in actual developments deviating 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.