Press Release
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HEXAÔM
ENSEMBLE
POUR BÂTIR L'AVENIR

2023 RESULTS MARKED BY GROWTH
2023 REVENUE UP +6.3% TO €1,024.4 MILLION
CURRENT OPERATING INCOME UP 20.4% TO €38.4 MILLION
NET INCOME FROM CONTINUING OPERATIONS UP 40.9% TO €33.4 MILLION

NET CASH OF €81 MILLION AT 31/12/2023

OUTLOOK FOR 2024: OPERATING PROFITABILITY TO REMAIN STRONG WITH SOLID FUNDAMENTALS

Hexaom's board of directors met on 22 March 2024 and approved the financial statements for the year ended 31 December 2023. The consolidated financial statements were audited. The statutory auditors' report will be issued when the annual report is published.

Consolidated results in € millions (1 January to 31 December)	2023	2022[(1)]	Change
Revenue	1,024.4	964.0	6.3%
Current operating income	38.4	31.9	20.4%
Current operating margin	*3.7%*	*3.3%*	*0.4 bp*
Other non-current operating items	-3.7	0.5	
Operating income	34.7	32.4	7.1%
Net financial income	-1.1	-0.8	
Net income from continuing operations	33.4	23.7	40.9%
Net margin from continuing operations	*3.3%*	*2.5%*	*+0.8 bp*
Net income from discontinued operations [(1)]	-0.8	-61.6	
Net income	32.6	-37.9	

[(1)] *Application of IFRS 5 following the discontinuation of the B2B Renovation business in 2023.*

Buoyant growth in 2023 and a stronger financial structure

Hexaom reported strong operating performance for the full 2023 financial year, as previously announced.

Annual revenue is up 6.3% on a like-for-like basis to €1,024.3 million.

In a context characterised by persistently high inflation in construction costs for the last two years, Hexaom has once again proven the effectiveness of its business model and its capacity for accurately predicting margins upon project completion. Current operating income rose by 20.4% to €38.4 million, resulting in a current operating margin of 3.7%, compared with 3.3% in 2022.

All the group's businesses contributed to this strong performance. Their contribution to revenue and operating income is as follows:

Results by business	Revenue	Current operating income	
	€ million	€ million	% of revenue
Home Building	875.6	29.9	3.4%
Renovation	54.3	3.9	7.2%
Real Estate Development	69.1	1.6	2.3%
Land Development	25.4	3.1	12.2%
Total	1.024.4	38.4	3.7%

The Home Building business posted record revenue of €875.6 million, up by 8.1%. Current operating income rose by 36.5% to €29.9 million. As a result, the current operating margin is up 0.7 points to 3.4% of revenue, compared with 2.7% in 2022. This improvement is attributed to a recovery in the net margin on variable costs during the latter half of the year, along with the initial impacts of actions taken to adjust the fixed cost structure to market conditions.

Renovation revenue rose by 2.6% to €54.3 million. Current operating income increased by 62% to €3.9 million, resulting in a normative margin of 7.2% of revenue, up from 4.5% the previous year. This strong performance highlights the effectiveness of a business model that partly relies on franchising. It also reflects the impact of measure taken to align selling prices with increased production costs.

Real Estate Development revenue is up 2.2% to €69.1 million. Current operating income amounted to €1.6 million, resulting in a margin of 2.3% compared to 3.8% in 2022. Considering the challenging market conditions, this downturn is primarily due to unmet sales targets, which directly affected 2023 revenue for this business.

The Land Development business follows trends in the property market and posted revenue of €25.4 million, compared with €33.7 million in 2022. Current operating income amounted to €3.1 million, representing a margin of 12.2% compared to 15.1% the previous year.

After taking into account a €3.7 million charge for non-current operating items corresponding to goodwill impairment for the "Home Building" network's optimisation, operating income for the year rose by 7.1% to €34.7 million.

Net income from continuing operations includes financial income of -€1.1 million and a positive impact from deferred tax. At €33.4 million, this represents an increase of 40.9% compared to last year and 3.3% of revenue (2.5% in 2022).

The group's financial structure has been strengthened even further. The group share of equity at 31 December 2023 amounted to €212.5 million and its cash position stood at €159.2 million. Net cash was €81.0 million, compared with €42.2 million at the end of 2022.

a supprimé: '

Dividend for 2023

The board of directors will submit a no dividend resolution for 2023 earnings at the annual general meeting on June 5th.

This decision does not affect Hexaom's earnings distribution policy in the long run.

However, the group wishes to safeguard its fundamentals, its cash and also ensure that the burden of efforts is shared fairly among all stakeholders during this unprecedented crisis.

Order intake : a reflection of an unprecedented market context

As anticipated, the order intake at the end of February 2024 indicates that the market remains challenging for the entire industry, with new housing orders declining by more than

40% in 2023. This unprecedented situation has emerged from a mix of several adverse factors over the past two years:
- tighter financing conditions,
- a sharp rise in interest rates,
- an inflationary environment that penalises household purchasing power,
- regulatory and administrative hurdles (standards, deadlines for issuing building permits, zoning, a surge in the number of appeals, etc.).

In response to these challenges and to safeguard its profitability, Hexaom implemented measures starting in 2022 to adjust to decreasing volumes and to maintain its margins in each of its businesses.

Home Building

The order intake in 2023 represents revenue of €559.4 million, down 40.6% compared with 2022.

Sales in the first two months of 2024 remained in line with this trend and represent revenue of €51.9 million, down 44.3% in value. Sales performance in the first quarter of 2024 continued to be adversely affected by an unfavourable base effect, with the deterioration in 2023 sales worsening from the second quarter onwards.

After more than 2 years of steadily increasing selling prices to absorb sharp rises in construction costs, the average selling price has stabilised at €166.2k excluding VAT.

To cope with the decline in production volumes in 2024 and guarantee the operational profitability of this business:

- the group relies on its business model based on a high degree of variability in production costs due to the use of subcontractors (100%),

- in addition, the group quickly rolled out measures to calibrate its fixed cost structure to the market environment. These measures mainly involved reducing the workforce, optimising the regional network and drastically cutting overheads.

Renovation

Positioned in a more buoyant market but still impacted by inflation, the Renovation business continues to expand, thanks in particular to the growing Camif Habitat and Illico Travaux national franchise networks and the gradual expansion of the “renovation/extension” offering in the group’s home building branches.

At 31 December 2023, order intake from the intermediated business (franchises) was up 22.8% to €103.9 million, and the general contractor business posted revenue of €39.7 million.

In January and February 2024, general contractor orders totalled €3.4 million, while intermediated orders rose by 43.5% to €23.6 million.

To date, the Renovation franchise network has 170 Illico Travaux franchisees and 55 Camif Habitat franchisees.

Real Estate Development

At the end of February 2024, the Real Estate Development business backlog was €128.7 million and the total potential inventory to be delivered (including projects where a preliminary land deal has been signed) represented revenue of €324.2 million, i.e. 1,484 housing units. In the current market context, the group’s strategy is to focus on small, mid-range to high-end developments, mainly outside of Paris, with a secure customer mix (predominantly social housing and institutional investors).

Land Development

The order book (reserved inventory not yet signed) for the Land Development business at the end of February reflects the market environment. It totals €8.5 million and represents 128 lots. With the gradual introduction of the new Zan legislation (zero soil sealing), this business is becoming more strategic than ever for the group and could benefit from opportunities arising from industry consolidation in the coming months.

A solid foundation for weathering the current crisis

In 2024, the market remains sluggish but has begun to show early signs of recovery, including stabilising construction costs, a minor decrease in interest rates and a gradual easing of lending conditions. In this context, the group possesses strong advantages:

1. A proven, cash-generating business model for its Home Building activity, with 20-month visibility and a high variability of costs.

2. Diversified revenue streams (renovation, real estate development, land development) with generally higher margins, whose contribution to group revenue could represent around 30% within 3 years, and eventually reach the goal of 50%.

3. An extremely sound financial structure allowing the group to preserve the trust of all its stakeholders (including customers, suppliers, subcontractors, guarantors and bankers) and to seize opportunities within a rapidly concentrating sector.

Maintaining operational performance in 2024

Against this backdrop, and after taking into account orders at the end of February, Hexaom expects its 2024 production to fall by around 25% to 30% compared with 2023.

Measures to adjust the cost structure to market conditions, which have already been widely implemented, will continue. Their impact will fully materialise in the second half of 2024. Consequently, the group is expected to sustain a satisfactory operating profit margin, ranging from 3% to 4% of its annual revenue.

Information Meeting: 25 March 2024, 10:00 am at the Edouard VII Business Centre – Paris 9th
To register, contact comfi@hexaom.fr

Next press release: 2024 Q1 Revenue, 7 May 2024, after market close.

ABOUT THE GROUP

Since 1919, five generations of the same family have successively taken over the helm of HEXAOM, a group that drives and federates an ecosystem of 45 brands and subsidiaries with complementary expertise. A unique story of family entrepreneurship characterized by its stability in a complex market sector. The group, leader in the home building, renovation, and first-time owners' markets in France currently serves more than 10,000 customers a year, has built more than 150,000 houses, has carried out over 90,000 renovations, employs more than 1 500 people, and recorded revenue of €1 024,4 million in 2023.
HEXAOM is listed on Euronext Growth Paris.
HEXAOM equities are eligible for PEA-PME equity savings plan. ISIN code: FR 0004159473 - Mnemonic ALHEX

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GLOSSARY:

Standard IFRS 5: The judicial reorganization initiated by the L'Atelier des Compagnons subsidiary on June 13th, 2023 has since been converted by the commercial court into a judicial liquidation. Since the group no longer has control over this subsidiary, it is no longer consolidated in the 2023 financial statements. In accordance with IFRS 5, the B2B Renovation business has been classified as discontinued operations and is recognized under "income from discontinued operations." Its revenue, as well as its pre-tax gains and losses, do not contribute to the corresponding lines of the consolidated income statement. The 2022 comparative income statement has also been restated.

Gross order intake: a contract is recorded in the gross order intake as soon as it is signed by the customer and accepted by our sales administration department (administrative control of the documents and validity of the financing plan, site inspection, verification, and acceptance of the selling price). The amount recorded corresponds to the revenue excluding taxes to be generated by the contract.

Backlog (real estate development): represents the group's already secured future revenue, expressed in euros, for its real estate development business. The backlog includes reservations for which notarial deeds of sale have not yet been signed and the portion of revenue remaining to be generated on units for which notarial deeds of sale have already been signed (portion remaining to be built).

Order book (land development): represents recorded land orders that have not been canceled and for which notarial deeds of sale have not yet been signed.

Production in progress: all orders for which the conditions precedent to begin work have been met (building permit and client financing obtained, client ownership of the land) and which have not been accepted by the client (delivered)

Change in like-for-like revenue: changes in revenue for the periods under comparison, recalculated as follows:

- in the event of an acquisition, revenue from the acquired company is deducted from the current period if it was not part of the group during the previous period,

- in the event of a sale, the revenue of the divested company that is no longer part of the group during the current period is deducted from the comparison period.

B2C (business to consumer): refers to transactions conducted between the company and consumers.

Net contribution margin: corresponds to the difference between the revenue generated by contracts and the costs directly related to these contracts (construction costs, sales or broker commissions, taxes, insurance, etc.).

Current operating income: intended to present the group's operating performance excluding the impact of non-recurring operations and events during the period.

Cash position: includes cash on hand and demand deposits.

Debt: includes all current and non-current financial liabilities except leases according to the restatement of IFRS 16.

Net cash: cash position less debt.