

# Q3 2023

## Presentation of the interim report

Hemnet Group | 25 Oct 2023



Hemnet Group AB (publ) | Sveavägen 9 | 111 57 | Stockholm | Sweden



# Q3 2023 Summary

## Key financials

### Net sales growth

**13.9%**  
(SEK 272.0m)

### ARPL growth

**27.9%**  
(SEK 4,353)

### EBITDA-margin

**57.4%**  
(SEK 156.0m)

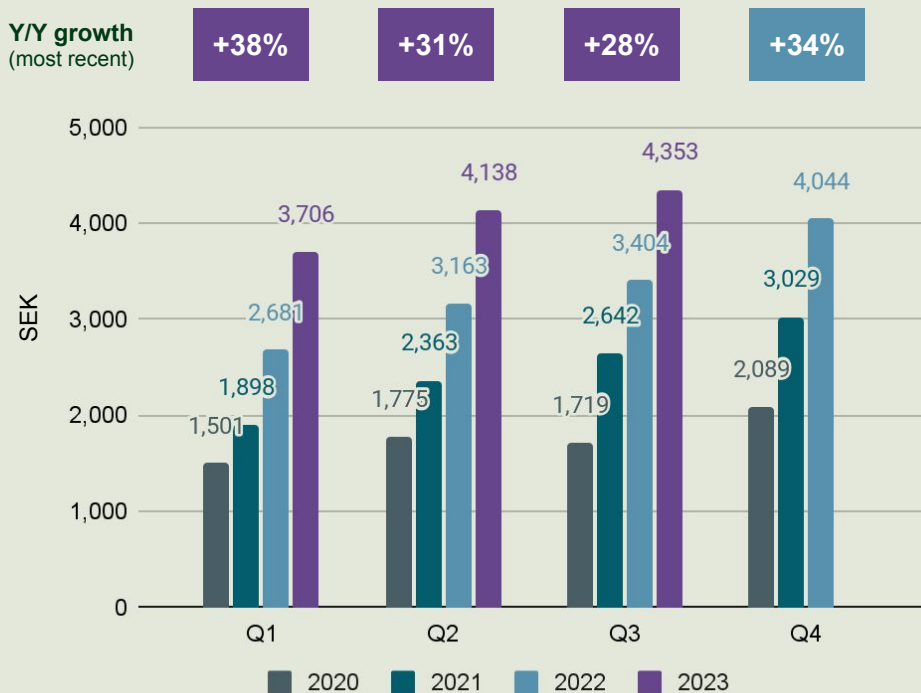
## Highlights

- Strong growth in ARPL of 27.9% - driven in part by a doubling in Premium revenue y/y. Seller revenue up 23.5%
- Listing volumes have stabilized - down 4% in Q3 and 14.5% YTD (vs. 21.6% in Q2 2023)
- All time high EBITDA margin of 57.4% underscores operating leverage of business model
- “Pay when listing is removed” launched 24th October 2023
- Several positive indications of a more active market, in combination with signs of resilience from our business model



**“Hemnet delivers 28% ARPL growth and an EBITDA margin of 57.4% - driven by continued increased demand for value added services from property sellers”**

# Q3 ARPL growth of 28% driven by increased demand for value-added services and pricing



## Strong growth in revenue from VAS driven by product and pricing

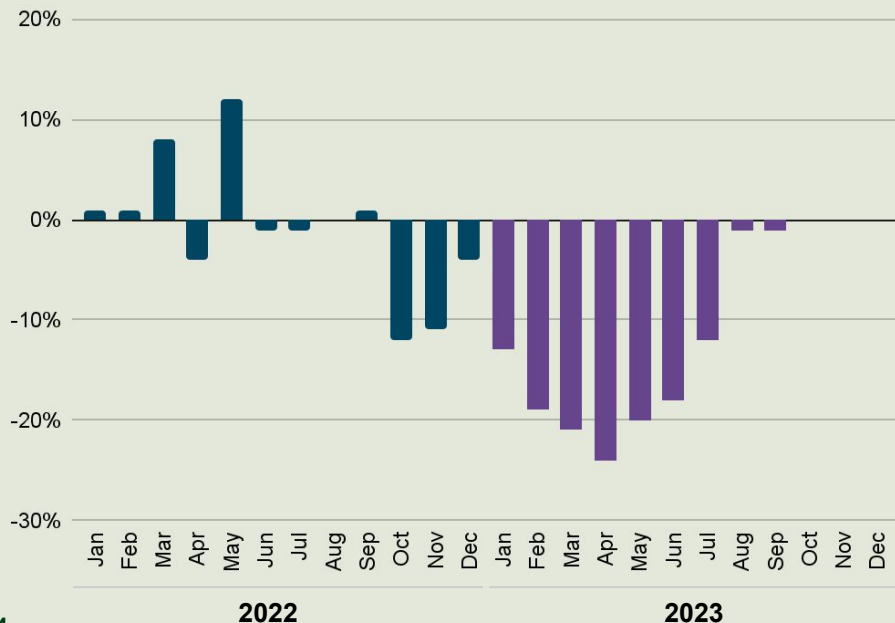
- Increased demand for value-added services such as Hemnet Premium and Renewal
- Hemnet Premium revenue almost double that of last year
- Listing duration up slightly in Q3 (37 vs. 35 days in Q2) - impacts ARPL negatively as listing revenue is spread across more days

# Sweden is a buy-to-live market - listing volumes have stabilized in Q3

Listing volumes have stabilized

## Change in listing volumes

Year-on-year change



Our view of the Swedish property market remains unchanged - stable over time

No fundamental change - Sweden is a buy-to-live market

Annual volumes stable - some quarterly fluctuations

Periods of lower volumes usually followed by higher volumes

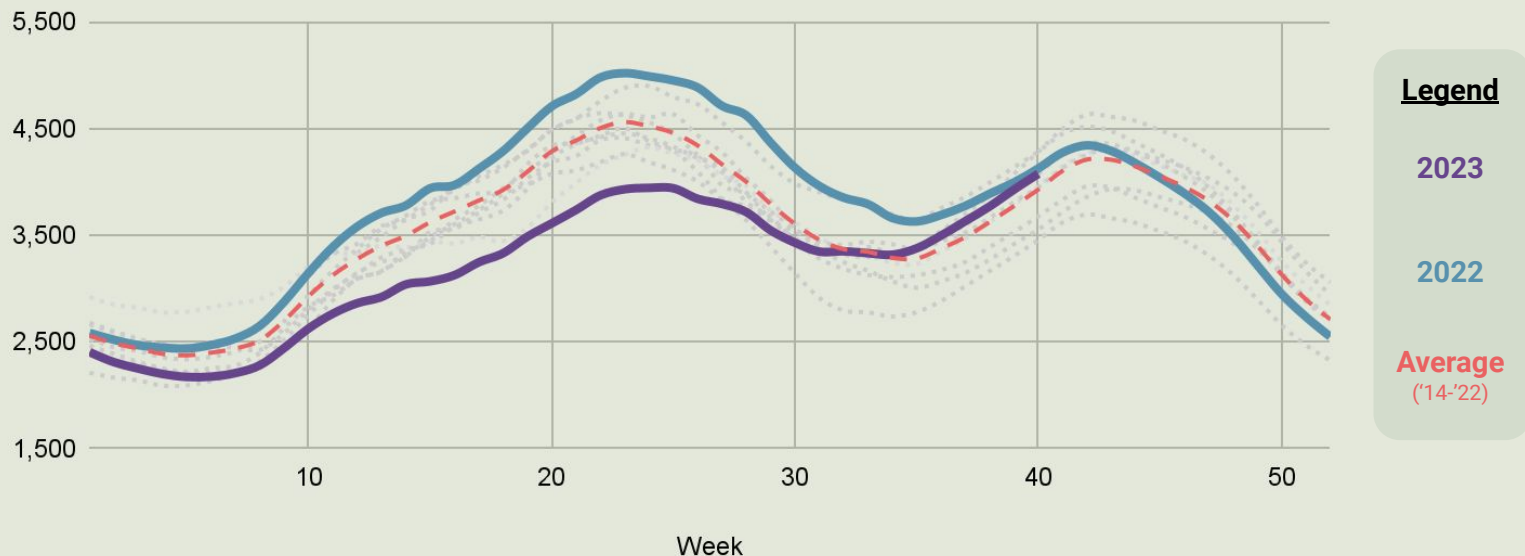
October was 3rd consecutive month with negative price expectations

Too early to say that the market is back to normal

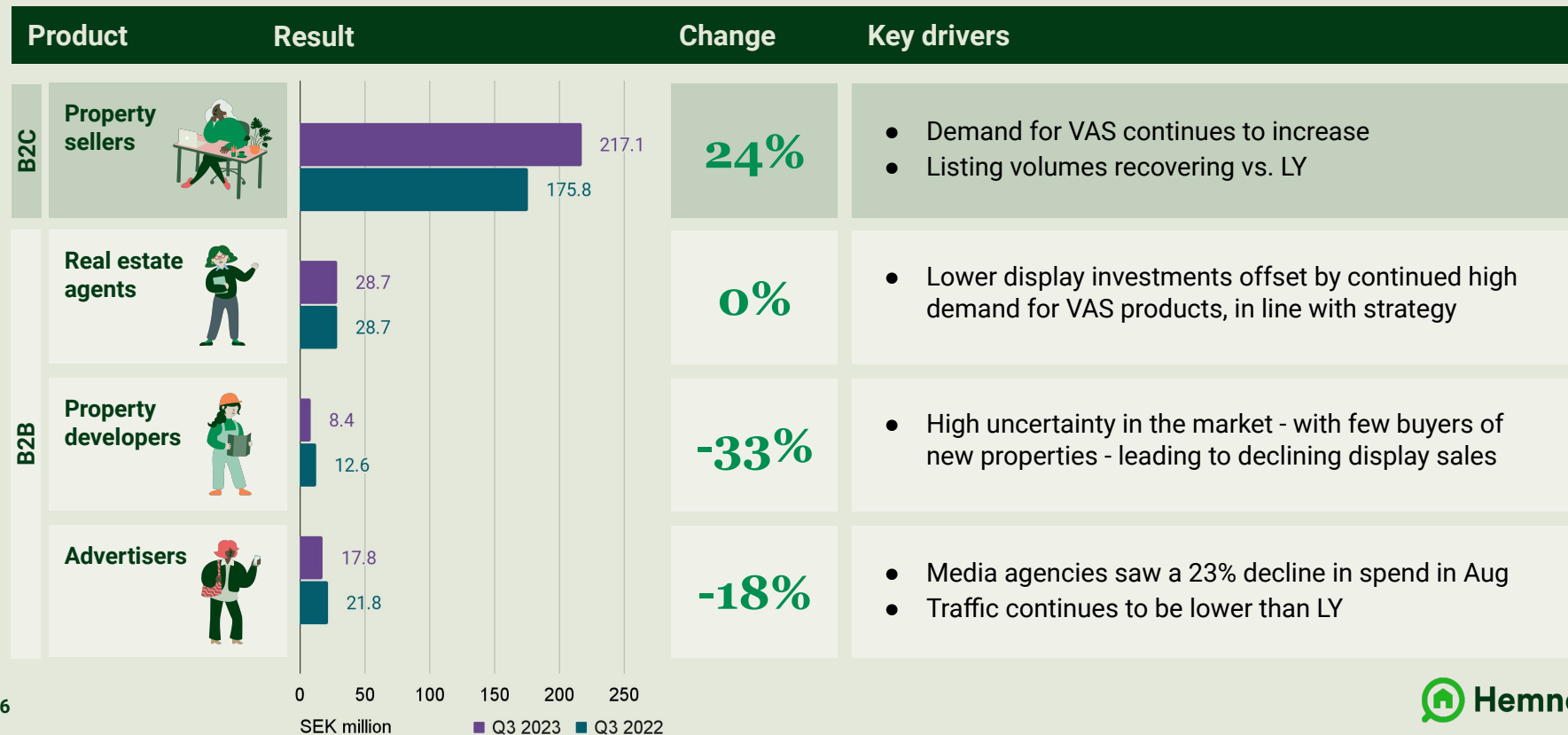
# Listing volumes have gone from below average trend to above during Q3 and into Q4

## Weekly published listings

(Country, 12 week average - including historical average. Dotted lines indicate past annual volumes 2014-2021)



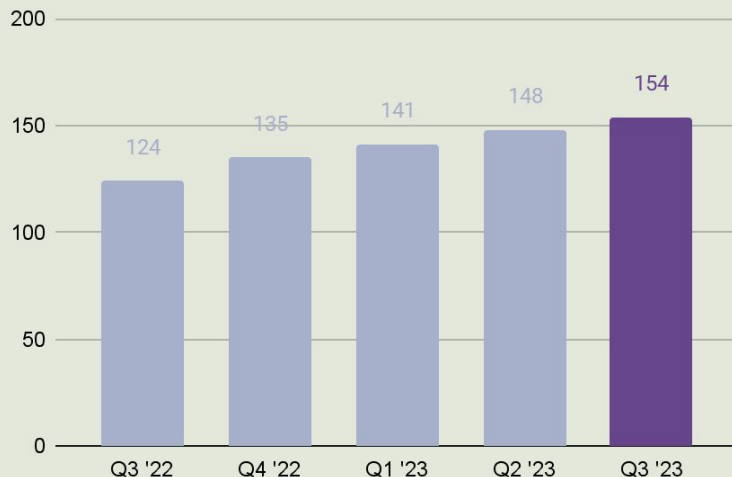
# 24% growth in seller revenue is offset by a weaker market for property developers and advertising



# We continue to invest in our future growth

## 6 employees added by end of Q3

**Number of employees**  
(At period end)



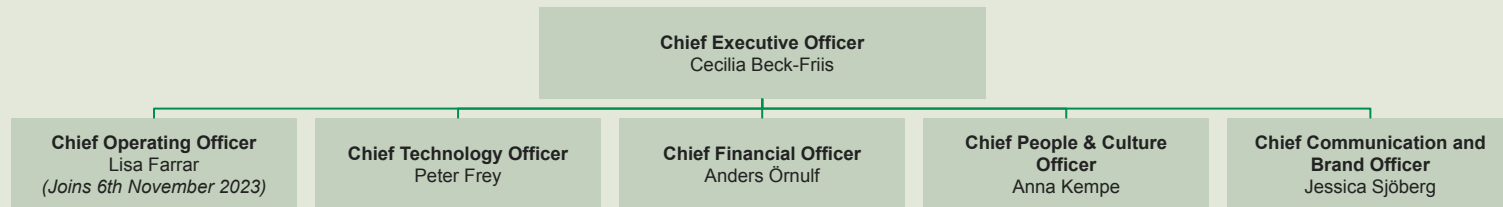
## Investments in growth predominantly in product and development teams

- Recruitment mainly geared towards areas that were previously difficult to recruit in, such as app devs
- Moved a number of consultants to full time roles and replaced some consultants with full time roles
- Recruitment market continues to be favourable to Hemnet
- Our investments into tech and teams are yielding results - as is evident in strong pace in product launched

# New corporate governance structure for increased alignment and improved execution

The addition of our new COO Lisa Farrar on 6th November 2023 will lead to a smaller and more focused Group Management Team (GMT) supported by an Extended Leadership Team (ELT)

## Group Management Team (GMT)



- Main decision making body that provides strategic and operational oversight of the company
- Responsible for setting the company's direction and goals, making critical decisions, and ensuring the organization's success

## Extended Leadership Team (ELT)

GMT +



- Introduced to better align on strategy and prioritization, enable faster decision-making, encourage better cross-functional collaboration
- Adding a clearer spread of responsibility



# We continue to actively develop our ESG agenda

- According to one of our sustainability targets for 2023, we have now mapped out all of our indirect emissions within scope 3
- Based on this, we will commit to a **long-term net zero emission target** within the Science Based Targets initiative (SBTi). Submission to be sent within days and the aim is to have the target approved by the SBTi before year end
- This follows our first SBT step in 2022 to commit to a short term emission target to reduce emissions in scope 1 and 2 with 42% by 2030
- We are also preparing to step into the new EU legislation CSRD and to report accordingly to ESRS from 2026 (on 2025 numbers)



# Product updates

Cecilia Beck-Friis, CEO



# Hemnet has significantly increased the engagement between agents and sellers

We want to create products that have a win-win proposition for agents and Hemnet

Position Hemnet as the natural place for agents to find sellers

Give agents control over seller contact strategy through commercial products

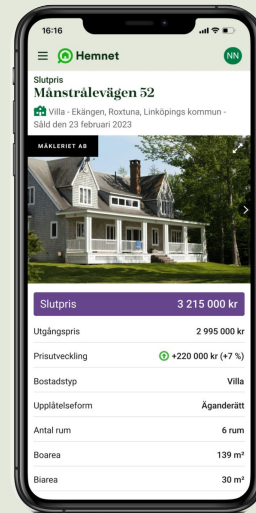
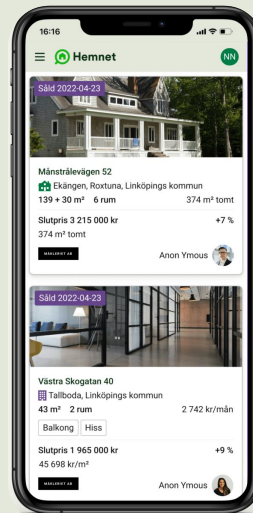
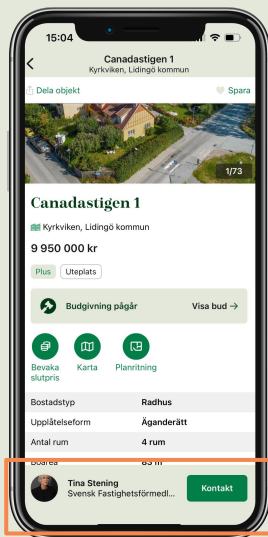
Increase user satisfaction (sellers and agents)

Secure a competitive advantage

Sticky bar increased number of sellers contacting agents by 150%

Sold properties with images get 50% more visits

Available for c. 150,000 listings



# “Pay when listing is removed” is a win-win proposition for Agents, Sellers and Hemnet

## Product overview

- Product launched on 24th October 2023
- Invoice sent on sale, or 4 months after publication
- No change in credit risk from current model
- Agent compensation paid out after Hemnet receives payment
- Two prices for each product - pay directly or pay when listing is removed

## Key Benefits

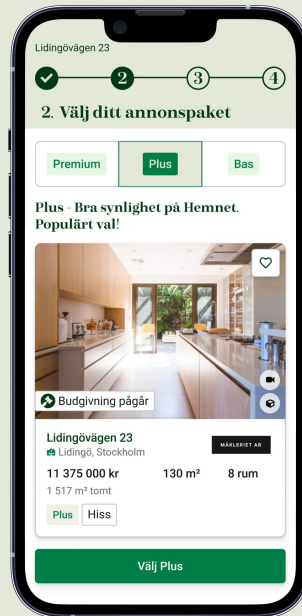


**Agents:** Makes it easier to recommend Hemnet and our value-added services to a seller, as well publishing on Hemnet at an early stage

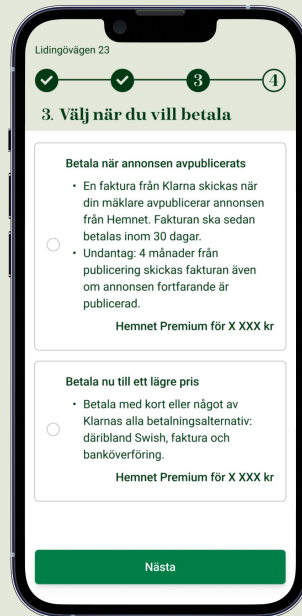


**Sellers:** Connects timing of Hemnet payment with sale of property, lowering threshold to list and increasing likelihood of upgrading listing package

## Select package...



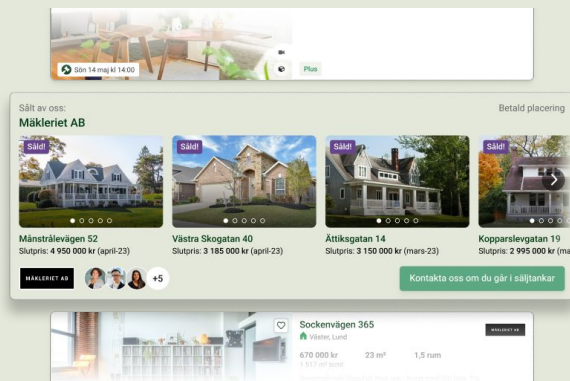
## ...and timing of payment



# “Sold by us” is a new product that leverages agents’ sold properties to attract new sellers

- Capturing SEK1.1Bn of annual marketing spend<sup>1</sup> from the agent industry
- Monthly subscription with an unlimited number of available slots for sale
- Product launch January 2024, sales ongoing

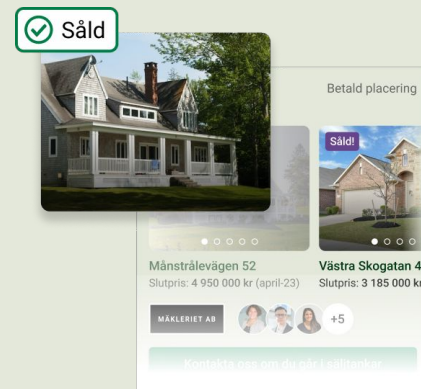
## Exposure on Hemnets most visited page (the results list)



## Leveraging targeting and smart retargeting

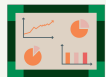


## Updates automatically with no required administration



# Generative AI is an opportunity for the online classifieds space and for Hemnet

## Current AI applications



### Valuations

- Hemnet's Automated Valuation Model is trained using Hemnet's dataset to provide valuation ranges for properties across Sweden



### Image recognition

- Automated processing of all photos published on Hemnet
- Currently in use to identify floor plans and make accessible to users

## Future applications

- Currently exploring the use cases with most potential, including search, data, customer workflow and internal processes
- Reviewing which off-the shelf tools are most relevant
- Looking to leverage Hemnet's comprehensive data set of market statistics, listing data, search patterns and image library
- Use cases in both external uses (agents, sellers, buyers) as well as internal



# Financial Update

## Anders Örnulf, CFO



# Financial highlights Q3 2023

**14%**

**Net Sales**  
SEK 272.0m

**+28%**

**ARPL**  
SEK 4,353

**21%**

**EBITDA**  
SEK 156.0m

**100%**

**Cash conversion**  
FCF/Adj. EBITDA

**+3.6<sub>pp</sub>**

**EBITDA margin**  
57.4%

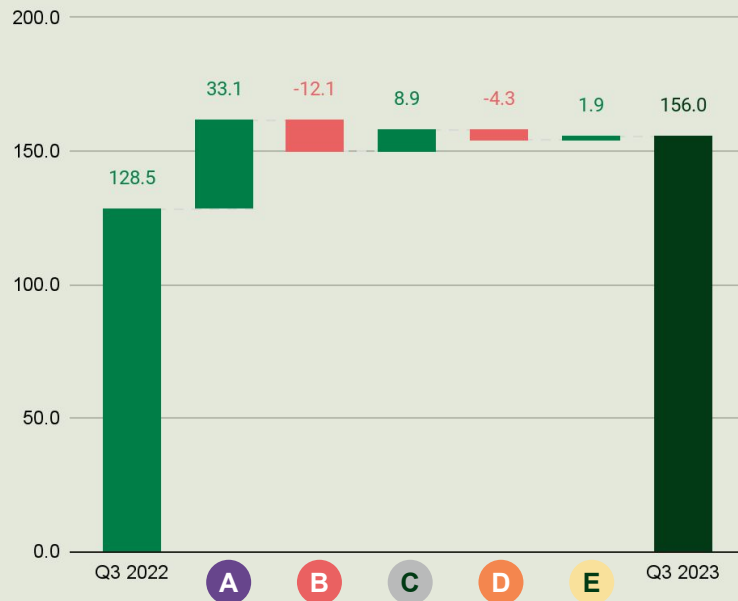
**0.8<sub>x</sub>**

**Leverage**  
Net debt/Adj. EBITDA



# 21.4% growth in EBITDA driven by listing volumes and strong growth for value-added services

EBITDA bridge  
SEK million



## Key drivers

- |   |   |   |
|---|---|---|
| A | <b>Net sales</b>                          | ARPL growth and stabilisation in listing volumes        |
| B | <b>Compensation to real estate agents</b> | Grows in line with seller revenue                       |
| C | <b>Other external expenses</b>            | Paused marketing spend and reduced consultant spend     |
| D | <b>Personnel costs</b>                    | +30 employees compared with Q3 2022                     |
| E | <b>Other</b>                              | Primarily driven by an increase in own work capitalised |

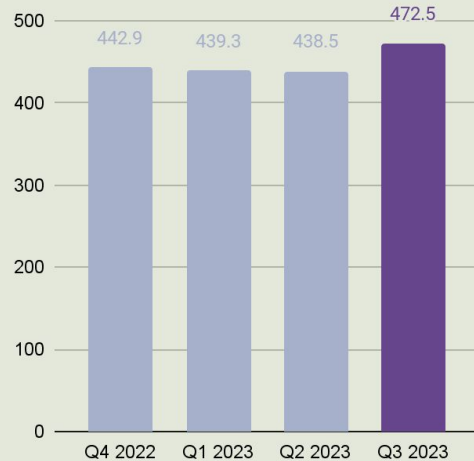
# Strong cash flow and balance sheet provides growth and buyback flexibility

## Strong free cash flow to fund investments and buybacks

### LTM Free cash flow

SEK million

Free cash flow defined as adjusted EBITDA, adjusted for changes in working capital and reduced by investments in tangible and intangible assets

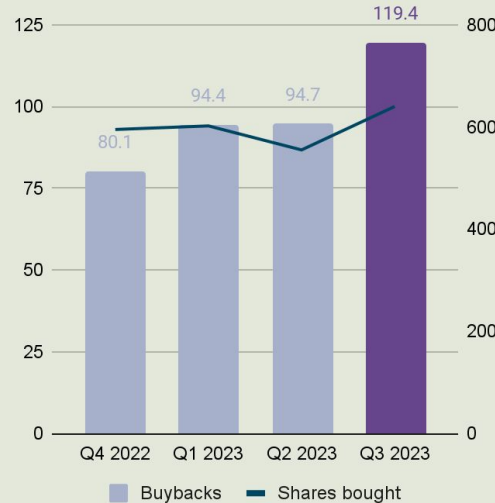


## We continue to distribute excess capital through buybacks

### Share buybacks

SEK million (l), thousands of shares repurchased (r)

Does not include dividends

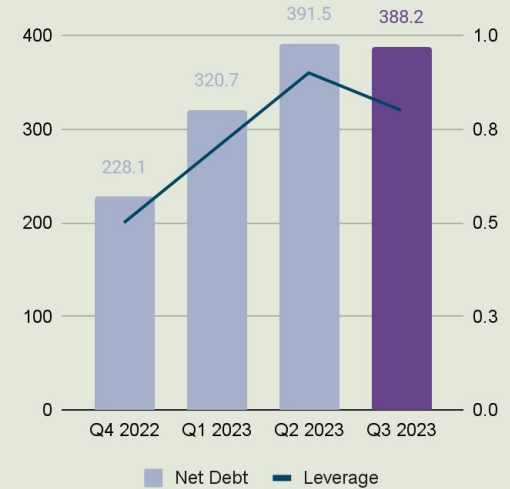


## With significant balance sheet flexibility

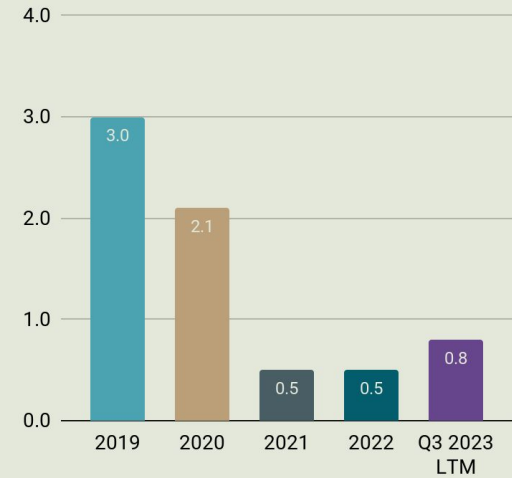
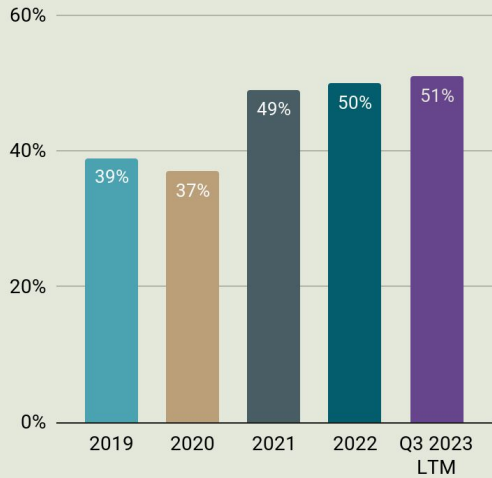
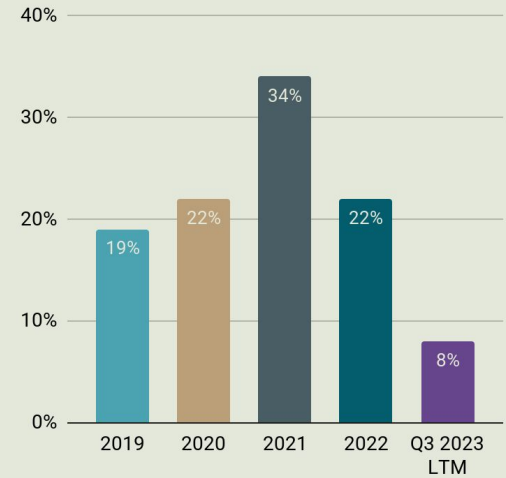
### Net debt and leverage

SEK million (l), leverage (r)

Net debt calculated as interest-bearing liabilities less cash and cash equivalents and current interest-bearing securities in relation to EBITDA



# Net sales below financial target despite strong ARPL growth, EBITDA margin above 2023 target of 45-50%



# Summary

## Cecilia Beck-Friis, CEO



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# Q&A



## Dial-in instructions

Hemnet invites analysts, investors and media to participate in the results presentation of the first quarter on 25th October 2023 at 10:00 CET. The results will be presented by CEO Cecilia Beck-Friis and CFO Anders Örnulf.

The presentation will be held in English, followed by a Q&A session. Participants are welcome to join via the below link or by phone.

**Webcast and teleconference info:**  
<https://financialhearings.com/event/46451>

## Financial calendar

<b>31 Jan 2024</b>	Year-end report 2023
<b>23 Apr 2024</b>	Interim report Q1 2024
<b>25 Apr 2024</b>	Annual general meeting

## IR Contacts



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