



# Q2 2022

## Presentation of the interim report

Hemnet Group AB | 21 July 2022

# Presenting today



**Cecilia Beck-Friis**  
CEO



**Carl Johan Åkesson**  
CFO

Please submit any questions to: [ir@hemnet.se](mailto:ir@hemnet.se)

# Highlights

## Cecilia Beck-Friis, CEO



# Quarterly highlights

## Key financials

### Net sales growth

**+26.9%**  
(SEK 269.7m)

### ARPL growth

**+33.9%**  
(SEK 3,163)

### Adj. EBITDA-margin

**53.9%**

## Highlights

- Continued successful execution of strategy, with the sixth consecutive quarterly report coming in over the financial targets
- Adj. EBITDA-margin increased 1.7 p.p to 53.9%, and adj. EBITDA increased by 31.0%
- Number of published listings up 3.2%, accompanied by growth in conversion to Plus & Premium and pricing
- Increased focus on B2B has yielded growth of 4.3%, reversing the negative trend. This includes the launch of a new product that helps connect property sellers and agents
- Ongoing capital return to shareholders, with SEK 56m dividend and SEK 33m buyback in Q2 (target of SEK 450m ahead of next AGM)

**“Strong growth as both increasing demand for value-added services and price adjustments drive ARPL”**



# Business and market update

## Cecilia Beck-Friis, CEO

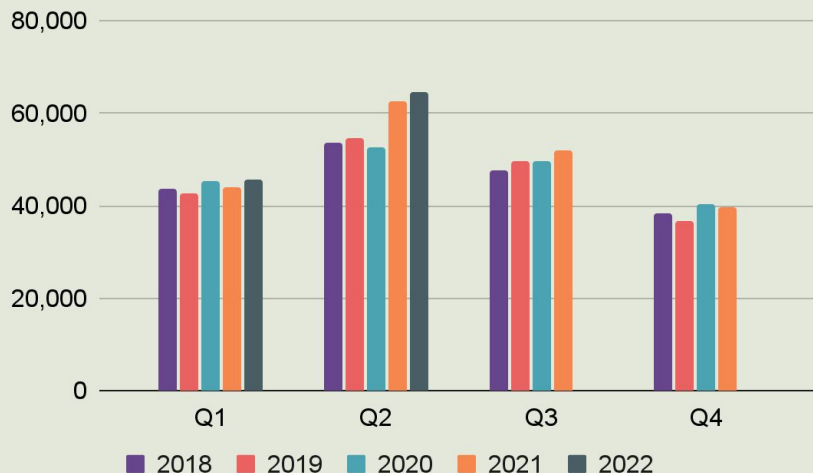


# Publishing of new listings on high levels despite concerns of inflation and higher interest rates

Q2 listings were up 3.2% year-on-year...

## Published listings

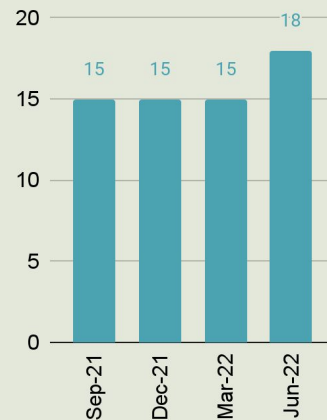
(paid published listings on Hemnet)



...With signals that we are entering a buyer's market

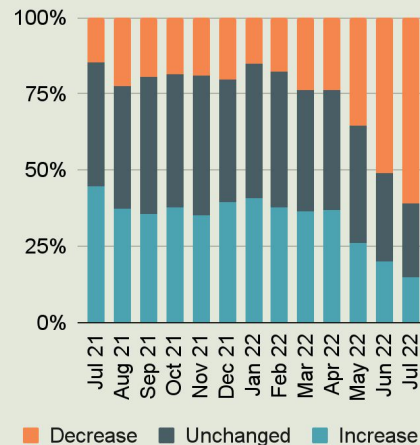
## Listing duration

(apartment)



Mean time between publication and removal of listing for apartment in Sweden

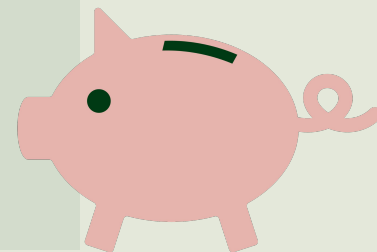
## Price expectations



Survey of Hemnet.se visitors and expectation for house prices in six months

# Our robust business model is well positioned for a changing property market

	Decline in transaction volumes	Buyer's market	Property prices declining	Interest rates rising
Challenge	Swedish transaction volumes decreased 11% during GFC	Increasingly difficult for sellers to get the right price for their property	Decreased property prices could impact Hemnet's revenue potential	Increase cost of borrowing for Hemnet
Mitigant	<p><b>We are paid on attempt to sale</b> - not closed transactions</p> <p>Inherent stability of Swedish market</p>	<p><b>Hemnet's role, and our seller products become increasingly important</b> for sellers looking to maximise price by accessing the largest potential audience for their property</p>	<p><b>Significant pricing headroom remaining</b></p> <p>Revenue linked to listings, not property prices</p> <p>Property classifieds is not discretionary spending</p>	<p><b>Low leverage and virtually no exposure against rates</b></p>



# We see strong momentum and pace in product development and launches

## Strategic area

## Current focus



### Consumers

- Launch features that focus on personalization to create a stronger relationship with the consumer
- Encourage consumers to use Hemnet when they research the market



### Sellers

- Leverage the strong platform built in the past two years to grow through a combination of product development, conversion and price



### Agents & B2B

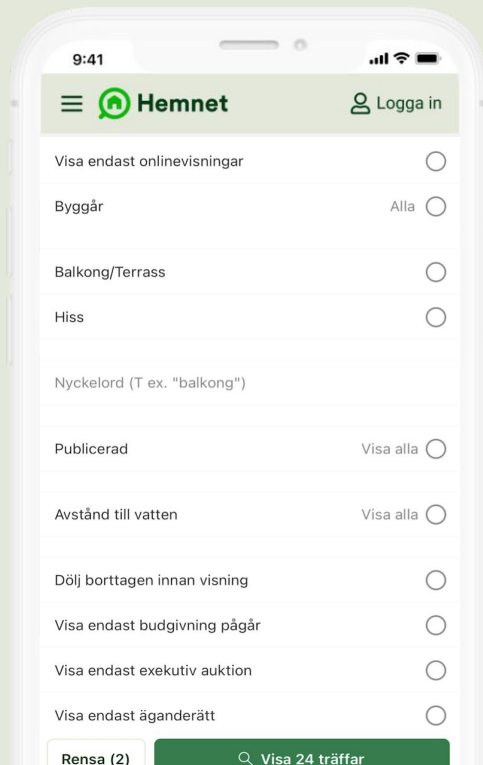
- Meet high demand from B2B customers, with a broader and more integrated product offering

# Consumer product updates

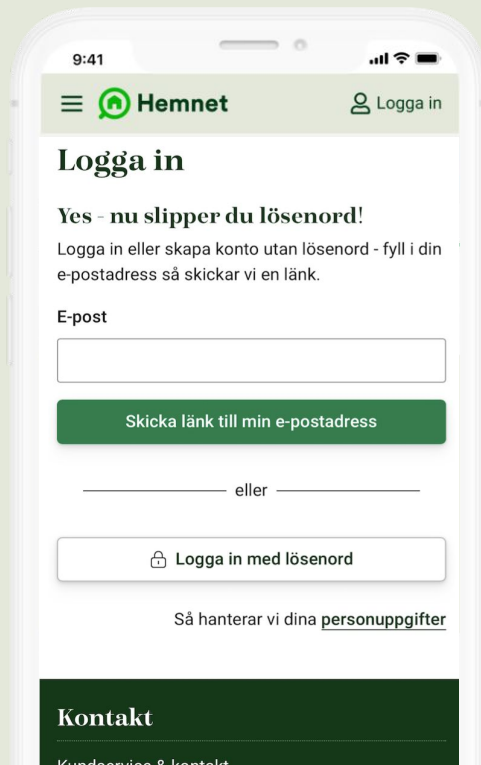


Consumers

**New search filters: balcony, elevator & ownership type**



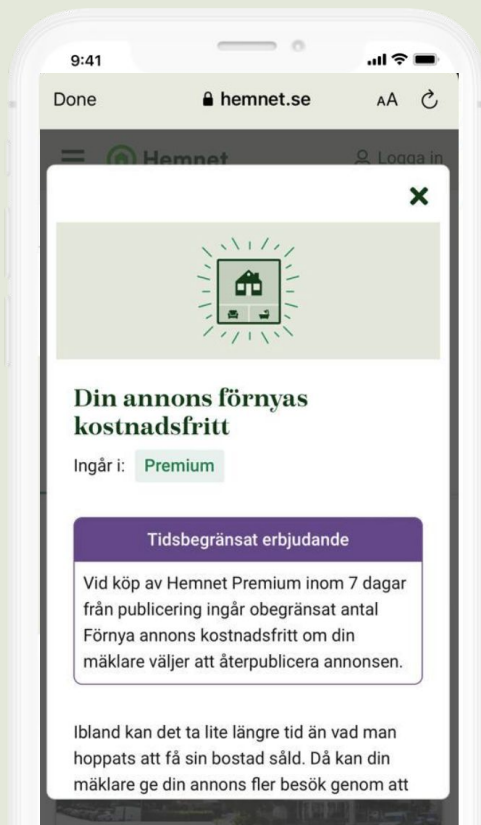
**Simplifying account creation  
(Test to be launched)**



# Sellers product updates



Sellers



## Hemnet Premium

Users that buy Hemnet Premium or upgrade within 7 days after publication can **republish their listing an unlimited number of times**

Republishing a listing requires the listing to be removed for Hemnet for 21 days (as per existing rules for republishing)

Timely launch of new product as property market remains uncertain and challenging for sellers

# Agents & B2B product updates

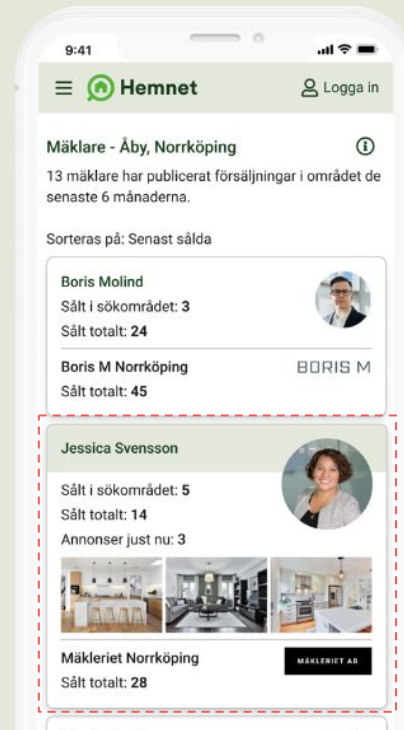
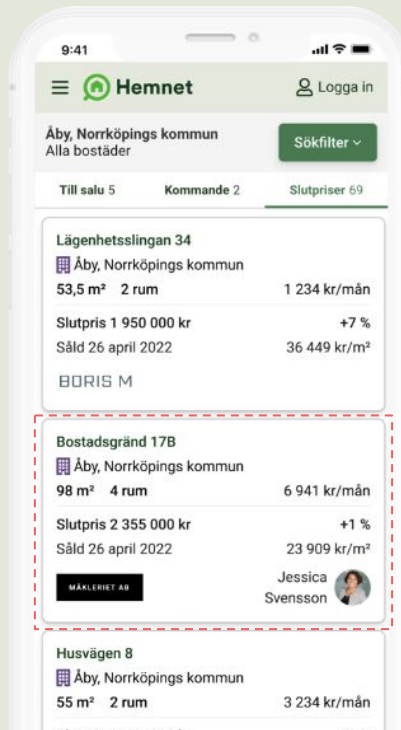
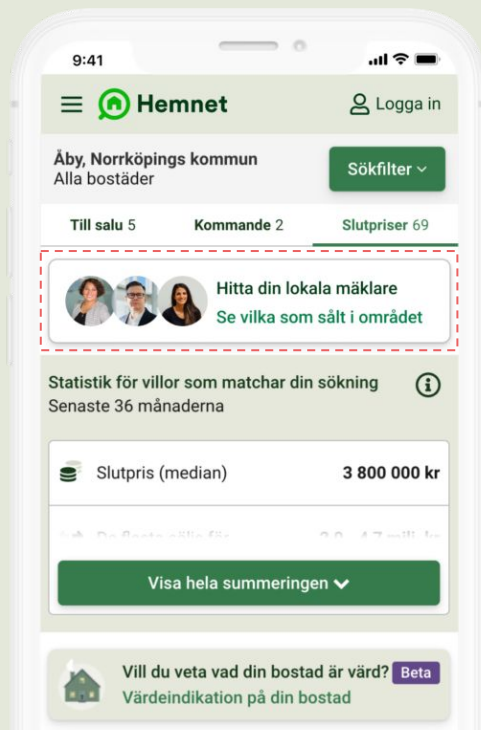
Real estate agents



Agents & B2B

“Find a broker” result list launched during Spring

Expanded during Q2 to include commercial product that gives brokers more visibility in result lists for reported sale price



# Agents & B2B product updates

Property developers



Agents & B2B

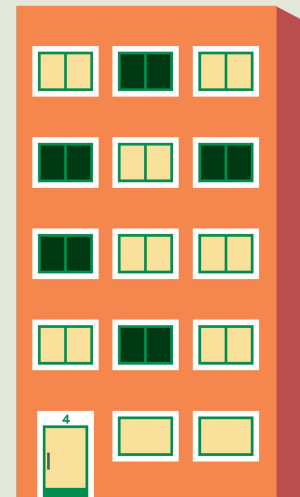
## Previous situation

- Different publishing rules for single property listings published by property developers vs. agents
- Outdated revenue model for project units, where only the 5 first units were paid
- No “renew listing” product available



## Current situation

- All published single property listings treated equally
- All project units now paid for
- Renew listing product to be added in Q3



# Q2 ARPL up 33.9%

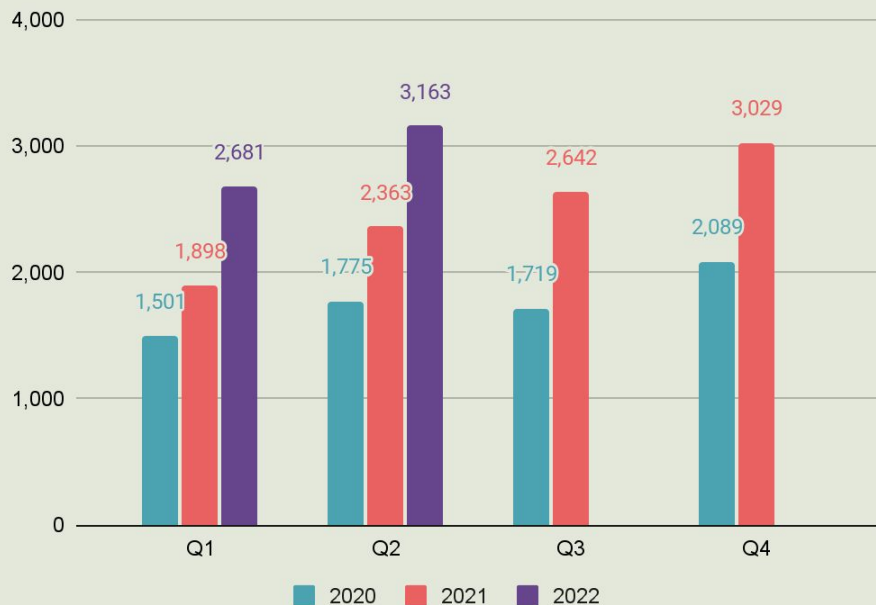
Q/Q growth  
(most recent)

+41%

+34%

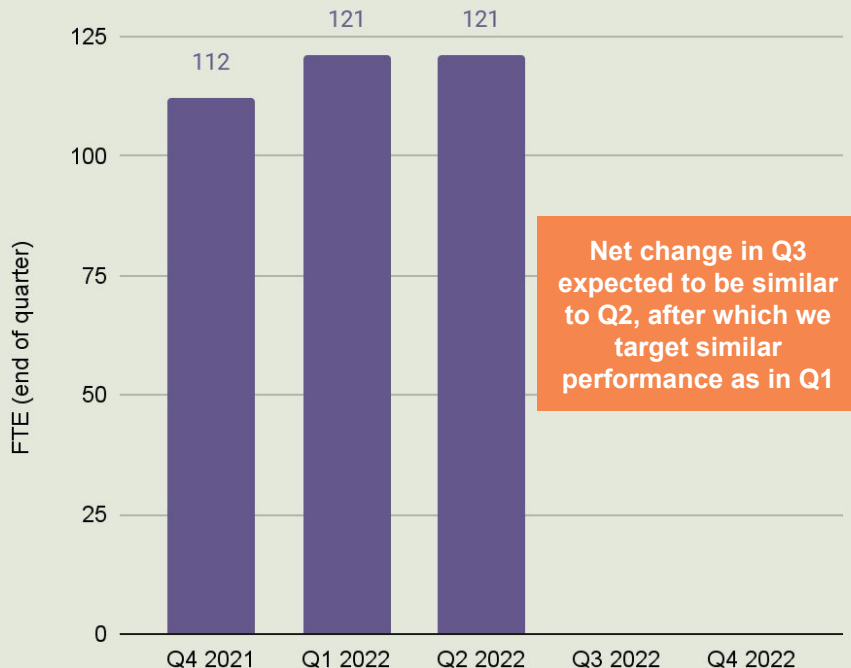
+54%

+45%



- Continued ARPL growth driven by a mix of increased conversion to value-added services and pricing
- **Product:** Continued focus on improving the value and effect of seller products to property sellers, and finding the right balance in our product offering
- **Conversion:** Real estate agents increasingly recommend their sellers to upgrade their listing to Plus or Premium
- **Pricing:** Our pricing team regularly optimise the right balance in pricing our seller product portfolio

# Stable headcount as a result of competitive recruitment market and post-pandemic leavers



- Our ongoing product initiatives, coupled with our early stage of commercialisation means we are targeting to continue expanding the team
- Despite high activity in talent acquisition, headcount remains unchanged in Q2, due high competition for talent, and expected staff turnover following very low number of leavers during the pandemic
- We are now continuing to actively recruit while others are downsizing
- As part of our increased focus on FTE, we have recruited **Anna Kempe** as our new **Chief People & Culture Officer**



# Recruitment of key management roles filled with highly experienced individuals



**Jens Melin**

**Chief Financial Officer (Interim)**

- Head of Group Accounting & Control at Hemnet for 3 years
- Previously Authorised public accountant at PwC and Group financial controller at Autoliv



**Peter Frey**

**Chief Technical Officer**

- 16 years of CTO experience
- Currently CTO at Genius Sports, with previous experience from similar roles at Betsson Group, Bonnier News and Aftonbladet, among others



**Anna Kempe**

**Chief People & Culture Officer**

- 20 years of HR experience
- Extensive experience from roles involving both HR and business responsibilities within companies such as Schibsted, Wise Group and Circle K

# Marketing update

## Guldhemmet

- Guldhemmet gala held in Stockholm City hall in May 2022, with **over 300 guests** from the real estate broker and property development industry
- Since inception, the Guldhemmet gala has established itself as the largest award ceremony, acknowledging the hard work and results from the property industry

## New Brand Platform

- During 1H 2022 we have invested in a new brand platform and creative concept that will be launched in September through a marketing campaign in Sweden's largest TV channel and other selected media channels
- We do this to remind users of our position as the top-of-mind property portal in Sweden, and the #1 preference for those looking to buy, sell or broker real estate in Sweden
- The brand platform will serve as the foundation for future marketing and branding initiatives in future years



# Financial Update

## Carl Johan Åkesson, CFO



# Financial highlights Q2 2022

**+27%**

**Net Sales**  
SEK 269.7m

**+34%**

**ARPL**  
SEK 3,163

**+31%**

**Adj. EBITDA**  
SEK 145.3m

**103%**

**Cash conversion**  
FCF/Adj. EBITDA

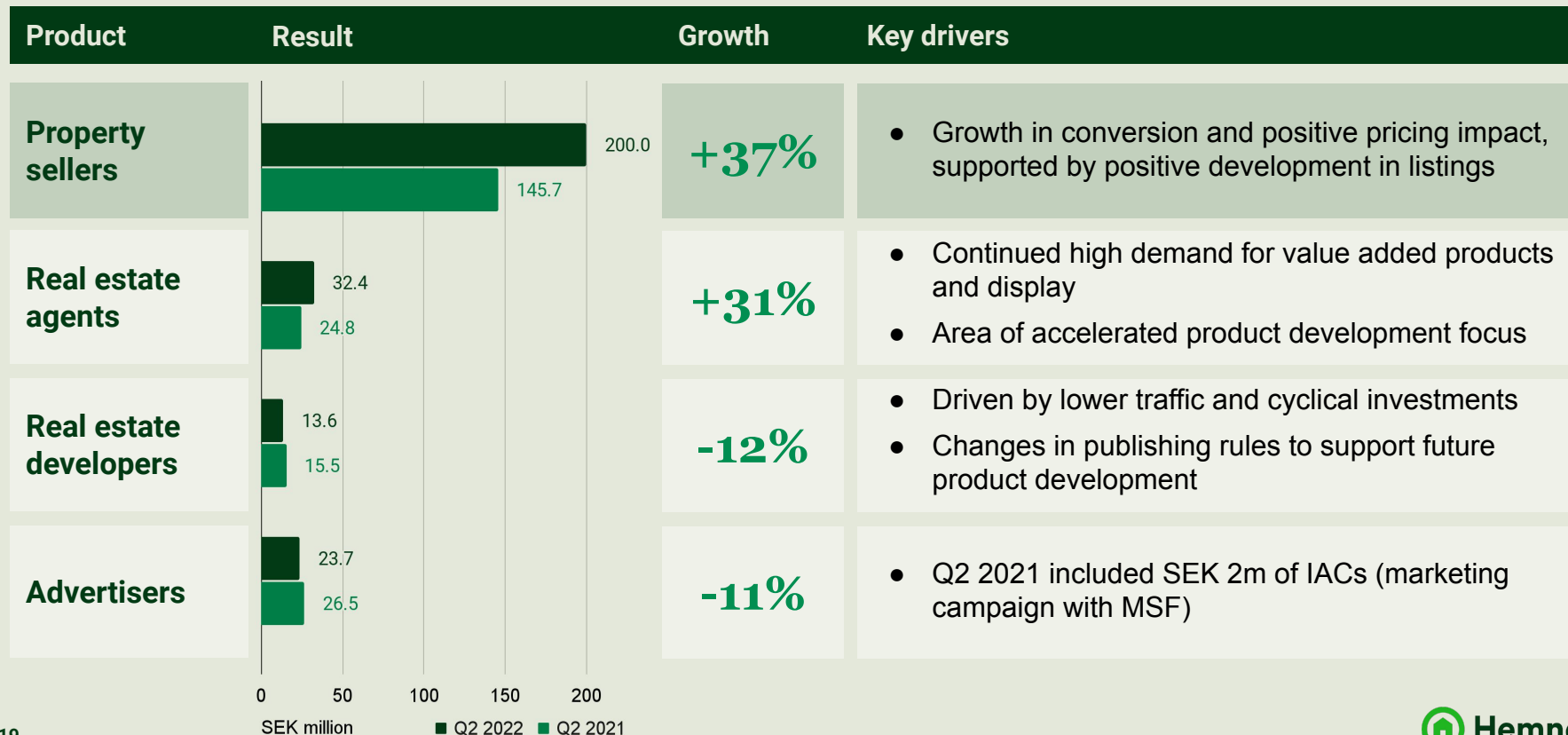
**+1.7pp**

**Adj. EBITDA margin**  
53.9%

**0.2x**

**Leverage**  
Net debt/Adj. EBITDA

# Net sales by customer category



# 31% growth in Adj. EBITDA driven by consistent growth in ARPL and operating leverage



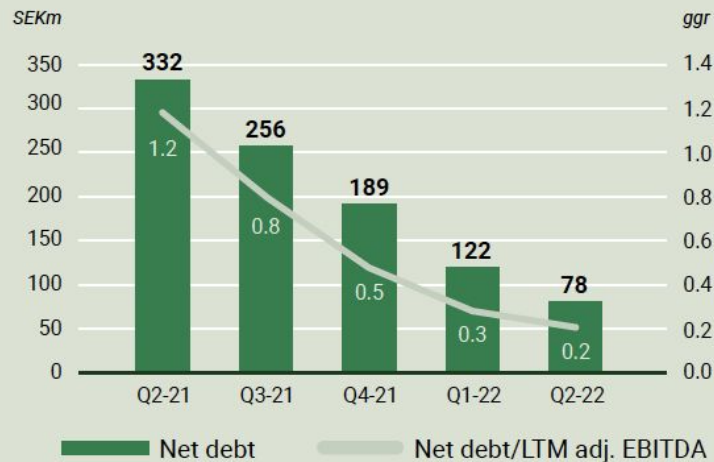
- A Net sales
- B Compensation to real estate agents
- C Other external expenses excl. comp. to real estate agents
- D Personnel costs
- E Other

- Continued strong growth in net sales, as a result of increasing average revenue per listing (ARPL) driven by strong growth in the sale of value-added services for seller's and price adjustments
- Compensation to real estate agents grows as i) volume of listings is higher, ii) more agents sign commission agreement and iii) conversion continues to increase
- Other external expenses growing mainly due to consultants within product and development
- We continue to invest in new and existing employees

# Small reduction in leverage, even after dividend payment and buybacks

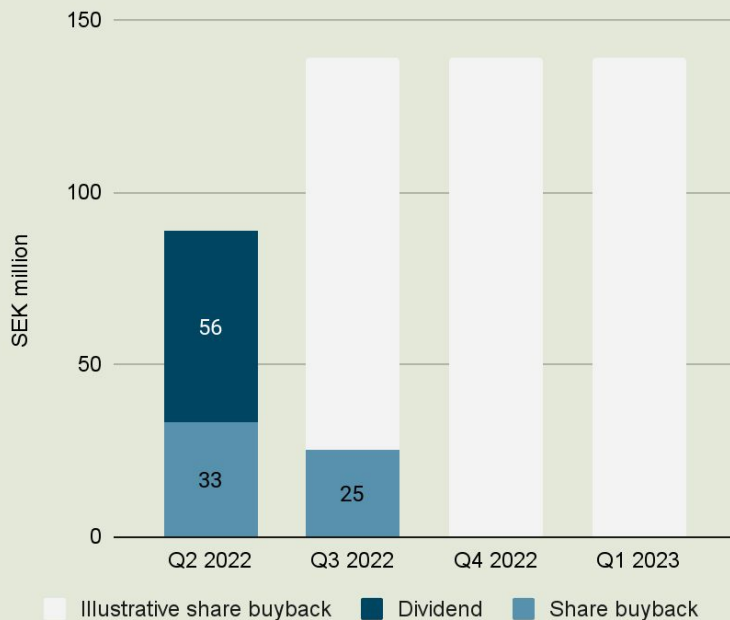
- **Leverage** decreased by 0.1x to 0.2x
- **Payment** of the dividend of SEK -55.6m and share buybacks of SEK -40.3m, whereof SEK -7.5m for the 2022/2025 Share savings program and SEK -32.8m for the SEK 450m share repurchase program
- **Cash and cash equivalents** amounted to SEK 138.2m (94.5)

## Financial position



*Historical development of the Group's net debt and net debt in relation to rolling twelve months adjusted EBITDA.*

# Hemnet is targeting a SEK 450 million buyback ahead of next AGM, in addition to the dividend



- Hemnet is targeting to buy back shares for a total of **SEK 450 million** up until the next AGM
- At the end of Q2, Hemnet has distributed a total of **SEK 89 million** back to shareholders (dividend + buybacks)
- **An additional SEK 25m** was bought back up until Friday 15th July

# Strong performance across all three financial targets

## Growth 15-20%



Hemnet aims to achieve annual net sales growth of 15-20 percent.

## Profitability 45-50%



Hemnet aims to achieve an adjusted EBITDA margin of 45-50 percent in the medium term.

## Leverage <2.0x



Hemnet aims to achieve a Net Debt to Adjusted EBITDA of less than 2.0x.



# Summary

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# Q&A



## Current situation

Hemnet invites analysts, investors and media to participate in the results presentation of the second quarter on 21 June 2022 at 10:00 CET. The results will be presented by CEO Cecilia Beck-Friis and CFO Carl Johan Åkesson. The presentation will be held in English, followed by a Q&A session. Participants are welcome to join via the link or phone, see details below.

**Sweden:** SE: +46 8 505 163 86 UK: +44 20 319 84884 US: +1 412 317 6300 Participant Entry Number: 3607709#

**Webcast link:** <https://tv.streamfabriken.com/hemnet-q2-2022>

## Financial calendar

**20 Oct 2022**

Interim financial report Q3 2022

**27 Jan 2023**

Year-end report 2022

## IR Contacts



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