

# Q1 2023

## Presentation of the interim report

Hemnet Group | 26 April 2023



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



# Present today



**Cecilia Beck-Friis**  
Chief Executive Officer



**Jens Melin**  
Interim Chief Financial Officer



**Nick Lundvall**  
IR Manager & Head of  
Corporate Development

# Quarterly summary

## Cecilia Beck-Friis, CEO



# Q1 2023 Summary

## Key financials

### Net sales growth

**5.8%**

(SEK 190.1m)

### Adj. EBITDA-margin

**45.9%**

(SEK 87.2m)

### ARPL growth

**38.2%**

(SEK 3,706)

## Highlights

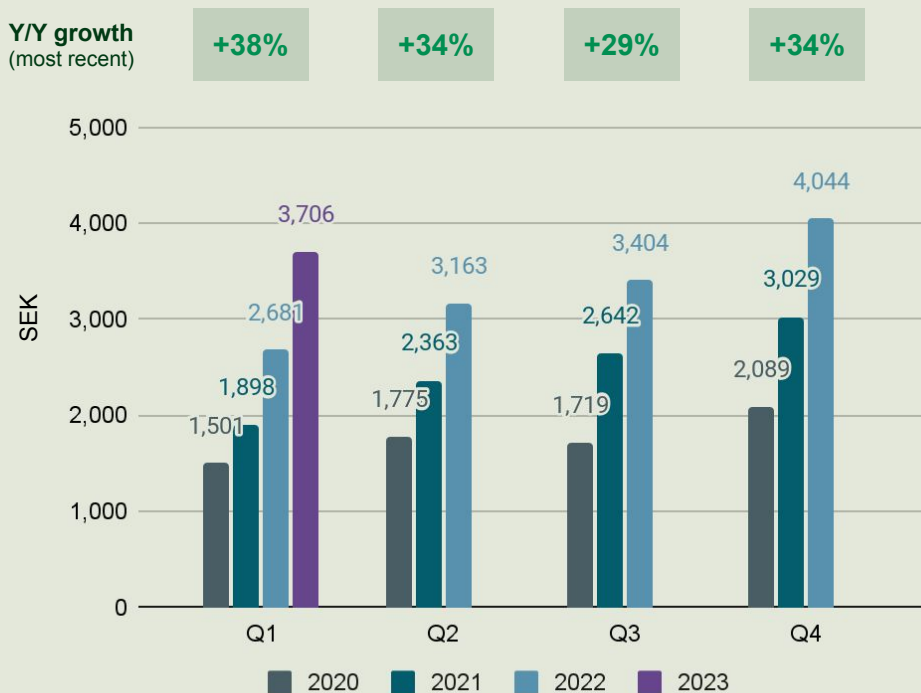
- Revenues from property sellers increased 11.7% despite a sharp 19.3% decline in newly published listings due to macroeconomic factors
- ARPL increased 38.2 % to SEK 3,706 (2,681), primarily driven by continued growth in demand for value-added services.
- Adjusted EBITDA increased by 2.0% to SEK 87.2 (85.5) million, resulting in an adjusted EBITDA margin of 45.9 percent (47.6). The lower growth rate is mainly explained by fewer listings combined with continued investments in product development.



**“Strong development for value-added services drives ARPL and revenue growth in challenging market conditions”**



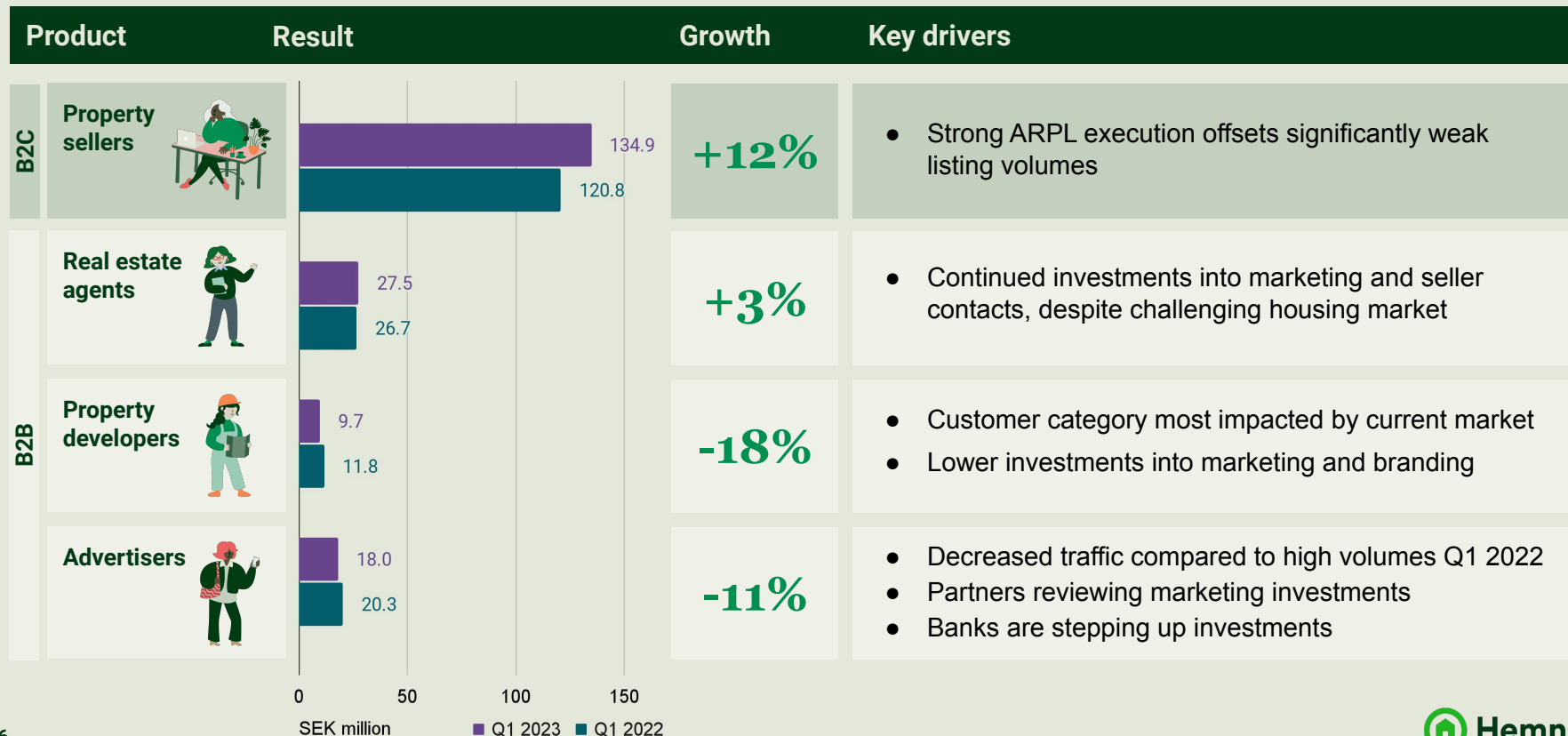
# Q1 ARPL growth of 38% offsets decline in listing volumes



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

- **Product:** positive contribution from changes in Renewal
- **Upgrades:** More and more consumers select a larger package for better exposure
- **Pricing:** Our pricing team regularly optimise the right balance in pricing our seller product portfolio

# 5.8% Growth in net sales



# Executing on the strategy: 2023 Product roadmap



## Engage consumers

Secure listing content

Content Discovery

Deeper personalised experience



## Grow sellers

Grow ARPL through product & pricing

Leverage agents VAS recommendations



## Transform B2B

Helping agents find sellers

VAS for property developers

# Product update

Cecilia Beck-Friis, CEO





# Product updates: Engaging consumers



## Secure listing content

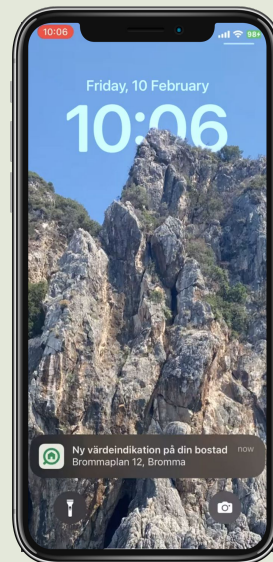
### Updated renewal rules

- Listings can be renewed after 30 days
- No need to remove listings from Hemnet for 23 days

### Testing pay after sale (graphic on right)

- Reducing entry barrier for sellers to be on Hemnet
- Sellers can select the most appropriate package without worrying about payment up-front

## Deeper personalised experience



My home valuation  
change notification

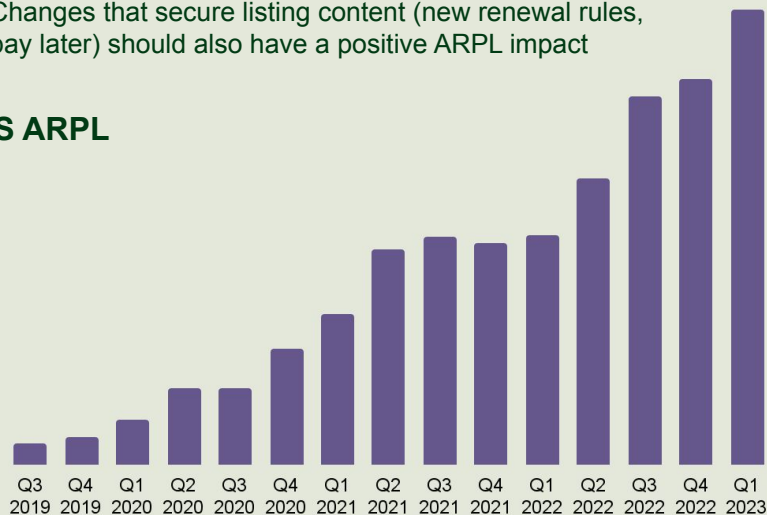
# Product updates: Grow sellers



## Grow ARPL through product & pricing

- Continued work with product, packaging and pricing across all seller products
- Changes that secure listing content (new renewal rules, pay later) should also have a positive ARPL impact

## VAS ARPL



## Leverage agent value-added services (VAS) recommendation

- New step in package selection flow that prompts sellers to reconsider if they select another package than the one recommended by their agent

### Listings with agent recommendations



### Sellers that upgrade after recommendations

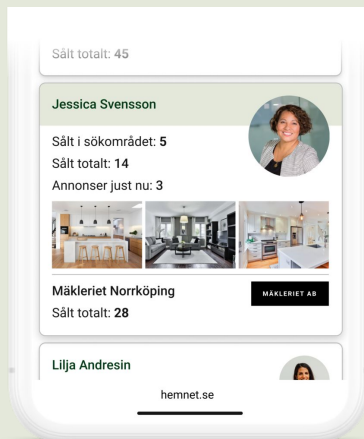


# Product updates: Transform B2B



## Helping agents find sellers

- Traffic to agent search continues to grow
- 30% more views to agents with “Syns mer för säljare (SMFS)”
- Conversion to SMFS growing
- Continued area of focus



## VAS for property developers

### Updated property developer subscription package

#### Previous

#### Updated

One time fee



SEK 2,000 per month

No renewal possible



Auto rotation to the top of the result list every c. 60 days

Plus & Premium available



Plus & Premium to be added

Fixed price for the project



Pay for the duration that a project is listed

Automated buying process for brokers, manual for developers



Fully automated buying process

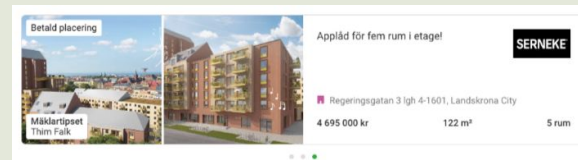
Paid admin fee



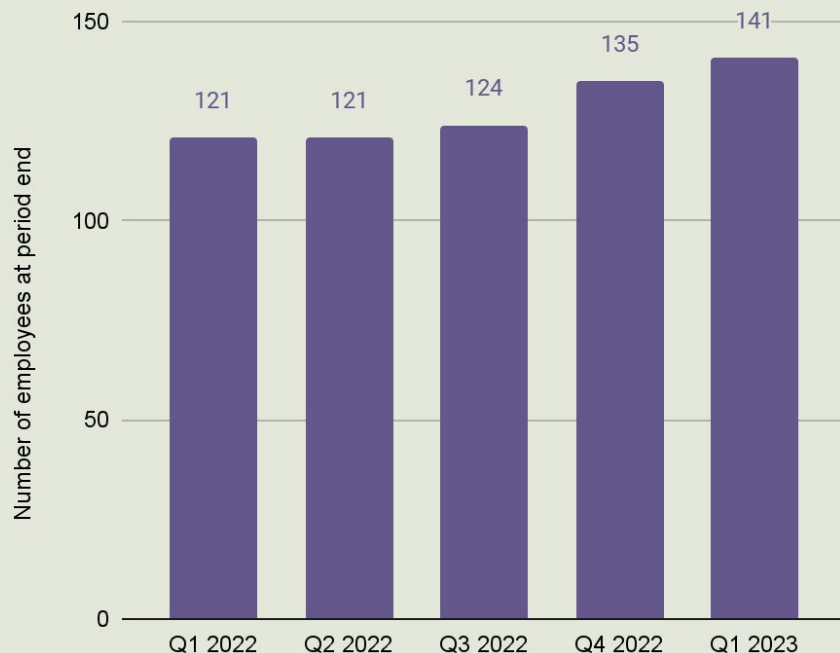
No admin fee

### Mäklartipset available for property developers

- In areas where Mäklartipset is not sold out, we have made it possible for property developers to buy the product



# We continue investing in product development talent to support our growth journey



- Modest quarter on quarter increase, significant year on year increase in number of employees
- Most Q1 joiners were signed in Q4 2022
- As previously communicated, we continue maintaining cost control, focusing on filling critical product and tech roles - an approach we consider appropriate for the current financial climate, despite Hemnet's strong business model and financial position
- Anders Örnulf joins on May 2nd as new CFO, replacing Jens Melin, who has served as interim CFO since August 2022. Anders Örnulf most recently served as Group CFO at SkiStar AB
- We are looking into how to best organize our commercial operations going forward, to optimize the strength of our talent and to leverage our investments in future growth.

# Market update

Cecilia Beck-Friis, CEO





# Interest rates & cost of living create uncertainty and hesitance in buyers and sellers

## Interest rates

- Where will rates peak, and when will they stabilize?



## Affordability

- When do I know how much price increases will affect my cost of living
- How will that affect my affordability?



Buyers &  
Sellers

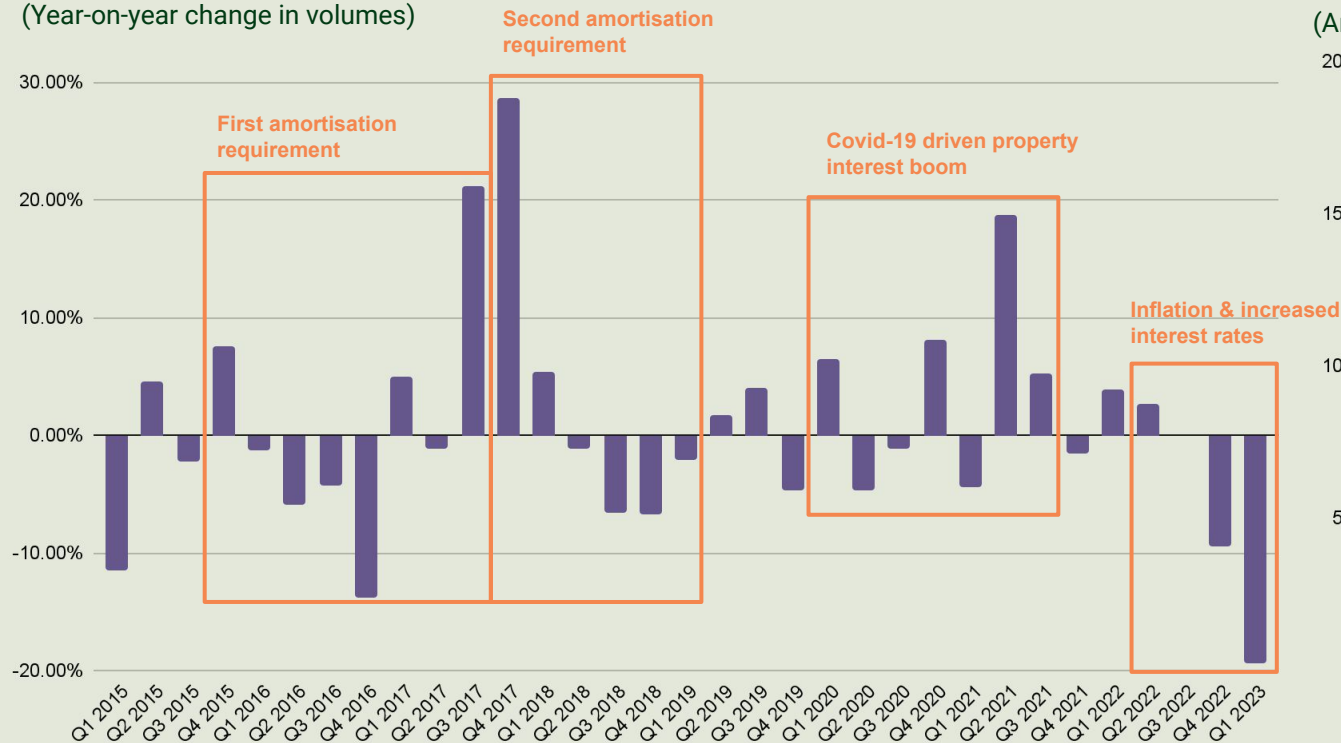


Listings and transactions  
are happening, but at  
lower volumes

# Despite quarterly fluctuations, the need to live means listing volumes are stable on annual basis

## Published listings

(Year-on-year change in volumes)



## Published listings

(Annual)



# We see a number of potential catalysts that could impact the market going forward

## Factor

Financial institutions expecting **rates to peak during 2023**

Significant number of **fixed mortgages up for refinancing during 2023**

**Asking prices and sale prices are converging**, listing durations are going down

Hemnet buyer's barometer showing the most **positive price expectations** since May 2022

## Potential impact

**Decreased uncertainty** around affordability and higher willingness to transact

An increased number of homeowners having to **relocate to manage costs**

Closer alignment on price expectations may lead to **more transactions**

# Through investments in product development and growth, we are ready when the market turns

## Consumers



- Maintaining Hemnet's position as the go to property portal
- Securing listing content

## Property sellers



- Product updates and pricing adjustments carry over into a normalised market

## Real estate agents



- Improving the agent search flow launched in 2022
- Continuing commercialisation of agent search flow

# Financial Update

## Jens Melin, Interim CFO





# Financial highlights Q1 2023

**+6%**

**Net Sales**  
SEK 190.1m

**+38%**

**ARPL**  
SEK 3,706

**+2%**

**Adj. EBITDA**  
SEK 87.2m

**98%**

**Cash conversion**  
FCF/Adj. EBITDA

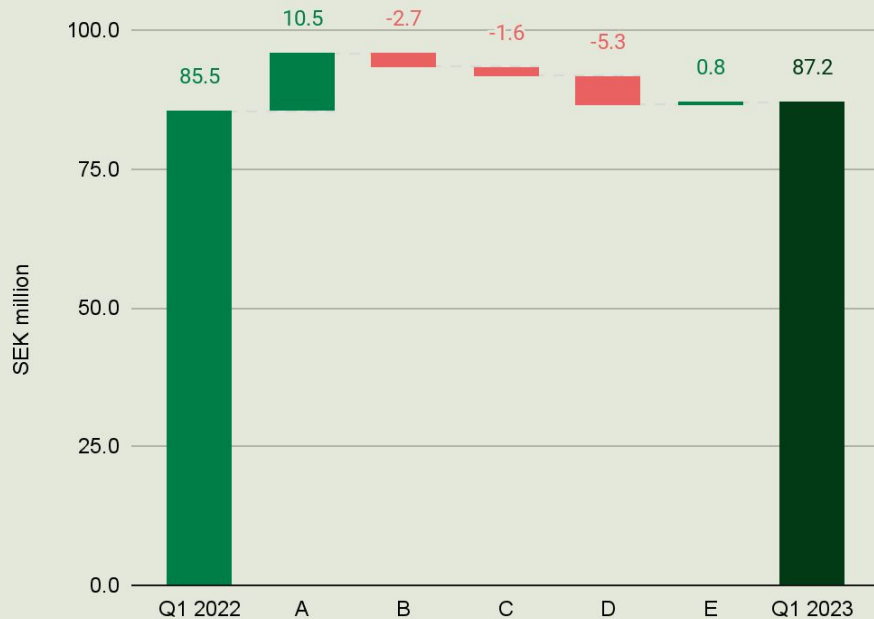
**-1.7pp**

**Adj. EBITDA margin**  
45.9%

**0.7x**

**Leverage**  
Net debt/Adj. EBITDA

# 2% growth in adj. EBITDA as we continue investing in the business during quarter with lowest activity

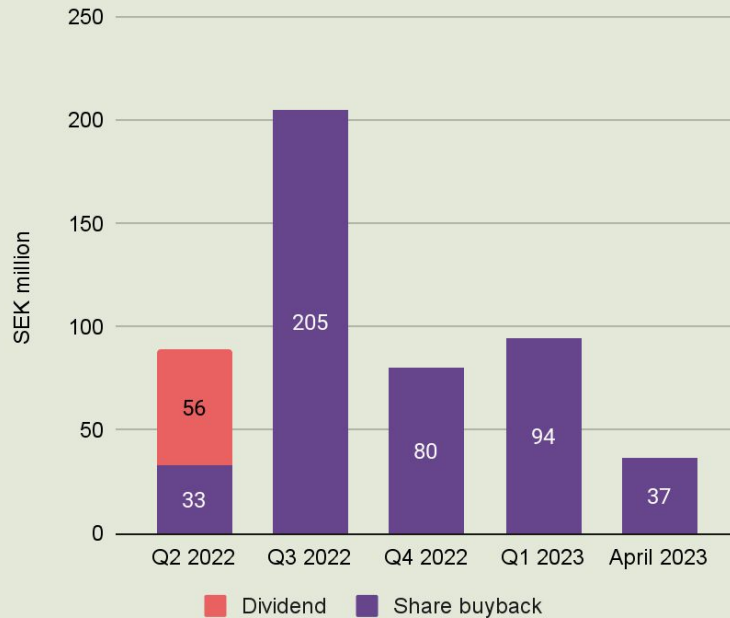


- Administration and commission expenses to real estate agents increased 7.7%, in line with increasing revenue from listing related services
- Other external expenses increased by 6.2% to SEK 25.6m (26.6), mainly due to rental cost for the new office and only minor increases in other opex following continued cost discipline
- Personnel costs increased by 14.0% to SEK 43.1m (37.8), as the company continued to invest in product development for future growth (+6 employees q/q: 141)

## Chart legend

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

# A total of SEK 449m returned through buybacks, and SEK 56m through dividends in 2022/2023

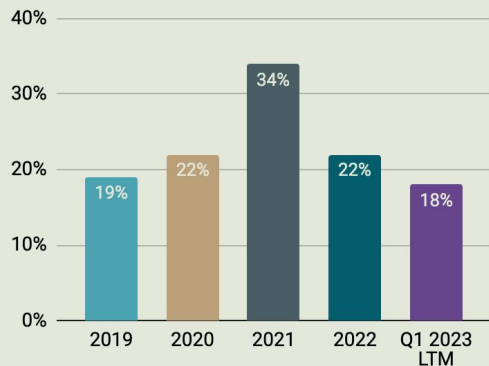


- A total of 3,057,549 shares were repurchased
- Average price per share for the buybacks was SEK 146.9
- SEK 449.2m spent under the buyback program ahead of the AGM in 2023
- A total of 2,780,428 shares will be redeemed at the 2023 AGM (the number of shares bought back at the time of the preparation of AGM materials, 15 March 2023). The remaining repurchased shares will be eligible for redemption at the 2024 AGM

# Financial results comfortably in target range, thanks to strong execution despite challenging market

Net sales growth target

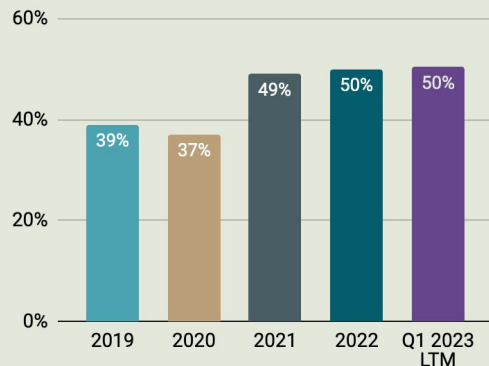
**15-20%**



Adj. EBITDA target

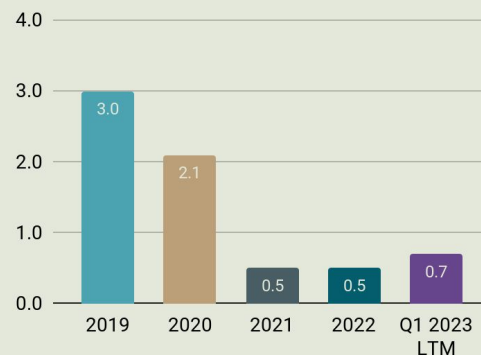
**>55%**

(Long-term, 45-50% for 2023)



Leverage target

**<2.0x**





# Summary

## Cecilia Beck-Friis, CEO



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**“Strong development for value-added services drives ARPL and revenue growth in challenging market conditions”**

# Q&A



## Dial-in instructions

Hemnet invites analysts, investors and media to participate in the results presentation of the first quarter on 26 April 2023 at 10:00 CET. The results will be presented by CEO Cecilia Beck-Friis and Interim CFO Jens Melin. 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/46449>

## Financial calendar

<b>27 Apr 2023</b>	Annual general meeting
<b>19 Jul 2023</b>	Interim report Q2 2023
<b>25 Oct 2023</b>	Interim report Q3 2023

## IR Contacts



### Jens Melin

Interim CFO  
+46 709 99 33 59  
[jens.melin@hemnet.se](mailto:jens.melin@hemnet.se)



### Nick Lundvall

IR Manager  
+46 761 45 21 78  
[nick.lundvall@hemnet.se](mailto:nick.lundvall@hemnet.se)



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