



Q3 2022

Presentation of the interim report

Hemnet Group AB | 20 October 2022

Present today



Cecilia Beck-Friis

Chief Executive Officer



Jens Melin

Interim Chief Financial Officer



Nick Lundvall

IR Manager & Head of
Corporate Development

Please submit any questions to: ir@hemnet.se

Highlights

Cecilia Beck-Friis, CEO



Quarterly highlights

Key financials

Net sales growth

+22.0%
(SEK 238.9m)

ARPL growth

+28.8%
(SEK 3,404)

Adj. EBITDA-margin

53.8%

Highlights

- Strong results driven by continued successful execution of strategy
- Strong demand for value-added services drives ARPL up 28.8%, while number of published listings is up 0.2%
- Adj. EBITDA-margin increased 1.6 p.p to 53.8%, and adj. EBITDA increased by 25.6% to SEK 128.5m
- Revenue from business partners and other customers up 5.9% (9.0% excluding IAC) due to continued investments in brand building products
- 1.9m shares have been repurchased since the launch of the buyback program (SEK 262m)

“Increased revenue and adjusted EBITDA, driven by strong demand for our value-added services for property sellers as well as products for business partners”



Market and business update

Cecilia Beck-Friis, CEO



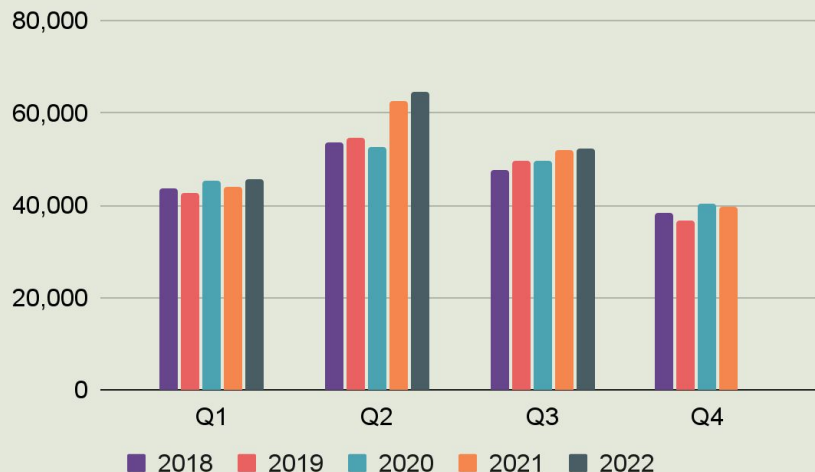
New listings remain at higher levels than last year for every quarter in 2022

Q3 listings were up 0.2% year on year...

...With somewhat slower growth in Q3

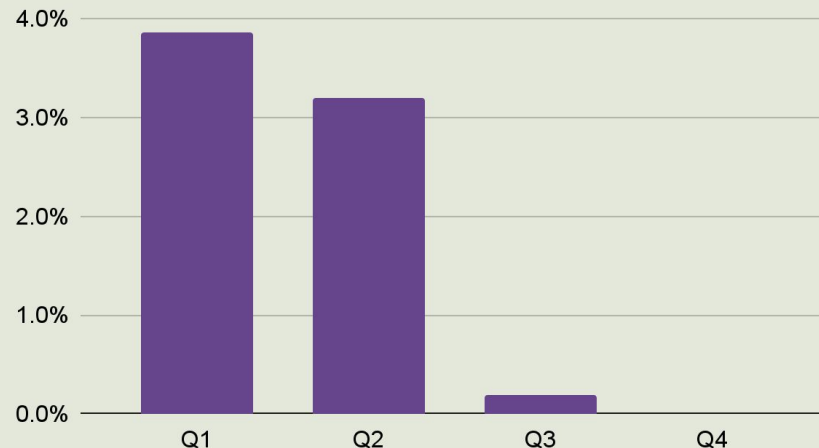
Published listings

(Paid published listings on Hemnet)

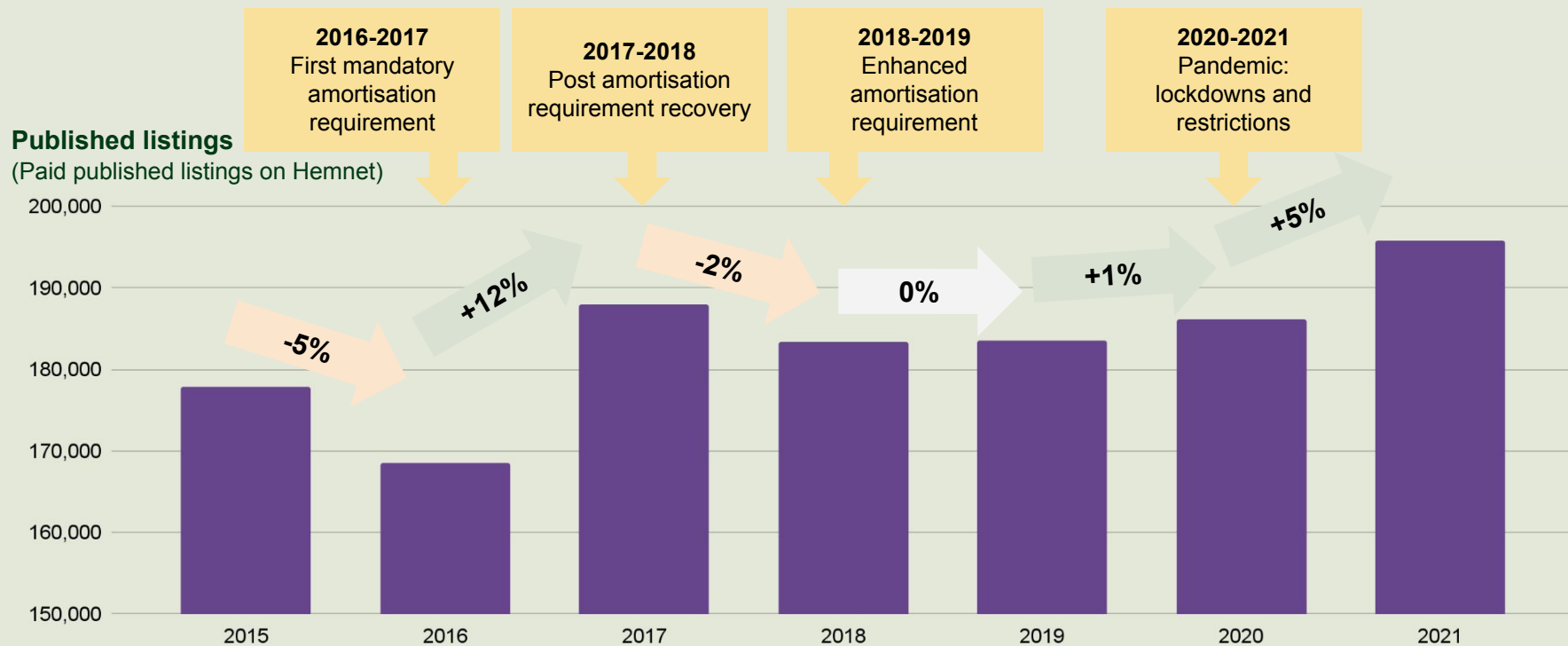


Published listings

(Paid published listings, year-on-year change)



Despite short term shocks to the market, it remains stable over time (2% CAGR)



Despite a clear buyer's market, asking prices are still holding up (but sale prices are down)

It is taking longer to sell apartments and price expectations are at a record low...

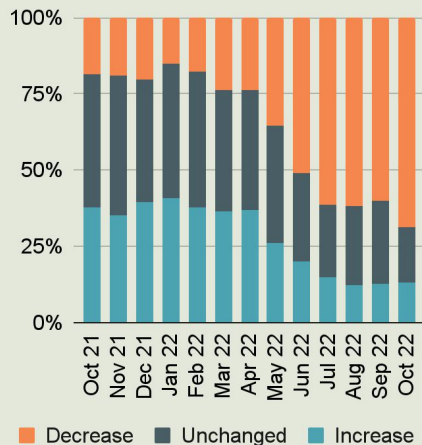
...But property asking prices are increasing, despite the bidding premium going to 0

Listing duration
(apartment)



Median time between publication and sale of an apartment listing on Hemnet

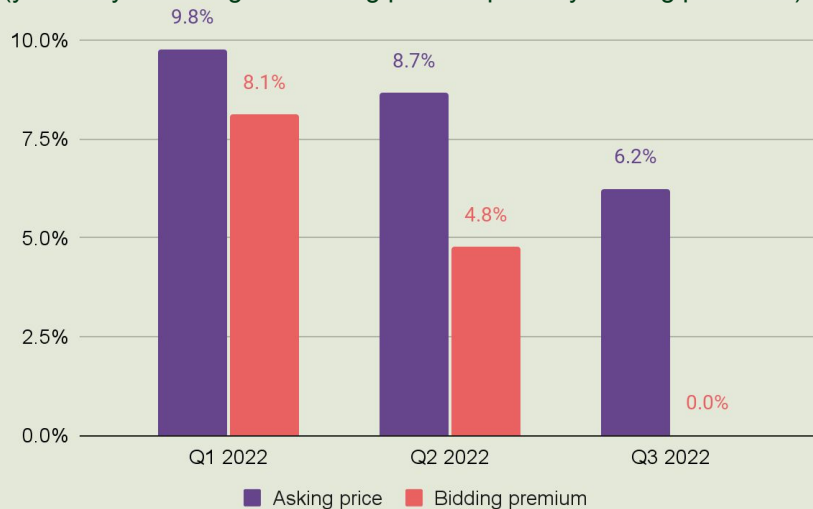
Price expectations



Survey on Hemnet.se of prospective buyer's expectations for property prices in six months

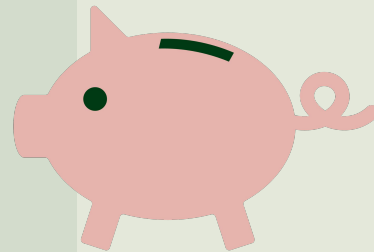
Asking price and bidding premium

(year-on-year change for asking price & quarterly bidding premium)



Hemnet is holding up well to the key challenges that a softer market presents

	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 expected price for their property	Decreased property prices could impact Hemnet's revenue potential	Increased cost of borrowing for Hemnet
Mitigant	<p>YTD transactions down 11% vs. 2021 (hot year), but in line with 2020</p> <p>Listings up 2% YTD</p> <p>Hemnet is paid on listings, not transactions</p>	<p>Q3 asking prices are up 6% year over year - but bid premium is at 0</p> <p>A listing on Hemnet averages 19 more views than on #2 platform</p>	ARPL is up 29% as sellers compete for buyer's attention through exposure on Hemnet	Leverage at 0.4x means no significant increase in financing cost



Q3 ARPL up 28.8% to SEK 3,404 despite challenging market

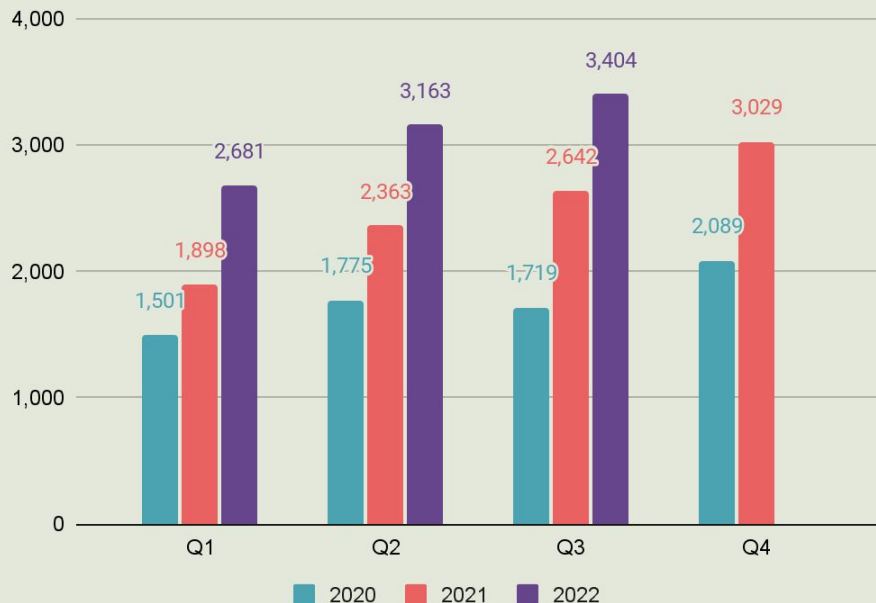
Q/Q growth
(most recent)

+41%

+34%

+29%

+45%

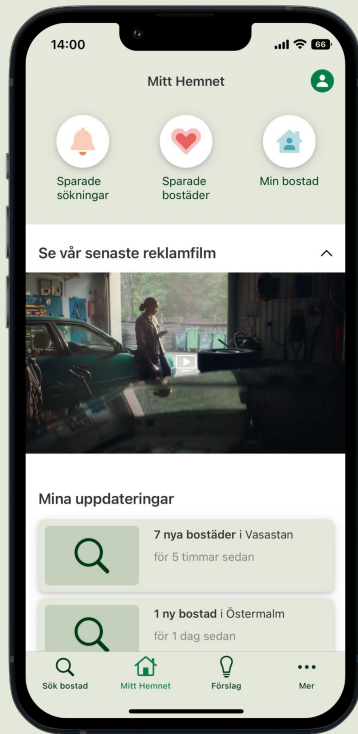


ARPL growth driven by strong demand for value-added services

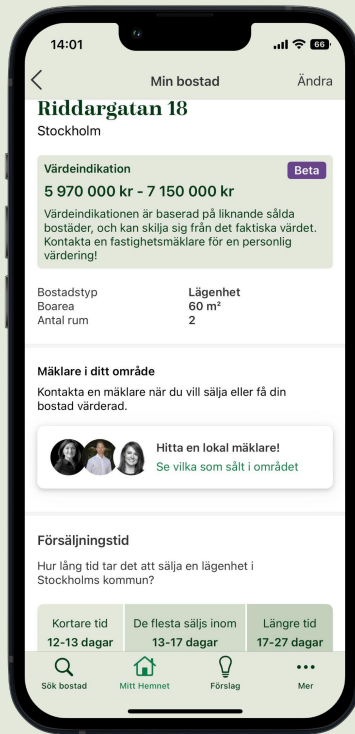
- **Product:** Improving the purchasing flow
- **Conversion:** Some conversion impact driven by lower volumes in major cities (where competition tends to be higher)
- **Pricing:** Our pricing team regularly optimise the right balance in pricing our seller product portfolio

Launch of “My Home” in apps gives users more reasons to visit Hemnet

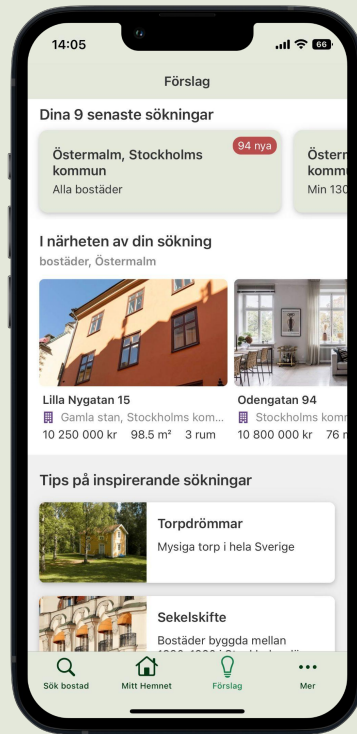
New customised home screen



Valuation and sale duration expectations



Relevant properties feed



Developing relevant products for business partners that leverage Hemnet's market position



Real estate agents

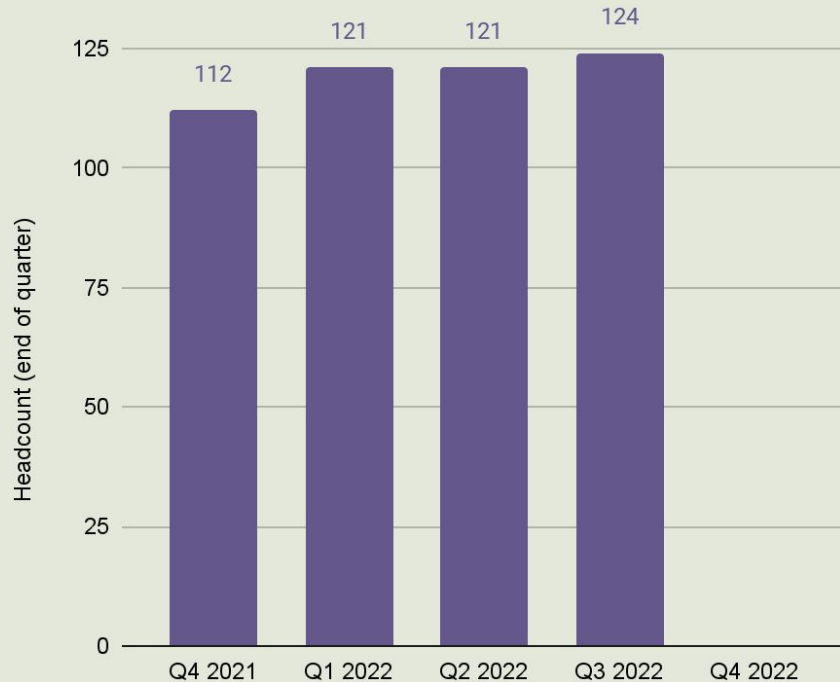
- **Connecting sellers and brokers:** driving awareness and traffic to agent search page. Continuing improving the product & increasing awareness
- Preparing for **Mäklartipset** launch in Q4 2022



Property developers

- **Renew listing:** all brokers and property developers without an annual contract can now buy renewals of new construction units to get more visibility in the result list
- **Project pages** are receiving a makeover, both the design and business model

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



- We invest in talent in a scalable way to ensure adequate resources through which we execute our strategy and business plan
- Adding a mix of developer, product and developer management roles
- Slower recruitment pace persists
- Increased investments in consultants to help drive growth, while also recruiting for permanent roles



New brand campaign “Vägen Hem” launched

- On September 19th, Hemnet's first brand campaign in many years went live
- Main distribution channels were TV4, social media and Hemnet's internal channels
- Purpose of the campaign is to i) remind users of the value Hemnet creates and to ii) establish a brand platform for future communication
- We intend to continue investing in marketing in a sustainable way

Link to press release and video:

<https://www.hemnetgroup.se/en/media/press-releases/2022/hemnet-launches-new-brand-concept---the-way-home/>



Financial Update

Jens Melin, Interim CFO



Financial highlights Q3 2022

+22%

Net Sales
SEK 238.9m

+29%

ARPL
SEK 3,404

+26%

Adj. EBITDA
SEK 128.5m

104%

Cash conversion
FCF/Adj. EBITDA

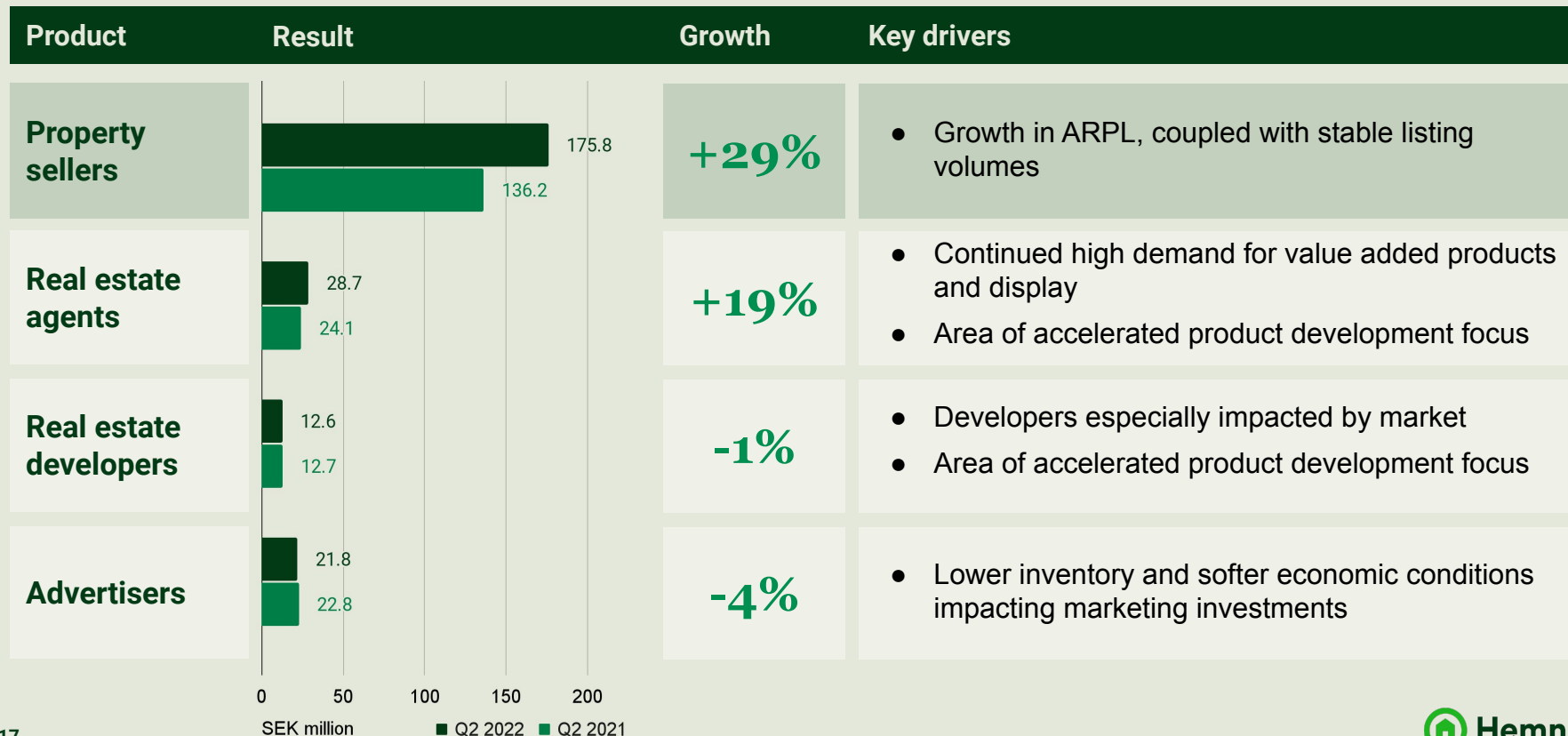
+1.6_{pp}

Adj. EBITDA margin
53.8%

0.4_x

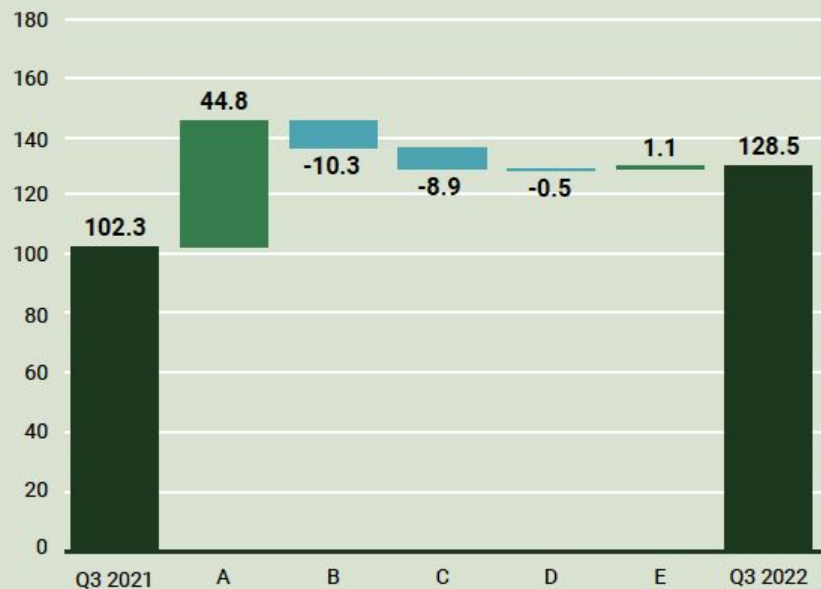
Leverage
Net debt/Adj. EBITDA

Net sales by customer category



26% growth in Adj. EBITDA driven by consistent growth in ARPL and operating leverage

SEKm

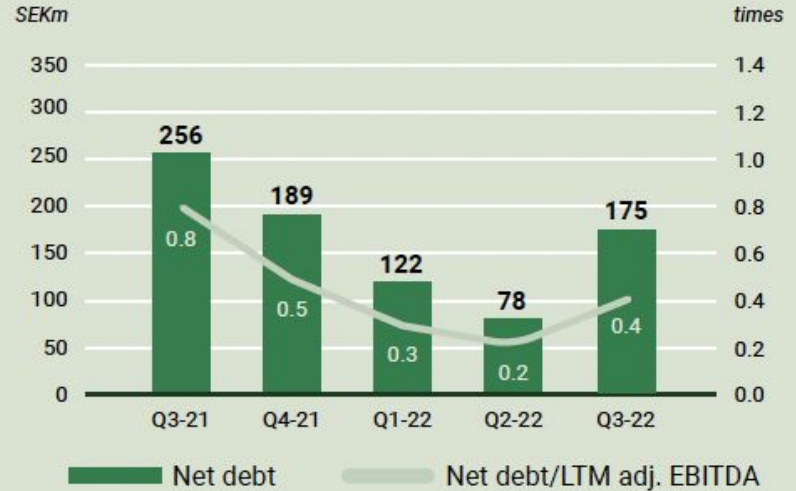


- A Net sales
- B Compensation to real estate agents
- C Other external expenses excl. comp. to real estate agents
- D Personnel costs
- E Other

- 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 and brand campaign
- We continue to invest in talent

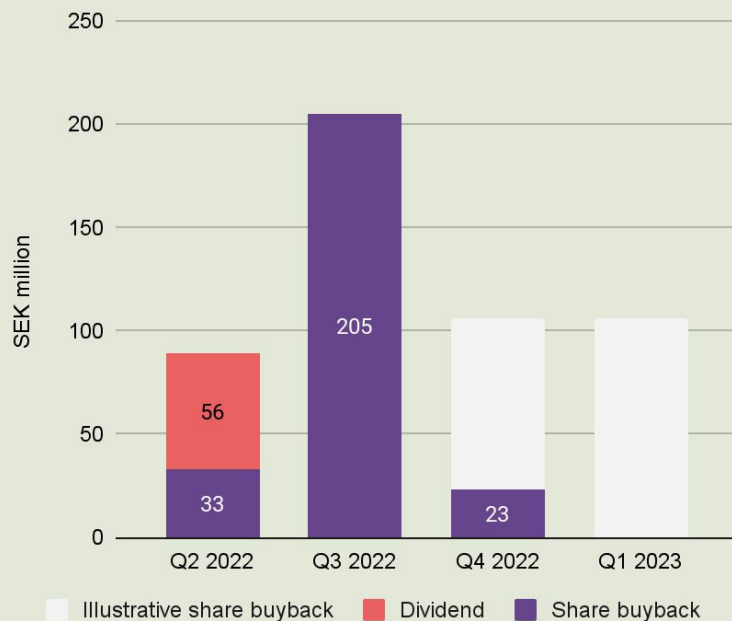
Small increase in leverage driven buy share buyback program

- **Leverage** increased from 0.2x to 0.4x
- **Cash and cash equivalents** amounted to SEK 124.0m (94.5)
- **Net debt** amounted to SEK 175.1m (188.6)
- **Cash conversion** of 103.8%



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

Targeting a SEK 450m buyback ahead of next AGM, in addition to the dividend



- Hemnet is targeting to buy back shares for a total of **SEK 450m** up until the next AGM
- At the end of Q3, Hemnet has distributed a total of **SEK 294m** back to shareholders (dividend + buybacks)
- **An additional SEK 23.1m** was repurchased between the end of Q3 and 17 October, 2022
- Share buybacks shown **exclude 57,200 shares** earmarked for the 2022/2025 Share Savings Program

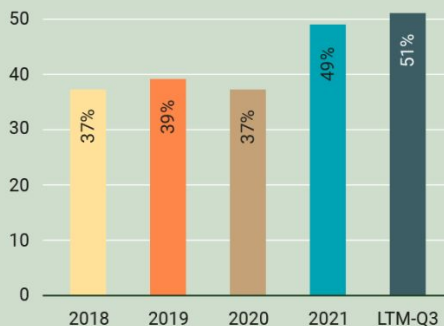
Results in excess of financial targets

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

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 third quarter on 20 October 2022 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 link or phone, see details below.

Sweden: +46850558354 **UK:** +443333009271 **US:** +16467224904

Webcast link: <https://financialhearings.com/event/44118>

Financial calendar

27 Jan 2023

Year-end report 2022

26 Apr 2023

Q1 2023 report

27 Apr 2023

Annual general meeting

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