

# Q2 2023

Healthy  
profitability  
in a challenging  
market



**embellence**  
GROUP

  
BORÅSTAPETER

  
Cole & Son  
ESTD 1829

Wall & decò

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ARTSCAPE  
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BORÅS TAPETFABRIK

## Today's presenters



Olle Svensk, CEO  
Embellence Group since  
2016



Karin Lidén, CFO  
Embellence Group since  
2023



Embellence Group  
acquires, owns and  
develops strong  
brands  
in wallpaper, textiles,  
rugs and other  
interior decoration.

## This is Embellence Group

### Mission

Embellence Group's mission is to contribute to a more beautiful and more inspiring everyday life.

### Vision

Embellence Group will be a leading House of Brands in interior decoration with a focus on premium brands in wallpaper, textiles, rugs and other interior decoration. Embellence Group will drive development in a changing wallpaper and interior decoration market.



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# Highlights Q2

- Consumer demand remains challenging, especially in Northern Europe.
  - Net sales amounted to MSEK 169.9 (189.9), down 10.5%, where of currency effect +3.2%
- Good profitability due to streamlining, price increases and cost control.
  - Adjusted EBITA amounted to MSEK 18.4 (24.4)
- Inflationary pressure on input material remains on a high level versus last year. However – prices have started to come down.
- Continued focus on cost control
  - Savings from 2022 program being delivered, MSEK 9 on full year basis.
  - Further efficiency improvements made; additional measures cannot be ruled out



# Key figures

	Q2 2023	Q2 2022	FY 2022
Net sales (MSEK)	169.9	189.9	720.1
EBITA (MSEK)	15.2	22.1	88.5
EBITA margin (%)	8.9	11.6	12.3
Adjusted EBITA (MSEK)	18.4	24.4	102.6
Adjusted EBITA margin (%)	10.8	12.9	14.3
Net profit for the period	-2.2	2.0	57.4
Operating Cash flow	12.2	26.5	107.9

## Net sales

Net sales for the quarter amounted to MSEK 169.9 (189.9), down 10.5 % compared with the year-earlier period. Driven mainly by decreased sales to in Nordics

## Adjusted EBITA

Adjusted EBITA for the quarter amounted to MSEK 18.4 (24.4) which corresponds to a margin of 10.8%. Despite the lower sales, the margin remains double digit thanks to price increases, cost-savings programme and tight cost control.

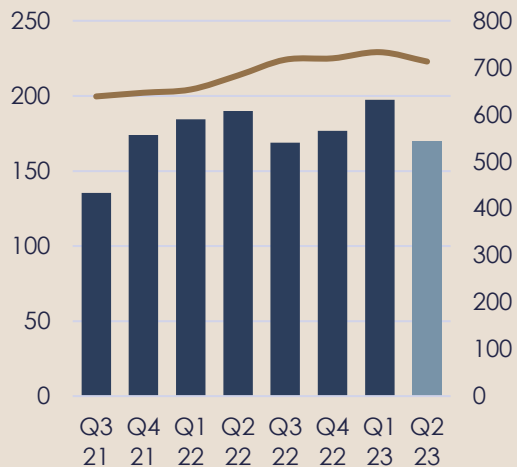
## Operating cash flow

Operating cash flow was MSEK 12.2 a decrease compared to same quarter last year. The main reason is the lower EBITA level and negative change in the working capital. Inventory has increased, mainly to prepare for holidays and launches planned for Q3.

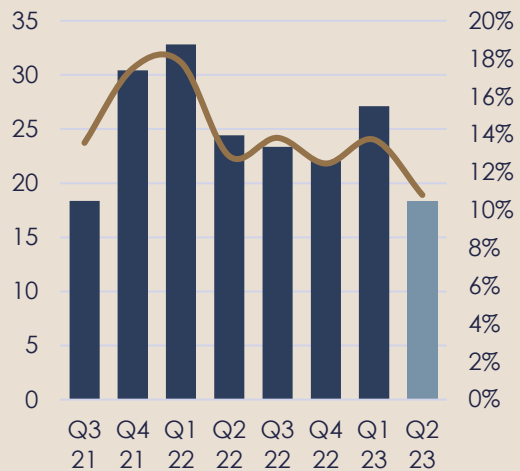


# Key figures

### NET SALES AND R12 (MSEK)



### ADJ. EBITA (MSEK) & ADJ. EBITA-MARGIN (%)



# 69%

Share of premium  
Q2 2023

Nordics:

## Weak consumer demand

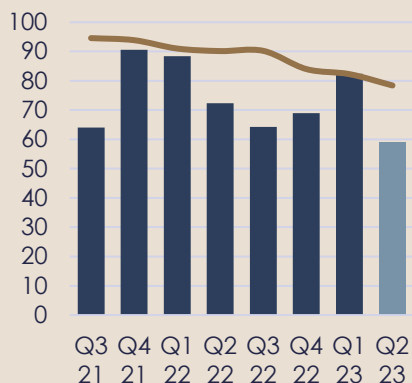
- Net sales 58.9 MSEK (72.3)
  - Weak in demand in all Nordic countries
- Adjusted EBITA 3.8 MSEK (6.8)
  - Mainly due to lower sales volume
  - Lower operational costs thanks to the cost-savings programme in Sweden, but also tight cost control.

35%  
Share of  
total sales

35%  
Share of  
premium

	Q2 2023	Q2 2022	FY 2022
Net sales (MSEK)	58.9	72.3	294.0
Adjusted EBITA (MSEK)	3.8	6.8	35.6
Adjusted EBITA margin (%)	6	9	12

NET SALES AND R12 (MSEK)



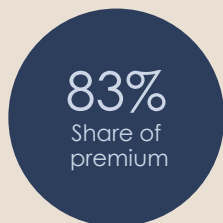
ADJ. EBITA (MSEK) & ADJ. EBITA-MARGIN (%)



Europe:

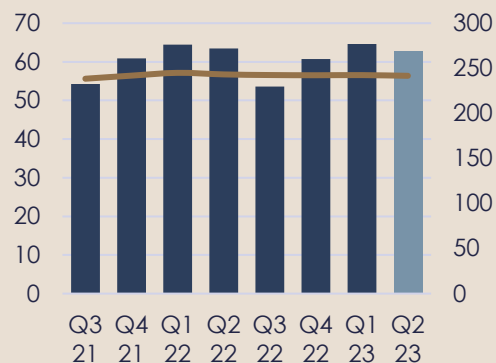
## Stable demand and increased adjusted EBITA

- Net sales 62.7 MSEK (63.4)
  - Almost on par with last year, but mixed picture.
  - Continued strong growth in Switzerland
  - Stable development in UK, Italy and Poland, weaker in Germany and France
- Adjusted EBITA 10.0 MSEK (9.5)
  - Thanks to sales mix and implemented cost savings

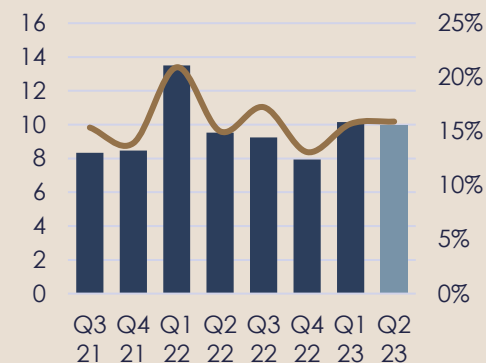


	Q2 2023	Q2 2022	FY 2022
Net sales (MSEK)	62.7	63.5	242.2
Adjusted EBITA (MSEK)	10.0	9.5	40.2
Adjusted EBITA margin (%)	16	15	17

NET SALES AND R12 (MSEK)



ADJ. EBITA (MSEK) & ADJ. EBITA-MARGIN (%)





Rest of World:

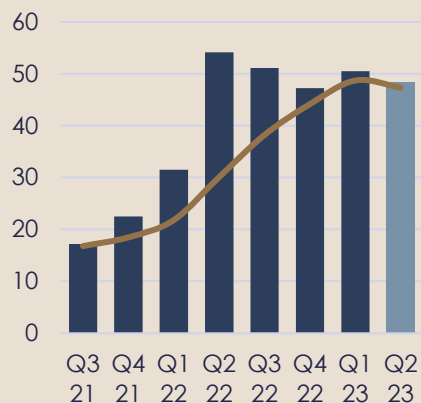
## Decreased sales, but large differences between brands

- Net sales 48.3 MSEK (54.1)
  - Sales down 10.7 %
  - Weak development in US, but mixed between brands
  - Several other countries positive such as Mexico, China and New Zealand
- Adjusted EBITA 4.6 MSEK (8.1)
  - Negative impacted by weak net sales

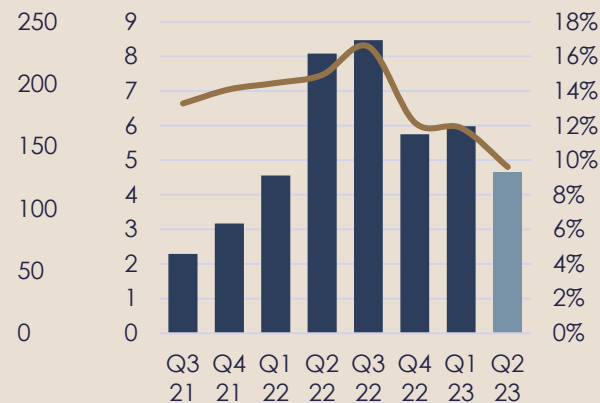


	Q2 2023	Q2 2022	FY 2022
Net sales (MSEK)	48.3	54.1	183.9
Adjusted EBITA (MSEK)	4.6	8.1	26.8
Adjusted EBITA margin (%)	10	15	15

NET SALES AND R12 (MSEK)



ADJ. EBITA (MSEK) & ADJ. EBITA-MARGIN (%)



# Financial targets



NET SALES GROWTH  
SEK 1.2bn

OUTCOME

Q2 2023:  
MSEK 169.9

FY 2022:  
MSEK 720.1



EBITA MARGIN  
 $\geq 15\%$

OUTCOME

Q2 2023:  
8.9%

FY 2022:  
12.3%



LEVERAGE  
 $< 2.5x$   
Net Debt/EBITDA incl. IFRS effects

OUTCOME 30 JUNE 2023

2.4x incl.  
IFRS effects

2.1x excl.  
IFRS effects



DIVIDEND POLICY  
30-50%  
of the profit for the period

DIVIDEND 2022

0.8 SEK/share



## Summary

- Consumer demand remains challenging, especially in Northern Europe.
- Good profitability due to streamlining, price increases and cost control.
- Continued growth in own e-commerce channel.
- Continuing focus on cost control - expected savings of approx. MSEK 9 on full year basis.
- Further initiatives cannot be ruled out.
- Inflationary pressure on input material remains on a high level versus last year. However – prices have started to come down.
- Focus 2023 on profitability, stable cash flow and resilient balance sheet.
  - Streamlining and cost control
  - Increased cooperation between the brands
  - Strategic review of Wall&decò

→ We're building a high-quality company fuelled by passion and professionalism





Q & A

embellence  
GROUP



THANK YOU!