



# Bond investor update

November 2019



euroflorist

# Presenting today



**Per Lindsjö**  
CEO  
*~2 years at Euroflorist*





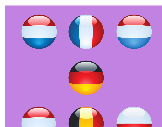
**Jörgen Ekberg**  
Managing partner  
Litorina  
*Euroflorist's Chairman  
of the board*

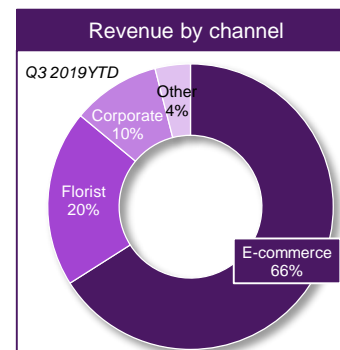
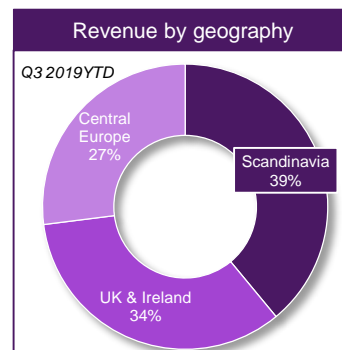
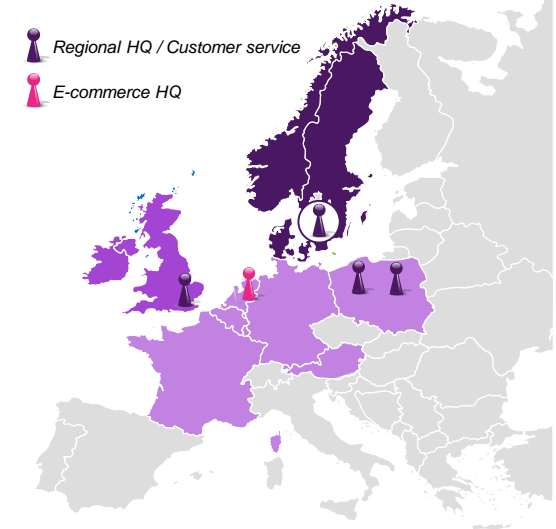
# Euroflorist at a glance – the leading pan-European flower gift company

## Comments

- Established 1982 in Sweden, Malmö
- Leading e-commerce flower gift business with operations in 12 countries
- Unique distribution network through associated florist shops providing same day delivery capabilities
- >2,000,000 orders per year and interaction with 4,000,000 customers and receivers
- Track-record of long profitable e-commerce growth
- Proprietary IT and web platform across all countries
- Scalability and best practice within e-commerce across the geographies

## Pan-European presence spanning 12 countries

Country	Business unit	# of orders <sup>1</sup>	Market position <sup>2</sup>
	Scandinavia	~720k	#2
	UK & Ireland	~750k	#2
	Central Europe	~580k	#4



**SEK ~1bn**  
Q3 19' LTM revenue

**SEK 284m**  
Q3 19' LTM gross profit

**SEK 58m**  
Q3 19' LTM EBITDA

**~80%**  
of GP from e-commerce

**>35**  
years history

**~150**  
employees in 5 offices

# Recent events

*Recent company events update:*

New CEO

Reorganised geographical approach

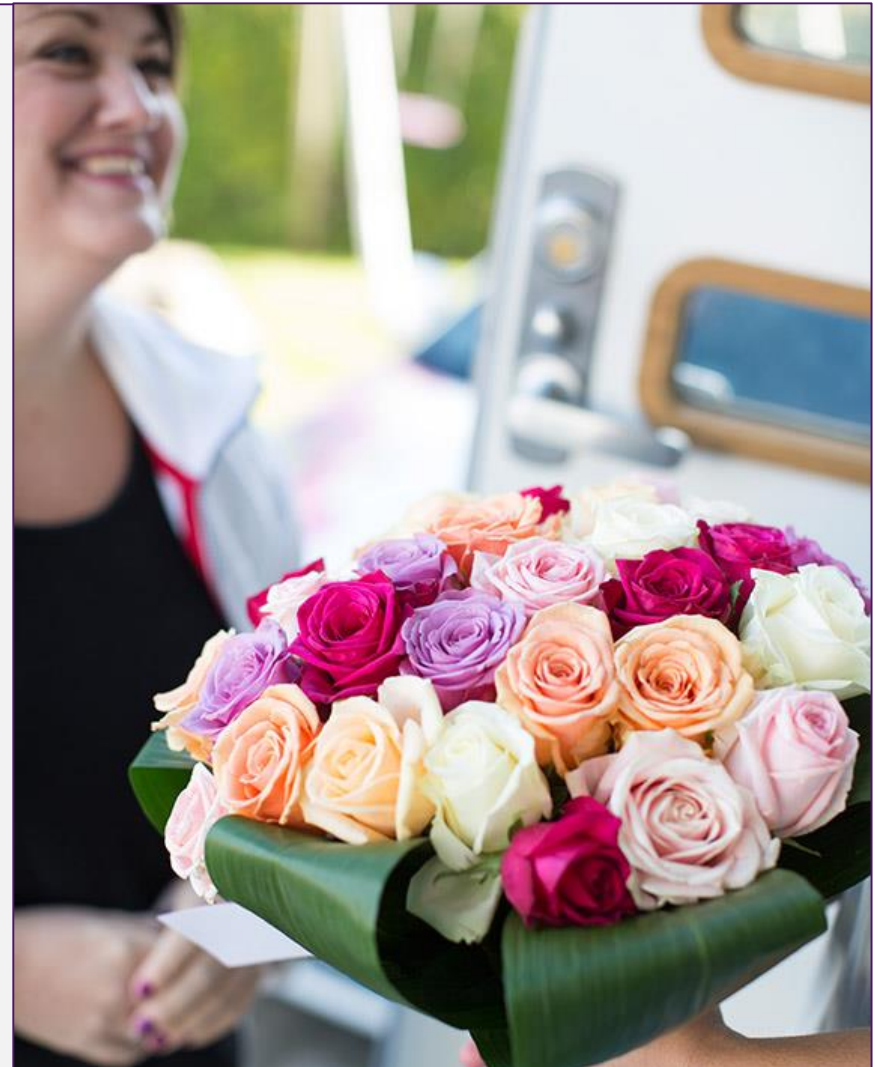
*Regional responsibility – reduced headcount*

Focus on increased accountability across the organisation

*Management seminars - Management training  
- increased transparency*

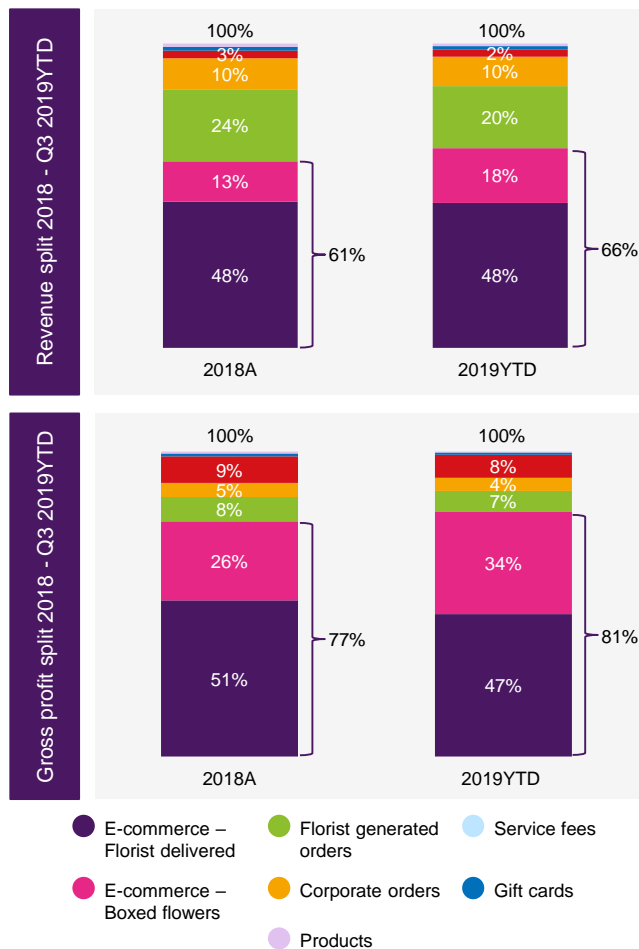
New organisational spirit

*Clarity - Simplicity - Team work*



# Diversified, but increasingly online-focused, revenue and profit streams

## Euroflorist's principle revenue streams



### Revenues generated from consumers and corporate customers

**E-commerce Florist delivered**

- Flower orders generated online or through a mobile phone
- Flowers delivered by florists in Euroflorist's network
- Flowers can be delivered the same day

**E-commerce Boxed flowers**

- Flower orders generated online or through a mobile phone
- Orders delivered by a box supplier
- Flowers can be delivered the next day

**Florist generated orders**

- Flower orders generated through a florist and delivered by a florist

**Corporate orders**

- Flower orders from companies and white-label partners
- Order can be delivered by florists or through box supplier

### Revenues generated from florists<sup>1</sup>

**Service fees**

- Fees paid by florists to be part of the Euroflorist network

**Gift cards**

- Sale of gift cards to florists that can be resold to consumers and redeemed at any Euroflorist florist
- Gift cards are also sold directly to corporate customers

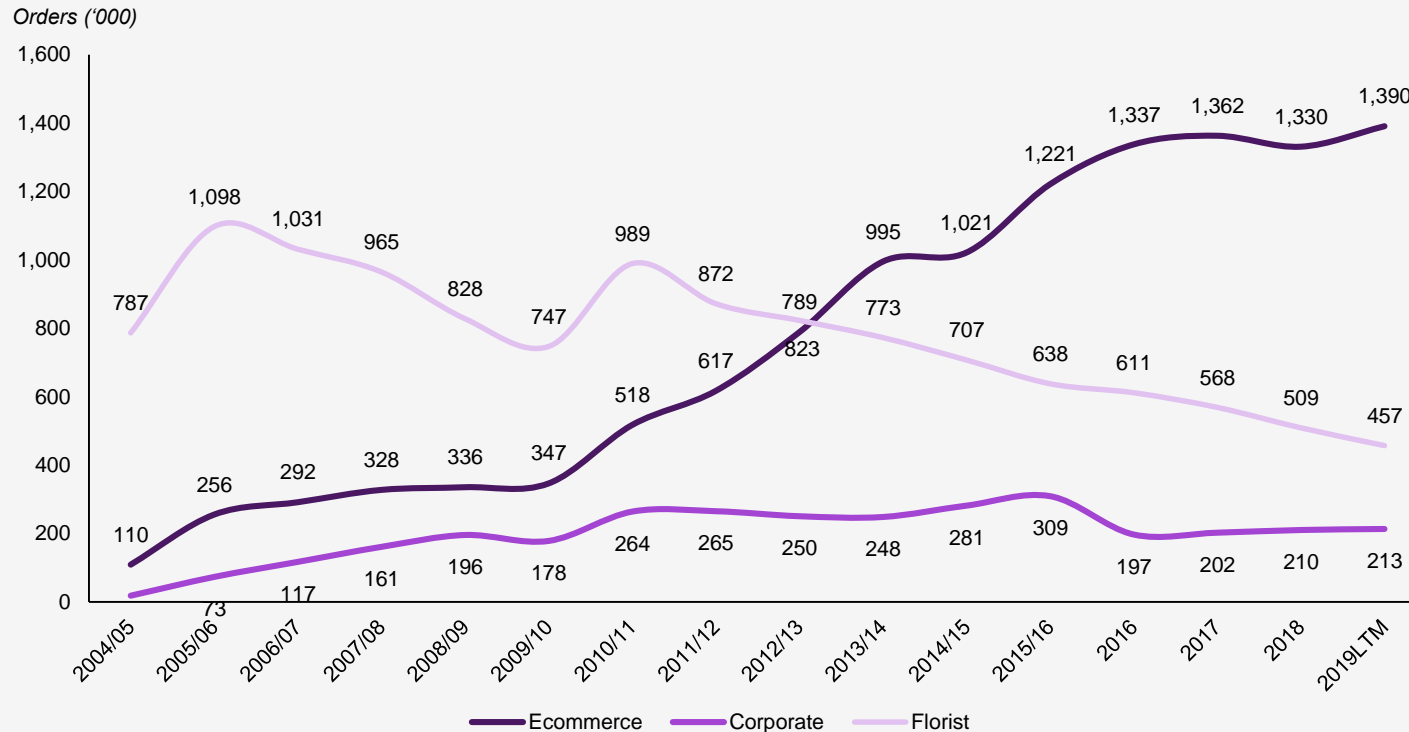
<sup>1</sup>) Note that the gift cards are also sold directly to corporate customers



# Euroflorist has grown into an e-commerce business

## Development of orders and e-commerce penetration

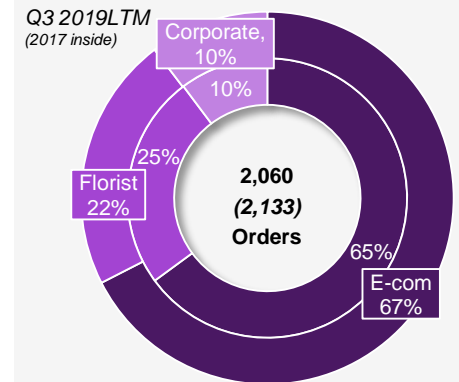
Volume development, all regions



CAGR: 2009/10 – 2019Q3

E-commerce	17%
Corporate	2%
Florist	-5%
<b>Total</b>	<b>6%</b>

Share of total volumes:



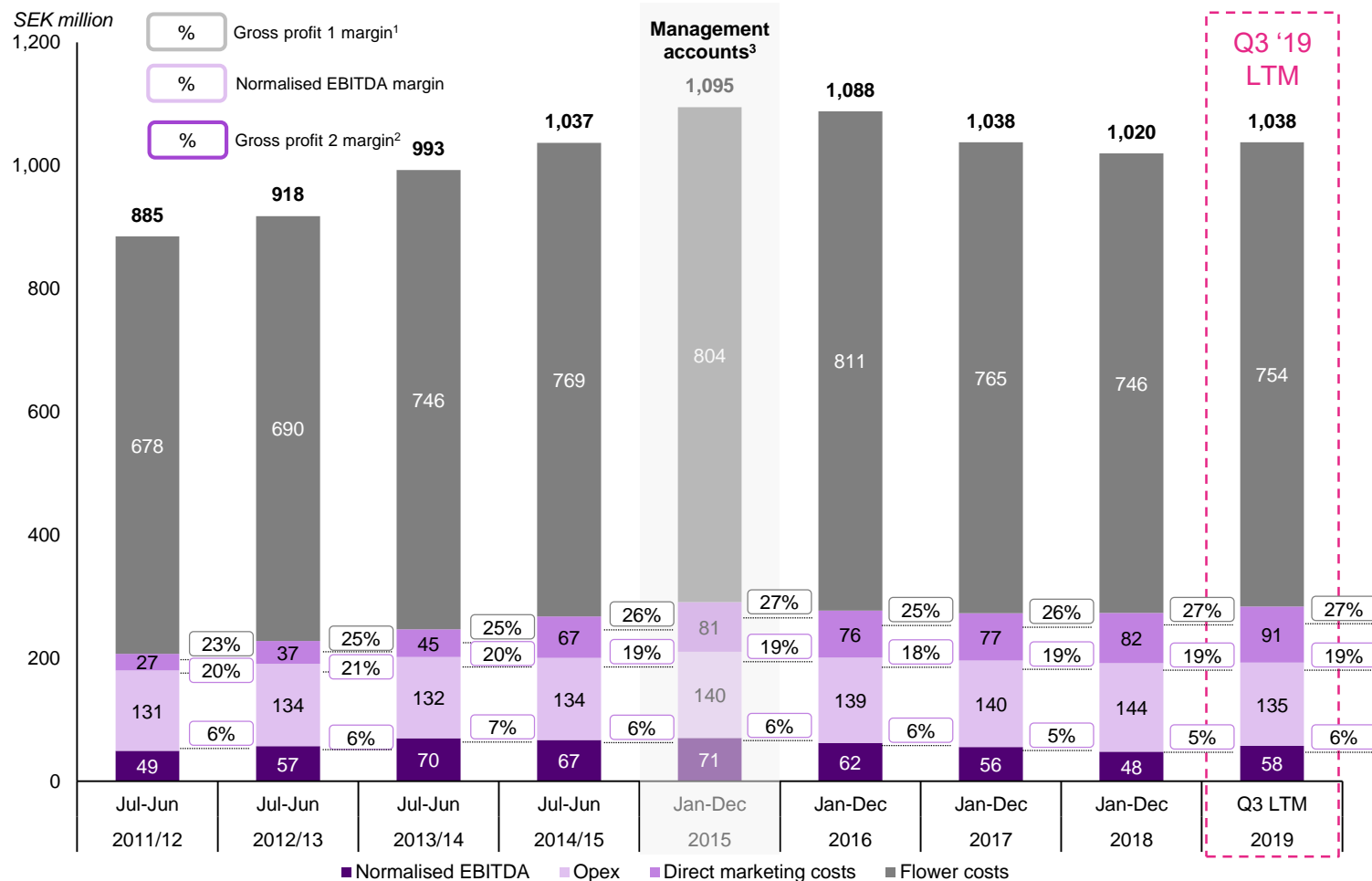
E-commerce has grown from constituting ~10% of orders in 2004/05 to ~67% in LTM Q3 2019

# Stable revenue and margin development in 2019

## Comments

- Stable margins due to commission based model and a profitable customer acquisition strategy within e-commerce
- As the business model is commission based, with the company collecting a share of the order value, the flower cost does not impact Euroflorist's margins
- Figures are adjusted for extraordinary costs and changes in accounting principles in accordance with IFRS
- Important to note that management accounts for Jan-Dec 2015 are not fully comparable and includes two book closings (and e.g. misrepresentation of gift cards due to change in accounting principle)
- EBITDA 2017 is adjusted for the capex/opex allocation of SEK 2,5m that occurred during Q4 2017

## Revenue and cost structure 2011 / Q3 2019 LTM

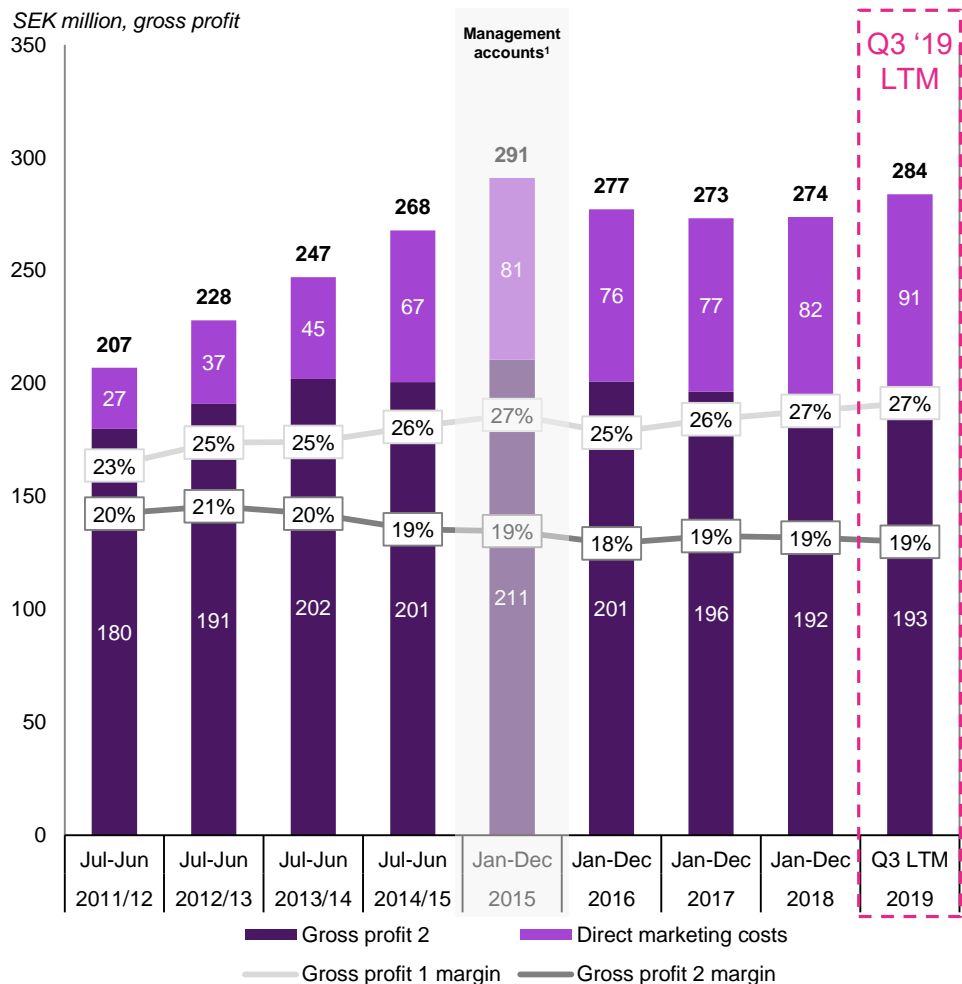


# Stable gross margin development

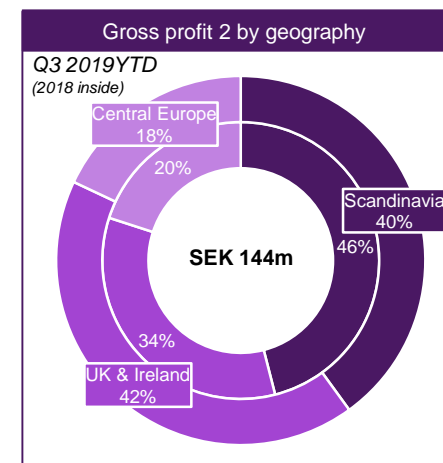
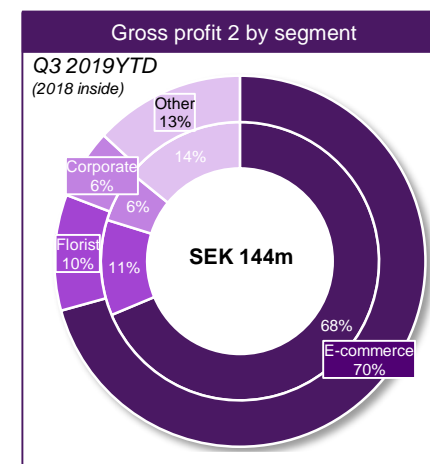
## Comments

- Gross profit 1 is calculated by subtracting flower costs as well as COGS related to florist networks, gift cards and products from net sales
- Gross profit 2 includes direct marketing costs for e-commerce sales (pay per click, commission to affiliates and partners)
- Gross profit from service fees has decreased from SEK 40m in 2011/12 to SEK 22m in 2018 as a result of fewer florists in the network (enough to ensure delivery coverage)
- Continuous strong competition for ad-words in our markets, driving the increased Direct marketing costs.

## Development of gross profit, 2011/12 – Q3 2019LTM



## Gross profit splits



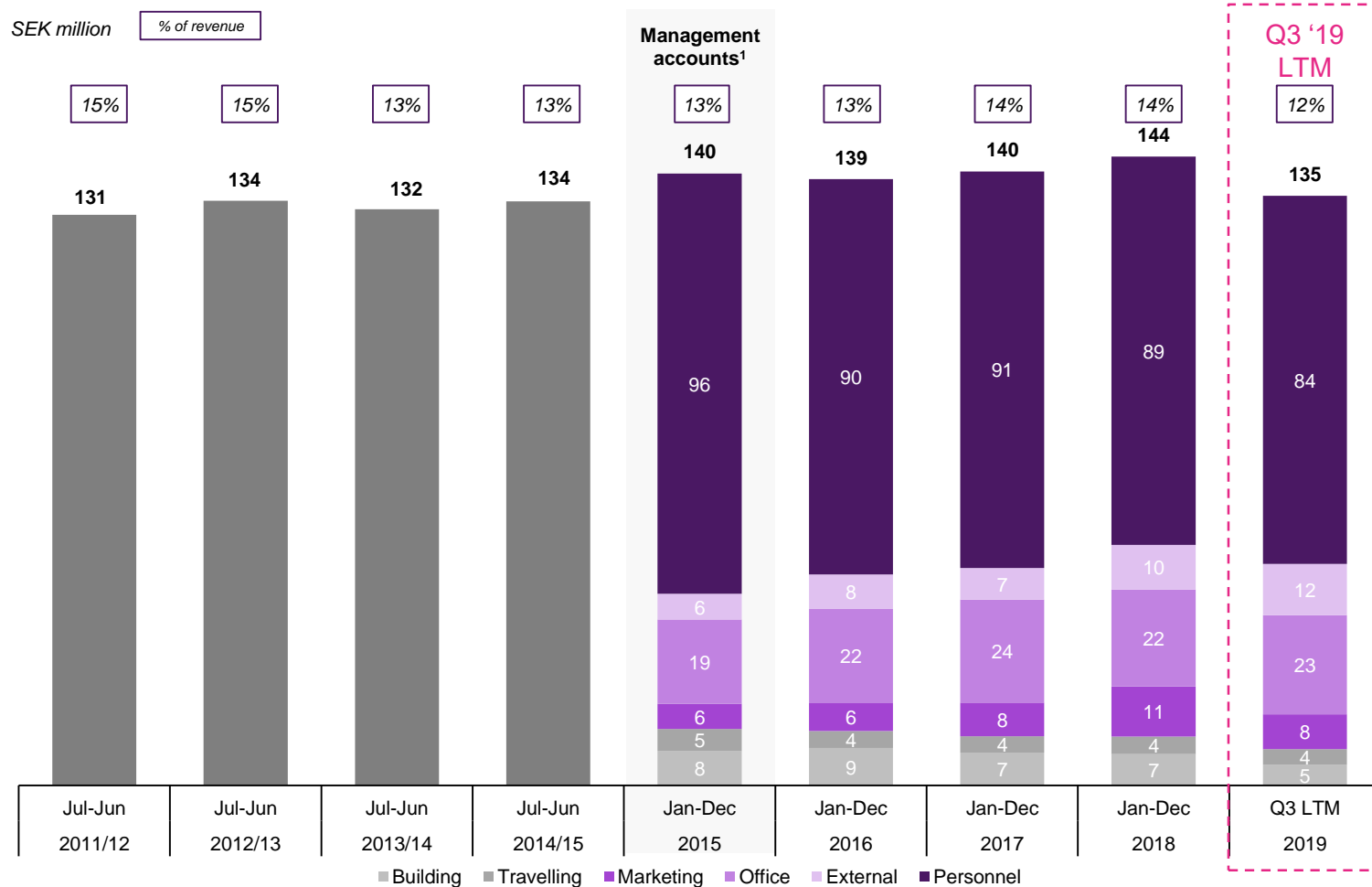


# Lower opex following reorganizational change

## Comments

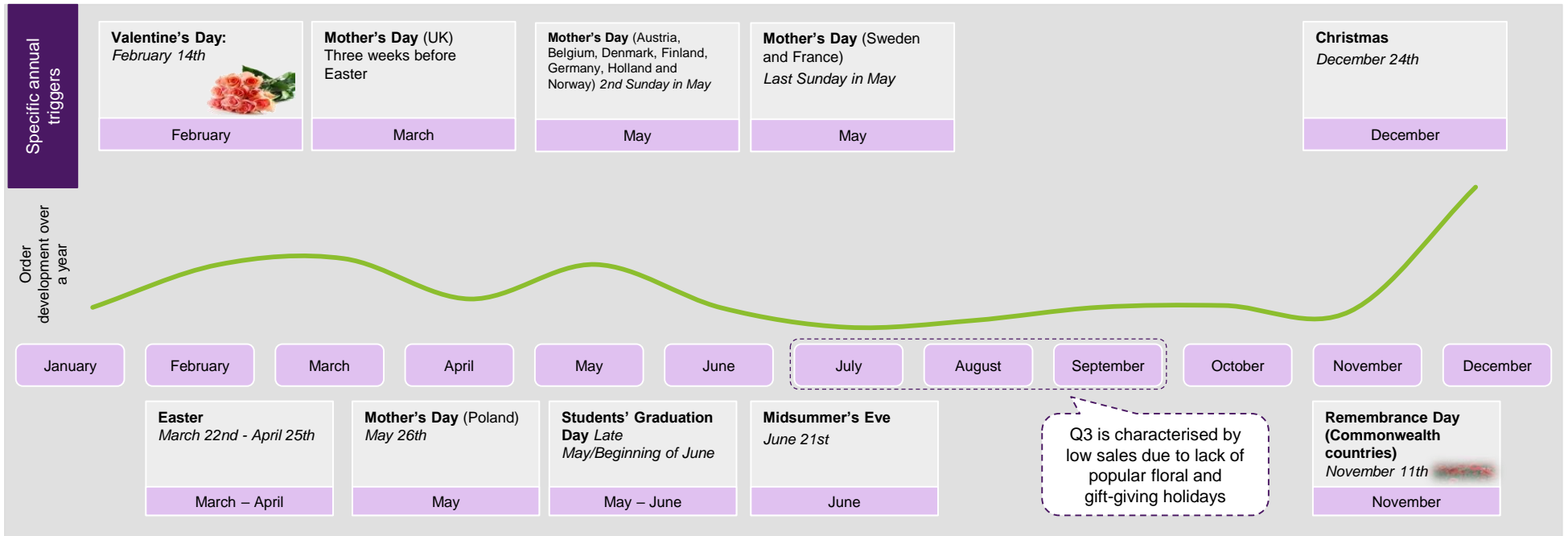
- Stable opex costs throughout the period
- Personnel costs decreased in 2016 due to management changes and efficiency savings in personnel
- Fixed costs amounts to approximately 9% of revenues, more variable costs are customer support and corporate customers costs
- Moreover, historically and going forward, costs can be shifted internally from florist business to e-commerce, ensuring stability in operating expenses
- Reorganization launched in June driving the lower Personnel costs
- Decreases in absolute numbers are due to efficiency savings in personnel when launching the new organisation during Q2 2019

## Development of operating costs, 2011/12 – Q3 2019 LTM

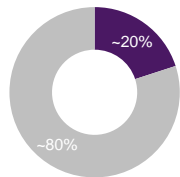


# Seasonal pattern following trigger events primarily from December to May

Several specific and general annual events trigger flower orders










Christmas, Valentine's & Mother's day orders, % of total



3 events of the year stand for ~20% of total orders

**Personal annual triggers**

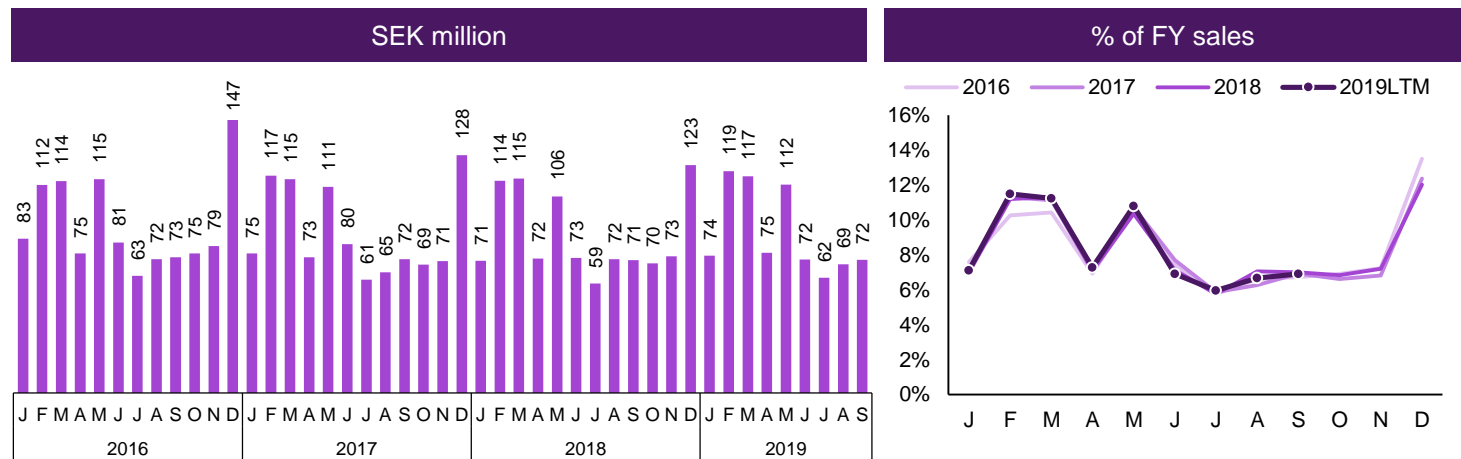
-  Birthdays
-  Weddings
-  Funerals
-  Graduations
-  Get well soon
-  Thank you
-  Other anniversaries

# Profit and cash flow follow Euroflorist's seasonal pattern, with Q3 being the smallest quarter every year in EBITDA and cash flow

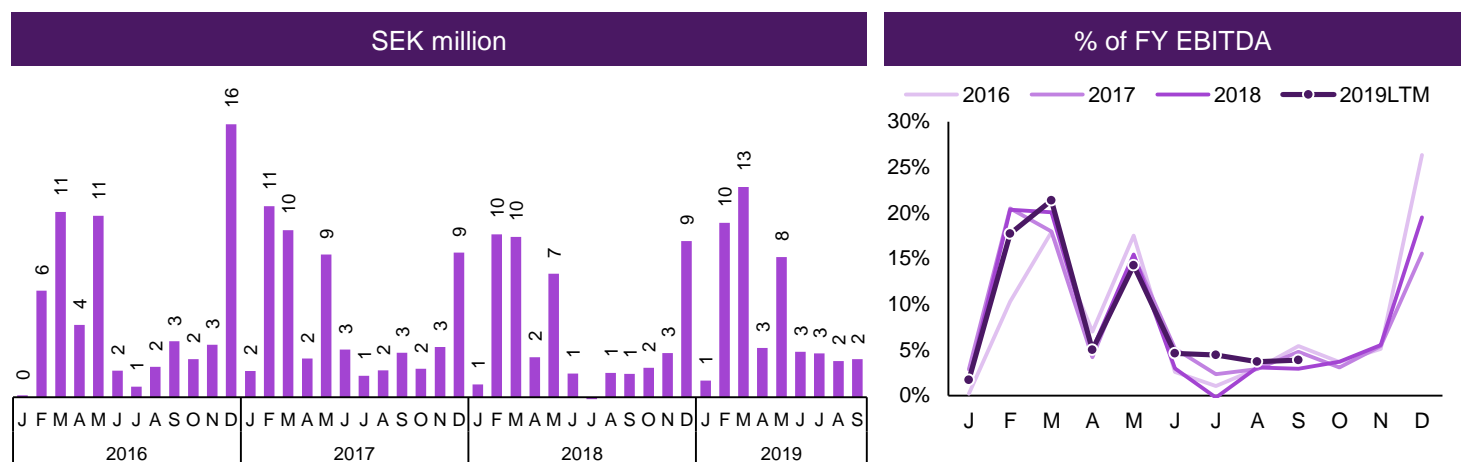
## Comments

- Euroflorist's order volumes are driven by personal recurring events such as birthdays and anniversaries, as well as general recurring events including Valentine's Day, Mother's Day and Christmas. The recurring events fuel strong demand in certain periods
  - Strong revenue in December, February, March and May
- Higher EBITDA margin during peak months demonstrate scalability in business model
- The EBITDA for December 2017 includes a capex to opex adjustment of SEK ~3m of which SEK ~2.5m is attributed to Q1-Q3 2017

## Monthly Sales



## Monthly EBITDA

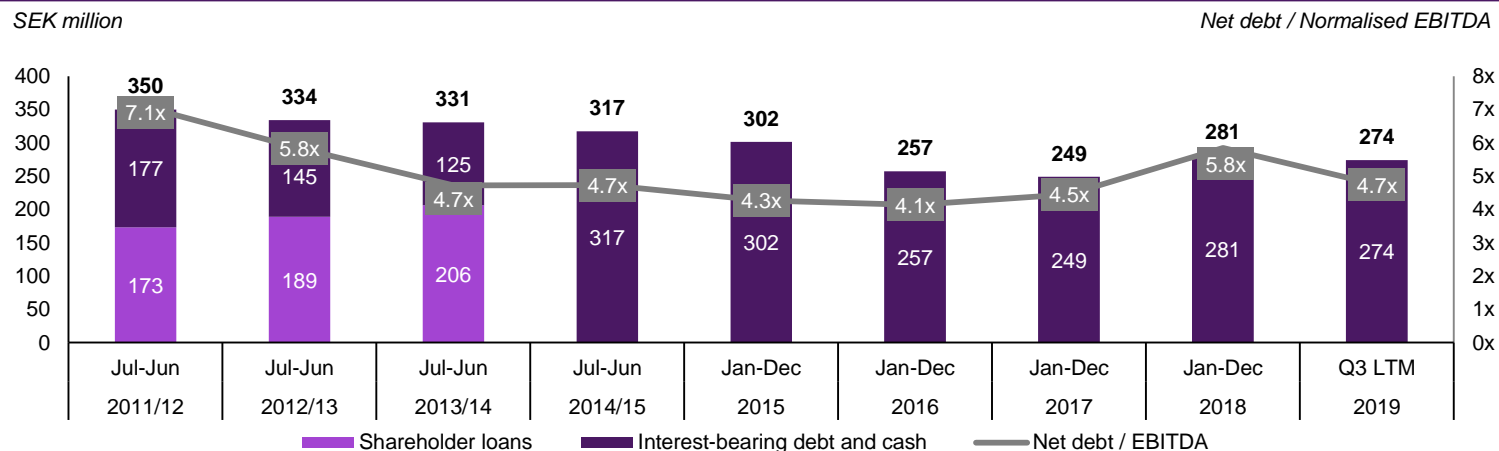


# Net debt at Q3 higher than year-end primarily due to seasonal effects

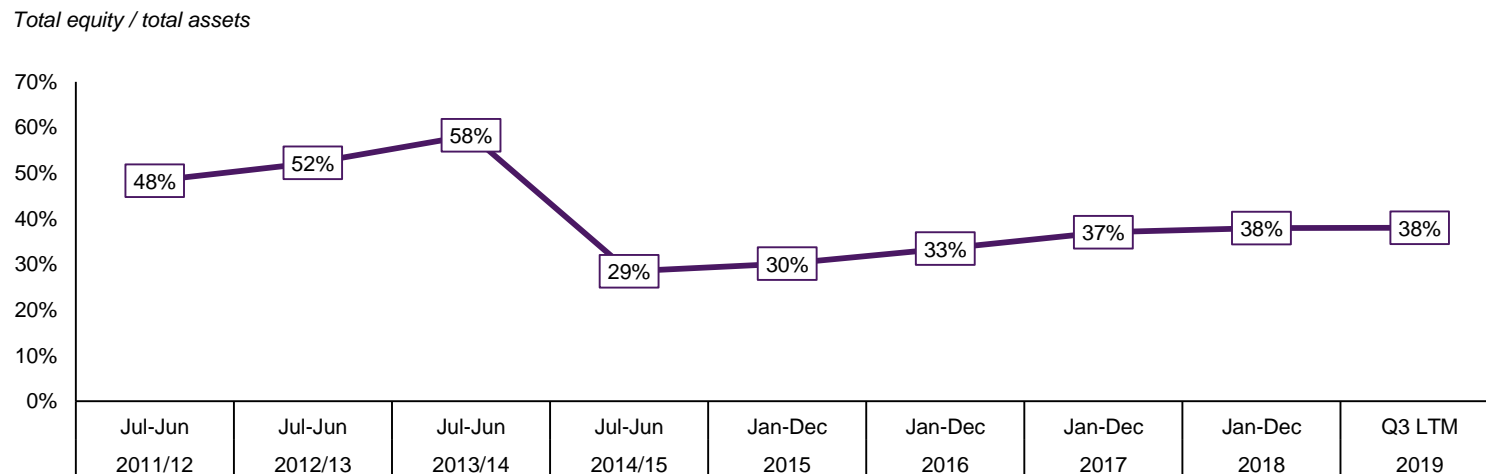
## Comments

- As of September 2019, current debt consists of:
  - SEK 280m company bond debt with STIBOR + 6,25% interest
  - SEK 30m (SEK 12m drawn) overdraft facilities with STIBOR + 2,00% interest
- Both matures in 2021
- Accretive equity contribution from operations throughout the period
- In 2014/15, shareholder loans were replaced with long-term bank debt
- Stable equity ratio also in Q3 2019

## Net debt and net debt to normalised EBITDA



## Equity ratio (including shareholder loans)



**Thank you!**