REA Group Ltd

1st Half 2010 Results

Analyst and Investor Presentation

February 2010

www.rea-group.com

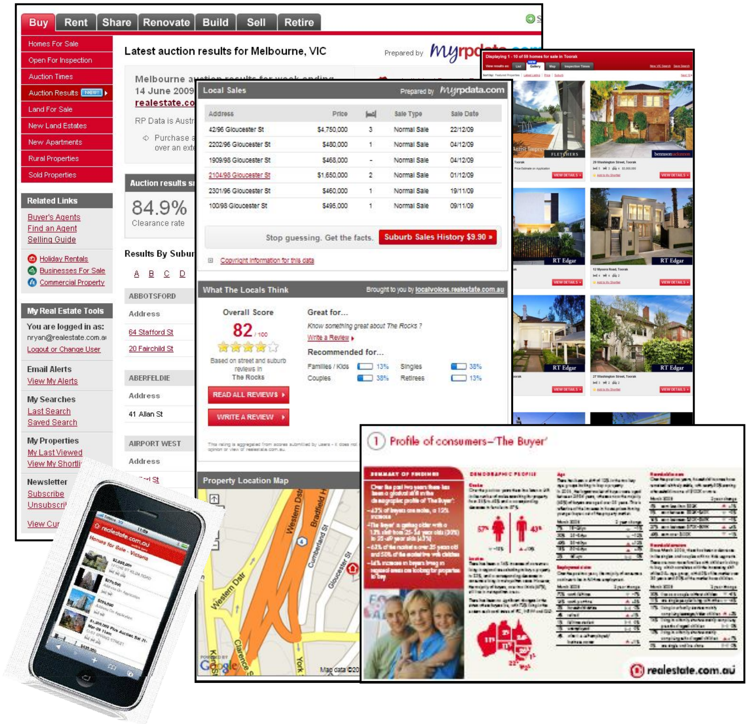
REA Group demonstrated strong organic growth and an increased innovation rate during the first half of FY2010

KEY HIGHLIGHTS OF OUR PERFORMANCE (1)

STRONG ORGANIC GROWTH

- Continued growth and improved performance in the core market of **Australia**
- Continued successful expansion in **Italy**
- Portfolio and performance of **other overseas countries** significantly improved
- Significant investment in **IT infrastructure** balanced by strict expense management
- **Property listings** up by 32% to 1.3m for the group (December 08 to December 09)
- **Paying Agents** up by 18% to 19,546 for the group (December 2008 to December 2009)

INCREASED INNOVATION RATE

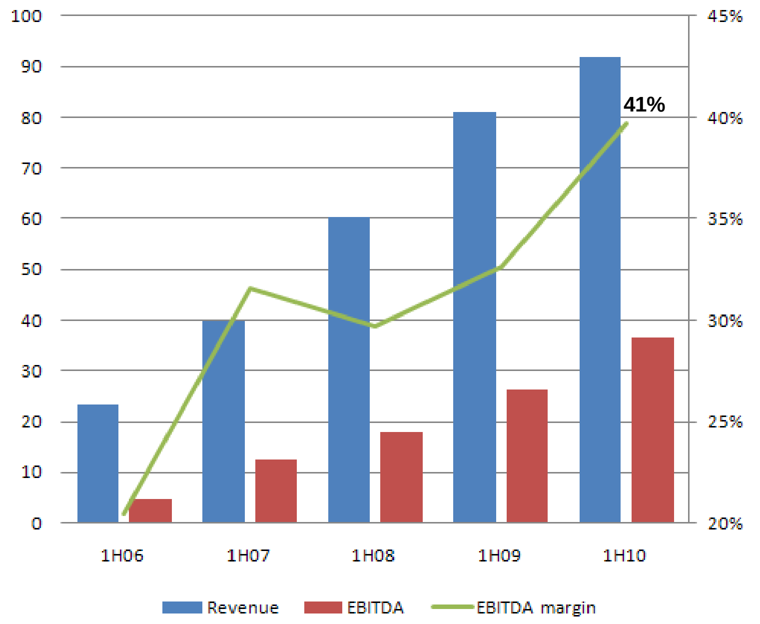


Source: REA Group

Continued business growth was reflected in the financial results

KEY HIGHLIGHTS OF OUR PERFORMANCE (2)

STRONG FINANCIAL RESULTS



OUTPERFORMANCE OF ASX200

Relative performance of REA's share price compared to the ASX200 index

Source: REA Group

Profits from continuing operations grew due to revenue growth and targeted investment in IT balanced by a strict expense management

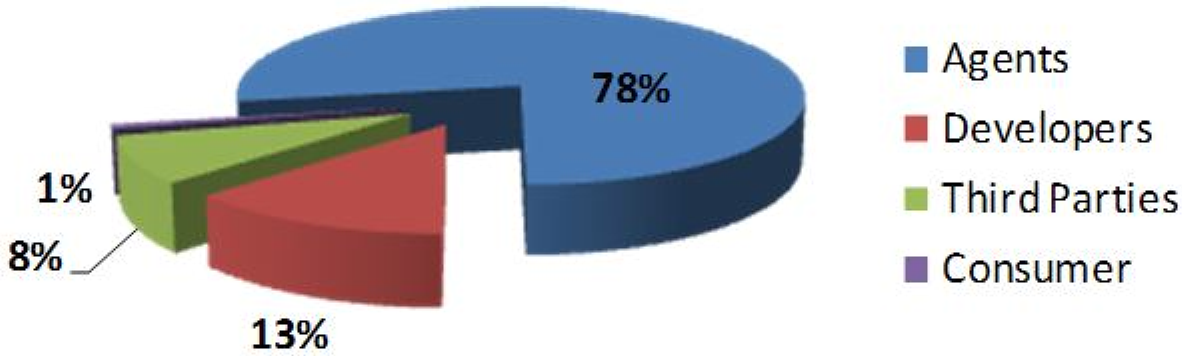
HALF YEARLY FINANCIAL PERFORMANCE

Financial Comparative Data ($'000)	FY 2006 1st HY	2nd HY	FY 2007 1st HY	2nd HY	FY 2008 1st HY	2nd HY	FY 2009 1st HY	2nd HY	FY 2010 1st HY	Growth 1H FY09 to 1H FY10
Revenues from continuing operations	**23,414**	**31,507**	**39,982**	**49,420**	**60,411**	**73,151**	**81,156**	**86,639**	**91,867**	**13%**
Operating expenses	(18,628)	(20,628)	(27,360)	(31,926)	(42,465)	(44,973)	(54,701)	(50,603)	(54,308)	0%
EBITDA	**4,786**	**10,879**	**12,622**	**17,494**	**17,946**	**28,178**	**26,455**	**36,036**	**37,559**	**42%**
Depreciation and amortisation expense	(717)	(1,049)	(1,749)	(2,481)	(2,986)	(3,418)	(3,664)	(3,684)	(3,360)	
Impairment	-	-	-	-	-	-	(1,252)	(6,743)	**-**	
EBIT	**4,069**	**9,830**	**10,873**	**15,013**	**14,960**	**24,760**	**21,539**	**25,609**	**34,199**	**59%**
Net finance (expense) / income and FX	(165)	(108)	495	171	638	(150)	683	(530)	236	
Earnings before tax	**3,904**	**9,938**	**11,368**	**15,184**	**15,598**	**24,610**	**22,222**	**25,079**	**34,435**	**55%**
Income tax (expense)	(789)	(3,250)	(3,298)	(4,237)	(6,119)	(8,601)	(9,043)	(9,555)	(11,297)	
Profit from continuing operations	**3,115**	**6,688**	**8,070**	**10,947**	**9,479**	**16,009**	**13,179**	**15,524**	**23,138**	**76%**

Source: REA Group

Across the group, 78% of revenue is derived from real estate agents

REVENUES BY CUSTOMER TYPE



Source: REA Group

EBITDA margins for the Group up from 33% to 41% due to improved strong operational results across operations

COUNTRY PERFORMANCE

Country *in $'000*	**Revenue**	**EBITDA**	**Margin**
1st Half Year 2010			
Australia	84,513	44,602	53%
Italy	3,720	(3,349)	(90)%
Other overseas countries	3,634	(443)	(12)%
Unallocated overhead	-	(3,251)	-
Total	**91,867**	**37,559**	**41%**
1st Half Year 2009			
Australia	73,258	39,879	54%*
Italy	2,958	(2,894)	(98)%
Other countries	4,940	(2,545)	(52)%
Unallocated overhead	-	(7,985)*	-
Total	**81,156**	**26,455**	**33%**

* = 1st Half-Year 2010 saw a full allocation of all IT related expenses being applied while 1st Half-Year 2009 had certain R&D related IT expenses unallocated. Had the same principle been applied to the 1st Half 2009, the EBITDA margin for Australia would have been 50% (1st HY09) growing to 53% (1st HY10)

Source: REA Group

COUNTRY PERFORMANCE

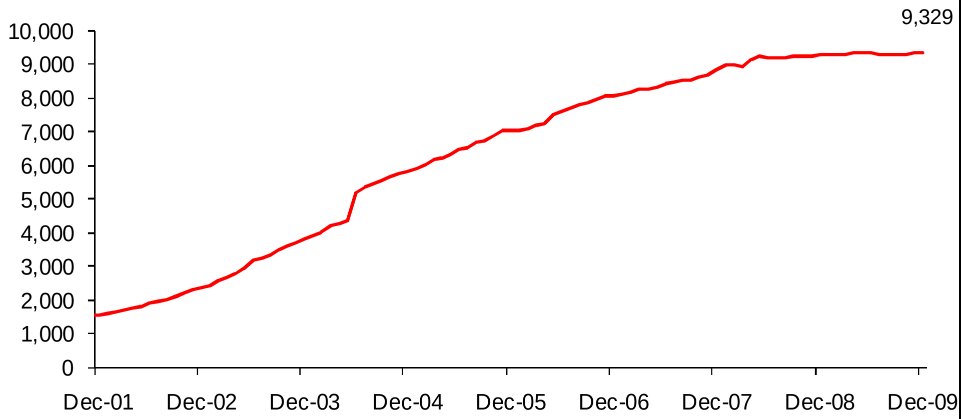
- **Growth and improved performance in the core market of Australia**
  realestate.com.au and realcommercial.com.au sare the #1 sites for real estate in Australia
  - Australian revenues up by 15% despite a residential subscription price freeze
  - Higher take-up of depth products
  - Commercial revenues up by 35%
  - Media revenues up by 6% in a difficult market environment

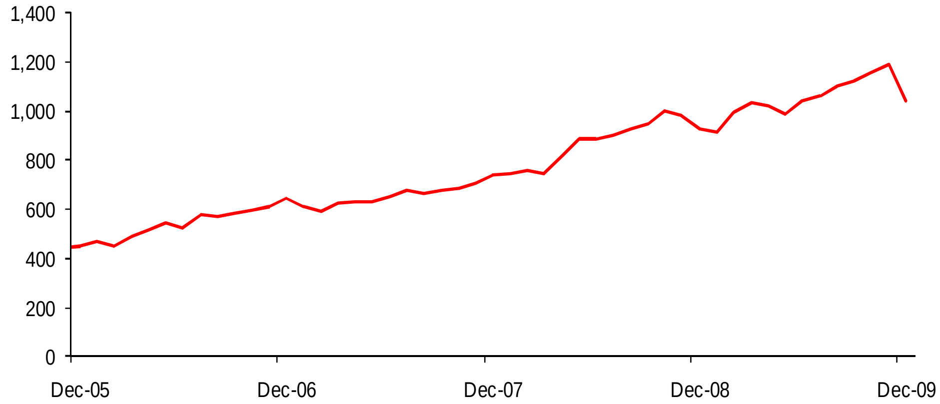
realestate.com.au realholidays.com.au
realcommercial.com.au HOMEGURU

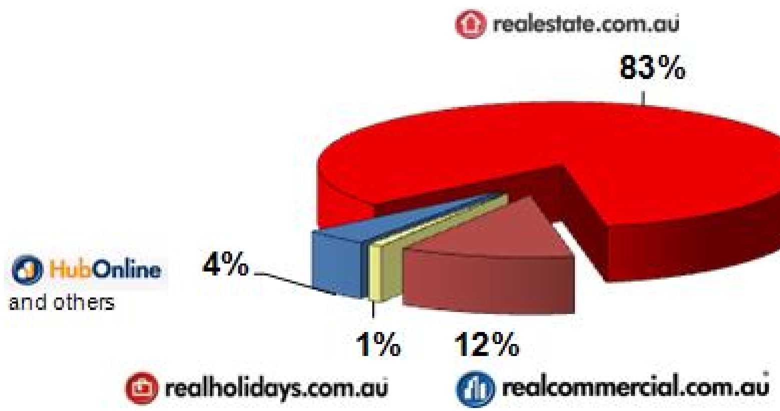
- **Continued successful expansion in Italy**
- **Portfolio and performance of other overseas countries significantly improved**
- **Significant investment in IT infrastructure balanced by strict expense management**

The Australian business has delivered growth across all key dimensions

AUSTRALIA AT A GLANCE





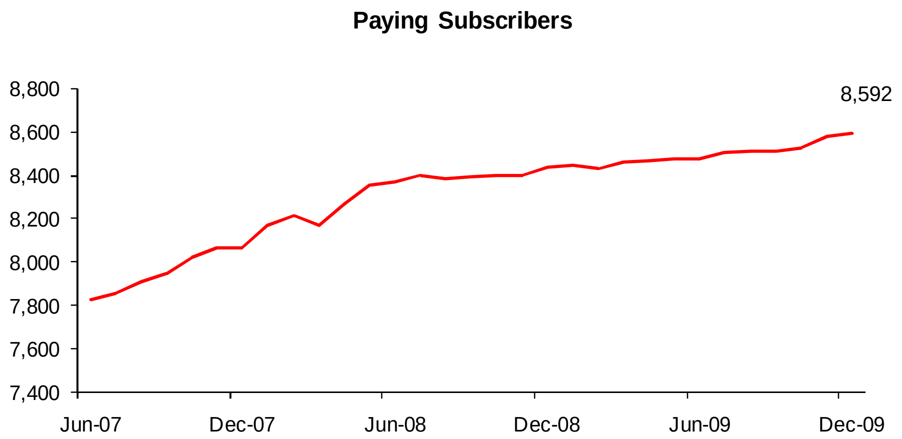


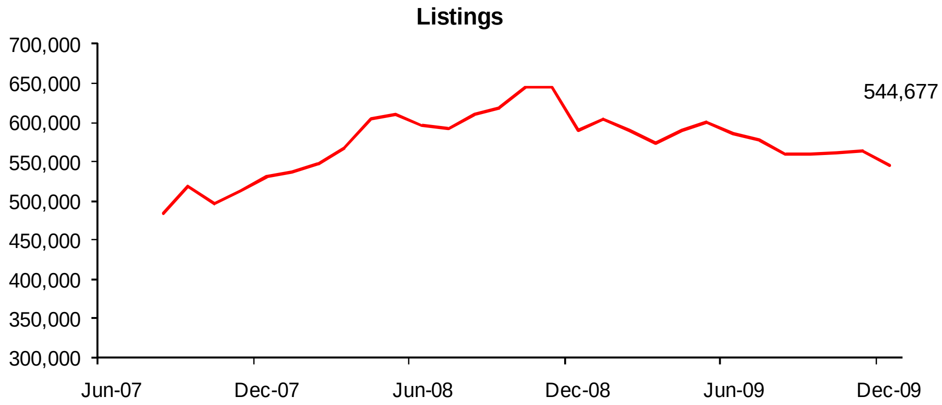
KEY FACTS

	H1/FY09	H1/FY10	Growth
Revenue	$74.3m	$84.5m	15%
ARPA per month (average for the half year)	$946	$1,112	18%

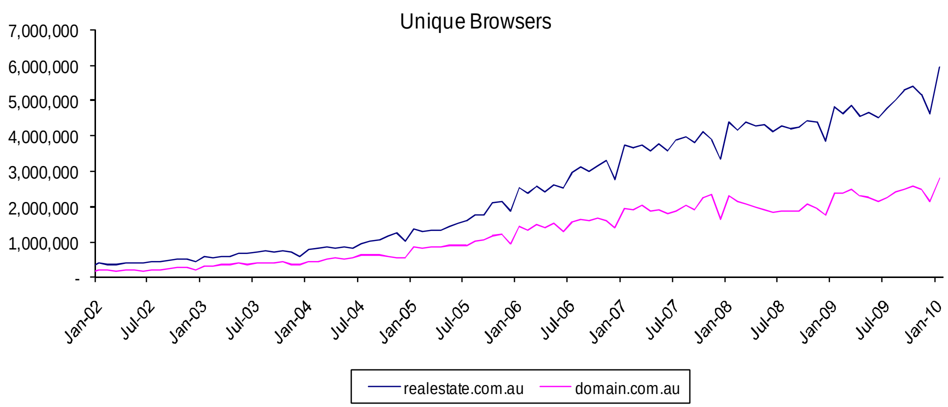
Source: REA Group

realestate.com.au continues to be the leading Australian residential real estate site





* Includes all listings on realestate.com.au with the exception of "sold" properties

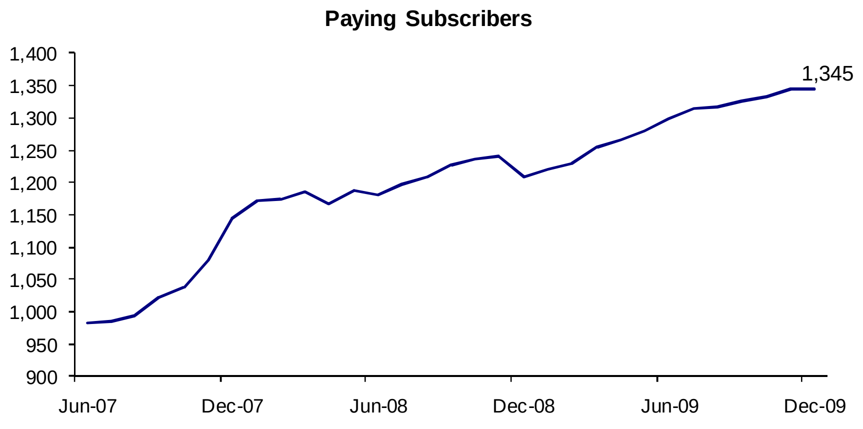


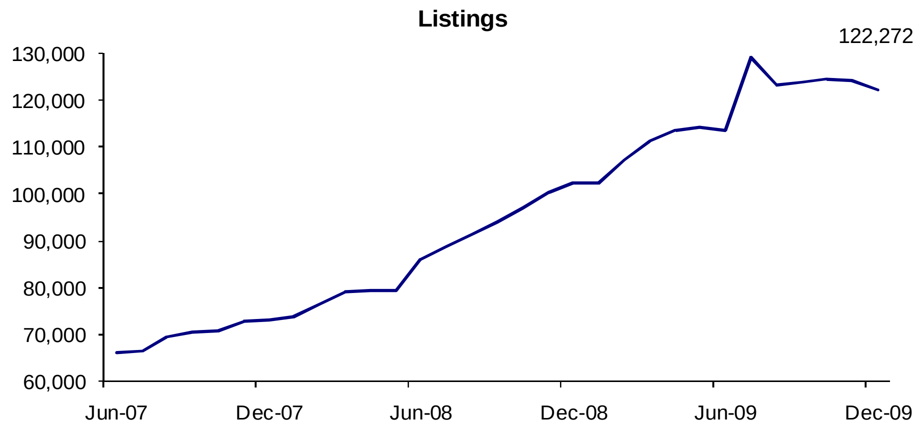
KEY FACTS

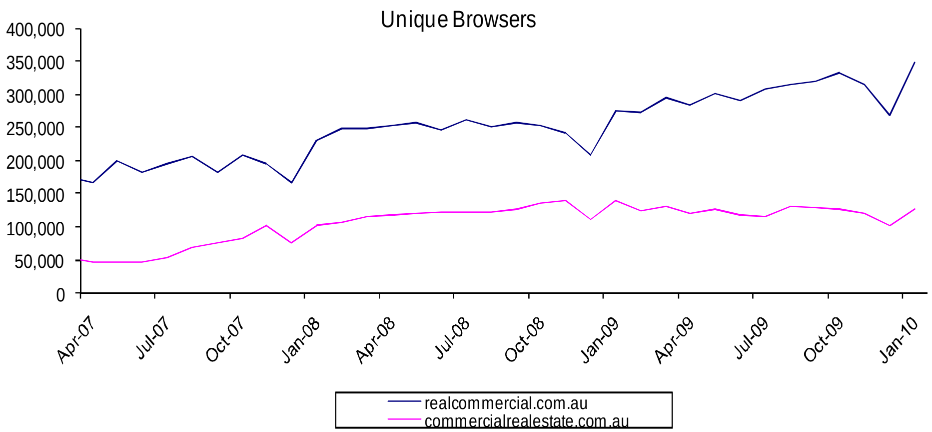
- #1 Australian residential real estate site
- Agent derived revenues up by 16% to $53m for 1H FY10 vs 1H FY09
- Media revenues up by 6% to $19.4m over the same period
- Continued growth in unique browsers. More than twice as high as those of the number 2 site domain.com.au

Source: Nielsen Market Intelligence, REA Group

realcommercial.com.au has further consolidated its position as the number one commercial real estate site in Australia







KEY FACTS

- #1 Australian commercial real estate site
- Agent derived revenues up by 35% to $9.1m for 1H FY10 vs 1H FY09
- Continued growth in unique browsers. More than twice as high as those of the number 2 site commercialrealestate.com.au

Source: Nielsen Market Intelligence, REA Group

COUNTRY PERFORMANCE

- Growth and improved performance in the core market of Australia

- **Continued successful expansion in Italy**
  casa.it is the #1 site for real estate in Italy
  - Growth in paying agents doubled on same period last year
  - 9,140 agents (or ~29% of the total market) now subscribe to casa.it
  - New product offering (see analyst presentation August 2009) well received in market
  - casa.it's UBs now bigger than the sites of the #2 player eurekasa and immobiliare in Dec09

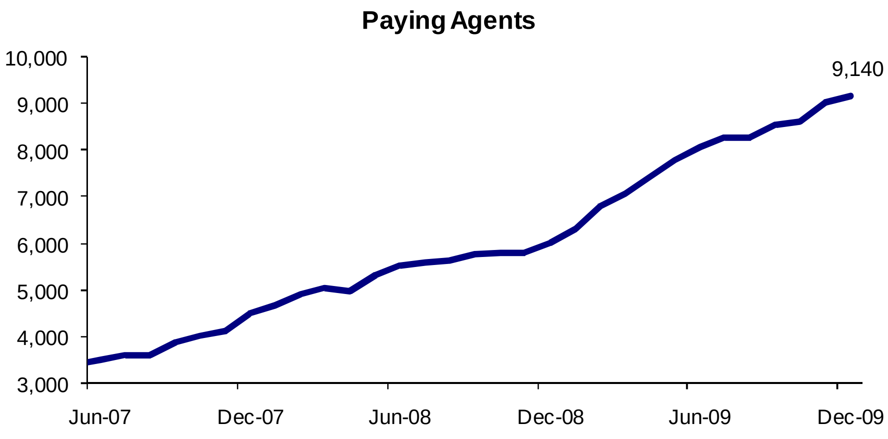
  casa.it™

- Portfolio and performance of other overseas countries significantly improved

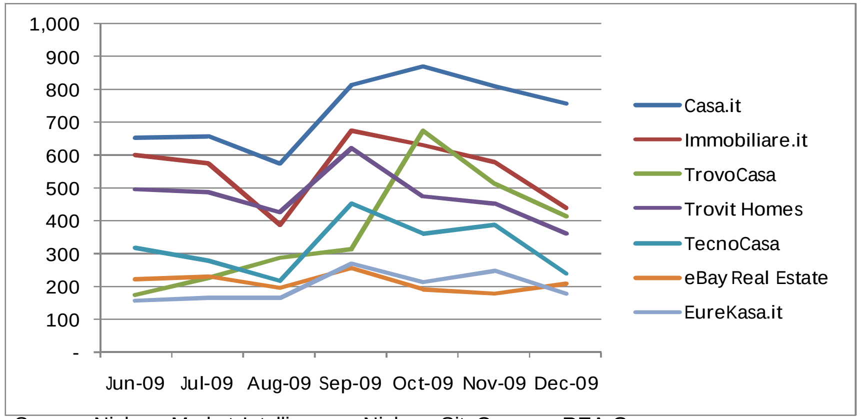
- Significant investment in IT infrastructure balanced by strict expense management

Source: REA Group

casa.it continues to lead the emerging Italian market



Unique Browsers (based on Nielsen Market Intelligence)
Shows relative size of sites in Italian market based on panel data
Not to be used to determine the absolute traffic number



Source: Nielsen Market Intelligence, Nielsen SiteCensus, REA Group

KEY FACTS

Casa.it	H1/FY09	H1/FY10	Growth
Revenue in local currency	€1.6m	€2.2m	36%
Listings* ('000)	311	522	68%
UBs* ('000) based on Nielsen SiteCensus (absolute traffic)	948	1,638	73%

* Monthly average

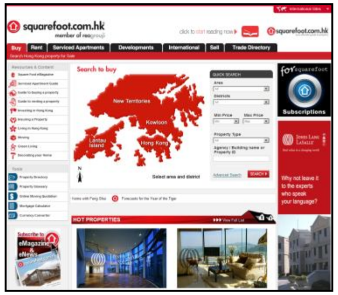
COUNTRY PERFORMANCE

- **Growth and improved performance in the core market of Australia**
- **Continued successful expansion in Italy**
- **Portfolio and performance of other overseas countries significantly improved**
  athome.lu and its partner sites are #1 in the Greater Luxembourg region
  squarefoot.com.hk is the #1 English language site for real estate in Hong Kong
  - Other European operations focused on Luxembourg and parts of France and Germany
  - Yield increased in Hong Kong
  - Significant reduction in EBITDA losses from $2.4m to $0.4m
- **Significant investment in IT infrastructure balanced by strict expense management**

Source: REA Group

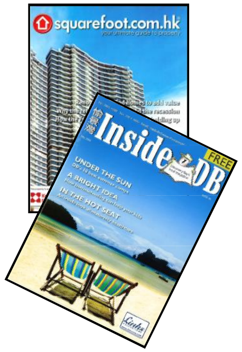
Hong Kong

Online



eMagazine

Print



KEY FACTS

Hong Kong	H1/FY09	H1/FY10	Growth
Revenue	HK$6.2m	HK$5.0m	(19%)
EBITDA margin	(57%)	(30%)	
Listings * (‘000)	10	28	179%
UBs * (‘000)	25	47	87%

* Monthly average

athome Group (Luxembourg, France, Germany)

Online

TV

On RTL

Data Services

Print

KEY FACTS

athome Group	H1/FY09	H1/FY10	Growth
Revenue	€1.6m	€1.7m	6%
EBITDA margin	(32%)	(5%)	-
Listings * (‘000)	53	60	14%
UBs * (‘000)	125	183	46%

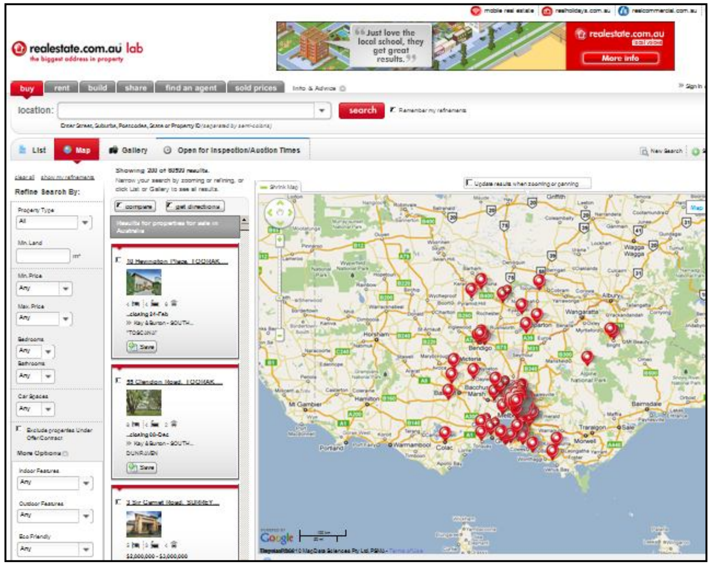
* Monthly average

COUNTRY PERFORMANCE

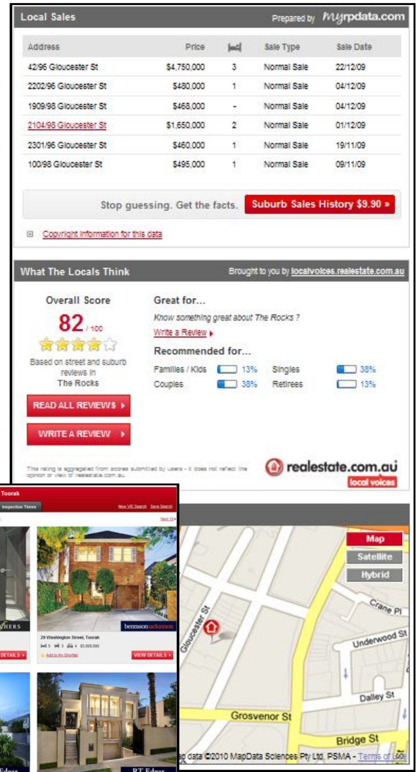
- ➢ Growth and improved performance in the core market of Australia
- ➢ Continued successful expansion in Italy
- ➢ Portfolio and performance of other overseas countries significantly improved
- ➢ **Significant investment in IT infrastructure balanced by strict expense management**

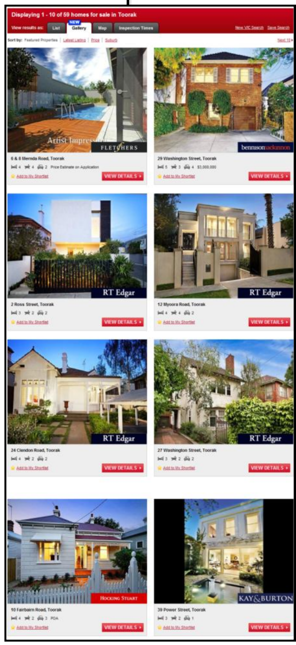
Source: REA Group

INNOVATION


realestate.com.au lab
search
Refine Search By:


Consumer Insights Report
Profile of consumers–The Buyer


Local Sales
Prepared by myrpdata.com
Stop guessing. Get the facts.
Suburb Sales History $9.90
What The Locals Think
Overall Score
82
Great for...
Recommended for...
READ ALL REVIEWS
WRITE A REVIEW
realestate.com.au
local voices

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