

REA Group Limited

Investor & Analyst presentation

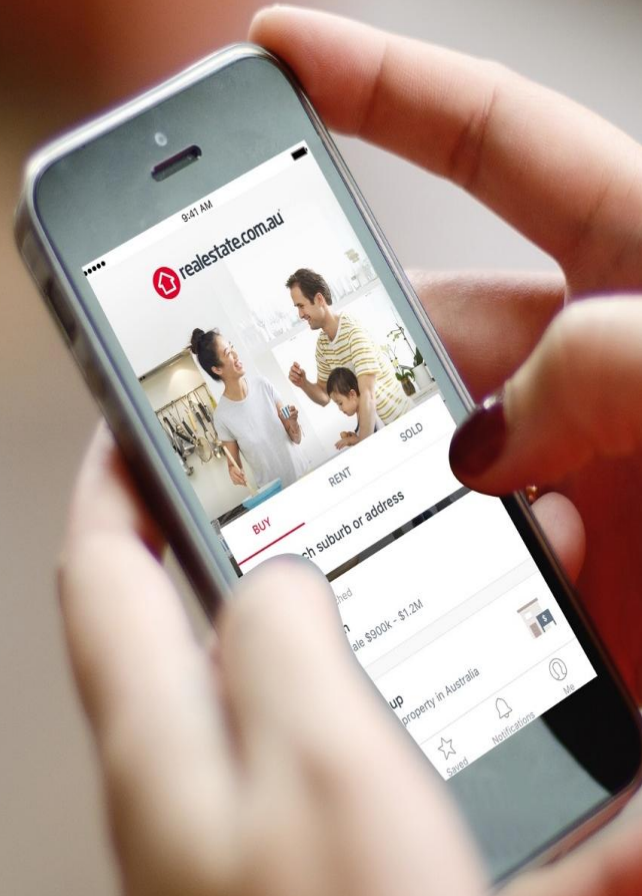
FULL YEAR RESULTS – 30 JUNE 2017



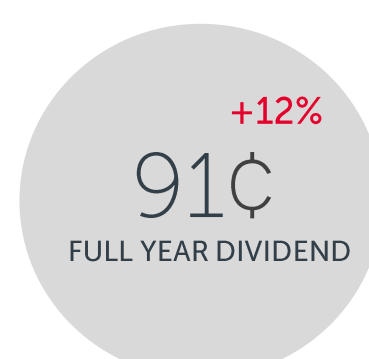
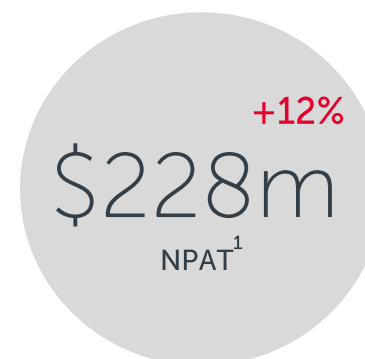
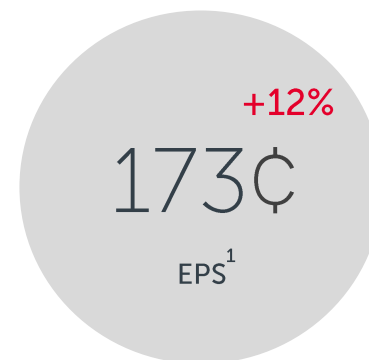
REA Group

Change the
way the world
experiences
property

DELIVERING ON OUR PURPOSE

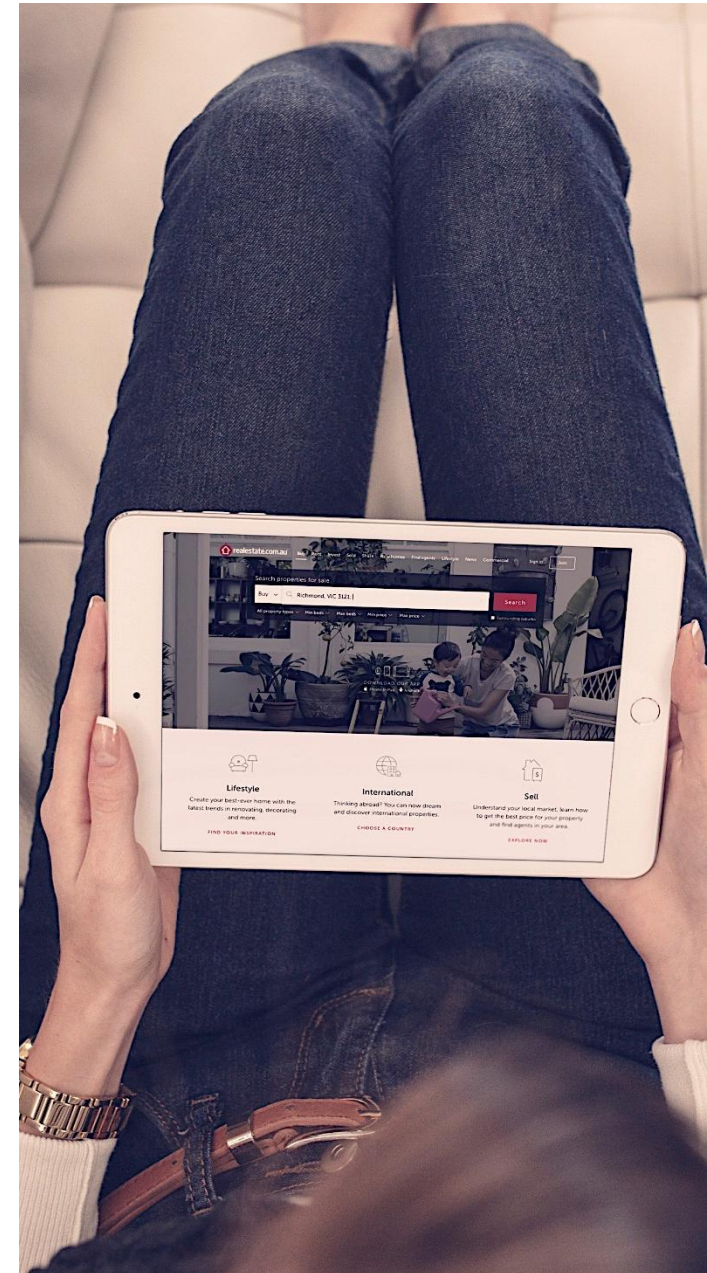


Full year financial metrics



Full year highlights

- More than 2.5x the visits of the #2 site¹
- realestate.com.au moves into Financial Services
- Investment in PropTiger (India)
- Created Lifestyle a video-led content experience
- Launched Spacely our new short-term commercial rental site
- Asian product innovation-new Android & iOS apps in Hong Kong, Malaysia & Indonesia
- Sale of European operations



realestate.com.au is No. 1

The largest and most engaged audience			
	Outperforming the competition	realestate.com.au	No. 2 property site
 Visits Average monthly traffic to realestate.com.au ¹	2.5x	49.9m	19.7m
 Time on Site Average monthly total time on site (minutes) ²	7.8x	262.9m Minutes	33.3m Minutes
 Page Views Average monthly ³	5.8x	931.8m	160.2m
2.8x	5.9m	6.7m	52%
the visits of #2 site ⁴ High in June	total average unique monthly audience ⁵	app downloads ⁶	growth in app launches ⁷

Strategy for continued growth



Property
Advertising

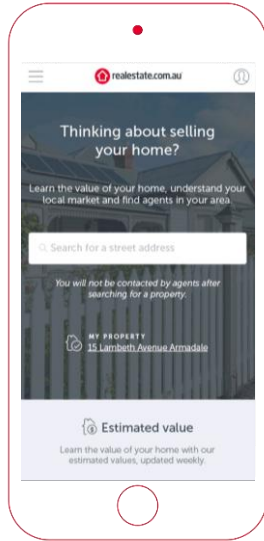


Lifestyle
& Financial
Services



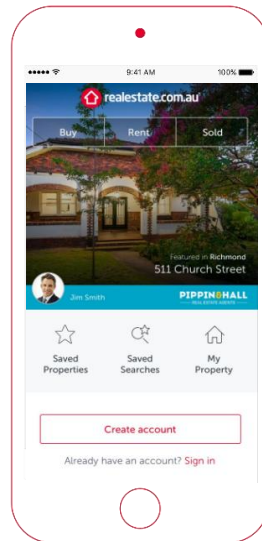
Global

Product innovation



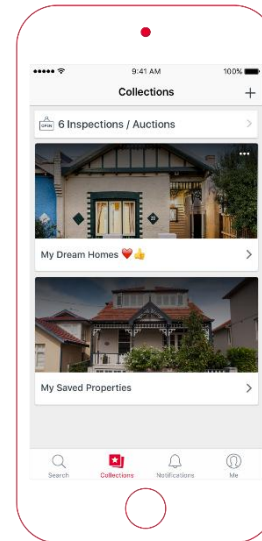
Seller Hub

Consumers can access the best information and insights to help them sell their property



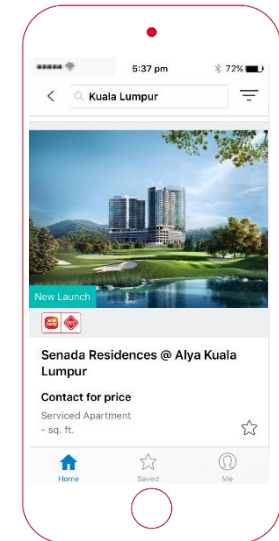
Front Page

Agents have the opportunity to advertise properties front and centre on the realestate.com.au homepage



Collections

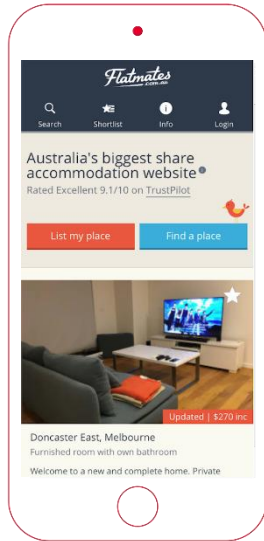
Consumers can create custom folders for the properties they want to save



New Asian Android and iOS apps

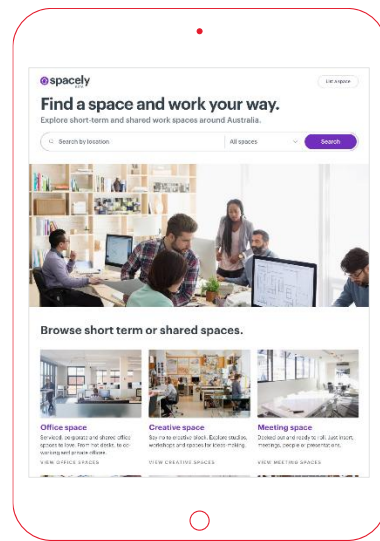
Launched new apps in Hong Kong, Malaysia and Indonesia

Product innovation



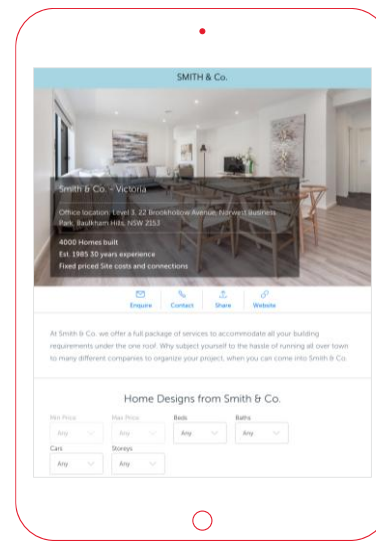
Flatmates.com.au

#1 player in Australian share accommodation
Over 2.4m average monthly visits¹



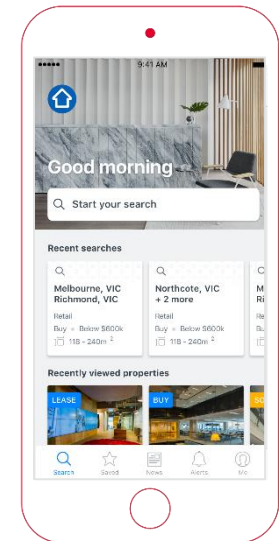
Spacely

Australia's new place for short-term and shared commercial workspaces



Builder Profiles

Assists builders with expanding their online presence and increasing their brand awareness



Commercial

41% growth in site visits²
Growth in premium listing product

Financial Services

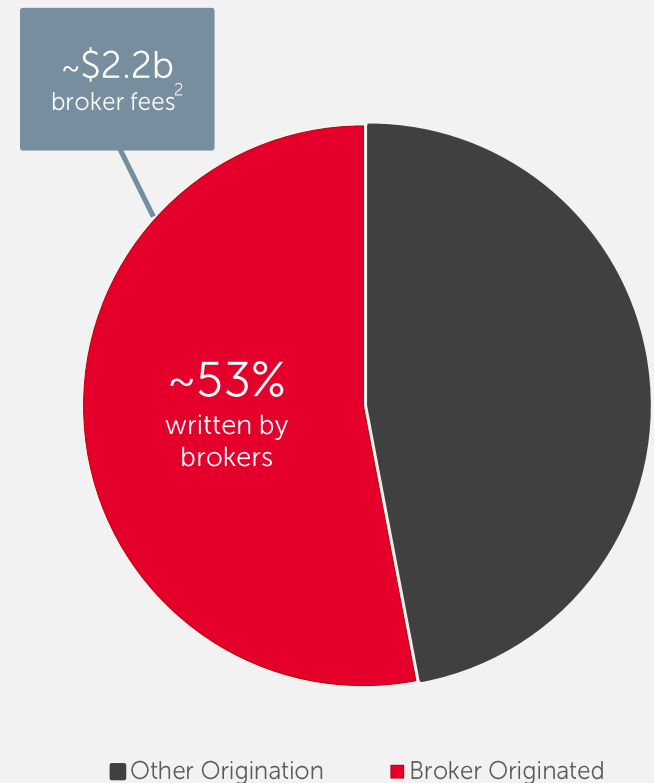
Home finance is an integral part of the property purchase process

- Building an integrated digital finance experience with NAB to create realestate.com.au Home Loans
- Extension of NAB partnership to create realestate.com.au Home Loans brokers
- Invested in majority stake in mortgage broker, Smartline, 300 brokers nationally and \$25bn loan book
- Dual strategy broadens opportunity to capture greater share of mortgage industry

Total Loan Market

Annual new and refinanced loans

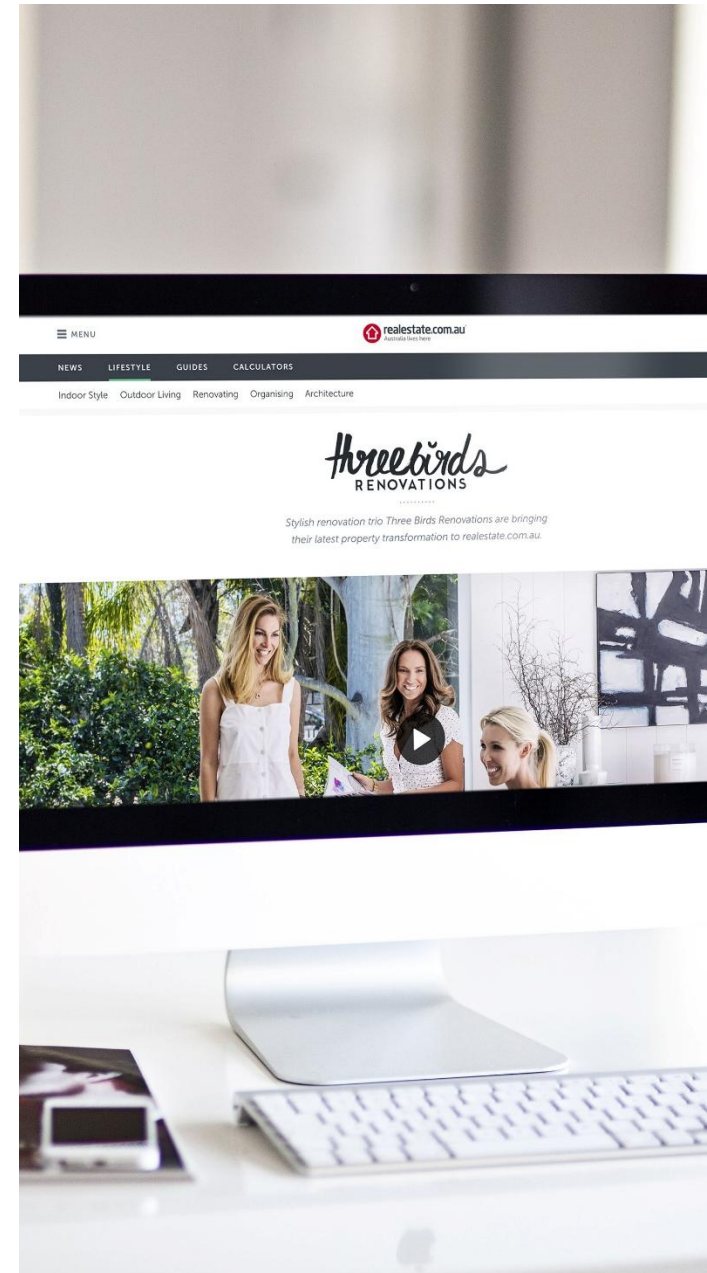
~\$400b mortgage market opportunity¹



Lifestyle

A new video and editorial content experience

- Team of brand ambassadors across six categories including renovation, styling and gardening
- Engaging with different consumer audiences to attract new media customers
- Introduced video-led platform:
 - Shift of advertising spend to video
 - Sponsored customer content
- Over 4.3 million visits since launch in March¹



Global network



 realestate.com.au[®]

 realcommercial.com.au[®]

Flatmates
.com.au

 spacely



 PROPTIGER.COM

 HOUSING.COM

makaan  huda

 买房[™]
myfun.com

 iProperty Group



 move[®]

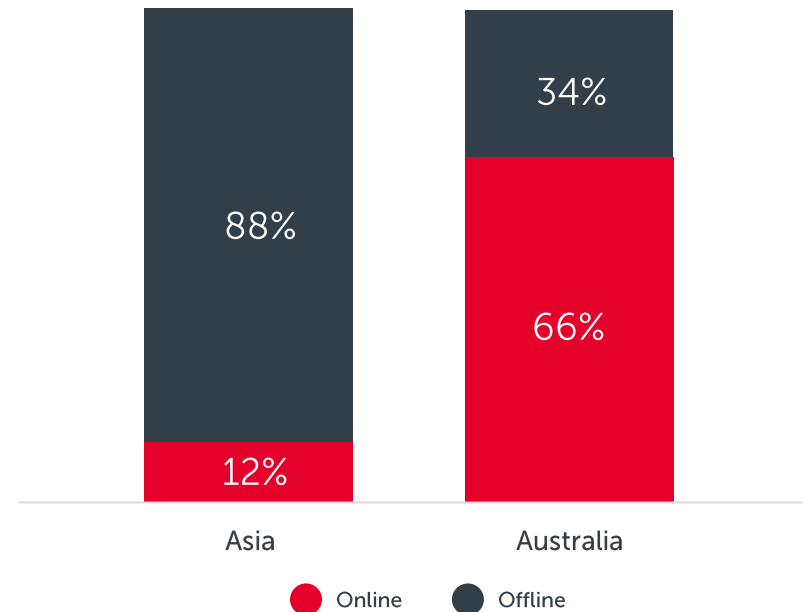
realtor.com[®]

Asian opportunity

Global strategy to focus on Asia provides long-term revenue opportunity

- Significant presence in Asia where transition from offline to online property advertising is still early
- Extending Asian footprint with early entry into India through investment in PropTiger
- Investment in leadership, marketing and product innovation positions the Group for market recovery

Real Estate Advertising Spend by Channel¹



Asian highlights

Strengthening global position with investments in marketing, innovation & leadership

- Market-leader in Malaysia¹ and Indonesia²
 - +38% growth in visits in Malaysia³
 - +94% growth in app visits in Indonesia⁴
- New Android & iOS apps in Hong Kong, Malaysia & Indonesia
- In Malaysia, as a market-first, combined developer and existing property listings to improve search functionality
- New CEO REA Group Asia, and senior appointments in Malaysia, Singapore and the Greater China Region
- Reinforcing number one position in Malaysia with marketing campaign



North America

Strategic investment in world's largest property market

- realtor.com® delivered record consumer audience, reaching an all time high of 60m unique users in April¹
- Growth of 11% to 52m² unique users
- Increase of 27%³ in unique visitor engagement
- Reported revenue grew 10% to USD\$394m⁴
- Innovations include new web experience and design, and new app features



Financial Highlights

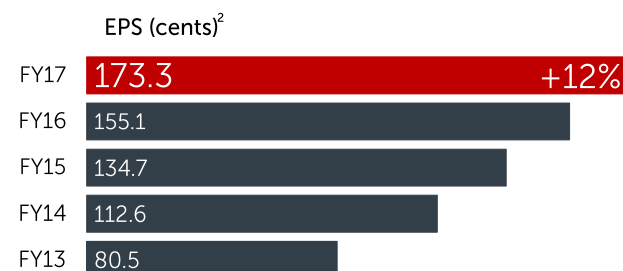
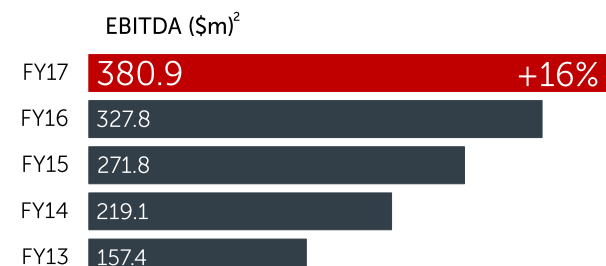
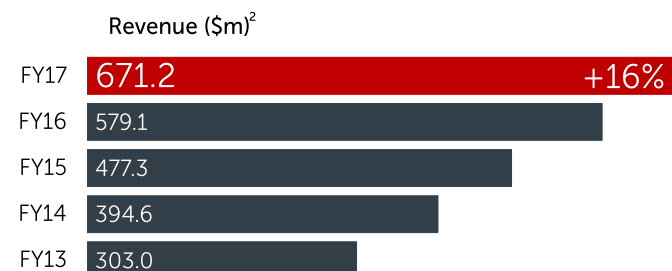


REA Group

Financial operating results

Performance (\$m)	FY 2017	FY 2016	Growth
Revenue⁽²⁾			
Australia	633.5	555.2	14%
Asia	37.7	23.9	58%
Group revenue	671.2	579.1	16%
EBITDA^(1,2)			
Australia	404.1	349.2	16%
Asia	2.5	9.3	(73%)
Associates	(4.4)	(13.8)	n/m
Corporate	(21.2)	(16.9)	25%
Group EBITDA^(1,2)	380.9	327.8	16%
EBITDA Margin	57%	57%	
Depreciation & Amortisation	(37.8)	(29.7)	28%
EBIT	343.2	298.2	15%
Interest expense, net ⁽¹⁾	(10.8)	(4.3)	148%
Earnings before Tax	332.4	293.8	13%
NPAT⁽²⁾	228.3	204.3	12%
Cash balance	358.5	126.8	183%
Earnings per share (EPS) cents ⁽²⁾	173.3c	155.1c	12%
Dividends per share (DPS) cents	91.0c	81.5c	12%

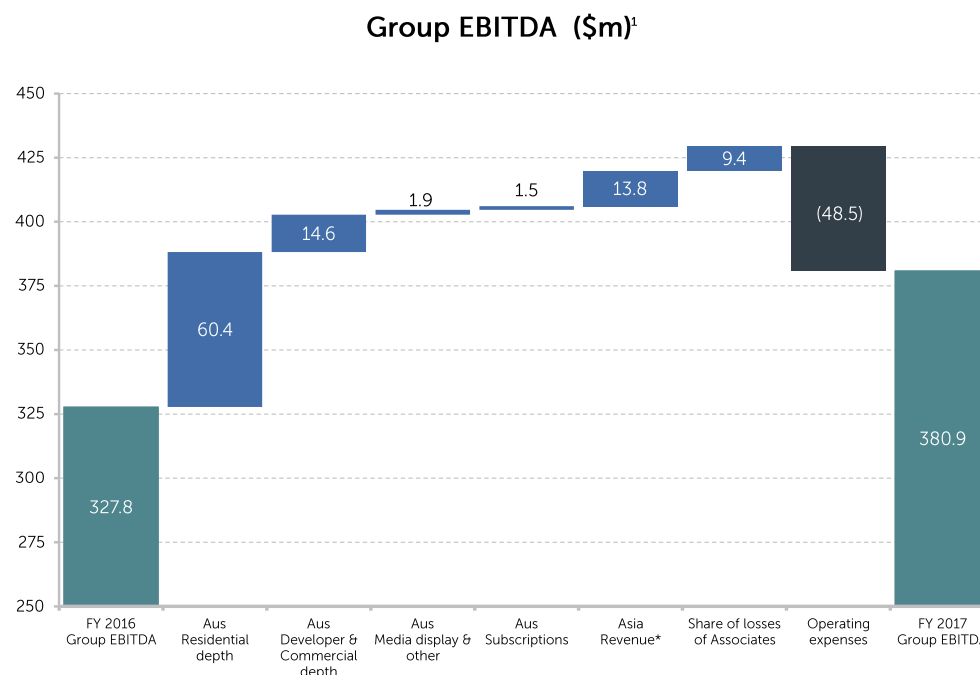
Reconciliation to Financial Statements (\$m)	FY 2017	FY 2016	Growth
NPAT from core operations	228.3	204.3	12%
Discontinued operations (net of gain on sale & FX)	155.5	(1.4)	n/m
Impairment charge	(182.8)	-	n/m
Revaluation and unwind of contingent consideration	7.9	(2.1)	n/m
Business combination transaction costs (net of tax)	(2.5)	(8.4)	n/m
Fair value gain on step-up acquisition	-	40.8	n/m
Proceeds from settlement of associates legal case	-	20.2	n/m
Reported NPAT	206.3	253.3	(19%)



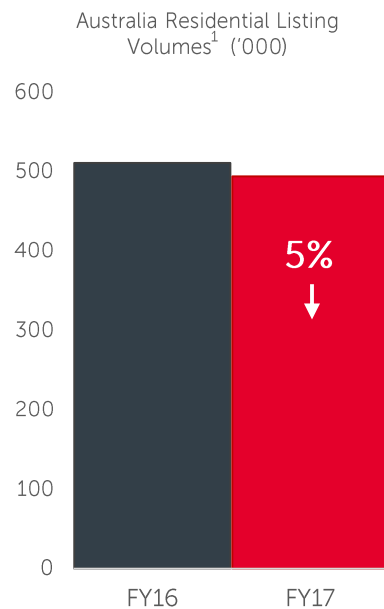
Strong EBITDA results

Australian premium listing products deliver remarkable growth

- Australian listing depth revenue growth achieved despite declines in listing volumes and new dwelling commencements
- Delivered growth through strategic expansion with Flatmates.com.au and the NAB partnership
- Strong result from Move, Inc. has improved contribution from associates
- Operating expenses increase due to the inclusion of full year iProperty results, product innovation and investment in talent

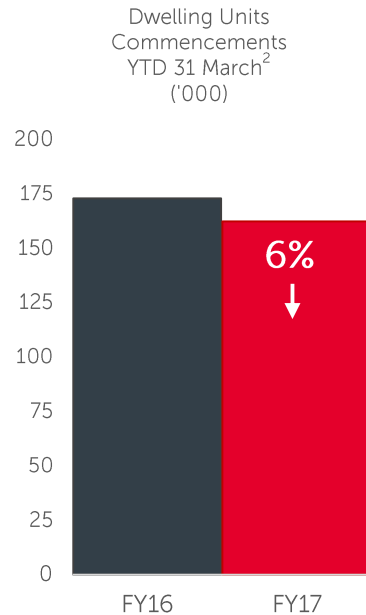


Exceptional results despite market conditions



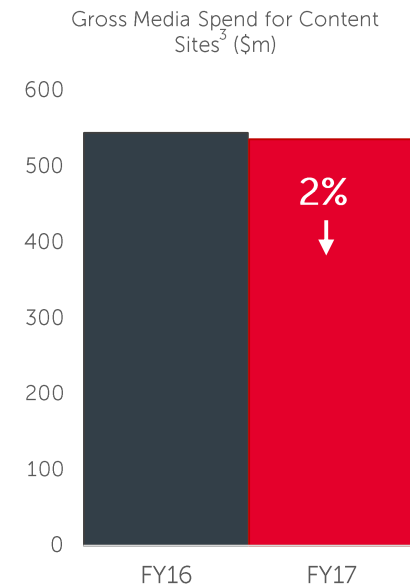
Listings

- 5% decline in REA's residential listings was in line with other broad market measures
- High auction clearance rates leading to less days on market



Dwelling Commencements

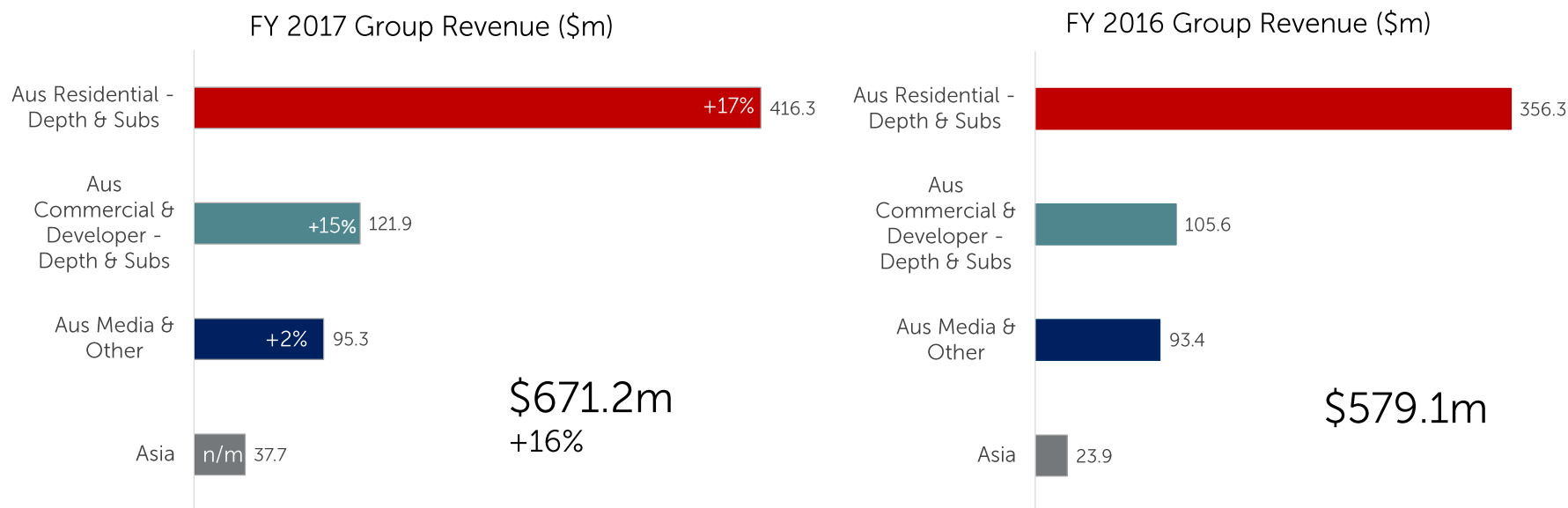
- 20% decline in dwelling units commencements during Q3⁴
- Number of dwellings impacts both listing and developer display



Media

- Overall decline in gross media spend for Australian digital content sites

Listing depth strategy driving revenue growth



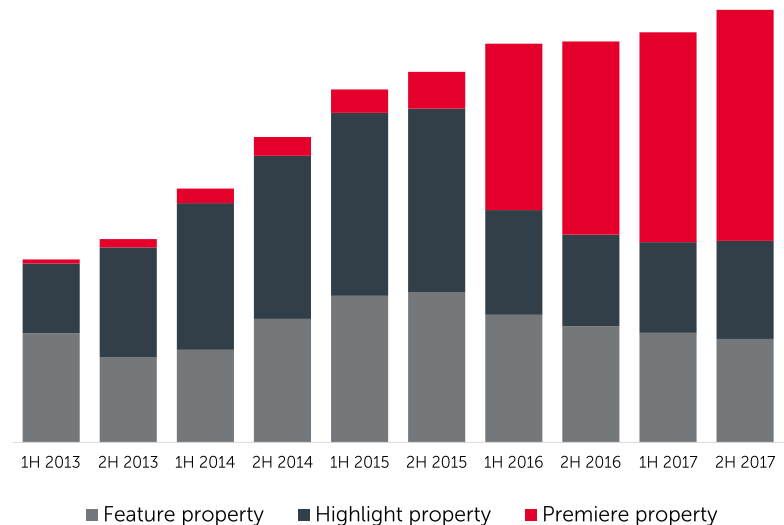
Revenue category (\$m)	FY 2017	FY 2016	Growth
Australia			
Listing depth revenue	481.8	406.8	18%
Subscription revenue	56.4	55.0	3%
Media display & Other	95.3	93.4	2%
Australian revenue	633.5	555.2	14%
Asia ¹	37.7	23.9	58%
Total revenue	671.2	579.1	16%

realestate.com.au delivers value to customers

Successful take up of premium listing products

- Improved product mix and penetration driving growth
- Success of highest yielding listing product 'Premiere', providing superior returns to agents and vendors
- Launched new products such as Front Page, Audience Maximiser, Agent Search and Agency Profiles
- Strong renewal and increased take up of Premiere All

Residential Premium Listing Penetration (depth)



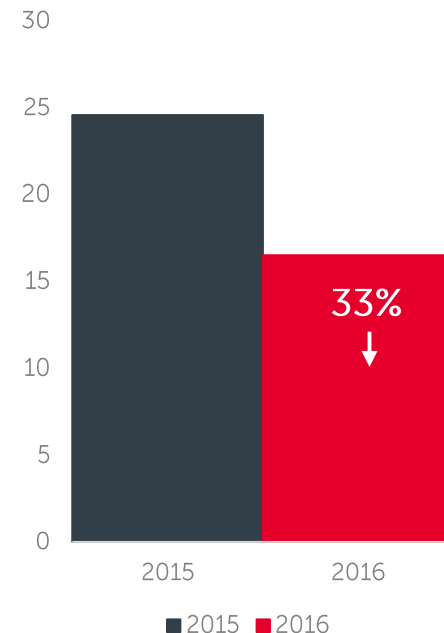
Asia results

Investment in marketing, talent & product innovation despite adverse market conditions



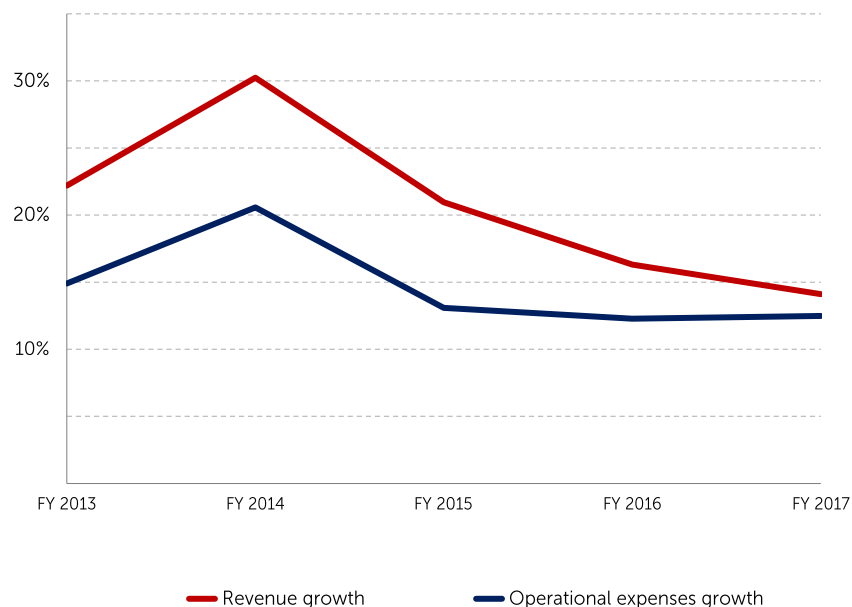
- Malaysian property transactions at lowest levels since 2009 and impacts agent, developer & events revenues
- Continued investment in Asian business for strong growth when market rebounds
- Decline of 11% in total property transactions in Malaysia²

Malaysia Units Sold¹
('000)

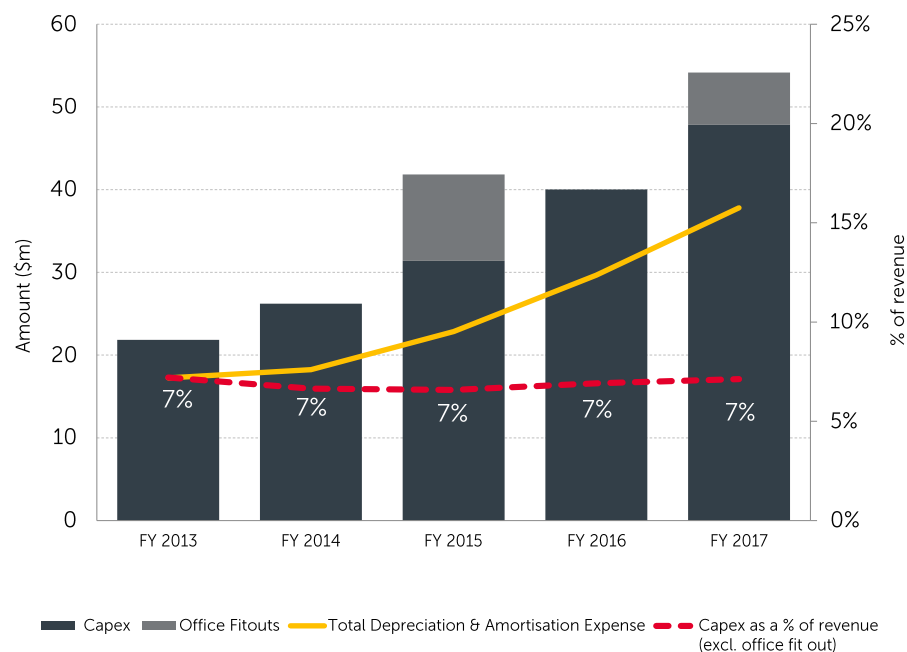


Operating results and capital expenditure

Group operating results growth (excludes Asia)



Group capital expenditure

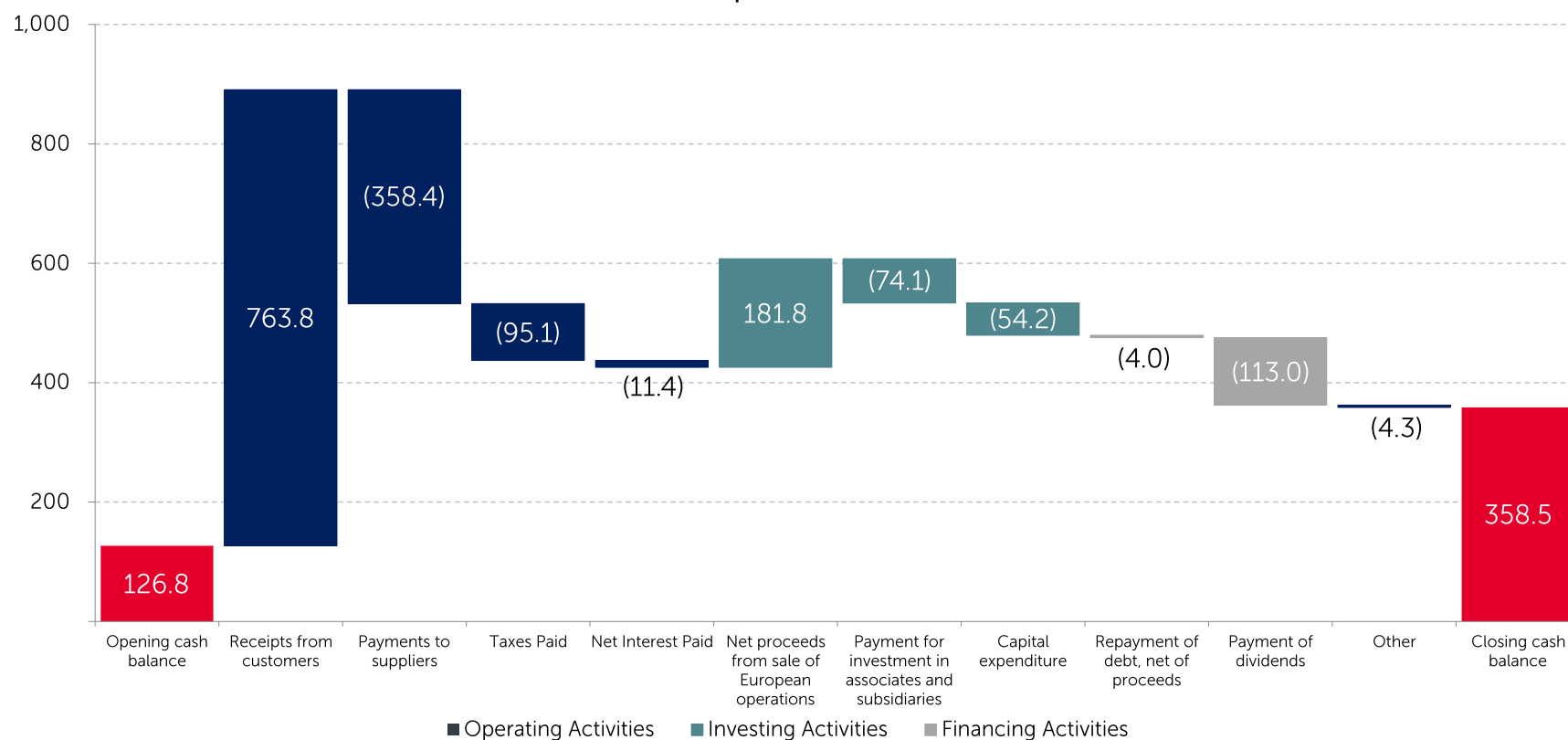


Temporary negative Jaws in FY 2018 expected due to change in business mix

Cash flow

Excellent cash position funds new investments and repayment of debt in FY 2018

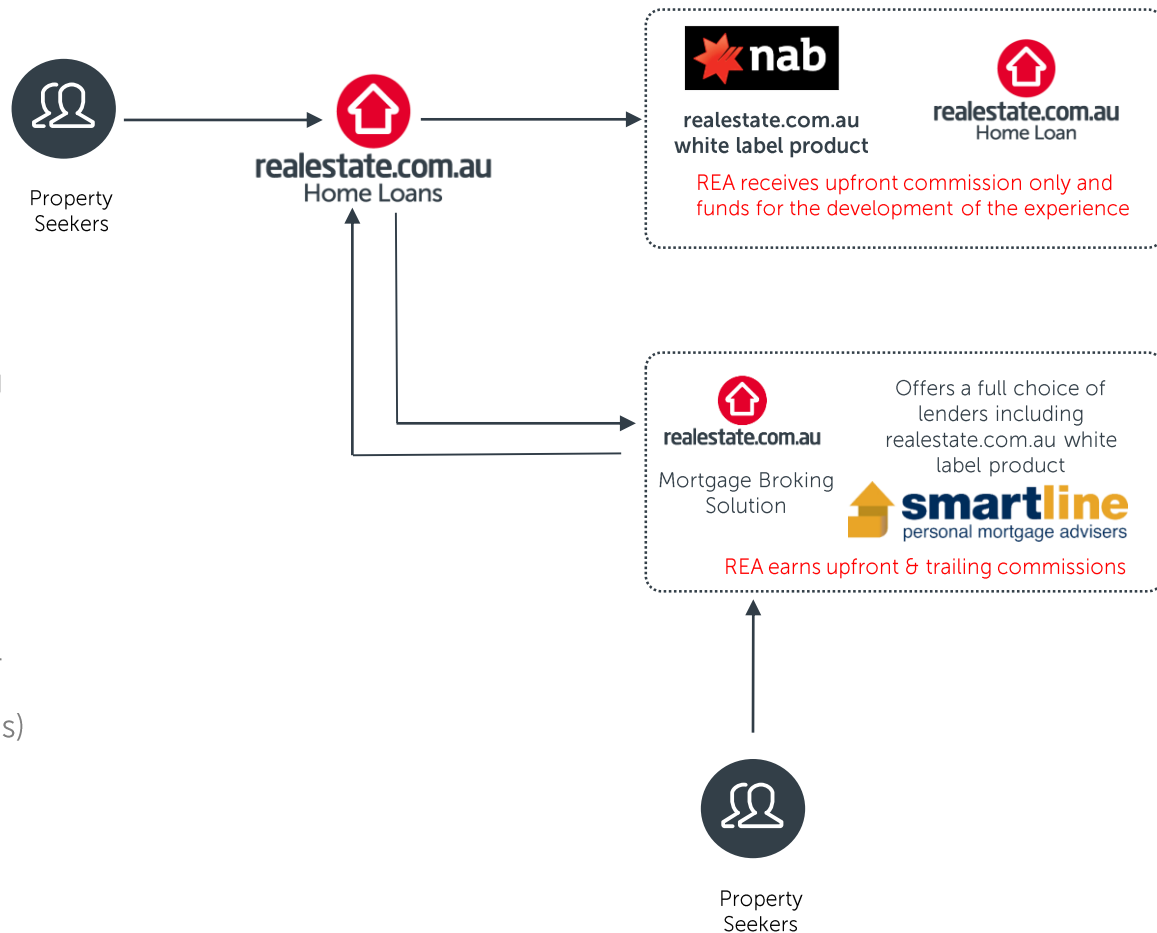
Group cash flow (\$m)



Financial services experience

We are marrying property search with the search for financing

- Digital experience on realestate.com.au integrating search and financing
- Allows consumer choice of preferred channel to access mortgage products
- The investments enable speed to market launching realestate.com.au's digital experience and mortgage broking offering in the first half of FY 2018
- Smartline investment provides realestate.com.au scale and capability of a high quality, experienced broking solution
- A new segment in FY 2018 called Financial Services. Guidance given:
 - Revenue (net of broker commissions) between \$26m to \$30m;
 - EBITDA between \$7m to \$11m

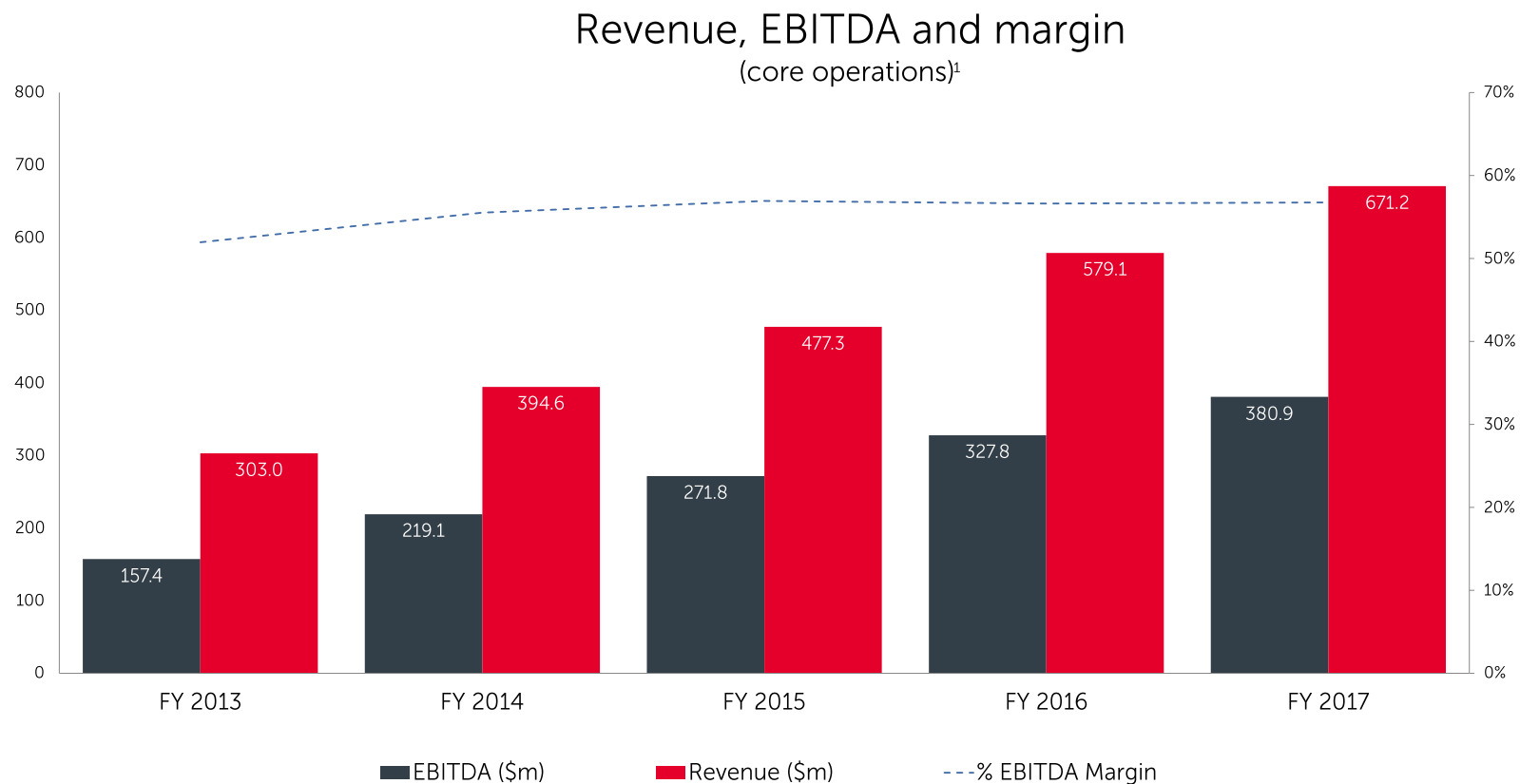


Supplementary Information



REA Group

Historical Revenue and EBITDA



Group results by quarter and half year

REA Group	Q1				Q2				Q3				Q4			
Core operations (\$m) ²	FY17	FY16	Mvmt	Growth	FY17	FY16	Mvmt	Growth	FY17	FY16	Mvmt	Growth	FY17	FY16	Mvmt	Growth
Revenue	157.4	133.7	23.7	18%	179.9	156.2	23.7	15%	156.0	133.9	22.1	17%	177.9	155.3	22.6	15%
Operating expenses ¹	(71.3)	(56.9)	(14.4)	(25%)	(65.9)	(56.2)	(9.7)	(17%)	(70.2)	(62.3)	(7.9)	(13%)	(82.7)	(75.9)	(6.8)	(9%)
EBITDA	86.1	76.8	9.3	12%	114.0	100.0	14.0	14%	85.8	71.6	14.2	20%	95.2	79.4	15.8	20%
EBITDA Margin	55%	57%			63%	64%			55%	53%			53%	51%		
Depreciation and amortisation	(8.4)	(6.6)	(1.8)	(27%)	(9.5)	(6.8)	(2.7)	(40%)	(9.6)	(7.9)	(1.7)	(22%)	(10.4)	(8.4)	(2.0)	(24%)
Net finance income/(expense)	(3.5)	0.3	(3.8)	n/m	(2.7)	0.4	(3.1)	n/m	(2.4)	(1.4)	(1.0)	(70%)	(2.2)	(3.6)	1.4	39%
Earnings before tax	74.3	70.5	3.8	5%	101.8	93.6	8.2	9%	73.8	62.3	11.5	18%	82.6	67.4	15.2	22%
Income tax expense	(22.9)	(23.2)	0.3	1%	(31.4)	(25.5)	(5.8)	(23%)	(28.3)	(19.5)	(8.8)	(45%)	(21.5)	(21.4)	(0.2)	(1%)
Net Profit	51.4	47.3	4.1	9%	70.4	68.1	2.3	3%	45.5	42.8	2.8	6%	61.1	46.1	15.0	32%

REA Group	H1				H2			
Core operations (\$m) ²	FY17	FY16	Mvmt	Growth	FY17	FY16	Mvmt	Growth
Revenue	337.3	289.8	47.5	16%	333.9	289.3	44.6	15%
Operating expenses ¹	(137.3)	(113.1)	(24.2)	(21%)	(152.9)	(138.2)	(14.7)	(11%)
EBITDA	200.1	176.7	23.4	13%	181.0	151.0	29.9	20%
EBITDA Margin	59%	61%			54%	52%		
Depreciation and amortisation	(17.9)	(13.4)	(4.5)	(34%)	(20.0)	(16.3)	(3.7)	(23%)
Net finance income/(expense)	(6.2)	0.7	(6.9)	n/m	(4.6)	(5.0)	0.4	8%
Earnings before tax	176.0	164.0	12.0	7%	156.4	129.7	26.7	21%
Income tax expense	(54.2)	(48.7)	(5.5)	(11%)	(49.8)	(40.9)	(9.0)	(22%)
Net Profit	121.8	115.3	6.5	6%	106.6	88.9	17.7	20%

Full Year			
FY17	FY16	Mvmt	Growth
671.2	579.1	92.1	16%
(290.2)	(251.3)	(38.9)	(15%)
380.9	327.8	53.1	16%
57%	57%		
(37.8)	(29.7)	(8.2)	(28%)
(10.8)	(4.3)	(6.5)	(151%)
332.4	293.8	38.6	13%
(104.1)	(89.6)	(14.5)	(16%)
228.3	204.3	24.1	12%

Financial comparatives

Core Operations											Financial Statement
Group results	FY 2013		FY 2014		FY 2015		FY 2016*		FY 2017*		FY 2017
	\$m	Growth	\$m	Growth	\$m	Growth	\$m	Growth	\$m	Growth	\$m
Revenue	303.0	9%	394.6	30%	477.3	21%	579.1	21%	671.2	16%	671.2
Total revenue & other income	303.0	9%	394.6	30%	477.3	21%	579.1	21%	671.2	16%	671.2
Operating expenses	(145.5)	(4%)	(175.5)	(21%)	(198.5)	(13%)	(237.5)	(20%)	(285.8)	(20%)	(472.6)
Share of loss of associates	-		-		(7.1)	n/m	(13.8)	(94%)	(4.4)	68%	(4.4)
EBITDA	157.4	25%	219.1	39%	271.8	24%	327.8	21%	380.9	16%	194.2
<i>EBITDA Margin</i>	<i>52%</i>		<i>56%</i>		<i>57%</i>		<i>57%</i>		<i>57%</i>		
Depreciation and amortisation	(17.2)	(13%)	(18.2)	(6%)	(22.9)	(26%)	(29.7)	(30%)	(37.8)	(29%)	(37.8)
EBIT	140.2	27%	200.9	43%	248.9	24%	298.2	20%	343.1	15%	156.4
Net finance income/(expense)	9.4	n/m	9.3	n/m	3.5	n/m	(4.3)	n/m	(10.8)	n/m	(5.7)
Earnings before tax	149.6	26%	210.2	41%	252.4	20%	293.8	16%	332.4	13%	150.7
Income tax expense	(43.7)	(38%)	(61.9)	(42%)	(74.9)	(21%)	(89.6)	(20%)	(104.1)	(16%)	(102.8)
Net Profit	106.0	22%	148.3	40%	177.4	20%	204.3	15%	228.3	12%	47.9
Discontinued operations	(3.8)	n/m	(1.3)	n/m	(0.9)	n/m	(1.5)	n/m	(3.2)	n/m	158.4
Dividends per share (DPS)	41.5	26%	57.0	37%	70.0	23%	81.5	16%	91.0	12%	91.0
Earnings per share (EPS)	80.5	22%	112.6	40%	134.7	20%	155.1	15%	173.3	12%	156.4

Cash flow reconciliation

Cash flow reconciliation (\$m)	FY 2017	FY 2016	Growth
EBITDA⁽¹⁾	380.9	327.8	16%
Working capital movement	19.7	(15.6)	n/m
Net interest paid	(11.4)	(3.3)	n/m
Income taxes paid	(95.1)	(100.9)	6%
Capital expenditure	(54.2)	(40.0)	(35%)
Other	2.6	(4.3)	(160%)
Free cash flow*	242.6	163.7	48%
Payment for acquisition of subsidiary	(4.6)	(511.6)	n/m
Proceeds/(Repayment) of debt, net	(4.0)	498.0	n/m
Investment in associates	(69.6)	(17.3)	n/m
Dividends paid	(113.0)	(101.1)	12%
Proceed from sale of subsidiaries	181.8	-	n/m
Other	4.8	(1.4)	n/m
Net cash inflow*	238.3	30.3	n/m

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investor site at
rea-group.com

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