

ASX Announcement 10 November 2017

REA Group Q1 FY2018 financial information released

REA Group Limited (ASX:REA) today announced its results for the three months ended 30 September 2017 to be reported by News Corporation (News Corp) (ASX: NWS) on 10 November 2017 (EDT). The News Corp report includes US GAAP financial information for REA Group and its subsidiaries.

Group financial highlights from core operations¹ for the quarter ending 30 September 2017 include net revenue growth of 21% to \$190m and EBITDA growth of 24% to \$107m.

A summary table of the key financial information is presented below. This information is presented in Australian dollars and is prepared under AIFRS.

	For three months ended 30 September (AUD\$) ²		
Millions	FY2018	FY2017*	% change
Revenue after broker commissions	190	157	21%
Operating Expenses (excluding associates)	(81)	(69)	17%
EBITDA from core operations (including share of losses of associates)	107	86	24%
Free cash flow ³	34	36	(5%)

*Excludes discontinued operations

The excellent revenue growth was driven by the Australian residential business, and the inclusion of financial services revenue from 1 August, which was not included in the prior comparative period. The strong residential growth included price changes, the continued success of our Premiere All offering and a favourable listings mix. While listings nationwide remained relatively flat, listings in the key markets of Melbourne and Sydney rose, offset by lower listings in other states.

Revenue growth in the commercial business was strong despite flat listings, while growth in the developer business was subdued due to the continued significant reduction in new project commencements. The media business achieved modest revenue growth in a declining market. The Asia segment achieved strong revenue growth driven by MyFun, Malaysia and Thailand.

We expect the market conditions in developer and media to continue for the remainder of the year resulting in minimal revenue growth in these businesses. Any change in the favourable listings environment in Melbourne and Sydney beyond spring will have an impact on the revenue growth rate in the residential business. The financial services segment remains on track to deliver the previous FY18 guidance of revenue between \$26m - \$30m and EBITDA between \$7m - \$11m.



The increase in operating expenses reflects the inclusion of the new financial services business, continued investment in strategic initiatives, and marketing. This rate of expenditure will continue into Q2. Excluding the impact of financial services, we expect the rate of full year revenue growth to exceed the rate of cost growth, however, this will not be the case in every quarter and quarterly EBITDA growth rates will reflect this.

REA Group CEO Tracey Fellows commented: “It has been a very strong start to the year. We are delivering growth against the backdrop of favourable conditions for residential in Australia, with an increase in listings in the key markets of Sydney and Melbourne, while challenges remain in the developer, media and Asia markets.”

“In Australia, realestate.com.au is the clear number one place for property. We have maintained our lead with the largest and most engaged audience of property seekers, with more than twice the visits⁴ compared to the number two.”

“We have also now extended realestate.com.au into financial services. For the first time, Australians can now search, find and finance property all in the one place. More than 60,000 people have created financial profiles on realestate.com.au since our launch in September.”

A full copy of News Corp’s Form 10-Q to be filed with the U.S. Securities and Exchange Commission (SEC) will be lodged with the ASX when it becomes available. It is noted that the reported US Dollar figures in the News quarterly release may not agree to the Australian Dollar figures noted above, as the reported figures are presented in accordance with US GAAP with which News Corp must comply.

Ends.

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About REA Group Limited: (www.rea-group.com): REA Group Limited ACN 068 349 066 (ASX:REA) (“REA Group”) is a multinational digital advertising business specialising in property. REA operates Australia’s leading residential and commercial property websites, realestate.com.au and realcommercial.com.au, spacely.com, Chinese property site myfun.com and a number of property portals in Asia via its ownership of iProperty Group. REA also owns Smartline Home Loans Pty Ltd, an Australian mortgage broking franchise group and holds a significant shareholding in property websites Move, Inc. in the US and PropTiger.com, Makaan.com and Housing.com in India.

¹ Financial results/highlights from core excludes significant non-recurring items such as revaluation of contingent consideration, transaction costs and discontinued operations (net of gain on sale).

² Q1 results are based on unaudited financial information and are rounded to the nearest million.

³ Free cash flow is REA Group consolidated cash flows before dividends paid and cashflows from investments in financial assets.

⁴ All data vs nearest competitor, Jul-Sep 2017. Web visits: Nielsen Market Intelligence. App launches: Nielsen Digital Content Ratings