

REA Group Limited

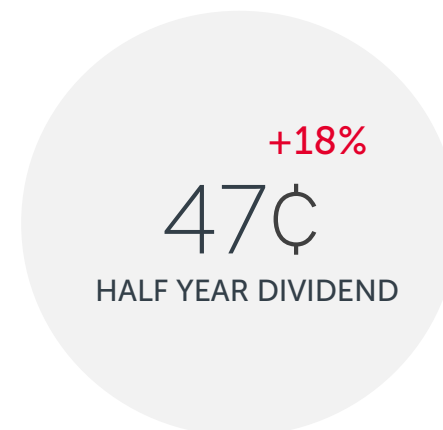
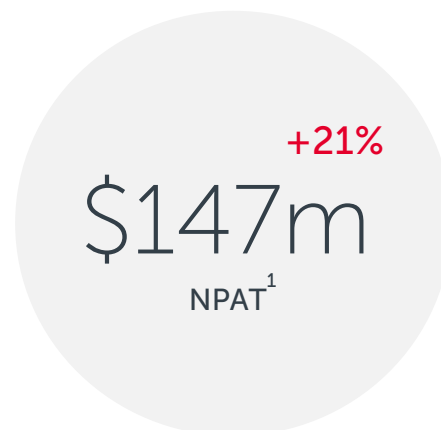
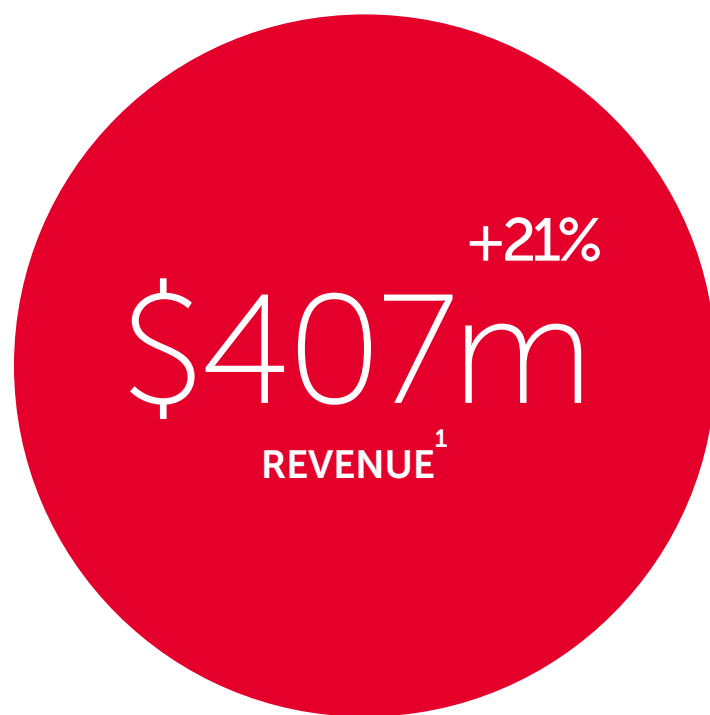
Investor & Analyst presentation

HALF YEAR RESULTS – 31 December 2017



REA Group

Half year financial metrics



Half year highlights

realestate.com.au is the #1 place for property across all platforms¹

Launch of realestate.com.au Home Loans

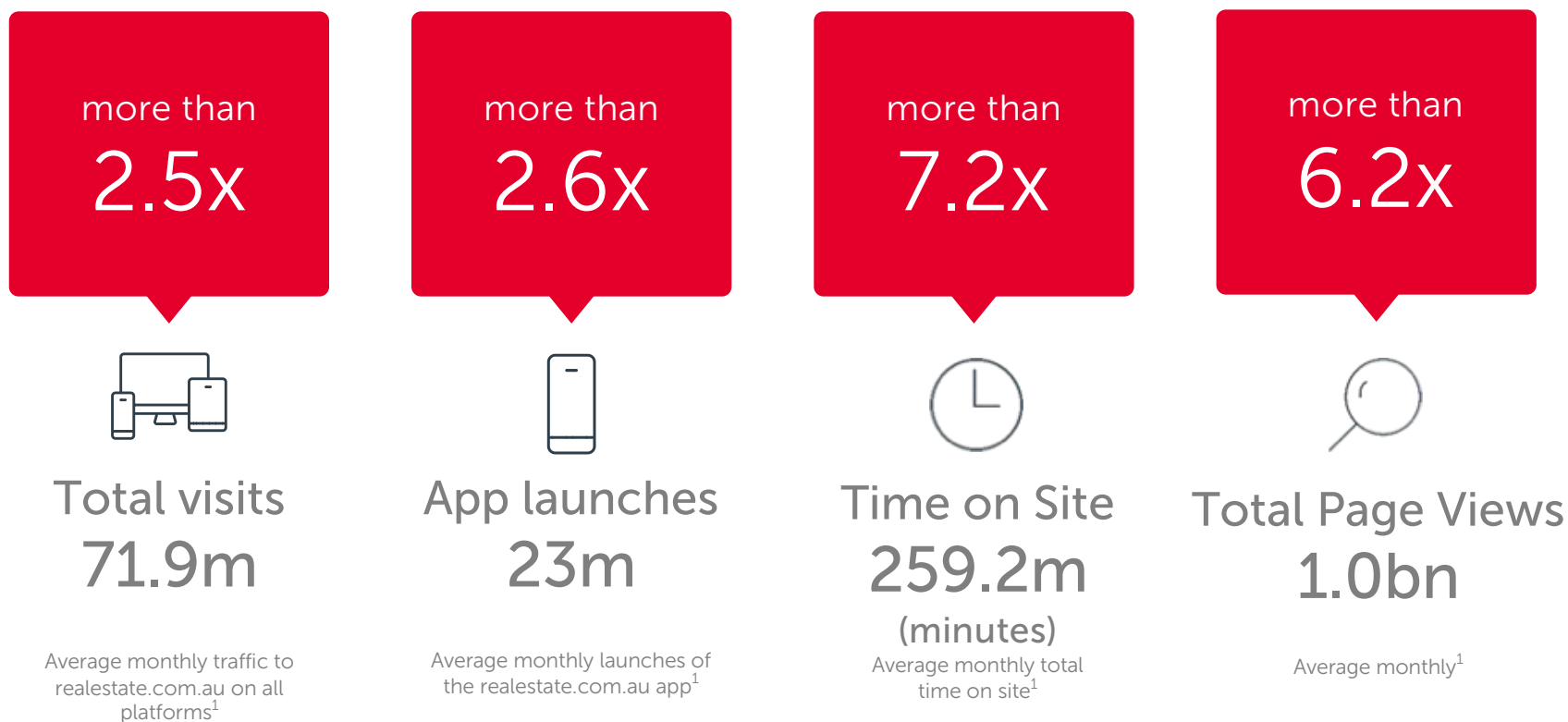
New consumer websites and app experience in Asia

More than 11.8 million visits to Lifestyle since launch²

23% growth in site visits³ for realcommercial.com.au

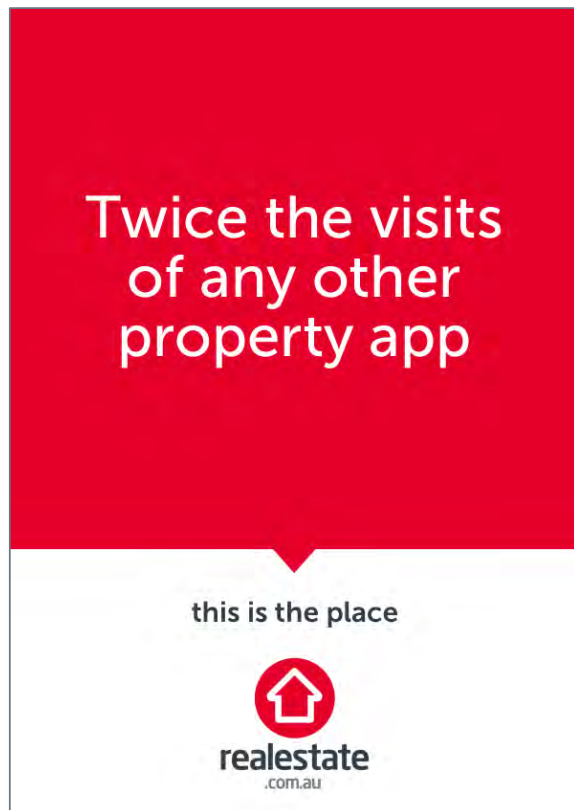
realestate.com.au is No. 1 across all platforms

Outperforming the competition – the largest and most engaged audience



realestate.com.au is Australia's #1 property app

Our superior mobile experience means we have the leading property app



Over 2.6x

App launches¹

+30%

Growth in app
launches²

Over 7.4m

App downloads³

Over 3.6x

Time on app⁴

Delivering on our purpose and strategy

Change the way the world experiences property

Property
Advertising



Lifestyle and
Financial Services



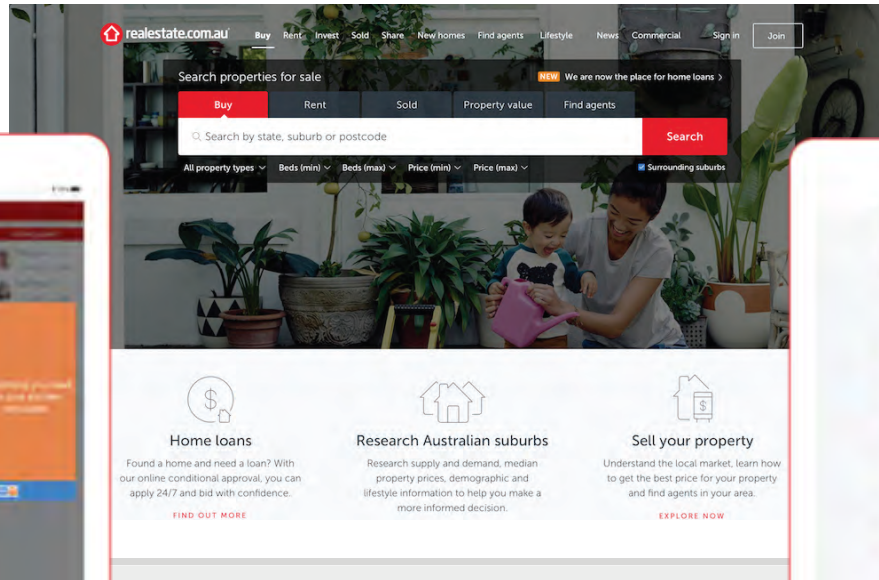
Global



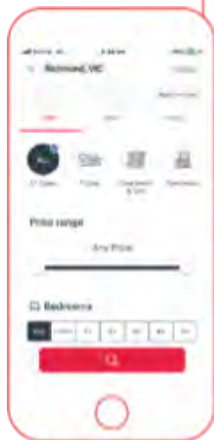
Innovating at our core Property Advertising



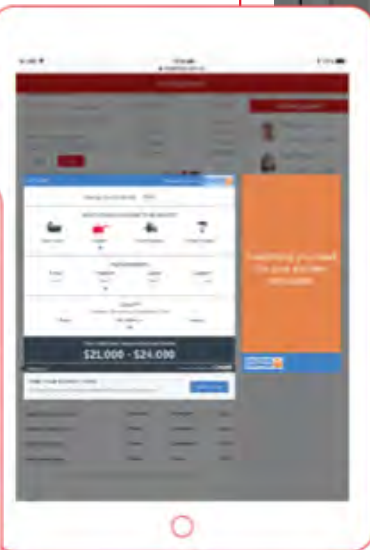
Enhancing the experience for our consumer segments across all platforms delivering the most personalised property insights



New home page navigation



New app search filters



Updated renovation estimator



Personal property market reports



Smart app notifications

Innovating at our core Property Advertising



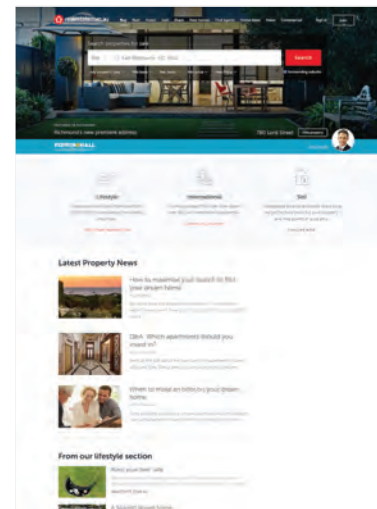
An important factor has been the expansion and innovation of depth and premium products to generate even more lead opportunities for our customers



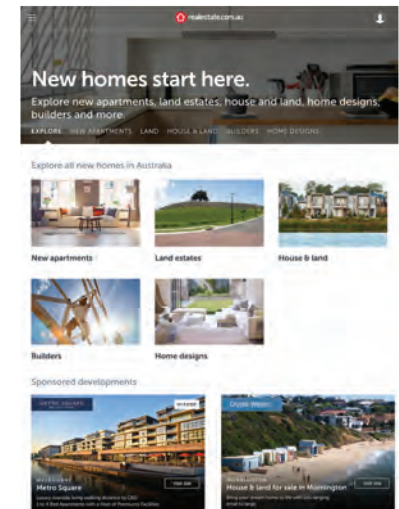
Residential agent
comparison tool



Audience Maximiser



Front Page



New Homes experience
profiling developments

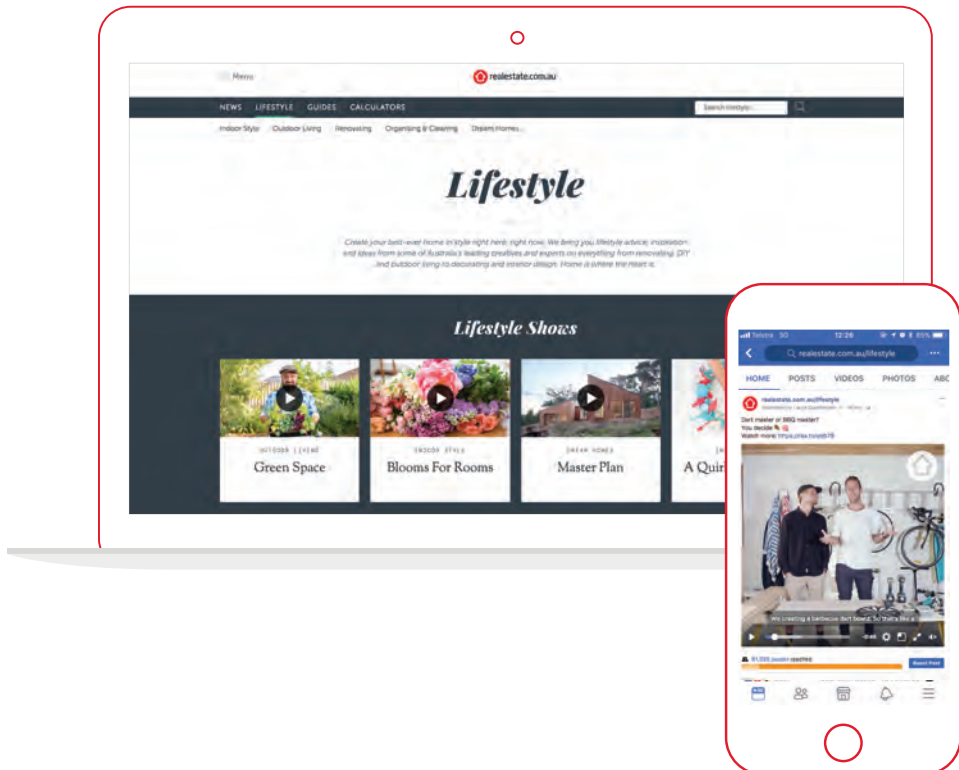
Growing beyond property advertising

Lifestyle & Content

Lifestyle and
Financial Services



realestate.com.au is Australia's #1 producer and publisher of original property video content online



Over 11.8m Visits since launch¹

120

New videos every
month²

+49%

Growth in Lifestyle &
Content³

+90%

Growth in video
views⁴



1. Adobe Analytics total visits for March 2017–December 2017. 2. REA internal data, average monthly videos published July 2017 – December 2017. 3. REA Internal Data: Total News and Lifestyle content for the half year ended 31 December 2017 compared to the half year ended 31 December 2016. 4. REA Internal Data: Total News and Lifestyle Video views for the six months ended 30 June 2017 compared to the six months ended 31 December 2017 (Lifestyle launched in March 2017).

Growing beyond property advertising

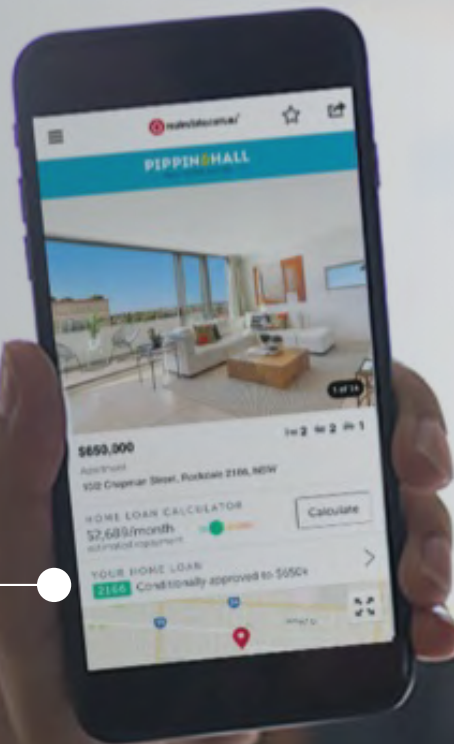
Financial Services

Lifestyle and
Financial Services



Australian-first experience on realestate.com.au, integrating property search and finance

- Search
- Find
- Finance



Over 5.3m

Total calculator
engagements¹

Over 150,000

Personal financial
profiles created²

Global network

Global



 realestate.com.au[®]

 realcommercial.com.au[®]

Flatmates
com.au

 spacely

 smartline
personal mortgage advisers



 PROPTIGER.COM

 HOUSING.COM

makaan



realtor.com[®]

 买房
myfun.com

 iProperty.com.my

 GoHome.com.hk
Hong Kong's No.1 Property Website

 squarefoot.com.hk

 SMARTExpo
Investment & International Property Expo

 rumah123.com
Situs Properti No.1 di Indonesia

 thinkofliving.com

 Prakard.com

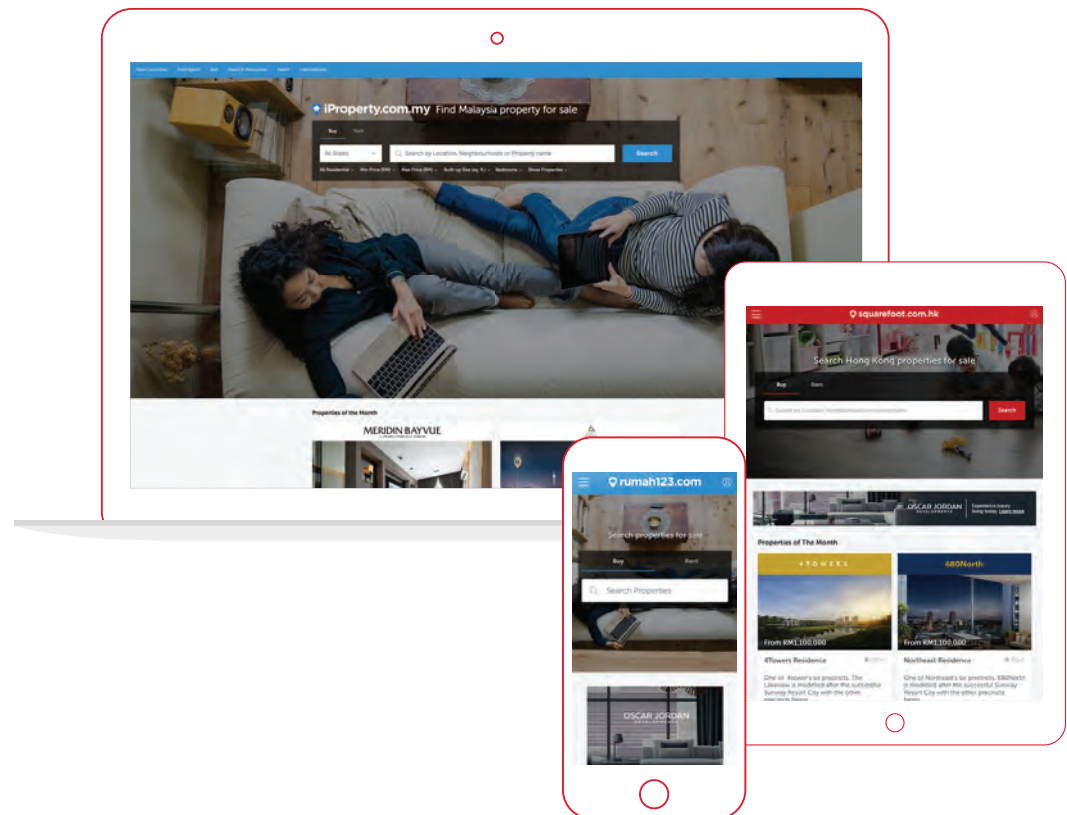
 iProperty.com.sg



Building a strong international business

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

- New websites and apps across all consumer brands
- Number one in Malaysia¹
 - More than 2x the visits to the nearest competitor in Malaysia¹
- 33% growth in visits in Indonesia²
- Increased market position in Singapore to clear number two³
 - 48% growth in visits³



Strategic Investments

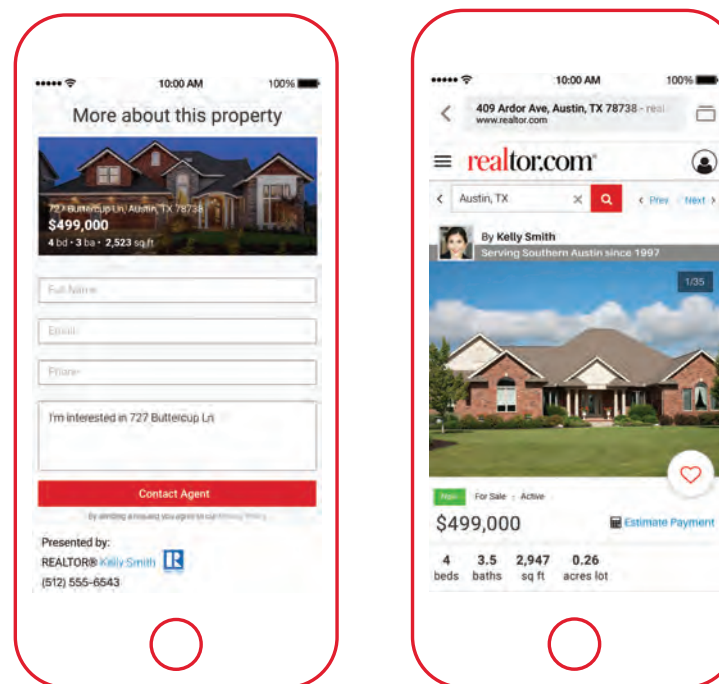
United States Highlights

Global



Our strategic investment in Move, Inc. continues to perform well

- Growth of 9% to 52m¹ unique users
- Increase of 15%² in unique user engagement
- Reported revenue grew 17% to USD\$217m¹
- Innovations such as adding new filters for mobile & desktop search experiences and improvements to the search results page



Financial Highlights



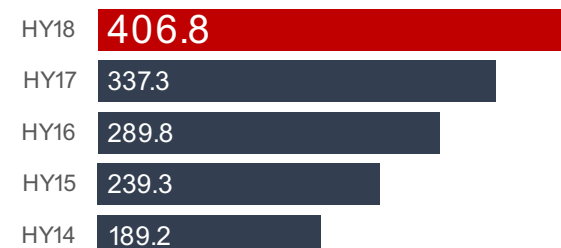
REA Group

Financial operating results

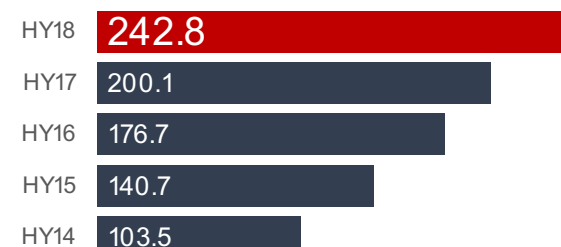
Performance (\$m)	HY 2018	HY 2017	Growth
Revenue⁽¹⁾			
Australia	384.0	318.2	21%
Asia	22.8	19.2	19%
Total revenue	406.8	337.3	21%
EBITDA^(2,3)			
Australia	253.6	209.3	21%
Asia	4.5	2.6	70%
Associates	(4.0)	(1.8)	n/m
Corporate	(11.3)	(10.2)	11%
Group EBITDA^(2,3)	242.8	200.1	21%
EBITDA Margin	60%	59%	
Depreciation & Amortisation	(23.1)	(17.9)	30%
EBIT	219.7	182.2	21%
Interest expense, net	(3.9)	(6.2)	
Earnings before Tax	215.8	176.0	23%
NPAT⁽³⁾	147.3	121.8	21%
Cash Balance	198.3	166.3	19%
Earnings per share (EPS) cents ⁽³⁾	111.8	92.5	21%
Dividends per share cents	47.0	40.0	18%

Reconciliation to Financial Statements (\$m)	HY 2018	HY 2017	Growth
NPAT from core operations	147.3	121.8	21%
Discontinued operations (net of gain on sale)	-	163.4	n/m
Revaluation & unwind of contingent consideration	(2.3)	7.0	n/m
Business combination transaction costs (net of tax)	(0.6)	-	n/m
US Tax reform - revaluation of DTA	(11.8)	-	n/m
Reported NPAT	132.5	292.1	(55%)

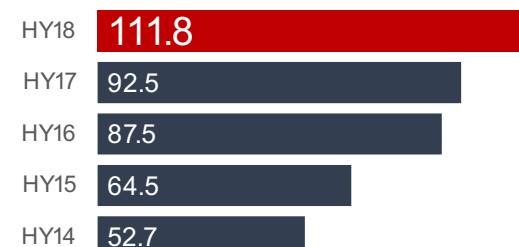
Revenue (\$m)



EBITDA (\$m)



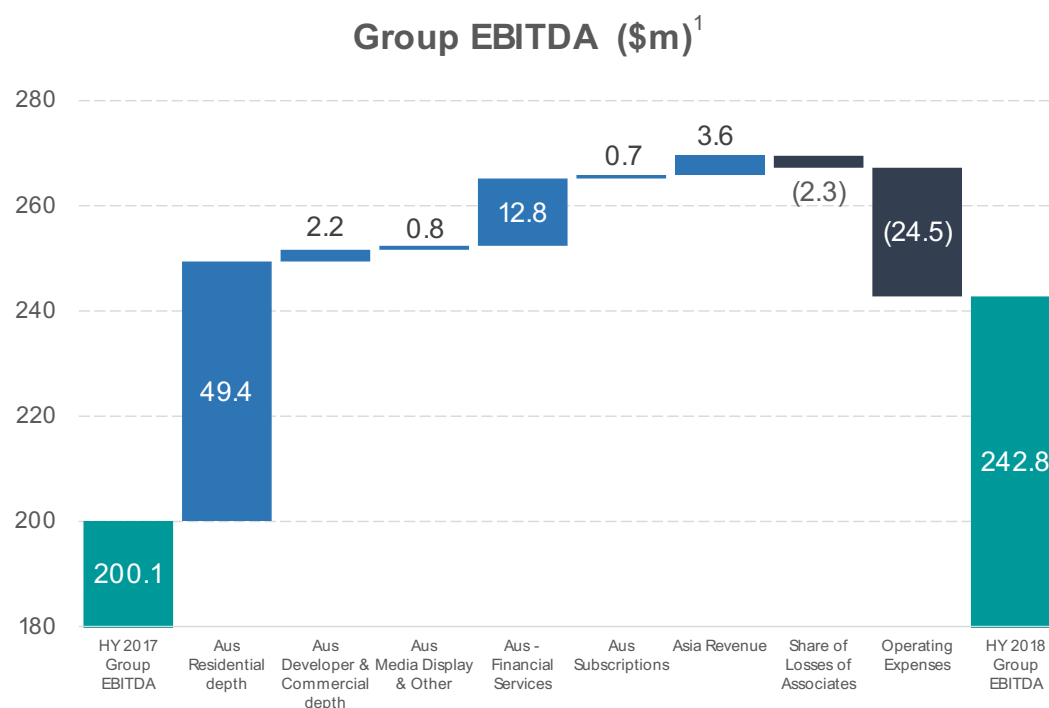
EPS (cents)



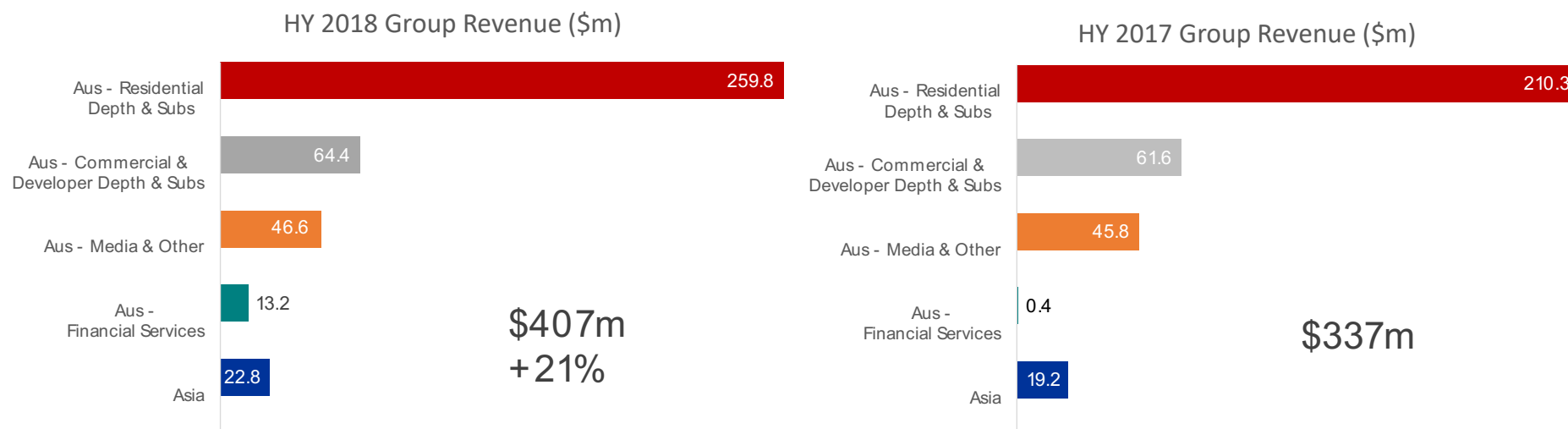
Strong EBITDA results

Australian premium listing products deliver outstanding growth

- Australian residential listing depth revenue growth due to success of Premier All and favourable listings in Melbourne & Sydney
- Australian developer & commercial depth revenue growth resulting from improved depth penetration
- Delivered growth through strategic expansion with Financial Services segment
- Operating expenses increase due to the inclusion of Financial Services, product innovation and investment in marketing



Listing depth strategy driving revenue growth



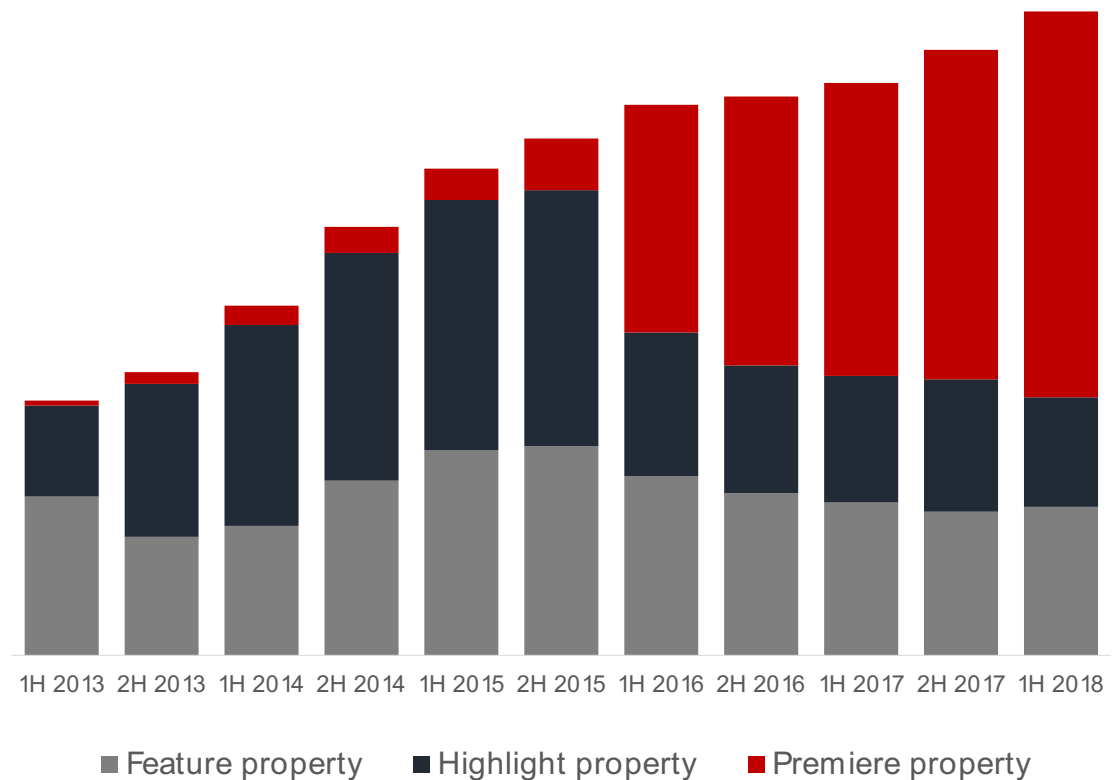
Revenue category (\$m)	HY 2018	HY 2017	Growth
Australia			
Listing depth revenue	295.6	244.0	21%
Subscription revenue	28.6	27.9	3%
Media display & Other	46.6	45.8	2%
Financial Services	13.2	0.4	n/m
Australian revenue	384.0	318.1	21%
Asia			
	22.8	19.2	19%
Total revenue	406.8	337.3	21%

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
- Strong renewal and increased take up of Premiere All
- Increased listings in Melbourne & Sydney where depth penetration is highest

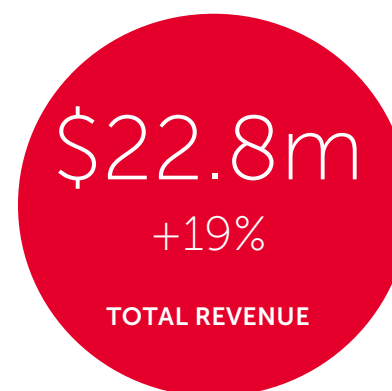
Residential Premium Listing Penetration (depth)



Asia results

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

- Revenue and EBITDA growth due to MyFun, Thailand and Indonesia (inclusive of FX impact)
- Continued investment resulted in strong audience growth
- Best in class experience in Malaysia, Indonesia, Hong Kong and Singapore with the release of innovative apps & new responsive regional websites
- Strong senior leadership team in place to execute strategy
- Market conditions remain challenging with property transactions down 7% in Malaysia¹ and 13% in Hong Kong²



Financial Services launched

Helping homebuyers understand their financing options at the beginning of their property search

\$13.2m

TOTAL REVENUE

\$5.7m

EBITDA¹

- Nearly 500 brokers nationwide
- Mortgage brokering offerings with more than 30 reliable lenders
- First home loan settlements through our realestate.com.au white label product
- Making it easier for consumers to better understand their finances with our home loan calculator



1. Includes share of losses of associates.



There's a brand new way
to find a home loan

Australia's smartest home loan search

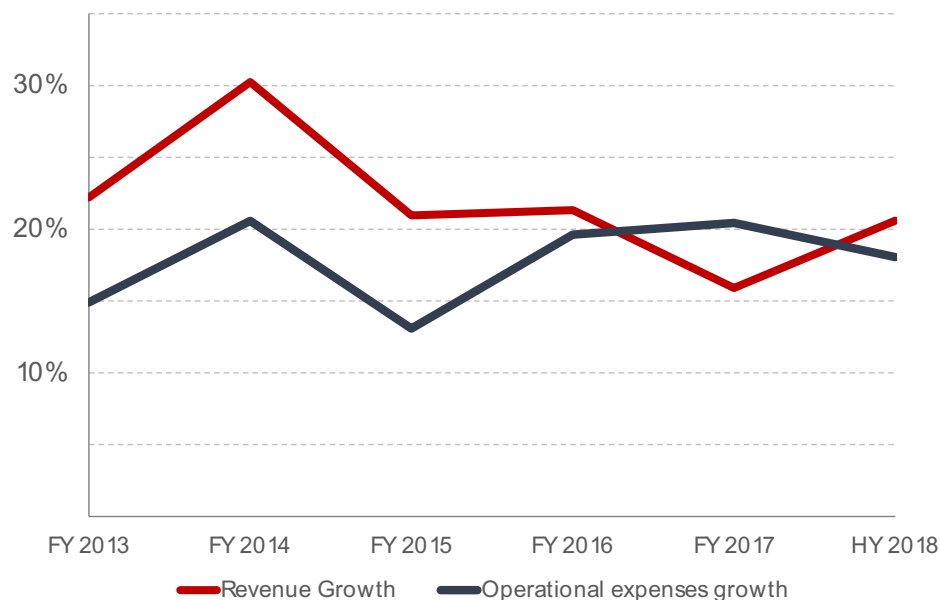
this is the place



realestate.com.au Pty Ltd is a credit representative (ABN8855 010120) of REA Group Pty Ltd (ACN 107 950 740) (Group) Credit License 390320.

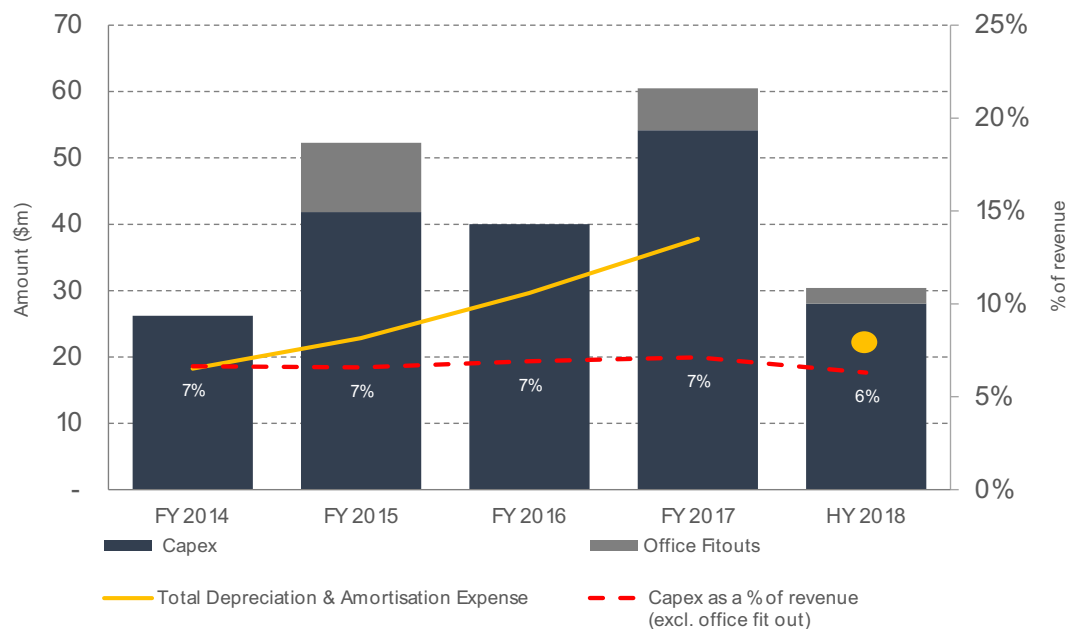
Operating results and capital expenditure

Group Operating Results Growth



For the full year, excluding the impact of Financial Services, it is expected that the rate of revenue growth will exceed the rate of cost growth

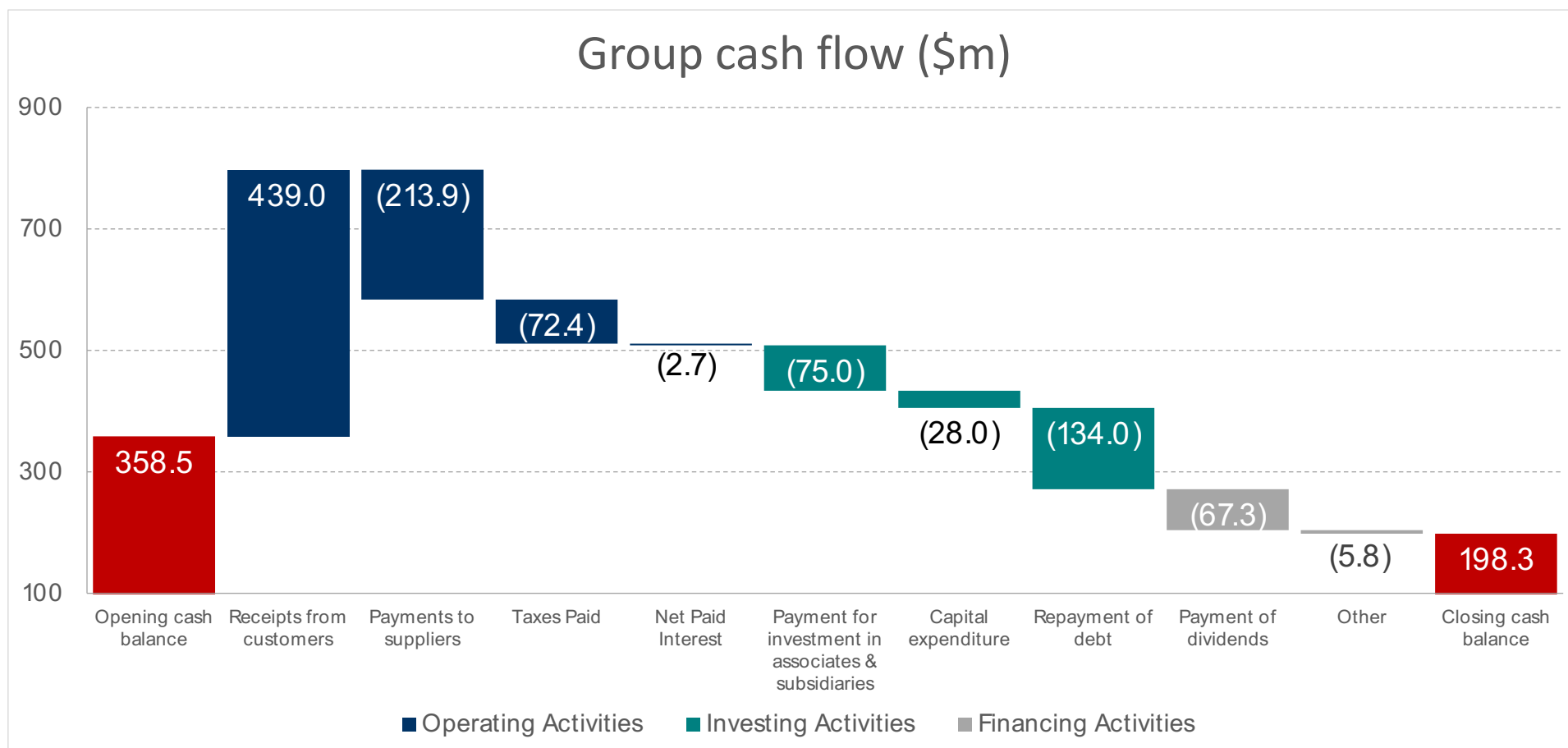
Group Capital Expenditure



Depreciation & Amortisation is expected to increase in H2, reflecting new product innovations and some minor office fitouts

Cash flow

Reduction in cash position due to funding of new investments and repayment of debt

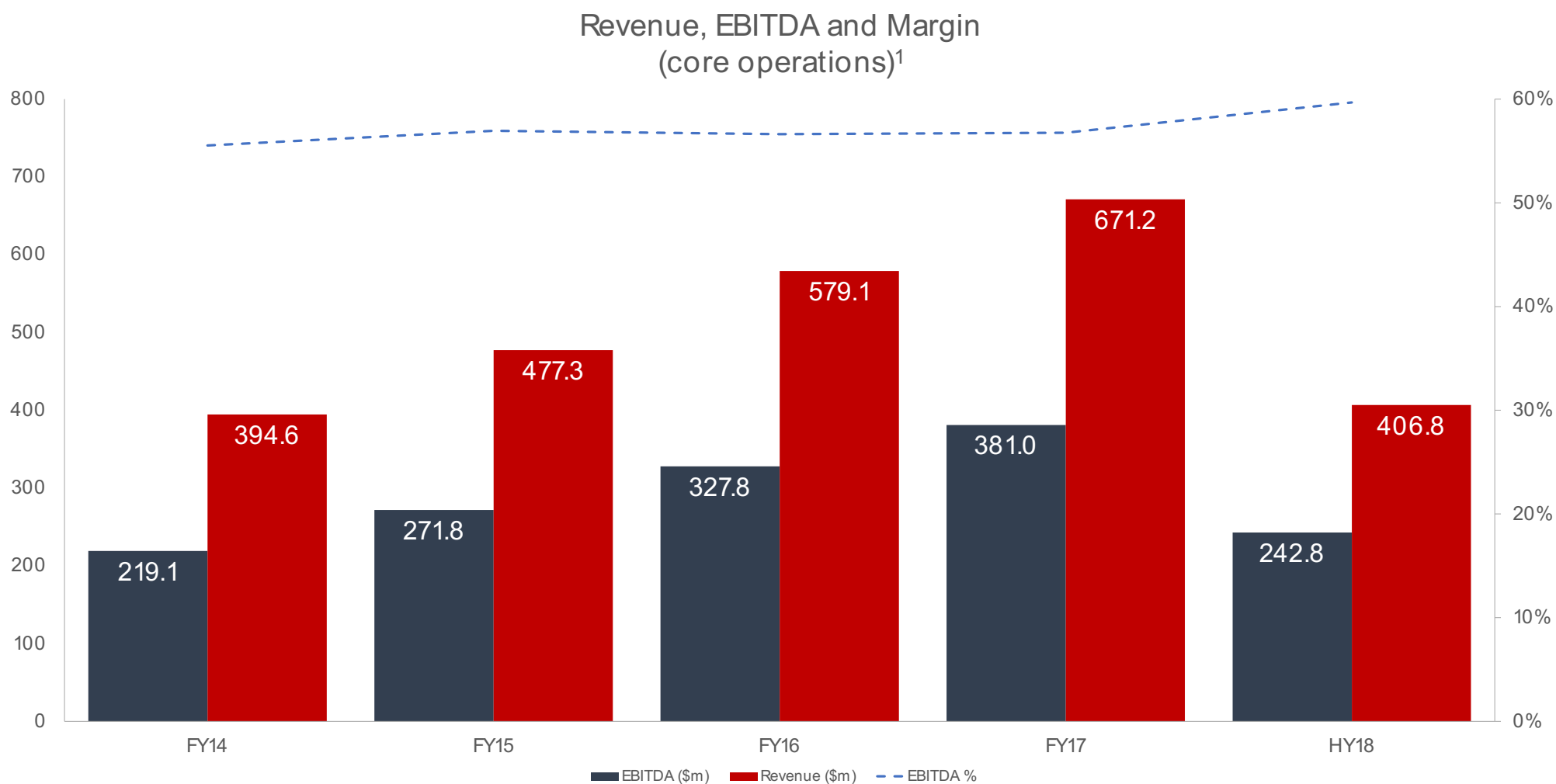


Supplementary Information



REAGroup

Historical Revenue and EBITDA



Financial comparatives

Group Results	Core Operations ⁽¹⁾										Financial Statements
	HY2014		HY2015		HY2016		HY2017		HY2018		HY 2018
	\$m	Growth	\$m	Growth	\$m	Growth	\$m	Growth	\$m	Growth	\$m
Total Revenue	189.2	30%	239.3	26%	289.8	21%	337.3	16%	432.1	28%	432.1
Expense from franchisee commissions	0.0		0.0		0.0		0.0		(25.3)		(25.3)
Total Operating Income	189.2	30%	239.3	26%	289.8	21%	337.3	16%	406.8	21%	406.8
Operating Expenses	(85.8)	(19%)	(98.2)	(15%)	(107.2)	(9%)	(135.5)	(26%)	(160.0)	(18%)	(160.3)
Share of losses of associates	0.0		(0.3)		(5.9)		(1.8)		(4.0)		(15.9)
EBITDA	103.5	40%	140.7	36%	176.7	26%	200.1	13%	242.8	21%	230.6
<i>EBITDA Margin</i>	<i>55%</i>		<i>59%</i>		<i>61%</i>		<i>59%</i>		<i>60%</i>		
Depreciation & Amortisation	(9.1)	(9%)	(11.2)	(23%)	(13.4)	(19%)	(17.9)	(33%)	(23.1)	(29%)	(23.1)
EBIT	94.3	44%	129.5	37%	163.3	26%	182.2	12%	219.7	21%	207.5
Net finance income/(expense)	4.6		2.9		0.7		(6.2)		(3.9)		(6.5)
Earnings before tax	99.0	42%	132.4	34%	164.0	24%	176.0	7%	215.8	23%	201.0
Income tax expense	(29.5)		(47.5)		(48.7)		(54.2)		(68.4)		(68.4)
Net Profit	69.5	41%	85.0	22%	115.3	36%	121.8	6%	147.3	21%	132.5
Dividends per share (DPS) (cents)	22.0	38%	29.5	34%	36.0	22%	40.0	11%	47.0	18%	47.0
Earnings per share (EPS) (cents)	52.7	41%	64.5	22%	87.5	36%	92.5	7%	111.8	21%	100.5

Cash flow reconciliation

Cash flow reconciliation (\$m)	HY 2018	HY 2017	Growth
EBITDA ⁽¹⁾	242.8	200.1	21%
EBITDA discontinued ops	-	1.7	n/m
Working capital movement	(24.0)	(12.1)	n/m
Net interest paid	(2.7)	(6.2)	(56%)
Income taxes paid	(72.4)	(48.5)	49%
Capital Expenditure	(28.0)	(24.1)	16%
Other	4.1	0.3	n/m
Free cash flow	119.8	111.1	8%
Payment for acquisition of subsidiary	(70.7)	(1.2)	n/m
Net repayment of borrowings	(134.0)	(3.3)	n/m
Investment in associates	(4.4)	-	n/m
Cash disposed from discontinued ops	-	(6.2)	n/m
Dividends paid	(67.3)	(60.1)	12%
Other	(3.5)	(1.2)	n/m
Net cash (outflow)/inflow	(160.1)	39.1	n/m

Visit our
investor site at
rea-group.com

Disclaimer: The material herein is a presentation of non-specific background information about the Company's current activities. It is information given in summary form and does not purport to be complete. Investors or potential investors should seek their own independent advice. This material is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of a particular investor. These should be considered when deciding if a particular investment is appropriate.

Media:

Erin Chancellor

M: +61 411 048 474

E: erin.chancellor@rea-group.com

Investors:

Owen Wilson

Chief Financial Officer

P: +61 3 8456 4288

E: ir@rea-group.com