

**ASX Announcement
9 August 2022****REA Group delivers an exceptional FY22 performance****Financial highlights from core operations¹ compared to prior corresponding period:**

- Revenue² of \$1,170m, up 26%
- EBITDA³ (including associates) of \$674m, up 19%
- Net profit⁴ of \$408m, up 25%
- Full year dividend of 164 cents per share, up 25%
- EPS of 308 cents, up 25%

REA Group Ltd (ASX:REA) today announced its results for the year ended 30 June 2022. Group financial highlights from core operations¹ include revenue growth of 26% to \$1,170m, an increase in EBITDA including associates of 19% to \$674m, and a 25% increase in net profit to \$408m. Reported net profit increased to \$385m, reflecting one-off impacts in both periods (see Appendix 1).

The Group result includes the consolidation of REA India from 1 January 2021 and Mortgage Choice from 1 July 2021. Excluding the impact of these acquisitions, core revenue increased by 18%. Revenue growth was underpinned by strong growth in Australian Residential revenues, which were up 24%.

Core operating costs increased 34%, largely driven by the Mortgage Choice and REA India acquisitions. Excluding acquisitions, core operating costs increased by 11%, reflecting investment to deliver our strategic initiatives, a tight labour market driving higher remuneration costs, an increase in revenue-related variable costs, and investment in brand and marketing.

The Board has determined to pay a record final dividend of 89 cents per share fully franked. Together with the interim dividend announced in February, this represents a total dividend of 164 cents per share in respect of the 2022 financial year, a 25% increase on the prior year.

REA Group Chief Executive Officer, Owen Wilson commented: “FY22 has been an exceptional year for REA. The record take up of our premium listings products enabled us to fully capitalise on the buoyant listings environment, and it demonstrates the value we provide to our customers and vendors.

“Key milestones were also achieved in our property data, financial services and Indian businesses, building strong momentum. These markets present great opportunities and the revenue contribution of these businesses is growing rapidly.”

A summary table of the key financial information from core operations¹ is presented below. The information is presented in Australian dollars and is prepared under AIFRS. All financial growth rates refer to YoY comparisons unless otherwise stated.



AUD\$m (unless stated)	FY22	FY21	YoY growth	YoY growth (ex-acquisitions) ⁵
Revenue	1,170	928	26%	18%
Operating expenses	499	372	34%	11%
Operating EBITDA (excluding share of profit/losses from associates)	671	556	21%	22%
EBITDA (including share of profit/losses from associates)	674	565	19%	20%
NPAT attributable to owners of parent	408	326	25%	28%
Earnings per share (EPS) (cents)	308	247	25%	28%

AUSTRALIA

In Australia, REA Group operates the leading residential and commercial sites realestate.com.au⁶ and realcommercial.com.au⁷, data and insights business, PropTrack, and a leading mortgage broking business, Mortgage Choice. Core revenue of \$1,116m was up 23% YoY, or 18% excluding the impact of the Mortgage Choice acquisition.

A summary of the quarterly residential listings and project commencement changes is outlined in the table below, showing changes against the prior corresponding period.

	Q1'22	Q2'22	Q3'22	Q4'22	FY22
Residential Buy listings change⁸					
National	11%	22%	11%	2%	11%
Sydney	-7%	39%	14%	-8%	8%
Melbourne	79%	25%	8%	-5%	18%
Project commencement change	-37%	-10%	-15%	-19%	-21%

Residential revenue increased 24% to \$776m. Buy revenue experienced strong growth, benefiting from national new listings growth of 11%, increased depth and Premiere penetration, an 8% average national price rise, and continued growth in add-on products such as Audience Maximiser. Rent revenue benefited from increased depth penetration and product mix and a 6% price rise, however this was largely offset by a decline in rental listings due to a lack of supply.

Commercial and Developer revenue increased 3% to \$134m. Commercial revenue growth was driven by increased depth penetration and 1 July price increases. Developer revenues were down on the prior year, impacted by a 21% decline in project launches for the year, partially offset by the benefits from the growth in project launches in FY21.

Media, Data and Other revenue grew by 9% during the year to \$97m. Data revenues increased by 28%, with PropTrack benefiting from new contracts and increased desktop and automated valuation model (AVM) volumes. Media revenue was up YoY, with Developer display, the largest component, flat, while programmatic revenue grew. Other revenues, largely made up of flatmates.com.au, declined marginally YoY.



Financial Services core operating revenue⁹ increased 12% YoY on a pro forma basis to \$79m, assuming REA Group owned Mortgage Choice in the prior period. Operating revenues benefited from a 28% increase in settlements, driven by continued broker network growth, and increased productivity in a strong housing market, partly offset by higher broker payout rates. Revenue was negatively impacted by a \$13m valuation adjustment to expected future trail commission due to faster loan run-off rates and higher broker commission payout ratios. Including this valuation adjustment, net Financial Services pro forma revenue decreased by 2% to \$66m¹⁰.

Realestate.com.au maintains leadership as Australia's number one address in property

REA Group's flagship site, realestate.com.au, increased its leadership position¹¹, delivering record audience numbers. Mr Wilson commented:

"realestate.com.au has the largest and most engaged audience, with more Australians than ever before engaging with our site when seeking to transact property. Active members are proven to drive the most value for our customers, and our focus on personalisation and consumer experience has significantly accelerated the growth of this group during the year."

Key realestate.com.au audience highlights included:

- 12.7 million people visited each month on average¹²; or 62% of Australia's adult population¹³;
- 124.1 million average monthly visits¹⁴ with a record of 145.5 million visits in October 2021¹⁵;
- 3.36x more visits than the nearest competitor each month on average¹⁶;
- 11% YoY increase in buyer enquiries¹⁷;
- 25% increase in active members¹⁸; and
- 51% YoY increase in active property owner tracks¹⁸.

INDIA

REA India has delivered an impressive performance with revenue growth of 92% to \$54m on a pro forma basis¹⁹, assuming it was owned for the full prior period. Revenue growth was largely driven by Housing.com's property advertising business, which saw strong customer growth. An increased focus on search engine optimisation (SEO), improved mobile experience and targeted marketing has driven audience growth of 50% YoY²⁰, with Housing.com maintaining the #1 audience share for the last 9 months²¹. Revenue has also benefited from growth in lower margin adjacency products on the Housing Edge platform, such as Rent Pay.

EQUITY ACCOUNTED INVESTMENTS

REA Group has a 20% investment in Move, Inc. (Move) which operates realtor.com®, a leading property portal in North America. Move revenue increased 11% for the year, driven by both traditional lead generation and referral model growth²². Lead generation revenues benefited from increased yield, partly offset by a 23% decline in leads, while referral model revenue was driven by higher average home values, partially offset by lower transaction volumes. Move also saw higher employee and marketing costs as the business continued to reinvest to drive their core businesses and expand into adjacencies. This resulted in a \$2m decline in Move's equity accounted contribution to \$14m.

REA Group also holds a 17.5% stake in PropertyGuru Group Limited (PropertyGuru)²³, which contributed an equity accounted loss of \$6m in FY22 to core EBITDA. PropertyGuru, which operates leading property marketplaces in Singapore, Vietnam, Malaysia and Thailand, listed on the NYSE on 18 March 2022. REA Group contributed US\$52 million to the PIPE capital raising associated with the listing.



Core contributions from equity accounted investments declined from \$9m in the prior year to \$3m in FY22, largely reflecting the Group's investment in PropertyGuru and a combined \$5m loss from early-stage Australian investments^{24, 25}.

BALANCE SHEET STRENGTH

The Group has a \$600m syndicated debt facility with two tranches, of \$400m and \$200m, which mature in September 2024 and September 2025 respectively. As at 30 June 2022, the Group's total drawn debt was \$414m, with a cash balance of \$248m. Free cash flow generation remains strong at \$394m in FY22, up 55% YoY.

RETURNS TO SHAREHOLDERS

The Board has determined to pay a record final dividend of 89 cents per share fully franked. Together with the interim dividend, this represents a total dividend of 164 cents per share in respect of the 2022 financial year. The 2022 final dividend dates are:

Ex-dividend date	25 August 2022
Record date	26 August 2022
Payment date	15 September 2022

OUTLOOK

The Australian residential property market is likely to continue to moderate as interest rates rise. While this adjustment has already impacted property prices, the current market reflects strong fundamentals including record low unemployment, high household savings and increasing migration, which should continue to support demand.

July National residential new listings were up 7% YoY, with Sydney listings increasing 18% and Melbourne up 6%. YoY growth rates in the first quarter will reflect the Sydney and Melbourne lockdowns in the prior period. Growth rates beyond that will reflect the strong prior period listings volumes.

Residential Buy yield growth is anticipated to grow double-digit in FY23, driven by an average national 6% price rise, new product launches including Premiere Plus and continued growth in depth and Premiere penetration.

The Group is targeting full year positive operating jaws for Australia, with operating cost growth expected to be mid to high-single digits in FY23. This reflects the continued inflationary impact to salaries, and investment to deliver on our strategic growth objectives. For REA India, we will increase investment to capitalise on the recent momentum and cement our number one audience position, with FY23 EBITDA losses expected to widen. As a result, total Group operating costs are expected to increase low-double digits.

The Group expects combined contributions from associates to decline to a single-digit loss in FY23, reflecting continued investment to drive long-term growth.

Mr Wilson commented: "REA enters the new financial year in a very strong position with a clear strategy for future growth. While we're mindful of changing economic conditions, with further interest rate rises expected, Australia's property market is healthy and supported by strong underlying fundamentals."



“REA’s growth momentum is backed by an unrivalled audience and a product pipeline that will deliver exceptional value to our customers and consumers in FY23 and beyond.” Mr Wilson concluded.

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The release of this announcement was authorised by the Board.

FY Results Presentation [webcast link](#)

About REA Group (www.rea-group.com):

REA Group Ltd ACN 068 349 066 (ASX:REA) (“REA Group”) is a multinational digital advertising business specialising in property. REA Group operates Australia’s leading residential and commercial property websites – realestate.com.au and realcommercial.com.au – as well as the leading website dedicated to share property, Flatmates.com.au and property research website, property.com.au. REA Group owns Smartline Home Loans Pty Ltd and Mortgage Choice Pty Ltd, Australian mortgage broking franchise groups, and PropTrack Pty Ltd, a leading provider of property data services. In Australia, REA Group holds strategic investments in Simpology Pty Ltd, a leading provider of mortgage application and e-lodgement solutions for the broking and lending industries; Realtair Pty Ltd, a digital platform providing end-to-end technology solutions for the real estate transaction process, Campaign Agent Pty Ltd, Australia’s leading provider of Buy Now Pay Later solutions for the Australian real estate market and Managed Platforms Pty Ltd, an emerging Property Management software platform. Internationally, REA Group holds a controlling interest in REA India Pte. Ltd. operator of established brands Housing.com, Makaan.com and PropTiger.com. REA Group also holds a significant minority shareholding in Move, Inc., operator of realtor.com in the US, and the PropertyGuru Group, operator of leading property sites in Malaysia, Singapore, Thailand and Vietnam.

APPENDIX 1

Reconciliation of the financial results from core operations against reported financial results

As reported in the Financial Statements for the year ended 30 June 2022:

Core and reported results	2022 \$'m	2021 \$'m
Core operating income	1,169.5	927.8
Trail commission integration adjustment	(9.3)	-
Reported operating income	1,160.2	927.8
EBITDA from core operations (excluding share of gains and losses of associates)	670.5	555.7
Share of (losses)/gains of associates	(21.9)	12.6
Associate IPO and restructuring costs	24.9	-
Gain on associate disposals and transaction costs	-	(3.5)
EBITDA from core operations	673.5	564.8
Restructure costs	(3.1)	(0.9)
Net gain/(loss) on acquisitions, disposals and closure of subsidiaries, associates and operations	22.0	(1.1)
Associate IPO and restructuring costs	(24.9)	-
Integration costs (including trail commission adjustment)	(19.6)	(3.9)
Historic tax provision	-	(3.3)
Reported EBITDA	647.9	555.6
Net profit from core operations attributable to owners of parent	407.5	326.4
Restructure costs	(2.1)	(0.7)
Net gain on acquisitions, disposals and closure of subsidiaries, associates and operations	21.9	1.7
Associate IPO and restructuring costs	(24.9)	-
Integration costs (including trail commission adjustment)	(17.6)	(2.4)
Historic tax provision	-	(2.3)
Reported net profit attributable to owners of parent	384.8	322.7

References

¹ Financial results/highlights from core operations exclude significant non-recurring items such as restructure costs, gain/loss on acquisitions, disposals and closure of subsidiaries, associates and operations, associate IPO and restructuring costs, and integration costs. The prior year comparative also includes a historic tax provision (historic indirect tax provision reflects potential retrospective changes to interpretation of tax law).

² Revenue is defined as revenue from property and online advertising and revenue from Financial Services less expenses from franchisee commissions.

³ EBITDA includes share of associates.

⁴ Net profit attributable to owners of the parent. Non-controlling interests held 26.7% of shares in REA India (formerly known as Elara Technologies Pte. Ltd.) and 43.8% of NOVII Pty Ltd as at 30 June 2022. The Group held a 60.8% shareholding in REA India as at 30 June 2021. The shareholding increased to 65.6% in July 2021, 68.0% in December 2021 and 73.3% in June 2022 (all shareholdings are on an undiluted basis).

⁵ YoY growth (ex-acquisitions) excludes REA India results from 1 January 2021 and associate equity accounted contributions prior to 1 January 2021, and Mortgage Choice results from 1 July 2021.

⁶ Nielsen Digital Media Ratings (Monthly Total), Jul 21 – Jun 22, P2+, Digital (C/M), text, Real Estate/Apartments subcategory, Unique Audience.

⁷ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 – Jun 22 (average), P2+, Digital (C/M), text, realcommercial.com.au vs commercialrealestate.com.au, Unique Audience.

⁸ The Group releases a monthly REA Insights Listings report, which provides month-on-month and year-on-year movements in new and active realestate.com.au listings. The report is available on rea-group.com and realestate.com.au.

⁹ Operating revenue excludes valuation adjustments to the trail book and discontinued business (FinChoice).

¹⁰ Excludes discontinued business (FinChoice).

¹¹ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 – Jun 22 vs Jan 21 – Jun 21, P2+, Digital (C/M), text, realestate.com.au vs Domain, Unique Audience.

¹² Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 – Jun 22 (average), P2+, Digital (C/M), text, realestate.com.au, Unique Audience.

¹³ Nielsen Digital Media Ratings (Monthly Tagged), Jun 22, P18+, Digital (C/M), text, realestate.com.au, Active Reach %.

¹⁴ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 – Jun 22 (average), P2+, Digital (C/M), text, realestate.com.au, Total Sessions.

¹⁵ Nielsen Digital Media Ratings (Monthly Tagged), Oct 21, P2+, Digital (C/M), text, realestate.com.au, Total Sessions.

¹⁶ Nielsen Digital Media Ratings (Monthly Tagged), Jul 21 – Jun 22 (average), P2+, Digital (C/M), text, realestate.com.au vs Domain, Total Sessions.

¹⁷ Adobe Analytics, internal data, Jul 21 – Jun 22 vs Jul 20 – Jun 21.

¹⁸ REA internal data, Jul 21 – Jun 22 and compared to Jul 20 – Jun 21.

¹⁹ Pro forma basis assuming REA India was owned in the prior period. Growth rate is based on constant currency.

²⁰ Similarweb, average site visits Jul 21 – Jun 22 vs. Jul 20 – Jun 21.

²¹ Similarweb, average site visits Oct 21 – Jun 22 relative to nearest competitor.

²² NewsCorp's Form 10-K stated in US Dollars for the 12-month period ended 30 June 2022.

²³ Initial PropertyGuru transaction completed on 3 August 2021.

²⁴ Includes 35.2% stake in Simpology Pty Limited, 35.8% in Realtair Pty Limited, 29.8% in CampaignAgent Pty Ltd and 27.5% in Managed Platforms Pty Ltd (all on an undiluted basis).

²⁵ Prior year included losses from 99 Group (divested on 30 July 2021) and REA India (consolidated from 1 January 2021).