Year end results

24 August 2017

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Caroline Rawlinson CFO
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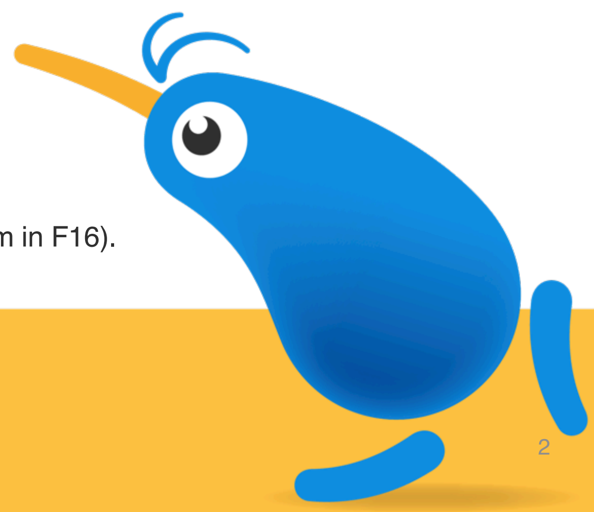
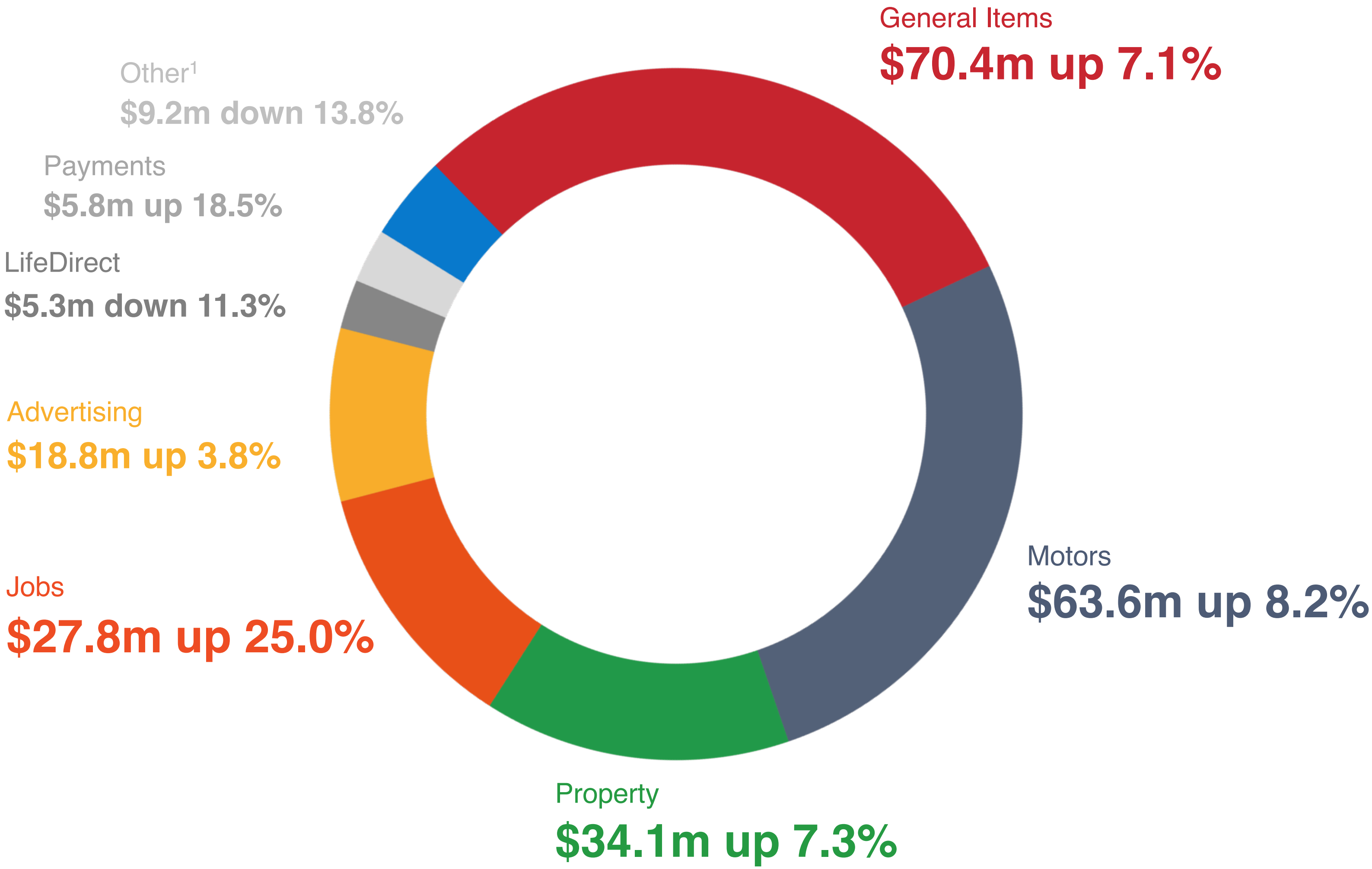
We've had a good year – here's our F17 financial result

	Revenue	Expenses	Operating EBITDA[1]	Operating NPAT[1]	Dividend
Full year YoY	$235m +7.7%	$80m +5.7%	$154m +9.8%	$93m +12.0%	18.5cps +10.1%
H2 YoY	$120m +6.7%	$40m +6.4%	$80m +7.8%	$48m +8.6%	10.0cps +11.1%



[1] Operating EBITDA and Operating NPAT exclude one-off non operating items of $1.4m in F17 ($8.1m in F16). Reported NPAT is $94m, which is up 25.9% YoY.

We've grown revenue 7.7% to $235m with Jobs revenue up 25%



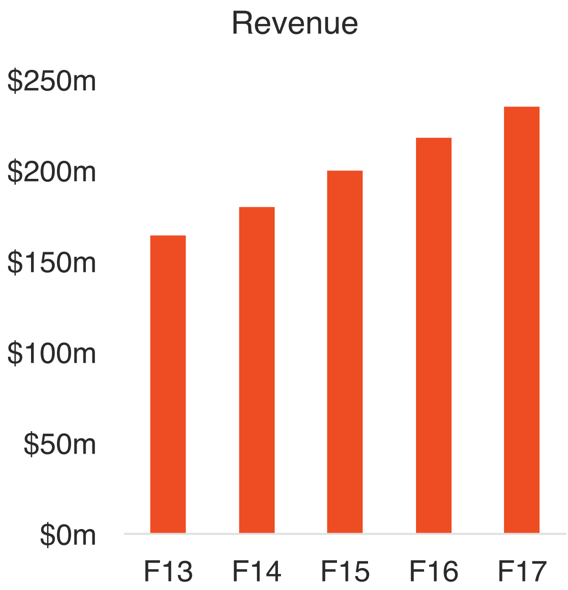
[1] Other down 13.8% in part due to the divestment of Travelbug and BookIt in December 2016

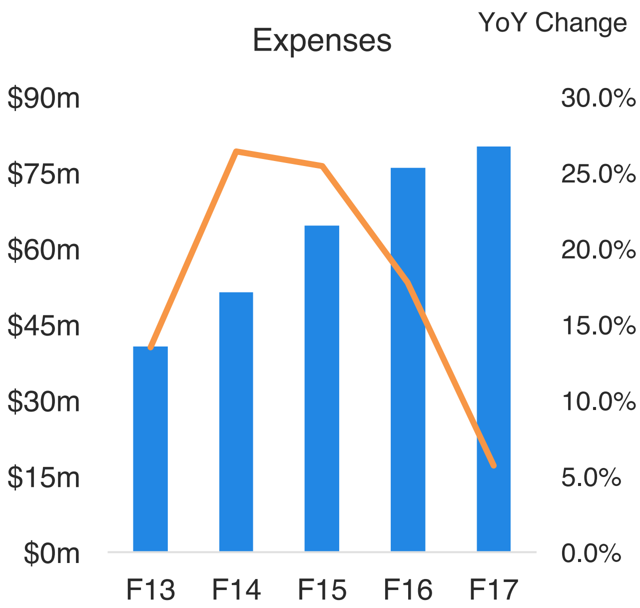
Reinvesting has strengthened our business and value proposition

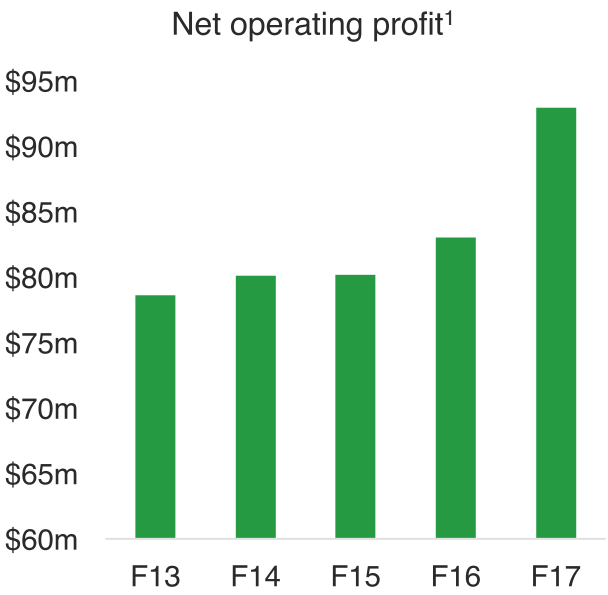
Since F14 we have reinvested in the business to improve our product offering and the quality of the online experiences we offer.

During this time we have been able to consistently grow revenue.

F17 delivers on our ambitions of a return to good profit growth.

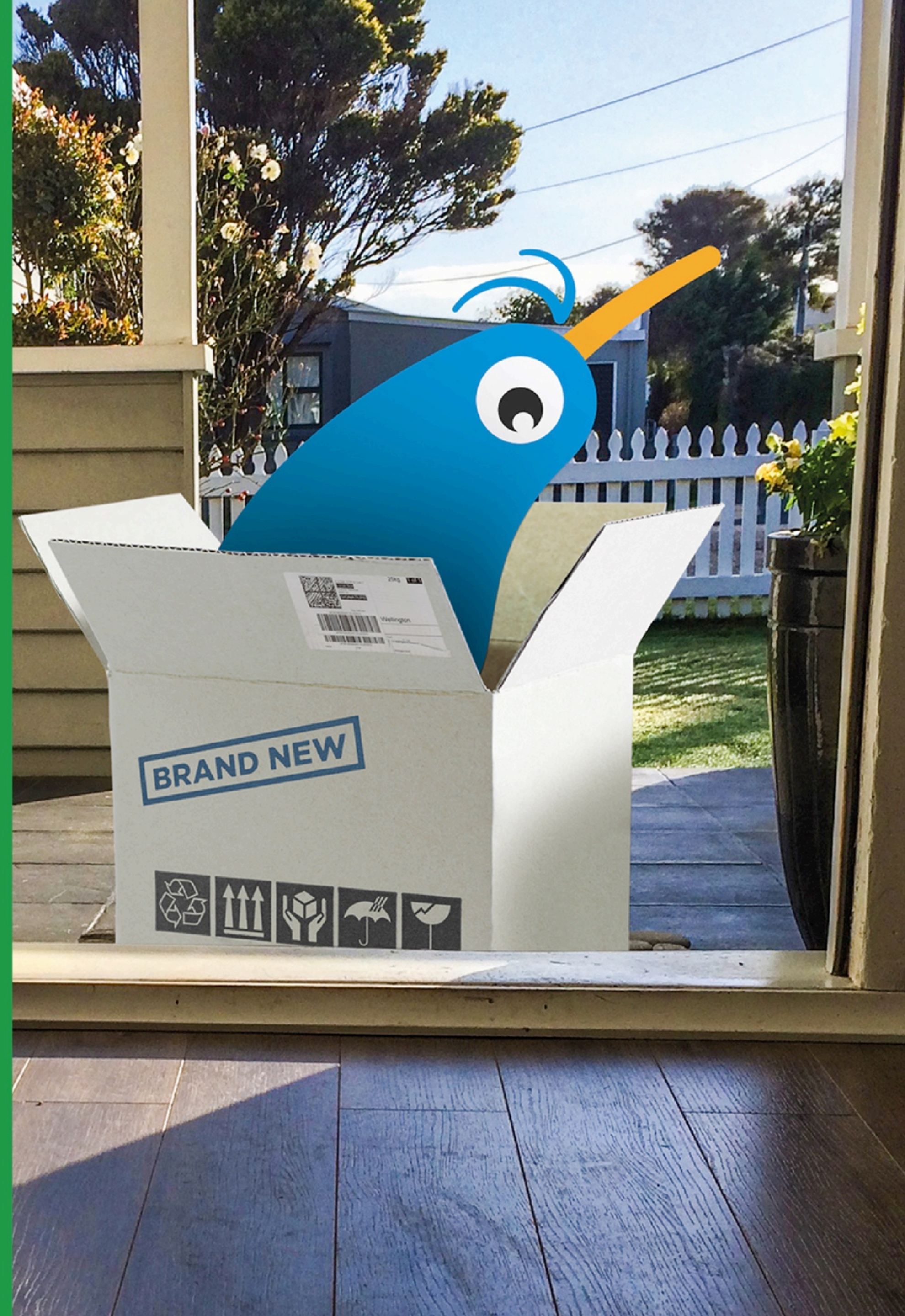






[1] Net operating profit excludes one-off non operating items of $1.4m in F17 ($8.1m in F16).

Divisional performance



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Marketplace: good revenue growth and listing volumes

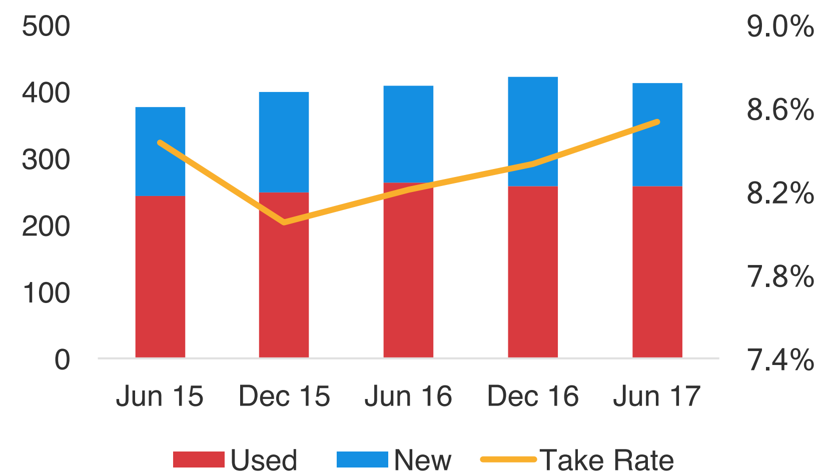
YoY GMS[1] growth
+3.3%
to $835m

YoY GMS growth of
+7.3%
in new goods
+1.0% in used goods

YoY listings growth of
+23.6%
in new goods
+9.3% in used goods

Overall take rate is
8.4%

GMS ($m) and Take Rate (%)



YoY H2 GMS growth
+1.1%

YoY H2 new GMS growth
+6.5%

YoY H2 used GMS growth
-1.9%

H2 Overall take rate is
8.5%

Launch of buyer and seller protection programs

Continued shipping offer expansion – Book a courier continues to grow and now >1/3 of new goods range has free shipping

Machine learning frameworks in iOS listing process

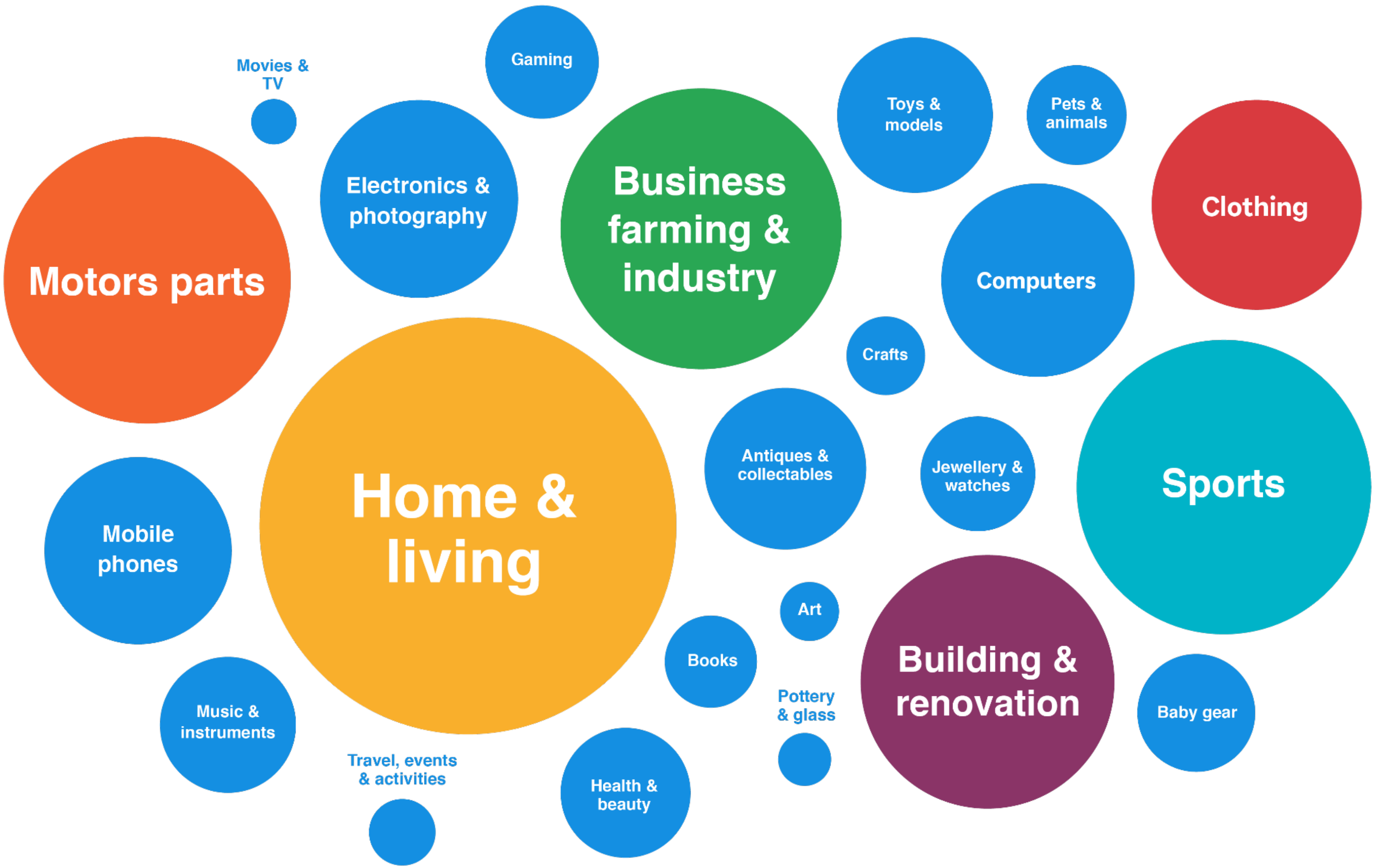
Afterpay (a buy now pay later interest free offering) partnership announced and the launch is imminent

Google Shopping feed launched to increase traffic from Google searches

Increased supply via integrators e.g. Magento

[1] *GMS = Gross Merchandise Sales is the total value of sales that Trade Me facilitates, excluding Classifieds and vehicles but including motors parts & accessories*

Marketplace: GMS[1] by category illustrates our diversity – a key strength



[1] *Area of bubble is the relative value F17 GMS for each category.*

Motors: solid results with renewed momentum

Revenue growth YoY

+8.2%

(dealer revenue +12.6%)

Dealer premium revenue growth YoY

+26.8%

MotorWeb revenue growth YoY

+14.6%

Total listings growth YoY

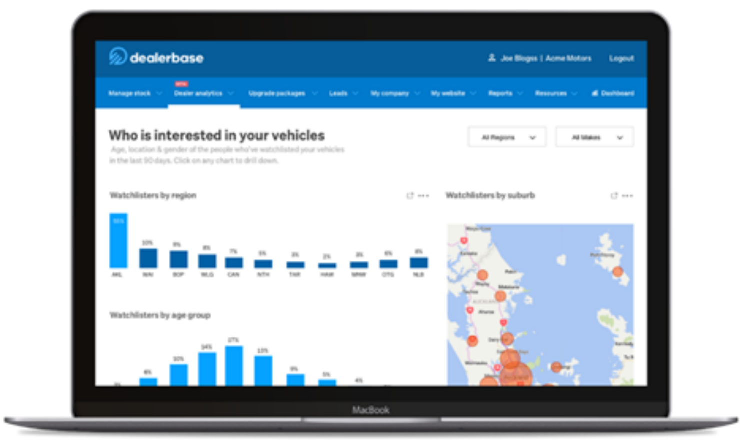
+5.2%

Total directs yield growth YoY

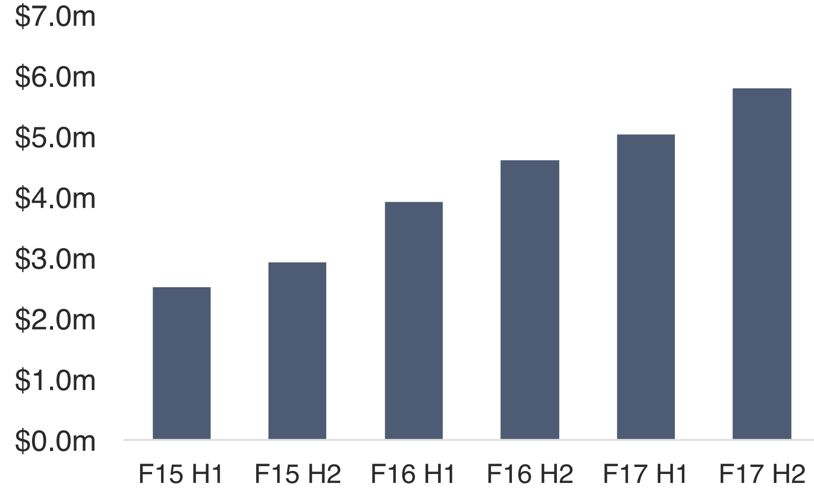
+5.8%

Total dealers yield growth YoY

+3.2%



Motors dealer premium revenue



Improved premium products, including super-feature and recommendation stripes

Over 20% of new direct listings generated on mobile apps

Improved revenue growth momentum with H2 +8.9% YoY

Motorcentral acquisition pending Commerce Commission clearance. Motorcentral provide an inventory management system to car dealers.

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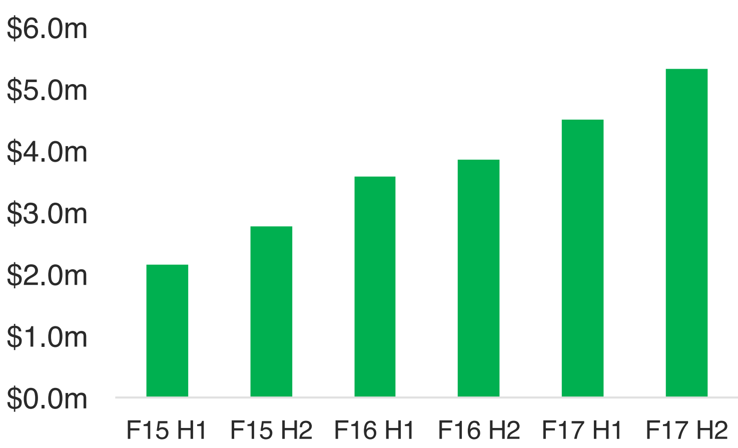
Property: revenue growth in softer market

Revenue growth YoY
+7.3%

Property agent revenue growth YoY
+13.7%

Property agent premium revenue growth YoY
+32.4%

Property agent for sale premium revenue



For sale revenue YoY
+10.8%

For rent revenue YoY
-2.8%

For sale listing volumes YoY
+5.6%

For rent listing volumes YoY
-5.9%

Agent for sale revenue YoY
+16.2%

Agent for rent revenue YoY
+4.2%

Agent for sale yield YoY
+8.3%

Agent for rent yield YoY
+7.5%

Total active native app users has grown by 50% YoY to ~870k

Including Property Insights, average monthly sessions are up 15.6% YoY

OneHub

- 6k agents signed up (3x the same time last year)
- 900 agents uploaded sales records within 5 weeks of feature release

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Jobs: excellent revenue growth

Revenue growth YoY
+25.0%

Total premium revenue YoY
+58.5%

Total listings YoY
+13.4%

Job pack and volume plan listings YoY
+14.6%

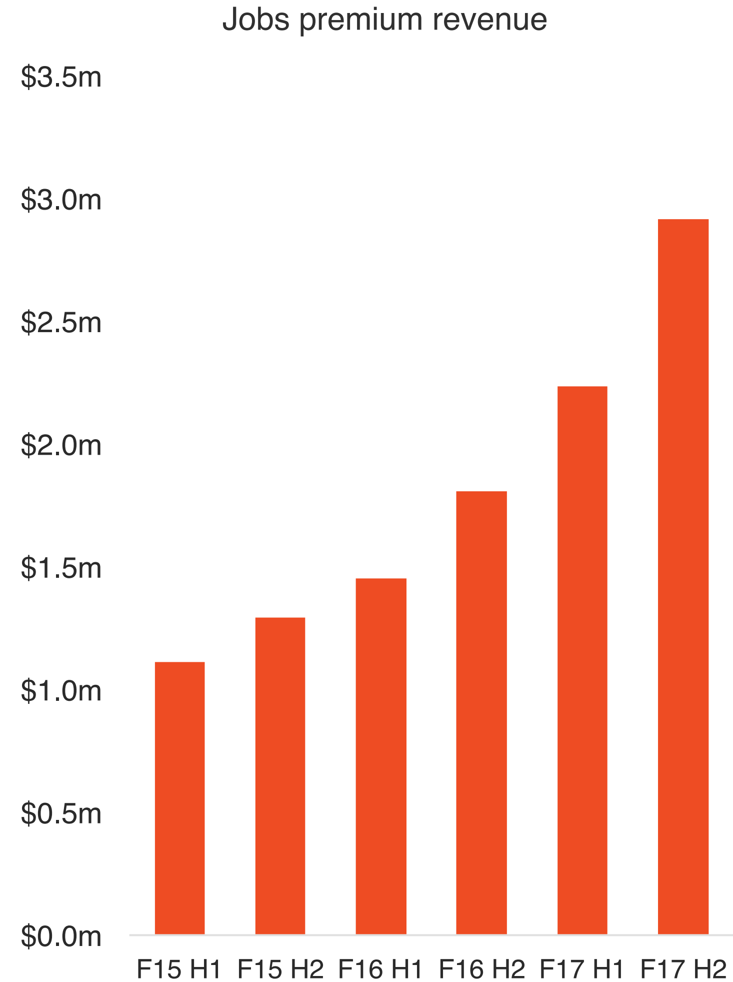
Directs yield growth YoY
+11.3%

Job packs and volume plan yield YoY
+11.3%

New Android App released in H1 and an enhanced iOS App released in H2

New premium product 'Promoted Listings' launched in July 17

Candidate Profiles in beta; a tool to help recruiters and employers improve their speed and quality of hire and enable access to passive and active candidates



Our smaller businesses had mixed results

Advertising

- Total advertising revenue growth was up 3.8% YoY with display income up 15.1% as we transition away from business partnership revenue.
- Programmatic growth driving display growth.
- Data driving better targeting also underpinning display growth.
- Mobile advertising inventory continues to grow offsetting the decline in desktop impressions.
- Yields across both desktop and mobile browser display showed solid growth YoY.

Payments

- Total revenue up 18.5% YoY.
- Pay Now up 18.9% and Paystation up 16.4% YoY.
- Ping (a more flexible way to pay for items on Trade Me) rolled out to ~55k enabled members and now available on ~500k listings.

Insurance

- LifeDirect revenue declined 11.3% YoY due to lower traffic volumes.

Financials

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Financials: Summary performance

NZD $000s	F17	F16		Movement
General Items	70,415	65,726	4,689	7.1%
Classifieds	125,480	112,782	12,698	11.3%
Other	38,986	39,541	(555)	(1.4%)
Total revenue	**234,881**	**218,049**	**16,832**	**7.7%**
Cost of sales	15,515	13,648	1,867	13.7%
Net revenue	**219,366**	**204,401**	**14,965**	**7.3%**
Employee benefit expense	35,828	33,644	2,184	6.5%
Web infrastructure expense	5,620	5,386	234	4.3%
Promotion expense	10,967	10,547	420	4.0%
Other expenses	12,326	12,701	(375)	(3.0%)
Total expenses	**64,741**	**62,278**	**2,463**	**4.0%**
EBITDA before associate	**154,625**	**142,123**	**12,502**	**8.8%**
Associate losses (Harmoney)	(342)	(1,643)	1,301	(79.2%)
EBITDA[1]	**154,283**	**140,480**	**13,803**	**9.8%**
Depreciation and amortisation	21,149	18,867	2,282	12.1%
EBIT[1]	**133,134**	**121,613**	**11,521**	**9.5%**
Net finance costs	3,827	5,555	(1,728)	(31.1%)
Profit before tax[1]	**129,307**	**116,058**	**13,249**	**11.4%**
Income tax expense	36,343	33,062	3,281	9.9%
Net operating profit[1]	**92,964**	**82,996**	**9,968**	**12.0%**
Non-operating items	1,416	(8,053)	9,469	(117.6%)
Net profit	**94,380**	**74,943**	**19,437**	**25.9%**

- Equity accounted losses of Harmoney are reducing as the company reduces its cost to acquire new customers and improves cash generation.
- Depreciation and amortisation growth due to continued platform development which is amortised over three years ($21m capitalised development costs incurred this year).
- Net finance cost decreasing due to favourable movement in fair value of swaps (+$845k vs +$364k in F16), lower interest rates and a reduction in net debt.
- Fully imputed dividend 10.0cps, supplementary dividend 1.7647cps, record date 8 September 2017, payment date 19 September 2017.
- Non-operating items in F17 are gains on sale of our Travelbug and BookIt businesses ($0.5m) and the reversal of surplus provision for LifeDirect earn out payments ($0.9m).
- Non-operating items in F16 reflects impairment of goodwill associated with the FindSomeone business.

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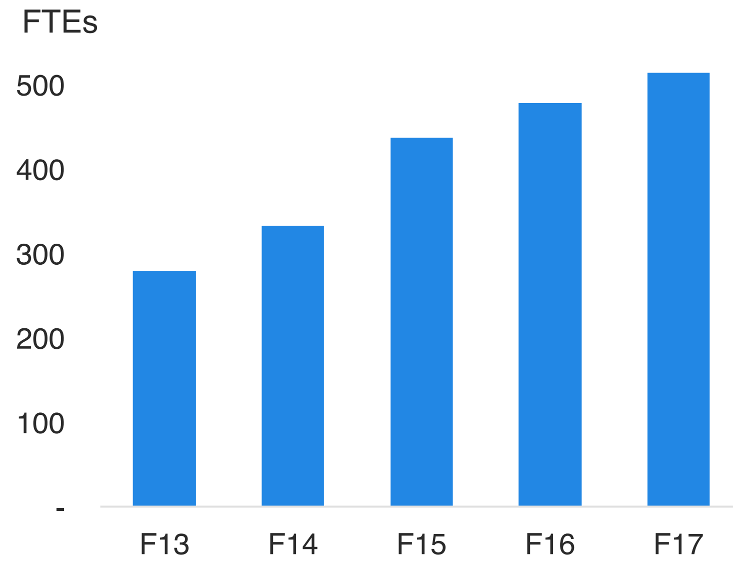
[1] EBITDA, EBIT, profit before tax and net operating profit are all prior to one-off non operating adjustments

Financials: Demonstrated cost control

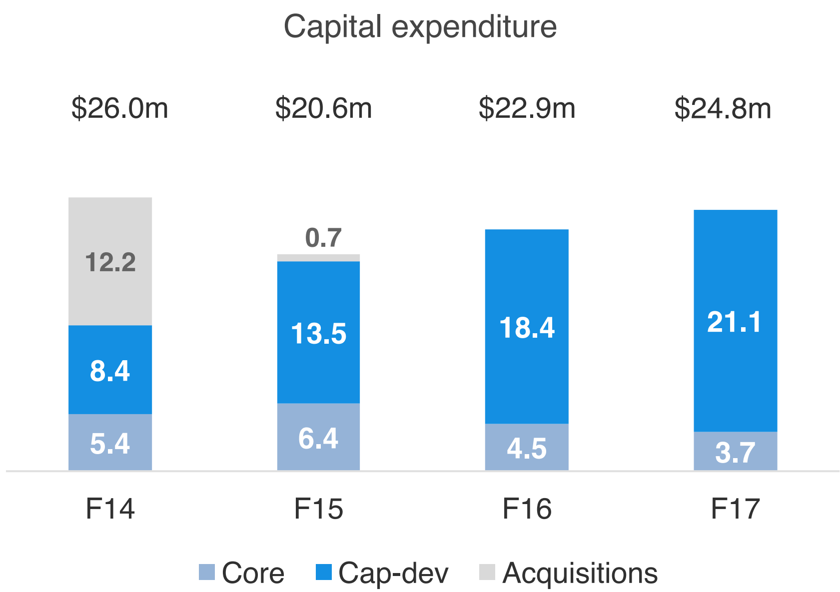
NZD $000s	F17	F16	Movement	
Cost of sales	15,515	13,648	1,867	13.7%
Employee benefit expense	35,828	33,644	2,184	6.5%
Web infrastructure expense	5,620	5,386	234	4.3%
Promotion expense	10,967	10,547	420	4.0%
Other expenses	12,326	12,701	(375)	(3.0%)
Total	**80,256**	**75,926**	**4,330**	**5.7%**
Excluding cost of sales	**64,741**	**62,278**	**2,463**	**4.0%**

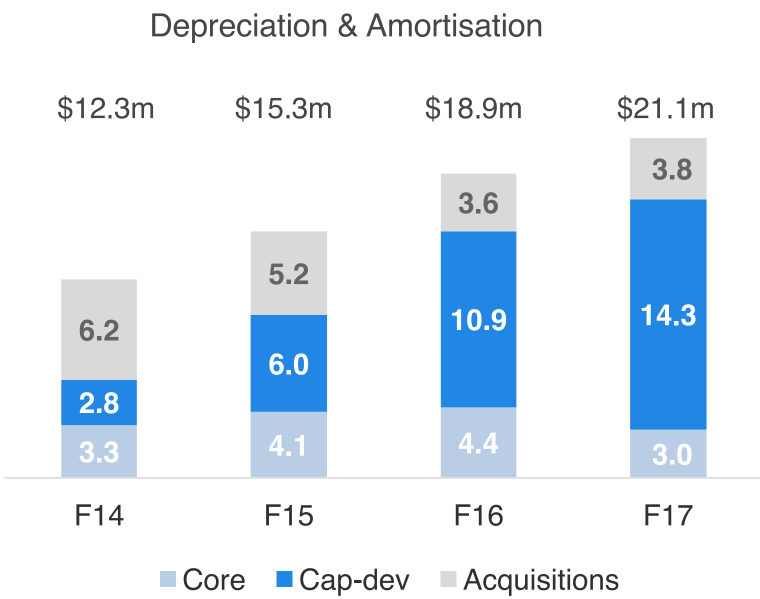


- Slower growth in headcount over the last 12 months than prior periods.
- Good PR levels and spend efficiencies meant advertising and promotional expenses were lower than originally planned.
- Reduction in other expenses was driven by lower rent costs and one-off costs incurred in F16.

Financials: Balance sheet highlights

- Strong cash position; $53m cash as at 30 June 2017 and net debt reduced to $83m.
- Interest expense has reduced; reflecting lower interest rates, a reduction in net debt and the unwind of unhedged interest rate swaps.
- F18 capex expected to be circa $30m with depreciation and amortisation circa $26m.





Outlook

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We’re larger and stronger than we have ever been

We’ve delivered on our promises

F17 Operating NPAT +12%

We’ve grown to a great size

We now employ over >550 staff in 3 locations

We’ve diversified our offer and revenue streams

Classifieds and Other revenue >70% in F17

We’ve increased relevance to Kiwis

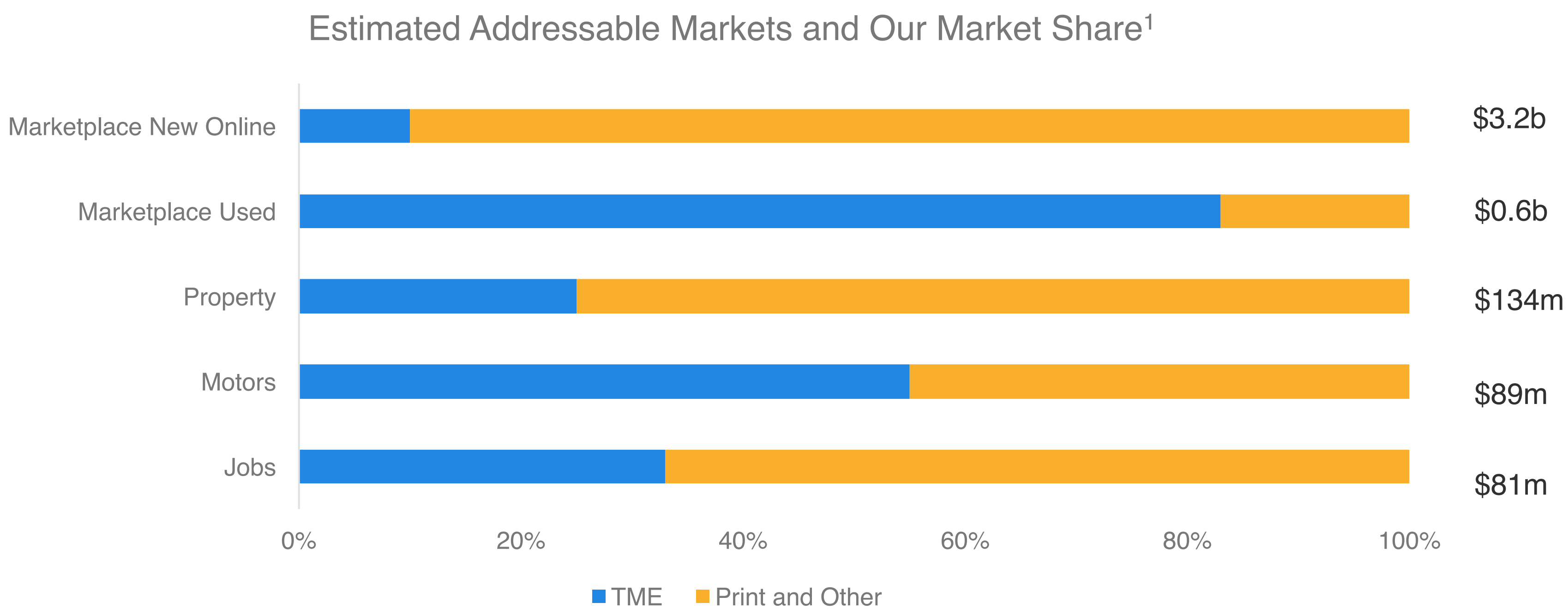
Average weekly logged in members now ~1m

We remain highly influential and trusted

Top 10 most loved brand (Colmar Brunton) and top 10 most influential brand (Ipsos)

Whilst competition is intensifying, we've huge growth opportunities

- We have large addressable markets with structural tailwinds.
- We have further upside through improving our premium products and providing more utility to existing customers.
- We also have revenue opportunities in logical adjacencies (such as leads for finance, insurance, utilities, etc.).



[1] BNZ Marketview, Statistics NZ, NZTA Stats, REINZ data, Competitor Websites, Third Party Research, Company Results

We have excellent sources of competitive advantage and prospects

Local scale
We have a large and engaged community of buyers, sellers and advertisers. This gives us brand awareness and affection, with the strength and value of our network proportionate to the number of participants - a key concept that underpins the attractiveness of leading marketplaces around the world.

Local trust
We work hard to earn the trust of New Zealanders, we're open and considered with our approach to privacy as seen in our annual Transparency Report.

Local insights
We have rare and comprehensive insight into the behaviour and preferences of Kiwis, which spans so many different stages of life. We're using this information to improve the experience and value we offer Kiwis.

The breadth of our portfolio
We span a portfolio of sectors - retail, automotive, real estate, employment, insurance, services and others - with a single unified brand, platform and understanding of our customers. In other words, the whole is much greater than the sum of the parts.

Kiwi affection
We have a special place in the hearts of Kiwis - everyone has their Trade Me story, where they've been surprised or delighted, through finding something they didn't expect to find, selling something for a lot more cash than they expected, or meeting a like-minded person when completing a trade.

We're confident in our ability to grow and compete

Our vision

To make life better for Kiwis through online experiences they love

- Know our customers and local market intimately, and be a better fit than any global player
  - Use our rich data to tailor our offer to consumers, and provide personalised, friction-free experiences
  - Build relationships through strong account management and customer support
- Broaden our offering to be as useful and relevant as possible in a local context
  - Actively look for acquisition and partnership prospects – e.g. Motorcentral, Afterpay,
  - Build out ability to access new addressable markets that sit adjacent to our core markets
- Be fast, accurate and effective with all that we do, and especially with what we build
  - Further grow capability in key areas – e.g. data science
  - We are extremely efficient (evident in our strong margins) and we're embarking on further organisational improvements

We’re clear on our Marketplace proposition and priorities

We are clear on our consumer proposition across the four key retail pillars:

Range (selection)

A broad and unique range is due to our new/used mix and 200,000 monthly sellers. Our inventory includes uniquely local and hard-to-ship inventory.

Price

A transparent platform encourages strong price competition, and the increasing number of international sellers means better access to great global pricing.

Buyer experience

We’re improving buyer experience through big projects (i.e. like our book-a-courier offer) and many incremental improvements. We release improvements to our websites most days of the week.

Trust

We’ve further improved trust with our Buyer Protection programme, we have 24/7 customer support and strong relationships with the NZ government agencies.

We’re improving each of these key retail pillars, in a way that is unique to us, and isn’t easily replicated.

We have three areas of focus:

New goods selection

Inventory growth through sales effort, aggregator partnerships and integrations with the likes of Magento and Shopify. This will help strengthen range and price.

Core experience

Ease-of-use and customer engagement are extremely powerful. We have a particular focus on search and “findability” which becomes increasingly important as we bring on more inventory.

Building preference

Planning is under way regarding possible subscription and loyalty schemes to encourage buyers to think about Trade Me as their first option for online purchases.

In F18 we expect continued revenue growth with slower profit growth

Revenue

In F18 we expect total revenue growth similar to that reported in F17 – however a soft property listing market means some downside risk.

Expenses

We intend to invest at a rate slightly above revenue growth in F18 (but not a return to the rates of F14 to F16). We have targeted investment plans focussed on continuing to strengthen our competitive advantages.

Operating profit

We expect to deliver year-on-year EBITDA and operating NPAT growth in F18, albeit at lower growth rates than F17 due to the higher level of investment.

Questions?

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