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Annual Meeting

9 November 2017

David Kirk

Chairman

Jon Macdonald

CEO



Meeting Agenda

Welcome

David Kirk

Chairman's overview

David Kirk

CEO's overview

Jon Macdonald

Resolutions

David Kirk

General business and questions

David Kirk

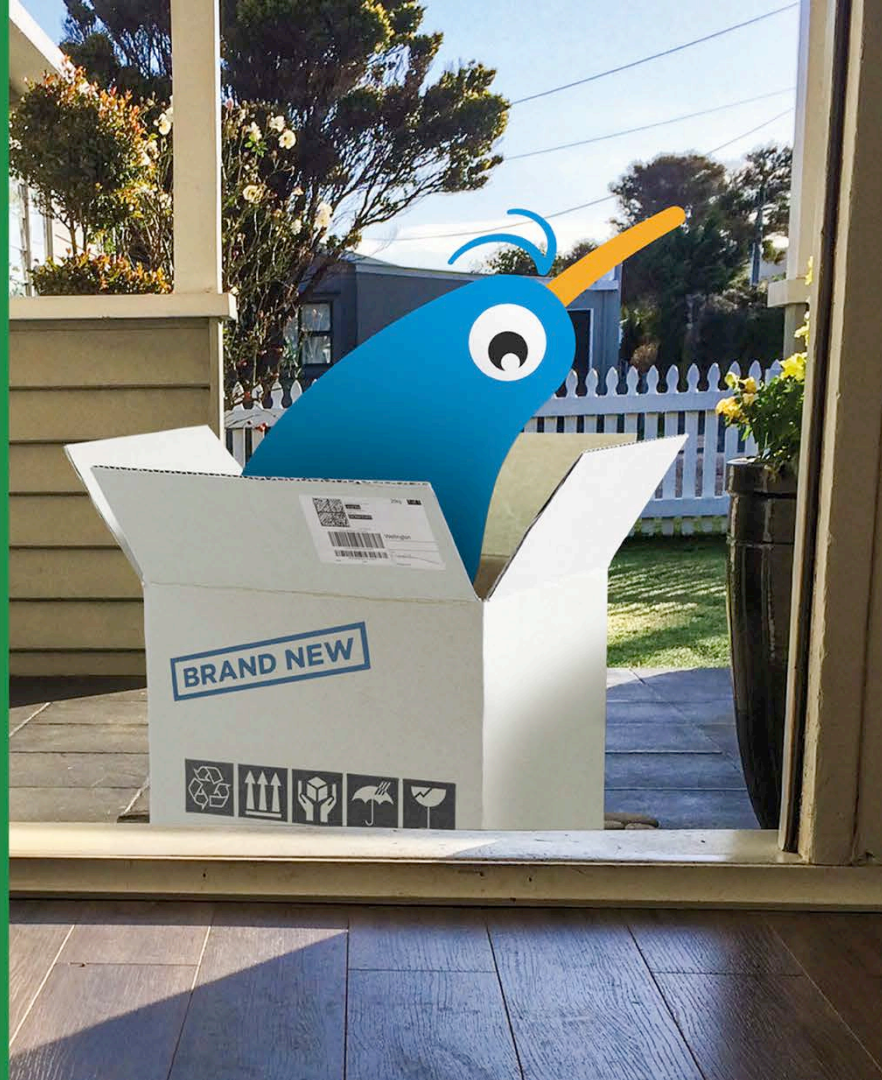
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David Kirk

Chairman's overview

David Kirk

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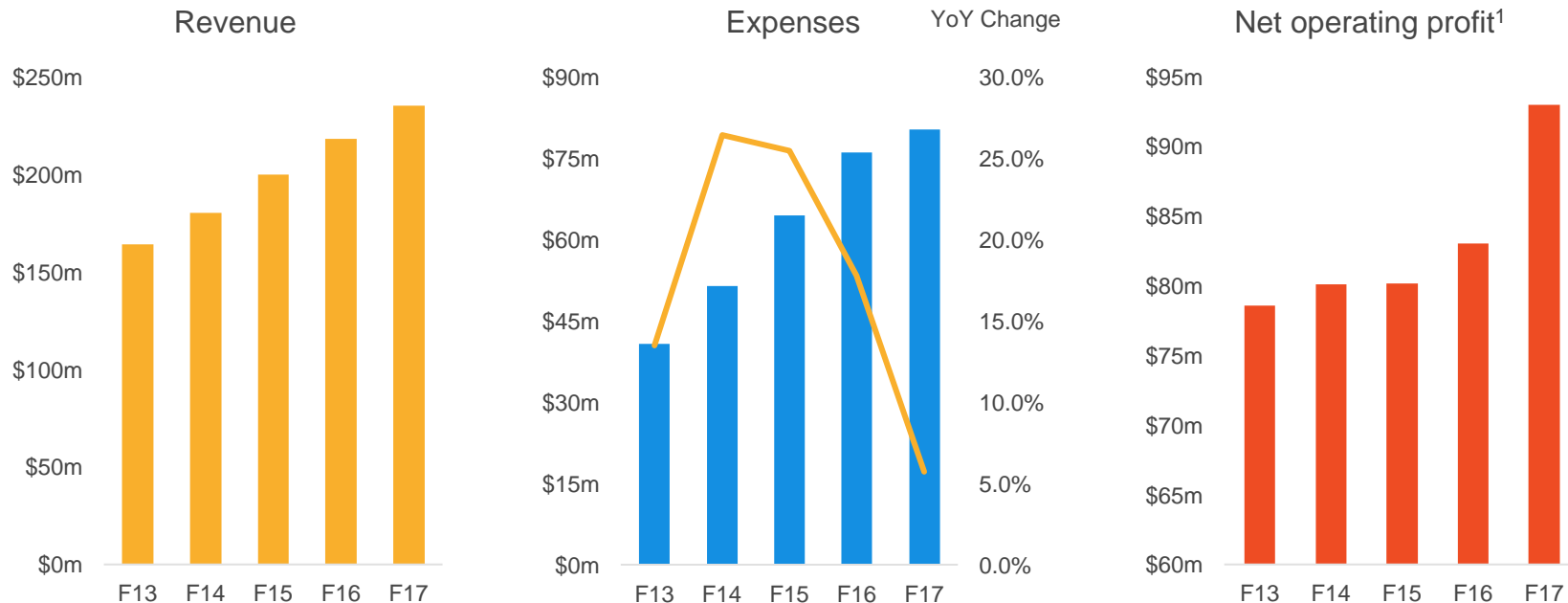


CEO's overview

Jon Macdonald



F17: Reinvesting has strengthened our business and value proposition



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

F17: Financial summary

Full year
YoY

Revenue

\$235m

+7.7%

Expenses

\$80m

+5.7%

Operating EBITDA¹

\$154m

+9.8%

Operating NPAT¹

\$93m

+12.0%

Dividend¹

18.5cps

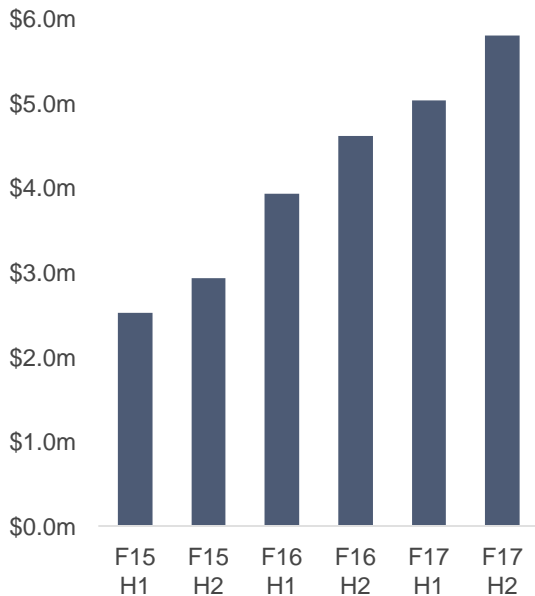
+10.1%

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.

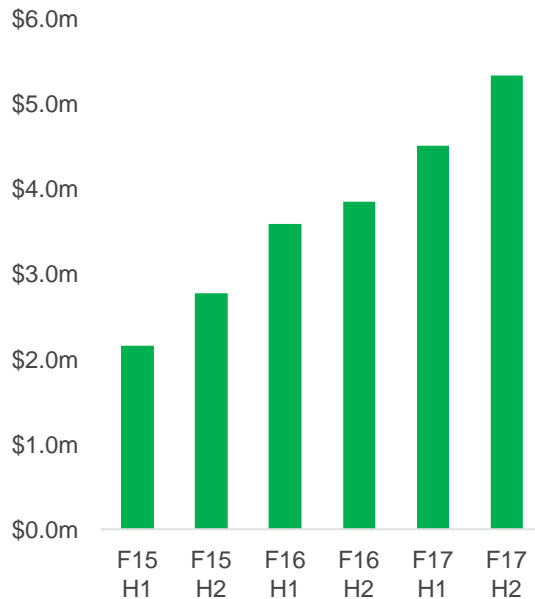


F17: Great growth through high-value products

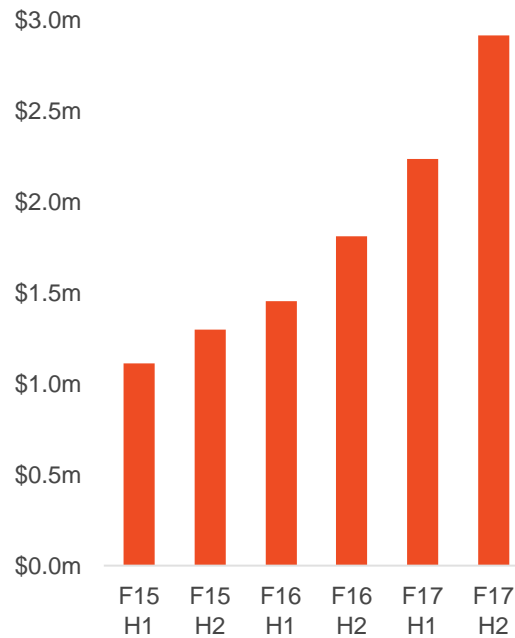
Motors dealer premium revenue



Property agent for sale premium revenue



Jobs premium revenue



F18: We're larger and stronger than we have ever been



Local scale

We have a large and engaged community, which gives us brand awareness and affection, and a strong network.



Kiwi affection

We have a special place in the hearts of Kiwis - everyone has their Trade Me story.



Local trust

We work hard to earn the trust of New Zealanders. We're careful and respectful with our approach to privacy.



The breadth of our portfolio

We span many sectors with a unified brand, and platform. The whole is greater than the sum of the parts.



Local insights

We have rare and deep insight into preferences of Kiwis, spanning many life stages.

Our vision

To make life better for
Kiwis through online
experiences they love



Know our customers

Know our customers and local market intimately, and be a better fit than any global player



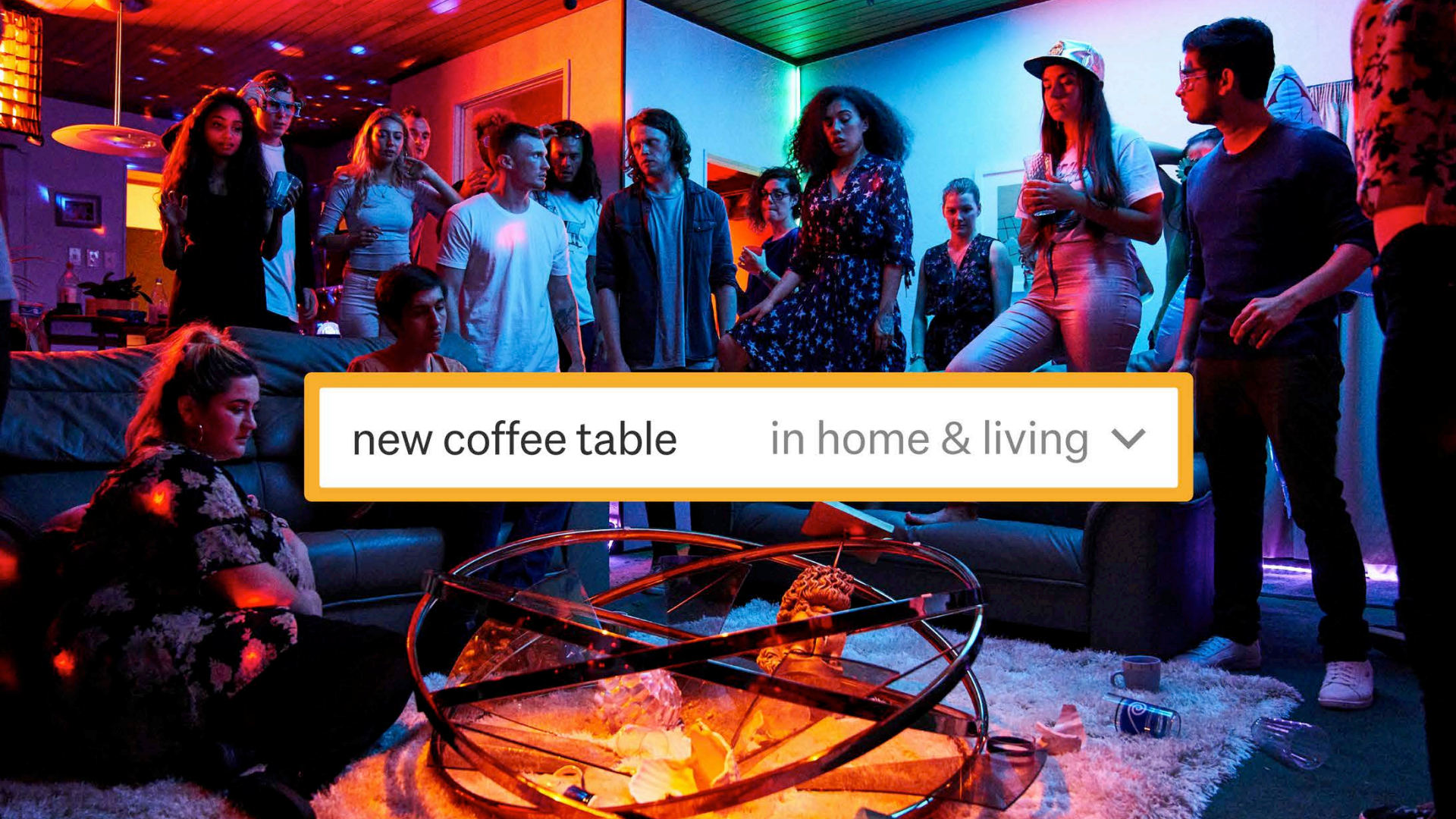
Broaden our offering

Broaden our offering to be as useful and relevant as possible in a local context



Be effective with what we do

Be fast, accurate and effective with all that we do, and especially with what we build



new coffee table

in home & living 

**Buy now.
Pay later.
Interest-free.**

Get the things you want,
when you want, on Trade Me.



afterpay 

trademe 



Trent Mankelov
Chief Customer Officer



Mark Rees
Chief Product Officer



Annie Brown
Chief People Officer



Caroline Rawlinson
CFO



Jon Macdonald
CEO



Stuart McLean
Head of Marketplace



Alan Clark
Head of Motors



Nigel Jeffries
Head of Property



Jeremy Wade
Head of Jobs

F18: Trading update

For the four months from 1 July to 31 October.

Unaudited figures.

Classifieds

total revenue +13% YoY. Now contribute 56% of total revenue.

Marketplace

new goods GMS¹ +5% YoY,
used goods GMS -1% YoY

	YoY change	Portion of total revenue
Motors	+17%	29%
Property	+2%	14%
Jobs	+20%	13%
Marketplace	+1%	28%
Advertising	+7%	8%
Total revenue	+7%	
Total expenses	+10%	
EBITDA	+5%	



1: GMS: Gross Merchandise Sales – the total value of sales we facilitate in our Marketplace.

Looking ahead: F18 financial outlook

At our full year results in August, we highlighted the activity levels of the real estate market as a risk to our outlook. The real estate market has slowed, and we have reduced our full year revenue expectations for TM Property.

Despite the challenge, we retain our profit outlook.



Resolutions

David Kirk

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Resolution #1

That the Board is
authorised to fix the
auditors' remuneration

Resolution #2

That Simon West be
elected as a director of
Trade Me

Resolution #3

That David Kirk be
re-elected as a director
of Trade Me

Resolution #4

That Joanna Perry be
re-elected as a director
of Trade Me

General business & questions

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Chairman's address to Annual Meeting 9 November 2017

In 2017 the financial performance of your company was very good. The company grew revenue by just under 8%, and net operating profit by 12%. After a number of years of solid revenue growth but subdued profit growth, in 2017 costs growth moderated and strong profit growth returned.

We expect profit growth to be lower in 2018 as we invest to continue to position your company for long term success. The board and management always takes the long-term view when investing your money.

The total dividend payment for 2017 was 18.5c per share, an increase of 10% on the previous year.

Trade Me's two main businesses are a marketplace business selling new and used goods and a suite of three classified advertising businesses which facilitate the sale of motor vehicles and property, and help employers find employees and job-hunters find jobs.

If you look around the world it is not very common for online new and used goods marketplaces and all three of the traditional classified businesses to be combined in one company and on one technology platform.

Trade Me has been able to achieve this partly because of the small size of New Zealand but mostly because of the great work of management over many years.

Trade Me began life as an online general items marketplace but for many years now the classified businesses - Motors, Jobs and Property - have been growing faster than the general items marketplace business.

In 2017 classifieds grew revenue at 11.3% per annum and the marketplace business grew revenue at 7.2% per annum. Ignoring the revenue derived from other small businesses and advertising, in 2017 Classifieds made up 64% of Trade Me's revenue and the marketplace or General Items business the other 36%. In the first four months of our 2018 financial year, Classifieds' share has grown to 67%. (Again ignoring the smaller businesses and advertising).

It is important to note this change. Your company is now, and has been for some time, predominantly an online classified advertising business. It will become more so in the future.

The classified advertising markets in New Zealand are large markets with a lot of opportunity for the continued profitable growth of online competitors. Trade Me is very well positioned to grow strongly in these markets.

One of the reasons Trade Me is well positioned for continued strong growth is the strength of the company's audience. Our members visit the Trade Me web or mobile sites over 55 million times each month.

On board matters:

In December last year we welcomed Simon West as a new director of Trade Me. Simon is a New Zealander and an experienced and successful retailer with deep online experience at DealsDirect and EziBuy amongst other places. Simon has made an excellent contribution to the company since joining the board.

A little later on you will be asked to elect Simon to the board and to re-elect Joanna Perry and me as directors. Joanna and I both joined the board when the company was floated by Fairfax Media back in 2011.

Finally on your behalf and on behalf of the board I thank Jon and his team very much for everything they have achieved together in 2017. The company has had a good year in no small part because of Jon's leadership of his talented team.

Jon will be up to talk to you in more detail about the opportunities we see in the future and our plans to benefit from them after I sit down.

Thank you.

TME 2017 Annual Shareholder Meeting - CEO address

Slide 4: Overview

Thank you David, and good afternoon everyone. Thank you for coming along today, and thank you for choosing to invest in Trade Me.

We aim to make things better for Kiwis, through online experiences they love. And we do it in a way that is trusted, effective, great value, and empowers the consumer. Trade Me is a great business - we operate in a growth sector, have excellent market positions and hold a special place in the hearts of New Zealanders.

Today, I'd like to start with giving you a recap of the work we've done to strengthen the business over the last few years. Then I'll cover the good results that we achieved in our last financial year, followed by a quick update on our progress this financial year, and finally a look ahead.

Slide 5: Investment journey

Our work over the last few years is summed up well by our financials.

Five years ago, we were still growing well, but it became increasingly apparent that we needed to reinvest in the business to properly defend our existing revenue, and to be able to convert on the long-term opportunity in front of us.

We had been running too lean, our product offering had become dated, and our relationships with our customers weren't as strong as they needed to be. And on top of all that, we needed to properly represent Trade Me across all platforms – including tablets and mobile phones, which multiplied the work in front of us.

So we invested in the business. Primarily in people, to grow our execution capability especially in product development (for us, product development means the design and functionality we offer on our websites and through our mobile apps). We've also grown our capability in sales and account management, plus in other key areas like data and marketing.

This investment peaked in 2014 and 2015, and slowed in 2016. All through that period we produced robust and consistent revenue growth and held profit stable as we increased our operating expenses.

Then in 2017, our last financial year, we kept up the pace with that revenue growth, didn't grow expenses nearly so much, and as David said earlier, we delivered excellent growth of 12% in net operating profit (our statutory profit growth was 26% due to some favourable one-off items).

These results are very much in line with our intentions over the last few years, and demonstrate good execution and a stronger business as a result of our investment.

Slide 6: F17 financial summary

Looking at our 2017 financial year in a little more detail, revenue for the year was up 7.7% through continued strong performance from the classifieds as David has already mentioned, plus good revenue growth of our general items marketplace of 7.1% YoY.

Expenses were up only 5.7% YoY, to give EBITDA growth of 9.8% up YoY to \$154m and operating NPAT up 12% year-on-year to \$93m. And finally we paid total dividends for the year of 18.5 cps - an increase of 10% on the prior year. We have maintained our record of increasing our dividend in absolute terms every year since becoming a public company.

Slide 7: Premium revenue

A key contributor to our revenue growth was our development of a set of high value products for our customers - which we call premium products. These premium products allow our sellers, including car dealers, real estate agents and employers to promote their inventory and themselves to a wider audience and grow their own brands.

We have amazing reach, and provide exceptional value for money to advertisers who choose to buy these products.

And while you can see from these graphs we've demonstrated an excellent run rate over three years now, we're still just getting started - and we see a lot more opportunity to further extend our offerings and to deepen our engagement with our customers.

Slide 8: Competitive advantages

We have built a stronger business. Trade Me is vibrant and well-loved, and has many strengths, or sources of competitive advantage:

- **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 have worked hard to earn the New Zealand public's trust through our day-to-day actions, like our careful approach to privacy and openness demonstrated by our annual Transparency Report. This is a growing competitive advantage as we see global players who have taken liberties with consumer privacy increasingly being taken to task around the world.
- **Local insights.** We have rare and comprehensive insight into the behaviour and preferences of Kiwis, with data that spans many people and touches so many significant life events. We're using this information intelligently and carefully, along with the advances in data science, to improve the experience and value we offer.
- **Breadth across New Zealand.** 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. Through this cohesive approach, the whole is much greater than the sum of the parts.
- **Kiwi affection.** Finally, we have a special place in the hearts of New Zealanders - nearly everyone has their Trade Me story, where they've been surprised or delighted, through finding something they didn't think they'd find, selling something for a lot more cash than they expected, or meeting a like-minded person when completing the trade. And we help 30-40 charities, schools and community groups fundraise on the site every week.

Slide 9: Ability to grow and compete

But, the world around us certainly hasn't stayed still - and while we have huge opportunity in front of us, we also have bigger, stronger and more active competitors than we've had at any time in Trade Me's history - including three global competitors making their presence felt in our local markets: Facebook, Amazon and Alibaba.

It's easy to claim these companies are too big and too good to compete against. But if you take that outlook, we'd have been doomed at the outset and would never have achieved our success to date. We would have been swamped by eBay 15 years ago. We'd never have grown against Seek's dominant position when we developed Trade Me Jobs for the employment market. And we'd have been overrun by global free classified sites that took hold in much of the world.

So, how do we compete and grow in the face of global giants at one end of the competitive spectrum, and all manner of start-ups and potential disrupters at the other?

First, we need to know our customers and local market intimately, and be a better fit than any global player. This comes from a mixture of art and science.

The art is us building relationships through strong account management and relationships with our trade customers (retailers, real estate agents, recruiters, car dealers and other advertisers).

We also nurture our relationship with the New Zealand public - through our 2,000 customer support interactions each day, through the media, through the work we do to support communities and charitable ventures, and through our marketing.

The science is to use our rich data to uniquely tailor our offering to our consumers, and to provide those customers with personalised, friction-free experiences. We're hugely excited about the potential in our data, and we're increasingly using machine learning to improve the lives of our users and to improve our own operations.

Second, we need to broaden our offering to be as useful and relevant as possible in a local context.

We've been doing this with good success already - both organically, and through acquisition and partnership.

This strengthens our core and better ensures we're solving the problems of Kiwi consumers and businesses, which is tough to do with a broad-reaching global approach. This also expands our addressable market well beyond the immediate opportunity, out into new things within the ecosystems of our current businesses.

Third, we need to be fast, accurate and effective with all that we do, and especially with what we build.

We'll never have bigger teams than our global competitors, but we've never had their numbers. Instead, we've focused on accurately building the core functionality that Kiwis need, and made our user experiences simple, engaging, trusted and enjoyable.

We are extremely efficient and effective as an organisation, as evident in our strong margins, and we're working even now on our next round of organisational improvements to keep our edge.

Now I'd like to talk a little about how we're making these three things real.

Slide 10: Brand

First, on our brand and the connection with our customers.

We have an extremely strong following in New Zealand, and recently were recognised as one of New Zealand's best loved brands – as measured by market research firm Colmar Brunton - we were rated 6th, and improved from our 10th spot last year.

We work hard to strengthen our relationships with our customers every day, but I'll just highlight one facet today. On Sunday we went live with a refresh of our brand campaign work that we very successfully launched last year. The image on screen is from the new campaign.

Historically we'd been a bit disjointed in our marketing efforts – so after a lot of preparations we launched an updated brand and coordinated brand campaign last year, across TV, outdoor and online. It has had very positive results – we conduct market research often, and since the launch of the campaign we've measured a material lift in the positive sentiment that the NZ public feels towards Trade Me.

Our aim has been to reacquaint the New Zealand public with their affection for Trade Me – and we'll continue with our more cohesive approach to our marketing efforts over the coming years, to ensure that we further protect and nurture our brand.

Slide 11: Afterpay

Second - on broadening our offering to ensure we're as relevant as possible to Kiwis. Again, I'll just cover one facet of this to give you a recent example. Last month we rolled out a new payment option for buyers and sellers in partnership with an Australian company called Afterpay.

We've been very impressed with Afterpay's excellent growth in Australia, and we plan to help them grow speedily in New Zealand.

The offering is a simple but powerful one - where buyers can choose to take delivery of goods immediately but to pay for them in four simple fortnightly installments - and in total they pay no more than they would have up front. For our buyers it's a more flexible way to pay - for our sellers, it translates to people spending more. Overall, it makes us more useful and relevant to our customers.

We've seen encouraging uptake from our sellers, with already more than 1.5 million items, or approximately one third of our new goods range, offering Afterpay on Trade Me.

Slide 12: Executive team

Third and finally, I thought it'd be useful to talk you through some recent changes to the way we are structured and how we work as we continually strive to be as effective as possible. And in fact introduce you to a few more of Trade Me's executive team.

As well as my own, we have four roles on our executive team that span across the whole business.

With our renewed focus on our customers, we have the new role of Chief Customer Officer, filled by Trent Mankelow. Trent has been with Trade Me for three years now, and prior to Trade Me has worked for Spark Ventures and Vend, as well as founding and then running Optimal Usability for 10 years.

We've brought together three key areas for us - product development, technology and data to sit under the most recent addition to our team - our new Chief Product and Technology Officer Mark Rees. Prior to Trade Me, Mark was at Xero, and before that was Microsoft NZ's Chief Technology Officer.

We've stepped up our efforts in ensuring that as a group of 600 people, we're as productive and effective as possible. And in June this year we brought on Annie Brown to be our inaugural Chief People Officer to help us achieve that. Annie came from a similar role at BNZ.

Our Chief Financial Officer - Caroline Rawlinson - is here today but is on maternity leave, and our Financial Controller Jo Perez has stepped up very capably as our acting Chief Financial Officer.

And in addition to those four functional roles, the executives who run our four biggest business lines also sit on the executive team. Each has the responsibility of charting the direction for their area of business, and executing on that direction, while ensuring that their work contributes to our overarching ambitions. They've each been at Trade Me for between two and four years so far.

Our Head of Marketplace is Stuart McLean. Stuart has previously worked at both Google and Xero, and he also looks after our Display Advertising and Payments efforts.

Alan Clark runs Trade Me Motors. Alan was previously our Head of Strategy, and has worked at Vodafone, and before that The Boston Consulting Group.

Nigel Jeffries leads Trade Me Property. Nigel was previously the CEO of PropertyIQ and has also worked for Quotable Value.

And last but by no means least, our Head of Trade Me Jobs, Jeremy Wade, was previously the CFO and then CEO of Global Career Link, and has also worked for ANZ and Deloitte.

Together we are an energised and focused team, working hard for our customers and for you, our shareholders. The executive team are here today, and are very happy to talk with you after the formalities.

Slide 13: Trading

This is an opportune time to give a trading update across our main areas of business. In aggregate, the first four months of the financial year have broadly tracked to our expectations with revenue growth of 7% year-on-year. However, the mix has changed a little.

As has been widely reported in the media, new real estate listings to market have continued to be slow over the last few months. While we have seen further improvement in our market share and some renewed activity after the election, we now believe that the market will remain at low levels

for at least the remainder of this financial year given the changes indicated to immigration and foreign ownership of real estate.

This has had an impact on our revenue for Trade Me Property - both for base listings, and for the sales volumes of our premium products. We expect this impact to continue for the remainder of the financial year.

Meanwhile both Motors and Jobs have performed extremely well - the performance in Jobs is a continuation of its excellent performance in F17, while Motors is demonstrating the build in momentum we observed at our full year results.

It is the performance of these businesses that have generated 13% YoY revenue growth in our Classifieds businesses overall - an acceleration from the runrate in F17 that David mentioned in his address.

Our marketplace revenue is up 1% YoY. Looking at sales volumes, gross merchandise sales (GMS, or the total value of sales we facilitate) of used goods has tracked at an average of -1% YoY over the four months, although we were able to get its growth into positive territory in October. New goods GMS has tracked at an average of up 5% YoY.

We still see a lot of opportunity in our marketplace, and are working hard to stimulate stronger growth, particularly in new goods.

Slide 14: Outlook

Looking to the remainder of the year.

At our full year results in August we highlighted the activity levels of the real estate market as a risk to our outlook. As I covered on the previous slide, the real estate market has slowed, so TM Property listing volumes have dropped and we have reduced our full year outlook for TM Property revenue.

Despite the challenge, we retain our profit outlook. In doing so, we intend to deliver another set of record numbers for both revenue and profit for the company.

Looking to the longer term, we have lots of opportunity in front of us – both in our core businesses - especially our classifieds - and through extending into new things. We will continue to work hard to capture this opportunity.

We're in a great position to take advantage of our strength in the market and the continuing shift of activity, transactions and advertising online to show good growth for many years to come.

I very much appreciate your confidence as investors in Trade Me as we continue with our journey, and I look forward to addressing you in a year's time to update you on our progress.

Thank you.