

ASX ANNOUNCEMENT

Domain Holdings Australia Limited 2018 Half-Year Results Announcement

Sydney, 19 February 2018: Domain Holdings Australia Limited [ASX:DHG] ("**Domain**" or "**Company**") today announced its results for the half-year to December 2017.

Statutory Results (Reported 4D)

- Revenue of \$112.7 million.
- Net loss after tax of \$3.4 million (including significant items).
- Significant items after tax totalling \$2.8 million loss.

Pro Forma Results[^] (excluding significant items)

- Revenue of \$183.3 million up 12.5%.
- EBITDA of \$56.8 million up 8.7%.
- EBIT of \$43.6 million down 2.7%.
- Net profit after tax of \$24.7 million down 8.1%.
- Earnings per share of 4.29¢.

Capital Management

- Net debt of \$139.4 million.
- Interim dividend of 4¢ per share (30% franked), a payout ratio of 93%.
- Review Property Pty Ltd (Review Property Co.) acquisition on track and expected to complete in late February 2018.

[^] Pro forma results provide a view of the financials as if Domain had been a separately listed entity for the current and comparative periods. FY17 H1 includes six months of the pro forma incremental costs as per the Scheme booklet. FY18 H1 includes six months of pro forma incremental costs. The Domain separation implementation date was 22 November 2017.

Commenting on Domain's 2018 half-year financial results, Domain Executive Chairman Nick Falloon said: "Domain has today reported a pleasing first standalone result, with pro forma EBITDA growth of 8.7% and a strong underlying performance. It demonstrates the strength of Domain as a separately listed company and the ongoing success of its strategy.

"Having stepped in as Executive Chairman, I can attest to the bench strength of the entire Domain team and their passion, skill and commitment. The business is in great shape with strong underlying momentum.

"The listing of Domain in November 2017 was a tremendous milestone. It was the culmination of the dedication, hard work and support of many – from Domain and Fairfax Media.

"I'm pleased to say the global search is underway for a new CEO. We are searching for an individual who will take Domain through its next stage of growth. We expect the new leader to have execution discipline and relevant experience in driving a growth business and building a great culture. The calibre of the candidates that we are attracting is truly impressive, befitting Domain's position as a leading real estate media and technology business."

Delivering our Strategy

Mr Falloon said: “Domain continues to make excellent progress in delivering on its strategy through its intense customer focus and cutting-edge product development. During the first half, achievements included:

- Continued expansion in relative market share to more than 95% of listings and more than 90% of agents;
- Continued strong growth in Domain app downloads to 6.1 million with an 18% uplift in app launches;
- 21% growth in residential mobile enquiries and 82% growth in CRE enquiries from our large premium audiences;
- 19% growth in core digital revenue underpinned by 24% growth in residential depth, and strong Commercial and Developer revenue; and
- The launch of Domain Loan Finder and Domain Insure, with a 91% increase in transactions revenue from existing and new businesses.

“These achievements are a credit to the strong and experienced management team in place at Domain – spanning all of our key revenue areas and operating functions.

“This team is highly cohesive, well established, and has a breadth and depth of expertise in real estate, media and technology.”

Core Digital (incl. Residential; Media, Developers and Commercial; and Agent Services)

“Core Digital revenue growth was 18.5%, Core Digital EBITDA growth was 22.7%, and pleasingly Core Digital EBITDA margin increased from 42% to 43.4%,” Mr Falloon said.

Residential

“Residential delivered a strong result with revenue increasing 19.3% to \$86.1 million,” Mr Falloon said.

“During the first half, Residential continued to see a mixed environment for listings nationally, with strength in Sydney and Canberra and weakness in other markets resulting in total volumes down 2%. Yield increases and higher depth product penetration supported a 24% increase in residential depth revenue, which was the key driver of the revenue growth.”

Media, Developers and Commercial

Mr Falloon said: “Media, Developers & Commercial revenue increased 20.1%. Developers and Commercial achieved market share gains in the first half, reflecting strong underlying performance of the businesses.

“CRE is making great strides. Over the past 18 months, listings have increased by more than 50%, supported by investment in product development and sales, as well as the benefits of our agent ownership model.”

Agent Services

“Agent Services revenue increased a pleasing 11.3%,” Mr Falloon said.

“This was underpinned by subscriber growth, yield increases and bundling across the property cloud suite of MyDesktop, Homepass and Pricefinder.”

Transactions & Other

Mr Falloon said: "Transactions & Other delivered revenue growth of 91.5%, reflecting strong growth from Compare & Connect and early revenue from Domain Loan Finder which launched in July 2017. EBITDA losses increased to \$1.7 million, reflecting investment in new businesses."

Print

"Print revenue declined 11.6% and Print EBITDA declined 25.4%. This performance reflects ongoing structural decline, with some offset from cost initiatives," Mr Falloon said.

"Cost initiatives delivered a 6% reduction in expenses year-on-year. There are further cost opportunities in printing and distribution efficiencies."

Review Property Co. Acquisition

As detailed in the Domain Scheme Booklet, Domain has proposed to acquire the outstanding 50% of shares in Review Property Pty Ltd. This acquisition is on track and expected to complete in late February 2018.

Dividend

An interim dividend of 4¢ per share (30% franked) will be paid on 12 March 2018 to shareholders registered on 26 February 2018.

Current Trading Environment and Outlook

Trading in the first seven weeks of FY18 H2 saw:

- Pro forma digital revenue growth of 21%.
- Pro forma total revenue growth of 11%.

For FY18, Domain's pro forma costs are expected to increase around 12% to 13% from FY17's pro forma costs of \$216 million.

Investor Briefing

An investor briefing (teleconference and audio/slides webcast) on these results will be held today at 10:30am (AEDT).

Webcast: [Click here](#) to register/join – or locate details at shareholders.domain.com.au in the "Results & Reports" section under "Presentations & Webcasts"

Teleconference: Toll Free 1800 558 698 or +612 9007 3187
Conference ID 804875#

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Media: Brad Hatch, +61 2 9282 2168, brad.hatch@domain.com.au

Investors: Jolanta Masojada, +61 417 261 367, jolanta.masojada@domain.com.au