

28 February 2018

**TRADE ME GROUP LIMITED (TME)  
INTERIM RESULTS FOR THE SIX MONTHS TO 31 DECEMBER 2017**

Please find attached the following documents relating to Trade Me Group's half-year results for the six months ended 31 December 2017:

1. NZX Appendix 1;
2. Media release;
3. Half-year report including financial statements for the six-month period ended 31 December 2017;
4. NZX Appendix 7.

We will file an Interim Results presentation separately. The presentation will be given at 11.00 a.m. (NZ) on 28 February 2018.

ASX Appendix 3A.1 as to dividend will also be filed separately.



Sarah Hard  
Company Secretary

# Appendix 1

## Trade Me Group Limited

### Results for announcement to the market

Reporting period: 6 months to 31 December 2017

Previous reporting period: 6 months to 31 December 2016

	Amount NZ \$'000	Percentage change
Revenue from ordinary activities	122,703	Up 6.8%
Profit from ordinary activities after tax attributable to security holder	46,074	Down -0.1%
Net profit attributable to security holder	46,074	Down -0.1%

	Amount per security (NZ cents)	Imputed amount per security (NZ cents)
Interim Dividend		
Interim Dividend	9.1	3.5389
Record date	9 March 2018	
Payment date	20 March 2018	

### Commentary on results for the period

For commentary on the results please refer to the Directors' Report and media announcement attached.

### Financial information

The appendix 1 should be read in conjunction with the consolidated interim financial statements for the 6 months ended 31 December 2017 as contained in the Interim Report attached.

### Net tangible assets per security

	31 December 2017 (NZ cents)	31 December 2016 (NZ cents)
Net tangible assets per security		
Net tangible assets per security	-22	-24



## TME half-year results: Record revenue underpinned by Classifieds strength

### Highlights

- Revenue of \$122.7m and up 6.8% YoY
- EBITDA of \$79.0m and up 5.7% YoY\*
- NPAT of \$46.1m and up 3.1% YoY\*
- Earnings per share of 11.6 cents
- Fully imputed interim dividend of 9.1 cps to be paid on 20 March 2018
- Classifieds performance strong, with Trade Me Motors the stand-out
- Outlook for F18 unchanged: year-on-year EBITDA and operating NPAT growth, but at a lower rate than in F17 due to targeted investment

Online marketplace and classified advertising business Trade Me Group Ltd ("Trade Me") released its interim financial results for the six months to 31 December 2017 this morning.

Chairman David Kirk said Trade Me had delivered a "solid result" to investors. "We're pleased to report record revenue and a result in line with the guidance provided to investors in August and November last year. The highlight is the stellar result from Trade Me Motors in our Classifieds segment."

### The numbers

CEO Jon Macdonald said Trade Me had delivered record revenue of \$122.7m in the first half of F17, up 6.8 per cent on a year ago. Total expenses, including cost of sales, were up 9.2 per cent year-on-year. Excluding cost of sales, expenses were up 5.9 per cent and Mr Macdonald said this was the targeted investment signalled six months ago.

Earnings per share was 11.6 cents, and a fully imputed interim dividend of 9.1 cents per share (up from 8.5 cents per share last year) will be paid on 20 March 2018.

### Performance by segment

There was continued success for the **Classifieds** segment, delivering another excellent result with revenue up 13.8 per cent year-on-year to \$67.9m, and an acceleration in growth on last year. All three businesses increased revenue, after a continued focus on generating premium revenue and improving their products. The three classified businesses now contribute 55 per cent of Trade Me's revenue.

Mr Macdonald said Trade Me Motors, the largest of the classified verticals, reported a "superb result", headlined by a revenue increase of 16.0 per cent year-on-year. "We've seen dealer premium revenue increase by more than 40 per cent year-on-year, complemented by record inventory levels."

Trade Me Jobs continued its run of excellent financial performance, with revenue increasing by 18.6 per cent year-on-year. "The revenue increase was driven by premium uptake and a series of product releases, including the introduction of promoted listings back in July and the recent roll-out of candidate profiles," Mr Macdonald said.

Trade Me Property reported revenue growth of 6.0 per cent in a soft listings market. Mr Macdonald said the premium revenue from agents listing properties for sale on the site increased by 25.7 per cent year-on-year. "We've improved our branding for property professionals and now have almost 7000 agents signed up to our

*\*Growth rates exclude H1 F17 one-off non-operating items of \$1.4m*

OneHub agent portal. We've also seen sessions on Trade Me Property increase by 6 per cent year-on-year, underpinned by the launch of rental estimates for 1.2 million properties in November 2017."

Mr Macdonald said revenue in the **General Items** marketplace business was up slightly year-on-year. "As we reported in October 2017, the gross merchandise sales trend for used goods tracked down slowly, but was once again more than offset by the continued strength in new goods which was up 5.0 per cent on last year."

He said a lot of work was being done to stimulate stronger growth in the marketplace, with a focus on new goods. "The Afterpay instalment payment option launched in September 2017 is now available on over 60 per cent of new goods onsite, we've completed our first subscription shipping experiment, rolled out 'Quick list' functionality in the iOS and Android apps, and held two success fee-free weekends."

Earlier this month, Trade Me announced changes to success fees for professional retailers, aimed at encouraging larger sellers to provide buyers with great shipping offers and price certainty. Mr Macdonald said overall listings were up 25 per cent year-on-year, driven by increased selection of new items.

In the **Other** category, the payments and advertising businesses both started F18 strongly, with revenue up 8 per cent and 7 per cent respectively.

## People

There were several changes to the Trade Me Executive team in July 2017, following on from Annie Brown joining as the company's first Chief People Officer in June. These changes saw Alan Clark (Head of Trade Me Motors) and Jeremy Wade (Head of Trade Me Jobs) join the Executive team, reflecting the scale and importance of these businesses.

Trent Mankelow was appointed as Trade Me's inaugural Chief Customer Officer, having been Chief Product Officer since October 2014. And in September, Mark Rees joined the Executive team in a new Chief Product and Technology Officer role.

At Board level, Simon West was elected as an independent director at the Trade Me shareholder meeting in November 2017, having been appointed to the board in December 2016. Chairman David Kirk was also re-elected, along with director Joanna Perry.

## Outlook

Looking ahead, Mr Macdonald reiterated the guidance for investors. "The first half of the F18 financial year has broadly tracked to our expectations. We reiterate our November 2017 guidance that we expect total revenue growth in F18 to be similar to that reported in F17, however the soft property listing market means there is some continued uncertainty.

"We'll continue to invest at a rate slightly above revenue growth in F18 and we expect to deliver year-on-year EBITDA and operating NPAT growth in F18, albeit at lower growth rates than F17 due to this higher level of investment.

"Trade Me is a great business. We're well-placed to convert on the opportunities in front of us and keep growing – both in our core businesses and through extending into new things. We'll continue to work hard to capture these opportunities."

-ends-

## More information:

Trade Me investor website: [investors.trademe.co.nz](https://investors.trademe.co.nz)

## Contacts:

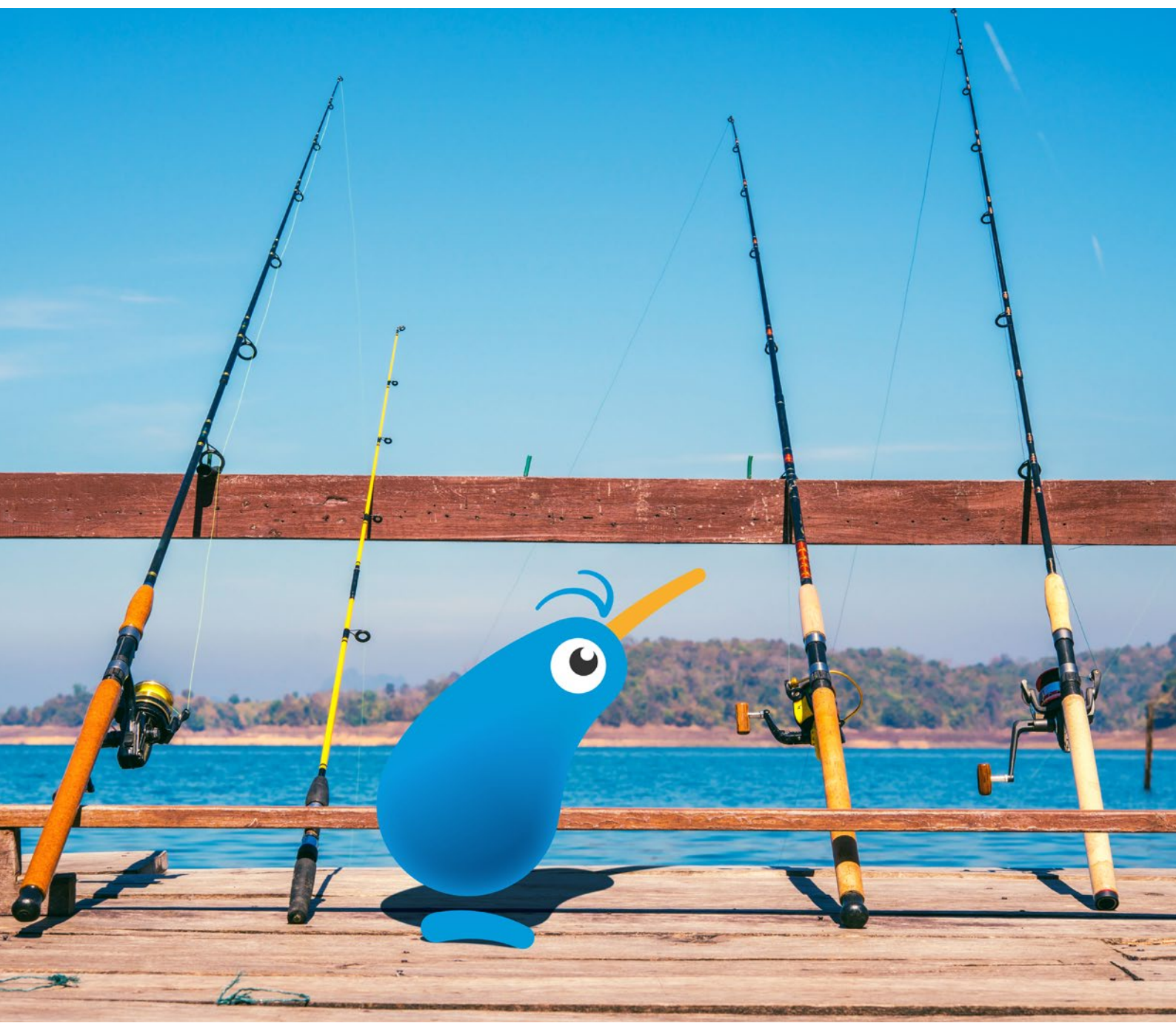
*Media:* Paul Ford, Trade Me, [paul@trademe.co.nz](mailto:paul@trademe.co.nz)

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# Half Year Report

FOR THE SIX MONTHS  
ENDED 31 DECEMBER 2017



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## Highlights

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Net profit after tax was \$46.1m. This was flat year-on-year on a reported basis, but up 3.1%\* year-on-year on an operating basis.

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Revenue was up 7% year-on-year to a record \$123m, underpinned by ongoing strength in the Classifieds (up 14% YoY to \$68m) and a stellar result from Trade Me Motors. The three classified businesses now contribute 55 per cent of Trade Me's revenue.

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Revenue growth in General Items has continued but has slowed, up 1% year-on-year to \$35m. In our Other segment, our payments and advertising businesses have had strong starts to the year.

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Total expenses increased 9% year-on-year. Excluding cost of sales, expenses were up 6% year-on-year.

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EBITDA\*\* was \$79m, and up 6%\* year-on-year on an operating basis. Earnings per share for H1 F18 was 11.6 cents.

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A fully imputed interim dividend of 9.1 cents per share will be paid on 20 March 2018, up from 8.5 cents last year.

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We have continued to make core product improvements to deliver strategic and financial benefits across many areas of the business. Highlights include the rollout of dealer analytics in Motors, the beta launch of candidate profiles in Jobs, rental estimates in Property and the launch and uptake of Afterpay in Marketplace.

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Our proposed acquisition of the Christchurch-based inventory management system for car dealers – Motorcentral – is still awaiting NZ Commerce Commission clearance.

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Looking ahead to the end of F18, there is no change to our previously stated ambition for year-on-year EBITDA and operating NPAT growth, but at a lower rate than in F17 due to targeted investment.

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For F19 and beyond, we are well-positioned to grow and defend our existing businesses. We will continue to invest to strengthen our trust and relevance with the New Zealand public, and to make the most of the opportunities in front of us.

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\* Growth rates exclude one off non-operating gains in H1 F17 of \$1.4m.

\*\* EBITDA represents earnings before income taxes, excluding interest income, interest expense, depreciation and amortisation, as reported in the financial statements.



# Commentary from the Chairman and CEO

Dear Shareholders,

Thank you for your support as Trade Me investors. We have delivered a solid F18 interim result, with record revenue. This is in line with the guidance we provided at our results announcement in August 2017 and our Annual Shareholder Meeting in November 2017.

## The numbers

For the six months to 31 December 2017, Trade Me delivered revenue of \$122.7m, up 6.8 per cent from \$114.9m in the first half for F17.

Net profit after tax was \$46.1m. This was flat year-on-year on a reported basis, but up 3.1 per cent year-on-year on an operating basis, due to a one-off benefit of \$1.4m, in F17.

Earnings per share was 11.6 cents. We intend to pay a fully imputed interim dividend of 9.1 cents per share on 20 March 2018, ahead of the 8.5 cent dividend we paid a year ago. The record date for the dividend is 9 March 2018.

## Operating performance

We are focused on building a better business and delivering growth.

We are pleased to see the continued success of the **Classifieds** as they delivered another excellent result, with revenue up 13.8 per cent year-on-year to \$67.9m, and we are pleased to report an acceleration in growth from 9.9 per cent year-on-year growth reported in H1 F17. All three businesses delivered revenue growth, after a continued focus on generating premium revenue and improving our products.

**Trade Me Motors**, the largest of our classified verticals, reported a superb result headlined by a revenue increase of 16.0 per cent year-on-year. We've seen dealer premium revenue increase by 43.2 per cent year-on-year and record inventory levels. Product highlights included our new analytics tools for dealers, and the price estimation guide for consumers launched in November.

**Trade Me Jobs** continued its excellent performance, with revenue increasing by 18.6 per cent year-on-year, off the back of a buoyant employment market. The increase was driven by premium revenue (up 46.8 per cent year-on-year), and underpinned by a series of product releases, including the introduction of 'promoted listings' as a premium product in July 2017. The team is excited about the roll-out of candidate profiles (in beta since November 2017), and a complementary candidate database tool that is helpful for recruiters and employers looking for active and passive job hunters.

It was pleasing to see **Trade Me Property** report revenue growth of 6.0 per cent, in a soft listings market. Agent for sale premium revenue has increased 25.7 per cent year-on-year. We have improved our branding for property professionals onsite, and now have 6,830 agents signed up to our OneHub agent portal. We've also seen sessions on Trade Me Property increase by 6 per cent year-on-year, underpinned by the launch of rental estimates for

1.2 million properties in November 2017. Our domestic unique audience visiting our sites and apps is up 9 per cent year-on-year.

Revenue in the **General Items** marketplace business was up 0.7 per cent year-on-year and gross merchandise sales (GMS) nudged up 0.3 per cent year-on-year. As we reported in November 2017, the GMS trend for used goods has been tracking down slowly (down 2.6 per cent year-on-year), but was once again more than offset by the continued strength of GMS for new goods (up 5.0 per cent year-on-year).

We are working hard to stimulate stronger growth in our marketplace, focusing on new goods, improving our core experience and building preference for Trade Me. The Afterpay instalment payment option launched in September 2017 is now available on over 60 per cent of new goods onsite, we've completed our first subscription shipping experiment, rolled out 'Quick list' functionality in the iOS and Android apps and held two success fee-free weekends.

This month we also announced changes to the way we calculate success fees for professional retailers, as we strive to encourage our larger sellers to provide buyers with great shipping offers and price certainty. Overall listings are up 25 per cent year-on-year, driven by increased selection of new items.

In the **Other** category comprising our advertising, insurance, payments and other small businesses, headline revenue was down 3.2 per cent year-on-year. This decline is primarily due to the divestment of Travelbug and BookIt in December 2016. Our payments and advertising businesses have started F18 strongly, with revenue up 7.8 per cent and 6.5 per cent respectively.

In the first half of F18, we've seen total expenses, including cost of sales, increase by 9.2 per cent year-on-year. Excluding cost of sales, expenses were up 5.9 per cent year-on-year. Last year we foreshadowed our desire to invest at a rate slightly above revenue growth this year. We have investment plans focussed on strengthening our competitive advantages and expect to see a modest acceleration in expense growth in the second half of F18.

## Investments & divestments

We are still awaiting clearance from the Commerce Commission about our proposed acquisition of Motorcentral, a business based in Christchurch that provides a highly regarded inventory management system to car dealers. We applied for clearance from the Commission in July 2017.

We switched off our escrow payment service SafeTrader in July 2017, due to lack of use and the availability of payment products onsite in the form of Buyer Protection, Ping and Pay Now that provide safety for all members when buying or selling items on Trade Me.



## Brand

We rolled out the second iteration of our 'Life Lives Here' brand campaign in November 2017, as we nurture and grow our brand. In July we were ranked eighth in the Ipsos Most Influential Brands survey, and in September we were named New Zealand's sixth most loved brand by Colmar Brunton.

We were proud to be nominated for a Māori Language Award for our efforts in and around Māori Language Week in September 2017. This included providing te reo as a language option, and the introduction of macrons onto Trade Me. We have also lent our support – and banner space – to the anti-domestic violence technology known as Shielded. The shield allows victims of domestic abuse to get information and help without any trace showing in their search history.

Our Trust & Safety team released our fifth annual Transparency Report in July 2017, providing our community with insights into how we work with government agencies to keep our website trusted and safe. We also made the call to ban the sale of brachycephalic dog breeds in January 2018, attracting a lot of media attention and support for this decision.

## People

The number of FTEs at Trade Me grew from 514 at 30 June 2017 to 564 at 31 December 2017. We will continue to strengthen our team's presence in Christchurch over the course of F18.

We made several changes to the Executive team in July 2017, following on from Annie Brown joining us as our first Chief People Officer in June. These changes saw Alan Clark (Head of Trade Me Motors) and Jeremy Wade (Head of Trade Me Jobs) join the Executive team, reflecting the scale and importance of these classifieds' businesses. Trent Mankelow was appointed as our inaugural Chief Customer Officer, having been Trade Me's Chief Product Officer since October 2014.

And in September, Mark Rees joined the Exec as our new Chief Product and Technology Officer. His role is to deliver on tech and product priorities, bringing together our product development, data and technology platforms.

At Board level, Simon West was elected as an independent director at the Trade Me shareholder meeting in November 2017, having been appointed to the Board earlier in the financial year. Chairman David Kirk was also re-elected, along with director Joanna Perry.

## Outlook

The first half of the F18 financial year has broadly tracked to our expectations.

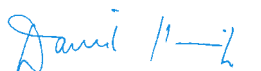
New real estate listings to market were slow throughout the first half of F18, and this has impacted Trade Me Property revenue. On the flipside, Trade Me Motors and Trade Me Jobs have both continued to perform extremely well.

We reiterate our November 2017 guidance that we expect total revenue growth in F18 to be similar to that reported in F17 – however the soft property listing market means there is some continued uncertainty.

We will continue to invest at a rate slightly above revenue growth in F18 (but not a return to the rates of F14–F16). 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.

Trade Me is a great business. We are well-placed to convert on the opportunities in front of us and keep growing – both in our core business and through extending into new things. We will continue to work hard to capture these opportunities.

Yours sincerely



David Kirk  
CHAIRMAN



Jon Macdonald  
CEO

# Interim consolidated statement of comprehensive income for the six months ended 31 December 2017

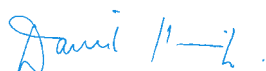
	Notes	Unaudited 31 December 2017 \$'000	Unaudited 31 December 2016 \$'000
Classifieds		67,891	59,654
General Items		35,393	35,163
Other		19,419	20,061
<b>Total revenue</b>		<b>122,703</b>	<b>114,878</b>
Cost of sales		(8,951)	(7,209)
<b>Net revenue</b>		<b>113,752</b>	<b>107,669</b>
Employee benefit expense		(19,636)	(17,610)
Web infrastructure expense		(2,810)	(2,841)
Promotion expense		(5,856)	(5,932)
Other expenses		(6,651)	(6,612)
<b>Total expenses</b>		<b>(34,953)</b>	<b>(32,995)</b>
Non-operating items		–	1,416
<b>Earnings before interest, tax, depreciation, amortisation, and associates</b>		<b>78,799</b>	<b>76,090</b>
Share of losses from associates		(290)	(413)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>78,509</b>	<b>75,677</b>
Depreciation and amortisation		(12,617)	(10,164)
<b>Earnings before interest and taxation</b>		<b>65,892</b>	<b>65,513</b>
Finance income		775	682
Finance costs		(2,661)	(2,766)
<b>Profit before income tax</b>		<b>64,006</b>	<b>63,429</b>
Income tax expense		(17,932)	(17,320)
<b>Profit</b>		<b>46,074</b>	<b>46,109</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		45	(5)
Effective portion of changes in fair value of cash flow hedges		154	619
Income tax effect of changes in fair value of cash flow hedges		(43)	(173)
<b>Other comprehensive income</b>		<b>156</b>	<b>441</b>
<b>Total comprehensive income</b>		<b>46,230</b>	<b>46,550</b>
<b>Earnings per share</b>			
Basic and diluted (cents per share)	4	11.60	11.61

The above statement should be read in conjunction with the accompanying notes.

# Interim consolidated statement of financial position as at 31 December 2017

	Notes	Unaudited 31 December 2017 \$'000	Audited 30 June 2017 \$'000
<b>ASSETS</b>			
Cash and cash equivalents		55,264	52,832
Trade and other receivables		15,455	16,393
<b>Total current assets</b>		<b>70,719</b>	<b>69,225</b>
Derivative financial instruments		81	–
Property, plant and equipment		7,700	8,135
Intangible assets		819,328	818,114
Investment in associates		6,159	6,149
<b>Total non-current assets</b>		<b>833,268</b>	<b>832,398</b>
<b>Total assets</b>		<b>903,987</b>	<b>901,623</b>
<b>LIABILITIES</b>			
Trade and other payables		22,992	22,173
Derivative financial instruments		704	408
Income tax payable		4,212	8,851
Interest bearing loans and borrowings	6	83,000	–
<b>Total current liabilities</b>		<b>110,908</b>	<b>31,432</b>
Interest bearing loans and borrowings	6	53,000	135,957
Deferred tax liability		7,358	7,831
Derivative financial instruments		–	369
Other non-current liabilities		305	348
<b>Total non-current liabilities</b>		<b>60,663</b>	<b>144,505</b>
<b>Total liabilities</b>		<b>171,571</b>	<b>175,937</b>
<b>EQUITY</b>			
Contributed equity		1,070,097	1,069,927
Share based payment reserve		474	446
Other reserves		(486,201)	(486,357)
Retained earnings		148,046	141,670
<b>Total equity attributable to owners of the Company</b>		<b>732,416</b>	<b>725,686</b>
<b>Total equity and liabilities</b>		<b>903,987</b>	<b>901,623</b>

For and on behalf of the Board of Directors who authorised these financial statements for issue on 27 February 2018:



David Kirk  
CHAIRMAN



Joanna Perry  
CHAIR OF THE AUDIT AND  
RISK MANAGEMENT  
COMMITTEE

The above statement should be read in conjunction with the accompanying notes.

## Interim consolidated statement of changes in equity for the six months ended 31 December 2017

	Notes	Ordinary shares \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
<b>As at 1 July 2016</b>		<b>1,069,814</b>	<b>578</b>	<b>116,787</b>	<b>(486,633)</b>	<b>700,546</b>
Profit		–	–	46,109	–	46,109
Currency translation differences		–	–	–	(5)	(5)
Movement in cash flow hedge reserve (net of tax)		–	–	–	446	446
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>46,109</b>	<b>441</b>	<b>46,550</b>
Dividends paid	5	–	–	(35,738)	–	(35,738)
Supplementary dividends		–	–	(5,151)	–	(5,151)
Tax credit on supplementary dividends		–	–	5,151	–	5,151
Share based payments		113	(257)	–	–	(144)
<b>As at 31 December 2016 (unaudited)</b>		<b>1,069,927</b>	<b>321</b>	<b>127,158</b>	<b>(486,192)</b>	<b>711,214</b>
<b>As at 1 July 2017</b>		<b>1,069,927</b>	<b>446</b>	<b>141,670</b>	<b>(486,357)</b>	<b>725,686</b>
Profit		–	–	46,074	–	46,074
Currency translation differences		–	–	–	45	45
Movement in cash flow hedge reserve (net of tax)		–	–	–	111	111
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>46,074</b>	<b>156</b>	<b>46,230</b>
Dividends paid	5	–	–	(39,698)	–	(39,698)
Supplementary dividends		–	–	(5,466)	–	(5,466)
Tax credit on supplementary dividends		–	–	5,466	–	5,466
Share based payments		170	28	–	–	198
<b>As at 31 December 2017 (unaudited)</b>		<b>1,070,097</b>	<b>474</b>	<b>148,046</b>	<b>(486,201)</b>	<b>732,416</b>

The above statement should be read in conjunction with the accompanying notes.

## Interim consolidated statement of cash flows for the six months ended 31 December 2017

	Notes	Unaudited 31 December 2017 \$'000	Unaudited 31 December 2016 \$'000
<b>Operating activities</b>			
Profit before income tax		64,006	63,429
<b>Adjustments to reconcile profit before income tax to net operating cash flows:</b>			
Depreciation of property, plant and equipment		1,882	1,721
Amortisation of intangible assets		10,735	8,443
Gain on sale of Travelbug & Bookit		–	(497)
Release of earn out provision		–	(919)
Finance costs		2,661	2,766
Share of losses from associates		290	413
Other		453	176
<b>Working capital adjustments:</b>			
Decrease in trade and other receivables		847	449
Increase in trade and other payables		1,301	1,839
Income tax paid		(17,621)	(16,533)
<b>Net cash flows from operating activities</b>		<b>64,554</b>	<b>61,287</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(2,248)	(1,892)
Purchase/capitalisation of intangibles		(11,808)	(10,950)
Business disposals		–	1,150
Deferred payments from business acquisitions		–	(1,553)
Investment in associates		(300)	(672)
<b>Net cash flows (used in) investing activities</b>		<b>(14,356)</b>	<b>(13,917)</b>
<b>Financing activities</b>			
Dividends paid		(45,164)	(40,889)
Drawdown of debt		–	10,000
Interest paid on borrowings (including facility fees)		(2,602)	(3,082)
<b>Net cash flows (used in) financing activities</b>		<b>(47,766)</b>	<b>(33,971)</b>
Net increase in cash and cash equivalents		2,432	13,399
Cash and cash equivalents at beginning of period		52,832	34,113
<b>Cash and cash equivalents at end of period</b>		<b>55,264</b>	<b>47,512</b>

The above statement should be read in conjunction with the accompanying notes.

# Notes to the financial statements for the six months ended 31 December 2017

## 1 General information

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Trade Me Group Limited (the “Company”) is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (“NZX”) and the Australian Stock Exchange (“ASX”). The Company is a FMC Reporting Entity under the Financial Markets Conduct Act 2013. The address of its registered office and primary place of business is Level 5, 2 Market Lane, Wellington, New Zealand.

The interim consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”).

The interim consolidated financial statements are for the six months ended 31 December 2017 and have been prepared in accordance with NZ GAAP. Trade Me Group Limited is a profit oriented entity.

The nature of the operations and principal activities of the Group are to provide online marketplaces that connect people to undertake a transaction or form a relationship. The Group’s businesses include providing a new and used goods marketplace, classified advertising for motor vehicles, real estate and employment, online advertising services and other ancillary online businesses.

## 2 Basis of preparation and accounting policies

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The accounting policies applied to the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2017.

These general purpose consolidated interim financial statements for the six months ended 31 December 2017 have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2017.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000’s).

## 3 Segment reporting

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### (a) Identification of reportable segments

The Group has determined its operating segments based on the reports reviewed by the Group’s Chief Executive Officer to assess performance, allocate resources and make strategic decisions. The reportable segments are based on aggregating operating segments based on the similarity of the services provided.

The Group’s reportable segments are as follows:

#### **Classifieds**

The Classifieds segment represents advertising revenue from each of our three classified advertising sites: Motors, Property and Jobs. Revenue is generated primarily from basic and premium listing fees.

#### **General Items**

The General Items segment is our online marketplace business. Revenue is generated from listing fees, premium fees and success fees and performance is driven by both the number of completed transactions and the total sales value of completed transactions.

#### **Other**

The Other segment reflects all other businesses, including advertising, dating, payments, travel, life and health insurance comparison, and general insurance.

### (b) Segment revenues, EBITDA\* and reconciliation to profit before income tax

The following is an analysis of the Group’s revenue and EBITDA\* by reportable segment.



## Operating Segments

	Revenue		EBITDA*	
	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$'000	31 December 2016 \$'000
Classifieds	67,891	59,654	46,119	40,533
General Items	35,393	35,163	24,324	26,173
Other	19,419	20,061	8,356	7,968
<b>Total</b>	<b>122,703</b>	<b>114,878</b>	<b>78,799</b>	<b>74,674</b>
Non-operating items			–	1,416
			<b>78,799</b>	<b>76,090</b>
<b>Reconciliation to overall result</b>				
Share of losses from associates			(290)	(413)
<b>EBITDA*</b>			<b>78,509</b>	<b>75,677</b>
Depreciation and amortisation			(12,617)	(10,164)
Finance income			775	682
Finance costs			(2,661)	(2,766)
<b>Profit before income tax</b>			<b>64,006</b>	<b>63,429</b>

\*EBITDA reflects earnings before interest, tax, depreciation and amortisation.

The accounting policies of the reportable segments are the same as the Group's accounting policies as outlined in the annual financial statements for the year ended 30 June 2017.

Segment revenue reported above represents revenue generated from external customers. Immaterial inter-segment revenues have been excluded from the above segment results.

The assets and liabilities of the Group are reported to and reviewed by the Chief Executive Officer in total and are not allocated by operating segment. Therefore, operating segment assets and liabilities are not disclosed.

The Group operates largely within New Zealand. The Group owns an Australian subsidiary, Motorweb Australia Pty Limited, which generates revenues in Australia, and the Group has international sellers generating revenues overseas, largely in the marketplace business. Revenues from foreign countries amounted to \$5.2m for the six months ended 31 December 2017 (2016: \$4.0m).

No single customer contributed 10% or more to the Group's revenue for the six months ended 31 December 2017 (2016: nil).

## 4 Earnings per share

The earnings and weighted average number of ordinary and restricted shares used in the calculation of basic and diluted earnings per share are as follows:

	Unaudited 31 December 2017 \$'000's	Unaudited 31 December 2016 \$'000's
Earnings used for the calculation of basic and diluted earnings (\$'000's):	46,074	46,109
Weighted average number of shares on issue ('000's)	397,050	397,120
Basic and diluted earnings per share (cents)	11.60	11.61

Basic earnings per share amounts are calculated by dividing Group profit for the six month period by the weighted average number of ordinary and restricted shares outstanding during the period. Diluted earnings per share equals basic earnings per share, since there are no potentially dilutive ordinary shares.

## 5 Dividends

	Unaudited 31 December 2017 \$000's	Unaudited 31 December 2016 \$000's
Final dividend for 2017 at 10.0 cents per share (2016: 9.0 cents per share)	39,698	35,738
Dividends declared after reporting date, but not recorded as a liability in these financial statements: 9.1 cents per share (2016: 8.5 cents per share)	36,152	33,759

## 6 Interest bearing liabilities

The Group has a \$166 million revolving cash advance loan facility with Commonwealth Bank of Australia (70%) and Westpac Banking Corporation (30%). \$136 million was drawn down as at 31 December 2017.

Description	Maturity Date	Unaudited 31 December 2017	Audited 30 June 2017
Tranche 1	11 December 2018	83,000	83,000
Tranche 2	11 December 2019	53,000	53,000
Loan establishment costs		–	(43)
<b>Total interest bearing liabilities</b>		<b>136,000</b>	<b>135,957</b>

The facility is guaranteed by the Company and its wholly owned subsidiary Trade Me Limited. The covenants entered into by the Group require specific calculations of the Group's net debt to EBITDA, and interest cover. There have been no covenant breaches.

The drawn down portion of the facility incurs interest based on market floating rates that are re-set every 90 days.

Interest-bearing loans and borrowings are initially measured at fair value, less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## 7 Financial instruments

### Fair values

Financial instruments included in these financial statements include cash and cash equivalents, trade and other receivables, trade and other payables, interest bearing loans and borrowings, and derivative financial instruments (being solely interest rate swaps). The carrying amounts of these financial instruments are a reasonable approximation of their fair values.

Interest rate swaps are classified as “fair value through profit or loss” and are categorised into one of three levels based on the quality of inputs used to determine fair value:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Interest rate swaps are classified as level 2.

The fair value of interest rate swaps has been determined using observable market interest rate data as at balance date.

Refer to below table, which shows movements in the fair value of interest rate swaps:

	Unaudited 31 December 2017 \$000's	Unaudited 31 December 2016 \$000's
Changes in fair value of interest rate swaps recognised in finance costs	–	418
Effective portion of changes in fair value of cash flow hedges recognised in other comprehensive income	154	619
<b>Gain in fair value of interest rate swaps</b>	<b>154</b>	<b>1,037</b>

## 8 Subsequent events

As outlined in note 5, on 27 February 2018, the directors declared a dividend of \$36,152,000, which is not recorded as a liability in these interim financial statements.

In the Group's financial statements for the year ending 30 June 2017, it was noted on 11th July 2017, the Company entered into a conditional agreement to purchase Limelight Software Limited, trading as Motorcentral (motorcentral.co.nz), a cloud-based dealer management platform for motor vehicle dealers. This acquisition is still awaiting clearance from the Commerce Commission.

## **Review Report to the Shareholders of Trade Me Group Limited (“the company”) and its subsidiaries (together “the group”)**

We have reviewed the interim financial statements on pages 6 to 13, which comprise the statement of financial position of the group as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the group for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company’s shareholders, as a body. Our review has been undertaken so that we might state to the company’s shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s shareholders as a body, for our review work, for this report, or for our findings.

### **Directors’ Responsibilities**

The directors are responsible for the preparation and fair presentation of interim financial statements which comply with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

### **Reviewer’s Responsibilities**

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*. As the auditor of the group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

### **Basis of Statement**

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

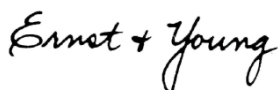
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.

### **Conclusion**

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial statements, set out on pages 6 to 13, do not present fairly, in all material respects, the financial position of the group as at 31 December 2017 and its financial performance and cash flows for the six month period ended on that date in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

Our review was completed on 27 February 2018 and our findings are expressed as at that date.



Wellington

## Directory: Trade Me Group Limited

### Registered office

Trade Me Group Limited  
Level 5  
2 Market Lane  
Wellington 6011

### Board of directors

David Kirk	Chairman
Katrina Johnson	Non-Executive Director
Paul McCarney	Non-Executive Director
Simon West	Non-Executive Director
Joanna Perry	Non-Executive Director

### Executive team

Jon Macdonald	Chief Executive Officer
Caroline Rawlinson	Chief Financial Officer
Annie Brown	Chief People Officer
Nigel Jeffries	Head of Trade Me Property
Trent Mankelow	Chief Customer Officer
Stuart McLean	Head of Marketplace
Mark Rees	Chief Product and Technology Officer
Alan Clark	Head of Trade Me Motors
Jeremy Wade	Head of Trade Me Jobs

### Investor information

The Trade Me investor relations website is at:  
<http://investors.trademe.co.nz/>

### Share registrar

If you have a shareholder-related query, please contact our share registrar, Link Market Services Limited:

### New Zealand

Phone (09) 375 5998  
Email [enquiries@linkmarketservices.com](mailto:enquiries@linkmarketservices.com)  
Address PO Box 91976, Auckland

### Australia

Phone 1300 554 474  
Email [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Address Locked Bag A14, Sydney South, NSW

### Auditor

Ernst & Young  
100 Willis Street  
Wellington  
New Zealand

**Notice of event affecting securities**

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.  
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one  
(Please provide any other relevant  
details on additional pages)

1

Full name of Issuer **Trade Me Group Limited**

Name of officer authorised to  
make this notice

Caroline Rawlinson

Authority for event,  
e.g. Directors' resolution

Directors' resolution

Contact phone  
number

+64 21 860 821

Contact fax  
number

Date

27 / 2 / 2018

**Nature of event**  
Tick as appropriate

Bonus  
Issue

☐

If ticked,  
state whether:

Taxable

☐

/ Non Taxable

☐

Conversion

☐

Interest

☐

Rights Issue  
Renounceable

☐

Rights Issue  
non-renounceable

☐

Capital  
change

☐

Call

☐

Dividend

☒

If ticked, state  
whether:

☐

Interim

☒

Full  
Year

☐

Special

☐

DRP Applies

☐**EXISTING securities affected by this**

If more than one security is affected by the event, use a separate form.

Description of the  
class of securities

Ordinary and Restricted Shares

ISIN

NZTMEE0003S8

If unknown, contact NZX

**Details of securities issued pursuant to this event**

If more than one class of security is to be issued, use a separate form for each class.

Description of the  
class of securities

ISIN

If unknown, contact NZX

Number of Securities to  
be issued following event

Minimum  
Entitlement

Ratio, e.g.  
① for ②

for

Conversion, Maturity, Call  
Payable or Exercise Date

Treatment of Fractions

Enter N/A if not  
applicable

Tick if  
pari passu

☐

OR  
provide an  
explanation  
of the  
ranking

Strike price per security for any issue in lieu or date  
Strike Price available.

**Monies Associated with Event**

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security  
(does not include any excluded income)

\$0.091

Source of  
Payment

Retained Earnings

Excluded income per security  
(only applicable to listed PIEs)

Currency

NZ Dollars

Supplementary  
dividend  
details -  
NZSX Listing Rule 7.12.7

Amount per security  
in dollars and cents

\$0.016059

Total monies

\$36,152,237

Date Payable

20 March, 2018

**Taxation**

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus  
issue state strike price

\$

Resident  
Withholding Tax

\$0.006319

Imputation Credits  
(Give details)

\$0.035389

Foreign  
Withholding Tax

\$0.016059

FDP Credits  
(Give details)

**Timing**

(Refer Appendix 8 in the NZSX Listing Rules)

**Record Date 5pm**

For calculation of entitlements -

9 March, 2018

**Application Date**

Also, Call Payable, Dividend /  
Interest Payable, Exercise Date,  
Conversion Date. In the case  
of applications this must be the  
last business day of the week.

20 March, 2018

**Notice Date**

Entitlement letters, call notices,  
conversion notices mailed

**Allotment Date**

For the issue of new securities.  
Must be within 5 business days  
of application closing date.

**OFFICE USE ONLY**

Ex Date:  
Commence Quoting Rights:  
Cease Quoting Rights 5pm:  
Commence Quoting New Securities:  
Cease Quoting Old Security 5pm:

Security Code:

Security Code:

