

trademe 

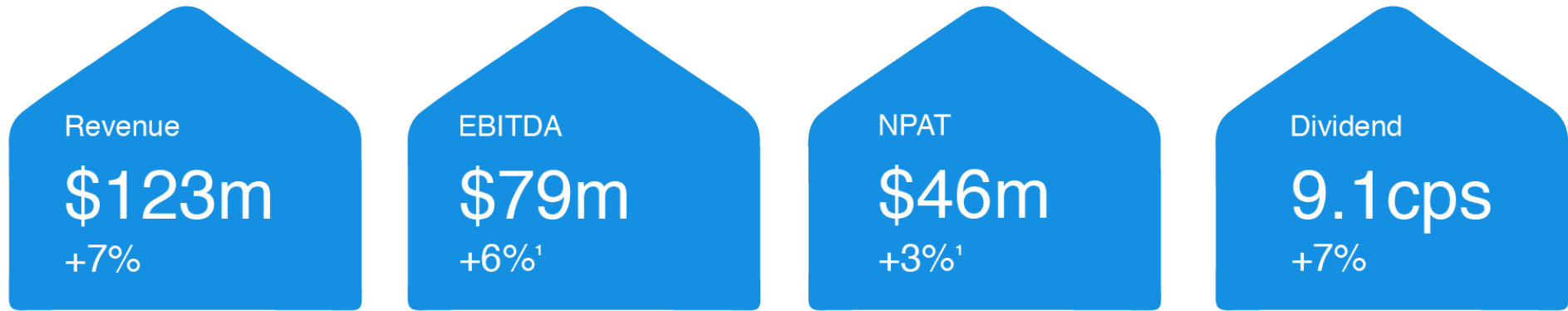
Half year results

31 December 2017

Jon Macdonald CEO
Caroline Rawlinson CFO
Joanne Perez IR Manager



It's been a good six months.



Revenue growth was driven by the excellent performance of our classified businesses – particularly Motors and Jobs

Total expenses increased 9% due to headcount growth and increased cost-of-sales (excluding cost-of-sales expenses grew 6%)

EBIT was \$66m and growth at +3%¹ matched NPAT growth

Fully imputed dividend of 9.1 cps to be paid in March 2018

Our full year profit guidance remains unchanged

¹ Growth rates exclude H1 F17 one-off non operating items of \$1.4m



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

- Now using AI to improve our search results and recommendations
- Launched a new way to sell on Android using image and voice recognition
- New vehicle price and home rental estimation tools
- 8th Ipsos Most Influential Brand and 6th Colmar Brunton Most Loved



Broaden our offering

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

- Afterpay partnership launched, available on over 60% of new goods
- New analytics tool uses our data to help vehicle dealers improve their performance
- Our Candidate Profiles improve our offering for recruiters and candidates

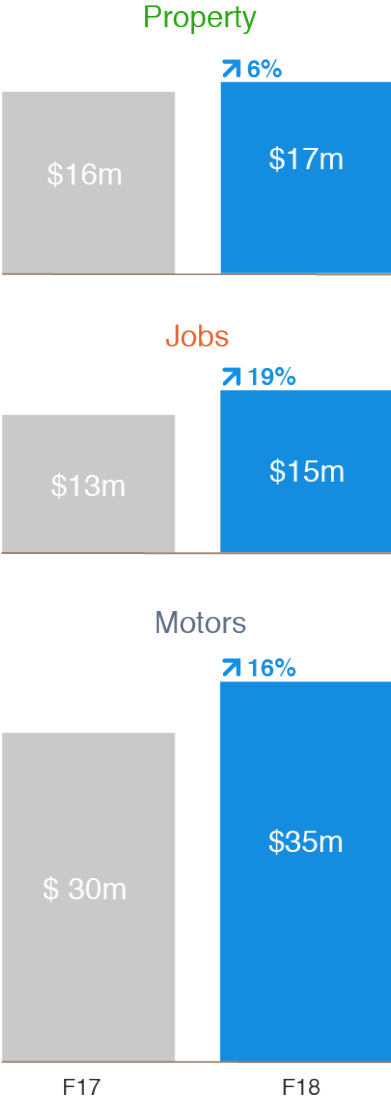
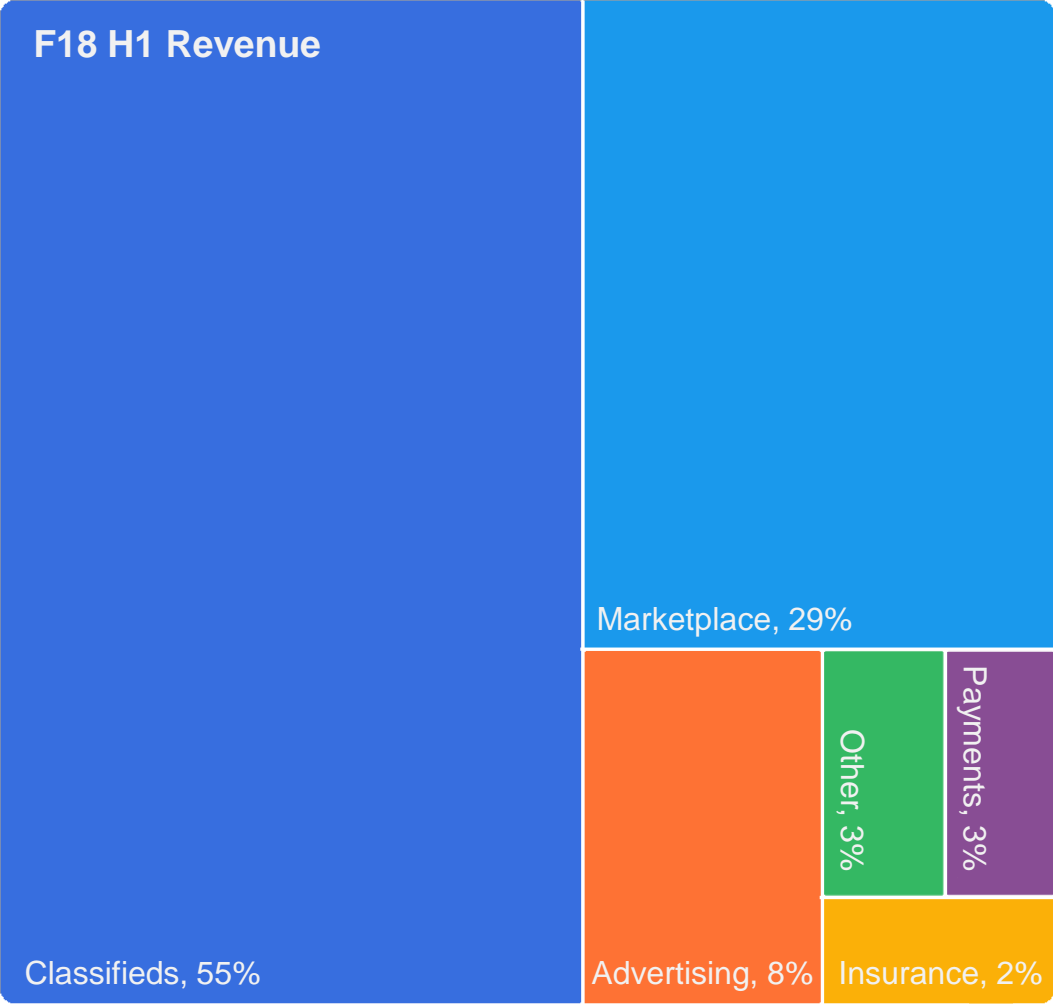


Fast and effective execution

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

- Recruited new data experts and reorganised our central data teams to accelerate our data science efforts
- Further improved organisational effectiveness through evolving our culture and honing our customer focus

This period's highlight is the Classifieds' performance.



Group Financials



Our financial performance in detail –

NZD \$000s	F18 H1	F17 H1	Movement	
Classifieds	67.9	59.7	8.2	13.8%
General Items	35.4	35.2	0.2	0.7%
Other	19.4	20.1	(0.6)	(3.2%)
Total revenue	122.7	114.9	7.8	6.8%
Cost of sales	9.0	7.2	1.7	24.2%
Net revenue	113.8	107.7	6.1	5.6%
Employee benefit	19.6	17.6	2.0	11.5%
Web infrastructure	2.8	2.8	(0.0)	(1.1%)
Promotions	5.9	5.9	(0.1)	(1.3%)
Other	6.6	6.6	0.0	0.6%
Total expenses	35.0	33.0	2.0	5.9%
EBITDA¹ before associate	78.8	74.7	4.1	5.5%
Associate losses (Harmony)	(0.3)	(0.4)	0.1	(29.8%)
EBITDA¹	78.5	74.3	4.2	5.7%
Depreciation and amortisation	12.6	10.2	2.5	24.1%
EBIT¹	65.9	64.1	1.8	2.8%
Net finance costs	1.9	2.1	(0.2)	(9.5%)
Profit before tax¹	64.0	62.0	2.0	3.2%
Income tax expense	17.9	17.3	0.6	3.5%
Net operating profit¹	46.1	44.7	1.4	3.1%
Non-operating items	-	1.4	(1.4)	n/m
Net profit	46.1	46.1	(0.0)	(0.1%)

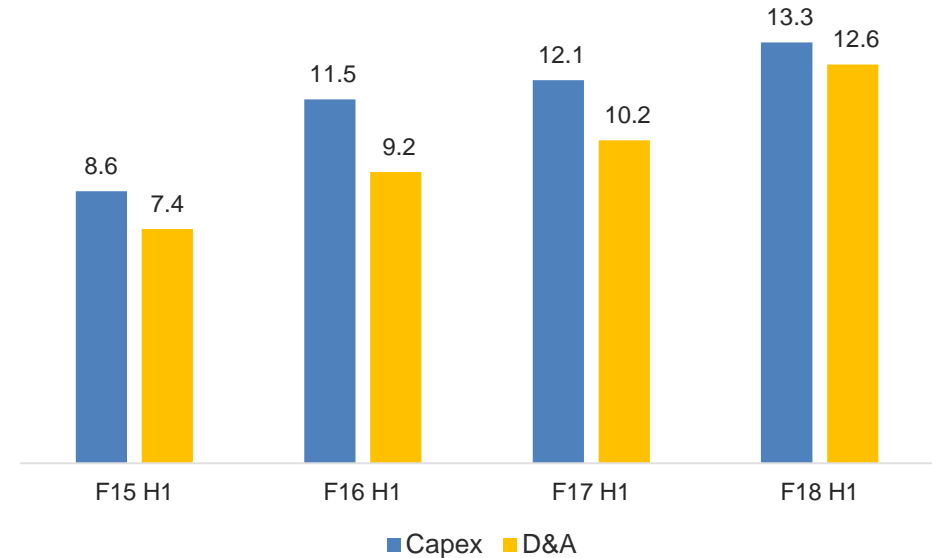
- Revenue for continuing businesses grew 7.4% YoY (F17 H1 other revenue included \$0.6m from the Travelbug and BookIt businesses which were divested December 2016)
- MotorWeb and Advertising revenue grew strongly resulting in higher cost-of-sales growth – MotorWeb in particular has higher cost-of-sales than our average
- Employee expenses grew due to new FTEs this period and hires in late F17. At 31 Dec 2017 we had 564 FTEs, up from 514 at 30 June
- D&A growth due to continued platform development, which is amortised over three years
- Fully imputed dividend 9.1 cps, supp. dividend 1.6059cps, record date 9 March 2018, payment date 20 March 2018

A summary of our financial position –

	31-Dec-17	30-Jun-17
Total current assets	70.7	69.2
Total non-current assets	833.3	832.4
Total assets	904.0	901.6
Total current liabilities	110.9	31.4
Total non-current liabilities	60.7	144.5
Total liabilities	171.6	175.9
Contributed equity	1,070.1	1,069.9
Other reserves	(485.7)	(485.9)
Retained earnings	148.0	141.7
Total equity attributable to owners of the Company	732.4	725.7
Total equity and liabilities	904.0	901.6

- Current liabilities includes \$83m of debt that has been reclassified from non-current as it expires 11 Dec 2018. We intend to refinance our existing facilities during H2 F18
- Our net debt position is \$81m with \$55m of cash on hand

Capital Expenditure and D&A



- Capital Expenditure is \$13.3m, up 10% YoY due to increased capitalised development of \$11m (more staff focused on building new and enhancing existing products) and spend on computer equipment
- H1 F18 D&A was 95% of capex

Divisional performance



Motors: superb results through improving our value to dealers.

Revenue growth YoY

+16.0%

(dealer revenue +23.1%)

MotorWeb revenue growth YoY

+24.0%

Total directs yield growth YoY

+1.8%

Dealer premium revenue growth YoY

+43.2%

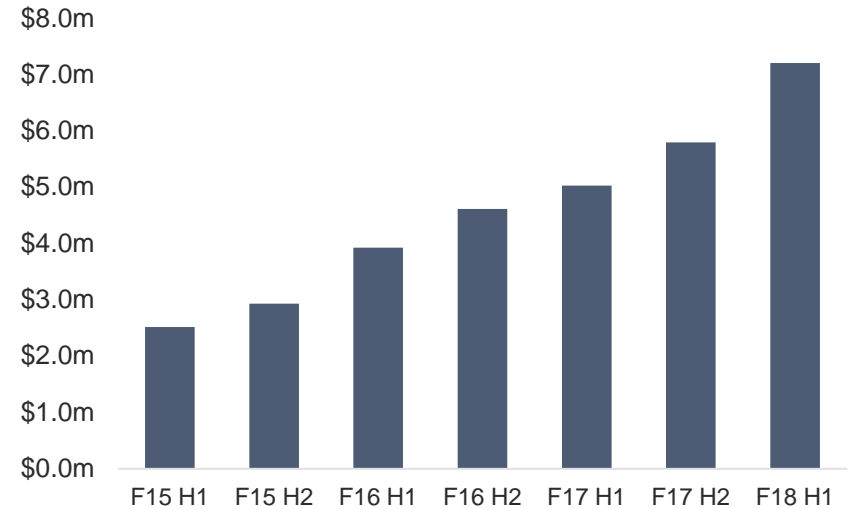
Total listings growth YoY

+5.5%

Total dealers yield growth YoY

+14.4%

Motors dealer premium revenue



Josh and Mearle – Youth-oriented marketing on Facebook and YouTube

Strong revenue momentum driven by premium product uptake, one-off data sales by MotorWeb AU and record inventory numbers (>400k, +5.5% YoY)

Youth focused marketing campaigns launched (see left)

New Dealer Analytics product launched giving dealers insights into their performance and potential new customers

Price estimation guide launched for consumer buyers and sellers

Motorcentral acquisition pending Commerce Commission clearance (Motorcentral provides an inventory management system to car dealers)

Property: premium focus delivers growth despite softer market.

Revenue growth YoY

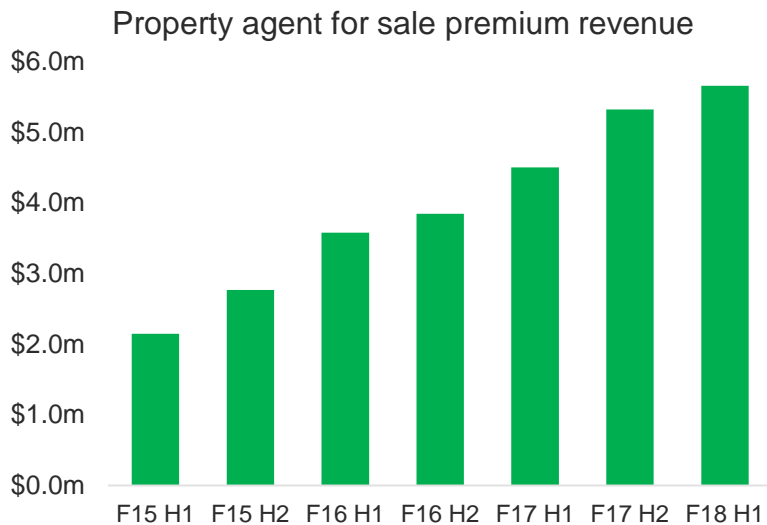
+6.0%

Property agent revenue growth YoY

+8.1%

Property agent for sale premium revenue growth YoY

+25.7%



For sale revenue YoY

+6.5%

For sale listing volumes YoY

-3.2%

Agent for sale revenue YoY

+8.8%

Agent for sale yield YoY

+10.9%

For rent revenue YoY

+4.7%

For rent listing volumes YoY

-4.0%

Agent for rent revenue YoY

+5.3%

Agent for rent yield YoY

+7.2%

Increased premium penetration with more than half our listings including depth products

Upgraded premium products added into iOS and Android apps

Improved listing details page including larger images and improved agent branding

Lifetime app users now greater than 1 million

Unique audience is + 9% YoY with session growth +6% YoY

Jobs: excellent performance continues.

Revenue growth YoY

+18.6%

Total premium revenue YoY

+46.8%

Total listings YoY

+1.3%

Job pack and volume plan listings YoY

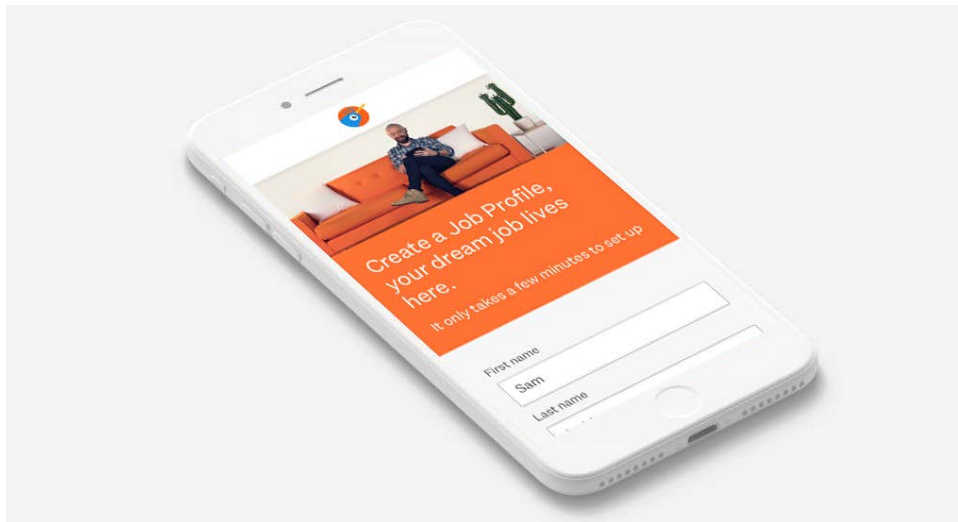
+0.7%

Directs yield growth YoY

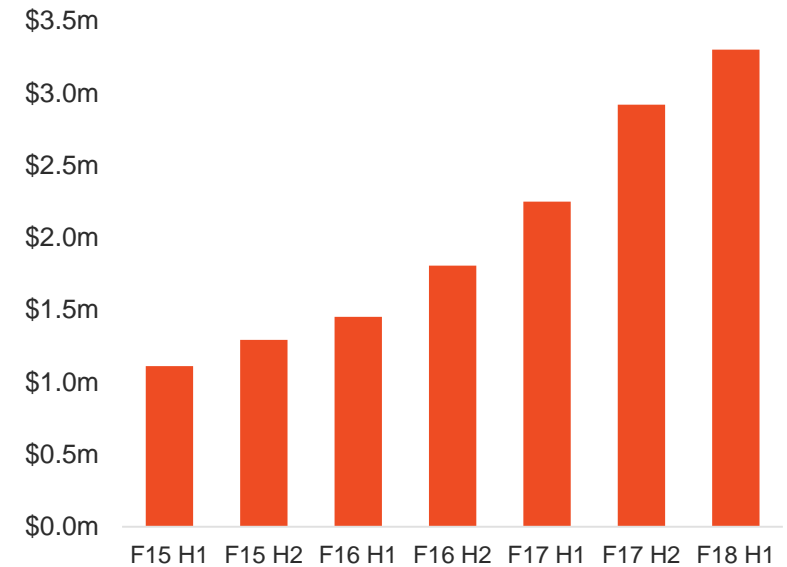
+9.5%

Job packs and volume plan yield YoY

+24.2%



Jobs premium revenue



Continued revenue momentum and premium product growth

Candidate Job Profiles launched in December with 90% of profiles marked as available to be contacted by recruiters

Candidate Database in beta; advertisers will use the database to proactively identify candidates

Marketplace: we've made good progress on our 3 focus areas...

New goods selection

Total new listings +30% YoY

Afterpay is available on >60% of our new goods listings, used by >21,000 customers

Approx. 100 new retailers live on site, including Bivouac, Container Door, Pumpkin Patch, Blunt Shoes

~80% of listings are new goods

Core experience

Improved search results with increased visibility of free shipping

More than 1/3 of new goods range has free shipping

Improved personalised recommendations on all Listing Detail Pages

“Quick List” initial launch on iOS and Android increased listing speed by >25%

New Stores experience on iOS (see image opposite)

Book a courier volumes +50% YoY

Building preference

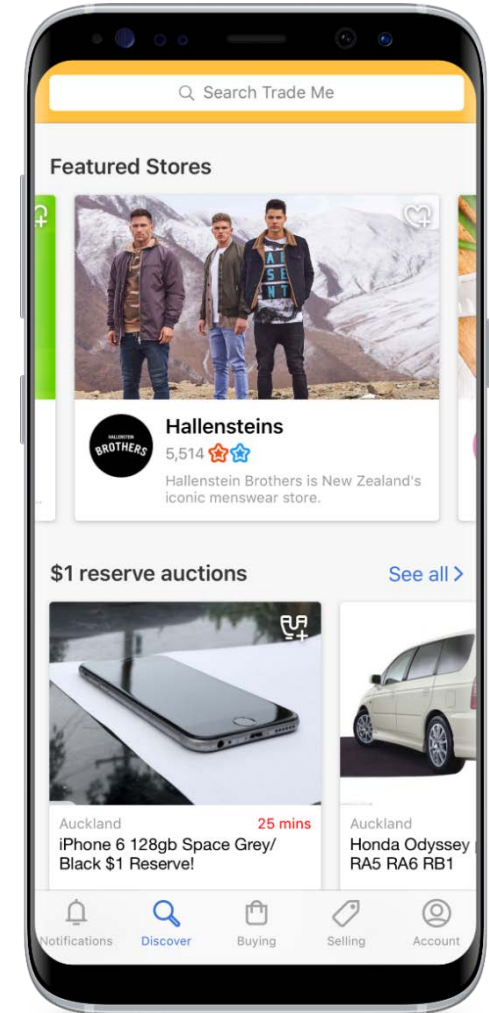
Subscription Trial - \$9 unlimited shipping offer – delivered good insights and results:

- 90% of subscribers said they would sign up again
- Purchase frequency more than doubled

Targeted consumer campaigns driving awareness – success fee free Spring Clean and Labour Weekend promotions

Google shopping coverage across 500k products

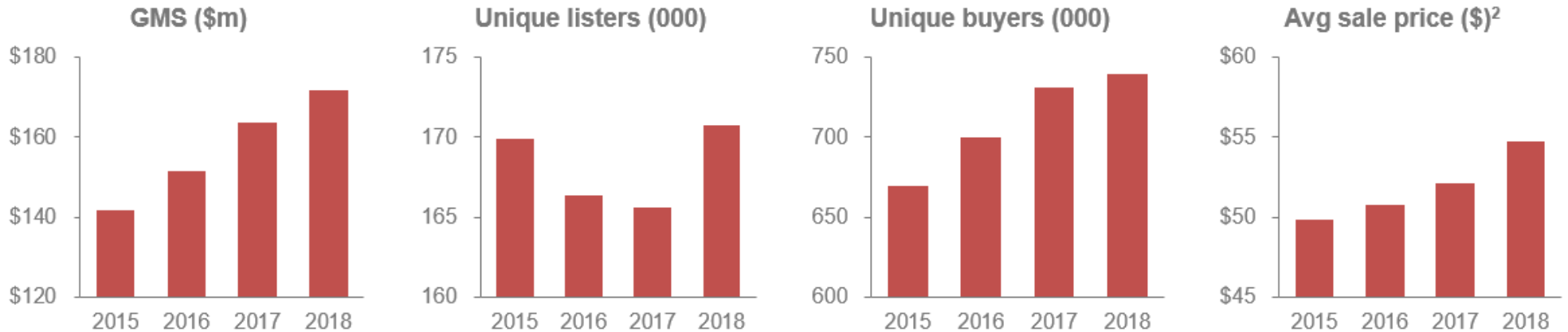
Continued investment in promotional spend – such as co-funded marketing campaigns



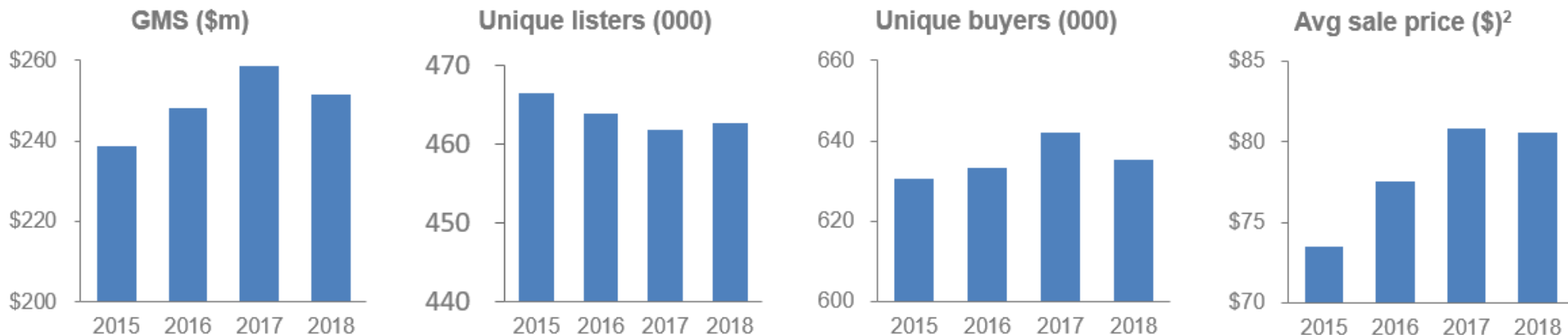
...delivering solid growth in New Goods key metrics.

Overall Gross Merchandise Sales (GMS¹) up 0.3% for H1 and the take rate constant at 8.4%.

New goods GMS up 5.0% for H1. All graphs show H1 results.



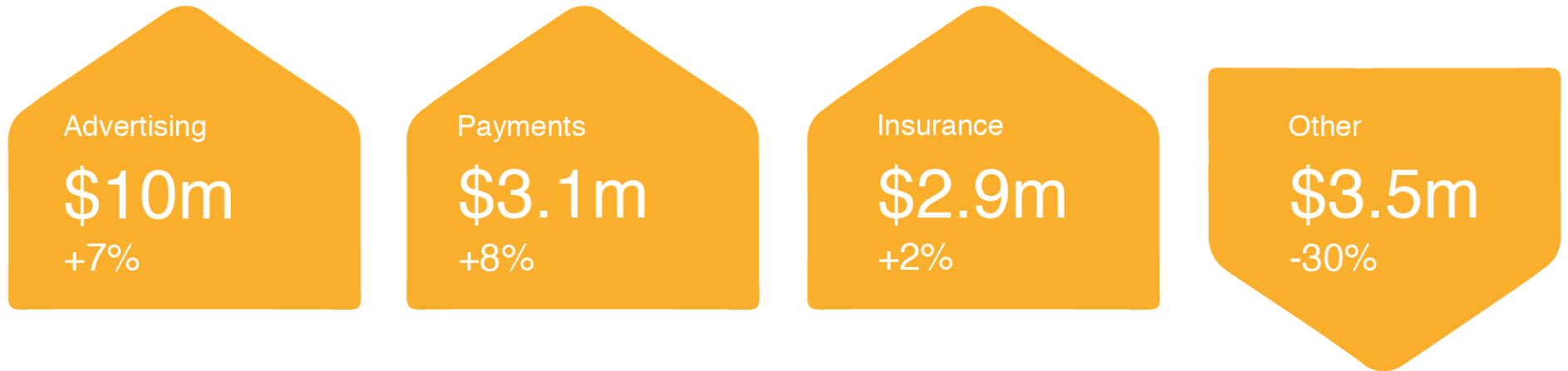
Used goods GMS was down 2.6% for H1. All graphs show H1 results.



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

² Average sale price = average basket size calculated as GMS / net purchases

Other: Revenue from our small businesses continued to climb.



Advertising: revenue growth driven by good yield management on desktop and growth of mobile inventory

Payments: good organic revenue growth despite softer Marketplace activity

Insurance: LifeDirect revenue slightly up; gross contribution doubled due to a focus on improving unit economics

Other revenue has declined due to the divestment of TravelBug and BookIt in December 2016 and a reduction in our 3rd party hosting activities



Outlook



Our full year guidance remains unchanged



Revenue

In F18 we expect total revenue growth similar to that reported in F17. The NZ housing market remains volatile, so there is some uncertainty around Trade Me Property revenue.



Expenses

We intend to invest at a rate slightly above revenue growth in F18 (but not a return to the rates of F14-16). We have investment plans focussed on continuing to strengthen our competitive advantage.



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?

