trademe Group Limited

27 February 2019

NZX Limited
Level 2, NZX Centre
11 Cable Street
WELLINGTON

Market Announcements Office
ASX
Level 6, 20 Bridge Street,
Sydney NSW 2000
AUSTRALIA

TRADE ME GROUP LIMITED (TME)

INTERIM RESULTS AND REPORT FOR THE 6 MONTHS TO 31 DECEMBER 2018

Please find attached the following documents:

1. Appendix 1 (NZX LR 10.4.2) detailing results for announcement to the market for the 6 months ended 31 December 2018;
2. Media release;
3. Half year report including financial statements for the six-month period to 31 December 2018;
4. The company's investor presentation, to be made at 11.00 a.m. (NZ time) on 27 February 2019.

Yours sincerely,

Sarah Hard
Company Secretary

Appendix 1

Trade Me Group Limited

Results for announcement to the market

Reporting period: 6 months to 31 December 2018
Previous reporting period: 6 months to 31 December 2017

	Amount NZ $'000	Percentage change
Revenue from ordinary activities	132,166	Up 7.3%
Profit from ordinary activities after tax attributable to security holder	44,414	Down -4.3%
Net profit attributable to security holder	44,414	Down -4.3%

Interim Dividend

It is not proposed to pay an interim dividend.

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 2018 as contained in the Interim Report attached.

Net tangible assets per security

Net tangible assets per security	31 December 2018 (NZ cents)	31 December 2017 (NZ cents)
Net tangible assets per security	-41	-22

27 February 2019

TME: Interim Result: Record revenue as a new phase in Trade Me history approaches

Highlights

- The Scheme of Arrangement with Titan (Apax) is progressing to plan. Shareholders will receive full information in March, to vote at a Scheme Meeting in early April
- Revenue up 7.3% YoY to a record $132.2m
- Classifieds businesses continue to shine with revenue up 12.9% YoY to $77.1m, including an excellent result from Trade Me Property
- Operating[1] net profit after tax up 8.1% year-on-year to $50.2m. (Reported profit fell to $44.4m due to a one-off non-operating items of $5.8m related to the recent private equity offers and Scheme of Arrangement)
- General Items revenue has improved, up 4.6% YoY to $37.1m
- Operating[1] EBITDA was 85.3m, up 8.0% YoY
- Earnings per share of 11.19 cents
- Outlook: we remain confident of the momentum in the business, and we reiterate the expectation we stated at our Annual Shareholder Meeting in November: we aim to be in the top half of the 5 - 8% range for both revenue and operating profit growth for the year to 30 June 2019.

Online marketplace and classified advertising business Trade Me Group Ltd ("Trade Me") released its interim financial results for the six months to 31 December 2018 this morning.

Chairman David Kirk said Trade Me had delivered a "great 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 Property in our Classifieds segment.

"This year is a bit different for Trade Me with a Scheme Implementation Agreement in place with Apax (through its company Titan AcquisitionCo New Zealand Limited ("Titan")), which means this may be our last interim results announcement."

Titan (Apax) Scheme progressing

Trade Me is working on the Scheme of Arrangement agreed with Titan on 12 December 2018.

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[1] Operating excludes one-off non-operating items relating to the Titan (Apax) acquisition.

Mr Kirk said shareholders can expect to receive a Notice of Meeting and Scheme booklet in March, including an Independent Adviser's Report. "The Scheme booklet will outline the Board's reasons for supporting the Scheme of Arrangement for Titan to purchase Trade Me, subject to there being no superior proposal."

After the Scheme booklet lands with shareholders, there will be a Scheme meeting in early April for shareholders to vote on the Titan offer.

"We'll be sending information to shareholders in the coming weeks and we hope the Scheme booklet will answer any questions they have before they vote. They will also have the opportunity to speak to the Board either in person or online at the Scheme meeting."

As well as a positive shareholder vote, Overseas Investment Office (OIO) approvals and High Court orders are required before the Scheme can be implemented.

"At this time we have no reason to believe the OIO condition will not be met, and we will keep shareholders informed when we know more."

Mr Kirk said Trade Me will not pay an interim dividend in March.

"Under the Scheme Implementation Agreement we need Titan's approval for an interim dividend, and any dividend would reduce the price per share paid to shareholders.

"We carefully considered what is best for our shareholders, and while payment of an interim dividend would benefit some, it would also negatively impact others due to individual tax circumstances. After carefully considering the pros and cons, we don't believe it's in the best interests of our shareholders to pay a dividend at this time."

"If the Scheme does not proceed, the Board will consider a special dividend payment at the earliest opportunity," said Mr Kirk.

The numbers

CEO Jon Macdonald said Trade Me had delivered another record revenue result of $132.2m in the first half of F19, up 7.3 per cent on last year. "The underlying performance of Trade Me was very strong, operating[1] net profit after tax was up 8.1 per cent year-on-year to $50.2m and operating[1] EBITDA was up 8.0 per cent to $85.3m."

There was further success for the Classifieds businesses, delivering another "superb" result with revenue up 12.9 per cent year-on-year to $77.1m. All three businesses reported increased revenue, with a continued focus on depth products.

Mr Macdonald said Trade Me Property reported an "outstanding result", headlined by a revenue increase of 26.3 per cent year-on-year. "Property's new 'Premium listing' product has been extremely well-received by our real estate agent clients. It gives their listings greater exposure in search results, better branding and increased prominence."

Trade Me Motors, the largest classified vertical, had another solid half-year with revenue increasing by 8.8 per cent year-on-year, underpinned by excellent growth in depth products.

Trade Me Jobs also had a good half with a 7.0 per cent increase in revenue year-on-year.

“Trade Me Jobs continues to improve its offering to our recruitment clients - over the last six months we’ve released an Application Tracking System to help our small business customers hire faster and easier,” Mr Macdonald said.

“We’ve also continued to develop our candidate database product. This helps our clients find job seekers who aren’t actively searching and allows our job seekers to have suitable roles come to them.”

Mr Macdonald said revenue in the General Items marketplace business had “increased comfortably” on recent reporting periods, and was up 4.6 per cent year-on-year. “Our work to stimulate stronger growth in our marketplace is paying off but there’s more to do.

“We’ve continued to to experiment with discounts and special offers for sellers contemplating selling their secondhand items. We’ve run over 150 targeted promotions this year, generating $6.5m in GMS and 300,000 additional listings onsite.”

People

There were two changes to the Trade Me Executive team in the first half of F19. Chief Product & Technology Officer Mark Rees left in August 2018 and was replaced by Simon Young. Simon has been at Trade Me for over seven years and has worked in several roles, most recently as our Head of Product.

Chief Customer Officer, Trent Mankelow left Trade Me in January 2019, and Marketing Director Regan Savage has assumed responsibility for the Customer team in an acting capacity until a new CEO is appointed.

“I’d like to thank Trent and Mark for their contributions to Trade Me - they’ve left a lasting impact on our business.”

Mr Macdonald also announced in December 2018 that he would delay his expected departure from Trade Me while the Scheme of Arrangement was in play.

In November’s Annual Shareholder Meeting Paul McCarney and Katrina Johnson were re-elected as independent directors to the Trade Me Board.

Outlook

Mr Macdonald said Trade Me reaffirmed its expectations for F19 from the November AGM. “We anticipate revenue growth of between 5-8 per cent above F18, and operating profit after tax to grow at a similar rate (in percentage terms).”

“We noted in November that we expected to be in the top half of this range for both measures. The performance of Trade Me Property - driven by our new ‘Premium Listing’ product - is exceptional and should continue into the second half of F19. However motor vehicle market activity was weak between November and January, and this may impact listing volumes for Trade Me Motors.

“We remain confident of the momentum in the Trade Me business, and should the business continue in its current form, we still anticipate that we will be in top half of the 5-8 per cent range for growth in both revenue and operating profit for the year to 30 June 2019.”

ENDS

More information:

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trademe Group Limited

Half year report

for the six months ended 31 December 2018

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Highlights

The Scheme of Arrangement with Titan (Apax) is progressing to plan. Shareholders will receive full information in March, to vote at a Scheme Meeting in early April.

Revenue was up 7.3% year-on-year to a record $132.2m, underpinned by continued strength in the Classifieds businesses (up 12.9% to $77.1m) including an excellent result from Trade Me Property.

Operating[1] net profit after tax was up 8.1% year-on-year to $50.2m. (Reported profit fell to $44.4m due to one-off non-operating items of $5.8m related to the recent private equity offers and Scheme of Arrangement).

Revenue growth in General Items has improved, up 4.6% year-on-year to $37.1m.

Total expenses including cost of sales increased by 7.0% year-on-year.

Operating[1] EBITDA was $85.3m, up 8.0%.

Earnings per share for H1 F19 was 11.19 cents.

Our brand is strong – Trade Me was again named one of New Zealand's most loved brands and we have a new brand campaign in market.

We remain confident of the momentum in the business, and we reiterate the expectation we stated at our Annual Shareholder Meeting in November: we aim to be in the top half of the 5–8% range for both revenue and operating profit growth for the year to 30 June 2019.

1 Operating excludes one-off non-operating items relating to the Titan (Apax) acquisition.

Commentary from the Chairman and CEO

Dear Shareholders,

Thank you for your continued support of Trade Me. We have delivered a great F19 interim result, with record revenue again. This is in line with the guidance we provided at our full year results announcement in August 2018 and our Annual Shareholder Meeting in November 2018.

This year is a bit different for Trade Me, with a Scheme Implementation Agreement in place with Apax (through its company Titan AcquisitionCo New Zealand Limited ("Titan")), meaning this could be our last interim results announcement. In this commentary we provide an update on the Scheme of Arrangement ("Scheme") process with Titan, then turn to our operating performance.

Titan (Apax)

Trade Me's Board received two non-binding indicative proposals from private equity businesses in the first half of F19. The first was received from Apax Partners on 21 November 2018, and the second from another party on 5 December 2018.

On 12 December 2018, Trade Me and Apax's New Zealand incorporated company, Titan, entered into a Scheme Implementation Agreement for Titan to acquire 100 per cent of Trade Me shares at NZ$6.45, subject to certain conditions. The other party which had made an indicative offer then advised that it wouldn't submit a superior proposal to acquire Trade Me.

In March 2019, shareholders can expect to receive a Notice of Meeting and Scheme Booklet, including an Independent Adviser's Report, which will outline the Board's reasons for supporting the purchase of Trade Me by Titan, subject to there being no superior proposal.

We have been very pleased to see the strength of Trade Me being recognised by keen investors who see an opportunity with our company, at a significant valuation of NZ$2.56b.

The Scheme Meeting to vote on the Titan offer will be held in Wellington in early April 2019 at an in-person and online meeting. We will confirm the date in the coming weeks.

As well as a positive shareholder vote, which has special statutory thresholds, High Court approval must be given for the Scheme to be implemented, because it's being undertaken by a "scheme of arrangement" rather than under the Takeovers Code. Overseas Investment Office (OIO) consent is also needed, but Trade Me does not have sensitive land, so Titan has applied for consent under the "investor test" which is generally a quicker consent process than one which involves "sensitive land". At this time we have no reason to believe the OIO condition will not be met, and we will keep shareholders informed when we know more.

The numbers

For the six months to 31 December 2018, Trade Me delivered record revenue of $132.2m, up 7.3 per cent from $123.2m in the first half of F18.

The underlying performance of our business was very strong. Operating[2] net profit after tax was $50.2m, up 8.1 per cent on last year and operating[2] EBITDA was up 8.0 per cent to $85.3m.

One-off non-operating items of $5.8m, associated with the transaction costs for the non-binding indicative proposals and the Scheme Implementation Agreement we received in December 2018, have impacted our reported NPAT and EBITDA. These costs included advisory fees, legal fees and other expenses relating to the transaction.

Reported net profit after tax was $44.4m.

Earnings per share was 11.19 cents.

Dividend

We do not intend to pay an interim dividend. Under the Scheme Implementation Agreement we must get approval from Titan to pay a dividend, and any dividend would reduce the price per share payable under the Scheme, if the Scheme goes ahead.

We have carefully considered what is best for our shareholders. Individual tax circumstances mean that payment of an interim dividend would benefit some, and would negatively impact others. After weighing up all elements, we have decided not to pay a dividend.

The board took the absence of a dividend into account when assessing the overall value of the offer and

2 Operating excludes one-off non-operating items relating to the Titan (Apax) acquisition.

deciding to enter into the Scheme Implementation Agreement and recommend the Scheme.

If the Scheme does not proceed, the Board will consider a special dividend payment at the earliest opportunity.

Operating performance

Our focus continues to be building a better business and delivering growth.

Our **Classifieds** businesses continue to grow and succeed and delivered another superb result, with revenue up 12.9 per cent year-on-year to $77.1m. All three businesses delivered revenue growth, after a continued focus on depth products.

Trade Me Property was the stand-out with revenue growth of 26.3 per cent year-on-year to $22.3m, driven by agent for-sale depth revenue. The introduction of our new 'Premium Listing' product has been very well-received by our real estate clients. This new listing feature provides better prominence in search results, larger listings to attract buyers and stronger branding.

Trade Me Motors, our largest classified vertical, reported another excellent result with revenue increasing by 8.8 per cent year-on-year. This result was also underpinned by great growth in our depth products. We have however seen a slowdown in the market since November, which we have taken into consideration in our outlook below.

Our vehicle information site, MotorWeb, had a strong half, both in New Zealand and Australia with a 2.6 and 20.6 per cent increase in revenue respectively.

Trade Me Jobs has continued to do well too, with revenue up 7.0 per cent. The increase was driven by depth revenue and offering more value to our recruitment clients. Over the last six months, the Jobs team has deployed an application tracking system for small business customers and have continued to develop our candidate database product for large clients.

These larger clients gained access to the database in early November. It is designed to provide our customers with a pool of potential candidates at all times. It's also extremely useful for passive job hunters who can be approached with suitable roles.

Our **General Items** marketplace business has delivered an improved result, with revenue up 4.6 per cent year-on-year and gross merchandise sales (GMS) up 0.7 per cent year-on-year. As we have reported for the last 18 months, the GMS trend for used goods has been tracking down slowly (down 0.8 per cent year-on-year) but was again more than offset by continued growth in GMS for new goods (up 2.9 per cent year-on-year).

Our work to stimulate stronger growth in our marketplace is paying off, but there is more to be done. In November we expanded our courier booking service so Trade Me members can send non-Trade Me items around the country using the service, with over 18,000 bookings in the first two months. We've continued to experiment with discounts and special offers for sellers contemplating selling their secondhand items. We've run over 150 targeted promotions this year, generating $6.5m in GMS and 300,000 additional listings onsite.

There were encouraging signs in the **Other** category despite a single-digit revenue dip year-on-year (down 7.5 per cent). Trade Me Insurance had an excellent half, with revenue up 81.3 per cent year-on-year while Holiday Houses saw a revenue increase too, up 2.7 per cent.

Payments revenue was down 1.4 per cent year-on-year, but our newest payment option, Afterpay, (which sits in our General Items marketplace business) experienced strong revenue growth as we build preference and awareness. Across all of our payments products, combined revenue was up 6.0 per cent year-on-year.

In the first half of F19, total expenses, including cost of sales, increased by 7.0 per cent year-on-year, down from the 9.2 per cent increase during the first half of last year. Excluding cost of sales, total expenses were up 8.7 per cent year-on-year. These increases are in line with our previous guidance as we invest to strengthen our competitive advantages.

Investments & divestments

We announced our small investment in Wellington-based investment platform Sharesies in August 2018. We like the team and we're excited to be a part of their plan to help create a more financially-empowered generation of New Zealanders.

Sharesies' online experience allows everyday people to grow an investment portfolio, and stay informed and motivated about their financial choices.

Building the Trade Me ecosystem continues to be a strategic priority for us and we'll continue to look for opportunities that help increase our relevance and 'stickiness'.

Brand

We began a new phase of our 'Life Lives Here' brand campaign in September 2018. The aim is to show Trade Me is an indispensable part of New Zealand life.

We create advertisements on billboards and adshels with data points and topical copy to remind Kiwis of Trade Me's role in their lives at all times. We have a real-time publishing tool that allows us to produce and update our ads and push them live immediately.

In October, we were again named one of New Zealand's most loved brands by Colmar Brunton (8th). We were also proud to be a finalist for the second consecutive year at the Māori Language Awards where we were recognised for the ongoing work to add te reo Māori into our iOS and Android apps.

Our Trust & Safety team released our sixth annual Transparency Report in July 2018, providing our community with insights into how we work with government agencies to keep our website trusted and safe. Our Transparency Report was a crucial element in Trade Me being named a finalist for the Deloitte Top 200 Excellence in Governance Award in November 2018. Our CFO, Caroline Rawlinson, was also named Young Executive of the Year at the Top 200 Awards.

People

The number of FTEs at Trade Me grew from 561 at 30 June 2018 to 601 at 31 December 2018.

There were some changes to our Executive team in the first half of F19. Chief Product & Technology Officer Mark Rees left in August 2018 and was replaced by Simon Young. Simon has been at Trade Me for over seven years and has worked in several roles here, most recently as our Head of Product.

Our inaugural Chief Customer Officer, Trent Mankelow, left Trade Me in January 2019, with our Marketing Director Regan Savage taking responsibility for the Customer team in an acting capacity until a new CEO is appointed.

Chief Executive Jon Macdonald also announced in December 2018 that he would delay his expected departure from Trade Me while the private equity proposals were in play, to ensure good momentum and a smooth transition to a new CEO.

At the Trade Me Annual Shareholder Meeting in November, independent directors Paul McCarney and Katrina Johnson were re-elected to the Trade Me Board.

Outlook

At our Annual Shareholder Meeting in November we reaffirmed our expectations of F19 revenue growth of between 5–8 per cent above F18, and operating profit after tax growth at a similar rate in percentage terms.

We noted then that we expected to be in the top half of this range for both measures.

The performance of Trade Me Property – driven by our new 'Premium Listing' product – is exceptional and should continue into the second half of F19. However motor vehicle market activity was weak between November and January, and this may impact listing volumes for Trade Me Motors.

We remain confident of the momentum in the Trade Me business, and should the business continue in its current form, we still anticipate that we will be in top half of the 5–8 per cent range for growth in both revenue and operating profit for the year to 30 June 2019.

Yours sincerely,

David Kirk and Jon Macdonald

Interim consolidated statement of comprehensive income

for the six months ended 31 December 2018

	Notes	Unaudited 31 December 2018 $'000	Restated Unaudited 31 December 2017 $'000
Classifieds		77,147	68,309
General Items		37,062	35,436
Other		17,957	19,419
Total revenue		**132,166**	**123,164**
Cost of sales		(8,970)	(8,951)
Net revenue		**123,196**	**114,213**
Employee benefit expense		(22,663)	(19,636)
Web infrastructure expense		(2,989)	(2,810)
Promotion expense		(5,581)	(5,856)
Other expenses		(6,756)	(6,651)
Total expenses		**(37,989)**	**(34,953)**
Operating earnings before interest, tax, depreciation, amortisation, associates and non-operating items		**85,207**	**79,260**
Share of gains/(losses) from associates		67	(290)
Operating earnings before interest, tax, depreciation, amortisation, and non-operating items		**85,274**	**78,970**
Non-operating items	3	(5,761)	–
Earnings before interest, tax, depreciation and amortisation		**79,513**	**78,970**
Depreciation and amortisation		(12,905)	(12,617)
Earnings before interest and taxation		**66,608**	**66,353**
Finance income		928	775
Finance costs		(3,443)	(2,661)
Profit before income tax		**64,093**	**64,467**
Income tax expense		(19,679)	(18,061)
Profit		**44,414**	**46,406**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		(128)	45
Effective portion of changes in fair value of cash flow hedges		(103)	154
Income tax effect of changes in fair value of cash flow hedges		29	(43)
Other comprehensive income		**(202)**	**156**
Total comprehensive income		**44,212**	**46,562**
Earnings per share			
Basic and diluted (cents per share)	5	11.19	11.69

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

Interim consolidated statement of financial position

as at 31 December 2018

	Notes	Unaudited 31 December 2018 $'000	Restated Audited 30 June 2018 $'000
ASSETS			
Cash and cash equivalents		64,868	72,114
Trade and other receivables		16,073	17,398
Income tax receivable		4,338	–
Total current assets		**85,279**	**89,512**
Property, plant and equipment		7,090	6,678
Intangible assets		821,044	820,994
Investment in associates		10,923	6,556
Total non-current assets		**839,057**	**834,228**
Total assets		**924,336**	**923,740**
LIABILITIES			
Trade and other payables		27,804	22,442
Derivative financial instruments		219	190
Income tax payable		–	9,852
Contract liabilities	2	4,004	4,435
Interest bearing loans and borrowings	7	83,000	–
Total current liabilities		**115,027**	**36,919**
Interest bearing loans and borrowings	7	142,867	135,895
Deferred tax liability		6,613	6,676
Derivative financial instruments		275	201
Other non-current liabilities		219	262
Total non-current liabilities		**149,974**	**143,034**
Total liabilities		**265,001**	**179,953**
EQUITY			
Contributed equity		1,070,480	1,070,096
Share based payment reserve		538	536
Other reserves		(486,240)	(486,038)
Retained earnings		74,557	159,193
Total equity attributable to owners of the Company		**659,335**	**743,787**
Total equity and liabilities		**924,336**	**923,740**

For and on behalf of the Board of Directors who authorised these financial statements for issue on 26 February 2019:

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 2018

	Notes	Ordinary shares $'000	Share based payment reserve $'000	Restated retained earnings $'000	Other reserves $'000	Total equity $'000
As at 1 July 2017		**1,069,927**	**446**	**141,670**	**(486,357)**	**725,686**
Adjustment on adoption of IFRS 15	2	–	–	(2,849)	–	(2,849)
Restated as at 1 July 2017		**1,069,927**	**446**	**138,821**	**(486,357)**	**722,837**
Profit		–	–	46,406	–	46,406
Currency translation differences		–	–	–	45	45
Movement in cash flow hedge reserve (net of tax)		–	–	–	111	111
Total comprehensive income		**–**	**–**	**46,406**	**156**	**46,562**
Dividends paid	6	–	–	(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
As at 31 December 2017 (unaudited)		**1,070,097**	**474**	**145,529**	**(486,201)**	**729,899**

	Notes	Ordinary shares $'000	Share based payment reserve $'000	Retained earnings $'000	Other reserves $'000	Total equity $'000
As at 1 July 2018		**1,070,096**	**536**	**159,193**	**(486,038)**	**743,787**
Profit		–	–	44,414	–	44,414
Currency translation differences		–	–	–	(128)	(128)
Movement in cash flow hedge reserve (net of tax)		–	–	–	(74)	(74)
Total comprehensive income		**–**	**–**	**44,414**	**(202)**	**44,212**
Dividends paid	6	–	–	(129,050)	–	(129,050)
Supplementary dividends		–	–	(18,221)	–	(18,221)
Tax credit on supplementary dividends		–	–	18,221	–	18,221
Share based payments		384	2	–	–	386
As at 31 December 2018 (unaudited)		**1,070,480**	**538**	**74,557**	**(486,240)**	**659,335**

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

Interim consolidated statement of cashflows

for the six months ended 31 December 2018

	Unaudited 31 December 2018 $'000	Restated Unaudited 31 December 2017 $'000
Operating activities		
Profit before income tax	64,093	64,467
Adjustments to reconcile profit before income tax to net operating cash flows:		
Depreciation of property, plant and equipment	1,490	1,882
Amortisation of intangible assets	11,415	10,735
Finance costs	3,443	2,661
Share of (gains)/losses from associates	(67)	290
Other	59	(8)
Working capital adjustments:		
Decrease in trade and other receivables	987	847
Increase in trade and other payables	5,362	1,301
Income tax paid	(15,682)	(17,621)
Net cash flows from operating activities	**71,100**	**64,554**
Investing activities		
Purchase of property, plant and equipment	(1,905)	(2,248)
Purchase/capitalisation of intangibles	(11,565)	(11,808)
Investment in associates	(4,300)	(300)
Net cash flows (used in) investing activities	**(17,770)**	**(14,356)**
Financing activities		
Dividends paid	(147,271)	(45,164)
Drawdown of debt	90,000	–
Interest paid on borrowings (including facility fees)	(3,305)	(2,602)
Net cash flows (used in) financing activities	**(60,576)**	**(47,766)**
Net (decrease)/increase in cash and cash equivalents	(7,246)	2,432
Cash and cash equivalents at beginning of period	72,114	52,832
Cash and cash equivalents at end of period	**64,868**	**55,264**

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

Notes to the financial statements

for the six months ended 31 December 2018

1 General information

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 2018 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 classified advertising for motor vehicles, real estate and employment, providing a new and used goods marketplace, online advertising services and other ancillary online businesses.

2 Basis of preparation and accounting policies

These general purpose consolidated interim financial statements for the six months ended 31 December 2018 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 2018.

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

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Changes in accounting policies and disclosures

Except as described below, 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 2018.

Certain comparative information has been retrospectively restated to conform with the current period's presentation.

The Group adopted the standards detailed below from 1 July 2018 resulting in restatements of comparative balances.

NZ IFRS 15 'Revenue from Contracts with Customers'

This standard deals with revenue recognition providing a single comprehensive principles-based five step model to be applied to all contracts with customers. The standard replaces NZ IAS 18 'Revenue' and related interpretations.

Management have reviewed each revenue stream to determine the impact of NZ IFRS 15 and assessed that some revenue streams are not impacted given the short-term nature of the Group's services. However, the nature of some of the services provided and their associated performance obligations extend the period of time under NZ IFRS 15 over which the revenue is recognised. This gives rise to a contract liability where performance obligations still exist at balance date. Based on historic listing length, by the nature of the listing type and customer, revenue is then recognised over time as these performance obligations are satisfied. Revenue streams impacted are listing fees and some depth fees where listing lengths extend beyond 30 days.

In prior periods revenue from listing fees and some depth fees were recognised at a point in time.

The Group adopted NZ IFRS 15 using the retrospective approach, resulting in restatement of comparative figures. This change in accounting policy created an opening contract liability at 1 July 2017 of $3,956,000, which was income tax effected to impact opening retained earnings by $2,849,000. The effect of changes to the financial statements is shown below:

Statement of Financial Performance (increase/(decrease))	6 months to 31 December 2017 $'000	12 months to 30 June 2018 $'000	6 months to 31 December 2018 $'000
Revenue	461	(479)	431
Income tax expense	129	(135)	121

Statement of Financial Position balance as at (increase/(decrease))	1 July 2017 $'000	31 December 2017 $'000	30 June 2018 $'000	31 December 2018 $'000
Contract liability	3,956	3,495	4,435	4,004
Deferred tax asset	1,107	978	1,242	1,121
Retained earnings	(2,849)	(2,517)	(3,193)	(2,883)

The adoption of NZ IFRS 15 also resulted in a reclassification in the Statement of Cash Flows for the six month period ended 31 December 2017 with profit before income tax increased by $461,000 and a decrease in other adjustments to reconcile profit before income tax by $461,000.

The Group disaggregates revenue from contracts with customers on the same basis as the reported operating segments.

NZ IFRS 9 'Financial Instruments'
This standard addresses the classification, measurement and recognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting.

Consistent with prior periods, the Group continued to designate the change in fair value of the hedge derivative assets and liabilities in the Group's cash flow hedge relationships. The adoption of the hedge accounting requirements of NZ IFRS 9 has no impact on the Group's financial statements.

The only change in accounting policy resulting from NZ IFRS 9 has been the adoption of the simplified lifetime expected credit loss approach for impairing trade receivables, which has had no material impact on the financial statements. There has been no restatement of prior period comparatives.

3 Non-operating items: Acquisition Proposal

On 12 December 2018 the Group entered into a Scheme Implementation Agreement (SIA) under which funds advised by Apax Partners (Apax) (through it's company Titan AcquisitionCo New Zealand Limited (Titan)),will acquire 100 percent of the Group's shares for NZ$6.45 per share for an aggregate purchase price of $2.56 billion. Prior to this the Group also received an indicative offer from another party. The other party has since withdrawn their offer.

The proposal is subject to approvals from the New Zealand Overseas Investment Office; The High Court of New Zealand and Trade Me shareholders. Shareholder approval of the scheme at the meeting must be by at least 75% of votes cast, representing more than 50% of the total voting rights of the company.

At 31 December 2018, Trade Me has provided for all costs incurred to that date in respect of the acquisition proposals. These have been recognised in the consolidated statement of comprehensive income as a separate line item (Non-operating items). If the proposal is successful, there will be a number of financial impacts on the Group, including further expected costs and payments as described below.

Transaction Fee
Trade Me has engaged Goldman Sachs Australia Pty Ltd (Goldman) to act as lead financial adviser in relation to the acquisition proposal. Goldman advisory fees are partially linked to the outcome of the proposal. In the event that the proposal is completed, advisory fees estimated at $10 million before tax will become payable to Goldman. As at 31 December 2018, $3 million has been recognised as a non-operating item being payable regardless of the outcome of the SIA. A further estimated fee of $7 million is payable on the implementation of the SIA. The impact of this further $7m has not been recognised in the interim financial statements for the six months ended 31 December 2018.

Incentive Schemes
The Group provides equity-settled employee share plans under long-term incentive schemes (LTI schemes) and the One Incentive Plan (OIP). The implementation of the SIA would represent a change event under these plans. Should implementation occur, the vesting criteria and remuneration awarded will be reassessed. Any financial reporting impact would be recognised in the financial year ended 30 June 2019. The impact of such an event has not been recognised in the interim financial statements for the six months ended 31 December 2018.

Adviser Fees
The Group is working with various legal, tax and other advisers to assist with the acquisition proposal. Adviser fees incurred after 31 December 2018 have not been recognised in the interim financial statements for the six months ended 31 December 2018.

Debt Funding
The Group has a $246 million revolving cash advance loan facility with Commonwealth Bank of Australia (63%) and Westpac Banking Corporation (37%). $226 million was drawn down as at 31 December 2018. If the SIA is implemented, the change in ownership will trigger an event of review requiring the new parties to negotiate in good faith. As the SIA has not been implemented no impact of such event has been recognised in the interim financial statements for the six months ended 31 December 2018.

4 Segment reporting

(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 the Group's three classified advertising sites: Motors, Property and Jobs. Revenue is generated primarily from listing and depth listing fees.

General Items
The General Items segment is the Group's online marketplace business. Revenue is generated from listing fees, depth 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.

	Revenue		EBITDA*	
Operating Segments	Unaudited 31 December 2018 $'000	Restated Unaudited 31 December 2017 $'000	Unaudited 31 December 2018 $'000	Restated Unaudited 31 December 2017 $'000
Classifieds	77,147	68,309	52,322	46,537
General Items	37,062	35,436	26,218	24,367
Other	17,957	19,419	6,667	8,356
Total	**132,166**	**123,164**	**85,207**	**79,260**
Reconciliation to overall result				
Share of gains/(losses) from associates			67	(290)
Non-operating items			(5,761)	–
EBITDA*			**79,513**	**78,970**
Depreciation and amortisation			(12,905)	(12,617)
Finance income			928	775
Finance costs			(3,443)	(2,661)
Profit before income tax			**64,093**	**64,467**

*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 2018.

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 also owns four Australian subsidiaries and has international sellers generating revenue overseas, largely in the marketplace business. Revenues from foreign countries amounted to $5.9m (2017: $5.2m).

The Group's Australian subsidiaries are:

- Motorweb Australia Pty Limited, which generates revenues in Australia
- Kevin's Australian Investments Pty Limited, which is a holding company
- VehicleID Australia Pty Limited, which is a service entity
- Trade Me Australia Pty Limited, which is a service entity

No single customer contributed 10% or more to the Group's revenue for the six months ended 31 December 2018 (2017: nil).

5 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 2018	Restated Unaudited 31 December 2017
Earnings used for the calculation of basic and diluted earnings ($000's):	44,414	46,406
Weighted average number of shares on issue (000's)	397,024	397,050
Basic and diluted earnings per share (cents)	11.19	11.69

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.

6 Dividends

	Unaudited 31 December 2018 $000's	Unaudited 31 December 2017 $000's
Final dividend for 2018 at 10.5 cents per share (2017: 10.0 cents per share)	41,693	39,698
Special dividend for 2018 at 22.0 cents per share (2017: nil)	87,357	–
Dividends declared after reporting date, but not recorded as a liability in these financial statements: 0.0 cents per share (2017: 9.1 cents per share)	–	36,152

7 Interest bearing liabilities

The Group has a $246 million revolving cash advance loan facility with Commonwealth Bank of Australia (63%) and Westpac Banking Corporation (37%). $226 million was drawn down as at 31 December 2018.

Description	Maturity Date	Unaudited 31 December 2018 $000's	Audited 30 June 2018 $000's
Facility A	11 June 2021	63,000	83,000
Facility B	11 December 2019	83,000	53,000
Facility C	31 January 2020	80,000	–
Loan establishment costs		(133)	(105)
Total interest bearing liabilities		**225,867**	**135,895**

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.

8 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 2018 $'000	Unaudited 31 December 2017 $'000
Effective portion of changes in fair value of cash flow hedges recognised in other comprehensive income	(103)	154

Building a better working world

Chartered Accountants

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 7 to 15, which comprise the statement of financial position of the group as at 31 December 2018, 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.

During the period in addition to our review engagement we have provided the group with payroll benchmarking survey results. Other than in our capacity as auditor and the provision of these results, 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 7 to 15, do not present fairly, in all material respects, the financial position of the group as at 31 December 2018 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 26 February 2019 and our findings are expressed as at that date.

Ernst + Young

Chartered Accountants
Wellington

Directory

Stock exchange listings

Trade Me Group Limited shares are listed on the New Zealand Stock Exchange and Australian Stock Exchange (Listing code: TME)

Registered office

Trade Me Group Limited
Level 5
2 Market Lane
Wellington 6011
New Zealand

Level 5, 1 Darling Island Road
Pyrmont, NSW 2009
Australia

NZ Company Number: 3590412
ARBN: 154 115 723

Investor information

investors.trademe.co.nz

Board of directors

- David Edward Kirk (Chairman)
- Paul Milton McCarney
- Joanna Mary Gordon Perry
- Katrina Louise Johnson
- Simon Blair West

Auditor

EY
100 Willis Street
Wellington 6011
New Zealand

Share registrar

Link Market Services Limited
Level 7, Zurich House
21 Queen Street
Auckland 1010
New Zealand

Shareholder enquiries

Changes of address, payment instructions and investment portfolios can be viewed and updated online:

https://investorcentre.linkmarketservices.co.nz/

Otherwise, please contact Link Market Services here:

New Zealand

0800 990 057 or (+64) 9 375 5998
enquiries@linkmarketservices.com

Australia

registrars@linkmarketservices.com.au

For other investor enquiries, please email: investors@trademe.co.nz

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Half year results

31 December 2018

Craig & Kei - Beat Kitchen
Trade Me customers

Jon Macdonald | CEO

Caroline Rawlinson | CFO

An update on the Scheme of Arrangement

On 21 November 2018, we announced that we'd received a non-binding, indicative offer from funds advised by Apax Partners (Apax) for NZ$6.40 cash per Share.

On 12 December 2018 Trade Me and Apax (through its company Titan AcquisitionCo New Zealand Limited ("Titan")) signed a Scheme Implementation Agreement (the Scheme) in which Trade Me agreed to propose under a Scheme of Arrangement that all of the Shares in Trade Me be bought by Titan for NZ$6.45 cash per Share.

The Scheme is subject to Shareholder approval, Overseas Investment Office (OIO) approval and High Court approval. The Scheme Implementation Agreement is available on Trade Me's investor relations website at investors.trademe.co.nz.

During this period of activity, we've continued to build a strong business and deliver great results. We're very pleased with the interim result we're reporting today.

We're also pleased that, as announced on 10 December 2018, Jon Macdonald agreed to remain on as CEO to ensure continued good momentum in the business and a smooth transition to a new CEO when the outcome of the Scheme is known.

In respect of the Scheme we are now:

- Awaiting a decision from the OIO, which is expected mid to late March;
- Completing a Scheme Booklet for distribution to Shareholders in March; and
- Targeting a Scheme Meeting in early April to enable our shareholders to vote on the Scheme.

We have delivered excellent profit growth this period

Revenue	Operating[1] EBITDA	Operating[1] NPAT	Reported NPAT
$132.2m	$85.3m	$50.2m	$44.4m
+7.3%	+8.0%	+8.1%	-4.3%

Revenue growth of $9.0m or 7.3% YoY was driven by the very strong performance of our classifieds businesses - particularly Property.

Total expenses including cost of sales increased $3.1m or 7.0% YoY; driven by 40 new FTEs increasing employee expenses 15.4% YoY.

Operating[1] EBITDA was $85.2m before associates and $85.3m including associates - YoY growth of 7.5% and 8.0% respectively.

Operating[1] EBIT was $72.4m, up a superb 9.1% YoY.

Operating[1] net profit after tax up 8.1% year-on-year to $50.2m. Reported profit fell to $44.4m due to one-off non-operating items of $5.8m related to the recent private equity offers.

Our full year profit guidance remains unchanged.

No interim dividend is being announced due to the Scheme of Arrangement with Titan (Apax).

Note: We have transitioned to NZ IFRS 15 this period and restated historical comparatives. Refer to slide 8 for more details.

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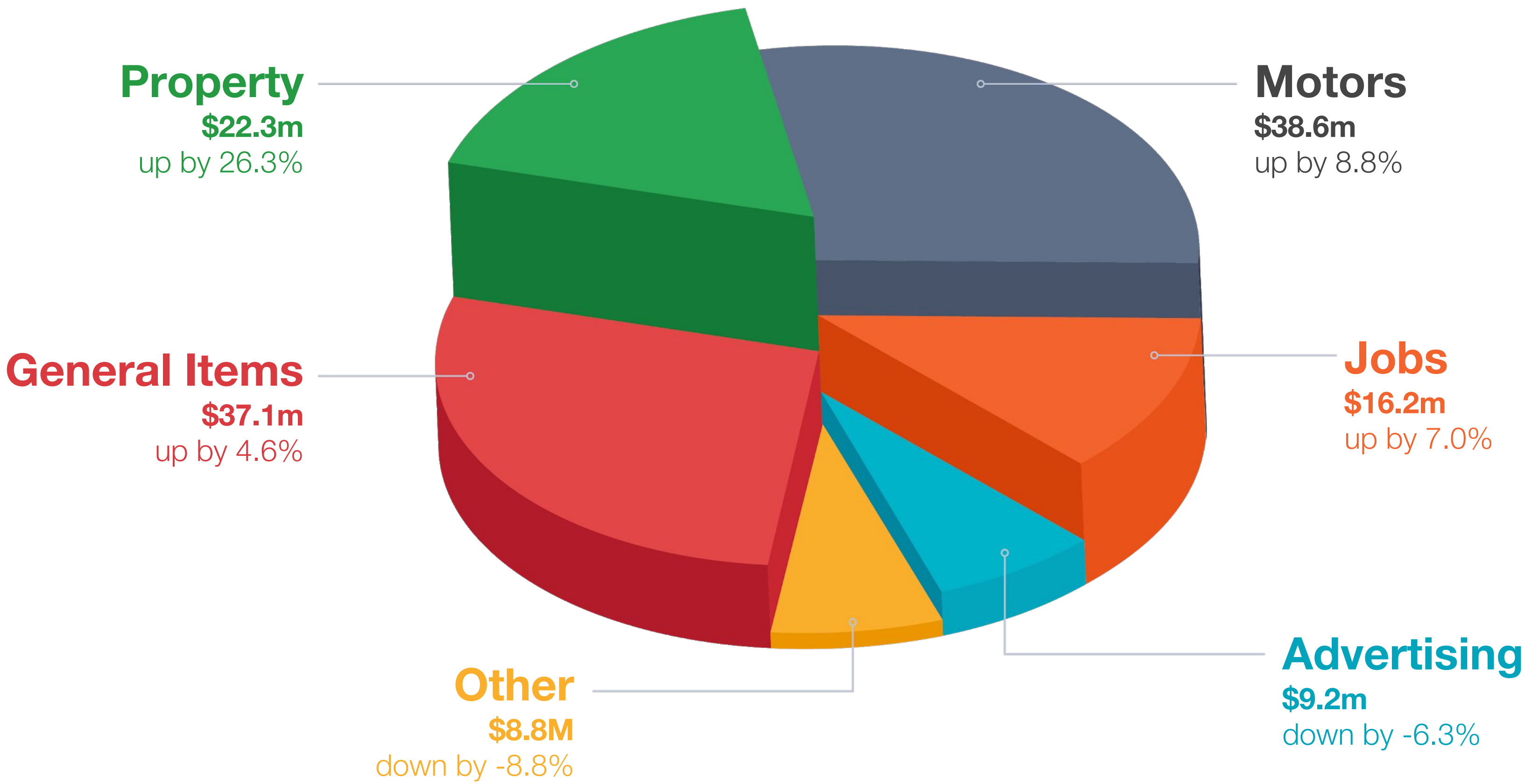
[1] Operating excludes one-off non-operating items relating to the Titan (Apax) acquisition.

Group Financials

Property revenue growth is the stand-out performer this period



Detail on our financial performance

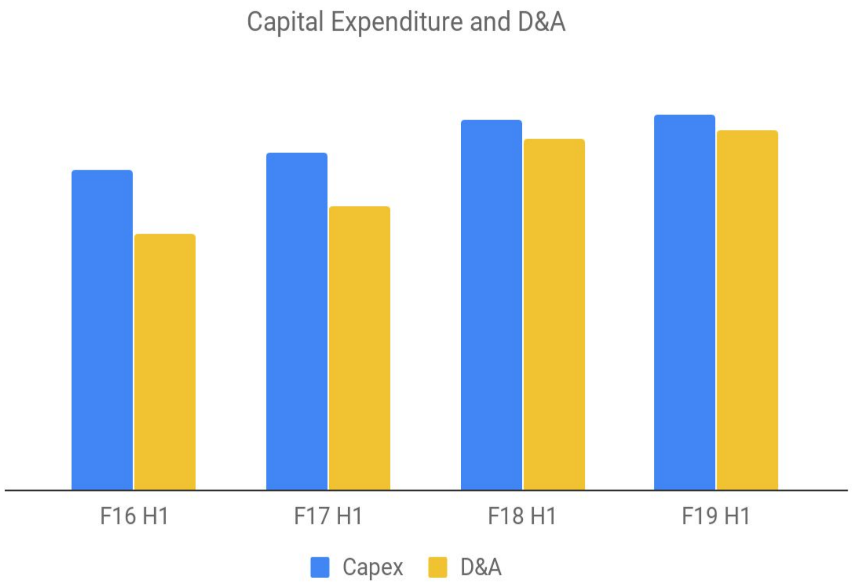
NZD $000s	F19 H1	F18 H1	Movement	
Classifieds	77,147	68,309	8,838	12.9%
General items	37,062	35,436	1,626	4.6%
Other	17,957	19,419	-1,462	-7.5%
Total revenue	**132,166**	**123,164**	**9,002**	**7.3%**
Cost of sales	8,970	8,951	19	0.2%
Net revenue	**123,196**	**114,213**	**8,983**	**7.9%**
Employee benefit expense	22,663	19,636	3,027	15.4%
Web infrastructure expense	2,989	2,810	179	6.4%
Promotion expense	5,581	5,856	-275	-4.7%
Other expenses	6,756	6,651	105	1.6%
Total expenses	**37,989**	**34,953**	**3,036**	**8.7%**
Operating[1] EBITDA before associates	**85,207**	**79,260**	**5,947**	**7.5%**
Associate gains / (losses)	67	-290	357	-123.1%
Operating[1] EBITDA	**85,274**	**78,970**	**6,304**	**8.0%**
Depreciation and amortisation	12,905	12,617	288	2.3%
Operating[1] EBIT	**72,369**	**66,353**	**6,016**	**9.1%**
Net finance costs	2,515	1,886	629	33.4%
Operating[1] profit before tax	**69,854**	**64,467**	**5,387**	**8.4%**
Income tax expense	19,679	18,061	1,618	9.0%
Operating[1] net profit	**50,175**	**46,406**	**3,769**	**8.1%**
Non-operating items	5,761	-	5,761	n/m
Net profit	**44,414**	**46,406**	**-1,992**	**-4.3%**

- Strong H1 revenue growth in our classifieds due to higher adoption of depth products. Property's performance the standout at +26.3% YoY.
- Employee expenses increased due to new FTEs this period and hires in late F18. At 31 Dec 2018 we had 601 FTEs, up from 561 at 30 June 2018. Additionally, initial recruitment costs were incurred for a new CEO and Director.
- Promotional expenses were slightly below H1 F18 due to the timing of activities.
- D&A growth was due to continued platform development. This is lower than historical rates of growth due to a slowing of our capex growth in prior periods.
- Net finance costs have increased by 33.4%. During the period an additional $90m was drawn down to fund the special dividend.
- Non-operating items relate to expenses associated with the Scheme with Apax.

[1] Operating excludes one-off non-operating items relating to the Titan (Apax) acquisition.

A summary of our financial position

	Unaudited 31-Dec-18	Audited 30-Jun-18
Total current assets	85.3	89.5
Total non-current assets	839.1	834.2
Total assets	**924.3**	**923.7**
Total current liabilities	115.0	36.9
Total non-current liabilities	150.0	143.0
Total liabilities	**265.0**	**180.0**
Contributed equity	1,070.5	1,070.1
Other reserves	-485.7	-485.6
Retained earnings	74.6	159.2
Total equity attributable to owners of the Company	**659.3**	**743.7**
Total equity and liabilities	**924.3**	**923.7**



- Current liabilities includes $83.0m of debt which is reclassified from non-current as it expires 11 Dec 2019.
- Our net debt position is $161m with $65m of cash on hand. This net debt is higher than 30 June 2018 due to the 22 cps special dividend paid in September 2018 which was funded via bank debt.

- Capital Expenditure was $13.5m, very similar to the prior year.
- Capitalised development costs were $11.2m, 83% of total capital expenditure.
- Depreciation and amortisation (D&A) is 96% of capital expenditure this period.

We have adopted IFRS 15 which has impacted our reported results

The Group adopted NZ IFRS 15 *Revenue from Contracts with Customers* using the retrospective approach, resulting in restatement of comparative figures. A summary of the effect of changes to the P&L is shown below:

Interim consolidated statement of comprehensive income:

Operating Result non-IFRS 15		
	F19 H1	F18 H1
Classifieds	76,749	67,891
General Items	37,029	35,393
Other	17,957	19,419
Total Revenue	**131,735**	**122,703**
Net Profit	**43,983**	**46,074**

Reported Result under IFRS 15		
	F19 H1	F18 H1
Classifieds	77,147	68,309
General Items	37,062	35,436
Other	17,957	19,419
Total Revenue	**132,166**	**123,164**
Net Profit	**44,414**	**46,406**

Reporting Variance	
F19 H1	F18 H1
398	418
33	43
-	-
431	**461**
431	**461**

A breakdown of the impact on the interim consolidated statement of financial position can be found in Note 2 of the interim financial statements.

Divisional performance

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Motors: great result in a softening market

Revenue growth YoY

+8.8%

Dealer revenue growth YoY

+16.8%

MotorWeb revenue growth YoY

+11.0%

Total listings growth YoY

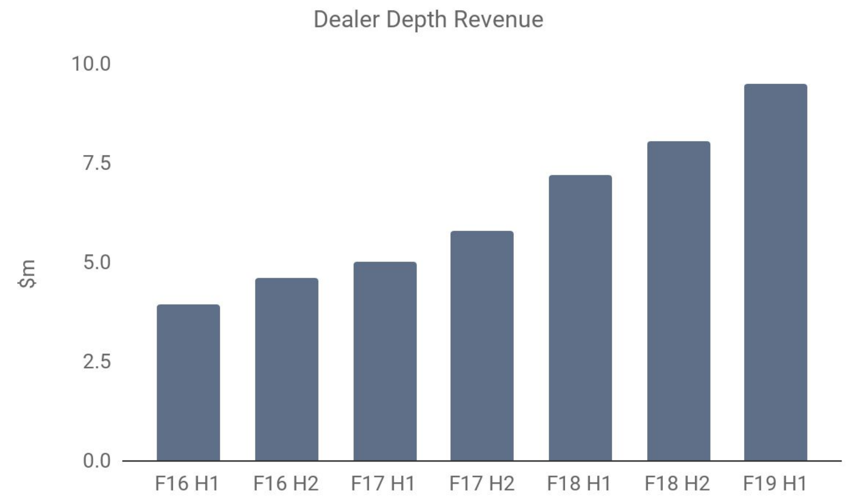
-2.6%

Total directs yield growth YoY

+3.1%

Total dealers yield growth YoY

+19.1%

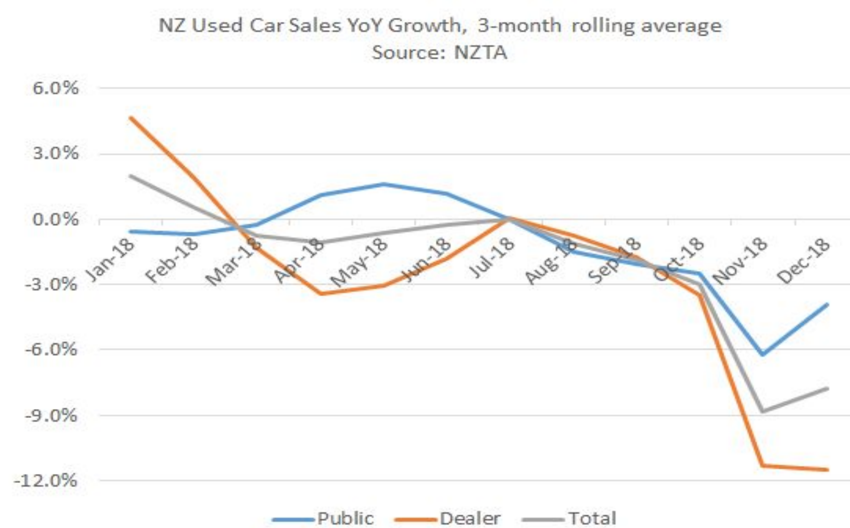


Strong dealer revenue growth driven by depth product uptake despite a softening market. NZ used car sales have fallen YoY since July 2018 (refer chart opposite).

Our Australian vehicle data business grew 21% as we expanded beyond the insurance sector.

Youth-oriented marketing campaign resulted in 2.3 mill completed video views and over 6 mill impressions.

Improved search through key search word improvements and the additions of new attributes, driving increased watchlists.



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trademe motors

Property: 'Premium Listing' product underpins exceptional result

Revenue growth YoY

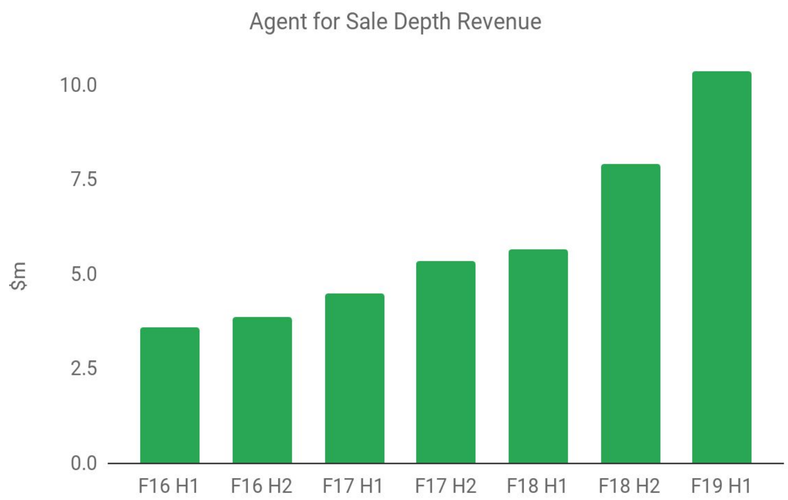
+26.3%

Agent revenue growth YoY

+35.1%

Direct revenue growth YoY

+2.8%



For sale revenue YoY

+35.3%

For rent revenue YoY

+3.8%

For sale listing volumes YoY

+7.7%

For rent listing volumes YoY

-4.5%

'Premium Listing' product continued to deliver outstanding results with ~15% adoption across all listings during Q2. This new listing feature provides better prominence in search results, larger listings to attract buyers and better branding for our real estate agent clients.

We have increased focus on consumer engagement and investment in marketing which is delivering increased value to agents with session growth across all platforms up 11% YOY.

We've improved our real estate agent customer support efforts resulting in NPS lifting to a pleasing ~50. We've also improved our back end efficiency through increases in ordering automation to help cope with volume increases.

trademe property

Jobs: the focus is on core product improvements for recruiters

Revenue growth YoY

+7.0%

Total depth revenue YoY

+16.9%

Total listings YoY

+0.5%

Job pack & volume plan listings YoY

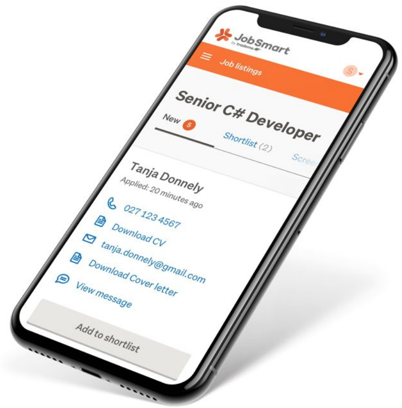
+1.2%

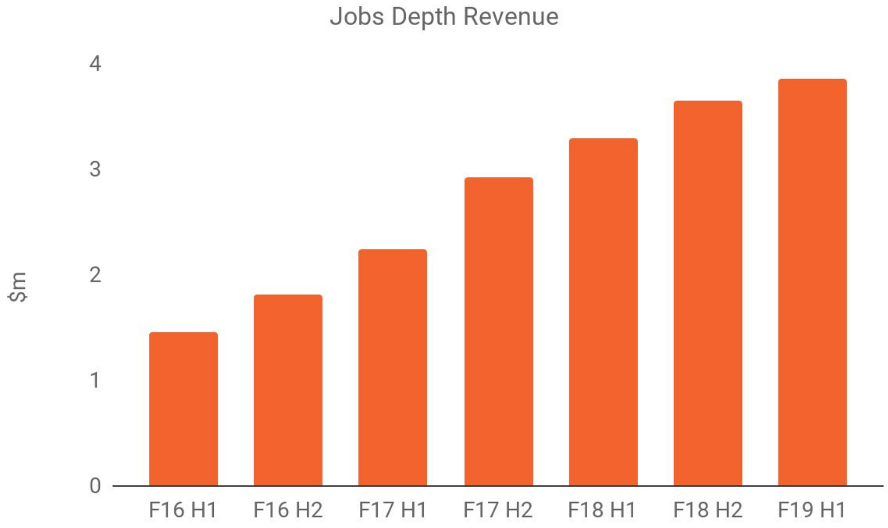
Directs yield growth YoY

+6.8%

Job packs & volume plan yield YoY

+7.4%





Continued revenue momentum with depth product adoption offering more value to our recruitment clients.

Launched applicant tracking system in October with good early signs of take up.

200k activated profiles.

Marketplace: yield improvements underpin revenue growth

YoY GMS[1] growth
+0.7%
to $426.3m

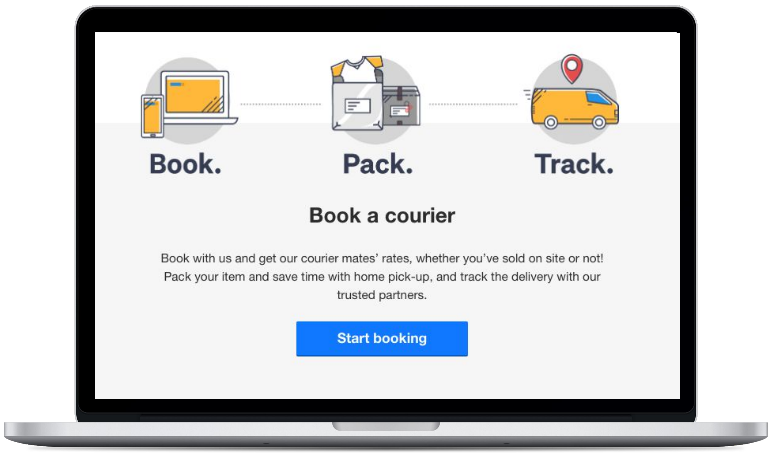
Unique buyers growth YoY
-1.5%

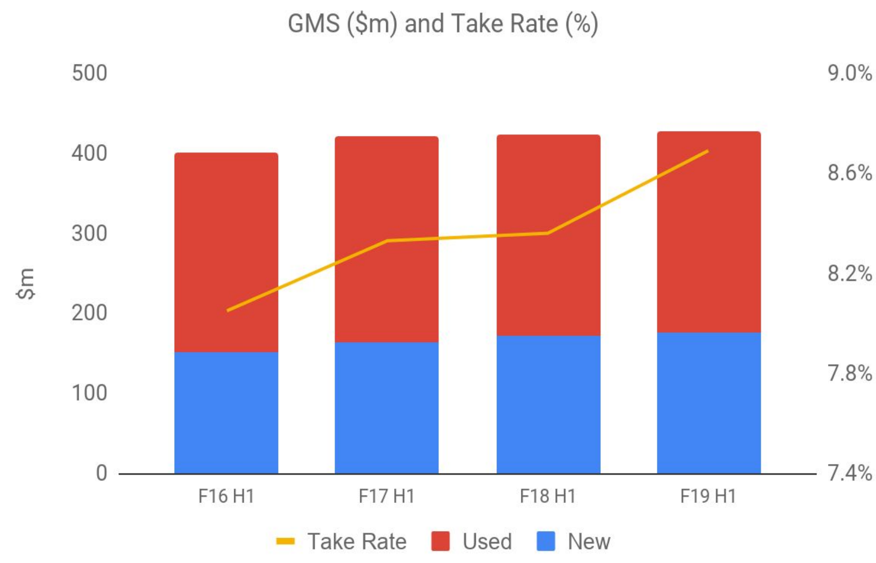
YoY new GMS growth
+2.9%

Unique listers growth YoY
-0.1%

YoY used GMS growth
-0.8%

Overall take rate
8.69%





84 new retailers on-boarded including Hasbro & Showpo.

Take rate has improved due to store subscription volumes having doubled, Afterpay penetration and usage, and full sales value commissions.

Strong focus on Promos in Q2, ran over 150 experiments generating $6.5m in GMS and 300k additional listings, proving a useful tool for driving seller reactivation.

We launched Book a Courier for Anything for sending items that are not bought or sold on Trade Me. Over 18k bookings made in the first 2 months, accounting for over 8% of all courier bookings.

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

Other businesses: a soft start to the year

Advertising $9.2m

Total revenue declined due to a reduction in Google AdSense revenue and lower impressions on desktop display advertising.

We hired a new leader of this business in December 2018 and are focused on adding quality mobile inventory and improving viewability.

Payments $3.1m

Payments revenue was slightly down (-1.4%) on the prior year due to unsatisfactory GMS trends in the second half of H1and low penetration rates.

Afterpay delivered extraordinary revenue growth YoY, to give total revenue growth from payment products within Trade Me of 6.0% (Afterpay is included in the General Items segment).

Insurance $2.8m

Trade Me Insurance delivered a strong result, with YoY growth of 81.3%.

LifeDirect revenue declined 14.4% as we experienced a softening in market conditions and increasing online competition.

Other $2.9m

Holiday Houses delivered YoY revenue growth but this was offset by a decline in revenue from FindSomeone and our 3rd party Hosting services.

Outlook

We reiterate our full year F19 revenue and earnings guidance.

At our AGM in November 2018 we reaffirmed our expectations of F19 revenue growth of between 5 - 8% over F18, and operating profit after tax growth at a similar rate (in percentage terms). We noted that given the good momentum at that time, we expected to be in the top half of this range for both measures.

The performance of Property (driven by the new Premium Listing product) is exceptional and should continue into the second half of F19. However, motor vehicle market activity was weak between November and January which presents some volume headwinds for our Motors business.

We remain confident of the momentum in the Trade Me business, and should the business continue in its current form, we still anticipate that we will be in top half of the 5 - 8% range for growth in both revenue and operating profit for the year to 30 June 2019.

Questions?

trademe