

ASX ANNOUNCEMENT

Macquarie Australia Conference 2020 Commentary and Presentation

Sydney, 5 May 2020: Domain Holdings Australia Limited [ASX:DHG] (“**Domain**” or “**Company**”) will today deliver a presentation at the Macquarie Australia Conference.

Presentation commentary and accompanying slides are attached.

The presentation contains a trading update, the details of which have been extracted below:

Trading Update

- Trading in the FY20 March quarter (1 January - 31 March 2020), adjusted for divestments, saw:
 - Digital revenue increase 3% for the quarter, and 15% for the month of March
 - Total revenue increase 1% for the quarter, and 10% for the month of March.
- The month of March saw a recovery in new listings in key markets. Residential depth yield increased 17% for the month, benefiting from the positive impact of Domain’s new flexible pricing model, and increased depth penetration across all states.
- April new residential listings volumes declined in the high 20% range reflecting COVID-19 impacts. Residential depth yield continued to grow YoY, however at a lower rate than in March.
- FY20 H2 operating costs are expected to be around 7% lower than FY19 H2’s base of \$89 million (adjusted for divestments), as a result of expense reduction initiatives, and new staff arrangements effective from May. This does not include any potential benefits from the Australian Government’s JobKeeper support package.
- March’s performance (prior to the impact of COVID-19 restrictions), provides confidence that Domain is well positioned when markets return to normal.

Ends

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PRESENTATION COMMENTARY

Jason Pellegrino – Chief Executive Officer and Managing Director:

Slide 1

Good morning everyone. It's a pleasure for CFO Rob Doyle and me to join you for the 2020 Macquarie Australia conference. It's a different format this year, and we'd like to thank Macquarie for overcoming the challenges of the current social distancing requirements to still make it happen.

Slide 2,3

Today, I'm going to first talk about the current environment, how the challenges of COVID-19 are affecting the business and the measures we are taking to respond. Then I'll talk about the ongoing evolution of Domain's strategy and what that means for how we continue to deliver value to agents and consumers. Rob will provide a Trading Update and finally we'll both be happy to take your questions.

Slide 4

The current environment is a very different one from when we last spoke to you in February. I'm very proud of how everyone at Domain has responded to the personal and business challenges brought on by COVID-19, and the support we've been able to provide to our agents and consumers as we have all navigated through unfamiliar territory.

Slide 5

This slide shows a snapshot of the operating environment in April. New 'for sale' listings have declined over the course of the month, with the improvement in the most recent week reflecting a post-Easter bounce. We're encouraged that depth penetration continued to increase in April, and I'll provide some additional colour on depth trends in the next two slides. Unsurprisingly there has been a significant drop off in auction numbers, largely impacted by enforced isolation restrictions. Nonetheless, the decline in Auctions has been somewhat offset by a shift to more private treaty sales; auctions as a percentage of total listings declined from around 12% in February to less than 5% in April. Interestingly, in Western Australia, where restrictions on open homes and auctions are being relaxed, we have seen a notable increase in Auction listings over the last week. And there are further positive steps towards a more normal operating environment, with New South Wales relaxing restrictions from this upcoming weekend. We've seen an increase in new rental listings which reflects some of the disruption associated with COVID-19. And finally there are some early signs of an improvement in appraisals which are a leading indicator of future listings.

Slide 6

Turning now to our depth performance in more detail. Slide 6 provides an overview of Domain's depth product penetration of 'for sale' listings on a state by state basis for the ten months of FY20 to April. The green bar shows the penetration of our highest value Platinum tier, and the stacked blue bar shows Gold and Silver tiers. Domain has continued to deliver growth in depth penetration in every state, underpinned by the introduction of our new

Domain

flexible pricing model in January 2020. This model removes barriers to depth uptake and encourages upsell, and you can see the positive impact it is having on performance. We're particularly encouraged by the trends in Victoria and Queensland, and on the next slide I'll provide a deeper dive into the Victoria turnaround.

Slide 7

Many of you would be aware of the numerous changes we have implemented in Victoria over the past 18 months or so, looking to address our performance in that market. Depth penetration began to decline in the second half of FY17. Our responses included sales team and leadership renewal beginning in the first half of FY19, the implementation of more effective sales discipline, and new approaches to commercial partnerships and products through FY20. We're pleased with the results of these initiatives and the ongoing improvement in Victoria's depth performance.

Slide 8

Domain has been responsive to the sudden and substantial changes in the operating environment brought about by COVID. We have offered support packages to agents to help them navigate current uncertainty. We have quickly developed creative product initiatives for agents and consumers to help them adapt to social distancing requirements. We have constructed innovative solutions to reduce cash costs while retaining employee talent and business momentum for the long term. And finally we have strengthened our balance sheet. This positions Domain to trade through the wide range of potential market scenarios that lie ahead, while maintaining the pace of our business model evolution. While these measures are designed to ensure that Domain can successfully navigate the current downturn, they are equally important in positioning the company for success as the markets return to normal.

Slide 9

So for the remainder of this presentation I will focus on the opportunity we see to evolve Domain's business model to drive long term growth.

Slide 10

Many of you will be familiar with the three pillars that underpin our long term strategy: Growing our core listings business, growing new revenue from consumer solutions, and simplifying and optimising our business. This strategy is designed to deliver on our vision of building a customer-centric Australian property marketplace. And central to that vision is providing value to agents and consumers who are at the centre of everything we do.

Slide 11

Domain's business model is evolving to reflect the opportunities that our data and insights provide for richer and more valuable user experiences. We are progressing Domain from an online classified portal with ubiquity and broad reach, to a digital assistant that can provide personalisation and relevance. Our goal is to progress even further to establish a property marketplace that delivers to Domain's purpose to inspire confidence for all of life's property decisions.

For our business model that means evolving from a publisher model to a responsive property ecosystem. From an audience strategy focused on scale and volume to one that targets high quality audiences and delivers them tailored solutions. From products that are feature-based to ones that are solutions-based. And this evolution broadens revenue

Domain

opportunities from subscription and listings to include new revenue streams from a broad range of products and services.

Slide 12

So what does this evolution mean for our relationships with agents.

Slide 13

You can see the opportunities outlined on this slide. It means broadening from a portal delivering digital listings, to providing rich data assets that deliver transparency and a more dynamic marketplace. Expanding to deliver solutions that go beyond property marketing, to products and services to help agents grow and run efficient and profitable businesses. Evolving our commercial model, from one that is over-reliant on broadly applied annual price increases, to one that is flexible and reflective of individual market environments.

Slide 14

Amid the challenges brought on by COVID-19, we are seeing interesting ways in which this digital evolution is being accelerated.

In December 2019, we acquired Real Time Agent whose products digitise previously offline processes such as agency agreements, auctions and contracts. With the addition of RTA, Domain's agent product suite now supports and provides insights into every step of the agent property journey. In the current COVID-affected environment, RTA's online products are attracting massive attention from agents, and accelerating consideration and take up.

There is tremendous value in combining RTA's creative agent solutions with the power and scale of Domain's national platform.

Between February and April, supported by Domain's national sales team, we have seen agent leads to RTA expand sixteen fold. And since the ban on physical auctions took effect in late March, RTA's Bidtracker has been used in more than 400 online auctions, achieving a market share of close to 20%, a remarkable achievement in such a short space of time. We are seeing strong engagement from agents, buyers and sellers on the online auction platform, reflecting its ease of use and the confidence we can provide to the process. We've seen some auctions with around 20 registered parties. We've also seen a big step-up in adoption of RTA's private treaty sale contracts.

This surge in interest in RTA's products is accelerating growth opportunities both within and beyond our existing core markets of New South Wales and Victoria.

I mentioned earlier that restrictions on physical auctions in New South Wales will be lifted from this weekend, and this also applies to Open-for-Inspections. An important aspect of this relaxation is the requirement that agents keep detailed records of attendees. This increased focus on compliance highlights the value of Domain's quality data management tools Bidtracker and Homepass.

Slide 15

Throughout the agent lifecycle, the Domain for Agents portal provides a single entry point for agents to access Domain's valuable products and services. It enriches the value agents can provide to their customers with a wide range of market, listing, vendor and enquiry insights. And we continue to work on creating an "always on" relationship with agents to help them make better use of the data and relationships they already have.

Domain

Slide 16

Looking now at what Domain's evolution means for our relationship with consumers.

Slide 17

From a product perspective this means an evolution from a 'one-size-fits-all' approach to personalisation and tailored solutions. And these solutions are progressing from being listings-based to providing immediate, relevant and actionable experiences. And what that means for Domain is that we can extend our relationship from one-off transactions to servicing the entire property lifecycle.

Slide 18

The extension of that relationship is evolving fast and is currently being demonstrated by Domain Loan Finder's expansion into refinancing from its strong base in new home loans. During COVID, the market has seen soaring demand for refinancing as consumers have focused on their personal finances, and Domain Loan Finder has responded with a timely marketing campaign and attractive solutions. The consumer response to Domain Loan Finder's innovative digital model has been overwhelming; we've seen a ninefold increase in new refinancing accounts between February and April. Demand for new home loans has also remained strong. The chart on this slide highlights the significant uplift in new Domain Loan Finder accounts in the quarter to March, and the further substantial acceleration in April. Our purely digital model has been uniquely placed to support consumers in light of social distancing restrictions. It's very pleasing that in this challenging environment, we are seeing our products and services resonate so strongly with consumers.

Slide 19

Despite the impact of COVID restrictions on new listings, consumer engagement with Domain remains very high. Domain's unique digital audience reached an all-time high of 6.9 million in March, a 21% year-on-year gain. Relevant and timely content has supported strong year-on-year growth in editorial page views. And despite the decline in new listings, leads to agents have shown remarkable resilience, and continued to grow year-on-year in April.

Slide 20

I've talked before about our goal of making the property journey easy, simple, trustworthy and achievable for consumers. Domain Loan Finder's recent success in refinancing demonstrates the opportunities that come from extending our relationship with consumers, from the relatively short property search period to the decade long ownership cycle.

Slide 21

I'll now hand over to Rob to provide an update on the current trading environment.

Rob Doyle - Chief Financial Officer

Slide 22

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March's performance (prior to the impact of COVID-19 restrictions), provides confidence that Domain is well positioned when markets return to normal.

With that I'll hand back to Jason for some closing remarks

Jason Pellegrino – Chief Executive Officer and Managing Director:

In conclusion I'd like to say how incredibly proud I am of the performance delivered by the business in March. This represents rewards for more than 18 months of hard work and transformation by all of our teams at Domain.

Rob and I will be happy to take your questions and I'll hand over to Andrew to moderate the Q&A session.

Slide 22

Q&A

Domain



INVESTOR PRESENTATION | MACQUARIE AUSTRALIA CONFERENCE | 05.05.2020

DISCLAIMER

Summary Information

This presentation contains summary information about Domain Holdings Australia Limited (ASX: DHG) (**Domain**) and its activities current as at 5 May 2020. The information in this presentation is of a general background nature and does not purport to be complete. It should be read in conjunction with Domain's other periodic and continuous disclosure announcements which are available at shareholders.domain.com.au.

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This presentation contains certain "forward-looking statements". The words "expect", "should", "could", "may", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide

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AGENDA



MACQUARIE AUSTRALIA 2020 CONFERENCE

CURRENT ENVIRONMENT

DOMAIN'S EVOLUTION

DOMAIN FOR AGENTS

DOMAIN FOR CONSUMERS

TRADING UPDATE

Q&A

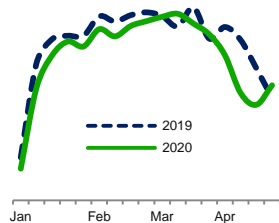
CURRENT ENVIRONMENT



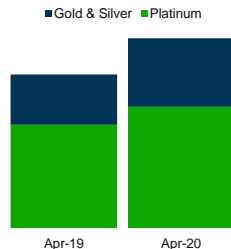
APRIL 2020 SNAPSHOT



**Decline in new
'for sale' listings**



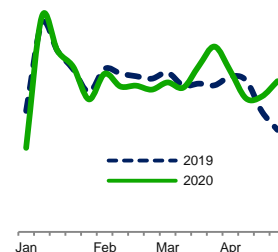
**Increased Depth
penetration**



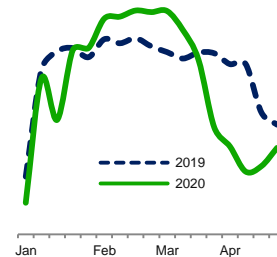
**Reduction in auctions
as % listings***



**Increased new
rental listings**



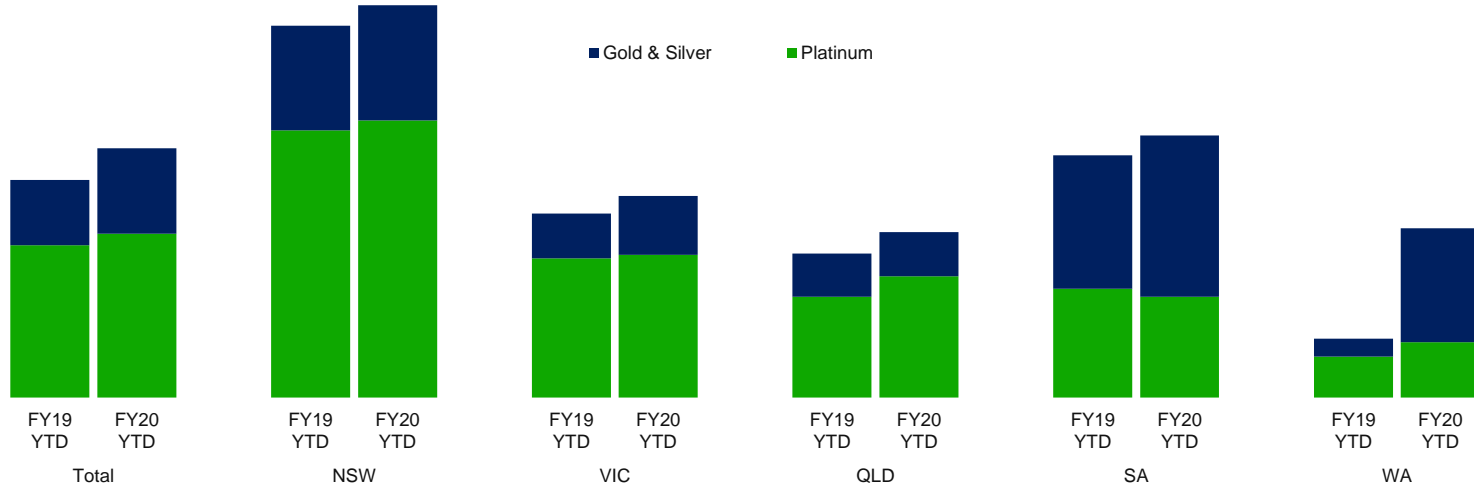
**Early improvement
in appraisals**



* Auctions as % of new sale listings for April versus February 2020

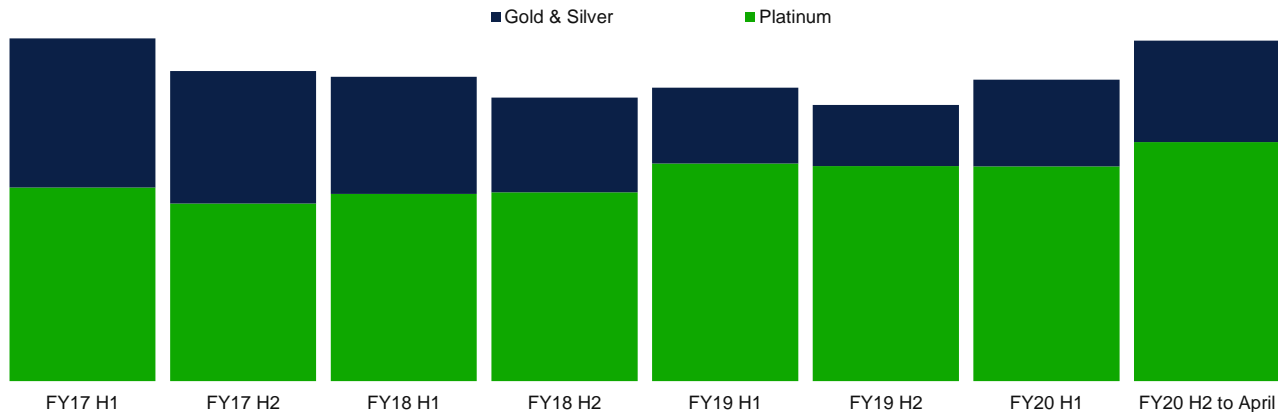
DEPTH PENETRATION IS INCREASING IN ALL STATES

Domain Residential Depth Product Penetration (% of New “For Sale” Listings) (FY April YTD)



DRIVING A TURNAROUND IN VICTORIA

Domain Residential Depth Product Penetration - Victoria (% of New “For Sale” Listings)



DOMAIN'S RESPONSE TO COVID-19



Agent support

Reduced or waived
Residential and Agent Services
subscriptions

Access to Domain Market Insights

Free access to Domain's
Employee Assistance Program



Creative product initiatives

Informative COVID-19 guides

Video and virtual tours

Online and private
inspection requests

Online auction links



Innovative cost solutions

Reduced staff cash costs with
equity participation options

Pause on Print

Targeted marketing



Strengthened balance sheet

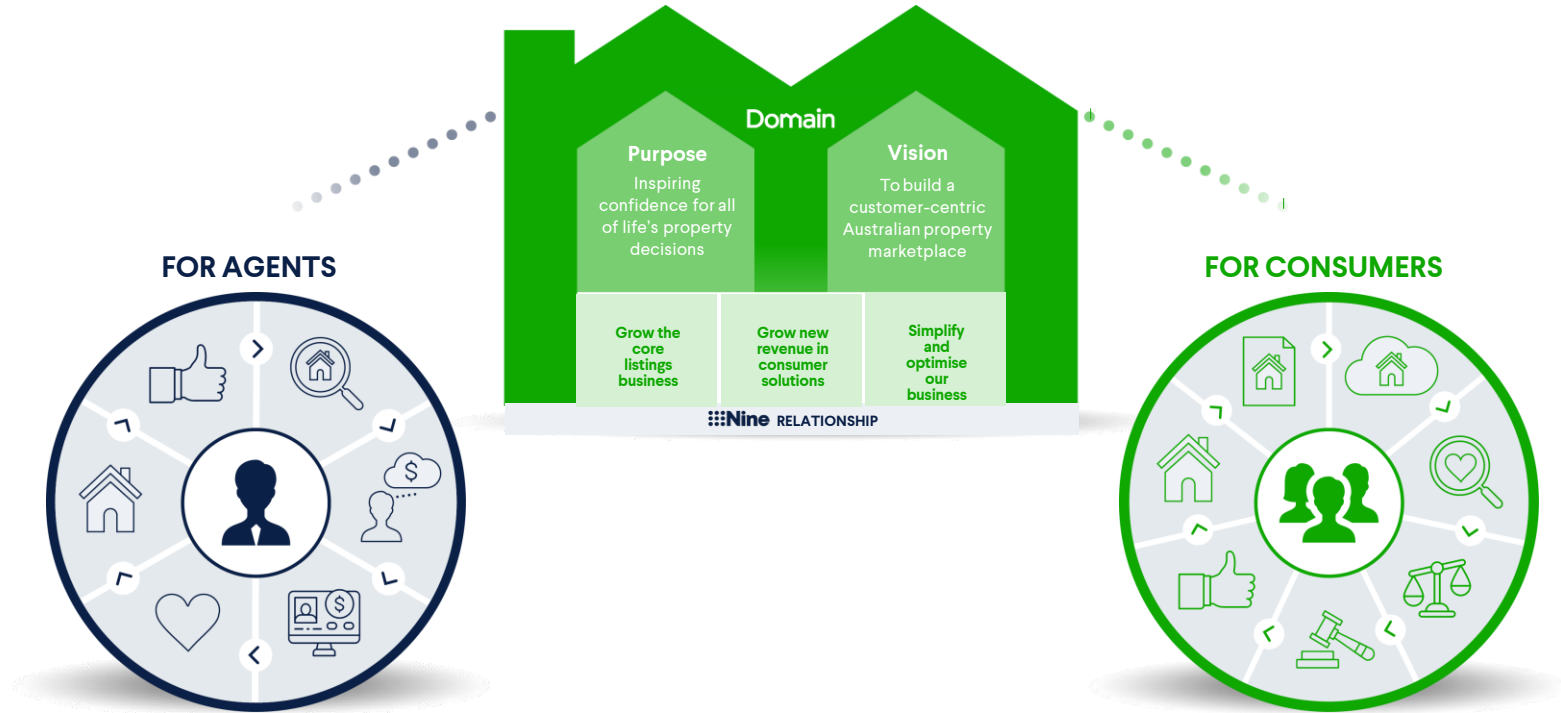
\$80m facility extension

Debt covenants waived for
June and December 2020

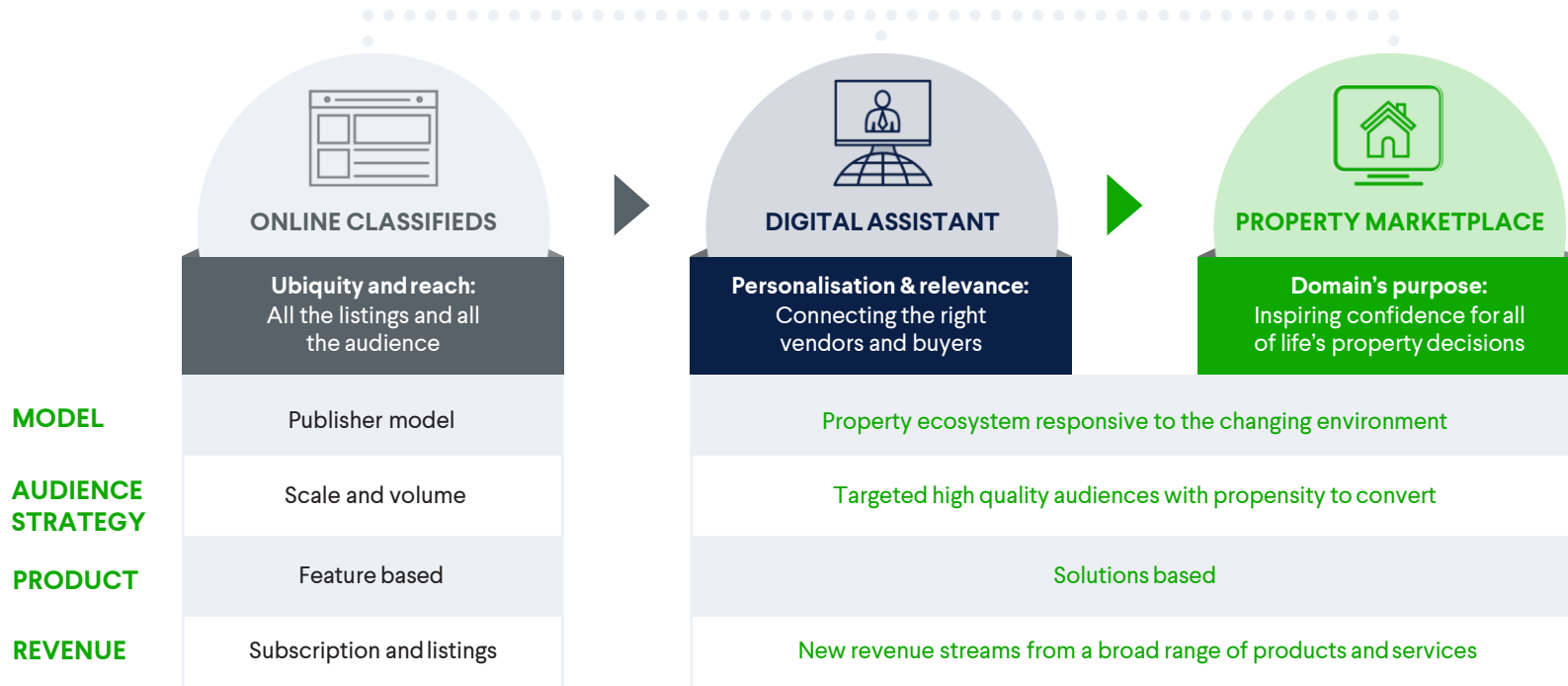
DOMAIN'S EVOLUTION



DOMAIN PROVIDES VALUE AT EVERY STEP OF THE PROPERTY JOURNEY FOR AGENTS AND CONSUMERS



EVOLVING DOMAIN'S MODEL





EVOLVING DOMAIN FOR AGENTS



ONLINE CLASSIFIEDS

Ubiquity and reach:
All the listings and all the audience

PRODUCT

Digital listings

SOLUTIONS

Property marketing

PRICING

% increase from prior year



DIGITAL ASSISTANT

Personalisation & relevance:
Connecting the right vendors and buyers

Rich data assets delivering transparency and a more dynamic marketplace

Products and services to help agents grow their businesses

Flexible pricing model, reflective of the market environment

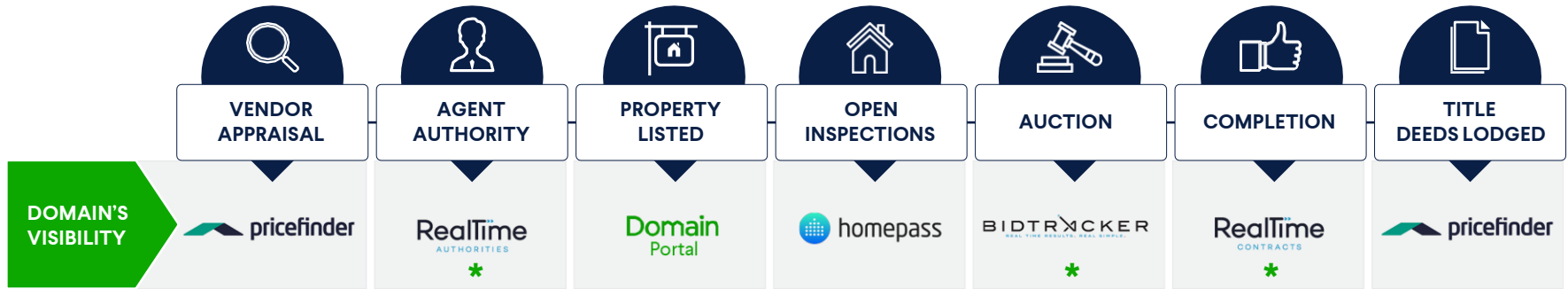


PROPERTY MARKETPLACE

Domain's purpose:
Inspiring confidence for all of life's property decisions

CURRENT ENVIRONMENT IS ACCELERATING THE DIGITAL EVOLUTION

'For Sale' Listing Journey



Acceleration in Real Time Agent adoption

 **16x** Increase in agent leads¹

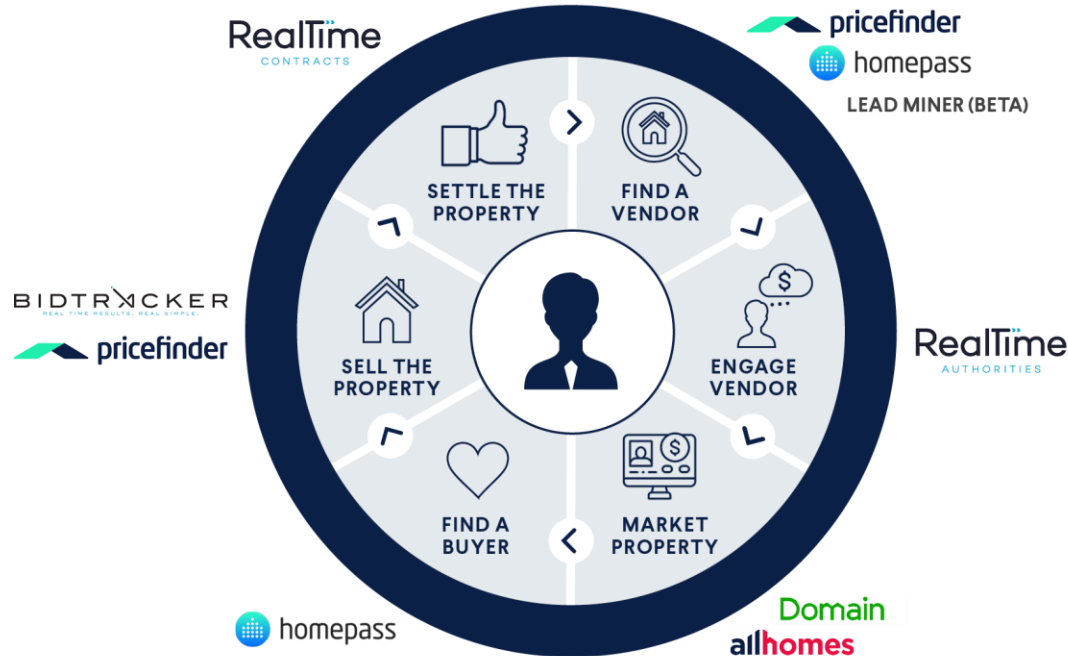
 **434** Online auctions²

 **4x** Increase in private treaty sale contracts¹

1. Between February and April 2020

2. Since late March 2020

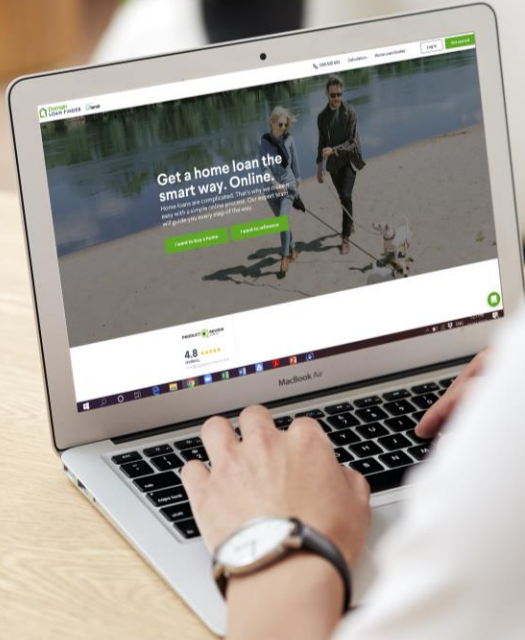
DOMAIN ADDS VALUE TO AGENTS AT EVERY STAGE OF THE PROPERTY JOURNEY



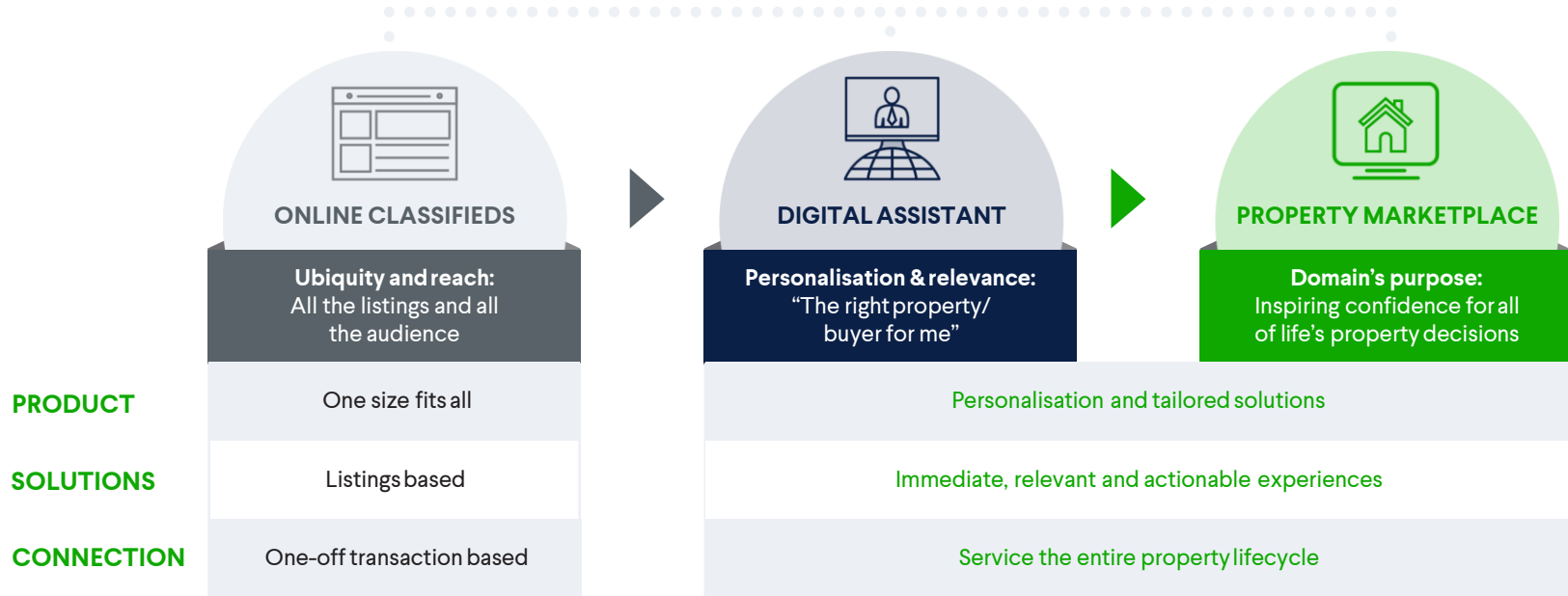
Domain FOR AGENTS

The new home for agents

DOMAIN FOR CONSUMERS

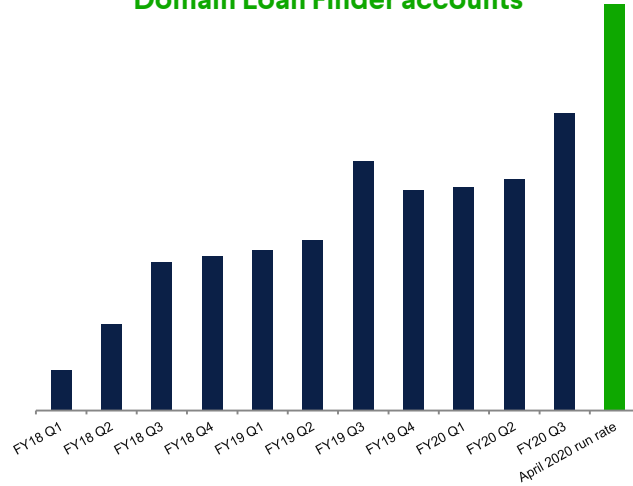


EVOLVING DOMAIN FOR CONSUMERS

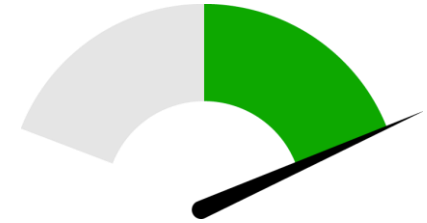
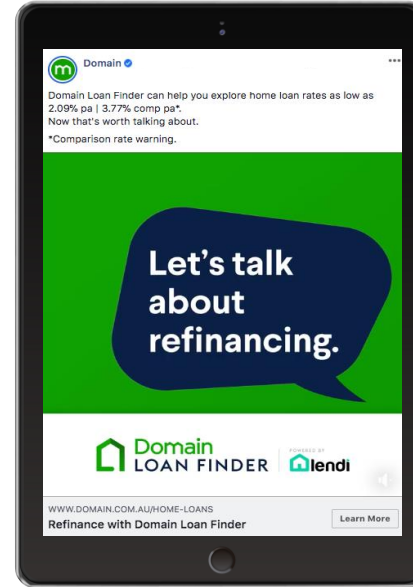


CURRENT ENVIRONMENT IS ACCELERATING THE DIGITAL EVOLUTION

Acceleration in new Domain Loan Finder accounts



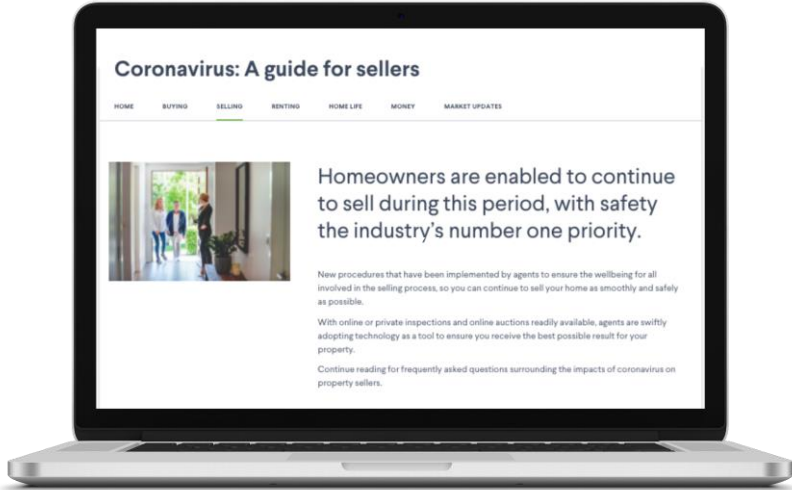
Expansion into refinancing



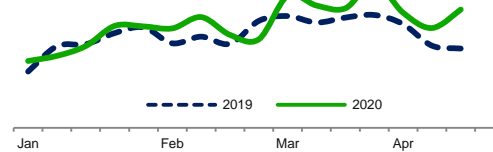
9x
Increase in Domain Loan
Finder Refinance
Accounts*

*April 2020 daily run rate versus February 2020

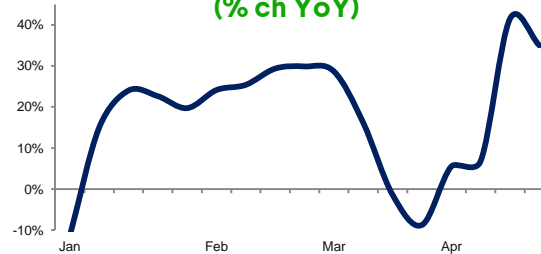
CONSUMER ENGAGEMENT REMAINS VERY HIGH



Strong growth in Domain editorial page views



Leads to agents rebounding (% ch YoY)



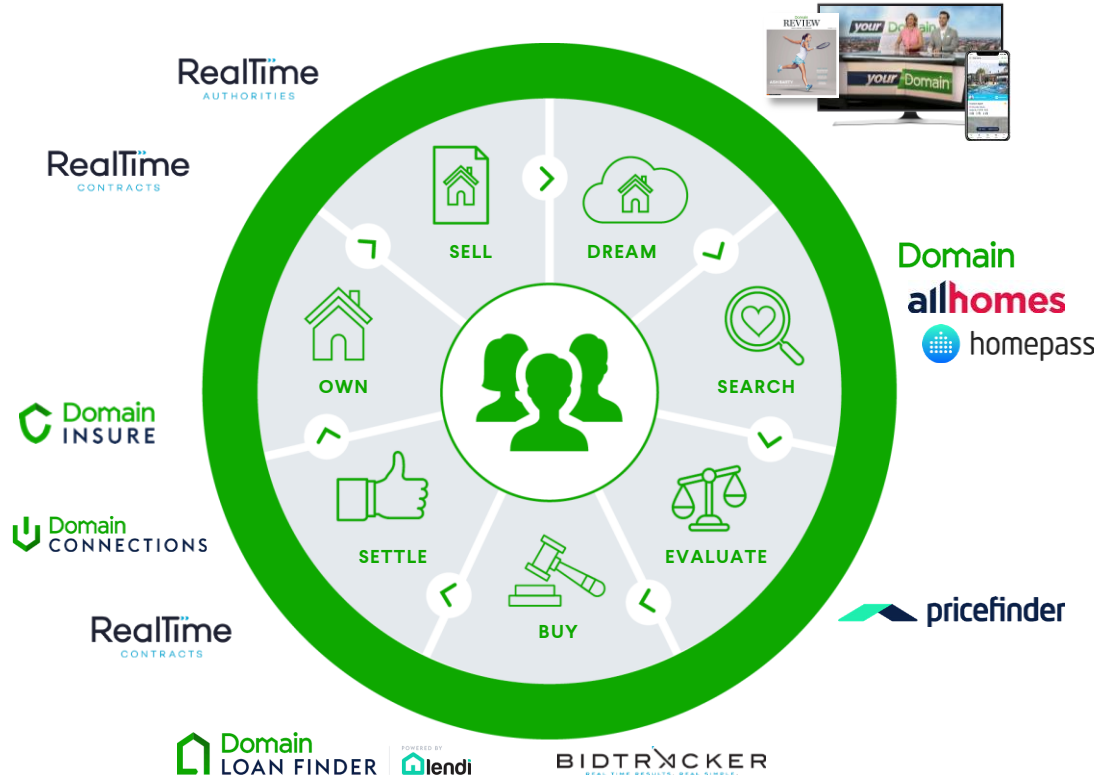
Domain's Unique Digital Audience reaches all-time high

6.9
million*

+21% YoY

* Nielsen Digital Content Ratings Monthly Tagged, March 2019-2020, People 2+, Digital (C/M), Text. Does not include Domain's print audience.

DOMAIN ADDS VALUE TO CONSUMERS AT EVERY STAGE OF THE PROPERTY JOURNEY





FY20 OUTLOOK

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Q & A

Jason Pellegrino, CEO | Rob Doyle, CFO





Domain

THANK YOU

Contact:
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