

# hipages Group

Goldman Sachs  
12<sup>th</sup> Annual  
Emerging Leaders Conference

28 April 2021

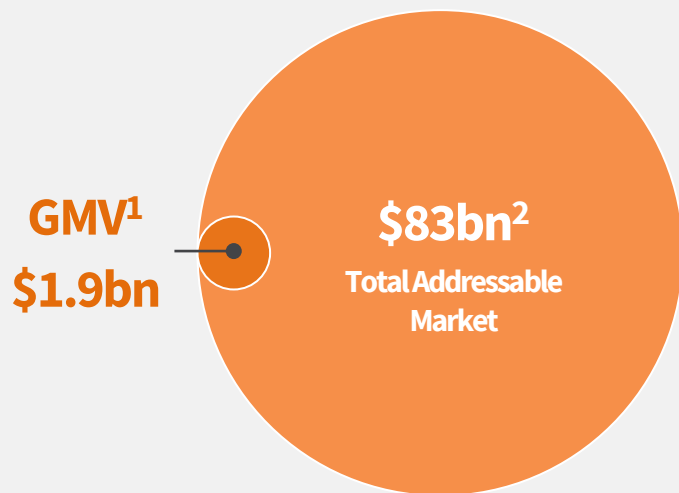


Australia's largest online tradie marketplace and SaaS provider connecting tradies with residential and commercial consumers to simplify property improvement.<sup>1</sup>



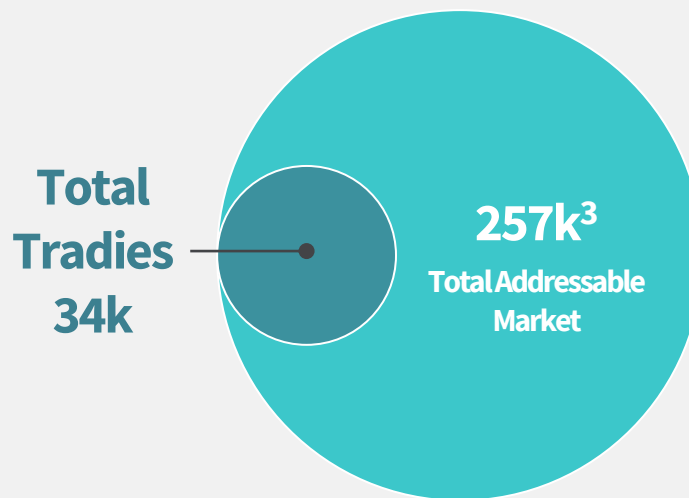
# Large and growing addressable market

## Australian Home Improvement Spend



hipages GMV estimated at 2% of TAM

## Tradie Businesses in Australia



Trade businesses on hipages platform estimated at 13% of TAM

# Macro trends driving tradie advertising<sup>1</sup>

## Growth in tradie ad spend

- **\$976m** spent by tradies on advertising
- **8.8% pa** projected growth in tradie ad spend

## Growth in online spend

- **60%** of tradie ad budget spent **online**
- **11.2% pa** projected growth in online ad channels

## Highest ROI from lead sourcing

- **12%** of tradie ad spend on **lead sourcing**
- **\$13.80** tradie ROI from lead sourcing

# Australia's largest online tradie platform



**Subscription-only product**



**94% recurring revenue<sup>1</sup>**



**Strong brand awareness of 56%**



**Flywheel effect of double-sided marketplace**



**Over 34k trade businesses**



**3.3m unique users have posted jobs**

# Consumer experience – Selecting a tradie

Connected with  
up to 3 tradies



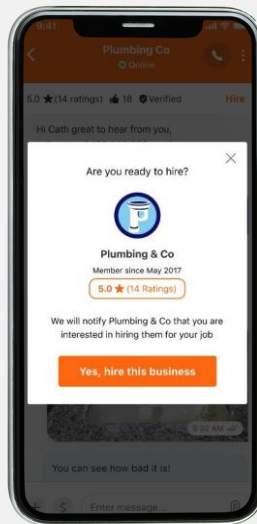
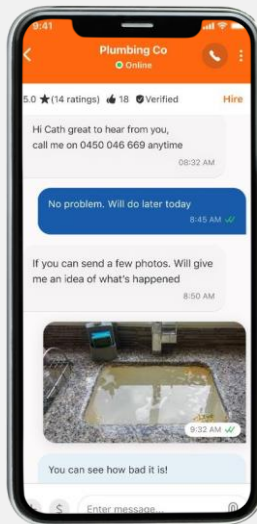
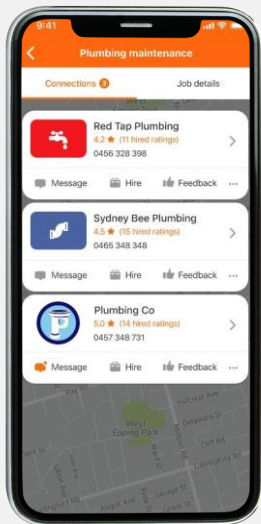
View profile and  
recommendations



Communicate  
directly with tradie



Select the best  
tradie for the job



## TIMELY RESPONSE

I received immediate responses from 3 painters who all attended to the quotation process in a timely and professional manner. The work is scheduled for commencement next week and as a first time user I am confident of a successful Completion.



## GREAT SERVICE FROM EXPERIENCED TRADIES

Arrived on time, top quality work and fair price for the job. This is the best way to find the right trades person who supplies top quality work. Price was fair and reasonable.



# Tradie Experience – Message centre & payments

Message  
centre



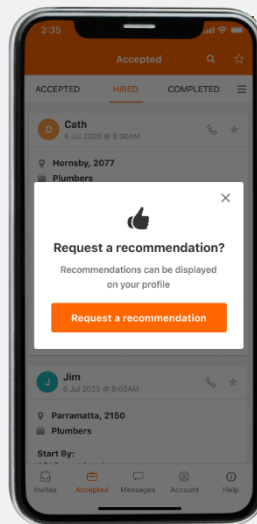
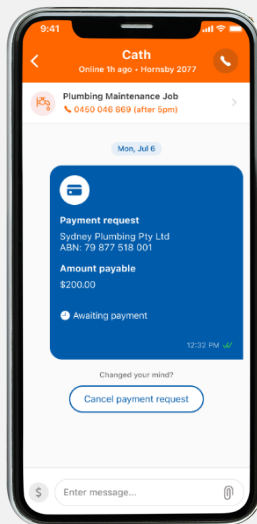
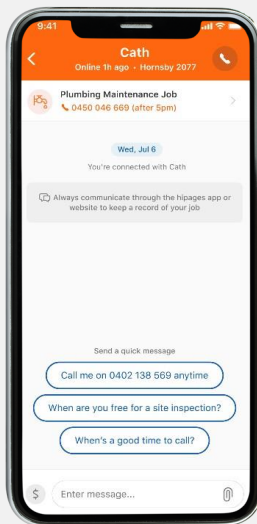
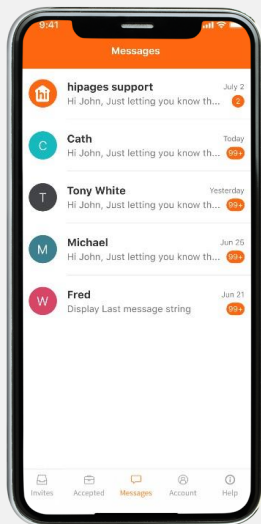
Streamlined  
communication  
with customer



Payment  
functionality



Request for  
feedback



Hipages is a great service. Would highly recommend. Has helped me enormously grow my business. THANK YOU hipages team.



Hipages has provided me with over \$15K worth of business in 8 months and that's just from the jobs listed. I'm positive that this amount will triple through follow up work and referrals. Great model great service. 5 stars.



# Proprietary algorithm matches consumers & tradies



Distance to  
the job



Recent tradie  
activity



Customer  
tier



Tradie  
tenure



Optimised to provide  
up to 3 contacts in the  
first invitation batch



# Ongoing transformation in unit economics

## WHAT WE HAVE DONE

- Enhance subscription offering
- Transformation change project
- Investment in technology to drive scale
- Focus on building brand

## OUTCOMES

- Subscription drives higher ARPU<sup>1</sup>
- Reinvest savings in brand, tech and tradie acquisition accelerating growth
- Evolution to SaaS increasing customer stickiness
- New revenue channels driving ownership of on-demand tradie economy

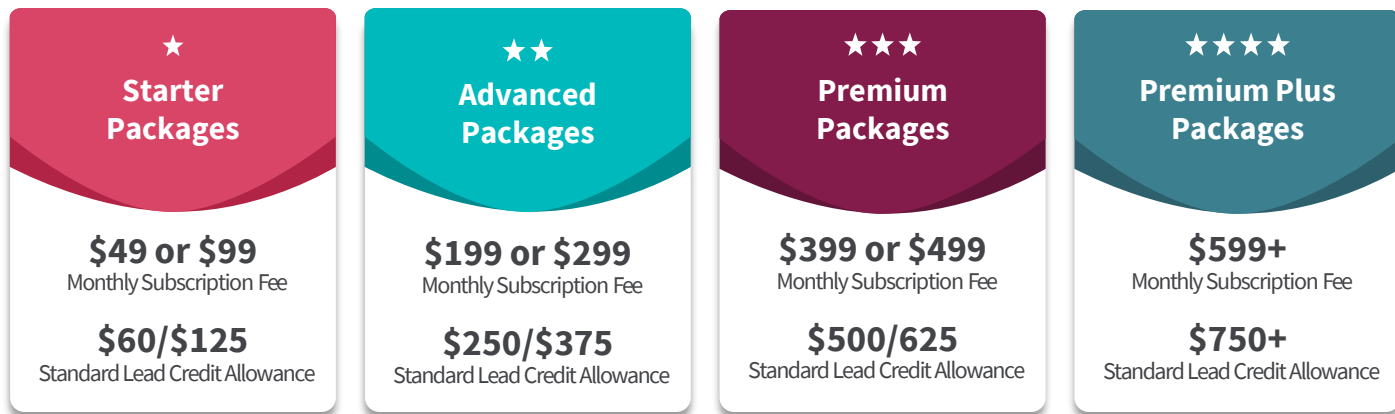
# Subscription-only model drives ARPU growth

## Pre November 2019

- **Transactional product** – small annual listing fee and tradie would pay each time they claimed a job lead
- **Subscription product** - monthly subscription product with contract terms of 6-12 months

## Post November 2019

- Moved to a **subscription-only** product offering for new tradies
- New version of subscription package with new, improved features
- Removed lower price tier (< \$49)
- Automatic 12-month renewal



**New subscribers joining platform at higher price points and existing subscribers upgrading to higher price tiers**

# Q3 FY21 delivers another strong performance<sup>1</sup>

## REVENUE

**MRR<sup>2</sup>** **\$4.9m**  
Up 30%

**Recurring revenue<sup>3</sup>** **\$13.5m**  
Up 23%

**Total revenue<sup>3</sup>** **\$14.3m**  
Up 18%

**% Recurring revenue** **95%**  
Q3 FY20: 91%

## CASHFLOW

**Closing cash<sup>4</sup>** **\$32.7m**  
No debt

**Cash receipts** **\$15.2m**  
Up 14%

**Net operating cashflow** **\$3.8m**  
Q3 FY20: \$1.5m

## KEY DRIVERS

**Total Tradie ARPU** **\$1,606**  
Up 29%

**Subscription tradies** **29.8k**  
Up 10%

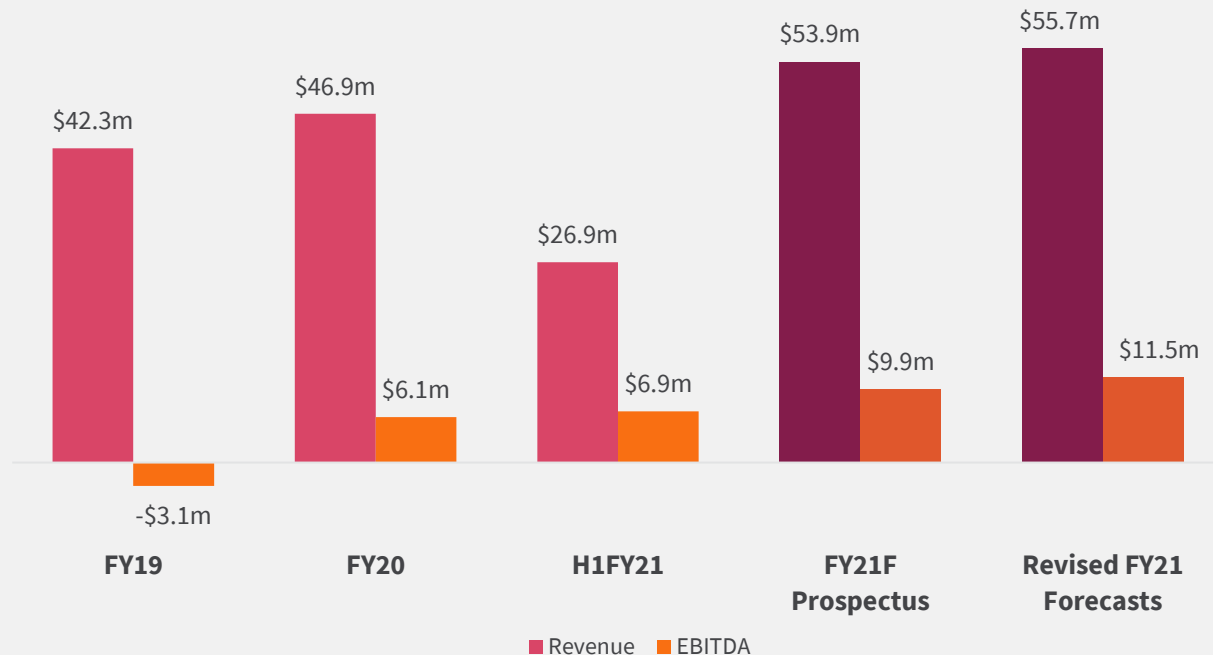
**Job volumes** **0.4m**  
Up 17%

**Jobs from repeat consumers** **64%**  
Q3 FY20: 59%

# Upgrade to FY21 Prospectus Forecasts

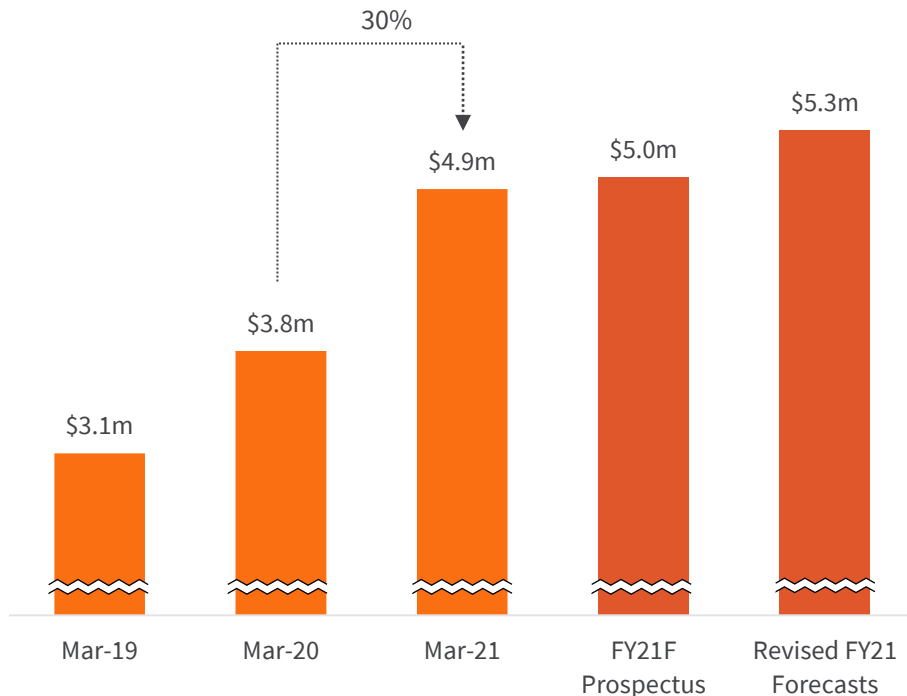
	Revised FY21F	Prospectus FY21F	Var (%)	Pro Forma FY20	Revised FY21F Var (%)	Prospectus FY21F Var (%)
Total Revenue (\$m)	55.7	53.9	3%	46.9	19%	15%
Recurring Revenue (\$m)	52.6	50.5	4%	42.2	25%	20%
Recurring revenue % total	94.4%	93.6%	1pts	90%	4pts	4pts
EBITDA before Significant Items	11.5	9.9	16%	6.1	88%	62%
EBITDA before Significant Items Margin	21%	18%	3pts	13%	8pts	5pts
NPAT	0.3	-1.8	117%	-4.2	107%	58%
MRR (\$m)	5.3	5.0	6%	4.1	28%	21%
Job volume (m)	1.6	1.5	3%	1.4	14%	10%
Subscription tradies (000s)	31	30	4%	28	12%	7%
Total Tradie ARPU (\$)	1,525	1,449	5%	1,194	28%	21%

# Delivering sustainable profit growth<sup>1</sup>



# Strong growth in Monthly Recurring Revenue<sup>1</sup>

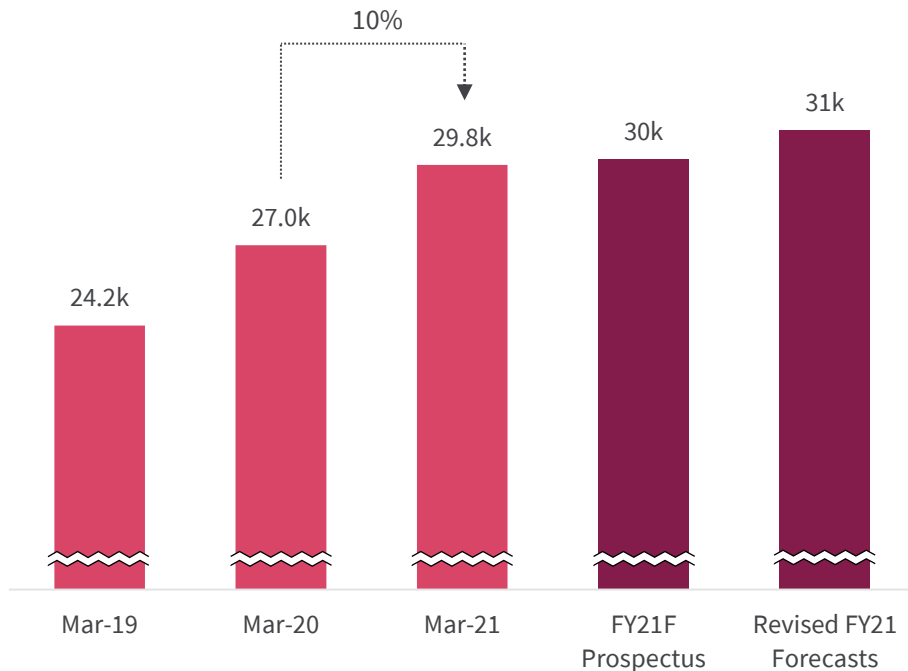
Acceleration in MRR as more tradies subscribe and ascend to higher price points



- MRR<sup>1</sup> of \$4.9m @ March 2021, up 30% vs pcp underpins strong recurring revenue growth
- Driven by growth in subscription tradies, jobs and APRU
- Flywheel effect of double-sided marketplace
- Upgrade to FY21 Prospectus forecast for MRR @ June 2021
  - from \$5m, up 21% on pcp
  - to \$5.3m, up 28% on pcp

# Subscription tradie base continues to expand

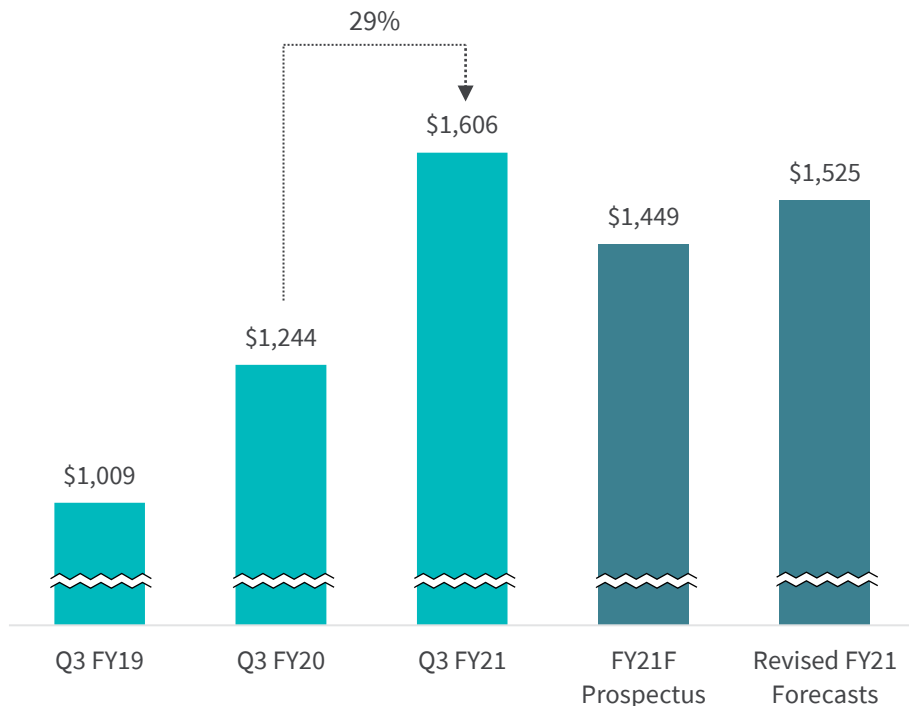
Improvement in subscription product offering drives tradie engagement at higher price points



- Total subscription tradies of 29.8K in Q3 FY21 up 10% on pcp
- Upgrade to FY21 Prospectus forecast for Subscription Tradies @ June 2021
  - from 30K, up 7%
  - to 31K, up 12%
- Marketing initiatives in place to further accelerate the number of tradie subscriptions

# Subscription model drives growth in Total Tradie ARPU<sup>1</sup>

Unlocking value as tradies opt for higher tier packages



- Total Tradie ARPU<sup>1</sup> of \$1,606 in Q3 FY21 up 29% on pcip
- Driven by
  - Move to subscription only product
  - New and improve features
  - New subscribers joining at higher price points
  - Existing subscribers upgrading to higher price tiers
- Upgrade to FY21 Prospectus forecast for ARPU
  - From \$1,449, up 21% on pcip
  - To \$1,525, up 28% on pcip



# Building brand awareness, less reliance on paid channels

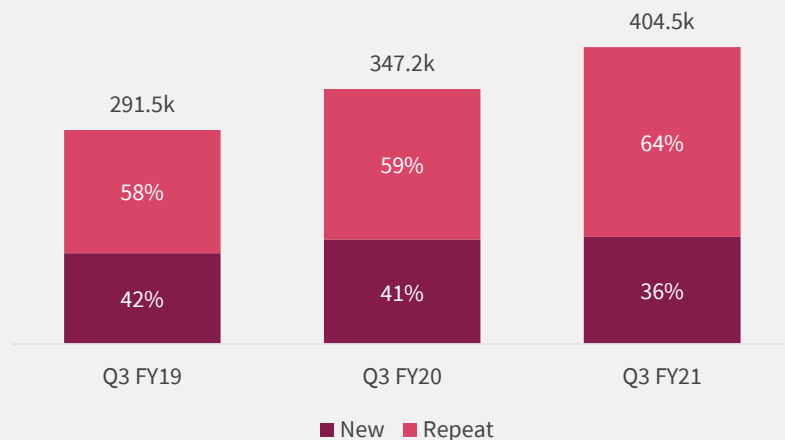
- Jobs from unpaid channels up 35% in Q3 FY21 on pcp
- Brand awareness increased to 56% from 27% in July 2018
- Platinum sponsor of *The Block*
- Sponsorship of *Better Homes & Gardens* starting in March 2021
- In Jan 2021, launched brand campaign targeting trade businesses
- Reinvesting SEM efficiencies in tradie acquisition, jobs from unpaid channels 75% of total jobs



# Building consumer trust and brand awareness

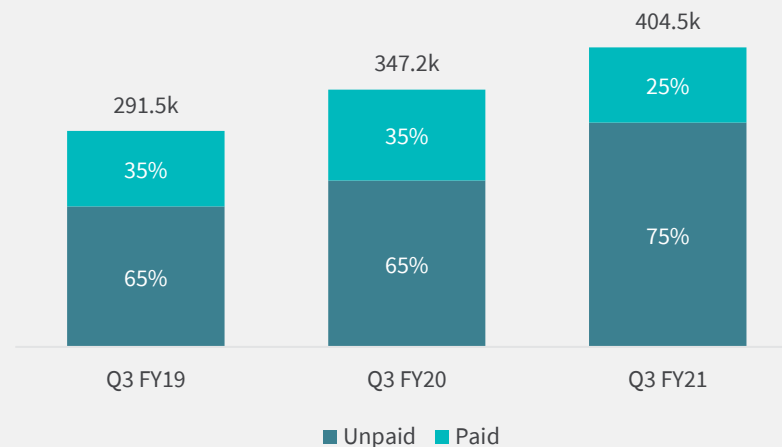
17% increase in job volumes in Q3 FY21 with strong growth in jobs from repeat consumers<sup>1</sup> and unpaid channels

## 64% of jobs from repeat consumers



26% increase in jobs from repeat consumers<sup>1</sup>

## 75% of jobs from unpaid channels



35% increase in jobs from unpaid channels

# Customer retention improves as target higher value tradies

- H1 FY21 churn as % of revenue was 23%
- H1 FY21 counter churn of 3.5% was lower than FY21 Prospectus Forecast of 3.8%
- Counter churn is higher than revenue churn as result of churn from lower value customers in line with strategy
- Industry churn is offset by new trade businesses
- Reported churn inflated as 10-15% of new customers have been on hipages platform before

## Total monthly counter churn will continue to improve as:-

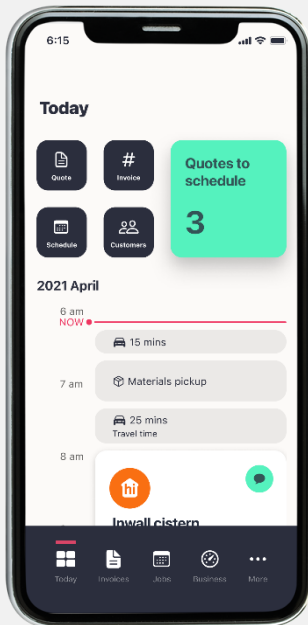
- Target higher value customers - better retention, ROI and LTV
  - H1 FY21 - 2.6% for tradies on packages >\$129 pm
  - H1 FY21 - 1.8% for tradies on packages >\$299 pm
  - Average yield for new tradies is at \$122 pm which will reduce average churn
- Target medium to larger size customers
- Deliver field service software solutions and other ancillary products to drive further improvements in retention

**Tradies on packages >\$129 represent 41% of tradie base but 75% of MRR@ Dec 2020**

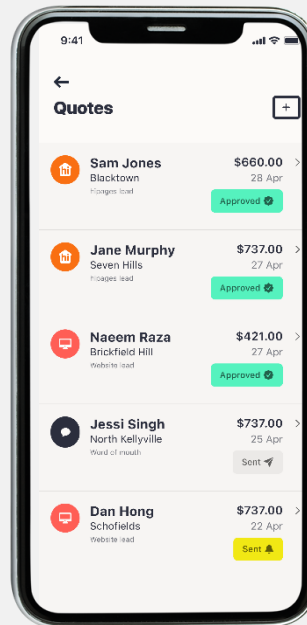
# Introducing Tradiecore



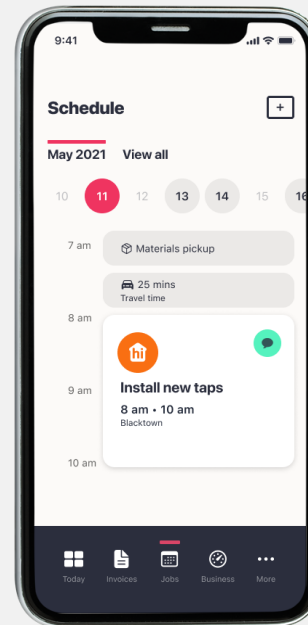
**TRADIECORE**



Got some quotes approved?

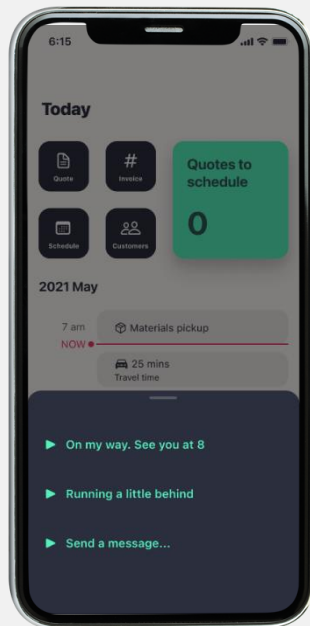


Manage quotes from every source not just hipages

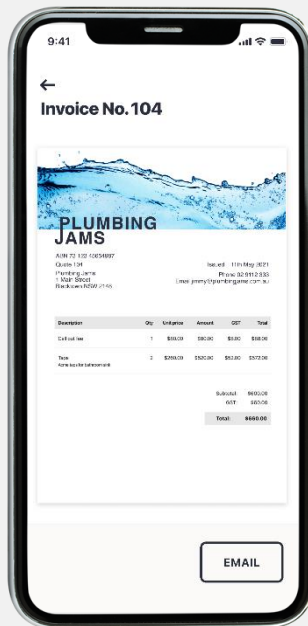


Travel buffer automatically added to the job

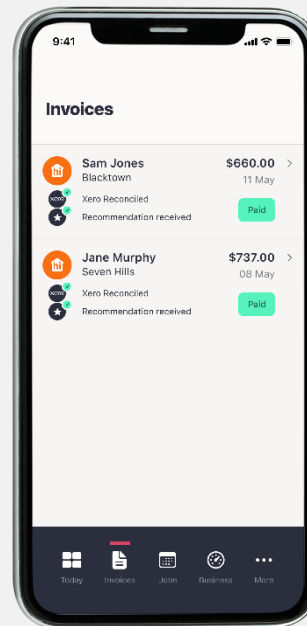
# Delivering a field service software solution



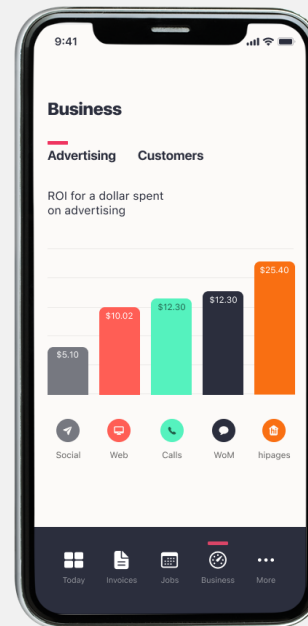
Send a quick message  
you're on your way



Quote to invoice.  
Easy Pezy



Make world class  
customer service



See what's up  
with ROI

# Long-term focus on expanding the ecosystem

## Optimise hipages

- Enhanced subscription offering and moved to subscription-only model
- Customer Experience
- Efficiencies
- Job growth
- System Architecture

## Strengthen hipages

### → Optimise hipages

- **Provide end-to-end solution**
  - Field Service Software (SAAS)
  - End-To-End experience
- **Brand authority**
- **Channel expansion**
  - Government
  - Retail
- **Broaden customer base**

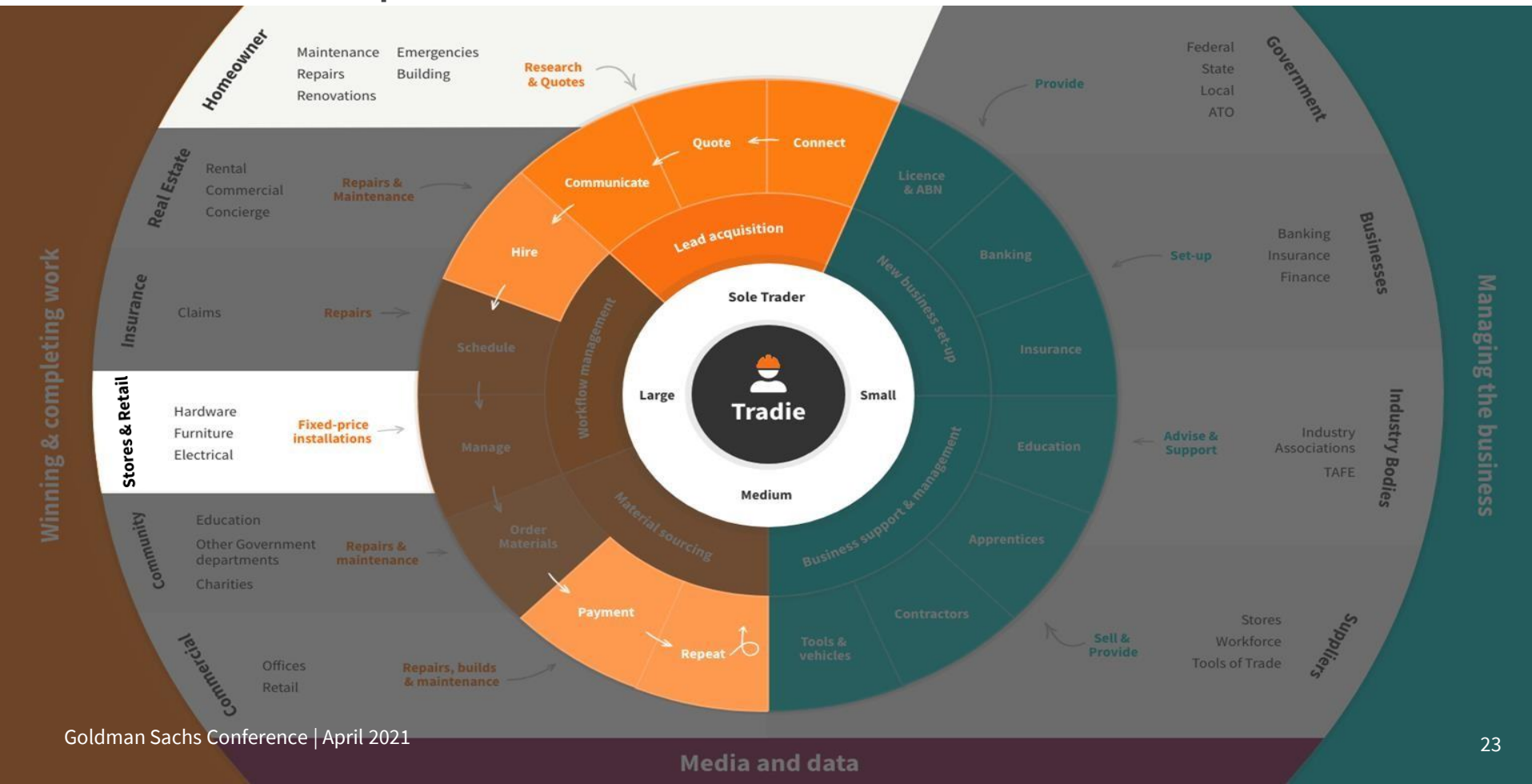
## Expand the ecosystem

### → Optimise hipages

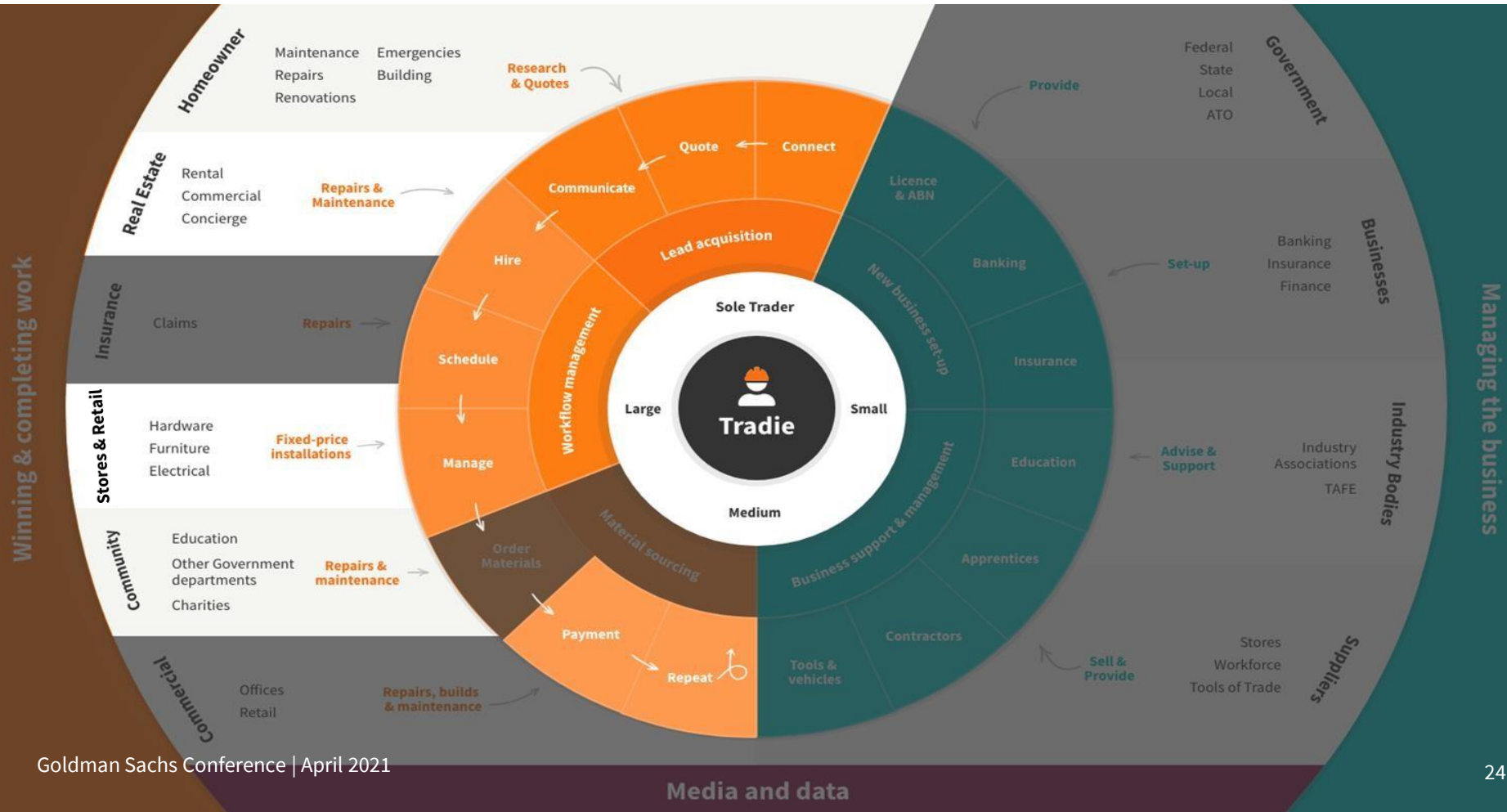
### → Strengthen hipages

- **Value-add services**
  - Fintech
  - Insurance services
  - Procurement & Delivery
- **Channel expansion**
  - Insurance claims (repairs)
  - Property, commercial & facility management
- **Data**
  - Expand fixed priced service
  - On demand booking
  - Media

# From subscription model

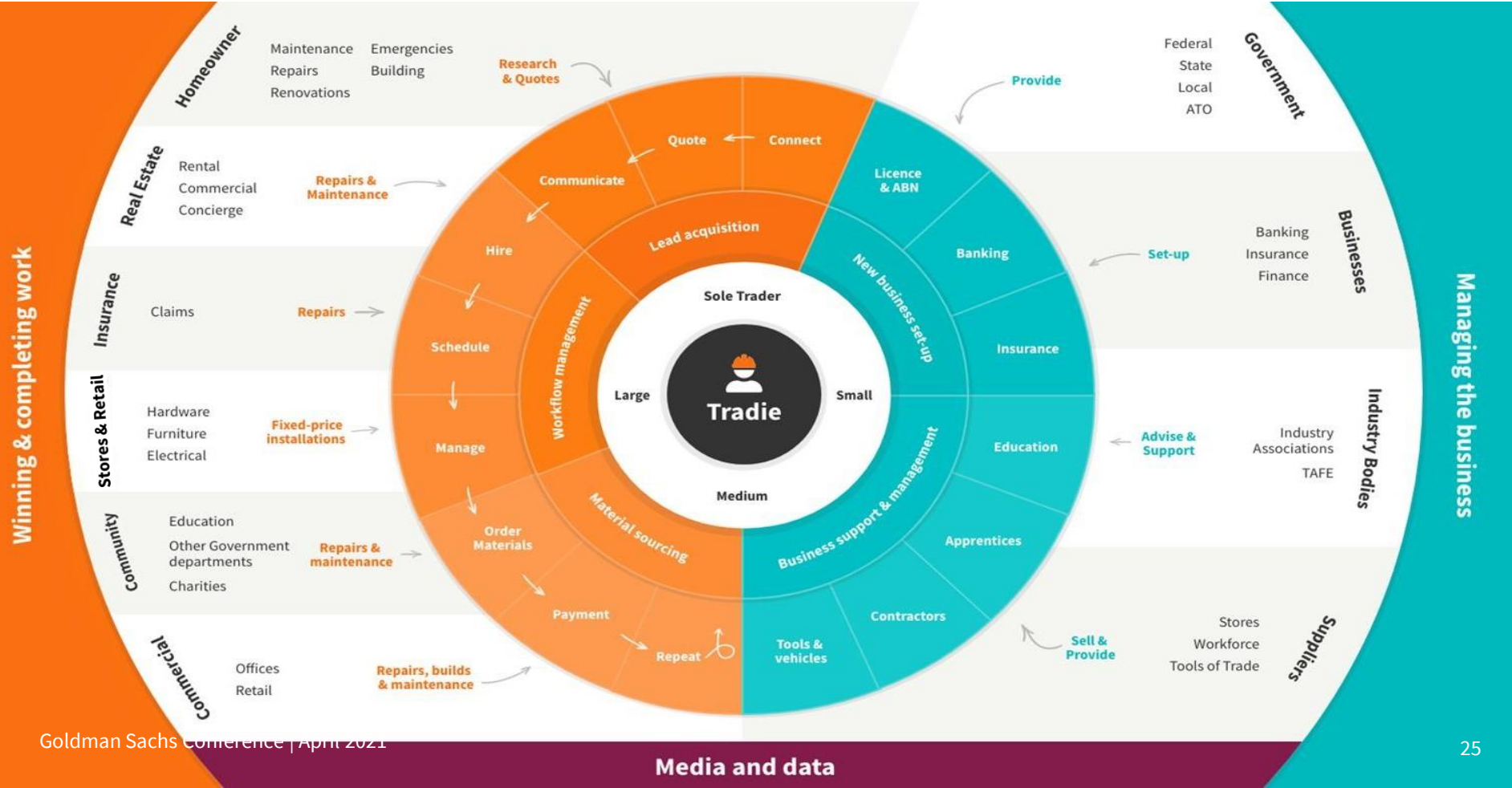


# to Software-as-a-Service (SaaS) provider









# to winning the on-demand tradie economy



# FY21 Outlook

-  **On track to achieve Revised FY21 forecast with strong start to Q4**
-  **Continue evolution to SaaS model with delivery of Field Service software solutions**
-  **Reinvest cost savings in brand marketing, tradie acquisition, technology and product development to accelerate growth beyond FY21**
-  **Continue to optimise job mix and provide highest quality tradie network; tradie base engagement to focus on higher ROI and LTV customers**

# Q&A

# Disclaimer

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