

## ASX ANNOUNCEMENT

# Domain Holdings Australia Limited 2021 Full-Year Results Announcement

## FY21 delivers 66% increase in NPAT on record depth performance

**Sydney, 17 August 2021:** Domain Holdings Australia Limited [ASX:DHG] (“Domain” or “Company”) today announced its 2021 full-year financial results.

Domain reported statutory (Reported 4E) revenue of \$294.2 million, and a net profit after tax of \$34.3 million including a significant loss of \$3.6 million. A dividend of 4.0 cents per share was declared.

### Domain’s underlying results (excluding significant items and disposals):

\$M	FY21	FY20*	% ch	Like-for-like % ch**
Revenue	289.6	261.6	10.7%	9.7%
Expenses	(189.0)	(178.5)	(5.9%)	(5.6%)
<b>EBITDA</b>	<b>100.6</b>	83.1	21.1%	19.0%
EBIT	64.5	44.8	44.0%	41.9%
Net profit attributable to members of the company	37.9	22.8	66.4%	
Earnings per share (EPS) ¢	6.48	3.90	66.2%	
<b>EBITDA prior to accounting change*</b>	<b>102.0</b>	84.4	20.8%	

\*FY20 results have been restated for IFRIC guidance on AASB138 Intangible Assets which reclassifies cloud-based software development costs (previously capitalised) into operating expenses

\*\*Like-for-like adjustments include revenue deferral arising from extended duration of listings, acquisitions and Jobkeeper benefits.

### Key FY21 achievements:

- Accelerating the delivery of our Marketplace strategy across the business;
- EBITDA of \$102.0 million prior to the impact of an accounting change, up 20.8% YoY;
- Reported EBITDA of \$100.6 million after the impact of an accounting change, up 21.1% YoY;
- Net profit of \$37.9 million, up 66% year-on-year;
- 11% increase in controllable residential yield, and record depth penetration;
- 31% like-for-like growth in Core Digital EBITDA;
- Record unique digital audience of more than 9 million\*\*\*;
- 157% like-for-like revenue growth at Real Time Agent.

Domain Chief Executive Officer and Managing Director, Jason Pellegrino, said: “Through the uncertainties of the past year and a half, Domain maintained the pace of business strategy evolution. The adoption of our Marketplace model is designed to make our solutions work better together, expand our addressable markets, and deliver on our purpose to inspire confidence for all of life’s property decisions. The actions we have taken have positioned Domain to take full advantage of an improving property market environment, with Core digital EBITDA growth of 31% like-for-like. The recovery in market listings has combined with an expansion in Domain’s controllable yield to deliver accelerating revenue growth in the second half. While the market recovery was very welcome, it’s been extraordinary for me to see the amazing efforts and outcomes that have been achieved by Domain’s high performing teams.”

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For FY21, on a like-for-like basis, Domain delivered revenue of \$289.6 million up 9.7%, expenses of \$189.0 million up 5.6% and EBITDA of \$100.6 million up 19.0%. Excluding the impact of a recent accounting change, EBITDA was \$102.0 million. Net profit of \$37.9 million and Earnings per Share of 6.5 cents increased by 66%.

At June 2021, net debt was \$79.0 million compared with \$105.8 million at June 2020.

As a result of increased confidence in the property market outlook, and the robust performance of the business, the Board has made the decision to repay benefits received in FY21 from the Federal Government's JobKeeper scheme. This will reduce FY22 EBITDA by \$5.7 million.

## Delivering on our Strategy

Mr Pellegrino said: "At the heart of Domain's Marketplace strategy is our mantra of "Better Together", an approach which maximises the value of each of our solutions through close collaboration, and leverages their differentiated strategic positioning."

## Core Digital (incl. Residential; Media, Developers & Commercial; and Agent & Property Data Solutions)

"Core Digital revenue increased 17% on a reported basis, and 16% like-for-like. Core Digital EBITDA increased 33%, and 31% like-for-like" Mr Pellegrino said.

### *Residential*

"Domain delivers large, high-quality audiences, and in March we reached a new record, with a unique audience of 9.6 million across print and digital, up 23% year-on-year. Our unique digital audience of 9.3 million was an excellent outcome. Engagement metrics remain very high with a 52% year-on-year increase in app launches, and strong growth in listing views and enquiries. Our focus on quality, high intent audiences is driving efficiencies in marketing spend, and this trend continued. We have seen a 55% increase in buyer enquiries, our most valuable audience interaction, while reducing cost per enquiry by 25% year-on-year in the second half," added Mr Pellegrino.

"Residential revenue increased 21% to \$195.3 million, with an acceleration in the second half which increased 32%. Strong demand fuelled a recovery in listings from FY20's COVID-depressed lows. The highlight was an 11% increase in controllable yield for the year. The acceleration in controllable yield to 13% in the second half is even more impressive in the context of the strong Q3 in FY20, and the absence of our usual annual price increase in January. A delayed price increase was successfully implemented in July. Domain continued to drive depth penetration which reached record highs, and supported 22% growth in depth revenue. Through the property market cyclicity, Domain has grown its relevance and the value it delivers to consumers, agents and vendors."

### *Media, Developers & Commercial*

Mr Pellegrino said: "Revenue increased 7%, with a strong recovery in the second half across all three verticals. Media was the strongest performing business of the three, significantly outperforming the broader digital advertising market. Key drivers were a recovery in property related advertising categories, supported by growth in Domain's quality audience.

"Developers delivered a solid revenue increase for the year, benefiting from demand from first home buyer and downsizer markets. The second half performance improved as Victoria emerged from its prolonged COVID-shutdown. CRE revenue was modestly down year-on-year with a significant improvement in the second half. While listings volumes continued to experience COVID impacts, depth penetration improved, benefiting from the flexible value-based pricing model".

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## *Agent & Property Data Solutions*

Mr Pellegrino said: “In Agent & Property Data Solutions, revenue increased 8%, benefiting from a strong second half recovery. Pricer and Homepass delivered strong second half growth from the prior period which included COVID-related support initiatives to agents. Real Time Agent (RTA) delivered ongoing momentum in new customer growth, and expanded the product uptake from existing customers. On a like-for-like basis, RTA delivered a 78% uplift in paid subscribers, and 157% increase in revenue as agents increasingly subscribe for multiple products. RTA’s reported revenue growth was even stronger, benefiting from a full year earnings contribution due to the timing of the acquisition in November 2019”.

## **Consumer Solutions**

Mr Pellegrino said: “Consumer Solutions’ reported revenue was stable year-on-year at \$5.5 million, with the EBITDA loss increasing from \$(3.6) million to \$(6.2) million as Domain Home Loans’ headcount was scaled up to address operating constraints. Reported revenue trends were impacted by the conclusion of a lead generation arrangement at Domain Connections. Domain Home Loans’ underlying revenue growth was 12%, with continued strength in new account creation. Improving conversion metrics in the fourth quarter and a new management team are expected to accelerate future performance”.

## **Print**

Mr Pellegrino said: “Print revenues declined 33% reflecting the print pause during COVID, with a substantial second half recovery as publishing activities resumed. For the year, the mastheads published only 68% of their usual schedule. Cost reduction initiatives, together with print volume declines, supported a 27% year-on-year decline in expenses, and the maintenance of EBITDA profitability. Print remains sustainable in premium markets due to the strategic value it delivers to agents from high value, passive audiences, as well as building agent profile and brand.

## **Dividend**

A dividend of 4¢ per share (100% franked) will be paid on 9 September 2021 to shareholders registered on 24 August 2021.

## **FY22 Outlook**

- In the FY22 year to date, national listings are slightly up on last year. While listing volumes have been impacted by lockdowns, particularly in Sydney, July continued to deliver strong national depth performance. We remain confident in the resilience of the market, as evidenced by consistent patterns of sharp rebounds when restrictions ease.
- We will maintain our disciplined investment approach to accelerate our Marketplace strategy, while retaining a commitment to ongoing margin expansion.
- As a result of increased confidence in the property market outlook, and the robust performance of our business, the Board made the decision to repay grants received in FY21 from the Federal Government’s JobKeeper scheme. This will be reflected in FY22 results.
- For FY22, ongoing costs are expected to increase in the high single digit to low double digit range from the FY21 ongoing expense base of \$195.5 million. This excludes the impact of the JobKeeper repayment of \$5.7 million which will be included in FY22 trading expenses.

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## Investor Briefing

An investor briefing (teleconference and audio/slides webcast) on these results will be held today at 10:30am (AEST).

*Webcast:* Click [here](#) to register/join

*Teleconference:* Click [here](#) to register/join

## Ends

**Authorised for lodgement:** Catriona McGregor, Group General Counsel and Company Secretary

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