

ASX Announcement 8 November 2016

REA Group Q1 FY2017 financial information released

REA Group Limited (ASX:REA) today released details of the year to date financial information to be reported by News Corp on 7 November 2016 (EDT). The News Corp report includes US GAAP financial information for REA Group and its subsidiaries for the three months ended 30 September 2016.

Group financial highlights from core operations² for the quarter ending 30 September 2016 include revenue growth of 16% to \$170m and EBITDA growth of 9% to \$90m.

A summary table of the key financial information is presented below. This information is presented in Australian dollars and is prepared under AIFRS.

<i>Millions</i>	For three months ended 30 September (AUD\$) ¹		
	FY2017	FY2016	% change
Revenue	170	146	16%
Operating expenses	(80)	(64)	26%
Segment EBITDA from core operations ²	90	82	9%
Free cash flow ³	37	49	(24%)

The strong revenue result was driven by the inclusion of iProperty revenue, which was not included in the prior comparative period, and a 14% increase in the Australian residential business. This was achieved in a market which saw an 8%⁴ decline in listing volumes, with the largest decreases occurring in the Sydney and Melbourne markets. The decline in listings was initially due to uncertainty surrounding the Australian federal election, however, listing volumes remained lower for the entire quarter as the lack of stock deterred potential property sellers from entering the market. Listing volumes have remained at these levels in October and we expect these conditions to continue for the remainder of the first half.

Operating expenses increased due to the consolidation of iProperty results, and a higher level of marketing expenditure. This higher rate of expenditure will continue into Q2. Excluding the impact of iProperty, we expect the rate of full year revenue growth to exceed the rate of cost growth.

¹ Q1 results are based on unaudited financial information.

² Core operations is defined as Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and excludes share of losses from associates.

³ Free cash flow is REA Group consolidated cash flows before dividends paid and cashflows from investments in financial assets.

⁴ Source: CoreLogic estimate of New Listings for Sales for Australian Houses only (excluding units and land) for the quarter of Jul-Sep 2016, compared to Jul-Sep 2015.

Continued investment in talent and innovation as well as the consolidation of iProperty and the interest repayments on debt facilities has resulted in a decrease in free cash flow compared to the prior comparative period.

REA Group Chief Executive Officer Tracey Fellows commented: “This has been a strong first quarter for REA Group given the softer market conditions in Australia. Our focus on continuously improving consumer experience and creating value for our customers saw us deliver an increase in depth revenue.”

“Realestate.com.au maintains its clear leadership position with the largest and most engaged audience of property seekers in Australia with average monthly visits to the site being more than 2.3 times our nearest competitor⁵. Consumers spent over 7.5 times more time on our site than any other property site in the country⁶.”

“We are continuing to build our global network and invest in new and innovative ways to change the way the world experiences property. We are creating future revenue streams across the entire property journey which allow us to deliver the most immersive, personalised and engaging property experience.”

A full copy of News Corp’s Form 10-Q to be filed with the U.S. Securities and Exchange Commission (SEC) will be lodged with the ASX when it becomes available. It is noted that the reported US Dollar figures in the News quarterly release may not agree to the Australian Dollar figures noted above, as the reported figures are presented in accordance with US GAAP with which News Corp must comply.

Ends.

For further information, contact:

Media:

Natalie Cerny
Head of Corporate Affairs
M: +61 407 487 221
E: natalie.cerny@rea-group.com

Investors:

Owen Wilson
Chief Financial Officer
P: +61 3 8456 4288
E: ir@rea-group.com

⁵ Source: Nielsen Online Market Intelligence Home and Fashion Suite average monthly visits for the audited sites of realestate.com.au compared to domain.com.au for the three month period ended 30 September 2016.

⁶ Source: Nielsen Online Market Intelligence Home and Fashion Suite share of combined minutes for the audited sites of realestate.com.au compared to domain.com.au for the three month period ended 30 September 2016.



About REA Group Limited: (www.rea-group.com): REA Group Limited ACN 068 349 066 (ASX:REA) is a multinational digital advertising business specialising in property. REA operates Australia's leading residential and commercial property websites, realestate.com.au and realcommercial.com.au, European sites casa.it, atHome.lu and immoRegion.fr, Chinese property site myfun.com and a number of property portals in Asia via its ownership of iProperty Group. REA also has a significant shareholding in US based Move, Inc.

