

ASX Code: FDV

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Investment into two leading SE Asian online classified portals

Frontier Digital Ventures Limited ("Frontier", ASX: FDV) today announces investments into AutoDeal (www.autodeal.com.ph) and Propzy (www.propzy.vn).

Highlights

- **Frontier announces investments into AutoDeal, the #1 new car sales platform in the Philippines, and Propzy, Vietnam's leading transaction focused classifieds business**
- **A\$3.1m investment in AutoDeal using a blend of cash (A\$1.5m) and Frontier equity (A\$1.6m at A\$0.55 issue price) for an initial 33.33% stake**
- **US\$1.2m cash (A\$1.6m) investment in Propzy for a 28.6% stake is payable in 2 tranches, with the second tranche subject to agreed performance milestones**
- **Investments follow Frontier's highly successful approach of partnering with local entrepreneurs to capitalise on the online classifieds opportunity in Frontier markets**
- **AutoDeal and Propzy are already monetising their leading market positions and accelerate Frontier's strategy of building a portfolio of 10 A\$100m businesses**
- **Frontier maintains a strong balance sheet, funding the cash component of both transactions using its A\$22.2m cash balance as at 31 March 2017**

Frontier's CEO and Founder, Shaun Di Gregorio said: *"AutoDeal and Propzy are both very exciting investments for Frontier in the booming South East Asian market. We see a clear path for AutoDeal to leverage our experience in other markets as it seeks to extend its leadership across both new and used car sectors. We expect Propzy to bring significant synergies to our portfolio as it represents our first investment into a fully transaction focused classifieds business, rather than relying on traditional advertising revenue. Both portfolio companies will move straight into our tier 1 portfolio category given their current stage of rapid monetisation."*

The investments into AutoDeal and Propzy are in line with Frontier's near-term goal of bringing 10 portfolio businesses into the monetisation stage. In line with this stated strategy, Frontier continually assesses the performance of its portfolio businesses and disciplined rationalisation may occur over time. Frontier remains focused on its strategy of establishing a >A\$100m market value for each of its monetising investments through subsequent funding rounds and/or stake sales.

Table 1: Frontier's current portfolio and key metrics

	Frontier ownership (%)	1Q 2017 Revenue A\$ (100% basis)	Target markets	Target population (m)
Companies currently monetising				
Zameen	30%	2,442,750	Pakistan	189
Encuentra24.com	39%	1,512,817	Central America	23
AutoDeal	33%	209,366	Philippines	101
iMyanmarhouse	43%	199,337	Myanmar	54
Propzy	29%	125,095	Vietnam	92
carsDB	76%	35,270	Myanmar	54
LankaPropertyWeb	48%	67,372	Sri Lanka	21
Kupatana	31%	47,224	Tanzania	53
Pakwheels	37%	n/a ¹	Pakistan	189
Pre-monetisation stage				
ToLet	39%	106,545	Nigeria	182
meQasa	66%	11,187	Ghana	28
Moteur	49%	23,834	Morocco	34
Growing operating metrics				
Afribaba	65%	21,053	West Africa	61
Casamozambique	42%	107,719	Mozambique	28
IMCongo	66%	4,498	DR Congo	77
carWangu	60%	0	DR Congo	77
TechAfrica (Angocasa/Angolacarr)	60%	0	Angola	25
Total unaudited revenue		5,186,523		

1. Revenue for Pakwheels not disclosed due to commercial sensitivities

About AutoDeal

The investment into AutoDeal represents a strategic expansion into the very large Philippines market. AutoDeal is currently the #1 new car portal in the Philippines based on listings and traffic. By leveraging Frontier's online classifieds expertise, AutoDeal aims to achieve market leadership in the used car market by 2018. The AutoDeal website currently has approximately 1.7m visits per month and generated A\$520k in revenue in 2016. The business currently has 50 employees based in Manila.

AutoDeal was founded with a clear focus on the highly valuable new car market where it has now established clear market leadership. AutoDeal also offers a traditional online classifieds product to the used car market that it is now focused on growing. More recently it has begun successfully rolling out a "v2.0 online classifieds business model" that focuses on expanding transactional revenue streams, including car financing through its current portal.

Frontier continuously assesses and monitors investment opportunities across its target regions and sees the Philippines as a highly attractive market. The Philippines has a population of c.100 million people and a rapidly expanding smartphone penetration rate (30% in 2015 and 20% yoy growth in June 2016). The automotive market is growing quickly, with over 280,000 new vehicles sold per year, over 600 new car dealerships and over 1,000 used car dealerships in the Philippines. As a point of

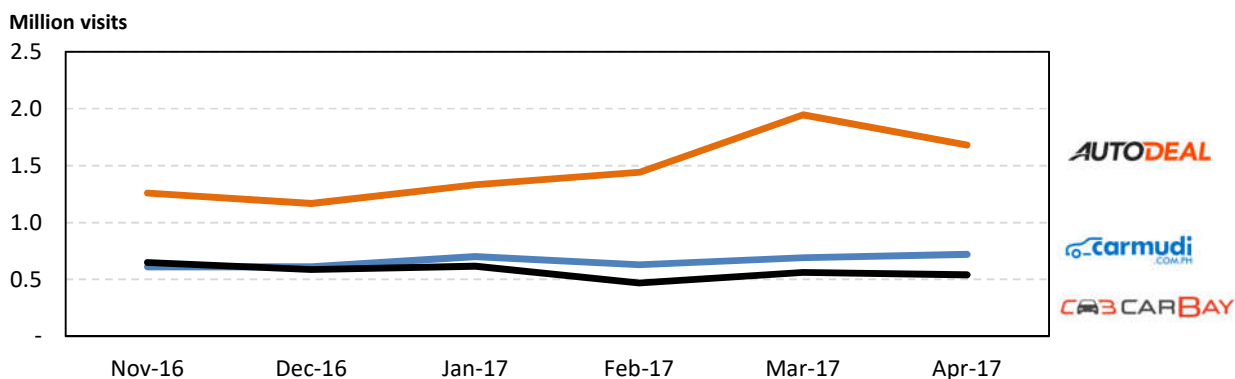
comparison, the new car sales market in the Philippines is 22% larger than in Pakistan, the home market of Zameen (one of Frontier's leading portfolio businesses).

Under the investment terms, Frontier will invest a total of A\$3.1m in several tranches:

- A\$1.0m in cash consideration (new AutoDeal equity issued)
- A\$0.5m in cash consideration (AutoDeal vendor shares acquired within 2 months)
- A\$1.5m in equity consideration (AutoDeal vendor shares acquired within 2 months)

Also under the investment terms, Frontier will invest a further tranche of A\$0.5m into AutoDeal for new shares to increase total ownership to 36.84% upon the achievement of A\$0.8m in total AutoDeal revenues in the 2017 calendar year. The Frontier equity will be issued to the AutoDeal vendors at a price of A\$0.55 per fully paid ordinary share and remain escrowed for 12 months.

Figure 1: Monthly site visits for the top 3 new car online classified portals in the Philippines



Source: SimilarWeb

AutoDeal was founded by experienced entrepreneurs Daniel Scott and Chris Franks who have operated successful technology businesses in the Philippines for more than 10 years. Their previous start-up, Pinoy Auto Trader was one of the first auto classifieds portals in the Philippines. They successfully sold the business to Naspers in 2013, a multinational internet and media group. Daniel Scott and Chris Franks subsequently launched AutoDeal in 2014 with a clear focus on the new car market.

About Propzy

Propzy is an online classifieds platform that originates and facilitates property sale and leasing transactions in Vietnam. It has established a clear competitive advantage in Vietnam by focusing on high quality listings from qualified and approved real estate agents. Once an agent has connected with a potential buyer using Propzy's online platform, Propzy facilitates the physical meeting to allow the local agents to complete the transaction. Propzy receives a commission based on the sale value the agent achieves.

Under the investment terms, Frontier will invest US\$0.8m (A\$1.1m) up front and provide an additional US\$0.4m (A\$0.5m) if Propzy achieves US\$0.6m (A\$0.8m) in net revenues within 2017.

The acquisition of Propzy is in line with Frontier's focus on high growth frontier markets. Notably, Vietnam has a total population of 92m with a very high mobile penetration rate of 147%. By 2017 all 4 major mobile operators had been issued 4G licences, providing the platform for strong increases in internet and smartphone penetration. Strong listing growth in 2017 is expected to significantly drive revenue growth due to the transaction focused business model. In Q1 2017, Propzy facilitated a total of 205 property transactions with an average share of the total commission of 0.40%. In 2015 there were a total of 357k property sale transactions in Vietnam, with potential agency commissions for the whole Vietnamese market as high as US\$1bn.

The CEO and founder of Propzy, John Le, is a highly successful entrepreneur having founded and sold several technology businesses in North America. In 1999, he founded one of the internet's first mortgage trading platforms (LoanTrader) and attracted top tier investors including Goldman Sachs, Citigroup and Koch Industries. John Le has been awarded the Ernst & Young Entrepreneur of the Year (Orange County) and Deloitte's Fast50 winner. In 2009 John Le returned to Vietnam to found Vietnam's first international credit bureau along with operating and financial partner TransUnion.

Corporate and future opportunities

With the addition of Propzy and AutoDeal, Frontier remains well capitalised to fund any cash requirements and option exercises from its existing portfolio using its cash balance of A\$22.2m as of 31 March 2017. Both AutoDeal and Propzy will be consolidated by Frontier for accounting purposes.

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About Frontier Digital Ventures Limited

Frontier Digital Ventures is a leading operator of online classifieds businesses in underdeveloped, emerging countries or regions. With a track record of building and supporting market leading online businesses, Frontier Digital Ventures are experts in the online classifieds space with a particular focus on property and automotive verticals and general classifieds websites. Its portfolio currently consists of 17 leading companies, operating businesses across 19 markets. With the extensive support offered to the local operating companies, coupled with their own energy and work ethic, Frontier Digital Ventures is bringing outstanding companies of global significance to their full potential and setting a new global standard of excellence in the field.