

ASX / Press Release

26 February 2018

Mitula Group announces record revenue in FY17 and launches share buy-back program

The Mitula Group Limited (“**Mitula Group**” or “**Company**”) (ASX: MUA), a leading global classifieds group, has released its full year preliminary financial report for the 12 months ending 31 December 2017 (FY2017).

Key points

- Full year revenues increased by 19.9% year-on-year to a record \$33.6m driven by 14.8% increase in yield-per-visit
- EBITDA margin was 34.5%
- Positive cash flow from operations was \$10.6m with cash at bank \$13.1m as at 31 December 2017
- Total traffic to the Company’s sites in 2017 exceeded 800 million unique visits, a record level
- The Company continued to successfully implement its ‘Closer to the Transaction’ strategy to extract greater value from all traffic to its sites
- Advertising and transaction-based revenue now accounts for 23% of total revenues
- Mitula Group continued to roll out new advertising features to ‘portalise’ its vertical search sites
- The Company’s recent acquisitions continue to perform strongly:
 - DotProperty, the Company’s Asian property classifieds business, delivered strong growth in its first full year under Mitula Group’s ownership, achieving 37% revenue growth
 - Kleding BV (Fashiola) achieved 39% year on year revenue growth
- The Company launched the Mitula Group Innovation Fund in January 2018
- The Company announces its intention to commence an on-market share buy-back for up to 10% of the company’s issued share capital for a period of up to 12 months

Gonzalo del Pozo, CEO and Managing Director of Mitula Group, commented: “The Company delivered strong revenue growth driven by record yields and visits in 2017. The performance of our DotProperty and Fashiola businesses in combination with organic initiatives are adding significant value to the Company by driving overall yield per visit higher.

“We are pleased to report that traffic to our sites has recovered to normal levels. The Company delivered \$10.6m in operational cash flow while investing in the Company’s implementation of the

“Closer to the Transaction” strategy reflecting the underlying strength of the business model and strategy.

“We will continue to build on this platform and carry the strong momentum into 2018. Lastly, our strong cash balance positions the Company to execute on key operational initiatives and future growth plans.”

Financial overview

Total revenue generated for FY2017 was \$33.6m, a 19.9% increase on FY2016. This result was driven primarily by the 14.8% growth in yield to A\$0.042 and 5.4% growth in visits.

FY2017 EBITDA was \$11.6m representing a slight decrease of 2% on FY2016. This was primarily driven by the continued investment by the Company into new initiatives related to the ‘Closer to the Transaction’ strategy.

FY2017 NPAT reached \$5.3m and was impacted by the increase in amortisation charges related to the acquisitions and a net foreign exchange loss for the year.

During the full year, the Company recorded positive operating cash flow of \$10.6m. This represents a strong EBITDA to operating cash flow conversion of 91.2%. The investing cash outflow of \$15.5m was primarily related to the Fashiola acquisition in March 2017.

Mitula Group finished FY2017 with a strong cash balance of \$13.1m and no debt. The strength of the Company’s balance sheet underpins the “Closer to the Transaction” strategy of pursuing key advertising and transaction initiatives to improve yields.

Financial summary		FY2017	FY2016	Change (%)
Revenue	\$'000	33,595	28,023	19.9%
EBITDA	\$'000	11,647	11,931	(2.4%)
EBITDA margin	%	34.7%	42.6%	
NPAT	\$'000	5,278	8,174	(35.4%)
Operating cash flow	\$'000	10,618	11,012	(4%)
Investing cash flow	\$'000	15,498	7,569	105%
Cash	\$'000	13,141	20,462	(36%)

Business transformation continues

During the year, Mitula Group delivered various transformational initiatives which underpinned the Company’s record revenue and yield performance in FY2017. These initiatives included:

- **‘Portalising’ vertical search sites:** roll out of key advertising initiatives across the existing vertical search sites in selected high value markets
- **Growing DotProperty:** continued traction in key South East Asian market and recently appointed Natt Ford as GM to drive the next phase of growth
- **Strong growth in Fashiola:** continues to perform well, achieving significant operational and financial growth and generate momentum into FY2018
- **Introduction of key transaction initiatives:** roll out of revenue streams across the platform in selected categories and markets, including the South East Asia property transaction business
- **Innovation fund:** launched an innovation fund to grow the Mitula Group ecosystem with the objective to accelerate growth of advertising, transaction and data base revenues

These key initiatives are consistent with the “Closer to the Transaction” strategy and accelerated the Company’s transformation in FY2017. The Company is now focused on building upon this momentum.

Share buy-back programme

The company today announces its intention to commence an on-market share buy-back for up to 10% of the Company’s issued share capital or approximately 21.4 million ordinary shares for a period of up to 12 months. Mitula Group has appointed Baillieu Holst to act as its broker. The buyback is expected to commence from March 2018.

The share buy-back programme will enable Mitula Group, as part of its capital management policy, to buy back its shares should the Company’s share price trade at a significant discount to what the Board considers its underlying value. No target price has been set. The buyback program will be funded from the Company’s existing cash balance and free cash flow.

The share buy-back program will be within the ‘10/12 limit’ permitted by the Corporations Act 2001 (*Cth*) and therefore does not require shareholder approval. The number of shares and timing of purchase will be dependent on the Company’s share price and market conditions from time to time. The Company also reserves the right to vary, suspend or terminate the share buy-back.

ENDS

About the Mitula Group

The Mitula Group was founded in 2009 and is a leading digital classifieds group operating vertical search, portals, and transactionbased sites:

- It operates 225 vertical search sites across property, employment, motoring, and fashion in 54 different countries and 21 different languages. These sites operate under the Mitula, Fashiola, Kleding.nl, Nestoria and Nuroa brands; and
- It operates 10 property portals in 9 South East Asian countries under the DotProperty and Thailand-property brands.

The Mitula Group generated an average of 67 million visits per month during FY2017 to its network of vertical search and portal sites.

The Mitula Group monetises visits to these sites through a range of products and services including:

- Clicks based revenues: Google AdSense and cost-per-click sales
- Advertising based revenues: display advertising, listing sales (on portals), native ads, and other advertising products
- Transaction based revenues: cost-per-acquisition, cost-per-lead and commission sharing products

The Mitula Group customers include portals (property, employment, and motoring), online fashion stores, general classified sites, real estate agents, developers, and general display advertisers.

The Company listed on the Australian Securities Exchange (“ASX”) on 1 July 2015 and trades under the ASX code MUA.

Further Information

Gonzalo del Pozo
CEO

gonzalo@mitulagroup.com

Simon Baker
Chairman

simon@mitulagroup.com