

**ASX Announcement**  
**11 May 2018**

## REA Group Q3 FY 2018 financial information released

### Double digit growth in Revenue and EBITDA for the period ending 31 March

REA Group Limited (ASX:REA) today announced its results for the year to date financial information reported by News Corp on 10 May 2018 (EDT). The News Corp report includes US GAAP financial information for REA Group and its subsidiaries for the three and nine months ended 31 March 2018.

Group financial highlights from core operations<sup>1</sup> for the nine months ending 31 March 2018 include revenue growth of 20% to \$592m and EBITDA growth from core operations of 21% to \$345m.

Financial results from core operations<sup>1</sup> include:

<i>Millions</i>	For nine months ended 31 March (AUD\$)		
	FY2018	FY2017	% change
Revenue after broker commissions	<b>592</b>	493	20%
Operating expenses <sup>1</sup> (excluding associates)	<b>(241)</b>	(204)	18%
EBITDA <sup>1</sup> (including share of losses of associates)	<b>345</b>	286	21%
Free cash flow <sup>2</sup>	<b>185</b>	170	9%

<i>Millions</i>	For three months ended 31 March (AUD\$)		
	FY2018	FY2017	% change
Revenue after broker commissions	<b>186</b>	156	19%
Operating expenses <sup>1</sup> (excluding associates)	<b>(81)</b>	(69)	18%
EBITDA <sup>1</sup> (including share of losses of associates)	<b>102</b>	86	19%
Free cash flow <sup>2</sup>	<b>65</b>	60	8%

These results were driven by the strength of the Company's residential and commercial businesses and the inclusion of the financial services business, which was not included in the prior comparative period. The growth achieved during the quarter is pleasing given listing volumes in Australia were lower due to the timing of Easter and project launches continuing to be lower than the prior corresponding period. This resulted in modest growth in the developer business.

The financial services segment, which launched in the first half, remains on track to deliver the previous FY18 revenue guidance of between \$26m - \$30m and EBITDA between \$7m - \$11m. The Asia segment continues to grow audience share across the region with increases in app and site visits as well as unique

<sup>1</sup> Financial results from core operations excludes non-recurring items such as revaluation and unwind of deferred consideration, transaction costs and impact of the change in US tax rates on Move. Inc.'s results. Also excluded from 2017 results is discontinued operations (net of gain on sale).

<sup>2</sup> Free cash flow is REA Group consolidated cash flows before dividends paid and cashflows from investments in financial assets.



audience. This has also extended the Group's leadership positions in both Malaysia and Indonesia.

The rate of operating expense growth is partially due to the inclusion of financial services as well as increased marketing activities. It is expected the rate of full year revenue growth will exceed the rate of cost growth, including financial services.

REA Group has seen some exciting developments in the quarter, including a rapidly growing portfolio of original content. In the 12 months since launch, the Lifestyle experience has become Australia's leading publisher of original property-related video and digital content, housing more than 11.5m minutes of video<sup>3</sup> and over 1,600 articles<sup>3</sup>.

The Company's focus on personalisation has made its web and app experiences faster and easier to use, helping connect consumers with the right properties and information at the right time. Data continues to play a key role in influencing the Group's strategy and to provide customers and consumers with deeper property insights.

On 1 May 2018, REA announced that realestate.com.au Pty Ltd entered into an agreement to acquire 100% of Hometrack Australia Pty Ltd ("Hometrack Australia") subject to ACCC approval. Hometrack Australia is a provider of property data services to the financial sector. The purchase consideration of \$130m will be funded from existing cash reserves and debt of \$70m.

Commenting on the results, REA Group Chief Executive Officer, Tracey Fellows, said:

"We continue to extend our audience lead, with app launches reaching a record high of three times more than the nearest competitor<sup>4</sup>. The combination of consumer innovation and creating the best and most personalised property experiences is what makes us the number one place for property.

"We are pleased with the strong momentum our financial services business is building. More than a quarter of a million Australians<sup>5</sup> have created a financial profile on realestate.com.au. They are highly engaged and demonstrate strong intent to look to us to help them purchase their homes.

"The recent acquisition of Hometrack Australia is a natural extension for our Australian business. It means we will be able provide our customers and consumers access to more property data with more accuracy than ever before," said Ms Fellows.

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-**

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<sup>3</sup> REA Internal Data March 2017 through March 2018. Total minutes of video and total articles.

<sup>4</sup> Source: Nielsen Digital Content Ratings - Monthly app launches for realestate.com.au compared to domain.com.au for the month ended 31 March 2018.

<sup>5</sup> REA Internal Data September 2017 through March 2018. Total financial profiles saved.



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**About REA Group**

About REA Group Limited: ([www.rea-group.com](http://www.rea-group.com)): REA Group Limited ACN 068 349 066 (ASX:REA) (“REA Group”) is a multinational digital advertising business specialising in property. REA Group operates Australia’s leading residential and commercial property websites, [realestate.com.au](http://realestate.com.au) and [realcommercial.com.au](http://realcommercial.com.au), [spacely.com](http://spacely.com), Chinese property site [myfun.com](http://myfun.com) and a number of property portals in Asia via its ownership of iProperty Group. REA Group also owns Smartline Home Loans Pty Ltd, an Australian mortgage broking franchise group, and holds a significant shareholding in property websites Move, Inc in the US and PropTiger.com, Makaan.com and Housing.com in India.