

ASX Code: FDV

4 September 2018

1H FY18 results conference call transcript

Frontier Digital Ventures Limited ("**FDV**", ASX: FDV) wishes to advise that its CEO and Founder, Shaun Di Gregorio, hosted a conference call for investors and media to discuss the 1H FY18 results on 28 August 2018.

A copy of the transcript is attached, which is intended to be read in line with the 1H FY18 results presentation released to the market on 28 August 2018.

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About FDV Limited

FDV 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, FDV is an expert in the online classifieds space with a particular focus on property and automotive verticals and general classifieds websites. Its portfolio currently consists of interests in 15 leading companies, operating businesses across 15 markets. With the extensive support offered to the local operating companies, coupled with its own energy and work ethic, FDV is bringing outstanding companies of global significance to their full potential and setting a new global standard of excellence in the field.

1H 2018 RESULTS CONFERENCE CALL - TRANSCRIPT

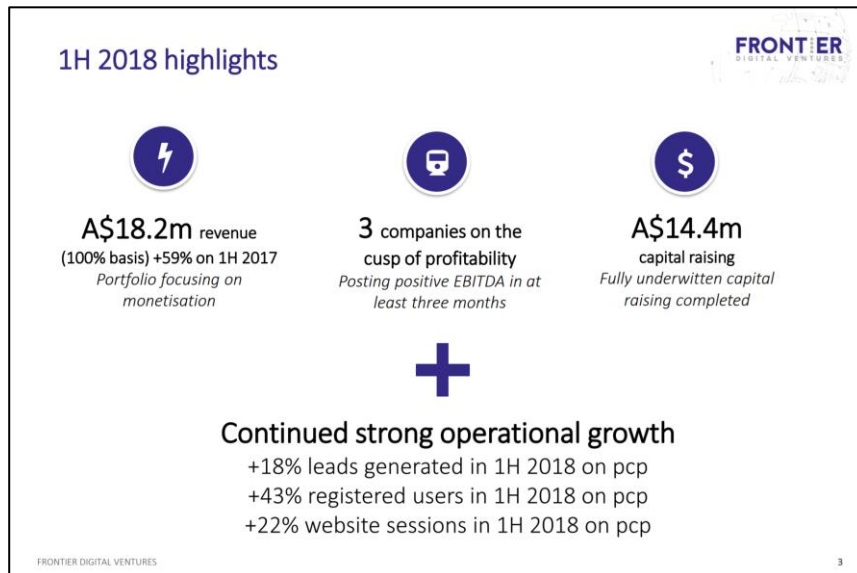
- **Date:** 28 August 2018
- **Time:** 2:00pm AEST

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Shaun Di Gregorio (CEO and Founder, FDV):

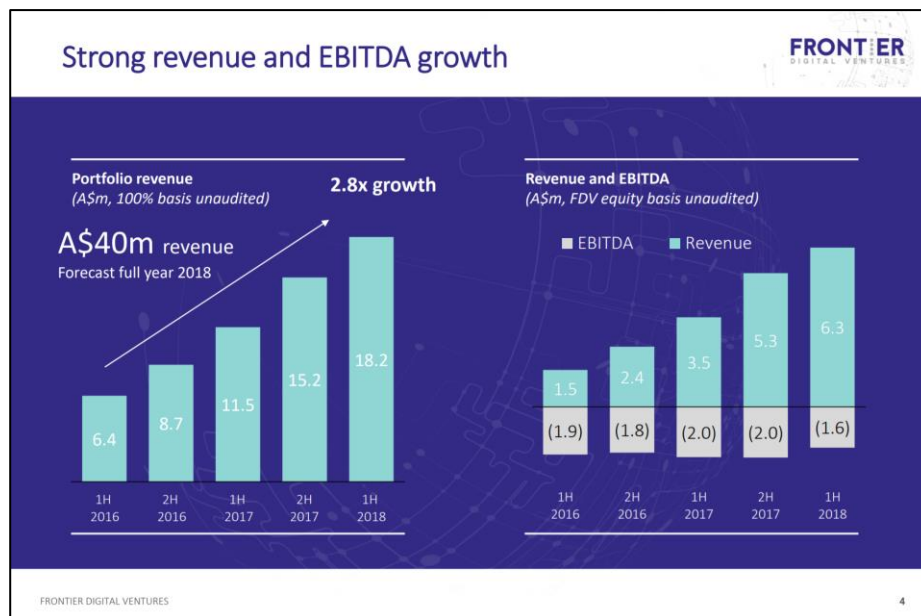
Hi everyone. Thank you for joining the call. We are presenting our first-half results this afternoon. We previously have released our quarterly, or our half-year, revenue update at the end of July. For those here who follow us more closely, you will probably be familiar with a lot of the numbers, so we will touch on those and talk a bit about our ongoing strategy as well.

We have in this updated version of our investor deck provided a bit more of a narrative about who we are, why we like the industry we are in, which is online classifieds, the markets that we operate in and what we do in those markets.



Slide 3: We have a portfolio of online classifieds businesses in frontier and emerging markets. We track the progress primarily by the revenue at a 100% portfolio level. When we look at our portfolio, we generated a bit over \$18 million AUD in revenue in the first half, which is about a 60% increase year on year. That has been another strong half of growth for us, so very pleased with that outcome.

We continue to push the companies in our portfolio through to trading profitably, as part of our strategy, and we are seeing a number of those on a monthly basis record positive EBITDA results which is very encouraging. To cap off our first half we also completed our rights issue where we raised \$14.4m, fully underwritten and oversubscribed. This was a great outcome for the business in the first half. The funds raised will continue to help us progress our strategy, which is to invest more in the portfolio companies that are doing well and look to consolidate our existing markets as well. We continue to look for new opportunities of which there are probably a limited number. The operational metrics on slide three are at a 100% portfolio level - again we have had strong growth across those key operating metrics; strong growth in users registering on the websites and of course generating leads to advertisers.



Slide 4: If you go on to slide number four, you get a breakdown of the half on half growth since we listed, which is two years ago almost to the day. You can see that over this period we have tripled our portfolio revenue, which puts us on track for about \$40 million AUD at 100% portfolio level this calendar year. We have tripled revenue since we IPO'd and have had tremendous growth over the last two years.

When you look at the breakdown of that revenue, you have got the 100% view on the left, and on the right side you have got our equity share. You can see that the growth from IPO, again, the business has about tripled in size, and you also see that our EBITDA we have kept very much under control.

Our strategy is pretty simple; continue to grow our top line revenue, manage our businesses through to profitability, and as we do that, acquire more of the businesses that are doing well in our portfolio. If we

think that there are some new investment opportunities that we identify in the markets, that suit our strategy, then we will pursue those.

Consistent and strong revenue growth across the portfolio in 1H 2018 ¹				
	FDV ownership (%)	1H 2017 Revenue A\$ (100% basis)	1H 2018 Revenue A\$ (100% basis)	Growth (%)
Consolidated investments²				
AutoDeal	33%	411,846	478,076	+16%
carsDB	76%	71,058	222,248	+213%
Encuentra24	42%	3,298,524	3,650,500	+11%
Hoppler	21%	185,330	333,506	+80%
iMyanmar	43%	452,466	641,913	+42%
LankaPropertyWeb	48%	128,976	259,254	+101%
meQasa	86%	45,934	99,653	+117%
Angocasa/Angolacarr	75%	0	52,600	n.m.
PropertyPro (formerly ToLet)	39%	162,468	169,310	+4%
Associates²				
Zameen	30%	5,067,927	9,738,248	+92%
Pakwheels	37%	643,046	1,028,528	+60%
Infocasas	31%	561,853	1,086,304	+93%
Propzy	20%	284,355	249,357	(12%)
Moteur	56%	71,000	143,379	+102%
Kupatana	29%	75,330	50,278	(33%)
Total revenue		11,460,114	18,203,152	+59%

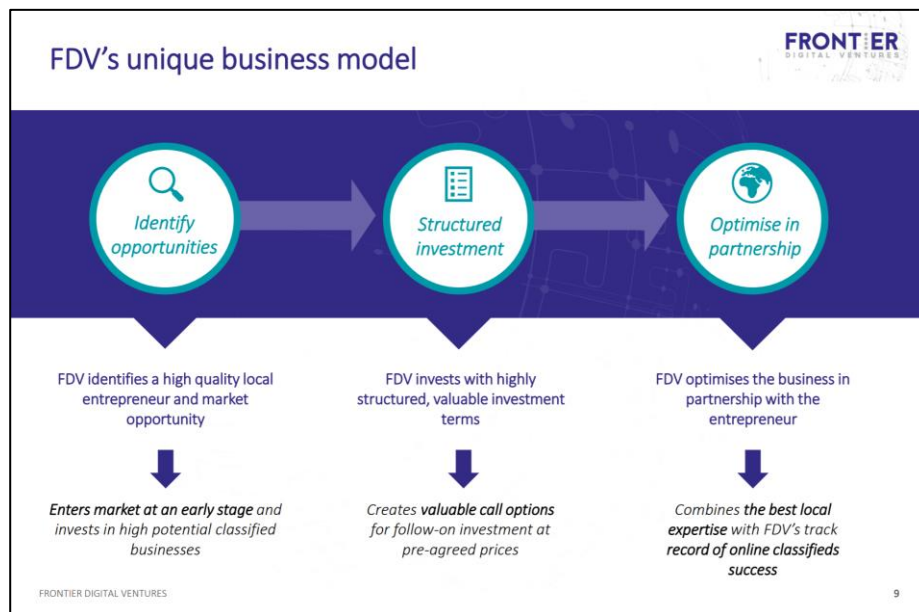
Notes:
1. Excludes investments that have been withdrawn/exited including Afribaba, carWangu, casaMozambique and IMCongo
2. Accounting treatment as at 30 June 2018

Slide 5: If you go down to page five, you will see a breakdown by company. Keep in mind, when we report on a statutory basis we consolidate nine of them and we equity account for the remainder. When you look at our statutory numbers, it doesn't really represent the complete picture of the portfolio, which is why we report on a 100% portfolio basis and then provide the equity share view as well.

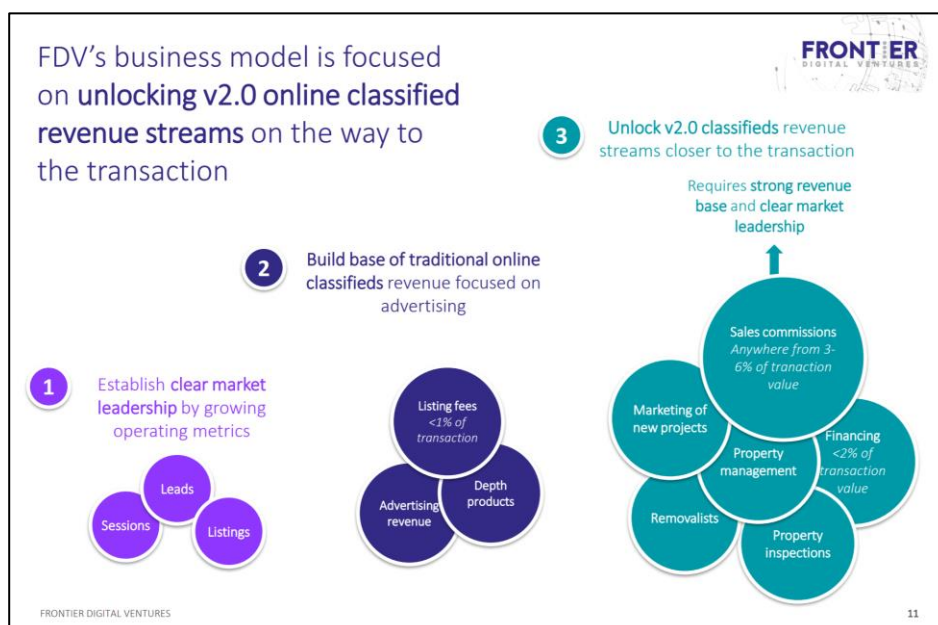
You can see on a company by company line, all of the businesses have had reasonably good halves, a couple that have paused, but overall, we are pretty happy with the sum of the parts. It is important to note that none of the businesses ever grow at the same rate - some are seasonal, some progress faster in the second half than the first. So for us we keep our eye on the longer journey and noting that we continue to see good growth within the portfolio companies, with 59% year on year growth for the total portfolio of companies.



Slide 8: Into the next section, which is 'Who is FDV?'. I assume that most of the people on the call are familiar with our strategy, but we'll take a moment to reiterate it. We continue to look at our core markets which is developing Asia ex-China and then the LATAM region, where most of our businesses that we have invested in are located. We still have a bias to property portals over auto portals, but they remain the two classifieds verticals that we focus on. We continue to look for high quality local entrepreneurs to run these businesses locally, and our value add is to go in and work with those local entrepreneurs and assist them to grow the business. By overlaying our strategic input and execution assistance, we have been able to unlock a lot of value in these businesses. Key to our strategy has always been partnering with local entrepreneurs and making sure that we identify high growth markets within our core market areas being those businesses in developing Asia, with a secondary focus on the markets in Central and South America, while last on the list is Africa, which is much slower than those other geographic areas.



Slide 9: As you can see on slide nine our business model remains very consistent. It is a matter of looking for high quality local entrepreneurs in markets that we like. We are able to invest in these markets at fairly modest valuations. We structure our investments to create value over the journey and as we work with our local partners it is all about optimising the opportunity in conjunction with the local entrepreneurs.



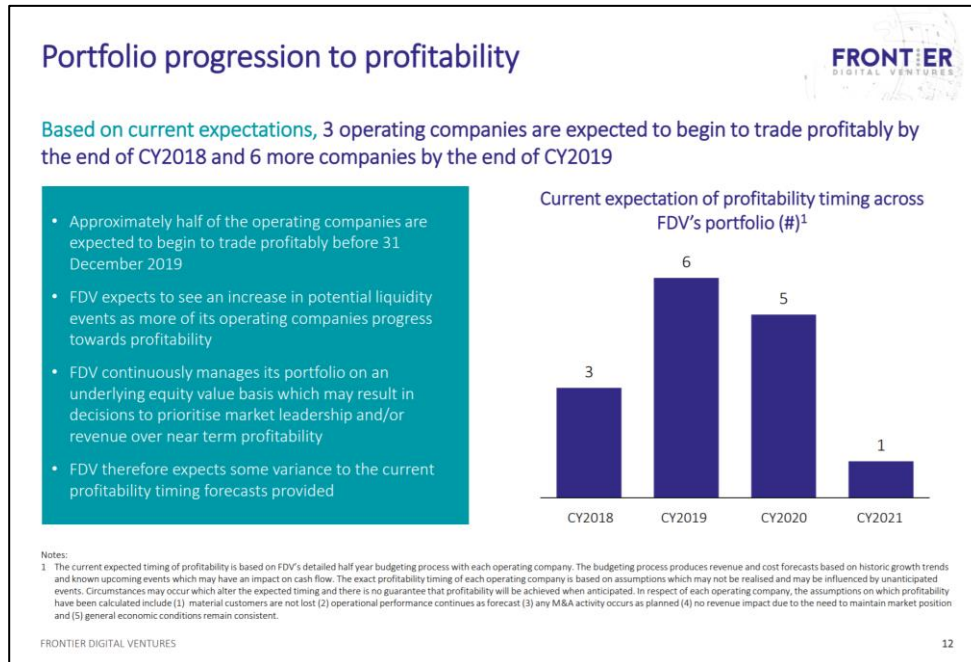
Slide 11: I am going to move to slide 11 now as it lays out the way our business operates in an evolving online classifieds environment. I think this graphic becomes increasingly important when people are building an understanding of the business we operate. If you look at slide 11, it is about our ability to work with our portfolio partners to achieve clear market leadership which is defined by the operating

metrics; you really want to be number one in all of the markets you operate in. Being number two is very, very difficult, and we just don't want to be in that position. We would rather exit an investment than be locked in as a number two in a market.

All of these markets respond to the traditional online classifieds revenue model, but we know that the depth of advertising dollars in these markets is never going to be quite the same as developed markets. The upside for us is that in the absence of the regulation and the bureaucracy of developed countries, the emerging and frontier markets that we operate in provide an opportunity to do more than just the standard online classifieds business model, and that involves the opportunity of getting closer to the transaction of a property or a car.

We are seeing almost all of our property partners now, having established market leadership are now starting to do more and more with buyers and sellers around the transaction of a property, and same goes for the auto space. We are seeing the growth in these businesses come from having established clear market leadership based on the traditional online classified model, which we are all very familiar with, but then leveraging that position to become more involved in the actual transaction of a property or a car in one form or another.

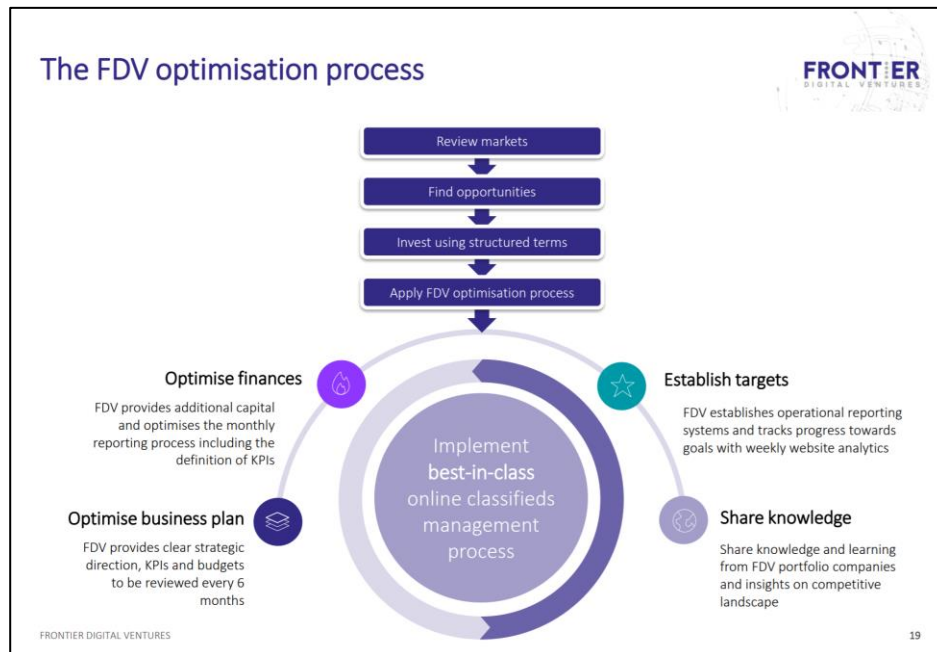
We talk about this version of 'online classifieds 2.0'. It is about facilitating transactions. We have seen an increased level of investment in developed markets now in pursuit of this goal, but we are seeing this occurring in emerging and frontier markets for some years now. It is fast becoming a core part of online classifieds businesses - establishing the basic online classifieds model and market leadership, and then using that market position to get closer to the transaction and more involved in facilitating the transaction. If you think about that logically, once you get to that position, you have got a real good opportunity to grow your revenues, and that is our number one priority. And then, of course, we want to push our companies through to sustainable profitability.



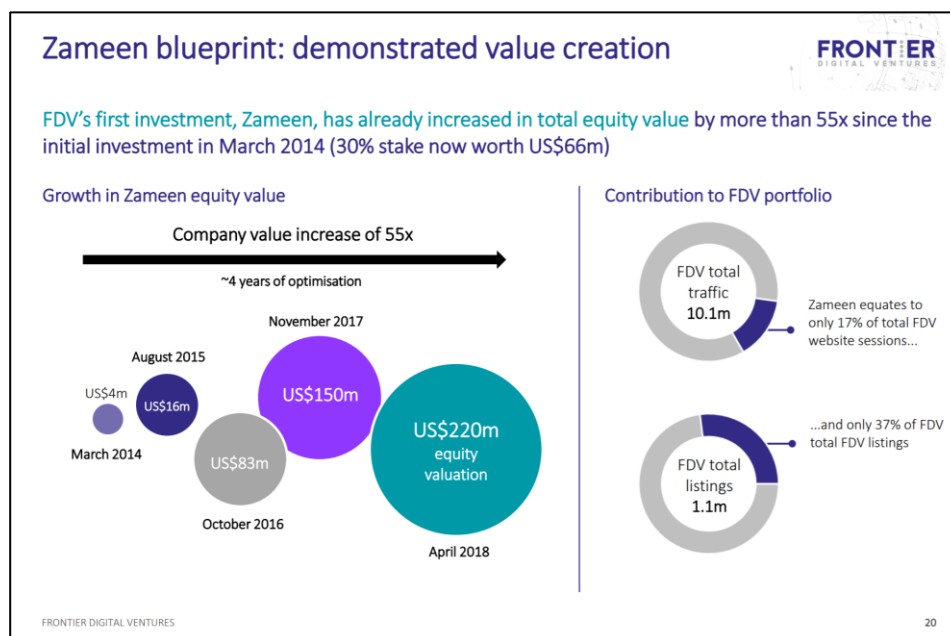
Slide 12: We have had a number of our companies trade profitably from month to month in the first half. A number will continue to do so in the second half. Our goal is to push our portfolio companies through to market leadership, to get involved in the transaction in one form or another and then you give yourself a really good opportunity to become profitable. We are starting to see that happen with a number of our partners in the first half, and we are optimistic about the second half as well. We recognise that when we invest in these companies, once we start growing them, that it is key for them to ultimately become profitable and that is very much a goal for our portfolio over the coming couple of years. Needless to say, there will be some bumps and potholes in the road, but we take a long-term view of the opportunity. Investing in these businesses, helping them grow, getting them to market leadership and helping them get closer to the transaction, and then trading through to profitability.

Slides 13-18:

Over the next number of pages we seek to educate a broader investor audience. We have had tremendous success in building our institutional following over the last couple of years, and I think we have continued to do what we said we were going to do; the best evidence of that is our portfolio revenue has tripled and the EBITDA picture looks better and better. We do recognise that we need to broaden our investor base. I won't stop on these slides as I expect most of the participants on the call are probably institutional investors or analysts.

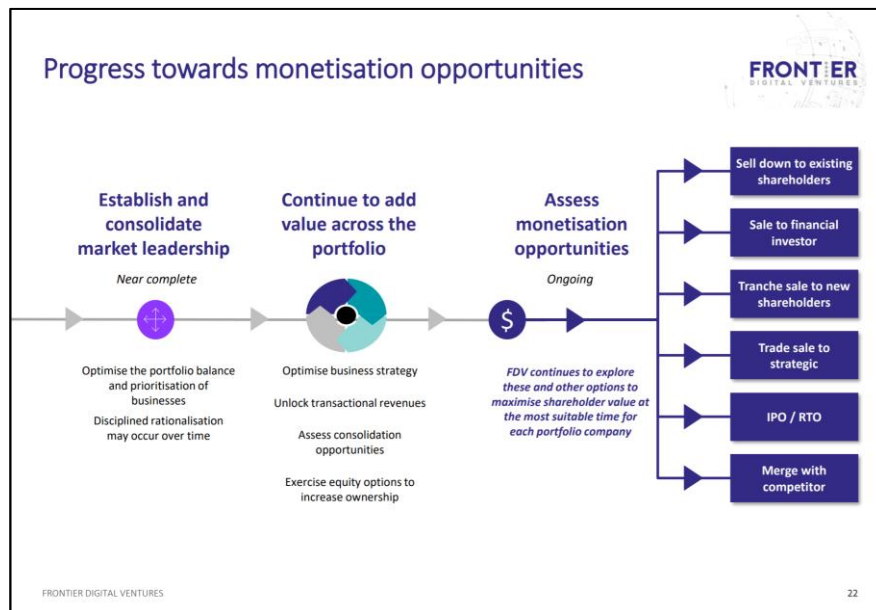


Slide 19: Again, very simple demonstration of our optimisation process. Analysing markets. Finding opportunities. Investing using structured terms, and then applying our ability to help grow those businesses. When you think about what we do, and you look back at our portfolio and the partners we have invested in, you can see some significant growth has occurred on account of us following this FDV process that in many respects we have pioneered, something we're very proud of.



Slide 20: The earliest investment that we made is documented on page 20, and many people who follow our business will be familiar with the story of Zameen. The guys in Pakistan continue to set the standard in operating a property portal in a frontier / emerging market. There has been some political

news out of Pakistan over the past couple of months with the elections. Pleased to say that life has continued as normal, as it often does, and the Zameen business continues to do very well. Our other business in Pakistan which is Pakwheels, also continues to trade well. We acknowledge that there was some nervousness around the election period. The currency drifted a bit but the businesses continue to track really well, so very pleased with how Zameen and Pakwheels are getting along. As this slide demonstrates, Zameen remains a really good case study in what happens when we apply our processes to these businesses.



Slide 22: We often get asked about what our goals are and this slide addresses that question. We invest in online classifieds businesses with the goal of progressing them into market leadership positions. We apply our FDV processes to help grow the business and ultimately push them through to profitability. We have always had a view that we are happy to own a portfolio of profitable online classifieds businesses, and we think that would be a good outcome.

There will be businesses that won't make it over the journey. We have 15 in our portfolio. We expect that number to land in the lower teens and that will involve some optimisation over the journey, but that will take care of itself.

As each business becomes profitable they also become very attractive assets and where we can look at opportunities to monetise these assets, we look forward to doing that, but we are not rushing for that outcome.

We have provided a brief overview of each business – in the appendix, slides 23 onwards, which provides people who are perhaps newer to the story a bit of information about each of the businesses. We continue to report very regularly to the ASX on our quarterly numbers and general progress. So I

think those that follow our story hopefully feel pretty well informed. As we set out to broaden our investor audience , our retail investor base and adding more institutions to the registry, we do our best to educate them about the business model that we have developed and its progress in emerging and frontier markets.

[END OF TRANSCRIPTION]