

Acquisition of One2car.com Thailand & Capital Raising

November 2014



Malaysia

LIVE LIFE DRIVE

evo



Thailand



Indonesia

Summary

iCar Asia Limited has entered into agreements to acquire One2car.com, Thailand's number 1 car classifieds website. This acquisition is a game changer from a competitive perspective.

iCAR WILL BE THE CLEAR LEADER IN ALL 3 MARKETS

Market		Key Outcomes
THAILAND		<ul style="list-style-type: none">✓ Dominant number 1 in core metrics of Listings, Audience & Leads.✓ Monetising approximately 90% of used car dealers in greater Bangkok.✓ 2015 focus on revenue growth, cost synergies and margin expansion.
MALAYSIA		<ul style="list-style-type: none">✓ Market leadership, number 1 in core metrics of Listings, Audience & Leads.✓ Monetising greater than 50% of used car dealers in Malaysia.✓ 2015 focus on revenue growth and margin expansion.
INDONESIA		<ul style="list-style-type: none">✓ Market leadership, number 1 in core metrics of Listings, Audience & Leads.✓ 2015 focus on pushing into new car market and dealer engagement.

One2car background

The acquisition of market leader One2Car creates a dominant leadership position in Thailand.

MARKET POSITION:

- One2Car is the market leading classified website in Thailand
 - 12 year operating history.
 - 1.2m Unique Visitors each month – without meaningful on-going marketing.
 - Dealer perception that One2Car drives approximately 80% of total car buyer leads to dealers in greater Bangkok.
- Key operating base in Bangkok - 37,000 listings from ~1,800 car dealers (approximately 90% of available market).
- All dealer who list on the site pay for subscription-based services.
- One2Car is successful due to its longevity, familiarity to dealers, loyal consumer following and strong search engine optimisation (SEO).

COMPANY DETAILS:

- Annual revenues of approximately THB 45m (approximately A\$1.5m).
- Marginally profitable (EBITDA measure) for each of the last 3 financial years.

ADVERTISING: THAILAND AUTOMOTIVE ADVERTISING MARKET

1

In 2013, the total advertising market in Thailand was worth over A\$4 billion per annum and was growing at over 6% per annum.

2

According to a recent report by Aegis Media, automotive is the largest advertising vertical in Thailand with over A\$350 million estimated to have been spent on automotive advertising (new car) in 2013.

	TOTAL ADVERTISING SPEND 2013 (A\$ billion)	ONLINE AS % OF TOTAL ADVERTISING SPEND	APPROX. ONLINE ADVERTISING SPEND IN 2013 (A\$ million)	FORECAST GROWTH RATE IN ONLINE ADVERTISING SPEND 2014
MALAYSIA	4.52	3.0%	135.60	17%
THAILAND	4.10	3.5%	145.20	24%
INDONESIA	9.98	1.0%	99.80	31%

3

Automotive is also the fastest growing advertising vertical in Thailand, growing at 20% per annum.

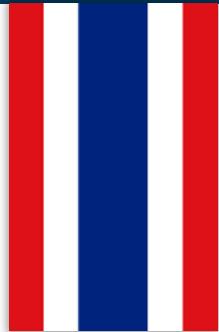
4

Online advertising as a percentage of advertising spend is still relatively low in Thailand at 3.5% (approx A\$145m) as compared to develop markets, however at 24% growth, Thailand has one of the fastest growing internet advertising markets globally.

Sources: Frost & Sullivan
MY – AC Nielsen

TH – Digital Advertising Association Thailand (DAAT)
TH – Aegis Media Report
ID – e-marketer.com

MACRO FOCUS: MACRO THAI AUTOMOTIVE INFLUENCES



THAILAND

ECONOMY

- Population – approaching **70 million**, 3 x size of Australia.
- GDP per capita now close to US\$6,000, above the level beyond which car ownership per capita typically accelerates.
- Low inflation and interest rates provides greater access to financing to facilitate car purchase.

TECHNOLOGY

- Strong growth in internet penetration with close to **20 million people connected to the internet** via broadband.
- Rapid growth in mobile & smart phone usage with **33.6 million people connected to internet via smart phone**.

CAR SALES

- **Currently 12 million registered** cars, similar to Australian levels, however still **growing at 5%+ per annum**.
- 172 people per 1,000 currently own a vehicle vs 703 in Australia.

ADVERTISING

- **Automotive advertising vertical is currently A\$350 million**, the largest advertising vertical in Thailand & **growing at 20% per annum**.
- Internet advertising is at 3.5% of total advertising spend (or **A\$145m**) and **one of the fastest growing internet advertising markets globally at 24% per annum**.

1 The 2014 forecast of new vehicle sales in Thailand is 920,000 units. Further growth is expected in Q4, with a new government in power.

2 Renewed political stability for the National Council for Peace and Order (NCPO) has raised the Consumer Confidence Index to a 15-month high. Positive implications for manufacturers, many of whom have committed to keeping production hubs in Thailand.

3 Commitment from manufacturers such as Mazda, in schemes such as The 2nd Eco Car project, demonstrates advancement of new technologies and the production of better vehicles.

Sources: The Federation of Thai Industries (FTI), Toyota Motor Thailand

With stability returning to the political environment, the Thailand market appears poised to continue automotive growth in both new & used cars segments.

The automotive market is currently of a similar size to the Australian market in terms of vehicle sales and ownership, with greater future growth potential.

WINNING COMBINATION

The combination of One2Car and Thaicar allows clear brand differentiation for consumers & should result in material synergies in marketing, sales and OPEX.

Combined metrics

Metric	Autospinn	Thaicar	One2car
Listings	-	47,000*	36,000
Audience	866,000	461,000	1,251,000
Leads	-	20%	80%

**Used car dealer listings only; Thaicar has a total of 120,000 listings*

The 3rd largest classified site in Thailand has only 11,000 listings and a monthly audience of only 200,000.

Planned Integration Strategy

- Possibly operate a 2 brand strategy:
 - One2Car - premium market, new car and larger dealers.
 - Thaicar.com - small dealership market and private sellers.
- Leadership position will provide a strong platform to introduce product depth/ differentiation and accelerate monetisation and cash generation.
- iCar Asia's technology platform and its Response Management System (RMS) for car dealers will be deployed across One2Car – provides product depth and differentiation.

Summary



- ✓ Achieves clear market leadership in all 3 countries.
- ✓ Monetising Dealers in 2 of 3 markets, moving to revenue growth phase.
- ✓ Expected immediate cost synergies running two Thai businesses.
- ✓ Path to profitability for Malaysia and Thailand to begin in H2 of 2015.
- ✓ Greater internal focus and resources available for longer term value creation in Indonesia.



- ✓ Number 1 used car classified, dominant in core metrics & monetising approximately 90% of Bangkok dealer market.
- ✓ Integrate Response Management System to allow market share growth of still-growing Thailand classified market.
- ✓ Integrate new car 2.0 site features allowing new car revenue growth and poised to take advantage of the shift from traditional media to digital.



- ✓ Position as strategic Number 2 focusing on smaller dealers & private seller market.
- ✓ Allows greater growth opportunities.



- ✓ Continue as Thailand's number 1 new car content website positioned to increase share of new car advertising dollar as the shift from traditional to digital media continues.

Key deal terms

Consideration & completion

- 474 million Thai Baht – approximately A\$16.7m.
- A\$13.4m payable in cash and A\$3.3 payable in shares (issue price determined at completion).
- AU\$0.9m staff bonuses payable within 12 months of completion.
- Completion expected mid-December 2014.

Non-financial

- Ordinary working capital balances remain in the business on completion.
- Customary warranties and indemnities.
- Khun Teerawat, the CEO of One2Car will remain in the business for 2 years.
- 2 year non-compete for the two co-founders.
- No regulatory clearances required.
- Subject to satisfaction or waiver of certain conditions precedent.

Capital Raising – key features

CAPITAL RAISING

- \$21m placement to institutional shareholders.
- Up to approximately \$4m via share purchase plan (SPP) for Australian and New Zealand holders on the register on 12 November 2014.
- Placement and SPP price of \$1.10 represents a 9% discount to the iCar share price prior to the announcement.

USE OF PROCEEDS

- \$13.4m cash consideration to One2Car sellers
- \$0.9m bonus to One2Car long-term staff
- \$1.2m transaction costs (capital raising and acquisition)
- Balance to working capital

Capital Raising – impact and timetable

TRANSACTION IMPACT

- \$28.3m increase in share capital.
- \$17.7m increase in fixed / intangible assets.
- \$10.6m increase in cash (\$1.2m allocated to transaction costs).
- Malaysian and combined Thailand operations on path to profitability by end of 2015.

TIMETABLE

- 11-12 November: trading halt.
- 12 November: completion of institutional placement.
- 21 November: Placement shares commence trading on ASX.
- Early-mid December – completion of SSA.

STRATEGY

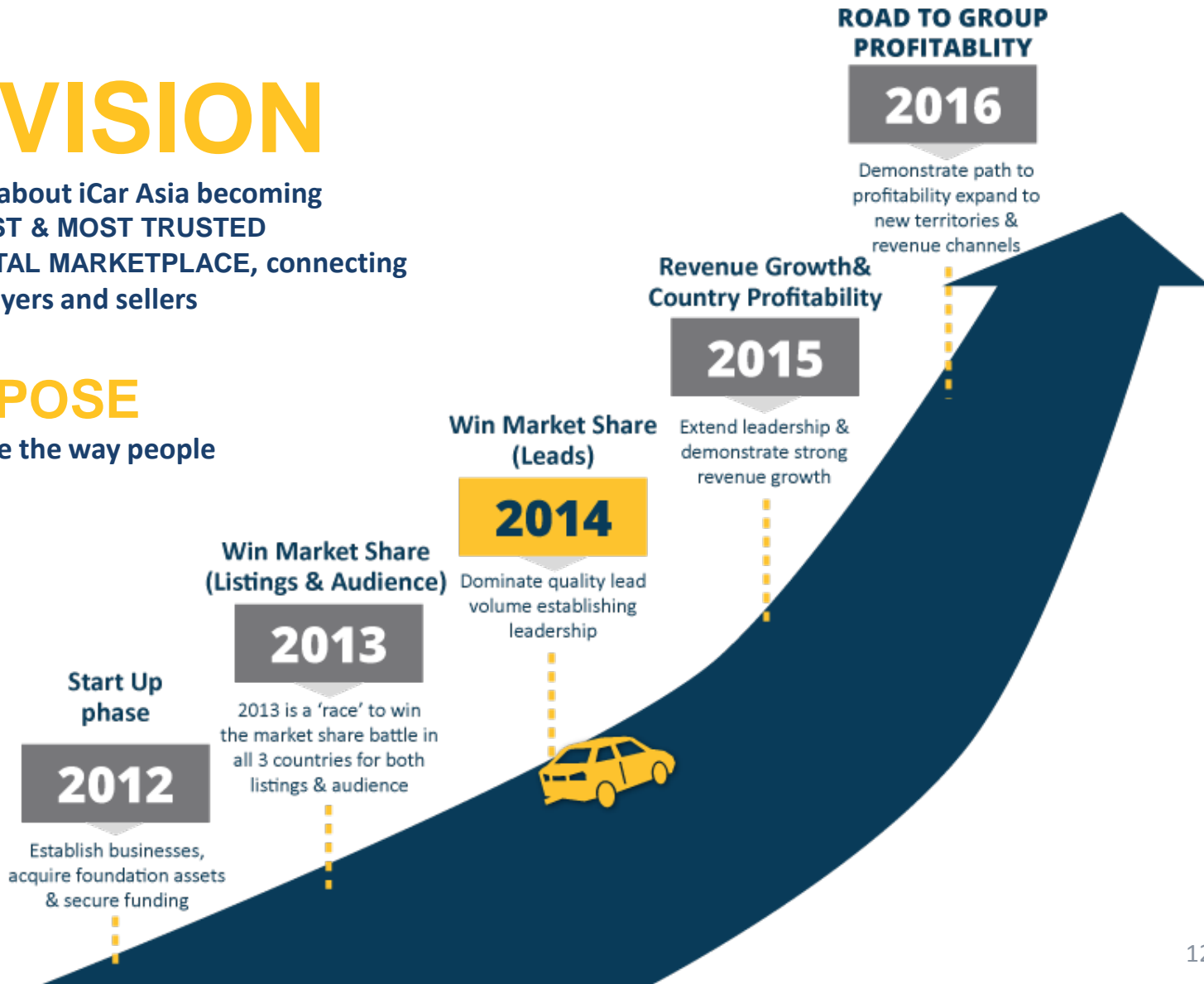
iCar Asia: VISION & ROADMAP

OUR VISION

We are passionate about iCar Asia becoming
**ASEAN'S LARGEST & MOST TRUSTED
AUTOMOTIVE DIGITAL MARKETPLACE**, connecting
over 600 million buyers and sellers

OUR PURPOSE

Change and improve the way people
buy cars in ASEAN



Products & Services focused on the 3 month buying funnel from research to purchase for both new & used vehicles



WIN RACE TO OWN VIRTUOUS CYCLE

No.

1

LISTING & CONTENT

No.1 Volume & Quality

AUDIENCE

No.1 in UV's & Engagement Metrics

LEADS

No.1 Lead Provider to Dealer, Private Sellers and Manufacturers

REVENUE

Monetisation of dominant number 1 market leadership position

MARKET OVERVIEW

ECONOMY: POPULATION & GROWTH

	MALAYSIA	THAILAND	INDONESIA	VS	AUSTRALIA
POPULATION ('000)	30,278	68,668	250,751		23,693
POPULATION <30	54%	41%	51%		40%

Population in the 3 countries that iCar Asia operates in are **substantially younger** with 48% aged <30 years old (v. 40% in Australia).

TOTAL POPULATION

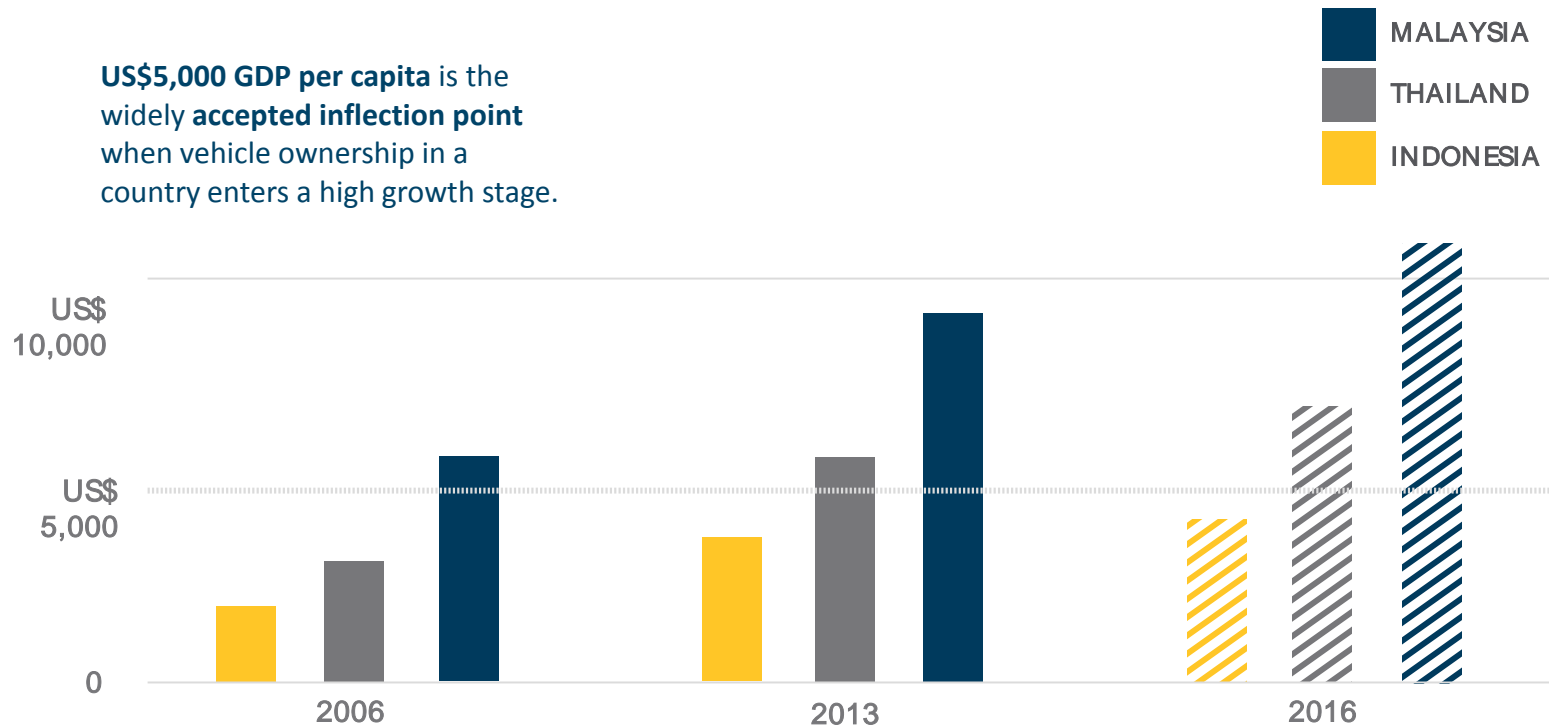
349m

23.6m

Total population of Thailand is approaching 70 million, three times the population base of Australia and the second largest in iCar Asia network.

ECONOMY: GDP PER CAPITA

US\$5,000 GDP per capita is the widely **accepted inflection point** when vehicle ownership in a country enters a high growth stage.

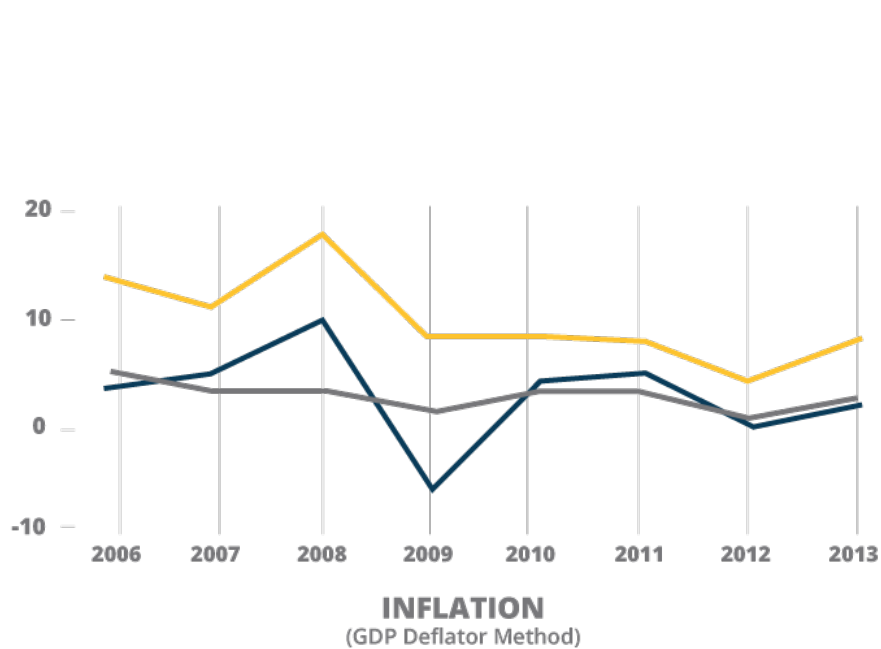


GDP per capita in Thailand and Malaysia has already eclipsed the widely accepted US\$5,000 GDP per capita inflection point which enters an economy into high growth vehicle ownership!

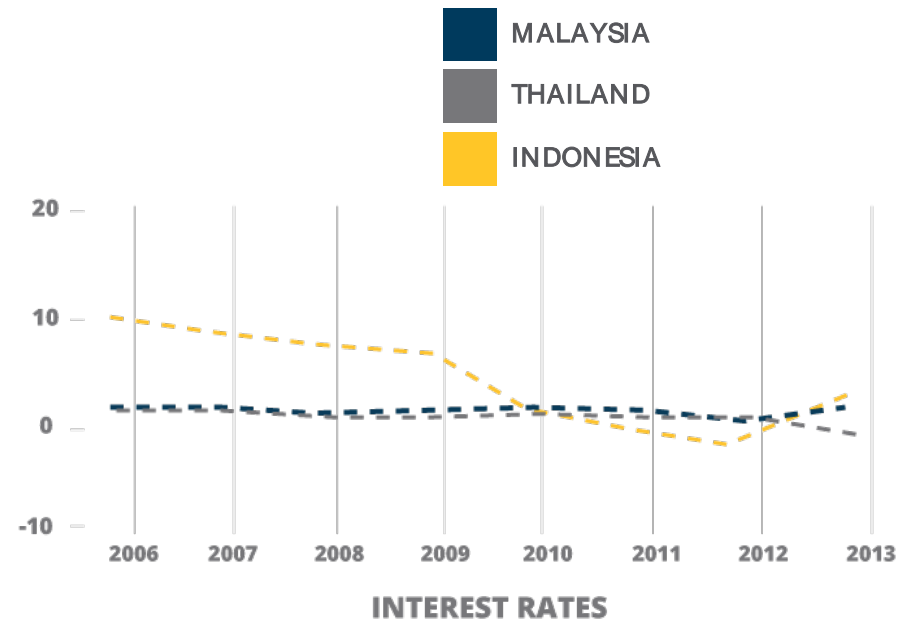
Source: International Monetary Fund; International Road Federation

Source: "Vehicle Ownership & Income Growth, Worldwide: 1960-2030" J. Dargay, D.Gately, M. Sommer, 2007

ECONOMY: INFLATION AND INTEREST RATE



Source: World Bank



Source: Trading Economics

Both inflation & interests rates in Thailand remain low, encouraging the strong car sales market and increasing car affordability and access.

Source: International Monetary Fund; International Road Federation

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Malaysia

LIVE LIFE DRIVE



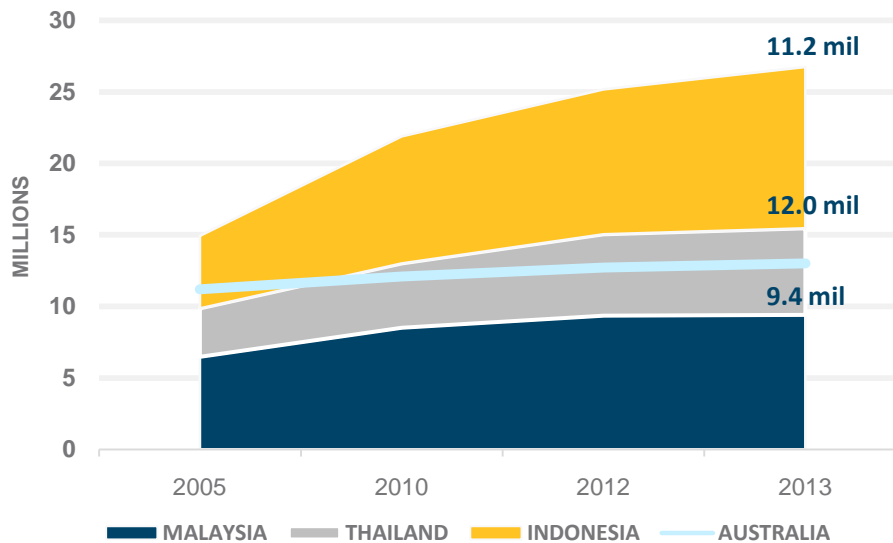
Thailand



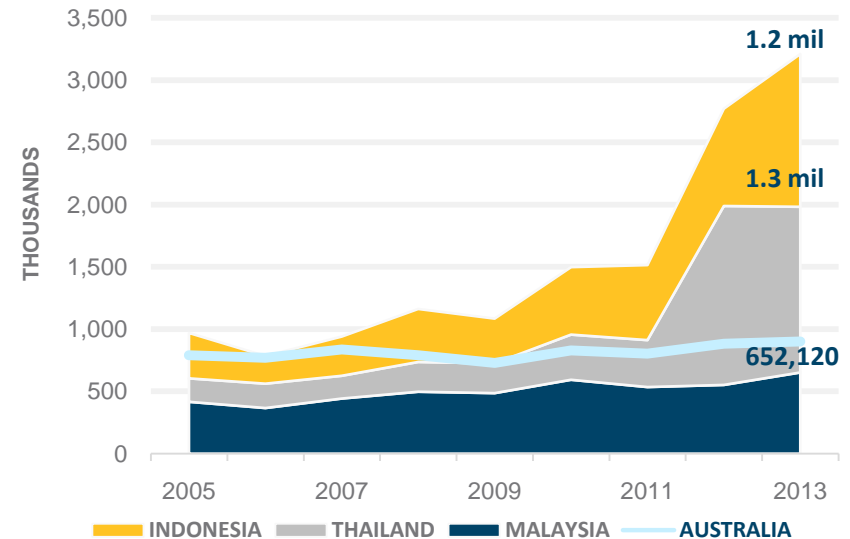
Indonesia

CAR SALES: NEW CAR SALES & OWNERSHIP

CAR OWNERSHIP (UNITS)



NEW CAR SALES (UNITS)



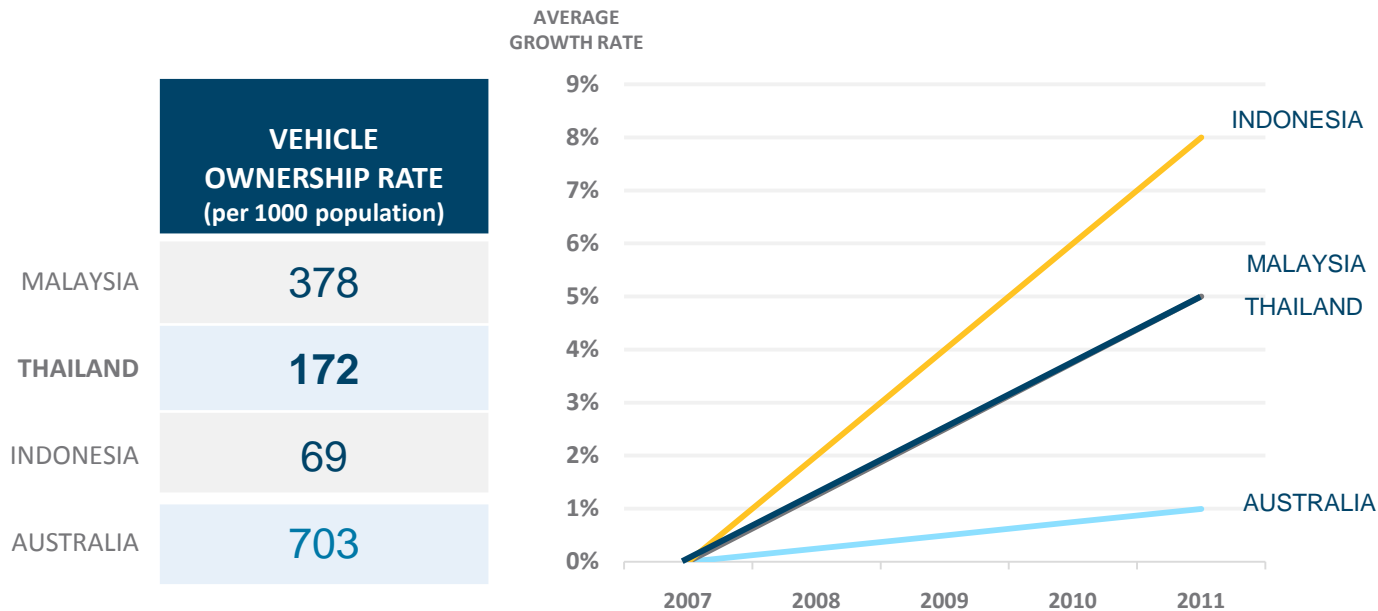
Car ownership in Thailand has reached 12 million vehicles, approaching the same size as the Australian ownership figures of 13 million.

New car sales were 30% higher than Australia in 2013 with 1.3 million new cars sold, this is forecast to decline to 920,000 units in 2014 due to political instability and expected to rebound in 2015.

Sources AU: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/9309.0/>
MY: Malaysia Automotive Industry (MAI)

TH: ASEAN-Japan Transport Partnership
ID: International Business Times (IBT)

CAR SALES: VEHICLE OWNERSHIP RATE



Car ownership rates clearly show increasing car ownership as a result of economic development and also the substantial growth potential in the 3 subject markets.

Source: World Bank

NB: Vehicle includes cars, buses, and freight vehicles but do not include two-wheelers

Car ownership in Thailand has been growing at 5% per annum. This is expected to continue with only 172 people per 1,000 owning a vehicle. If this could grow to 50% of Australia's penetration rate and raise ownership to 350 people per 1,000 owning a vehicle (less than the current Malaysian rate), potential car ownership rates would increase from current levels of 12 million to 24.5 million.

* Source: Vehicle Ownership and Income Growth Worldwide: 1960-2030 by J. Dargay, D. Gately and M. Sommer (2007).

DISCLAIMER

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