

Full Year 2015

# Market Update



March 2016

MitulaGroup<sup>o</sup>

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This presentation is unaudited.

## Summary

- The Mitula Group delivered strong year on year growth in CY 2015
- CY 2015 statutory results included:
  - Revenue of AUD 22.6 million – an increase of 92%
  - Adjusted EBITDA of 9.5 million – an increase of 79%
  - Adjusted EBITDA margin was 46.4%
- The Mitula Group delivered its Pro Forma CY 2015 results
  - CY 2015 Q4 Pro Forma revenue growth was 37% on CY 2014 Q4
- There was strong year on year KPI growth

	Jan 2016	Jan 2015	Change
Advertisers (m)	13,705	11,891	15.3%
Listings (m)	263.0	211.3	24.5%
<b>Visits (m)</b>	<b>61.3</b>	<b>50.6</b>	<b>21.0%</b>
Visits from Organic Search (%)	68.7%	73.2%	
<b>Click Outs (m)</b>	<b>93.0</b>	<b>74.9</b>	<b>24.2%</b>
Click Outs / Visit	1.52	1.48	2.6%
<b>Click Outs Sold (m)</b>	<b>37.8</b>	<b>37.0</b>	<b>2.3%</b>
Yield / Click Out Sold (cpc) (cents)	4.1	3.2	28.1%

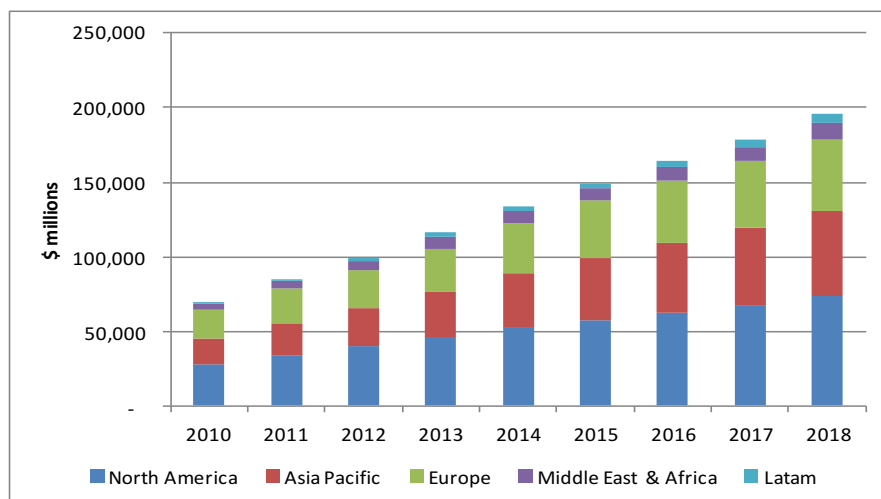
## Summary

- The Mitula Group acquired Nuroa Internet on 1 March 2016
  - Acquired for approximately EUR 3.0 million
  - 17 real estate vertical sites operating in same markets as the Mitula Group
  - Projected CY 2016 revenues of AUD 1.2 million – AUD 1.4 million at 35 – 40% EBITDA margin
  - 3.4 million monthly visits with 6.5 million click outs
- The Mitula Group remains confident of achieving its Pro Forma FY 2016 forecasts

# Business Overview

# Paid Search Advertising Industry Overview

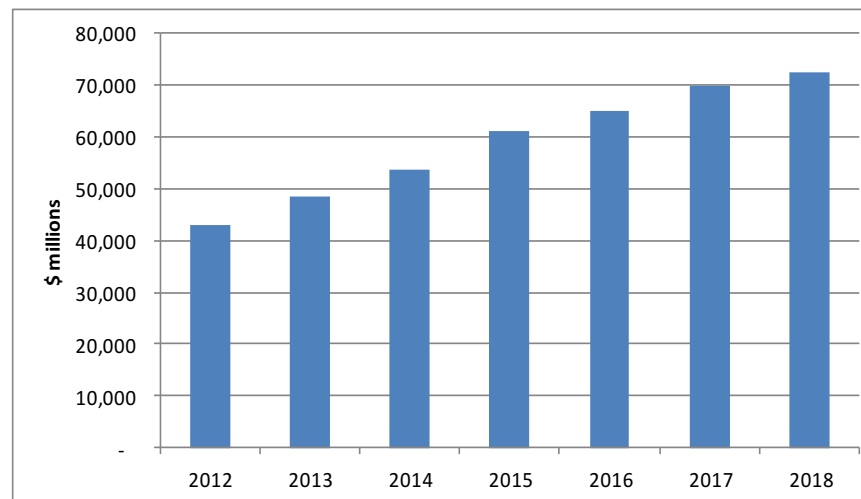
## Online Advertising Expenditure - 2010 to 2018



The Mitula Group operates in the global online advertising industry:

- Second largest advertising platform after television;
- Expenditure on online advertising is projected to increase to \$196 billion by 2018; and
- Asia Pacific is one of the fastest growing regions.

## Global Paid Search Advertising Expenditure - 2012 to 2018



Paid search advertising, the segment the Mitula Group operates in, is the fastest growing online advertising format:

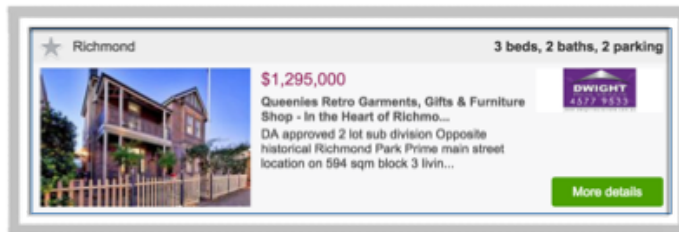
- Accounts for 40% of the total online advertising expenditure globally;
- Expected to grow to \$74 billion in 2018 – a growth rate of 8% p.a.; and
- Paid search expenditure in the Asia Pacific is expected to grow at 12% p.a., and in Latin America at 18% p.a., between 2014 and 2018.

Source: Frost & Sullivan estimates based on IAB Online Advertising Expenditure reports; Frost & Sullivan forecasts

# How Vertical Search Works

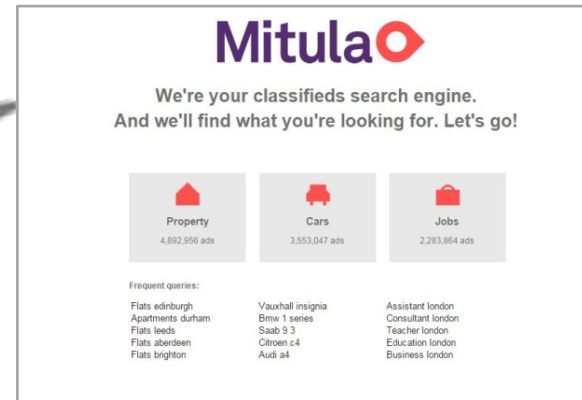
1

Listings from advertiser sent to Mitula



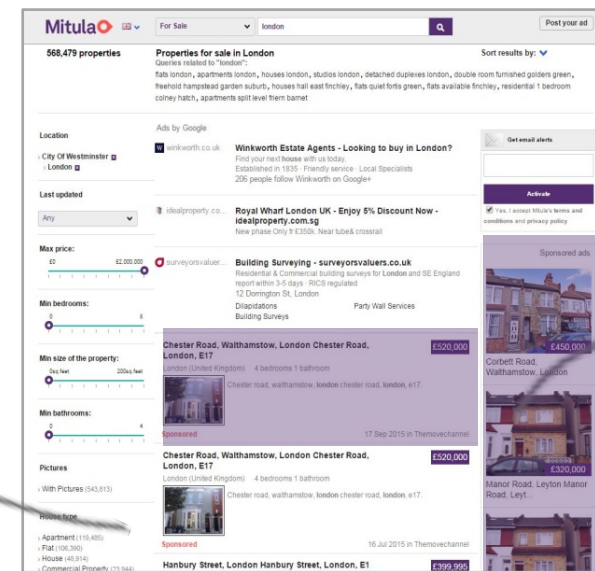
2

User makes a search request



3

User reviews search results and clicks AdSense or listing



4

User clicks on AdSense and redirected to original site

5

User clicks on listing ("Click Out") and redirected to original listing details



## Vertical Search versus Classified Portals

		Mitula Group Vertical Search Sites	Classifieds Portals (e.g. Seek, REA, Carsales)
Product	Verticals	Real estate, automobiles, employment, holiday rentals	Generally single Verticals
	Website structure	Page with search functionality Page with results of search	Page with search functionality Page with results of search Page with details of each listing
	Website results	User may click out to advertiser's website for full listings details	User may provide email or telephone details to advertisers to seek further details
	Premium products	None	Extensive premium ad placements available to advertisers
	Search approach	Free form (same approach as Google)	Fielded data sort from user
Customers	Customers (and source of listings)	Classifieds portals General classifieds sites (e.g. OLX, Gumtree)	Private sellers Real estate agents Property developers Car dealers Recruitment agencies
	Sources of revenues	Google AdSense (other ad networks) Direct CPC Revenue	Pay to list on website Pay per lead generated
Users	Sources of users	SEO Paid search Some direct users	SEO Paid search (including vertical search) Display advertising Direct users
	Investment in brand buildings	Minimal	Often extensive investment in brand building within the market operating



# Google AdSense Ads

The screenshot shows the Mitula Group website interface. At the top, there's a search bar with 'For Sale' and 'london' selected. Below the search bar, there are filters for location (City Of Westminster, London), last updated (Any), max price (£0 to £2,000,000), min bedrooms (0 to 8), min size of the property (0 to 200sq. feet), min bathrooms (0 to 4), pictures (With Pictures (543,813)), and house type (Apartment (119,485), Flat (106,390), House (48,914), Commercial Property (23,944)).

The search results section shows several property listings. The first listing is 'Chester Road, Walthamstow, London Chester Road, London, E17' with a price of £520,000. Below it is another listing for 'Chester Road, Walthamstow, London Chester Road, London, E17' with a price of £520,000. The third listing is 'Hanbury Street, London Hanbury Street, London, E1' with a price of £399,995.

There are also several Google AdSense advertisements displayed. One large ad is for 'Winkworth Estate Agents - Looking to buy in London?' with a purple background. Another ad is for 'Royal Wharf London UK - Enjoy 5% Discount Now - Idealproperty.com.sg'. There are also smaller ads for 'Building Surveying - surveyorsvaluers.co.uk' and 'Sponsored ads' for various properties.

- The Mitula Group displays Google AdSense advertisements on its websites.
- Google AdSense advertisements are administered, sorted, and maintained by Google and are targeted to the website's content and audience.
- The Mitula Group and Google share in the revenue generated by users of website clicking on these advertisements.
- Google AdSense advertisements are usually displayed on Website at the top of the search results and on the right hand side of the search results.
- The Mitula Group has a Premium AdSense publisher account that enables it to customise the format and placement of the Google AdSense advertisements.

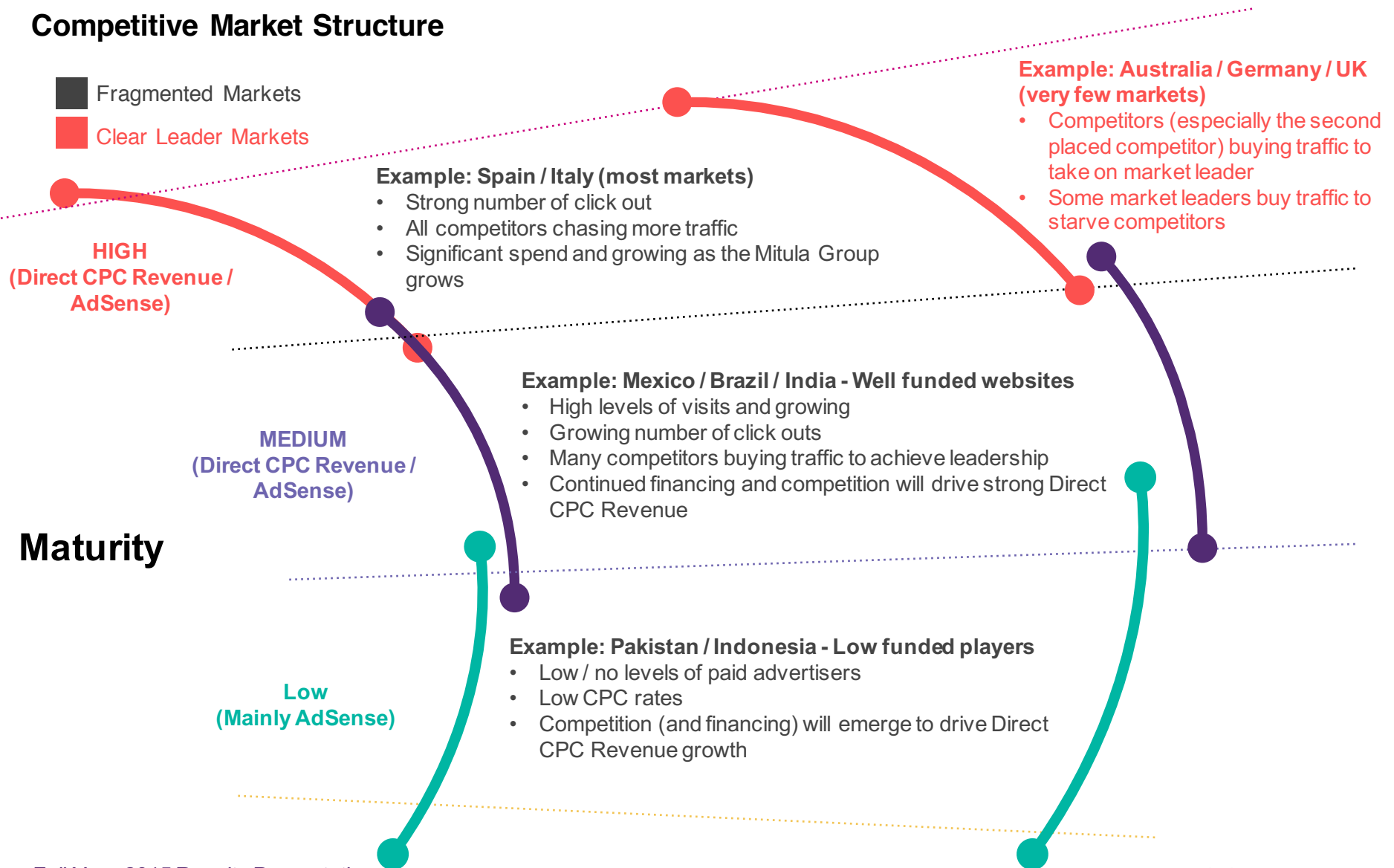
## Direct CPC Revenue

The screenshot displays the Mitula Group website interface for searching properties. The search bar at the top shows 'apartments bournemouth' with a search button. Below the search bar, the results are filtered to '9,396 apartments'. The left sidebar contains filters for Location (Bournemouth), Last updated (Any), For Rent/For Sale (Any), Max price (€0 to €2,000,000), Min bedrooms (0 to 8), Min size of the property (0 sq. feet to 200 sq. feet), Min bathrooms (0 to 4), and Pictures (With Pictures (9,010)). The main content area shows three property listings, each with a title, location, price, and a brief description. The first listing is '3 Bed Flat For Sale Post Office Road Bournemouth' for £177,500. The second listing is '3 Bed Flat For Sale Post Office Road Bournemouth' for £177,500. The third listing is '2 Bed Flat For Sale Albert Road Bournemouth' for £135,000. The right sidebar includes a 'Get email alerts' section and a 'Sponsored ads' section with two additional property listings.

- The Mitula Group displays advertisers' listings on its websites, initially free of charge. Those listings may only receive a limited number of click outs.
- If an advertiser would like to receive more click outs than the limited number provided free of charge, the advertiser must pay the Mitula Group, on a 'cost-per-click' basis, to receive those additional click outs. This is referred to as Direct CPC Revenue, contributed by a paying advertiser.
- The amount paid per click out by a paying advertiser varies by vertical (real estate, employment, motoring) and by country.

# Revenue Streams by Country and Market Structure

## Competitive Market Structure



## Operational Countries

The Mitula Group markets are divided into three segments for reporting and operational purposes:

- Europe, Middle East and Africa (**EMEA**);
- Asia Pacific (**APAC**); and
- North, Central and South America (**Americas**)

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Note: Excludes acquisition of Nuroa on 1 March 2016

# CY 2015 Financials

## CY 2015 Financial Performance (Statutory Basis)

AUD 000's	CY 2015	CY 2014	Growth
Revenues	20,568	10,699	92.2%
Cost of Sales	(2,511)	(1,165)	115.5%
<b>Gross Profit</b>	<b>18,057</b>	<b>9,533</b>	<b>89.4%</b>
Operating Expenses	(10,512)	(4,191)	150.8%
One Off Adjustments <sup>(1)</sup>	1,998	0	
Adjusted Operating Expenses <sup>(1)</sup>	(8,514)	(4,191)	103.1%
<b>Adjusted EBITDA</b>	<b>9,543</b>	<b>5,343</b>	<b>78.6%</b>
Adjusted EBITDA Margin	46.4%	49.9%	
Adjusted Operating Cash Flow <sup>(2)</sup>	8,797	4,941	77.9%
Cash Balance (end of period)	21,020	4,197	400.4%

(1) Adjusted operating expenses exclude approximately AUD 2.0 million in one off costs associated with the IPO and Lokku Limited acquisition

(2) Adjusted operating cash flow excludes payment for IPO transaction costs and costs associated with the Lokku Limited acquisition

Source: 4E Statement, Prepared on a statutory basis. Lokku Limited revenue numbers included from 8 May 2015.

## Revenue Growth by Region (Statutory Basis)

AUD 000's	CY 2015	CY 2014	Growth
Americas Revenues	6,754	3,845	75.6%
APAC Revenues	4,872	1,388	251.1%
EMEA Revenues	8,942	5,466	63.6%
<b>Totals</b>	<b>20,568</b>	<b>10,699</b>	<b>92.2%</b>

Source: 4E Statement, Prepared on a statutory basis. Lokku Limited revenue numbers included from 8 May 2015.

## Reconciliation of Statutory to Pro Forma Results

AUD 000's	Statutory Results CY15	Proforma Adjustments				Proforma Results CY15
		Adj.1	Adj. 2	Adj.3	Adj.4	
Revenue	20,568	1,969	-	-	-	22,537
Cost of Sales	(2,511)	(228)	-	-	-	(2,739)
<b>Gross Profit</b>	<b>18,057</b>	<b>1,741</b>	-	-	-	<b>19,798</b>
% Gross Margin	87.8%	88.4%	-	-	-	87.8%
Operating Expenses	(10,512)	(1,216)	1,998	320	(46)	(9,456)
<b>EBITDA</b>	<b>7,545</b>	<b>525</b>	<b>1,998</b>	<b>320</b>	<b>(46)</b>	<b>10,342</b>
% EBITDA Margin	36.7%	26.6%	-	-	-	45.9%
Depreciation and Amortisation	(1,103)	(9)	848	-	-	(264)
<b>EBIT</b>	<b>6,442</b>	<b>516</b>	<b>2,846</b>	<b>320</b>	<b>(46)</b>	<b>10,078</b>
Net Finance Income / (Expense)	(2,055)	47	1,950	-	-	(58)
<b>Profit Before Tax</b>	<b>4,387</b>	<b>563</b>	<b>4,796</b>	<b>320</b>	<b>(46)</b>	<b>10,020</b>
Tax Expense	(1,798)	13	(254)	-	-	(2,039)
<b>NPAT</b>	<b>2,589</b>	<b>576</b>	<b>4,542</b>	<b>320</b>	<b>(46)</b>	<b>7,981</b>

Adjustment 1 - Inclusion of first four months of Lokku Limited prior to acquisition and statutory consolidation.

Adjustment 2 - Removal of expenses of the IPO process and Lokku acquisition.

Adjustment 3 - Removal of non-recurring expenses before listing.

Adjustment 4 - Incorporation of listed Group expenses for the full financial year.

Source: 4E Statement, Prepared on a statutory basis. Lokku Limited revenue numbers included from 8 May 2015.

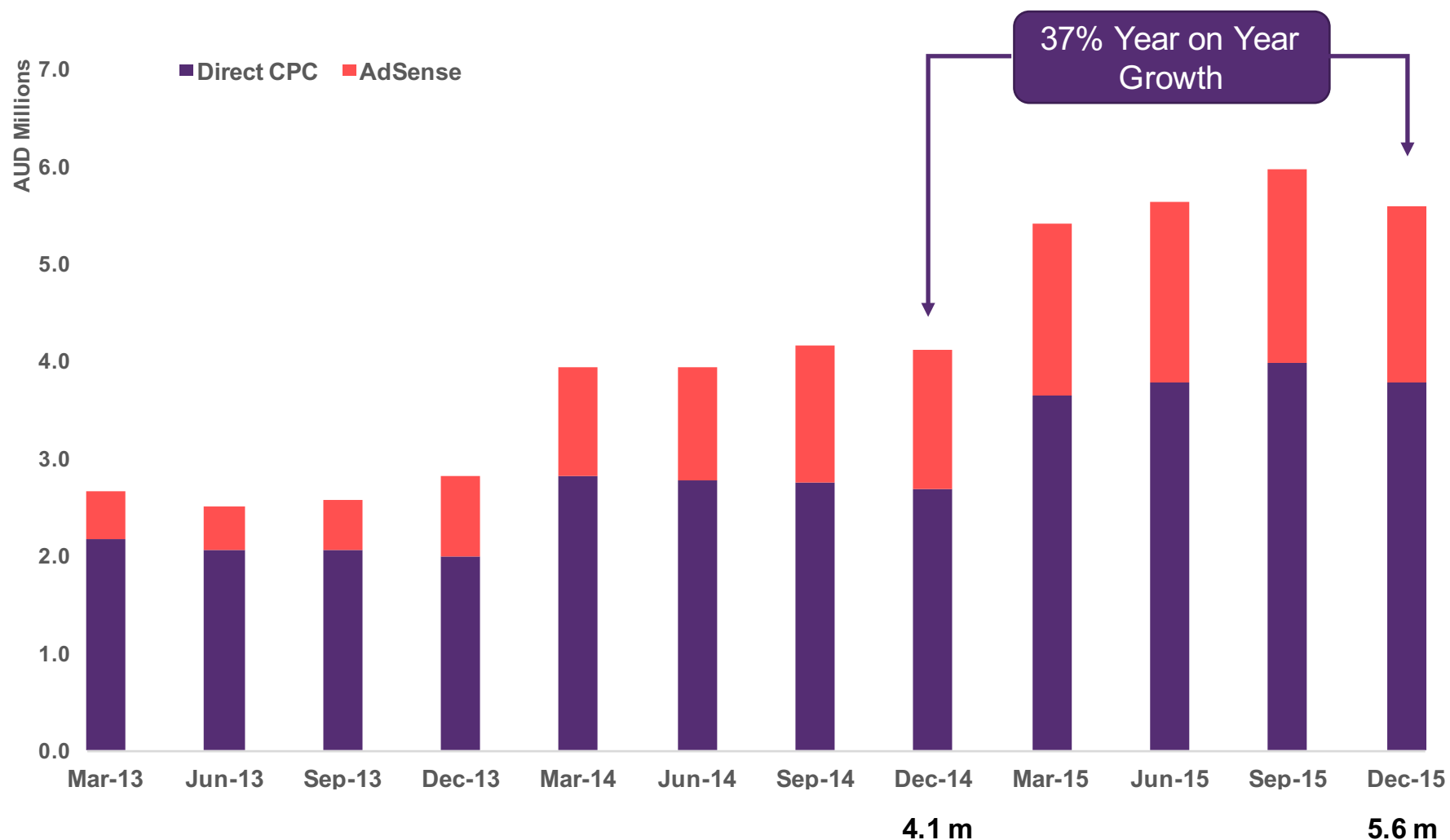


## Pro Forma Results vs Prospectus Forecast

AUD 000's	Pro Forma Results CY15	Pro Forma Forecast CY15	Variation	Variation %
Revenue	22,537	22,705	(168)	(0.7%)
Cost of Sales	(2,739)	(3,033)	294	9.7%
<b>Gross Profit</b>	<b>19,798</b>	<b>19,672</b>	<b>126</b>	<b>0.6%</b>
<i>Gross Margin</i>	87.8%	86.6%		
Operating Expenses	(9,456)	(9,250)	(206)	(2.2%)
<b>EBITDA</b>	<b>10,342</b>	<b>10,422</b>	<b>(80)</b>	<b>(0.8%)</b>
<i>EBITDA Margin</i>	45.9%	45.9%		
Depreciation and Amortisation	(264)	(213)	(51)	(23.9%)
<b>EBIT</b>	<b>10,078</b>	<b>10,209</b>	<b>(131)</b>	<b>(1.3%)</b>
Net Finance Income / (Expense)	(58)	272	(330)	(121.3%)
<b>Profit Before Tax</b>	<b>10,020</b>	<b>10,481</b>	<b>(461)</b>	<b>(4.4%)</b>
Tax Expense	(2,039)	(2,730)	691	25.3%
<b>NPAT</b>	<b>7,981</b>	<b>7,751</b>	<b>230</b>	<b>3.0%</b>

Source: 4E Statement and June 2015 Prospectus.

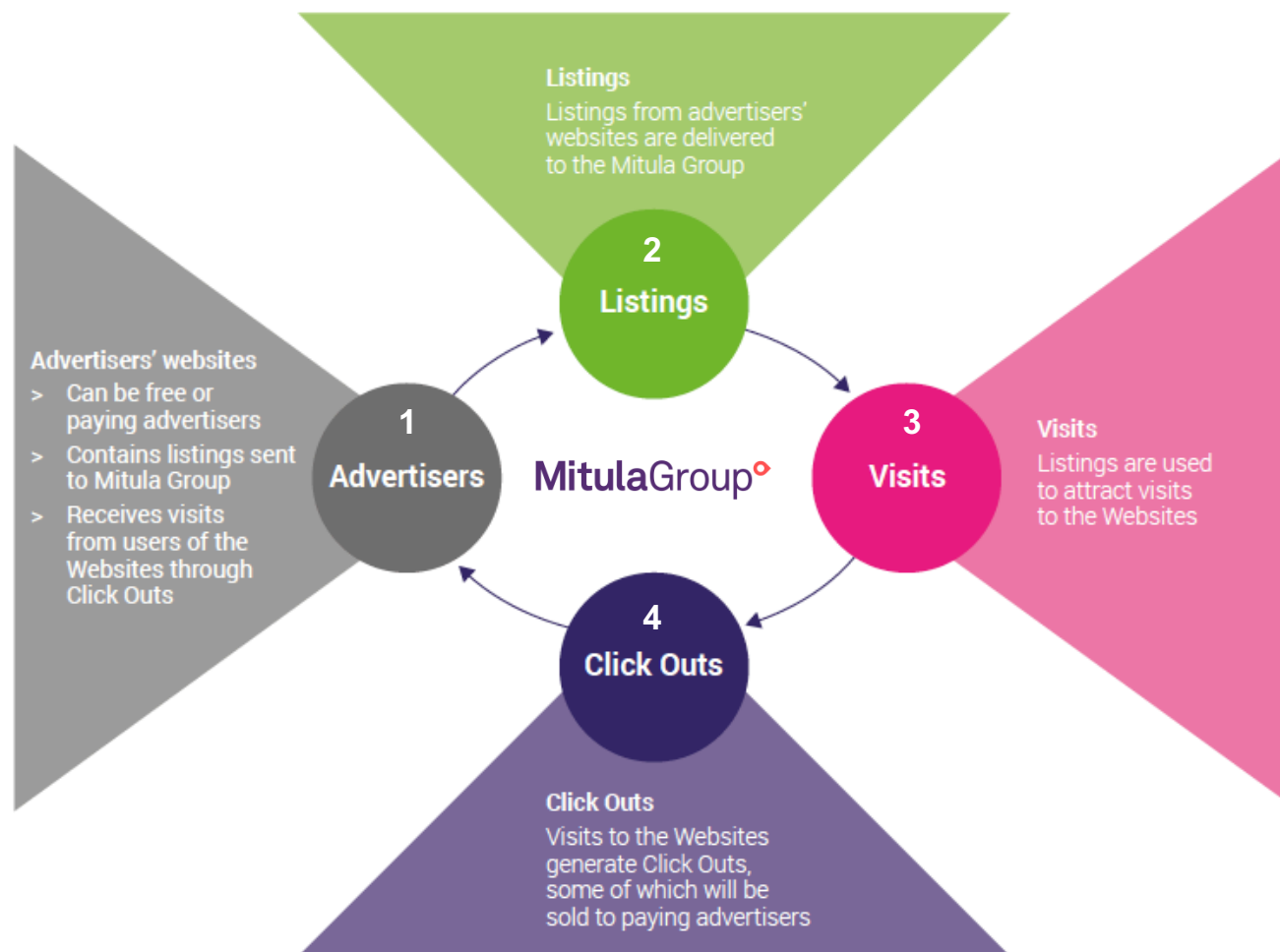
## Quarterly Revenue Growth (Pro Forma Basis)



Source: Internal Management Reports. Prepared on a pro forma basis assuming Lokku Limited was acquired 1 January 2013. Lokku Limited actually acquired 8 May 2015.

# Key Performance Indicators

## Business Model

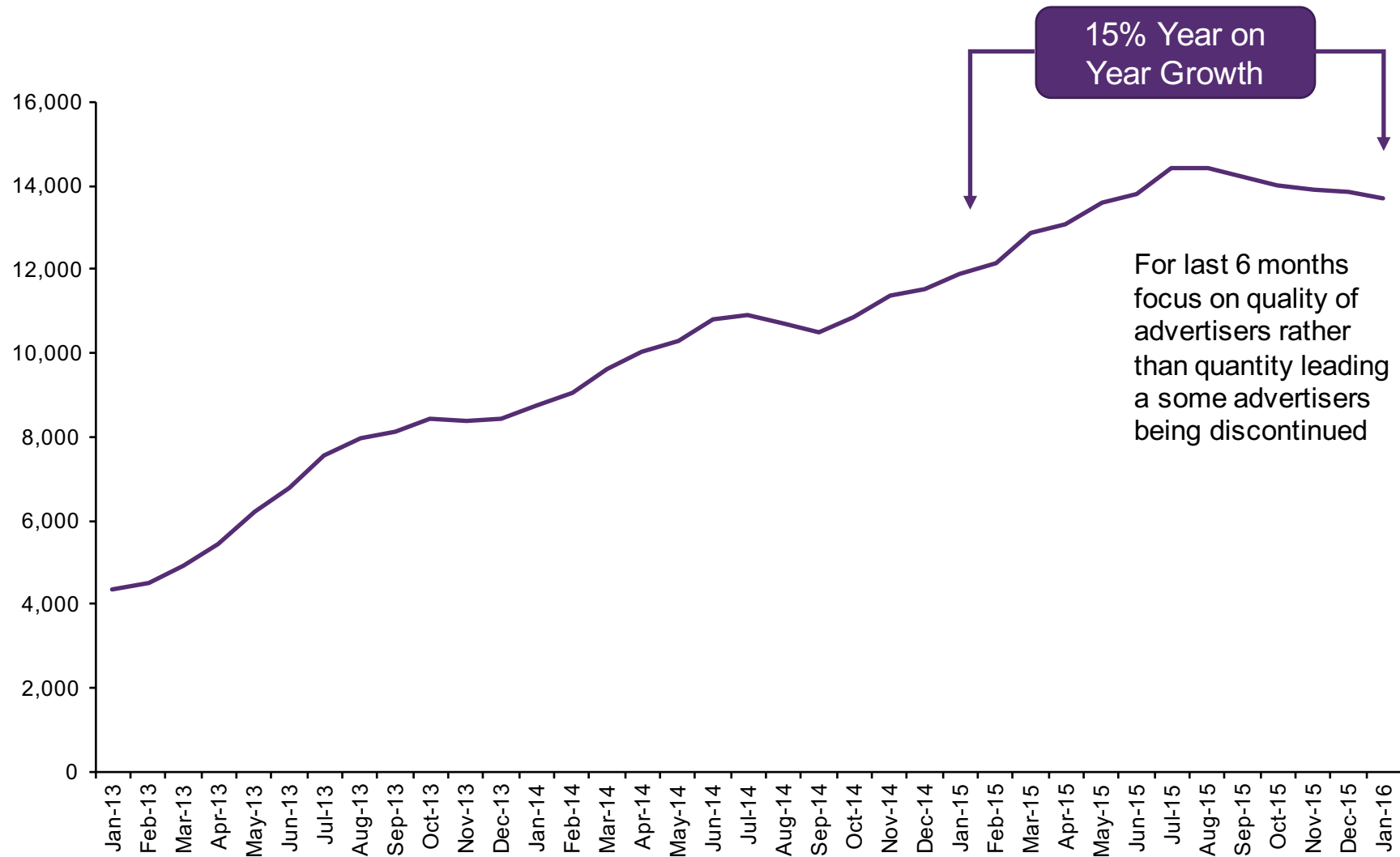


## Year on Year Comparison of KPI's

	Jan 2016	Jan 2015	Change
Advertisers (m)	13,705	11,891	15.3%
Listings (m)	263.0	211.3	24.5%
<b>Visits (m)</b>	<b>61.3</b>	<b>50.6</b>	<b>21.0%</b>
Visits from Organic Search (%)	68.7%	73.2%	
<b>Click Outs (m)</b>	<b>93.0</b>	<b>74.9</b>	<b>24.2%</b>
Click Outs / Visit	1.52	1.48	2.6%
<b>Click Outs Sold (m)</b>	<b>37.8</b>	<b>37.0</b>	<b>2.3%</b>
Click Outs Sold (%)	40.6%	49.4%	
Yield / Click Out Sold (cpc) (cents)	4.1	3.2	28.1%

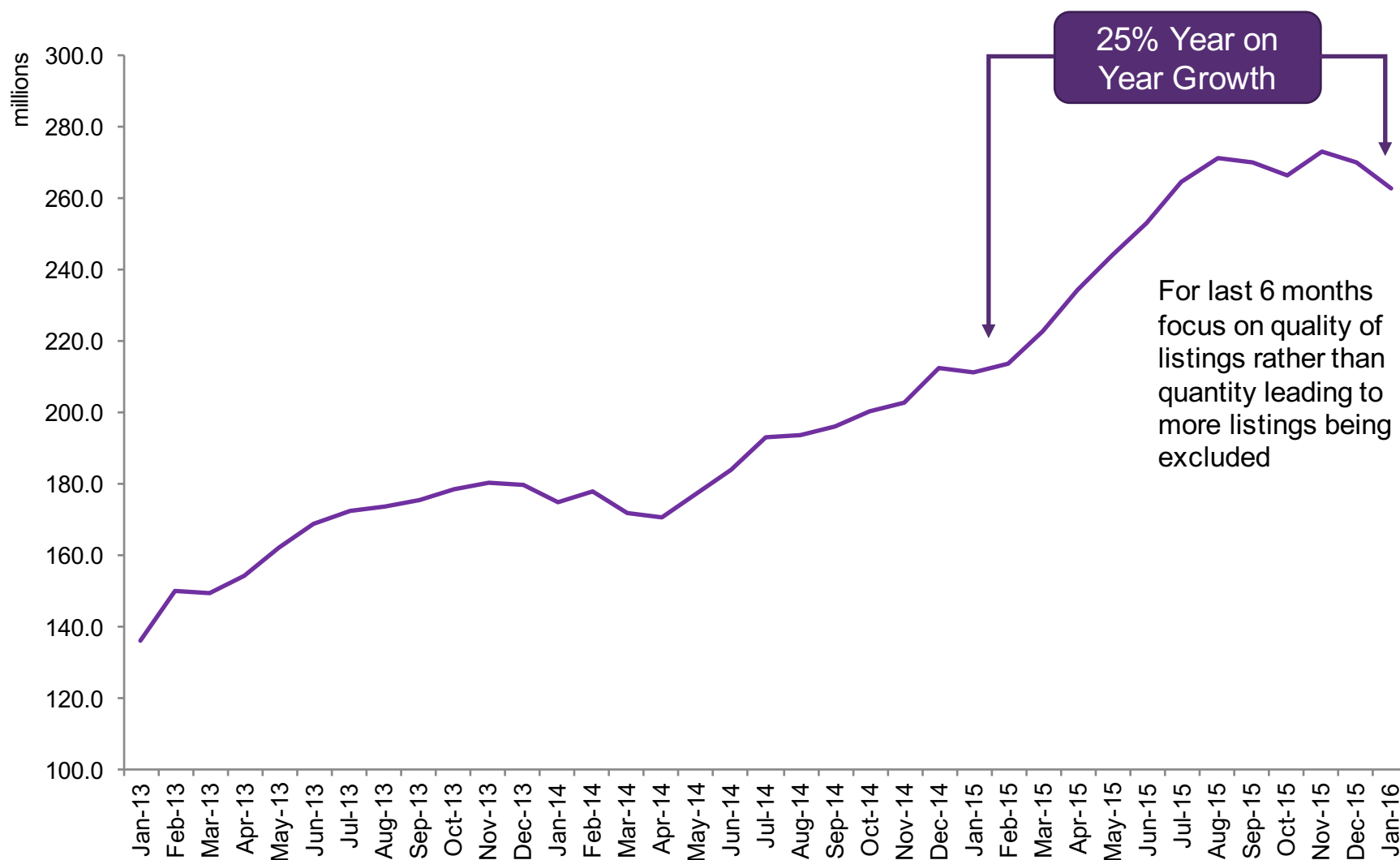
Source: Internal Management Reports

## Total Advertisisers



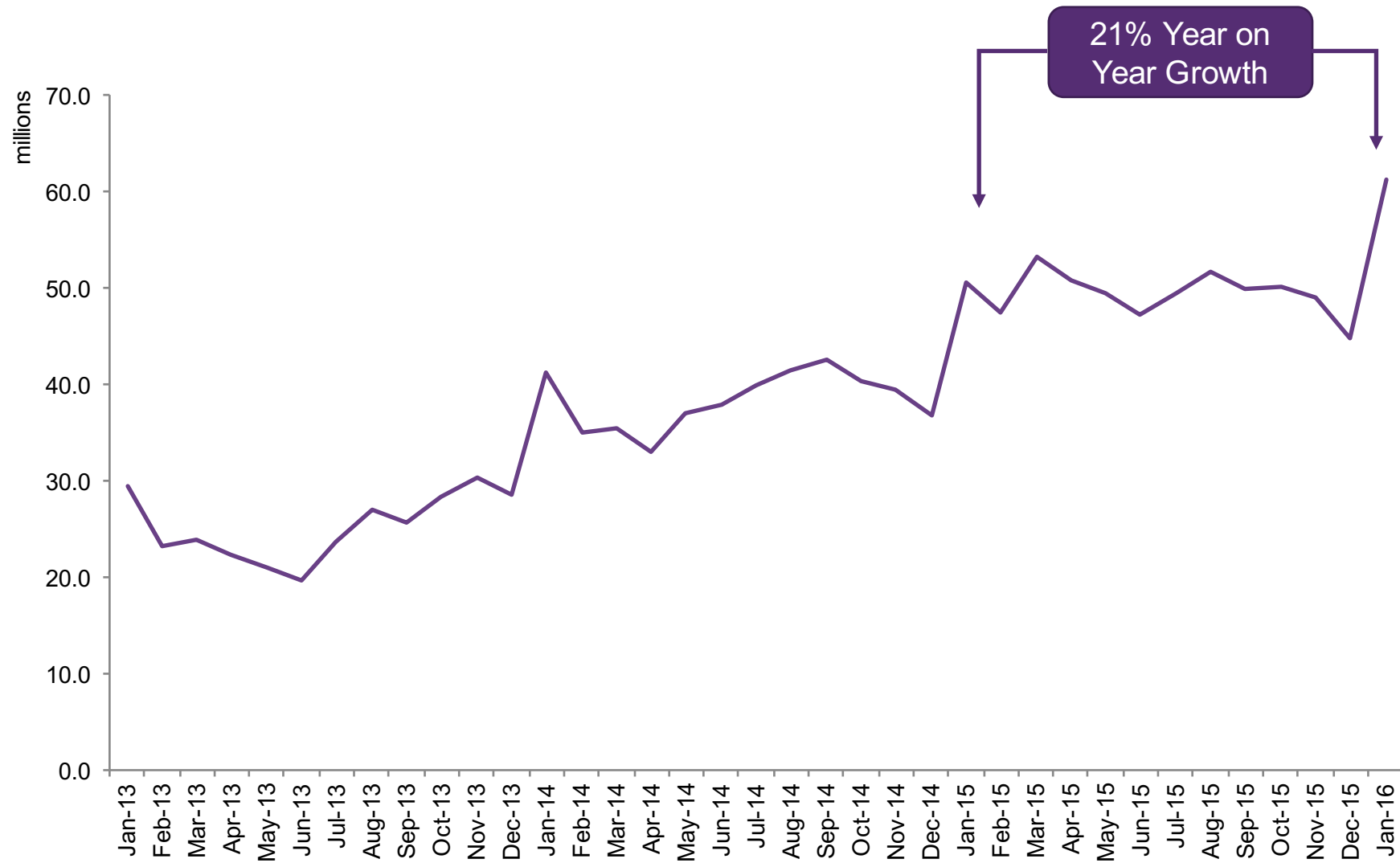
Source: Internal Management Reports

## Listings



Source: Internal Management Reports

# Visits

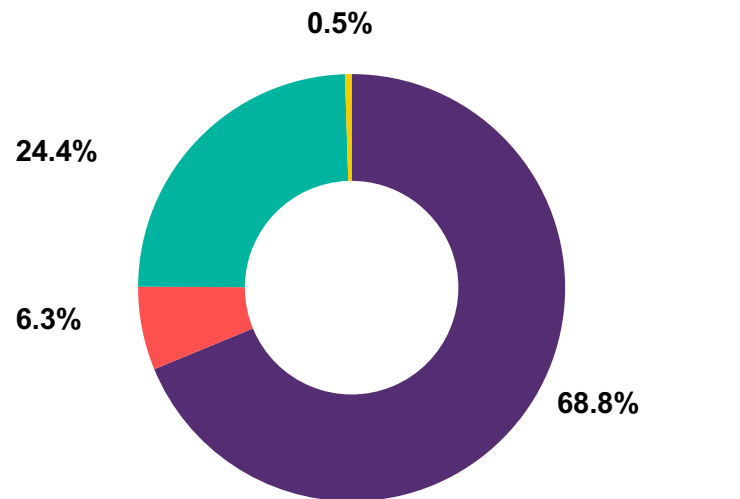


Source: Internal Management Reports



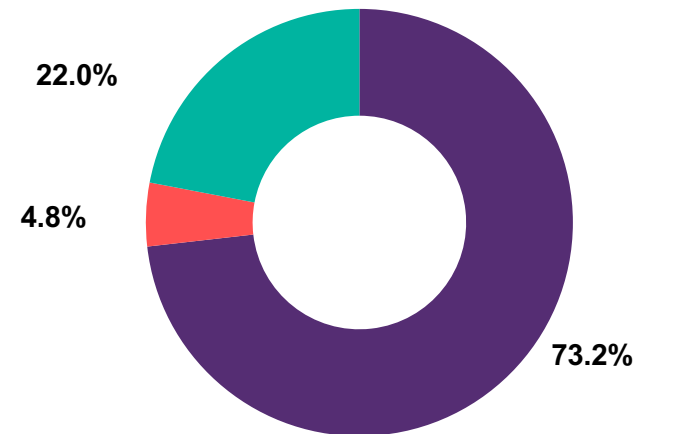
## Sources of Visits

January 2016



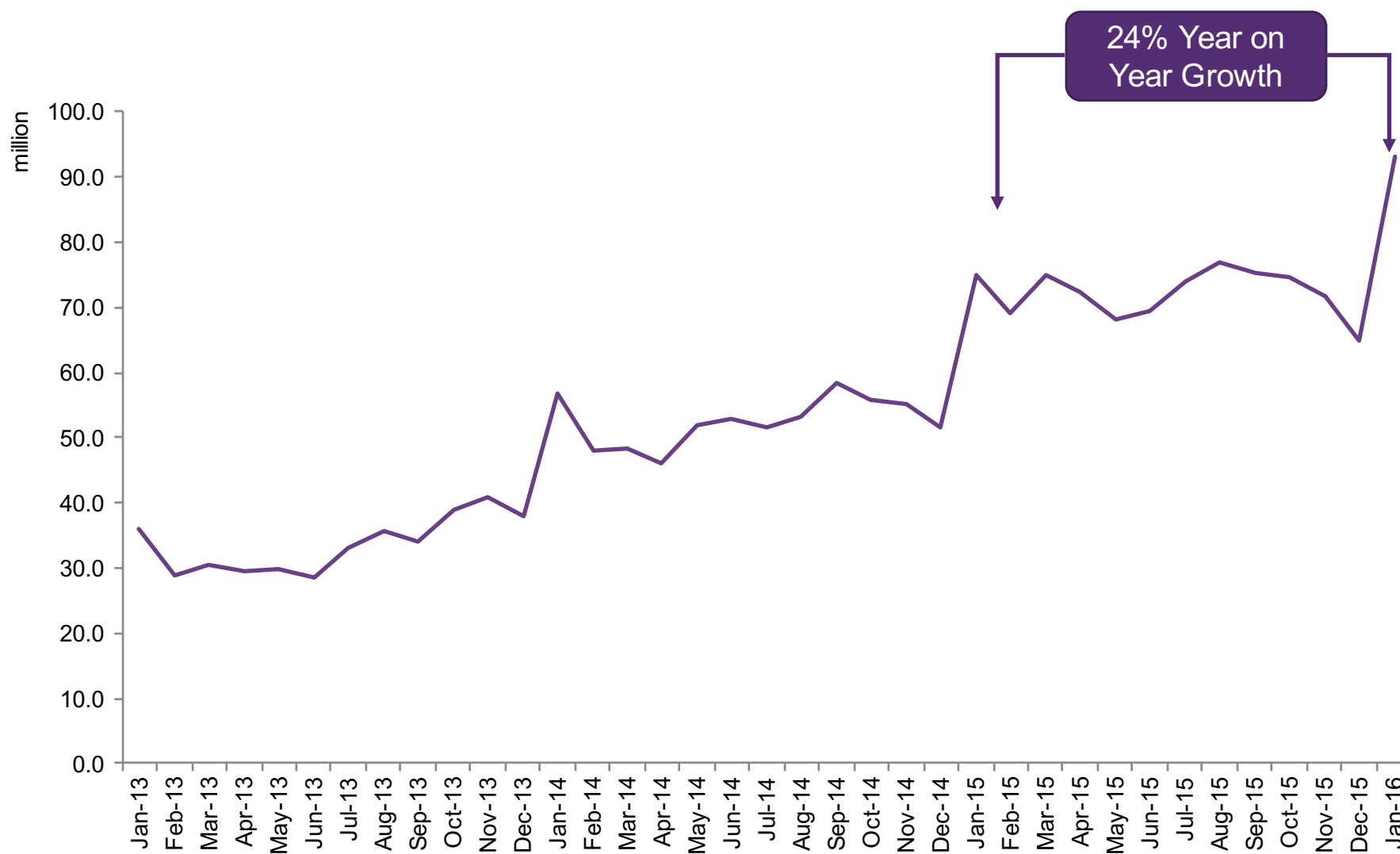
■ Organic Search ■ Paid Search ■ All Other ■ Mobile

January 2015



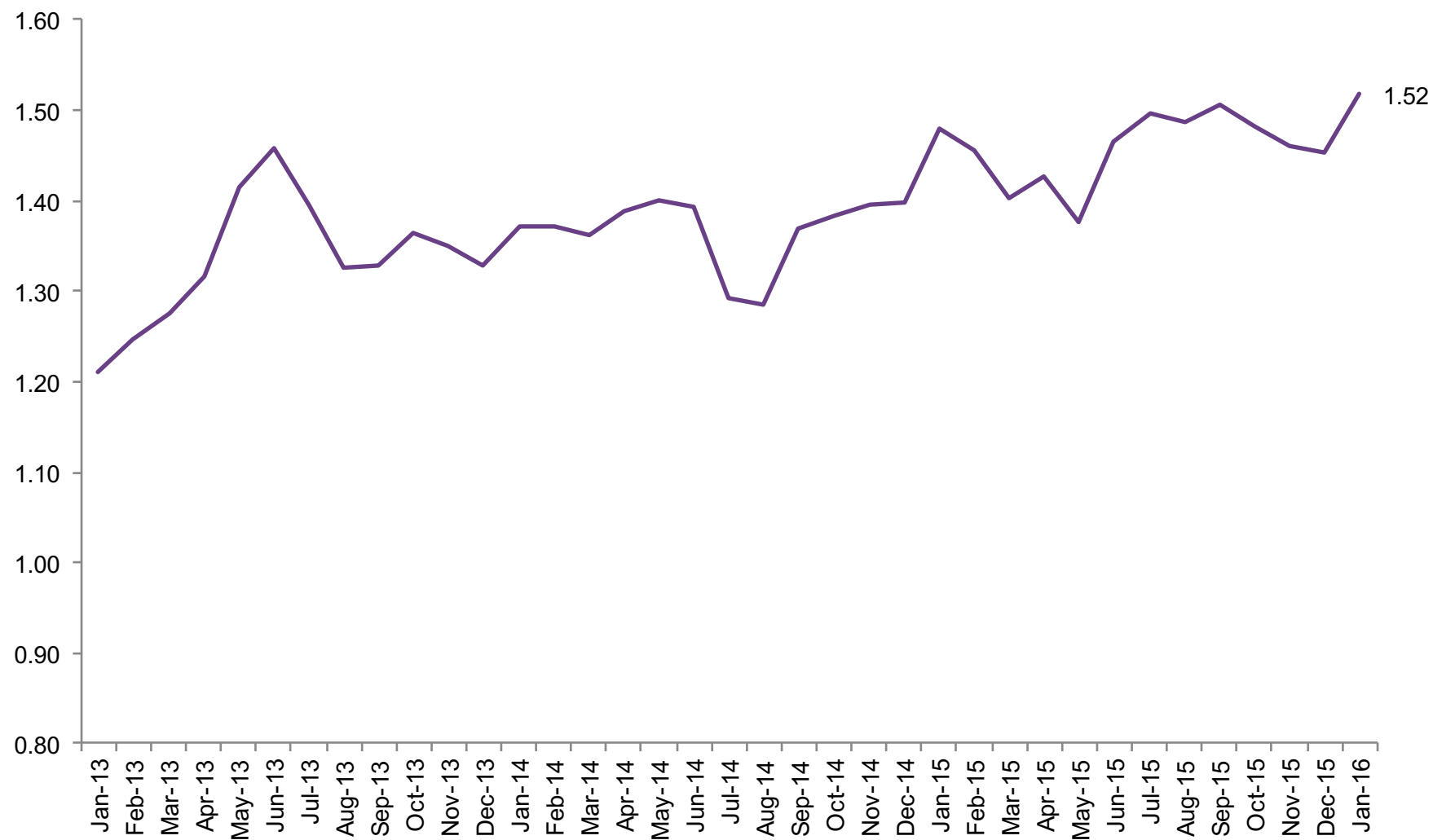
■ Organic Search ■ Paid Search ■ All Other

## Click Outs



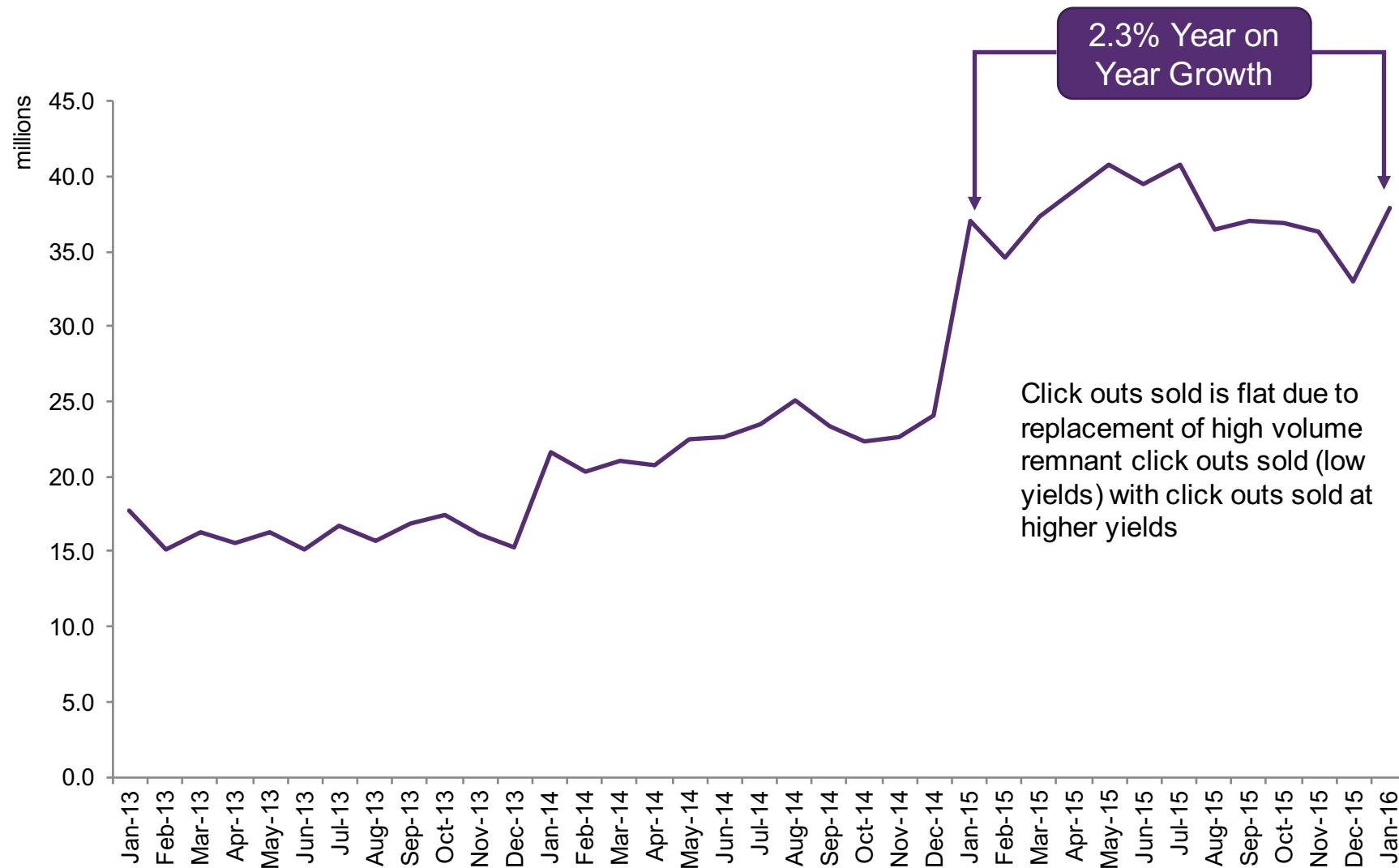
Source: Internal Management Reports

## Click Outs Per Visit



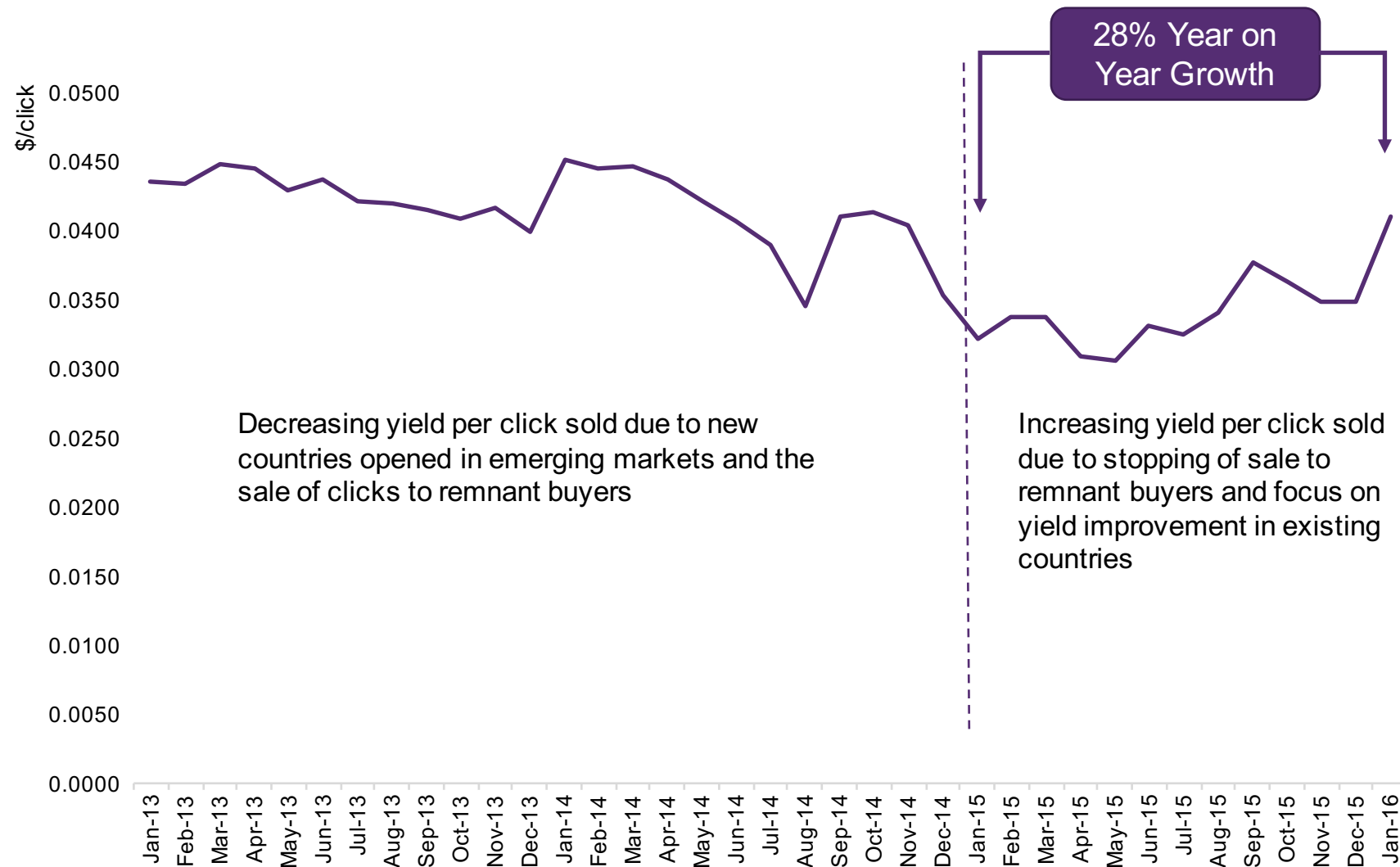
Source: Internal Management Reports

## Click Outs Sold



Source: Internal Management Reports

## Average Yield Per Click Sold



Source: Internal Management Reports

# Nuroa Acquisition

## Overview of Nuroa

- Acquired for approximately EUR 3.0 million consisting of EUR 1.8 million in cash, EUR 1.2 million debt and 81,512 shares in the Mitula Group.
- Real estate vertical search provider operating in 17 different countries under the Nuroa brand
  - United Kingdom, Germany, Austria, France, Italy, Ireland, Switzerland, the United States, Argentina, Brazil, Mexico, Chile, Australia, Peru, Colombia, Spain and Portugal
  - 100% overlap with existing Mitula Group markets
- Business model identical to the Mitula Group with revenues derived from Google AdSense and Direct CPC advertising
- Expected 2016 revenues (before synergies) are AUD 1.2 million to AUD 1.4 million
- Expected 2016 EBITDA margin (before synergies) is 35-40%



## Nuroa KPI's

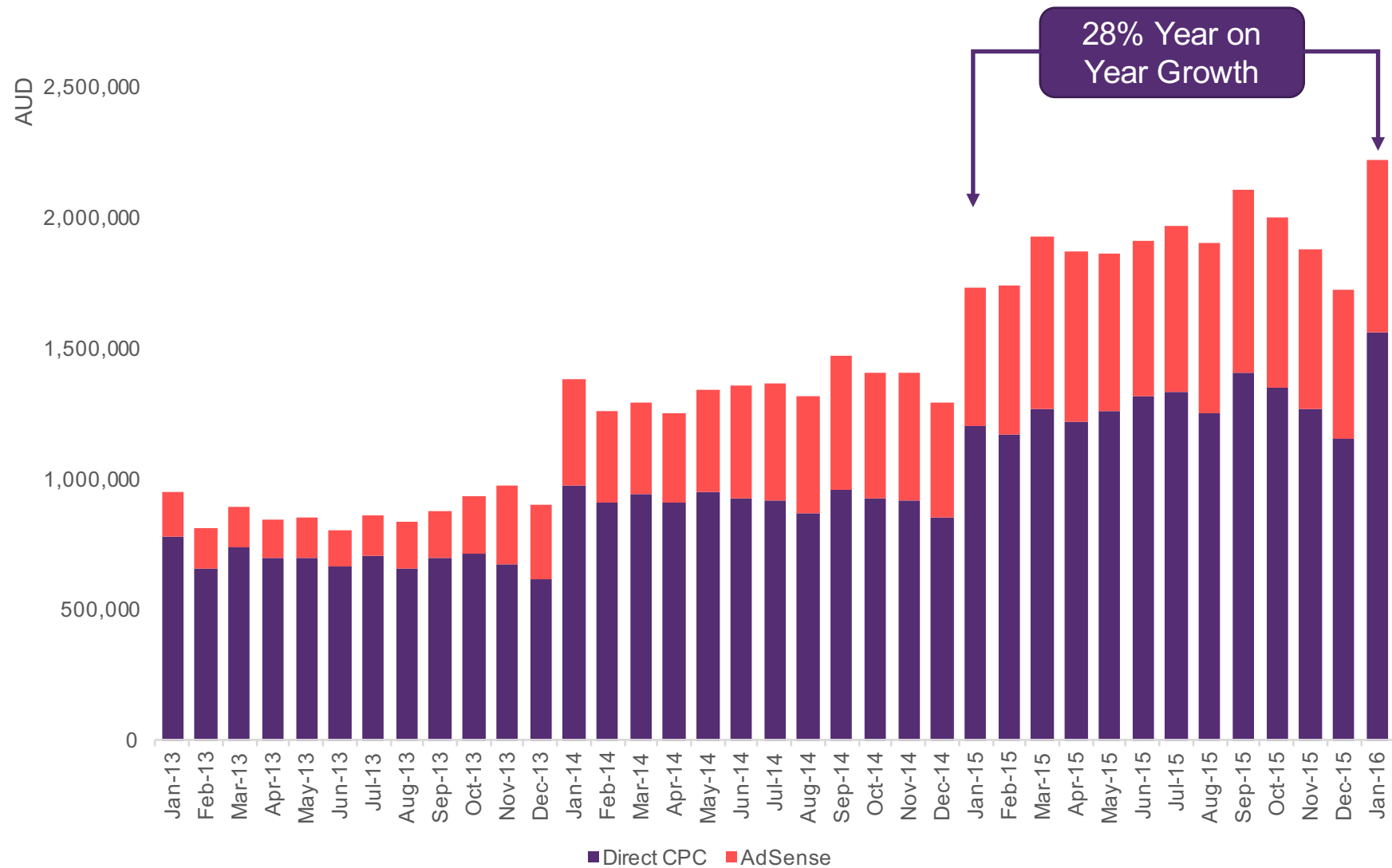
Jan 2016	Nuroa	Mitula Group	Combined
Advertisers (m)	946	13,705	13,705
Listings (m)	39.6	263.0	n/a
<b>Visits (m)</b>	<b>3.4</b>	<b>61.3</b>	<b>64.7</b>
Visits from Organic Search (%)	75%	68.7%	n/a
<b>Click Outs (m)</b>	<b>6.5</b>	<b>93.0</b>	<b>99.5</b>
Click Outs / Visit	1.91	1.52	1.54
<b>Click Outs Sold (m)</b>	<b>2.5</b>	<b>37.8</b>	<b>40.3</b>
Click Outs Sold (%)	38.5%	40.6%	40.5%
Yield / Click Out Sold (cpc) (cents)	3.8	4.1	4.1

Source: Internal Management Reports



# Forecasts

## Monthly Revenues (Pro Forma)



Source: Internal Management Reports. Prepared on a pro forma basis assuming Lokku Limited was acquired 1 January 2013. Lokku Limited actually acquired 8 May 2015.

## Pro Forma P&L Forecasts

<i>AUD 000's</i>	<b>FY 2016 Pro Forma Forecast</b>
AdSense	8,815
Direct CPC Revenue	17,353
<b>Revenue</b>	<b>26,168</b>
Traffic Acquisition	(3,691)
<b>Cost of Sales</b>	<b>(3,691)</b>
<b>Gross Profit</b>	<b>22,477</b>
<i>Gross Margin</i>	<i>85.9%</i>
<b>Operating Expenses</b>	<b>(9,162)</b>
<b>EBITDA</b>	<b>13,315</b>
<i>EBITDA Margin</i>	<i>50.9%</i>
Depreciation / Amortisation	(225)
<b>EBIT</b>	<b>13,090</b>
Finance Income / (Expense)	337
<b>Profit Before Tax</b>	<b>13,427</b>
Tax Expense	(3,323)
<b>NPAT</b>	<b>10,104</b>

The business remains on track to deliver its FY 2016 Pro Forma forecasts as stated in the June 2015 Prospectus

Source: Mitula Group Prospectus

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