

ASX RELEASE

Onthehouse continues to grow through its next generation property solutions

Thursday 28 August 2014: Onthehouse Holdings Limited (ASX: OTH) today announced its results for the 12 months ended 30 June 2014 (FY14), delivering continued growth in top line revenue, up 8% to \$26.1 million (FY13: \$24.1 million).

Commenting on the FY14 result, Onthehouse Managing Director & CEO Michael Fredericks said: “The past 12 months have been a very busy period for Onthehouse as we seek to further build on the company’s first mover advantage in delivering the next generation of online real estate media, data and real estate agent solutions in Australia. It is pleasing to see continued top line growth across both our Real Estate Solutions and Consumer Online businesses.”

Key financial results for FY14 reflect increased investment in the business

- Revenue of \$26.1 million (FY13: \$24.1 million)
- Underlying EBITDA of \$5.8 million (FY13: \$7.1million)
- Net profit after tax of \$423k (FY13: \$1.0 million)
- Normalised net profit after tax of \$4.2 million, excluding non-cash amortisation of acquired intangibles (FY13: \$5.4 million)
- Operating cash flow of \$6.2 million (FY13: \$7.2 million)
- Strong balance sheet with cash balance of \$3.4 million and debt reduction leading to positive net cash position of \$1.7 million

Continued growth in top line

“Over the past 12 months, while focused on a number of strategic and operational initiatives, we continued to grow top line revenues to over \$26 million. Real Estate Solutions revenue grew by 4% to over \$23 million as we provided additional software services to our stable real estate agent customer base. Consumer Online revenue increased by 51% to over \$3 million as we further monetised our scaling and engaged audience of 1.7 million unique browsers, deepening and enhancing our key banking relationships.

“The real estate market dynamics are changing, reflecting the growing sophistication and increasing needs of property consumers, real estate agents and advertisers. Onthehouse’s time is now. We have been strategically investing our growing cash flows to recruit talent and build our products, data and software platforms in collaboration with industry. While this level of investment continues

Members of Onthehouse Group



to dampen short term earnings, it is the right strategy to ensure Onthehouse 'owns' the next generation of property industry solutions given the company's first mover advantage," said Mr Fredericks.

Real Estate Solutions continued to deliver growing recurring revenues

"With stable market share and around 45% of real estate offices in Australia serviced by at least one of our real estate agent software products, our focus over the past 12 months has been on cross selling into the existing customer base and investing in innovation to drive the next generation of real estate agent solutions. Revenue growth was due to increasing yields with cross selling activity representing 10% of sales.

"The strength of our underlying real estate agency solutions business is highlighted in our results," said Mr Fredericks. This positive earnings and cash position enables Onthehouse to scale our investment in this business and in our earlier stage growth businesses, our data platform and next generation consumer online and mobile assets, which we expect to be the driver of significant revenue and earnings growth in the coming years.

Bank partnerships are the first step in monetising fast growing Consumer Online audience

"Our Consumer Online division continues to build momentum. Onthehouse.com.au traffic now stands at 1.7 million unique visitors per month whilst our total online media network reaches over 5.6 million unique visitors per month. The growth in audience we have achieved to date has been done with very limited marketing spend, evidencing our content rich value proposition for our homeowner audience.

"Our focus this year has been to establish a platform to capitalise on our data and content advantages from our integrated industry assets and to evolve the user experience on our website, both from its interface and intuitiveness to increasing the power of the site's data and property information delivery. Our Consumer Online business already attracts premium blue chip advertisers like the major banks looking to reach property buyers, sellers, renters and our real estate agency business partners, and we have the ability to substantially grow revenues given the total addressable market is over \$2 billion in size," said Mr Fredericks.

Strong cash flow and positive net cash

Onthehouse generated operating cash flows of \$6.2 million with a strong EBITDA cash conversion rate of over 100% which continues. This enabled the repayment of \$2.1 million of debt whilst also increasing the company's investment in product development to \$4.5 million. Onthehouse ended the year with a strong balance sheet – closing cash balance of \$3.4 million and net cash of \$1.7 million.

Substantial opportunity for Onthehouse to own the next generation of property industry solutions

Commenting on the outlook for Onthehouse, Mr Fredericks said: "Onthehouse is in a very unique position to scale the business off the back of a focused investment programme. We are excited by the substantial size of the total addressable markets available to Onthehouse and the strategy being executed to deliver long term growth.

"Our data business, while still an early stage business, is positioned to become the leading provider of real estate property data in Australia, leveraging Onthehouse's customer relationships with nearly half the real estate agents. In addition to creating new revenue streams, our compelling data assets propel our other businesses as well. It is a compelling and disruptive competitive advantage that has taken a number of years to build and is difficult for others to replicate.

“We believe that you can’t build a sustainable property business in Australia without strong relationships with the real estate agents. Partnership is not just a buzz word for us, we are truly focused on building close partnerships with agents to provide them with the software, data and online solutions they need to manage and grow their businesses. With at least one of our solutions being provided to approximately half of Australia’s real estate agencies, we will look to further cross-sell and lift in yield to drive growth. We expect continued growth in recurring revenues and earnings from this division.

“Having built a highly engaged property consumer online audience of home owners, different to first generation sites that have an audience of mainly buyers and renters, the Consumer Online division is now monetising that audience. While still an early stage business, with 1.7 million unique visitors per month on onthefhouse.com.au and over 5.6 million on our real estate network, we expect to grow revenues via continuing to scale our valuable homeowner audience with new categories of advertisers and further building our banking and real estate agency categories and lead generation capabilities.

“Onthefhouse is at the forefront of the next generation of online real estate media, data and software solutions in Australia. To capitalise on this position and ultimately own our space, we are strategically and tactically investing in our business while the opportunity exists, and this is a key tenet of our growth strategy as we build the most compelling property industry solutions in the Australian market,” added Mr Fredericks.

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For further information please contact:

Michael Fredericks
Managing Director

T: +61-7 3243 4345

E: michael.fredericks@onthefhouse.com.au

Ronn Bechler – Investor Relations
Market Eye

T: +61 400 009 774

E: ronn.bechler@marketeye.com.au

About Onthefhouse Holdings Limited

Onthefhouse Holdings Limited (ASX: OTH) is an ASX listed Australian online real estate content and services platform headquartered in Brisbane. The business divisions operated by the Company consist of:

The Consumer Online Division is a platform of publicly available real estate websites underpinned by the www.onthefhouse.com.au website, providing free access to an extensive database of real estate content and property values on most properties in Australia, including traditional real estate online classified listings. The website is comparable to successful offerings in the US (Zillow) and UK (Zoopla) and has very quickly become the third largest online real estate platform in Australia.

The Real Estate Solutions Division provides tools for real estate agents, other property professionals and financial institutions. It provides an integrated platform for office administration, property sales and management applications, online advertising solutions and other business performance tools for real estate agents and data and valuation related services for financial institutions utilising Onthefhouse’s extensive database. -