



CHAIRMAN'S ADDRESS: F15 ANNUAL SHAREHOLDER MEETING

(David Kirk)

With those preliminary matters addressed, I'll make some general comments about the past year at Trade Me and what we are working on.

The financial performance of the company in the last year has been satisfactory but not better than that. We let you know last year that F15 was to be a year of subdued earnings growth as a result of the continued investment in people and product development, which was required to position Trade Me for long-term growth in its main markets of ecommerce and classified advertising, and to develop new businesses. In particular our online marketplace, one of our largest businesses, had stopped growing and needed significant investment to get it moving again.

Trade Me CEO Jon Macdonald will talk about this in more detail in just a minute, but I am pleased to say that we are now seeing the benefits of this investment. In the fourth quarter of F15 our online ecommerce platform returned to growth. The General Items business (as we call it) grew at 2% in the fourth quarter of F15, and new goods – which is the real target of our investment – grew at 5% in the quarter. This momentum has continued in the first quarter of F16.

All of our classified businesses – Trade Me Property, Trade Me Motors and Trade Me Jobs – performed well in F15. Altogether this group of businesses grew revenue at 16% year-on-year and continued to deliver that growth at high margins.

F15 has been notable for the addition of new businesses to Trade Me. I mentioned last year that in August we purchased LifeDirect, an online insurance comparison service. Life Direct has performed very well in the year and in August this year the LifeDirect team launched Trade Me Insurance. This is a partnership with Tower Insurance. We are not the insurer – that is Tower's job. Our job is to acquire new customers, which we are very well-positioned to do given we are engaged with so many New Zealanders when they buy big items, such as houses and cars, that need to be insured.

This year we have also extended our position in financial services. In September 2014 we acquired Paystation. Paystation supports online transactions by providing a credit and debit card payment gateway and associated services. We are steadily developing our capability in online payments and are pleased with the response we are getting from online buyers.

In early 2015 we also invested in a stake in peer-to-peer lending company Harmony. Harmony was founded to provide lenders and borrowers with a new option in personal finance. Harmony bundles up funds from specialist providers of this sort of financing and from individuals, and makes loans to borrowers with terms that are more closely tailored to the borrowers' risk profiles than banks are able to do.

As I have noted in the past, the 'Other' category in our accounts will become a greater contributor to our revenue and profit growth in the future than it has been in the past, and online financial services looks set to be a large part of this success. In F15 our 'Other' businesses grew revenue by 23%.

Before I hand over to Jon I have a couple of thank yous to make. First, I thank my colleagues on the Board for their hard work, thoughtfulness and energetic contribution to Trade Me's success in F15.

The last couple of years have been something of a slog for management, putting in place the building blocks for faster growth in the future. A lot of good work has been done without too much to show for it in earnings growth. The team has stuck to the task and we are now beginning to see the benefits. So, second on your behalf as shareholders of Trade Me, I thank Jon and his senior management team for the hard work and solid progress the business has made in F15.

Thank you.

14 October 2015