

ASX Code: FDV

20 December 2017

Strategy Update

- Portfolio strategy has been updated at the end of 2017 following strong operational and financial performance across a number of Frontier's investments
- Portfolio has evolved with a bias towards property, due to stronger monetisation potential and the expertise of Frontier's management
- Geographical focus has narrowed with priority of developing Asia (ex China and India), Central and South America, and Africa
- Frontier withdraws support of its remaining two tier 3 investments, carWangu and casaMozambique by providing no further funding and relinquishing its board positions
- Focus for 2018 is to progress its investments towards mature and profitable market leaders, while increasingly exploring the wide range of potential monetisation options

Frontier Digital Ventures Limited ("**Frontier**") is pleased to announce an update to its portfolio strategy as 2018 approaches.

Strategy update

The release of this portfolio strategy update is designed to provide Frontier's shareholders and potential new investors with additional information and context in relation to the planned evolution of Frontier's portfolio. This includes an update in relation to the wide range of potential monetisation options available to each portfolio company and groups of portfolio companies.

Please refer to the attached presentation for details of the portfolio strategy update.

carWangu and casaMozambique update

Frontier has decided to withdraw financial support from its remaining tier 3 investments, carWangu and casaMozambique, which collectively generated A\$46k revenue in 3Q 2017, as their performance has not met expectations. While Frontier will retain its current equity interest in both investments, Frontier will provide no additional funding support to these two investments in future and relinquish its board positions. Frontier expects to record a write-down in the current accounting period of ~A\$450k for CarWangu and ~A\$750k for casaMozambique. The withdrawal of support is in line with Frontier's strategy to focus its time, funding and management on its tier 1 and tier 2 investments.

Frontier's CEO and Founder, Shaun Di Gregorio said: *"2017 has seen our portfolio focus tighten with the exit of several tier 3 investments, and the acquisition of 4 tier 1 investments, including 3 leading Asian classifieds. Our bias towards property continues with new investments and the exercise of equity options in existing investments (e.g. LankaPropertyWeb, Propzy). We will continue to progress our portfolio companies towards mature and profitable market leaders and assess potential monetisation opportunities in the best interests of all shareholders."*

The background image shows a city skyline at dusk or dawn, with several tall skyscrapers under construction. A digital network overlay of white lines and nodes is visible on the right side of the image. The text 'FRONTIER' is in a large, bold, blue font, and 'DIGITAL VENTURES' is in a smaller, white, sans-serif font below it.

FRONTIER
DIGITAL VENTURES

ONLINE CLASSIFIEDS IN FRONTIER MARKETS

STRATEGY UPDATE | DECEMBER 2017

EXECUTIVE SUMMARY



- **Frontier conceived its strategy with an initial investment in Zameen in 2014**, which was to build a portfolio of market leading online classifieds investments in frontier markets
- Frontier **continued to build its portfolio across 2015 and 2016**, then successfully completed an IPO in August 2016 raising funds to accelerate the evolution of its portfolio
- **2017 saw continued portfolio optimisation** with the addition of 4 investments, rationalisation of 4 investments, and ownership increases in tier 1 investments
- Frontier expects to **continue its portfolio optimisation in 2018** and prudently deploy capital to accelerate the revenue growth of its tier 1 investments
- Frontier believes it can add significant value to its investments over the next 3-5 years, and **continuously assesses monetisation options in the best interests of all shareholders**

- Frontier continues to build on and refine its **portfolio strategy and approach**
- **towards monetisation** since its IPO in August 2016

Property bias

Bias towards property classifieds as a result of typically stronger monetisation opportunities
(see page 4 for further information)

Portfolio revenue growth

Quarterly revenues have increased at a CAGR of +77% since 1Q 2016 – strong revenue growth expected to continue
(see page 6 for further information)



Geographic focus

Narrowed geographical focus with priority of developing Asia (ex China and India), Central and South America, and Africa
(see page 5 for further information)

Consolidate market leaders

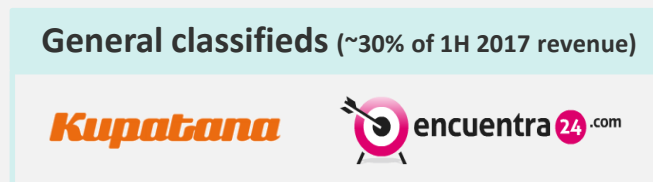
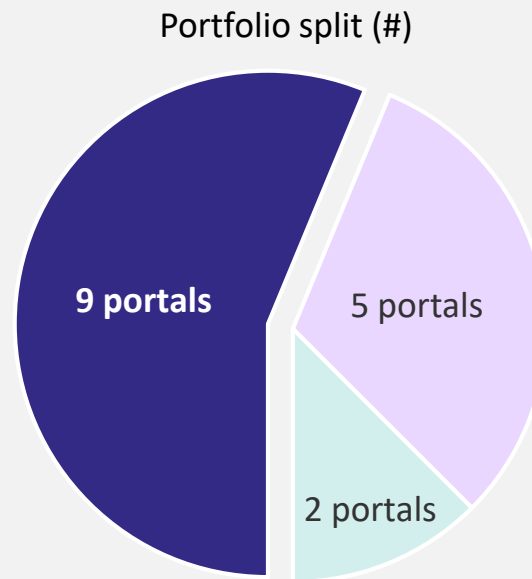
Portfolio expected to continue trending towards mature and profitable market leading investments
(see page 7 for further information)

PROPERTY BIAS

- Frontier's management has a bias towards property classifieds as a result of
- typically stronger monetisation opportunities



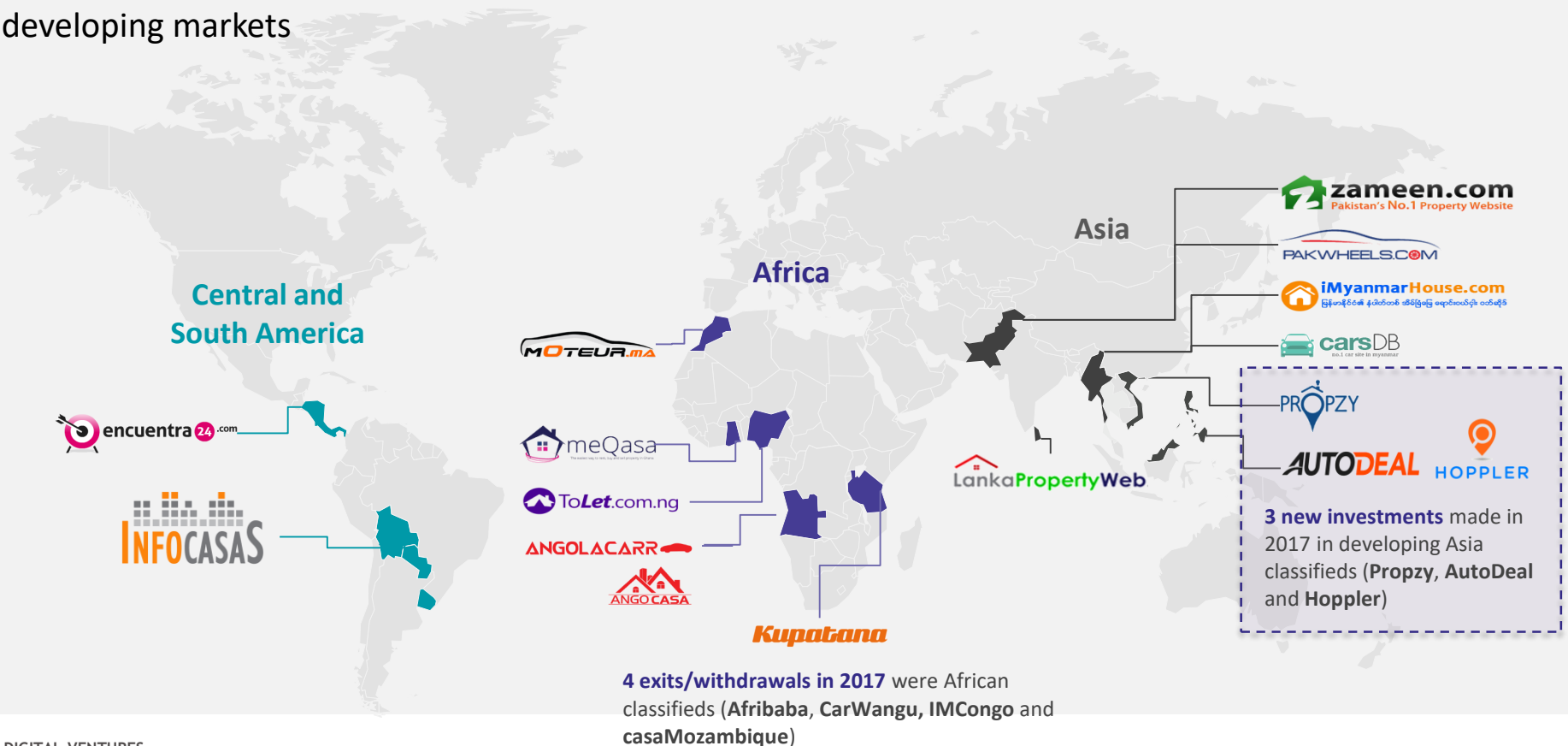
Property comprises 8 of Frontier's tier 1 monetising businesses



Both of these general classifieds have larger property and automotive verticals than their competitors

GEOGRAPHIC FOCUS

- Narrowed geographical focus with priority of **developing Asia** (ex China and India),
 - **Central and South America**, and **Africa**
- Frontier has added 4 new businesses to its portfolio in 2017, 3 of which were Asian classifieds in developing markets

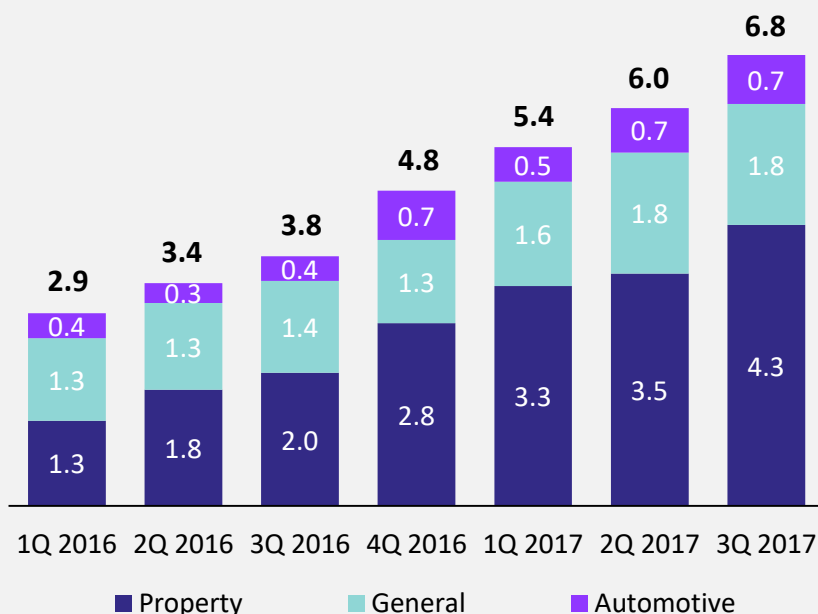


PORTFOLIO REVENUE GROWTH

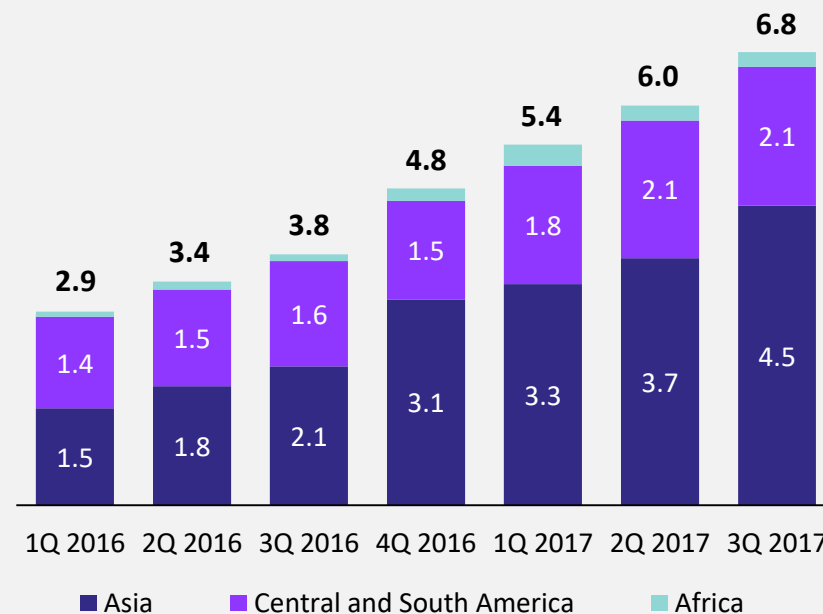


- Frontier portfolio assets have experienced quarterly revenue growth with a CAGR
- of +77% since 1Q 2016 – strong portfolio revenue growth is expected to continue

Quarterly revenue by type (A\$m, 100% basis)¹



Quarterly revenue by geography (A\$m, 100% basis)¹



Source: Management accounts

Notes:

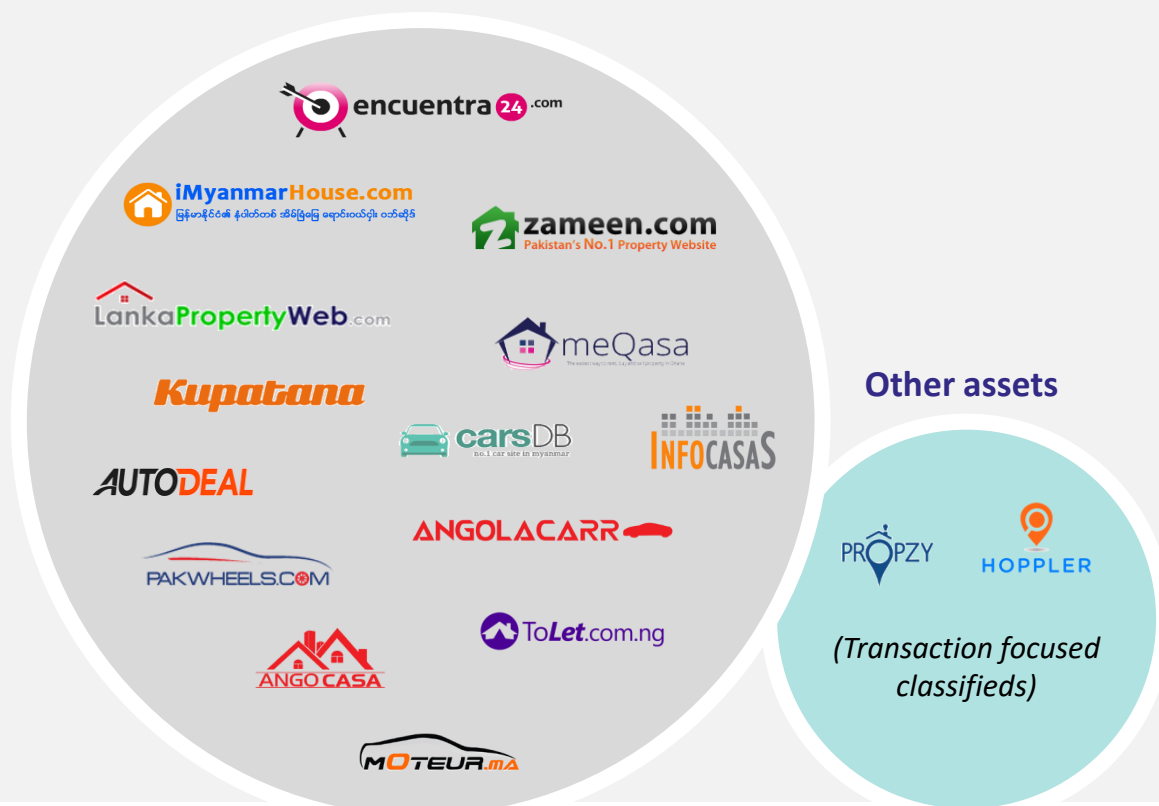
1 Pro-forma unaudited figures representing 100% of the revenue of each asset on a standalone basis at 30 September 2017

CONSOLIDATE MARKET LEADERS



- Frontier has established a core portfolio of mature, market leading investments
- that are focused on monetisation and reaching profitability

#1 Market position by sessions

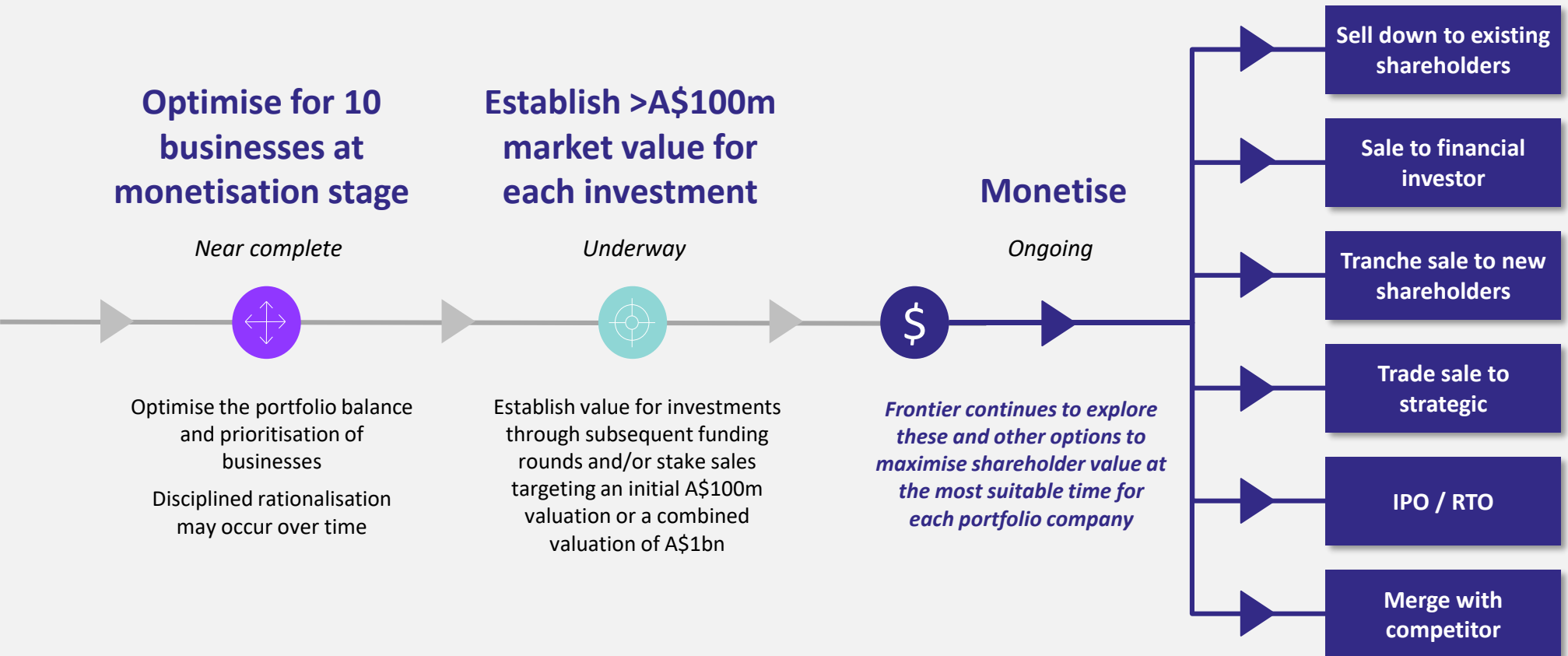


Frontier continuously assesses opportunities to further extend market leadership

- Frontier is in active discussions with select portfolio companies to fund potential consolidations or asset swap strategies in selected markets
- Transactions could present Frontier with an opportunity to merge traffic, listings, agents, advertisers and revenues
- Aim is to create or entrench market leaders

CONTINUED PROGRESS TOWARDS MONETISATION

- Frontier is increasingly focused on monetising its portfolio from a rational
- perspective in the interests of all shareholders





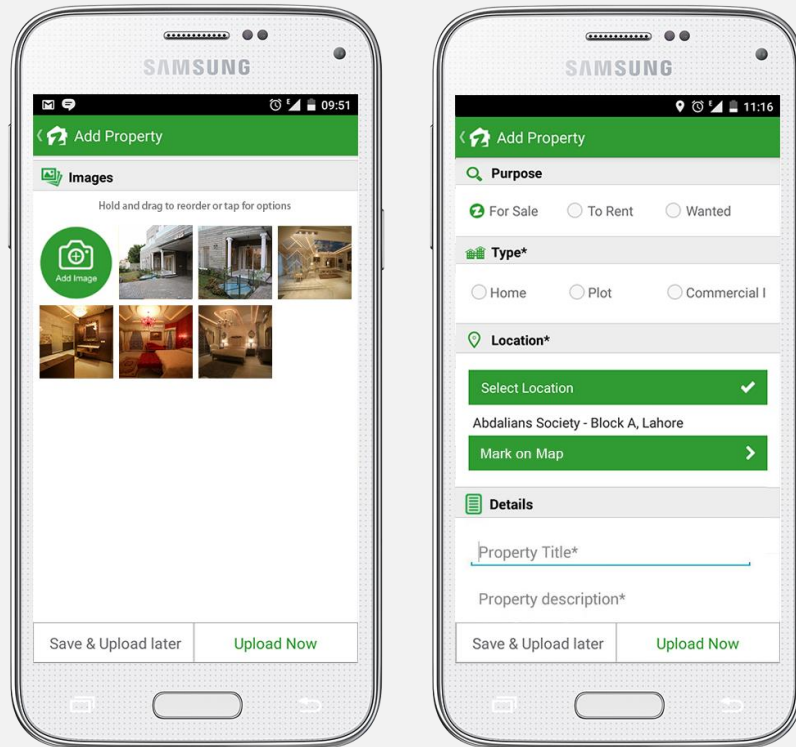
APPENDIX

OPERATIONAL UPDATES

ZAMEEN: TRADING UPDATE



- The #1 property classifieds in Pakistan and Frontier's most advanced investment
- having successfully progressed through the monetisation stage over the last 12 months



#1 clear market leading property classifieds platform in Pakistan with Frontier holding a 30% equity interest

US\$150m valuation expected (100% basis), up from US\$4m at Frontier's initial investment in March 2014

+612% transaction revenues in 1H 2017 on pcp (324% in 9 months to September 2017 on pcp)

+83% monthly revenues in September 2017 on pcp

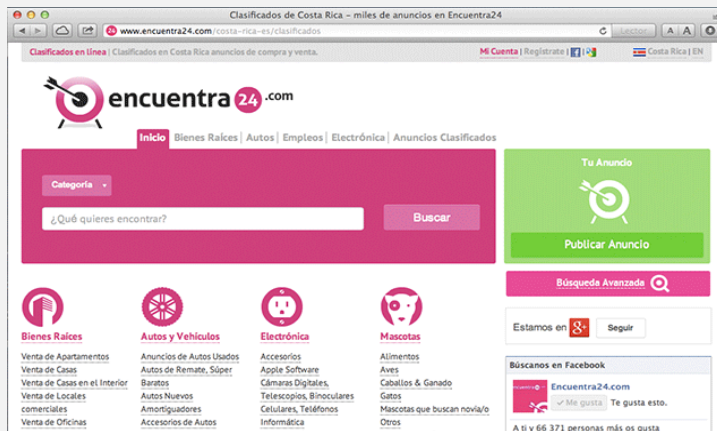
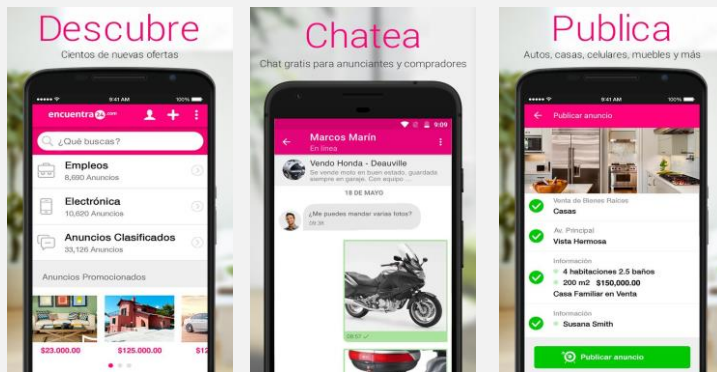
+42% monthly sessions in September 2017 on pcp

+22% advertisers in September 2017 on pcp

ENCUENTRA24: TRADING UPDATE



- Encuentra24.com is the **leading general classifieds platform** in the key Central
- **American markets** of Panama, Costa Rica, Nicaragua and Honduras



Key operating metrics

#1 general classifieds platform in Panama, Costa Rica, Nicaragua and Honduras with Frontier holding a 42% equity interest

+34% monthly classifieds revenue growth in 1H 2017 on pcp

10 minute average session duration in September 2017

+10% in monthly sessions to September 2017 on pcp

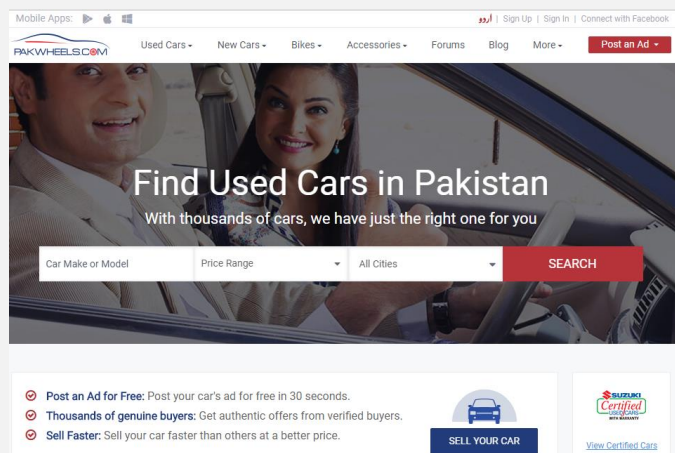
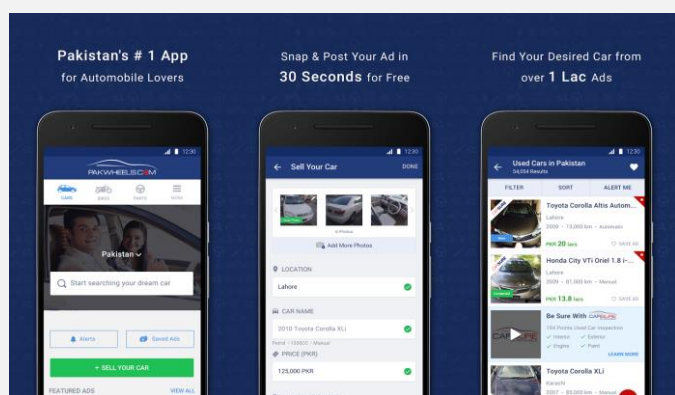
+34% growth in registered users in September 2017 on pcp

+17% growth in new listings in September 2017 on pcp

PAKWHEELS: TRADING UPDATE



- The leading autclassifieds platform in Pakistan and one of the best examples of the
- successful roll-out of transaction revenue streams across Frontier's portfolio



Key operating metrics

#1 online autclassifieds platform in Pakistan with Frontier holding a 37% equity interest

+57% monthly classifieds revenue growth in 1H 2017 on pcp (37% in 9 months to September 2017)

+921% in CarSure revenue in 9 months to September 2017

+38% growth in unpaid sessions in September 2017 on pcp

+30% growth in leads generated in September 2017 on pcp

+33% monthly mobile sessions in September 2017 on pcp

PORTFOLIO SUMMARY



- Frontier's optimised portfolio of 15 investments¹ continues to progress rapidly
- towards monetisation

	Operating company	Current shareholding	Classifieds type	3Q 2017 Revenue (A\$k, 100% basis)	3Q 2017 Revenue Growth (%)	Target markets
Currently monetising	Zameen	30%	Property	3,247	+107%	Pakistan
	Encuentra24	42%	General	1,774	+32%	Central America
	Pakwheels	37%	Automotive	454	+114%	Pakistan
	Infocasas	31%	Property	323	+34%	Uruguay, Paraguay, Bolivia
	Propzy	29%	Property	247	+605%	Vietnam
	iMyanmarHouse	43%	Property	230	+103%	Myanmar
	AutoDeal	33%	Automotive	218	+98%	Philippines
	Hoppler	21%	Property	90	(31%)	Philippines
	ToLet	39%	Property	77	+157%	Nigeria
	LankaPropertyWeb	48%	Property	73	+160%	Sri Lanka
	CarsDB	76%	Automotive	45	+74%	Myanmar
Monetisation planning stage	meQasa	86%	Property	12	+617%	Ghana
	Kupatana	31%	General	33	(14%)	Tanzania
	Moteur	49%	Automotive	26	+313%	Morocco
	Angocasa/Angolacarr ¹	75%	Property/Auto	-	n/a	Angola

Notes:

1 Angocasa and Angolacarr treated as 1 entity within the portfolio for reporting purposes



FRONT:ER

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