

iProperty Group (ASX: IPP) Half Year Results - H1 2015

Analyst and Investor Presentation - August 2015

iProperty Group (ASX: IPP) owns the **#1 Online Property Portals** across the ASEAN and Hong Kong Region. The key brands include:

 **GoHome.com.hk**
Hong Kong's No.1 Property Website

 **squarefoot.com.hk**


Hong Kong
Macau

 **thinkofliving.com**


Thailand


Philippines

 **iProperty.com**
Malaysia's No.1 Property Website


Malaysia


Singapore

 **rumah123.com**
Situs Properti No.1 di Indonesia


Indonesia

Performance Highlights H1/15

Growth H1/15 vs. H1/14 (for financials) or June 15 vs. June 14 (for operating metrics)



Revenues

\$15.1m

+37%



EBITDA

\$0.7m

+2,233%



Positive Operating CF

\$1m

(first time positive)



Unique Visitors (monthly)

4.0 million

+21%



Property Listings

1.6 million

+14%



Paying Agents

35,380

+6%



Average Online Revenue per Development and month

A\$ 963

+91%



Contact Database

1.2 million

+20%

Performance Highlights H1/15

-  Extension of **clear leadership position** in Malaysia, Indonesia, Thailand and Hong Kong Region
-  **Acceleration of revenue growth** of 37% to \$15.1m driven by strong growth in the agent business (subscription revenues up 31%, depth revenues up 48%) and the developer business (online revenues up 72% and events 13%)
-  **Further increase** in growth expected for H2/15 confirming the revised guidance (as of Jun15)
-  EBITDA **profitability** at \$0.7m with **increasing EBITDA margins** for both Group and all key countries
-  **4 of 6 business units profitable** now - Malaysia, Hong Kong Region, Thailand and International Project Marketing (Transactions)
-  **Malaysia generated an EBITDA of \$5.0m** during first half at a 53% margin
Hong Kong Region has integrated the acquired Squarefoot business at an **EBITDA profit**
Thailand delivered a 37% EBITDA margin
Indonesia extended its leadership position in a highly fragmented market and now has 50% market share
-  First time **operating cash flow positive** at \$1.0m (H1/14: outflow of (\$0.2m))
-  Commenced monetisation of new solutions such as iProperty Goggles (**virtual show rooms**), iPropertyIQ (**data and research**) and iProperty Private Events (**transactions**)

RESULTS

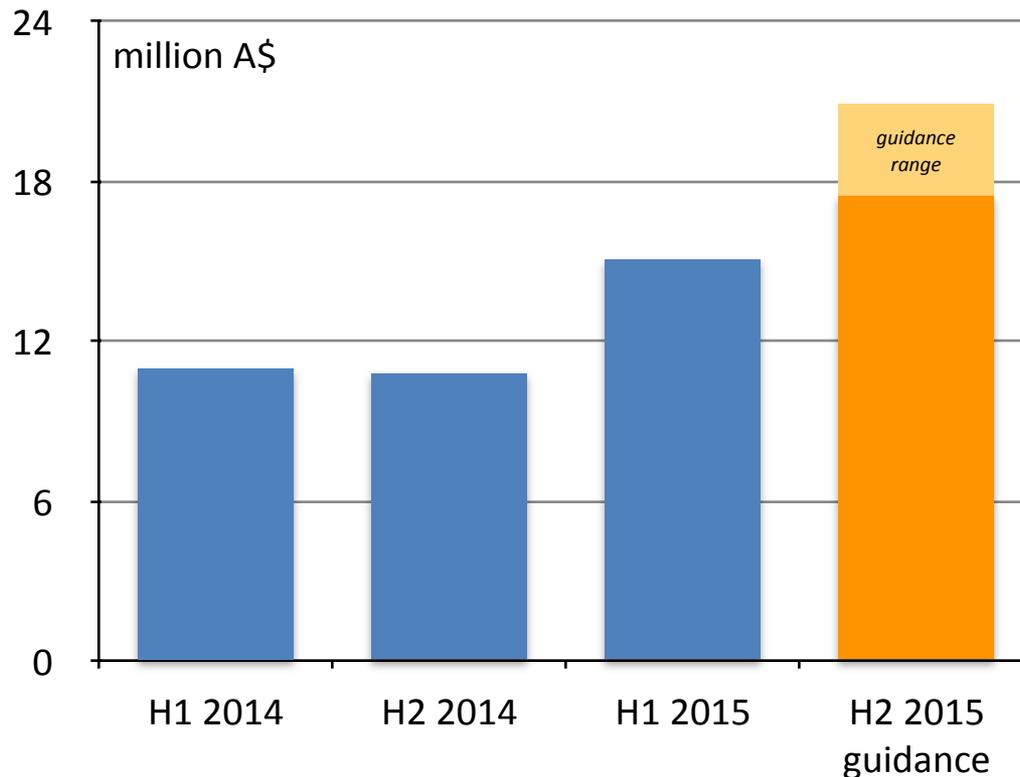
Financial Summary

-  **Acceleration of revenue growth** of 37% to \$15.1m by strong growth in the agent business (subscription revenues up 31%, depth revenues up 48%) and the developer business (online revenues up 72% and events 13%)
-  **EBITDA profitability** at \$0.7m with increasing EBITDA margins
-  First time **operating cash flow positive** at \$1.0m (H1/14: outflow of (\$0.2m))

in A\$ 000's	H1 2015	H1 2014	Variance
Revenue	15,100	11,006	37%
Operating Expenses	(14,400)	(10,976)	31%
EBITDA	700	30	2,233%
Net (Loss) after tax	(1,546)	(8,972)	
Operating Cash Flow generated / (used)	1,040	(150)	

Group Revenue

- 🏠 **Further increase** in growth expected for H2/15 confirming the revised guidance (as of Jun15) leading to an **annual revenue growth rate of 49% to 65%**
- 🏠 The vast majority of the growth can be **attributed to organic revenue growth**



Segment Result H1 2015 - Revenue

Acceleration of revenue growth of 37% to \$15.1m across all key countries driven by continued growth in the agent and strong growth in the developer business.

REVENUE in A\$ 000's	H1 2015	H1 2014	Growth rate
Malaysia	9,416	7,266	30%
Hong Kong Region	3,867	1,997	94%
Thailand (since 1 April 2015)	595	-	-
International Project Marketing	148	7	2,014%
Indonesia	719	716	0%
Singapore	1,028	1,155	(11%)
Intersegmental Consolidation	(673)	(135)	399%
iProperty Group	15,100	11,006	37%

The underlying growth rate for *Indonesia* for H1/15 was 20% due to timing / phasing of revenues.

Segment Result H1 2015 - EBITDA

 **4 of 6 business units profitable** now - Malaysia, Hong Kong Region, Thailand and International Project Marketing (Transactions)

 **Malaysia generated an EBITDA of \$5.0m** during first half at a 53% margin
Hong Kong Region has integrated the acquired Squarefoot business at an **EBITDA profit**
Thailand delivered a 37% EBITDA margin

EBITDA	A\$ 000's	A\$ 000's	Growth rate	Margin	Margin
	H1 2015	H1 2014		H1 2015	H1 2014
Malaysia	4,962	3,765	32%	53%	52%
Hong Kong Region	231	115	101%	6%	6%
Thailand (since 1 April 2015)	221	-		37%	
International Project Marketing	3	(33)		2%	
Indonesia	(1,129)	(1,175)	(4%)	(157%)	(164%)
Singapore	(636)	(570)	12%	(62%)	(50%)
Corporate / Intersegmental Consolidation	(2,952)	(2,071)	43%*		
iProperty Group	700	30	2,233%	5%	0%

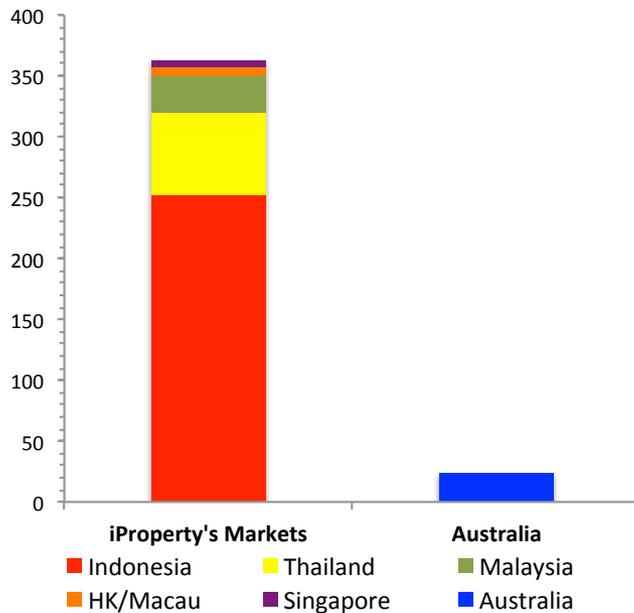
* Note: Increase in step-up in infrastructure expenses (office rent, data centre space, software licenses) to enhance platform for growth

MARKET OPPORTUNITY

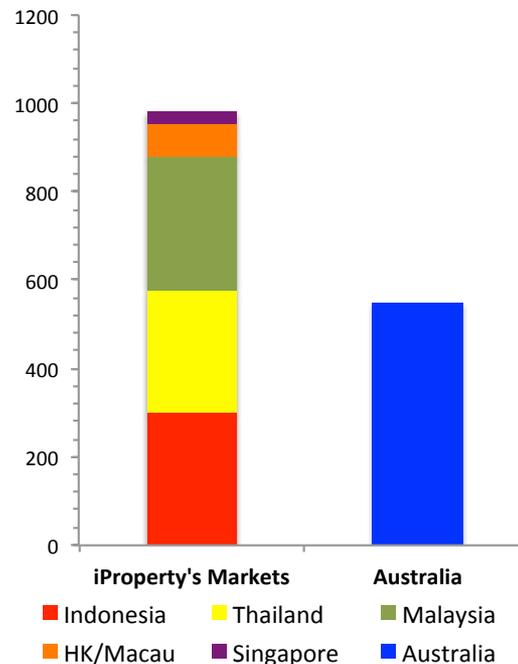
Macro Economic Environment

-  The **real estate market is expected to continue growing significantly** as the populations in iProperty's markets continue to increase their wealth off the back of booming economies.
-  The number of recorded property sales is already **almost double** Australia's.
-  The price of those properties is sometimes already higher, or is growing faster and continuing to catch up to the average Australian price.

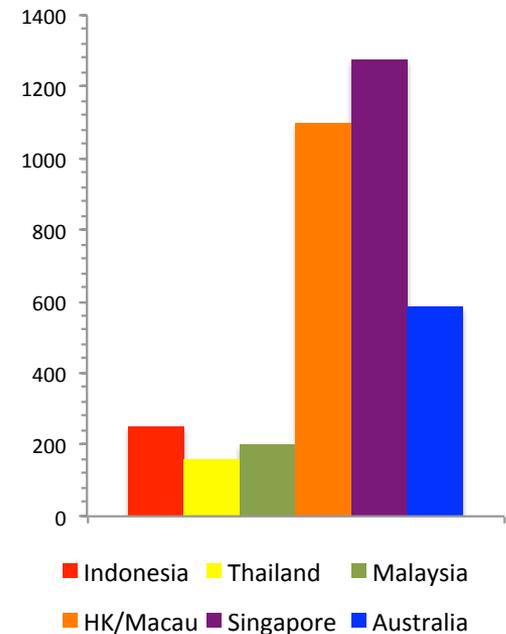
POPULATION
millions



NUMBER OF PROPERTY SALES
thousands



AVERAGE PROPERTY PRICE
A\$ 000's



Source: World Bank, United Nations, NAPIC, IPP, CoreLogic, SBR

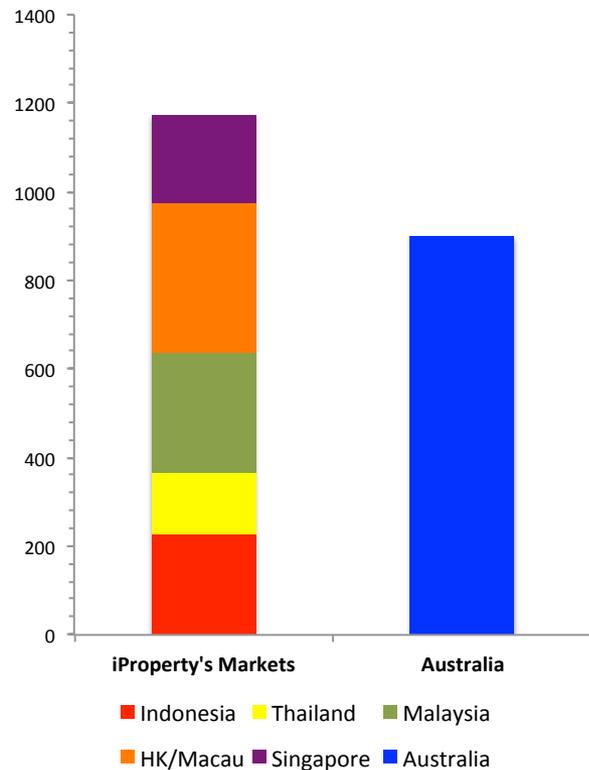
Real Estate Advertising Market

Large Advertising Budgets

Real estate advertising budgets in iProperty's markets are already larger than those of Australia and growing faster. Property developers account for the vast majority of advertising spend

REAL ESTATE ADVERTISING BUDGET

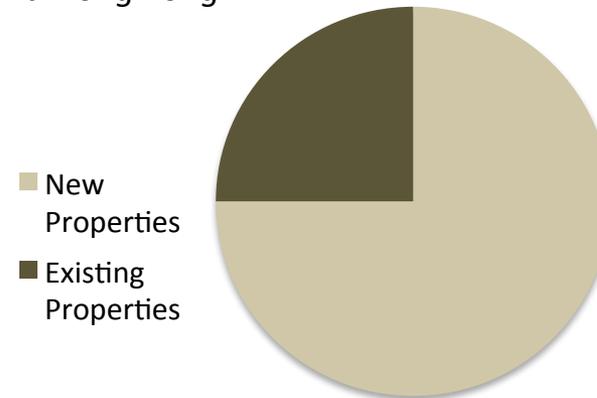
A\$ 000's



SPLIT OF BUDGET BY PROPERTY TYPE

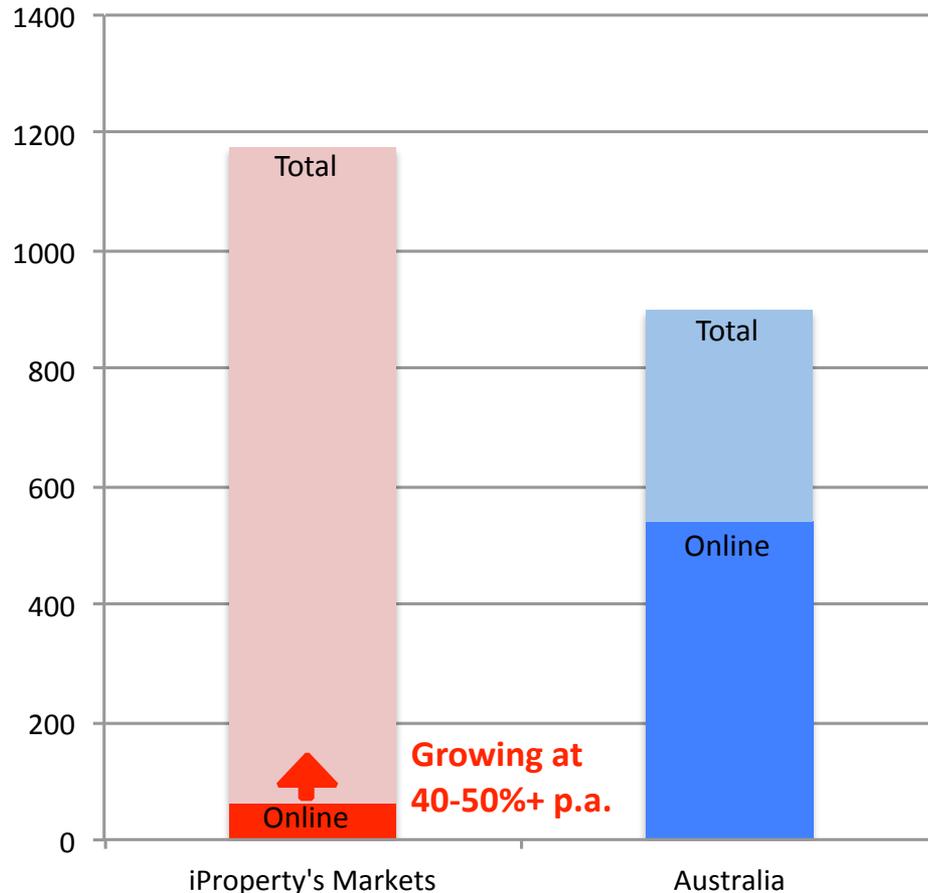
%

*South East Asia
and Hong Kong*



Source: Frost & Sullivan, IPP, DAAT. REA. Statista, Credit Suisse

Market share online Real Estate Advertising



Source: Frost & Sullivan, IPP, DAAT. REA. Statista

The conversion of Offline to Online Advertising is accelerating

The shift from offline to online advertising is growing faster each year, with iProperty's services assisting to drive the offline to online conversion.

Market Opportunity: Summary

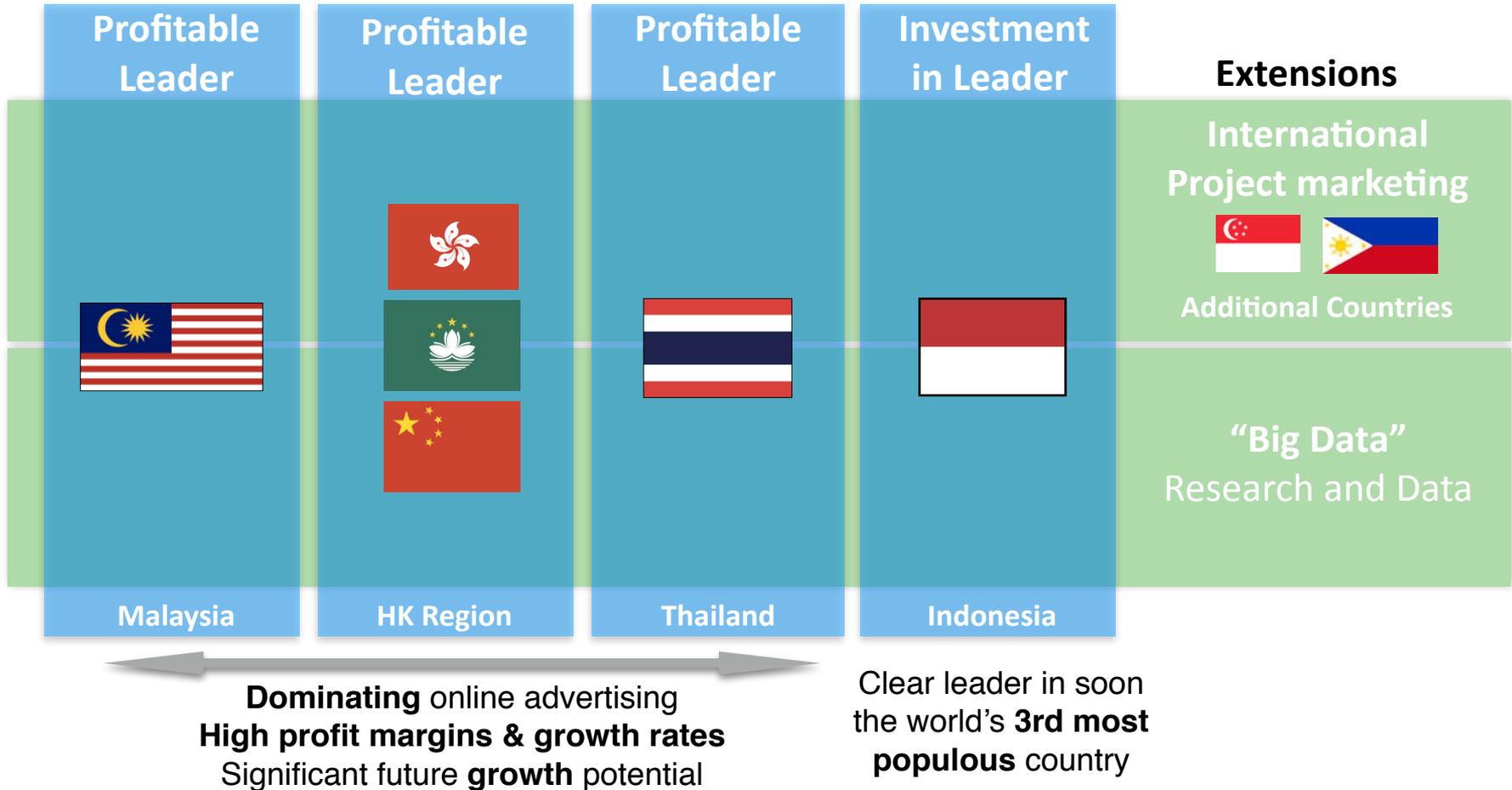
The iProperty Region presents a **tremendous growth opportunity**

-  The population in iProperty's markets is **already 15x** the population of Australia and still growing.
-  The number of properties sold in iProperty's Markets is **already larger than Australia**, and is growing much faster. And **prices are catching up** to Australian levels, too.
-  The **real estate advertising budgets** in iProperty's markets **already exceed** Australia's.
-  The shift of real estate advertising in the iProperty's markets from offline to online is **accelerating**.

GROUP AND COUNTRY STRATEGY

Strategy

iProperty Group (ASX: IPP) owns and operates the **#1 Property Portals** across the ASEAN and Hong Kong Region.



Business Objectives and Results



Accelerate the growth across the group in both the **agent** and the **developer** segment



on track



Increase the **market dominance** in key markets of Malaysia, Hong Kong Region, Thailand and Indonesia



on track



Integrate new **acquisitions** (Hong Kong and Thailand)



on track



Develop the Transactions and Project Marketing business



on track

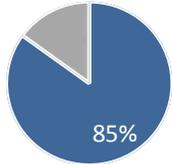
COUNTRY PERFORMANCE



Competitive Position

#1

Online represents 8-12%
of Total RE advertising spend

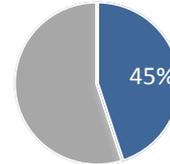


IPP's Market Share of
Online RE Advertising

EBITDA Margin: **53%**
Share of Agents signed up: **90%**
Share of Developers signed up: **70%**
Lead over #2 in Traffic: **4.6x**
Lead over #2 in Paying Agents: **4.2x**
Lead over #2 in Quality Listings: **~3x**

#1

Online represents 5%
of Total RE advertising spend

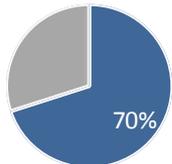


IPP's Market Share of
Online RE Advertising

EBITDA Margin: **37%**
Share of Developers signed up: **40%**

#1

Online represents 3-5%
of Total RE advertising spend

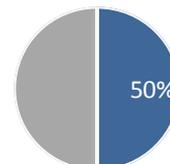


IPP's Market Share of
Online RE Advertising

EBITDA Margin: **6%**
Share of Agents signed up: **~70%**
Share of Developers signed up: **~65%**
Lead over #2 in Traffic: **2.3x**
Lead over #2 in Paying Agents: **3.1x**
Lead over #2 in Quality Listings: **~2x**

#1

Online represents 2-3%
of Total RE advertising spend



IPP's Market Share of
Online RE Advertising

Investment Stage
Lead over #2 in Traffic: **1.1x**
ARPA lead over #2: **~2x**
Lead over #2 in Paying Agents: **~1.3x**
Lead over #2 in Quality Listings: **~1.3x**

Malaysia



FINANCIALS

- Clear **market leadership** with a 85% market share in online advertising
- **Accelerating revenue growth** of 30% (H1/15 vs. H1/14)
- **Profitable** with an H1/15 EBITDA of \$5 million (H1/14: \$3.8m)
- **EBITDA margin of 53%** (H1/14: 52%)

DEVELOPERS

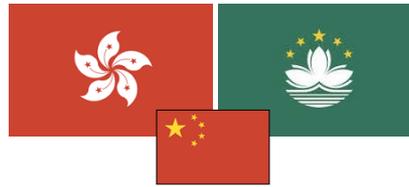
- **211 paying developers in Jun15 (or 70% of market)**
- **92% growth** in Developer online revenues (H1/15 vs. H1/14) and 37% in Developer revenues
- Commenced monetisation of new **developer solutions** such as iPropertyIQ (data) and iProperty Goggles

AGENTS

- 10,000 paying agents representing (**more than 90% of the market**)
- **Price increase** in subscriptions (Apr15) and depth products (Jan15) successfully implemented
- **ARPA (Average Revenue per Agent) up 19%** (at ~MYR 180 per agent and month) despite change in revenue amortisation and features (timing)
- First agent awards to recognise top performers in the industry (industry first)



Hong Kong Region



FINANCIALS

- Clear **market leadership** with 70% market share in online advertising - two brands Squarefoot and GoHome
- **Strong accelerating revenue growth** of 94% (H1/15 vs. H1/14)
- **EBITDA profitable (ahead of schedule) at 6% margin** as a result of the integration of loss making Squarefoot business

DEVELOPERS

- **61% growth** in Developer revenues (H1/15 vs. H1/14)
- **Significant growth of 213%** in developer leads (H1/15 vs. H1/14)
- Monetisation of new **developer solutions** incorporating iPropertyIQ (data)

AGENTS

- **7,500 paying agents representing approximately 70% of the total market**
- **334% growth in depth revenues**, 184% growth in total agent revenues
- **ARPA at HK\$195 per month up 174%** (H1/15 vs. H1/14)
- **Price increase** in subscriptions and depth products (Apr15) successfully delivered

Thailand



FINANCIALS / GENERAL

- Clear **market leadership** with a market share of 45% in online advertising revenues
- Business currently profitable at 37% EBITDA margin and 60% Revenue growth from property developers
- Consolidation in results only from 1 April 2015 (post completion)
- Average of 500k unique visitors per month (almost exclusively direct or organic - unpaid)

DEVELOPERS

- **Unique video and classified offering** for Developer customers
- High degree of **consumer engagement** across real TV, youtube (largest real estate channel) and website
- **39 of top 40 developers subscribing** to services

AGENTS

- **Entry into the emerging agent business** from position of strength in developer business

Indonesia



FINANCIALS

- Clear **market leadership** in a highly fragmented market with approximately 50% market share
- Business to remain in **investment phase** for next 2-4 years to position for the long term move to a dominant market position

DEVELOPERS

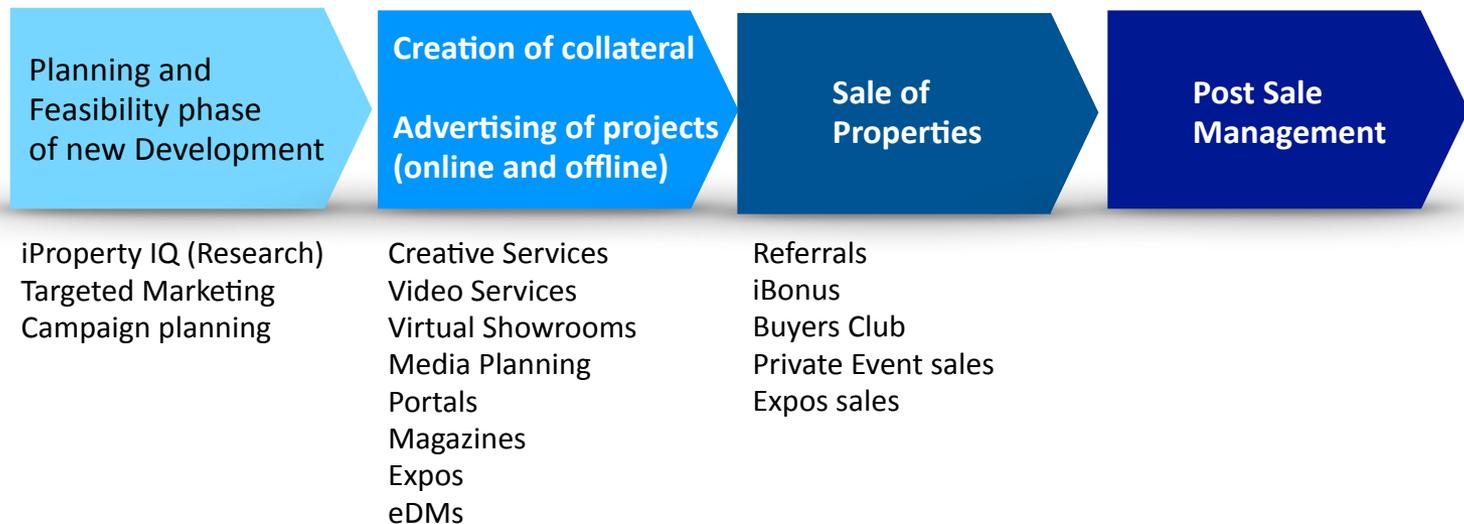
- **Continued extension of leadership position** in developer business
- Rising **cross border sales** into Indonesia for international developer clients
- **Average Online Revenue per Development up 65%** as sign of an growing online share in the market

AGENTS

- **Leader in Indonesian agency business in all relevant dimensions**
- **10,000 paying real estate agents** with a 2x ARPA lead
- **66% growth in depth revenues** and 10% in subscription revenue
- **Strong growth in quality property listings** by 44% to 390k+ (Jun15 vs. Jun14)
- **Rollout of simplified agent app (iRealtor)** for real estate agents (basic CRM system)

Project Marketing (Transactions)

- Build up of a **Global Project Marketing business** out of **Singapore** with focus on the all iProperty Markets
- Unique offering of advertising and data research assets to advertise and sell developments



- Business has broken even and sales as well as revenues are significantly up
- Remuneration via advertising spend and/or commission share (at risk)

Singapore

FINANCIALS

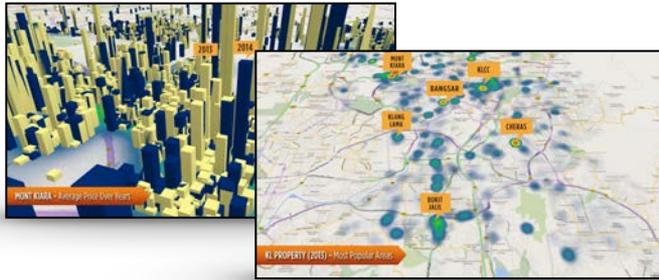
- Turnaround of the Singapore business by stronger focus on the **developer market**
- **35% growth** (H1/15 vs. H1/14) in developer revenues
- **Significant reduction of losses** in second half expected

MARKET

- Significantly **depressed** property market due to cooling measures

Innovation (selection)

Commenced monetisation of new solutions such as iProperty Goggles (**virtual show rooms**), iPropertyIQ (**Data and Research**) and iProperty Private Events (**Transactions**)



iPropertyIQ (data)

Sold in Malaysia and Hong Kong since Jun15



Agent CRM tool (iRealtor 2.0)

Live in Malaysia and Indonesia since Jul15



iProperty Goggles

Sold across the group since Jul15



Premium Listing

To be sold Malaysia from Sep15

APPENDIX

Real Estate Market

MALAYSIA

- **Strong GDP growth** of 5.3 to 5.5% for 2015 and 2016 each
- Continued **growth of property market unaffected by introduction of GST**
- **Government stimulus** packages for affordable housing
- Weakening of Ringgit might attract **overseas investors**

THAILAND

- Thai government has lowered interest rate which is expected to **stimulate the property market**
- Strong restrictions on overseas investments

HONG KONG REGION

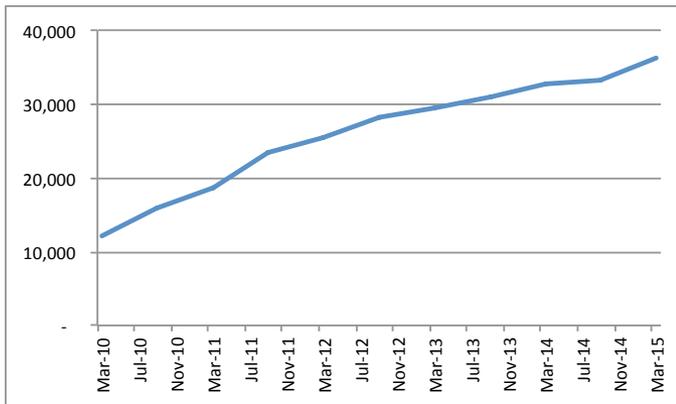
- Primary property market (**new developments**) **recovering** during Q1/15
- **Secondary property market depressed** due to further cooling measures, but iProperty continues to grow strongly

INDONESIA

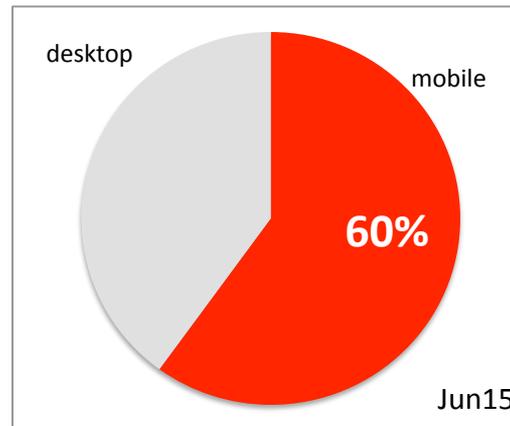
- Indonesian economy looking for a period of **prolonged growth** in excess of 5.5% p.a. for 5 years in a row
- Property **market depressed** during 1H
- Median house prices in Greater Jakarta - Bandung - Surabaya triangle above A\$200k
- Strong restrictions on overseas investment

Key Metrics

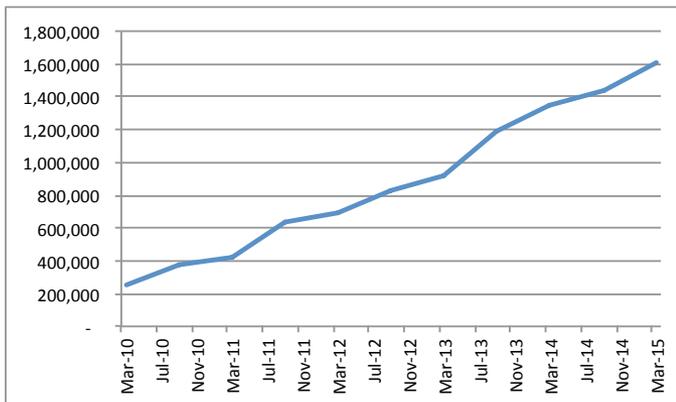
PAYING AGENTS



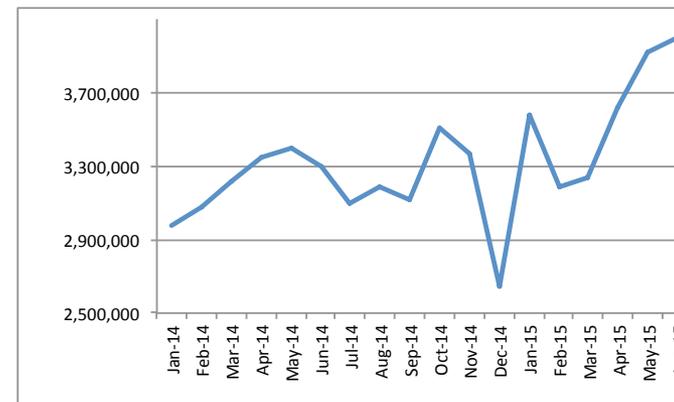
TRAFFIC FROM MOBILE DEVICES



PROPERTY LISTINGS



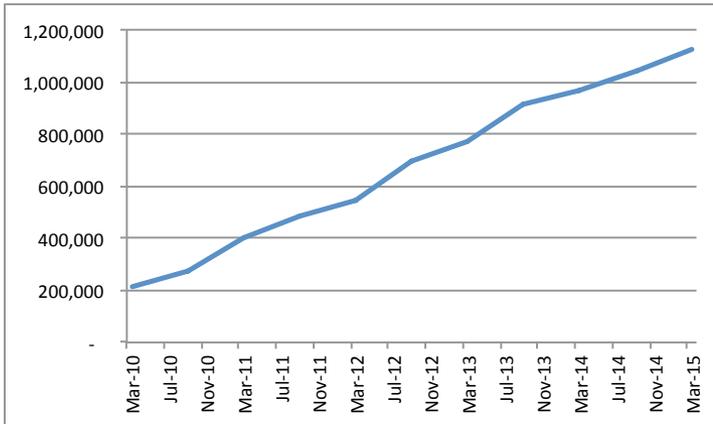
TRAFFIC



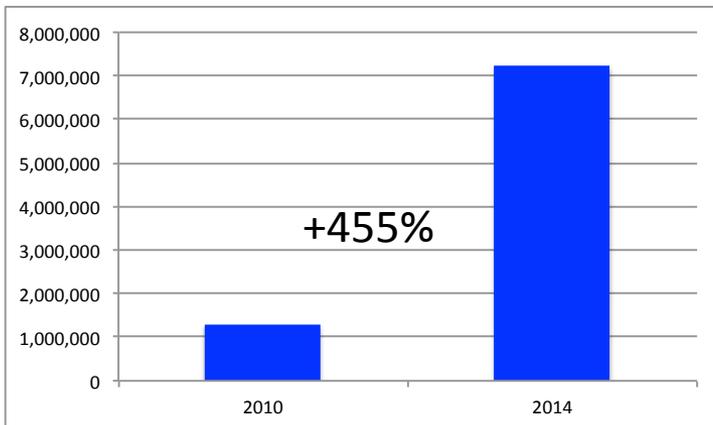
Source: IPP

Key Metrics

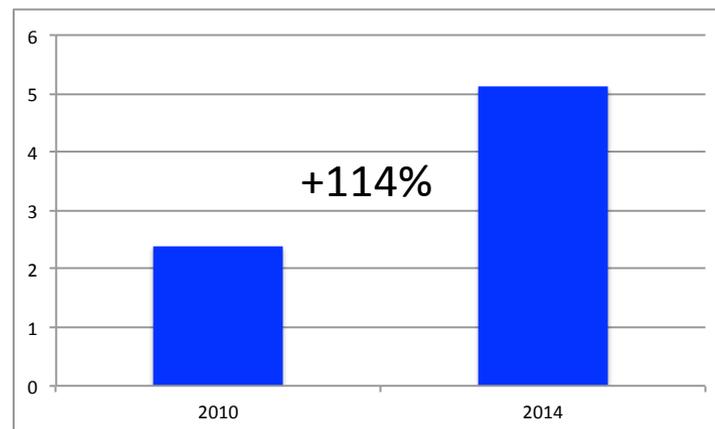
REGISTERED USERS



LEADS PER YEAR



LEADS PER LISTING



Source: IPP

Milestones

Operating CF positive

Profitability

2015: Acquisition of **#1 portal in Thailand**
2015: **Acceleration of Growth and Profitability**

2014: Acquisition of **#2 portal in Hong Kong**

2014: Launch of **Property Transactions Business**
in Malaysia and Singapore

2013: Acquisition of leading property **expo business** in HK

2012: **Mobile focus begins** (12 apps on 5 platforms in 4 countries)

2011: Acquisition of **#1 and #3 portals in Indonesia**

2008: Acquisition of leading property **expo business** in Malaysia / Singapore

2007: Acquisition of **#1 portal in Hong Kong**

2007: **IPO at the ASX (IPP) with clear Malaysian market leader**

2003: **Founded**

Disclaimer

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