

## ASX Announcement 12 August 2015

### REA Group announces FY2015 results

#### Financial highlights from core operations<sup>1</sup>:

- **Revenue of \$522.9m, up 20%**
- **EBITDA of \$285.8m, up 27%**
- **Net profit of \$185.4m, up 24%**
- **Final dividend of 40.5 cents per share**
- **EPS of 140.6 cents, up 24%**

REA Group Limited (ASX:REA) today announced its results for the year ended 30 June 2015. Financial highlights from core operations<sup>1</sup> include revenue growth of 20% on the prior year to \$522.9m, an increase in EBITDA of 27% to \$285.8m, and Net Profit growth of 24% to \$185.4m.

The reported Net Profit (as outlined in Appendix 1) of \$210.2m (up 40%) includes profit from the sale of marketable securities and the Squarefoot business and the share of losses from associates.

REA Group CEO Tracey Fellows said: "Our Australian business continues to go from strength to strength. We've achieved 20% revenue growth despite listing volumes in the Australian market being down 4%.

"We've accomplished this by providing our customers more choice and better value and by giving the 3.4 million people who use our sites monthly an exceptional experience.

"Our strategy to take our expertise both internationally and to new markets gathered pace this year. We have expanded into the world's largest property market, the US with Move; as well as one of the fastest growing regions through our iProperty investment in Asia.

"And we launched our utility connections service that is helping movers compare and connect services to their property, such as gas, electricity and subscription TV.

Financial results from core operations<sup>1</sup> for the year end 30 June 2015 include:

AU\$m (unless stated)	FY2015	FY2014	Growth YoY
Revenue	522.9	437.5	20%
EBITDA	285.8	225.1	27%
EBITDA Margin	55%	51%	
NPAT	185.4	149.4	24%
Earnings per share (EPS)	140.6	113.7	24%

<sup>1</sup> Financial results/highlights from core operations excludes other income (gain on sale from marketable securities), the gain on sale of Squarefoot business and share of losses from associates. The EPS disclosed is based on the Net Profit from core operations. A full reconciliation of reported financial results and financial results from core operations is attached in Appendix 1.



## Increased returns to shareholders

The Board has declared a final dividend of 40.5 cents per share fully franked, a 16% increase on the 2014 final dividend. This represents a total dividend of 70.0 cents per share for the 2015 financial year, a 23% increase on the prior year.

The final dividend will be paid on 14 September 2015, with a record date of 27 August 2015.

## Operating segments

REA Group operates property sites, apps and related services in Australia and Europe and acquired strategic investments in property portals in Asia and North America during the year. Below are highlights for each geographic operating segment.

### AUSTRALIA

In Australia, REA Group operates the leading residential and commercial property sites, realestate.com.au and realcommercial.com.au.

Australian revenues increased by 21% to \$472.8 million this year and our agent customers increased by 5% to 9,922 for the year ended 30 June 2015.

A significant increase in the take up of our premium listing products and the introduction of market based pricing delivered a 21% increase in revenue in the residential business on the prior year. This was achieved in a market where property listing volumes in the Australian market declined by 4%.<sup>2</sup>

The commercial business recorded 9% revenue growth in the period, due to increased sales of premium listing products. Revenue from our display media and property developer business increased by 25% on the prior year due to the success of our project profiles product and continued growth in media display advertising revenue.

Independent sources demonstrate realestate.com.au's undeniable market leadership position:

- **Average monthly visits to realestate.com.au main and mobile sites grew 26% and are 24.3 million higher per month than that of the number two site** (36.5 million vs 12.2 million average monthly visits<sup>3</sup>)
- **realestate.com.au has 5.7 times more time on site** which is a key indicator of audience engagement (242 vs 42 million average minutes per month<sup>3</sup>)
- **The average number of monthly page views on realestate.com.au is 991 million**, 6.4 times the number two site.<sup>4</sup>

<sup>2</sup> Core Logic (Australian residential market new buy listings)

<sup>3</sup> Nielsen Online Market Intelligence Home and Fashion Suite Total Traffic for FY2015 for Audited sites for the main and mobile sites of realestate.com.au compared to domain.com.au

<sup>4</sup> Nielsen Online Ratings. FY2015 for realestate.com.au compared to domain.com.au



Innovation during the year included the launch of agent profiles, our first to market Apple Watch app, 3D virtual property inspections for new developments and our Discover tool, helping property seekers explore a wider range of properties. We also launched our utility connections services making it easier for consumers to connect their property to electricity, gas, broadband, phone and subscription TV.

## EUROPE

Our European operations include Italian property site casa.it, Luxembourg's atHome.lu and atOffice.lu, and property sites in regions of France and Germany, immoRegion.fr and atHome.de.

Together, our European operations achieved 6% revenue growth (10% in local currency) to \$45.6 million (€31.8 million) and 85% EBITDA growth to \$9.7 million (€6.7 million).

Average monthly visits to our combined European sites increased by 7% to 10.6 million.<sup>5</sup>

As the Italian property market continued to improve, casa.it invested in increasing brand awareness and market share. The site grew agent numbers and increased listing volumes by 20% this year.<sup>6</sup> Casa.it launched a new mobile site and app, with enhanced depth products for customers and consumers.

Our Luxembourg business continued to expand into regions of France under the immoRegion.fr brand, demonstrating our ability to grow in new markets. The immoRegion.fr now operates in four regions including Nord-Pas-de-Calais, where it is already leading the competition in listing volumes and agency customers.

## ASIA

In Asia, one of the fastest growing real estate markets in the world, we operate the myfun.com site and have a strategic investment in iProperty Group Limited (IPP).

myfun.com supports the Australian listings business by showcasing Australian residential property listings to Chinese buyers, investors and delivering leads to agents. Launched in 2014, myfun.com attracted average monthly visits of 73 thousand during the year.<sup>7</sup>

We recently announced our increased holding in IPP, operator of Asia's leading network of property sites, to 21.33% (as at 17 July 2015). We are contributing to its future strategy through our representation on the IPP Board and are confident of its growth potential. Following the acquisition of thinkofliving.com in

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<sup>5</sup> Adobe Omniture SiteCatalyst average monthly visits for Italy (casa.it) and Luxembourg & France (athome.lu, athome.de, atoffice.lu and immoregion.fr) combined (main and mobile site visits, includes international traffic to site, excluding apps)

<sup>6</sup> Total listings for June 2015 compared to June 2014

<sup>7</sup> Adobe Omniture SiteCatalyst



Thailand, IPP is now the clear market leader in Malaysia, the Hong Kong region, Thailand and Indonesia.

## **NORTH AMERICA**

In the United States we have a 20% holding in Move, Inc. operator of realtor.com®, a leading real estate portal. Since we invested in Move in November 2014, new branding and a high-profile marketing campaign has been launched and visits have increased to 34 million unique users (+52% yoy) as at June 2015.<sup>8</sup> This positions realtor.com as the number two property portal in the United States, the world's largest residential real estate market.

In summary, Ms Fellows said: "We delivered an excellent result given residential listing volumes in the Australian market were down 4% on the prior year. Listing volumes recovered in June and this recovery has continued into July; giving us some indication of improving market conditions for the first half.

REA Group Chairman, Hamish McLennan, commented: "REA Group continues to deliver against its strategy. I'm extremely pleased that with Tracey's new leadership the organisation continues to evolve and hit new heights in partnership with our agent customers. Our international strategy involves taking meaningful positions in key growth markets and collaborating with strong local management to deliver future returns to our Company."

**Ends.**

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**FY Results Presentation webcast link:**

<http://edge.media-server.com/m/p/3k8x2ba5>

### **About REA Group**

REA Group Limited ACN 068 349 066 (ASX:REA) is a multinational digital media business specialising in property. REA Group operates Australia's leading residential and commercial property websites, realestate.com.au and realcommercial.com.au, European sites casa.it, atHome.lu and immoRegion.fr, and Chinese property site myfun.com. REA Group also has a significant shareholding in US based Move, Inc., operator of realtor.com, and ASX listed

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<sup>8</sup> ComScore Multiplatform Unique Visitors



iProperty Group Ltd (ASX:IPP) which operates a number of property portals in Asia.  
[www.rea-group.com](http://www.rea-group.com)



## APPENDIX I

### Reconciliation of financial results from core operations against reportable financial results (as reported in Financial Statements for the year ended 30 June 2015)

AU\$m (unless stated)	FY2015	FY2014
<b>Revenue from core operations</b>	<b>522,920</b>	<b>437,459</b>
Other income - gain on sale of marketable securities	31,241	-
<b>Reported Revenue &amp; other income</b>	<b>554,161</b>	<b>437,459</b>
<b>EBITDA from core operations</b>	<b>285,828</b>	<b>225,106</b>
Gain on sale of marketable securities	31,241	-
Share of losses of associates	(7,053)	-
<b>Reported EBITDA</b>	<b>310,016</b>	<b>225,106</b>
<b>NPAT from core operations</b>	<b>185,419</b>	<b>149,881</b>
Gain on sale of marketable securities	31,241	-
Tax on gain on sale of marketable securities	(9,109)	-
Share of losses of associates	(7,053)	-
Gain on sale of Squarefoot business	9,750	-
<b>Reported NPAT</b>	<b>210,248</b>	<b>149,881</b>

