

ASX Announcement
5 February 2015

Customer focus delivers strong interim results for REA Group

Financial highlights from core operations¹ include:

- **Revenue of \$261.5 million, up 25%**
- **EBITDA of \$144.5 million, up 35%**
- **Net profit of \$94.7 million, up 34%**
- **Interim dividend of 29.5 cents, up 34%**
- **EPS of 71.8 cents, up 34%**
- **Australian agent numbers up 5%**

REA Group Limited (ASX:REA) today announced its results for the half-year ended 31 December 2014. Financial highlights from core operations¹ include Group revenue increased by 25% on the prior half-year to \$261.5m, EBITDA grew by 35% to \$144.5m and Net Profit rose 34% to \$94.7m.

The reported Net Profit (as outlined in Appendix I) of \$126.4m (up 79%) includes profits from the sale of marketable securities and the Squarefoot business and the share of losses from associates².

REA Group Chief Executive Officer, Tracey Fellows said the results reflect the Group's focus on strengthening agent relationships and the continued success of its product strategy. At the same time, we have expanded our future growth pipeline with strategic investments in Asia and the United States."

"Our increased focus on agents as well as our new market based pricing model delivered a strong performance in our Australian business this half. We are particularly pleased with the growth in our agent numbers and an overall increase in our agent satisfaction ratings. We have extended our lead over our nearest competitor in both number of site visits and time spent on site. Significantly, over two thirds of our realestate.com.au audience do not visit our nearest competitor's site."

¹ Financial results/highlights from core operations excludes the 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 I.

² "Associates" is defined as entities in which the Company has significant influence, which for the period includes iProperty Group Ltd and Move, Inc.



Financial results from core operations¹ for the half-year include:

AU\$m (unless stated)	HY2015	HY2014	Growth YoY
Revenue	261.5	209.4	25%
EBITDA	144.5	106.8	35%
EBITDA Margin	55%	51%	8%
NPAT¹	94.7	70.7	34%
Earnings per share (EPS)	71.8 c	53.7c	34%

As a result of undertaking a number of strategic investments during the period, the Group's cash balance decreased 83% to \$41.9m from the prior corresponding period.

Increased returns to shareholders

The Board has declared an interim dividend of 29.5 cents per share fully franked, representing a 34% increase on the 2014 interim dividend.

The interim dividend will be paid on 12 March 2015, with an ex-dividend date of 2 March 2015 and record date of 5 March 2015.

Operating segments

As our global footprint grows, REA Group is reporting our operating results by geographic operating segments, being Australia, Europe, Asia and North America as outlined below.

AUSTRALIA

Our Australian operations, which include the leading residential and commercial property sites realestate.com.au and realcommercial.com.au, serve consumers, real estate agent customers, property developers, and display media clients.

Australian revenue grew by 26% in the first half, despite the real estate industry reporting reduced listing volumes. Listing depth revenue was once again the largest revenue category, growing by 60% to \$159.8m. Media display revenue increased by 19% to \$37.7m, while subscription revenue decreased 31% to \$38.2m, in line with the Group's continued strategy on reducing fixed costs for agents.

A renewed focus on meeting customer needs, together with a highly effective brand campaign led to residential revenue growth of 30%. The half-year saw the introduction of market based pricing model which focuses on pricing depth products based on the location of a property.



These changes resulted in increased penetration of listing depth products during the half.

The average monthly visits for realestate.com.au's combined main and mobile sites outperformed the nearest competitor by 3.3³ times. The average monthly time on site for realestate.com.au's main and mobile sites increased to 230.4 million minutes during the half, extending our lead by 30% to 5.6 times the average monthly time on site of our nearest competitor.³

Major product innovations launched during the period include:

- Agent Profiles – to assist agents to build their profiles and help consumers make informed decisions about local agents when listing their properties;
- My Property Profile – to enable consumers to stay up-to-date with price trends, open for inspections and sold prices;
- Share site relaunch - uses innovative technology to help match flatmates with their ideal share accommodation.

The commercial and media businesses also continued their expansion of depth product offerings with the commercial business experiencing double digit growth half on half.

EUROPE

European revenue, which aggregates our Italian, Luxembourg and French sites, grew by 10% (11% in local currency) to \$22.3m (€15.4m) on the prior half-year, led by increased take up of listing depth products, and an EBITDA of \$5.1m (€3.5m) was up 92% (94% in local currency) on the prior corresponding period.

In Italy, where we operate casa.it, market conditions remain challenging but we continue to deliver growth with increases in ARPA and listing volumes. Our focus for the business is continuous improvement of our product offering including the release of our new mobile product which delivered strong growth traffic in the half.

³Nielsen Online Market Intelligence Home and Fashion Suite Total Traffic for Audited sites average monthly visits and average monthly time on site for the half-year ended 31 December 2014 for the main and mobile sites for realestate.com.au, compared to domain.com.au.



In Luxembourg, REA Group operates the market-leading residential and commercial property sites, atHome.lu and atOffice.lu. We continue our successful expansion into the northern regions of France under the immoRegion.fr brand. The expansion into France demonstrates our ability to build sustainable growth pipelines in new markets.

Average monthly visits to the aggregated European sites - casa.it, atHome.lu, atHome.de, immoRegion.fr and atOffice.lu - increased by 16% to 10.3 million.⁴

ASIA

Our Chinese site, myfun.com, further supports our Australian business by showcasing Australian property listings to Chinese buyers and investors and delivering leads to agents. The myfun.com site delivered increased levels of enquiries to agents and traffic has doubled following our alliance with China's leading property portal, Fang.com.

Strategic Investments in Asia and North America

There was significant progress in our international growth strategy, with two strategic investments completed during the period.

In July 2014, we acquired an initial 17.2% stake in Asian digital property advertising business, iProperty Group Limited (IPP) for \$106.4m, funded by cash reserves. IPP, an ASX listed company, operates leading property portals across Malaysia, Indonesia, Hong Kong, Macau and Singapore. Our stake was subsequently increased to 19.9% through an additional share purchase and the sale of Squarefoot, our Hong Kong business, for a consideration of 5 million IPP shares, on 22 December 2014.

In addition, REA Group's investment in Move, Inc., a leading digital real estate advertising business in the United States of America (USA), was completed on 18 November 2014. REA Group acquired a 20% holding in Move Inc., for A\$226.5m (US\$198.7), also funded by cash reserves. News Corp, parent of REA Group majority shareholder News Corp Australia, holds the remaining 80% of Move, Inc.

⁴ Adobe Omniture SiteCatalyst aggregated average monthly visits for the half-year ended 31 December 2014 for casa.it, atHome.lu, atOffice.lu, atHome.de and immoRegion.fr (main and mobile site visits, includes international traffic to site) compared to the half-year ended 31 December 2013.



Outlook

Ms Fellows said: "It's been an exciting first half and our continued strong growth is a reflection of the work of our exceptionally talented team. The Group is continuing to invest in new technology, products and services that deliver on our purpose. We see terrific future potential as we grow into new markets and broaden our services to meet the needs of consumers throughout their property lifecycles."

"The acquisition of strategic stakes in Asia's iProperty Group and Move, Inc. in North America are investments that will deliver longer term revenue growth. We see many areas where we can contribute to the growth of these businesses and these investments will receive strong focus this year," Ms Fellows added.

REA Group Chairman, Hamish McLennan, commented: "This has been a very pleasing half for REA Group during a period of significant activity. The team, under the leadership of our new CEO, has demonstrated its ability to focus on continued innovation for our customers and consumers in our largest market of Australia, while also successfully securing future growth opportunities in large and attractive international markets."

Ends.

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HY Results presentation webcast link:

<http://edge.media-server.com/m/p/os7ez9t8/r/1>

About REA Group

REA Group Limited ACN 068 349 066 (ASX:REA) is a multinational digital advertising 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. as well as Chinese property site myfun.com. REA Group also has a significant shareholding in US based Move, Inc. and ASX listed iProperty Group Ltd. (ASX:IPP) which operates a number of property portals in Asia. www.rea-group.com



APPENDIX I

Reconciliation of Financial results from core operations against Reportable Financial results (as reported in Financial Statements for the half year ended 31 December 2014)

AU\$m (unless stated)	HY2015	HY2014
Revenue from core operations	261.5	209.4
Other income - gain on sale of marketable securities	31.2	-
Reported Revenue & other income	292.7	209.4
EBITDA from core operations	144.5	106.8
Gain on sale of marketable securities	31.2	-
Share of losses of associates	(0.3)	-
Reported EBITDA	175.4	106.8
NPAT from core operations	94.7	70.7
Gain on sale of marketable securities	31.2	-
Tax on gain on sale of marketable securities	(9.0)	-
Share of losses of associates	(0.3)	-
Gain on sale of Squarefoot business	9.8	-
Reported NPAT	126.4	70.7

