

20<sup>th</sup> August 2015

# Full Year 2015 Result

# Disclaimer

Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect Onthehouse Holdings Limited’s current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of Onthehouse Holdings Limited.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from Onthehouse Holdings Limited’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.



- **Progress during year**
- **Financial summary**
- **Real Estate Solutions division**
- **Consumer Online division**
- **Outlook**

# Progress during the year

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## Increased efficiencies

- Corporate cost reductions resulted in increased ability to invest in both divisions to drive growth

## Operational Investment

- Strategic review completed
- Refreshed Board
- Empowered executive team

## Divisional Enhancements

- Increased focus on product development, customer service & cross selling within our Real Estate Solutions division
- Progressing “Project Rise” our next generation online platform within our Consumer Online division (COD)

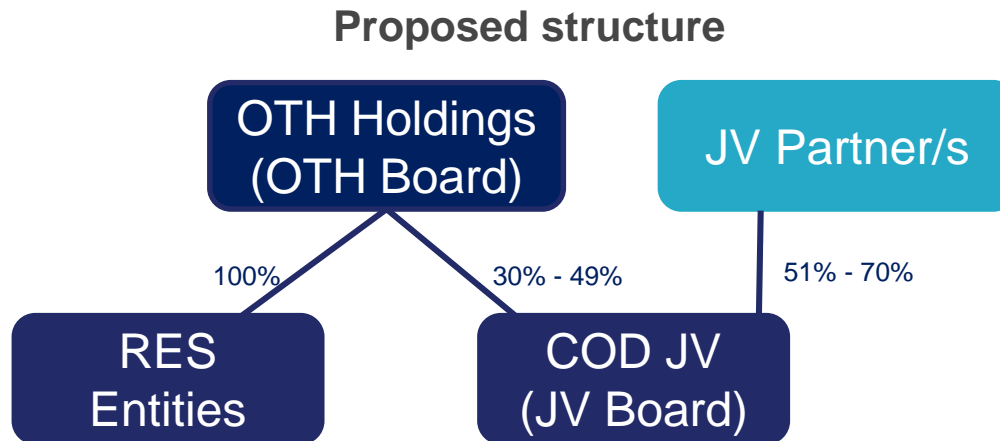
## Key Business Drivers

- Unique Browsers up 43%
- Active Agency listing up 46%
- Active listings up 54%
- Agent Yield for RES up 4%
- 1% increase in Console Gateway customers

# Strategic Review & Update

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- Strategic review completed during the year
- COD business to be developed in a non-listed JV vehicle in which OTH Holdings would maintain an interest, of between 30% and 49%
- RES will continue to be developed within the current listed legal entity
- Early discussions continue with potential partners



# Refreshed Leadership

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- Board renewal completed
- Board has a good balance of shareholder representation and independent directors, with the skills and a strong alignment of interest to contribute to the Company's evolution and development
- The Board is committed to growing and developing the business to achieve increased shareholder value
- New executive team appointments
  - Chris Meehan appointed Chief Executive Officer
  - Andy Antonini appointed Chief Operating Officer – Consumer Online Division
  - Emily Santucci appointed Chief Financial Officer

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- Progress during year
  - **Financial summary**
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# Revenue & EBITDA Performance

Key earnings items (\$000's)	FY15 Statutory	FY15 Underlying <sup>1</sup>	FY14 Underlying	% change <sup>2</sup>
Sales revenue	25,999	25,999	26,117	-0.5%
EBITDA	6,190	6,523	5,813	12.2%
<i>EBITDA Margin</i>	<i>24.1%</i>	<i>25.1%</i>	<i>22.3%</i>	<i>12.7%</i>
Profit/(loss) before tax	(10,498)	290	(144)	-301%
Net profit/(loss) after tax	(8,698)	665	653	2%

- Business continued to generate stable earnings
- Underlying EBITDA increased as result of cost savings measures across the across the business which offset increased business investment in key initiatives such as support, marketing and customer care
- Statutory profit impacted by one off costs related to investments, former CEO departure and non-cash impairment charge of \$10.5 million
- Underlying profit steady; reduction in intangible asset base for amortisation due to impairment offset by shortened effective lives on new assets

<sup>1</sup> Adjusted for transaction costs incurred in respect of potential merger, acquisition activity costs associated with former CEO's departure and impairment charge

<sup>2</sup> Change from FY14 underlying to FY15 underlying

Information in addition to IFRS measures included in this report has been used for consistency and user readability. The measures have been derived from audited information contained in the financial statements.



# Impairment

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- Impairment charge of \$10.5 million has arisen because the “value in use” of the Consumer Online assets has reduced
- The impairment consists of three elements:
  1. A goodwill impairment of \$3.68 million
  2. A write-off of capitalised costs of \$4.67 million relating to software
  3. A write-off of the carrying value in other intangible assets in the division of \$2.10 million (e.g. data, customer relationships and brand names)
- The balances in items 2. and 3. would ordinarily be expensed through amortisation charges in future years
- With the development of Project Rise underway, the business is well positioned for growth and value creation over the next three to five years

# Net Asset Position

Key balance sheet items (\$'000's)	30 Jun 15	30 Jun 14	% change	Primary driver for change
Cash	1,838	3,416	(46%)	Increased investment across the business and debt reduction
Goodwill & intangibles	54,767	65,232	(16%)	Impairment charge in COD
Other assets	3,959	4,441	(11%)	Depreciation of PPE
<b>Total assets</b>	<b>60,564</b>	<b>73,089</b>	<b>(17%)</b>	
Borrowings	1,135	1,672	(32%)	Debt reduction
Other liabilities	5,117	8,531	(40%)	Tax impact of impairment charge and payment of deferred consideration
<b>Total liabilities</b>	<b>6,252</b>	<b>10,203</b>	<b>(39%)</b>	
<b>Total equity</b>	<b>54,312</b>	<b>62,886</b>	<b>(14%)</b>	

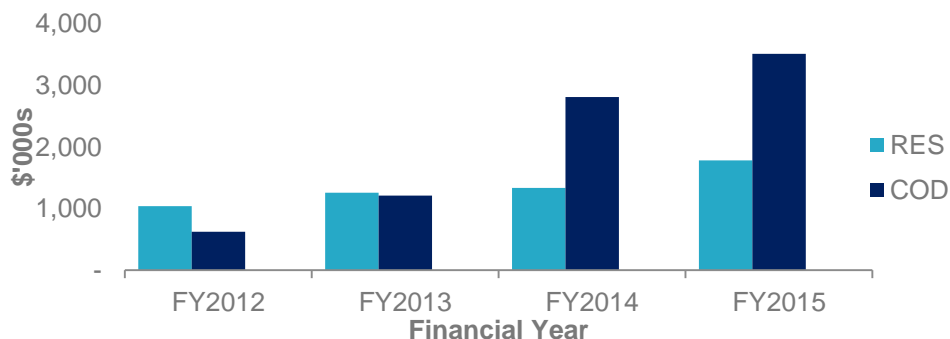
- Net cash position remains positive at \$0.7m (2014: \$1.7m)

# Reported Cash Flows

Key cash flow items (\$'000)	FY15	FY14	% change
Operating cash flows <sup>1</sup>	5,669	6,148	(7%)
Investing cash flows	(6,596)	(4,839)	(36%)
Financing cash flows	(537)	(2,170)	75%
<b>Net change in cash</b>	<b>(1,464)</b>	<b>(861)</b>	<b>(70%)</b>
Cash at beginning of year	3,416	4,187	(18%)
Cash at end of year	1,838	3,416	(44%)

- Operating cash flow of \$5.7m
  - Primarily driven by reduction in creditors
- Investing cashflows up 36% to \$6.6m
  - Ongoing investment in both RES & COD
  - Payment of deferred consideration on acquisition of The Ad Network Pty Ltd
- Financing cashflows of \$0.5m
  - Repayment of \$1.1m debt
  - \$0.6m equipment facility drawn
- The reduction in cash reserves occurred during H1 FY15 and the net operating and investing cash flows for the Group are now neutral as a result of a resetting of our cost base

## Product & Platform



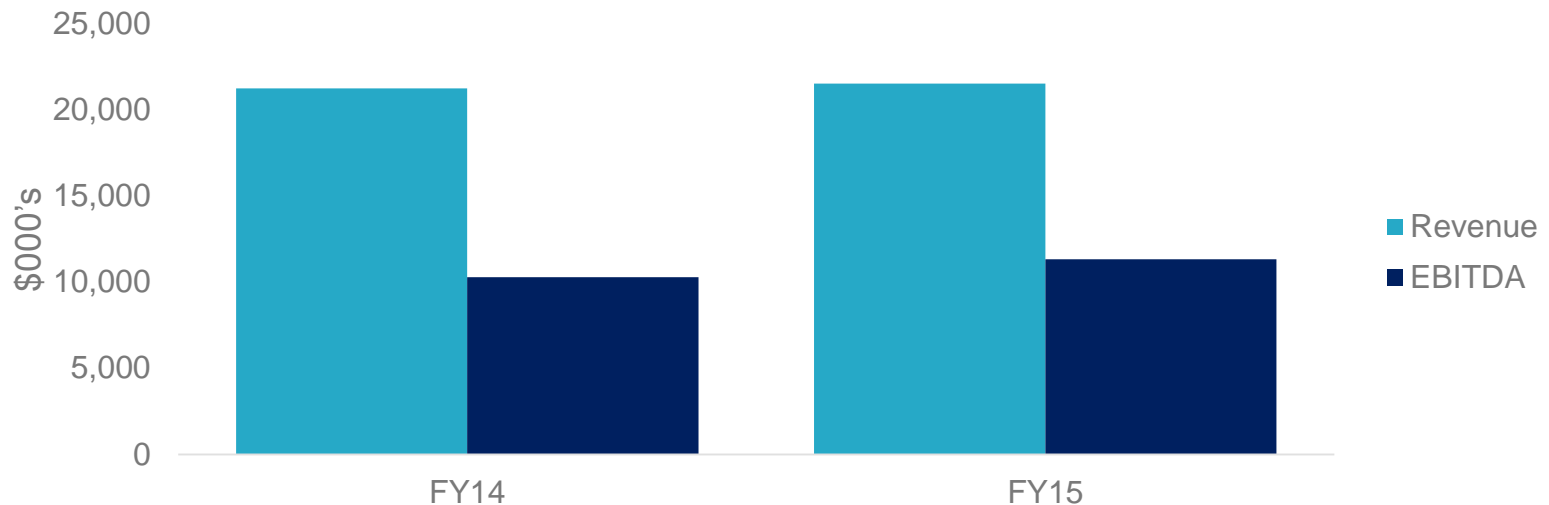
<sup>1</sup> Includes foreign exchange differences

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# Revenue & EBITDA Performance - RES

Key earnings metrics - Real Estate Solutions



- Focus in FY15 on improving internal efficiencies and on key initiatives:
  - 4% increase yield per door
  - Service improvement
- Revenue growth of 1% YOY
- Corporate cost management has improved EBITDA margin
- Agent numbers flat
  - 1% increase in Console Gateway customers
  - (4%) decline in Console Webchoice and Client Manager

# Divisional Enhancements

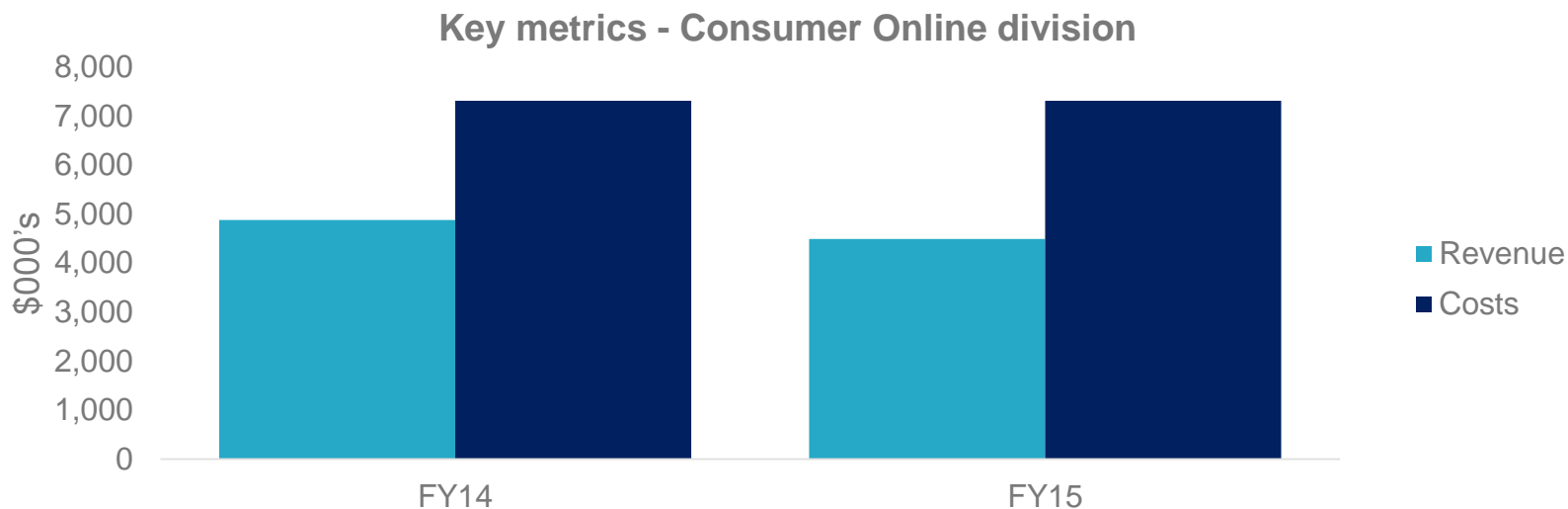
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- Delivery on key product features
  - BPay integration
  - Integration into REI forms platform
  - Updated property inspection App – LiveAgent V2
  - Improved database management and backup process
  - Updated WebChoice (website product) to improve SEO and mobile features
  - Update Open for Inspection APP – Mobile Agent
  - Completed product and customer research for new SaaS platform
  - Restructured development team to support new SaaS direction
- Increased customer engagement and improved support
  - 149% increase in customer user group participation
  - Sustained lower support response times
  - Appointment of account managers

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# Revenue & Costs Analysis - COD



- Revenue down (8%) on FY 14
- Consumer Online traffic is strong and growing
- Increased Agent engagement leading to more listings and content
- Delivered beta next generation Onthecouse.com.au website
- Delivered new Onthecouse Mobile application



# Key Business Drivers - Unique Browser Traffic

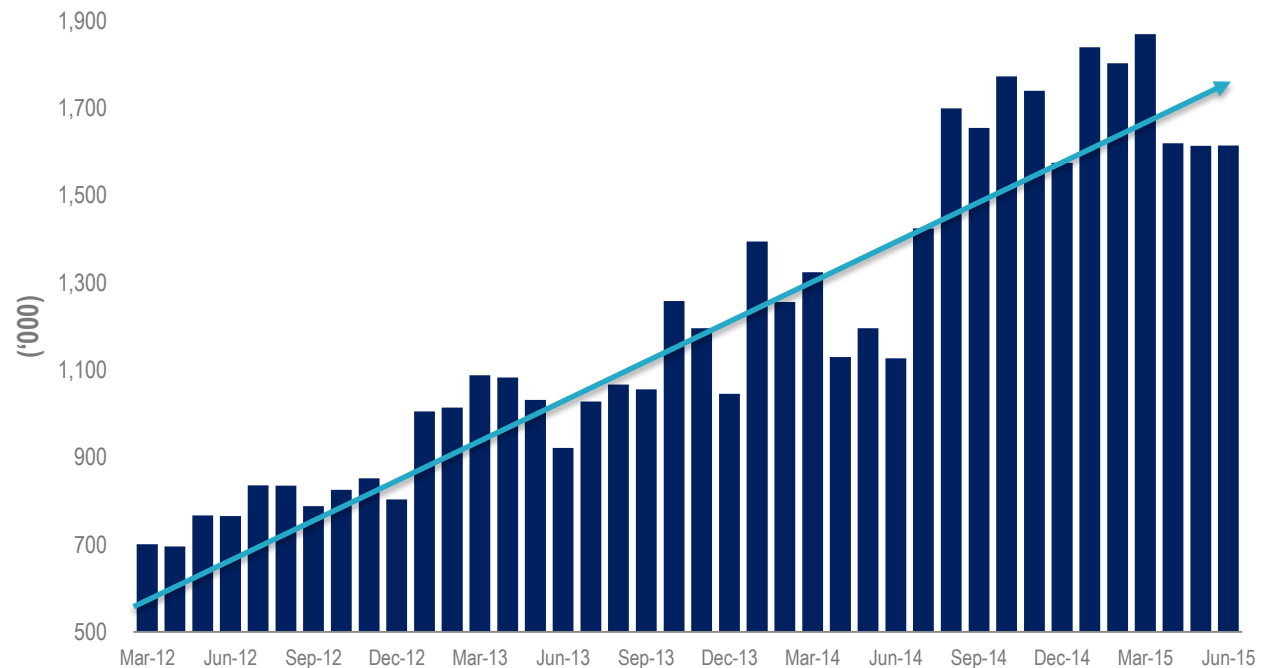
Onthehouse.com.au is Australia's most visited property research website

Unique browsers to Onthehouse.com.au

Consumer Reports downloaded up 33%  
(Jun15 PCP)

43% YOY growth in traffic (Jun15 PCP)

45% YOY growth in page views (Jun15 PCP)

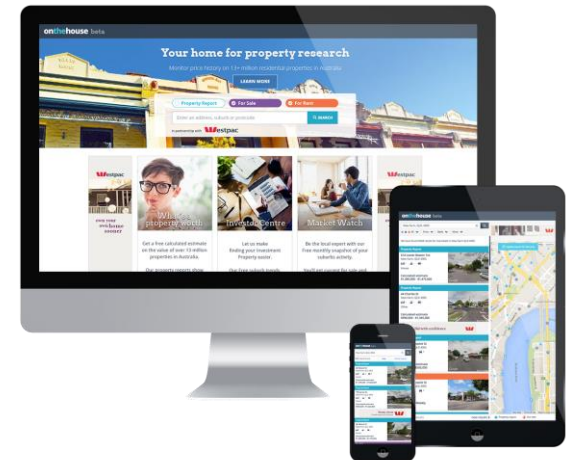


Source: Google Analytics June 2015 (OTH and OTH GTM), Onthehouse Management Reporting

\* Property data includes listings, historical sold data, historical rental data, land sizes, block data and analytics

# Divisional Enhancements leads to Growth in Engagement

- Over 3.3 million property profile reports viewed every month
- Most visited property research website for consumers
- Most visited free listing real estate portal for agents in Australia
- 222% YOY increase in listings page views (Jun 15 PCP)
- 46% YOY increase in Agent Offices providing listings (Jun 15 PCP)
- 20% YOY increase in Consumer Membership (Jun 15 PCP)
  - Consumer membership of around 200,000 (Onthefhouse + Residex)
  - Continued increase in newsletter and social media engagement
- Growth of mobile engagement
  - Averaging over 45% of our traffic
  - Over 32.5 million mobile app screen views in FY15



Source: Google Analytics June 2015 (OTH and OTH GTM), Onthefhouse Management Reporting, Nielsen June 2015

# Divisional Enhancements - Data

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- Continued focus on generating 'non-agent advised' data and sources
  - Obtaining data from multiple sources in addition to agents
  - Automating data matching across these sources
- Continued growth of data warehouse
  - Nearly 13 million properties available to publish on the website
  - Already publishing Sold History Data against over 7 million properties
  - Bed, Bath, Car property attributes against over 10 million properties

- Progress during year
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- **The Road Ahead**



# The Road Ahead - Priorities in FY16

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- Execution of updated strategy
  - Legal separation of COD and RES divisions
  - Securing investment in COD division
- Continued focus on expense and cash management
- RES priorities
  - Ongoing service and product improvement on existing software platforms
  - Commence build of new SaaS platform
  - Increased sales effectiveness via increased sales staff, new account management roles and BDM upskilling
  - Increased 3<sup>rd</sup> party product integrations to increase stickiness of products and revenue opportunities
- COD priorities
  - Launch full version of new enhanced Onthecouse.com.au website in Q2
  - Grow consumer engagement through new enhanced website, improved property estimate algorithm and continual product enhancement
  - Drive monetisation of growing consumer audience in new website and data warehouse through agent paid products, expanded media advertiser base and leveraging behavioural data to increase revenue from data clients



# Questions



# Appendices

# Amortisation

- The Group's accounts include substantial intangible amortisation charges which predominately arise from accounting for the acquisition of subsidiaries and the amortisation of internally developed software
- The table below shows the expected ongoing amortisation in respect of the balance as at 30 June 2015 together with the amortisation recorded during FY15 and the carrying value of intangibles at 30 June 2015

\$'000s	FY15	30 Jun 15 Carrying value <sup>1</sup>	FY16	FY17	FY18	FY19	FY20 and beyond
Data							
<i>Acquired</i>	(462)	1,698	(462)	(257)	(250)	(250)	(479)
<i>Developed</i>	(40)	190	(35)	(35)	(35)	(35)	(50)
Customer contracts and relationships	(1,491)	6,186	(1,315)	(1,315)	(1,315)	(1,315)	(926)
Goodwill	-	39,589	-	-	-	-	-
Software							
<i>Acquired</i>	(1,716)	1,261	(1,213)	(23)	(12)	(6)	(7)
<i>Developed</i>	(1,928)	5,514	(2,183)	(1,750)	(873)	(563)	(145)
Other intangibles	(25)	329	(25)	(25)	(21)	(20)	(238)
<b>Total</b>	<b>(5,662)</b>	<b>54,767</b>	<b>(5,233)</b>	<b>(3,405)</b>	<b>(2,506)</b>	<b>(2,189)</b>	<b>(1,845)</b>

24 1. After recognition of impairment charges  
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