

ASX Announcement
5 February 2016

REA Group reports strong first half 2016 results

Financial highlights from core operations¹:

- **Revenue of \$314.8 million, up 20%**
- **EBITDA of \$185.9 million, up 29%**
- **Net Profit of \$121.0 million, up 28%**
- **Interim dividend of 36.0 cents per share, up 22%**
- **EPS of 91.9 cents, up 28%**

REA Group Limited (ASX:REA) today announced its results for the half year ended 31 December 2015. Financial highlights from core operations¹ include revenue growth of 20% on the prior half year to \$314.8 million, an increase in EBITDA of 29% to \$185.9 million, and Net Profit growth of 28% to \$121.0 million.

As outlined in Appendix 1, the reported Net Profit of \$115.1 million for the half year includes share of losses from associates. The prior corresponding period included profit from the sale of marketable securities and the Squarefoot business.

REA Group CEO Tracey Fellows said: "Our results show strong revenue performance with 20% growth in the first half. The commitment to providing exceptional value for our customers and consumers has driven this success. They are the reason we are the number one property portal in Australia.

"Our audience continues to grow as we innovate and deliver even better experiences for consumers. These products are resonating with consumers, delivering our Australian sites over 42 million visits a month² on average. This means that we are able to provide our customers with the largest audience of property seekers in the country.

"Our International growth has accelerated as we prepare to acquire iProperty Group in Asia. We now have all approvals in place and look forward to completing the acquisition in the coming weeks."

Financial results from core operations¹ for the half year ended 31 December 2015 include:

AU\$m (unless stated)	HY2016	HY2015	Growth YoY
Revenue	314.8	261.5	20%
EBITDA	185.9	144.5	29%
EBITDA Margin	59%	55%	7%
NPAT	121.0	94.7	28%
Earnings per share (EPS)	91.9 c	71.8 c	28%

¹ 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.

² Source: Nielsen Online Market Intelligence Home and Fashion Suite total traffic for Audited sites for realestate.com.au, realcommercial.com.au and property.com.au for the half year ended 31 December 2015, excludes apps.



Increased returns to shareholders

The Board has declared an interim dividend of 36.0 cents per share fully franked, representing a 22% increase on the 2015 interim dividend.

The 2016 interim dividend dates are:

Ex-dividend date	2 March 2016
Record date	4 March 2016
Payment date	11 March 2016

Operating Segments

REA Group operates property sites, apps and related services in Australia and Europe and has strategic investments in Asia and North America. 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 realcommerical.com.au. Australian revenue grew by 22% to \$289.4 million in the first half, while agent numbers increased by 7% on the prior corresponding period.

The success of our Premiere All product (where customers commit to using our top tier product for all of their listings) helped deliver a 24% increase in revenue in the Residential business, despite the real estate industry reporting flat listing volumes³. There was a 33% increase in listing depth revenue to \$251.6 million, while subscription revenue decreased 34% to \$21.4 million, in line with the Group's focus on reducing fixed costs for agents.

Media and developer revenue increased by 24%, primarily driven by the strong take up of our developer products, particularly Project Profiles, which provides an exceptional way to present large developments to prospective buyers.

Our commercial business recorded 8% revenue growth. Improved sales of commercial depth products were partially offset by a decline in for-sale listings in the half year.

Strong Australian growth reflects our ever-growing, highly engaged audience. Independent metrics demonstrate realestate.com.au has the largest and most engaged audience of property seekers in Australia:

- **realestate.com.au's share of all residential property listings nationwide is 95%**, which is 23% more than our nearest competitor⁴
- **Average monthly visits to realestate.com.au grew 27% and are 21.7 million higher than that of the number two site** according to Nielsen Online Ratings (42.0 million vs 20.3 million average monthly visits⁵)

³ Source: CoreLogic, Australian Residential Market new buy listings for the half year ended 31 December 2015.

⁴ Source: CoreLogic Online Market Analysis. Average of new properties listed for sale online, for the half year ended 31 December 2015, versus the nearest competitor nationwide.

⁵ Source: Nielsen Online Market Intelligence Home and Fashion Suite total traffic for Audited sites for realestate.com.au compared to domain.com.au for the half year ended 31 December 2015, excluding apps.

- **Consumers spend 5.6 times more time on realestate.com.au than on the number two site**, a key indicator of audience engagement (247.8 million average minutes vs 44.4 million average minutes per month as measured by Nielson Online Ratings⁶)
- **Average monthly page views on realestate.com.au were 880.8 million**, 5.3 times the number two site⁷.

Operating expenses increased 10% on the comparative half year due to different timing of marketing spend and strategic initiatives. The Group manages operating expenses on a full year basis and due to these timing differences cost growth will be weighted to the second half.

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.

The European business delivered revenue growth of 13% (7% in local currency) to \$25.1 million (€16.4 million in local currency) on the prior half year, led by increased take up of listing depth products. The EBITDA of \$4.2 million was lower than the corresponding half year as a result of the investment in new regions in France and investment in marketing initiatives in Italy.

Average monthly visits to our combined European sites increased by 10% to 11.2 million⁸. The combined European sites grew agent numbers by 14%⁹ and increased listing volumes by 20%⁹.

ASIA

In Asia we operate the myfun.com site and have a strategic investment in iProperty Group Limited (iProperty), the clear market leader in Malaysia, Thailand, the Hong Kong region and Indonesia.

myfun.com supports the Australian listing business by showcasing Australian residential property listings to Chinese buyers and delivering leads to agents. Launched in 2014, myfun.com attracted average monthly visits of 81 thousand during the half year¹⁰.

On 2 November 2015, REA Group announced its intention to acquire the remaining shares in iProperty (REA Group already owns 22.7% of iProperty) for \$4.00 per share, to be executed by way of a scheme arrangement. iProperty shareholders were also able to elect to receive \$1.20 cash, as well as 0.7 shares in a company which will provide indirect exposure to iProperty for a period of 2 years post-closing. iProperty shareholders approved the scheme on 28 January 2016 and final court approval was obtained on 2 February 2016. As a result, we expect the transaction to complete in mid-February 2016. In total, 18.7% of iProperty shareholders elected to receive

⁶ Source: Nielsen Online Market Intelligence Home and Fashion Suite total traffic for Audited sites for realestate.com.au compared to domain.com.au share of combined minutes on realestate.com.au and domain.com.au for the half year ended 31 December 2015, excluding apps.

⁷ Source: Nielsen Online Market Intelligence Home and Fashion Suite total page views for Audited sites for realestate.com.au compared to domain.com.au for the half year ended 31 December 2015, excluding apps.

⁸ Source: Adobe Omniture SiteCatalyst average monthly visits for the half year ended 31 December 2015 for casa.it, atHome.lu, atHome.de, atOffice.lu and immoRegion.fr combined (website visits, includes international traffic to site) compared to the half year ended 31 December 2014.

⁹ Total listings and agents for the half year ended 31 December 2015 compared to 31 December 2014.

¹⁰ Source: Adobe Omniture SiteCatalyst average monthly visits for the half year ended 31 December 2015 for myfun.com (website visits, includes international traffic to site).



the mixed consideration. As a result, REA Group will own 86.9% of iProperty on completion for cash consideration of \$482.2 million.

The investment in iProperty has been accounted for as an associate in the half year results and will be consolidated from 1 February 2016. REA Group will primarily fund the acquisition from new debt facilities totalling \$480 million, with the remainder from existing cash reserves. Transaction costs between \$7 million and \$8 million will be incurred when the acquisition is finalised, the majority to be incurred in the second half.

iProperty has previously announced that it expects full year revenue for calendar year 2015 of \$32.0 million, which is up 47% on 2014, and EBITDA of \$2.5 million compared to a loss of \$0.4 million in the previous year¹¹.

NORTH AMERICA

In the United States we have a 20% holding in Move, Inc. operator of realtor.com[®], a leading real estate portal. Since our investment in November 2014, new branding and improved marketing has positioned realtor.com[®] as the number two property portal in the United States, the world's largest real estate market. Average monthly unique users increased 42% on the prior corresponding period to 42.5 million¹² and revenue has grown 33%¹³. Our share of losses for the period was \$4.6 million (primarily related to amortisation of acquired intangibles).

In summary, Ms Fellows said: "This is an excellent result on the back of delivering great products to our customers and consumers."

For further information, please contact:

Media:

Natalie Cerny
Corporate Affairs & Communications
M: + 407 487 221
E: Natalie.cerny@rea-group.com

Investors:

Owen Wilson
Chief Financial Officer
P: +61 3 8456 4288
E: ir@rea-group.com

Jennifer Parker
Corporate Communications
M: 0427 900 402
E: Jennifer.parker@rea-group.com

HY Results Presentation webcast link:

<http://edge.media-server.com/m/p/zdqrz4q8>

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

¹¹ Source: iProperty Ltd Group ASX announcement (14 December 2015 "Scheme Booklet").

¹² Source: Source: Internal Move data includes web, mobile web and native apps for the 6 month periods ended 31 December 2015 and 31 December 2014.

¹³ Source: Source: NewsCorp's Earnings Releases stated in US Dollars (5 November 2015 and 4 February 2016) for the quarters ended 30 September 2015 and 31 December 2015.

significant shareholding in US based Move, Inc., operator of realtor.com, and ASX listed iProperty Group Ltd (ASX:IPP) which operates a number of property portals in Asia. www.rea-group.com

APPENDIX 1

Reconciliation of the financial results from core operations against reportable financial results

As reported in the Financial Statements for the half year ended 31 December 2015

A\$'000 (unless stated)	2016 HY	2015 HY
Revenue from core operations	314,835	261,524
Other income - gain on sale of marketable securities	-	31,241
Reported revenue & other income	314,835	292,765
EBITDA from core operations	185,905	144,507
Gain on sale of marketable securities	-	31,241
Share of losses of an associate	(5,896)	(300)
Reported EBITDA	180,009	175,448
Net profit from core operations	121,044	94,745
Gain on sale of marketable securities	-	31,241
Tax on gain on sale of marketable securities	-	(9,085)
Share of losses of an associate	(5,896)	(300)
Gain on sale of Squarefoot business		9,795
Reported Net Profit	115,148	126,936