

ASX Announcement

Onthehouse announces its FY16 half year results

- **Group revenue of \$12.7m and underlying EBITDA of \$2.45m**
- **Solid Real Estate Solutions Division (RES) result:**
 - **Stable revenue of \$10.7m**
 - **EBITDA up 3% on pcp to \$5.7m**
 - **EBITDA margin higher at 53%**
- **Development of Console SaaS platform progressing to timetable and fully funded**
- **JV for Consumer Online Division with realestateVIEW not proceeding – onthehouse.com.au to be closed or sold**
- **Residex business (revenue of \$1.05m in H1) to be retained**
- **Holding value of Consumer Online assets written down to \$nil – impairment charge of \$3.2m**

Friday 26th February 2016: Onthehouse Holdings Limited (ASX: OTH) today announced its results for the half year ended 31 December 2015 and provided an update on its strategy to restructure the company.

Key financial results for H1 FY16

- Group revenue steady at \$12.7 million (HY15: \$13.0 million)
- Underlying results:
 - Earnings before interest and tax (EBITDA) down 19.7% to \$2.45 million (HY15: \$3.05 million)
 - Net loss after tax (NPAT) at \$928k (HY15: loss of \$179k)
- Statutory results:
 - EBITDA of \$2.33 million (HY15: \$2.8 million)
 - Net loss after tax of \$4.259m (HY15: loss of \$9.133 million)

Notwithstanding continued solid results from the Real Estate Solutions business, the Group saw a reduction in revenue and EBITDA on the prior corresponding period as a result of the lower revenue and higher costs attributable to the Consumer Online Division.

Solid Real Estate Solutions Division Result

Commenting on the company's HY16 financial performance, Mr Meehan said:

“The RES result demonstrates the underlying strength of the business, which continues to enjoy strong market share (circa 37%) and a stable and extensive Console Gateway customer base. RES delivers high EBITDA margins and generates strong cash flow for Onthehouse. For H1 FY16, RES revenue was steady at \$10.7m, EBITDA up 3% to \$5.7m and EBITDA margins higher to 53%. The RES business generated \$4.8m in free cash flows during the half year.

“During the half year, we have focused on increasing customer satisfaction. We have expanded the account management team, increased support staff to improve service levels, and continued to develop new features, including refreshed mobile APPs and a new online training portal.”

Development of Console SaaS platform

Mr Meehan said: “The rebuild of the Console SaaS platform is an important element of RES’s overall strategy to increase its share of the real estate software market and develop new revenue opportunities through third party integrations. The Console SaaS platform development is advancing to schedule having passed the initial design and prototyping stage. A Beta launch date of mid FY17 is anticipated.”

The new cloud based real estate software platform is expected to result in:

1. The ability to win a greater share of the new offices opening up in the real estate industry;
2. Reduction in churn from clients seeking a cloud based property management solution;
3. Improved cross-sell of other products including Websites and CRM modules; and
4. New revenue via third party integrations:
 - a. Accounts Payable Solution;
 - b. Payment Gateway Apps; and
 - c. Emerging Apps.

The development will be funded through the free cash flows generated by the RES business supplemented by a Westpac funding facility of \$5m that has recently been put in place.

JV for Consumer Online Division with realestateVIEW not proceeding

The Board announced in June 2015 a strategy to restructure the company by seeking a JV partner to merge with our Consumer Online Division (COD) In January 2016, the Board announced a term sheet had been signed with realestateVIEW to merge with COD. The Company has decided not to proceed with the joint venture. It will now retain the Residex business which is forecast to deliver revenues of more than \$2m in FY16 and to operate at a break even position going forward (prior to the allocation of shared corporate costs).

The company will be selling or closing the Onthefhouse.com.au and media sales businesses. In the absence of a sale agreement for the Onthefhouse.com.au and media businesses, they will be closed by April 2016 at an estimated closure cost of circa \$1.7 million. No provision has been recognised at 31 December 2015.

Holding value of Consumer Online Division assets written down to \$nil

In light of being unable to merge our Consumer Online Division with realestateVIEW, and the subsequent uncertainty around potential realisable value of the relevant assets, the Board has taken a conservative view and decided to write down the holding value of the relevant COD assets to zero, resulting in an impairment charge of \$3.2m.

Outlook

Having resolved the future of the Consumer Online Division, the Company can look forward to realising the inherent value that exists within the Real Estate Solutions business without the financial burden of funding the onthefhouse.com.au strategy.

RES revenue in the second half is expected to be broadly in line with first half performance.

- ENDS -

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

About Onthehouse Holdings Limited

Onthehouse Holdings Limited (ASX: OTH) is an ASX listed Australian online real estate content and services platform headquartered in Brisbane. The business divisions operated by the Company consist of:

The Consumer Online Division is a platform of publicly available real estate websites underpinned by the www.onthehouse.com.au website, providing free access to an extensive database of real estate content and property values on most properties in Australia, including traditional real estate online classified listings. The website is comparable to successful offerings in the US (Zillow) and UK (Zoopla) and has very quickly become the third largest online real estate platform in Australia, currently attracting more than 1.8 million unique visitors per month. The division also offers data and valuation related services for financial institutions utilising Onthehouse's extensive database.

The Real Estate Solutions Division provides tools for real estate agents, other property professionals and financial institutions. It provides an integrated platform for office administration, property sales and management applications, online advertising solutions and other business performance tools for real estate agents.