

Half Year 2016 Result

26th February 2016

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.



- **Highlights**
- Financial summary
- Real Estate Solutions division
- Consumer Online division
- Outlook

Highlights

- 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 – website assets to be sold
- Breakeven Residex business¹ (revenue of \$1.04m in H1) to be retained
- Holding value of Consumer Online Division assets written down to \$nil – impairment charge of \$3.2m

- 
- Highlights
 - **Financial summary**
 - Real Estate Solutions division
 - Consumer Online division
 - Outlook

Revenue & EBITDA Performance

Key earnings items (\$000's)	1H16 Statutory	1H16 Underlying ¹	1H15 Underlying	% change ²
Sales revenue	12,667	12,667	13,022	-2.7%
EBITDA	2,330	2,450	3,050	-19.7%
<i>EBITDA Margin</i>	<i>18.4%</i>	<i>19.3%</i>	<i>23.4%</i>	<i>-5.0%</i>
Profit/(loss) before tax	(4,258)	(927)	(179)	<i>nmc</i>
Net profit/(loss) after tax	(4,259)	(928)	93	<i>nmc</i>

- Group revenue fell (3%) from H1FY15 due primarily to reduced COD revenue
- Underlying EBITDA decreased (20%) as a result of increased COD costs
- Statutory loss before tax includes \$3.2m impairment expense for COD asset

¹ Adjusted for transaction costs incurred in respect of potential merger and acquisition activity costs

² Change from HY16 underlying to HY15 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.

Net Asset Position

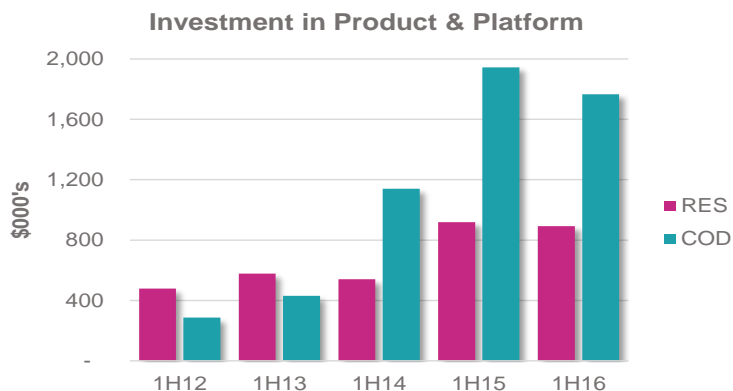
Key balance sheet items (\$000's)	31 Dec 15	30 Jun 15	% change	Primary driver for change
Cash	818	1,838	(55%)	<i>Reduction in COD Revenue has adversely effected level of cash available at 1H16</i>
Goodwill & intangibles	51,249	54,767	(6%)	<i>Impairment of COD assets</i>
Other assets	3,551	3,959	(10%)	<i>Reduction in levels of PPE held & lower levels of Prepayments at 1H16</i>
Total assets	55,618	60,564	(8%)	
Borrowings	854	1,135	(25%)	<i>Continued debt reduction</i>
Other liabilities	4,609	5,117	(10%)	<i>Reduction in trade creditors at 1H16</i>
Total liabilities	5,463	6,252	(13%)	
Total equity	50,155	54,312	(8%)	

- Net cash position reduced to \$0.036m (30 June 2015: \$0.70m)

Reported Cash Flows

Key cash flow items (\$'000)	1H16	1H15	% change
Operating cash flows ¹	2,161	1,803	20%
Investing cash flows	(2,901)	(3,401)	15%
Financing cash flows	(280)	(596)	53%
Net change in cash	(1,020)	(2,194)	54%
Cash at beginning of half-year	1,838	3,416	(46%)
Cash at end of half-year	818	1,222	(33%)

- Operating cash flow of \$2.2m
 - Reduced cash outflows for employees and suppliers at 1H16 compared to 1H15
- Investing cash flows reduced 15% to \$2.9m
 - Investment in COD & RES intangibles at lower levels than 1H15
 - Reduction in spend on PP&E for 1HFY16 compared with 1HY15
 - Comparative period included final acquisition of The Ad Network Pty Ltd
- Financing cash flows of \$0.3m
 - Repayment of \$0.3m of debt



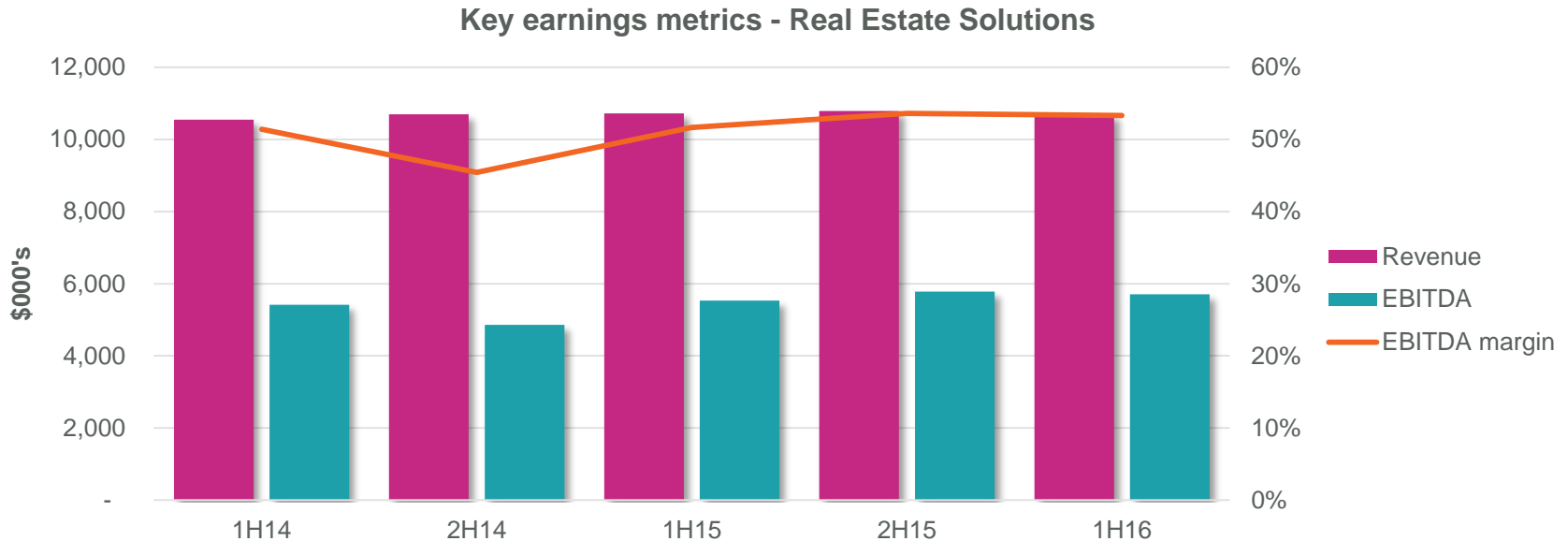
¹ Includes foreign exchange differences

Underlying Divisional Results

\$000's	Real Estate Solutions	Consumer Online	Corporate	Total
1H16				
Segment Revenue	10,698	1,969	-	12,667
Segment Expenses	(4,995)	(4,467)	(755)	(10,217)
Normalised EBITDA	5,703	(2,498)	(755)	2,450
EBITDA Margin	53%	(127%)	n/a	19%
Capitalised expenditure	892	1,766	n/a	2,658
1H15				
Segment Revenue	10,720	2,302	-	13,022
Segment Expenses	(5,185)	(3,799)	(988)	(9,972)
Normalised EBITDA	5,535	(1,497)	(988)	3,050
EBITDA Margin	52%	(65%)	n/a	23%
Capitalised expenditure	918	1,944	n/a	2,862

- Highlights
- Financial summary
- **Real Estate Solutions division**
- Consumer Online division
- Outlook

Revenue & EBITDA Performance - RES



Result demonstrates underlying strength of the business:

- Revenue steady at \$10.7m
- EBITDA up 3% to \$5.7m
- \$4.8m free cash flow
- Market share of circa 37% of agents

Number of billed clients and yield

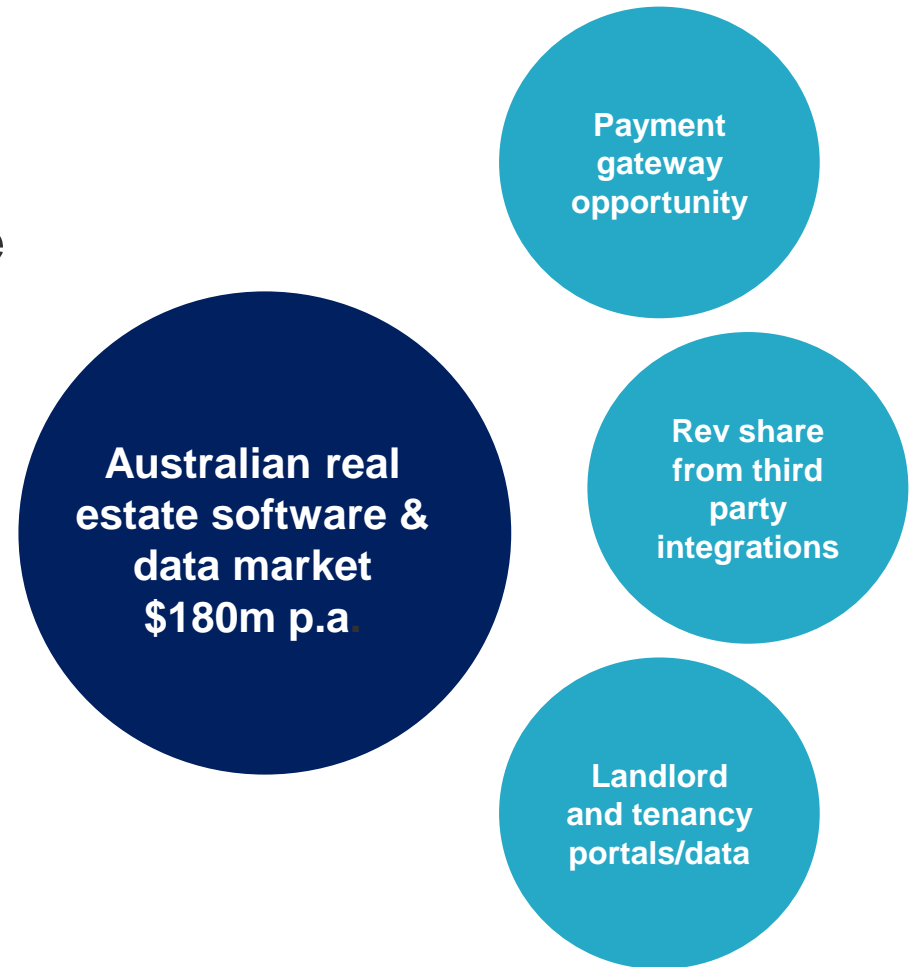
	Jul 13	Dec 13	Dec 14	Dec 15
Billed entities				
Console	3,364	3,384	3,367	3,362
Webchoice and ClientManager (Portplus)	883	851	761	659
Monthly yield metrics				
Rolling 12 month average yield (subscriptions)	n/a	\$374	\$385	\$395
Average yield (subscriptions)	\$377	\$381	\$399	\$401
Rolling 12 month average yield (total RES revenue)	n/a	\$413	\$427	\$440
Average yield (total RES revenue)	\$425	\$417	\$436	\$443

- 3% increase in yield per customer
- Number of Console Gateway customers flat with new sales offsetting churn
- (7%) decline in Webchoice and Client Manager following loss of corporate accounts in FY15. New Webchoice product launched in H1 forecast to improve sales in H2

RES strategy to deliver future revenue growth

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

- Win a greater share of new business
- Reduce churn
- Improve cross sell
- Integrations:
 - Accounts Payable Solution
 - Payment Gateways APPs
 - Emerging consumer APPS



Progress on RES Cloud SaaS platform & integrations

RES Cloud SaaS project:

- Initial design, prototype created, and user testing completed
- Technology teams recruited and in place following COD restructure
- Coding to commenced in March
- Delivery of Beta Property Management module by mid FY17

Integration of third party products immediately improves value proposition to agents:

- In Q2 delivered a new cloud-based API to better facilitate integrations
- Launched accounts payable integration to be sold in H2
- Further third party applications to be launched in Q3

Continued focus on customer satisfaction

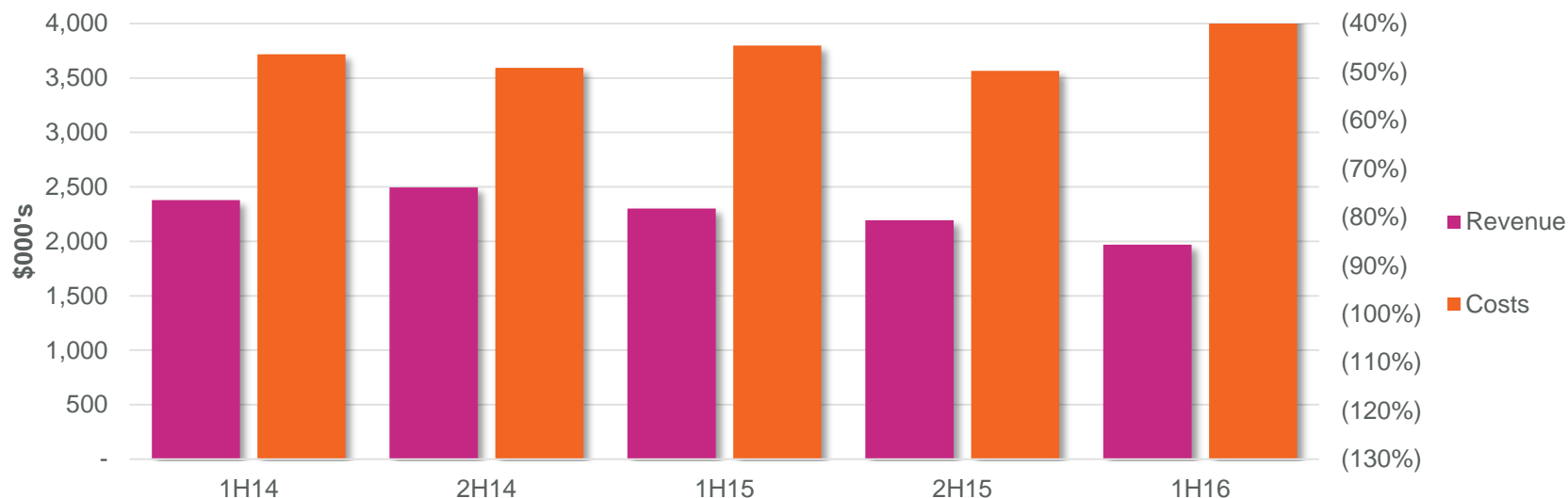
- Expanded account management team:
 - Additional 1,000 customers proactively managed in H1 FY16
 - Cross sell of SMS, training and consulting services
- Increased support staff has improved response times and customer experience:
 - Gateway customer's abandoned calls to support dropped by 52% YOY
 - Average wait times halved to 2 minutes in Q3 FY16
 - New telephone system to be installed in Q4 to further improve customer experience
- Online training portal launched in February:
 - Delivers training on demand rather than in customer's offices
 - Improved knowledge increases product satisfaction leading to
 - Reduced churn
 - Fewer support calls

- Highlights
- Financial summary
- Real Estate Solutions division
- **Consumer Online division**
- Outlook



Revenue & Costs Analysis - COD

Key metrics - Consumer Online and Data



- Revenue down (14%) on H1FY16 due to lower media sales while data revenue flat
- Increase costs reflect increased marketing spend to support the new website
- Residex contracted revenue of c\$2m p.a
 - No cash burn before shared allocated costs
 - New data contracts of \$200k p.a signed in Q3

- Highlights
- Financial summary
- Real Estate Solutions division
- Consumer Online division
- **The Road Ahead**



The Road Ahead - Priorities for 2H16

- RES priorities:
 - Accelerate build of new SaaS platform with MVP delivery by mid FY17
 - Leverage new account management roles to maximise cross sell and retention
 - Grow revenue from recent 3rd party product integrations
 - Continued service and product improvement on existing software platforms to support existing and new customers
 - Grow Webchoice sales following launch of new website product
- Sale of Onthehouse.com.au:
 - Timetable established to sell Onthehouse.com.au
 - If a sale is not achieved by 31 March 2016 Onthehouse.com.au will be closed
 - Expected termination costs of circa \$1.7 million (no provision recognised at 31 December 2015)



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 31 December 2015 together with the amortisation recorded during 1HY16 and the carrying value of intangibles at 31 December 2015

\$'000s	H1FY16	31 Dec 15 Carrying value ¹	H2FY16	FY17	FY18	FY19	FY20 and beyond
Data							
<i>Acquired</i>	(232)	1,355	(125)	(250)	(250)	(250)	(480)
<i>Developed</i>	(14)	-	-	-	-	-	-
Customer contracts and relationships	(662)	5,524	(657)	(1,315)	(1,315)	(1,314)	(923)
Goodwill	-	39,589	-	-	-	-	-
Software							
<i>Acquired</i>	(673)	602	(590)	(12)	-	-	-
<i>Developed</i>	(1,597)	3,866	(1,129)	(1,655)	(528)	(340)	(214)
Other intangibles	(12)	313	(10)	(20)	(20)	(20)	(243)
Total	(3,190)	51,249	(2,511)	(3,252)	(2,113)	(1,924)	(1,860)

22 1. After recognition of impairment charges
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.