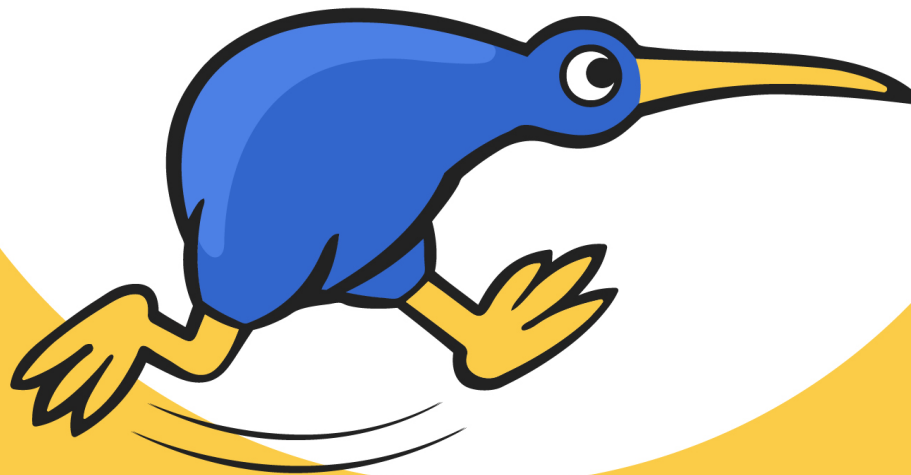


Trade Me Investor Briefing

Macquarie Bank Investor
Conference

Sydney, May 2016



Jon Macdonald
Colin Rohloff

CEO
IR

Business overview

Trade Me runs online marketplace and classifieds businesses in New Zealand.

Leading positions across a broad range of categories.

Listed on the NZX and ASX in December 2011 with offer price of \$2.70.

Indices: S&P/NZX15, 20 and 50, S&P/ASX 200, 300 and All Ords, MSCI small cap. FTSE small cap.

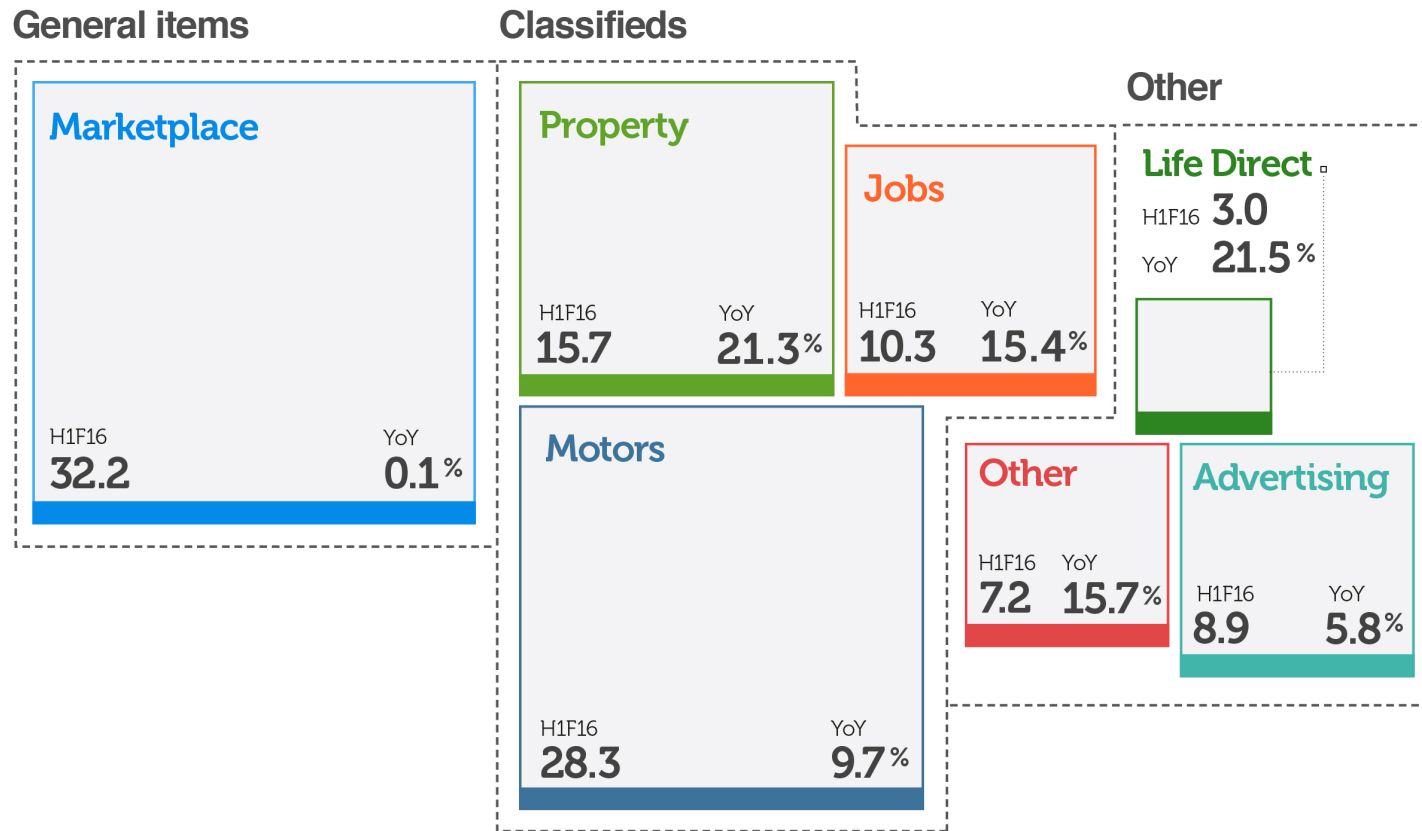
Share price: \$4.56 NZD (at 30th April 2016 - up 24% in 12 months). TSR since IPO of 16% CAGR.

Trade Me aims to make life better for Kiwis through online experiences they love.

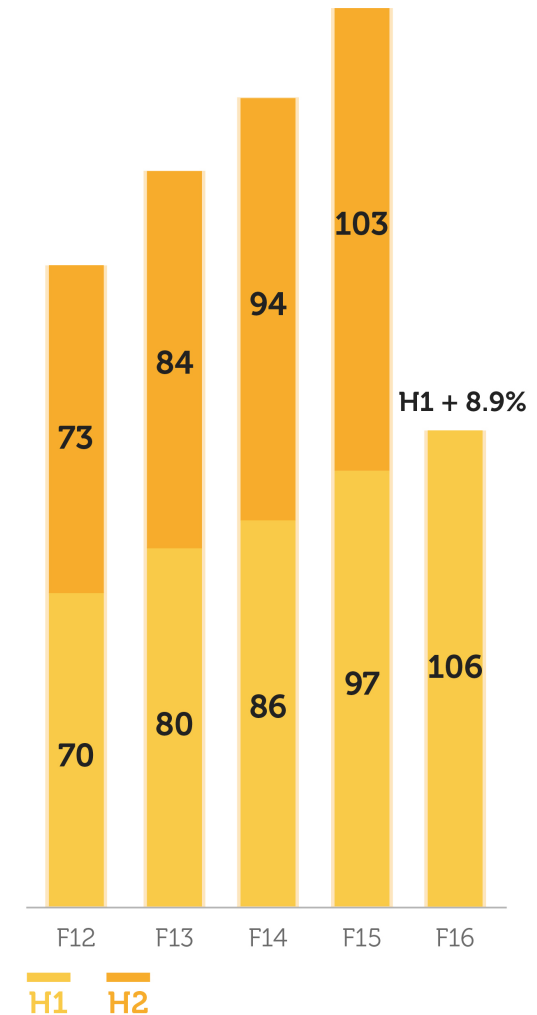


Business overview: Revenue breakdown

F16 Half year revenue contribution (\$m)



Consistent revenue growth (\$m)



Highlights from H1 F16

Total revenue

▲ 8.9%



\$105.6m

Expenses

▲ 18.6%



\$38.3m

EBITDA*

▲ 4.1%



\$67.3m

NPAT

▲ 0.3%



\$38.5m

Dividend

▲ 1.3%



7.8cps

Revenue was up 9% year-on-year - underpinned by strength in Classifieds (up 14% year-on-year). General Items marketplace also returned to revenue growth.

Trade Me Property showed strength, with yield and listing growth; revenue up 21% YoY.

Core product improvements yielded benefits in Marketplace, Property, and Motors.

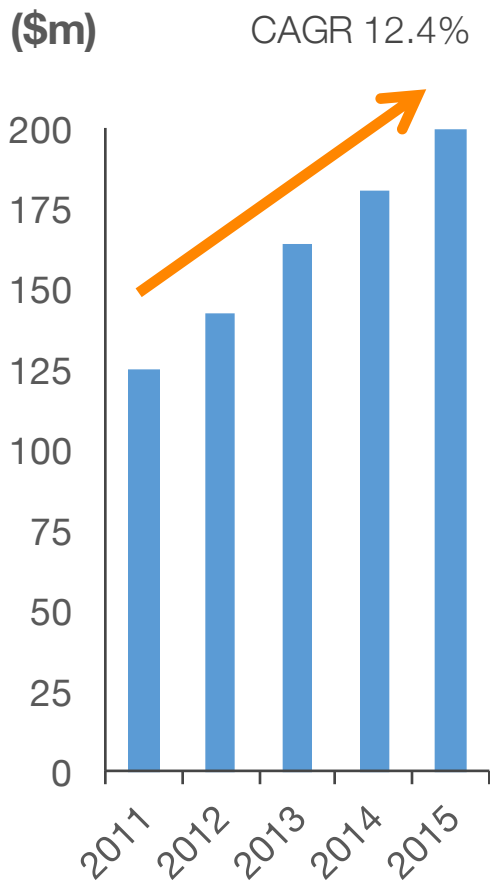
Expense growth declining following reinvestment in the business and headcount growth.

Investment journey

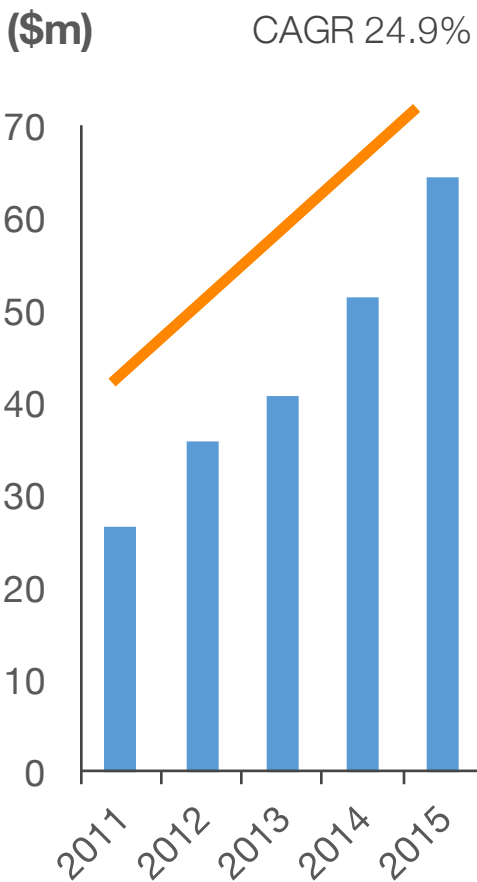
- In 2013 Trade Me was still growing, but needed additional investment:
 - Product offering had dated and become substandard
 - Margins were at ~80% EBITDA level and not sustainable
 - Mobile platforms multiplied the work and therefore product development capacity
 - Rise of competitors – especially in Marketplace and Property
- Over the intervening three years we have substantially strengthened the business
 - Headcount has doubled from 254 in December 2012 to 510 in March 2016
 - Marketing investment has increased from \$2.6m in F12 to \$9.4m in F15
 - Large portions of our platform have been redeveloped
 - Sales capability has substantially improved, resulting in stronger customer engagement
- During the period of investment we continued to grow revenue and hold profit
- In the last year we have increasingly been able to point to results and positive momentum from this investment

Investment journey: Financials

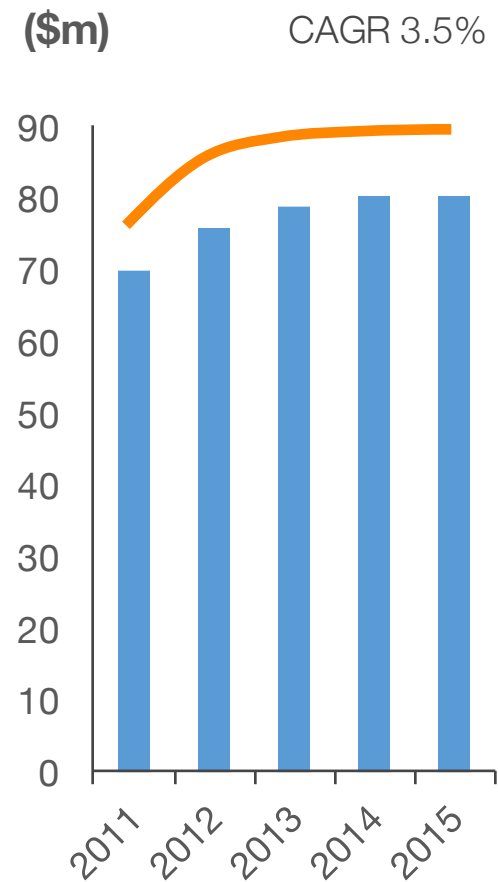
Revenue continues to grow strongly
– confident of future



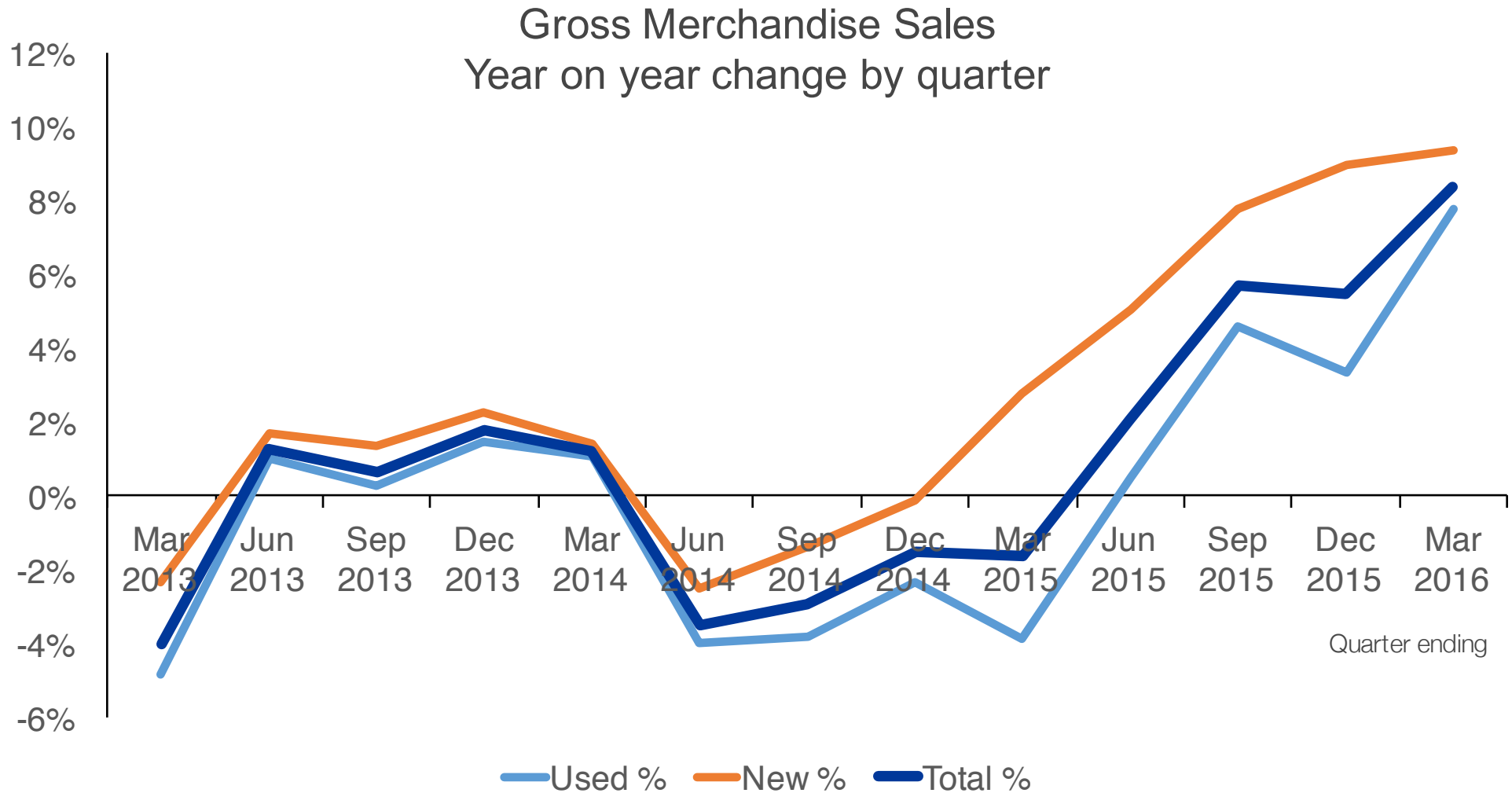
Expenses increased materially as invested
– now curtailing



Net profit has been relatively flat as a result
– outlook positive

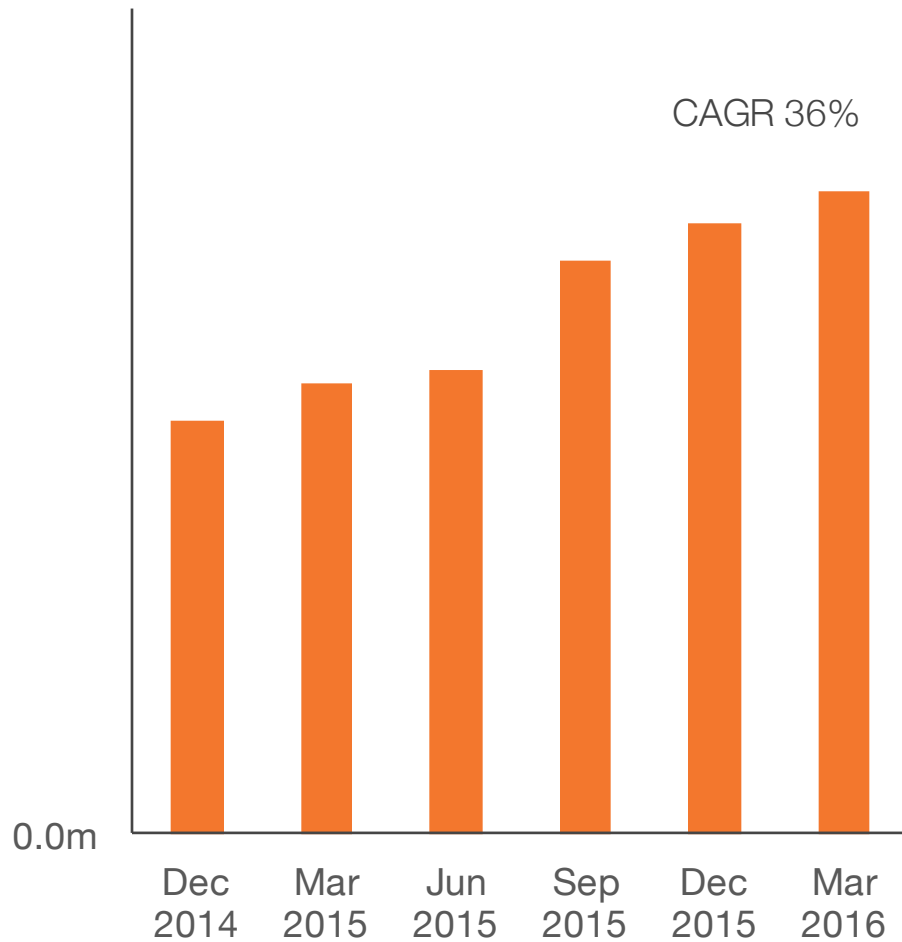


Good Progress: Marketplace

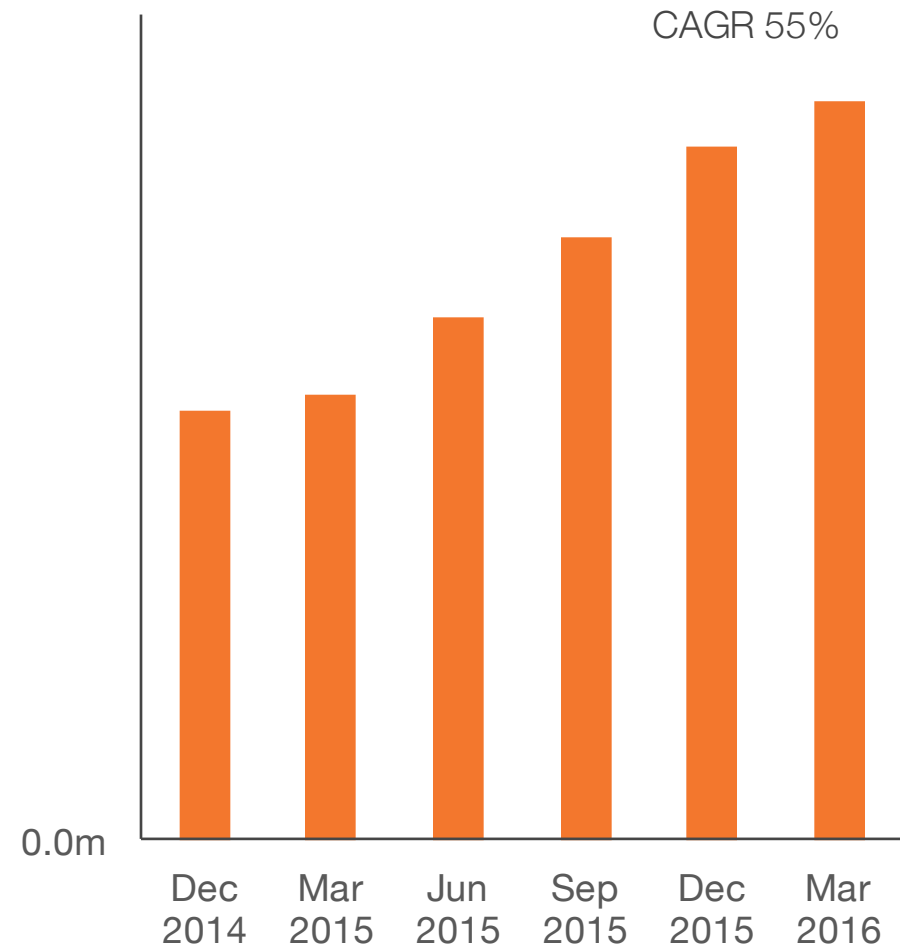


Good Progress: Premium uptake

Property agent for sale premium revenue continues to grow with relationship improvements



Motor dealers premium revenue growing fast as we continue to put in place more sales structure



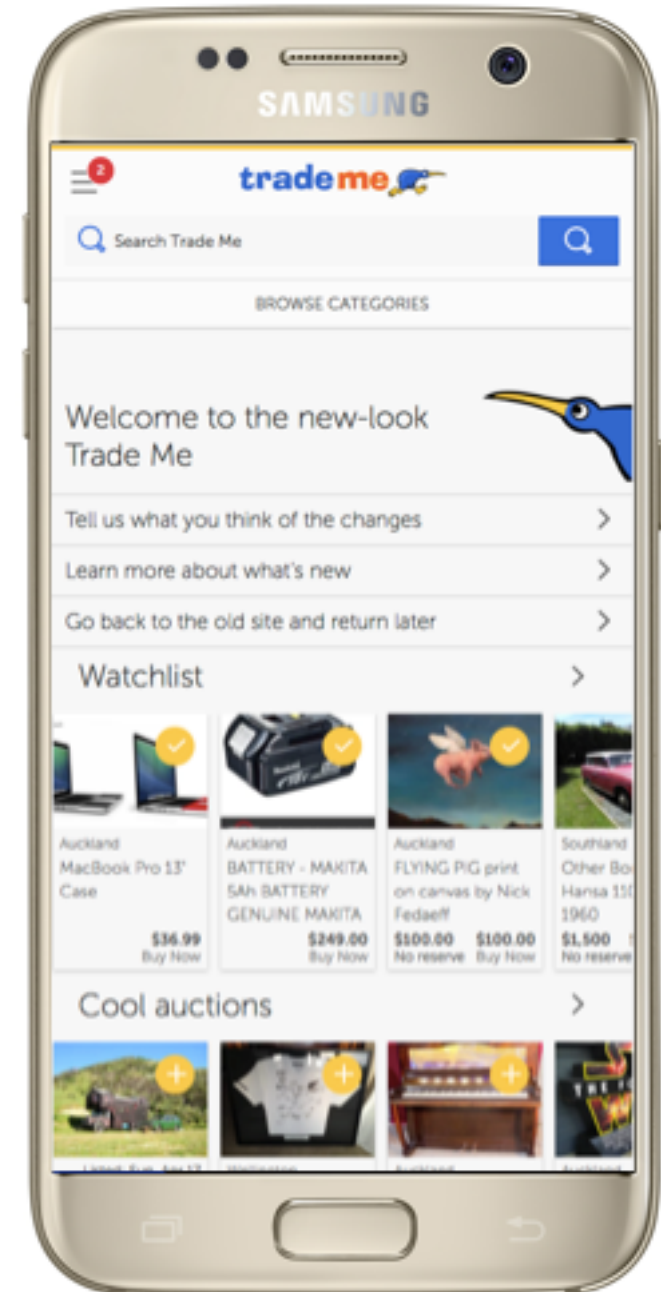
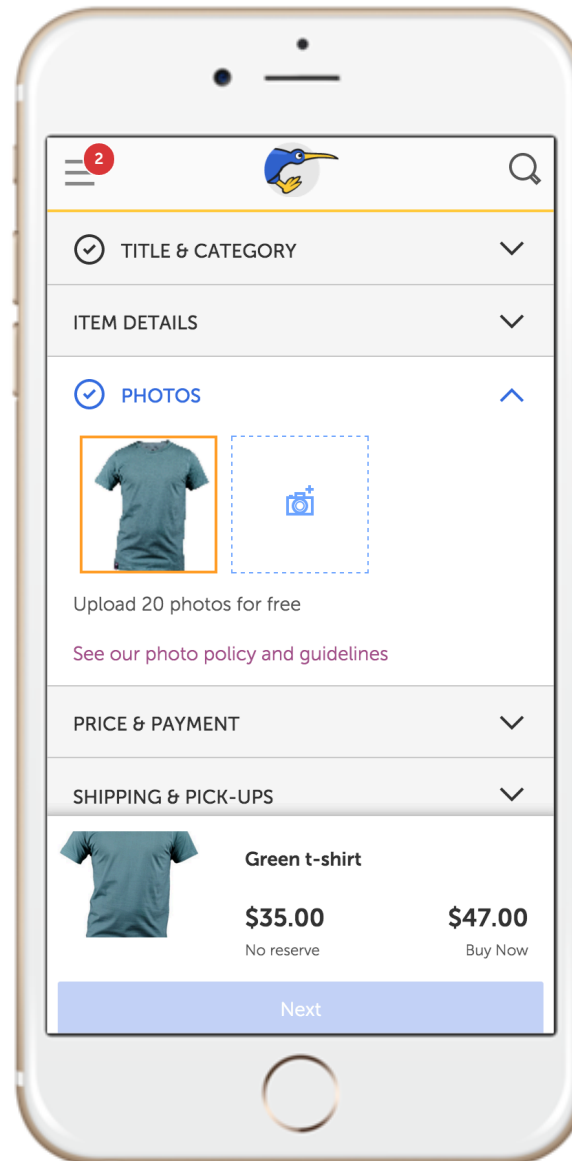
Update: New smartphone optimised design released (April 2016)

New responsive design will provide a more contemporary experience for users across all devices

Currently in testing with circa 25% of all mobile web users. Plan to roll out across all devices over the coming year

Vastly improves development time of new features, and will further speed up our innovation cycle

Already includes substantial improvements on previous version – e.g. streamlined selling process that suggests category and provides photo editing



Update: Trade Me book a courier launched (April 2016)

TRADE ME BOOK A COURIER - Improves the overall experience and economics for both buyers and sellers – which improves our activity and transaction volumes

Trade Me's buying power means sharper shipping rates – which improves the overall economics of the transaction for both the buyer and seller

Reduces the workload on sellers to calculate shipping rates for different items to multiple regions, and integrates better into their workflow

Improves the accuracy and detail of information available to buyers at time of purchase – improving their confidence and inclination to buy

Integrated tracking improves the overall experience for buyers and sellers



Calculate

List your item easily using our courier costs calculator.



Package & book

Package your item and book your courier, no need to print a label.



Pick up & deliver

Courier will pick up from your address. No need to be home.

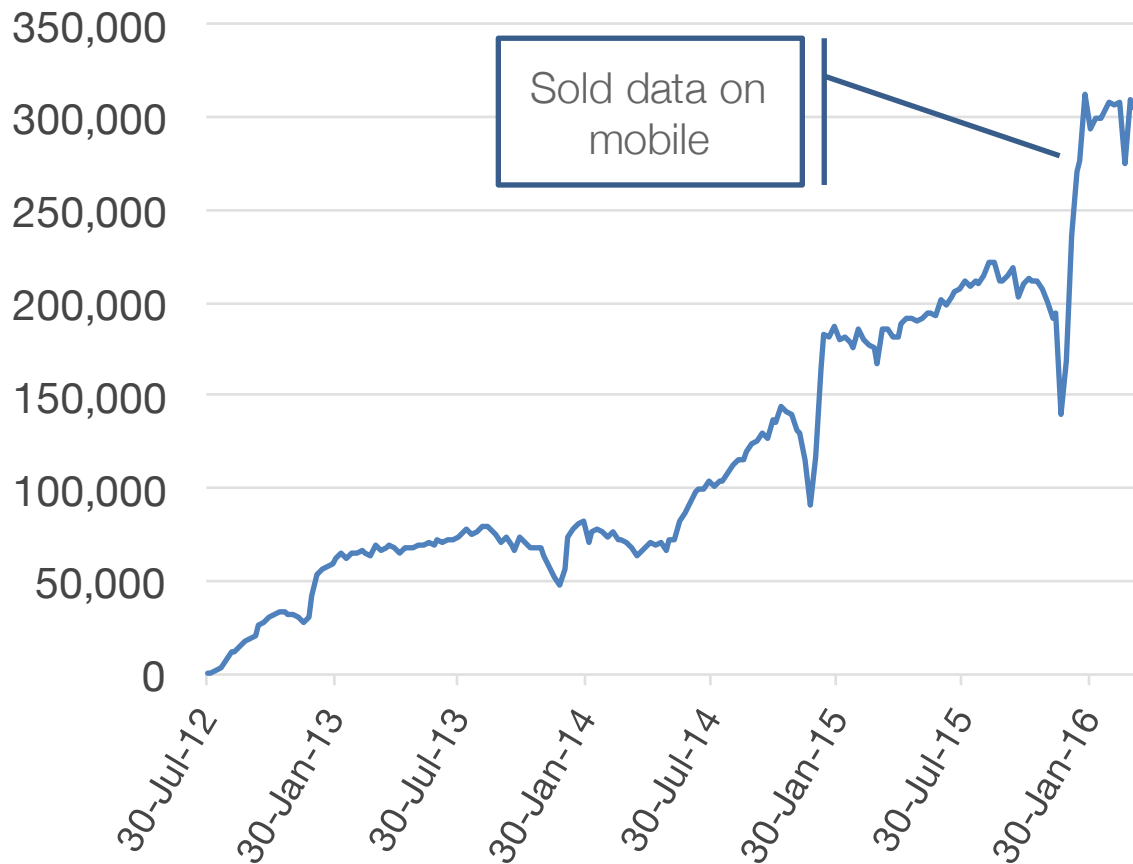


Track

We'll send tracking information to your buyer.

Update: Property featured in the AppStore (April 2016)

Weekly Sessions on the iOS Property App

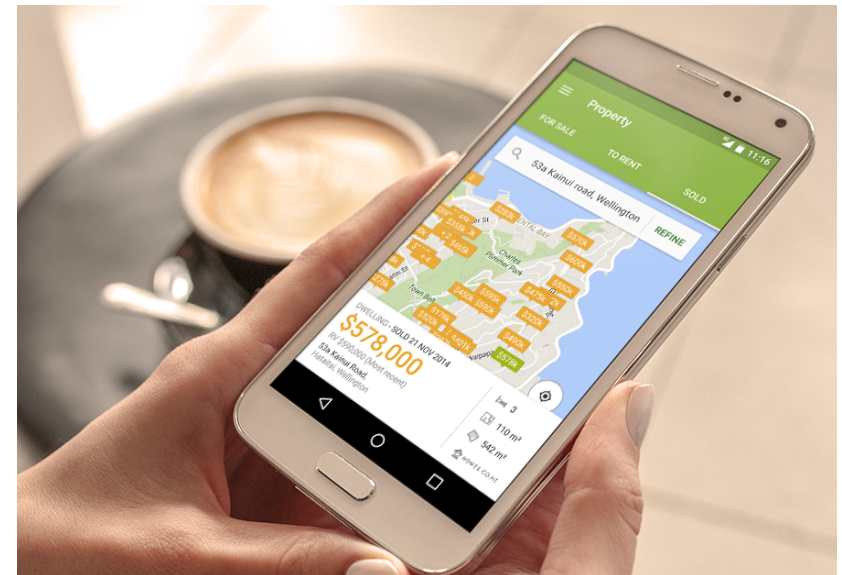


PROPERTY APP – FOCUS ON DATA

NZ's #1 property app. #2 free app in NZ
Total downloads nearing ~500,000

Incorporates house sales data, resulting in strong increase in usage and engagement

Featured in the Apple App store - No. 2 in lifestyle on mobile (just behind Tinder).
No.1 in lifestyle on iPad



Update: OneHub for real estate agents launched (April 2016)

ONEHUB – PORTAL FOR AGENTS

Provides individual agents with an exclusive platform to:

Build their digital profile

Provide richer insights into buyer behaviour and listing performance

Generate data-rich marketing reports to provide feedback to their clients



Looking ahead: Scope and advantages

Purpose:

- To make life better for Kiwis through online experiences they love.

Competitive Advantages:

- Very strong network effects: amplified by the small market size
- Brand: our respected Kiwi brand (83% favourability) drives consideration and preference
- Trust & Security: we have best-in-class security and trust processes
- Consumer and member data: which we use to build better products
- Online product development and operational capability

Scope:

- Online businesses where our audience or merchant scale gives us a material cost or pricing advantage
- Scalable businesses that complement our existing products (or portfolio) to allow us to provide a superior customer experience
- Investments where we have an advantage in our ability to accelerate structural shifts – supported by our experience in building online businesses or our existing advantages

Looking ahead: Priorities

Focus resources on Marketplace, Motors and Property as our three EBITDA growth engines. Additionally we can distill our organisational priorities down to five themes, that apply across all our businesses:

1. Improve our products to deliver seamless customer experiences across all relevant devices (mobile)
2. Build our brand and audience scale: invest to maintain our trust, security and reliability track records
3. Extend the utility and relevance of our premium products to maximise our relevance to advertisers and our yield.
4. Build competitive advantage in data: targeted, personalised and more relevant experiences
5. Expand into closely complementary businesses to provide superior experience to both consumers and merchants
6. Invest in new businesses, where our audience and experience will add value, e.g. Harmony

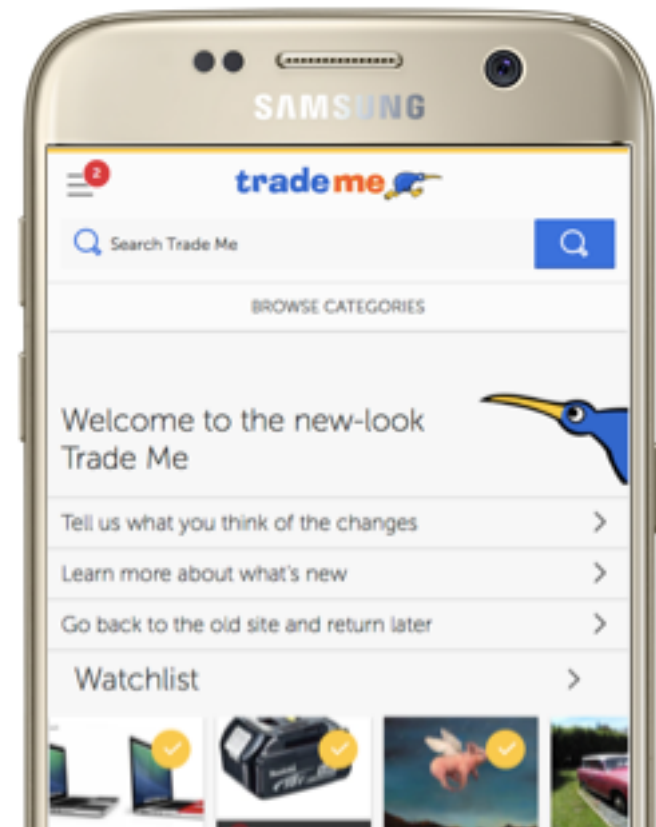
Horizon 1

Horizon 2

Horizon 3

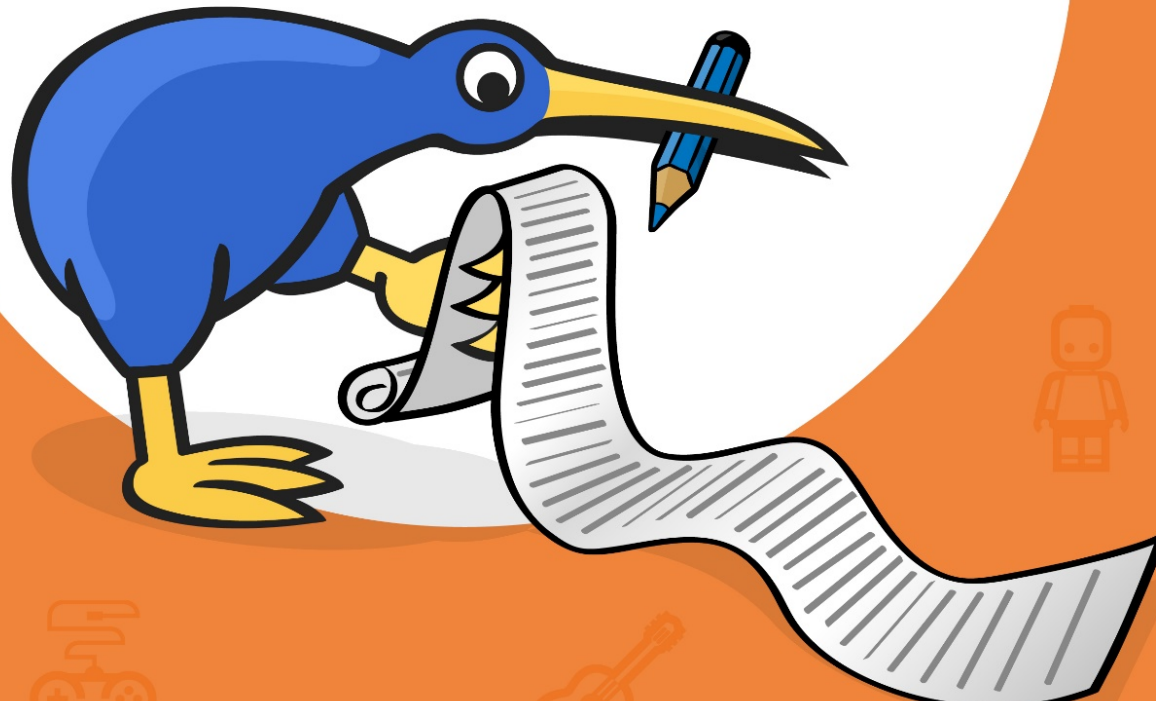
Summary investment proposition

- Strong market positions in models with strong natural advantage to the #1 player.
- Have invested relatively heavily in the last 3 years to secure future growth in each of the verticals and the marketplace business. Seen results from this, and now time to return the business to profitability growth.
- Robust revenue models that have stood the test of time and have good barriers to entry.
- Diverse set of businesses in different industries.
- Low CAPEX requirements.
- Growth sector business with good prospects.
- Balanced with a good yield.
- All with good exposure to a strong NZ economy.



Appendix

F16 H1 results



H1 - Summary financial performance

NZD \$000s	H1 F16	H1 F15	VARIANCE	
General Items	32,183	32,144	39	0.1%
Classifieds	54,298	47,660	6,638	13.9%
Other	19,090	17,095	1,995	11.7%
Total revenue	105,571	96,899	8,672	8.9%
Cost of sales	6,561	5,336	1,225	23.0%
Employee benefit expense	16,329	14,533	1,796	12.4%
Web infrastructure expense	2,695	2,019	676	33.5%
Promotion expense	5,622	4,085	1,537	37.6%
Other expenses	7,066	6,295	771	12.2%
Total expenses	38,273	32,268	6,005	18.6%
EBITDA before associates	67,298	64,631	2,667	4.1%
Associate losses	1,045	0	1,045	
EBITDA	66,253	64,631	1,622	2.5%
Depreciation and amortisation	9,219	7,435	1,784	24.%
EBIT	57,034	57,196	(162)	(0.3%)
Net finance costs	2,984	3,716	(732)	19.7%
Profit before tax	54,050	53,480	570	1.1%
Income tax expense	15,508	15,040	468	3.1%
Net profit	38,542	38,440	102	0.3%
Earnings per share	9.71	9.69	0.02	0.2%
Dividend (cents per share)	7.8	7.7	0.1	1.3%

Revenue growth driven by classifieds

Rate of expense growth decreasing (18.6% vs 27.9% in H1 F15)

Equity accounted losses of associates reduce net profit growth by 2.7%pts

Depreciation and amortisation continues to increase following growth in capitalised development

Fair value adjustment from hedges increases net profit growth by 1.8%

Effective tax rate increases due to associate losses being non-deductible

Fully imputed dividend 7.8cps, supplementary dividend 1.3765cps, record date 11 March 2016, payment date 22 March 2016

H1 - Marketplace: GMS and revenue growth

KEY METRICS

New goods GMS YoY +8.4% to \$151m; Used +4.0% to \$248m

Total GMS YoY +5.6% to \$400m

Sold items +3% to 6.6m items (New items +8%)

Total take rate decreased to 7.9% - however expected to increase slightly with the 1 Feb price change.

Price change simplified pricing with flat success fee of 7.9%, free photos, better seller experience (small yield increase)

MARKETING

Successful trials of marketing automation across Marketplace (and Classifieds). Creates personalised communication and offers. Very powerful tool to be scaled up in H2

Unique buyers increased 2.3% YOY (~50,000 buyers)

PRODUCT

Shipping – beta release of a new shipping offering [now released]

Deals and merchandising for sellers (“was/now” promo pricing) launched in November generating \$1.1m GMS in December from 18k buyers

SUPPLY

Better ranging and products. Listings +23.2% YoY, driven by new goods +28%

GMS from international suppliers \$3m in Dec 2015 (+88% YoY)

Average sale price +1.4% to \$60 (higher quality and large items)

Trade Me Shipping

Its cheap, easy and saves you time



1. Package up your item in a box or bag.



2. Enter the package details and select your courier service.



3. The courier will pick up the package from your chosen address then deliver it to your buyer.

[Start booking](#)

H1 - Property: listings growth & product improvement

F16 H1 FINANCIALS

Total revenue +21.3% YoY to \$15.7m, directs +6.1% to \$4.9m, agents +29.7% to \$10.8m

Agent for sale listings +14.2% YoY, agent rent listings +8.2%

Agent for sale yield +16.5% YoY (premium +46.0%)

PRODUCT

Taken a 15% stake in homes.co.nz – property information and data specialists

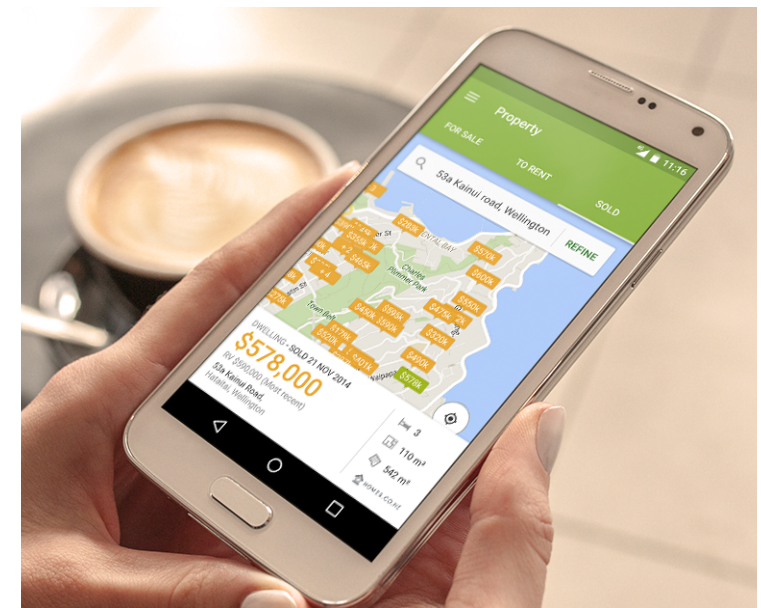
Free rating valuation and historical sales information released in mobile first (data provided by homes.co.nz). Delivered very high usage and engagement levels

AUDIENCE

Holding clear audience share lead on desktop, but experiencing huge mobile growth. New TME Property app is now ranked number 1 on total mobile downloads

Onsite engagement increasing through richer content – video, floorplans, 3D walkthrough now make up ~10% of listings

Weekly sessions on the iPhone Property App



H1 - Motors: Strong premium growth

FINANCIALS

Revenue +9.7% YoY to \$28.3m, dealers +28.9%, directs -3.2%, Motorweb +8.9%

Some small dealers migrating from 'direct' transactions to dealer channel (~7% listings).

Total listings growth of +3.6% YoY; Dealer numbers (subs) +8.0%

Dealer premiums \$3.9m, +56.0% YoY

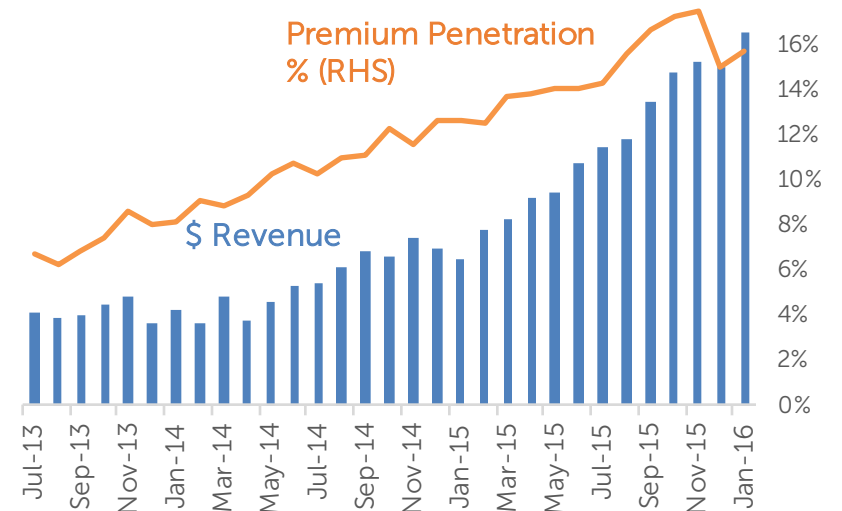
PRODUCT & MARKETING

Initiatives include consumer vehicle information reports, improved search and listing attributes for bikes, relaunched social media, and video products

	TM Motors	Nearest competitor	Outperforming the competition
Listing numbers	72,942	29,930	2.4x
Unique browsers daily*	167,450	5,950	28.1x

* Nielsen: average daily UBs (excludes mobile)

Motors premium revenue growth strong



MotorWeb™ Vehicle Information Authority
Brought to you by trademe



H1 - Jobs: growth in the face of economic headwinds

VOLUME AND LISTINGS

Pleasing revenue growth +15.4% YoY in the face of a slowing economy

Listings flat; growth in direct listings with slight contraction via bulk buyers (economy related)

Yield growth +15.5% driven by directs +7.1% and bulk buyers +17.5%

MARKETING

Successful TGIM (Thank God It's Monday) campaign – drove direct listings growth +10% during period

'Application starts' were +14% due to the campaign (product improvements also drove some of this)

Market share index has remained at circa 90% of the listings number of our main competitor

PRODUCT

Feature penetration increased from 13% to 16% due to better product improvement including branding options

Video options introduced for all listings

Job application conversion ratio improved from 3.9% to 6.0% YoY



H1 - Advertising: data's pivotal role in future growth

PERFORMANCE

Display revenue +8.3% YoY

Desktop impressions continue to decline with the shift to mobile, but the yield increases are more than offsetting this. Mobile native ads in place for Android and just released for iOS

Business Partnership revenue transitioning out of ads (~\$0.5m YoY) as we bring more partnership products in-house (e.g. Insurance)

DATA and PROGRAMMATIC

Data and Programmatic underpinning significant increases in eCPMs – a key competitive advantage. Provides the platform for market leadership

A new inventory source; started trading data (independently to banner inventory). Demand is strong but nascent; a market ramp ahead

Ensured privacy protection for our members via opt out

Using data – highly targeted advertising via Personas

3rd party data used to complement targeted advertising across the site. 70+ new personas have created new opportunities for members to receive relevant ads.

Personas (for example 'Boy racers' and 'Making an impression') are built from demographic and intent filters in real-time from member information and browser activity.

CAR BUYERS

This audience is a wide mix of petrol heads, first time buyers, upgraders, luxury car buyers and everything in between.

All these members use Trade me motors as a point of reference and research in the process of buying their vehicle. This group is represented all over NZ with varying incomes but has a skew towards males.

UNIQUE USERS
1.6M

BOY
RACERS

204K



LUXURY
CARS

16K



MAKING AN
IMPRESSION

16K



H1 - Financial Services: future growth options



LIFE DIRECT

Revenue growth +22%; EBITDA growth >115%

Strong consumer proposition

Beginning targeted personalised marketing



TRADE ME INSURANCE

Embryonic business

Established brand and processes. Brand awareness (>30%) and consideration scores (~10%) encouraging after only 3 months of launching

Yet to begin leveraging our competitive advantage; trials underway



HARMONEY

Harmoney wrote loans >\$190m in first 18 months (greater than our expectations)

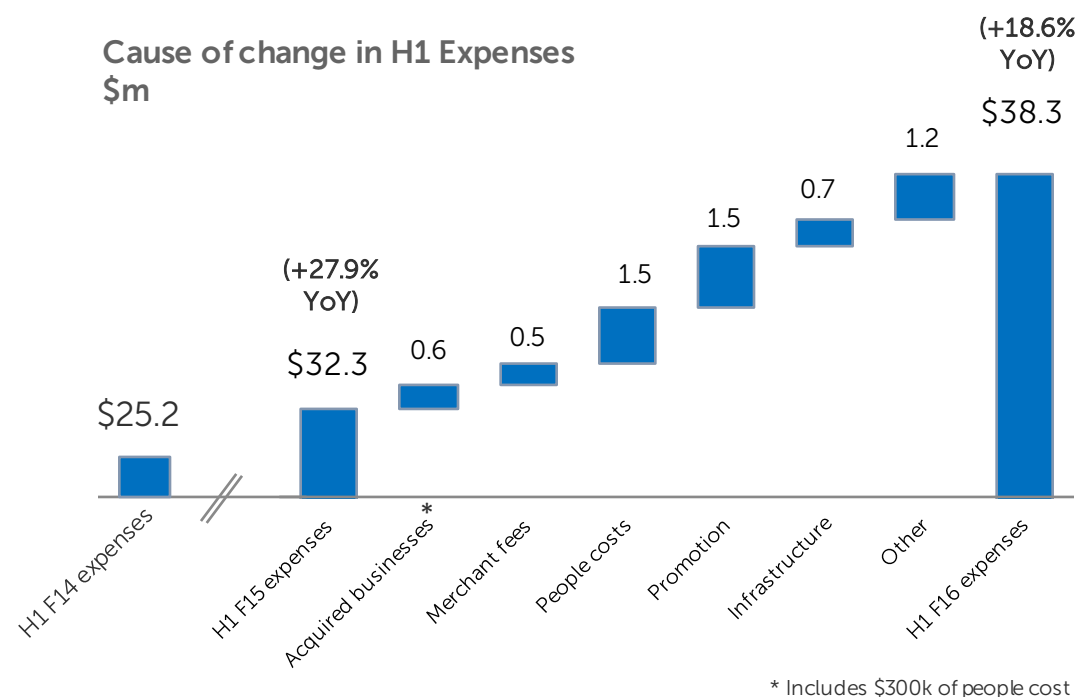
Sound consumer proposition

January capital raise of \$8.5m at \$100m valuation (TME entry was at \$42m)

Contributes \$1.1m loss to TME (2.7%pts off NPAT growth)

H1 - Expense growth decreasing as per guidance

NZD \$000s	H1 F16	H1 F15	VARIANCE	
Cost of Sales	6,561	5,336	1,225	23.0%
Employee benefit exp	16,329	14,533	1,796	12.4%
Web infrastructure exp	2,695	2,019	676	33.5%
Promotion expense	5,622	4,085	1,537	37.6%
Other expenses	7,066	6,295	771	12.2%
Total	38,273	32,268	6,005	18.6%



Rate of expense growth is decreasing year-on-year (+18.6% vs +27.9%)

Promotion expense growth driven by Property, LifeDirect and Trade Me Insurance launch advertising

Cost of sales growth (+\$1.2m) driven by merchant fees from increased sales using PayNow (\$0.3m), growth in MotorWeb data costs as revenue grows (\$0.3m) and a full six months of Paystation costs (\$0.2m)

Web infrastructure increase is partially driven by some F15 flow through costs, but largely due to new licenses we have purchased

People costs driven by headcount growth; +53 FTEs in H1 F15 vs +37 FTEs in H1 F16 – growth rates now significantly lower and slowing

H1 - Financials: Balance sheet highlights

Strong cash position, with \$47m at 31 December 2015. Net debt of \$119m

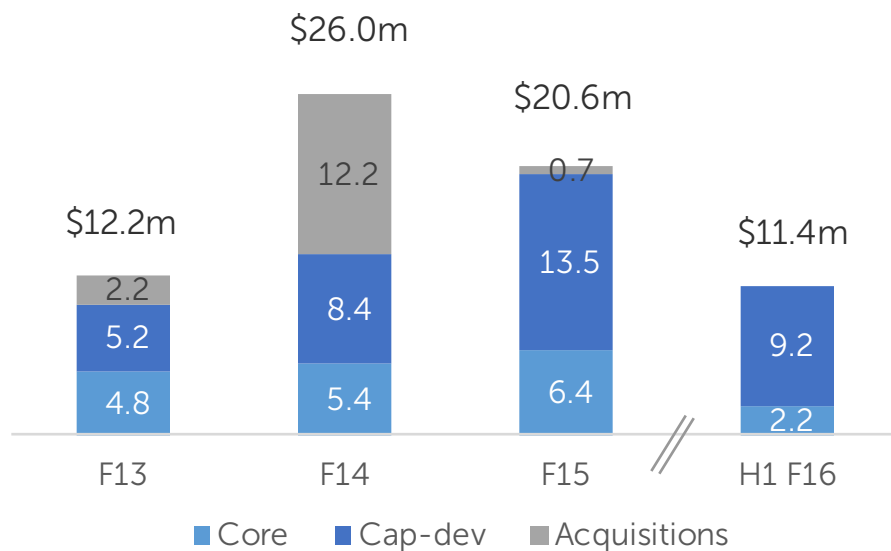
Lots of covenant headroom

Completed the refinancing of our debt facility. Key terms remain the same, except the facility has been split into two equal tranches maturing in December 2018 and December 2019

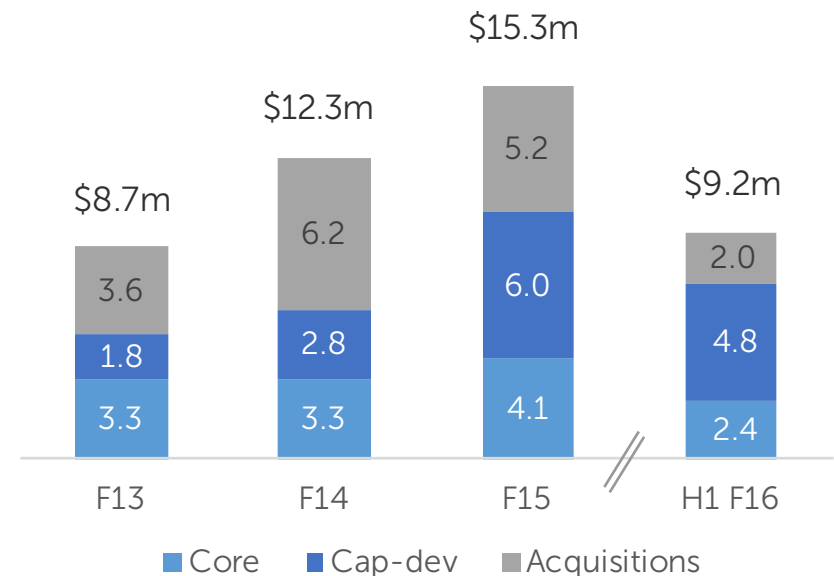
Total H1 F16 capex was \$11.4m, most of which is capitalised development. Increasing capitalised development is flowing through to increased amortisation

Full year F16 capex is still on track to be approximately \$25m; D&A will be approximately \$19m

Capex NZD \$m F13-H1 F16



Depreciation & Amortisation NZD \$m F13-H1 F16



Disclaimer

This presentation may contain projections or forward looking statements regarding a variety of items. These forward-looking statements are based upon current expectations and involve risks and uncertainties.

Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks.

Although management may indicate and believe the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect. There can be no assurance that the results contemplated in the forward-looking statements will be realised.

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