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22 August 2016

Full Year 2016 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.



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

Highlights

- Group revenue from continuing operations of \$21.4m
- Underlying EBITDA of \$7.7m and EBITDA margin of 36%
- Underlying profit after tax of \$3.3m
- Development of Console SaaS platform progressing to timetable and fully funded
- Consumer Online Division sold to CoreLogic for \$3.0m¹
- Acquisition bid by Macquarie-led Consortium in progress

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Revenue & EBITDA Performance

Key earnings items (\$000's)	FY16 Statutory	FY16 Underlying ¹	FY15 Underlying	% change ²
Continuing Operations				
Sales revenue	21,418	21,418	21,510	(0.4%)
EBITDA	7,390	7,722	7,935	(2.7%)
<i>EBITDA Margin</i>	<i>34.5%</i>	<i>36.1%</i>	<i>36.9%</i>	<i>(0.8%)</i>
Profit/(loss) before tax	2,580	2,912	3,483	(16.4%)
Net profit/(loss) after tax	2,968	3,300	5,283	(37.5%)
Discontinued Operations				
Sales revenue	3,466	3,466	4,493	(22.9%)
Operating profit/(loss) before tax	(6,116)	(6,116)	(13,647)	55.2%
Income tax benefit/(expense)	-	-	-	n/a
Gain on disposal after tax	-	-	-	n/a
Net Profit/(loss) after tax	(6,116)	(6,116)	(13,647)	55.2%

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

² Change from FY16 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.

Net Asset Position

Key balance sheet items (\$'000's)	30 Jun 16	30 Jun 15	% change	Primary driver for change
Cash	2,056	1,838	12%	<i>Sale of COD business offset by transaction costs and cash flow requirements</i>
Goodwill & intangibles	50,986	54,767	7%	<i>Sale of COD assets</i>
Other assets	2,677	3,959	(32%)	<i>Sale of COD division</i>
Total assets	55,719	60,564	(8%)	
Borrowings	250	1,135	(78%)	<i>Continued debt reduction</i>
Other liabilities	4,027	5,117	(21%)	<i>Sale of COD division</i>
Total liabilities	4,277	6,252	(32%)	
Total equity	51,442	54,312	(5%)	

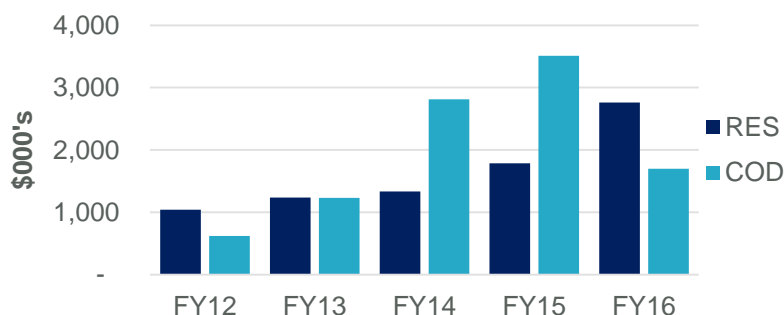
- Net cash position improved to \$1.8m (30 June 2015: \$0.70m)

Reported Cash Flows

Key cash flow items (\$'000)	FY16	FY15	% change
Operating cash flows ¹	3,455	5,555	(38%)
Investing cash flows	(2,352)	(6,596)	64%
Financing cash flows	(884)	(537)	(64%)
Net change in cash	218	(1,578)	114%
Cash at beginning of year	1,838	3,416	(43%)
Cash at end of year	2,056	1,838	12%

- Operating cash flow of \$3.5m
 - Impact of discontinued operations and increase in transaction costs
- Net Investing cash out flows reduced 64% to \$2.4m
 - Net proceeds from sale of COD of \$2.4mil
 - Investment in software development of \$4.7m
- Financing cash flows of \$0.9m
 - Repayment of \$0.9m of debt
 - No additional debt draw downs

Investment in Product & Platform



¹ Includes foreign exchange differences

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Number of billed clients and yield

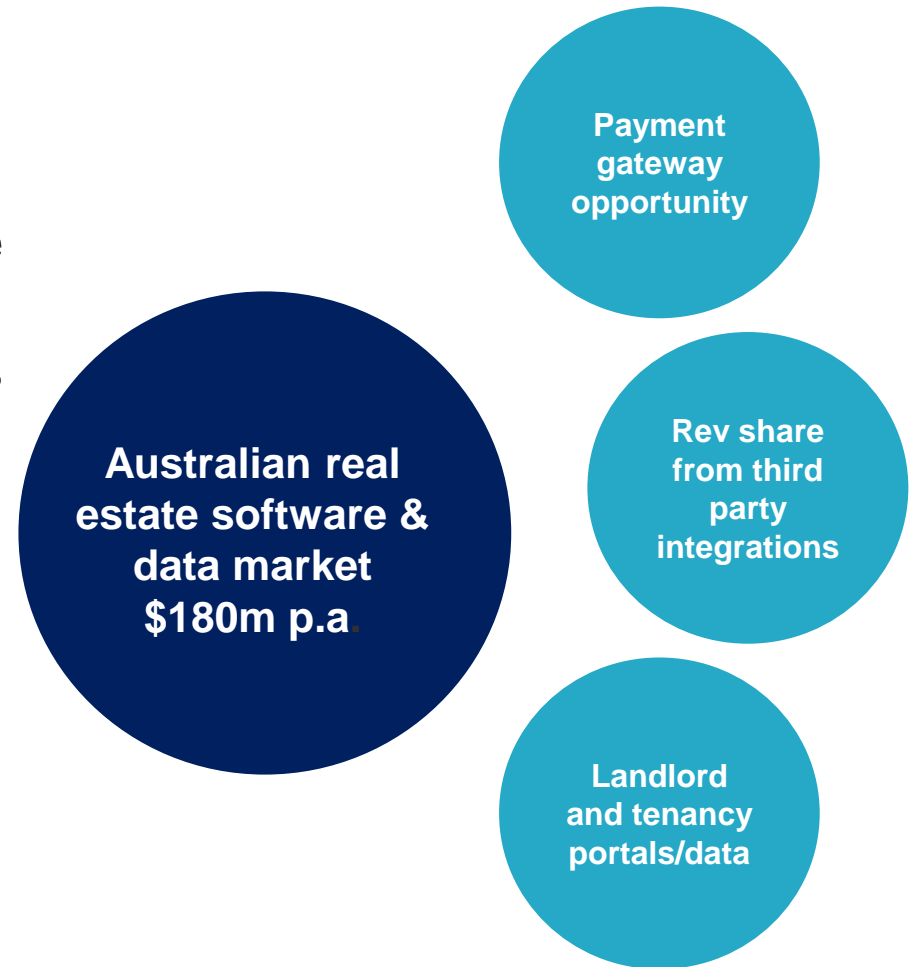
	Jul 13	Jun 14	Jun 15	Jun 16
Billed entities				
Console	3,364	3,371	3,363	3,347
Webchoice and ClientManager (Portplus)	883	789	708	623
Monthly yield metrics				
Rolling 12 month average yield (subscriptions)	n/a	\$388	\$392	\$398
Average yield (subscriptions)	\$377	\$380	\$396	\$400
Rolling 12 month average yield (total RES revenue)	n/a	\$421	\$435	\$445
Average yield (total RES revenue)	\$425	\$435	\$449	\$452

- Slight decline in Console Gateway customers due to lack of SaaS product.
- 12% decline in Webchoice and Client Manager. New Webchoice product improved sales in FY16Q4 following restructure of sales and product.

RES strategy to deliver future revenue growth

The rebuild of the Console SaaS platform with MVP in Q3FY17 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:

- Delivery of Beta Property Management module on track for Q3 FY17
- Customer testing and feedback of all modules supports proposed design and user experience

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

- Launched accounts payable integration and property maintenance Apps in H2 opening up new revenue streams
- Further third party applications to be launched in FY17

Continued focus on customer satisfaction

- Expanded account management team increases cross sell of other products (e.g. SMS and integrations)
- Investment in customer service and account management has reduced churn related to service in H2
- Churn related to demand for Cloud has seen slight increase
- Improved website Webchoice product has slowed churn around websites in H2
- Online training portal launched in February 2016
- New telephone system installed in July 2016

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Sale of COD division

- Development of the Next Generation portal was completed in October 2015
- Board announced the decision to sell or close the Consumer Online division in February 2016
- Intangible assets in COD division were fully impaired as at 31 December 2016
- Impairment was reversed in H2 in accordance with Accounting Standards due to indications that impairment loss had reduced
- Sale of division to CoreLogic was completed in May 2016 for a gross contract price of \$3.0mil
- Sale allows 100% of cash flows in Group to be invested in growth the revenue and profitability of the Console business

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- **The Road Ahead**



The Road Ahead - Priorities for FY17

- Launch of new Console Cloud system to increase sales and address churn related to demand for Cloud option from Q4FY17
- Increased account management roles to maximise cross sell and retention
- Continue to grow revenue from recent 3rd party product integrations
- Increased website Webchoice sales with improved product
- Vote on Consortium offer by late September to provide clarity on corporate structure



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 2016 together with the amortization recorded during FY16 and the carrying value of intangibles at 30 June 2016

\$'000s	FY16 Discontinued Operations	FY16 Continuing Operations	30 Jun Carrying value	FY17	FY18	FY19	FY20	FY21 and beyond
Data								
<i>Acquired</i>	(220)	(250)	1,232	(250)	(250)	(250)	(250)	(232)
<i>Developed</i>	(50)	-	-	-	-	-	-	-
Customer contracts and relationships	-	(1,315)	4,871	(1,315)	(1,315)	(1,315)	(859)	(67)
Goodwill	-	-	39,589	-	-	-	-	-
Software								
<i>Acquired</i>	-	(1,213)	110	(110)	-	-	-	-
<i>Developed</i>	(1,511)	(1,505)	4,879	(1,279)	(1,495)	(935)	(537)	(633)
Other intangibles	(11)	(20)	305	(20)	(20)	(20)	(20)	(225)
Total	(1,792)	(4,303)	50,986	(2,974)	(3,080)	(2,520)	(1,666)	(1,157)