

**ASX Announcement****6 August 2021****REA Group delivers exceptional FY21 result****Financial highlights from core operations<sup>1</sup>:**

- **Revenue<sup>2</sup> of \$928m, up 13%**
- **EBITDA including associates of \$565m, up 19%**
- **Net Profit of \$318m, up 18%**
- **EPS of 247 cents, up 21%**
- **Full year dividend of 131 cents per share, up 19%**

REA Group Ltd (ASX:REA) today announced its results for the year ended 30 June 2021. Group financial highlights from core operations<sup>1</sup> include YoY revenue<sup>2</sup> growth of 13% to \$928m and an increase in EBITDA including associates of 19% to \$565m. Reported net profit increased to \$313m, reflecting one-off impacts in both periods (see Appendix 1).

Revenue growth was driven by a 13% increase in the Australian business, reflecting a strong Residential market recovery despite significant first quarter listing declines in Melbourne due to COVID lockdown measures. The Group result also includes the consolidation of the Elara business from 1 January 2021. Excluding the impact of acquisitions, revenue increased by 11% for the year, EBITDA including associates<sup>1</sup> increased by 21% and NPAT<sup>1</sup> was up 24%.

Strong cost management across the year resulted in core operating cost<sup>1</sup> growth (excluding acquisitions) being contained to 3% YoY. Cost growth was driven primarily by increased headcount and volume-related costs and incentives linked to stronger revenue growth, partly offset by lower costs in Asia.

The Board has determined to pay a final dividend of 72 cents per share fully franked. Together with the interim dividend announced in February, this represents a total dividend of 131 cents per share in respect of the 2021 financial year, a 19% increase on the prior year.

REA Group CEO, Owen Wilson commented: "This has been a defining year for REA, successfully navigating the pandemic to deliver an excellent financial result and emerge an even stronger business.

"I am very proud of our team's ability to respond to the changing needs of our customers and consumers during the pandemic, while also accelerating our growth strategy through a number of pivotal investments.

"Our flagship site realestate.com.au delivered stellar results, extending its position as the clear market leader in digital real estate and it is now Australia's eighth largest online brand overall."



A summary table of the key financial information from core operations<sup>1</sup> is presented below. The information is presented in Australian dollars and is prepared under AIFRS. All financial growth rates refer to YoY comparisons unless otherwise stated.

| AUD\$m (unless stated)                                    | <b>FY2021</b> | <b>FY2020</b> | <b>YoY growth</b> | <b>YoY growth (ex acquisitions)<sup>3</sup></b> |
|---|---------------|---------------|-------------------|---|
| Revenue <sup>2</sup>                                      | <b>928</b>    | 820           | 13%               | <b>11%</b>                                      |
| Operating expenses  | <b>(372)</b>  | (328)         | 13%               | <b>3%</b>                                       |
| Operating EBITDA <sup>4</sup>                             | <b>556</b>    | 492           | 13%               | <b>17%</b>                                      |
| EBITDA margin   | <b>60%</b>    | 60%           |                   |   |
| EBITDA (including share of profit/losses from associates) | <b>565</b>    | 476           | 19%               | <b>21%</b>                                      |
| NPAT  | <b>318</b>    | 269           | 18%               | <b>24%</b>                                      |
| Earnings per share (EPS) (cents)                          | <b>247</b>    | 204           | 21%               | <b>24%</b>                                      |

## AUSTRALIA

In Australia, REA Group operates the leading residential and commercial sites, realestate.com.au<sup>5</sup> and realcommercial.com.au<sup>6</sup>, as well as the leading website dedicated to share property, Flatmates.com.au<sup>7</sup>. Revenue increased 13% to \$870m this year, driven largely by increases in the Residential, Developer and Data businesses.

After a challenging Q1 FY21, impacted by Melbourne COVID lockdowns, the Australian residential property market recovered strongly over the remainder of the year. Positive buying conditions resulting from fiscal and monetary policy settings have helped fuel housing demand. National listings in FY21 were up 15% YoY, with Melbourne up 11% and Sydney up 25%.

A summary of the quarterly residential listing and project commencement YoY changes for FY21 is outlined in the table below<sup>8</sup>.

|                                    | <b>Q1'21</b> | <b>Q2'21</b> | <b>Q3'21</b> | <b>Q4'21</b> | <b>FY21</b> |
|------------------------------------|--------------|--------------|--------------|--------------|-------------|
| <b>Residential listing change</b>  |              |              |              |              |             |
| <b>National</b>                    | <b>0%</b>    | <b>6%</b>    | <b>8%</b>    | <b>54%</b>   | <b>15%</b>  |
| Sydney                             | 25%          | 9%           | 6%           | 64%          | 25%         |
| Melbourne                          | -41%         | 17%          | 14%          | 64%          | 11%         |
| <b>Project commencement change</b> | 3%           | 12%          | 14%          | 44%          | 17%         |

Australian Residential revenue increased by 18%, reflecting higher national listings, improved depth and Premiere penetration, increased subscription revenues and continued growth in add-on products.

realestate.com.au continued to accelerate audience metrics, reaching new all-time highs during FY21. Average monthly visits to realestate.com.au topped 121.9 million<sup>9</sup>, outperforming the closest competitor by 3.3 times on average<sup>10</sup>.

"The delivery of highly personalised consumer experiences has underpinned our audience growth, allowing REA to continue to provide our customers with qualified leads to help them grow their businesses. This included a strong 55% YoY increase in buyer enquiries during FY21," added Mr Wilson.

A summary of key audience highlights included:

- 12.6 million people visited realestate.com.au each month on average<sup>11</sup>, with a record 13.2 million in March<sup>12</sup>
- 121.9 million average monthly visits, up 35% YoY<sup>13</sup>, with a record of 137 million in March<sup>14</sup>;
- 3.3x more visits than the nearest competitor each month on average<sup>10</sup>, with a record 3.4x more visits in June<sup>15</sup>;
- Average monthly app launches of 55 million, up 49% YoY<sup>16</sup>, with a record 63.4 million in March<sup>17</sup>; and
- Total app downloads of 11 million, up 10% YoY<sup>18</sup>.

Commercial and Developer revenue increased 5% with Developer benefiting from a 17% increase in new project commencements, driven in part by Government stimulus, an increase in project profile duration and higher subscriptions. This was partially offset by a decline in Commercial revenues due to the negative impact of COVID on listing volumes.

Media, Data & Other revenues were broadly flat YoY, with growth in Data and Media revenues offset by a reduction in Other revenues.

Financial Services operating revenue increased 9% driven by higher settlements, increased broker recruitment and improved productivity. This was more than offset by a reduction in partnership revenue as the current NAB agreement performance payments reached maturity in September 2020.

In March 2021, REA Group announced its proposal to acquire 100% of the shares in Mortgage Choice Limited, providing a compelling opportunity to establish a leading mortgage broking business with increased scale. The acquisition aligns with REA's financial services strategy by leveraging the Group's digital expertise, high intent property seeker audience and data insights across a larger network. It also complements the existing Smartline broker footprint, resulting in greater national broker coverage. The transaction completed on 1 July 2021. Consideration was \$244m, funded by an increase in REA's debt facilities.

On 15 June 2021 the Group acquired a 34% interest in Simpology Pty Limited ("Simpology"), a leading provider of mortgage application and e-lodgement solutions for the broking and lending industries. The \$15m consideration for the transaction was funded from the Group's existing cash reserves. REA holds two seats on Simpology's Board.

## **ASIA**

Asia revenue<sup>19</sup> declined by 16% in FY21, negatively impacted by significant extended COVID lockdowns, cancellation of events across all markets and the one-off COVID related reduction in syndicated MyFun listings in H1. EBITDA before associates and joint ventures<sup>1</sup> was \$10m, with revenue declines partially offset by continued cost management across the region.

On 31 May 2021, REA Group entered into a binding agreement to transfer ownership of its Malaysia and Thailand entities to PropertyGuru Pte Ltd ("PropertyGuru"), in exchange for an 18% equity interest<sup>20</sup> in PropertyGuru, which will provide REA with a strategic shareholding in a larger, more diversified company. The transaction completed on 3 August 2021, following REA's divestment of its 27% interest in 99 Group on 30 July 2021. The combined transactions are expected to result in an overall net gain of

approximately \$12m<sup>21</sup>. In FY21, Malaysia and Thailand contributed \$15m to Asia revenues and generated an \$8m EBITDA loss<sup>1</sup>.

On 24 July 2021, PropertyGuru announced a business combination with the special purpose acquisition company Bridgetown 2 Holdings Limited, through which the PropertyGuru business plans to list on the New York Stock Exchange (NYSE). REA has committed to subscribe for US\$52 million of equity in the listed entity subject to completion of the business combination<sup>22</sup>, which is anticipated to occur in Q2 or Q3 FY22. After taking into account the capital raising conducted concurrently with the business combination, REA expects to hold a stake of approximately 15.8%<sup>23</sup> in the listed entity and will nominate REA CEO, Owen Wilson to join the board.

## **ELARA**

On 17 December 2020, REA Group moved to a controlling position in Elara Technologies Pte. Ltd. ("Elara"). The Group held a 60.7% shareholding as at 30 June 2021<sup>24</sup>, with News Corp holding 39.1% of the remaining minority interest in Elara.

The Indian market was heavily impacted by COVID during the year, however digital adoption of real estate has accelerated and new consumer segments are migrating online at a much faster rate. Against this backdrop, Elara delivered strong audience growth in FY21, up 92% YoY<sup>25</sup>, driven by continued SEO and brand investment, and the launch of new languages on Housing.com. Despite the COVID related challenges, Elara delivered local currency revenue growth of 23% in FY21.

In H1 FY21, the Group result included an equity accounted loss of \$2m from its 13.5% stake in Elara. REA consolidated Elara from 1 January 2021, contributing revenue of \$17m in H2 FY21 and an \$18m EBITDA loss<sup>1</sup>.

## **NORTH AMERICA**

REA Group has a 20% investment in Move, Inc. which operates realtor.com®, a leading property portal in North America. Average monthly unique users of realtor.com®'s web and mobile sites for Q4 grew 32% YoY to 106 million<sup>26</sup>.

Move's equity accounted result positively contributed to the Group, improving from a A\$7m loss in the prior year to a A\$16m gain in FY21<sup>1</sup>. Move's reported revenue increased by 36% in FY21 to US\$641m, driven by continued strength in the referral model and traditional lead generation product. The traditional lead generation product continued to see a strong increase in demand from agents, driving improvements in sell-through, yield and retention, while the referral model benefited from an increase in average home values and transaction volumes<sup>27</sup>.

## **BALANCE SHEET STRENGTH**

REA Group has a strong balance sheet, with debt of \$414m and a cash balance of \$169m as at 30 June 2021<sup>28</sup>. In June 2021, the Group refinanced the syndicated debt facilities and funded the Mortgage Choice acquisition through a bridge facility with NAB for \$520m. The bridge facility matures in July 2022, however the Group is expected to replace this with a new syndicated facility in Q1 FY22.



## RETURNS TO SHAREHOLDERS

The Board has determined to pay a final dividend of 72 cents per share fully franked. Together with the interim dividend, this represents a total dividend of 131 cents per share in respect of the 2021 financial year.

The 2021 final dividend dates are:

|                  |                   |
|------------------|-------------------|
| Ex-dividend date | 26 August 2021    |
| Record date      | 27 August 2021    |
| Payment date     | 16 September 2021 |

## CURRENT TRADING

COVID continues to cause market volatility globally and has the potential to impact the Group's performance in FY22. While recent lockdowns have negatively impacted listings volumes in the affected cities, the experience over the last 12-18 months has shown that markets can recover quickly when restrictions are lifted. Despite COVID related volatility, market dynamics remain strong, with strong levels of buyer enquiry underpinned by low interest rates and healthy bank liquidity.

The Australian Residential business will benefit from price increases, which came into effect from 1 July 2021. Listings volumes in July decreased 3% YoY. Melbourne listings were up 3%, while Sydney listings were down 22%, impacted by the lockdown.

While the Indian market remains volatile due to ongoing COVID impacts, we intend to continue to invest throughout FY22 to drive further audience and revenue growth.

The FY22 Group results will include the consolidation of Mortgage Choice and Elara for the full year, and the divestment of the Malaysia and Thailand operations from 3 August 2021. In addition, the equity accounted investments portfolio will reflect the results of recent acquisitions and the divestment of 99 Group from August 2021, which will be replaced by the investment in PropertyGuru.

We continue to target positive full year operating jaws, excluding the impact of consolidating Elara, while increasing the level of investment to deliver our strategic initiatives.

"REA is entering the new financial year with strong momentum, despite ongoing lockdowns. This momentum, coupled with our strategic investments and exciting product roadmap, provides an excellent platform for our continued growth," concluded Mr Wilson.

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The release of this announcement was authorised by the Board.

**FY Results Presentation [webcast link](#)**

**About REA Group Ltd:** ([www.rea-group.com](http://www.rea-group.com)): REA Group Ltd ACN 068 349 066 (ASX:REA) ("REA Group") is a multinational digital advertising business specialising in property. REA Group operates Australia's leading residential and commercial property websites – [realestate.com.au](http://realestate.com.au) and [realcommercial.com.au](http://realcommercial.com.au) – as well as the leading website dedicated to share property, [Flatmates.com.au](http://Flatmates.com.au). REA Group owns Smartline Home Loans Pty Ltd and Mortgage Choice Ltd, Australian mortgage broking franchise groups, and PropTrack Pty Ltd, a leading provider of property data services. In Australia, REA Group holds strategic investments in Simpology Pty Ltd, a leading provider of mortgage application and e-lodgement solutions for the broking and lending industries; Realtair Pty Ltd, a digital platform providing end-to-end technology solutions for the real estate transaction process, Campaign Agent Pty Ltd, Australia's leading provider of Buy Now Pay Later solutions for the Australian real estate market and Managed Platforms Pty Ltd, an emerging Property Management software platform. Internationally, REA Group holds a controlling interest in India's Elara Technologies Pte. Ltd. operator of established brands [Housing.com](http://Housing.com), [Makaan.com](http://Makaan.com) and [PropTiger.com](http://PropTiger.com) and owns leading portals in Hong Kong ([squarefoot.com.hk](http://squarefoot.com.hk)) and China ([myfun.com](http://myfun.com)). REA Group also holds a significant minority shareholding in Move, Inc., operator of [realtor.com](http://realtor.com) in the US, and the PropertyGuru Group, operator of leading property sites in Malaysia, Singapore, Thailand, Vietnam and Indonesia.



## APPENDIX 1

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

As reported in the Financial Statements for the year ended 30 June 2021:

| <b>Core and reported results</b>   | <b>2021<br/>\$'m</b> | <b>2020<br/>\$'m</b> |
|--|----------------------|----------------------|
| <b>Reported operating income</b>   | <b>927.8</b>         | 820.3                |
| EBITDA from core operations (excluding share of gains and losses of associates and joint ventures) | 555.6                | 492.1                |
| Share of gains/(losses) of associates and joint ventures   | 12.6                 | (15.4)               |
| Gain on associate disposals and transaction costs  | (3.5)                | (1.1)                |
| <b>EBITDA from core operations</b>   | <b>564.8</b>         | 475.6                |
| Restructure costs  | (0.9)                | (8.2)                |
| Net gain/(loss) on acquisitions and disposals and transaction costs                                | (1.0)                | (1.0)                |
| Integration costs  | (3.9)                | -                    |
| Impairment charges   | -                    | (148.6)              |
| Historic tax provision   | (3.2)                | -                    |
| <b>Reported EBITDA</b>   | <b>555.6</b>         | 317.9                |
| <b>Net profit from core operations</b>   | <b>318.0</b>         | 268.9                |
| Restructure costs, net of tax  | (0.6)                | (5.7)                |
| Net gain/(loss) on acquisitions and disposals and transaction costs, net of tax                    | 1.7                  | (2.0)                |
| Integration costs, net of tax  | (3.8)                | -                    |
| Impairment charges   | -                    | (148.6)              |
| Historic tax provision, net of tax   | (2.3)                | -                    |
| <b>Reported net profit</b>   | <b>313.0</b>         | 112.6                |



## References

<sup>1</sup> Financial results from core operations are defined as reported results adjusted for significant non-recurring items such as restructure costs, gain/loss on acquisitions and disposals, related transaction costs, integration costs and historic tax provision (historic indirect tax provision reflects potential retrospective changes to interpretation of tax law). In the prior year, this included items such as restructure costs, revaluation of contingent consideration, gain/loss on acquisitions, disposals and divestments, and impairment charges. A full reconciliation of reported financial results from core operations is attached in Appendix 1.

<sup>2</sup> Revenue is defined as revenue from property and online advertising and revenue from financial services less expenses from franchisee commissions.

<sup>3</sup> YoY growth (ex acquisitions) excludes Elara's consolidated results from 1 January 2021 and Elara associate equity accounted losses prior to 1 January 2021. In the twelve months to 30 June 2021, Elara recorded a \$18.0m EBITDA loss and a \$2.4m associate loss. In the twelve months to 30 June 2020, Elara generated a \$7.5m associate loss.

<sup>4</sup> EBITDA before contributions from associates and joint ventures.

<sup>5</sup> Nielsen Digital Media Ratings (Monthly Tagged), Jan 21 – Jun 21 (average), P2+, Digital (C/M), text, Real Estate/Apartments subcategory, Unique Audience.

<sup>6</sup> Nielsen Digital Media Ratings (Monthly Tagged), Jan 21 – Jun 21 (average), P2+, Digital (C/M), text, realcommercial.com.au vs commercialrealstate.com.au, Unique Audience.

<sup>7</sup> Similarweb, visits to flatmates.com.au vs flatmatefinders.com.au, Jul 20 – Jun 21.

<sup>8</sup> REA has revised the metro/regional listing definitions to align with the Australian Statistical Geographic Standard, resulting in minor adjustments in Melbourne and Sydney historic listing growth rates. Total national listings growth rates remain unchanged. REA has also revised listing definitions to be non-workday adjusted. The Group releases a monthly REA Insights Listings report, which provides month-on-month and year-on-year movements in new and active realestate.com.au listings. The report is available on rea-group.com and realestate.com.au.

<sup>9</sup> Nielsen Digital Media Ratings (Monthly Tagged), Jul 20 - Jun 21 (average), P2+, Digital (C/M), text, realestate.com.au, Total Sessions.

<sup>10</sup> Nielsen Digital Media Ratings (Monthly Tagged), Jul 20 - Jun 21 (average), P2+, Digital (C/M), text, realestate.com.au vs Domain, Total Sessions.

<sup>11</sup> Nielsen Digital Media Ratings (Monthly Tagged), Jan 21 - Jun 21 (average), P2+, Digital (C/M), text, realestate.com.au, Unique Audience.

<sup>12</sup> Nielsen Digital Media Ratings (Monthly Tagged), Mar 21, P2+, Digital (C/M), text, realestate.com.au, Unique Audience.

<sup>13</sup> Nielsen Digital Media Ratings (Monthly Tagged), Jul 20 - Jun 21 vs Jul 19 - Jun 20 (average), P2+, Digital (C/M), text, realestate.com.au, Total Sessions.

<sup>14</sup> Nielsen Digital Media Ratings (Monthly Tagged), Mar 21, P2+, Digital (C/M), text, realestate.com.au, Total Sessions.

<sup>15</sup> Nielsen Digital Media Ratings (Monthly Tagged), Jun 21, P2+, Digital (C/M), text, realestate.com.au vs Domain, Total Sessions.

<sup>16</sup> Nielsen Digital Media Ratings (Monthly Tagged), Jul 20 - Jun 21 vs Jul 19 - Jun 20 (average), P2+, Digital (C/M), text, realestate.com.au, App Launches.

<sup>17</sup> Nielsen Digital Media Ratings (Monthly Tagged), Mar 21, P2+, Digital (C/M), text, realestate.com.au, App Launches.

<sup>18</sup> Google Play & iTunes App Store, total number of realestate.com.au app downloads at Jun 21 vs Jun 20.

<sup>19</sup> Prior year number includes contribution from Singapore and Indonesia.

<sup>20</sup> Undiluted, 16.6% on a fully diluted basis if all warrants and ESOPs are exercised.

<sup>21</sup> Final gain subject to foreign currency translation and transaction costs.

<sup>22</sup> Subject to regulatory and stockholder approvals and other customary closing conditions.

<sup>23</sup> Undiluted, 14.9% on a fully diluted basis. Assumes no SPAC shareholders elect to have their SPAC shares redeemed for cash as permitted.

<sup>24</sup> REA's stake in Elara increased to 65.5% in July 2021, while NewsCorp's stake reduced to 34.3%.

<sup>25</sup> Similarweb data, average site visits Jul 20 – Jun 21 vs Jul 19 – Jun 20.

<sup>26</sup> NewsCorp's Earnings Release stated in US Dollars (5 August 2021) for the twelve-month period ended 30 June 2021: Average monthly unique users for Q4 FY 2021 and compared to the same period Q4 FY 2020.

<sup>27</sup> NewsCorp's Form 10-K stated in US Dollars for the 12-month period ended 30 June 2021.

<sup>28</sup> Excludes \$4.9m of cash held for sale at 30 June 2021.