

ASX Announcement
10 May 2017

REA Group Q3 FY 2017 financial information released

REA Group Limited (ASX:REA) today announced its results for the year to date financial information reported by News Corp on 9 May 2017 (EDT). The News Corp report includes US GAAP financial information for REA Group and its subsidiaries for the three and nine months ended 31 March 2017.

Group financial highlights from core operations¹ for the nine months ending 31 March 2017 include revenue growth of 16% to \$493m million and EBITDA growth from core operations of 15% to \$286 million.

Financial results from core operations¹ for the nine and three months ended 31 March 2017 include:

	For nine months ended 31 March (AUD\$)		
<i>Millions</i>	FY2017	FY2016	% change
Revenue	493	424	16%
Operating expenses	(207)	(176)	18%
EBITDA	286	248	15%
Free cash flow	170	143	19%

	For three months ended 31 March (AUD\$)		
<i>Millions</i>	FY2017	FY2016	% change
Revenue	156	134	16%
Operating expenses	(70)	(62)	13%
EBITDA	86	72	20%
Free cash flow	60	39	54%

These results were driven by the strength of our residential business which saw Australian revenue increase 16% this quarter against the prior corresponding period. The Group's growth was achieved in a market of lower listing volumes, declining dwelling commencements in Australia, as well as continuing soft market conditions in Malaysia and Hong Kong. We expect dwelling commencements to continue to trend lower as changes to government policy and lending practices take effect.

The rate of operating expense growth is due to increased marketing costs and the consolidation of iProperty for the full quarter. We expect the phasing of costs to be higher in Q4 due to increased investment in product innovation and associated marketing expenses. Excluding the impact of iProperty, it is anticipated that the rate of full year revenue growth will exceed the rate of cost growth.

As a result of the strong revenue growth and the different timing of expenses, EBITDA from core operations grew 20% in Q3. This growth rate also reflects an improved contribution from associates.

¹ Financial results from core operations excludes non-recurring items such as discontinued operations, revaluation and unwind of deferred consideration and transaction related expenses. Prior year comparative has been adjusted to meet this definition.



REA Group continued to focus on product and consumer innovation during the quarter. The Australian business launched Front Page, a new depth product which gives customers the opportunity to prominently advertise their properties on the realestate.com.au homepage. Front Page is personalised for consumers based on their search behaviour.

The quarter also saw the launch of the new Lifestyle experience. The rich video and editorial content gives Australians access to the information, insights and inspiration they want to transform their property into their dream home.

REA Group Chief Executive Officer, Tracey Fellows, commented: “We’ve been able to deliver a strong result this quarter by launching exciting consumer experiences and delivering new products which provide value to our customers.

“realestate.com.au continued to grow its leadership position with the largest and most engaged audience of property seekers in Australia. Average monthly visits were more than 2.6 times that of our nearest competitor², reaching a record high in March of over 55 million visits³. Consumers also spent over 7.8 times more time on our site than any other property site.⁴

“We are continuing to grow our Asian presence with the investment we made in India with PropTiger in January. This strategic stake further strengthens our presence in a region with long-term growth potential.”

Earlier this month, REA Group launched Spacely in Australia. This new listings site will make it easier for Australians to find a short term commercial space that meets their specific needs whether it be retail, event, office, co-working or creative spaces.

“The launch of Spacely sees us enter a new market and positions us to meet the changing needs of today’s workforce. It complements the offering of realcommercial.com.au which focuses on longer term commercial leases,” said Ms Fellows.

A full copy of News Corp’s Form 10-Q to be filed with the U.S. Securities and Exchange Commission (SEC) will be lodged with the ASX when it becomes available. It is noted that the reported US Dollar figures in the News quarterly release may not agree to the Australian Dollar figures noted above, as the reported figures are presented in accordance with US GAAP with which News Corp must comply.

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² Source: Nielsen Online Market Intelligence Home and Fashion Suite average monthly visits for the audited sites of realestate.com.au compared to domain.com.au, for the three months ended 31 March 2017, excludes apps.

³ Source: Nielsen Online Market Intelligence Home and Fashion Suite monthly visits for the audited site of realestate.com.au for 31 March 2017, excludes apps

⁴ Source: Nielsen Online Market Intelligence Home and Fashion Suite average monthly time on site for the audited sites of realestate.com.au compared to domain.com.au, for the three months ended 31 March 2017, excludes apps



Note to editors:

Appendix 1 has been provided to reconcile prior year balances to meet REA Group's revised definition of core operations. Core operations is defined as financial results excluding non-recurring items such as gain on sale of a business, discontinued operations, revaluation and unwind of deferred consideration and transaction related expenses.

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About REA Group

About REA Group Limited: (www.rea-group.com): REA Group Limited 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 and realcommercial.com.au, Chinese property site myfun.com and a number of property portals in Asia via its ownership of iProperty Group. REA Group also has a shareholding in US based Move, Inc and PropTiger in India.

APPENDIX 1

FY2016 Results Reconciliation

The table below sets out how previously reported balances reconcile to meet the revised definition of core operations.

<i>AUD</i>	For three months ended 31 March (in millions)
	FY2016
Previously Reported Revenue	147
Revenue from Discontinued Operations	(13)
Revenue from Core Operations	134
Previously Reported Expenses	69
Expenses from Discontinued Operations	(11)
Adjustments for revised definition of Core Operations	4
Expenses from Core Operations	62
EBITDA	72
Previously Reported Free cash flow	146
Free cash flow from Discontinued Operations	(3)
Free cash flow from Core Operations	143

<i>AUD</i>	For nine months ended 31 March (in millions)
	FY2016
Previously Reported Revenue	461
Revenue from Discontinued Operations	(37)
Revenue from Core Operations	424
Previously Reported Expenses	198
Expenses from Discontinued Operations	(33)
Adjustments for revised definition of Core Operations	10
Expenses from Core Operations	175
EBITDA	324
Previously Reported Free cash flow	41
Free cash flow from Discontinued Operations	(2)
Free cash flow from Core Operations	(39)