

# iProperty Group (ASX: IPP) Trading Update

May 2015

# iProperty Group



iProperty Group (ASX: IPP) owns the **#1 Online Property Portals** across the ASEAN and Hong Kong Region.

The key brands include:

 **iProperty.com**  
Malaysia's No.1 Property Website

 **rumah123.com**  
Situs Properti No.1 di Indonesia

 **GoHome.com.hk**  
Hong Kong's No.1 Property Website

 **squarefoot.com.hk**

**THINK of LIVING**

# Performance Highlights Q1/15



Further extension of **clear leadership position** across Malaysia, Indonesia, Thailand and Hong Kong



**Accelerating revenue growth** of 40%\* for Q1/15 with online revenue from property developers growing by 107% and revenue from real estate agents growing by 43%



Profit margins **increasing** - will be EBITDA **profitable** and **operating cash flow positive** in 2015



**Transaction (project marketing business) sales doubled** during first 3 months



**Increased innovation rate** (Mobile, Augmented Reality, Consumer Engagement)



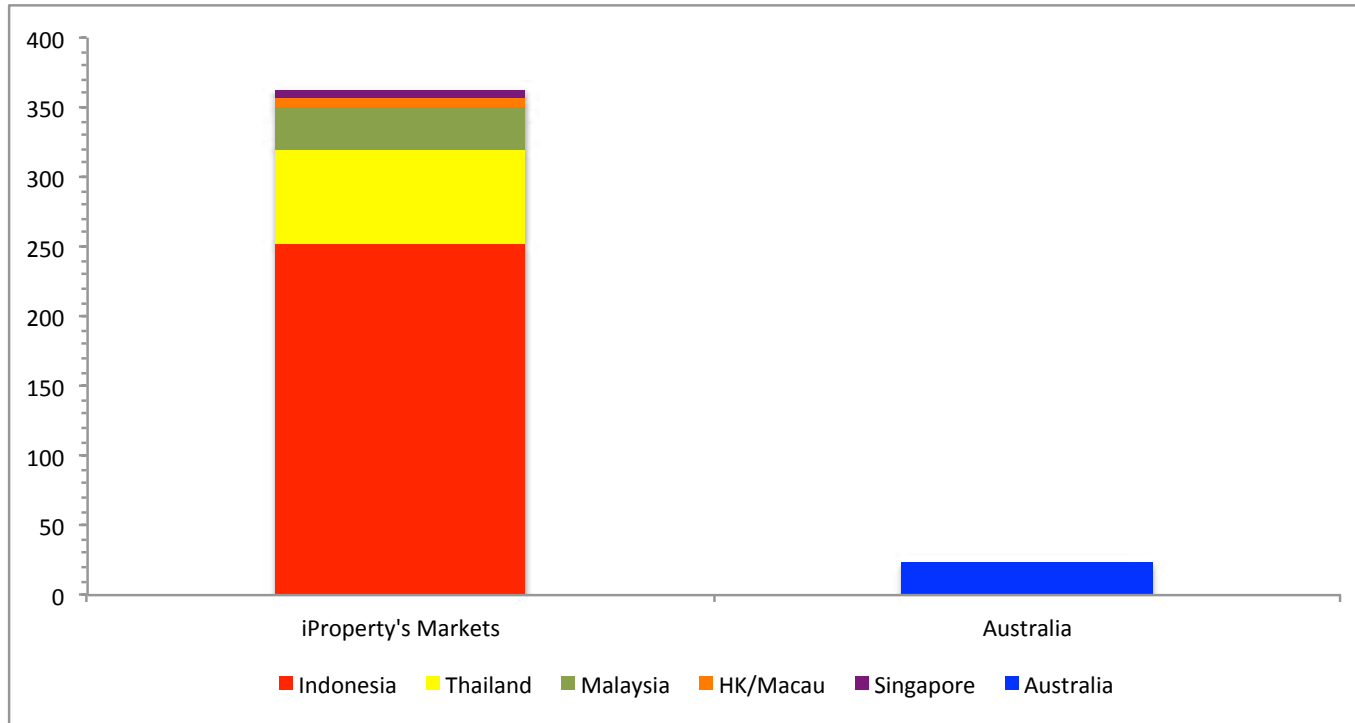
Entry into **Data and Research Business**

\* Note: Thailand (ThinkOfLiving) business included in results from Q2/15

# MARKET OPPORTUNITY

# Macro Economic Environment

## POPULATION (millions)



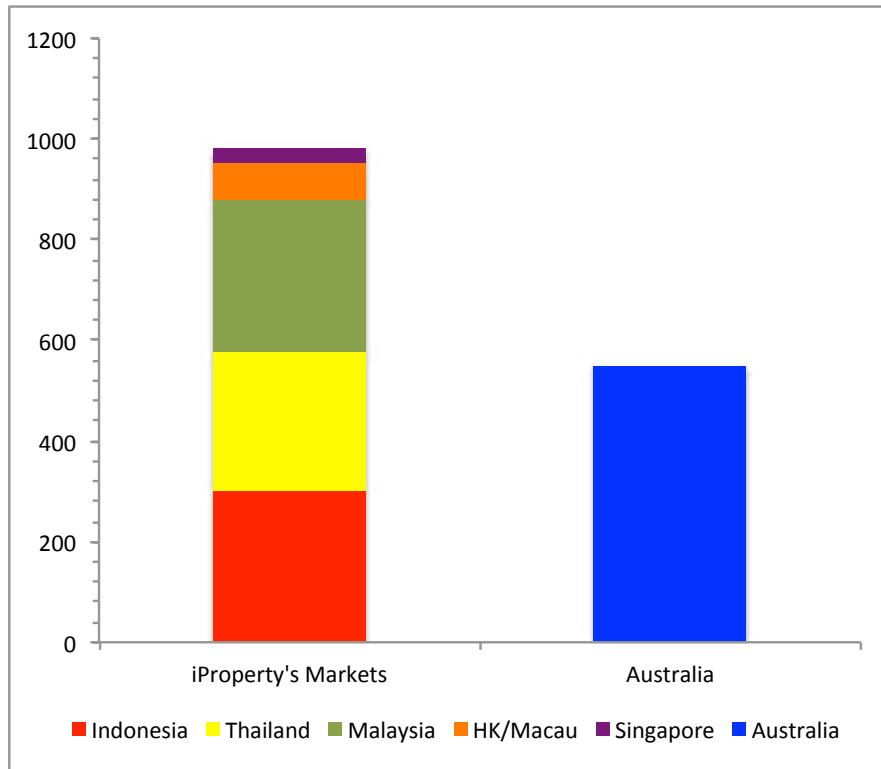
Source: World Bank, United Nations

## Significant and Sustained Demand for Property

The real estate market is expected to continue growing significantly as the populations in iProperty's markets continue to increase their wealth off the back of booming economies.

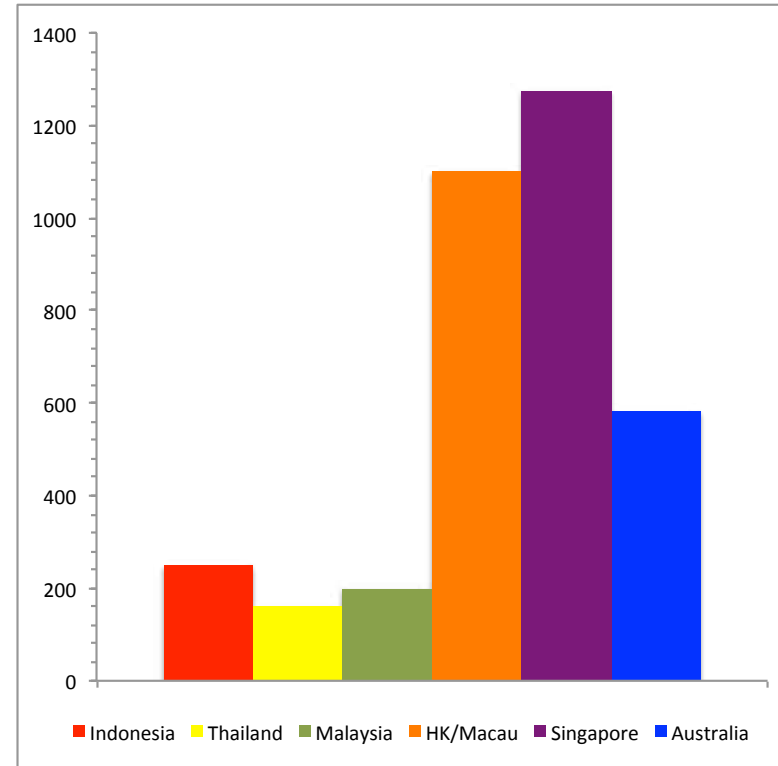
# Real Estate Market

## NUMBER OF PROPERTY SALES (000's)



Source: NAPIC, IPP, CoreLogic, SBR

## AVERAGE PROPERTY PRICE (A\$ 000's)



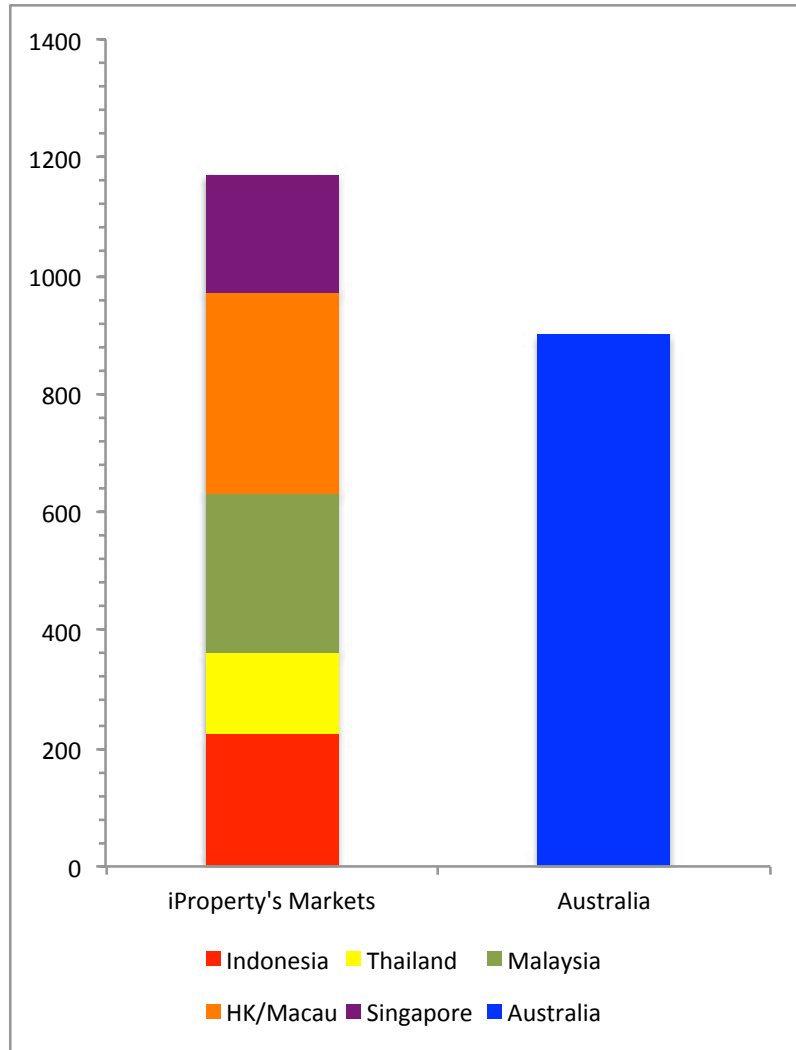
Source: IPP, CoreLogic, SRX

## Large number of Property Sales

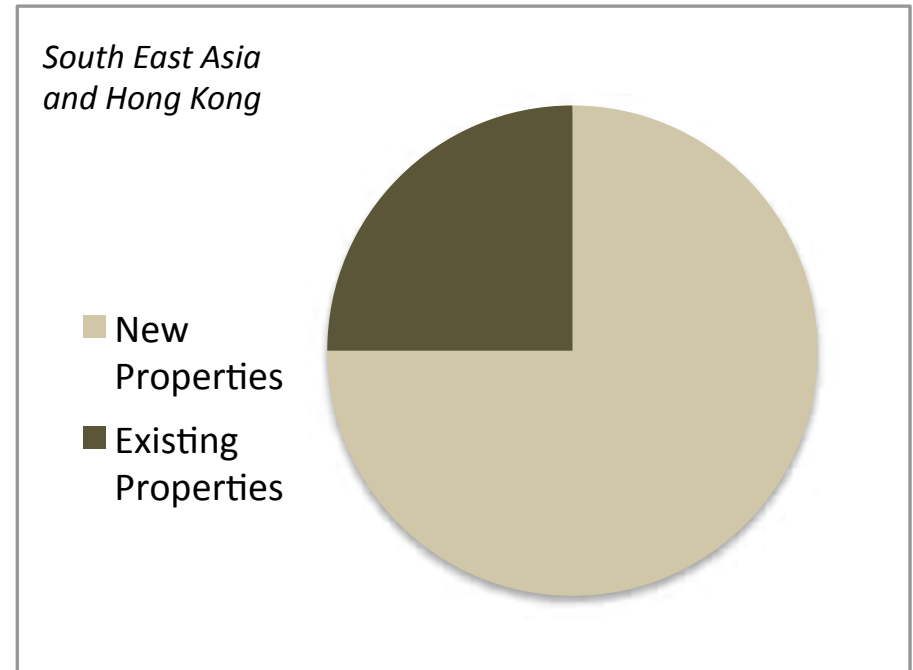
The number of recorded property sales is already **almost double** Australia's. And the price of those properties is sometimes already higher, or is growing faster and continuing to catch up to the average Australian price.

# Real Estate Advertising Market

**REAL ESTATE ADVERTISING BUDGET (A\$ 000's)**



**SPLIT OF BUDGET BY PROPERTY TYPE (%)**



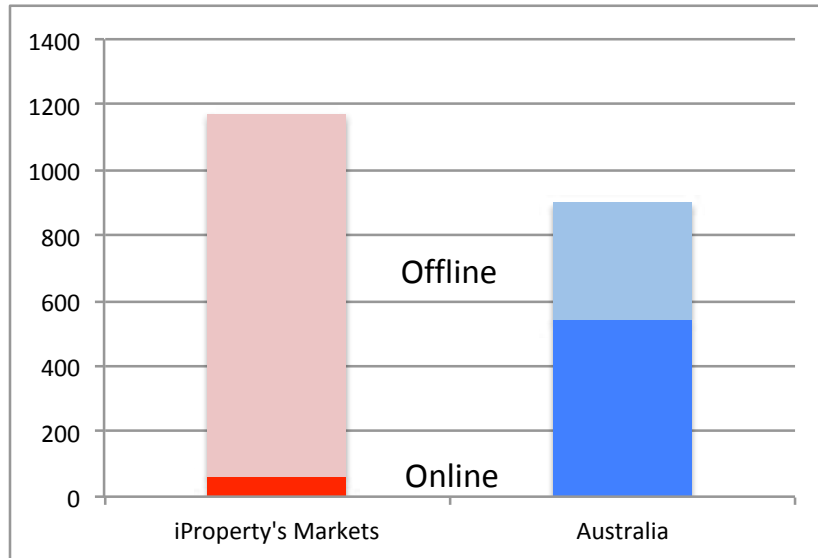
## Large Advertising Budgets

Real estate advertising budgets in iProperty's markets are already larger than those of Australia and growing faster. Property developers account for the vast majority of advertising spend.

Source: Frost & Sullivan, IPP, DAAT. REA. Statista

# Online Real Estate Advertising Budget

## MARKET SHARE OF ONLINE ADVERTISING OF TOTAL REAL ESTATE ADVERTISING



Source: Frost & Sullivan, IPP, DAAT. REA. Statista

## EXPECTED ONLINE ADVERTISING GROWTH RATE for real estate

**40% to 50% p.a.+**

## Offline to Online Advertising is accelerating

The shift from offline to online advertising is growing faster each year, with iProperty's services assisting to drive the offline to online conversion.



# Market Opportunity: Summary

The iProperty Region presents a **tremendous growth opportunity**



The population in iProperty's markets is **already 15x** the population of Australia and still growing.



The number of properties sold in iProperty's Markets is **already larger than Australia**, and is growing much faster. And **prices are catching up** to Australian levels, too.



The real estate advertising budgets in iProperty's markets **already exceed** Australia's.

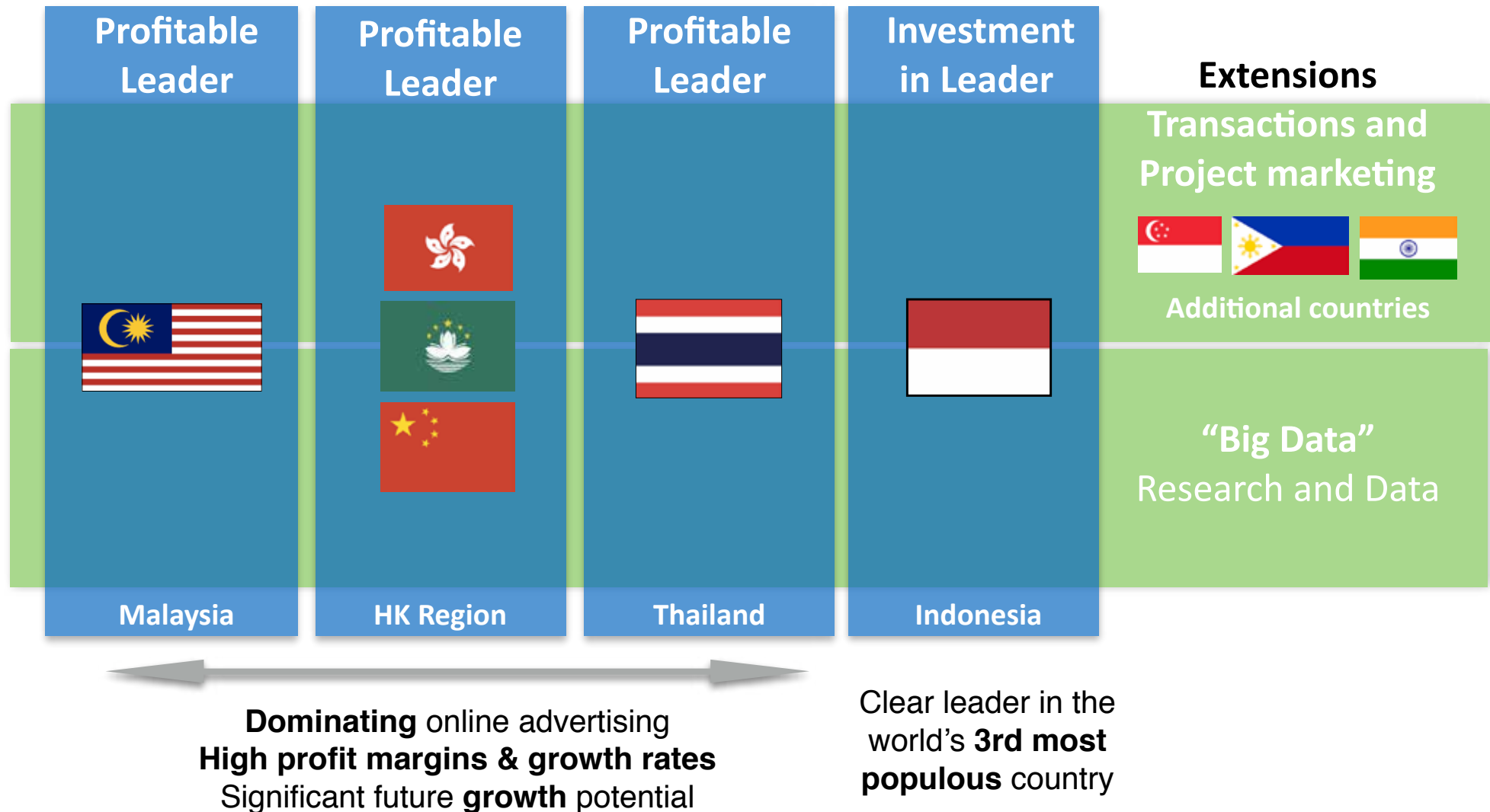


The shift of real estate advertising in the iProperty's markets from offline to online is **accelerating**.

# GROUP AND COUNTRY STRATEGY

# Strategy

iProperty Group (ASX: IPP) owns and operates the **#1 Property Portals** across the ASEAN and Hong Kong Region.



# Milestones

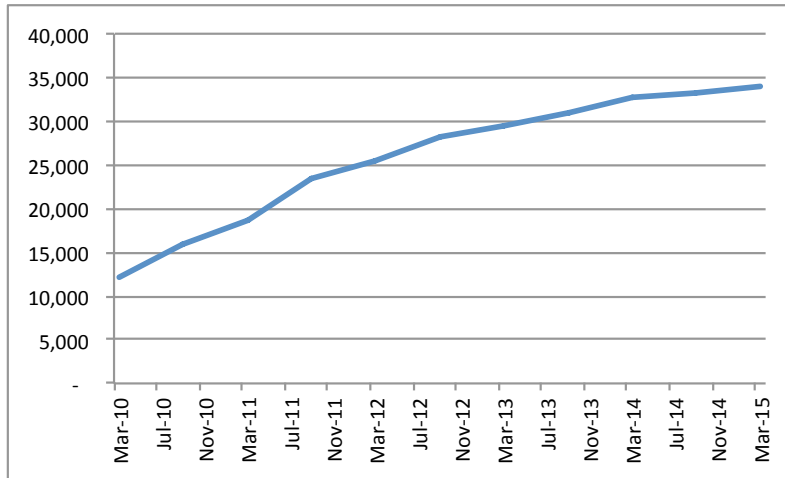
**Profitability**

- 
- 2015: Acquisition of **#1 portal in Thailand**
  - 2015: **Acceleration of Growth and Profitability**
  - 2014: Acquisition of **#2 portal in Hong Kong**
  - 2014: Launch of **Property Transactions Business** in Malaysia and Singapore
  - 2013: Acquisition of leading property **expo business** in HK
  - 2012: **Mobile focus begins** (12 apps on 5 platforms in 4 countries)
  - 2011: Acquisition of **#1 and #3 portals in Indonesia**
  - 2008: Acquisition of leading property **expo business** in Malaysia / Singapore
  - 2007: Acquisition of **#1 portal in Hong Kong**
  - 2007: **IPO at the ASX (IPP) with clear Malaysian market leader**
  - 2003: **Founded**

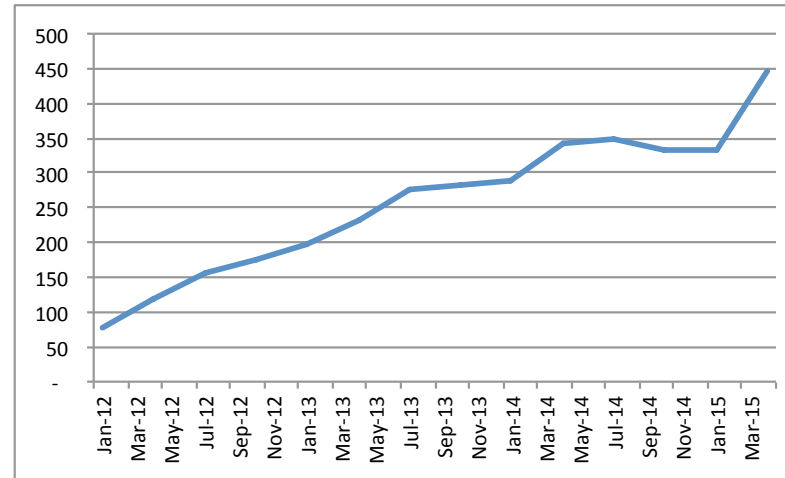
# Key Metrics

## PAYING AGENTS

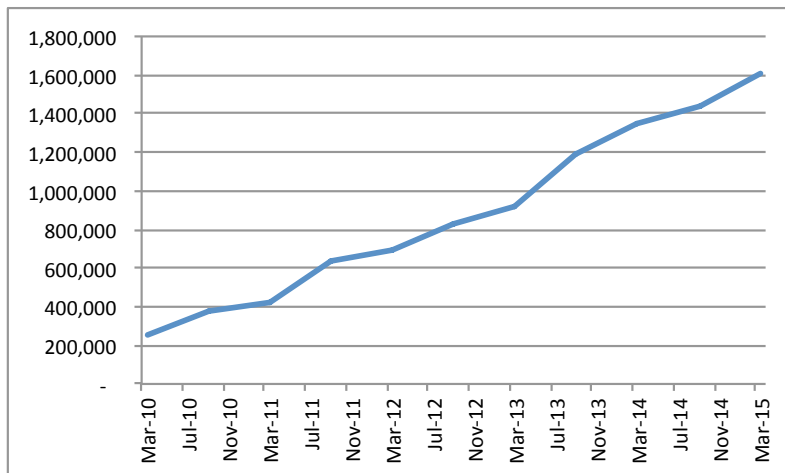
Excluding overseas Agents



## PAYING DEVELOPERS

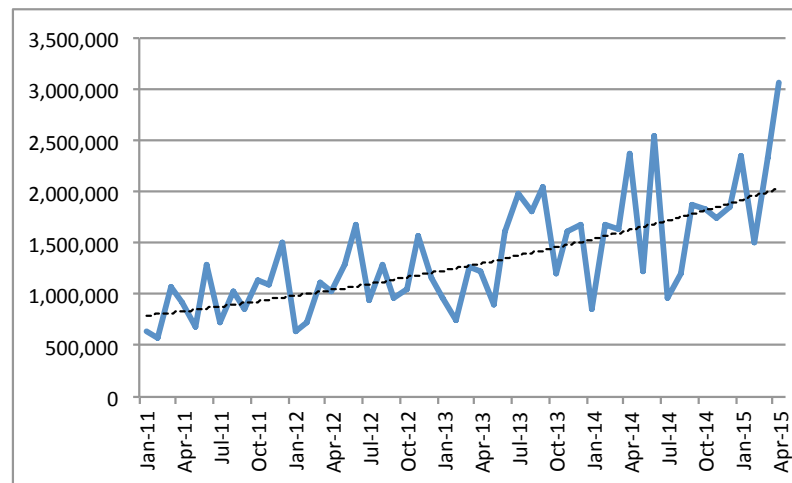


## PROPERTY LISTINGS



## MONTHLY REVENUES

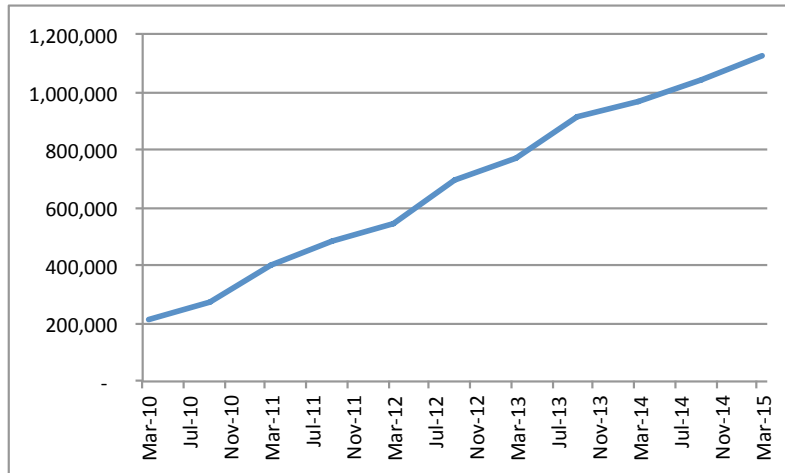
Agents and Developers



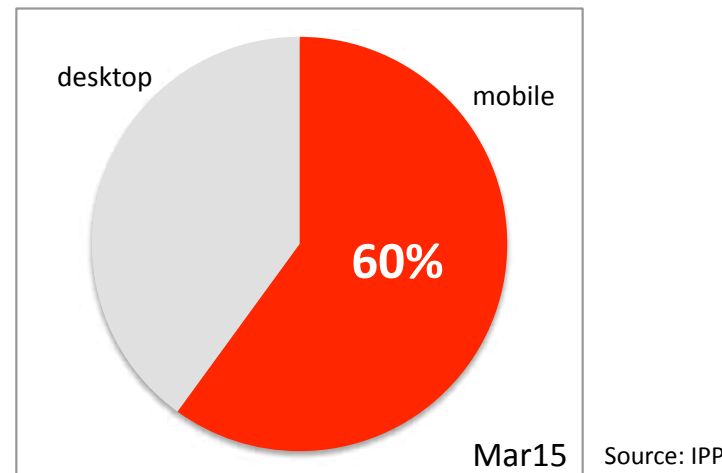
Source: IPP

# Key Metrics (II)

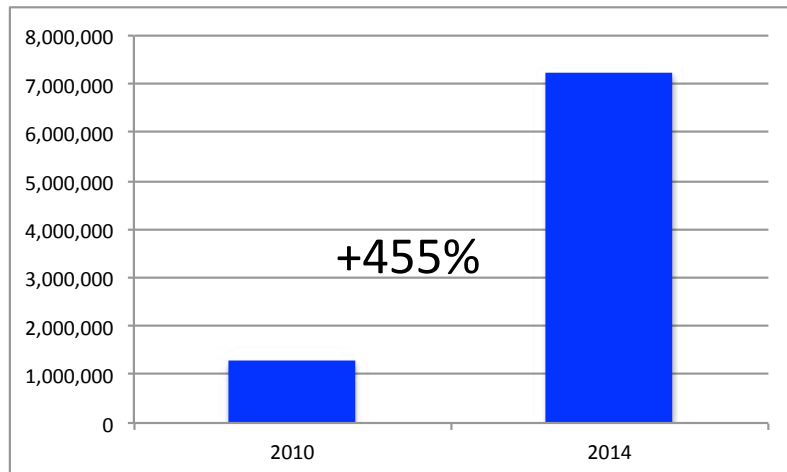
## REGISTERED USERS



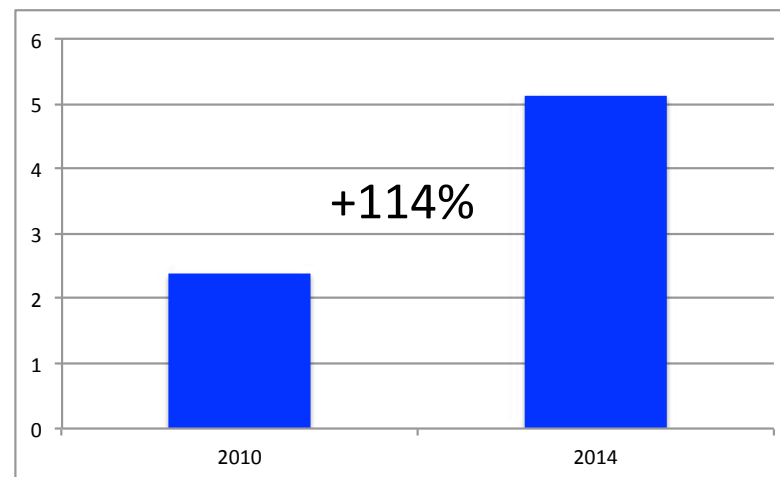
## TRAFFIC FROM MOBILE DEVICES



## LEADS PER YEAR



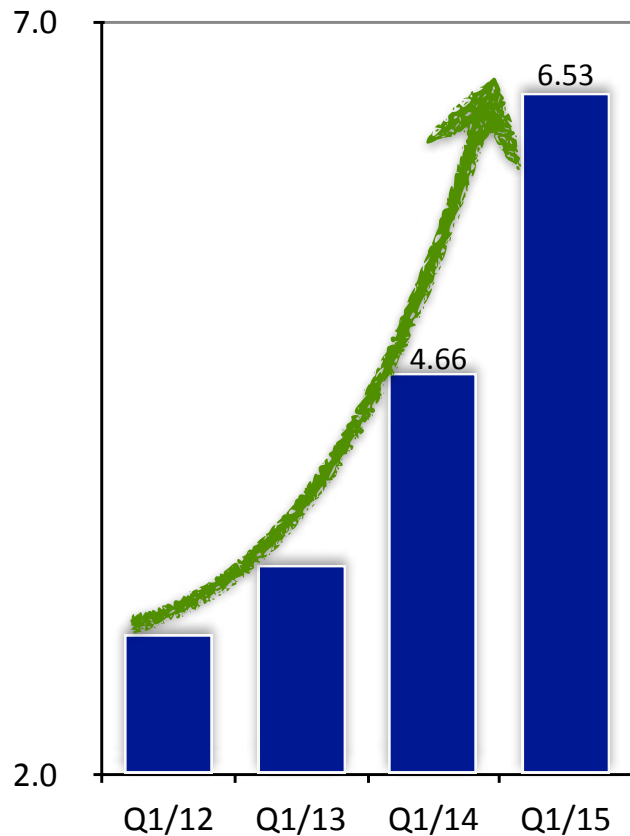
## LEADS PER LISTING



# Key Metrics (III)

## REVENUES Q1

A\$ million



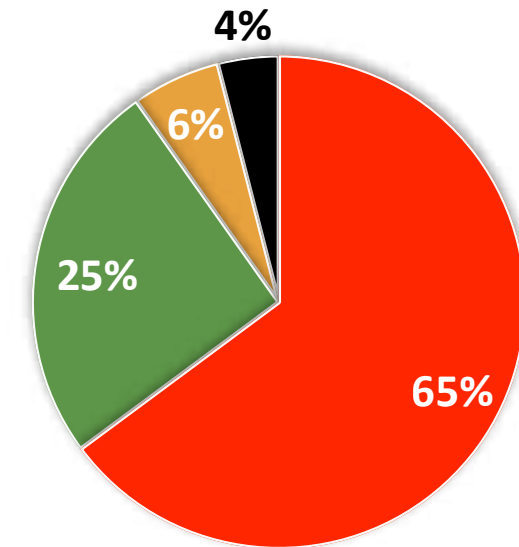
+40% (excl. Thailand)

Thereof  
Developer Online +107%  
Agent +43%

Note: Revenue excludes gains on sale of AFS for 2013 and 2012

## REVENUES Q1/15

by country



- Malaysia
- HK Region
- Singapore and Transactions
- Indonesia

# Business Objectives and Results



**Accelerate the growth** across the group in both the **agent** and the **developer** segment



**on track**



Increase the **market dominance** in key markets of Malaysia, Hong Kong Region, Thailand and Indonesia



**on track**



Integrate new **acquisitions** (Hong Kong and Thailand)



**on track**



**Develop** the Transactions and Project Marketing business



**on track**



# COUNTRY PERFORMANCE

# Malaysia



## FINANCIALS

- Clear **market leadership** with 80% market share in online advertising
- **Accelerating revenue growth** of 36% (Q1/15 vs. Q1/14) and 25% (2014 vs. 2013)
- **Profitable** at 54% EBITDA margin (Q1/15) that continues to grow (vs. 47% for Q1/14)

## DEVELOPERS

- **108% growth** in Developer online revenues for Q1/15
- Number of developers now 215 paying customers (or 70% of market)
- Launch of new targeted **developer solutions** incorporating iPropertyIQ, improved UX and iProperty Goggles

## AGENTS

- 10,000 paying agents representing **more than 90% of the market**
- **39% growth in depth revenues**, with 28% growth in total agent revenues
- **Price increase** in subscriptions (Apr15) and depth products (Jan15) successfully implemented
- **Traffic gap now 3x** over #2 competitor in market

## MARKET

- **Strong GDP growth** of 5.5% for 2015 and 2016 each
- Continued **growth of property market unaffected by introduction of GST**
- **Government stimulus** packages for affordable housing

# Hong Kong Region



## FINANCIALS

- Clear **market leadership** with 70% market share in online advertising - two brands Squarefoot and GoHome
- **Strong accelerating revenue growth** of 59% (Q1/15 vs. Q1/14) and 38% (2014 vs. 2013)
- **EBITDA break even** as a result of the integration of Squarefoot business (loss making business)

## DEVELOPERS

- **211% growth** in Developer online revenues (Q1/15 vs. Q1/14)
- **Significant growth by 200%** in developer leads (Q1/15 vs. Q1/14)

## AGENTS

- **8,000 paying agents representing approximately 70% of the total market**
- **295% growth in depth revenues**, 135% growth in total agent revenues
- ARPA at HK\$ 181 per month for Mar15 up 225% from Mar14
- **Price increase** in subscriptions and depth products (Apr15) successfully delivered

## MARKET

- Primary property market (**new developments**) **recovering** during Q1/15
- **Secondary property market depressed** due to further cooling measures, but iProperty continues to grow strongly

# Indonesia



## FINANCIALS

- Clear **market leadership** with approximately 45% market share
- Business to remain in **investment phase** for next 2-4 years to position for the long term move to a dominant market position

## DEVELOPERS

- **27% growth** in Developer revenue over last month
- **Continued extension of leadership position** in developer business
- **Cross border sales** into Indonesia for international developer clients on the rise

## AGENTS

- **10,000 paying real estate agents representing** approximately 50% of total market
- **50% growth in depth revenues and 30% in paying agents**
- **Strong growth in property listings** by 30% to 350k+
- **Leader in agency business in all relevant dimensions** - revenues, paying agents, listings, ARPA and leads
- **Rollout of simplified “shopify” app** for real estate agents (basic CRM system)

## MARKET

- Indonesian economy looking for a period of **prolonged growth** in excess of 5.5% p.a. for 5 years in a row
- **Strong growing property market** (prices increase in excess of 10% p.a.)
- Median house prices in Greater Jakarta - Bandung - Surabaya triangle above A\$200k

# Thailand



## FINANCIALS

- Clear **market leadership** with a market share of 45% in online advertising revenues
- Business currently profitable at 30% EBITDA margin and 55% Revenue growth rate purely from property developers
- Consolidation in results from 1 April 2015 (post completion)

## DEVELOPERS

- **Unique video and classified offering** for Developer customers
- High degree of **consumer engagement** across real TV, youtube (largest real estate channel) and website
- **39 of top 40 developers** subscribing to services

## AGENTS

- **Entry into the emerging agent business** from position of strength in developer business
- 450k to 500k unique visitors (almost exclusively direct or organic - unpaid)

## MARKET

- Thai government has lowered interest rate which is expected to **stimulate the property market**

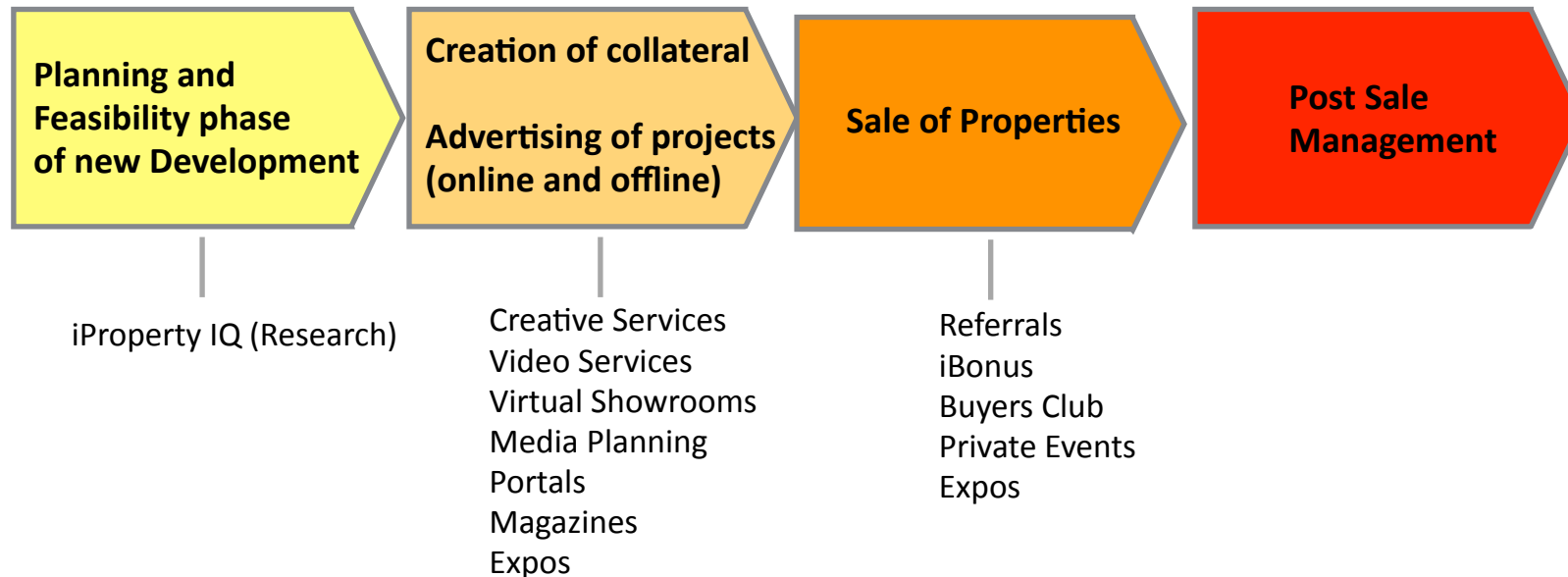
# Singapore / Project Marketing / Transactions

## SINGAPORE

- Transformation of Singapore agent business during 2015
- Continued expansion of Singapore (local) developer business which grew at 41% in Q1/15

## PROJECT MARKETING / TRANSACTIONS

- Creation of a **Global Project Marketing business** out of Singapore with focus on the all iProperty Markets and a unique offering of advertising and data research assets to advertise and sell developments
- **Sales are already up 100%** during Q1/15 compared to all of last year (revenues to be recognised in 2015)
- Remuneration via advertising spend and/or commission share (at risk)



# INNOVATION

# Selected Projects

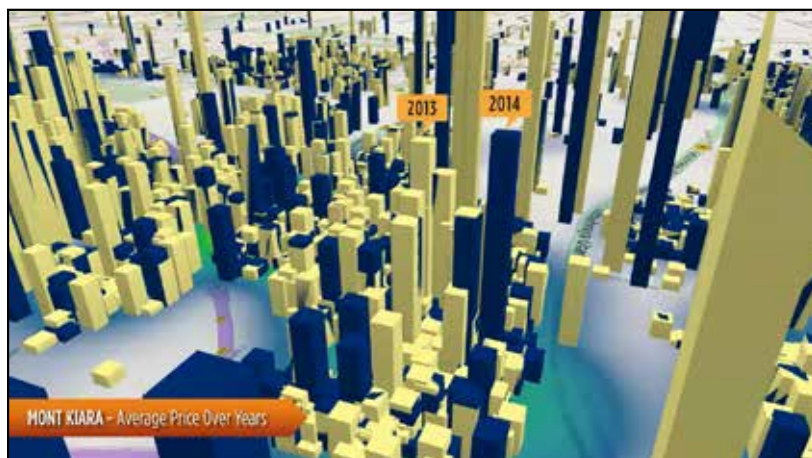
iProperty Group provides **‘supply’ (listings)** and **‘demand’ (search)** data to developers, agents, consumers and other stakeholders.

*What was achieved?*

iPropertyIQ was sold as part of an integrated developer offering to two major developers (pilot phase)

*What is next?*

Full roll out to all group locations (from June 2015)





# Selected Projects

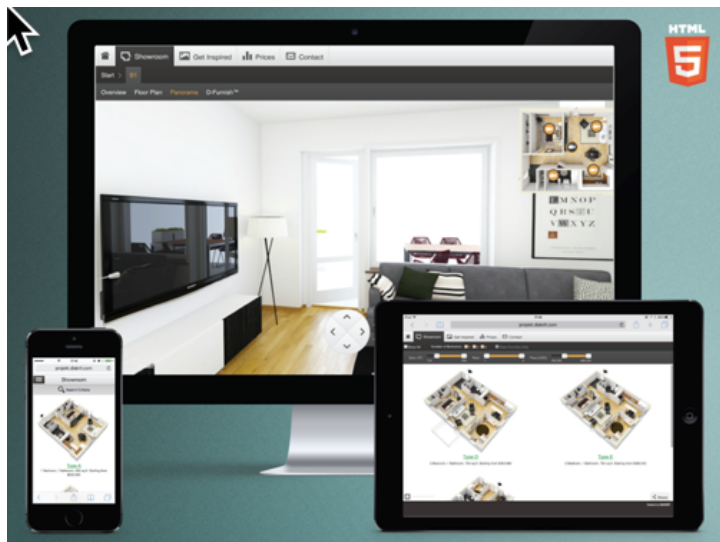
iProperty Group to provide **3D virtual showrooms** to developer clients to allow viewing of new developments pre-construction

*What was achieved?*

iProperty goggles have been developed as an industry first for Asia

*What is next?*

Full roll out (from June 2015)



# Disclaimer

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