

Chairman's Address to Annual Meeting, 10 November 2016

In 2016 the financial performance of the company improved. The period of catch-up investment in the business that we needed to make, came to an end in the second half of the year. By catch-up investment, I mean growth in total costs of something more than 20% per annum. Trade Me's cost growth is very likely to be less than revenue growth in the future and this will deliver stronger earnings growth.

All of Trade Me's businesses performed well in 2016. The General Items business returned to solid growth and all of our classifieds' businesses – Jobs, Property and Motors - showed strong growth.

In 2016, the Gross Merchandise Sales of both used and new goods via our general items Marketplace returned to solid growth. Used goods GMS grew by 6.1% year-on-year and new goods GMS grew by 9.0% year-on-year.

Our classified advertising businesses grew revenue at a satisfactory 13% in 2016.

Jon will talk about our investment journey and the performance of all of our businesses in more detail in just a few minutes.

In 2016 we have been working on improving and growing some new businesses. Paystation and our payments utility PayNow have both continued to perform well, but we're still working to get Trade Me Insurance properly firing.

Our investment in Harmony has performed satisfactorily. Last month we participated in a capital raising to maintain our stake. The company has now raised funds at double the valuation at which we made our original investment.

We did not expect strong growth from our small travel and dating businesses in 2016, given the international competition they face, and we were not surprised.

This year Gail Hambly, who had been a director of the company since it was floated in 2011, retired from the Board. Gail was a very good director –

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thoughtful, engaged and fun to work with - and we thank her very much for her contribution to the company.

We invited Katrina Johnson to join the board replacing Gail. I will ask you to elect Katrina to the Board in one of the resolutions later on this afternoon. Katrina will introduce herself at that time, so I won't steal her thunder now, but I would like to take this opportunity to welcome her, and to note that Katrina is already making a great contribution to the board.

A little later on you will be asked to vote on the re-election of Sam Morgan to the Board. This is necessary because Sam retires by rotation at this meeting. Notwithstanding that he's seeking re-election, Sam has indicated that he will be retiring from the Board before the next Annual Meeting so I take this opportunity to thank him also for his contribution to the Board.

Like Gail, Sam joined the Board when Trade Me floated in December 2011. He has been an excellent director for the past five years, and we thank him for this.

However, his directorship has not been Sam's main contribution to Trade Me. He, of course, is the founder of Trade Me and this is a good opportunity and probably my last public opportunity to thank Sam for founding and developing Trade Me.

Just have a think how many people have benefited from Sam's initiative, hard work and success in founding and building Trade Me. Certainly the hundreds of people who have worked at the company and certainly all of us here who have had the opportunity to invest in the company.

But much more than that have been the benefits Trade Me has brought to millions of New Zealanders by allowing them to search, find and buy or sell on the Trade Me platform.

Trade Me has allowed many, many New Zealanders to build thriving businesses and many, many more New Zealanders to find that quirky second-hand thing, the car, the house, the job or even the partner they were looking for because of Trade Me. All because Sam had a good idea and worked hard to make it happen. Please join me in recognising Sam's amazing contribution to this great company.

Finally, the Board joins me in thanking Jon and his team very much for the hard work and success we have had this year. 2016 has been a good year for the company and we look forward to continuing growth in earnings in the years ahead.

Thank you.