Domain

ASX ANNOUNCEMENT

Domain Holdings Australia Limited 2018 Full-Year Results Announcement

Sydney, 13 August 2018: Domain Holdings Australia Limited [ASX:DHG] ("**Domain**" or "**Company**") today announced its results for the full-year to June 2018.

Statutory Results (Reported 4E)

- Revenue of $286.6 million.
- Net loss after tax of $6.2 million (including significant items).
- Significant items after tax totalling $29.6 million loss.

Pro Forma Results^ (excluding significant items)

- Revenue of $357.3 million up 11.5%.
- EBITDA of $115.7 million up 12.5%.
- EBIT of $89.5 million up 3.9%.
- Net profit after tax of $52.9 million up 7.7%.
- Earnings per share of 9.2¢ up 7.3%.

Capital Management

- Net debt of $126.5 million.
- Dividend of 4¢ per share (70% franked), bringing total dividends to 8¢ per share (50% franked), a payout ratio of 87%.
- Review Property Pty Ltd (Review Property Co.) acquisition completed 28 February 2018.

^ Pro forma results provide a view of the financials as if Domain had been a separately listed entity for the current and comparative periods. FY18 includes 12 months of the pro forma incremental costs. FY17 includes 12 months of pro forma incremental costs as per the Scheme booklet. The Domain separation implementation date was 22 November 2017.

Commenting on Domain's 2018 full-year financial results, Domain Executive Chairman Nick Falloon said: "Domain has reported a good result for the 2018 financial year in line with market expectations. The business is strongly positioned as an Australian real estate media and services platform with excellent growth prospects.

"Pro forma EBITDA growth of 12.5% demonstrates the strength of Domain as a separately listed company. This performance is testament to the strength and unrelenting focus of the entire Domain team and their continued delivery of our strategy. Pleasingly, full-year EBITDA margins for the Group increased from 32.1% to 32.4%.

"We are thrilled to welcome Jason Pellegrino as our new Managing Director and CEO. The Domain Board ran a comprehensive global search for the role, attracting a strong field of international and local candidates. After Jason joins in late August 2018, I will resume my role as Non-Executive Chairman.

"Jason's leadership acumen and track record for inspiring and driving performance at Google will be great for Domain and our many talented people as we enter our exciting next stage of growth.

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"We welcome the proposed merger of Fairfax Media with Nine Entertainment Co, announced in July, which is subject to approvals. We only see considerable upside for Domain through the additional marketing and audience reach of the combined businesses."

Delivering our Strategy

Mr Falloon said: "The underlying strength of Domain is proof the Company's mission to inform, inspire and connect people throughout the property lifecycle is the right course.

"During the year, Domain's key achievements included:

- Continued expansion in relative market share to more than 95% of listings and more than 90% of agents – which is effective parity;
- Continued strong growth in Domain app downloads to more than 6.5 million with a 12% uplift in app launches. 58% of Domain's app users do not use the competitor app[1];
- 21% growth in residential mobile enquiries, 37% growth in core CRE enquiries, and 41% growth in developer enquiries from our large and premium audiences;
- 17% growth in core digital revenue underpinned by 24% growth in residential depth, and strong Commercial and Developer revenue; and
- The launch of Domain Loan Finder and Domain Insure, with a 75% increase in transactions revenue from existing and new businesses.

"These achievements demonstrate the immense value Domain delivers consumers and agents, supported by rich data, analytics and insights. This drives revenue through higher depth penetration and pricing, subscriptions, agent services, media and transactions."

Core Digital (incl. Residential; Media, Developers & Commercial; and Agent Services)

"Core Digital revenue growth was 16.7%, Core Digital EBITDA growth was 18.9%, and pleasingly Core Digital EBITDA margin increased from 44.2% to 45.1%," Mr Falloon said.

Residential

"Residential revenue increased 19.9% to $172.5 million," Mr Falloon said.

"This is a strong result from Residential in a mixed listings environment nationally.

"Yield increases and higher depth product penetration supported a 24% increase in residential depth revenue, which was the key driver of the revenue growth. For the full year, depth contributed 82% of Residential revenue, with the remaining 18% from subscription."

Media, Developers and Commercial

Mr Falloon said: "Media, Developers & Commercial revenue increased 11.2%. Trends in the second half were softer overall, reflecting a more challenging environment than in the first half.

"Media operates in a challenging revenue environment for digital display advertising.

"Developers and Commercial achieved market share gains in the year, reflecting strong underlying performance of the businesses amid a softening market in the second half. Enquiry levels were strong, with an impressive 41% increase in Developer enquiries and a 37% increase in core CRE enquiries."

[1] Domain app audience who do not use the realestate.com.au property app, iOS and Android average, App Annie, March 2018.

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Agent Services

"Agent Services revenue increased 9.2%," Mr Falloon said.

"This was underpinned by subscriber growth, yield increases and bundling across leading real estate sales CRM business MyDesktop; open-for-inspection tool Homepass; and property data, research and insights business Pricefinder. The three businesses comprise Domain's property cloud suite which delivered growth in subscribers on the back of continued investment to enrich the end-user agent experience."

Transactions & Other

Mr Falloon said: "Transactions and Other revenue increased 74.5% reflecting strong growth from Compare & Connect, early revenue from Domain Loan Finder, which launched in July 2017, and Domain Insure which launched in January 2018. EBITDA losses increased to $2.7 million, reflecting investment in new businesses."

Print

"Print revenues declined 12.6% and Print EBITDA declined 3.4% for the year," Mr Falloon said.

"Cost initiatives contributed to a 15% reduction in expenses year-on-year, supporting EBITDA growth in the second half. There is a continued focus on cost efficiencies relating to print and distribution."

Dividend

A dividend of 4¢ per share (70% franked) will be paid on 4 September 2018 to shareholders registered on 20 August 2018.

FY19 Outlook

- The first six weeks of FY19 H1 saw a subdued listings environment in Sydney in July against a high base of year-on-year comparison.
- FY19 digital revenue is expected to benefit from initiatives being undertaken to continue FY18's strong growth in depth penetration. There are early positive results from depth penetration sales improvement initiatives in Victoria.
- For FY19, Domain's pro forma underlying costs (excluding investment in new transactions businesses) are expected to increase mid-single digits. Pro forma total costs are expected to increase high-single digits.

Domain's trading updates will be provided to the market in October/November at our Annual General Meeting and in May/June. The Domain Board has determined that this timing is more indicative of underlying performance because it captures a longer period of trading and better aligns with the seasonality of the property sales cycle.

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Investor Briefing

An investor briefing (teleconference and audio/slides webcast) on these results will be held today at 10:30am (AEST).

Webcast:	Click here to register/join – or locate details at shareholders.domain.com.au in the "Results & Reports" section under "Presentations & Webcasts"
Teleconference:	Toll Free 1800 558 698 or +612 9007 3187 Conference ID 295848#

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