

12 December 2018

TRADE ME GROUP LIMITED

Trade Me and Funds advised by Apax Partners enter scheme implementation agreement

Trade Me has entered into a scheme implementation agreement under which funds advised by Apax Partners will acquire 100 percent of Trade Me shares for NZ\$6.45 per share, subject to shareholder and Court approval.

This represents a 27 per cent premium to Trade Me's one-month volume-weighted average price to 20 November 2018¹, an implied equity value of NZ\$2.56 billion, an enterprise value of NZ\$2.74 billion² and acquisition multiples of ~16.7x based on Trade Me's underlying F18 EBITDA of NZ\$164 million³ and ~19.7x based on underlying F18 EBIT of NZ\$139 million.⁴

Subject to an Independent Advisor's report concluding that NZ\$6.45 per share is within or above its valuation range, and in the absence of a superior proposal, the Trade Me Board unanimously recommends that Trade Me shareholders vote in favour of the scheme. Subject to those same qualifications, all directors intend to vote all Trade Me shares held or controlled by them in favour of the scheme.

Trade Me chairman David Kirk said: "The Apax Funds have increased their offer price since the indicative proposal, following the completion of their due diligence. After careful consideration, the Board has unanimously concluded that this offer is consistent with our efforts to deliver maximum value for shareholders.

"We're confident Trade Me would have a successful standalone future, but we believe the certainty of the cash offer and material premium would be an attractive outcome and it merits being put to shareholders with our recommendation, in the absence of a superior proposal."

The Board notes shareholders do not need to take any action at present, and currently expects the shareholder vote on the scheme to be held in April 2019.

Details of the scheme implementation agreement

The scheme implementation agreement is publicly released alongside this announcement. It is subject to a limited number of customary conditions including:

- the approval of Trade Me shareholders and the High Court of New Zealand; and
- approval of the Overseas Investment Office.

¹ 1 month VWAP from 22 October to 20 November 2018 (the day prior to the announcement that Trade Me had received a proposal from Apax)

² Implied equity value of NZ\$2.56b based on NZ\$6.45 per share multiplied by 396,886,913 adjusted shares on issue. Enterprise value includes net debt of NZ\$181.5m as at 31 October 2018.

³ Based on Trade Me's underlying FY18 EBITDA of NZ\$164 million.

⁴ Based on Trade Me underlying FY18 EBITDA of NZ\$164 million and underlying FY18 EBIT of NZ\$139 million

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It also contains usual termination rights for each party, including where various material adverse circumstances arise, or where a party is in material breach.

The scheme contains customary exclusivity provisions in favour of the Apax Funds, including “no shop, no talk, no due diligence” restrictions. These restrictions are subject to exclusions which permit the Trade Me Board to engage on a competing proposal which is (or is reasonably capable of becoming) a superior proposal, subject to notifications being made to Apax and to the Apax Funds’ right to match any such proposal. The agreement also sets out circumstances under which Trade Me may be required to pay the Apax Funds a NZ\$19.2 million “break fee”.

Trade Me has been advised that the acquisition is expected to be funded with equity committed by the Apax Funds, and third party debt financing.

Indicative timetable and next steps

A booklet containing information relating to the scheme, the Independent Advisor’s Report, the reasons for the directors’ unanimous recommendation and meeting information is currently expected to be mailed to Trade Me shareholders in March 2019.

The Board expects that Trade Me shareholders will have the opportunity to vote on the scheme at a meeting in April 2019. If all the conditions are satisfied, the scheme is expected to be implemented in the second quarter of 2019.

Note that these dates are indicative and subject to change.

Trade Me is being advised by Goldman Sachs.

[ends]

ADDITIONAL INFORMATION:

About Apax Partners: Apax Partners is a leading global private equity advisory firm. Over its more than 35-year history, Apax Partners has raised and advised funds with aggregate commitments in excess of \$50 billion. The Apax Funds invest in companies across four global sectors of Tech & Telco, Services, Healthcare and Consumer. These funds provide long-term equity financing to build and strengthen world-class companies. The Apax Funds have a strong track record investing in online classified businesses, combining extensive digital investment expertise with deep operational value-add. These include Auto Trader, Trader Corporation, Boats Group, Idealista and SouFun. For more information see: www.apax.com.

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(Please note that David Kirk and Jon Macdonald are unavailable for interviews.)

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