

ASX Announcement
8 February 2024

REA Group delivers an excellent H1 result

Financial highlights from core operations¹ compared to prior corresponding period:

- **Revenue² of \$726m, up 18%**
- **Operating expenses of \$287m, up 11%**
- **EBITDA³ (excluding associates) of \$439m, up 22%**
- **Net profit⁴ of \$250m, up 22%**
- **EPS of \$1.89, up 22%**
- **Interim dividend of \$0.87 per share fully franked, up 16%**

REA Group Ltd (ASX:REA) today announced its results for the half-year ended 31 December 2023. Group financial highlights from core operations¹ include revenue growth of 18% to \$726m, an increase in EBITDA excluding associates of 22% to \$439m, and a 22% increase in net profit to \$250m. Reported net profit declined 37% to \$127m, reflecting the impairment of PropertyGuru and other one-off impacts in both periods (see Appendix 1 for a reconciliation between core and reported earnings). All financial information referred to below relates to core operations unless otherwise stated.

The Board has determined to pay an interim dividend of 87.0 cents per share fully franked, up 16% YoY.

REA Group Chief Executive Officer, Owen Wilson commented: “REA has delivered an outstanding result driven by strong yield growth and the benefit of a more normalised listings environment. This resulted in a strong uptake of our premium products as customers sought to leverage our leading audience to maximise their campaigns in the strengthening market.

“REA India’s momentum also continued with price and customer growth and new premium depth products delivering strong revenue growth.”

A summary table of the key financial information from core operations¹ is presented over the page. The information is presented in Australian dollars and is prepared under AIFRS. All financial growth rates refer to YoY comparisons unless otherwise stated.

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AUD\$m (unless stated)	H1 FY24	H1 FY23	YoY growth
Australia revenue	682	581	17%
India revenue	44	36	21%
Group revenue	726	617	18%
Australia operating expenses*	224	199	12%
India operating expenses	63	59	7%
Group operating expenses	287	258	11%
Australia EBITDA before associates*	458	382	20%
India EBITDA before associates	(19)	(23)	16%
Group EBITDA before associates	439	359	22%
EBITDA (including share of profit/losses from associates)	426	347	23%
NPAT attributable to owners of parent	250	205	22%
Earnings per share (EPS) (cents)	189	155	22%

* Includes corporate costs

AUSTRALIA

In Australia, REA Group operates the leading residential and commercial sites realestate.com.au and realcommercial.com.au⁵, data and insights business, PropTrack, and a leading mortgage broking business, Mortgage Choice. Core Australian revenue of \$682m was up 17% YoY, or 16% excluding the acquisition of CampaignAgent.

A summary of the quarterly residential listings and project commencement changes is outlined in the table below, showing changes against the prior corresponding period.

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	H1'24
Residential Buy listings change⁶							
National	5%	(21%)	(12%)	(18%)	1%	8%	4%
Sydney	5%	(34%)	(20%)	(17%)	16%	22%	19%
Melbourne	12%	(31%)	(18%)	(16%)	14%	24%	18%
Project commencement change	14%	(17%)	(22%)	(41%)	(18%)	(29%)	(23%)

Residential revenue increased 19% to \$505m. Buy revenue growth was driven by a 19% increase in Buy yield and a 4% increase in national listings, partly offset by the 3% negative impact of revenue deferral. Buy yield benefited from a 13% average national price rise, increased Premiere+ and total depth penetration, and a 3% positive impact from geographical mix due to the outperformance of the higher yielding Sydney and Melbourne markets. Rent revenue increased with an 8% average price rise and growth in depth penetration, partly offset by a 2% decline in listings.

Commercial and Developer revenue increased 11% to \$80m. Commercial revenue growth was driven by an average 11% price rise, increased depth penetration and higher listings across both sale and lease. Developer revenues were up modestly on the prior year, with increased Project Profile duration and a price rise in the prior year offsetting the 23% decline in project commencements.

Media, Data and Other revenue was up 21% to \$60m, or flat excluding the impact of the CampaignAgent acquisition. Growth in Data revenue due to higher data & insights and valuations revenues was offset by lower programmatic Media and Developer display. CampaignAgent, which has been consolidated from July 2023, delivered strong revenue growth.

Financial Services revenue increased 4% to \$36m. Settlements declined by 4%, however this was more than offset by increased penetration of higher-margin white label products including the Mortgage Choice Freedom product (powered by Athena), and a stabilisation of run-off rates. While still subdued, the market is showing signs of improvement with Mortgage Choice submissions up 1% in H1. The broker network is up 2% YoY to 1,061 at the end of H1.

Realestate.com.au maintains leadership as Australia's number one address in property

REA Group's flagship site, realestate.com.au, maintained its leadership position⁷. Mr Wilson commented: "The strength and quality of our audience delivered strong growth in both buyer enquiries and seller leads. Buy listing views also increased during the half, culminating in a record number of views in October. This reflects both investment in our exceptional consumer experience and strengthening demand in the market.

"Pleasingly, our focus on the growth of our valuable active membership base continued to yield strong results as we added new features driving deeper engagement and delivering rich new insights for our customers."

Key realestate.com.au audience highlights included:

- 10.6 million people visited each month on average⁸; with 52% exclusively using realestate.com.au⁸;
- 126.1 million average monthly visits⁹, with visitors spending 3.0 times longer on realestate.com.au each month on average compared to the nearest competitor¹⁰;
- 17% increase in active members¹¹;
- 3.2 million unique properties tracked by their owner¹², up 41% YoY¹²; and
- 2.1 million average monthly buyer enquiries¹³, up 15% YoY¹³.

INDIA

REA India continues to deliver strong results, with revenue up 21% to \$44m. Revenues from property and advertising increased 32%, with Housing.com benefiting from price rises, increased depth penetration and customer growth. Improving market conditions have also driven higher PropTiger commissions. Revenues from adjacent services on Housing Edge were in line with the prior year, with some user attrition following increased convenience fees.

Continued focus on search engine optimisation, improved mobile experience and targeted marketing has seen Housing.com maintain its #1 position throughout H1 FY24¹⁴. REA India's app-first strategy has driven app traffic growth of 43%¹⁵, with share of app downloads at 46%¹⁶ compared to 42% in the prior period¹⁶.

India operating costs increased 7% to \$63m due to higher employee and marketing spend. Phasing of investment and increased marketing is expected to see higher YoY growth rates in the second half of FY24 compared to the first half.

OPERATING COSTS

Group operating costs increased 11%. Australia expenses were up 12%, driven by remuneration increases, growth in technology costs and higher revenue-related variable costs. Excluding the impact of the CampaignAgent acquisition, Group and Australia operating costs increased by 9%.

EQUITY ACCOUNTED INVESTMENTS

REA Group has a 20% investment in Move, Inc. (Move) which operates realtor.com®, a leading property portal in North America. Move revenue declined by 15% in H1 FY24, impacted by the current challenging macroeconomic environment in the US which has led to a 9% decline in leads and lower transaction volumes¹⁷. This was partly offset by lower employee costs, resulting in an equity accounted loss of \$11m, compared with a \$7m loss in the prior period.

REA Group also holds a 17.3% stake in PropertyGuru Group Limited (PropertyGuru), which operates leading property sites in Singapore, Vietnam, Malaysia and Thailand, and is listed on the NYSE. PropertyGuru core equity accounted contribution was breakeven in H1 FY24, an improvement from the \$2m loss in the prior period, with growth in Singapore and Malaysia offsetting market challenges in Vietnam¹⁸.

The property market in Vietnam continues to be affected by Government policy interventions, negatively impacting consumer sentiment and transaction volumes. In addition, macro-economic pressures have affected the outlook for PropertyGuru's Malaysian business. These conditions, combined with the uncertain timing of a recovery, have reduced the current valuation of these businesses. This has resulted in a \$120m impairment charge in H1 FY24.

REA Group made two small early-stage equity investments during the half for approximately \$10m. This comprised a 35.9% share in Arealytics¹⁹, a provider of commercial real estate information and technology in Australia, and a 20.7% share in Easiloan²⁰, a technology platform for end-to-end digital processing of home loans in India.

Total losses from equity accounted investments increased from \$12m in the prior period to \$13m in H1 FY24.

BALANCE SHEET STRENGTH

The Group has a \$600m syndicated debt facility with two tranches of \$200m and \$400m, which mature in September 2025 and September 2028 respectively, and an \$83m bilateral facility maturing in September 2025. As at 31 December 2023, the Group's total drawn debt was \$398m, with a cash balance of \$314m.

RETURNS TO SHAREHOLDERS

The Board has determined to pay an interim dividend of 87 cents per share fully franked. The 2024 interim dividend dates are:

Ex-dividend date	4 March 2024
Record date	5 March 2024
Payment date	19 March 2024

OUTLOOK

Australia's residential property market remains healthy, with national listings growth driven by Sydney and Melbourne while other markets are more subdued. Increased activity continues to be driven by strong demand, supported by near record employment, high levels of immigration and greater confidence that interest rates have stabilised. Supply is also improving as sellers become more confident in the level of demand, which has resulted in reduced time to sell.

January National residential new Buy listings were up 12% YoY, with Sydney and Melbourne listings both increasing by 28%. Combined listings for December and January were in line with the 6-year average. If this trend continues for the remainder of the financial year, we would anticipate FY24 YoY listings growth of 3-5%.

Residential Buy yield growth is anticipated to be lower for the second half, as the first half outperformance of Melbourne and Sydney listings is unlikely to continue for the entire period.

Group operating cost growth in the mid to high-teens is anticipated in FY24, with positive operating jaws targeted. Excluding M&A, operating cost growth for both Australia and India is expected to increase low to mid-teens. Growth in Australia will reflect increased employee costs due to accelerated strategic investment, higher technology and marketing costs, and an increase in revenue-related variable costs. India will be driven by higher marketing spend and continued growth in employee costs. EBITDA losses in India are anticipated to be lower in FY24 compared to FY23.

The Group expects losses for combined contributions from associates in FY24 to be between \$25-30m, reflecting continued tough market conditions in the US and investment for future growth by early-stage new investments.

Mr Wilson commented:

"We are very pleased with our first half result. The confidence that interest rates are at or very near the peak, should see the healthy market conditions we are enjoying today continue throughout 2024.

"We will continue to invest in further personalisation and new experiences for our audience, new products that will deliver further value for our customers and the increasing demands of consumers around privacy and data security."

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For further information, please contact:

REA Group Ltd Investors:

Alice Bennett
Executive Manager Investor Relations
M: +61 409 037 726
E: ir@rea-group.com

REA Group Ltd Media:

Angus Urquhart
General Manager Corporate Affairs
M: +61 437 518 713
E: angus.urquhart@rea-group.com

The release of this announcement was authorised by the Board.

HY Results Presentation [webcast link](#)

About REA Group Ltd (www.rea-group.com): REA Group Ltd 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 – as well as the leading website dedicated to share property, Flatmates.com.au and property research website, property.com.au. REA Group owns Mortgage Choice Pty Ltd, an Australian mortgage broking franchise group, PropTrack Pty Ltd, a leading provider of property data services and Campaign Agent Pty Ltd, Australia’s leading provider in vendor paid advertising and home preparation finance solutions for the Australian real estate market. In Australia, REA Group holds strategic investments in Simpology Pty Ltd, a leading provider of mortgage application and e-lodgement solutions for the broking and lending industries; Realtair Pty Ltd, a digital platform providing end-to-end technology solutions for the real estate transaction process and Arealytics, a provider of commercial real estate information and technology in Australia. Internationally, REA Group holds a controlling interest in REA India Pte. Ltd. operator of established brands Housing.com and PropTiger.com. REA Group also holds a significant minority shareholding in Move, Inc., operator of realtor.com in the US, the PropertyGuru Group, operator of leading property sites in Malaysia, Singapore, Thailand and Vietnam and Easiloan, a technology platform for end-to-end digital processing of home loans in India.

APPENDIX 1
Reconciliation of the financial results from core operations against reported financial results.

As reported in the Financial Statements for the year ended 31 December 2023:

Core and reported results	H1 FY24 \$'m	H1 FY23 \$'m
Core operating income	725.5	617.3
Reported operating income	725.5	617.3
EBITDA from core operations (excluding share of gains and losses of associates)	438.7	358.9
Share of (losses) of associates	(13.4)	(9.4)
Share of associate non-core costs	0.7	(2.2)
EBITDA from core operations	426.0	347.3
Impairment	(122.5)	-
Share of associate non-core costs	(0.7)	2.2
Net gain on acquisition/divestment related activities	3.1	1.5
Integration costs	(3.0)	(5.7)
Restructuring costs	-	(2.6)
Reported EBITDA	302.9	342.7
Net profit from core operations attributable to owners of parent	249.7	204.9
EBITDA impact of non-core adjustments	(123.1)	(4.6)
Non-core D&A, net interest and minority interest	-	(1.0)
Tax effect	0.8	2.3
Reported net profit attributable to owners of parent	127.4	201.6

References

¹ Financial results/highlights from core operations exclude significant non-recurring items such as integration costs, impairment expense, gain on acquisition related activities and share of non-core costs in associates. The prior year comparative also excludes restructuring costs.

² Revenue is defined as revenue from property and online advertising and revenue from Financial Services less expenses from franchisee commissions.

³ Earnings before Interest, Tax, Depreciation and Amortisation excluding contribution from associates.

⁴ Net profit from core operations attributable to owners of the parent. Non-controlling interests held 22.0% of shares in REA India Pte. Ltd. and 43.8% of NOVII Pty Ltd as at 31 December 2023 (all shareholdings are on an undiluted basis).

⁵ Ipsos iris Online Audience Measurement Service, July - Dec 23 (average), P14+, PC/laptop/smartphone/tablets, text only, Residential Property Search Category and Commercial Property Search Category, Brand Group, Audience (000's).

⁶ The Group releases a monthly REA Insights Listings report, which provides month-on-month and year-on-year movements in new and active realestate.com.au listings. The report is available on rea-group.com and realestate.com.au.

⁷ Ipsos iris Online Audience Measurement Service, July - Dec 2023 (average), P14+, PC/laptop/smartphone/tablets, text only, Homes and Property Category, Brand Group, Audience (000's).

⁸ Ipsos iris Online Audience Measurement Service, July - Dec 2023 (average), P14+, PC/laptop/smartphone/tablets, text only, Homes and Property Category, Brand Group, Realestate.com.au vs Domain, Audience (000's) and Exclusive Audience (000's).

⁹ Ipsos iris Online Audience Measurement Service, July - Dec 2023 (average), P14+, PC/laptop/smartphone/tablets, text only, Homes and Property Category, Brand Group, Realestate.com.au, Monthly visits.

¹⁰ Ipsos iris Online Audience Measurement Service, July - Dec 2023 (average), P14+, PC/laptop/smartphone/tablets, text only, Homes and Property Category, Brand Group, realestate.com.au vs. Domain, Average minutes per person.

¹¹ REA internal data Jul 23 - Dec 23 (average) and vs. Jul 22 - Dec 22 (average).

¹² REA internal data Dec 23 and vs. Dec 22.

¹³ Adobe Analytics, internal data, Jul 23 - Dec 23 (average) and vs. Jul 22 - Dec 22 (average).

¹⁴ Similarweb, average site visits Jul 23 - Dec 23 vs. nearest competitor - excludes app.

¹⁵ data.ai, monthly active app users Jul 23 - Dec 23 vs Jul 22 - Dec 22.

¹⁶ data.ai, app downloads as a % of top 4 online real estate classifieds in India, Jul 23 - Dec 23 and vs. Jul 22 - Dec 22.

¹⁷ NewsCorp's Form 10-Q stated in US Dollars for the 12-month period ended 31 December 2023.

¹⁸ PropertyGuru's Form 6-K in Singapore Dollars for the nine-months ended 30 September 2023.

¹⁹ The Group holds a 35.9% (undiluted) interest in Empirical CRE Pte. Limited, the Singapore-based head company of Arealytics.

²⁰ REA India holds a 26.5% (undiluted) interest in Easiloan Techno Solutions Private Limited at 31 December 2023. Based on the Group's 78.0% shareholding in REA India at 31 December 2023, this represents a 20.7% share for the Group.