

**Announcement: Trade Me**  
20 February 2013



## **Trade Me hits forecast and grows revenue by 18% year-on-year**

### **Highlights**

- *Revenue up 18% YoY to \$80.4m*
- *Net profit after tax up 3% YoY to \$37.4m*
- *EBITDA<sup>1</sup> up 14% YoY to \$59.2m*
- *Dividend of 7.5 cps (7% higher than forecast) to be paid on 26 March*
- *Achieved the final set of overall revenue and earnings targets set out in IPO prospectus*
- *More than one-third of all visits to Trade Me are from a mobile device*
- *Strong prospects – good opportunities in our classifieds businesses, and a large long-term opportunity in online retail*

Online marketplace and classified advertising business Trade Me Group Ltd (“Trade Me”) released its half-year financial results for the 6 months to 31 December 2012 this morning.

Trade Me chairman David Kirk said the results were pleasing, and marked the end of another successful chapter in Trade Me’s history. “We’re continuing to grow strongly with a double-digit lift in both revenue and EBITDA, and we’re proud to have delivered on the commitments we made to investors at IPO time.

“With Fairfax selling down its 51 per cent stake in Trade Me before Christmas and our inclusion in the NZX 10 Index this week, we have well and truly completed our transition to life as a public company. We’re looking forward to continuing to serve our shareholders as we keep working hard to grow the business.”

### **Revenue**

Trade Me CEO Jon Macdonald said there had been varied levels of revenue strength across Trade Me’s business portfolio but “nothing out of the ordinary”.

“Our core General Items marketplace performed in line with our expectations, with a definite shift in activity towards mobile. Throughout the year, we’ve also seen the proportion of fixed price transactions continue to grow as more buyers seek an instant ecommerce experience.”

Mr Macdonald said the Classifieds businesses – Trade Me Motors, Trade Me Property, and Trade Me Jobs – delivered a strong performance during the half-year and this looked set to continue through 2013. “There are several factors at play here, including the return of some market stability, and encouraging uptake for our new premium promotional products.”

In the Other segment, revenue was below forecast, and Mr Macdonald attributed this to two main causes. “First, our Advertising business fell short of our revenue expectations as the

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<sup>1</sup> EBITDA (a non GAAP measure) represents earnings before income taxes (a GAAP measure) excluding interest income, interest expense, depreciation and amortisation, as reported in the financial statements.

migration of spending toward online has been tempered by offshore publishers gaining market share. Second, Treat Me came in below our bullish forecast. We believe group-buying still has potential, but remains a young and uncertain industry in New Zealand.

“Elsewhere in our Other segment, we recorded an excellent performance from our online dating business FindSomeone, and our trio of travel businesses performed in line with our expectations.”

## **Priorities**

Mr Macdonald said Trade Me had expanded its mobile offering throughout the year, and that it would play an important part in Trade Me’s future plans. “Mobile now accounts for more than one-third of our overall visits, a proportion that has doubled over the past year. Android activity has grown particularly strongly and in January it delivered half the number of sessions to Trade Me as Apple’s iOS devices.

“We’ve expanded our mobile team, built a suite of mobile applications and smartphone-optimised sites across Trade Me, and we released our first application for smart TVs in December 2012.”

New goods also remained high priority. “We’ve welcomed aboard well-known New Zealand retailers over recent months, and will continue to build this supply over the year,” Mr Macdonald said. “We’ve also progressed with our aspirations to attract international sellers, and achieved our objective of having several Australian sellers up and running via ChannelAdvisor in time for Christmas 2012.”

Trade Me purchased holiday accommodation provider Holiday Homes in December 2012. “We’ve completed three small acquisitions over the past 12 months, and these have all gone well. We’ll likely augment our portfolio with judicious investments over the coming years.”

The Trade Me team had grown in line with forecast. “Trade Me’s overall number of staff has increased to 300 from 230 a year ago. We believe a key factor in our commercial success is determined by the calibre of our staff, and we continue to select smart, optimistic people who execute strongly.”

## **The future**

Looking ahead, Mr Macdonald said there was optimism about Trade Me’s prospects: “In the short term, we believe the New Zealand economy remains subdued but settled, and is taking some strength from the Christchurch rebuild and the Auckland property market.

“In the longer term, we’re confident about the company and its strong foundations. Ongoing growth in mobile, the introduction of additional products across our classifieds businesses, the migration of advertising yield online, and the long-term opportunity in ecommerce, all provide sizeable opportunities for Trade Me.

“In order to grow and fulfil our potential, we’ll keep working hard and investing sensibly to ensure we meet the needs of our members and customers.”

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**More information:** Trade Me investor website: <http://investors.trademe.co.nz/>

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