

ASX / Press Release

22 May 2017

**Mitula Group Has Strong Start to 2017 –
Record Quarterly Revenues, Visits and Click Outs Generated**

Highlights:

- In the March quarter, the Mitula Group delivered a record \$8.2m in revenue¹, a 30.2% growth over the previous corresponding period;
- The yield per visit² increased by 21.2% over the previous corresponding period to 4.0 cents;
- Strong progress has been made in the implementation of its ‘closer to the transaction’ strategy that focuses on capturing more value from existing visits through advertising and transaction based products and services;
- The March quarter delivered record traffic and clicks with 205.2m visits and 313.9m click outs to advertising partners;
- DotProperty revenues grew 69.7% year on year demonstrating strong value from being part of the Mitula Group; and
- The Company confirmed its 2017 guidance of \$38m to \$41m in revenue and \$17m to \$19m in Adjusted EBITDA.

The Mitula Group Limited (“**Mitula Group**” or “**Company**”) (ASX: MUA), a leading global digital classifieds company, delivered record performance for the March quarter. Financial growth was highlighted by a 30.2% increase in quarterly revenue over the previous corresponding period to a record \$8.2m and yield per visit increasing by 21.2% to 4.0 cents.

Underlying this strong performance was the continued implementation of the Company’s ‘closer to the transaction’ strategy announced in 2016. This strategy sees the Company, in selected markets, transitioning from being reliant on the sale of clicks to capturing more value from existing visits through the sale of higher value advertising and transaction based products and services.

In the March Quarter, 16.9% of revenue was derived from advertising and transaction based products.

	Q1 2017	Q1 2016	Growth
Revenues (million)	\$8.2m	\$6.3m	30.2%
Yield per Visit (cents)	4.0c	3.3c	21.2%

¹ Unaudited management accounts.

² Yield per visit calculated as quarterly revenue divided by quarterly visits to all Mitula Group sites.

For personal use only

Key operational highlights for the March Quarter included:

- Strong progress in implementing its 'closer to the transaction' strategy that focuses on capturing more value from existing visits through advertising and transaction based products;
- Strong growth of DotProperty highlighted by a 69.7% year on year increase in revenue;
- A record quarter for traffic and clicks with 205.2m visits across its network of sites and 313.9m click outs generated;
- The acquisition of the Netherlands based Fashiola which operates 16 fashion focused vertical search sites aggregating 18m products from 1,000 different online stores;
- The launch of 4 new sites - Nestoria branded sites in Austria and the UAE, a Nuroa branded site in Canada and a Fashiola branded fashion vertical search site in Mexico;
- The release of the first Mitula Group property price trends report for the Spanish market prepared by the recently formed Big Data and Insights Business Unit; and
- The appointment of Georg Chmiel as a non-executive, independent director. Georg brings considerable experience in building online classifieds businesses both in Australia and Asia.

Gonzalo del Pozo, the CEO of the Mitula Group commented, "We had a good start to the 2017 financial year, in particular we delivered record quarterly revenue and strong growth in yield per visit.

"We are focusing efforts on implementing our 'closer to the transaction' strategy which, in selected markets, reduces our reliance on click based revenues by becoming a more balanced business with new advertising and transaction based revenues that have significantly higher growth potential.

"This strategy reduces our reliance on the volume of visits to our network and focuses more on identifying high value visitors and capturing greater value from these visits. A clear outcome of this was 16.9% of revenue earned from advertising and transaction based products and services and a 21.2% increase in yield per visit.

"After a record month for visits in January, February saw a decrease in traffic to our Mitula branded sites primarily due to a change in Google's search algorithms and also seasonality. Traffic to our other brands were unaffected. Therefore, visitation to our Tier 1 established markets remained strong while there was a decrease in traffic to our Tier 2 emerging markets.

"We were able to deliver a record quarterly revenue as it is our Tier 1 markets that generate the majority of our revenue. In Tier 2 markets, we were able to deliver the majority of the click based contracts with the decrease in traffic primarily impacting the volume of traffic we give away.

"Historically we have, from time to time, been negatively impacted by changes to Google's algorithms and following updates to our Mitula branded sites, organic search traffic is recovering. This recovery is expected to continue over the coming months.

For personal use only

“We are very pleased with the performance of DotProperty. By being part of the Mitula Group, we have been able to help DotProperty accelerate growth resulting in revenue increasing by 69.7 percent over the previous year.

“Fashiola, which we acquired at the beginning of March is delivering to expectations and positions Mitula Group well for new transaction-based revenue streams.

“We remain committed to our guidance for full year revenue in the range of \$38m to \$41m and Adjusted EBITDA in the range of \$17m to \$19m.”

Strategy Overview

Historically the Mitula Group generated revenue from two sources – the sale of clicks to advertisers and visitors clicking on Google AdSense advertisements.

In early 2016, a strategic review identified the opportunity for the business to move beyond the sale of clicks to move ‘closer to the transaction’ by offering advertising and transaction based products.

This strategy changed the focus of the Company from a priority on increasing traffic as a key driver of revenue growth to a priority on maximising the value captured from each visit (yield per visit).

To increase yield per visit, the Company is undertaking a range of initiatives:

- Continue to grow traffic to its sites and extract click based revenues;
- Develop and implement advertising and transactions based products for existing and new customers;
- Acquire advertising based businesses, such as DotProperty (acquired in late 2016), in attractive emerging markets; and
- Acquire transaction based businesses, such as Fashiola (acquired in March 2017).

KPI Performance

After a record start to the year with 80.2m visits in January, the Company delivered 205.2m visits for the quarter, a 6.7% increase over the previous corresponding period. In addition, there was a record 313.9 million click outs for the quarter.

KPI	Q1 2017	Q1 2016	Growth
Monthly Visits (million)	205.2	192.4	6.7%
Monthly Click Outs (million)	313.9	293.9	6.8%
Click Outs Sold (million)	158.2	117.9	34.2%
Click Outs Sold (%)	50.4%	40.1%	n/a

For personal use only

In February, there was a decrease in traffic primarily due to changes to Google's search algorithms as well as seasonality.

The change in Google's search algorithms impacted organic search traffic to the Mitula branded sites while traffic to Nestoria, Nuroa, Fashiola, and DotProperty branded sites were unaffected by the changes.

The result is that the visitation to Tier 1 established markets has remained strong while there was a decrease in traffic to the Tier 2 emerging markets.

The decrease in traffic has had minimal impact on revenues as it is the Tier 1 markets that generate the majority of the click based revenue. In Tier 2 markets, with the acquisition of DotProperty, there is more balance between click based revenues and advertising based revenues. In these Tier 2 markets, the Company was able to deliver the majority of the click based contracts with the decrease in traffic primarily impacting the volume of traffic given away.

Changes to Google's search algorithms occur from time to time and can have either a negative or positive impacted on traffic. In response to these changes, the Company has updated its Mitula branded sites and organic search traffic is recovering. This recovery is expected to continue over the coming months.

Outlook

The Mitula Group re-confirms its market guidance for 2017 as provided to the market on the 10 November 2016. The Company expects to deliver revenue of \$38.0m to \$41.0m with an Adjusted EBITDA of \$17.0m to \$19.0m.

ENDS

About the Mitula Group

The Mitula Group was founded in 2009 and is a leading digital classifieds group operating classifieds vertical search and portals sites.

- It operates 108 vertical search sites across property, employment, motoring and fashion in 51 different countries and 19 different languages. These sites operate under the Mitula, Fashiola, Kleding.nl, Nestoria and Nuroa brands.
- It operates 10 property portals in 9 South East Asian countries under the DotProperty and Thailand-property brands.

The Mitula Group generated 205.2 million visits in the March 2017 quarter to its network of classified vertical search and portal sites.

For personal use only

The Mitula Group monetises visits to these sites through a range of products and services including Google AdSense, cost-per-click out (“CPC”) sales, cost-per-acquisition (“CPA”), display advertising, and listing sales.

The Mitula Group customers include portals (property, employment and motoring), online fashion stores, general classified sites, real estate agents, developers and general display advertisers.

The Company listed on the Australian Securities Exchange on 1 July 2015 and trades under the ticker code MUA.

Further Information

Gonzalo del Pozo

CEO

gonzalo@mitulagroup.com

Simon Baker

Chairman

simon@mitulagroup.com

For personal use only