

ASX / Press Release

22 August 2018

Mitula Group announces record revenue and visitation in First Half 18

The Mitula Group Limited (“**Mitula Group**” or “**Company**”) (ASX: MUA), a leading global classifieds group, has released its half year interim financial report for the 6 months ending 30 June 2018 (“**First Half**” or “**HY2018**”).

Key Points

- First Half revenue increased by 35.5 percent year-on-year to a record AUD 21.3 million;
- Adjusted EBITDA was AUD 5.6 million, an increase of 8.2 percent year-on-year;
- Cash flow from operations was AUD 7.1 million with cash at bank being AUD 20.8 million as at 30 June 2018;
- Total visitation to the Company’s sites in the First Half was 477 million, a record level and an increase of 21.1 percent over HY2017;
- Record traffic months occurred in March, April and May with 80.8 million, 83.0 million and 85.7 million visits respectively;
- The Company continued to successfully implement its ‘Closer to the Transaction’ strategy to extract greater value from all traffic to its sites;
- Yield per visit increased by 12.5 percent to AUD 4.5 cents over the previous year;
- Mitula Group continued to roll out new advertising features to ‘portalise’ its vertical search sites;
- Advertising and transaction based revenue now accounts for 24.1 percent of total revenues; and
- On 9 May 2018, the Company entered into a Scheme Implementation Deed with LIFULL Co. Ltd (“**LIFULL**”) of Japan under which it is proposed that LIFULL acquire 100 percent of the shares in the Mitula Group by way of a Scheme of Arrangement.

Gonzalo del Pozo, CEO and Managing Director of Mitula Group, commented: “The Company delivered exceptional growth during the First Half. Revenues were up 35.5 percent year-on-year and operating cash flow was up 44.2 percent. The Company ended the First Half with over AUD 20.8 million in cash reserves.

“This shows that the Company has well and truly recovered from the traffic issues experienced in 2017 and we are on track to deliver record revenues and EBITDA in 2018.

“We continue to implement our ‘Closer to the Transaction’ strategy whereby we look to extract greater value for all visits to our network of sites. We are rolling out new advertising products on our

vertical network sites and seeing continued growth in the performance of our DotProperty and Fashiola businesses.

“In May we entered into a Scheme Implementation Deed with LIFULL of Japan under which it is proposed that LIFULL would acquire 100 percent of the shares of the Mitula Group by way of a Scheme of Arrangement. This process has taken some time due to the complex nature of the transaction. We are expecting to hold a shareholder meeting to vote on the Scheme in October. In the meantime, we continue to focus on growing the business and rolling out our Closer to the Transaction strategy.”

First Half Financial Overview

Revenue generated for HY2018 was AUD 21.3 million, a 35.5 percent increase on HY2017. This result was driven by a combination of 12.5 percent growth in yield per visit to AUD 0.045 and a 21.1 percent growth in visits during the First Half.

The First Half Adjusted EBITDA was AUD 5.6 million representing an increase of 8.2 percent over HY2017.

EBITDA has been adjusted for expenses related to the Scheme and share based programs. During the First Half, the Company incurred:

- AUD 463,157 in expenses related to the Scheme; and
- AUD 759,303 in expenses related to shared based programs (STI/LTI). The Company has estimated that 64 percent of this expense is the result of the increased share price of the Mitula Group following the Company announcing that it had entered into the Scheme Implementation Deed with LIFULL.

Financial Summary	AUD	HY2018	HY2017	Change (%)
Revenue	\$'000	21,296	15,714	35.5%
Adjusted EBITDA	\$'000	5,586	5,165	8.2%
<i>Adjusted EBITDA margin</i>	<i>%</i>	<i>26.2%</i>	<i>32.9%</i>	
Operating cash flow	\$'000	7,075	4,906	44.2%
Cash At End of Half Year	\$'000	20,757	10,877	90.8%

There was a 27.6 percent decrease in NPAT due to an increase in operating expenses during the First Half. The key drivers of this increase were:

- A full six months of Kleding (Fashiola) related expenses being accounted for while in HY2017 only 4 months where included due to Kleding being acquired at the end of February 2017;
- The inclusion of AUD 463,157 of costs in connection with the Scheme;

- AUD 759,303 in share based STI and LTI expenses, primarily inflated by the sharp increase in the Mitula Group share price following the Company announcing that it had entered into the Scheme Implementation Deed with LIFULL;
- An increase in the average number of employees in the First Half compared to the first half of 2017; and
- An increase in costs of sales due to the identification of positive arbitrage opportunities related to the purchase of traffic.

During the First Half, the Company recorded positive operating cash flow of AUD 7.1 million, a 44.2 percent improvement over HY2017.

The Mitula Group finished the First Half with a strong cash balance of AUD 20.8 million and no debt. The strength of the Company's balance sheet underpins the 'Closer to the Transaction' strategy of pursuing key advertising and transaction initiatives to improve yields.

Progress of the Scheme

On 9 May 2018, the Company entered into a Scheme Implementation Deed with LIFULL under which it is proposed that LIFULL acquire 100 percent of the shares in the Mitula Group by way of a Scheme of Arrangement.

The transaction has proven complex given the Company is head quartered in Spain and listed on the ASX, and LIFULL is based in Japan and listed on the Tokyo Stock Exchange.

The Scheme Booklet is currently with ASIC (as is customary for a Scheme of Arrangement) and is expected to be released to shareholders during September. A shareholder meeting to approve the Scheme is expected to be held during October. These dates are indicative only and subject to change.

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About the Mitula Group

The Mitula Group was founded in 2009 and is a leading digital classifieds group operating vertical search, portals, and transaction based sites:

- It operates 120 vertical search sites across property, employment, motoring, and fashion in 51 different countries and 21 different languages. These sites operate under the Mitula, Fashiola, Kleding.nl, Nestoria and Nuroa brands; and
- It operates 10 property portals in 9 South East Asian countries under the DotProperty and Thailand-property brands.

The Mitula Group generated an average of 80 million visits per month during the First Half to its network of vertical search and portal sites.

The Mitula Group monetises visits to these sites through a range of products and services including:

- Clicks based revenues: Google AdSense and cost-per-click sales
- Advertising based revenues: display advertising, listing sales (on portals), native ads, and other advertising products
- Transaction based revenues: cost-per-acquisition, cost-per-lead and commission sharing products

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 (“**ASX**”) on 1 July 2015 and trades under the ASX code MUA.

Further Information

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