Domain

ASX ANNOUNCEMENT

Domain Holdings Australia Limited
2024 Half-Year Results Announcement

Sydney, 14 February 2024: Domain Holdings Australia Limited [ASX:DHG] ("**Domain**" or "**Company**") today announced its 2024 half-year financial results. Domain reported statutory (Reported 4D) revenue of $203.5 million, and a net profit after tax of $24.4 million, including a significant items loss of $0.5 million. A dividend of 2.0 cents per share has been declared, in line with FY23 H1.

- **15% growth in controllable yield* and 20% higher Average Revenue Per Sale Listing***
- **Record depth penetration, with a 12% uplift in paid depth listings**
- **FY24 H1 EBITDA of $68.4 million, up 32%**
- **Finalised exit from Domain Home Loans (DHL) joint venture**
- **FY24 H1 costs up 3%, and full year cost guidance unchanged**
- **Continued positive environment in Sydney and Melbourne, with early signs of improvement in smaller markets**

Domain's trading results excl. significant items[1]

$M	FY24 H1	FY23 H1[2]	% change
Revenue	**202.2**	182.1	11.0%
Expenses	**(133.8)**	(130.4)	(2.7%)
EBITDA	**68.4**	51.8	32.1%
EBIT	**47.5**	33.5	41.6%
Net profit attributable to members of the company	**25.8**	17.3	48.7%
Earnings per share (NPAT) ¢	**4.1**	2.7	48.6%
Adjusted net profit attributable to members of the company[3]	**29.2**	20.8	40.2%
Earnings per share (Adjusted net profit) ¢	**4.6**	3.3	40.1%

1.Excludes Domain Home Loans (DHL) which has been classified as a discontinued operation 2. FY23 H1 does not correspond with the FY23 H1 ASX Media Release which included amounts now classified as Discontinued Operations 3. Adjusted net profit represents the net profit after tax, after adding back amortisation on assets arising from purchase price allocation.

Domain Chief Executive Officer and Managing Director, Jason Pellegrino, said: "The first half of FY24 has seen a pleasing turnaround in the property market environment in Sydney and Melbourne, although other markets have remained challenging, impacted by rising interest rates and cost of living pressures. We have retained our disciplined Marketplace approach, with operating expenses increasing less than 3% year-on-year in the first half. We continue to be optimistic about the opportunities available to our Marketplace and our ambition to become a much bigger business. In August I spoke about the decision to pursue an exit from our Domain Home Loans joint venture. I can confirm that we have finalised the exit, and Domain is looking forward to pursuing alternative options to scale and achieve profitable growth. DHL is excluded from the results as a discontinued operation, with the full financial impact of the exit included in the accounts. "

For FY24 H1, excluding significant items, Domain reported revenue of $202.2 million, up 11%, expenses of $133.8 million, up 3%, and EBITDA of $68.4 million up 32%. Net profit was $25.8 million, and earnings per share were 4.1¢. We have included adjusted net profit as a more relevant measure given the impact that non cash amortisation arising from acquisitions has on our reported NPAT.

*Controllable yield refers to price plus depth on new 'for sale' listings only, reflects like-for-like performance, and does not include the impact of geographic market mix or revenue deferral. Average Revenue Per Sale Listing includes residential depth and subscription revenue excluding rent and deferred revenue

Domain

Adjusted net profit of $29.2 million increased 40% with earnings per share of 4.6 cents also up 40%.

At December 2023, net debt was $175.8 million representing a leverage ratio of 1.46x ongoing EBITDA.

Core Digital (incl. Residential; Media, Developers & Commercial; Agent Solutions and Domain Insight)

Core Digital Revenue increased 12% to $193.4 million. Core digital EBITDA of $86.2 million was 25% higher.

Residential

"Residential revenue increased 16%, with depth as a percentage of total revenue reaching a new high of 91%. This rapid increase in depth's proportion of revenue is testament to the strong take-up of Platinum Edge, our highest tier of depth, during the first half.

"FY24 H1 national 'for sale' market listings saw a significant improvement from the depths of the FY23 Q2 to Q4 period. The listings recovery was focused in Sydney and Melbourne, with the continuation of a challenging environment outside of those markets, with the Queensland declines particularly notable. Against that backdrop, the business was very successful in implementing significant average depth price increases of 12% from the 1st July, benefiting from the launch of Platinum Edge. FY24 H1 controllable yield growth of 15% saw a significant uplift from FY23 reflecting the market turnaround, and benefits from pricing and depth.

"National depth penetration continued to expand in the first half to a new record, with gains in every state apart from Western Australia. Domain saw a modest decline of less than 2% in new 'for sale' listings, with our 14% increase in depth penetration driving a 12% uplift in paid listings. Since FY18 depth penetration has more than doubled, and Average Revenue per Sale listing has increased by a similar magnitude. These achievements in the face of the listings volatility of recent years demonstrate the extent to which our Marketplace strategy has underpinned the creation of a higher quality, higher margin business. Our strong price and depth performance, together with the improving market conditions have underpinned the 20% year-on-year uplift in H1 Average Revenue per Sale Listing.

"During the Spring selling season, our Unique Audience growth from Winter averages has significantly outperformed our competitor and the broader property search category," said Mr Pellegrino.

Media, Developers & Commercial

Mr Pellegrino said: "Revenue increased 9%, reflecting strong growth in Media and Commercial Real Estate, somewhat offset by lower Developer revenue.

"Commercial Real Estate delivered strong revenue growth of 24%, supported by listings growth and a significant uplift in depth penetration. The new pricing model introduced in January 2023 is driving continued new depth contract adoption, and record depth penetration.

"Media revenue increased more than 30%, benefiting from the strength and quality of Domain's audience. A successful partnership with Domain Insight is delivering integrated client packages with customised data insights.

"Developers' revenue was lower due to the continued challenging market environment arising from higher interest rates and construction costs. The market for new apartments remained challenging, particularly in Queensland. Extended listing duration with lower yields provided some offset to new project volume declines."

Agent Solutions

Mr Pellegrino said: "In Agent Solutions, revenue reduced 7% year-on-year to $18.9 million, with solid subscription trends offset by lower revenue from Realbase's AIM product.

"Pricefinder delivered modest revenue growth despite the difficult property environment in Queensland, its largest market. Pricefinder benefited from platform investment and a new pricing integration with IDS.

"Real Time Agent delivered exceptionally strong revenue growth of more than 50%, driven by new customer acquisition, increased agent adoption, and higher volumes per agent reflecting the Sydney and Melbourne recovery.

"Realbase's core campaign management platform benefited from the listings recovery in Sydney and Melbourne. Realbase's overall revenue contribution reduced year- on-year reflecting the disproportionate impact from lower AIM gross revenues, with attachment rates impacted by cost-of-living pressures in Australia and New Zealand. Realbase's profit contribution delivered a 20% year-on-year uplift reflecting AIM's correspondingly lower cost of sales, and other cost efficiencies arising from the accelerated strategic integration with Domain. We remain optimistic about the value of AIM's technology platform and are finalising plans to drive new monetisation opportunities."

Domain Insight

"Domain Insight's revenue increased 12% year-on-year. Pricefinder (non-agent) saw a lower revenue contribution due to the strategic decision to terminate a data-sharing arrangement with a competitor. While this will have a short-term negative impact on the revenue performance of the business in FY24, we see greater long term strategic value from monetizing our proprietary data within Domain's Marketplace. IDS successfully delivered against the first two milestones of its new WA contract implementation, along with a contribution from new ancillary revenue. Valuations revenue delivered strong growth reflecting new client wins, and an increased share of volume from existing clients, and we see even further upside with the migration to the IDS valuations platform", said Mr Pellegrino.

Consumer Solutions

Mr Pellegrino said: "In Consumer Solutions, we finalised the exit from the DHL joint venture, with a short transition period. The full financial impact of the exit is reflected in the accounts. We remain optimistic about future opportunities that will support a profitable contribution to our Marketplace."

Print

Mr Pellegrino said: "Print revenues declined 4%, a significant moderation from FY23, reflecting the recovery in high value Sydney and Melbourne markets. Bundling Print with Social Boost is supporting new Social Boost revenue, and the new partnership with Broadsheet is strengthening Domain Review's editorial content. Print continues to deliver large and high-quality audiences. Average issue readership of 1.2 million increased 16% year-on-year, with audience quality reflected in likelihood to purchase and Roy Morgan's Premium Brand Award. Print's minimal overlap with digital delivers agents an exclusive and hard to reach incremental audience.

Dividend

A dividend of 2¢ per share (100% franked) will be paid on 11 March 2024 to shareholders registered on 21 February 2024.

FY24 Outlook

- Trading in the first six weeks of FY24 H2 reflects ongoing growth in new 'for sale' listings in Sydney and Melbourne which continue to lead the market recovery, with early signs of improvement in the other states in February.
- FY24 cost guidance is unchanged, with an expected increase in the mid to high single digit range from the FY23 expense base (excluding discontinued operations) of $237.1 million.
- Domain expects EBITDA margin expansion in FY24, supported by improving listings, successful price increases, uptake of new depth contracts and products, and continued cost restraint balanced with investment in our Marketplace strategy.

Investor Briefing

An investor briefing (teleconference and audio/slides webcast) on these results will be held today at 10:30am (AEDT).

- *Webcast:* Click **here** to register/join
- *Teleconference:* Click **here** to register/join

Ends

Authorised for lodgement: Catriona McGregor, Chief Legal & Transformation Officer, Company Secretary

Investors: Jolanta Masojada, +61 417 261 367, jolanta.masojada@domain.com.au
Media: Sarah Macartney, +61 433 949 639, sarah.macartney@domain.com.au