

ASX Code: FDV

28 April 2017

1Q 2017 portfolio revenue up 87% vs pcp

Frontier Digital Ventures Limited ("Frontier", ASX: FDV) is pleased to announce its First Quarter 2017 ("1Q 2017") results.

First quarter highlights

- Record quarterly portfolio revenues of A\$4.9m (100% basis) in 1Q 2017 (up 87% on 1Q 2016)
- Continued strong growth in operational metrics across the portfolio of 15 investments with monthly site visits increasing to 17.7m in 1Q 2017 (up 41% on 1Q 2016)
- Call option in LankaPropertyWeb exercised during the quarter, increasing ownership from 37% to 48%
- Advanced diligence progressing with a number of new investment opportunities seeing rapid traction in their respective frontier markets
- Prudent cash management with A\$22.2m of cash on hand at 31 March 2017
- 1Q 2017 results validate Frontier's differentiated strategy of partnering with local entrepreneurs to implement the online classifieds v2.0 business model

Frontier's CEO and Founder, Shaun Di Gregorio said: *"The March quarter saw our portfolio businesses continue their strong operational and financial performance. Our record quarterly revenues are the result of the continued rollout of v2.0 of the online classifieds business model across our portfolio. Pleasingly, we are seeing significant traction in transactional revenue streams across our portfolio. For example, iMyanmarHouse now generates more than 65% of its revenues from property sales commissions using its market leading portal. We expect revenue growth in 2017 to be supported by strong growth in these transactional revenue streams alongside our more conventional lines of business."*

REVENUE PERFORMANCE

Record quarterly revenues were a highlight of the quarter with total portfolio revenues of A\$4.9m (100% basis) on the back of strong performances by **Encuentra24.com** and **Zameen**.

Quarterly revenues for the full Frontier portfolio (on a 100% basis) have increased significantly over the last 12 months, up +87% on 1Q 2016. Importantly, all portfolio companies reported growth in quarterly revenue over the same period last year. Figure 1 and Table 1 on the following page provide a breakdown of the quarterly revenue performance over time and across the portfolio.

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Figure 1: Revenue across portfolio and statutory cash receipts (A\$m)

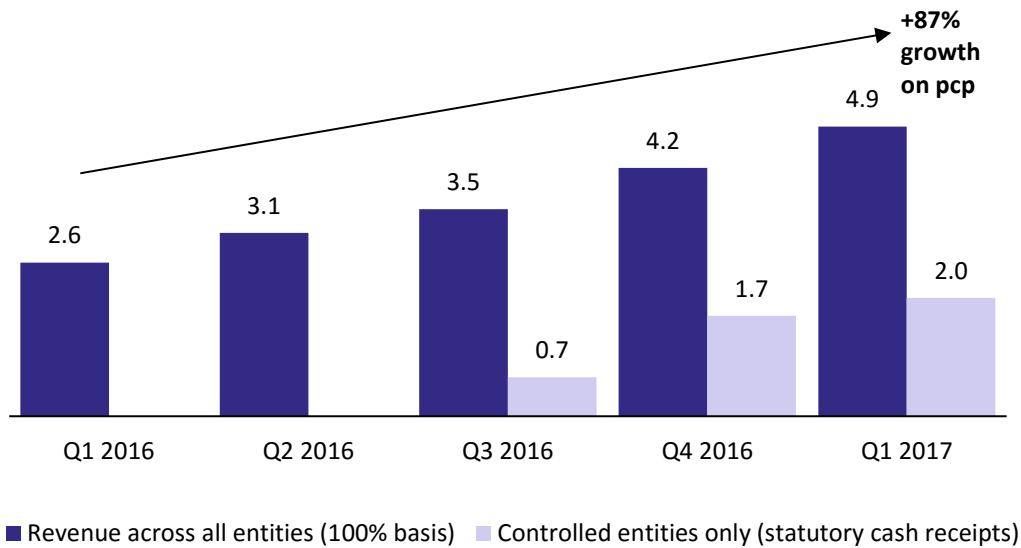


Table 1: Revenues by business (unaudited, standalone basis)

	Frontier ownership (%)	1Q 2016 Revenue A\$ (100% basis)	1Q 2017 Revenue A\$ (100% basis)	Growth %
Afribaba	65%	1,138	21,053	+1,750%
carsDB	76%	12,663	35,270	+179%
carWangu	60%	0	0	0
Encuentra24.com	39%	1,174,267	1,512,817	+29%
IMCongo	66%	585	4,498	+669%
iMyanmarhouse	43%	155,105	199,337	+29%
LankaPropertyWeb	37%	39,845	67,372	+69%
meQasa	66%	0	11,188	nm
TechAfrica (Angocasa/Angolacarr)	60%	0	0	0
ToLet	39%	27,307	106,545	+290%
Subtotal (consolidated investments)		1,410,911	1,958,079	+39%
Associates				
- Zameen	30%	868,329	2,442,750	+181%
- Other associates		319,362	451,234	+41%
Total unaudited revenue		2,598,602	4,852,062	+87%

OPERATIONAL PERFORMANCE

Monthly sessions (also known as site visits) are a leading indicator of increased brand dominance within a market.

Pleasingly, there was a total increase in monthly sessions of 41% across Frontier's portfolio over the last 12 months with material increases by Encuentra24.com (+46%), ToLet (+214%) and Zameen (+38%).

Table 2: Monthly sessions by business (Google Analytics, standalone basis)

	Frontier ownership (%)	March 2016 sessions (%)	March 2017 sessions #	Growth %
Afribaba	65%	267,000	373,000	+40%
carsDB	76%	316,000	428,000	+35%
carWangu	60%	6,325	24,420	+286%
Encuentra24.com	39%	4,650,000	6,800,000	+46%
IMCongo	66%	-	25,000	-
iMyanmarhouse	43%	250,000	270,000	+8%
LankaPropertyWeb	37%	246,000	320,000	+30%
meQasa	66%	22,500	55,000	+144%
TechAfrica (Angocasa/Angolacarr)	60%	1,953	36,587	+1,773%
ToLet	39%	59,000	185,000	+214%
Subtotal (consolidated investments)		5,818,778	8,517,007	46%
Associates				
- Zameen		2,730,000	3,780,000	+38%
- Other associates		3,928,000	5,357,000	+36%
Total monthly sessions		12,476,778	17,654,007	41%

There were standout operational performances by both **ToLet** and **Kupatana** in the quarter, with **ToLet** reaching the #1 position in Nigeria and **Kupatana** starting to monetise its leading market position in Tanzania. As at 31 March 2017, 14 out of 16 websites are in a market-leading position by number of monthly sessions.

ToLet, until recently the #2 property portal in Nigeria, surpassed its competitors in the March quarter to establish itself as the market leader. This has been achieved on the back of a significant increase in the number of agents advertising on the website, total properties listed for rent and for sale, and growth in site visits. The business is now accelerating its monetisation through both agent advertising products and property transaction commissions.

Kupatana, having established itself as the leading general classifieds portal in Tanzania, reached the monetisation stage in 1Q 2017 following significant operational outperformance in 2016. Both total users and total monthly sessions have increased significantly over the last 12 months (*refer to slide 8 of the investor presentation released 22 March 2017 for further details*). Frontier currently owns 31% of the outstanding equity in **Kupatana**.

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During the quarter the Frontier management team continued to work closely with its portfolio companies to ensure the continued rollout of transaction-focused revenue models, leveraging expertise and experience across the Frontier portfolio.

PORTFOLIO MANAGEMENT

Frontier continues to actively manage its portfolio of assets and consider opportunities to increase or divest its current holdings as well as potential evaluate new investments.

Activity within the existing portfolio

During the recent quarter, Frontier exercised its option to acquire an additional 10.5% ownership in **LankaPropertyWeb**, the #1 property portal in Sri Lanka. Under the terms of Frontier's initial investment in August 2015, Frontier exercised a valuable call option to increase its interest by 10.5% for US\$200,000. The option was exercised following LankaPropertyWeb's superior operational execution in 2016, which established it as the clear market leader ahead of Lamudi and ikman.lk. This recent performance and strong near term growth opportunity meant the call option was significantly in-the-money at the time of exercise.

New investment opportunities

Frontier is currently in advanced discussions regarding a number of potential additions to the portfolio. The shortlisted businesses are emerging online classified market leaders based in Asia and Latin America. Importantly, several of these opportunities are 100% transaction revenue focused, having built proprietary, disruptive platforms that are gaining rapid traction in their respective frontier markets. The term sheets agreed thus far are in line with Frontier's standard investment structure. Frontier expects negotiations for several of these opportunities to conclude in 2Q 2017.

Opportunities to monetise existing investments

During the recent quarter, Frontier fielded enquiries about several of its portfolio investments. Frontier and the founders of the portfolio businesses assessed the benefits of each proposal but agreed to pursue standalone business growth for the near term, given the potential equity value upside in each case.

Frontier's Board and management team remain focused on working towards the optimal monetisation outcome for each portfolio asset (i.e. via trade sale, stake sale or IPO) in order to ultimately increase shareholder value.

NOTE: UNDERLYING VS STATUTORY ACCOUNTING

The March quarter Appendix 4C statement released alongside this announcement reports the statutory cash flows for the 3 month period ended 31 March 2017. Due to the nature of Frontier's investment portfolio there is a difference between the economic interest in group cash receipts and statutory cash receipts reported. The current portfolio contains 10 investments which are accounted on consolidated basis (including Encuentra24.com) and 5 investments (including Zameen) which are reported as "associates" under the equity method in AASB 128.

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The statutory accounts have been prepared on the basis of a mix of consolidated and equity accounted investments in accordance with the relevant accounting standards.

As a result, revenue from equity accounted investments are excluded from the statutory receipts. Using Zameen as an illustration:

	1Q 2017 revenue (A\$)
Standalone revenue for 1Q 2017 (Zameen only)	2,442,750
Frontier's economic share (currently owns 30% of Zameen)	732,825
Statutory revenue (Zameen excluded from statutory accounts given it is an associate)	0

The statutory figures report 100% of consolidated business financials, using Encuentra24.com as an illustration:

	1Q 2017 revenue (A\$)
Standalone revenue for 1Q 2017 (Encuentra24.com only)	1,512,817
Frontier's economic share (currently owns 39% of Encuentra24.com)	589,999
Statutory revenue (100% of revenue recognised in statutory accounts)	1,512,817

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About Frontier Digital Ventures Limited

Frontier Digital Ventures is a leading operator of online classifieds businesses in underdeveloped, emerging countries or regions. With a track record of building and supporting market leading online businesses, Frontier Digital Ventures are experts in the online classifieds space with a particular focus on property and automotive verticals and general classifieds websites. Its portfolio currently consists of 15 market leading companies, operating businesses across 19 markets. With the extensive support offered to the local operating companies, coupled with their own energy and work ethic, Frontier Digital Ventures is bringing outstanding companies of global significance to their full potential and setting a new global standard of excellence in the field.

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