

ASX Code: FDV

29 July 2019

Record half year revenue up +82%

Frontier Digital Ventures Limited (“FDV”, ASX: FDV) is pleased to provide an update for the 6 months ended 30 June 2019 (“1H 2019”).

- Record headline half year revenue of A\$33.0m (100% basis), up +82% on pcp
- FDV share of half year revenue was A\$10.9m (FDV basis), up +73% on pcp
- 4 companies recorded positive EBITDA in 1H 2019
- EBITDA loss excluding CarsDB and Propzy (now externally funded) was A\$0.2m in 1H 2019 (FDV basis)
 - CarsDB and Propzy successfully completed external investment in 2018 at significant valuation uplifts to FDV’s initial investment (6x and 2x respectively)
- 9 companies expected to annualise at >A\$1m revenue in 2H 2019 results (100% basis)
- Consolidated cash balance of A\$14.9m at 30 June 2019

FDV’s Founder and CEO, Shaun Di Gregorio said:

“2019 is shaping up to be a pivotal year for FDV and our shareholders as we rapidly progress towards portfolio-wide profitability. Pleasingly, a number of our market leading companies are increasingly autonomous investments for FDV. As more investments close external funding rounds, and progress towards profitability, we expect to see an increase in monetisation activity which we expect will create significant value for FDV shareholders in future.”

Figure 1: Portfolio revenue since IPO (A\$m, pro-forma unaudited)

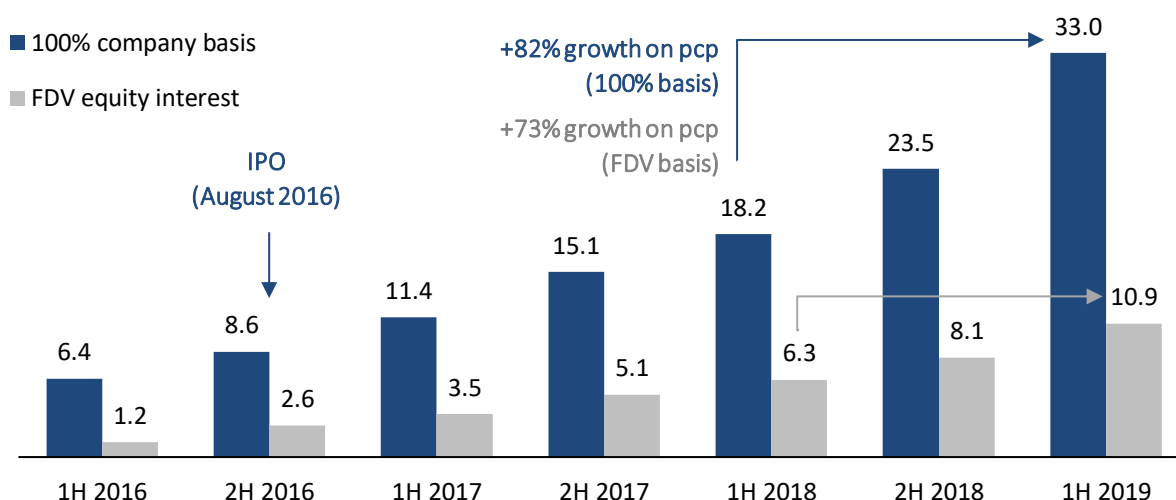


Table 1: Half year revenues on a 100% basis, pro-forma unaudited

	FDV ownership (%)	1H 2018 Revenue A\$ (100% basis)	↓ 1H 2019 Revenue A\$ (100% basis)	Growth (% in A\$)
Zameen	30%	9,738,248	20,334,022	+109%
Encuentra24	42%	3,650,500	3,988,832	+9%
Infocasas	31%	1,086,304	2,223,624	+105%
Propzy	20%	249,357	1,943,967	+680%
iMyanmar	43%	642,020	983,238	+53%
Pakwheels	37%	1,028,528	883,658	(14%)
AutoDeal	37%	478,076	826,365	+73%
Hoppler	40%	333,642	497,975	+49%
CarsDB	65%	222,248	408,545	+84%
Moteur	56%	143,379	245,539	+71%
Lanka	48%	259,254	241,543	(7%)
PropertyPro	39%	169,310	209,049	+23%
Meqasa	81%	99,653	148,906	+49%
TechAfrica	75%	52,600	79,618	+51%
Total revenue		18,153,117	33,014,882	+82%

Table 2: Half year revenues on a FDV ownership basis, pro-forma unaudited

	FDV ownership (%)	1H 2018 Revenue A\$ (FDV basis)	↓ 1H 2019 Revenue A\$ (FDV basis)	Growth (% in A\$)
Zameen	30%	2,921,475	6,100,208	+109%
Encuentra24	42%	1,535,727	1,678,060	+9%
Infocasas	31%	340,356	703,987	+107%
iMyanmar	43%	273,720	419,196	+53%
Propzy	20%	59,470	396,728	+567%
Pakwheels	37%	378,930	325,557	(14%)
AutoDeal	37%	165,704	304,452	+84%
CarsDB	65%	169,983	264,781	+56%
Hoppler	40%	68,691	200,347	+192%
Moteur	56%	69,830	138,265	+98%
Meqasa	81%	85,901	119,471	+39%
Lanka	48%	123,807	115,349	(7%)
PropertyPro	39%	66,838	82,525	+23%
TechAfrica	75%	39,450	59,713	+51%
Total Revenue		6,299,883	10,908,640	+73%

THE FDV OPTIMISATION PROCESS

FDV continues to implement its best-in-class optimisation process across its portfolio of 14 market leading operating companies. A key outcome of the FDV optimisation process is to significantly improve the value proposition of each operating company, which involves significant corporate and operational restructuring to generate business growth and increase attractiveness for new investors.

A number of FDV's operating companies are reaching a critical mass of revenue and market leadership and are therefore attracting external interest. In 2018, both CarsDB and Propzy successfully completed external funding rounds. CarsDB attracted US\$1m at a US\$8m valuation, and Propzy attracted US\$2m at a US\$5m valuation. The external funding has allowed CarsDB and Propzy to increase expenditure and accelerate revenue growth, without the requirement of additional funding from FDV.

Figure 2: The FDV optimisation process

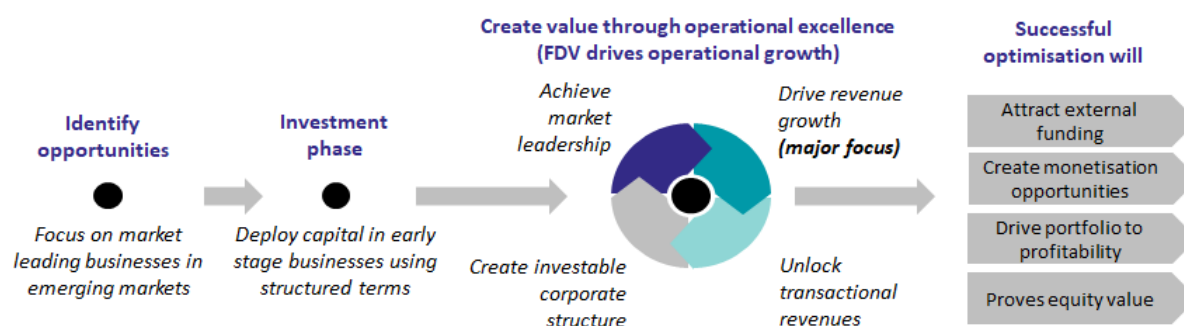


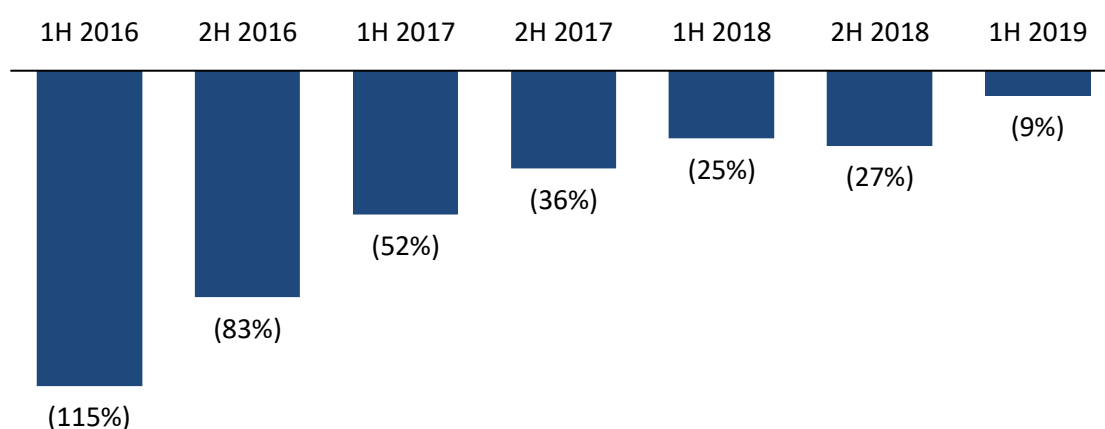
Table 3: Half year EBITDA by business (FDV ownership basis, pro-forma unaudited)

	FDV ownership (%)	1H 2018 EBITDA A\$ (FDV basis)	↓ 1H 2019 EBITDA A\$ (FDV basis)	Change in EBITDA
Zameen	30%	(338,290)	347,366	↑↑↑
iMyanmar	43%	(61,511)	35,106	↑↑
AutoDeal	37%	(74,723)	32,877	↑↑
Infocasas	31%	(1,309)	32,159	↑↑
Moteur	56%	(43,398)	(12,822)	↑
Lanka	48%	(5,630)	(17,972)	↓
TechAfrica	75%	(72,237)	(47,004)	↑
PropertyPro	39%	(84,830)	(56,168)	↑
Meqasa	81%	(145,322)	(70,659)	↑
Encuentra24	42%	(131,226)	(101,905)	↑
Pakwheels	37%	(147,504)	(142,994)	-
Hoppler	40%	(52,203)	(168,636)	↓
CarsDB (funded via external round)	65%	(122,058)	(297,613)	↓↓↓
Propzy (funded via external round)	20%	(273,737)	(522,694)	↓↓↓
Total EBITDA		(1,553,978)	(990,959)	↑↑↑
EBITDA excluding Propzy, CarsDB		(1,158,183)	(170,652)	↑↑↑

RAPID REVENUE GROWTH CONTINUES TO IMPROVE EBITDA MARGINS

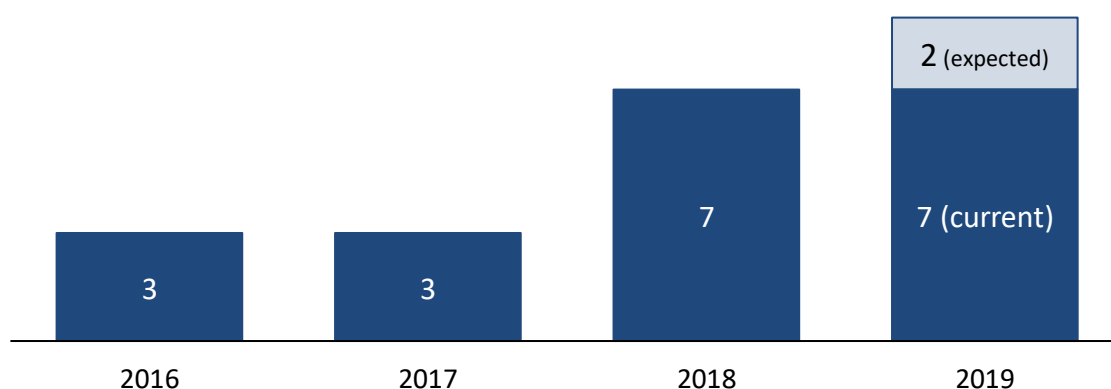
A key objective for FDV in 2019 is to deliver continued rapid revenue growth in order to progress towards profitability on a portfolio-wide basis. Given the underlying focus on revenue growth and inherent operational leverage of the online classifieds business model, FDV measures progress toward profitability as portfolio EBITDA as a percentage of portfolio revenue. Figure 3 highlights the strong progress toward profitability as the EBITDA loss has contracted to 9% of revenue in 1H 2019. FDV expects the EBITDA loss at a portfolio level as a % of revenue to further reduce in 2H 2019 as the portfolio approaches profitability.

Figure 3: Portfolio EBITDA as a % of revenue (FDV equity basis)



Another focus for FDV in 2019 is to drive operational growth across its portfolio of market leading online classified operating companies. In 1H 2019, 7 out of 14 operating companies annualised >A\$1.0m revenue. The A\$1.0m annual revenue milestone is significant for the businesses on the path to realising strong shareholder returns.

Figure 4: Operating companies annualising at >A\$1.0m revenue (#)



NOTE: UNDERLYING VS STATUTORY ACCOUNTING

The 2Q 2019 Appendix 4C statement released alongside this announcement reports the statutory cash flows for the 3 month period ended 30 June 2019. Due to the nature of FDV’s portfolio of operating companies there is a difference between the economic interest in group cash receipts and statutory cash receipts reported. The current portfolio contains 9 investments that are accounted for on a consolidated basis (including Encuentra24.com) and 6 investments (including Zameen) that are reported as “associates” under the equity method in AASB 128.

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

	2Q 2019 revenue (A\$)
Standalone revenue for 2Q 2019 (Encuentra24.com only)	2,049,055
FDV’s economic share (currently owns 42.1% of Encuentra24.com)	862,016
Statutory revenue (100% of revenue recognised in statutory accounts)	2,049,055

Revenue from equity accounted investments are excluded from the statutory receipts. Using Zameen as an illustration:

	2Q 2019 revenue (A\$)
Standalone revenue for 2Q 2019 (Zameen only)	10,087,784
FDV’s economic share (currently owns 30% of Zameen)	3,026,336
Statutory revenue (Zameen excluded from statutory accounts)	-

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