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2020 full year results conference call transcript

Frontier Digital Ventures Limited ("FDV", ASX: FDV) is pleased to release an edited transcript from its 2020 full year results briefing held at 11:30am AEDT on 25 February 2021.

The full recording of the results briefing is available on the FDV website:
https://frontierdv.com/corporate-presentations/

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Operator: Thank you for standing by and welcome to the Frontier Digital Ventures 2020 Results Conference Call. There will be a presentation followed by a question and answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad. I would now like to hand the conference over to Mr. Shaun Di Gregorio, CEO and Founder. Please go ahead.

Shaun Di Gregorio: Good morning everyone. Thank you for calling in. A fair bit of news was released to the market this morning so consequently, we have a fair bit to get through. I will try to stay on point and as usual, at the conclusion of my presentation, there'll be a Q&A session. I am going to be referring to the document that is titled Acquisition and 2020 Full Year Results Presentation, which was released to the ASX this morning and I will give you page numbers so you know what I'm looking at. Fundamentally, it's to announce an acquisition that we've finalised overnight in Chile of a business Yapo, which is the leading general classifieds portal in that market. I will talk to that acquisition shortly and then we'll follow that with our full year results, which are divided into an operational update and then the results themselves with a section which just talks to the outlook as we see it.

Referring to the deck, I'm on page two, and you've seen our mission. We maintain our ambition. Our mission is to be the leading operator of the best online marketplaces in emerging markets. We are very focused on that outcome and we've worked pretty diligently over the past 12 months to really accelerate that mission accomplishment as well, but needless to say, we still have a fair way to go. What's made a significant difference, that we announced this morning, was an acquisition of Yapo. I'm going to go straight into section one and talk to that acquisition.

Looking at page five, which is titled 'Acquisition Overview'. I am going to walk you through the businesses five key points that we'll talk to this morning, and the fact we've acquired 100% of the business in Chile. It's a market that we've looked at for some time over, for a number of years. As you'd appreciate, we've made acquisitions in Columbia recently and have our business InfoCasas, that is right next door as well. So it's a part of the world that we like. And we have maintained the fact that we like the Latin markets excluding Argentina and Brazil. Chile was really a piece of the puzzle that we've been looking at for some time and we had an opportunity to acquire the business there, which was done overnight.

If you go over to slide six, Yapo is a general classifieds site and a leader in the market. What we were attracted to in this business was the fact that it has really strong vertical positions. So more and more, when you look at emerging markets, you have got to look at them in the context of transaction-based platforms. We know that the classifieds model has served consumers and sellers really well, but we also know that that model has been evolving rapidly over the past couple of years. Increasingly, it's focused on the ability to provide full transaction services to a buyer and a seller and that's what all of the companies in our portfolio are pursuing.

We see a critical opportunity in this business in that it's the leading general classifieds, but it also leads in the verticals. When you consider these markets, the ability to help consumers and sellers make transactions, Yapo is really well positioned. It only has one main competitor and MercadoLibre have pivoted to try and be an Amazon style business, which is focused on new products. This really leaves the general classifieds market open to Yapo. So those competitive dynamics, the brand strength in the market, the potential upside we see in the fact that this business leads in the key verticals, made it a very attractive acquisition opportunity for us.

It is fair to say that it's probably the last of the businesses that Adevinta were contemplating an exit in LATAM, and we get a sense that it's been left on the shelf a bit by Adevinta in the same way that the other acquisitions were. While Adevinta are focused on bedding down their eBay acquisition in Europe and on the issues and the challenges that that acquisition has brought them, we were opportunistic. We were able to engage with Adevinta again off a lot of the goodwill that was developed in the acquisitions we made last year and engineered this transaction in the early part of this year. It completes an active period for us. In terms of the business itself, Yapo had 26 million sessions in December which makes it the most trafficked site in our portfolio.

The other compelling thing about this business and where we see a lot of upside is that its audience is primarily being driven organically. That means that they're not paying for any traffic. That really demonstrates the strength of the brand in the market, the consumer recollection of the brand, and the fact that it is being able to drive that level of traffic without having to buy it. That provides you with a powerful platform in terms of what you can do with the business. Very mobile market, as you can appreciate. Most of these environments are. The business suffered from COVID a bit in 2020, like most, but from our perspective, that presented an opportunity to do a deal, again, where we think we've done it on good terms. The business was profitable in 2019 and was growing.

Heading into COVID, it's obviously suffered some headwinds, but again, we saw it as more of an opportunity than anything else. That's very much the view we've taken on with all of these businesses and all of the opportunities that came our way in 2020, was to get yourself into a really strong position, to have your portfolio performing well, to have a really strong balance sheet, and then to be able to move quickly and opportunistically when acquisition opportunities came up and we've been able to do this in a market that we think is going to be really valuable.

If you can move to slide seven, just a little bit about the market itself. As I said, it's a market that we've liked for a long time, sort of similar to Colombia when we were looking at the LATAM opportunities. Again, we've retained the ex-Brazil, ex-Argentina view of the market opportunities in South America. It's certainly one of the largest economies on the continent and on a GDP basis it is clearly one of the wealthiest as well.

So, proximity for our other businesses of course. It bolts on right next door to Peru and Bolivia, as you can see on the map. We'll get a lot of opportunities to look at scale and cost savings where we can utilise the relationship that those businesses can potentially have. So, very much a market that we've been looking at for some time and really fits our footprint well and is an acquisition we're really pleased to be able to finalise overnight.

If you go on to slide eight, the slide just gives you an overview of the business. It was growing reasonably well into COVID and then hits COVID headwinds like everything. But again, we saw that as opportunistic. We do view, when you look in at the business, that there are some significant opportunities to grow the business. Like a lot of the emerging market Adevinta businesses, it hasn't had a lot of attention, it hasn't had a lot of love. And we see that as an opportunity to really develop aspects of the business that haven't been done before.

This business is fundamentally a classified business and it has some advertising or banner style revenue as well. But the opportunity to move a business model more towards the facilitation of transactions, that's a very big mission across our group. All our companies are moving toward providing consumers and sellers with the ability to do more of the transaction. And generally, you're able to do that when you've got a strong brand in the market and you're a well-known brand, you're a brand that's highly recognized, highly used and as a platform and you can get all those factors together. A very dominant brand, tonnes of traffic, strong positions in the verticals, but only having rolled out a classifieds model.

It is powerful way to set yourself to say "Hey, we can actually extend this product offering" and start to participate more in the transactions of goods in that market, particularly in the verticals. There's a clear opportunity to extend the product offering into property. The general classifieds always have strong positions in automotive and right across the general categories as well but big opportunities in those two vertical categories when you are doing it with such a well-positioned brand to really extend the business model and facilitate more of the transactions. When you look at the pie chart, you can see that the revenue is spread across the business. But again, we see this as the beginning of an opportunity when a business has these dynamics already in it. So, we're very focused on working with the team to deliver on those.

If you move to slide nine, you'll just see that on pro forma basis, this will make a significant contribution to our business, along with the other acquisitions that we made through the course of 2020, which were all very COVID-driven opportunistic deals that we were able to do. What that does is make a significant contribution; it really provides an exciting platform in terms of our revenue profile as we head into 2021.

Over on slide 10 is the strategic fit. Yapo is in a geographic area that we're very focused on. It has clear market leadership, which is really important. It's going to be a significant contributor to our business on a revenue basis. We know that it was profitable heading into COVID. Many businesses have felt headwinds in COVID, but we can see a clear path to not only revenue growth in this business by way of extending its product offering, to be able to facilitate more of the transactions, but we also see it returning to profitability as the market generally improves. So, we think that it's in an interesting and opportunistic part of its journey. The strategic rationale, again, really strong. It's right next to the businesses we already have in that market and will allow us to have a strong footprint in the LATAM markets as well. So, it fits nicely from our perspective. There's a quote there from me, I won't read it out. All that sounds a bit egotistical, but I'll let you dwell on that in the interests of time. So, that's page 11.

As I move through the deck, I do want to get on to the operational update, which is quite important. Just looking at our business you can see on slide 13 that our spread across the geographies is now much more even than it was when we spoke to you this time last year. We had a very big focus on one or two businesses and what we've been able to do through the course of 2020 is diversify that revenue source not only geographically, but we've also diversified across a couple of the key verticals that we target as well.

So, these acquisitions have added to our revenue profile. When you look at the pro forma view, you get a sense of the significance of them and what our company is going to look like in 12 and 24 months from now as we see growth return in a post COVID world but also the impact of extending the product offering in our new acquisitions in a much more aggressive manner than perhaps has been done by their previous owners. So, really good spread across our target regions.

Now on slide 14, you'll see that we've been witness to over the past 12 months a significant shift to digital. We're seeing a significant increase in mobile sessions and in leads being generated and total sessions. What we have seen just from an advertiser perspective is COVID impacting advertisers heavily. So, the number of advertisers is probably plateaued but what we have seen is more and more consumers move to digital. This has been something that's been spoken about, but we did want to provide some data just to point to the fact that it's a real trend. And we see it continuing through 2021 and beyond. Consumer behaviour has moved significantly and we've seen that in our portfolio.

On slide 15, another way to look at the pre-pandemic kind of view versus what we're seeing now, we've seen significant traffic return to the websites. This is a trend that's ongoing, and we expect it to continue. Most of that is going to mobile but we are seeing also really interesting movement by consumers who want to do more of a transaction than they were doing before. They want to go way past just looking at ads and that's where a lot of the values sits in these businesses.

On slide 16, one ambition we had at the beginning of the year was to diversify our portfolio. At the beginning of the year, we had a heavy emphasis on probably one geography and one or two businesses. Part of our strategy in 2020 was to spread that geographic revenue and to spread it by segment a bit better as well. We'll always be biased toward the property vertical. We really liked it, it's high value. We still like automotive. We do see significant opportunities in the general classified segment in select markets where they're really emerging into full transaction platforms. If we think about these markets, what you're now looking at is a digital platform that has large consumer audiences that can provide consumers with transactions of goods and services. And in this case, increasingly high value goods and services, which fits well in that general classified category. We think we've done a pretty good job of spreading the risk geographically and certainly spreading it in a little more balanced way with still a fair emphasis on the property segments.

Moving out of the page, just in terms of what we've done over the past 12 months, I looked at this list and thought, "Gee, we've been pretty busy." So COVID really provided companies with one of two paths that they could take. They could batten down the hatches and survive. And that can be a pretty unpleasant experience, but a necessity to some. Other companies, I firmly put us in this category, moved really quickly early in the year, got our portfolio in order, got our balance sheet strengthened.

We then really saw it as an opportunistic period to increase your holdings in our existing companies, which we were able to do in a number of instances, but also to look at new partnerships, which can extend the reach of some of our existing companies, and the acquisitions of course that we made and also some consolidations in a couple of our markets as well. It's been a very active year for us which has fundamentally reshaped our portfolio, to put us on a really exciting and much more opportunistic path. To add to that we've finished 2020, and certainly even post this transaction, with a really strong balance sheet, which we think bodes well for the rest of the year. There's some slides there just around strengthening the portfolio. I won't read those because we're on the clock, but fundamentally we see a lot of tailwinds into 2021.

As we look into the back half of 2021 with vaccine rollouts, optimism returning, normal workplace behaviour returning, this flows through to consumer behaviour and the propensity to want to look at houses and cars and other goods on the internet. We think we've set ourselves for 2021 out of a really interesting 2020, got our portfolio in really good shape making acquisitions that are going to be material contributors, they fit all of the strategic criteria that we lay out for those sorts of deals. And to add to that, we see tailwinds now as COVID starts to be better managed in a lot of our markets.

Moving on to the 2020 results. Over to page 20 now, we signaled most of these in our quarterly so there won't be a tonne of new information at a headline level, but just to look at the bar chart. You can see that we had growth happening in 2020, albeit marginal. We're very pleased with that. If you look at the 100% view, which is probably the most complete way to view the portfolio, you see that on the bar charts on the left, and then the most valuable way to look at what we do is to take the economic share of the portfolio, which is represented on the right side. You can see the A$23.7m in revenues for the 2020, on a pro forma basis it would have been significantly higher. But again, I think that's more about building a platform for 2021 and beyond. I would remind people of course that our statutory results, which are obviously very important, are probably the least instructive when it comes to understanding the progress of our business. We don't consolidate all of our portfolio. So, the statutory view actually excludes businesses like Zameen which is a significant revenue contributor, and a significant EBITDA contributor as well. We do point people back to that 100% view number one, and then to look through that hundred percent view and look at the economic share view, which includes our 30% stake in Zameen.

Over the page, if you look at EBITDA performance, and again, this is on a portfolio basis, we managed to achieve a profitable period in 2020, and that's both on an economic share basis and whichever way you look at it. Our ambition was to have those bar charts land right about where they are by 2020. And we said that back in late 2016 into 2017, that we had an ambition for our portfolio, on an economic share basis, to be profitable in 2020. We managed to achieve that goal. We're pretty proud of that.

In terms of the underlying businesses, on page 22, as you can see through COVID, we improved the trading performance of all but one of those businesses, and that was a marginal deterioration in Moteur. If you look at that data, you can see that while we continued to be focused on revenue growth, and also the opportunity to reduce costs through COVID and improve our EBITDA. But our position was one that we took, and you can see the businesses have improved their EBITDA performance through the period. This just sets you on a really good platform for 2021 and beyond. What it says is everyone knows that 2020 was pretty tough to grow revenue, but what you could do was really recalibrate your cost base, improve your EBITDA performance. So as you head into 2021 and beyond you get tailwinds out of COVID and economic conditions improve more generally, you've got a really good platform to grow the business.

Over the next 24 months, with these new acquisitions and rapid revenue growth, we're really about growing the top line of the businesses but doing it at a sustainable rate. That's the mantra that we've always maintained that we want to grow our top line, that's our clear priority, but we want to do it in a sustainable and responsible manner. We don't necessarily subscribe to the idea that you need to spend a dollar on marketing to get a dollar on revenue. A lot of the businesses in our portfolio, we've been able to invest in, and they've generally been loss-making, and over a period of time we're able to grow those businesses and turn them profitable.

That really is our M.O. That's our value-add in terms of how we view these portfolio companies. We look at opportunity, we see good market positions. We see good brands. We're able to work with the management teams in growing them more rapidly than they would have grown before we had acquired them and doing it on a much more sustainable basis than they'd been able to in the past. That is what we really see as our competitive advantage. When we can look at a business like Yapo, for example, we can see that in 2019, it was marginally profitable. It's slipped back in 2020. We see that as a perfect opportunity to pounce, to buy the business, knowing that we can probably grow it faster than the previous owners and knowing we can do it on a more sustainable basis, and that evidence is writ large throughout portfolio.

If you look on slide 23, it gives you a full breakdown on some of the numbers. Again, 2020 was pretty tough, but we do really feel like we're positioned ourselves really well for 2021 on beyond. And you see that when you look at the pro forma view of 2020.

I've moved on to slide 25. Again, I'm not going to stop and talk to these, but we have our clear mission to become the leading operator of the best online marketplaces in emerging markets. There are many factors that play into that ambition. You can probably note by the fact that been around a little while now, and you can see the sort of work we're able to do when we do acquire companies. And of course, we do see a genuine opportunity to continue to build our business.

We know that the smart money for us is to acquire more of the companies that we're very familiar with, the ones in our portfolio, the ones that we like and the ones that perform well. When we look at growth, we look at growing our existing portfolio revenues, and doing it on a sustainable basis. We then look at M&A opportunities. They're always going to be consolidations, which are the easiest, but certainly adjacent geographies like we've done in Chile and more recently in Colombia, Morocco, and Tunisia. So, we're very clear minded about our strategy. We're really excited about the next 24 months. We had a view last year that what we did over the 12 months from last year into this year was going to have a very significant impact on what our business was going to look like in three to five years from now.

Therefore we really look pretty optimistically at the next 24 months. There's a lot of opportunity in our portfolio to grow with tailwinds coming out of COVID and we'll continue to be focused on those goals. When you look at page 26, just to give you a sense of how we kind of view the businesses, the life cycles of businesses, and you can see how we plot them. Zameen is obviously a significant business in size, revenue, and contribution for us. But we do now have a group of six to seven businesses that are now where Zameen was probably not that long ago. We are really focused on building the value in those businesses and pushing them through this model, this classifies 1.0 into a 2.0 world and, of course, if you look on slide 27, we recognise that our responsibility is to deliver value for our shareholders.

We think in terms of the phases that we're in, we're right in the business build mode, we're building our portfolio and we're really excited about that. Fairly obvious to us, down the track there will be monetization opportunities, but we are 100% focused on building value in the portfolio that we've built over the last five years and we'll continue to focus on that. The funny thing about these businesses is that if you run them really well, the monetization opportunities that can stay on the right side of slide 27, tend to look after themselves and we don't sit around worrying about those things.

We focus all of our attention on building really good to great classifieds businesses in emerging markets that are increasingly now becoming full transaction services for their consumers.

Slide 28 now. If all of what I've said over the last half an hour comes together we should see the graph to the right there, the FDV one, be looking something like the previous two businesses that I've run. So, we're very focused on delivering shareholder value and I know investors remark that as a founder, I'm still significantly vested in this business. So very aligned on that front and we certainly see ourselves much closer to the beginning of our journey than the end. We really do genuinely aspire to be the leading operator of the best online marketplaces in emerging markets.

We think there's a distinct gap in the market. When you look at the very big players that are out there, like Naspers OLX, Adevinta in Europe, we do really feel that we are leading the way in terms of our focus on emerging markets and getting market leaders in our portfolios, as we really start to announce ourselves on the global stage, vis-a-vis those larger competitors.

The corporate overview on slide 29, I'm going to breeze past because you can read that later. Then of course, if you go to 30, we were added to the technology index recently and it was a milestone that we were very focused on and that's been done. We would hope that on the rebalance of the ASX 300, in the not-too-distant future, that would aspirationally be something that we could be added to. We'll just run the business and that review of the ASX 300 will take care of itself.

Further in the deck, there is an appendix, it just talks to the fact that we don't consolidate all of these entities. When you look at our statutory accounts, they don't really give you a full view and we keep reminding people of that and hence why, when we talk to the economic share, that we really focus on as being the best indicator of the value that's inside our portfolio. That's bang on half an hour, I might hand back to the moderator who I understand will now facilitate any Q&A that might on the call.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you are on a speaker phone, please pick up the handset to ask your question. Your first question comes from Anthony Porto from Morgans Financial. Please go ahead.

Anthony Porto: Hey Shaun, congratulations on the new acquisition. I guess if you look at the multiple, less than three times revenue, it's even lower than what you've bought the other assets from Adevinta from recently, and it's well below your own trading multiple. In the context of that, can you just explain the multiple you've paid and just explain further.

Second question is on competition to Yapo in the real estate and auto verticals. You mentioned the one large classifieds competitor, but just how you see the competition in the actual verticals for that business?

And then the third question would be, you put the traffic stats in there till December. From what I'm seeing on Similarweb, there's been a material acceleration in traffic in January for the majority of your sites. I guess, maybe just comment on that. And are you starting to have discussions with advertisers and clients about spending more on the site, and why they should be spending a lot more on the site? And then I guess, does that dovetail into potential pricing increases that you can put through some of these businesses? That's probably it for now, thanks Shaun.

Shaun Di Gregorio: Yep. I can remember the first question, you might have to remind me on the second one. The first question is just the mechanics of the deal?

Anthony Porto: Yeah.

Shaun Di Gregorio: I don't know if you've been following that the seller, Adevinta, has got themselves into a bit of a pickle with the competition regulator in the UK, that is analysing their deal to acquire eBay. Now that doesn't relate directly to Chile of course, but what it does is put Adevinta in a position where they were increasingly trying to rationalise their portfolio. And not that this acquisition has any impact on the competition issue in the UK, but they did have an ambition to rationalise their portfolio so they could concentrate on eBay. We had contemplated in a very vague manner this acquisition last year, and for a whole range of reasons, it wasn't included in that. It was never more than a vague discussion, so there was nothing of any materiality that was discussed regarding this business last year, but we got into the earlier part of this year and we kind of caught our breath. And when we're back and looked at the business and it was probably one that all things being equal, we could have done last year and for various reasons it didn't happen. It really was a business that when we approached the idea of acquiring it, we'd established the multiples that we were prepared to pay. And they were established through the deal that we did last year and that deal we think was done under conditions that really suited us. We were able to go to the seller and say, "We've set the mark here. This is what we're willing to transact at."

From their side, again, it was an appealing pitch because we could offer deal certainty and we could offer the ability to complete. Adevinta also knew that we had cash on the balance sheet to do it, so from their perspective, it was a no risk deal, as far as completion is concerned. It's fair to say when we did the deal last year, that there was a large capital raise that was required to go with it. Now, we were fortunate to have that money on the balance sheet. And we were able to approach this opportunity and say, "Well, we can absolutely pay for this, that's evident, you know that. The benchmark is the deals that we've done. We can provide you certainty and we know that you've got other areas to focus on," so, in that sense Anthony, sort of all roads lead to Rome, and we were able to negotiate the terms that the deal was done on. What was the second question, sorry?

Anthony Porto: The second question was just on competition within the verticals. You've mentioned MercadoLibre as the other large classifieds player, but just what you see in the verticals in the real estate and auto.

Shaun Di Gregorio: In the horizontals it's MercadoLibre, but they are Amazon-lite now. They've changed their business significantly, which has really left open the competitive landscape in the general classified for Yapo. It was more competitive sometime back, but it's actually opened up a bit. When you're looking to cars and houses, there's really one main operator in cars and that's Chileautos. And after that, there's Autocosmos, again, it's significantly smaller. In the property segment, there's probably two or three, probably two actually, sites that are significant and we're well aware of them but, fortunately, the brand Yapo has and when you look into the traffic stats, we actually lead in both those key verticals. We see opportunity there, Chile's a valuable market. And it's got some established players there in the verticals, but this business Yapo really comes out of having not really focused much on those verticals, but that has clear leadership when it comes to the traffic to those verticals. We see that as a pretty good launching pad where you can make a bit more ground into that vertical space. And the third question Anthony was?

Anthony Porto: Just done traffic in January. With a grain of salt, looking at Similarweb is not always reliable, but it does show some reasonable acceleration in most of the businesses, I guess, your ability to monetize that. And are you having pricing discussions with some of these advertisers?

Shaun Di Gregorio: January, always generally a good traffic month. It's always bouncing out of the Christmas, new year break. And it's also 31 days, which just gives you a little bit of a longer month compared to some, so you always do get a natural bump in January. And again, of course, we welcome that. To the extent that January alone gives you pricing power, it obviously doesn't, but the long-term trends which you saw in the deck, we are seeing more consumers generating more leads and make more inquiries of the same number of advertisers than we were pre-COVID.

The number of advertisers hasn't changed a lot in the market, but you are seeing more people generate more leads to the same number of advertisers, naturally, that gives you scope for pricing. Where we think it gives you greater scope, is to say, "Up until now, Mr. Consumer, or Mrs. Consumer, you've come here and clicked on an ad and made an inquiry, rather than us charging you more for that, why don't we take you further down the transaction path. Your dependency on these brands and these platforms is increasing. Your use of these brands and platforms is increasing. Your willingness to do more is increasing," so we see that as a really opportunistic way to say, "Hey, let's take the consumer further down the transaction path."

There is a limit to which these businesses over time can simply put up price for ads. You can do that and great businesses like REA have been doing that forever, however, we do think that there is significant value when you look at what's in these markets, when you're getting them closer to the transaction and the businesses that have done that, the Zameens, the InfoCasas, the AutoDeals of the world. That is where the real growth is likely to come from, so yes, we of course welcome the traffic. What we look at more though, is their behavior and their dependency and your ability to say, "Hey how can we make more of that dependency than we have in the past."

Anthony Porto: Thanks Shaun, and congratulations again.

Shaun Di Gregorio: Thanks Anthony.

Operator: Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. Your next question comes from James Filius from Bell Potter, please go ahead.

James Filius: Hi Shaun. Great results today. The positioning of the portfolio for the year ahead is focused towards LATAM, but given the things going on in Myanmar, can you give some comments around what you see happening in that market and what that bodes for the year ahead?

Shaun Di Gregorio: Just on the LATAM focus, whilst there will be a significant focus from us on that area, we feel like we're balanced for now. We feel like we're way better balanced, so we'll certainly be focusing on Asia that's for sure. We see Asia as a dynamic market where there's more opportunity. With regards to Myanmar, we're in a bit of a wait and see. If you followed the news like everyone else has, you'll know that there is a coup by the military. Just the backstory on Myanmar, the military were very present anyway. They control a lot of the economy and they've stepped in to take political control, which is not unprecedented. What it has meant is that you've got a fair amount of civil strikes and protest and disruption, which makes the business of selling houses and cars a bit tough at the minute.

We've seen a distinct flow-down in commercial activity in Myanmar over the past few weeks. I think we'll know more, over the next couple of weeks. I think it'll go one of two ways, which is, it'll settle down and there'll be accepting into the regime, or it won't settle down and it'll get worse. Either way, we expect it to be much clearer by the middle of March over the next couple of weeks. Then I think we'll be able to guide the market if there were any material changes in those two businesses, but we're in a wait and see pattern at the moment. The way we do view it, James, there was a coup in Thailand a couple of years ago, it was almost a very passive coup and the economy returned to full activity pretty quickly thereafter. That's the only guide that we have here. To the extent that that will occur in Myanmar, we don't know, but we will certainly have a better sense of it by the middle of March in our view.

James Filius: Okay, great. Thanks for that, Shaun.

Operator: Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. We'll now pause momentarily if anyone else wishes to register.

Your next question comes from Kevin Bertoli from PM Capital. Please go ahead.

Kevin Bertoli: Hi Shaun, just a couple of questions from me. Firstly, on Zameen, when you look forward, what are your thoughts around growth rates for that business and how they might compare to the pre-COVID environment?

And then secondly, Avito and Moteur, what opportunity is there now that you're at 100% of both businesses?

Shaun Di Gregorio: Look, Zameen finished the year really well. Q2 was really tough in Pakistan, but they re-emerged out of COVID in probably sort of July, August and finished the year really well. The conversations with the management team, which I spoke to the middle of last year, like a lot of people, was pretty grim or pretty pessimistic. By the end of the year, they were very optimistic, about 2021. So, a lot changed through September, October, and we saw commercial activity return. I think that was underpinned a lot by the government support of the property market and various initiatives that were undertaken in Pakistan by way of reducing transaction costs and frictions, taxes, reducing stamp duties, reducing borrowing hurdles that you had to get over for mortgages. Reducing the cost of money, they reduced interest rates. So that certainly spurred the property market along.

So, a fair bit of momentum has return to that business will probably by the end of Q1 we'll have a better sense of that momentum, how sustained it is and at what levels at that. We expect that business to grow pretty well this year and we expect it to grow profitably as well. So, it's been a really interesting 12 months. If you had to stop the clock now and look back 12 months, really interesting period for Zameen. They were probably the most pessimistic in our portfolio when we spoke to them in April, May into being the most optimistic when we spoke to them six months later as time passed. So, we remained pretty bullish around Zameen.

With the regards to Morocco, we have started that process. We bedded down that deal. Now there's little bit of get to know you between Avito and Moteur, they were obviously known to each other, but there is the actual physical meetings and the like taking place. We'll start to look at the ways in which they can grow the market together. They were competing pretty fiercely before we acquired Avito. Avito is very strong in the used car market and Moteur, very strong in the new car market. Neither business had made a hell of a lot of ground into the other's market. So, it's a really complementary fit. And as we get into Q2, we'll probably see some benefits start to emerge from that deal.

Operator: Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. Your next question comes from Christopher Bainbridge from Pie Funds Management. Please go ahead.

Christopher Bainbridge: Hi Shaun, fantastic acquisition, and great result. Just one question from me on Yapo, you've provided the results for FY20. Are you able to give us any colour as to how that worked throughout the year and how they were performing in the December quarter?

Shaun Di Gregorio: Everyone came home really strong. Getting Fincaraíz when we did was really good timing as well. I actually don't have the monthly P&L in front of me. I'm happy to revert back to you on that, just to give you a more accurate response, but all of those businesses finished the year, Q4, really strongly. What's happening in LATAM and remember that in LATAM at one point six of the most affected COVID countries were in LATAM. They had it pretty bad through last year. It just happened to be opportunistically when we were able to buy Fincaraíz when it was probably at its toughest and certainly Chile was no exception.

So, we're now seeing some optimism return, you're seeing some normality return, you're starting to see a glimpse of the post COVID world. So, they finished the year very well. I can't give you numbers, I just don't have them in front of me to that level. But again, we're cautiously optimistic in this first half for those businesses that they're certainly trading better than they were that's for sure. We are cautiously optimistic as they progress through Q1. I think by the middle of the year, when you see a demonstrated roll out of vaccines, when you see that optimism return in a really significant way, we expect a greater pickup clearly into the back half of the year. So far so good with these guys in 2021, but we remain optimistic as we head into the middle of the year and we start to see some of those clear signals of a post COVID recovery and, that's going to be spurred by vaccines that much we know. So, it traded it pretty well into the end of last year.

Christopher Bainbridge: It sounds like you've capitalized perfectly on a crisis. Final question from me on Yapo, are you able to provide any colour around the management team there? Has there been a management team in place for a while or is there any founder left involved? Apologies for the ignorance, but any colour would be great.

Shaun Di Gregorio: It's a business that has a really strong core management team that have all been there for some time. So, it's an appeal for us. When we look at these businesses, clearly one of the key drivers, Chris, is you're a market leader, you've got a good brand, you've got lots of advertisers and lots of leads, and you're doing well on revenue. Those things are all very definable and very obvious to even a casual observer. What makes a big difference is just the quality of that management team combined with a clear strategy and an ability to execute. So, the core team there is really solid and been there for some time. They've also suffered, as have Fincaraíz, Avito and Tayara, as they were not important businesses if you are Adevinta, you just don't matter enough. So, these businesses, they've been run day to day, month to month, they've got passionate management teams that have probably grown frustrated over an extended period now. And they see the opportunity with FDV as almost a reawakening, it's almost like an ability to refresh and go again. The great thing about this acquisition is that they were very familiar with FDV already because we'd acquired Fincaraíz, who are their neighbours. So, it was a very easy familiarity to form with the management team. We'll go deeper with the business tonight with a town hall. There was a real sense of familiarity when we spoke to them and they were really intrigued and excited about jumping the fence from Adevinta and being part of FDV. It's a good team.

Christopher Bainbridge: Thanks. Congratulations again.

Operator: There are no further questions at this time. I'll now hand back to Mr. Di Gregorio for closing remarks.

Shaun Di Gregorio: Once again, thanks everyone for your time this morning. I hope to be able to get on a plane and come and see some of you face to face, but we don't know when that'll be. Just to press some highlights, we think that the acquisition again has fit the criteria that we established when we bought the businesses in November of last year. We were able to execute these transactions through that same lens and established valuation metrics and our ability to complete the deal and be well-funded from the seller's perspective is really attractive. We do see some significant value upside given many of the same traits that this business has as the ones we acquired last year, and it will make a significant difference to our portfolio. And again, it goes to diversifying our revenue mix both geographically and by segment, and it gives us another key market in LATAM.

As far as our results are concerned, as I said, we released our quarterly in January. We think we've built a really solid platform for 2021 and beyond. And that's taken a lot of work through 2020, and businesses had one of two paths they could take, survival or use the period to try and grow and thrive. We've certainly chose the latter. We think we've calibrated our portfolio to be stronger than it's ever been, and we'll continue to focus on revenue growth and try to do that on a sustainable basis. We are really bullish about the next 24 months. We look beyond that 24 months, on that three-to-five-year view and our aspiration is clearly to become the leading operator of the best online marketplaces in emerging markets. I'd like to thank everyone for attending today and we'll speak to you soon.

Operator: That does conclude the conference for today. Thank you for participating. You may now disconnect.

- ENDS -

The release of this announcement was authorised by the Board of Directors of Frontier Digital Ventures Limited.

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About FDV

Frontier Digital Ventures (FDV) is a leading owner and operator of online marketplace businesses in fast growing emerging markets. Currently, FDV's portfolio consists of 16 market leading companies, operating across 21 markets in Developing Asia, Latin America and MENA. FDV works alongside local management teams across property, automotive and general classifieds, providing strategic oversight and operational guidance which leverages FDV's deep classifieds experience and proven track record. FDV seeks to unlock further monetisation opportunities beyond the typical classifieds revenue, to grow the equity value of its operating companies and realise their full potential. Find out more at frontierdv.com.