

# hipages Group

ASX Small and Mid-Cap Conference

17 March 2021



Australia's largest online tradie platform and SaaS provider connecting tradies with residential and commercial consumers to simplify property improvement.<sup>1</sup>



# Australia's largest online tradie platform



**Large and growing  
addressable  
market**



**GMV<sup>1</sup> ~\$1.9bn**



**3.3m unique  
users have  
posted jobs**



**Strong brand  
awareness of 56%**

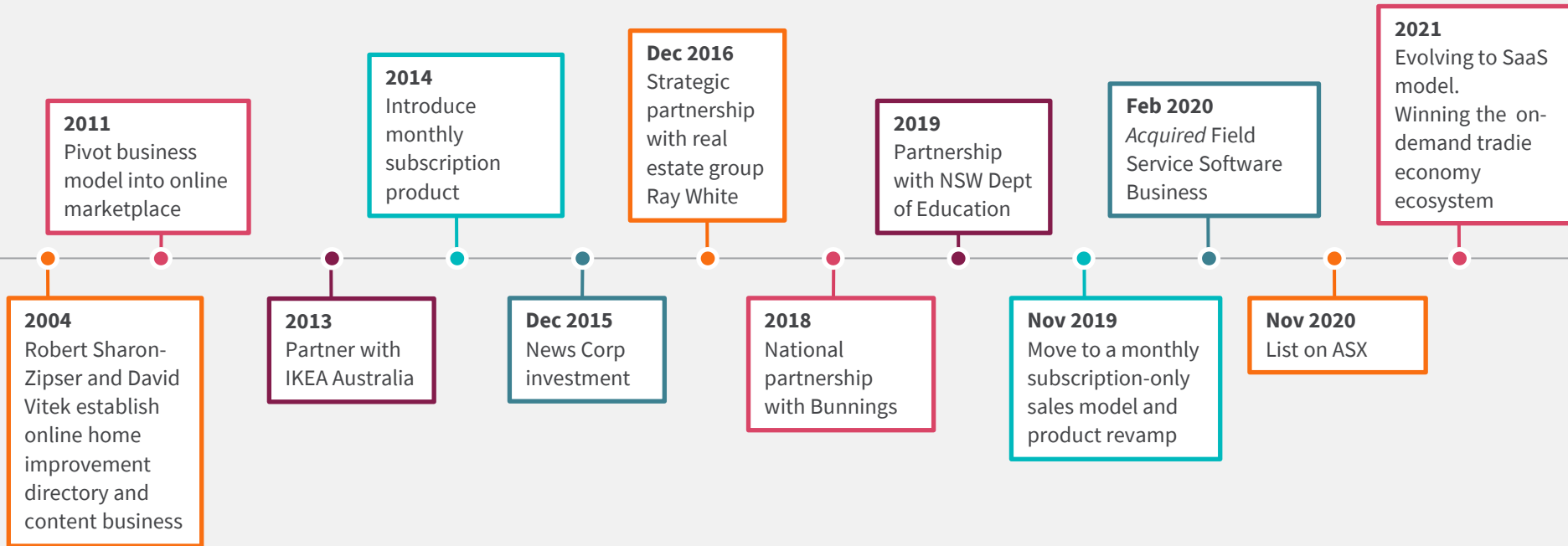


**Flywheel effect of  
double-sided  
marketplace**

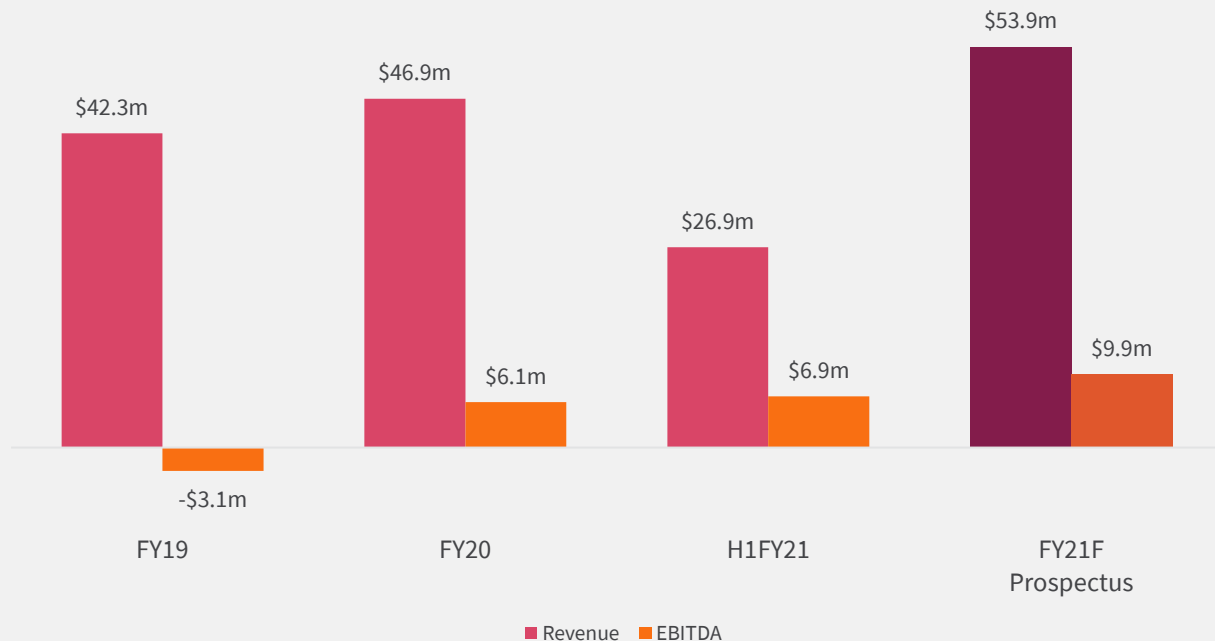


**Subscription-only  
product with 94%  
recurring revenue**

# From online directory to subscription model



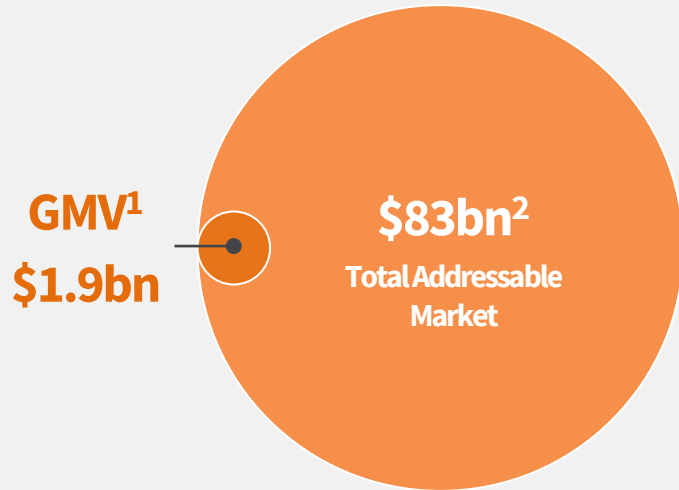
# Delivering sustainable profit growth<sup>1</sup>



- Revenue growth and cost efficiencies drive positive operating leverage as hipages becomes profitable and margins expand
- H1 FY21 revenue tracking ahead of FY21 Prospectus forecast; total revenue growth of 15% and recurring revenue growth of 20%

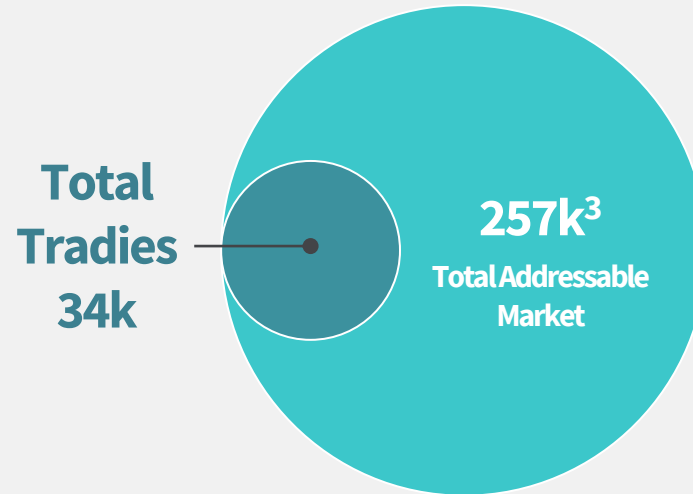
# Significant runway for growth

## Australian Home Improvement Spend



hipages GMV estimated at 2% of TAM

## Tradie Businesses in Australia



Trade businesses on hipages platform estimated at 13% of TAM

# Ongoing transformation in unit economics

## WHAT WE HAVE DONE

- Enhance subscription offering as transition to subscription-only model
- Transformation change project: right sized cost base, introduced automation, self service and operational efficiencies
- Investment in technology architecture and team to drive scale
- Focus on building brand awareness, reduced reliance on paid channels

## OUTCOMES

- Subscription-only product drives higher ARPU and greater share of wallet<sup>1</sup>
- Reinvest cost savings in brand marketing, tradie acquisition, tech and product development to accelerate growth
- Subscription model underpins evolution to SaaS provider increasing stickiness of customer, adding revenue channels and driving ownership of on-demand tradie economy

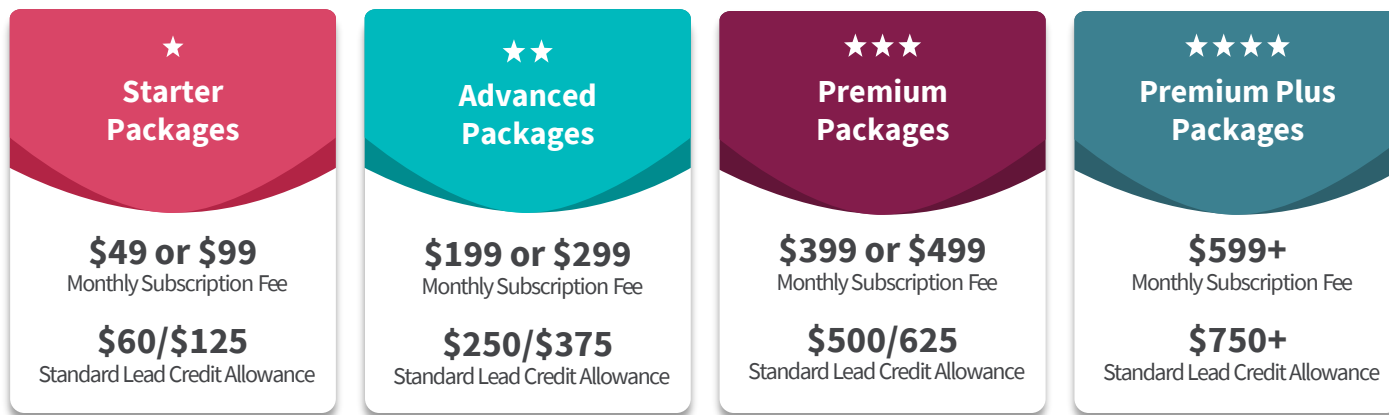
# Subscription-only model drives ARPU growth of 31%

## Pre November 2019

- **Transactional product** – small annual listing fee and tradie would pay each time they claimed a job lead
- **Subscription product** - monthly subscription product with contract terms of 6-12 months

## Post November 2019

- Moved to a **subscription-only** product offering for new tradies
- New version of subscription package with new, improved features
- Removed lower price tier (< \$49)
- Automatic 12-month renewal

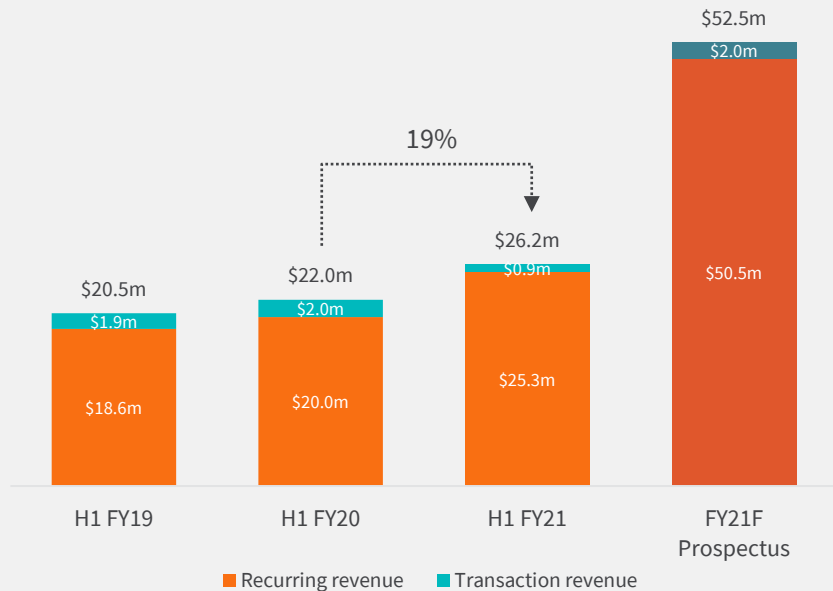


**New subscribers joining platform at higher price points and existing subscribers upgrading to higher price tiers**

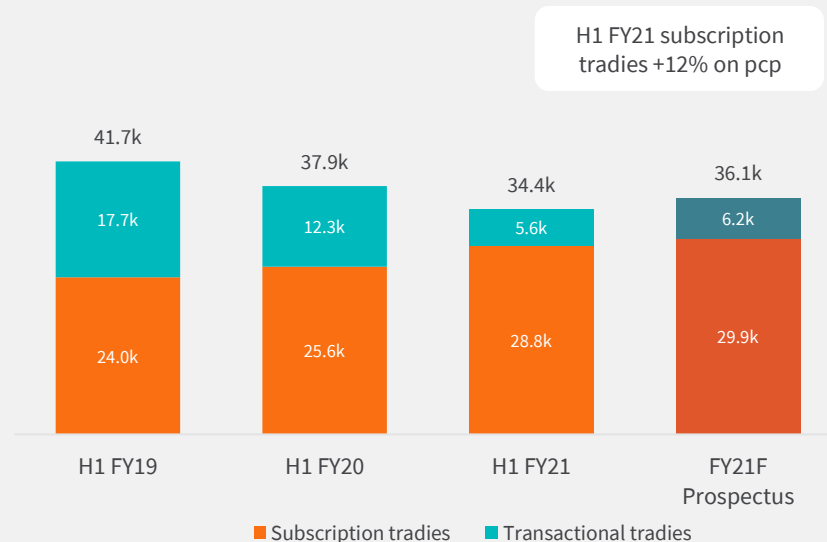
# Business model transformation driving revenue growth

Operating revenue up 19% as drive growth in higher value subscription trades

## Total Operating Revenue<sup>1</sup>



## Total Trades<sup>2</sup>



# Building brand awareness, less reliance on paid channels

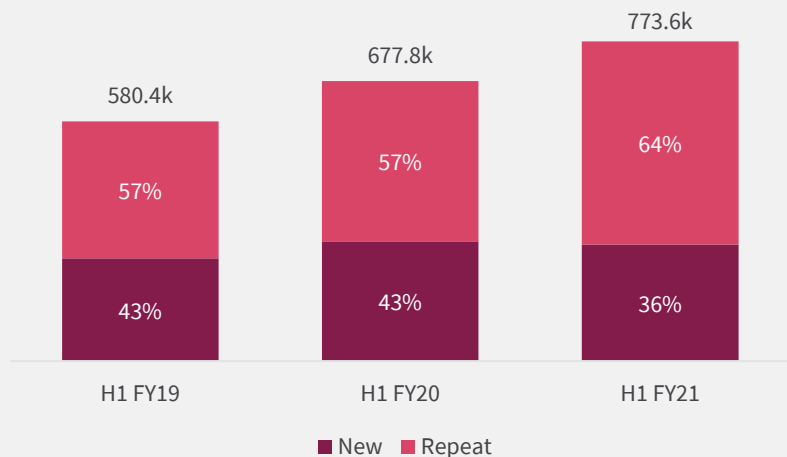
- Jobs from unpaid channels up 33% on pcp
- Brand awareness increased to 56% from 27% in July 2018
- Platinum sponsor of *The Block*
- Sponsorship of *Better Homes & Gardens* starting in March 2021
- In Jan 2021, launched brand campaign targeting trade businesses
- Reinvesting SEM efficiencies in tradie acquisition, jobs from paid channels now only 21% of total jobs



# Building consumer trust and brand awareness

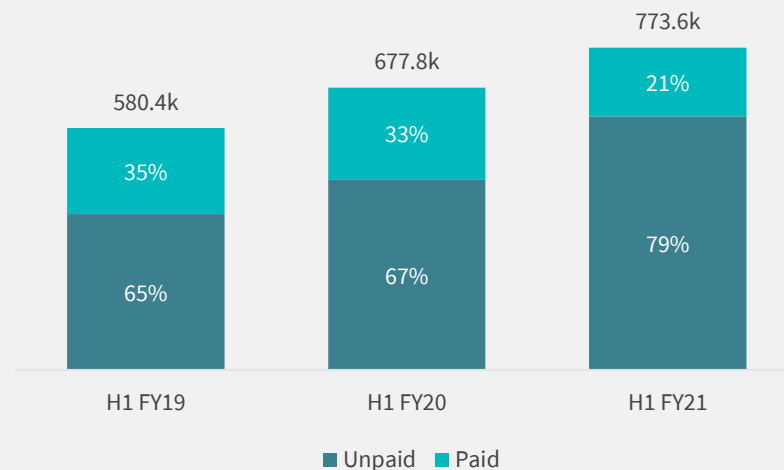
14% increase in job volumes with strong growth in jobs from repeat consumers<sup>1</sup> and unpaid channels

## 64% of jobs from repeat consumers



27% increase in jobs from repeat consumers<sup>1</sup>

## 79% of jobs from unpaid channels



33% increase in jobs from unpaid channels

# H1 FY21 delivers improvement in all key metrics

## REVENUE

**MRR<sup>1</sup>** **\$4.6m**  
Up 31%

**Recurring revenue<sup>2</sup>** **\$25.3m**  
Up 26%

**Total revenue** **\$26.9m**  
Up 18%

**% Recurring revenue** **94%**  
H1 FY20: 88%

## PROFITABILITY

**Gross Margin<sup>3</sup>** **87%**  
H1 FY20: 77%

**EBITDA<sup>4</sup>** **\$6.9m**  
H1 FY20: (\$0.1m)  
EBITDA to OCF Conversion of 98%

**NPAT<sup>5</sup>** **\$1.5m**  
H1 FY20: (\$5.3m)

**Closing cash** **\$29.2m**  
(\$31.5m incl. Funds on deposit)

## KEY DRIVERS

**Total Tradie ARPU** **\$1,483**  
Up 31%

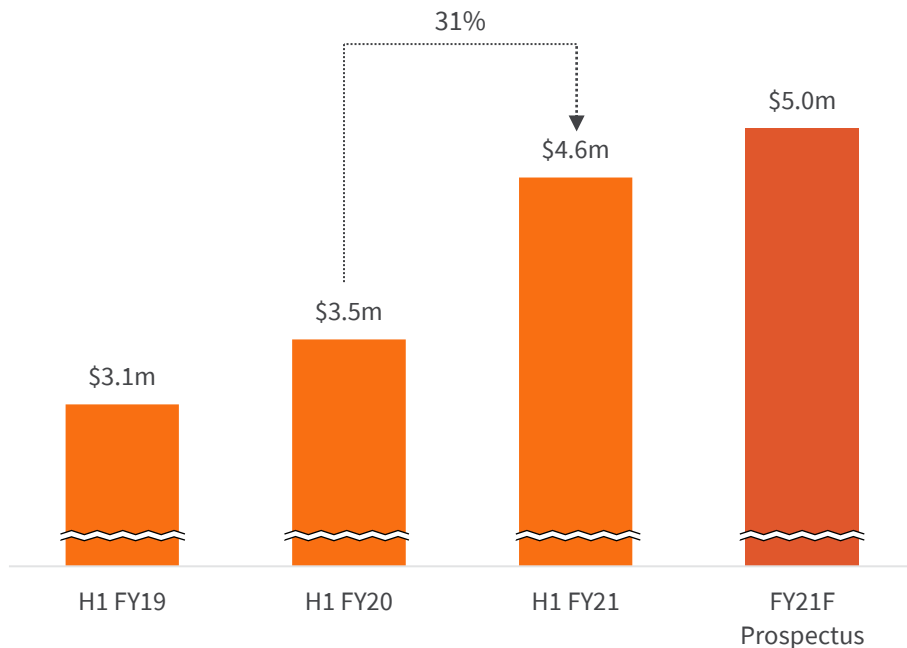
**Subscription tradies** **28.8k**  
Up 12%

**Job volumes** **0.8m**  
Up 14%

**Jobs from repeat consumers** **64%**  
H1 FY20: 57%

# Strong growth in Monthly Recurring Revenue<sup>1</sup>

Acceleration in MRR as more tradies subscribe and ascend to higher price points



- MRR<sup>1</sup> of \$4.6m @ December 2020, up 31% vs pcp underpins strong recurring revenue growth
- Driven by growth in subscription tradies, jobs and APRU
- Flywheel effect of double-sided marketplace
- FY21 Prospectus MRR forecast @ June 2021 of \$5m, up 21%

# Long-term focus on expanding the ecosystem

## Optimise hipages

- Enhanced subscription offering and moved to subscription-only model
- Customer Experience
- Efficiencies
- Job growth
- System Architecture

## Strengthen hipages

### → Optimise hipages

- **Provide end-to-end solution**
  - Field Service Software (SAAS)
  - End-To-End experience
- **Brand authority**
- **Channel expansion**
  - Government
  - Retail
- **Broaden customer base**

## Expand the ecosystem

### → Optimise hipages

### → Strengthen hipages

- **Value-add services**
  - Fintech
  - Insurance services
  - Procurement & Delivery
- **Channel expansion**
  - Insurance claims (repairs)
  - Property, commercial & facility management
- **Data**
  - Expand fixed priced service
  - On demand booking
  - Media

# Multiple opportunities for growth






## Core tradie platform

- Drive yield and tradie growth as continue transition to subscription model
- Target medium to large trade businesses
- Structural tailwinds as shift to online and flexible work arrangements
- Partnerships provide additional job channels

## Evolution to SaaS model

- Field service software provides tradies with workflow management capability
- Ancillary services provide additional revenue streams
- Provides customers a platform to manage their whole business
- Drives ownership of on-demand tradie economy

# FY21 Outlook

-  **Strong start to H2 with January revenue up 18% on pcp, ahead of expectations with no adverse impact from COVID-19**
-  **Expect H2 FY21 revenue growth to be similar to H1 FY21 on pcp**
-  **In H2, reinvest cost savings in brand marketing, tradie acquisition, technology and product development to accelerate growth beyond FY 21**
-  **Continue evolution to SaaS model with deployment of Field Service software solutions**
-  **Continue to optimise job mix and provide highest quality tradie network; tradie base engagement to focus on higher ROI and LTV customers**

# Q&A

# Appendix

# H1 FY21 Result Summary

## Strong performance across all key metrics

### PRO FORMA FINANCIAL AND OPERATING METRICS

	H1 FY21	H1 FY20	Var (%)	FY21f	Var (%) <sup>4</sup>
<b>Financial Summary</b>					
Total revenue (\$m) <sup>1</sup>	26.9	22.8	18%	53.9	15%
Recurring revenue (\$m) <sup>1</sup>	25.3	20.0	26%	50.5	20%
Recurring Revenue % total	94%	88%	6%	94%	
Operating expenses (\$m)	(20.3)	(22.9)	(11%)	44.0	8%
EBITDA (\$m) <sup>2</sup>	6.9	(0.1)	7,179%	9.9	62%
EBITDA margin <sup>2</sup>	26%	0%		18%	
NPAT (\$m)	1.5	(5.3)	128%	(1.8)	
<b>Key Operational Metrics</b>					
MRR (\$m) <sup>3</sup>	4.6	3.5	31%	5.0	21%
Job volume (m)	0.8	0.7	14%	1.5	10%
Subscription tradies (000s)	29	26	12%	30.0	7%
Total Tradie ARPU (\$)	1,483	1,130	31%	1,449	21%

- 31% growth in MRR @ Dec 2020 driving recurring revenue growth of 26%
- Total revenue growth of 18%; 94% recurring
- H1 FY21 revenue tracking ahead of FY21 Prospectus forecast; total revenue growth of 15% and recurring revenue growth of 20%
- Strong revenue growth driven by;
  - Subscription tradies up 12% on pcp
  - Total Tradie ARPU up 31% on pcp
  - Jobs growth of 14% on pcp
- Gross margin<sup>5</sup> of 87% (H1 FY 20 77%)
- EBITDA<sup>2</sup> of \$6.9m (H1 FY20: (\$0.1m))
- EBITDA margin<sup>2</sup> of 26% (H1 FY20: 0%)
- NPAT of \$1.5m vs loss (\$5.3m) in H1 FY20

1. H1 FY21 Statutory revenue is the same as Pro Forma revenue.  
 2. Pro Forma EBITDA before Significant Items  
 3. Monthly recurring revenue, subscription only (includes GST); FY21f @ June 2021

4. FY21 Pro Forma Prospectus Forecast compared to FY20 Pro Forma Historical Result

5. Gross margin includes statutory total revenue less cost of sales (consumer and tradie SEM spend and merchant fees).

# Profit Reconciliation

	<b>\$'000s</b>
<b>Reported EBITDA (from continuing operations)</b>	<b>1,407</b>
Transaction costs related to IPO	4,780
Non-recurring remuneration	565
Net loss on conversion of convertible notes	472
Public company costs	(345)
<b>Pro forma EBITDA before significant items</b>	<b>6,879</b>

	<b>\$'000s</b>
<b>Reported NPAT (from continuing operations)</b>	<b>(5,856)</b>
Non-recurring interest and gain / losses on debt repaid on IPO	2,932
Public company costs	(345)
Transaction costs related to IPO	4,780
<b>Pro forma NPAT</b>	<b>1,511</b>

- **Pro forma EBITDA** of \$6.9m after:
  - Removal of IPO transaction costs in relation to the secondary raise (\$4.8m)
  - Non-recurring remuneration and conversion loss on convertible note retired on IPO
  - Pro-forma adjustment to reflect public company costs as if incurred for the full period
- **Pro forma NPAT** of \$1.5m after:
  - Above noted adjustments
  - Non-recurring interest and other gain / losses on debt retired on IPO

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