



hipages Group

(ASX:HPG)

Goldman Sachs

Emerging Leaders Conference

28 October 2021



Australia's largest online tradie marketplace and SaaS¹ provider, creating effortless solutions that help tradies streamline and grow their business and delight their customers.

Consumer experience – selecting a tradie

Connected with up to 3 tradies



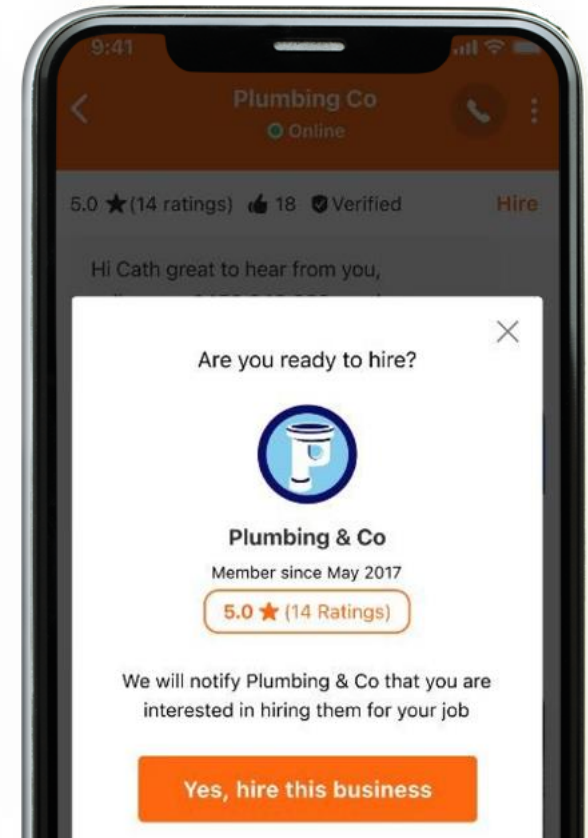
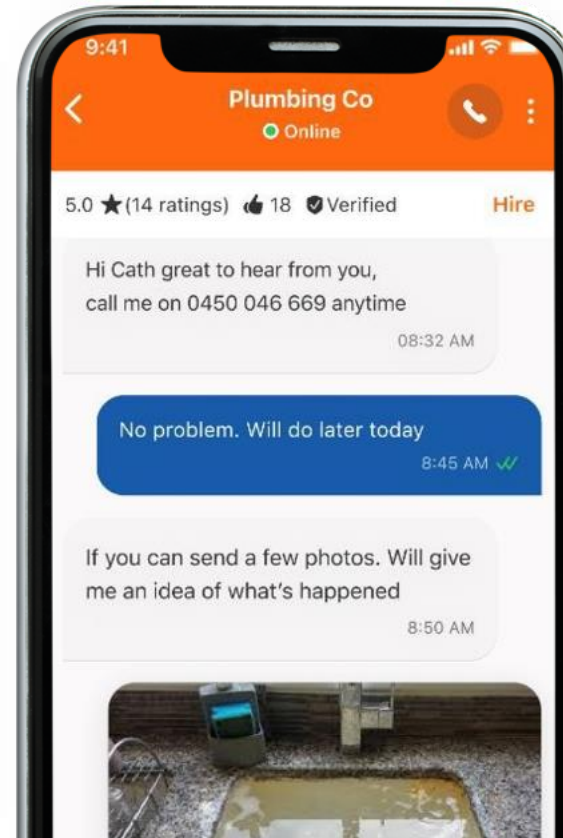
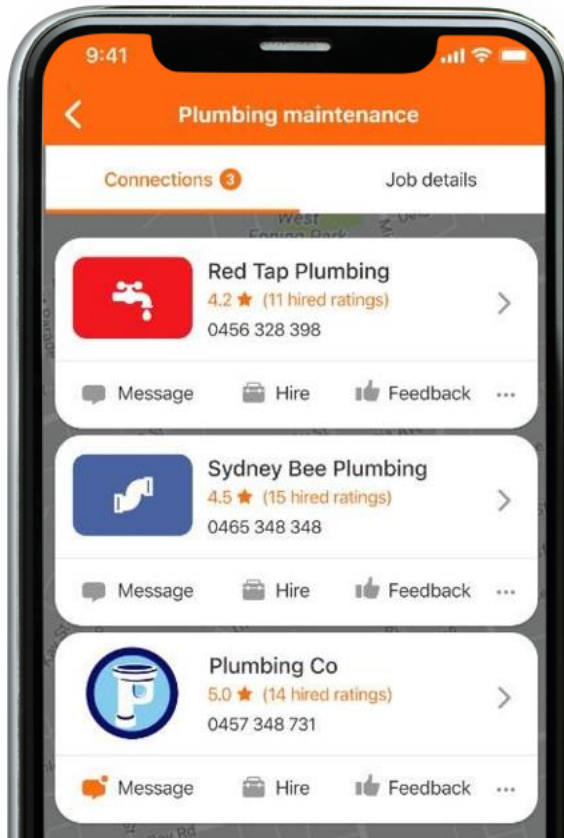
View profile and recommendations



Communicate directly with tradie



Select the best tradie for the job



TIMELY RESPONSE

I received immediate responses from 3 painters who all attended to the quotation process in a timely and professional manner. The work is scheduled for commencement next week and as a first-time user I am confident of a successful Completion.



GREAT SERVICE FROM EXPERIENCED TRADIES

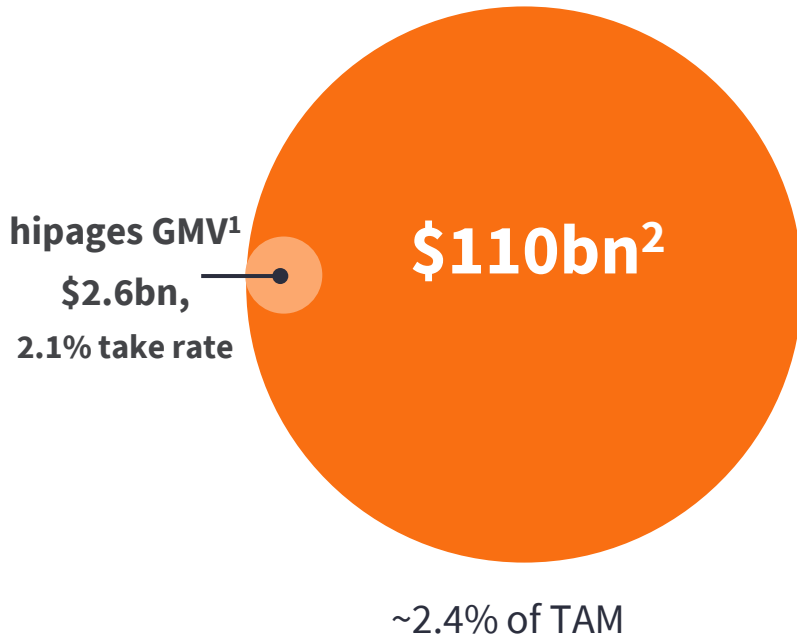
Arrived on time, top quality work and fair price for the job. This is the best way to find the right trades person who supplies top quality work. Price was fair and reasonable

Proprietary algorithm matches consumers & tradies

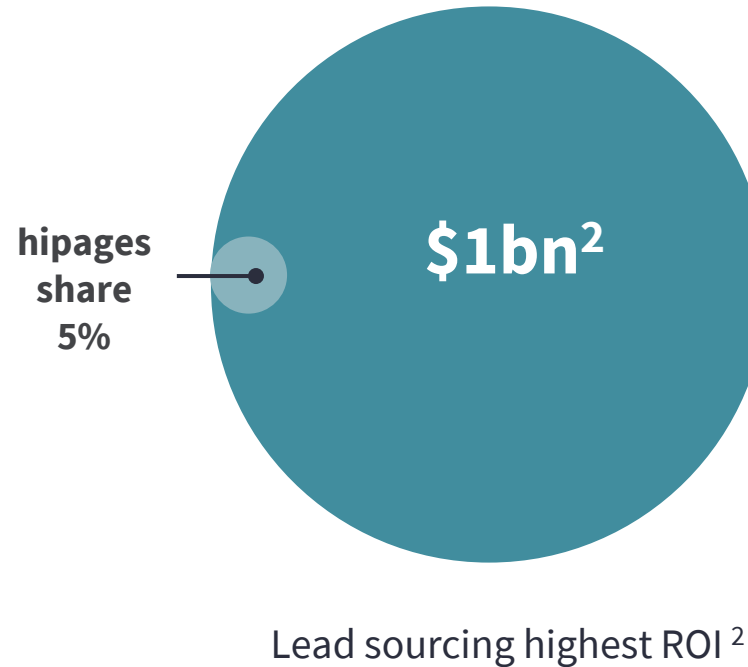


Large addressable market with small market share

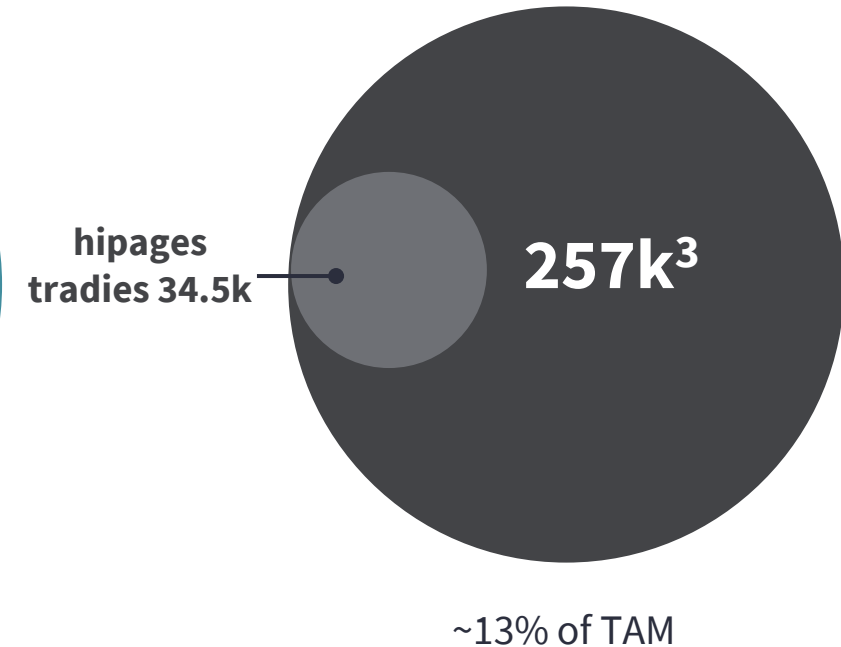
Total Addressable Market



Trade advertising spend

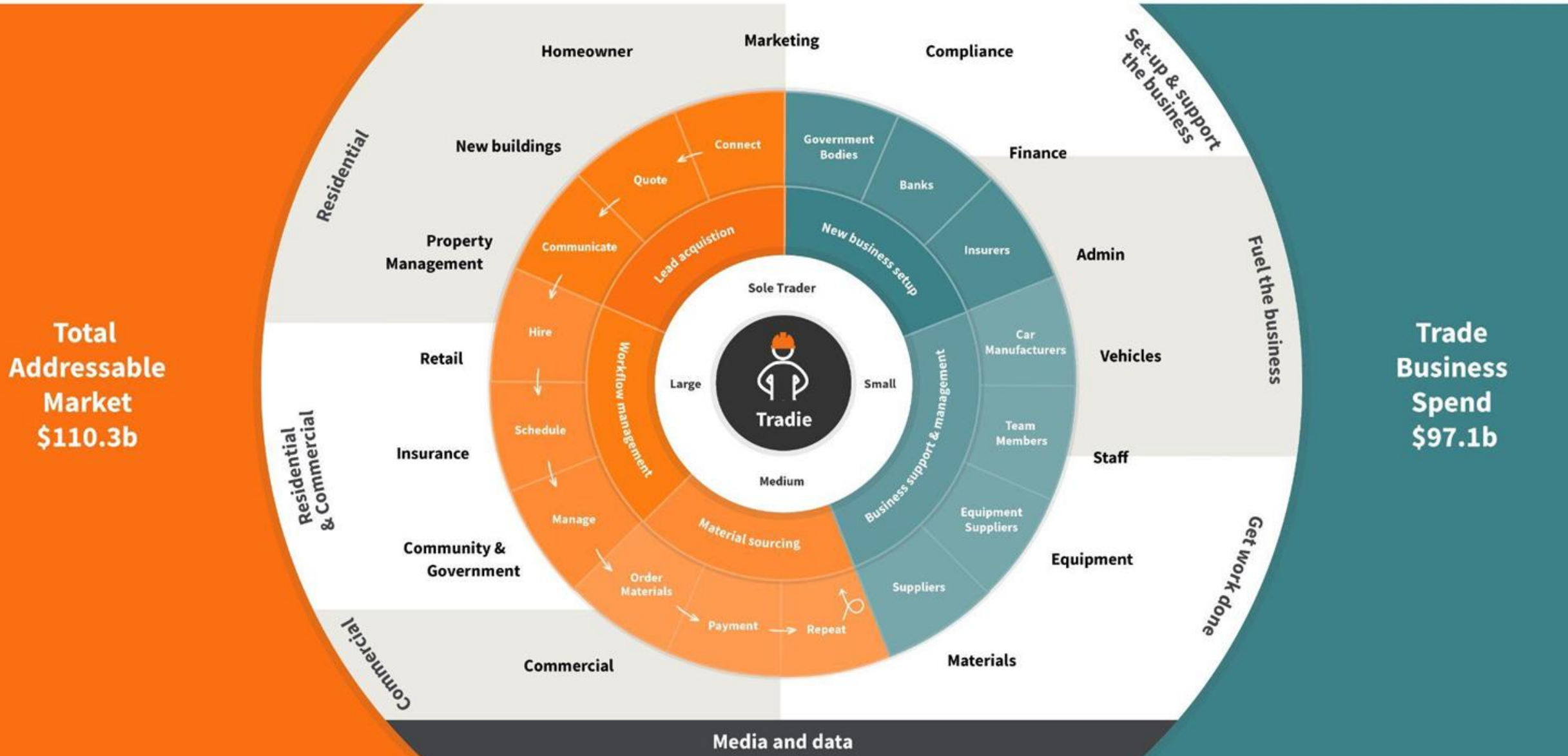


Trade Businesses



Large opportunity to increase our share of TAM and take rate beyond 2.1%

Overall strategic opportunity



Value of the total addressable market

Residential			Residential & Commercial			Commercial
Homeowner	Residential New Builds	Residential Property Management	Retail	Insurance	Community & Government	Commercial property management
Maintenance Repairs Renovation	Homes Apartments	Rental properties Strata	Stores E-commerce	Claims	Charity Local, state and federal government	Offices Retail Warehouse
\$41.2b	\$31.9b	\$12.7b	\$0.6b	\$7.5b	\$8.0b	
\$85.8b			\$16.2b			\$8.3b

TAM \$110.3 billion

Trade business spend

Marketing	Compliance	Finance	Admin	Vehicles	Staff	Equipment	Materials
Traditional Online	Licensing and regulation Trade memberships Education CPE	Banking and finance Insurance	Technology Rent	Purchase Maintain	Administrative Apprentices Trades and sub-contractors	Hire Purchase Maintenance	New Home construction Renovation Maintenance & repair
\$1.0b	\$3.3b	\$4.4b	\$3.4b	\$7.8b	\$46.5b	\$10.8b	\$19.9b

Trade Business Spend \$97.1 billion



Strategy Execution

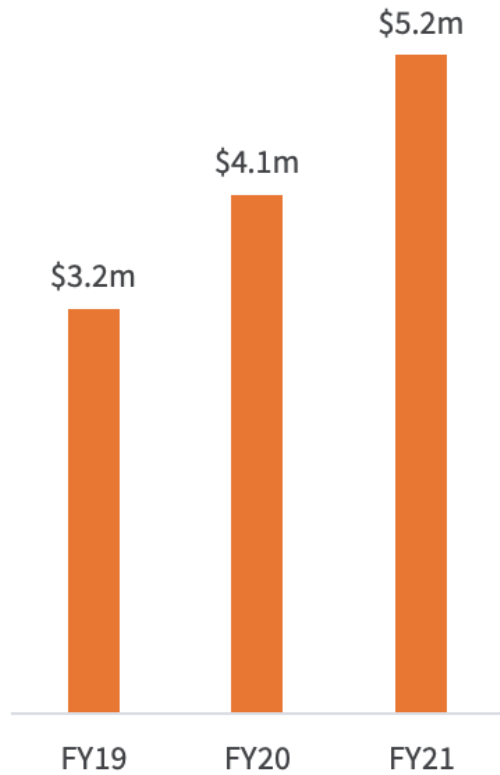
	FY20-21	FY22-23	FY24+
Grow core category	Marketing effectiveness		
	Subscription product		
	Operational excellence		
		Tradiecore will optimise experience for tradies and consumers	
		Enhance product features	
		Medium to large Tradies	
			On-demand booking and fixed-price services
Expand category channels / partnerships	Retail		
		Community	
			New channel partners
New category adjacencies		Payments	
		Financial Services	
			New adjacencies
			Marketing and media / data
Inorganic growth		Pursue inorganic opportunities that accelerate growth in a disciplined way	



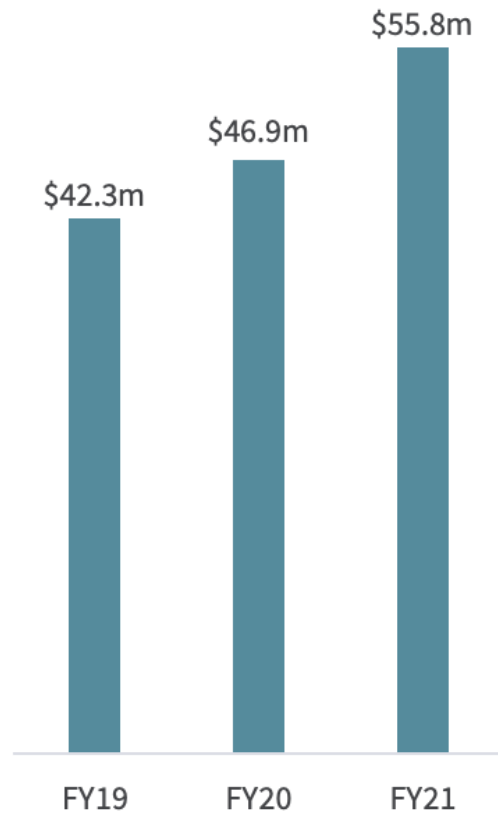
Data innovation supporting key business growth drivers

Delivering sustainable growth

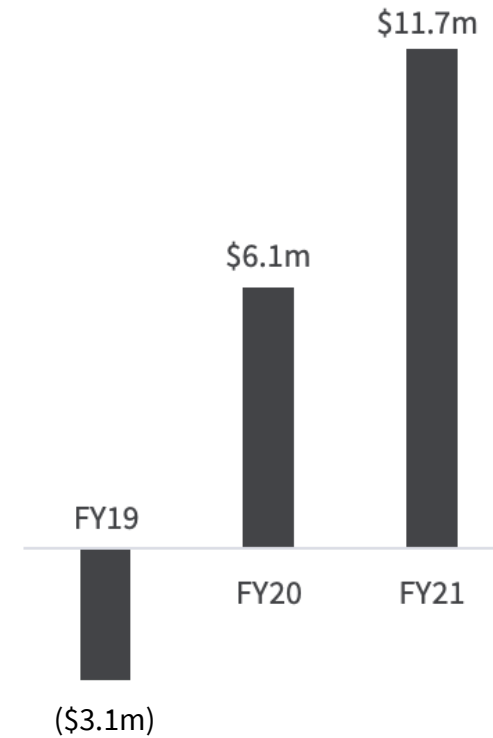
MRR



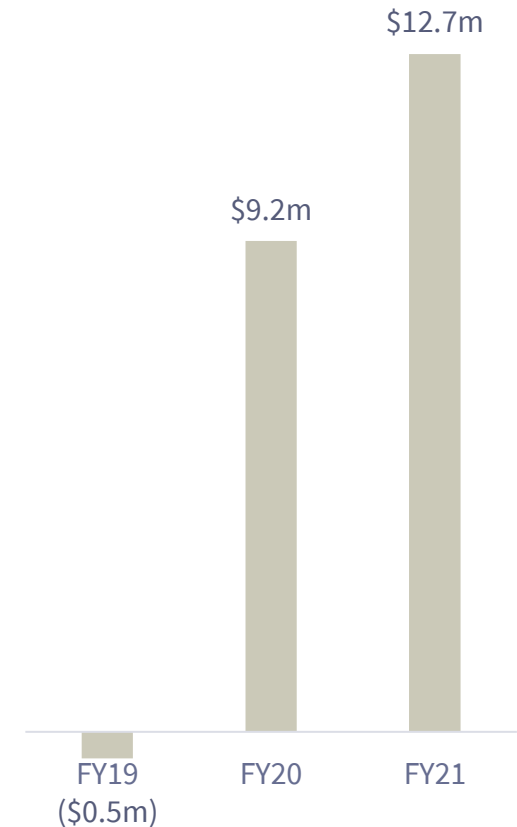
Total Revenue



EBITDA



Operating cash flow



FY21 overview

Revenue

\$5.2m

MRR¹ Up 27%



\$52.7m

Recurring revenue² Up 25%



\$55.8m

Total revenue Up 19%



Profitability

85%

Gross margin³
(FY20: 79%)



\$11.7m

EBITDA⁴ Up 91%
EBITDA margin 21%



\$1.2m

NPAT⁵ Up 128%



Key drivers

31.2k

Subscription tradies Up 12%



\$1,536

Total Tradie ARPU⁶ Up 29%



1.53m

Job volume Up 12%



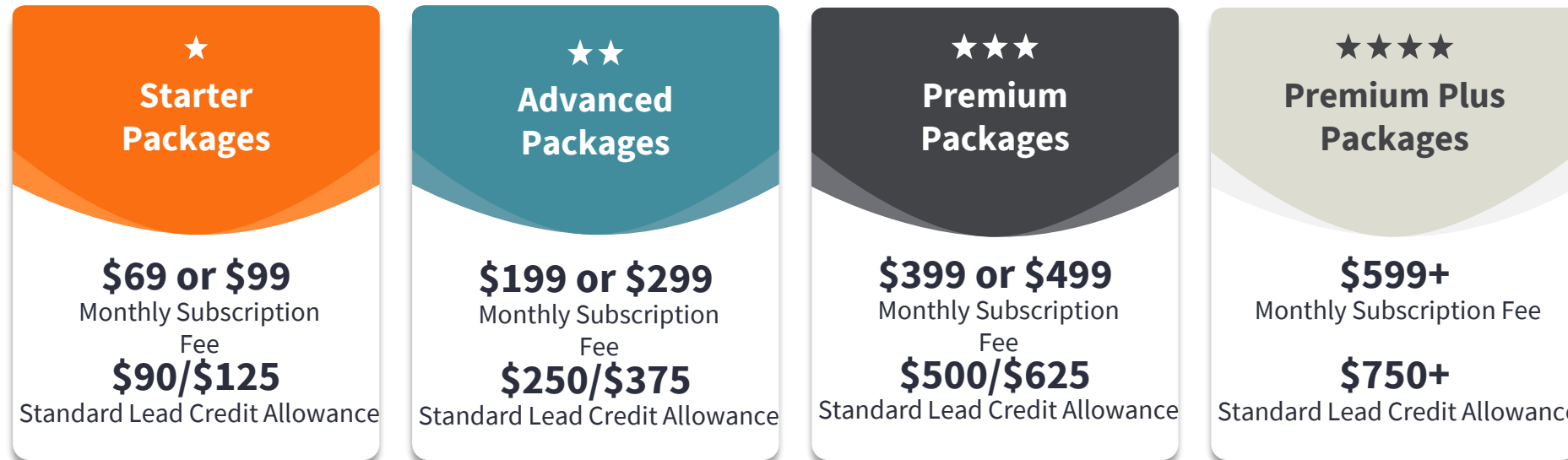
Subscription-only model drives ARPU growth of 29%

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 (< \$69)
- Automatic 12-month renewal

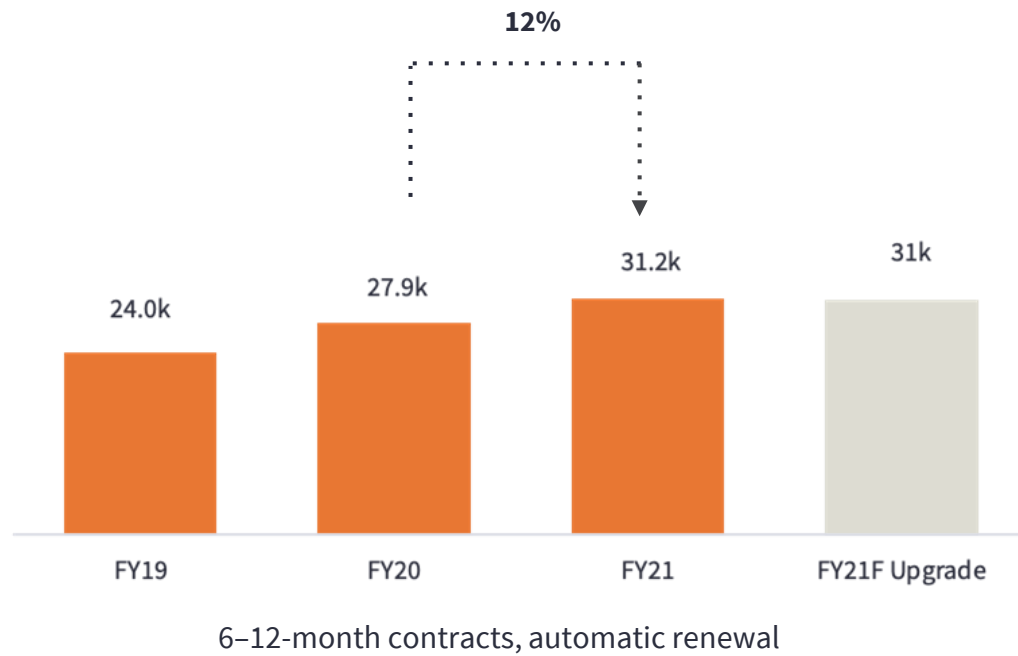


New subscribers joining platform at higher price points and existing subscribers upgrading to higher price tiers

Flywheel effect driven by growth on both sides of marketplace

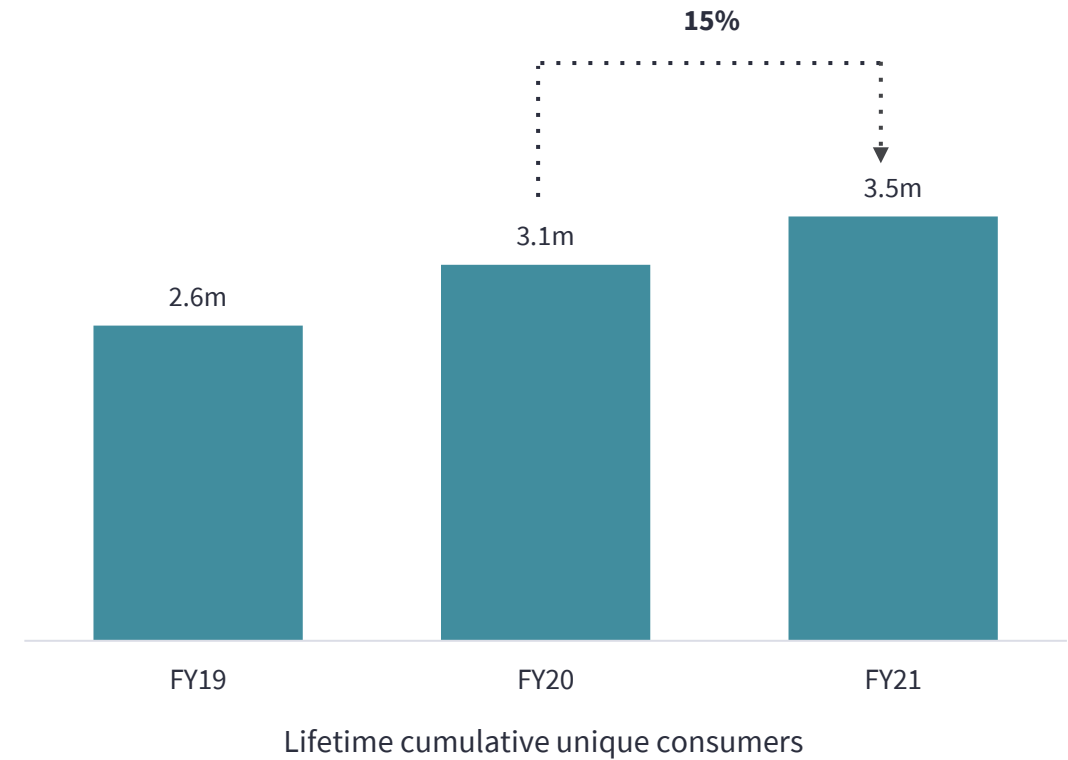
Subscription trades

Subscription trades increased from 77% to 90% of customer base



Users

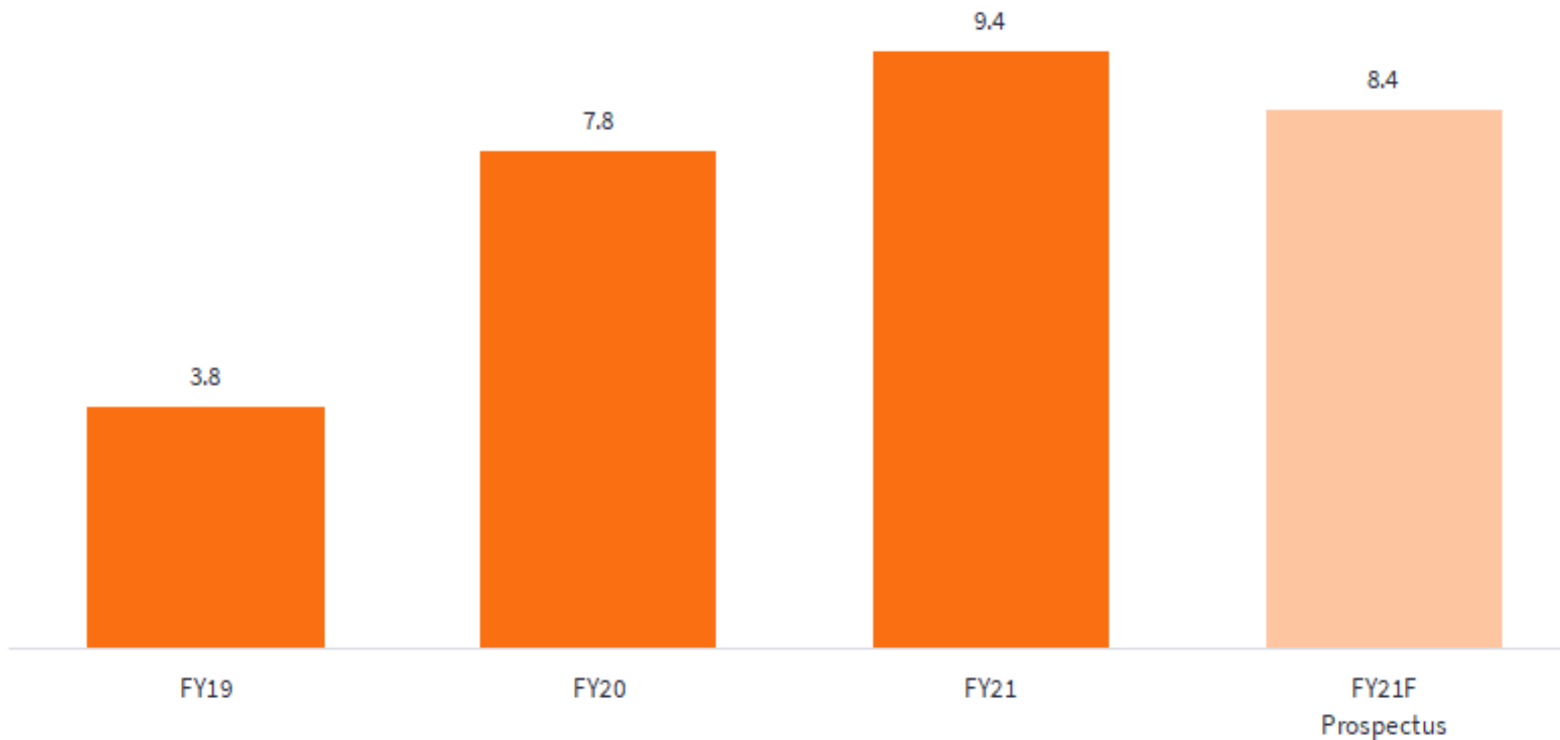
3.5m unique users posted a job to hipages platform to end FY21



Lifetime Transaction Value / Customer Acquisition Costs¹

Significant improvement in unit economics

Annualised LTV/CAC



- LTV vs CAC ratio increasing as a result of improved unit economics
- ~60% increase in ARPU and ~40% reduction in CAC from FY19-FY21
- FY21 outperformed Prospectus forecast

Effective investment driving increased brand awareness

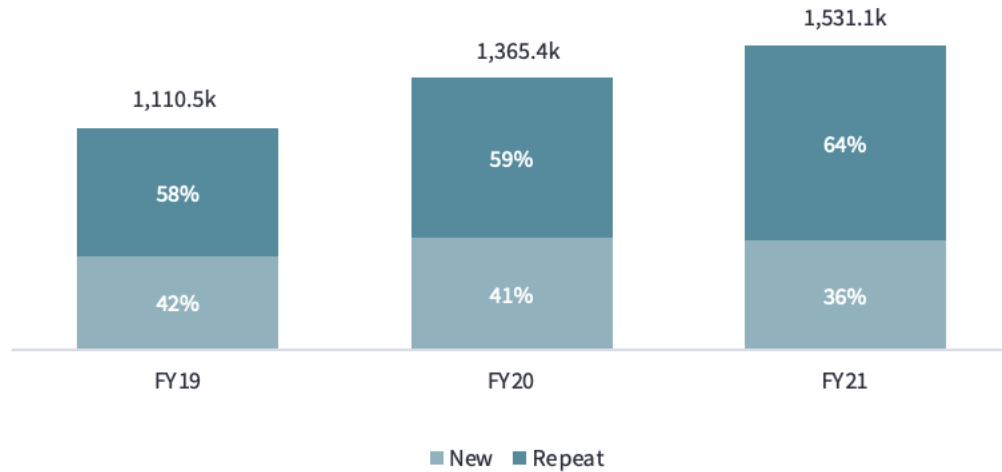
- Consumer brand awareness remains strong at 55%
- Market leader for top-of-mind awareness at 20% vs. nearest competitor at 12%
- Successful brand campaign across radio and digital increased tradie customer brand awareness from 35% to 49%
- Sponsorships of *The Block* and *Better Homes & Gardens*
- Jobs from paid channels now only 23% of total jobs



Building consumer trust and brand awareness

14% increase in job volume, strong growth in jobs from repeat consumers and unpaid channels¹

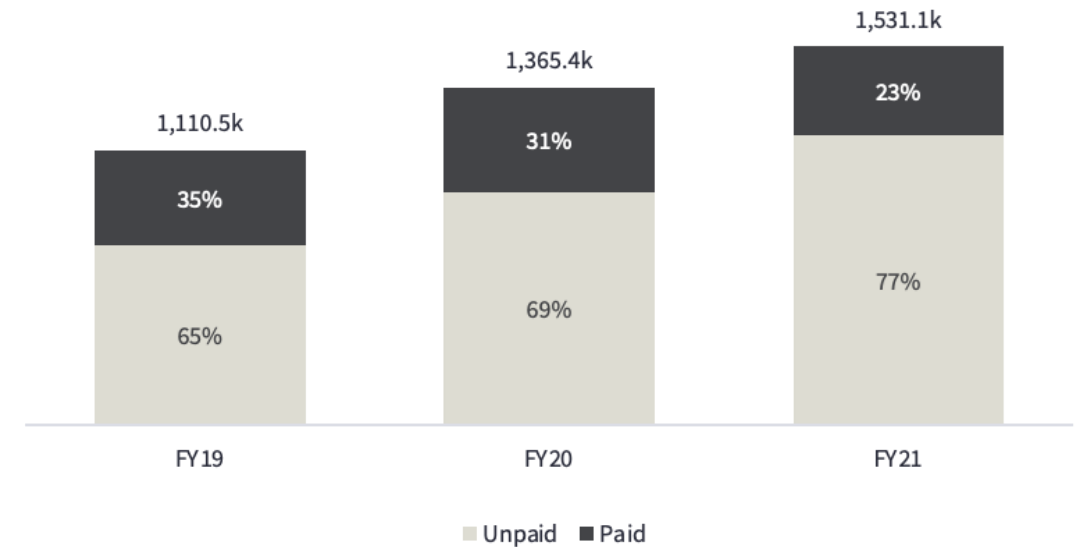
64% of jobs from repeat consumers



22% increase in jobs from repeat consumers¹

77% of jobs from unpaid channels

3.5m unique users posted a job to hipages platform as at FY21



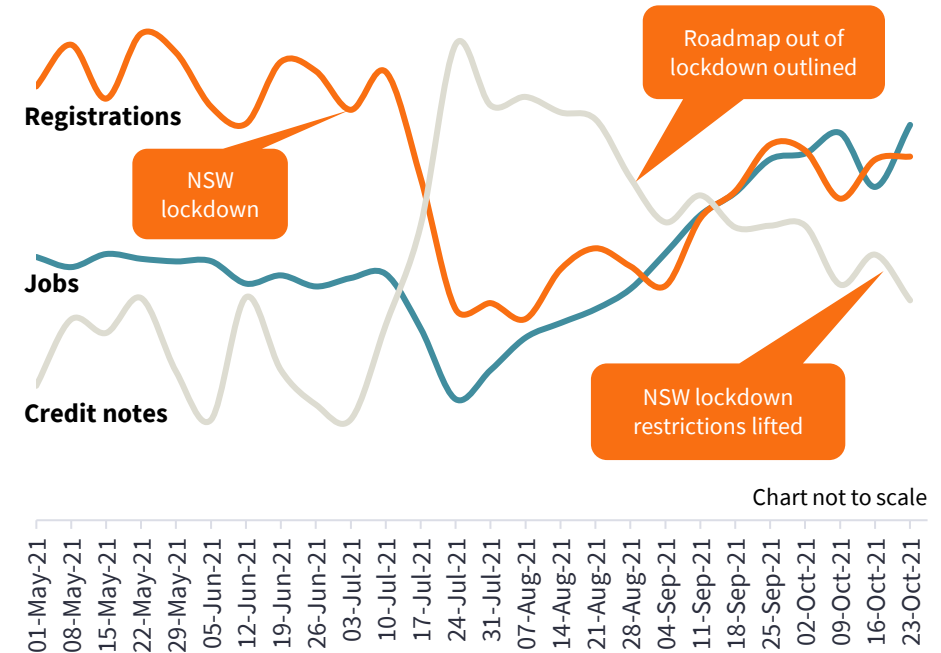
25% increase in jobs from unpaid channels¹

Q1 FY22 trading update¹

Resilient performance as hipages supports tradies through COVID-19 lockdowns

- Supporting our tradie customers:
 - Industry-first COVID-19 safe badge for fully vaccinated tradies
 - Contract pause, short-term discounts and lead credit extension
 - Special offers for new tradies to kickstart their experience
 - Frequent communication to inform tradies of restrictions and opportunities
- Lockdowns had a moderate impact on revenue growth as expected, with total revenue up 14% on pcp to \$14.9m
- Subscription model model proving resilient in a challenging environment with MRR up 20%²
- Total Tradie ARPU³ up 22% to \$1,721 and total subscription tradies up 10% to 31.3k
- Australian home improvement market remains very buoyant, long-term opportunity as attractive as ever

Strong rebound in NSW marketplace activity in Q1



Win more work by displaying you're Covid-19 vaccinated

[Add Covid-19 Certificate](#)

¹ Unaudited financial information.

² Monthly Recurring Revenue (MRR) is the monthly amount of cash revenue hipages will recognise from subscription-based agreements (inclusive of GST) at each period end.

³ Average Annual Revenue Per Tradie (Total Tradie ARPU) is the annual operating revenue divided by the average of the opening and closing number of total tradies for the period.

FY22 outlook

- ✓ Continue to successfully **navigate the impacts of COVID-19 and support our tradie customers**
- ✓ **Migrate remainder of transactional tradies** onto subscription product by end FY22
- ✓ **Evolution to SaaS model continues, with Tradiecore to offer expanded functionality**
- ✓ **Expand into new job channels** and opening ancillary revenue opportunities
- ✓ **Pursue growth opportunities** to strengthen market leadership and win the tradie economy

Q&A



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