



Chairman's Address to Annual Meeting, 9 November 2017

In 2017 the financial performance of your company was very good. The company grew revenue by just under 8%, and net operating profit by 12%. After a number of years of solid revenue growth, but subdued profit growth, in 2017 costs growth moderated and strong profit growth returned.

We expect profit growth to be lower in 2018 as we invest to continue to position your company for long-term success. The board and management always takes the long-term view when investing your money.

The total dividend payment for 2017 was 18.5c per share, an increase of 10% on the previous year.

Trade Me's two main businesses are a marketplace business selling new and used goods and a suite of three classified advertising businesses which facilitate the sale of motor vehicles and property, and help employers find employees and job-hunters find jobs.

If you look around the world, it is not very common for online new and used goods marketplaces and all three of the traditional classified businesses to be combined in one company and on one technology platform.

Trade Me has been able to achieve this partly because of the small size of New Zealand, but mostly because of the great work of management over many years.

Trade Me began life as an online general items marketplace but for many years now the classified businesses - Motors, Jobs and Property - have been growing faster than the general items marketplace business.

In 2017, classifieds grew revenue at 11.3% per annum and the marketplace business grew revenue at 7.2% per annum. Ignoring the revenue derived from other small businesses and advertising, in 2017 Classifieds made up 64% of Trade Me's revenue and the marketplace or General Items business the other 36%. In the first four months of our 2018 financial year, Classifieds' share has grown to 67%. (Again ignoring the smaller businesses and advertising.)

It is important to note this change. Your company is now, and has been for some time, predominantly an online classified advertising business. It will become more so in the future.

The classified advertising markets in New Zealand are large markets with a lot of opportunity for the continued profitable growth of online competitors. Trade Me is very well-positioned to grow strongly in these markets.

One of the reasons Trade Me is well-positioned for continued strong growth is the strength of the company's audience. Our members visit the Trade Me web or mobile sites over 55 million times each month.

On board matters:

- In December last year we welcomed Simon West as a new director of Trade Me. Simon is a New Zealander and an experienced and successful retailer with deep online experience at DealsDirect and EziBuy amongst other places. Simon has made an excellent contribution to the company since joining the board.
- A little later on you will be asked to elect Simon to the board and to re-elect Joanna Perry and me as directors. Joanna and I both joined the board when the company was floated by Fairfax Media back in 2011.

Finally, on your behalf, and on behalf of the board, I thank Jon and his team very much for everything they have achieved together in 2017. The company has had a good year in no small part because of Jon's leadership of his talented team.

Jon will be up to talk to you in more detail about the opportunities we see in the future and our plans to benefit from them after I sit down.

Thank you.