



# PropertyGuru Group

PropertyGuru (PGRU US)

The Zillow of Southeast Asia, but at 2.7x EV/Sales



ASIAN  
CENTURY  
STOCKS



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# Summary



1. PropertyGuru is the leading operator of real estate portals in Southeast Asia, dominant its key markets of Singapore, Malaysia, Thailand and Vietnam. These websites and apps connect tenants and property buyers with property agents. The “moat” of the company is its brand: PropertyGuru is the first port of call for most people in the region looking for new apartments or houses. And by attracting millions of users, property agents compete to get eyes on their property listings.
2. The company tried to list in Australia in 2019 at 14x EV/Sales but failed due to weak demand. I would imagine that Australians are not aware of how strong of a brand PropertyGuru is in Singapore and Malaysia. Instead, it listed on the New York Stock Exchange via a Special Purpose Acquisition Company (SPAC) in 2022, but has failed to get any sell-side coverage or interest from investors. Again, I think US small-cap investors simply do not understand the strength of PropertyGuru’s platforms.
3. The online advertising penetration rate in Southeast Asia, including in Singapore, lags behind that of Australia or other developed markets. And the cost of listing a new property on PropertyGuru’s platforms remains far lower than in say the UK or Australia. That’s where most of the growth is going to come from: higher listing fees, and higher cost for property agents if they want their listings to show up at the top. It’s not unreasonable to expect revenues to double longer-term through such monetization efforts.
4. Today, the stock trades at 2.7x EV/Revenues, far below Rightmove’s 11.5x and REA’s 16.3x. Will the gap ever close? That will depend on whether PropertyGuru can improve its profitability from the current break-even levels.
5. There are already some early signs of improvement. PropertyGuru exited its loss-making Indonesia segment in 2023. It shut down its loss-making FastKey business. And new Chairman Ray Ferguson comes from a banking background, having served as the CEO of Standard Chartered in Singapore for half a decade. Since his appointment, another 5% of the staff have been let go.
6. Near-term challenges include high mortgage rates, continued property cooling measures keeping transaction volumes low. Yearly share dilution is also higher than I’d like it to be at around 6% per year.

# Capitalisation



- Share price: US\$3.23
- Shares outstanding: 179 million
- Market cap: US\$577 million
- Net cash: US\$229 million
- Enterprise value: US\$349 million
  
- Average daily trading volume: US\$65,000

US\$ million

700

600

500

400

300

200

100

0

577

229

349

Market cap  
(US\$m)

Net cash

EV

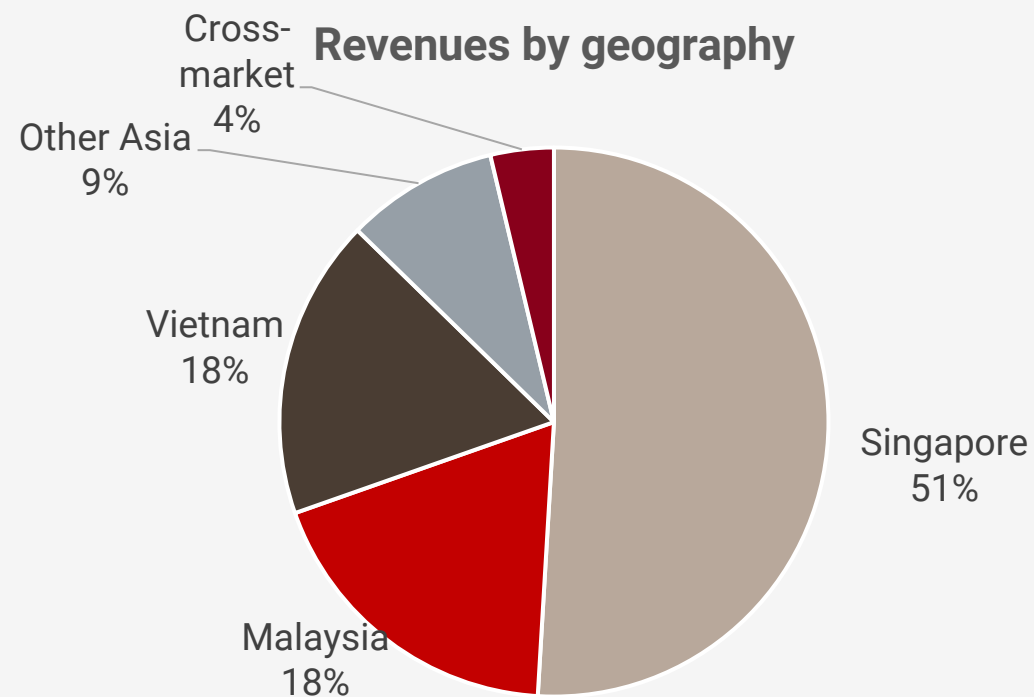
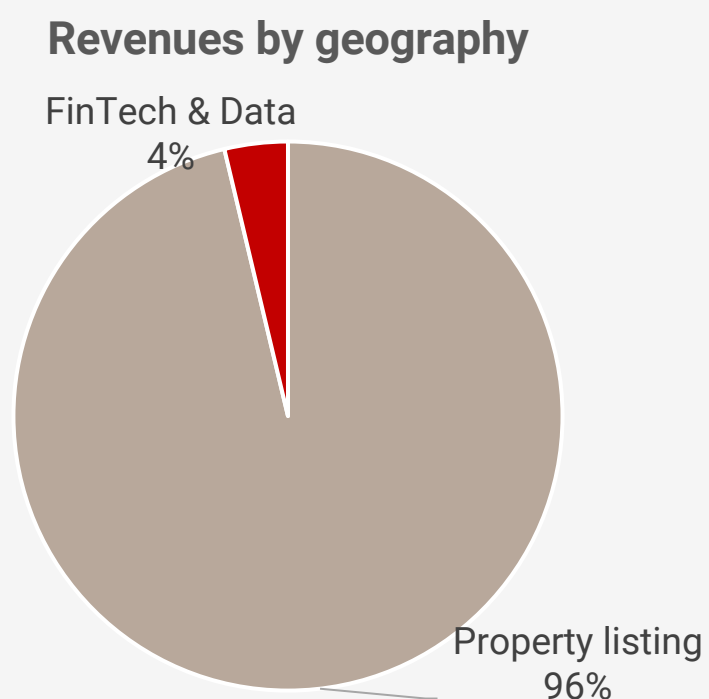
# Business overview



- PropertyGuru is a Singapore-based software developer of real estate portals across Southeast Asia, serving 37 million users and 59,000 property agents with ~2.9 million property listings.
- It is the leading property listings website in Singapore, Malaysia, Vietnam and Thailand across its PropertyGuru, CommercialGuru, iProperty, DDProperty and Batdongsan.
- Property agents use the websites and apps to list new rentals or properties for sale, and customers use the website to find leads. It gets paid from agents who advertise on the platform while customers use the platform for free.
- The company was founded by two expats in Singapore, but is now controlled by the two American private equity Texas Pacific Group (TPG) and Kohlberg Kravis Roberts (KKR). Australian property listings company REA Group is also a major shareholder.
- After the company went public on the NYSE in 2022 through a Special Purpose Acquisition Company, the shares have drifted lower, partly through a lack of analyst coverage, weak liquidity but also weakening top-line growth. But that could change.

A screenshot of a PropertyGuru website listing for "Paya Lebar Residences". The listing features a large main image of a living room and four smaller inset images showing different parts of the apartment: a kitchen, a bedroom, a bathroom, and another view of the living area. The text below the images reads "Paya Lebar Residences", "27 Paya Lebar Road Eunos / Geylang / Paya Lebar (D14) See on Map", and "4 mins (340 m) from EW8/CC9 Paya Lebar MRT". A button labeled "Apartment" is visible. At the bottom, the price is listed as "S\$ 4,500 /mo Negotiable", and it is noted as "Available from 15 Apr". Icons indicate the apartment has "2 bed", "2 bath", "883 sqft", and is "Fully Furnished".

# PropertyGuru primarily makes money from property listings in Singapore and Malaysia



Source: 2022 SEC filing

# The company used to be controlled by co-founders Mulhuish and Rautiainen, but that is no longer the case.



- PropertyGuru was founded in **2007** after a British media investment advisor Steven Mulhuish relocated to Singapore and had difficulty finding a place to rent in the local newspapers. He noticed that there online property portals in the US and Australia and wanted to replicate the model in Singapore. He teamed up with Finnish computer engineer Jani Rautiainen to set up the platform and launching in 2008. Despite tough competition from ST701, Mocca and iProperty, it soon became the leading platform in Singapore.
- From **2008** onwards it raised capital from small investors in a series of rounds and then SG\$60 million from Deutsche Telekom and immobilienscout24 in **2012**.
- From **2010** to **2016**, PropertyGuru expanded to Malaysia, Thailand and Indonesia through the acquisitions of Fullhouse, Rumah, DDProperty, Asia Property Awards and Batdongsan. But in hindsight, Steve said was a mistake to tackle so many countries at the same time and they scaled back their ambitions.
- Two large US private equity funds then invested in the company: TPG in 2016 and KKR in **2018**.
- In **2021**, it acquired Panama Group, the owner of iProperty from REA Group, who received shares in PropertyGuru and remains a large shareholder. That consolidated the company's position in Malaysia.
- In **2022**, it listed on the NYSE through a SPAC controlled by Richard Li and Peter Thiel's family office. The same year, it also acquired Sendhelper.



Jani Rautiainen   Hari V Krishnan   Steven Mulhuish



# PropertyGuru's senior executives are all hired guns



## **Hari V. Krishnan**, Chief Executive Officer

- Has served as CEO since 2016 after the co-founders were pushed out in an internal fight.
- He previously held the role of Vice President, APAC & Japan at LinkedIn from 2009 to 2015
- Has also had roles at Fox Interactive Media, Yahoo!, Cisco, and Travelguru
- MBA from INSEAD, his Master of Science degree in Telecom from the University of Colorado and his bachelor of engineering from the University of Mumbai.



## **Joe Dische**, Chief Financial Officer

- Joined in 2018, overseeing accounting, finance, taxation, legal, budgeting, etc.
- Was previously the CFO of iCar Asia, listed on the ASX from 2014 to 2018
- Also six years at Vodafone Hutchison Australia as financial controllers and three years at V2 Music as CFO.
- Began his career at KPMG in London in 1997.
- Bachelor degree in biology from the University of Nottingham and a qualified accountant.

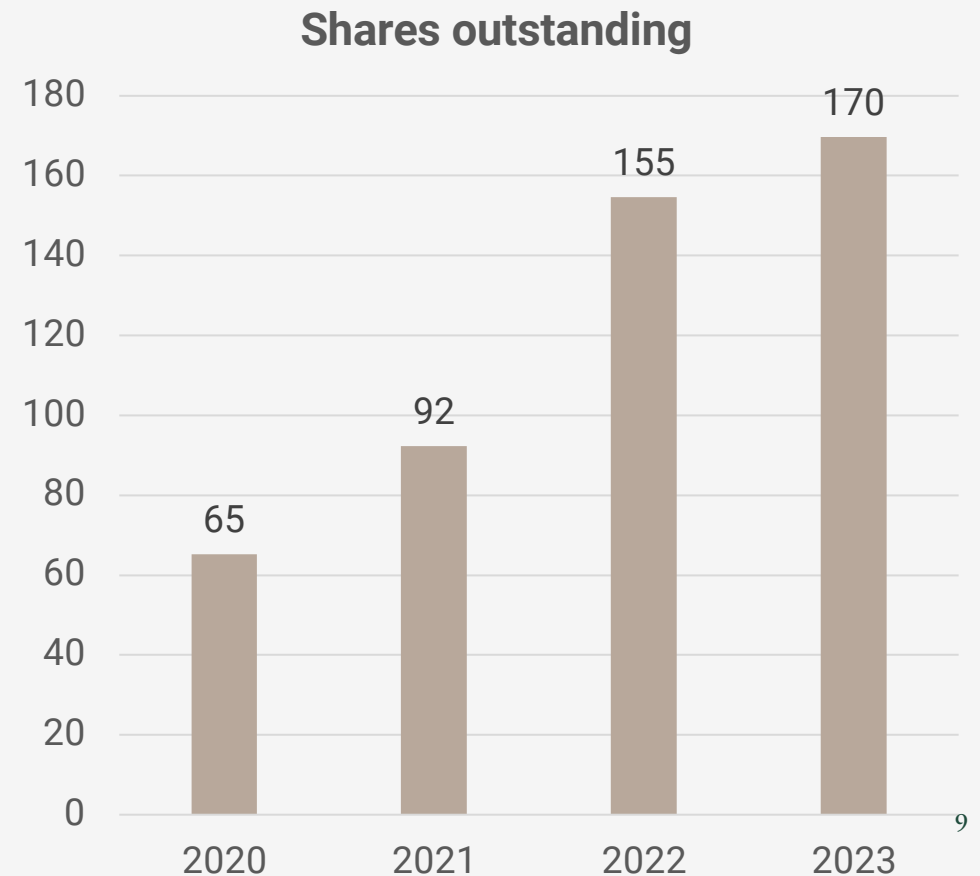




# PropertyGuru's share dilution is not ideal... but KKR / TPG are unlikely to want to see value squandered by insiders



- PropertyGuru is currently loss-making, so return on equity metrics is arguably poor. But the value in tech companies are not always apparent in their income statements or their balance sheets.
- The share count rose 4% from March 2023 to December 2023, an annualized rate of 5.8%. Somewhat problematic, if you ask me though stock option compensation is indeed expensed in the income statement.
- While the company has grown through acquisitions, and I'm typically skeptical of such growth, most of them made sense at the time. They were bolt-on acquisitions aimed to either expand geographically or to adjacent areas that would strengthen the core portal business.
- Prime examples include buying Rumah Dijual in 2015 to get a front-facing real estate portal brand in Indonesia and then use the PropertyGuru at the back end. Or buying Sendhelper, selling tenants and property buyers home maintenance service after they've moved into their new apartment.



Source: TIKR

# PropertyGuru's Southeast Asian property listing business



# The PropertyGuru Singapore website and iPhone app



Buy Sell Rent Mortgage marketplace

PropertyGuru

Let us guide you to your new home

Find out more

CC21 Holland Village MRT Station

Filter 2 Property Type Price Bedroom

All New Project Affordable Properties

600 Property Listings For Sale, near CC21 Holland Village MRT Station

Show Map Off

Save Search

Recommended

PROMOTED

PropertyGuru Finance Partners

VENESSA TOH FEN NEE  
PROPnex REALTY PTE. LTD.  
View Profile >

Joan Chua  
ERA REALTY NETWORK PT...  
View Profile >

Kevin Aw 胡锦胜  
PROPnex REALTY PTE. LTD.  
View Profile >

Agent Directory >

Jade Tan

NEW

GuruPicks

My Activities

Search

Search query

Search

Filter (2) Sort By Property Type Pri

All New Project

1,473 residential properties for sale

Regular listing

One Holland Village

1 Holland Village Way

S\$ 1,550,000

1 bed 1 bath 484 sqft S\$ 3,202.48 psf

4 mins (280 m) to CC21 Holland Village MRT Station

New Project: 2023 Condominium

99-year Leasehold

5d

Contact agent

"Mins walk to Holland Village Station!"  
Hani Lim

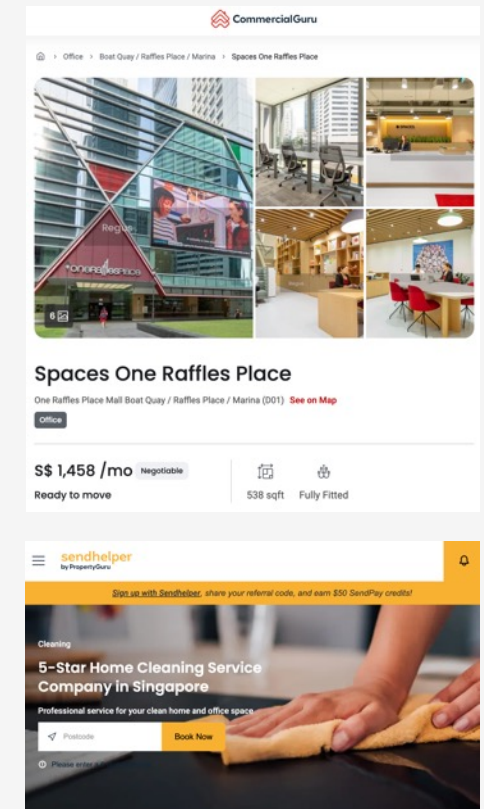
Contact Agent



# Overview of PropertyGuru's Singapore business



- In Singapore, PropertyGuru runs the **PropertyGuru** (residential property) and **CommercialGuru** (commercial property) real estate portals, which connect renters and buyers with agents that represent property owners.
- Their main customers are property agents (over 70% of revenues) and property developers marketing new projects (less than 30% of revenues).
- The company makes money from these websites by selling subscriptions to individual real estate agents and developers or charge them for greater visibility in the search results.
- Increasingly, PropertyGuru is moving towards value-added services such as providing mortgage lead generation for banks.
- In 2022, the company also acquired listings website **Sendhelper**, a home service portal for cleaning, air conditioner repairs, handymen, laundry, etc. A fantastic service that still has great growth potential, if marketed correctly.



# Differing product offering for property agents vs developers



## Property agents

- Tiered subscriptions for property listings
- Depth products for greater visibility

## Developers

- Banner / content marketing
- Lead generation revenues
- Sales process software (PropertyGuru FastKey)
- Awards and events (tickets, sponsorships, etc)



# How PropertyGuru makes money in its listing business

- Property agents pay PropertyGuru for monthly subscriptions that provide them with:
  - The ability to post x number of **listings** concurrently
  - Ad credits**, which can be used to raise visibility (“depth products”) on individual ads
  - Data services**
- They can also purchase ad credits on a discretionary basis.
- Depth products include “**Featured agent**” listings, “**Boost**” (top of the search page for a period), “**Turbo**” (top, larger photos and additional content), “**Reposts**” (after the expiry date). But the take-up rate remains far lower than in the UK or Australia.
- The company is currently focused on trying to up-sell higher-tier subscription packages to raise ARPA (average revenue per agent). It can also raise ARPA by raising subscription prices, the cost of ad credits, the cost of better ad visibility per credit.

12 months \$	12 months \$\$	12 months \$\$\$	12 months \$\$\$\$
5 concurrent listings	30 concurrent listings	70 concurrent listings	120 concurrent listings
550 ad credits	3,100 ad credits	10,500 ad credits	38,000 ad credits
Data - basic functionality <sup>(1)</sup>	Data - limited functionality <sup>(2)</sup>	Data - full functionality <sup>(3)</sup>	Data - full functionality <sup>(3)</sup>
Basic Premium Features	Additional Premium Features	Additional Premium Features	Additional Premium Features
<b>Standard</b> Most basic	<b>Advance</b> Best for starters	<b>Premier</b> Best for full-time Agents	<b>Business</b> Suits highly active Agents

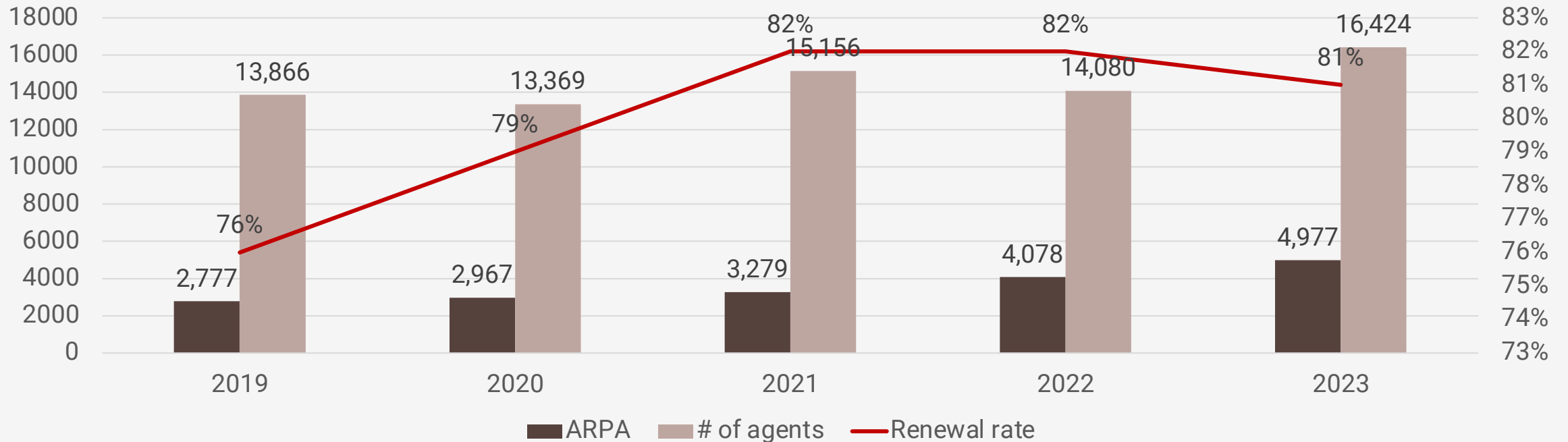
~SG\$1.5k ————— ~SG\$20k



# PropertyGuru's Singapore business seems healthy with rising ARPU amid steady churn and # of agents on the platform



PropertyGuru's Singapore agent business (SG\$)



# PropertyGuru's nascent, but still loss-making FinTech business



- PropertyGuru sees its online mortgage marketplace as a key growth opportunity.
- This service connects potential buyers of property with banks providing mortgages for new purchases and refinancings. SG\$4 billion in originations have taken place through the website.
- Banks will then pay PropertyGuru for any leads, on top of any sponsorships or banner ads.
- Other potential fintech services include property and rental insurance contracts, also paid for on a lead generation basis.
- PropertyGuru's Fintech segment is still loss-making, potentially because it has customer facing advisors helping home-buyers to find the right mortgage (expensive and doesn't scale well).

A screenshot of the PropertyGuru Finance website. The header includes the PropertyGuru Finance logo and navigation links: New Home, Refinance, Get Rates, Calculators, Learn, and More. There are also WhatsApp and Login icons. The main search area has filters for Property Type (Private Property), Building Status (Completed), Loan Amount (S\$ 650,000), and Loan Tenure (Yrs 30). A Search button and a Get Rate Alerts button are present. Below the search filters, there are three mortgage offers, each labeled 'LOWEST INTEREST'. The first offer is from Standard Chartered Bank, showing a Fixed Rate Type, 2 years Lock-in Period, S\$2,776/mo Instalment Year 1, and 3.10% Interest Rate Year 1. The second offer is from Bank of China, showing a Fixed Rate Type, 2 years Lock-in Period, S\$2,793/mo Instalment Year 1, and 3.15% Interest Rate Year 1. The third offer is from UOB, showing a Fixed Rate Type, 2 years Lock-in Period, S\$2,811/mo Instalment Year 1, and 3.20% Interest Rate Year 1. Each offer has a 'Show More' link and an 'Enquire Now' button. At the bottom, there is a section titled 'Not sure which loan is right for you?' with a subtext 'Our Mortgage Experts help you unpack the T&Cs to find the best fit. No strings attached. No hidden fees.' and a 'Let us help' button.

# PropertyGuru Awards



- PropertyGuru runs the largest awards ceremony in the region, covering 12 countries and occurring annually in Singapore.
- It honors developers, projects, designs and innovations within the industry and helps PropertyGuru build relationships with developers.
- PropertyGuru makes money by selling tickets, sponsorships, etc.





# Overview of PropertyGuru's ex-Singapore businesses



## Malaysia

- Owns Malaysia's two leading websites: PropertyGuru (formerly HomeGuru) and iProperty (acquired in 2021).
- These operate much the same way as PropertyGuru in Singapore with tier subscriptions and additional depth products available.



## Thailand

- Owns the largest real estate portal DDproperty as well as much smaller thinkofliving.com.
- These operate much the same way as PropertyGuru in Singapore with tier subscriptions and additional depth products available.



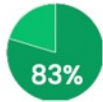


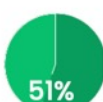
## Vietnam

- Owns Vietnam's leading real estate portal Batdongsan since its full acquisition in 2018, as well as a smaller website called Do Thi.
- Pay-as-you-go model only as most property agents in Vietnam are part-time and will not pay for subscriptions.

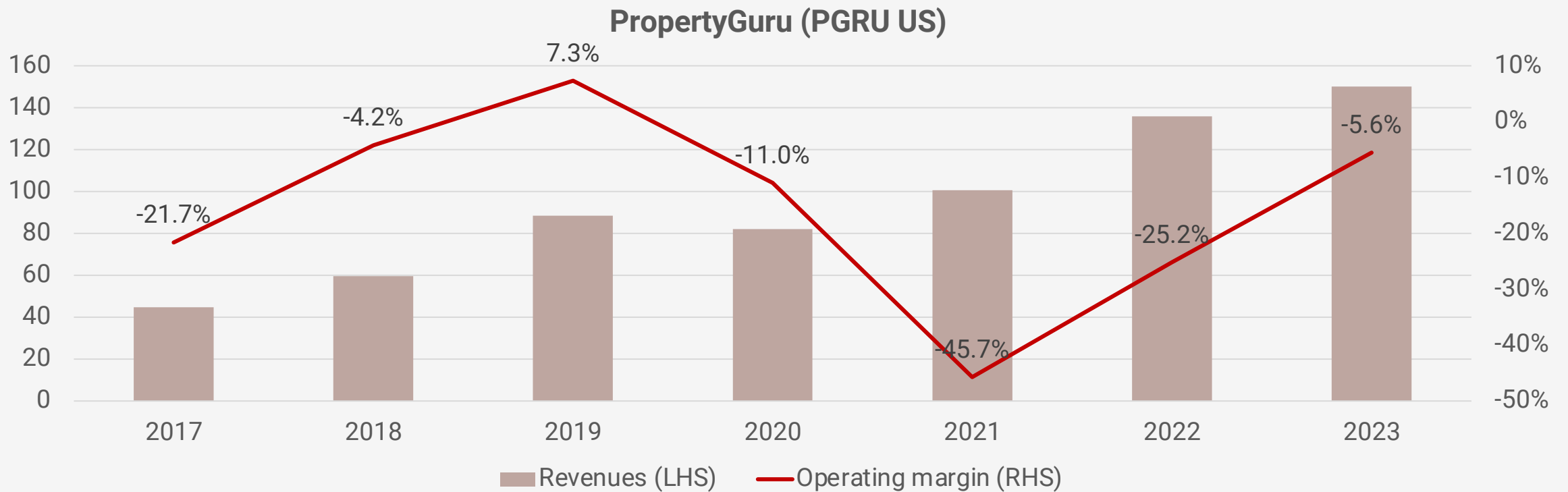
# Competitive advantages



- **Brand:** The majority of buyers and tenants in PropertyGuru's target markets have become accustomed to using the website or the app as a first port of call when looking for a new property. Such user behavior does not change overnight, and doesn't change for no reason. 99.co Singapore does get a lot of visits to its website but engagement is weak. SRX has an app for managing transactions but doesn't sit on the users like PropertyGuru does.
- **Network effects:** Given that PropertyGuru gets 60%+ of the organic traffic in its key target markets and 85-90% in Singapore and Malaysia, property agents and developers are more or less forced to advertise on PropertyGuru to get maximum visibility.
- **Deep pockets:** PropertyGuru has ~SG\$300 million of cash at hand, ready to be used for any defensive manoeuvre or acquisitions if need be.

Market Position <sup>(1)</sup>	Engagement Market Share <sup>(2)</sup>	Organic Traffic <sup>(3)</sup>
#1 Singapore	 83% 6.2x closest peer <sup>(2)</sup>	89%
#1 Malaysia	 92% 12.8x closest peer <sup>(2)</sup>	86%
#1 Vietnam	 80% 4x closest peer <sup>(2)</sup>	64%
#1 Thailand	 51% 1.7x closest peer <sup>(2)</sup>	79%

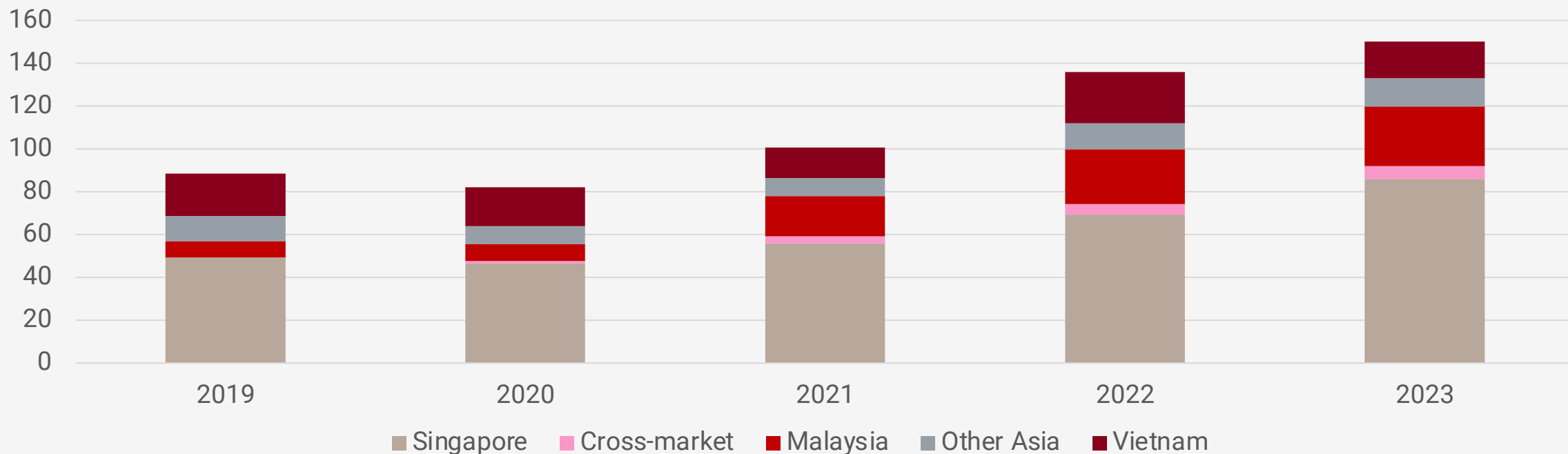
Revenue has been growing nicely, but partly through acquisitions  
and the operating margins remain negative



# Most of PropertyGuru's segments have grown nicely over time but the key driver has been Singapore



Revenues by region





# Glassdoor reviews are decent overall



Hari Krishnan  
92% approve of CEO



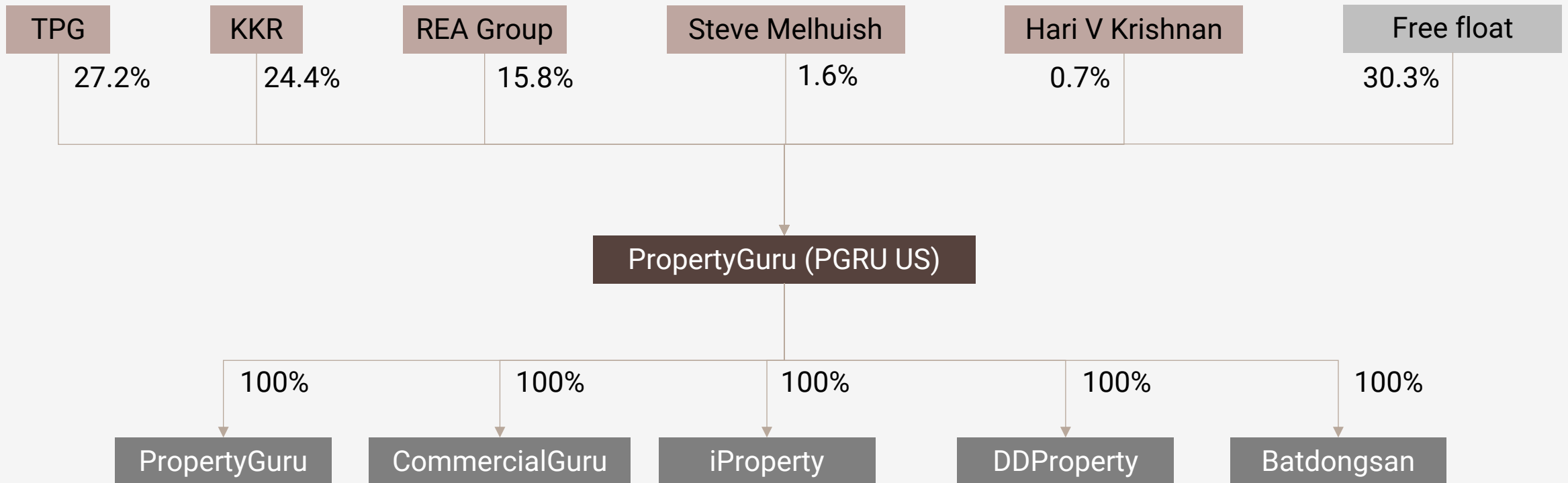
## Positives

- "I've worked at many locally started MNCs and am impressed with the leadership team and culture of the company."
- "Clear direction for growing business"
- "Work life balance"
- "Good guidance, good work life balance, good working culture and colleagues"
- "Positive & inclusive culture"
- "Love it here, people are nice, teams are solid"
- "Team mates, and leaders are extremely helpful and wonderful to work with. Quite honestly, its like working in Disneyland."

## Negatives

- "Can't think of anything to complain about"
- "Work processes can be simplified. Lots of contract staff even in senior positions"
- "Compensation can be better but bonus has been healthy."
- "A super fast paced environment"
- "Can be stressful during certain times"
- "Nothing to say here. I'm happy to work here"
- "Nothing really bad to complain about he company"
- "Can be a bit [too] fast-paced"
- "The growth strategy is not very clear"

# Corporate structure



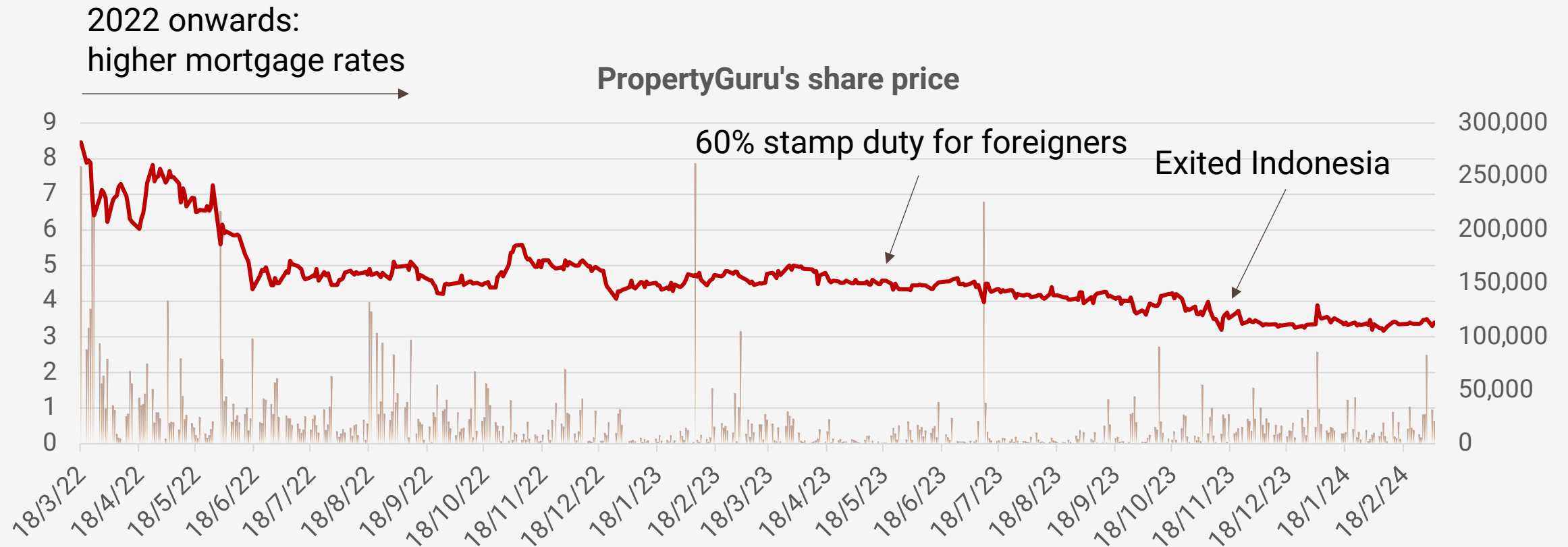


## PropertyGuru's de-SPAC in 2022

- PropertyGuru attempted to go public through a listing on the ASX in Australia at a US\$930 million valuation, equivalent to an EV/Sales multiple of 14x. But market demand for the offering was weak.
- Instead, PropertyGuru decided to go public through a Special Purpose Acquisition Company (SPAC) called “Bridgetown 2”, co-sponsored by Richard Li and Peter Thiel’s family office. SPACs raise cash in advance for the specific purpose of acquiring an asset, in this case PropertyGuru.
- Existing PropertyGuru shareholders such as TPG (acquisition price US\$3.9/share) and KKR (US\$5.5/share) did not sell anything and continue to be shareholders.
- Just prior to the SPAC, PropertyGuru raised US\$100 million through a private placement with participation from Baillie Gifford, Naya, REA Group and Akaris Global Partners.
- The merger with PropertyGuru – also known as a “de-SPAC” – occurred in 2022, taking the company public at a valuation of US\$1.8 billion.
- After the de-SPAC, major shareholders TPG, KKR, REA and senior management were subject to a 180-day lock-up. They seem to have sold down a bit, but liquidity remains weak.



# The share price has come down significantly since the de-SPAC

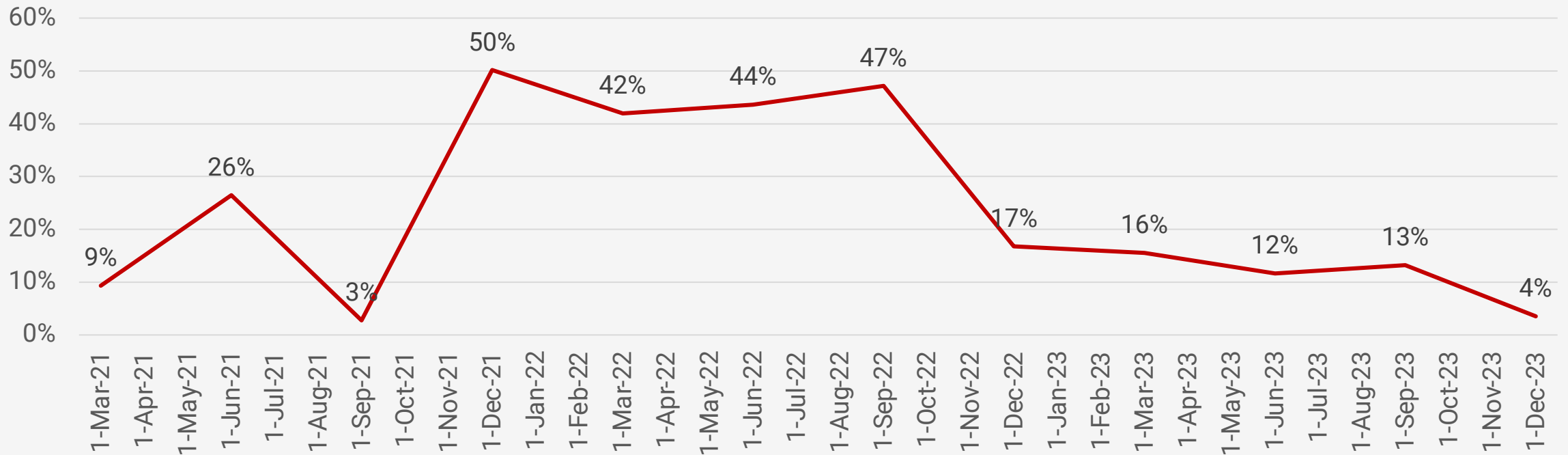




The weaker stock price can be explained through weakening top-line growth, on top of some shareholders (KKR?) selling



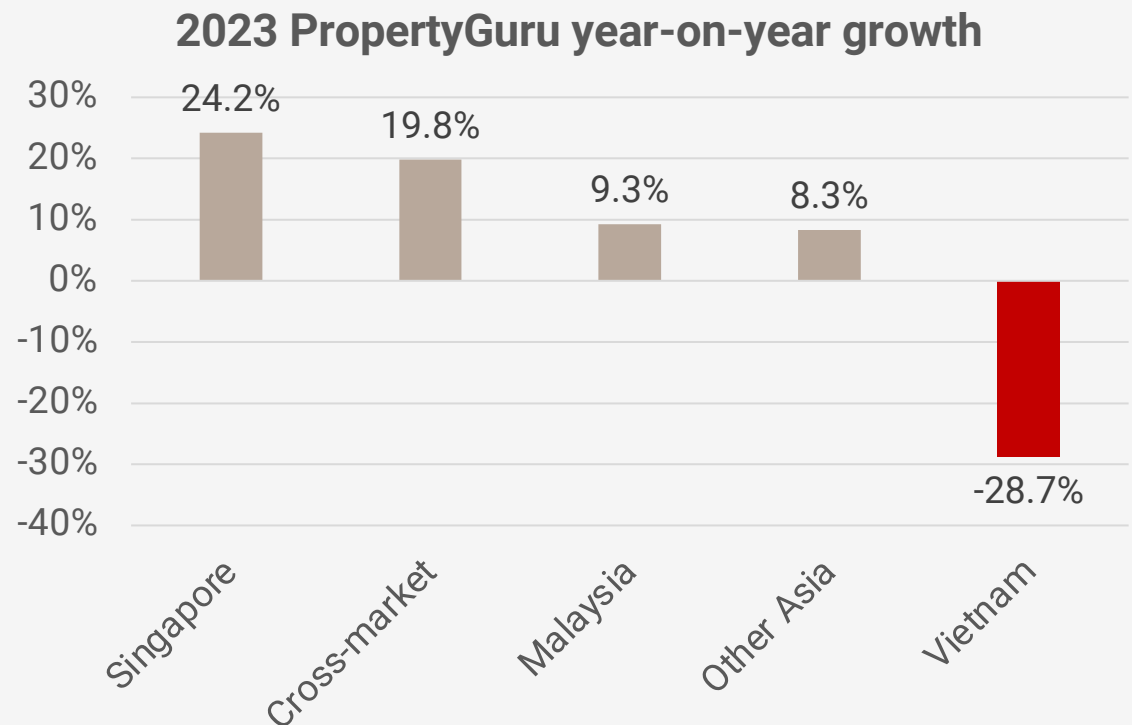
Revenue growth



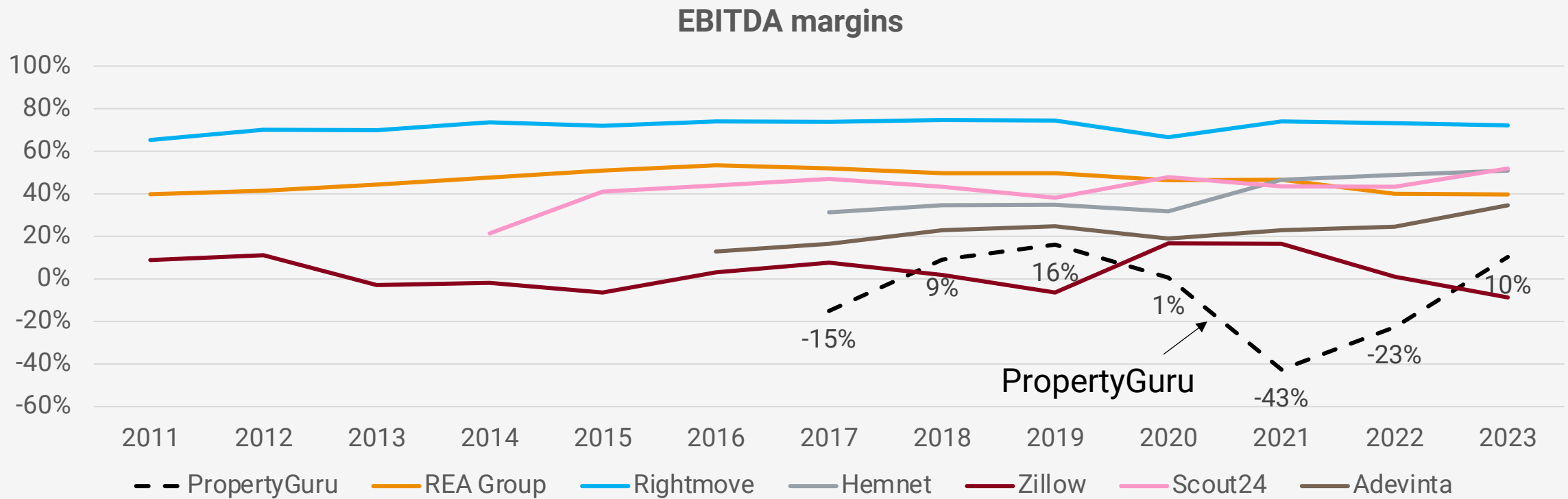
# PropertyGuru's revenue growth is down to problems in Vietnam



- **COVID-19:** Supply constraints caused property construction to remain low throughout COVID-19 and is only now starting to recover.
- **Cooling measures:** In early 2023, new cooling measures were introduced in Singapore
- **High mortgage rates:** Since early 2022, Singapore interest rates have risen in lockstep with US rates, causing mortgage affordability to weaken. Malaysian interest rates are also a bit high.
- **Vietnam credit issues:** Since 2021, the Vietnamese government has tightened credit to property developers and homebuyers, causing volumes to drop precipitously. Demand remains strong, but borrowing simply isn't there.



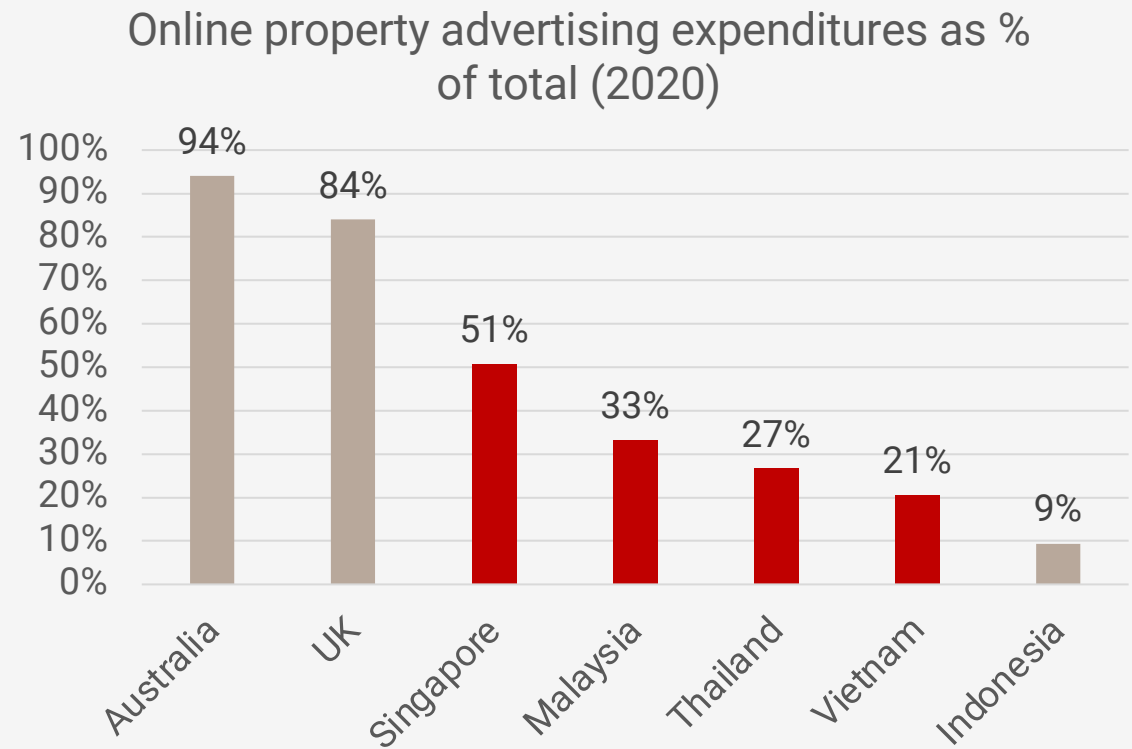
# PropertyGuru's margins remain tiny compared to those of Rightmove and REA Group



# Long-term industry trends



- Singapore's property market has been broadly stable across public housing ("HDBs"), condos and landed property transaction volumes. But in 2011, the government introduced cooling measures through additional buyer's stamp duties, and volumes have remained low ever since.
- In Singapore, Malaysia and Thailand, property owners tend to work with multiple agents at the same time, so PropertyGuru is focused on developing relationships with agents rather than the owners, as is common in, say, Australia.
- The percentage of advertising expenditures occurring through online channels is still only 51% in Singapore and below 1/3 for PropertyGuru's other target markets.






# Cooling measures in Singapore's property market



- Over the past 13 years, the Singapore government has introduced cooling measures to keep property prices in check.
- In 2011, it introduced additional buyer's stamp duties of 10% for foreigners and 3% for citizens and permanent residents buying third or second properties.
- Over time, these have been increased to 20% for citizens and 30% for permanent residents buying a second property and 60% for foreigners buying any property.
- These restrictions have cooled transaction volumes, hurting the local market for real estate agents.



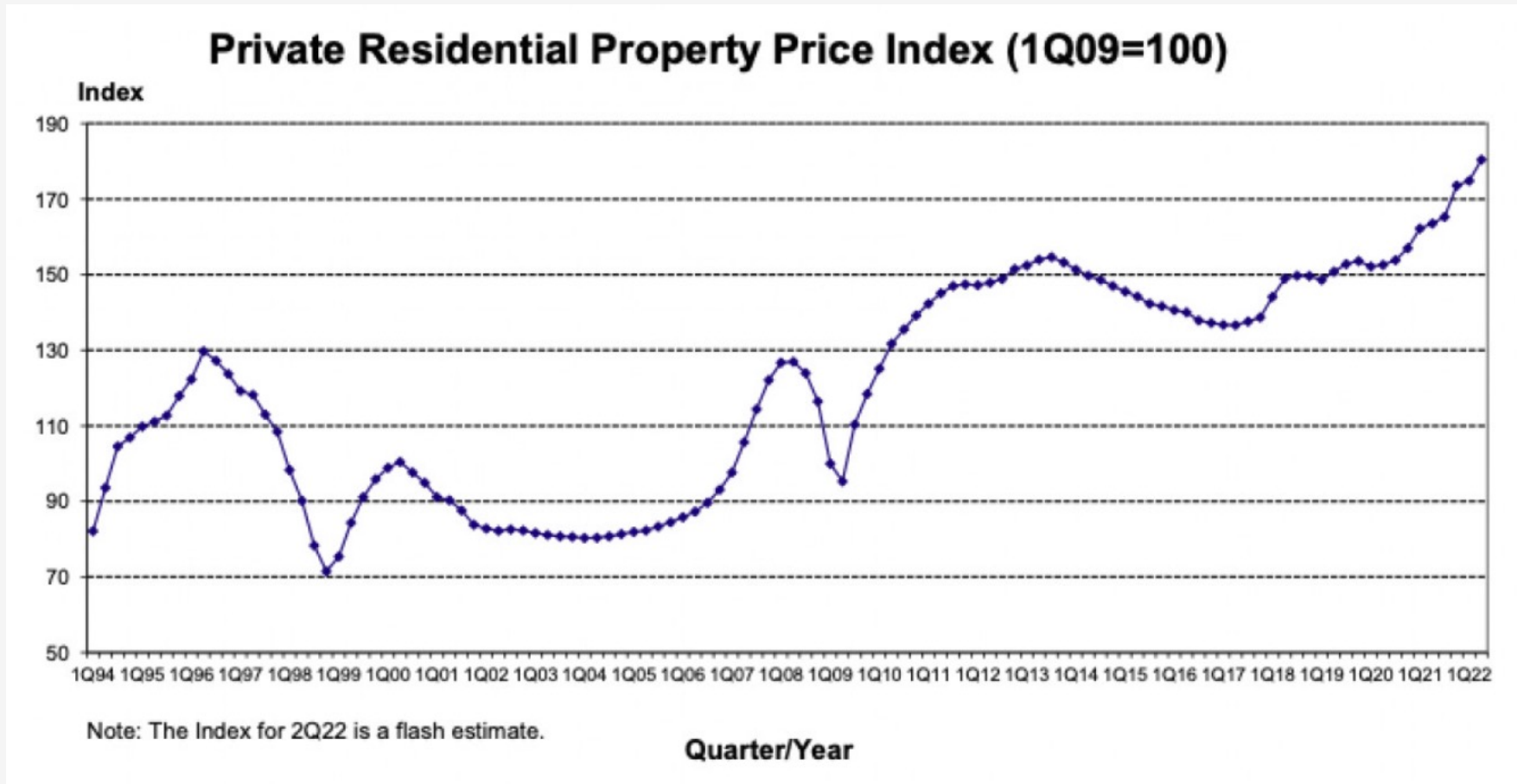
## CHANGES TO ADDITIONAL BUYER'S STAMP DUTY

Additional Buyer's Stamp Duty (ABSD)		Rates before Apr 27, 2023	Rates on or after Apr 27, 2023
Singapore citizens	First residential property	0%	0%
	Second residential property	17%	20%
	Third and subsequent residential property	25%	30%
Permanent residents	First residential property	5%	5%
	Second residential property	25%	30%
	Third and subsequent residential property	30%	35%
Foreigners	Any residential property	30%	60%
Entities/ Trustees		35%	65%
Housing developers		35%^ + 5%^^^	35%^ + 5%^^^

^ Housing developers may apply for remission of this ABSD, subject to conditions  
^^ This 5% will not be remitted and is to be paid upfront upon purchase of residential property

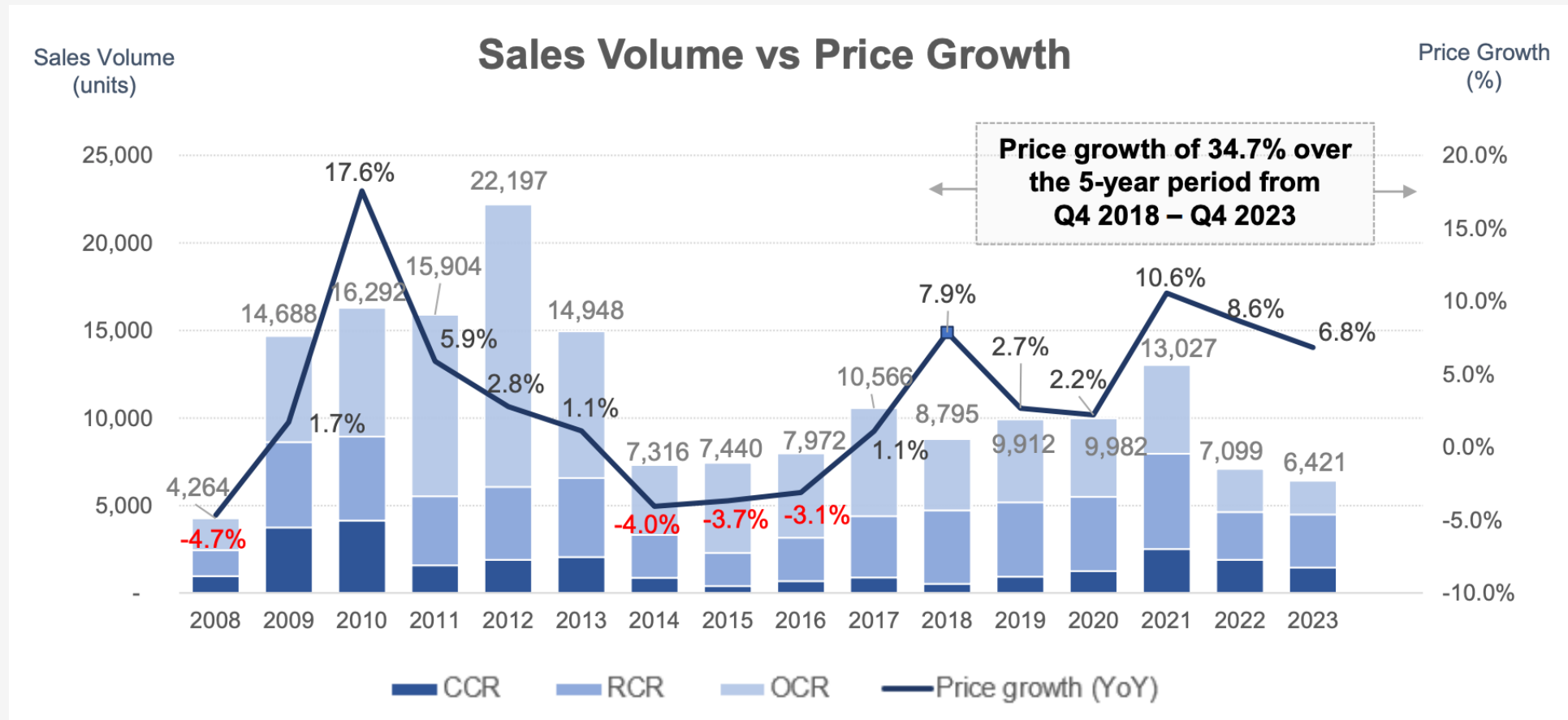
Source: Ministry of Finance, Ministry of National Development and Monetary Authority of Singapore

Singapore's cooling measures since 2011 have kept property prices in check... except for a stimulus-driven rise during COVID-19



Source: EdgeProp

# Singapore property transaction volumes remain low, due to higher interest rates and the cooling measures introduced post-2011



Source: City Developments

# What is going to change for PropertyGuru?



- 1. New Chairman:** In January 2024, PropertyGuru welcomed a new Chairman of the board, Ray Ferguson who is also head of Singlife. He's a long-time banking executive, including head of Standard Chartered Bank Singapore from 2009 to 2014.
- 2. Financial guidance:** PropertyGuru is guiding for 2024 revenues of SG\$165-180 million, and adjusted EBITDA of SG\$22-26 million as the company is looking to improve its profitability.
- 3. Cost-cuts:** *"Looking to 2024, we will continue to focus on expanding internal operating leverage as we look to improve profitability"*. In February 2024, PropertyGuru announced that it would lay off 79 employees or roughly 5% of its workforce. On my numbers, this is likely to save about SG\$3 million in expenses. But the savings could be even greater given that it's targeting its unprofitable units. Specifically, it will close 2/9 branches in Vietnam. It also recently closed its unprofitable FastKey service to developers and exited Indonesia in 2023.
- 4. Near-term weakness:** The 4Q2023 Singapore property agent renewal rate was only 75% vs 81% for the full-year 2023. I believe that this is related to current high mortgage rates, which will weigh on transaction volumes and sentiment for some time.

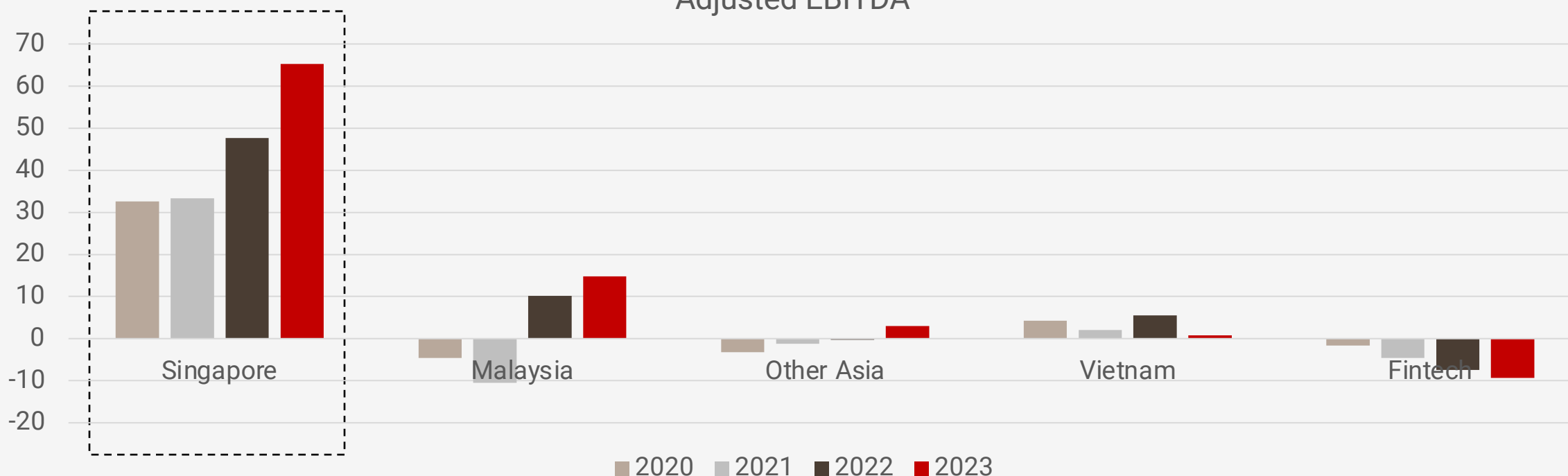


Ray Ferguson

# Near-term profitability is all about Singapore and Malaysia, and those segments are doing well



Adjusted EBITDA\*



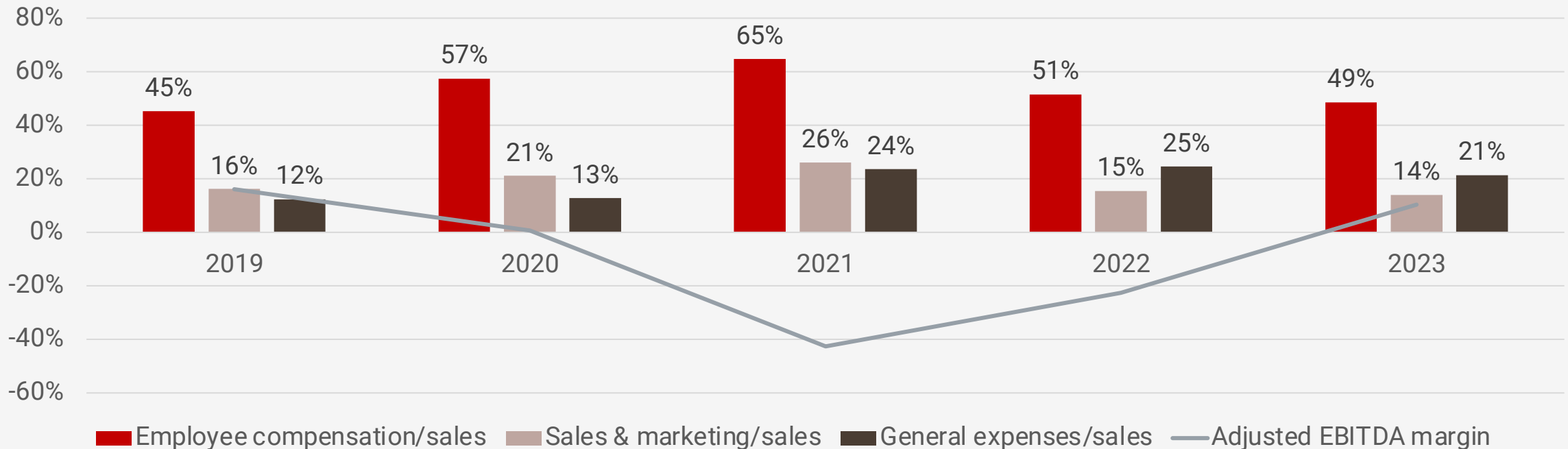
\*Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, share compensation and other one-off gains and losses



# Some potential operating leverage in employee compensation, but COVID-19 is a confounding factor



Key expenses/sales



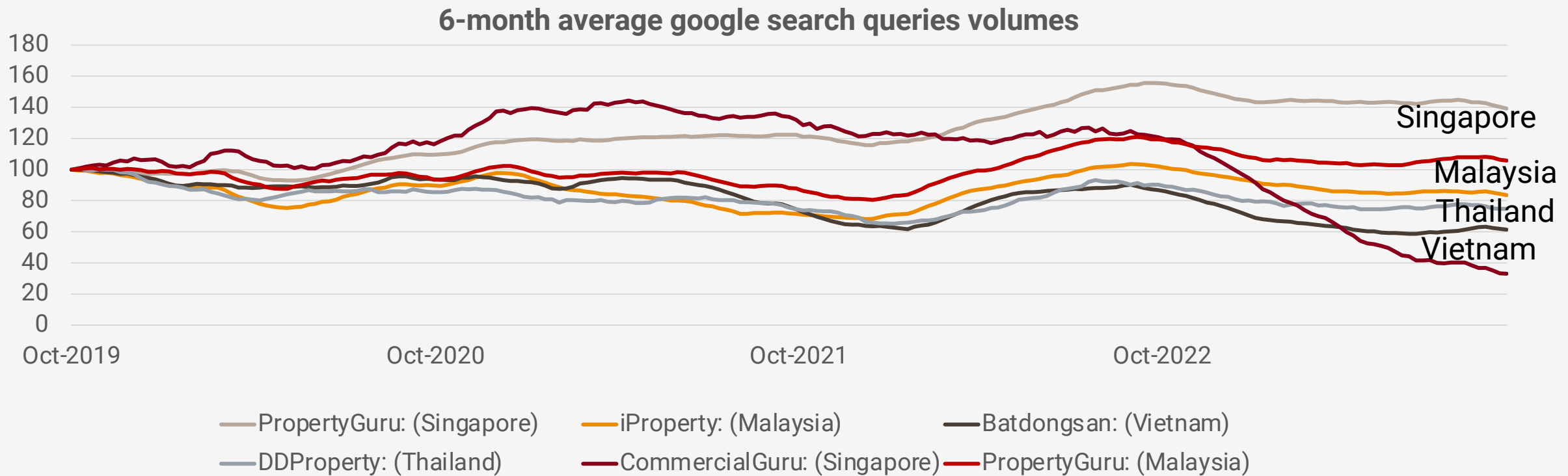
Source: Google Trends

# A November 2022 interview with Joe Dische suggests a disregard for the share price, a lack of urgency but a focus on the long-term



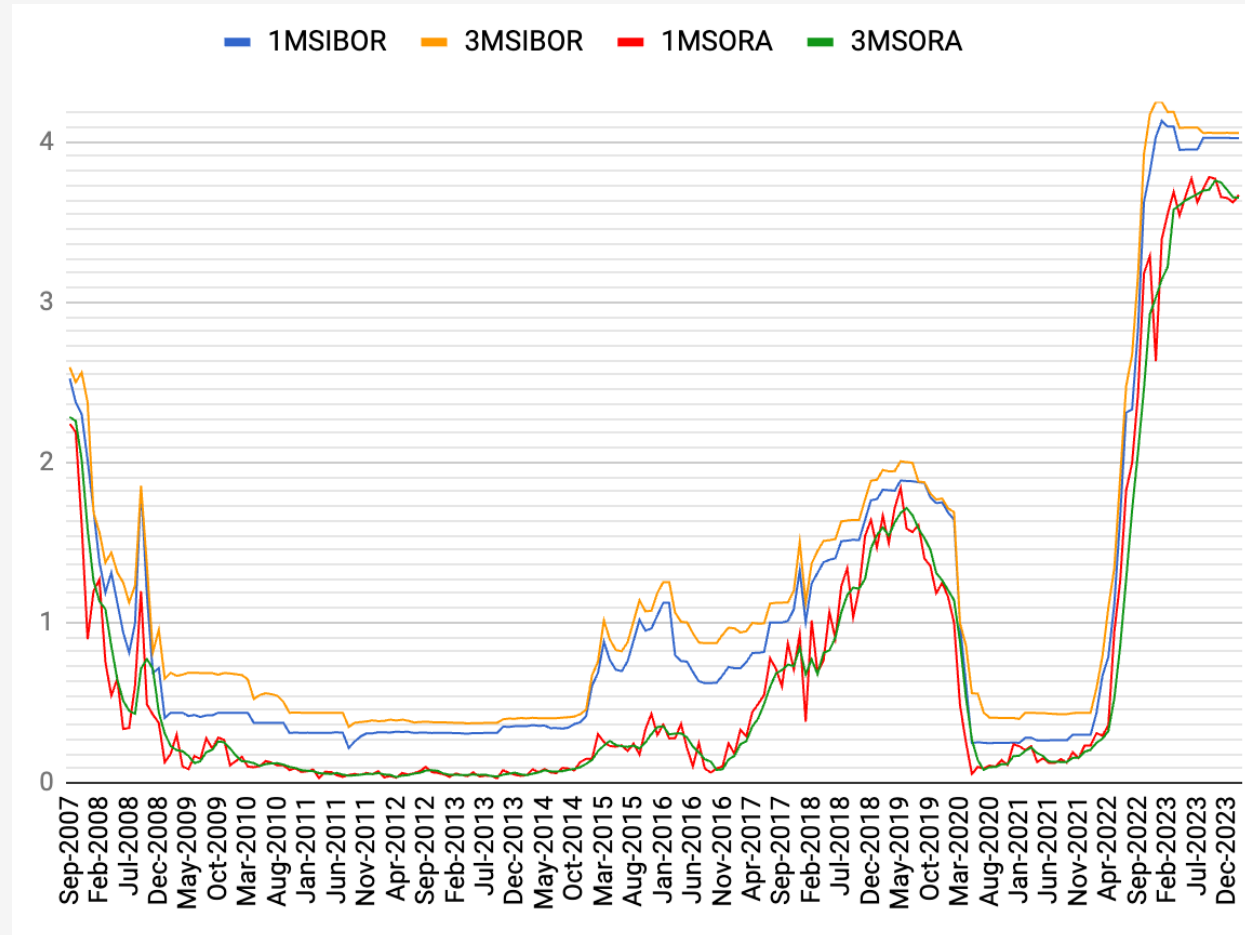
- *"We are pleased with the way the business is executing at the moment."*
- *"We worry less about the external factors [impacting the share price]."*
- *"On the internal side, we have a really strong growth mandate. We have enormous opportunities in our markets. We have some really strong tailwinds for us, around digitalization, middle-class growth and urbanization. And we feel the real estate market will remain strong in the future."*
- *"We'll execute upon [our] growth plan. And that's what investors are looking for: long-term growth and long-term profitability."*

Google search queries suggests that PropertyGuru Singapore and Malaysia are doing well whereas Vietnam/Thailand, not so much.



Source: Google Trends

# Singapore mortgage rates are now prohibitively high



Source: HousingLoanSG

# SimilarWeb website data suggests that PropertyGuru dominates Singapore and Malaysia, but competition is fierce in Vietnam



Singapore	Million visitors	Bounce rate	Pages per visit	Duration
99.co	10.5	72.5%	2.1	01:48
PropertyGuru Singapore	4.1	48.6%	6.5	06:26
SRX	0.5	61.1%	3.2	03:39
edgeprop.sg	0.5	67.5%	2.5	02:32
iProperty	0.0	45.3%	3.4	04:05

Malaysia	Million visitors	Bounce rate	Pages per visit	Duration
PropertyGuru Malaysia	5.0	56.3%	5.7	04:12
iProperty	3.3	61.0%	4.5	03:20
Propsocial	0.3	71.5%	3.0	01:55

Vietnam	Million visitors	Bounce rate	Pages per visit	Duration
Batdongsan	5.7	34.5%	6.7	06:59
Nhatot	2.3	34.1%	7.0	05:33
Cafeland	1.6	40.2%	1.3	02:15
Alonhadat	1.3	37.1%	5.5	06:28
Sosanhnhha	1.1	42.4%	3.1	04:28
Mogi	1.1	56.5%	3.5	03:04

Thailand	Million visitors	Bounce rate	Pages per visit	Duration
DDProperty	3.3	60.8%	3.5	03:10
Sansiri	1.3	75.8%	1.5	01:27
ThaiHomeTown	0.5	50.6%	3.8	07:03



PropertyGuru's business model is similar to Rightmove's... doubling of listing fees is reasonable, 30% EBITDA margin plus greater depth revenue



	PropertyGuru	Rightmove	Scout24	Zillow	REA Group	Hemnet
Region	Southeast Asia	UK	Germany	United States	Australia	Sweden
Market cap	577	5,765	5,461	12,989	15,987	3,081
Business model	Agent-paid	Agent-paid	Agent-paid	Agent-paid	Seller-paid (via agent)	Seller-paid (direct)
Addressable GDP	1,393	3,131	4,260	23,320	1,553	636
Addressable population	5	67	83	331	26	10
Depth revenue/total	41%	n.a.	n.a.	n.a.	80%	20%
EBITDA margins	10%	76%	55%	30%	69%	50%
Typical agent commission	2.0%	1.5-4%	3-7%	5-6%	2.2%	2-5%
Listing fee/average home price	0.05%	0.10%	0.15%	n.a.	0.30%	0.08%
EV/Revenues	2.7x	11.5x	9.3x	5.5x	16.3x	24.5x

# PropertyGuru's peers all trade at significantly higher multiples



Property listing websites (2024e)	Ticker	Region	Mkt cap (US\$m)	EV/Sales	EV/EBIT	P/E	Div yield
PropertyGuru	PGRU US	Singapore	577	2.73x	n.a.	n.a.	n.a.
REA Group	REA AU	Australia	15,987	16.29x	33.4x	49.2x	1.1%
Domain Holdings	DHG AU	Australia	1,345	5.42x	22.6x	36.3x	1.9%
Rightmove	RMV LN	United Kingdom	5,765	11.49x	16.5x	21.8x	1.7%
Hemnet	HEM SS	Sweden	3,081	24.47x	47.3x	57.1x	0.6%
Zillow	ZG US	United States	12,989	5.52x	n.a.	35.8x	2.1%
Scout24	G24 GR	Germany	5,461	9.27x	17.8x	23.9x	1.8%
Adevinta	ADEB NO	Norway	13,121	6.79x	26.3x	32.9x	n.a.
Average ex-PropertyGuru			8,250	11.32x	27.3x	36.7x	1.5%
Median ex-PropertyGuru			5,765	9.27x	24.4x	35.8x	1.8%

With 30% EBITDA margin assumption, you'd get to SG\$0.18 in EPS, which works out to 13.6x P/E by 2026



PropertyGuru (PGRU US)	2019	2020	2021	2022	2023	2024	2025	2026
Total revenues	88.4	82.1	100.7	135.9	150.1	165.1	189.9	216.5
Other income	1.9	2.8	1.7	2.8	8.7	3.6	3.6	3.6
Other gains / losses	-18.4	14.7	-125.0	21.9	1.6	0.0	0.0	0.0
Venue costs	-7.0	-6.6	-5.9	-6.9	-4.0	-4.1	-4.3	-4.5
Sales and marketing costs	-14.3	-14.3	-26.3	-21.0	-21.4	-22.3	-23.2	-24.1
Sales commission costs	-6.5	-6.5	-7.9	-11.2	-9.1	-9.5	-9.9	-10.3
Impairment loss on financial assets	-1.5	-1.5	-2.1	-1.2	-5.4	0.0	0.0	0.0
Depreciation and amortization	-7.7	-7.7	-14.0	-21.2	-23.9	-24.9	-25.9	-26.9
Impairment of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IT and internet expenses	-4.6	-4.6	-7.9	-11.3	-13.2	-13.7	-14.2	-14.8
Legal and professional	-1.2	-1.2	-9.8	-7.6	-6.2	-6.4	-6.7	-7.0
IPO expenses	-6.2	-6.2	-6.1	-121.5	0.0	0.0	0.0	0.0
Employee compensation	-40.1	-40.1	-65.2	-70.0	-73.0	-73.0	-75.9	-78.9
Non-executive directors' remuneration	-0.2	-0.2	-2.5	-2.4	-5.4	-5.6	-5.8	-6.1
Staff cost	-0.7	-0.7	-1.3	-2.2	0.0	0.0	0.0	0.0
Office rental	-1.0	-1.0	0.0	-0.1	0.0	0.0	0.0	0.0
Other expenses	-3.5	-3.5	-2.3	-10.0	-7.9	-8.2	-8.6	-8.9
<u>Operating profit</u>	<u>-22.6</u>	<u>5.4</u>	<u>-173.8</u>	<u>-125.7</u>	<u>-9.0</u>	<u>1.0</u>	<u>19.1</u>	<u>38.7</u>
Finance cost	-12.5	-2.0	-13.9	-2.4	-0.6	-0.6	-0.6	-0.7
<u>Pretax profit</u>	<u>-35.1</u>	<u>3.4</u>	<u>-187.7</u>	<u>-128.1</u>	<u>-9.5</u>	<u>0.4</u>	<u>18.5</u>	<u>38.1</u>
Income tax	-3.8	-0.8	0.3	-1.1	1.6	-0.1	-3.1	-6.5
<u>Net profit</u>	<u>-38.9</u>	<u>2.6</u>	<u>-187.3</u>	<u>-129.2</u>	<u>-7.9</u>	<u>0.4</u>	<u>15.3</u>	<u>31.6</u>
EPS (SG\$)	-0.218	0.014	-1.048	-0.723	-0.044	0.002	0.086	0.177
<u>P/E</u>	<u>-11.1x</u>	<u>167.5x</u>	<u>-2.3x</u>	<u>-3.3x</u>	<u>-54.4x</u>	<u>1186.0x</u>	<u>28.1x</u>	<u>13.6x</u>
<u>EV/Revenues</u>	<u>4.6x</u>	<u>5.0x</u>	<u>4.0x</u>	<u>3.0x</u>	<u>2.7x</u>	<u>2.5x</u>	<u>2.1x</u>	<u>1.9x</u>
<u>EV/EBIT</u>	<u>-18.0x</u>	<u>75.1x</u>	<u>-2.3x</u>	<u>-3.2x</u>	<u>-45.4x</u>	<u>391.4x</u>	<u>21.3x</u>	<u>10.5x</u>

# PropertyGuru's EV/Sales has come off from 12x to 3x EV/Sales

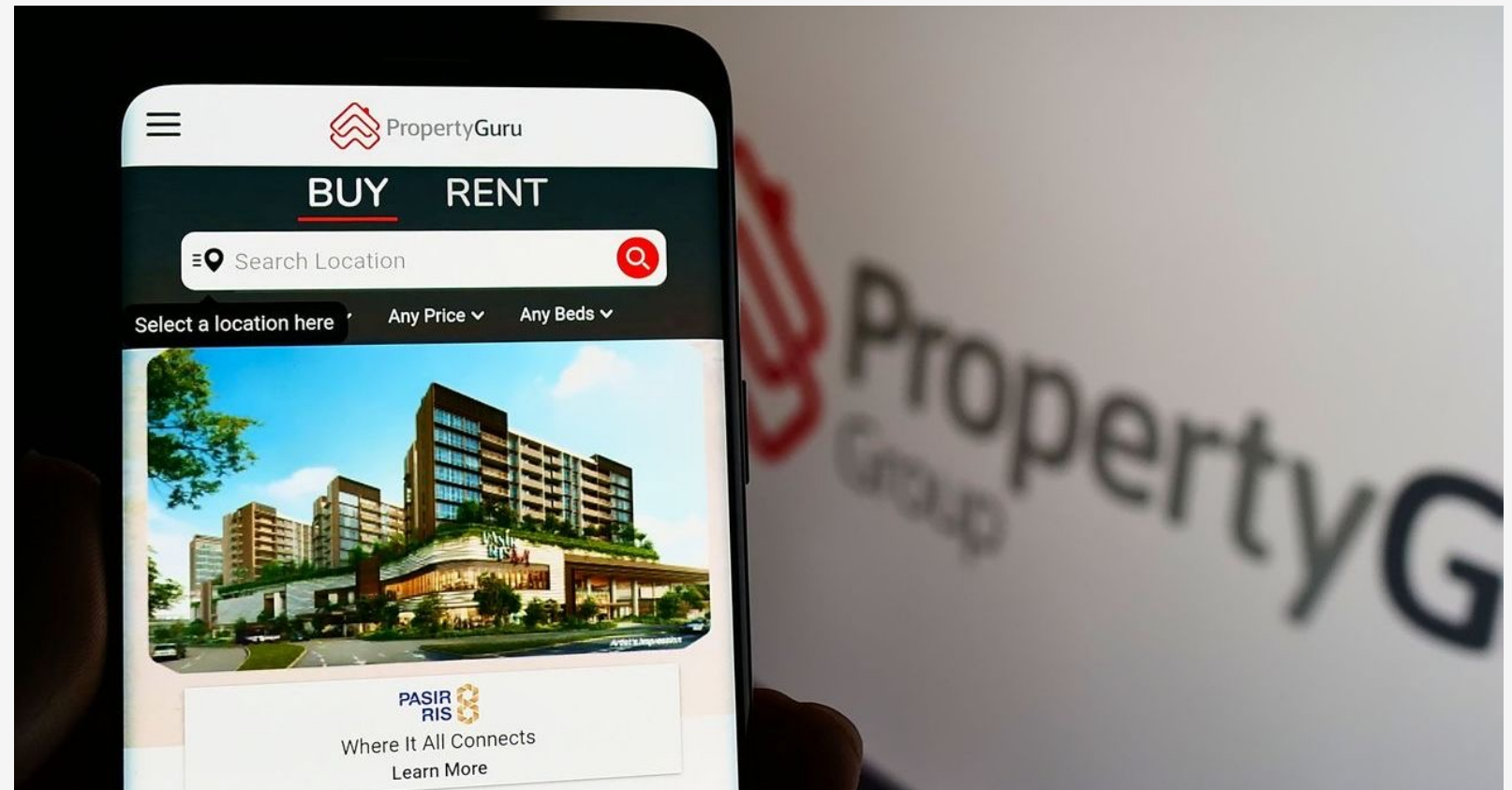


Source: TIKR

# Potential downside risks



- **Property market downturn:** Mortgage rates have gone up significantly, e.g. doubling in Singapore. Plus, additional buyers stamp duties doubled, making it expensive to buy a home. Property agents are therefore
- **Acquisitions:** Growing via acquisitions is difficult. Most acquisitions fail to add value. Though PropertyGuru has at least tried to grow through buying key technology and brand names within the same industry.
- **Selling pressure:** KKR has sold some shares, and both KKR and TPG may sell more.
- **Share dilution:** Seeing the share count growing continuously, at roughly 6% year-on-year on my numbers.





# Catalysts



- Lower Fed Funds rate
- Removal of additional buyers stamp duties
- Ray Ferguson pushing the company further to cut costs
- Further price hikes for listing fees or depth products

