

2017



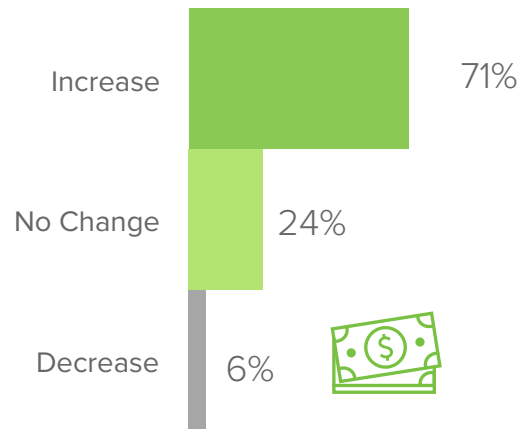
STATE OF THE INDUSTRY HOUZZ AUSTRALIA

Expected Revenues & Profits in 2017



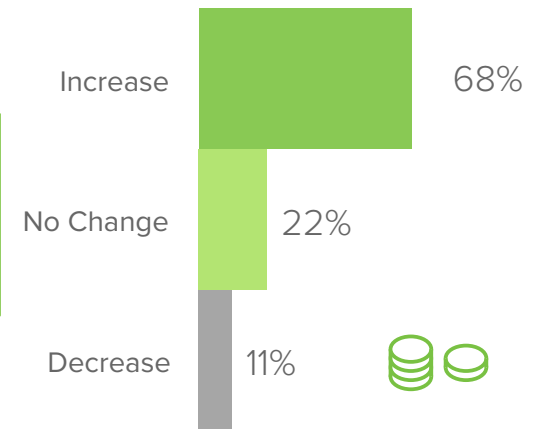
Charts below show the percentage of surveyed businesses on Houzz Australia reporting expectations for 2017.

GROSS REVENUES IN 2017



10%+ Rev. Growth
 Expected by 54% of Businesses

PROFITS (NET INCOME) IN 2017



ARCHITECT

Expected Increases in 2017

Gross revenues 65%

Profit (net income) 57%

BUILDING DESIGNER

Expected Increases in 2017

Gross revenues 62%

Profit (net income) 59%

HOME BUILDER

Expected Increases in 2017

Gross revenues 79%

Profit (net income) 71%

Top Growth Strategies in 2017



Charts below show the percentage of surveyed businesses on Houzz Australia expecting revenue growth in 2017.

TOP STRATEGIES TO GROW REVENUES IN 2017



ARCHITECT

Top Growth Strategies for 2017

Bring in larger budget projects 55%

Increase marketing/sales efforts 45%

BUILDING DESIGNER

Top Growth Strategies for 2017

Bring in larger budget projects 55%

Increase prices/mark-up/margins 50%

HOME BUILDER

Top Growth Strategies for 2017

Bring in larger budget projects 56%

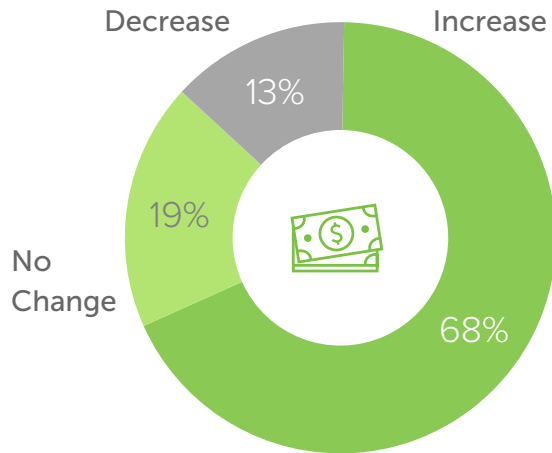
Improve employee productivity 51%

Revenues & Profits in 2016 (vs. 2015)



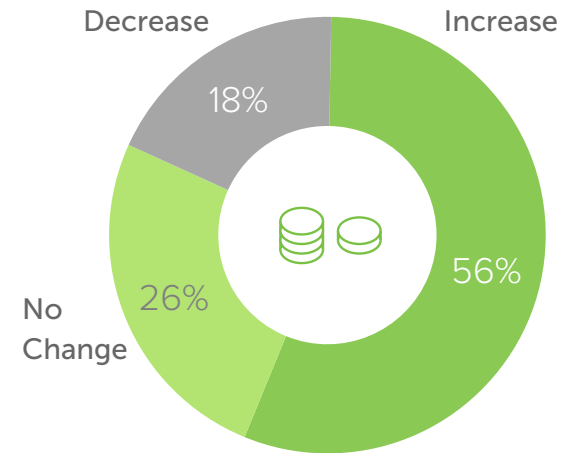
Charts below show the percentage of surveyed businesses on Houzz Australia reporting performance in 2016.

GROSS REVENUES IN 2016



10%+ Rev. Growth
 Reported by 53% of Businesses

GROSS PROFITS IN 2016



ARCHITECT Reported Increases in 2016

| | |
|---------------------|-----|
| Gross revenues | 64% |
| Profit (net income) | 52% |

BUILDING DESIGNER Reported Increases in 2016

| | |
|---------------------|-----|
| Gross revenues | 66% |
| Profit (net income) | 48% |

HOME BUILDER Reported Increases in 2016

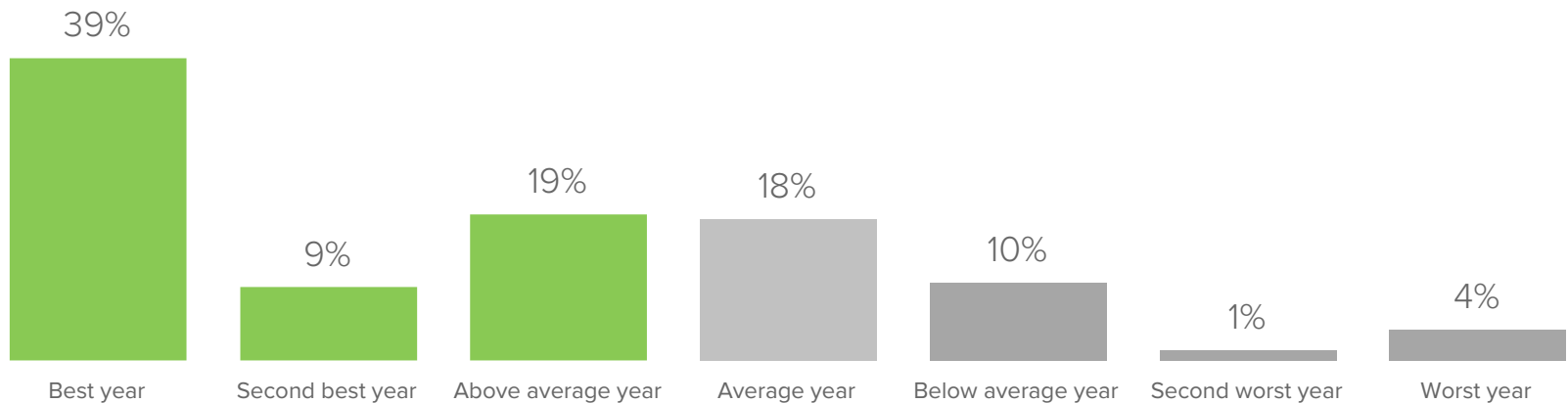
| | |
|---------------------|-----|
| Gross revenues | 72% |
| Profit (net income) | 53% |

2016 Versus Last 10 Years



Charts below show the percentage of surveyed businesses on Houzz Australia reporting how 2016 business performance compared to the last 10 years (since 2007).

2016 BUSINESS PERFORMANCE COMPARED TO THE LAST 10 YEARS



ARCHITECT 2016 Comparison

Best or second best year 53%

Above average year 11%

BUILDING DESIGNER 2016 Comparison

Best or second best year 34%

Above average year 23%

HOME BUILDER 2016 Comparison

Best or second best year 41%

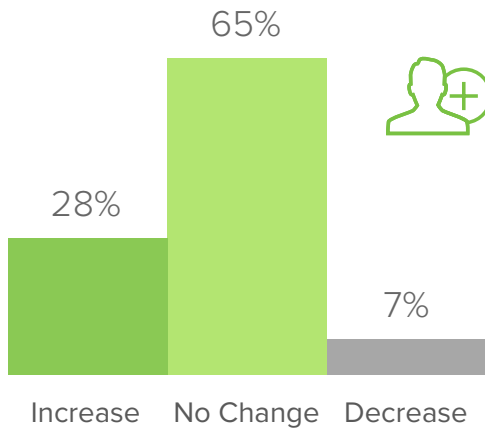
Above average year 32%

Staffing & Business Costs in 2016 (vs. 2015)



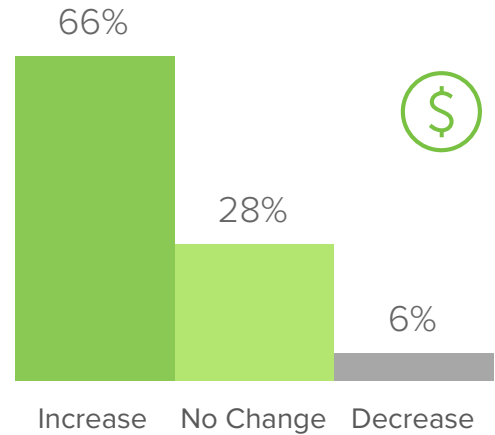
Charts below show the percentage of surveyed businesses on Houzz Australia reporting performance in 2016.

NUMBER OF EMPLOYEES IN 2016



1-2 Employees
Hired by 22% of Businesses

COST OF DOING BUSINESS IN 2016



ARCHITECT

Reported Increases in 2016

| | |
|-------------------------|-----|
| Number of employees | 33% |
| Costs of doing business | 63% |

BUILDING DESIGNER

Reported Increases in 2016

| | |
|-------------------------|-----|
| Number of employees | 17% |
| Costs of doing business | 68% |

HOME BUILDER

Reported Increases in 2016

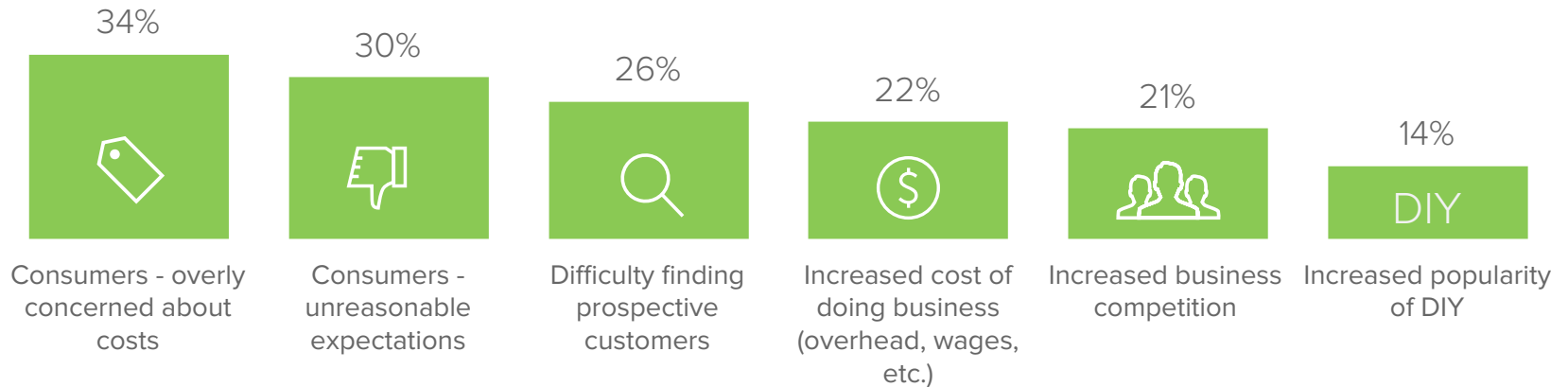
| | |
|-------------------------|-----|
| Number of employees | 42% |
| Costs of doing business | 75% |

Top Business Challenges in 2016



Charts below show the percentage of surveyed businesses on Houzz Australia reporting challenges in 2016.

TOP CHALLENGES AFFECTING BUSINESS IN 2016



ARCHITECT Top Challenges in 2016

Consumers - unreasonable expectations 33%

Consumers – overly concerned about costs 31%

BUILDING DESIGNER Top Challenges in 2016

Consumers - unreasonable expectations 42%

Consumers – overly concerned about costs 36%

HOME BUILDER Top Challenges in 2016

Increased cost of doing business (overhead, wages, etc.) 33%

Consumers – overly concerned about costs 32%

Description of Businesses

Charts below show the percentage of surveyed businesses on Houzz Australia with the specific characteristics in 2016.

MORE THAN AU\$500K IN GROSS REVENUES*



32% of Businesses

*Up to AU\$2M or more in revenues

ONE OR MORE EMPLOYEES*



66% of Businesses

*Up to 500 or more employees

TEN OR MORE YEARS IN BUSINESS*



50% of Businesses

*Up to 30 or more years in existence

SOLE OWNER RESPONDING TO SURVEY



56% of Businesses

Methodology

The survey was sent to businesses with profiles on Houzz Australia and fielded in 6 February - 20 February, 2017. N=497.

Description of Business Groups by Core Services*

Pro Categories in Survey (Sample N)

Architect/Designer (N=210)
Builder/Contractor (N=77)
Design-Build (N=45)
Specialty - Building & Renovation (N=65)
Specialty - Decorating (N=70)
Specialty - Landscaping & Outdoor (N=30)

Top Pro Types in Survey (Sample N)

Architect (N=76)
Building Designer (N=67)
Home Builder (N=63)

*Business groups were defined based on services that contributed to the largest share of business gross revenues in 2016, as identified by respondents in the survey.

Links to Pros on Houzz

Houzz is the easiest way for people to find inspiration, get advice, buy products and hire the professionals they need to help turn their ideas into reality.

| Design, Renovation & Building | Renovation Services & Supplies | Gardens & Outdoors | Windows, Doors, Roofing & Cladding |
|--|--|------------------------------------|------------------------------------|
| Architects | Building Supplies | Arborists & Tree Services | Doors |
| Building Designers | Carpenters | Backyard Courts & Playgrounds | Garage Doors |
| Home Builders | Joinery & Cabinet Makers | Decks, Patios & Outdoor Structures | Roofing & Gutters |
| Interior Designers & Decorators | Landscape Contractors & Gardeners | Driveways | Cladding & Exterior Contractors |
| Design & Construction | Painting & Wallpaper | Fencing & Gates | Windows |
| Kitchen Designers & Renovators | Renderers & Plasterers | Garden & Landscape Supplies | |
| Bathroom Designers & Renovators | Cleaning, Rubbish Removal & Removalist Services | Lawn & Sprinklers | |
| Landscape Architects & Landscape Designers | Tile, Stone & Benchtops | Pools & Spas | |
| Organisations & Schools | Staircases & Balustrades | Blacksmiths & Welders | |
| | Stone, Pavers & Concrete | | |
| | Home Storage Designers & Professional Organisers | | |
| Home Services | Specialty Contractors & Other Services | Retailers & Showrooms | |
| Electricians | Artists & Artisans | Appliances | |
| Environmental & Restoration Services | Home Automation & Home Theatre Design | Bedding & Bath | |
| Heating & Air Conditioning Contractors | Home Stylists & Property Staging | Carpet & Flooring | |
| Plumbers | Kids & Nursery | Shutters, Blinds & Curtains | |
| Septic Tanks & Sewage Systems | Media & Bloggers | Fireplaces | |
| Solar Power Contractors | Photographers | Furniture & Home Decor | |
| | Real Estate Agents | Kitchen & Bath Fixtures | |
| | Specialty Contractors | Lighting | |
| | Wine Cellars | Furniture Restoration & Upholstery | |