

Real Matters Reports Second Quarter 2018 Financial Results

May 8, 2018

(all amounts are expressed in U.S. dollars, excluding per share amounts and unless otherwise stated)

TORONTO--(BUSINESS WIRE)-- Real Matters Inc. (TSX: REAL) ("Real Matters" or "the Company"), a leading network management services platform for the mortgage and insurance industries, today announced its financial results for the second quarter ended March 31, 2018.

"We delivered solid financial and operational results in the second quarter, particularly in the appraisal business where we continue to gain share and outperform the market while driving significant margin improvement through the network effect on our platform. In the second quarter, we began deployment with a fifth Tier 1 lender for appraisals, and last week, we also announced the deployment of our first Tier 1 lender in title and closing. Together with our organic growth, these key milestones mark the substantial progress that Real Matters is making towards the achievement of our market share objectives," said Real Matters Chief Executive Officer Jason Smith. "The fundamentals of our business remain strong and we are seeing increased momentum with clients on the title and closing side of the business. Overall, we expect to continue to deliver strong organic growth which will allow us to outpace U.S. mortgage origination market trends going forward."

Q2 2018 Highlights

- Continued market share gains in appraisals, driving market adjusted U.S. appraisal revenue growth of 15%.
- Consolidated Net Revenue^(A) margin expanded to 31.0% from 29.3% in Q2 2017.
- Succeeded in winning a new Tier 1 lender Request For Proposal for appraisals in the core mortgage origination channel and moved into deployment with the client.
- Expanded into the home equity channel with two Tier 1 lenders.
- Completed the transition of title and closing to our technology platform and launched our closing network.
- Began rationalizing non-core title and closing revenues.
- Subsequent to quarter end, announced the deployment of a Tier 1 lender for centralized refinance mortgage origination title and closing services.

	Three months ended March 31,				
	2018	2017	\$Change	% Change	Market adjusted growth (decline) %
Revenues					
U.S. Appraisal and ancillary	\$ 45.9	\$ 41.9	\$ 4.0	9.6%	15.4%
U.S. Title and closing and other	13.4	15.7	(2.3)	-14.4%	-12.3%
Canada	6.8	6.9	(0.1)	-1.7%	-1.4%
Consolidated revenues	\$ 66.1	\$ 64.5	\$ 1.6	2.4%	6.9%
Net income (loss)	\$ 3.0	\$ (8.9)	\$ 11.9		
Net income (loss) per diluted share	\$ 0.03	\$ (0.12)	\$ 0.15		
<i>Non-GAAP measures</i>					
Net Revenue ^(A)	\$ 20.5	\$ 18.9	\$ 1.6	8.3%	
Net Revenue ^(A) margin	31.0%	29.3%	1.7%		
Adjusted EBITDA ^(A)	\$ 0.3	\$ (1.8)	\$ 2.1		
Adjusted EBITDA ^(A) margin	1.5%	-9.6%	11.1%		
Adjusted Net Income (Loss) ^(A)	\$ 1.4	\$ (1.8)	\$ 3.2		

Adjusted Net Income (Loss)^(A) per diluted share **\$ 0.02** \$(0.02) \$ 0.04

	Six months ended March 31,				
					Market adjusted growth (decline) %
	2018	2017	\$Change	% Change	
Revenues					
U.S. Appraisal and ancillary	\$ 95.8	\$ 91.6	\$ 4.3	4.7%	20.8%
U.S. Title and closing and other	29.8	37.8	(8.0)	-21.2%	-5.4%
Canada	14.3	14.1	0.2	1.3%	0.7%
Consolidated revenues	\$139.9	\$143.4	\$ (3.5)	-2.4%	11.9%
Net loss	\$ (2.4)	\$ (11.2)	\$ 8.8		
Net loss per diluted share	\$ (0.03)	\$ (0.15)	\$ 0.12		
<i>Non-GAAP measures</i>					
Net Revenue ^(A)	\$ 43.0	\$ 44.9	\$ (1.9)	-4.1%	
Net Revenue ^(A) margin	30.7%	31.3%	-0.6%		
Adjusted EBITDA ^(A)	\$ 2.7	\$ 3.7	\$ (1.0)		
Adjusted EBITDA ^(A) margin	6.3%	8.2%	-1.9%		
Adjusted Net Income ^(A)	\$ 2.7	\$ 0.1	\$ 2.6		
Adjusted Net Income ^(A) per diluted share	\$ 0.03	\$ -	\$ 0.03		

Outlook

Please refer to the Strategy and Outlook section of Management's Discussion and Analysis ("MD&A") for the second quarter ended March 31, 2018.

Conference Call and Webcast

A conference call to review the results will take place at 10 a.m. (ET) on Tuesday, May 8, 2018, hosted by Chief Executive Officer Jason Smith and Chief Financial Officer Bill Herman. An accompanying slide presentation will be posted to the Investor Relations section of our website shortly before the call.

To access the call:

- Participant Toll Free Dial-In Number: (866) 393-4306
- Participant International Dial-In Number: (734) 385-2616
- Conference ID: 7672967

To listen to the live webcast of the call:

- Go to: <https://event.on24.com/wcc/r/1625962/AC5870373AF3BC97726E9C1CD9FC0BD4>

The webcast will be archived and a transcript of the call will be available in the Investor Relations section of our website following the call.

(A) Non-GAAP Measures

The non-GAAP measures used in this Press Release, including Net Revenue, Adjusted EBITDA and Adjusted Net Income or Loss, do not have a standardized meaning prescribed by International Financial Reporting Standards and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP measures are more fully defined and discussed in the Company's MD&A for the three and six month periods ended March 31, 2018, available on SEDAR at www.sedar.com.

Full reports of the financial results of Real Matters for the three and six month periods ended March 31, 2018 are outlined in the unaudited interim condensed consolidated financial statements and the related MD&A of the Company, which are available on SEDAR at www.sedar.com. In addition, supplemental information is available on our website at www.realmatters.com.

Forward-Looking Statements

This new release contains forward-looking statements that relate to our current expectations and views of future events including with respect to future market share and future results. In some cases, these forward-looking statements can be identified by words or phrases such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements.

We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe might affect our financial condition, results of operations, business strategy and financial needs. A comprehensive discussion of the risks that impact Real Matters and these forward-looking statements can be found in the Annual Information Form dated December 27, 2017 available on SEDAR at www.sedar.com. Actual results may differ materially from those indicated or underlying forward-looking statements as a result of various factors, including those described under the heading "Important Factors Affecting Results from Operations" outlined in the Strategy and Outlook section of the Company's MD&A for the three and six month periods ended March 31, 2018.


Real Matters cautions that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

Information contained in forward-looking statements in this news release is provided as of the date of this news release and we disclaim any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws.

All of the forward-looking statements made in this news release are qualified by these cautionary statements and other cautionary statements or factors contained herein and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company.

About Real Matters

Real Matters is a leading network management services provider for the \$16 billion mortgage lending and insurance industries. Real Matters' platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified field agents to create an efficient marketplace for the provision of mortgage lending and insurance industry services. Our clients include more than 60 of the top 100 mortgage lenders in the U.S. and some of the largest insurance companies in North America. We are a leading independent provider of residential real estate appraisals to the mortgage market and a leading independent provider of title and mortgage closing services in the U.S. Established in 2004, Real Matters has offices in Buffalo (NY), Denver (CO), Middletown (RI), and Markham (ON). Real Matters is listed on the Toronto Stock Exchange

under the symbol REAL. For more information, visit www.realmatters.com. 

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