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Deep pockets fuel market expansion for Carlist.my



Carlist.my, an automotive classifieds web portal plans to entrench a dominant market position in the three regional markets it operates in before looking to monetise the company's online business, said iCarAsia Limited CEO Damon Rielly.

iCarAsia Limited is an Australian incorporated company listed on the Australian Securities Exchange in Sydney. The company has operations in Malaysia, Thailand and Indonesia with regional headquarters in Kuala Lumpur.

In Malaysia, iCarAsia's flagship web portal, Carlist.my is currently the country's most popular automotive website.

Damon Rielly

Latest data from Comscore, a digital media analytics agency, placed Carlist.my as a firm favourite among local automotive websites with 342,000 thousand unique visitors in July 2013.

Paultan.org came in a close second with 337,000 unique visitors followed by Honda in third place. The fourth most popular local automotive website with 181,000 unique visitors in July is Live Life Drive, an iCarAsia subsidiary and online automotive news portal.

According to Rielly, Carlist.my overtook Paultan.org as the country's top automotive web portal as early as late May.

Cashed up and ready to rumble

In September last year, iCarAsia successful listed on the Australian Securities Exchange (ASX) where, according to Rielly, the investing community is more receptive to online businesses.

Australia is also a market that is familiar with the Catcha Media group, a major shareholder of iCarAsia and pre-IPO, the parent company. iCarAsia's initial public offering (IPO) on the ASX took place in September 2012 at an issue price of A\$0.20 (RM0.61).

Total cash proceeds from the IPO was A\$10 million (RM30.5 million), significant given the company has not been in operation for more than a few years at best, with the company's prospectus projecting growth based on the acquisition of key business assets in Malaysia, Thailand and Indonesia.

iCarAsia raised a further A\$13.4 million (RM40.9 million) in cash in March this year when Carsales.com, Australia's top automotive classifieds website by far acquired a 20% stake of iCarAsia for A\$0.38 (RM1.14) per share.

The company's latest cash position as at end June 2013 was A\$16 million (RM48.8 million) according to reports made to the Australian regulator.



iCarAsia is a long way from turning a profit, recording a small A\$386,000 (RM1.18 million) in revenue from the company's Malaysian operations, where the bulk of its business is concentrated.

Meanwhile the company recorded a pre-tax loss of A\$2.8 million (RM8.5 million) for the first half of 2013. A crude back of the envelope calculation will reveal that at current rates of spending, the company will wear out its cash reserves in a little over two years.

Financial realities dictate the company pursue a paid business model or raise new capital from investors before 2016.

Rielly concedes that iCarAsia is exploring the paid model, and will eventually have to take that route. Before business monetisation, Rielly wants to first entrench a market dominant position in the online classifieds space.

Until then, iCarAsia is reaching into its deep pockets – buying time to build up market share.

iCarAsia's expansion is premised upon gaining a foothold in the three largest car markets in Southeast Asia; Indonesia, Malaysia and Thailand (in that order).

The company relies on some unique strategies to build up market share and increase the number of listings on the site, which as of July 2013 numbered 346,709, up 131% year-to-date.

From an initial listing price of A\$0.20 the stock has more than tripled in value over the past 12 months

to trade at A\$0.72 (RM2.20) as of close of trade today.

Appreciation in iCarAsia's stock value has been gradual since the company's September 2012 listing but picked up pace in the past month to touch a record high of A\$0.74 (RM2.26) last week.

The company's market capitalisation on the ASX stands at A\$65.7 million (RM200.5 million).